Rocznik Teologii Katolickiej, tom XXII, rok 2023

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DOI: 10.15290/rtk.2023.22.12

Theological Dimension of Price and Inflation

The theological dimension of price and inflation refers to a religious or theological investigation of the concept of price inflation. While economics is primarily concerned with the study of inflation as a persistent increase in an economy's general price level of goods and services over time, certain religious scholars and thinkers have investigated its potential ramifications and linkages to theological conceptions. Some religious traditions place a premium on resource management and ethical behavior in economic affairs. Inflation can be viewed as a challenge to this ideal since it can cause the value of money to erode and cause economic hardship for disadvantaged populations. Therefore, the aim of the article is to present systematized and structured knowledge on the perception of prices and inflation in theological sciences, with particular emphasis on Christianity as the dominant religion in the world.

Key words: price, inflation, theology, Bible.

Introduction

Discussions about how to address inflation in a way that preserves ethical ideals and promotes economic justice may arise from a theological standpoint. Several religious teachings warn against an overabundance of material wealth and the love of money. Inflation, particularly when it is excessive, can exacerbate materialistic impulses and encourage a concentration on short-term benefits. Theological debates should look into how inflation affects people's attitudes toward wealth and worldly possessions[1].

Inflation can disproportionately affect the poor and vulnerable sectors of society, as they frequently have fewer resources to deal

1 A. McGrath, *Christian Theology,* 6th ed., Wiley 2016.

with rising prices. Theological considerations on inflation may center on people' and communities' roles in reducing the pain caused by economic insecurity, as well as how to promote social justice during periods of inflation.

Some religious beliefs emphasize the interconnectivity of all components of creation, as well as the importance of resource management. Inflation discussions could go into how excessive inflation, or its underlying causes, can be related to unsustainable economic practices that threaten the environment and future generations.

Many religious traditions preach satisfaction with one's possessions and a separation from material demands. Inflation can put these ideals to the test, as rising costs can cause feelings of insecurity and dissatisfaction. Theological viewpoints may investigate how individuals can achieve inner contentment in the face of economic obstacles such as inflation.

Theological talks about inflation may also include the role of the government and central banks in governing the economy and combating inflation. There may be concerns regarding the ethical implications of certain monetary policies and how they relate to religious ideals. It is crucial to highlight that theological aspects of inflation are rarely discussed in economic circles. These perspectives, however, might provide additional insights and concerns for persons who hold religious convictions when considering the impact of inflation on society and individuals.

The concept of "fair price" in the economy

The concept of a "fair price" (just price) in theology has its roots in the Christian tradition and is intimately tied to social justice and economic ethics principles[2]. Throughout history, numerous Christian theologians and philosophers have debated the concept of a just price, with the medieval period being the most notable development. Theological debates of a just price are based on the concept that economic transactions should be done with fairness, compassion, and concern for the common good rather than profit. The just price theory sought to address issues of economic exploitation and to ensure that both buyers and sellers conducted themselves ethically in their commercial dealings[3].

2 D.A.B. Rosner, *New Dictionary of Biblical Theology*, IVP 2020.

3 P. Januard, *At the Boundaries of the Trading Sphere: The Appearance of the 'Just Price' in Thomas Aquinas's Commentary on the Sentences*, Working Papers 2022, May.

St. Thomas Aquinas (1225-1274), a notable medieval Christian philosopher and theologian, was one of the most influential theologians who addressed the concept of a just price. Aquinas believed that the principle of commutative justice, which seeks equality and fairness in trades, established a just price[4]. A right price, according to Aquinas, is one that reflects the cost of production, including an acceptable profit, and corresponds to the inherent value of the object or service being exchanged. He also acknowledged that certain conditions, such as scarcity or urgent need, could impact the just price, but that these should not result in disproportionate price hikes or exploitation of the weak. Aquinas' just pricing theory attempted to balance the interests of both buyers and sellers, encouraging economic stability and communal well-being. It is crucial to highlight, however, that the concept of a just price is not widely accepted in theological and economic circles[5].

Different theologians and economists may interpret and apply the concept differently, and economic systems have evolved and gotten more complex over time, making it difficult to establish a universally applicable conception of a reasonable price. The concept of a right price is frequently linked with broader questions of social justice, economic equity, and responsible resource stewardship in current theological discussions. It is considered as part of a bigger framework that aims to build a just and compassionate economy that respects the dignity of all individuals and strives for the common good[6].

A just price, according to Saint Thomas Aquinas, is the price at which a seller can morally and ethically sell a commodity or service and a buyer can morally and ethically buy it. Aquinas was a well-known medieval Christian theologian and philosopher who blended Aristotelian principles into his ethical teachings. In his work *Summa Theologica*, he examined the concept of a right price, specifically in the section on justice and fairness in economic transactions. Aquinas held that a just price is established by the notion of commutative justice, which refers to fairness in individual exchanges and transactions. He provided a number of criteria for calculating a fair price: Fairness: The pricing should be reasonable and fair, taking into account the

4 T. Aquinas, *Summa Theologica. Trans. The Fathers of the English Dominican Province*, 1947.

5 S. Maxwell, *The Price Is Wrong,* 1st ed., Wiley 2007.

6 K. Morioka, *On the Just Price of St. Thomas Aquinas*, "Annals of the Society for the History of Economic Thought" 1993, Vol. 31, pp. 47-57.

labor, materials, and other costs associated with producing the good or providing the service[7].

Aquinas realized that a product's or service's utility or usefulness, as well as its level of demand, may impact the price. If a good or service is in high demand but in little supply, it may attract a higher price than something that is easily available. Sellers are allowed to a reasonable profit margin, but they should not take advantage of purchasers' needs or desperation to demand outrageous rates. The trade of products and money should be fair and balanced. Both the vendor and the buyer should believe they paid a fair price for their goods. Pricing fraud, deception, or dishonesty was sharply criticized by Aquinas. Prices must be transparent, and both parties must have access to all essential information in order to make an informed decision. It's worth noting that Aquinas' definition of a just price evolved in a medieval context, influenced by Christian morality and economic conditions of the time. Economic theories and practices have advanced greatly in recent years, and the concept of a just price may be understood differently in modern economic and ethical contexts.

A fair price is a complex and subjective concept that varies depending on the environment and the opinions of the individuals or entities involved. In theory and practice, several economic, social, and ethical considerations influence the determination of a fair price. In traditional economic theory, a fair price is often seen as the point at where supply and demand intersect. The quantity of products or services desired equals the quantity delivered at this price, and both buyers and sellers benefit from the transaction. Another theoretical approach to fair pricing is based on the concept of marginal utility, which states that a fair price should reflect the increased satisfaction gained by purchasing one more unit of a commodity. Sellers seek to set prices that maximize their profits while taking into account the value of the product to buyers. Some firms utilize cost-plus pricing as a theoretical framework, where an acceptable margin or markup is added to the production cost of a product or service to calculate a fair price. This strategy seeks to ensure that the seller makes a decent profit. Fairness incorporates ethical considerations as well. According to distributive justice theories, a fair price should consider elements such as the work

[7] J.W. Baldwin, *The Medieval Theories of the Just Price: Romanists, Canonists, and Theologians in the Twelfth and Thirteenth Centuries*, "Transactions of the American Philosophical Society" 1959, No. 49(4).

involved, the influence on local communities, environmental sustainability, and stakeholders' overall well-being[8].

Costs are frequently determined in the real world by highlighting strengths. expenses are set by dealers based on marketing conditions, competition, consumer demand, and their generation expenses. Buyers, in turn, make purchasing decisions based on their perception of worth and cost. Some organizations, particularly those in the digital sphere, use active estimating, in which costs change based on real-time demand, supply, and other factors. While this may appear to be sustainable, critics argue that it can lead to cost separation and may not constantly adjust with concepts of decency. Social and social standards can influence reasonable estimation. In some cases, things or administrations may be valued in an unexpected way based on location, pay levels, or social standing.

Governments may intervene to direct costs, particularly for basic goods and services, in order to prevent price gouging or to ensure consumers' fairness. These mediations aim to enhance fairness and assure consumer satisfaction. The reasonable exchange development advocates for fair costs for manufacturers in developing countries. Reasonable exchange groups establish cost floors to ensure that creators are fairly compensated and labor under moral conditions.

Perceived value is very important in consumer psychology. When determining a fair price, buyers frequently consider factors other than production costs, such as brand reputation, product quality, and customer service. Finally, the concept of a fair price is multifaceted and can be approached from a variety of theoretical and practical viewpoints. While economic theories give some basic notions, real-world pricing is determined by a mix of market dynamics, ethical considerations, cultural norms, and government involvement. Obtaining a universally agreed-upon fair pricing continues to be a difficult task, but initiatives to balance the interests of customers, sellers, and society as a whole are being studied and perfected.

The fair price on the financial markets

Determining a "fair" price for a specific asset, stock, or investment on the financial markets is a complex and subjective task that depends on a variety of factors, including the asset's intrinsic value, market conditions, investor sentiment, economic outlook, and company

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8 D. Koehn, B. Wilbratte, *A Defense of a Thomistic Concept of the Just Price*, "Business Ethics Quarterly" 2012, No. 22(3), pp. 501-526.

performance (in the case of stocks). There is no one-size-fits-all solution because fair pricing vary greatly depending on the circumstance[9]. Here are some popular ways for determining fair pricing for various assets:

- Fundamental Analysis: This entails assessing the underlying elements that determine the value of an item. In the case of stocks, it entails examining financial statements, earnings, growth prospects, competitive position, and managerial quality to determine the company's intrinsic worth.
- Technical Analysis: Traders utilize past price and volume data to find patterns and trends that can be used to forecast future price movements. In short-term trading, technical analysis is more common.
- Market Sentiment: The overall mood of investors and market players can have a significant impact on asset values. Positive news or strong investor confidence can drive up prices, while negative news or fear might drive down prices.
- Comparable Analysis: Assets can be appraised in some situations by comparing them to similar assets in the same industry or sector. Discounted Cash Flow (DCF) Analysis: This valuation method is often used to determine the fair value of a company or an investment project by forecasting future cash flows and discounting them to their present value.
- Supply and Demand: The simple economic idea of supply and demand frequently influences prices. If an asset is in high demand but has a limited supply, its price is likely to grow.
- Market Efficiency: Financial markets are efficient in theory, which means that asset prices reflect all available information. Prices are deemed fair in such instances because they represent the collective knowledge of market players.

Even with these tools, determining a precise fair price might be difficult. Based on their assumptions and techniques, various investors and analysts may reach different conclusions. Furthermore, market prices are always fluctuating due to changing market conditions and new information. If you're thinking about investing in the financial markets, you should do your homework, assess your risk tolerance and

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9 J.J. Angel, D. McCabe, *Fairness in Financial Markets: The Case of High Frequency Trading*, "Journal Business Ethics" 2013, No. 112, pp. 585-595.

investment objectives, and, if necessary, seek guidance from financial professionals[10].

Perception of inflation in theological sciences

Inflation can be understood and examined from both material and spiritual perspectives, each of which offers a unique perspective on the phenomenon. The material dimension of inflation is concerned with the tangible and observable aspects of the economy, particularly the growth in the overall price level of goods and services over time. Consider the following crucial points:

- Purchasing Control Disintegration: Swelling destroys cash acquisition control. As the cost level rises, each unit of money may buy fewer goods and services, diminishing the true value of money and limiting people's ability to maintain their standard of living.
- Impact on Cost of Living: As basic commodities and services become more expensive as a result of inflation, the cost of living rises. This can pose problems for low-income people and people on fixed incomes, such as seniors.
- Economic Growth and Stability: Moderate inflation is frequently thought to be helpful to economic growth since it encourages spending and investment. High or unpredictable inflation, on the other hand, can cause economic insecurity and discourage long-term planning and investment.
- Monetary Policy: Through monetary policy, central banks play a critical role in regulating inflation. To regulate inflation and maintain price stability, they employ measures such as interest rates and open market operations.
- Debt and Interest Rates: Borrowing and lending are affected by inflation. Borrowers may gain from inflation by repaying loans with less valuable currency. Lenders, on the other hand, may suffer from lower actual loan returns.

Beyond its tangible consequences, the spiritual dimension of inflation entails investigating the psychological and philosophical ramifications of inflation. This viewpoint examines how inflation influences people's views, attitudes, and overall societal values.

Inflationary pressures that persist can weaken public trust in economic institutions and government officials in charge of monetary policy. People may dispute these institutions' competency and credibility.

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10 R. Korn, B. Luderer, *Fair Prices and Market Prices*, in: *Money and Mathematics*, Wiesbaden 2021.

Inflation can influence how people view wealth and achievement. When the value of money is predicted to fall in an inflationary climate, there may be a propensity to prioritize current consumption above long-term savings. Inflation can create ethical concerns, especially when it widens economic inequities. Others who can safeguard their wealth through investments or assets may benefit, whereas others who rely solely on salaries may struggle to keep up with growing expenses.

High inflation can cause a shift in societal objectives, with individuals and corporations focusing more on protecting their money and hedging against inflation rather than supporting innovation and sustainable growth. Inflation, especially when combined with economic uncertainty, may lead people to seek deeper meaning and purpose outside of monetary wealth. People may reconsider their life goals and the value of spiritual and emotional well-being. It is critical to understand that the material and spiritual components of inflation are not mutually exclusive, but rather interrelated. Human views and values are influenced by economic realities, and vice versa. Understanding these dimensions is required for a thorough analysis of inflation and its broader societal repercussions.

The biblical view of money and inflation

Debt is one of the reasons of the expanding money supply that leads to inflation. The Bible says a lot about money, and many of its financial cautions are about debt. "The rich rule over the poor", "and the borrower is the servant of the lender." Borrowing money and getting into debt puts you in a situation where the lender has a lot of power over you. The government spends more than it receives in revenue. Every day, the national debt grows. The Bible also teaches that borrowing and not repaying is evil. "The wicked borrows and does not repay", "but the righteous is gracious and gives." More money can be printed indefinitely. Citizens, foreign governments, and commercial institutions lend money to the government. Will we ever be able to pay off our debt? Even if we do, the currency will be devalued[11].

Individuals (and governments) should have accurate weights and measurements, according to the Bible. "You shall not have two kinds of weights in your bag, large and small." "Unequal weights and unequal measures are both an abomination to the Lord." "You shall have a fair balance, a fair ephah, and a fair bath." What should Christians do in

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11 W. Larkin, *The Ethics of Inflation: A Biblical Critique of the Causes and Consequences*, "Grace Theological Journal" 1982, Vol. 3(1).

the face of rising inflation? We should begin by repaying our debts. We can't expect the government to live within its means if we don't lead by example and do so ourselves. "Worship the Lord with your riches and the first fruits of all your harvests; then your barns will be filled with abundance, and your vats will overflow with new wine". We must also make wise investments. We should begin by diversifying. Solomon advises investors to "divide your share by seven, even by eight, for you do not know what calamity can happen on earth". Diversifying your portfolio makes sense because no one can foretell the future properly and consistently. By diversifying your investments, you reduce the overall risk of your portfolio[12].

We are on the verge of economic insecurity. As a result, we must trust the Lord with our money and be good stewards of the resources God has provided for us. Although the term "inflation" is not used in the Bible, the concept of a persistent rise in prices – and the pain it causes – can be found throughout the pages. When the Aramians attacked Israel under King Jehoram of Israel, for example, the Israelites endured tremendous inflation. The capital's siege caused a lack of products and, as we would say nowadays, unmanageable inflation: "There was a severe famine in Samaria." The siege lasted so long that the donkey's head was sold for eighty silver pieces and the dove's cup for five silver pieces". People ate donkey heads and burned pigeon droppings if they could get their hands on them since inflation was so high. Under these tough conditions, King Jehorham was willing to surrender to Aram. In truth, he blamed God, not himself, for the situation: "This disaster is from the Lord". However, the prophet Elisha gave him hope that he would live another day: "'Hear this message from the Lord,' Elisha said. This is what the Lord Says: Until tomorrow in Samaria's markets, six quarts of flour will cost only one silver piece, and twelve quarts of grain barley will cost only one silver piece". God promised that prices would plummet substantially, signaling the end of the siege[13].

Thus, inflation has existed for a long time, and examples in Scripture show that it is exacerbated by wars, disruptions in supply chains, and blockades. Greed, which can manifest as price gouging, dishonest weights and measures, and so on, is another component that contributes to inflation. "Do not have two different weights in your bag, one heavy and one light," the Bible says frequently. Do not keep two

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12 R. Chandran, 7 *Biblical Economic Principles,* 1st ed., Books on Demand 2020.

13 Ibidem.

different measuring devices at home. One large and one little. You must have exact and trustworthy weights and measures”[14].

The issue with fraudulent means is that if you buy 100 USD for ten pieces of a product but only receive eight, your purchasing power has been reduced. You are actually paying 1.25 USD rather than 1.00 USD due to rapid inflation. If biblical prohibitions against deceptive weights and measures are respected, they will help to reduce inflation. Global inflation is expected to occur as part of God’s judgment on the globe during the tribulation: “When the Lamb broke the third seal, I heard the third living creature say, “Come!” When I turned around, there was a black horse in front of me! Its rider was clutching a pair of scales. Then I heard a voice among the four living creatures say, “Two pounds of wheat a day’s wage and six pounds of barley a day’s wage, and don’t damage it oil and wine”. Luxuries will still be available, but needs will be insufficient, according to this assessment. This third horseman of the Apocalypse closely follows the herald of war. The reality of inflation should serve as a reminder to us all that riches are transient: “Just look at riches, and they will vanish, for they will surely sprout wings and fly like an eagle to the sky”. We’ve all felt like Haggai’s folks at some point: “You earn a wage, only to put it in a purse of”. We should put our faith in something more dependable. The rich, according to Paul, should “hope not in riches that are so uncertain, but in God, who gives us all things abundantly for our joy”. We can store up riches in heaven, rich or poor. We have a more certain hope than the depreciation of money: “Those who trust in their riches will perish, but the righteous will flourish like a green leaf”[15].

Conclusion

Inflation is an economic phenomenon characterized by broad price increases and a decline in money’s purchasing power. Theological viewpoints on inflation varies greatly depending on religious traditions, scriptural interpretations, and the social and ethical ideals of various theologians and religious groups.

Theological debates about the price and inflation dimensions frequently center on ethical concerns about the economic system and its influence on individuals and society. Different religious beliefs provide diverse perspectives on these economic concerns. Although a religious perspective can bring useful insight into economic issues,

14 J.C. James, *Bible,* 1st ed., Print & Media 2020.

15 Ibidem.

actual economic policies and solutions are frequently impacted by a complex interplay of factors such as political, social, and cultural considerations. It is vital to recognize that addressing the practical difficulties associated with prices and inflation necessitates incorporating theological insights into a larger debate.

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