

4. Emergence of economic teachings in Western Europe

1. The emergence of economic teachings in Western Europe
2. Canonists views
3. Origin and essence of mercantilism
4. Two stages in the development of mercantilism: monetary and "trade balance" theory

Thomas Aquinas (1225 - 1274) was one of the most famous religious and scientific figures of Western Europe during the Middle Ages. This person, who became a monk in Italy, based on the laws of the church, put forward new ideas about the socio-economic relations of his time. Most of his ideas were based on the ideas of Augustine Blaje, the founder of the early canon school. In the essence of these ideas, as a similar aspect, it was noted that religious-ethical relations are the basis of the socio-economic structure of the society. With this principle, the rule-based idea of "fair price" prevailed in the economic life of the society for hundreds of years. In the idea of a fair price, it was recommended that the exchange be carried out in an equivalent and proportional way. At the same time, T. Aquinas indicated the application of new rules to eliminate inequalities arising from the requirements of his time. F. Aquinas took a principled position in his views on interest and showed that interest cannot be charged from money for use.

What is the relationship between canon law and theology?

Another way to show the contrast is to say that theology narrates how the Church has received God's self revelation; canon law reveals how the Church uses its own authority to organize the community.

Canon is the Greek word for rule, norm, standard or measure. It is used in several ways in church language: The canon of Sacred Scripture is the list of books recognized by the church as inspired by the Holy Spirit.

2. According to the early canonists, mental and physical types of labor are of equal status. Therefore, these aspects should affect the positions of people in society. However, Aquinas pointed out that the division of people according to their profession is a result of divine decree.

Early canonists **on wealth** noted that material goods, including gold and silver, were created in the form of wealth by human labor. Accumulation of gold and silver in natural form (that is, "artificial wealth") is considered a sin. Aquinas pointed out that gold and silver are an increasing part of property and an invariable source of wealth.

Regarding the **fair price**, the early canonists indicated that the price of the commodity should be determined depending on the labor and material costs used in its production process.

Regarding **money**, the early canonists showed that the natural criterion of these people exists for the convenient and rapid implementation of exchange operations in the market.

The early canonists on **trade profit and usurious interest** noted that it becomes the main purpose because it is derived from large trade and debt transactions, therefore it should be considered as an act that is displeasing to God and a sinful act. But Aquinas pointed out that the large profits of merchants and money-lenders can be considered satisfactory only when they are accompanied by some risk through the use of labour, as well as transport and other expenses. Such action should be considered generous

3. Mercantilism arose in the 15th century and manifested its individual elements in the 18th century. Mercantilism is widespread mainly in Western European countries - England, France, Spain, Italy and Portugal. The most prominent representatives of mercantilism and their main works are as follows: in England - William Stafford, " Ordinary **Complaints Of Divers Of Our Countrymen** " (1581); Thomas Mann, "England's wealth in foreign trade, or our balance of foreign trade is the regulator of our wealth" (1664); James Stewart, An Inquiry into the Principles of Political Economy (1767); Antonio Serra in Italy, "A short treatise on the means of supplying gold and silver to kings deprived of mines of precious metals" (1613); In France, Antoine de Moncretien, "Treatise of Political Economy dedicated to the King and Queen" (1615), the term "Political Economy" can be found for the first time in this work);

According to this theory, the welfare level of the state and the country depends on the main income of the state, that is, the amount of gold and silver in the state treasury and the commercial value within the state. The basic quantity and trade value of mercantilism system is very related to other states as the demand of trade.

The word mercantile means **commerce**. This current of thought seen in Western Europe was used for the first time by Adam Smith. Mercantalism defends the concept of a protective and combative state. At the same time, this trend prohibits the export of raw materials. In addition, they limit imports by imposing customs duties. Mercantalism defenders pay the most attention to the relationship between the wealth and economic balance of the country and the balance of foreign trade. According to mercantilists, the state should intervene in the economy in order to attract national wealth to the highest levels. The most important sources of wealth of a country are precious metals such as gold and silver. The purpose of foreign trade policy is to increase gold and silver resources as much as possible.

- Basic principles of mercantalism;
- Colonialism
- Patronage
- Foreign Trade
- The superiority of manufacturing in production
- National economic union

4. Early mercantilism, called the monetary system, developed only administrative measures to keep money in the country. Developed mercantilism sought the sources of national enrichment not in the primitive accumulation of wealth, but in the development of foreign trade and an active trade balance (increasing exports over imports). Philosophers and the theorists of mercantilism who followed them saw the state as an organization capable of guaranteeing the natural rights of man. These rights included property and security. The most important aspects in the policy of mercantilism were, first of all, appreciation of the export-oriented national industry by all means, import of cheap raw materials, application of protective tariffs to imported industrial products, limitation of wage growth, limitation of workers' wages by means of legislative measures, as well as with the help of demographic policy. Despite the considerable differences in the approach to economic policy, all mercantilists did not support the idea of free trade and the complete liberation of economic forces from slavery, they acted as supporters of protectionism policy.