European Journal of Science and Theology, February 2020, Vol.16, No.1, 151-164

THE ECONOMIC THINKING OF SCHOLASTICS A SYMBIOSIS BETWEEN FAITH AND REASON

Aurelian-Petruș Plopeanu*

Alexandru Ioan Cuza University of Iași, Institute of Interdisciplinary Research, Department of Social Sciences and Humanities, Lascăr Catargi nr. 54, 700107, Iași, Romania

(Received 29 August 2019, revised 22 November 2019)

Abstract

The paper presents the most interesting theories about Economics from the Spanish scholastics. The economic theories were formulated by these moral theologians many hundreds of years before British classical liberalism came into action through the writings of Adam Smith. We may consider that the echo of the scholastic theories reaches up to the Austrian School of Economics today. Questions about wealth, private property, money and monetary intervention in an economy, the nature and role of the interest, the justice of public finance and public expenditures, the relationship between market, value and price and formation of wages are essential topics analysed by these scholastics. The Thomist tradition, on which their analysis was brought into action, especially the natural law and reason, helped them to beautifully explain the regularities and particularities observed in the unintentional social order from human communities.

Keywords: scholastics, economic thinking, rationality, religion

1. Introduction

In the Middle Ages, everything related to the field of interpretation and understanding of concrete phenomena and allegories had to be viewed from religious perspective and analysed accordingly. And the economy could not be the exception to this rule. The whole epistemological scaffolding of economic thought was related to issues of ethics and morality, so it would not be an exaggeration to speak, in Diane Wood's terms, of a true 'theological economy'. And the scholastics did not make a discordant note, and even more, they reported their texts (*summas* and various other treatises) to the morality of the Catholic Church.

According to Thomism, the divine or eternal law exists because the whole Universe is governed by supreme divine reason. In other words, there is a divine plan through which creation follows a trajectory established exclusively by the Divinity. The next plan, the natural law, obeys divine providence. Natural law implies the existence and manifestation of a set of principles of equity tailored to human nature. The natural order meant the transposition of divine principles

*E-mail: aplopeanu@gmail.com

through the ensemble of social institutions that provide man with eternal salvation and happiness. The intellect of the human being, by means of which we distinguish what is bad and what is good or that helps us to discern what is right from wrong, defines the function of the natural law that bears the mark of divine light. Thomistic ethics involves intelligent use of human understanding as a source close to the moral law. The intelligent use of human understanding to review moral laws is called right reasoning. Since the righteous judgment is based on the intrinsic nature of man, being influenced by all other objects and details from his environment, and the rational evaluation of whether a certain action is convenient or inappropriate is carried out in the natural unfolding of human life, the judgments in terms of righteous reason are also called natural laws [1].

In its turn, the natural law, understood as an intervention of reason for the individual to act ethically (Thomas Aquinas), influenced the socio-economic sphere through the two intrinsic components: the analytical natural law (the laws of nature) and the normative natural law. Scholastics believed that the first, immutable and uninfluenced by humans, since it represented the upper order created by the Divinity, had a decisive impact on the human being and the polis' economic order (divine order). The second contained the individual conduct rules for the moral regulation of human action, which can be modified and violated by individuals. Thomas Aquinas believed that everything contrary to the order of reason was contrary to the nature of human beings, and that what was wise was in accordance with human nature. Interestingly, for late scholastics, the natural law was a subunit of what reason perceived to be the nature of things [T. Aquinas, *Summa Theologiae*, First Part of the Second Part, Question 71, Article 2, http://www.newadvent.org/summa/2071.htm].

The human virtue, which does well for both the human person and for personal work, is in accordance with human nature insofar as it is in accordance with reason; vice is contrary to human nature only to the extent that it is in opposition to the order of rational character [http://www.newadvent.org/summa/2071.htm].

Besides Thomas Aquinas, the scholastic economic thinking is supported by the writings of Peter Olivi (1248-1298), rediscovered and transmitted by Bernardino of Siena (1380-1444). The latter asserted that it is a real virtue that an individual should conduct a methodical and rational economic behaviour. And some defining features of the typology of a so-called medieval successful businessman follow the moral of any modern socioeconomic praxeology: labour or efficiency (*industria*), responsibility (*solicitudo*), labour (*labores*) and the desire to take risks (*pericula*) [2].

Scholastics were thinking in terms of normative natural law and value judgments (ethical judgments). We need to make a precise distinction between ethical and analytical judgments. Ethics was defined as a discipline that analyses volunteer human action, including all actions and also all omissions over which man exercises personal control, because he understands and censures these actions (and these omissions) connected to a result he is taking into consideration [3].

2. About wealth in the early scholastic thinking

Saint Augustine's neutrality towards wealth was well-known and resisted history until around the 12th century. Thus, wealth was accepted insofar as it was only an instrument of man in his journey on the road of life and it got negative connotations when it became a necessity *per se*.

Saint Bernard, the great Cistercian leader, believed that the use of wealth is good, but its abuse, anxiety, fear and concern for wealth, and also the greed to accumulate it unceasingly are categorically forbidden [4]. For instance, the locals employed by the Cistercians (*converts*) lived unmarried in common homes and deliberately renounced the possession of any house or land, adopting a lifestyle even more severe than that of the monks. The fact that for the Cistercian order was easy to find peasants willing to help marshes and to 'domesticate' wild and virgin forests denotes a special fact: these people knew and understood the power of the ideal of free ascetic labour and the desire for salvation. But it also shows very clearly a close association between these heavy conversational activities and the traditions of peasant life in all areas of Western Europe [5].

The scholars' vision on wealth and stinginess was that of highlighting virtue for control and moderation. The 13th century marked a new perspective. Wealth was no longer a tool of evil. A strong argument in favour of this statement may be that most of the medieval saints had a social status above average [6].

3. About private property

In the Middle Ages, two fundamental laws coexisted: the natural-divine law and the human, secular law. This permanent tension reflected precisely the antinomy between the soul and the carnal body. But this antagonism did not exist before the 12th century. The twelfth century marks the moment of self-discovery of the rights and aptitudes of the individual. In the context of 'self-consciousness', individual rights to possess land or property, subordinated to the human law, were very clearly stated [4, p. 18-19].

The reign of King Henry II of England marked a clash with the past making the transition from the common feudal property to the sovereign state run by a king and Parliament. John of Salisbury (1120-1180) noted that what we call today a political man with a decision-making function which was not his own, but should have been in the hands of the people. The famous Magna Charta 39th paragraph (1215) stated that the king must have protected his own citizens from any unjust imprisonment and arrest, which suggested that the kingdom was meant to protect the individual property [4, p. 37-38].

Saint Augustine believed that God was the creator of human law and managed the world through it. Private property was a reflex of human law instituted by kings and emperors, and the latter were the ones through which God had distributed the goods of the whole world. The secular institutions were not natural, but were the result of man's fall as a result of sin. Every fortune is temporary, it must not be divinized since we are all passers-by on Earth [4, p. 20].

According to Thomas Aquinas, who combined patristic and Aristotelian elements, private property was the ideal formula to avoid and elude social disorder. However, the institution of private property was regarded as an extension of the natural law, the community being pre-emptive in relation to the autonomous individual in relation to it. For Thomas Aquinas both natural law and human law were derived expressions of the eternal law of the Divinity [T. Aquinas, *Summa theologiae*, First Part of the Second Part, Question 91, Article 4, http://www.new advent .org/summa/2091.htm#article4].

San Bernardino believed that private property existed to eliminate ignorance, frauds of any kind and conflicts [J. D. Scotus, *Questiones in librum quartum sententiarum*, dist. XV, qu. 2, no. 4, Opera omnia, Paris, 1894, XVIII, 256]. The institution of private property was not seen as a creation of the divine or natural law, but was controlled by human or positive law, taking various forms according to the government of that territory [7].

The Church's attitude to trade and exchange has radically changed only towards the fifteenth century. San Bernardino believed that trade was not an evil in itself, but can only become so if it was illegal and misleading. On the other hand, merchants transporting goods and merchandise from all corners of the world (*mercatiarum apportatores*) were considered to have a function and an extremely useful social utility (*pro republicae servitio et utilitate*) [2, p. 10-11].

Tomás de Mercado showed that the rarity of economic goods could have been reduced or even eliminated through private property. He believed that one cannot find a person who does not defend his personal interests more than those of the republic.

Collective property suffers from a faulty management that confuses its general wealth, being regarded by individuals indifferently, while the private one is stimulating, those who work for themselves feeling true pleasure. If universal love does not cause people to take care of things, private interest will. Thus, the goods in private property will multiply, while those remaining in common property will be restricted more and more [3, p. 34-35].

Juan de Marina considered that if the exchange of material goods would be eliminated, the individual becoming autonomous in relation to his own needs and desires, then we cannot speak of the elements that would outline the emergence of the foundation for a human society. The entire human community would suffer, and intergenerational confidence would be reduced to extinction.

In order to highlight the moral aspect of the existence of private property and property generated by it, later scholastic thinkers believed that any act of charity or philanthropy, understood as free and voluntary actions, should not be achieved through public goods. Thus, the virtues of charity, generosity, hospitality make sense only in the context of private property [8].

In conclusion, the later scholastic thinking concerning private property showed that it helped to promote justice, free co-operation in society, peace and harmony between people, and maintained social order. Since man commits sins, insidious evil spreads to society, and economic crises or dissonances are born naturally. If public ownership was dominant, the most vicious and sinful people (the thieves and the greedy) would benefit the most and would dominate society, thing which would irremediably distort the natural order. Private property was the most effective therapeutics for the weakness and misery of the human species [3, p. 37].

4. About public finance and public expenditures

The late scholastics believed that the state had only limited powers to defend peace within a human community and to protect private property from any aggressive interference from outside. They demonstrated that society pre-existed for the emergence of power invested by state institutions. Also, the monarch had no right to dispose discretionary, by various means, of the private property of the individuals he led without their consent. Otherwise, the monarch could have been excommunicated [3, p. 52-53].

The fiscal policy of a state had to be compatible with public conduct based on moderation, both in establishing the absolute value of taxes and duties from subjects and in spending public money [9]. In addition, the established tax rates did not represent a policy of equalization of the individual wealth. In the event of imbalances in public finances, in order to pay out the accumulated debts, it would have been necessary to resort to loans with interest rates that were large enough to make people discontent and thus to cause painful social conflicts. Moreover, in order to avoid such an unpleasant scenario, Diego de Saavedra Fajardo (1584-1648) considered that a prudent overpriced fiscal policy was needed to cut public spending in order to avoid internal implosion as it happened with the Roman Empire many centuries ago. In the same direction, in 1619, Pedro Fernandez Navarrete advised the Spanish leaders not to repeat the mistakes derived from the financial excesses of Roman emperors Nero and Domitian, and to introduce a moderate tax regime to finance their spending. The reduction of public expenditures was the key to this, and by lowering the taxes on individuals, the population’s exodus to other regions would be stopped. At the same time, by introducing low taxes, higher productivity would have been generated, and the inflationary spiral that stole the incomes of the population would have been healed. The source of poverty relied on high tax rates and when no one was afraid of taxpayers, the road to prosperity was free [3, p. 54].

5. The theory of money

In the 14th century, the Dominican monk John Bromyard, in the *Summa praedicantium*, said no more no less than the medieval silver money, marked with a cross, had a comparable power to the cross [4, p. 70].

In terms of scholastic economic thinking strongly influenced by Aristotle, money (*nomism*) had two distinct roles. On the one hand, under the impulse of the law (*nomos*) decreed by a central authority, it represented an artificial measure of the value of material goods, and on the other hand, because it was made of precious metal, they could suffer various revaluations (appreciations or depreciations) just like any other commodity. And this dichotomy allowed the coexistence in the Middle Ages of both the actual money in circulation and the currency of account [4, p. 70].

Thomas Aquinas was the one that emphasized the organic difference between natural and artificial wealth produced by humans. The latter may have been appreciated or depreciated. The same difference was also applied when measuring the value. There was a natural value of things, given by the need for them, and an artificial one, reflected by the use of money as a human convention. Money were only a necessary tool for the exchange. They reflected the value of other material goods from the perspective of those who used them on the free market [4, p. 74].

Beginning with the 13th century, the scholastics turned their eyes more and more firmly towards the metallic theory of money. Now, the money had a value in themselves. They began to be regarded as a commodity with an important precious metal content. However, the scholastics considered the accumulation of money to be a hard sin, since the rich would have distanced themselves from the mission for which they lived on earth. The attitude towards wealth underwent a major change only in the fifteenth century with the Italian humanism [4, p. 84].

Mercado stated that a currency must have been stable, sustainable, a sine qua non condition for a state to function efficiently and to be protected from social instability. Theologian Martin de Azpilcueta also offered what was the first quantitative theory of money. He observed that in France, where there was a relatively higher proportion of money than in Spain, the value of goods such as bread, wine, clothing or labour was lower. His conclusion was that where money were scarce, they were worth more [10].

The exchange value of a coin was not only determined by its rarity but was also given by the utility perceived by each individual who evaluated it according to its own value grid. In this sense, Molina and Pedro de Navarra demonstrated that the utility of a coin was concealed when it suffered a constant weight and quality depreciation, individuals losing confidence in it, which will further aggravate its condition. Thus, the disruptive role of inflation on the value of a coin was analysed. In other words, the depreciation of a coin was assessed as a form of taxation [3, p. 63] or as a qualified theft of individual wealth. This idea has been met for centuries by the same representatives of the Austrian School of Economics. Critobal de Villalón stated that the value of a coin changed daily because it was valued by the market [3, p. 65].

De Mariana believed that the financing of the economy through the inflationary depreciation of money was neither rational nor in accordance with natural law, but a barbaric act that decisively and immorally attacked the private property of individuals. In addition, money depreciation would have created a break of confidence in domestic trade, production would have suffered severe amputation, which would have increased the price of goods, creating a severe shortage, and poverty would have risen in society, generating disorder and overall chaos. Pufendorf, taking on the previous idea from Mariana, showed how private property was affected by such a policy. Saavedra Fajardo compared the money with some young girls, and it would have been a great sacrilege to be touched by inflation, and commerce being directly assaulted [3, p. 68].

In the middle of the 16^{th} century, many scholastic thinkers theorized that the amount of money depended on the amount of money in the economy. Thus, the power of money depended on this important variable. Martin de Azpilcueta (1491-1586) considered that money were the measure of the value of goods and services, that was, their price. Money were presented not only as cash, but also as commodity. Their value was determined by the active interaction between supply and demand on the market [11].

6. About interest (usury)

If today, by usury we understand excessively high interest rates, much higher than those established by banks and the market, in the Middle Ages such a concept meant a specific process with slightly different nuances. Thus, any value, higher or lower, which exceeded the amount of money given as a loan, was considered usury. And usury was born only under the conditions of a loan (*mutuum*). According to the Roman law, such a loan represented for scholastics a contract that applied only to fungible goods: those that could be weighed (e.g. grain), measured (e.g. wine) and counted (e.g. money). The creditor had to receive at due date the equivalent of the same category of goods, whatever exceeded the quantity offered was therefore considered usury [2, p. 29].

All medieval economic thinking recorded an interpretation in the theological key of the concept of interest. It was in turn seen as a sin of death, as a barrier to salvation, as a process that involved resource-time that did not belong to us [12], a vital element that belonged exclusively to God.

The source of this categorical principle appeared in several verses in the Bible. For example, in Leviticus, it was quite clear that “Do not take interest or any profit from them, but fear your God, so that they may continue to live among you” (Leviticus 25.36), and in the Gospel of Luke (6.35), any compensation for a loan was forbidden: “But love your enemies, do good to them, and lend to them without expecting to get anything back. Then your reward will be great, and you will be children of the Most High, because he is kind to the ungrateful and wicked.”

The theory of interest was the Achilles heel of the scholars, creating controversy and no common point of view. Some had considered it immoral and associated it with usury. Pope Urban III (1120-1187) was the first ruler of the Church who condemned the act of claiming interest, considering it a hard sin, and the loan sharks could be excommunicated and deprived of the Eucharist. Things went so far that Pope Clement V (1250-1314) demanded those who believed or affirmed that interest was not a sin to be considered heretics and punished as such. Bernardino of Siena (1380-1444) even stated that some of the community loan sharks concentrated in their hands all of their wealth in the same way as blood was pumped only to the heart, and the rest of the body was widowed by its intake. Saint Antoninus of Florence considered that the sin of usury was a life-long one, unlike adultery or murder. The English Dominican John Bromyard (?-1352) stated that, unlike the villain who stole from the houses at night, the loan shark plundered day and night, even when he was asleep [4, p. 159-164].

The Church could have tolerated the activities in which it was directly involved. The central governing body of the Catholic Church was, however, engaged in transactions involving money lending with interest (usury) granted to members of the clergy. For example, in England at the beginning of the 13^{th} century, clerical taxes were so burdening that they used the recommended Italian loan sharks, called *Cahorsini*, against an annual interest rate of 60%. Since the twelfth century, the monasteries had been actively involved in numerous financial transactions involving usury [4, p. 171-173]. And in the fifteenth century, the mainstream view was against usury. The only way in which official regulations could have been circumvented was when between the lender and the borrower the exchange rate determined by different currencies interfered. In this context, usury was camouflaged in the exchange rate mechanism [13].

Starting from a decree at the beginning of the thirteenth century of Pope Gregory IX, in certain cases, for example when the debtor delayed the payment of the debt, during which the price of some commodities changed sensibly, the perceiving of a higher price to include interest or compensation was legitimate. Giles of Lessines (?-1304) believed that, in some cases, usury was not a sin of death [4, p. 175-176].

In *Summa Theologiae*, Thomas Aquinas showed that the debtor did not voluntarily pay interest for the borrowed money, but only under certain conditions and circumstances in which the creditor would have given up the amount in exchange for compensation. In De Malo, he expressed a series of twenty arguments to exonerate the lender from committing a sin of death. On the one hand, the borrower paid the borrowed money voluntarily, since there was no coercion from any third party, which was equivalent to considering that he did not suffer any injustice in this way. Then, extremely categorically, on Aristotle's Metaphysics branch, Thomas Aquinas stated that the borrower resorted to loaning money out of constraint because he needed them (*quasi coactus necessitate*), not acknowledging this contract voluntarily conscious, from which it followed that any interest was equivalent to theft. The whole economic thinking of the scholars of the period after Thomas Aquinas was unanimously based on this guiding principle [14].

Even in the fifteenth century, important figures of the time, Jean Gerson, San Bernardino of Siena, Saint Antonino of Florence, or Battista Trovamala, considered that coercion interest (usury) was a tool of evil, not involving the consent of the debtor's will and must have been regarded as an act against the natural law. The creditor was a sinner, and the essential consideration that money were sterile and unproductive implied that any subsequent material gain in the form of usury was an unjust and unfair invention. The only accepted profit had to come through earnest and lasting work and individual sagacity in a productive sense. Towards the end of the fifteenth century, the image of the creditor became softer. And in the sixteenth century, the Roman Catholic theologian and philosopher, Francisco de Vitoria, the father of the Salamanca School, concluded that the loan with interest, although not in agreement with the will of the debtor, was legitimate, for example, if he wanted to buy a land for his business and did not have all the money he needed [14, p. 69].

Around the sixteenth century, King Edward VI of England neglected papal Catholic doctrine and forbade any activity that allowed usury. Protestants will be the ones who will revive the lost scholastic spirit on the polemics on usury (interest) [4, p. 203-205].

Domingo de Soto (1494-1560), scholastic theologian and Dominican priest, co-founder of the Salamanca School, and Domingo de Bañez (1528-1604), another scholastic theologian and Spanish Dominican, mentioned what until the sixteenth century and especially on the basis of the School was considered in a certain way, i.e. the interest charged to the debtor turned him into a kind of victim through coercion. Thus, they considered that the Aristotelian example of the merchant who, traveling by sea, with the fear of a shipwreck upon entering a storm area, threw his cargo off to save himself and the other crew members was interpretable in a positive sense. Soto asserted that this decision was not simply voluntary, but it couldn't have even been taken for granted that the merchant had permanently renounced the possession of his assets since they could have been recovered. In the same way, it was considered that any debtor who accepted the payment of interest for the money borrowed did not undertake to give up his property univocally [14, p. 73].

Distinguishing himself from the Aristotelian view of interest, the 17th century the Augustinianist Felipe de la Cruz appreciated that although the money itself were sterile, they became fecund insofar as it was activated by the human action in the field of trade and business development. By offering the example of the Kingdom of Valencia, that had been granted permission from the Catholic Church to offer loans at an interest rate of between 10 and 13%, Cruz believed that the idea that every ordinary person could do the same was right [3, p. 122].

The scholastic doctrine, beginning in the 13th century with the French Catholic theologian William of Auxerre, suffered a kind of depreciation by generalizing the pre-legal and fair political and religious conditions. On the first instance, only at certain times, when the debtor forgot the payment at due date, it was considered legal to pay cash compensation. However, this payment of material compensation had become generalized over time, in the sense that the lender expressly requested that this additional remuneration be made in the very legal period of the contract, and the loss suffered in the first case (*damnum emergens*) took the form of a potential lost profit (*lucrum cessans*) or opportunity cost. In the seventeenth century, Lugo showed why the interest-rate loan must have been perceived as such, that was, legally, which marked the entry into a new money-making paradigm. This time, attention fell on the image of the lender who could legally charge interest, without being an act associated to usury, since it assumed the act of mobilizing the money in another direction by lending it to another person instead of using it for other more profitable purposes for himself [14, p. 75].

7. On market, value and price

Unlike the modern market outlook, the medieval one highlighted a time-specific vision. For the medieval thinkers, what mattered the most was the existence and manifestation of a universe subjected to the rules of morality, which determined market participants, buyers and sellers, to act in a manner close to the realization of the common good. In addition, there had to be a will of both sides. The late scholastics were those who made a definitive rupture of the medieval paradigm, expressing the idea that the fair price could only have been influenced by the market forces left to act in a free manner [14, p. 85].

According to Aristotle's principles, it was considered that the value of a thing or object was given by the perceived utility and desires of individuals. The latter was subjective to the extent that the needs or desires of individuals were considered. There was no reference to the fact that the economic value of a commodity was determined by the work deposited or incorporated in order to obtain it.

Bernardino of Siena went even further into the depth of the concept of value and considered it to be composed of three essential components: utility (*virtuositas*), rarity (*raritas*) and its desirability (*complacibilitas*) [2, p. 18].

Scholastics did not consider individuals to be the absolute masters of resources, be them on or under the ground. In the Middle Ages there was a dictum saying that the value of material goods are the highest price that the owner can sell or exchange with others. Starting from this principle, a number of scholars such as Saint Antonino of Florence (1389-1459), Battista Trovamala, Gabriel Biel (1420-1425, died 1495), Conrad Summenhart (1450-1502), Juan de Medina (1490-1547), Leonard Lessius (1554-1623) attempted several definitions of the value of a good material, in fact nuances of the dictum. One of the most important scholars of the 13th century, Henry of Ghent (1217?-1293), under the rule of fair justice, demonstrated the injustice of unequal exchange: to sell at a higher price than real value and to buy cheaper than that, even if the parties agree. The scholastic criterion of justice in economic exchanges suggested that the free price was determined by the action of demand and supply [14, p. 161]. Similarly, another thirteenth-century theologian Peter Olivi (1248-1298) considered that, as a contract is concluded through the voluntary and unalterable agreement of the parties, the fixing of the price is subject to the same principle that a good is worth as much as can be obtained by selling it [14, p. 82].

According to Albertus Magnus (1193-1280), starting from Cicero, exchange rates between the seller and the buyer can be achieved through the competitive market price (*par*), through the a priori agreements between exchange agents (*pactum*) and the intervention of centralized power (*iudicatum*) [14, p. 100].

Francisco de Vitoria preached that the price was set on a free market according to the action of supply and demand. Any arbitrary interference by the authorities in their establishment generated incorrect prices, corruption, and a serious breaking of the rule of law in society [11, p. 178-179].

Molina made a clear difference between the legal price and the natural price. In this direction, he stated that “Another price is that which things have by themselves, independently of any human law or public decree. Aristotle and many others call this the natural price. They call him so not because it doesn’t depend to a large extent upon the esteem with which men appreciate some things more than others, as happens with certain precious objects, that sometimes are valued in more than twenty thousand gold coins and more than many other things, which, by their nature are much better and more useful; nor do they call him so because that price doesn’t fluctuate and change, since it is evident that it does change; but they call him natural because it is born out of these same things, independently of any human law or public decree, but dependent on many circumstances which make it vary and on the affection and esteem that men have for things according to the several uses in which they can be employed.” [15]

8. On work and wages

The scholastic economic thinking on work, especially the early one of Thomas Aquinas (1225-1274) and Saint Bonaventura (1221-1274), illustrated that work had a significant therapeutic role for both the body and the soul, being a panacea to combat the uselessness and laziness of the evil spirit [14, p. 119].

Medieval scholastics considered, in Aristotelian spirit, that wages were dependent on commutative justice, as well as profits and rents. Thomas Aquinas regarded salary as something almost identical to the price, a reward for honest work, and Saint Antonino regarded this relationship as perfectly equal to the amendment that there should be no conditions of fraud. It was considered that wage theory was similar to that of prices, especially from the perspective of their formation on the market according to demand, supply and cost [3, p. 105].

Starting with a paragraph in Leviticus 19.13: “Do not defraud or rob your neighbour. Do not hold back the wages of a hired worker overnight”, Thomas Aquinas stated that the payment of the salary was to be done on time, being a true act of justice. At the same time, it was considered a sin against justice (understood in the ancient Greek note) if the salary paid was too high or too low, that was to say there was fraud in the mutually accepted labour contract.

Protecting private property, stimulating trade, reducing public spending and taxes, and a healthy currency were key elements for a worthy status of workers. It was highlighted that the unemployed must be helped through private charity, the rich being forced to help the orphans at the expense of their extravagant consumption, full of luxury and opulence [3, p. 110].

The just salary was another issue that raised both interest and controversy. Bernardino of Siena showed that the fair wage was set on the market, according to demand and supply. The same theologian scholar explained the differentiation in salary for different professions in terms of their rarity, the rarities being better paid than the most abundant [2, p. 24]. Molina considered that there must be three levels of the just salary: the minimum, the middle and the maximum. Lessius, appealing to the market, believed that this was an important barometer in setting a fair salary. If there were individuals willing to work for a low salary, then it was obvious that this was the right one. If an individual was dissatisfied with the salary received, then he was free to look elsewhere; if he did not find another place, then it meant that was the right pay.

In addition, Lugo put a sign of equivalence between the principle of price formation and that of salary. The relationship between demand and supply can be highlighted here. Just as a price can be reduced because the offer was abundant or quasi-nonexistent, so was the wage setting mechanism. In this case, the merchant was obliged to accept the fixed price, lower than the fair price, even if it meant a loss. Free and intentional will was clear. Both the buyer who purchased the goods at a lower price and the employer paying a lower salary were not required to increase their money offer [14, p. 135-136].

9. Conclusions

The Spanish scholastics generated the definitive rupture with the medieval paradigm in terms of understanding the economy on new and intuitive basis, many centuries behind the classical liberals.

They have changed the prejudice regarding wealth, now considered helpful and fruitful, since many saints and religious people in their time were very rich. But the moral control regarding the acquisition and management of wealth were also important to be taken care. The 12th century was the beginning of understanding the individual as we do it today, being self-conscious and free to act according to his needs. In the next century, a great innovation was brought by Magna Charta in the sense that it forced the earthly sovereign to protect the people's private properties. In Thomistic terms, the private property was a unique way for the instauration and consolidation of the social harmony between the individuals. Being a part of the natural law, which in turn it is also an element of God, it was therefore desirable and not at all forbidden. Moreover, Tomás de Mercado believed that through private property the scarcity of goods could be decreased or even eluded. The scholastics criticized the public property because of the recrudescence of sins and vices in society which would damage the social order, emphasizing instead the superiority of the private one. Specific moral virtues, such as charity, generosity or hospitality, could become efficient actions per se only in the context of owning private goods.

The fiscal policy of the ruler should be based on moderation, since it was emphasized that low taxes would generate higher productivity and, therefore, could fight against inflation. In contrast, higher taxes were the source of poverty in the human societies.

Since the 13th century, the money were considered as being encapsulated with an intrinsic value. As Mercado stated, the stability of currencies represented a determinant factor of economic growth and a reason for social stability. Azpilcueta presented the first quantitative theory of money, understanding that if a currency was rare, than it was worth more. Also, the negative impact of inflation on the value of a currency was explained by Mariana even as a barbaric act. In this sense, when money lost its value, this could be regarded as a form of taxation or even as a theft of individuals' wealth, an idea embraced and promoted by the Austrian School of Economics.

The idea of usury was for a long time forbidden by the Catholic Church for many reasons (sinful, unjust or unfair act), but by the end of the 15th century, its interpretation became quite permissive. The scholastics from the 16th century legitimated the loan with interest. In the 16th century, the practice was justified although in the case of an incompatibility with the will of any debtor.

It was considered that the fair price was always given by the forces of the free market, a detail extremely innovative at that moment. Also, the intervention of state in the price formation on the free market generated incorrect prices and an attack on the rule of law in human communities. The profits, the rents and the wages were considered to be based on commutative justice, in the sense of the Aristotelian tradition. Moreover, in Thomistic tradition, the wages, seen as an act of justice, should have been determined just like the prices, only by the free market.

References

[1] V.J. Bourke, *Ethics*, in *New Catholic Encyclopedia*, McGraw-Hill, New York, 1967, 388-392.

[2] R. de Roover, *San Bernardino of Siena and Sant'Antonino of Florence. The Two Great Economic Thinkers of the Middle Ages*, Baker Library, Harvard Graduate School of Business Administration, Soldiers Field, Boston, 1967, 13.

[3] A.A. Chafuen, *Faith and Liberty: the Economic Thought of the Late Scholastics*, Lexington Books, Maryland, 2003, 19-22.

[4] D. Wood, *Medieval Economic Thought*, Cambridge University Press, Cambridge, 2004, 50.

[5] M.M. Postan (ed.), *The Cambridge Economic History of Europe,* Vol. I: *The Agrarian Life of the Middle Ages*, 2nd edn., Cambridge University Press, New York, 1966, 76-77.

[6] A. Murray, *Reason and Society in the Middle Ages*, Oxford University Press, New York, 1978, 317-341.

[7] R. Schlatter, *Private Property: The History of an Idea*, Rutgers University Press, New Brunswick, 1951, 47-76.

[8] F. de Vitoria, *De Iustitia*, Beltran de Heredia, Publicaciones de la Asociacion Francisco de Vitoria, Madrid, 1934, 11-11, q. 66, art. 2, 324.

[9] J. de Mariana, *Treatise on the Alteration of Money*, in *Sourcebook in Late-Scholastic Monetary Theory: The Contributions of Martin de Azpilcueta, Luis de Molina, and Juan de Mariana*, S.J. Grabill (ed.), Lexington Books, Lanham, 2007, 299.

[10] M. Grice-Hutchinson, *Early Economic Thought in Spain, 1177-1740,* Allen & Unwin, London, 1975, 104.

[11] L. Baeck, *The Mediteranean Tradition in Economic Thought*, Routledge, London, 1994, 182-183.

[12] T. Sedlacek, *Economics of Good and Evil: The Quest for Economic Meaning from Gilgamesh to Wall Street*, Oxford University Press, New York, 2011, 85.

[13] A. di Vittorio, *An Economic History of Europe. From Expansion to Development*, Routledge, London, 2006, 6.

[14] O. Langholm, *The Legacy of Scholasticism in Economic Thought: Antecedents of Choice and Power*, Cambridge University Press, New York, 1998, 63-64.
[15] L. de Molina, *La Teoría del Justo Precio*, in *The Salamanca School*, vol. 9, A.A. Alves & J.M. Moreira (eds.), Bloomsbury, New York, 2013, 72.