



## Scholastic Economics: Survival and Lasting Influence from the Sixteenth Century to Adam Smith

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SCHOLASTIC ECONOMICS:  
SURVIVAL AND LASTING INFLUENCE  
FROM THE SIXTEENTH CENTURY TO ADAM SMITH

*By RAYMOND DE ROOVER*

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I. INTRODUCTION: THE MEDIEVAL CONTRIBUTION

Shortly before the end of the nineteenth century, Luigi Cossa deplored the fact that there existed no work on scholastic economics "without some underlying bias towards systematic refutation or extravagant apology."<sup>1</sup> Despite Cossa's own efforts to amend this situation, there has been very little improvement in recent years, and scholastic economics has remained a field which is so neglected or so poorly cultivated that, in the opinion of most economists, it hardly deserves serious consideration. As a result, most of the standard textbooks on the history of economic thought — if they do not omit the subject altogether and start with the physiocrats — devote little space to what they call "medieval" economics. After some trite comments on Thomas Aquinas, they greet Oresme (c. 1330–1382) from a distance and then hasten on to Thomas Mun and the theory of the balance of trade. Usually, the treatment is not only superficial but replete with errors which could have been avoided by going to the sources instead of repeating clichés.<sup>2</sup>

1. Luigi Cossa, *An Introduction to the Study of Political Economy* (London, 1893), p. 141. Although this book is not analytical, it is still extremely useful for its bibliographical and other accurate information.

2. A laudable exception is the book of Edgar Salin, *Geschichte der Volkswirtschaftslehre* (4th ed.; Berne, 1951). Another is, of course, the great work of Joseph A. Schumpeter, *History of Economic Analysis* (New York, 1954). As this article was written independent of Schumpeter — in fact, the manuscript was sent to this *Journal* before his book appeared — no references to his *History* have been

As has already been pointed out in this *Journal*, the current textbooks entirely overlook the fact "that Aquinas was the founder of a school and that his doctrines were further elaborated and refined by his followers."<sup>3</sup> It should be added that these followers continued far beyond the Middle Ages until well into the seventeenth century. Moreover, some of their important economic doctrines were taken over, with only slight modifications, by the philosophers of natural law, such as Hugo Grotius (1583-1645) and Samuel Pufendorf (1622-94), who were still Aristotelians, even if they were opposed to scholasticism.

Since the later scholastic writers built on the foundations laid by their predecessors, it appears necessary to say a few words about the method used by the medieval Schoolmen and about their economic contributions of a technical nature. The author assumes that their contributions in a broader sense are known, in spite of the limited treatment accorded the subject in most histories of economic thought.

No more than the authors of antiquity, did the medieval Schoolmen consider political economy as an independent discipline, but as an appendix to ethics and law.<sup>4</sup> This situation still persisted in the eighteenth century when Adam Smith took charge of the chair of Moral Philosophy at Glasgow College. The courses of his predecessor, Francis Hutcheson (1694-1746), and his contemporary at Edinburgh, Adam Ferguson (1723-1816), are available in print. According to these sources, the contents of a course in Moral Philosophy in the eighteenth century and in Presbyterian Scotland still corresponded, by and large, to the description of the subject matter given in the thirteenth century by Thomas Aquinas in his *Comments on the Ethics of Aristotle*.<sup>5</sup> Economics, in the modern sense, occupied a very subordinate position and was still viewed as an ethical and legal matter involving the application of natural law to civil contracts.

What the Doctors in the Middle Ages were really interested in was to determine the rules of justice governing social relations. Following Aquinas, they distinguished two kinds of justice: distributive. The reader may be interested in comparing this essay with Schumpeter's remarks and conclusions. He will find a different treatment of the subject, but fundamental agreement on various points.

3. R. de Rrover, "Monopoly Theory prior to Adam Smith: a Revision," this *Journal* (Nov. 1951), p. 493.

4. I avoid using the term "economics" here, because in the Middle Ages it still retained the same meaning as in antiquity and referred to household management.

5. Thomas Aquinas, *In X libros ethicorum ad Nicomachum*, I, 1.

tive justice, which regulated the distribution of wealth and income, according to the place of the individual in society, and commutative justice, which applied to the reciprocal dealings between individuals, that is, to the exchange of goods and services.<sup>6</sup> In other words, economic matters pertained to justice, not to charity, as can be readily ascertained by merely running through the table of contents of Aquinas' *Summa theologiae*.

In dealing with questions of justice, the Doctors unavoidably hit upon economic matters and were forced to consider them. At first their investigation was limited to the just price and usury, but it soon branched out to involve a host of other questions, including the just wage, debasement (inflation), justice in taxation, public debts, monopoly, foreign exchange, partnerships, and all the contracts that might involve any taint of usury.

The medieval mind was legalistic and, under the influence of Roman law, a great deal of importance was attached to the form of contracts. The principal problem was always to determine whether a contract was licit or illicit. This emphasis tended to narrow the scope of economics to the study of the legal nature of contracts and their ethical implications, a tendency which reflects itself even in the title and the arrangement of scholastic treatises. One will be sure to find economic matters discussed — along with other topics, of course — in any treatise on moral theology bearing as title *De contractibus* (Concerning Contracts) or *De justitia et jure* (Concerning Justice and Law). Almost invariably economic subjects are also touched upon in guides for confessors, though the exposition in works of this type is likely to be less systematic and analytical and more casuistic. As a matter of fact, the word "casuistry" derives from the concern of the late scholastic writers with cases of conscience.

Thomas Aquinas (1226-1274) had given a place to economics in his universal scheme: it was ruled by justice and grounded on private property and exchange. In any case, the pursuit of material welfare was not to be regarded as an end in itself, but as a means to achieve the *summum bonum* of salvation.<sup>7</sup> These fundamental principles were never questioned by his followers, but practical necessities soon spurred them to elaborate his rather sketchy analysis on usury and price. The first who refined it considerably was John Buridan (1300-1358), a pupil of William of Ockham and a rector of the Univer-

6. *Idem, Summa theologiae*, II, ii, quaest. 61, arts. 1 and 2.

7. *Ibid.*, II, ii, qu. 55, art. 6, and *Summa contra Gentiles*, III, c. 30. Cf. Aristotle, *Nicomachean Ethics*, I, 5 and 8.

sity of Paris. He insisted on the point that value was measured by human wants: not by those of a single individual, but by those of the entire community (*rei venalis mensura est communis indigentia humana*).<sup>8</sup> He made it clear, also, that he considered the market price as the just price. Buridan's analysis even anticipates the modern concept of a consumer scale of preferences, since he states that the person who exchanges a horse for money would not have done so, if he had not preferred money to a horse.

After Buridan, the next writer of importance was the Florentine jurist and diplomat, Messer Lorenzo di Antonio Ridolfi (1360–1442), who in 1403 wrote a treatise on usury.<sup>9</sup> It contains the first detailed discussion of foreign exchange. Of course, he deals with the subject from the scholastic point of view, which is radically different from the later mercantilist or balance-of-trade approach.<sup>1</sup> The question raised by Ridolfi is whether exchange dealings are lawful or involve usury.

Lorenzo Ridolfi was followed by the famous preacher, San Bernardino of Siena (1380–1444), whom Professor Edgar Salin considers as one of the most notable economists of all times.<sup>2</sup> As sources of value, he lists three factors: utility (*virtuositas*), scarcity (*raritas*), and pleasurableness (*complacibilitas*). He also mentions that goods may be more or less gratifying, according to the intensity of our desire to possess and to use them. Without stretching these statements too far, it seems to me that San Bernardino had undoubtedly a psychological theory of value and even some inkling of varying degrees of utility. According to him, the just price is determined by "the estimation made in common by all the citizens of a community" (*æstimatio a communitatibus civilibus facta communiter*). In my opinion, this is clearly the competitive price in a free market. The correctness of this interpretation is beyond question, since Bernardino

8. Edmund Schreiber, *Die volkswirtschaftlichen Anschauungen der Scholastik seit Thomas von Aquin* (Jena, 1913), pp. 178–86.

9. *Tractatus de usuris et materiae montis* (1st ed.; Pavia, 1490); republished in Vol. VII of the *Tractatus universi juris* (Venice, 1583), fols. 15r–50r.

1. R. de Roover, *Gresham on Foreign Exchange; an Essay on Early English Mercantilism* (Cambridge, Mass.: Harvard University Press, 1949), pp. 173–80, and *L'évolution de la lettre de change, XIVe–XVIIe siècles* (Paris: Armand Colin, 1953), pp. 51, 58–60, 127–29.

2. *Op. cit.*, p. 45. There are two recent monographs on the economics of San Bernardino: Franz Josef Hünermann, *Die wirtschafts-ethischen Predigten des hl. Bernardin von Siena* (Münster, 1939) and Alberto E. Trugenberger, *San Bernardino da Siena, Considerazioni sullo sviluppo dell'etica economica cristiana nel primo Rinascimento* (Berne, 1951). The sermons of Bernardino of Siena dealing with economics are in his collection, *De Evangelio Aeterno*, Nos. 32 to 42.

is outspoken in his condemnation of monopolistic practices, that is, of "fraudulent and pernicious agreements" by which merchants drive up prices in order to increase their profits. Finally, San Bernardino states that the "difficulty" of producing a good makes it scarcer and more valuable. Does he imply that the cost of production determines price by affecting the supply? An interesting point is that "difficulty," instead of supply, appears in the lectures of Francis Hutcheson, Adam Smith's teacher, as a price-determining factor. The concept is not used in *The Wealth of Nations*, but it reappears in Ricardo's *Principles of Economics* (chap. 20) where it is said that value depends upon the difficulty or facility of production, which is apparently synonymous with more or less labor. In his *Logic of Political Economy*, Thomas De Quincey (1785-1859), trying to improve upon Ricardo, recognizes two sources of value: utility and difficulty of attainment. His discussion is quoted at length and with approval by John Stuart Mill in his *Principles of Political Economy* (Book III, chap. 2, §1). These observations lead to two conclusions. First, the persistent use of the same terminology points to a continued tradition. Second, it seems that this part of value analysis made little, if any, progress from the time of San Bernardino to John Stuart Mill. On the contrary, it might even be argued that the latter's analysis is inferior, because it is less explicit on the point that difficulty creates scarcity.

Although San Bernardino, like the other Schoolmen, regards money as sterile, he contradicts himself elsewhere when he admits that it acquires a seminal quality by becoming "capital."<sup>3</sup> By capital, he does not mean the principal of a debt, but money invested in a business venture.<sup>4</sup> The same contradiction is found in Thomas Aquinas, who, in one passage, affirms that money is barren and, in another, compares it to seed which, if put into the soil, will sprout and produce a crop.<sup>5</sup>

San Bernardino also mentions *cambium* and government debts, but a better discussion of these topics is found in the writings of his contemporary, San Antonino (1389-1459), Archbishop of Florence.<sup>6</sup>

3. Ernest Nys, "The Economic Theories of the Middle Ages," *Researches in the History of Economics* (London, 1899), p. 164.

4. In this meaning, the word "capital" is already used in notarial and business records from the twelfth century onward. Numerous examples occur in the cartulary of Giovanni Scriba, or John the Scribe, which contains acts dating from 1154 to 1164 (*Il cartolare di Giovanni Scriba*, ed. Mario Chiaudano, Turin, 1935).

5. *Summa theologica*, II, ii, qu. 61, art. 3. Elsewhere (qu. 78, art. 1), quoting Aristotle, Aquinas states that money was invented mainly to serve as a medium of exchange.

6. On San Bernardino and San Antonino, see also Amintore Fanfani, *Le origini dello spirito capitalistico in Italia* (Milan, 1933), pp. 106-19.

Although not a very original thinker, San Antonino wrote with ease and was well versed in the extant canonistic and theological literature. His works contain an excellent summary of the controversy, then raging, about the lawfulness of interest-bearing shares in the public debt. With regard to value and price, he takes over the theory of San Bernardino without modification; yet he has often received undeserved credit as the first to mention utility.<sup>7</sup>

The last of the important economic writers of the Middle Ages is Thomas de Vio (1468–1524), better known as Cardinal Cajetan.<sup>8</sup> His work in the field of economics includes three brief treatises: one on usury, another on *cambium*, and a third on the *Montes Pietatis*, which he bitterly opposed. The most remarkable of the three treatises is perhaps the one on *cambium*, in which he shows himself well-informed on banking practices. In conformity with scholastic dialectics, he defines *cambium* as a *permutatio*, one of the nominate contracts found in Roman law, and not as a *mutuum*. Thus he justified real exchange provided that the place difference be observed, that is, that the bill of exchange be issued in one place and payable in another. Dry exchange, a practice without analogy in modern business, is proscribed because it is a faked exchange transaction violating this rule.<sup>9</sup>

This brief and incomplete survey omits the minor Schoolmen, some of whom are not without interest. The authors discussed are all men of singular merit, justly famous for their achievements, not merely in economics but chiefly outside this field.

A grave shortcoming of the medieval as well as the later Schoolmen is their overemphasis of the usury question. The space devoted to it in scholastic treatises has given the mistaken impression that it was regarded as all important. Sir William Ashley even asserts that "the prohibition of usury was clearly the centre of the canonist doctrine."<sup>11</sup> This is untrue. As stated above, the Schoolmen considered equity in distribution and exchange as the central problem in eco-

7. On the economic doctrines of San Antonino, there are the following studies, none of outstanding quality: Carl Ilgner, *Die volkswirtschaftlichen Anschauungen Antonins von Florenz* (Paderborn, 1904); Bede Jarrett, *San Antonino and Mediaeval Economics* (St. Louis, 1914); and August Pfister, *Die Wirtschaftsethik Antonin's von Florenz (1389–1459)* (Fribourg, Switzerland, 1946).

8. *De Monte Pietatis* (1498), *De cambiis* (1499), *De usura* (1500); republished recently in *Scripta philosophica, opuscula oeconomico-socialia*, ed. P. P. Zammit (Rome, 1934).

9. R. de Roover, "What is Dry Exchange? A Contribution to the Study of English Mercantilism," *Journal of Political Economy*, LII (1944), 250–66.

11. *An Introduction to English Economic History and Theory*, Vol. I, Part 2 (9th impression, London, 1920), p. 395. Cf. *ibid.*, p. 382.

nomies. The usury question was a side issue, but concern with it was allowed to crowd out nearly everything else.<sup>2</sup>

## II. THE SCHOOL OF SALAMANCA

By many authors, Gabriel Biel (c. 1435-1495), professor at the University of Tübingen, is considered the last of the Schoolmen. Actually, scholasticism did not die with him; on the contrary, it received a new lease on life in the sixteenth century. This regeneration was the work of the school founded by Francisco de Vitoria (1480-1546), who, from 1526 to 1544, taught at Salamanca — in this period, the queen of the Spanish universities. As a matter of fact, the term "the school of Salamanca" is often applied to the body of his students, his disciples and their successors.<sup>3</sup> From Spain, the influence of Francisco de Vitoria's teaching spread to Portugal (to the University of Coimbra), to Italy (through the Roman college of the Jesuits), and to the Low Countries where Leonardus Lessius (1551-1623), Franciscus Sylvius or du Bois (1581-1649), and Johannes Malderus (1563-1633) wrote commentaries on Thomas Aquinas inspired by the Spanish doctrines.

The school of Salamanca distinguished itself in philosophy and in natural and international law. The treatises of Francisco de Vitoria on the Indies and on the laws of war have even been republished by the Carnegie Endowment for International Peace.<sup>4</sup> Some of Vitoria's pupils occupied prominent positions: Domingo de Soto (1494-1560) represented Charles V at the Council of Trent and in 1548 became the Emperor's confessor; Diego de Covarrubias y Leyva (1512-1577), who wrote a treatise on money, was appointed Bishop of Ciudad Rodrigo and later President of the Council of Castile;<sup>5</sup> Martín de Azpilcueta, better known as Navarrus (1493-1586), was rector of the University of Coimbra before being called to Rome in 1567, where he enjoyed the confidence of three successive popes and died a nonagenarian.<sup>6</sup> Among those influenced indirectly by Francisco

2. On usury, by far the best study available in English is the article of T. P. McLaughlin, "The Teachings of the Canonists on Usury (XII, XIII and XIV Centuries)," *Mediaeval Studies*, I (1939), 81-147, and II (1940), 1-22. Cf. Benjamin N. Nelson, *The Idea of Usury* (Princeton: Princeton University Press, 1949).

3. Marjorie Grice-Hutchinson, *The School of Salamanca, Readings in Spanish Monetary History, 1544-1605* (Oxford: The Clarendon Press, 1952). Although not written by a professional economist, this is an excellent little book.

4. *De Indis et de jure belli: Relectiones* (Washington, D. C., 1917). No. 7 of the series: The Classics of International Law.

5. *Veterum numismatum collatio* (Salamanca, 1550).

6. On Azpilcueta there is a study by Alberto Ullastres Calvo, "Martín de Azpilcueta y su comentario resolutorio de cambios; las ideas económicas de un moralista español del siglo XVI," *Anales de Economía*, I (1941), 375-407, and II (1942), 52-95.

de Vitoria, mention should be made also of Luis de Molina (1535-1601), who occupied for more than twenty years the chair of theology at the University of Evora in Portugal. His analysis of value and price is especially valuable for its comprehensiveness.<sup>7</sup> Since economics was not recognized as an independent discipline, it is not surprising that the members of the school of Salamanca achieved greater distinction in other fields, but this is no reason why they should be ignored by economists or denied their due.

In form and content, the treatises published by the Spanish school continue the scholastic tradition with its constant appeal to authority, its display of references to support even the most trivial statements, and its love of subtle distinctions and definitions.<sup>8</sup> As in the past, attention remained focused on the observance of the rules of justice and on the lawfulness of various types of contracts. The moralists of the new school, however, attempted to provide fresh interpretations, to refine their concepts, to elaborate their analysis, to observe market conditions, and to bring their principles somehow into harmony with the requirements of expanding business and finance. Without changing completely the scholastic methods of analysis, the task was by no means an easy one. No wonder that the casuists of the Spanish school were only half successful; they revitalized scholasticism, it is true, but only for a time, without saving it from ultimate doom.<sup>9</sup>

Even more than the medieval Schoolmen, the later Doctors adhered to the theory that utility was the main source of value and that the just price, in the absence of public regulation, was deter-

7. Bernard W. Dempsey, *Interest and Usury*, with an Introduction by Joseph A. Schumpeter. This work discusses the theories of three Schoolmen, all belonging to, or influenced by, the school of Salamanca: Molina, Lessius and Lugo. On Molina, there is an unpublished doctoral dissertation by W. Seavey Joyce, *The Economics of Luis de Molina* (Harvard University, 1948).

8. Grice-Hutchinson, *op. cit.*, p. 40. Nevertheless, Earl J. Hamilton (*American Treasure and the Price Revolution in Spain, 1501-1650*, p. 295) labels Tomás de Mercado and others as "Spanish mercantilists." This label is certainly wrong: even the title of Mercado's treatise, *Summa de tratos y contratos de mercaderes* (1st ed.; Salamanca, 1569), indicates clearly that the approach is scholastic. Moreover, Spanish writers do not consider Mercado and other authors belonging to the school of Salamanca as mercantilists, but call them *jusnaturalistas* and *moralistas*, which is correct, in my opinion: José Larraz, *La época del mercantilismo en Castilla, 1500-1700* (2d ed.; Madrid, 1943), pp. 119, 122, and 131. Cf Andrés V. Castillo, *Spanish Mercantilism: Gerónimo de Uztáriz*, *Economist* (Columbia University Press, 1930), p. 45.

9. With reference to the philosophical restoration initiated by the school of Salamanca, the same views are expressed by Maurice De Wulf, *History of Mediaeval Philosophy*, II, 301-7.

mined by common estimation, that is, by the interplay of the forces of supply and demand without any frauds, restraints, or conspiracies.<sup>1</sup> Domingo de Soto and Luis de Molina both denounce as "fallacious" the rule formulated by John Duns Scotus (1274-1308), according to which the just price should equal the cost of production plus a reasonable profit.<sup>2</sup>

Tomás de Mercado makes the pertinent remark that prices are as changeable as the wind.<sup>3</sup> Molina even introduces the concept of competition by stating that "concurrence" or rivalry among buyers will enhance prices, but that a flagging demand will bring them down.<sup>4</sup> Since similar statements are found in other authors, we may conclude that the Doctors of the new school generally accepted the idea that the just price, if not fixed by public authority, corresponded to the current or market price.<sup>5</sup>

Conditions of supply and demand are not the only factors that affect prices. There is also the influence of the volume of circulating media on the price level. The Spanish authors take the quantity theory for granted, since their treatises, almost without exception, mention that prices go up or down according to the abundance or scarcity of money.<sup>6</sup> Twelve years before Jean Bodin, or in 1556, Azpilcueta or Navarrus, attributes the rise of Spanish prices to the

1. Luis de Alcalá, *Tractado de los prestamos que passan entre mercaderes y tructantes* (Toledo, 1546), Part I, § 5, fol. 5v; Part II, § 11, fol. 22-23; Luis Saravía de la Calle, *Instrucción de los tratos del comprar y vender* (Medina del Campo, 1544), cap. 2; Tomás de Mercado, *op. cit.*, lib. 2, cap. 8; Domingo de Soto, *De justitia et jure* (1st ed.; Salamanca, 1553), lib. VI, quest. 2, art. 3; Luis de Molina, *De justitia et jure* (Cuenca, 1592), tract. II, disp. 348, § 8. Cf. Grice-Hutchinson, *op. cit.*, pp. 49, 72, 79, 82, 88. Soto expresses the rule as follows: *Sensus ergo est quod tantum valet res quanti vendi potest, seclusa vi, fraude et dolo.*

2. Soto, *op. cit.*, lib. VI, qu. 2, art. 3; Molina, *op. cit.*, tract. II, disp. 348, §8; and Mercado, *op. cit.*, lib. 2, cap. 11. Cf. Bernard W. Dempsey, "Just Price in a Functional Economy," *American Economic Review*, XXV (1935), 471-86.

3. *Op. cit.*, lib. 2, cap. 8: . . . *Aunque es mas variable (según la experiencia enseña) que el viento.*

4. *Op. cit.*, Tract. II (*de contractibus*), disp. 348, §4: *Multitudo emptorum concurrentium, plus uno tempore quam alio, et maiore aviditate facit pretium accrescere; emptorum vero raritas facit illud decrescere.*

5. Grice-Hutchinson, *op. cit.*, pp. 48, 80, 86-87, 105.

6. Molina, for example, states that prices and wages will be higher in a country where money is abundant than in another where it is scarce (*op. cit.*, tract. II, disp. 348, §4). Cf. Grice-Hutchinson, *op. cit.*, pp. 80, 105; Mercado, *op. cit.*, lib. 2, cap. 11; Cardinal de Lugo quoted by J. Brodrick, *The Economic Morals of the Jesuits*, p. 10. Cf. Bernard W. Dempsey, "The Historical Emergence of Quantity Theory," this *Journal*, L (1936), 174-84, and the "Comments" thereto by E. J. Hamilton, *ibid.*, 185-92. These comments only illustrate the fact that economists look in the wrong places for bibliographical guidance on scholastic economics.

influx of gold and silver from the New World.<sup>7</sup> He also observes that, because the flow reaches Spain first, the level of prices and of wages is higher there than in France.

The Spanish moralists devoted much more attention to foreign exchange than did the medieval Schoolmen. They noticed that in the trade with Flanders and Italy, the exchange rate was generally unfavorable to Spain, but they could not explain this phenomenon, since they ignored the balance-of-payments theory.<sup>8</sup> Instead, they sought to justify exchange transactions by arguing that the money had a greater purchasing power abroad than in Spain and that the rate had to be unfavorable in order to restore the purchasing power parity, a partial and ambiguous explanation, but typical of scholastic dialectics.<sup>9</sup> Among the Spanish moralists, a lively discussion was raised concerning the lawfulness of exchange between two places within the same realm. This practice, it was charged, served merely as a subterfuge to circumvent the usury prohibition.<sup>1</sup> In the debate the rigorist friars, headed by Domingo de Soto, eventually won out, and, through their influence at Court, secured in 1552 a royal decree forbidding internal exchange at any rate other than par. It is needless to say that the merchants soon discovered new ways of evasion. In trying to constrain the market, the moralists were fighting a losing battle.

One of the major developments of the sixteenth century was the rise of the fairs of Castile, Lyons, Frankfort-on-the-Main, and, above all, Besançon, as international clearing centers. From 1579 on, the Besançon fairs, while keeping their name, were actually held in

7. *Comentario resolutorio de cambios* (Salamanca, 1556), cap. 20, no. 51. For an English version of this passage, see Grice-Hutchinson, *op. cit.*, p. 95. Molina, whose text is, however, posterior to the book of Bodin, also refers to the price-raising effects of the influx of gold and silver from New Spain (*op. cit.*, tract. II, disp. 83, §13). Azpilcueta, or Navarrus, is not mentioned in the works of Hamilton.

8. Mercado, *op. cit.*, lib. IV, cap. 4; Soto, *op. cit.*, lib. VI, qu. 12, art. 2. Cf. de Roover, *L'évolution*, p. 81; Grice-Hutchinson, *op. cit.*, pp. 13-14.

9. *Ibid.*, pp. 57-58. Of course, this is not the purchasing-power-parity doctrine as understood today.

1. Those opposed to internal exchange were Francisco de Vitoria and Domingo de Soto (*op. cit.*, lib. VI, qu. 13, art. 1). On the other hand, Miguel de Palacios and Tomás de Mercado (*op. cit.*, tract. 4, cap. 8) considered it lawful. Francisco Garcia (*Trattato de tutti i contratti che nei negotii et commertii humani sogliono occorrere*, Brescia, 1596, cap. 36, §7), without being pro or con, simply states that, in Spain, internal exchange is prohibited by law. The same position is taken by Azpilcueta, or Navarrus (*op. cit.*, cap. 15, nos. 28-30), who is, however, very sceptical about the practical results of the prohibition. Cf. de Roover, *L'évolution*, pp. 108, 184, 195, 200, 202, 205.

Piacenza, on the initiative of the Genoese bankers who monopolized the financial business of the Spanish crown. To a certain extent, these fairs were institutions called forth by the scholastic doctrine, since it condemned the discounting of credit instruments but did not frown upon dealings in foreign exchange, unless they were overtly misused to evade the ban against usury. Thus the exchange business at the fairs became one of the main preoccupations of the moralists. The copious works of two Italians, Sigismondo Scaccia (c. 1568-1618) and Raphael de Turri (c. 1578-1666), not to speak of minor treatises, deal exclusively with this topic. The principal bone of contention was the lawfulness of the *cambio con la ricorsa*, a device which involved drafts and redrafts going back and forth between Genoa or another banking place and the fairs of Besançon.<sup>2</sup> To befuddle the theologians, the bankers had shrouded the *cambio con la ricorsa* in a veil of technical jargon and complicated bookkeeping. Stripped of its trappings, the *cambio con la ricorsa* loses all its mystery: in its naked form it is simply discount cleverly concealed under the form of fictitious exchange transactions. Nevertheless, the theologians and the jurists, approaching the problem from a legal point of view, found themselves caught in a web of technicalities and contradictions which contributed not a little to the discredit of scholastic economics.

In economics, the scholastic doctrine reaches its full maturity in the monumental works of Cardinals Juan de Lugo (1583-1660) and Giambattista de Luca (1613-1683), who should not be mistaken one for the other, although the similarity in name leads to confusion.<sup>3</sup> Despite an impressive display of scholarship, their works ill conceal the fact that the Doctors had exhausted the possibilities of their method and that further progress no longer depended upon more elaboration and refinement, but upon a complete renewal of the analytical apparatus.

### III. THE DEMISE OF SCHOLASTIC ECONOMICS

The demise of scholasticism is not limited to economics, of course, but involves the entire scientific and philosophical system born in the medieval universities and still far from moribund on the eve of the seventeenth century. The scepticism of the Renaissance, it is true, had sapped the strength of the scholastic system but without being

2. *Ibid.*, pp. 80-81, for an example of *cambio con la ricorsa*. Further information is found in the recent book of Giulio Mandich, *Le pacte de Ricorsa et le marché italien des changes au XVII<sup>e</sup> siècle* (Collection "Affaires et Gens d'affaires," No. 7, Paris: Armand Colin, 1953).

3. The work of Cardinal de Lugo, *Disputationes scholasticae et morales* (Lyons, 1642), was republished in 1869. Volume VII (*in quo de contractibus in*

able to destroy the still vigorous organism. Although derided and ridiculed by its opponents, scholasticism continued to exert far-reaching influence. It was confronted, however, with an increasingly hostile spirit, which provided a favorable climate for the reception of Cartesian philosophy. The real crisis did not come until the seventeenth century. In the face of the attack, the Aristotelians failed to realize that, in order to survive, they had to renew their methods. Instead, they stubbornly refused to accept the new discoveries in experimental science, with the inevitable result that their philosophy shared the fate of their antiquated astronomy, physics, and medicine, and along with them, fell into complete discredit.<sup>4</sup>

On the continent of Europe, and to a lesser extent in England, the dying Aristotelian system kept its hold on the universities, which thus became asylums for old fogies and citadels of bigoted pedantry. Learning deserted this musty environment and found a haven in the academies and in the salons of the eighteenth century.

It would be a grievous mistake to view the evolution of economics as divorced from that of the other sciences. The main reason why scholastic economics decayed was that its adherents were unable or unwilling to revamp their system and to discard the dead wood in order to preserve what was worth preserving. Nothing illustrates this failure better than the work of the late casuists of the seventeenth century, such as the treatise of Raphael de Turri. In it, the scholastic doctrine on the *cambium* contract reached maturity, but the subtle distinctions between licit and illicit exchange fail to cover up the fallacies and the inconsistencies which underlie the whole argument. Why should one form of exchange be lawful and not another? One can only agree with the mercantilist Malachy Postlethwayt, who in 1751 declared that the lawyers and divines with "their useless niceties" and "their fanciful divisions and subdivisions," instead of clearing up the matter, had "only perplexed and confounded it."<sup>5</sup> Already in the sixteenth century, the Dominican friar, Domingo de Soto, had sounded the alarm by stating that "the matter of exchange, although

*genere et in specie agitur*) contains the part dealing principally with economics. Cardinal de Luca wrote a popular work in the vernacular, *Il dottor volgare* (Rome, 1673, 9 vols.), which, as the title indicates, was designed to explain the doctrine of the Doctors to the public. He is also the author of a Latin treatise, *Theatrum veritatis et justitiae* (Rome, 1669-1681, 21 vols.) written only for scholars.

4. Maurice De Wulf, *op. cit.*, II, 309 ff. The late author, a pupil of Cardinal Mercier, was professor at the Catholic University of Louvain and at Harvard University.

5. "Bill of Exchange," *The Universal Dictionary of Trade and Commerce* (2d ed.; London, 1757), p. 277.

sufficiently abstruse in itself, is being more and more obscured by the clever subterfuges of the merchants and the contradictory opinions of the Doctors."<sup>6</sup> But he himself was a prisoner of his method and could not escape from the impasse.

There was nothing basically wrong with the scholastic theory on value and price. It rested on utility and scarcity, and Adam Smith did not improve upon it.<sup>7</sup>

The great weakness of scholastic economics was the usury doctrine. Canon law, dating as it does back to the early Middle Ages when most loans were made for consumption purposes, defined usury as any increment demanded beyond the principal of a loan. Since this definition was a part of Catholic dogma, the Schoolmen were unable to change it. As time went by, it became a source of increasing embarrassment. Tied to their definition, the Doctors were sucked deeper and deeper into a quagmire of contradictions. It is not that the Church ever seriously hampered business investments, but practical necessity placed before the moralists the well-nigh impossible task of legitimizing means for taking interest while safeguarding the principle that loans were gratuitous contracts. This difficulty was solved in two ways: (1) by the doctrine of extrinsic titles, and (2) by the rather artificial distinction between licit and illicit contracts. In the sixteenth century, the more lenient among the casuists undermined their own position still further by permitting the triple contract, according to which the borrower guaranteed to the lender a fixed return of, let us say, 5 per cent a year.<sup>8</sup> In the end, the lawfulness of interest became a question of formality, that is, of drafting contracts in the proper form. Is it then surprising that casuistry acquired such a bad connotation and is today synonymous with sophistry and mental reservation?

6. *Op. cit.*, lib. 6, qu. 8, art. 1. This text was copied by other Doctors, see de Roover, *L'évolution*, p. 72.

7. Emil Kauder, "Genesis of the Marginal Utility Theory: From Aristotle to the End of the Eighteenth Century," *Economic Journal*, LXIII (1953), 638-50; *idem*, "The Retarded Acceptance of the Marginal Utility Theory," this *Journal*, LXVII (1953), 564-75.

8. The triple contract, as the name indicates, involves a combination of three contracts in one: (1) a partnership contract between the lender and the borrower sharing in profit and loss of the borrower's business, (2) an insurance contract by which the borrower guarantees restitution of the capital, and (3) another insurance contract by which the borrower guarantees the lender against any loss, if the latter foregoes his share in eventual profits, in exchange for a fixed but reduced return on his investment. Although the triple contract had been condemned, in 1586, by Sixtus V (1585-1590), the casuists continued to debate its lawfulness throughout the seventeenth century. "Usure," *Dictionnaire de Théologie Catholique*, XV (1948), cols. 2373-74.

From the start, the usury doctrine became an easy target for the opponents of scholasticism. In a certain way, the Doctors had only themselves to blame: by their inconsistencies, they had exposed themselves to criticism and even ridicule.

The firing was opened in the sixteenth century with the fierce attack of Charles du Moulin (1500-1566), who advocated the toleration of a moderate rate of interest. He pointed out that the usury prohibition, meant to protect the debtor, had the opposite effect by increasing the cost of lending. Not content with marshaling serious arguments, he poked fun at the "jargon" of the Doctors and at their classification of *cambium* into real, dry, and fictitious exchange, rechange and "counter-change."<sup>9</sup> Du Moulin's book was premature and exposed its author to persecution for heresy.

In the seventeenth century, the blast came from another quarter; this time the casuists were criticized, not for their rigor but for their leniency, by the Jansenist, Blaise Pascal (1623-1662), illustrious philosopher, mathematician, and physicist, who, by the excellency of his style, won a name for himself in French literature. His *Lettres Provinciales* were scurrilous pamphlets, that created an enormous sensation. In the eighth letter, he attempts to confute the casuists for their opinion on usury and contracts. Of course, Pascal was an amateur in economics, as well as in theology. Nevertheless, there is no denying that his castigation was not entirely undeserved and that his victims had made concessions inconsistent with their basic principles.<sup>1</sup>

During the eighteenth century, the attack continues unabated. Whenever the *Philosophes* refer to the Doctors, they call them "casuists" with an undertone of scorn and contempt. They refer to them only to criticize; and when they borrow from them, they do not give them any credit. This attitude is typical of the Age of Enlightenment, which showed no appreciation of Gothic cathedrals or of things medieval, in general.

More than ever, the usury doctrine is the center of attack. According to Turgot (1727-1781), the prejudice against interest had been introduced "in centuries of ignorance" by theologians who did

9. Charles du Moulin, *Sommaire du livre analytique des contracts, usures rentes constituées, intérêts et monnoyes*, in *Omnia quae extant opera* (Paris, 1681), Vol. II, No. 73: "Je laisse aussi leurs jargons et distinctions de change réel, fict et sec, rechange et contre-change." Cf. de Roover, *L'évolution*, p. 195.

1. To be specific, I refer to the comments of Pascal on the Mohatra contract, one of the subterfuges used in Spain. Pascal's main victim was the casuist, Antonio Escobar y Mendoza, whose major work is *Universae theologiae moralis receptores* (1st ed.; Lyons, 1652, 7 vols.).

not "understand the meaning of the Scriptures any better than the principles of natural law."<sup>2</sup> Richard Cantillon (d. 1734) remarked sarcastically that *lucrum cessans* would entitle a man making "five hundred per cent" in his business to demand the same from his borrowers.<sup>3</sup> Abbé de Condillac frankly comes out with the assertion that the loan at interest is just and should be permitted. He goes on to state that legislators and "casuists" are confused on the subject and asks them pointedly why they disapprove of interest and not of exchange.<sup>4</sup> Is there really so much difference between distance in time (*distance de temps*) and distance of place (*distance de lieu*)? In France, during the eighteenth century, the law still proscribed the taking of interest, although this practice was generally tolerated with the connivance of the courts. The physiocrats waged an unsuccessful campaign for the enactment of a statute which would legalize contractual clauses stipulating the payment of interest. Such a law was not passed until October 12, 1789, after the outbreak of the French Revolution.

In Italy, the attack on the usury doctrine was even more insidious than in France, since it was carried on under the cover of orthodoxy. In 1744, there appeared a book in which the author, Marquess Scipione Maffei (1675-1755), pretended, on the surface, to defend the traditional doctrines, but, in the last chapters, ruined the entire edifice by advocating a new extrinsic title, never admitted by the theologians: the *lex principis*, that is, the law or custom of the land.<sup>5</sup> As a matter of fact, the purpose of the book was to justify the issue by the city of Verona of a municipal loan yielding interest at 4 per cent. Maffei's publication created such a stir that in order to appease the tempest, Pope Benedict XIV (1740-1758) was impelled to promulgate the encyclical *Vix Pervenit* (1745), which reasserted for the last time the old dogma with respect to usury.<sup>6</sup> Within a few months (1746), there appeared the second edition of Maffei's book without

2. "Réflexions sur la formation et la distribution des richesses," *Oeuvres de Turgot*, ed. Gustave Schelle, II (Paris, 1914), 577-78, §LXXIII: "Erreurs des scolastiques réfutées"; and "Mémoire sur les prêts d'argent" (1770); *ibid.*, III (Paris, 1919), 163. Cf. Jean François Melon, *Essai politique sur le commerce* (Paris, 1761), pp. 259 and 272.

3. *Essai sur la nature du commerce en général*, ed. Henry Higgs (London, 1931), pp. 208-10.

4. *Le commerce et le gouvernement considérés relativement l'un à l'autre*, in *Mélanges d'économie politique*, ed. Eugène Daire (Paris, 1847), I, 311-12.

5. *Dell'impiego del danaro, libri tre* (1st. ed.; Rome, 1744; 2d ed.; Rome, 1746).

6. de Roover (*L'évolution*, pp. 123-24 n.) gives a summary in French of the five points discussed in *Vix Pervenit*.

any substantial modification of the author's stand on the usury question. Yet this second edition published in full the text of the Encyclical, bore the imprimatur of the ecclesiastical authorities, and contained a dedicatory letter to Benedict XIV, a personal friend of the author. On scholasticism, the book of Maffei had a deleterious effect, since it implicitly redefined usury as any increment — not beyond the principal — but beyond *the moderate rate allowed by law or custom*.<sup>7</sup>

The new definition represented a radical departure from the basic norms of scholastic economics.<sup>8</sup> Books challenging the thesis of Maffei and restating the scholastic tradition were still being written in the beginning of the nineteenth century, but their authors were not men of any talent and they repeated the old, worn-out arguments without contributing anything new.<sup>9</sup> Scholasticism had ceased to attract the best minds: its discredit, except in ultra-conservative circles, was too profound.

After the *Code Napoléon*, adopted all over western Europe, had allowed the taking of interest, the Church, too, decided to abandon the old usury doctrine. It was quietly buried in 1830, when the Sacred Penitentiary issued instructions to confessors not to disturb penitents who lent money at the legal rate of interest without any title other than the sanction of Civil Law.<sup>1</sup> With this decision,

7. The same thesis was defended by the Jansenist, Nicolas Broedersen, in his book, *De usuris licitis et illicitis* (1st ed.; 1743). Abbé Ferdinando Galiani in his book, *Della moneta*, devotes to usury an equivocal chapter, in which he pays at least lip service to the traditional doctrine. See Arthur Eli Monroe, *Early Economic Thought, Selections from Economic Literature prior to Adam Smith*, pp. 300-7. Antonio Genovesi (1713-1769) in his book, *Lezioni di economia civile*, adopts the same point of view as Maffei and Broedersen.

8. According to the old canon law, any statutes allowing interest were anti-canonical. The Council of Vienne (1311-1312) explicitly declares them to be in contravention of divine and human law and orders the repeal of those in operation: *Decretales, c. Ex gravi*, in Clement., lib. 5, title 5, can. 1, §1.

9. Count Monaldo Leopardi (1776-1847), *La giustizia nei contratti e l'usura* (Modena, 1834); Anonymous, *Analisi ragionata e critica dei libri tre su le usure dell'abbate Marco Mastrofini data in luce da un amico della verità* (Naples, 1835). Count Leopardi was the father of the famous poet, Giacomo Leopardi: his reactionary ideas were not limited to the usury question.

1. "Usure," *Dictionnaire de Théologie Catholique*, XV, cols. 2379 f. The new canon law, promulgated by Benedict XV in 1917, art. 1543, admits the validity of the legal title (*non est per se illicitum de lucro legali pacisci, nisi constet ipsum esse immoderatum*), although it still upholds the principle that a loan is *per se* a gratuitous contract. Further details about the decisions of the Roman congregations in 1830 and later may be found in Henry C. Lea, "The Ecclesiastical Treatment of Usury," *Yale Review*, II (1893-94), 379-85 (republished in *Minor Historical Writings and Other Essays*, Philadelphia, 1942, pp. 129-51). The interpretations of this author are generally unfavorable to the Church, but his factual information agrees with the *Dictionnaire de Théologie Catholique*.

scholastic economics, which had emphasized usury so much, received its death blow.

#### IV. SCHOLASTICISM AND MERCANTILISM: A CONTRAST

The differences between mercantilism and scholastic economics are striking and profound. Yet, I do not know that a comparison has ever been attempted, although a clear perception of the contrasts has its importance for an understanding of the development of economic thought. There are even historians who profess to find the "prehistory" of economics among the vagaries of the mercantilistic pamphleteers, thus completely ignoring the contributions of the Doctors.<sup>2</sup>

Unlike mercantilism, scholastic economics enjoyed the unquestioned superiority of being an integral part of a coherent philosophical system. Although economics was not yet acknowledged as an independent discipline, it formed a consistent body of doctrine according to which economic relations ought to be ruled by the laws of distributive and commutative justice. In contrast, mercantilism was never more than a conglomerate of unco-ordinated prescriptions by which the authors of the mercantilistic tracts sought to influence economic policy, usually in a sense favorable to their private interests.<sup>3</sup>

The Doctors, as this name indicates, were all university graduates, trained in theology or in canon and civil law (*doctor utriusque juris*). Most of them were clerics, though there are some notable exceptions among the jurists, especially among the civilians, for instance, Messer Lorenzo di Antonio Ridolfi, who was a layman, a diplomat and a lecturer at the Florentine athenaeum.<sup>4</sup> The mercantilists, on the contrary, were with few exceptions self-trained merchants, with some literary talents, but without university degrees. Essentially, they were empiricists who, for better or for worse, were not encumbered by scholastic traditions. In this way they made their major contribution by developing the balance-of-trade theory, whereas the Doctors were unable to cut themselves loose from their traditional approach to the foreign exchange problem.

As a rule, the mercantilist writings were brief tracts on specific and controversial issues, which contrast markedly with the weighty and often pedantic treatises of the Doctors. Whereas the mercan-

2. For instance, Edward Heimann, *History of Economic Doctrines*, pp. 22-47.

3. A. V. Judges, "The Idea of a Mercantile State," *Transactions of the Royal Historical Society*, 4th Series, XXI (1939), 50.

4. For his biography, see Vespasiano da Bisticci, *Vite di uomini illustri del secolo XV* (Florence, 1938), pp. 401-5.

tilist pamphlets rarely refer to sources or provide marginal notes, the scholastic treatises literally bristle with references in support of nearly every statement, even the most commonplace. This sometimes annoying display of erudition, first introduced by the post-glossators, received further encouragement from the humanists, who developed the habit of invoking the authority of the Ancients for everything.

By the very fact that the Doctors were moralists, their main pre-occupation was with social justice and general welfare, but naturally with these ideals as they were conceived in the Middle Ages and the sixteenth and seventeenth centuries. The mercantilists, too, professed to further the cause of the commonweal; however, their declarations in this respect should not always be taken at their face value. All too often they serve as a screen for private interests. Most of the authors of mercantilist tracts had an ax to grind. This is especially true of the early mercantilists. Gérard de Malyne (fl. 1586–1641) was a perennial office-seeker who advocated exchange control in the hope that he himself would be appointed the controller. Misselden (fl. 1608–1654) and John Wheeler (fl. 1601–1608) were spokesmen for the Merchant Adventurers; and Thomas Mun (1571–1641) wrote his tracts in defense of the East India Company. As for Gresham (1519–1579), he was a shrewd and none too scrupulous manipulator of the money market, whose recommendations, although advantageous to the Queen, were apt to have unfavorable repercussions on English trade and on the volume of employment. The later mercantilists were less prejudiced, but their views were still warped by their narrow nationalism. Most of them rallied to the defense of the colonial system and sponsored aggressive measures to combat or to exclude foreign competition, an attitude which is alien to the spirit of scholasticism. Did not St. Thomas justify international trade by pointing out the fact that no nation is self-sufficient?<sup>5</sup>

As we have seen, the casuists of the seventeenth century were either unwilling or unable to rejuvenate their methods. They continued in the old ruts and made no effort to incorporate new discoveries, such as the balance-of-trade theory, into their traditional doctrines. The conservatism of the late scholastic writers thus became an impediment to further progress, and it is fortunate that the mercantilists displayed more initiative and did not hesitate to blaze new trails. True, their methods were not always sound, nor

5. Amintore Fanfani, *Storia delle dottrine economiche: il volontarismo* (3d ed.; Milan, 1942), p. 112. The reference is to *De regimine principum*, Book 2, chap. 3.

always successful, but they opened up new avenues for further research. The controversy of the early mercantilists about exchange control led to a premature proposal for the creation of a stabilization fund and eventually culminated in the formulation by Thomas Mun of the balance-of-trade theory.<sup>6</sup> The mercantilists also made the first clumsy attempts to use statistical data, and Sir William Petty (1623-1687) even made statistics the basis of his *Political Arithmetick*. Others pondered over banking schemes; and the studies of Charles Davenant (1656-1714) and Gregory King (1648-1712) on the behavior of grain prices put them on the track of the elasticity of demand.<sup>7</sup> The seventeenth century was the age of projectors. Nearly always, the aim was to influence public policy, whereas the scholastic writers were content to set up ethical standards, but left their practical realization to the often inefficient government authorities.

The scholastic writers regarded trade as an occupation which, although not evil in itself, endangered the salvation of the soul, as the merchants almost unavoidably succumbed to the temptations of usury, cheating, and unlawful gain: *et de hoc rarissime evadunt mercatores*, as St. Bonaventure (1221-1275), the Seraphic Doctor, testifies.<sup>8</sup> In this opinion, the other Doctors concur: without exception, they much prefer agriculture to trade. The mercantilist writers, of course, take exactly the opposite point of view.<sup>9</sup> In their eyes trade is the noblest of all professions.<sup>1</sup> Both agriculture and industry depend on trade to provide a market for their products and to give employment to the "poor."<sup>12</sup> The merchant, far from being regarded

6. de Roover, *Gresham on Foreign Exchange*, pp. 226-31, 250-65.

7. I take advantage of this opportunity to call the attention of the economists to an article by Luigi Einaudi, "La paternità della legge detta di King," *Rivista di storia economica*, VIII (1943), 33-38. The author attributes to both Davenant and King the discovery of the law stating that grain prices vary more than proportionately to the deviations of the harvest from the normal.

8. *Decretum Gratiani*: canon *Quoniam non cognovi*, Dist. LXXXVIII, canon 12; and canon *Qualitas lucri*, Dist. V, "de paenitentia," canon 2; *quia difficile est inter ementis vendentisque commercium non intervenire peccatum*. Cf. Schreiber, *op. cit.*, p. 129.

9. Jelle C. Riemersma, "Usury Restrictions in a Mercantile Economy," *Canadian Journal of Economics and Political Science*, XVIII (1952), 22.

1. See the encomium of trade by Thomas Mun, *England's Treasure by Foreign Trade* (London, 1664), chap. 21. Cf. Eli F. Heckscher, *Mercantilism* II, 281.

2. William D. Grampp, "The Liberal Elements in English Mercantilism," this *Journal*, LXVI (1952), 469. These ideas must have been current among the merchants on the continent as well as in England, since we find them also in Lodovico Guicciardini's famous description of Antwerp, first published in 1567: *Description de tous les Pays-Bas*, trans. François de Belleforest (Antwerp, 1582), p. 182; republished in *Tudor Economic Documents*, eds. R. H. Tawney and Eileen Power, III, 161.

with distrust, is extolled as the benefactor of humanity and the principal pillar of the State. This is what one might expect, since mercantilism was the economic system developed by, and for, the merchants.

In contrast to scholastic economics, mercantilism was amoral. The later mercantilists were interested in a large population and full employment only because they thought such conditions would stimulate trade and increase the economic power of the state.<sup>3</sup> Usury was no longer considered a voracious monster: Sir Josiah Child (1630-1699), Sir Thomas Culpeper the Elder, and others complained only that the interest rate, being higher in England than in Holland, favored the competition of the Dutch.<sup>4</sup> Trade has no soul and the individual did not count: why should the mercantilists be disturbed by moral issues?

One of the most striking characteristics of scholastic economics was universalism: regardless of origin and nationality, the Doctors are in fundamental agreement on method and principles. Although there may be, sometimes, sharp differences on points of detail or of practical application, all their treatises follow more or less the same pattern easily recognizable by anyone acquainted with scholastic literature. In the mercantilist camp, on the contrary, such uniformity in doctrine or method does not exist: neither between national schools nor between individual writers.

Among the mercantilists, "everyone is his own economist," according to the phrase so aptly coined by Professor E. A. J. Johnson. No one considers himself bound by precedent, and each author follows his own inspiration in selecting the appropriate method for dealing with his chosen topic.

Notwithstanding the great prestige of Eli F. Heckscher, I disagree with his statement that mercantilism strove toward unity.<sup>5</sup> As a matter of fact, non-scholastic economics in the seventeenth and eighteenth centuries varied greatly from country to country. In my opinion, the name "mercantilism" is appropriate only for British economics during that period. In Germany, one should speak of cameralism. One of its leading exponents, Johann Joachim Becher (1635-

3. E. A. J. Johnson, *Predecessors of Adam Smith*, pp. 247-52; Heckscher, *Mercantilism*, II, 159; Philip W. Buck, *The Politics of Mercantilism*, pp. 44-48, 65-66, 89-90.

4. Heckscher, *Mercantilism*, II, 286-89.

5. Heckscher, himself, in response to criticism of his book, was forced to concede that mercantilism failed as a unifying system: "Mercantilism," *Economic History Review*, VII (1936), 48. Cf. Herbert Heaton, "Heckscher on Mercantilism," *Journal of Political Economy*, XLV (1937), 374; J. F. Rees, "Mercantilism," *History*, New Series, XXIV (1939-1940), 130.

1682), "was still strongly influenced by the venerable Aristotelian tradition," albeit that he considerably modified the scholastic views.<sup>6</sup> In France, the expression "Colbertism," rather than "mercantilism," should be used to designate the economic policy of Colbert. Moreover, this policy aroused much criticism from writers such as Vauban (1633-1707) and his cousin Boisguilbert (1646-1714), whose comments on the iniquities of the French tax system anticipated the physiocrats instead of owing something to mercantilist ideas.<sup>7</sup>

Although the United Provinces were the leading economic power in the seventeenth century, there exists as yet no adequate study on Dutch economic thought during this period.<sup>8</sup> At any rate, Hugo Grotius or de Groot deserves a niche in the gallery of famous economists. One can hardly classify him as a mercantilist; he was rather an Aristotelian who used scholastic methods to defeat scholasticism.<sup>9</sup> Even Pieter de la Court (1618-1685), although not an Aristotelian, is far too liberal to pass for a mercantilist.<sup>1</sup>

In Spain, after 1600, economic writers, without breaking with scholasticism, were mainly concerned with the country's ailments: vellon inflation, vagrancy, depopulation, and economic decline. Whether this concern with pressing social and economic problems labels them as mercantilists remains a debatable point.<sup>2</sup> As in Spain,

6. de Rroover, "Monopoly Theory prior to Adam Smith," *op. cit.*, p. 519. There is a new book on Becher by H. Hassinger, *Johann Joachim Becher (1635-1682): ein Beitrag zur Geschichte des Mercantilismus* (Vienna, 1951). The author apparently regards Becher as a mercantilist. Heckscher, however, states that the German cameralists "were imbued with a spirit of their own" (*Mercantilism*, II, 263).

7. *Ibid.*, II, 264. Cf. Hazel van Dyke Roberts, *Boisguilbert, Economist of the Reign of Louis XIV*, p. 255: "Boisguilbert had completely shaken off mercantilist thought."

8. The best study is still that of Etienne Laspeyres, but it is almost a century old: *Geschichte der wirtschaftlichen Anschauungen der Niederländer und ihrer Litteratur zur Zeit der Republik* (Preisschriften gekrönt und herausgegeben von der Fürstlich Jablonowski'schen Gesellschaft, Vol. XI, Leipzig, 1863).

9. de Rroover, "Monopoly Theory prior to Adam Smith," *op. cit.*, pp. 521-22.

1. Heckscher (*Mercantilism*, I, 351) admits that the Dutch were "less affected by mercantilist tendencies than most other countries." His treatment of Dutch writers is based entirely on the study of Laspeyres (*op. cit.*, II, 263) and, moreover, is very superficial. See the pertinent remarks of Heaton (*op. cit.*, pp. 371 f.) about Heckscher's neglect of Dutch economic thought and policy in the seventeenth century.

2. They are mercantilists according to Earl J. Hamilton, "Spanish Mercantilism before 1700," *Facts and Factors in Economic History: Articles by former Students of Edwin Francis Gay*, pp. 214-39. This is an introductory survey which lists a few tracts and makes some general comments on the contents of the economic literature in Spain from about 1600 to 1700. The Latin treatises, including the important work of Luis de Molina, are not discussed. After stating that

so also in Italy the scholastic traditions were particularly strong, and persisted well into the eighteenth century along with other currents of thought originating in the merchant manuals of the Middle Ages.<sup>3</sup> In 1613, a Neapolitan writer, Dr. Antonio Serra, in fighting a scheme to regulate foreign exchange, formulated independently the balance-of-trade theory developed contemporaneously by the English mercantilists.<sup>4</sup> His proposals were dismissed, and his book was ignored for more than a century until abbé Ferdinando Galiani praised it as an outstanding performance. The witty abbé expresses his surprise that a book like Serra's was conceived "in an age of ignorance about economic matters," but he complains that the work is "tedious" reading because of its obscure style, its poor organization, and its "divisions and subdivisions" reminiscent of scholastic literature.<sup>5</sup> In other words, the abbé is a typical example of the eighteenth-century point of view. Another interesting fact is that Galiani considers the work of Serra to be scholastic, whereas most modern authors have classed it as a mercantilist pamphlet.<sup>6</sup>

The trouble is that the word "mercantilism" does not stand for a clear concept, but lends itself to confusion. The great specialist Heckscher, himself, has to admit that "mercantilism is simply a convenient term for summarizing a phase of economic policy and most of the Spanish economic writers were ecclesiastics with no intimate knowledge of business or finance (pp. 229-30), Professor Hamilton calls them "mercantilists." Sancho de Moncada, one of the so-called Spanish mercantilists, was professor of theology in the University of Toledo, as Hamilton himself points out (*American Treasure*, p. 294). Other authors, including Andrés Villegas Castillo, Ramón Carande, Bernard W. Dempsey, Marjorie Grice-Hutchinson, and José Larraz, do not agree with Hamilton's classification. Only Gerónimo de Uztáriz (1670-1732), a late writer and statesman, seems to have come strongly under the influence of mercantilist thought. Cf. Ramón Carande, *Carlos V y sus Banqueros, la vida económica de España en una fase de su hegemonía, 1516-1556* (Madrid, 1943), p. 89.

3. Heckscher (*Mercantilism*, II, 263) implicitly admits that he is unacquainted with Italian economic literature. The famous tract of Bernardo Davanzati (1529-1606), *Notizia dei cambi*, written in 1581, was certainly based on merchant manuals, as appears clear from two manuscripts in the State Archives of Pisa: Fondo Alleati, Nos. 17 and 69. I owe this information to the kindness of Professor Federigo Melis of the University of Pisa.

4. *Breve trattato delle cause che possono far abbondare li regni d'oro e argento dove non sono miniere con applicazione al Regno di Napoli in Economisti del cinque e seicento*, ed. Augusto Graziani (Bari, 1913), 141-233. Selections from Serra's treatise, in English translation, are found in Monroe, *op. cit.*, pp. 143-67.

5. Ferdinando Galiani, *Della moneta* (Bari, 1915), p. 344.

6. Monroe, *op. cit.*, p. 144; Cossa, *op. cit.*, p. 178; Fanfani, *Storia, il volontarismo*, p. 171; Lewis H. Haney, *History of Economic Thought* (3d ed.), pp. 112-13; John M. Ferguson, *Landmarks of Economic Thought*, pp. 36-37.

economic ideas."<sup>7</sup> It should be added that the term covers only those heterogeneous ideas that are non-scholastic in inspiration.

There are remnants of scholastic influence in many mercantilist writings, but surprisingly those traces have not been recognized, though they are not so difficult to spot. The mercantilists, of course, were unable to escape from the impact of several centuries of culture. Whether or not they knew it, they absorbed some of the ideas bequeathed by former generations.<sup>8</sup>

Gerard de Malynes is the writer in whose works the traditional views are the most perceptible. Whether he should be considered as a mercantilist or as a scholastic writer, is to my mind a moot question.<sup>9</sup> In any case, there can be no doubt that he forms the link between the two schools of thought. His insistence on the par as the only fair rate of exchange is simply a variant of the just price theory taken over from Dr. Thomas Wilson, himself a Doctor still imbued with scholastic traditions. According to Professor Jacob Viner, Malynes was poor in market analysis,<sup>1</sup> but there can be no question about his being well read and well acquainted with ancient and scholastic literature.<sup>2</sup> In his *Saint George for England*, a tract against usury, he describes the dragon called *Foenus politicum* as having two wings, *usura palliata* and *usura explicata*, and a tail, "inconstant *Cambium*."<sup>3</sup> This allegory is obviously sheer and unadulterated scholasticism. Malynes has also received credit for distinguishing between changes in the price level due to monetary factors and changes in the price of particular commodities due to the operation of the law of supply and demand. I strongly suspect that this idea did not originate with him but that he took it from a continental treatise, for he was by no means an original thinker and was addicted to plagiarism.<sup>4</sup>

7. "Mercantilism," *Economic History Review*, VII (1936-37), 54.

8. Heckscher (*Mercantilism*, II, 277) states: "Here one may perceive a tendency towards economic liberty that was never entirely broken off and therefore connected medieval and *laizzez-faire* ideals."

9. de Roover, *Gresham on Foreign Exchange*, pp. 285 f.

1. *Studies in the Theory of International Trade* (New York, 1937), p. 76.

2. Helen E. Sandison, "An Elizabethan Economist's Method of Literary Composition," *Huntington Library Quarterly*, VI (1942-43), 205-11. Professor Sandison shows that Malynes certainly "borrowed" from Sir Thomas More's *Utopia*. I may add that he also was acquainted with the works of Jean Bodin, Lodovico Guicciardini, Dr. Thomas Wilson, Aristotle, and most probably, Leonardus Lessius.

3. *Saint George for England allegorically described* (London, 1601); "Foreword to the Reader." On p. 61, Malynes mentions the extrinsic titles, *damnnum emergens* and *lucrum cessans*.

4. In the sixteenth century, most of the scholastic writers accepted the quantity theory of money and stated that prices "generally" go up or down

In a recent article, the mercantilists have been praised for the "liberalism" of their concepts.<sup>5</sup> Contrary to the conclusions of the author, it appears, however, that those so-called "liberal elements" are rooted in the doctrines of the medieval Schoolmen.<sup>6</sup> For one thing, the Doctors were uncompromising in their condemnation of monopoly for the reason that the monopolist exploits the public and makes an illicit gain by raising the price of his articles above the competitive level. For example, Cardinal Cajetan, commenting on the *Summa* of Thomas Aquinas states that monopoly offends freedom by compelling the public to pay a price higher than the one that would prevail in the market, if there were no such monopoly (*si huiusmodi monopolium non esset*).<sup>7</sup> The traditional feeling against monopoly was so strong that no mercantilist writer dared openly defy public opinion, even when his purpose was to justify the monopolistic practices of this or that trading company.<sup>8</sup> In the parlance of the mercantilists, "free trade," as I have pointed out in this *Journal*, meant freedom from restraints of any sort in internal as well as in foreign trade. Consequently, it corresponded to the French expression *liberté du commerce* and not to *libre échange*.<sup>9</sup> In the seventeenth century, protection in the modern sense was not yet born; the struggle was still a medieval struggle for the control of the carrying trade.<sup>1</sup> In dealing with the history of economic thought, it is not enough to know the writings of the economists; one must also know something

with the abundance or scarcity of money. Such a statement had even become commonplace.

5. Grampp, *op. cit.*, pp. 465-501.

6. *Ibid.*, pp. 500 f. So far as I know, the Schoolmen have never stated "that free individual behavior was inimical to the welfare of society." Heckscher (*Mercantilism*, II, 277) asserts the contrary and rightly states: "that even the medieval tradition was sympathetic to a certain sort of freedom. The medieval influence was thus not without importance to the notion of economic liberty under mercantilism." As late as the seventeenth century, the Anglican and Puritan divines continued to propound scholastic doctrine on just price, monopoly, and price discrimination. See the characteristic passages of Richard Baxter (1615-1691), a popular preacher, which are quoted by H. M. Robertson, *Aspects of the Rise of Economic Individualism: A Criticism of Max Weber and his School* (Cambridge, 1935), p. 17.

7. Text quoted by Fanfani, *Origini dello spirito capitalistico*, p. 123. Cf. Joseph Höffner, *Wirtschaftsethik und Monopole im fünfzehnten und sechzehnten Jahrhundert* (Jena, 1941), p. 107.

8. de Roover, *Gresham on Foreign Exchange*, p. 284. Such was certainly the purpose of John Wheeler, Edward Misselden, Thomas Mun, Sir Josiah Child, and Charles Davenant.

9. When French authors of the period mean *libre échange*, they use the expression: *liberté du commerce entre les nations*.

1. de Roover, *Gresham on Foreign Exchange*, pp. 282 f.

about the institutional framework and the social environment of the period.

Certainly, the English "mercantilists did not believe in an economy wholly or mainly directed by the State,"<sup>2</sup> but they wanted the state to pursue a policy favorable to the trading interests and they tended to defend the exclusive privileges of chartered companies and corporations.<sup>3</sup> Owing to the persistent influence of scholastic ideals, the mercantilists paid lip service to the goddess of "free trade," though the sincerity of their devotion is very much open to question, inasmuch as their pretenses conflict with their other aims. But then, mercantilism was not a logical system. It may even plausibly be argued that, unlike scholasticism, the much vaunted mercantile system was not a system at all.

#### V. CONCLUSIONS

The shortcomings of scholastic economics — and no effort has been made to conceal them — should not blind us to the greatness of the achievement. The Doctors correctly diagnosed the economic problem as one of scarcity. In their opinion, economics was a branch of ethics which determined the rules of justice that ought to preside over the distribution and the exchange of scarce goods. It is obvious that there would be no need for distribution or exchange, if goods could be obtained without effort in unlimited quantities.

The great difference between scholastic and contemporary economics is one of scope and methodology: the Doctors approached economics from a legal point of view. They attached an excessive importance to formalism, so that the study of economics nearly reduced itself to an investigation into the form and nature of contracts. Because of their preoccupation with ethics, the Doctors were also more interested in what ought to be than in what actually was. In the matter of usury, they made the fatal mistake of allowing this subordinate question to overshadow all other problems. Besides, the sophistication of the later casuists involved them more and more in a maze of contradictions, which, ever since the eighteenth century, have prejudiced economists against scholastic doctrines. The more concessions the casuists made, the more they undermined their own position. They were unwilling to face the fact that their distinction

2. Grampp, *op. cit.*, p. 495.

3. In order to enlist the support of the government, mercantilist writers and projectors never failed to stress the benefits which would accrue to the Royal Treasury, if their schemes were carried out (Heaton, "Heckscher on Mercantilism," *op. cit.*, p. 376).

between usurious and nonusurious contracts was based on mere legal technicalities.<sup>4</sup> After all, was it logical to allow a charge for the use of money in one case and to prohibit it in another?<sup>5</sup>

The Doctors, especially the members of the school of Salamanca, made one of their main contributions in developing a theory of value, based on utility and scarcity, which is more in line with modern thinking than that of Adam Smith. Because of his influence and prestige, he created a century of confusion on this topic by throwing out utility and by becoming entangled in the antithesis of value in use and value in exchange. The Doctors were also right in stressing from the beginning the principle of mutual advantage in any bargain or voluntary exchange.<sup>6</sup>

In the absence of fraud or collusion, the market price was supposed to be just, but the Doctors never questioned the right of public authorities to interfere, whenever, because of famine or other circumstances, either buyers or sellers would be seriously harmed by the free operation of the law of supply and demand. Perhaps in the nineteenth century, economists might have regarded the scholastic position as erroneous, but today we operate, in fact, on a just-price basis, since the government does not hesitate to regulate prices in times of national emergency. While the Doctors may have been correct in their analysis, they had the fault of many idealists of overlooking entirely practical difficulties: they assumed that it sufficed to set a price by decree in order to make it effective.

In accordance with the teachings of the Doctors, monopoly was almost everywhere considered a criminal offense. Incidentally, the Doctors rarely mention the guilds and then only to reprove them for their monopolistic practices.<sup>7</sup> I do not find evidence in their treatises that they favored the guild system, which is so often pictured as an ideal organization for Christian society or is recommended as a panacea against the evils of modern industrialism.<sup>8</sup>

4. Robertson, *op. cit.*, p. 118: "In practice, Calvin's position (that all usuries were not necessarily to be condemned) had been reached by Catholic teachers. The difference was mainly one of expression. Amongst the Catholics more depended upon the formalities of contracts."

5. See R. H. Harrod's remarks in a review of John P. Kelly, "Aquinas and Modern Practices of Interest Taking," *Economic Journal*, LVI (1946), 314.

6. Grampp (*op. cit.*, p. 466) credits the mercantilists with the formulation of this principle, although it is clearly stated by Thomas Aquinas, in his *Summa theologica*, II, ii, qu. 77, art. 1, corpus. Cf. Monroe, *op. cit.*, p. 54. John Buridan gives an even better analysis than Aquinas (Schreiber, *op. cit.*, p. 183).

7. Höffner, *Wirtschaftsethik und Monopole*, pp. 82, 92-94.

8. This is the point of view, for example, of the advocates of guild socialism, especially the earlier adherents of this school. Cf. Arthur J. Penty, *Old Worlds*

Among other contributions of the Doctors, one should not forget to mention their acceptance, by the sixteenth century, of the quantity theory of money and their speculations on the lawfulness of banking and dealings in foreign exchange. The latter discussion, starting as far back as the thirteenth century, paved the way to the balance-of-trade theory, developed by the English mercantilists in the Tudor and Stuart period. Unfortunately, the late casuists never paid any attention to this discovery and even allowed it to be used against them by their opponents.

One should not mistakenly assume that scholastic economics exerted no influence on business morality. The Church sought to enforce its code of social ethics in two ways: *in foro externo*, that is, through the courts, ecclesiastical and secular, and *in foro interno*, that is, through the confessional. In the Middle Ages, all over western Europe, usurers were constantly brought to court. It is true that the historian stops at the threshold of the confessional, but the numerous medieval wills providing for restitution of usury suggest that confession was far from being an ineffective means of enforcement.<sup>9</sup>

This is not the place to enter into a discussion of the Max Weber theory about the rôle of religion in the rise of capitalism. I question it, because the writings of the Doctors seem to show that the medieval Church neither favored nor hindered the development of capitalism. Like technological and scientific progress, capitalism grew outside the Church. It does not follow, however, that scholastic doctrines had no influence on the course of economic development. Quite the contrary. Recent research in economic history has established the fact that the usury prohibition profoundly affected the development of banking. Since the taking of interest was forbidden, the discounting of commercial paper was also ruled out, but the bankers cleverly shifted to exchange dealings as the basis of their operations. This shift changed the entire structure of the continental European banking system up to the time of the French Revolution.<sup>1</sup>

To consider scholastic economics as medieval doctrine is simply an error, and economists have bypassed a current of thought which

for *New, a Study of the Post-Industrial State*, pp. 44-49; Ralph Adams Cram, *Walled Towns* pp. 46, 80-82; G. D. H. Cole, "Guild Socialism," *The Encyclopaedia of the Social Sciences*, VII, 202-4.

9. Benjamin N. Nelson, "The Usurer and the Merchant Prince: Italian Businessmen and the Ecclesiastical Law of Restitution, 1100-1550," Supplement to *The Journal of Economic History*, VII (1947), 104-22.

1. de Roover, *L'évolution*, pp. 144-45.

runs parallel with mercantilism and reached out into the eighteenth century, connecting the *économistes* and even Adam Smith with Thomas Aquinas and the medieval Schoolmen.<sup>2</sup> Traces of scholastic influence still permeate eighteenth century economic thinking and sometimes appear in unexpected places, such as the *Encyclopédie* of Diderot and d'Alembert. The *Encyclopédie*'s definition of price differs in no way from that given in scholastic treatises, and the same applies to the treatment of monopoly and dry exchange.<sup>3</sup>

In the case of Adam Smith, the ascendancy which links him to scholasticism passes through his teacher, Francis Hutcheson, Samuel Pufendorf, and Hugo Grotius.<sup>4</sup> Smith's library contained copies of both Grotius and Pufendorf.<sup>5</sup> Moreover, there is evidence that Adam Smith read Grotius at the age of fifteen when he was a student at Glasgow College. At that time, his teacher was using as textbook a translation of Pufendorf's *De officio Hominis et Civis* by Gershom Carmichael (d. 1729), Hutcheson's predecessor in the chair of Moral Philosophy.<sup>6</sup> In his lectures on political economy, as already stated, Hutcheson dealt with the subject in scholastic fashion as a branch of natural jurisprudence, particularly as "a discussion of contracts."<sup>7</sup> When Adam Smith, himself, succeeded to the chair of Moral Philosophy, he modified this outline by transferring economics to the fourth part of "his course of lectures" devoted to matters not pertaining to justice, but to expediency.<sup>8</sup> This decision definitely constituted a break with the scholastic tradition. The outline of the course in Moral Philosophy, as taught by Francis Hutcheson and later by Adam Smith himself, clearly shows that the curriculum of Glasgow College, in the eighteenth century, never paid any attention to mer-

2. Professor Mabel Magee, my former colleague at Wells College, tells me that Seligman was an exception. According to her detailed notes on his course at Columbia University on the history of economic thought, he dealt with most of the writers mentioned in this article and did not consider scholastic economics as a medieval economic doctrine. I avail myself of this opportunity to thank Dr. Magee and another former colleague, Professor Jean S. Davis, for reading a draft of this article and making helpful suggestions.

3. According to the *Encyclopédie*, the price of commodities is set either by ordinance or by common estimation: the first is called the legal price (*prix légitime*) and the second, the current price (*prix courant*). The scholastic origin of this distinction is beyond question.

4. Grice-Hutchinson, *The School of Salamanca*, pp. 64-69, 76. Cf. William Robert Scott, *Adam Smith as Student and Professor* (Glasgow, 1937).

5. James Bonar, *A Catalogue of the Library of Adam Smith* (2d ed.), pp. 78, 151.

6. Scott, *op. cit.*, pp. 34, 112.

7. John Rae, *Life of Adam Smith*, p. 14.

8. *Ibid.*, pp. 54 f.

cantilist thought, but always provided for some teaching of economic principles based on ethics and law, inherited from the medieval university. In the *Wealth of Nations*, Adam Smith, it is true, devotes several chapters to mercantilism but only to denounce it as a pernicious and "sophistical" system.

Two eighteenth century economists, abbé Ferdinando Galiani (1728-87) and abbé Etienne Bonnot de Condillac (1715-80), have been hailed by some historians as the first to anticipate the modern marginal utility theory of value by stating that value rests on the combination of two elements: utility and scarcity.<sup>9</sup> The question arises whether this idea originates with the two abbés or whether — what is more likely — they took it from the Doctors, possibly by way of the late casuists and the school of Salamanca, as Marjorie Grice-Hutchinson seems to think.<sup>1</sup> In my opinion, she is undoubtedly right, since it is highly improbable that cultured men in holy orders would be unacquainted with the extensive literature on moral theology. As far as Galiani is concerned, scholastic influence is noticeable in many passages of his essay on money, especially in his treatment of usury and *cambio*.<sup>2</sup> Furthermore, the chapter on value contains a quotation from Diego Covarrubias y Leyva, one of the leading representatives of the school of Salamanca.<sup>3</sup> Consequently, Galiani certainly knew his work, and hence there was no breach of continuity.

As this study shows, modern economics owes the Schoolmen and their successors a greater debt than is commonly acknowledged. It also illustrates the merits and the defects of the legal approach to economics. What really caused the downfall of scholastic economics was the refusal of the late casuists to revise and to modernize their methods. Perhaps their whole system was in need of a complete overhauling. Nevertheless, it contained much that was worth pre-

9. Galiani, *op. cit.*, Book I, chap. 2, pp. 25-45; and Condillac, *op. cit.*, Vol. I, chaps. 1 and 2, pp. 248-57. In a footnote, the editor, Eugène Daire, blames Condillac for not following in the footsteps of Quesnay and Adam Smith and not adopting their distinction between *value in use* and *value in exchange*!

1. *Op. cit.*, pp. 63-64, 76.

2. *Op. cit.*, Book 5, chaps. 1 and 4, pp. 289-96, 303-7. Galiani's definition of usury, as any gain above the principal accruing from a *mutuum*, is still purely scholastic.

3. *Op. cit.*, Book I, chap. 2, p. 26. The most recent and much the best biographical study on abbé Galiani is that of President Luigi Einaudi, "Galiani economista," *Saggi bibliografici e storici intorno alle dottrine economiche* (Rome, 1953), 269-305. This study was first published in German under the title "Galiani als Nationalökonom," *Schweizerische Zeitschrift für Volkswirtschaft und Statistik*, LXXXI (1945), No. 1. An English version of the first part of Einaudi's study is available in Henry William Spiegel (ed.), *The Development of Economic Thought* (New York, 1952), pp. 62-82.

serving and which was preserved in actual fact. Valuable ideas may lie buried for a time but they eventually spring up. Like other sciences, economics grows slowly by accretion. Despite many currents and cross currents, continuity is perhaps the most impressive phenomenon in the history of economic doctrines.

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