

*Faith and Liberty: The Economic Thought of the Late Scholastics.*  
By Alejandro A. Chafuen. Lanham, Maryland: Lexington  
Books, 2003.

SINCE THE MID-TWENTIETH CENTURY, historians of economic thought have directed more and more attention to the contributions and influence of the Late Scholastics—Catholic theologians, often Spanish, of the sixteenth and seventeenth centuries. In his *History of Economic Analysis* (1954), Joseph Schumpeter paid special tribute to the importance of the Late Scholastics. “[I]t is they,” he wrote, “who come nearer than does any other group to having been the ‘founders’ of scientific economics.”

Raymond de Roover expanded on Schumpeter’s observation, writing a series of pathbreaking articles for academic journals on the subject of these neglected figures. De Roover punctured substantial holes in the received view of late medieval and early modern economic thought, particularly when it came to the subject of the just price. Prior to de Roover’s work, the Scholastic conception of the “just price” had been grotesquely misinterpreted; the Scholastics were said to have believed that certain objective criteria could help determine a good’s “just price.” To the contrary, de Roover showed, for the Scholastics the just price was the market price, the price arrived at by the interaction of buyers and sellers on the market. (This statement was subject to a proviso: if the state should impose a price, the state-imposed price would be considered the just one. Even here, though, some of the Scholastics remained skeptical of nonmarket prices and of the state’s ability to ascertain and impose an objectively just price.) Previous work in this area, de Roover showed, had placed altogether too much emphasis on the idiosyncratic views of the relatively unimportant Heinrich von Langenstein at the expense of the broader consensus of the Scholastics and canonists.

The view of medieval economic thought held by nineteenth- and twentieth-century romantics and corporatists, in which theologians encouraged the setting of “just prices” by the public authority and recommended the guild system as a vehicle for promoting justice for buyers and sellers alike, did not survive de Roover’s re-evaluation. On the latter point, it turns out that the Scholastics, in those rare instances when they mentioned the guilds at all, chided them for

their monopolistic behavior. “I do not find evidence in their treatises that they favored the guild system,” wrote de Roover, “which is so often pictured as an ideal organization for Christian society or is recommended as a panacea against the evils of modern industrialism.”

While de Roover has provoked some controversy, disputes over his work involve peripheral or quantitative matters rather than its substantive content. The only writers who have rejected de Roover outright are self-professed opponents of the market economy who simply wish the historical testimony had been different. Supporters of the market economy, on the other hand, have been captivated and delighted by de Roover’s revision. Murray Rothbard had already begun writing at length on the newly rediscovered Late Scholastics by the 1970s, and that work culminated in the lengthy treatment they receive in his posthumously released *Economic Thought Before Adam Smith*, volume one of *An Austrian Perspective on the History of Economic Thought*.

The best stand-alone study of the economic thought of the Late Scholastics, informed by an intimate acquaintance with the relevant primary sources, is Alejandro Chafuen’s book *Faith and Liberty: The Economic Thought of the Late Scholastics*. Here we have a systematic, topical overview of the Late Scholastics’ views on prices, wages, value theory, and a great many other economic issues. In the copious passages he cites, Chafuen has made available to the English-speaking world important selections from Late Scholastic economic commentary, much of which had until now been buried in Latin-language treatises, all but inaccessible to modern audiences who by and large cannot read Latin.

*Faith and Liberty* is a slightly expanded version of the author’s 1986 book *Christians for Freedom: Late Scholastic Economics*. In addition to the usual minor modifications and a slightly expanded conclusion, this version contains an additional section on the subject of property rights and extreme need. The Scholastics contended that in cases of extreme need, as when a person (or his family) is on the verge of starvation, his appropriation of the property of the rich would not be considered theft. Addressing his largely classical-liberal audience, Chafuen does a creditable job explaining this tradition of thought, all the while assuring skeptical readers that modern disparagement of property rights is not traceable to the “extreme need” allowance of the Scholastics. Moreover, some of the Scholastics (including St. Thomas Aquinas) insisted that someone who had recourse to the goods of another during a moment of extreme need would ultimately have to make restitution to the owner. Martin de Azpilcueta (1492–1586) wrote that he “who takes something in extreme need, is obliged to make restitution when he has a chance;

independently if he has goods in another place or not, and even if he had or had not consumed the goods.”

Another point Chafuen might have made is that when the Scholastics spoke of “extreme need,” they meant *extreme*. They meant a kind of poverty that is essentially nonexistent in a modern market society. It would therefore be the height of dishonesty to try to employ the Scholastic argument here in defense of modern welfare states or any other form of wealth redistribution.

On the issue of the “just wage,” which has been the source of so much contention in Catholic circles over the past century, the Late Scholastics contended that a wage rate mutually agreed upon had to be just. According to Luis de Molina (1535–1600), an employer was “only obliged to pay [the laborer] the just wage for his services considering all the attendant circumstances, not what is sufficient for his sustenance and much less for the maintenance of his children and family.” Domingo de Soto (1494–1570) argued that “if they freely accepted this salary for their job, it must be just,” and held that “no injury is done to those who gave their consent.” His advice to unhappy employees was simple: “[I]f you do not want to serve for that salary, leave!”

Quotations like these are surprising, to say the least, since recent expositors of Catholic social teaching have left the impression that modern views of the just wage—that it must permit the laborer to support himself and his family in reasonable comfort—have been the standard ones throughout the history of Christendom. Such surprises are to be found throughout the book. On the subject of free trade, for example, Chafuen quotes Leonardo Lessio (1554–1623) as saying, “If, without cause, the magistrates exclude foreign sellers, and for that reason the price of the good in question is increased, they have to compensate the citizens for the damage caused by that increase.” On inflation of the money supply, we have (for example) Juan de Mariana (1536–1624):

The king has no domain over the goods of the people, and he can not take them in whole or in part. We can see then: Would it be licit for the king to go into a private barn taking for himself half of the wheat and trying to satisfy the owner by saying that he can sell the rest at twice the price? I do not think we can find a person with such depraved judgment as to approve this, yet the same is done with copper coins. (p. 66)

Other chapters discuss the Scholastics’ views on such matters as public finance, monetary theory, commerce and merchants, distributive justice, and profits. By the time Chafuen is finished, the old impression of the Scholastics as twentieth-century corporatists or—more absurd still—proto-Marxists is completely overturned.

Chafuen also shows that, contrary to those who would have the Scholastics setting prices of goods according to their “objective value,” the subjects of his study believed in subjective value theory. This has been a difficult point for some Catholics, particularly those with an antipathy toward the market, to grasp, since they insist on interpreting the term “subjective value” as implying relativism or nihilism. The view of Luis Saravía de la Calle, who is reasonably representative of the Late Scholastics on this point, clarifies the matter:

Those who measure the just price by the labor, costs, and risk incurred by the person who deals in the merchandise or produces it, or by the cost of transport or the expense of traveling . . . or by what he has to pay the factors for their industry, risk, and labor, are greatly in error, and still more so are those who allow a certain profit of a fifth or a tenth. For the just price arises from the abundance or scarcity of goods, merchants, and money . . . and not from costs, labor, and risk. If we had to consider labor and risk in order to assess the just price, no merchant would ever suffer loss, nor would abundance or scarcity of goods and money enter into the question. Prices are not commonly fixed on the basis of costs. Why should a bale of linen brought overland from Brittany at great expense be worth more than one which is transported cheaply by sea? . . . Why should a book written out by hand be worth more than one which is printed, when the latter is better though it costs less to produce? . . . The just price is found not by counting the cost but by the common estimation. (p. 114)

In case the connection isn’t obvious, Chafuen closes his book by drawing express parallels between the Late Scholastics and classical liberal economics. In this chapter as throughout the text Chafuen maintains a scholarly and professional tone while indirectly making his own sentiments clear. Unlike his opponents, Chafuen is not out to excommunicate anyone. Nowhere in his text will the reader find any counterpart to the rancorous fury of those who have disparaged his work, and in that sense he is a worthy chronicler of the Scholastic intellectual tradition he seeks to resurrect.

It is obvious enough that Chafuen’s work is a necessary corrective to the Catholic left and indeed much of the Catholic mainstream, whose grasp of the history of economic thought is as dismal as anyone’s and whose economic positions are too often merely a tissue of fallacies. Less obvious, perhaps, is the obstacle it poses to a certain branch of traditional Catholicism that views the free market as a feature of modernity that merits ipso facto condemnation. This is the branch of Catholicism that wishes to condemn the free market as a wicked creation of the Enlightenment, and calls instead for the resurrection of the medieval guilds and the adoption of “distributism,”

the economic order of small property-holders set forth by Hilaire Belloc and G.K. Chesterton.

To be told that free-market ideas, at least in inchoate form, long preceded the Enlightenment, and even that Enlightenment thought on the matter was partly inspired by Late Scholastic ideas—the French *Encyclopedie*, in fact, simply repeated the Scholastic analysis of price determination—is about the last thing these controversialists want to hear. The result has been an unfortunate effort to ignore the work of Chafuen and earlier scholars like de Roover, and to continue to write as if the revolution these men effected in our understanding of the history of economic thought never occurred. That some Catholic publications have seen fit in recent years and months to publish utter nonsense because it seems to lend support to their preconceived notions says a great deal about their commitment to intellectual honesty and reveals very clearly just what Professor Chafuen is up against.

Those of us writing in this tradition are deeply indebted to Professor Chafuen's groundbreaking and invaluable contribution. *Faith and Liberty* is a stunning book that has already become a staple of the literature and an indispensable starting point for anyone interested in the history of late medieval and early modern economic thought or, for that matter, in the history of freedom.

Thomas E. Woods, Jr.  
Suffolk Community College  
State University of New York

