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THE CONTAINED
ECONOMY

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The Contained Economy

AN INTERPRETATION OF MEDIEVAL ECONOMIC
THOUGHT

by

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THE CONTAINED ECONOMY

AMONG the innumerable books which, in the last hundred years, have come to swell the literature of the social sciences, few have contributed so much to our understanding of social reality as Ferdinand Toennies' *Gemeinschaft und Gesellschaft*. Toennies has opened our eyes to the essential dichotomy in social life. If we speak, as we often do, of 'society' without further qualification, we can mean, Toennies tells us, two very different things: we can mean a *Gemeinschaft* or community, or we can mean a *Gesellschaft* or association. Of the community-type, the family is the prime example. It is there when we are born. We come out of it as a new shoot comes out of an old stem, and we must fit into it as a new cell must fit into the living body in which it has formed. There is something natural about the community then; it is essentially an organism. *We* have not made it nor can we do so; but *it* has made *us*, and we are what we are to a large extent because we belong to it. There is no sense in asking *why* there should be such a thing as the family; we might as well ask why there is life, or why there is anything at all. It is different with associations. The prototype of an association is the business firm. Now, we know exactly why there are business firms: they are there in order to pay a dividend to the persons who belong to it. These persons will, as a rule, have made it: it is a creature of their wills. *They* have made *it*, but *it* has not made *them*. Thus, far from being natural, it is artificial; far from being organic, it is something manufactured or mechanically produced. In the community, the whole is before the parts; in the association, the parts are before the whole. In practice, no society has ever been either a pure community, or a pure association: all societies have been mixed. Even the closest-knit family has a utilitarian side to it; even the most rationally conducted firm has a tendency to breed a feeling of belonging, of loyalty, of devotion. But if community and association are not neat

pigeon-holes into which historical societies can be fitted without difficulty, they are yet concepts which will help us greatly to characterise them. For what a concrete society will be like will depend essentially on the way in which communal and associational features are blended in it.

Now, it must be obvious to all who know the first thing about economic and social history that modern society is an association rather than a community, while medieval society was a community rather than an association. The fact is clearly reflected in the picture which these societies formed of themselves. The medieval thinkers, practically without exception, conceive of society as an organism. The Pope is the head, the warriors are the arms, the peasants are the feet. It was even said, rather charmingly, that the misery of the lower orders was a kind of social gout. As soon as the modern age dawns, this social theory is thrown overboard and its place is taken by the doctrine of *contrat social*. History begins with the isolated savage: the state is made and culture is produced when men decide and bind themselves to work together. Edmund Burke was right when he said that to some people the body politic was nothing better than a partnership agreement such as one finds it in the trade of pepper and coffee, calico or tobacco.

I suppose it is not difficult to see that even economic fact and economic thought must be different in the one society from what it is in the other. Take the central phenomenon of the market—the price. Modern economics thinks of the price as the outcome of a process of higgling and haggling, as a compromise that makes possible a contract between the seller and the buyer. When the parties appear on the market place, for instance Böhm-Bawerk's horse-dealers, they cannot know for certain what they will be able to get and what they will have to give. It all depends on supply and demand; they will have to work out their mutual relationship, and then a figure will emerge which will express the equilibrium of the market. Medieval man did not and could not see things in this way. For him, the price is given before the first bid is made. 'Whereas we rely on the higgling of the market as the means of bringing out what is the common estimate of any object', Dr Cunningham wrote long ago, 'medieval economists

believed that it was possible to bring common estimation into operation beforehand.¹ Buying and selling do not *create* an order on the market, they only *implement* it. The *ordo rerum* is there before men, just as the family is there before the individual. All medieval economics is deeply tinged with the spirit of community. Perhaps we come nearest the essence of the doctrine when we say that, to the thirteenth century, the price is part and parcel of the system of custom on which all social life is built. Certainly, it is a compromise of a kind, but the price is a compromise so fundamental, so firmly established, that it must not be disturbed. If there is competition at all—medieval man did not like the idea of competition—it should always lead to the same result—the just price. Any major deviation from it is wrong and disquieting, a breach of the basic order of life on which not only the well-being, but even the peace and ultimately the survival of the city depend. Of course, an opinion such as this is possible only in a world where no great shifts and dislocations of the market factors habitually occur; had the medieval town market been similar to the modern world market, St Thomas would have had to develop a different economics. But it was not. It was an orderly, even hide-bound affair in which repetition was the daily routine and innovation a rare exception. Prices did change over the centuries, but they changed so slowly in the normal course of events that people were hardly aware of the changes and could fancy that what was right once, was right for ever and evermore.

This conception of the price in terms of customary law—this assumed inherence of the price-system in the total life-system of society—explains the most surprising fact about medieval economics, the fact that St Thomas Aquinas does not stop to consider the question how the just price is, or should be, arrived at. The just price is no problem to him: it is taken for granted, it is there like all the other rules and regulations of an orderly social existence. Gerson mentions the possibility that a man may be uncertain about right and wrong in market dealing,² but the way out which he recommends is fully in accordance with the

¹ *The Growth of English Industry and Commerce*, ed. 1905, I, 253.

² *De Contractibus*, I, 19.

Thomist attitude. A person in doubt and difficulty should rely on the judgment of some 'wise man', perhaps on that of the prince—for what matters is that economic action should fit in with the traditional way of doing things which is most likely to be known to an old man or to the ruler. Even in economics, what is customary, is right—not what happens to correspond to the quantities turned over on the market, the demand and supply schedules of the players of the market game.

The most important observation which St Thomas makes about the price-system is this, that it does not correspond to the divinely appointed order of values. According to the divinely appointed order of values, a mouse, being an *animal sensibile*, has greater worth than a pearl which is only an inanimate thing. According to the market valuation, however, a pearl fetches a much higher price than a mouse, if a mouse can be sold at all.³ St Augustine had already made the same point, only perhaps more pungently than the quiet St Thomas. Who would not rather have his pantry full of meat than of mice, he had asked in a rhetorical question, or possess rather pence than fleas?⁴ Aquinas explains the divergence between the two hierarchies of value with the help of a distinction, the distinction between *finis qui* and *finis cui*. Everything that has value in itself which depends upon its essence in the metaphysical sense of the word, but this is beyond our ken. We cannot know it. We see only the shell, not the kernel of nature. But beside its absolute value which is hidden from us, everything has also a relative value which is open to us, simply because it is value for us, *finis cui*. Things are useful to us, and, not unnaturally, we estimate them according to the degree to which we find them subservient to our purposes and needs. It is on this sort of value that the price-system is based. 'The price of saleable things', St Thomas writes, 'does not depend upon their rank in nature . . . but upon their usefulness to man.'⁵

By putting this passage into the foreground, I may seem to

³ *Commentary to the Nicomachean Ethics*, V, lect. 9.

⁴ *De Civitate Dei*, XI, 16. Cf. also Buridanus, *Ethica*, V, 14.

⁵ II, II, qu. 77, art. 2. St Thomas' commentator, Buridanus, in his *Ethica*, V, 14, 16, is even more outspoken than St Thomas himself. He writes as follows: 'The value of objects is estimated according to human need. . . This is proved as follows: the goodness or value of a thing depends upon the end for which it is produced: hence the commentator on the second book of the *Metaphysics*: *Nothing* is good except through final

have prejudged an issue which has been discussed with some warmth among historians of economic thought, namely the question whether the Thomist approach to the problem of value and price is a 'subjective' or an 'objective' approach. By a subjective approach is meant an explanation starting from the demand side: value and price grow out of the valuations of the consumers, and these will go by the usefulness of the goods concerned. By an objective approach is meant an explanation from the supply side: value and price depend ultimately on the costs of production, or even on one item of cost, namely labour. A good is valuable because it has cost labour to produce it and will exchange against other goods in relation to the respective quantities of labour contained in them. There have been many who have seen in St Thomas an adherent of this labour theory of value and consequently a forerunner of Ricardo and of Marx. To me personally, this whole discussion looks rather pointless and useless. It is difficult if not impossible to squeeze a thinker of the thirteenth century into categories taken from the thought of the nineteenth century. Aquinas belonged to neither school and at the same time to both. He belonged to neither school because his explanation of value and price is sociological rather than economic: price is a compromise, one of the basic conventions of society, a piece of custom. And he belonged to both because the germs of both later opinions are contained in his works.

As for the subjective explanation, we have already seen that he entertained it. Value depends on the *finis cui* of things, their usefulness for man. Through things, man can perfect his being, he needs them for his purposes, and consequently values them accordingly. This view has very deep roots in the philosophy of the saint, for in that philosophy the concept of finality occupies a key position. To say that value is determined by finality is Thomist in the fullest sense of the word. In so far as this puts a negative on a pure labour theory of value, Aquinas must be regarded as its adversary rather than as its pioneer. And, indeed, where he speaks of the considerations which are behind the

causes; but the natural end to which commutative justice orders external commodities is the fulfilment of human need. Therefore the fulfilment of human need is the true measure of commodities. But the fulfilment is seen to be measured by the need; for that fulfilment is of greater value which fulfils a greater need.'

communis aestimatio or right price of a thing, he mentions not labour alone, but several points: *diversitas loci vel temporis*, *labor*, *raritas*—local circumstances at the time concerned, labour and scarcity. In the same way St Antoninus of Florence and St Bernardino of Siena acknowledge *raritas* and *complacibilitas*—scarcity and pleasing appearance—as well as *labor* as elements of influence on the price. Thus it is an error to say that the Doctors prepared the way for Ricardianism and Marxism in their theory of value.

But if they did not prepare it in their theory of value, they prepared it in their doctrine of property, and so there is, after all, a definite continuity between St Thomas and the classics of political economy, the link being John Locke. As the Saint sees things, the material creation—the world and all it contains—is so much raw material for human labour. Man is called to break it into shape, and in doing so he is merely proving himself a true image of his Maker, for God, too, is essentially one who moulds material reality and makes it serve his purposes. Now, every man is called to this task of creativeness, and for that reason every man has *dominium radicale* or *ius utendi* over the things he finds: every man can freely occupy and transform what he finds free in nature. But as he occupies and transforms some natural object, whatever it may be, a special relationship grows up between him and the commodity which is coming into existence. As Fr Horvath has expressed it in his admirable book *Das Eigentumsrecht nach dem hl Thomas von Aquin* (a book remarkable for its leftist tendencies): 'Man, in realising his ideas, in forming external things in accordance with them, breathes something of his own soul into them, communicates to them something of his own inmost essence, of his property, and consequently establishes a connection which did not exist before by dint of which the transformed thing points to him as to its cause and, so to speak, expects from him its further destiny in its newly won mode of being. . . . Labour . . . unites the external goods with us and makes them into our property. Hence labour is . . . the source of property according to natural law; indeed, it is the only, as it were the primal source of it.'⁶ It is labour which makes

out of the *dominium radicale* of all men the *dominium actuale* of one man, the producer. Here we are indeed near to Locke, to Smith, to Ricardo, and to Marx. Professor de Roover has recently asserted that St Thomas's utility theory of value created a tradition which never snapped or broke.⁷ He is right. But the same can be said of St Thomas's labour theory of property. Indeed, the matter is even more obvious here, and the detail would make a fascinating study. And this labour theory of property has, with Aquinas, a tendency to become also a labour theory of value, just as it did four hundred years later in the transition from Locke to Smith.⁸ There is an easy and natural step from the statement that property is due to labour to the proposition that men value their property in accordance with that labour. St Thomas does not draw this inference in so many words, but the implication is clearly there. There is even a passage—in the very same Commentary on the Nicomachean Ethics from which we have taken our main proof of the fact that St Thomas had a subjective explanation of value and price—where he comes very near to saying that things should exchange in the ratio of the quantities of labour contained in them.⁹ And so St Thomas was the father of both great traditions in the history of economic thought.

With these considerations, we can take our leave of the Thomist theory of value. There is only one proviso which we should append before we move on, namely that both doctrines, the one based on the concept of finality as well as the other based on the concept of property, have an anti-individualistic slant. For the former, the point is made quite clearly by Buridanus: 'It is not the need of this man or that', he writes, 'which measures the value of exchangeable things, but the common need of those who can exchange with each other.'¹⁰ For the latter, we have no

⁷ *The Quarterly Journal of Economics*, May 1955.

⁸ Cf. my book *The Ideal Foundations of Economic Thought*, chap. 1.

⁹ V, lect. 5. 'Let A then be one term, say two pounds: and let B be one pound, and let C be a person, for instance Socrates, who has worked two days, and let D be Plato, who has worked one day. Then it will be true to say that the relationship of A to C, i.e. of two pounds to the man who has worked two days is the relationship of B to D, i.e. of one pound to the man who has worked one day. It is therefore clear that the connection of A with C, that is of a thing which is double with a person who deserves double, and of B with D, that is of half with half, is a just apportionment.'

¹⁰ *Ethica*, V, 16.

such neat formula, but we must remember that Aquinas, a product of communal life, ascribes to society priority of being over the individual. What the individual is and what he can do, and consequently also what he can produce, depends to a large extent on the social element in him (for instance, his education). Hence there is a social ingredient even in private property. This has important consequences, particularly with regard to the duty of almsgiving and common user, but also with regard to the lawfulness of taxation, but we cannot stay here to consider these remoter points.

Instead, we must hurry on to consider the phenomenon which St Thomas himself regarded as the central problem of economics—the phenomenon of usury. Now, a usurer is not only the man who, like the Jew of Venice, exacts 5 or 10 per cent on a monetary loan: he is everybody who likes to get something for nothing, or much for little—the man, in a word, who tries to live, wholly or in part, without labour and on the labour of others. The Doctors thus have a wide concept of usury and one that implies an all-round condemnation of exploitation. But then they have also a very wide definition of labour. A labourer is not only he who works with his hands, but also he who organises production and employs others as his workmen. This is a point overlooked or wrongly played down by those who would make St Thomas an early Marxian. The successors of St Thomas emphasise even more than he does this recognition of the entrepreneur as a kind of worker and as a useful member of the community who is worthy of his reward. St Bernardinus of Siena, for instance, says that he prefers a man who enriches himself, if in so doing he profits his neighbours by building up new enterprises, to a man who, for fear of growing rich, sits idly back and does nothing.¹¹ The matter is even clearer with St Antoninus of Florence for his censures are mainly directed against the sons of the merchant princes of the city who, unlike their fathers, disdain *all* work and want to live simply on the interest of the money which they have inherited.¹² Such idlers were anathema to the medieval Church, for they had repudiated the life which Almighty God himself has

¹¹ Fanfani, *Catholicism, Protestantism, and Capitalism*, 130.

¹² Bede Jarrett, *Mediaeval Socialism*, 72 seq.

prepared for us—the life of creativeness by which, in our humble way, we carry on the work of his creation.

Let us emphasise, then, that if St Thomas condemns unearned income, he does not thereby condemn profits, for profits are earned—earned as a meet reward of entrepreneurial activity. Indeed, we must go even further at this point. St Thomas virtually ignores the existence of the feudal system, his field of observation is exclusively the medieval town, but the question may be asked what his attitude was, or is likely to have been, to the landlord's income, to ground rent. It seems to me, from the whole tendency and logic of the Saint's argument, that, in the circumstances, he must also have accepted it as legitimate. For the medieval landowners, or rather feu superiors, were not an idle class. If they did not pay in sweat, like the serfs, they paid in blood, for they were the warriors of the community, the guardians of the peace within and without, the strong arm of the body social. If labour was absent, function was present, and it was his social function that made a man useful to the community, and not only manual effort or crude drudgery.

However, in the case of the monied man pure and simple, in the case of the man who—unnaturally, as Gerson says¹³—liked to live without labour, there was no social function which the Doctors could detect, and therefore they condemned him without beating about the bush. St Thomas has, as far as I can see, four arguments against interest-taking on the part of a rentier. The first is that our Lord forbade it. *Mutuum date nil inde sperantes*, he is by St Luke (6, 35) reported to have said: Lend, expecting nothing in return. With this utterance Jesus proved himself, as so often, the last of the prophets, for the prophets of Israel had all execrated the usurer. But the gospel word is ambiguous. Should the lender not expect a fee for the loan, a percentage as usual today, or should he not even insist on the return of the principal, the sum lent? St Thomas solves this quandary by bringing in the distinction of counsel and precept. Not to expect the principal back is a counsel of perfection; the true saint will never lend but always give. Not to insist on the payment of a percentage on the other hand is a general precept.

¹³ *De Contractibus*, I, 13.

No Christian should exploit his neighbour's need under any condition. A typical borrower was for St Thomas a man in difficulty—a peasant whose harvest had failed, an artisan whose house had burnt down. The productive loan, so prominent in our own day, was in his as yet below the horizon.

Aquinas's second argument is much more intriguing. What is it, he seems to ask, that the lender does, if he can be said to do anything? He waits for his money to return to him. It is for this waiting that the usurer demands to be paid. In other words, it is for the lapse of time that he exacts payment. Or, in yet other words, he tries to sell time. But time is not something he has bought. It is a free gift of God to all his children. According to this construction of the case, then, the usurer is a monopolist who has wrongfully appropriated a free good and extorts for the use of it a monopolistic gain from his helpless victims. I have called this argument intriguing because it is the argument which most of the early socialists pressed against the capitalist order. According to Thomas Hodgskin the capitalist can exploit the worker because he has monopolised the free good land which God has given to all mankind, and can demand an entrance fee to the soil from the labourer. According to William Thompson the capitalist can exploit the worker because he has monopolised certain natural agencies, such as the steam in the steam engine, and can demand a payment for their use from the working man. St Thomas's version of the argument is far superior to that of Thompson and Hodgskin for time (in the simple sense in which he uses it)¹⁴ is really a free good, available for all in unlimited quantity, whereas land and capital are not and never can be.

St Thomas's third consideration leads us nearer to the core of his position. It comes from Aristotle and Plutarch. Money is barren and cannot breed. Hence it is unnatural to expect young ones as it were from a sum of money. It is at this point that we see all the difference between the modern and the medieval mind. Money, says Bentham in his *Defence of Usury*, certainly cannot breed because gold sovereigns and pound notes have no sex organs. But with gold sovereigns and pound notes you can buy

¹⁴ The matter assumes, of course, a very different complexion if a more sophisticated concept of time is used, such as that of Böhm-Bawerk.

a ram and an ewe, and then in due course you will get lambs in the most natural way in the world. This argument shows the modern idea of money: money is capital; monetary capital is the representative of real capital, and interest is simply the monetary form of the product which the real capital has yielded over and above the other cost. Medieval man worked with a different definition of money. Money is a means of circulation and nothing else, a helper on the market which substitutes indirect for direct exchanges, but it has nothing whatsoever to do with the means of production or production in general. It is essentially a token, a chip, a chit, such as children use in their games.¹⁵

This same conception of money as purely an aid to market exchanges, as an institution which has no reference to, and no connection with, the sphere of production, is also basic to St Thomas's fourth and crowning justification of the outlawry of interest. We must distinguish, he says, two types of goods: goods which can be used without being destroyed, and goods which cannot be used without being destroyed. The former he called *res non fungibiles*, the latter *res fungibiles*. We should speak of production goods and consumption goods, though our notion of production goods would appear to be somewhat narrower than the Saint's *res non fungibiles*. A typical *res non fungibilis* is a

¹⁵ Prof. de Roover (*loc. cit.* 165) writes that a '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', and for this latter opinion the reader is referred to *Summa Theologica*, II, II, qu. 61, art. 3. I, personally, have found nothing whatsoever in the article quoted that would remotely entitle one to ascribe to St Thomas this way of looking upon money which is totally at variance with his whole approach. Indeed, towards the end of the article, 'money, pottery, etc.' are expressly called 'things that bear no fruit'. If anything is remarkable, it is the strict consistency with which the Saint handles this matter. He himself starts the question whether it is not illogical to put silver coins into the category of *res fungibiles* and silver vessels into that of *res non fungibiles*, since both are, after all, silver, and answers that this is by no means so. If we may express his counter-argument in modern parlance, we can formulate it by saying that silver coins and silver vessels are the same sort of good only from the physico-chemical point of view, but that they are socially and economically altogether different from each other. Silver vessels are used, say, as ornaments. So can coins be; but if and where silver coins are in fact used as ornaments, they, too, are, as long this use persists, *res non fungibiles*, 'and a man may lawfully sell this use of money', i.e. charge a price for it (the emphasis in the quotation is ours. Cf. *Summa Theologica*, II, II, qu. 78, art. 1; cf. also *Quaestiones Disputatae de Malo*, qu. 13, art. 4). But where coins are used as ornaments (for instance, sewn up in a bag so that they cannot be given away), there we have no loan at all (no *mutuum*), but a hire agreement (*locatio conductio*). Could anything be more neat and tidily logical than the Saint's attitude?

house. You can use it, you can live in it, for a long time, and yet the substance of it will not be used up. In cases such as this, one man may own the substance of the object, and another man may use the object. We see this every day in the relation of landlord and tenant. Consequently two things may be brought into the market: the property (*possessio per modum proprietatis*) and the use (*usus*); both may be sold, and for both it is legitimate and reasonable to demand and to pay a price. A typical *res fungibilis* is wine. Now, here the situation is entirely different. He who wants to use it must also own it. For the use of wine is the drinking of it. Once you have used it, once you have drunk it, it has departed for ever and nothing remains. Consequently in these cases only one thing can in common sense be brought to market: the wine itself. It would be the height of absurdity to suggest that the use of wine, apart from the property in the wine, could ever become a marketable commodity. Hence these things cannot be hired out, they cannot be let, and no price for their use can ever be demanded or should ever be paid. There can only be a price for the thing itself.

So far, so good. But here again the ways of the medieval mind are radically unlike those of the modern. For St Thomas goes on to say that money is a typical *res fungibilis*, a typical consumption good, a good which, like wine, is destroyed by its use. As soon as a coin has left your purse or a note your wallet, it has departed from you as irrevocably as the glass of wine which has gone down your throat. It needs a little imagination to click as it were into this way of seeing the matter, but you can appreciate it if only you keep in mind that, to Aquinas, money is only a chip or a chit, and *not* in any sense capital. We should undoubtedly put money into the category of *res non fungibiles*. We should say that if we lend £100 to a business man, we may have the property and he may use it. We should say this because to us the idea of money has merged to such an extent with the idea of real capital that we can no longer distinguish the two unless we make a special effort. We assume that money can be used by one man and owned by another because we really think of what money stands for—houses, factories, machines, and so on. But St Thomas would find this incomprehensible. How could your

debtor use the money, he would ask, unless he were the owner of it? Using it means paying it away; but something which you are to allow out of your hands, which you are to use up, must be *yours*, must be your property. Only the proprietor can have the *ius destruendi*. According to St Thomas there is no such thing as a borrower of money. Your business man friend to whom you have lent, as you put it, £100, has really *bought* from you notes or coins to the value of £100, and he owes you the purchasing price of these notes or coins, namely £100. In other words, to the Thomist what we call a loan is essentially a sale—the sale of a certain consumable commodity, coin or note. The obvious implication of all this is, of course, that there is no room for—no justification of—any price or payment for the use of money. That use is nothing in itself, so it cannot have a price at all. Perhaps we come nearest to the meaning of St Thomas if we say that a sum of money, unlike a house, cannot be hired out, and that consequently there can be no hire of it. He who arranges with his so-called debtor that the debtor should pay him £100 for the coins or notes, and £5 for the use of these coins or notes, exacts £5 for nothing. He gets, but he does not give. Consequently he is a usurer. Consequently he has sinned and should make restitution.¹⁶

To modern man all this must necessarily appear topsy-turvy. Money is not capital according to St Thomas, but labour force is. For the capacity of work which a man has, can be and is owned by him and yet at the same time usable by another, his employer. Labour is a *res non fungibilis* like a house or a machine;¹⁷ wages are a payment similar to the one which a man makes for the utilisation of real capital. All this follows with perfect logic once you have accepted the Saint's basic distinction of goods which perish through their use and goods which do not.

But it is another implication which should interest us most. If it is illegitimate to pay interest for the use of monetary capital because monetary capital, money, is a *res fungibilis*, then it is not illegitimate to pay interest for the use of real capital, because

¹⁶ Cf. *Summa Theologica*, II, II, qu. 78, art. 1, and II, II, qu. 61, art. 3. Also *Quodlibetales* III, art. 19.

¹⁷ *Summa Theologica*, II, I, qu. 105, art. 2.

real capital, machinery, is a *res non fungibilis*, a thing the use of which can go to market without the property of it. Interest in this case is simply the price of this use. Interest is like the rent which we pay to our landlords, a payment the justification of which St Thomas would never have dreamt of impugning. So much for the so-called communism of the *Doctor Angelicus*. He himself draws the conclusion which I have just drawn, at least virtually, for he admits the legitimacy of the *census reservativus* or rent charge. If a man has, with a sum of money, bought an acre of land and hires that land out to a tenant, then he is not acting wrongly if he charges a rent for that land, for he has sold to the tenant the use of the soil and not the soil itself. Of course, the obligation remains on him of working in some way for the benefit of the community, of fulfilling a social function¹⁸. But this is a different matter. The payment that passes from the tenant to the owner is, in and for itself, entirely above-board. Now, the same goes for other *res non fungibiles*. In this context what St Thomas says about certain partnership agreements is most enlightening. If a man buys or owns some commodities and another man hawks them from door to door, then he is entitled to a share in the proceeds even though he has not actively participated in the selling of the stock. He is entitled to that share because, like the land-owner, he has been the proprietor of the things while they were being hawked around. St Thomas only demands that he should carry the risk that there may be in the business, for risk is an indispensable adjunct of ownership.¹⁹

The ideas which we have just been studying on the basis of Thomist texts were the common property of medieval men. Without going into the detail I should just like to mention the definition of usury promulgated by the Lateran Council of 1515: 'Usury exists where gain is sought to be acquired from the use of a thing not fruitful in itself without labour, expense or risk on the

¹⁸ Langenstein, whose opinion on the subject was followed by many later writers, thought that the receipt of income from rent charges was perfectly justifiable . . . but that it was unjustifiable if it was intended to enable nobles to live in luxurious idleness or plebeians to desert honest toil. It is obvious that Langenstein did not regard rent charges as wrongful in themselves, but simply as being the possible occasions of wrong.' O'Brien, *An Essay on Medieval Economic Teaching*, 203 seq.

¹⁹ *Summa Theologica*, II, II, qu. 78, art. 2.

part of the lender'.²⁰ A thing 'not fruitful in itself' is, of course, a *res fungibilis*, for such a thing yields no fruit, i.e. no use, that could be detached from it. In the course of time, the strict Thomist division between monetary capital and real capital tended to fade out and the association of ideas so characteristic of the modern outlook began to creep in. St Bernardinus, for instance, says: 'Money has not simply the character of money, but it has beyond this a productive character which we commonly call capital'.²¹ Such sentiments herald the end of the Middle Ages.

If we stand right back now and survey the whole doctrine, the feature of it which is likely to impress us most is its formalism. Everything follows from the basic definitions, and no material factor seems to enter into the argument at any point. No historian of economic thought that I know of appears to be worried about this fact. But, personally, I feel that a formal reason is hardly ever a real reason. Formal reasons play on the surface, real reasons act in the depths. I am convinced that the historian has only done his duty by medieval economic thought when he has plumbed those depths, when he has found the hidden motives of the ostensible attitudes, and I should like to penetrate to them now. Of course, in doing so, I shall have to be more speculative than I have been up to this point. But in becoming more speculative I do not mean to become less realistic. My speculation will remain rooted in the recorded facts.

One of the facts which are important in this context and which offer a key to the understanding of what happened is the late development of the uncompromising hostility to capital and interest which we find in the Summists. Certainly, some anti-commercialism is present even in the earliest fathers, as indeed it is in the Old Testament, but for at least a thousand years it remains a vague bias and does not harden into a definite doctrine. Only clerics are forbidden to take usury; among laymen only the hard-hearted creditor is condemned, the creditor who, like Shylock, insists on his pound of flesh without consideration and without mercy, the creditor who will hound the debtor into despair and death, but little is said against monetary transactions

²⁰ O'Brien, *An Essay on Medieval Economic Teaching*, 197.

²¹ *Ib.*, 181.

as such, even if they imply the payment of interest, for instance between equally rich men. These are taken to be innocuous. Later on the attitude stiffens considerably. *All* loans at interest are increasingly condemned, and the strong arm of the law is called in to weed them out. In theological thought, this changing attitude is strikingly reflected. At first, usury is counted a sin against charity, or rather as the possible occasion for a sin against charity; but then it becomes a sin against justice. It is said that it was Pope Alexander III (who reigned from 1159 to 1181) who first gave authority to this latter, stricter, description and definition of usury. Innocent III, Gregory IX and Gregory X then followed suit. Now, a sin against justice is a very much more serious affair than a sin against charity. However desirable a spirit of charity may be in social life, society can yet survive without it. But justice is not just an embellishment of human co-existence, it is the very basis of it, an indispensable precondition. A sin against justice is an attack on the social bond itself.

It is easy to account for this development in moral theology. By 1180 when a strict injunction went out to *all* Christians not to demand interest under *any* condition, society was threatened—not society as such, of course, but the specific form of society which the early Middle Ages had conceived as right and good and conducive to the highest human ideal and achievement, the sanctification of life on earth. The threat was as yet distant, but it was noticeable on the horizon. To understand the situation we must hark back to our analysis of the medieval concept of price. The price is one of the basic compromises and conventions and customs of social life; any infringement of it might lead to social strife and ultimately to anarchy. But the price-system can only remain in its quasi-legal fixation and fixity if no strong dynamizing agency becomes active in the economic sphere. Capital, however, is such a dynamizing agency; in fact, it is the dynamizing agency *par excellence*, and capital, in turn, is brought into being and stung into action through the payment and the promise of interest. No wonder that the guardians of the medieval order of values were up in arms against it. Here was the cancerous cell which, if not excised from the body politic by the surgeon's knife, would grow ever more rapidly until it had eaten out the vitals

and brought on destruction and death.

It has been said more than once that the Doctors did not understand the phenomenon of capital, but that is decidedly less than fair. Certainly, they did not have an express theory of it, but they realised, however dimly, what its true nature is—to be the spring of economic change and advancement, to be the motor force of progress. Here again the contrast between medieval and modern conceptions becomes strikingly obvious. We think economic progress desirable, whatever the cost; they counted the cost and found it excessive. Only Almighty God can say who is the wise man and who is the fool in this business; to us humans it is not given to speak with assurance on such questions, questions, as they are called, of ultimate values. But perhaps one remark is permissible in defence of the medieval attitude: medieval man remembered all the time, what modern man has all too often forgotten, that true happiness is impossible without social harmony, and that social harmony is for that reason worth its price in gold.

Medieval man had a deep-seated, almost morbid fear of anarchy, and this alone explains why he banned usury from his city. But I think we can understand him even better through his aspirations than through his apprehensions. The grand ideal which he pursued was *ordo*, the right ordering of life both *in foro interno* and *in foro externo*, a cosmos of thought and action in which everything had its rightful place and nothing more than its rightful place. Within such a system, the due position of economic values can never be more than a humble one. External goods are only means to higher ends; it is both irrational and impious to make them into ends for themselves. But that is unfortunately what man all too easily does. He has an unhappy tendency to worship at the feet of the golden calf. The craving for wealth is part and parcel of our fallen nature, and much depends on our success in curbing it. But if it is difficult even to curb it, then it is sheer madness to stimulate it—and that is precisely what an economic system does which admits the phenomenon of interest. Interest is to the body social what an irritant is to the body physical: it over-excites one particular part of the organism and thereby throws the whole into confusion and disease. Economic preoccupations are neces-

sary, healthy, impeccable, if they are confined to their proper degree: if they go beyond it, they are death-dealing rather than life-sustaining forces.

What will happen if riches are made an end in themselves, instead of remaining, as they should, only means—*instrumenta quaedam, adminicula quaedam*, as St Thomas²² calls them? We know this very well from experience, but medieval man was fairly realistic in his judgments, too. He feared two strings of sin: sins against Almighty God and sins against our fellow men. A money-mad age will sin against God because it arrogates to itself the absolute control of material things. But these things are in the last analysis the property of him who made them; we humans are only tenants, administrators, stewards. A steward should not behave as if he were the owner; if he does, he offends against the owner; indeed, he is a kind of thief. As far as our fellow men are concerned, they should, as is evident, never be to us means only, but always at the same time, if not exclusively, ends. (It was not Kant who first expressed this postulate; St Thomas had it also.) But in a social order in which the balance sheet occupies the centre, in which all is subordinated to the desire to maximise profits, men, and especially the working men, are degraded to the position of means to an inhuman end. Such a society puts last things first and first things last. In so far as capitalism is a society of this kind, it is irreconcilable with the teachings of St Thomas, as Fr Horvath has shown in his great book.

But such a society will not only be morally bad, it will be ridden with dissension and strife; it will be constantly tending towards dissolution. Once preoccupation with wealth has grown to such intensity that it overshadows the other essentials of our life, society will find itself on a slippery slope at the foot of which nothing can be waiting but catastrophe. Shakespeare, so often the mouthpiece of medieval wisdom, has expressed this conviction with all the splendour of his dramatic language:

'Take but degree away, untune that string,
And, hark, what discord follows . . .

²² *Summa Theologica*, II, II, qu. 83, art. 6; II, II, qu. 55, art. 6; *Summa Contra Gentiles* III, c. 134. The Encyclical *Quadragesimo Anno* follows at this essential point St Thomas's teaching very closely.

Then every thing includes itself in power,
Power into will, will into appetite;
And appetite, an universal wolf,
So doubly seconded with will and power,
Must make perforce an universal prey,
And, last, eat up himself.'²³

This frightful danger can only be exorcised if men learn to curb their craving for wealth, their greed for gain which, St Thomas says, knows no limit in the trader and tends to infinity.²⁴ In this way, the medieval ideal bears within itself, as an essential ingredient, the concept of a contained economy—an economy contained within the limits of due proportion and kept in harmony with the totality of being. No ban is put on welfare or enjoyment; not even on reasonable affluence. We must not think of the contained economy as necessarily a static one; it may advance, it should advance, as long as this happens in the rhythm of well-ordered growth. Condemned is only that never-satisfied hunt for ever more which is incompatible with a sound ordering of life both on the individual and the social level, and which is a stupidity in the individual and an outrage unto God and men.

Rightly understood, then, medieval economics appears as part and parcel of an integral world-view built around the idea and ideal of universal harmony. This harmony exists, for it is the very basis of the divine plan of creation. It exists actually in the physical universe, and we see its reality every time we look up to the nocturnal starry sky. It exists potentially, and to some extent even actually, in the city of men, and in so far as it does exist there, we must defend it by all means in our power. Such enactments as the prohibition of usury can help us in this endeavour. But in this fight, a defensive front is not enough. We must push onward and forward towards ever greater moralisation and sanctification of our whole existence and endeavour. This is the positive social counterpart as it were to the essentially negative economic policy of medieval society. We must raise our eyes from the imperfect order which surrounds us towards the perfect order which reigns in the happy company of the saints, in that heavenly city of

²³ *Troilus and Cressida*, I, 3.

²⁴ *Summa Theologica*, II, II, qu. 77, art. 4.

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