

SAN BERNARDINO OF SIENA
AND
SANT'ANTONINO OF FLORENCE

The Two Great Economic Thinkers
of
the Middle Ages

BY

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FOREWORD

The subtitle of this work was not idly chosen: "*the* two great economic thinkers of the Middle Ages." It is the key to Professor de Roover's perceptive appraisal of the economic ideas and views on business ethics of San Bernardino da Siena, O.F.M. (1380-1444) and Sant'Antonino da Firenze, O. P. (1389-1459). His careful setting of these men in their spiritual and secular environments poses the tensions they experienced between dogma and freedom of economic thought. Yet the economic "escape-hatches" which they propounded in their interpretation of the canon law emerge as much more propitious for the development of capitalism than Weber, Tawney, and many others have thought.

One need only cite one of Professor de Roover's conclusions to whet our appetite for details: "Economists may be dismayed at the uncomfortable thought that two toothless, emaciated, and ascetic saints should perhaps be considered as the originators of utility theory. Incredible as it may sound, such seems to be the case. San Bernardino and Sant'Antonino developed a value theory based on scarcity and utility, both objective and subjective."

Similarly, for those interested in the legal and ethical framework within which business flourished in the Middle Ages, Professor de Roover gives us detailed expositions of the doctrines of private property, just prices and wages, usury, and foreign exchange and carefully analyzes the divergences between theory and practice.

What emerges is a new view of scholastic economics and its two most intriguing practitioners; a view at odds with the gibes cast upon that tradition by the *économistes* and rationalists of the eighteenth century. This is a view, one must add, which is far more useful in understanding the ways and means of medieval economic life and in tracing the antecedents of capitalism.

JAMES P. BAUGHMAN
Editor

SAN BERNARDINO OF SIENA AND SANT'ANTONINO OF FLORENCE

The Two Great Economic Thinkers of the Middle Ages

I. Introduction

ACCORDING to the Catalogue, the oldest book in the Kress Library of Business and Economics is an incunabulum dated 1474 and entitled *De Contractibus et Usuris* (Concerning Contracts and Usury), whose author is San Bernardino da Siena, O.F.M. (1389–1444).¹ This precious volume contains a series of fourteen sermons which are sometimes published separately, as here, but in most editions they are part of a larger collection of sixty-five sermons dealing with miscellaneous theological topics and bearing the title *De Evangelio aeterno* (Concerning the Eternal Gospel).² In these editions the fourteen sermons are always numbered consecutively from 32 to 45, inclusive. Even so, they form a separate unit, indicated by the words “here begins the treatise on contracts” (*incipit tractatus de contractibus*) preceding sermon 32 and “here ends the treatise on contracts” (*explicit tractatus de contractibus*) concluding sermon 45. Moreover, the author outlines his plan in the first of the fourteen sermons and lists the topics he intends to treat under the general heading of everyday contracts and usury. This list is very comprehensive, and the treatise on contracts may be regarded as one of the first, if not the very first, that gives a general survey of the field of economics, of course, as the subject-matter was understood in the Middle Ages by the scholastics and not as it is understood today by most economists.

San Bernardino's treatise is systematically arranged: it starts out rather logically with the institution and justification of private property, then goes on to consider the necessity of trade and the ethics to be observed in business, and next discusses the crucial problem of value and price determination. The bulk of the treatise, however, is devoted to an exhaustive treatment of the thorny and involved usury question, including credit sales, *cambium* or foreign exchange, interest-bearing shares in the public debt, and restitution of ill-gotten gains. This preoccupation with usury is not

¹ *The Kress Library of Business and Economics Catalogue, Supplement 1955* (Boston, 1956), 1. The copy owned by the Kress Library was printed in Strasbourg by Henry of Rimini not later than 1474. Another copy of this edition is in the Brera Library in Milan.

² There are several fifteenth-century editions of the *De Evangelio aeterno*: Spires (1484), Basel (ca. 1489, 1490, 1491, 1498). The complete works, *Opera omnia*, of San Bernardino of Siena were first printed in Venice in 1591 and reprinted in Paris (1635), Lyons (1650), and Venice (1745). The editor of the Paris and Lyons editions was Father Jean de la Haye, S.J. The edition of 1745 is based on Father de la Haye's text. All these editions are now superseded (see note 5). There is a bibliographical article available by Dionisio Pacetti, O.F.M., “Gli scritti di san Bernardino da Siena,” *San Bernardino da Siena, Saggi e ricerche nel V centenario della morte* (Milan, 1945), 25–138.

confined to San Bernardino. It is characteristic of the Schoolmen who, in their treatises, devoted so much space to this one subject and overrated one problem to the neglect of many others, that they created the impression of being devoid of a sense of balance.

More recently, the Kress Library acquired another scholastic treatise whose author is Sant'Antonino, O.P. (1389-1459), Archbishop of Florence from 1445 until his death. This volume, unlike San Bernardino's treatise, does not deal exclusively with economics but contains the second part of Sant'Antonino's *Summa theologica* or *Summa moralis*, which is, as the title suggests, a vast compilation covering the whole field of moral theology. One should not be surprised to find economics discussed in a work of this kind, since it was not yet recognized as an independent discipline but was still linked to moral theology or philosophy. This was still true in the eighteenth century. Was not Adam Smith professor of "moral philosophy?" Although he cut loose the ties between the two disciplines, some people even today insist that economics is a normative or political and moral science.

This second part of Sant'Antonino's *Summa* deals with the seven cardinal vices and other matters, including simony and restitution of ill-acquired wealth. As might be expected, one finds economics discussed in connection with avarice (*De avaritia*). Medieval moralists, not to speak of saints like Sant'Antonino, tended to frown upon acquisitiveness as leading to sin and perdition. Except for a few scattered references, the only other place where Sant'Antonino discusses economic matters at any length is in the third part of his *Summa*, in a chapter dealing with frauds and deceptions committed in different trades and professions. This approach may seem strange to the uninitiated, but it appears less unusual to someone conversant with scholastic literature.

The title page of the copy now owned by the Kress Library indicates that it was published in Basel in 1511. There is no colophon but scholars are fairly certain that it was printed by the famous Basel publishing house of Amerbach, Peters, and Froben, which also printed several works by Desiderius Erasmus (1467-1536).³ This Basel edition of 1511 is not one of the earliest and perhaps not one of the best from a scholarly point of view. Sant'Antonino's *Summa*, despite its length — it usually appears in four volumes and comprises thousands of two-column pages — went through nearly twenty editions between 1477 and the end of the sixteenth century, which is sufficient evidence that the ponderous scholastic treatises still found readers in the heyday of the Renaissance. It is true that the humanists contributed naught, or very little, to economics or to the broader field of moral theology of which it was an integral part.

II. Biographical and Bibliographical Interlude

The purpose of this study is to discuss the economic ideas of San Bernardino of Siena and Sant'Antonino of Florence and their views on business ethics. Nevertheless, it is desirable to give brief biographical sketches which may illuminate their

³ For the bibliography of Sant'Antonino of Florence, one should consult Appendix I of Abbé Raoul Morçay, *Saint Antonin, archevêque de Florence (1389-1459)*, Doctoral dissertation, Sorbonne (Paris, 1914), 403-416. The Basel edition of 1511 is not included in the list given on page 415, although the Bibliothèque Nationale of Paris, according to the catalogue, owns a complete copy including all four parts of the *Summa moralis*.

background and help toward a better understanding of their writings and their scholarly achievement.

Although Sienese, San Bernardino was born in Massa Marittima (Maremma) on September 8, 1380.⁴ His father, Albertollo (or Tollo) degli Albizzeschi, had been sent to Massa as governor of the town by the Republic of Siena and his mother, Nera di Bindo degli Avveduti, belonged to a local family of some prominence. Orphaned at an early age, San Bernardino was brought up by relatives who sent him to school and administered his property honestly. During the pestilence of 1400, he and several companions, undeterred by the danger of contagion, volunteered to nurse the stricken who crammed the hospital of Santa Maria della Scala in Siena. In 1403 he joined the order of the Observant Friars, a branch of the Franciscans which followed strictly the rule of St. Francis in contrast to the Conventuals, whose discipline had become very lax. Fra Bernardino, being well educated and trained in canon law, was ordained a priest the following year.

Fra Bernardino did not really begin his career as a preacher until 1417, first in Lombardy, where he preached in one city after another with extraordinary success. Eventually, he toured all of northern and central Italy, drawing huge crowds to his sermons, urging his hearers to do penance for their sins, appeasing homicidal feuds and party strife between Guelfs and Ghibellines, and spreading the devotion to the Holy Name of Jesus. The latter activity brought him into trouble: jealous friars accused him of propagandizing an idolatrous cult; he was called to Rome to answer charges of heresy but succeeded in clearing himself without great difficulty and was acquitted by the Pope himself, who in 1427 approved the veneration of tablets bearing the monogram of Christ in a circle of rays, a symbol later adopted by the Jesuit Order.

Bad health apparently forced Fra Bernardino to interrupt his travels and to take a prolonged rest at the small friary of La Capriola near Siena where he resided continuously from 1431 to 1433. It is likely that during these years he composed his Latin sermons, including the *Treatise on Contracts*. However, he continued to revise them in later years whenever he stopped at La Capriola between his numerous and fatiguing trips. In 1433 he resumed his crusade. Moreover, being appointed Vicar General of the Observants, he was incessantly called away by visitations to other friaries. He undertook his last journey in 1444 and died at Aquila in the Abruzzi on May 20, utterly exhausted. Only six years after his death, in 1450, he was canonized by Pope Nicholas V.

Bernardino's major scholarly work is his collection of Latin sermons, now available in a fine edition, fulfilling the most exacting requirements of scholarship, which was edited and published by the Franciscan Fathers of St. Bonaventure Friary at Quaracchi near Florence.⁵ In accordance with scholastic tradition, the Latin ser-

⁴ Several biographies are available: A. G. Ferraers Howell, *S. Bernardino of Siena* (London, 1913); Paul Thureau-Dangin, *Saint Bernardin de Sienne, 1380-1444, un prédicateur populaire dans l'Italie de la Renaissance* (Paris, 1896); *idem*, *The Life of San Bernardino of Siena*, trans. by Baroness G. von Hügel (London, 1911); Iris Origo, *The World of San Bernardino* (New York, 1962). The latter is more than a biography. Vespasiano da Bisticci's character sketch is also of value (see note 10).

⁵ San Bernardino of Siena, *Opera omnia* (8 vols., Florence, 1950-1963). This edition is the only one that should henceforth be used for scholarly purposes. All references, unless otherwise indicated, are to this edition.

mons are replete with references to the Bible, the Church fathers, Aristotle, and canon and Roman law. They reveal Bernardino's deep learning and intimate knowledge of these sources. Although San Bernardino had contacts with the humanists and was in a way an admirer of the classics, he did not seek to write in polished phrases of Ciceronian elegance but was quite content with the rough, simple, and easily comprehensible Latin of the Schools. In contrast, he had a masterly command of the vernacular and is still ranked among the great Italian writers by literary critics.⁶ Yet he never sat down to write out his sermons in Italian. In the pulpit he relied on his inspiration, his marvelous talent for improvisation, and his ability to move his audience by the modulations of his voice and the candent sincerity which radiated from his entire personality and kindled the enthusiasm of his listeners.

Fortunately for posterity, the full text of a course of sermons which he preached in 1427 in the Piazza del Campo, the public square, of Siena has come down to us almost word for word because an auditor took notes in some kind of shorthand, including such asides as: "Chase away that dog." He was a humble man, a cloth ~~shearman (cimatore) by trade named Benedetto di Maestro Bartolomeo. He attended the sermons in the morning and wrote out his notes in the afternoon while his memory was still fresh enough to fill any gaps. Since the sermons were rather long, Benedetto's self-appointed task must have taken the poor man away from his work for several weeks, while San Bernardino was preaching in the Piazza del Campo.~~⁷

Whereas the Italian sermons were homelies aimed at popular audiences, the Latin sermons were learned treatises intended to be read, not to be delivered. What was then their purpose? Apparently they were designed to expound Christian doctrine for the benefit of clergymen and to provide material on which other preachers could draw in composing their own sermons. In connection with business ethics the Latin sermons make subtle distinctions and go into refinements and technicalities which were of interest to the theologian, but about which the layman may have cared very little. From the point of view of economic thought, only the Latin sermons are of interest and shed light on scholastic methods, but the Italian sermons show at least what was fed to the layman. Is not the same true today? Discussion often is on one level in learned journals and on quite another, less theoretical level in business periodicals and even in the financial press. Perhaps the difference is even much greater today than it was in the fifteenth century.

San Bernardino was foremost a preacher who, in the course of his lifetime, turned down three bishoprics (Siena, Urbino, and Ferrara) because acceptance of such an honor would have meant giving up his apostolate. His contemporary, Sant'Antonino, on the contrary, was an administrator who, albeit reluctantly, became Archbishop of Florence, his native city.

Sant'Antonino was born late in March 1389, the son of Ser Niccolò di Pierozzo dei Forciglioni (or Forcelloni), a minor official, who was notary of the Commune at the time that the famous humanist Coluccio Salutati was chancellor.⁸ The family

⁶ Ernest H. Wilkins, *A History of Italian Literature* (Cambridge, Mass., 1954), 133-35.

⁷ There are two editions of these Italian sermons: Luciano Banchi (ed.), *Le prediche volgari di san Bernardino da Siena dette nella Piazza del Campo l'anno 1427* (3 vols., Siena, 1880-1888); Piero Bargellini (ed.), *San Bernardino da Siena, Le prediche volgari* (Rome, 1936). Excerpts are available, selected by Ada Harrison, *Examples of San Bernardino* (London, 1926). This is a deluxe edition.

⁸ The best and most complete biography is that of Abbé Raoul Morçay, cited above in note 3.

name is also given as Pierozzi. Antonino is a diminutive of Antonio and was given to the future archbishop because of his small stature. During his lifetime he always signed "Fra Antonio," but the nickname, Antonino, stuck to him and he retains it even in the calendar of saints. Despite the frailty of his health, he joined the observant branch of the Dominican Order in 1405 at the early age of sixteen years and spent most of his novitiate in Cortona. He studied and became well-versed in canon law though he never received a formal education at a university. His administrative talents were such that he was made prior of the friary of Cortona in 1420. From there he was transferred to Naples (1428) and thence to Rome (1431). In 1433 he was appointed Vicar General of the reformed friaries of Lombardy and in 1437, of those in central and southern Italy. Without giving up his vicarate, he became prior of San Marco in Florence (1439), a post later occupied by the famous Girolamo Savonarola (1452-1498).

In 1445 Sant'Antonino was elevated to the archepiscopal see of Florence very much to everyone's surprise, since he was not a candidate and had not been recommended for preferment either by the canons of the metropolitan church of Santa Maria del Fiore or by the Florentine government.⁹ Vespasiano da Bisticci (1421-1498), in his *Lives of Illustrious Men*, asserts that Pope Eugene IV (1431-1447) acted on his own initiative and forced Fra Antonino to accept the nomination under the penalty of excommunication.¹⁰ This may not be exactly true, but it is certain that the Pope issued peremptory commands in order to overcome the resistance of his nominee. Such was the latter's humility that he never consented to don episcopal robes and continued to wear the white habit and black cloak of a simple Dominican friar. Antonino died on May 2, 1459. He who had shunned all pomp during his lifetime was buried with full ceremony and laid to rest dressed in full pontifical apparel. Pope Pius II (1458-1464), who happened to be in Florence, attended the funeral with the College of Cardinals and the entire papal court. In 1523 Antonino was proclaimed a saint by Pope Adrian VI (1522-1523).

Sant'Antonino was a prolific writer. When he died, the unfinished manuscript of a book was found lying on his desk. As he was a moralist, his major work is a huge treatise on moral theology, entitled *Summa moralis* or *Summa theologica*, in which he covers the entire field in unbelievable detail and, in scholastic fashion, cites all possible authorities, recent and remote, thus disclosing his profound knowl-

Less satisfactory are: Alexandre Masseron, *Saint Antonin, 1389-1459* (2d ed. Paris, 1926); Piero Bargellini, *Sant'Antonino da Firenze* (Brescia, 1947). Among the older biographies, the most important is that of Francesco da Castiglione, the saint's own secretary, who wrote it within a year of Sant'Antonino's death. It is available, among other places, in the *Acta sanctorum*, the famous hagiographical collection of the Bollandist Fathers, under the date of May 2. There is no good biography in English.

⁹ Giorgio Vasari (*The Lives of the Painters, Sculptors, and Architects* [New York: Everyman's Library ed., 1927], I, 340-41) relates that Sant'Antonino's name was suggested to Pope Eugene IV by Fra Angelico. The story has been questioned, but it is plausible, since the latter was in Rome working on frescoes in the Vatican. However, Vasari is probably wrong in stating that Eugene IV offered the dignity of archbishop to Fra Angelico. See Morçay, *op. cit.*, 113-14; Masseron, *op. cit.*, 108-110.

¹⁰ Vespasiano da Bisticci, Bookseller, *The Vespasiano Memoirs, Lives of Illustrious Men of the XVth Century*, trans. by William George and Emily Waters (London, 1926), 157. The translation is very poor and unreliable. It is preferable to use the Italian original: *Vite di uomini illustri del secolo XV* (Florence, 1938), 188.

edge of canonical and theological sources.¹¹ Although he had no degree either in law or in theology, Sant'Antonino was regarded as an expert "on cases of conscience" and he was often consulted in this matter by prelates, private individuals, or corporations.¹² Some of his *Responsa* are available in print and antedate his archepiscopate.¹³

Besides his *Summa moralis*, Sant'Antonino wrote a guidebook for confessors which was quite popular and which, after the invention of printing, ran into several editions.¹⁴ It is more surprising that Sant'Antonino spent his time in writing a pamphlet, *De ornata mulierum*, on women's fashions, not to approve of them, of course, but to condemn the use of rouge, false hair, fancy headgear, and other frivolities.¹⁵ His literary output also includes a *Chronicon* which, in accordance with medieval traditions, starts with Genesis and purports to tell the universal history of mankind down to Antonino's own time.¹⁶ This work is entirely lacking in originality, has no standing among historians, and is only of value because of some remarks in the later chapters, dealing with contemporary events, where Sant'Antonino refers to ecclesiastical affairs in which he himself played a role.¹⁷ According to his conception, history is simply an extension of ethics and its task is to show the scheme of Divine Providence in the unfolding of human events.

Although a contemporary of Lionardo Bruni (1369–1444), Poggio Bracciolini (1380–1459), and Carlo Marsuppini (ca. 1399–1453), all of whom he certainly knew personally, Sant'Antonino stood outside the current of the Renaissance; his style, his approach to ethics, his outlook on life, nay his entire philosophy remained uncontaminated by the spirit of the new age and true to scholastic tradition. For humanism he had only scant sympathy.

III. The Scholastic Approach to Economics

One may wonder why this study tries to deal with two heroes instead of confining itself to only one. The chief reason is that San Bernardino and Sant'Antonino have much the same ideas on economics and other matters and, where they differ, they either supplement each other or their differences lend themselves to fruitful comparisons. True, one was a Franciscan and the other a Dominican, but each of them belonged to the more austere branch of his respective order. Both were ad-

¹¹ There is no modern edition available. The most usable edition of the *Summa theologica* is the one published in Verona, 1740–1741, edited by Pietro and Girolamo Ballerini, who were among the last defenders of scholastic economics. This edition was reproduced by photo offset process in 1959 by the Akademische Druck- und Verlagsanstalt in Graz (Austria). All references will be to this edition. On S. Antonino as an economist, there is available a bibliography by M. R. Caroselli, "Scritti sul pensiero sociale di S. Antonino da Firenze," *Economia e storia*, VII (1960), 34–36. It is unfortunately incomplete and uncritical.

¹² Vespasiano da Bisticci, *Vite*, 187.

¹³ Morçay, *op. cit.*, 412–13.

¹⁴ There exist many editions published under the title *Summa confessionalis* and other titles (Morçay, *op. cit.*, 404–407).

¹⁵ This pamphlet was never printed, but several MS copies are extant in Italian libraries.

¹⁶ Abbé Raoul Morçay (ed.), *Chroniques de saint Antonin, fragments originaux du titre XXII*, Complementary doctoral dissertation, Sorbonne (Paris, 1913); James Bernard Walker, O.P., *The "Chronicles" of Saint Antoninus, a Study in Historiography* (Washington, 1933).

¹⁷ Wallace K. Ferguson, *The Renaissance in Historical Thought* (Boston, 1948), 16.

herents of scholasticism and were steeped in its dialectics. Both were rigorists rather than latitudinarians, though Sant'Antonino was perhaps more inclined toward leniency and more willing to bend his morals to stark realities and practical difficulties. Of the two, San Bernardino was apparently the greater theorist, the more logical thinker, but Sant'Antonino was more of a casuist and excelled in applying ethical principles to specific problems and concrete situations. In dubious cases, when the theologians were divided in their opinions, he was less reluctant to give the practical man the benefit of the doubt.¹⁸

The scholastics have often been blamed for reasoning in the abstract and not paying sufficient attention to the applicability of their theories; the writings of our two saints, however, show that this criticism is not always justified. Both San Bernardino and Sant'Antonino were contemporaries of the great Florentine banker, Cosimo de' Medici (1389-1464) and were living at the time that Florence was the principal banking center of Europe and also had important silk and woolen industries. Siena had been an important banking center, too, but it was on the decline. Both men were well informed about prevailing business practices. Sant'Antonino, especially, was thoroughly familiar with labor conditions in the Florentine textile industry, whose organization was more capitalistic than one might suppose and had given birth to a working class depending on wages for its livelihood.¹⁹

In many textbooks a great deal is made of the economic doctrines attributed to Thomas Aquinas (1226-1274) as though he had said the last word on the subject. On the other hand, the work of his followers who refined and elaborated his doctrines is often entirely overlooked. In truth, there is very little on economics in the vast works of Thomas Aquinas except some casual remarks buried here and there among extraneous material and two or three more extensive fragments in his *Summa theologica* and his *Commentaries on the Nicomachean Ethics of Aristotle*. By putting these scattered elements together, some have tried to reconstruct the economic thought of Thomas Aquinas, a rather hazardous undertaking, since nobody really knows how he himself would have assembled the pieces of his jig-saw puzzle.

A safer procedure is to examine what became of Thomas Aquinas' unrelated ideas in the hands of his immediate successors, the Schoolmen of the fourteenth and fifteenth centuries. The significance of Bernardino of Siena and Antonino of Florence is precisely that they give us a coherent and systematic exposition of scholastic economics and build up the synthesis which remains unfinished in Thomas Aquinas.

How did the scholastics approach economics? They certainly did not think in terms of mechanics. To compare the economic system to a clockwork or to the human body and to study how it functions or operates is an idea which did not occur to the medieval Schoolmen and which was entirely alien to their way of thinking. One should not expect to find in their books any penetrating economic analysis. Nevertheless, one may encounter occasional flashes of great insight or sporadic remarks that go beyond the obvious. The question asked was never: how

¹⁸ Morçay, *Saint Antonin*, 359-62, 372; Vespasiano, *Vite*, 206: "È santo Bernardino alquanto più istretto in questi contratti, che non è l'arcivescovo Antonino." The English translation states that San Bernardino was more "thorough" in these matters: it should read "stricter."

¹⁹ On the Florentine textile industry, one might consult: Florence Edler, *Glossary of Mediaeval Terms of Business, Italian Series* (Cambridge, Mass., 1934), Appendices, 335-426; Raymond de Roover, *The Rise and Decline of the Medici Bank* (Cambridge, Mass., 1963), chap. 8, pp. 167-93.

does it work or why does it change? The scholastics were preoccupied with another set of problems: what is just or unjust, licit or illicit? In other words, the stress was on ethics; everything else was subordinate to this main theme.

Not only did the scholastics look at economics from an ethical standpoint, they were also legally minded. In addition to the Bible, the Church fathers, and the "Philosopher" (Aristotle), canon and Roman law were their main sources of inspiration and their treatises bristle with references to Gratian's *Decretum*, the Decretals, and the *Corpus juris civilis* of Emperor Justinian (527–565). Economics was discussed within the framework of contracts, largely borrowed from Roman law. This is why the title of Bernardino's treatise (*De Contractibus*) is so revealing; one does not need to go any further in order to identify it at once as a product of the scholastic school. Each type of contract gave rise to a different problem: the *emptio venditio* (buying and selling), for example, was connected with the question of the just price, and the *mutuum* (free loan) gave rise to usury, if lending was not made free of charge.

According to the scholastics, economics belonged within the sphere of justice of which there were two kinds: distributive justice, which comprised the distribution of wealth or income, and commutative justice, which dealt with commutations or the exchange of goods and services by means of voluntary contracts. While the criteria of distributive justice were not rigidly predetermined and varied from one society to another according to customs and institutions, commutative justice rested on the principle of equality between what was given and what was received and did not permit any violation of this rule.²⁰ Commutative justice, therefore, was based on an absolute principle — there are degrees of inequality but none of equality — which is the same in all times and in all places. It follows that the rules which governed commutations are of universal validity and do not suffer any deviation from the norm.

IV. The Justification of Private Property

The scholastics took the existence of private property for granted. Communism was still relegated to the realm of utopia. At least, it was an ideal which, San Bernardino admits, had existed "in a state of innocence" — that is, in the Garden of Eden — but which had lapsed since the Fall of Man.²¹ Following John Duns Scotus (1274–1308), San Bernardino contends that private property had been instituted in order to prevent neglect, frauds, and discords.²²

The first of these three evils was so patent that it scarcely needed elaboration: did not everyone take better care of his own than of other people's property? If everything were held in common, there would be, in other words, a disastrous slump in efficiency and production. Moreover, so many frauds would be perpetrated that the cheaters and loafers would get the lion's share of the output at the expense of the more cooperative members of the community. The resulting dissatisfaction would then cause so many discords that San Bernardino regarded communalism as incom-

²⁰ Thomas Aquinas, *Summa theologiae*, II-II, qu. 61, arts. 1 and 2 (Parma ed., III, 227–29).

²¹ *De Evangelio aeterno*, sermon 32, art. 1, cap. 1 (*Opera omnia*, IV, 120).

²² John Duns Scotus, *Questiones in librum quartum sententiarum*, Dist. XV, qu. 2, No. 4 (*Opera omnia* [Paris, 1894], XVIII, 256).

patible with an orderly state of society. If I understand him correctly, he opposed communism because it would lead to inefficiency, involve insuperable managerial difficulties, and create a state of perennial anarchy or dislocation.

Of course, San Bernardino knew very well from his own experience that communism was practiced on a small scale, and still is, by all religious orders. Monks, friars, and nuns owned all property in common and lived a communal life: they ate together at a common table in the refectory and often slept in a common dormitory. This way of life, however, was followed by people who took the counsel of perfection and had renounced the world and its snares by taking vows of chastity, poverty, and obedience. As San Bernardino realized full well, this state of things was suited to monasteries and convents; it could not be extended beyond their walls and be applied even to the secular clergy and much less to lay society as a whole. He was extremely careful not to revive the teachings of the *fraticelli*, or Zealots of the Franciscan Order, who had condemned all forms of ownership, either private or common, and whose doctrines were tainted with heresy.²³ Besides, carried away by their zeal, the *fraticelli* had stirred up trouble among the masses and preached revolt against the existing social order.

Although a reformer rather than a revolutionary, San Bernardino was not an unqualified supporter of the sanctity of property rights. In accordance with canon law, he points out that private property was not an institution created by divine or natural law. Rather, it was regulated by positive or human law, which, being conventional, could be modified and actually varied from country to country according to the form of government — whether monarchical as in France or republican as in Florence, Genoa, or Siena.²⁴ Thomas Aquinas had taken a somewhat stronger position by stating that private property, while it did not pertain to natural law, was an addition thereto devised by human reason.²⁵

It should, perhaps, be stressed that San Bernardino and Sant'Antonino in their written works and in their preaching aimed at the reform of the individual rather than of society. Certainly, they were all in favor of "good government" (*buon governo*), but within the framework of existing institutions which they would only change to remove crying abuses.

V. Business Ethics

After discussing the institution of property, San Bernardino devotes his treatise's next sermon to a discussion of the transfer of property or, what is the same, the exchange of goods (*de permutatione rerum*). Proceeding step-by-step in scholastic fashion, he considers first the necessity of trade and, having established this point, he goes on to pass judgment on licit and illicit mercantile activities. As it turns out, his sermon is a valuable essay on business ethics and some of his advice is not as much out of date as one might think. As a matter of fact, an Italian translation of his treatise on contracts was published in Venice in 1774 under the title *Moral Instruc-*

²³ Ferrers Howell, *S. Bernardino*, 15–20; Niccolò Rodolico, *La democrazia fiorentina nel suo tramonto, 1378–1382* (Bologna, 1905), 47–86.

²⁴ *Corpus juris canonici, Decretum Gratiani*: canon *Quo jure*, Dist. VIII, c. 1.

²⁵ Thomas Aquinas, *Summa theologica*, II–II, qu. 66, art. 2, ad. 1 (Parma ed., III, 248). See Richard Schlatter, *Private Property: The History of an Idea* (New Brunswick, N.J., 1951), 47–76.

tions on Trade and Usury "for the use and convenience of merchants."²⁶ Although the world did not move then as fast as it does now, it is rather remarkable that Bernardino's views on deontology had not lost all relevance more than three centuries after they had first been formulated.

In the predominantly agricultural society of the late Roman Empire and the early Middle Ages, the people generally loathed the trader because he exploited the rich by overcharging them on luxuries and the poor by engrossing victuals in times of dearth.²⁷ This attitude was fully shared by the Church fathers and the early Schoolmen who identified *turpe lucrum* (ill-gotten or shameful gain) with usury and branded the love of money as the root of all evil.²⁸ The canon law reflects their enmity toward merchants by proclaiming that in buying and selling it is well-nigh impossible to avoid the occasion of sin.²⁹ Even more pessimistic about the merchant's chances of salvation is the canon *Eiciens Dominus*, which declares that they are slight because trading can scarcely, if ever, be pleasing to God. The text goes on to curse the usurer who of all merchants is the most wicked, because he buys nothing and sells time, which belongs only to God.³⁰

By the fifteenth century, however, the attitude of the churchmen toward trade had mellowed considerably. They were no longer able to shut their eyes to reality and to ignore that agriculture had declined in relative importance and that the prosperity of cities and towns rested on trade and industry. Living in banking and trading centers like Florence and Siena, San Bernardino and Sant'Antonino were well aware of the need to adapt their teachings to their environment. Saint Thomas Aquinas had already shown the way by stating that merchants perform a useful function in providing the commonwealth with indispensable commodities from abroad provided they do not seek gain for the sake of gain but as a just reward for their exertion.³¹

San Bernardino goes a step further. To refute the canon *Qualitas lucri*, he points out that buying and selling is not the only occupation leading to sin, but that this may be said of all callings, not excluding the episcopate, if the incumbent does not properly discharge the duties of his office.³² He further impugns the authenticity of the canon, *Eiciens Dominus*, a text then falsely attributed to St. John Chrysostom (347-407).³³ Instead he appeals to the Augustinian dictum, also incorporated in the canon law, which says that "to fornicate is always illicit, but to trade is sometimes licit and sometimes illicit."³⁴ In other words, trade is not an evil in itself; it

²⁶ S. Bernardino da Siena, *Istruzioni morali intorno al traffico ed all'usura e con varie annotazioni illustrate per comodo ed utile de' negozianti* (Venice, 1774).

²⁷ John W. Baldwin, "The Medieval Merchant before the Bar of Canon Law," *Michigan Academy of Science, Arts, and Letters*, XLIV (1959), 289-90.

²⁸ *Corpus juris canonici, Decretum*: canons *Quoniam multi* and *Quicumque tempore*, Causa XIV, qu. 4, c. 8 and 9. Cf. I Tim. 6:10.

²⁹ *Corpus juris canonici, Decretum*: canon *Qualitas lucri*, Dist. V, *De poenitentia*, c. 2.

³⁰ *Ibid.*: palea *Eiciens Dominus*, Dist. LXXXVIII, c. 11.

³¹ Thomas Aquinas, *Summa theologiae*, II-II, qu. 77, art. 4, resp. (Parma ed., III, 279). See Arthur Eli Monroe, *Early Economic Thought* (Cambridge, Mass., 1954), 63.

³² *De Evangelio aeterno*, sermon 33, art. 1, cap. 3 (*Opera omnia*, IV, 145).

³³ S. Bernardino did not know how justified his suspicions were, since it is only now recognized that the author of the palea *Eiciens Dominus* is not St. John Chrysostom but most likely an Arian writer of the fifth or sixth century. See Baldwin, "Medieval Merchant," *op. cit.*, 292-93.

³⁴ *Corpus juris canonici, Decretum*: canon *Fornicari*, Dist. LXXXVIII, c. 10. As used here,

becomes so only under certain circumstances, if practiced unlawfully or deceitfully.³⁵

Following John Duns Scotus, San Bernardino mentions three kinds of merchants whose services are useful to the commonweal.³⁶ First, there are the importers-exporters (*mercantiarum apportatores*) who transport commodities from a country which has a surplus to another where they are scarce and in request, sometimes at considerable risk, trouble, and expense.

The second kind are the *mercantiarum conservatores* who preserve and store goods so that they are available when the consumer wants them. They certainly perform warehouse functions, but it is not clear from the Latin text what Bernardino has in mind. His Italian sermon on trade, however, is explicit on this point and mentions importers and wholesalers who buy in large quantities and sell by the bale or the load to retailers who, in turn, sell in minute quantities of a pound or even less to consumers.³⁷ This is the more remarkable because scholastic writers do not usually mention retailing as a legitimate activity before the sixteenth century.

The third category of merchants is made up of *mercantiarum immutatores seu meliatores* who transform raw materials into finished products, for example, make cloth from wool, shoes from leather, or candles from wax. Craftsmen were not usually regarded as merchants, and it may be that the text refers to master-manufacturers, or industrial entrepreneurs, such as the *lanaioli* (clothiers) and *setaioli* (silk manufacturers) of Florence, who possessed capital to buy raw materials which they then put out to be processed by artisans dependent upon wages for their livelihood.

To conclude, business is perfectly legitimate, if it performs a useful social function by transporting, distributing, or manufacturing goods. Making profits is only incidental and not the primary purpose or the justification of business activity. According to San Bernardino, business becomes illicit if carried on by unauthorized persons at inappropriate times or in holy places.³⁸ In the Middle Ages, canon law excluded the clergy from trade, although they were permitted to copy manuscripts for a living or to sell the produce of their lands in order to have a cash income.³⁹ Such restrictions still exist today and are not limited to the clergy: army officers or navy personnel, for instance, are not allowed by law to engage in business.

San Bernardino, as one might expect, also disapproved of desecrating Sundays and holy days by doing business instead of attending services. He does not mention, however, the multiplication of holy days which became such a nuisance — finally people had one day off out of every three — that the Reformation reacted

the verb *fornicari* has a strictly theological meaning and refers to any sexual intercourse outside the bonds of marriage.

³⁵ *De Evangelio aeterno*, sermon 33, preamble (*Opera omnia*, IV, 140–41). St. Augustine was more favorable to the merchant than the other Church fathers. See Baldwin, "Medieval Merchant," *op. cit.*, 290.

³⁶ *De Evangelio aeterno*, sermon 33, art. 2, cap. 6 (*Opera omnia*, IV, 149). Cf. Amintore Fanfani, *Storia delle dottrine economiche*, I. *Il Volontarismo* (3rd ed.; Milan, 1942), 110.

³⁷ *Le prediche volgari*, predica 38: "Dei mercatanti e de' maestri e come si den fare le mercanzie," ed. Banchi, III, 249–50, and ed. Bargellini, 889–90.

³⁸ *De Evangelio aeterno*, sermon 33, art. 2, cap. 1, 3, and 4 (*Opera omnia*, IV, 145–46, 147–48).

³⁹ *Corpus juris canonici*, *Decretum*: canon *Clericus*, Dist. XCI, c. 4. There are numerous other canons besides this one that forbade clerics to trade or, worse, to run taverns.

vigorously by abolishing most of them.⁴⁰ Being a devout man, San Bernardino stresses that churches are places of worship where it is forbidden to transact business. To bolster his argument, he does not fail, of course, to mention that Christ drove the money-changers from the Temple.⁴¹ The problem still exists today, although it has lost its religious aspect: it is unlawful to do business in certain restricted areas, for example, to open shop or to establish a factory or even to erect an apartment building in a residential area of private homes.

It goes without saying that San Bernardino castigates the ~~grosser forms of deceit, such as the use of false weights and measures, the sale of defective merchandise and adulterated products, not to mention those harmful to health.~~⁴² He also inveighs against those guilty of misrepresentation as to the nature of their product. One is tempted to smile when he warns against swindlers who may try to pass off alchemic gold for real gold, but in the Middle Ages alchemy was taken seriously even by intelligent men.⁴³

~~Some cheated in small ways, such as the vintner who added water to wine or the money-changer who short-changed an unsuspecting peasant.~~⁴⁴ Citing the canon *Placuit*, San Bernardino reminds innkeepers and others that they ought not to charge travelers and pilgrims more than the price prevailing in the local market.⁴⁵ This rule had general validity and it was wrong to take advantage of a man's ignorance or rusticity by asking more or offering less than the current price.

~~Even more obnoxious were those who conspired to withhold supplies from the market in order to drive prices up, especially in times of dearth. San Bernardino would send them into perpetual exile and he would certainly, if living today, advocate vigorous enforcement of the antitrust laws.~~⁴⁶ He also denounced regraters who formed rings in order to manipulate prices to their own advantage and to the detriment of the public.⁴⁷

~~Bills should be paid when due and it was an objectionable practice to keep creditors waiting for their money until they threatened to sue. What was downright usurious was to raise the price on credit sales or to ask for a discount when paying promptly.~~⁴⁸

~~San Bernardino did not only reprehend frauds but he also frowned upon practices which today would be labelled as unfair competition. Thus he censured those who unjustly disparaged the wares of a competitor in order to sell their own.~~⁴⁹ He also disapproved of those who bought or sold slightly above or below the ruling rate

⁴⁰ According to the statutes of the Wool Guild in Florence, members were required to observe forty-three holy days in addition to Sundays (*Statuti dell'Arte della Lana di Firenze*, ed. by Anna Maria E. Agnoletti [Florence, 1940], III, 154-55). In France the workers complained that there were hardly enough working days left to earn a living (Henri Hauser, *Ouvriers du temps passé, XV^e-XVI^e siècles* [5th ed., Paris, 1927], 81-82).

⁴¹ Matt. 21:12.

⁴² *De Evangelio aeterno*, sermon 33, art. 2, cap. 7, particul. 1, 2, and 3 (*Opera omnia*, IV, 154, 155, 158, 160). Cf. art. 3 (p. 162) concerning harmful or poisonous products.

⁴³ *Ibid.*, sermon 32, art. 3, cap. 3 (*Opera omnia*, IV, 138).

⁴⁴ *Ibid.*, sermon 33, art. 2, cap. 7, particul. 3 (*Opera omnia*, IV, 159-60).

⁴⁵ *Ibid.*, art. 2, cap. 5 and art. 3 (*Opera omnia*, IV, 148-49, 161). Cf. *Corpus juris canonici, Decretales*: canon *Placuit*, Extravagantes Gregory IX, III, 17, 1.

⁴⁶ *De Evangelio aeterno*, sermon 33, art. 2, cap. 7, particul. 1 (*Opera omnia*, IV, 153).

⁴⁷ *Ibid.*, cap. 6 (*Opera omnia*, IV, 150).

⁴⁸ *Ibid.*, cap. 7, particul. 2 (*Opera omnia*, IV, 156).

⁴⁹ *Loc. cit.* (*Opera omnia*, IV, 158).

in the hope of securing for themselves a larger share of the market by outbidding competitors.⁵⁰

In indicting frauds, deception, and other evil practices, San Bernardino does not stand alone. Moralists have done so throughout the ages. His merit is that, for all his stern morality, he takes a more positive attitude in stressing the contributions of business and the virtues of the merchant as well as his shortcomings.⁵¹ As we have already seen, the only justification of business lay in the service and utility of the commonweal (*pro republicae servitio et utilitate*). It does not follow that San Bernardino condemns the profit-seeking motive *per se*; far from it, since profits are the only way by which to recompense the entrepreneur for his labors and to compensate him for the risks he undertakes.⁵²

The saint is unusually realistic; he fully realized that managerial ability, far from being common, is a rare quality and that a scarce combination of competence and efficiency goes into the making of a successful businessman. San Bernardino lists four necessary qualifications: diligence or efficiency (*industria*), responsibility (*solicitudo*), labor (*labores*), and willingness to assume risks (*pericula*).⁵³ First of all, merchants should be efficient, by which he means that they should be well informed about qualities, prices, and costs and be "subtle" in computing risks and assessing profit opportunities, "which indeed very few are capable of doing." Second, businessmen should be responsible and attentive to detail, "which in the conduct of business is most necessary" (*quae in tali exercitio plurimum necessaria est*). Nothing can be achieved without a great deal of trouble and toil. The merchants must be prepared to endure discomforts and to suffer hardships in crossing seas and deserts. They will unavoidably expose their persons as well as their goods to many perils. In spite of the best management, the businessman may be visited by bad luck and suffer a loss. It is, therefore, meet that he should earn enough on successful ventures to keep him in business and compensate him for all his troubles.

In San Bernardino's time, business was being conducted more and more from the counting house, but the age of the traveling merchant was not entirely gone. Moreover, even sedentary merchants needed representatives (partners, correspondents, or commission agents) residing abroad. What the zealous preacher deplored — here the moralist speaks again — was the fact that so many merchants stayed in distant lands for long periods of time, separated from their wives, and defiled themselves by living in carnal sin or even in "filth" with infidels as well as with believers.⁵⁴

The rational and orderly conduct of business, according to San Bernardino, was a virtue.⁵⁵ He urged merchants to keep accurate records and to settle accounts with

⁵⁰ *Ibid.*, cap. 6 (*Opera omnia*, IV, 150).

⁵¹ Only the shortcomings are stressed in the interpretation given by Alberto E. Trugenberger, *San Bernardino da Siena, Considerazioni sullo sviluppo dell'etica economica cristiana nel primo Rinascimento* (Berne, 1951), 64-72.

⁵² *De Evangelio aeterno*, sermon 33, preamble (*Opera omnia*, IV, 140).

⁵³ *Ibid.*, art. 1, cap. 1 (*Opera omnia*, IV, 142-43).

⁵⁴ *Ibid.*, art. 2, cap. 7, particul. 3 (*Opera omnia*, IV, 158). There is no doubt that the word "filth" as used in this context refers to sodomy, a vice that San Bernardino particularly abhorred and against which he vituperated in several of his sermons. In his youth he once punched under the chin a man who made him dishonest overtures. See Ferrers Howell, *op. cit.*, 87, 187, 263, 295; Origo, *World of San Bernardino*, 80. In 1427 he preached an entire sermon against sodomy: *Prediche volgari*, sermon 39, ed. Bargellini.

⁵⁵ *De Evangelio aeterno*, sermon 33, art. 3 (*Opera omnia*, IV, 161-62). This article bears the

their partners at least once a year: certainly good advice. After all, confusion might lead to dishonesty. Business integrity the Franciscan preacher prized very highly. A reputation of reliability was an asset, though San Bernardino was not a pragmatist who would say that honesty is only good business policy. A merchant was expected to keep his word, to respect his agreements with his partners, and to fulfill his commitments. As a precaution, he should make his will and have it drafted by a notary so there would never be any question as to its authenticity. San Bernardino disliked chaffering because it was often associated with lies, perjury, and swearing. A seller should state his price and discourage the buyer from haggling over it.⁵⁶

As San Bernardino was a very pious man, he insisted that merchants be punctual in the discharge of their religious duties, hear Mass on Sundays and feast days, take communion at least once a year, and confess their sins to a devout and God-fearing priest — not to one of those accommodating friars portrayed in the tales of Boccaccio. Such advice might be expected from San Bernardino. More surprising to a modern mind inclined to divorce business from religion is the fact that exhortations of this kind are found in merchant manuals as late as the seventeenth century, for example, in *Le parfait négociant* written by Jacques Savary, who was by no means a saint but a hardheaded businessman.⁵⁷

Sant'Antonino is less systematic in his exposition of business ethics than San Bernardino and does not deal with the subject in one place. His justification of trade is found in Part 2 of his *Summa theologica* under the general heading "concerning avarice" and concrete examples of malpractices are given chiefly in Part 3 where he discusses "the status of merchants and artificers." The treatment, therefore, lacks unity.

In seeking a *raison d'être* for the profit system, Sant'Antonino is inferior to his contemporary, San Bernardino, and leans heavily on Thomas Aquinas rather than on John Duns Scotus. Sant'Antonino, however, makes the important point that the problem of "commutations" or exchange is an economic matter which pertains either to household management — economics in the old sense — or to politics because the whole purpose of business is to supply either the household or the community with goods or services.⁵⁸ The pursuit of profits as an end in itself is most reprehensible because the desire for gain knows no bounds but reaches into the infinite.⁵⁹ To be justified, profits should be moderate and directed toward a laudable end, such as the support of one's family according to social status, the relief of the poor, or the welfare of the community lest there be a lack of vital supplies.

I do not know of any one who ever entered into business to relieve the poor. This is being over-optimistic, but the Florentine banking and mercantile companies actually followed the practice of setting aside some of their profits for charity purposes

significant subtitle *De moribus ac vita recti et veri mercantis* ("Concerning the customs and ways of upright and true merchants").

⁵⁶ Origo, *World of San Bernardino*, 83.

⁵⁷ (Second ed., Paris, 1679), I, 56. According to Savary, relaxation in religious practice lowers standards in business dealings.

⁵⁸ Sant'Antonino, *Summa theologica*, Part II, tit. 1, cap. 16, § 2 (col. 250^b). All column references are to the Verona ed. of 1740–1741 reprinted in 1959.

⁵⁹ Thomas Aquinas, *Summa theologica*, II-II, qu. 77, art. 4, resp. (Parma ed., III, 279). Cf. Monroe, *Early Economic Thought*, 63; Amintore Fanfani, *Le origini dello spirito capitalistico in Italia* (Milan, 1933), 10–11.

prior to any distribution to partners. Sometimes even the articles of association made this procedure mandatory and fixed the percent of net profits to which "the Lord God," as representative of the poor, was entitled.⁶⁰

As usual, Sant'Antonino is at his best when dealing with concrete situations. His description of frauds committed in different trades and professions is full of unsavory details about the means used by tradesmen to increase their earnings by a few *quattrini*, often at the risk of losing a customer. The picture is a depressing one, but our saint does not relent and goes over case after case.

Sant'Antonino is well informed about the structure of the Florentine textile industry where conflicts were acute because employers often exploited the workers and the latter repaid them in kind by giving them poor workmanship or resorting to cab-baging and sabotage. This subject, however interesting, will have to be postponed until later when we shall discuss the problem of the just wage and labor relations in the Florentine textile industry. Sant'Antonino fully acknowledges that this industry fulfilled a useful purpose in providing clothes to protect the human body against cold and to cover its nakedness.⁶¹ Wool has his wholehearted approval, but he objects to silk because it often serves vanity and waste and he rails at the wives of merchants or artificers who, oblivious of their station, were decked out in satins and velvets as if they were duchesses or at least gentlewomen.⁶²

A very useful occupation is that of architect or contractor, for people need to be housed as well as clothed. However, it gave rise to many abuses, too, because builders did not pay fair wages and supplied inferior materials contrary to the specifications in their contracts.⁶³ The apothecaries' activities were very necessary for the preservation of human life. Yet frauds were legion, because some apothecaries did not put the right ingredients in their remedies according to the prescriptions of the physicians or sold quack remedies that were either ineffective or harmful to patients.⁶⁴ Although Sant'Antonino insists very much on the strict observation of the Sabbath, he makes an exception for apothecaries' shops and declares that in each quarter of Florence some should be open on Sundays and holy days in order to take care of emergencies. Brokers are rebuked for acting as go-betweens in usurious deals and reproved even more fiercely when they deceive prospective bridegrooms about the qualities of eligible girls and describe them as rich when they are poor, as modest when they are dissolute, or as nice when they have a nasty disposition.⁶⁵ This is no exaggeration: in fifteenth-century Florence, marriages were financial arrangements and to find a bride one went to a broker's office instead of to a ball or a party.

Sant'Antonino has something to say about nearly every profession or craft. It would be tedious to follow him through this long enumeration of sharp practices. Let us, however, see for a moment what he has to say about artists. With regard to paintings, he makes the pertinent observation that they are priced less according

⁶⁰ Armando Saporì, "La beneficenza delle compagnie mercantili del Trecento," *Studi di storia economica, secoli XIII-XIV-XV* (3rd ed., Florence, 1956), II, 839-58. Medici partnership agreements also sometimes contain provisions of this sort (R. de Roover, *Rise and Decline of Medici Bank*, 260).

⁶¹ *Summa theologica*, Part III, tit. 8, cap. 4, § 2 (col. 310^a).

⁶² *Ibid.*, § 5 (col. 315^e).

⁶³ *Ibid.*, § 8 (col. 318^b).

⁶⁴ *Ibid.*, § 6 (col. 317^b).

⁶⁵ *Ibid.*, § 1 (col. 309^b).

to the amount of labor involved than according to the artist's skill and talent.⁶⁶ The same may be said of jewelry and other products of the minor arts.⁶⁷ Sant'Antonino had little use for anything but religious art, especially the art of his friend, Fra Angelico (1387–1455), whose frescoes adorned the cells in the friary of San Marco, and he derides painters who chose profane or mythological subjects which afforded them an opportunity to depict nude women, "not for the sake of beauty but to arouse libidinous feelings."⁶⁸

In music, Sant'Antonino had much the same taste. He would have gone back to the plain Gregorian and Ambrosian chant and objected strongly to counterpoint and, worse, to the introduction of popular ballads and even lewd songs into sacred music.⁶⁹ Scribes and copyists—the art of printing had not yet reached Italy—are blamed for copying manuscripts with such carelessness that their transcriptions are worthless and unreliable. If they are paid by the sheet, they leave wide margins and much space between lines in order to increase their earnings.⁷⁰

Sant'Antonino's strictures may not be regarded as relevant to economics by a modern economic theorist, but it is rather unfair to judge someone by standards other than those of his own time. What is relevant or irrelevant depends greatly on one's conception of the subject matter. Sant'Antonino, like San Bernardino, like all the scholastics, emphasized the ethical aspect of economic problems. His approach is likely to evoke more sympathy from the modern businessman who has come to realize that unethical practices invite popular discontent, government interference, and regulatory or repressive legislation. As a means of enforcement, Sant'Antonino relied chiefly on the confessional, but this was probably more effective in a religious age than one might presume.

VI. Value and Price Determination

Ever since Antiquity, moral philosophers and economic writers have struggled with the crucial problem of value and price determination. Without going into all the refinements of the subject, it is fair to state that there are two main and conflicting trends of thought: either value depends upon utility, which may be defined as want-satisfying capacity, or value is created by the labor incorporated in exchangeable goods. In the first case, value lies in the future and originates in the wants and preferences of the consumer with the result that things without utility also have no value. In the second case, value is the result of the labor bestowed on consumable commodities, although the writers holding to this theory contradict themselves when they have to recognize from the very outset that utility, while it is not the measure of exchangeable value, is absolutely essential to it.⁷¹ Even Karl Marx (1818–1883) falls into this trap when he defines a commodity as "a thing that by its properties satisfies human wants" and a few paragraphs later has to admit that "if the

⁶⁶ *Ibid.*, § 11 (col. 321^e).

⁶⁷ *Ibid.*, preamble (col. 308^b).

⁶⁸ *Ibid.*, § 11 (col. 321^e).

⁶⁹ *Ibid.*, § 12 (cols. 321–322). See John Addington Symonds, *Renaissance in Italy* (New York: The Modern Library ed., 1935), II, 872–76.

⁷⁰ *Summa theologica*, Part III, title 8, cap. 4, § 11 (col. 321^b).

⁷¹ David Ricardo (1772–1823), *The Principles of Political Economy and Taxation* (New York: Everyman's Library ed., 1933), 5.

thing is useless, so is the labour contained in it.”⁷² Hence, labor is wasted unless it produces a thing that has utility. This is reintroducing utility through the backdoor and, furthermore, is inconsistent with a labor theory of value which is the very basis of the Marxian system and according to which labor, more precisely the quantity of labor alone, creates value.

As a historian, I do not have to enter into this dispute and my task is simply to determine which doctrine the scholastics, including San Bernardino and Sant'Antonino, actually followed. Let us state at once that they adhered to a utility theory of value, although the price theory of some of them was not always consistent with their value theory. Even this proposition is in dispute. It is argued that the Schoolmen favored a labor theory of value and, hence, that the just price corresponded to cost of production. The late Professor R. H. Tawney (1880–1962) went so far as to write “The true descendant of the doctrines of Aquinas is the labour theory of value. The last of the Schoolmen is Karl Marx.”⁷³

Where is the truth? It should be easy to answer this question by turning to the writings of Thomas Aquinas in order to ascertain what he has to say on the subject. Indeed, he takes it up where one would expect it, in his major work, the *Summa theologiae*, in the chapter which deals with frauds committed in buying and selling. Referring to Augustine's *The City of God*, he states that the price of vendible commodities is not set with regard to their rank in nature, since a horse sometimes sells for more than a slave, but, on the contrary, according to the degree of their usefulness or utility to man.⁷⁴ In his *Commentaries on the Nicomachean Ethics of Aristotle*, he repeats the same idea, although the wording is somewhat different. In economics, things are not valued according to their natural dignity, otherwise a mouse (which is a living creature) would be prized more highly than a pearl (which is an inanimate object); but in fact the price is set with reference to human wants.⁷⁵ These passages are clear and unambiguous; value depends upon utility, usefulness, or human wants. There is nowhere any mention of labor as the creator or the measure of value. Tawney's interpretation, therefore, must be rejected as being in contradiction with the sources.⁷⁶

It is also argued by Tawney and others that the later Schoolmen, among others San Bernardino, modified the Thomistic economic doctrines in order to adapt them to the requirements of nascent capitalism.⁷⁷ True, these men further developed and

⁷² *Capital* (Moscow: Foreign Languages Publishing House, 1959), I, 35, 41.

⁷³ *Religion and the Rise of Capitalism* (Rev. ed.; New York, 1937, reprinted 1952), 36.

⁷⁴ Aquinas, *Summa theologiae*, II-II, qu. 77, art. 2, ad. 3 (Parma ed., III, 277): “Ad tertium dicendum quod, sicut Augustinus dicit, in XI *De civ. Dei*, pretium rerum venalium non consideratur secundum gradum naturae, cum quandoque pluri vendatur unus equus quam unus servus, sed consideratur secundum quod res in usum hominis veniunt.” The reference is to Augustine, *De civitate Dei* xi. 16. Cf. Monroe, *Early Economic Thought*, 59.

⁷⁵ Aquinas, *Commentaria in X libros ethicorum ad Nicomachum*, lib. V, lect. 9 (Parma ed., XXI, 172). Cf. Raymond de Roover, “Joseph A. Schumpeter and Scholastic Economics,” *Kyklos*, X (1957), 125, 129.

⁷⁶ The same thesis as Tawney's is found in the book of Selma Hagenauer, *Das “justum pretium” bei Thomas von Aquin, ein Beitrag zur Geschichte der objektiven Werttheorie*, Beiheft 24 of *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte* (Stuttgart, 1931). This author is unreliable and follows the strange procedure of referring only to statements favorable to her thesis and of omitting all those that do not fit into her scheme.

⁷⁷ Tawney, *Religion*, 40–41; Werner Sombart, *Der Bourgeois* (Munich, 1923), 315; Trugen-

refined the teachings of the Angelic Doctor, but whether they really changed them is a different and more questionable proposition.

In discussing value and price determination, San Bernardino is quite conservative and follows Thomas Aquinas rather than John Duns Scotus, despite the fact that the former was a Dominican and the latter a Franciscan like himself. In the same way as Aquinas, San Bernardino starts out by referring to Saint Augustine's *The City of God*, but he quotes another passage which says that it is preferable to have a pantry full of bread rather than of mice, because bread is much more useful notwithstanding the fact that mice are superior creatures.⁷⁸ In other words, bread alone has utility, whereas mice have only disutility, since one buys mousetraps to get rid of them.

San Bernardino makes his most important contribution by stating that value is composed of three elements: (1) usefulness (*virtuositas*); (2) scarcity (*raritas*); and (3) pleasurable or desirability (*complacibilitas*).⁷⁹ About the meaning of scarcity (*raritas*), there is no problem and it stands to reason that the rarer the goods the more valuable they are. On the other hand, if they are abundant and are produced with ease and small effort, they will be worth very little; however useful they may be. Unlike *raritas*, *virtuositas* and *complacibilitas* are used by San Bernardino in a special meaning which needs clarification. *Virtuositas* is, he explains, a virtue, or property, inherent in the goods themselves, of satisfying, either directly or indirectly, human wants. It may, therefore, be defined as objective utility. *Complacibilitas* is undeniably a subjective factor which depends upon the mood and preferences of the consumer. As San Bernardino explains, it is the greater or lesser pleasure which the consumer derives from the possession or use of a good. *Complacibilitas* may perhaps be best translated as desirability or subjective utility — without necessarily giving to this term any hedonistic implications. A trivial example may make clear what San Bernardino means: all shoes of the right size have the virtue (*virtuositas*) of fitting my feet and of answering my need for footwear, but whether I buy brown or black shoes, pointed or square-toed shoes, high or low shoes will be a matter of *complacibilitas* and depend upon my tastes or the fashion of the moment.

The distinction between *virtuositas* and *complacibilitas*, objective and subjective utility, in my opinion, is quite a fruitful idea and it is perhaps regrettable that modern economists did not accept it, with the result that they became involved in hedonism and pleasure-pain calculus. Be it as it may, San Bernardino's utility theory was adopted only by Sant'Antonino and then disappeared from circulation: I do not find that it was retained by any of the sixteenth-century scholastics of the Salamanca school.⁸⁰ It was one of those bright ideas which, by some quirk of fate, received little attention when first formulated and then dropped out of sight, sometimes to be rediscovered centuries later. This is by no means the only example in the history of economic thought.⁸¹

berger, *S. Bernardino*, 134, 138. Fanfani (*Le origini*, p. 105) notes the change but adds the corrective: ". . . per quanto coerente ai principii tomistici."

⁷⁸ *De Evangelio aeterno*, sermon 32, art. 3, cap. 3 and sermon 35, art. 1, cap. 1 (*Opera omnia*, IV, 138-39, 190).

⁷⁹ *Ibid.*, sermon 35, art. 1, cap. 1 (*Opera omnia*, IV, 191).

⁸⁰ Sant'Antonino, *Summa theologica*, Part II, title 1, cap. 16, § 3 (cols. 255^a-256^a).

⁸¹ de Roover, "Schumpeter and Scholastic Economics," *op. cit.*, 127.

Some authors, with obvious apologetic leanings, blame San Bernardino for introducing an incongruous psychological or subjective element into the traditional scholastic value theory. I fail to see what is incongruous about it, since the scholastics had always based their value theory on the satisfaction of human wants.

The late Professor Joseph A. Schumpeter (1883-1956), in his *magnum opus*, praises Sant'Antonino for being "the first man to whom it is possible to ascribe a comprehensive vision of the economic process."⁸² Schumpeter also gives him full credit for coining "the unclassical but excellent term of *complacibilitas*" and for thus divesting utility of its objective connotation. This encomium is fully justified but is addressed to the wrong saint, since San Bernardino is the earlier and more original of the two writers. For a long time I was tempted to regard San Bernardino as one of the greatest economists of all times for developing a utility theory which lacked only one thing: the marginal apparatus.⁸³ It now seems, however, that I was mistaken. The originator of the whole idea of subjective utility was not San Bernardino but an earlier Schoolman, of Provençal origin, by the name of Pierre de Jean (Peter, son of John) Olivi, O.F.M. (1248-1298).⁸⁴

San Bernardino is very generous in giving references but, strangely enough, he never cites Pierre de Jean Olivi.⁸⁵ The reason for this behavior is that Olivi, who had headed the Spiritual Franciscans, died under a cloud, suspected of heresy. His body was actually disinterred in 1317 and his bones were scattered.⁸⁶ According to the latest scholarship, his views were quite orthodox and he was unjustly accused in the heat of the struggle between the two branches of the Franciscan Order, the Spirituals and the Conventuals, over the interpretation of the rule given by St. Francis of Assisi (1182-1226) to his order.

In San Bernardino's time, suspicions had not abated and the issue was still alive.⁸⁷ It is therefore understandable why San Bernardino thought it safer not to mention Olivi's name. That he knew of Olivi's work, there is no doubt. First of all Bernardino wrote a letter from La Capriola to the famous friary of La Verna to borrow an Olivi manuscript.⁸⁸ Still better evidence: the entire section on utility in Bernardino's sermon thirty-five was lifted almost word for word out of a treatise by Pierre Olivi entitled *Quaestiones de permutatione rerum, de emptioibus et venditionibus*.⁸⁹ A copy of this treatise, extant in the Public Library of Siena, has marginal notes in

⁸² Joseph A. Schumpeter, *History of Economic Analysis* (New York, 1954), 98.

⁸³ This is also the opinion of Edgar Salin, *Geschichte der Volkswirtschaftslehre* (4th ed., Berne, 1951), 45.

⁸⁴ My attention was first called to Pierre de Jean Olivi by an article of Alonso M. Hamelin, O.F.M., "Le Tractatus de Usuris' de Maître Alexandre," *Culture*, XVI (1955), 129-61, 265-87.

⁸⁵ Dionisio Pacetti, O.F.M., "Un trattato sulle usure e le restituzioni di Pietro di Giovanni Olivi, falsamente attribuito a Fr. Gerardo da Siena," *Archivum Franciscanum Historicum*, XLVI (1953), 448-57.

⁸⁶ The destruction of all the works of Olivi was ordered in 1304 by a chapter general of the Franciscan Order. See Efreim Bettoni, O.F.M., *Le dottrine filosofiche di Pier di Giovanni Olivi* (Milan, 1959), 24.

⁸⁷ Pacetti, "Scritti di san Bernardino," *op. cit.*, 95-96.

⁸⁸ Ferrers Howell, *S. Bernardino of Siena*, 360.

⁸⁹ Two copies of this MS are extant: one in the Public Library of Siena, codice U. V. 6 (fols. 295-316); the second in the University Library of Bologna, codice 129 (fols. 170-96). A third copy is probably in the Biblioteca Nazionale of Naples, codice VII. D. 39 (fols. 146 ff.) but no one seems to have examined this copy carefully.

San Bernardino's own hand. In the margin, facing the passage dealing with value, are the three words: *raritas*, *virtuositas*, and *complacibilitas*. Is any further proof needed that San Bernardino fully realized the significance of the passage which he appropriated?

Utility, as a price determining factor, is not absolute utility. Otherwise, as San Bernardino points out, a glass of water, on which life itself depends, would be almost priceless and be worth more than gold.⁹⁰ Fortunately, water, although absolutely necessary to human life, is usually so abundant and so easily available that it does not command a high price or even any price at all. San Bernardino was thus well aware of the paradox of value according to which the most useful things are also the cheapest. If he did not solve the problem completely, it is because he did not have a clear concept of diminishing utility.

Price is value measured in monetary terms, an old Aristotelian concept.⁹¹ This is why the scholastics insisted that, in a just exchange, the contracting parties ought to receive value for value, hence the concept of the "just price." How is the just price determined? According to old tradition, the scholastics considered price determination as a social process. Already Accursius (1182-1260), in his ordinary gloss to the Roman law, had modified the dictum, *Res tantum valet quantum vendi potest* ("things are worth as much as they sell for"), by adding the fateful words *sed communiter* ("but it must be commonly").⁹² To San Bernardino also, price is not set by the arbitrary decision of individuals but collectively by the community as a whole. He makes this clear by stating that "the price of goods and services is set for the common good with due consideration to the common valuation or estimation made collectively by the community of citizens."⁹³ How can a community acting collectively set a price? I see only two possibilities: either by the higgling and haggling of the market or by public regulation when the civil authorities acting as representatives of the community set an official rate. Later scholastics accordingly made a distinction between the natural price—by which they meant the market price—and the legal price, but this doctrine is not yet found in San Bernardino who still emphasizes that the just price is determined "by common estimation."⁹⁴

There has been a great deal of discussion concerning the meaning of this crucial phrase. Apparently it is synonymous with market valuation, since elsewhere San Bernardino defines the just price as "the one which happens to prevail at a given time according to the estimation of the market, that is, what the commodities for sale are then commonly worth in a certain place."⁹⁵

This statement, it seems to me, is so clear that it does not admit any other construction. Furthermore, San Bernardino gives as an example the case of merchants who transport a commodity from a country where it is plentiful and cheap to an

⁹⁰ *De Evangelio aeterno*, sermon 35, art. 2, preamble and cap. 1 (*Opera omnia*, IV, 196).

⁹¹ Aristotle, *Nicomachean Ethics*, v. 5. 1133^b.

⁹² Gloss to *Digest*, XXXV, 2, 63.

⁹³ *De Evangelio aeterno*, sermon 35, art. 2, cap. 2 and 3 (*Opera omnia*, IV, 197-98). The source of this statement is also the treatise of Pierre Olivi.

⁹⁴ de Roover, "Schumpeter and Scholastic Economics," *op. cit.*, 136.

⁹⁵ *De Evangelio aeterno*, sermon 33, art. 2, cap. 7, particul. 2 (*Opera omnia*, IV, 157-58): "Si autem quaeratur quid sit justum pretium rei vendendae seu emendae, dicendum quod justum pretium est quod est secundum aestimationem fori occurrentis, secundum quod tunc res quae venditur in loco illo communiter valeri potest."

Secūda pars summe reuerēdis
sini in christo patris ac dñi: dñi
Antonini archiepi florentini.



PLATE 4. Title page, Sant'Antonino of Florence, *Secūda pars summe reuerēdis in Christo patris ac dñi*. Basileae, Per Joannes Amorbachii, Petri et Froben, 1511. Copy in Kress Library, Harvard University.



PLATE 3. "St. Antoninus of Florence and the Poor," by Lorenzo Lotto (1480–1556). Original in Church of San Giovanni e Paolo, Venice. Reproduction courtesy Fogg Art Museum, Harvard University.

Incipit tractatus de contractibus et usuris. scđm sanctū
Bernardinū de Semis. ordinis fratꝝ m̄ioꝝ. Et primo
ponit ordo dicēdoꝝ in mat̄ia dictoꝝ contractū et usuraz
Sabbato post terciā dñicā in quadragesima. De origine
dñioꝝ et rez trāslacōe. **Sermo. xxxiiij.**

Nde et noli amplius peccare. Jo. viii. c.
Et i euāgelio hodierno. **R** caritate qui-
de labit mūdus/et p vicioꝝ deficit incre-
menta: partim ex ignorācia ruens: p̄tim
ex fragilitate fluēs: p̄timqꝝ ex malicia
in cupiditatibus se immergēs: proinde
optunū imo necessariū putauī/ de contractibꝝ et usuris (in
quibus fere totus mūdus peccat) tractatū posteris tra-
dere. nō tm̄ verbo p̄ntibus p̄dicare ut hēant m̄m̄ docti-
et sibi et aliis in talibus materiā fidelit̄ consulēdi. **Prouer.**
em. xv. ca. sapiēs ait Sermo optunus optimus est. Tractatū
igit̄ de ip̄is contractibus et usuris hūc ordinē seruare in-
tendimꝝ. Sabbato post terciā dñicā in quadragesima de
origine dñioꝝ primo dicturi sumus vbi tractabimꝝ de
varietate contractū et vnde originē h̄nt. Simulqꝝ agemꝝ
de multiplici varietate trāslacōnū atqꝝ p̄scriptōnū. ser.
xxxiiij. Dñica quarta in quadragesima in mane de mercatori-
bus et artificibus i gñalitet de edicōibus licitis et illicitis
eorū dē: ser. xxxiiij. Dñica quarta in quadragesima infra
diētm̄ quibus casibus liceat vendē tēpus et in quibus nō.
ser. xxxiiij. feria scđa de empcōibus et v̄edicōibꝝ. et quo
p̄cio res et obsequia taxāda sunt. Et q̄ grauis sit culpa
vendē res maculatas. ser. xxxv. feria terciā de voragine
usuraz. et quid sit. et in quibus omittat̄ usura. Et quō
quidā usurarii nitunt̄ defensare usurā. ac rōes eoz quō
efficacit̄ refellant̄: ser. xxxvi. feria quarta de mutuo. et
q̄n hō obligat̄ mutuū dare. Et quō tenet̄ id dare gratis



PLATE 1. "Bñadinus de Senis," portrait from Leaf 1b of a manuscript of his *De contractibus et usuris*. Italy, ca. 1450. Reproduction courtesy The Yale Law Library, Yale University.

other where it is scarce and dear and who automatically make a profit, although they buy in the one and sell in the other at the prevailing market price. Only if there is no such price is the merchant allowed to set his own price so that he makes a reasonable profit after taking into consideration his expenses, labor, trouble, and risk. Unless I am greatly mistaken, San Bernardino, like David Ricardo much later, refers here to the special case of rare and unique items, mostly luxuries, such as pictures or curios, which are not subject to competition in the usual sense.

According to San Bernardino, neither buyers nor sellers have any control over price, which is determined by the forces operating in the market. Such a situation exists only under competitive conditions. This seems to be what Bernardino has in mind when he invokes the authority of Saint Raymond of Pennaforte (1180-1275) and Henricus of Susa, Cardinal Hostiensis (d. 1271), who both said that a seller should sell at the current price regardless of the fact that "he may have to sell for less what he purchased for more."⁹⁶ In other words, the market price should be observed whether the seller gains or loses.⁹⁷ San Bernardino did not ask himself the pertinent question whether a seller would ever succeed, even if he tried, in obtaining more than the current rate from informed buyers. To sum up, according to San Bernardino, the just price coincided with the market price, excluding all fraud or conspiracy.⁹⁸

San Bernardino does not ignore the fact that prices go up or down in response to scarcity (*inopia*) or abundance (*copia*). He gives as reason for such fluctuations that everything rare is dear, whereas plenty breeds only contempt.⁹⁹ There is no further analysis of changes in demand or supply.

The alternative to market price was price regulation. San Bernardino has only a vague and casual reference to this possibility and remarks incidentally that prices may be fixed for the common good, "because nothing is more iniquitous than to promote private interests at the expense of general welfare."¹⁰⁰ The idea is there, but it is a bare suggestion. The later scholastics, especially those of the school of Salamanca, were much more explicit and never questioned the right of the public authorities to interfere in times of dearth by fixing and regulating prices of prime necessities, such as grain. In the absence of a well-organized rationing system, however, such regulation often miscarried and tended to make the crisis worse instead of alleviating distress.¹⁰¹

⁹⁶ Hostiensis, *Summa Aurea*, lib. 3, rubric *De contrahenda emptione et venditione*, § 7 (Turin, 1963), cols. 943-44: "Justum autem precium consideratur respectu temporis contractus . . . non autem attenditur quod pluris emptum sit et minoris venditum, vel econtra, vel quod plus offeratur."

⁹⁷ Fanfani (*Le origini*, 13) quotes the same text but gives it a different interpretation which he does not explain, unfortunately. Cf. de Roover, "Schumpeter and Scholastic Economics," *op. cit.*, 134-35.

⁹⁸ This is also the conclusion of Trugenberger (*San Bernardino*, 134-37), but he believes erroneously that S. Bernardino broke with Thomistic traditions and adopted new criteria. See R. de Roover, "The Concept of the Just Price: Theory and Economic Policy," *Journal of Economic History*, XVIII (1958), 418-28.

⁹⁹ *De Evangelio aeterno*, sermon 35, art. 2, cap. 2 (*Opera omnia*, IV, 197-98).

¹⁰⁰ *Ibid.*, cap. 1 (*Opera omnia*, IV, 196). Cf. Franz Josef Hünemann, *Die wirtschaftsethischen Predigten des hl. Bernhardin von Siena* (Kempfen, 1939), 80. It is by no means certain that Hünemann's interpretation is correct.

¹⁰¹ The nominalists, including Martin Luther, were in favor of price regulation rather than a free market. See de Roover, "The Concept of the Just Price," *op. cit.*, 425-34.

What about cost? San Bernardino mentions it as a price-determining factor, but his analysis is rather disappointing. He declares that labor, skill, and risk will affect the supply of commodities and services and that, *ceteris paribus*, things requiring greater effort and ingenuity will be more expensive to produce and fetch a higher price.¹⁰² As an example, he mentions that goods brought from a distance — from France or beyond the Alps — will normally be more highly priced than native Italian products. Bernardino's analysis goes no further. He does not even quote Albertus Magnus (1193–1280) or Thomas Aquinas, who both stated clearly that arts and crafts will be doomed to destruction unless selling price compensates the producer for his outlay and toil.¹⁰³ The implication is that price cannot permanently fall below cost without reducing supply. San Bernardino apparently did not grasp the significance of these statements made by his predecessors. Moreover, like all scholastics, his preoccupation with ethics made him blind to the need for more careful analysis of economic processes.

Since San Bernardino favors competition, he should logically be against monopoly and price discrimination, and, in fact, he is. Like other scholastics, he gives a broad and comprehensive definition: monopolists are those who, in devious ways and by pernicious covenants, combine to exclude others from their trade or to fix the price of their wares by collusion in order to increase profits for their own singular benefit and at the expense of the public. Monopolists are damned without further ado; they are so wicked that they deserve to be sent into perpetual exile both in this world and in the next.¹⁰⁴

San Bernardino has no more use for price discrimination than for monopoly. He states that it is inadmissible to sell at one price to one person and at another price to another person. The price ought to be the same to all and it is unfair and unethical to take advantage of a buyer's ignorance, confidence, or urgent need. To justify this position, he invokes the canon *Placuit* which is really a capitulary promulgated in 884 by Carloman, King of France, but incorporated by Raymond of Pennaforte in the canon law.¹⁰⁵ This capitulary was intended to protect wayfarers from exploitation and forbade residents to overcharge them by asking more for food or lodging than the price obtainable in the local market. Priests were enjoined to admonish their flocks to be hospitable to strangers and to set a reasonable price if so requested by travelers. As one can see, *Placuit* refers to a very special case, but this rather clumsy text was stretched in the Middle Ages to rule out all instances of price discrimination.

Compared with the price theory of San Bernardino, that of Sant'Antonino offers little originality. He adopts his predecessor's value theory without the slightest modification and also mentions the three elements, *raritas*, *virtuositas*, and *complacibilitas*

¹⁰² *De Evangelio aeterno*, sermon 35, art. 2, cap. 2 (*Opera omnia*, IV, 197). The expression *ceteris paribus* is used in the text.

¹⁰³ de Roover, "The Concept of the Just Price," *op. cit.*, 422; *idem*, "La doctrine scolastique en matière de monopole et son application à la politique économique des communes italiennes," *Studi in onore di Amintore Fanfani* (6 vols., Milan, 1962), I, 154. Cf. Thomas Aquinas, *Comm. in X libros ethicorum*, lib. V, lect. 7 and 8 (Parma ed., XXI, 168, 171).

¹⁰⁴ *De Evangelio aeterno*, sermon 33, art. 2, cap. 7, particul. 1, § 5 (*Opera omnia*, IV, 153–54).

¹⁰⁵ *Corpus juris canonici, Decretales*: canon *Placuit*, Extravagantes Gregory IX, III, 17, 1. Cf. Alfred Boretius and Victor Krause (eds.), *Capitularia regum Francorum (Monumenta Germaniae historica, Legum sectio II)*, II, 375.

as the sources of value.¹⁰⁶ In this connection, he repeats what Thomas Aquinas had already said, namely, that any exchange is for the mutual benefit of both parties with the result that they are better off than previously.¹⁰⁷ He insists a great deal on the voluntary character of a sale: the buyer is not compelled to buy, neither is the seller forced to sell, but if he chooses to do so, he may not prevail upon the buyer and impose his own price.¹⁰⁸ To exact such a price is unjust and inequitable.

How price is actually determined receives scant attention, but apparently it is set by "common estimation," a term which Antonino borrows from the canonist Antonio da Butrio (1384-1408). The implication seems to be that both buyers and sellers have to accept the price which is set for them by the market and over which they have no control. This applies only to competitive conditions. Further confirmation is found in another statement of Sant'Antonino's which says that a merchant is not permitted to fix his own price and may have to resign himself sometimes to a loss, since his wares may be worth more or less depending upon whether they are scarce or plentiful and whether they are hard or easy to find.¹⁰⁹

Although Sant'Antonino favors reliance on the market mechanism, he states that it might be desirable under certain circumstances to have prices of victuals and other necessities fixed by the bishop or, even better, by the civil authorities. If there is such regulation, it is binding and victuallers and other tradesmen may not, without sinning, raise the price above the legal maximum. About the enforcement of price regulation, there is not a word, presumably because the moralist is not concerned with practical difficulties and leaves details to be worked out by administrators. Following in the footsteps of Bernardino, Antonino brands monopoly as a nefarious practice which is illicit and punishable by confiscation of goods and perpetual exile.¹¹⁰

VII. The Problem of the Just Wage

On wages, San Bernardino has little to say except that the same rules which apply to the prices of goods also apply to the price of services (*pretium obsequiorum*) with the consequence that the just wage will also be determined by the forces operating in the market or, in other words, by the demand for labor and the available sup-

¹⁰⁶ Sant'Antonino, *Summa theologica*, Part II, title 1 (*De avaritia*), cap. 16 § 3 (cols. 255-56).

¹⁰⁷ *Loc. cit.*; Thomas Aquinas, *Summa theologica*, II-II, qu. 77, art. 1, resp. (Parma ed., III, 276). Cf. Monroe, *Early Economic Thought*, 54; de Roover, "Schumpeter and Scholastic Economics," *op. cit.*, 128.

¹⁰⁸ *Summa theologica*, Part II, tit. 1, cap. 16, § 4 (col. 258^e): "Huiusmodi autem impositio commutative includit acceptionem pretii praevalentis: accipere autem praevalens pretium est injustum et contra aequitatem." In this sentence *praevalens pretium* means "imposed" price, not "prevailing" price, and *accipere* means "to receive" or "to collect." Cf. *ibid.*, Part III, tit. 8, cap. 3, § 4 (col. 306^b): ". . . non est illicitum vendendo pretio occurrenti." Consequently, it is always licit to sell at the current, or market, price.

¹⁰⁹ *Ibid.*, Part II, tit. 1, cap. 8, § 2 (cols. 127^e-128^a): "Ad quod respondetur, quod istud non est simpliciter verum, scilicet quod in omni casu liceat mercatori plus vendere quam ei constiterit; sed aliquando oportet, quod tantundem vendant, aliquando etiam minus, aliquando etiam plus, secundum quod plus vel minus illo tempore, quo vendit, valet illa mercantia, quod procede ex abundantia vel penuria ejus, et secundum quod plus vel minus reperitur."

¹¹⁰ *Ibid.*, Part II, tit. 1, cap. 16, § 2 (col. 252^a, ^e) and cap. 23, § 16 (col. 328^a). As Gino Barbieri (*Il pensiero economico dall'Antichità al Rinascimento* [Bari, 1963], 348-50) correctly states, the just price, according to Sant'Antonino, was the one set by free competition in the absence of all fraud and "conspiracy."

ply.¹¹¹ Why an architect is better paid than a stonemason or a ditchdigger, San Bernardino explains, is because the former's job requires more intelligence, greater ability, and longer training and that, consequently, fewer qualify. For the same reasons, the commander of an army receives more pay than a knight and a knight, more than a foot soldier. Wage differentials are thus to be explained by scarcity because skilled workers are less numerous than unskilled and high positions require even a very unusual combination of skills and abilities.

In view of his interest in concrete problems and actual situations, Sant'Antonino — it will cause no surprise — has much more to say about the just wage and labor relations. His intimate knowledge of conditions in the Florentine textile industry, especially wool, where relations between employers and workers were always strained, comes here in good stead and enables him to make pertinent remarks which, by their realism, have shocked well-meaning but naïve supporters of welfare economics or guild socialism.¹¹² For one thing, Sant'Antonino states without making any reservation that the wage of a laborer is a price which, like any other price, is determined by common estimation in the absence of fraud; that is, of any attempts to interfere with the freedom of the labor market either on the side of the employers or on the side of the laborers.¹¹³ Saint Thomas Aquinas had been a little more cautious when he stated that the wage is the natural remuneration of labor "almost as if it were the price of the same" (*quasi quoddam pretium ipsius*).¹¹⁴ And Aquinas goes on to state that paying the just wage like paying the just price is an act of justice. As is clear from these statements, the problem of the just wage was regarded by the scholastics, including Sant'Antonino, as an appendix to that of the just price.¹¹⁵

The principle of equivalence rests, of course, on the assumption that the two parties were equal in bargaining power and that the scales were not tipped in one direction. Sant'Antonino must, however, recognize that this was not so and that the worker, in dealing with his employer, was at a disadvantage and often had to accept less than the rate set by common estimation, "because he is a pauper and has to be satisfied with much less (*multominus*) than is needed to support himself and his family."¹¹⁶ In other words, the worker was often so eager for a job that he would accept a starvation wage (*Hungerlohn*) inadequate to support himself and his family above the bare subsistence level.¹¹⁷

¹¹¹ *De Evangelio aeterno*, sermon 35, art. 2, cap. 2 and 3 (*Opera omnia*, IV, 198).

¹¹² Manuel Rocha, *Les origines de "Quadragesimo Anno": travail et salaire à travers la scolastique* (Paris, 1933), 57. Cf. August Pfister, *Die Wirtschaftsethik Antonins von Florenz* (Fribourg, Switzerland, 1946), 82–87.

¹¹³ *Summa theologica*, Part III, title 8, cap. 2 (col. 297^o): "... dummodo justum pretium statuatur et fraus omnis tollatur."

¹¹⁴ *Summa theologica*, I–II, qu. 114, art. 1 resp. (Parma ed., II, 455). Cf. Fanfani, *Storia delle dottrine*, I, 107.

¹¹⁵ Pfister, *Die Wirtschaftsethik Antonins*, 82: "Die Festsetzung des gerechten Lohnes ist eine Unterfrage des Problems des gerechten Preises." This is correct, but from then on the author's interpretation is questionable, especially when he insists that the just wage should take into account the worker's personal circumstances.

¹¹⁶ *Summa theologica*, Part II, title 1, cap. 17, § 8 (col. 269^o): "Nota tamen, quod si ex hoc non accipit textor debitum lucrum de labore suo secundum communem estimationem, sed diminutum, . . . sed quia pauper est et oportet eum accipere etiam multominus, ut se et familiam sustentet."

¹¹⁷ This is the meaning given to this passage by Wilhelm Weber, *Wirtschaftsethik am Vora-*

Although Antonino was well aware of the fact that free bargaining favored the employer to the detriment of the workers, he did not suggest that the latter try to redress the balance by forming some sort of a brotherhood or labor union. Such combinations were illegal in Florence and the scholastics, far from being favorable to them, tended to brand them as unlawful "conspiracies." In fact, the Florentine woolworkers had made repeated attempts to organize in the face of bitter opposition by the clothiers, who were united in the Wool Guild and controlled the Florentine government.¹¹⁸ In 1378, after seizing the government as a result of the Ciompi revolt, the workers succeeded for a moment in securing recognition for their brotherhoods as part of the gild system, but the revolt was crushed by the employers who declared a lockout, overthrew the democratic regime, and restored the oligarchy to power.

Memories of the Ciompi revolt were not dead in Sant'Antonino's time. Under the circumstances, it would have been very inadvisable, even for the Archbishop of Florence, to preach open revolt against the Medicean regime by advocating what the ruling party considered "harmful innovations."¹¹⁹ Besides, contrary to a widespread belief, the scholastics were not kindly disposed toward guilds, especially not if they tried to control prices or wages. Although Florence was a stronghold of the gild system, neither the word *collegium*, the most common Latin term for gild, nor any of its synonyms occur even once in the entire section of Sant'Antonino's treatise dealing with labor conditions. It looks as if our saint deliberately evaded an issue which was charged with electricity.

I am sorry if these remarks disappoint some apologists who want to represent Sant'Antonino, not as a man of his times and his environment, but as a forerunner of social theories expressed in recent papal encyclicals. Unfortunately, unbiased examination of his writings does not lend support to such an interpretation. As a matter of fact, he comes closer to Adam Smith (1723-1790) who said exactly the same about the weakness of the workmen's bargaining position in the eighteenth century.¹²⁰ At any rate, according to Sant'Antonino, it was as unfair and sinful to pay less than the just wage because a worker had mouths to feed as it was unfair to pay less than the just price because of a seller's urgent need of cash.¹²¹

Elsewhere, Sant'Antonino states that the purpose of wages is not only to compensate the worker for his labor but also to enable him to provide for himself and his family according to his social station.¹²² Some assume that Antonino refers in this passage to a family wage, but this is extremely unlikely. The passage simply

bend des Liberalismus (Münster, 1959), 138-39. A slightly different meaning is given by Carl Ilgner, *Die volkswirtschaftlichen Anschauungen Antonins von Florenz* (Paderborn, 1904), 203-204.

¹¹⁸ The best treatment of the subject is Rodolico's book, *La democrazia fiorentina*. In English, consult Ferdinand Schevill, *History of Florence* (New York, 1936), 259-309, esp. 265. For France, see the famous ordinance of Villers-Cotterets (1539) which forbade all combinations of workers as illegal monopolies in accordance with tradition (Hauser, *Ouvriers du temps passé*, 161-76).

¹¹⁹ In 1345 a woolworker, Ciuto Brandini, was actually hanged for trying to organize a brotherhood among his fellow-workers. See Niccolò Rodolico, *Il popolo minuto* (Bologna, 1899), 58-64, 157-60; *idem*, *I Ciompi* (Florence, 1945), 46-47, 238-39.

¹²⁰ *The Wealth of Nations*, Bk. I, chap. viii (Modern Library ed., 66).

¹²¹ *Summa theologica*, Part II, tit. 1, cap. 17, § 8 (col. 269^d).

¹²² *Ibid.*, Part III, tit. 8, cap. 1, § 1 (col. 293^d): "Finis mercedis suae debet esse, ut ex ea possit se et alios gubernare et providere secundum statum suum. . . ."

means that the wage system was created to provide the workers with a livelihood just as the purpose of the profit system was to permit the merchants to support a family out of their profits. The passage in question does not mean that this goal was always achieved in individual cases or that wages or profits were to be commensurate with family burdens.¹²³

♣ In point of fact, wages in the Florentine industry were often paid by the piece and were based on performance; I know of no single instance in which family charges were taken into consideration by employers.¹²⁴ This was certainly not their concern. The system of family allowances was born in the twentieth century. To project it into the Middle Ages is simply an anachronism or wishful thinking. Furthermore, this whole idea of a family wage is in contradiction with Sant'Antonino's own wage theory according to which the just wage was set by common estimation, that is, by the market without any reference to individual needs.

The first duty of employers, according to Antonino, was to pay the wage agreed upon when it was due, the same evening or at the end of the week.¹²⁵ To withhold wages was to invite the wrath of God.¹²⁶ An abuse which aroused the indignation of Sant'Antonino was the payment of wages in kind when the contract called for payment in cash.¹²⁷ This practice, known as the truck system, was rather prevalent in the Florentine textile industry. As Sant'Antonino points out, the workers usually suffered damage because they needed money to buy bread and had little use for woolen cloth and none for silk fabrics which they received in lieu of money. Not being regular dealers, they could sell those commodities only at a considerable loss. Payment of wages in truck was severely forbidden by the statutes of the wool and silk guilds because sales by workers at reduced prices spoiled the market for the manufacturers themselves; in addition, the toleration of this practice hampered the control of cabbaging, or the filching of materials by workers.¹²⁸ However, in times of depression, when stocks did not move, some manufacturers were so hard up that they ignored the guild's prohibition.

The second practice that Antonino opposed most vehemently was cheating the workers by paying them in clipped, counterfeit, or debased coin.¹²⁹ It is not entirely clear, however, whether his criticisms were leveled at the employers as individuals or as a group. The Florentine wool and silk manufacturers used their influence with the city government to cause debasement of the silver currency in which wages were

¹²³ Rocha, *Travail et salaire*, 59; Bede Jarrett, O.P., *S. Antonino and Mediaeval Economics* (London, 1914), 76: "This should be paid promptly and be according to the condition of the labourer, his skill, the danger of his occupation, the need and number of his children, the customs of the country, etc."

¹²⁴ S. Antonino, *Summa theologica*, Part I, tit. 5, cap. 2, § 11 (col. 393^d): "Et si major labor meretur majorem mercedem" ("More labor deserves greater wage").

¹²⁵ *Ibid.*, Part II, tit. 1, cap. 17, § 7 (col. 267^b).

¹²⁶ Jas. 5:4 and Lev. 19:13.

¹²⁷ *Summa theologica*, Part II, tit. 1, cap. 17, § 8 (col. 268^e) and Part III, tit. 8, cap. 4, § 4 (col. 313^b) and § 5 (col. 316^b and 317^a).

¹²⁸ Alfred Doren, *Die Florentiner Wollentuchindustrie vom vierzehnten bis zum sechzehnten Jahrhundert* (Stuttgart, 1901), 458-59; Umberto Dorini (ed.), *Statuti dell'Arte di Por Santa Maria del tempo della Repubblica* (Florence, 1934), 408-409 (art. 5 of revision of statutes of 1411), 459-60 (rev. of 1420), 496-98 (rev. of 1429), 540 (rev. of 1438), 591 (amendment of 1458).

¹²⁹ *Summa theologica*, Part II, tit. 1, cap. 17, § 7 (col. 267^b) and Part III, tit. 8, cap. 4, § 4 (col. 313^e).

paid, while leaving the gold florin untouched.¹³⁰ By the use of this clever manipulation, the ruling class of bankers, merchants, and manufacturers had thus discovered the means of reducing real wages while keeping nominal wages at the same level. The working masses realized that they were being victimized, and the steady deterioration of the silver currency was a serious grievance, as is shown by the petitions presented to the Florentine government at the time of the Ciompi revolt (1378).¹³¹ A statute prohibiting further debasement was actually passed, but it was repealed as soon as the oligarchy regained power—and the silver became worse and worse and lost half of its value in the course of the fifteenth century.¹³²

Sant'Antonino was impartial: he stressed the duties of the workers toward their masters as well as the obligation of the latter toward their subordinates. He had no good word to say about workers who were careless, spoiled their masters' materials, or were slow in returning them.¹³³ Cabbaging, a serious problem in the silk industry where not only silk but gold and silver thread was given out to the weavers, incurred his unqualified reprobation: this was theft pure and simple.¹³⁴ He inveighed against tenterers, or stretchers, who stretched cloth so much that the material tore and against *lanini* and other subcontractors who refused to give work to poor women, unless the latter agreed to give them a share of their meager wages.¹³⁵ If workers were responsible for spoilage or defective workmanship, the employer was entitled to hold them accountable and to deduct from their wages.¹³⁶

Wool-beaters, carders, and combers were a rowdy lot, vile in language, loose in morals, if not addicted to filthy vices.¹³⁷ Antonino did not condone them, but he placed the blame squarely on the employers because they accepted no responsibility beyond paying the contractual wage and tolerated license in the workshop. As one might expect, Sant'Antonino worried more about the moral advancement of the workers than about their material well-being. He did not lose sight of the fact that material well-being was not an end in itself but a means to an end: the purpose of a fair wage was to enable the worker to earn a decent living, the purpose of a decent living was to enable him to lead a virtuous life, and the purpose of a virtuous life was to enable him to achieve salvation and eternal glory.¹³⁸

VIII. *What Was Usury?*

The scholastics looked upon usury as one of the worst social evils. But what did they mean by usury? This is a point that needs to be clarified from the very outset,

¹³⁰ Giovanni Villani, *Cronica*, Bk. XII, chap. 97 (Florence, 1845), IV, 147–48.

¹³¹ Rodolico, *I Ciompi*, 123; *idem*, *Democrazia*, 256–57. The petitions demanded that the florin be stabilized at the rate of £3 8s. *di piccioli*. The rate at which the florin was actually stabilized for a while was £3 10s.

¹³² The rate of the florin gradually increased from about £3 10s. in 1378 to £7 in 1497.

¹³³ *Summa theologica*, Part III, tit. 8, cap. 4, § 4 (cols. 313^a–314^b).

¹³⁴ *Ibid.*, § 5 (col. 316^e). S. Antonino also denounced the receivers of stolen goods. The statutes of the silk gild contain many provisions against cabbaging.

¹³⁵ *Ibid.*, § 4 (col. 313^e, °). It is inexact to state as Gino Barbieri does (*Il pensiero economico*, 356) that the functions of the *lanini* are not well known. See Edler, *Glossary*, 413–18, where this matter is well explained.

¹³⁶ *Summa theologica*, Part III, tit. 8, cap. 4, § 5 (col. 316^a).

¹³⁷ *Ibid.*, § 4 (col. 313^a). The expression *a vitio turpissimo* undoubtedly refers to sodomy.

¹³⁸ *Ibid.*, Part III, tit. 8, cap. 1, § 1 (col. 293^a).

since there is a great deal of confusion about the subject. Today usury refers to an exorbitant and oppressive interest that is much higher than the legal rate authorized by law or the current rate charged by banks or even by licensed pawnshops. The principal victims of usurers are people in distress who either have no access to the money market or want to keep their plight from relatives and friends. This, of course, is *not* the meaning which the word "usury" had in the Middle Ages.

At that time usury had quite a precise and technical meaning. San Bernardino gives four different definitions, one taken directly from the canon law and the others from three famous canonists, Geoffrey of Trani, Henry of Susa (Cardinal Hostiensis), and Raymond of Pennaforte.¹³⁹ The wording varies, of course, but all these definitions convey the same idea. Usury was any excess whatsoever above the principal of a *mutuum*, or loan, exacted by reason of the loan itself, either according to contract or without previous agreement.

In this definition each word has its importance. First of all, it did not matter whether the rate was high or low, excessive or moderate; anything beyond the principal of a loan was usury. Neither did the purpose of the loan matter in the least and it made no difference whether money was lent to a well-to-do businessman who intended to invest it in a profitable venture or to a poor devil who was without a job and had a sick wife and half-a-dozen hungry children. It was John Calvin (1509–1564) who first made such a distinction between business loans on which it was all right to take interest and distress loans which should be made free of charge or, better, be replaced by outright gifts.¹⁴⁰ The businessman was able to take care of himself, but it was clearly wicked to exact a tribute from the poor man, crushed by adversity. In his case, the precept of the Gospel (Luke 6:35) applied with full force: "Lend, hoping for nothing again." Calvin's doctrine seems sensible and well-founded to the modern man, but this is not the way the scholastics reasoned and their successors, the casuists of the seventeenth and eighteenth centuries, wrote volumes of polemical stuff to refute it as an invention of the devil.

As already pointed out, the scholastics, even when they were theologians, were legally minded and well trained in deductive logic. Usury was any gain derived directly from a loan, that is, from a loan as defined by the scholastics.¹⁴¹ Thus, by definition, usury occurred only in connection with a loan and not in connection with any other contract. This is so essential that San Bernardino repeats it several times in the same chapter: *Usura solum in mutuo cadit* ("Usury is found only in a loan").¹⁴² Consequently, where there is no loan, there can be no usury. Further, if a loan ceases to be gratuitous, it becomes *ipso facto* a usurious contract.¹⁴³

What was their definition of a loan or *mutuum*? This was a contract which the

¹³⁹ *Corpus juris canonici, Decretum: canon Plerique*, Causa XIV, qu. 3, c. 3. This is a text taken from St. Ambrose, *Tobia* 14.9. The definition of Hostiensis is the most elaborate of the three. Cf. San Bernardino, sermon 36, art. 1, cap. 1, 2, and 3 (*Opera omnia*, IV, 204–206).

¹⁴⁰ John T. Noonan, Jr., *The Scholastic Analysis of Usury* (Cambridge, Mass., 1957), 365–67. Cf. Henri Hauser, "Les idées économiques de Calvin," *Les débuts du capitalisme* (new ed.; Paris, 1931), 45–79.

¹⁴¹ San Bernardino, *De Evangelio aeterno*, sermon 36, art. 1, cap. 3 (*Opera omnia*, IV, 206): "Usura est lucrum ex mutuo principaliter intentum." This definition was apparently given by Raymond of Pennaforte.

¹⁴² *Ibid.*, sermon 36, art. 1, cap. 1 and 2, art. 2, cap. 1, 2, and 3 and sermon 37, art. 1, cap. 2 (*Opera omnia*, IV, 205, 207–209, 224–25).

¹⁴³ *Corpus juris canonici, Decretum: gloss to the words Quod autem*, Causa XIV, qu. 3.

scholastics, in accordance with their usual procedure, had taken from Roman law. It applied only to fungible goods of which the use could not be separated from the substance or, in different words, which could not be used without being consumed. Fungible goods were such goods as could be weighed (grain), measured (wine), or numbered (money).¹⁴⁴ The lender did not expect the borrower to return the very thing that was lent but an equal quantity of the same species. To expect more was usury, whether it applied to money or any other fungible good.

It was also possible to let someone have the free use of a non-fungible good such as a house or, today, an automobile. Such a contract, however, was not regarded as a *mutuum* but was called a *commodatum*. If a *commodatum* ceased to be gratuitous, it did not become usurious but transformed itself into another kind of contract, a *locatio*, a lease or rental.¹⁴⁵ For example, I may allow friends to use my house free of charge or I may let it to them. This is perhaps less generous but perfectly legitimate, nevertheless.

In classifying money as a fungible, the scholastics assumed that it was sterile. *Pecunia pecuniam non parit*.¹⁴⁶ Money does not breed money. In upholding this principle, the scholastics found support not only in canon law but also in a translation or mistranslation of Aristotle.¹⁴⁷ Strictly speaking, they were right in their contention, and nobody doubts that a ten-dollar bill left in a drawer, unlike mice, will not bring forth any offspring. However, this is not the point. Money, if judiciously invested, becomes productive of wealth and income. San Bernardino contradicts himself on this point by insisting in one passage of his treatise that money is barren and admitting elsewhere that it acquires “a seminal quality by being invested in a business venture and becoming capital.”¹⁴⁸ In fact, the same contradiction is found in Thomas Aquinas, who also at one point rejects the notion that money bears fruit and, a few lines below, compares it to seed which, if put into the soil, will sprout and produce a crop.¹⁴⁹ It is true that Thomas Aquinas denies that the productive powers of money entitle the investor to interest. Nevertheless, the contradiction is there.

The scholastics, of course, did not object to someone investing money profitably by entering into partnership, provided he shared in the losses as well as in the profits. Even if one partner supplied all the capital and the other only his personal services, as in the Genoese *commenda* or the Venetian and Ragusan *colleganza*, such a transaction was perfectly legitimate. A partnership was not a loan but a different contract.¹⁵⁰

There was the danger, however, that an interest-bearing loan might be concealed under the color of another form of contract. The scholastics were not oblivious of

¹⁴⁴ Bernardino, *De Evangelio aeterno*, sermon 36, art. 2, cap. 3 (*Opera omnia*, IV, 208–209). Cf. *Corpus juris canonici*, *Decretum*: canon *Si foeneraveris*, Causa XIV, qu. 3, c. 1.

¹⁴⁵ Bernardino, *De Evangelio aeterno*, sermon 37, art. 1, cap. 1 and 3 (*Opera omnia*, IV, 223–24, 225–27).

¹⁴⁶ *Ibid.*, sermon 38, art. 1, cap. 2 and 3 (*Opera omnia*, IV, 244–47).

¹⁴⁷ *Politics* i. 8. 1258^b.

¹⁴⁸ *De Evangelio aeterno*, sermon 34, art. 1, cap. 3 (*Opera omnia*, IV, 170). Cf. Frederick Antal, *Florentine Painting and its Social Background* (London, 1948), 41.

¹⁴⁹ *Summa theologiae*, II–II, qu. 62, art. 4, ad. 1 and 2 (Parma ed., III, 233). Cf. *ibid.*, qu. 61, art. 3, resp. and qu. 78, art. 1, resp. and ad. 6 (Parma ed., III, 229, 280) where it is stated that money is sterile.

¹⁵⁰ San Bernardino, *De Evangelio aeterno*, sermon 39, art. 2, cap. 3 (*Opera omnia*, IV, 281–82).

this possibility and called such a disguised loan a contract *in fraudem usurarum*.¹⁵¹ Accordingly, they distinguished between *overt* usury, which was charged openly on a loan, and *palliate* usury, which was cloaked in the garb of another contract.¹⁵² Thus, usury could be hidden in an *emptio venditio* (purchase-sale) by simply charging a higher price on credit sales than on cash transactions.¹⁵³

San Bernardino devotes an entire sermon to this particular way of getting around the usury prohibition. It is full of convoluted casuistry and not free from contradictions, since he recognized at one point that present goods are more valuable than future goods, a principle which, centuries later, was invoked by Eugen V. von Böhm-Bawerk (1851–1914) as the economic justification of interest.¹⁵⁴ At any rate, time was not a saleable commodity, since it is common property.¹⁵⁵ Therefore, commodities should be sold for cash or on credit at the just price and not higher.¹⁵⁶ However, it was licit to grant or to accept a cash discount in order to obtain payment before maturity.¹⁵⁷ As a result, the merchants established the policy of quoting and setting prices which applied to credit sales but were subject to allowances if the buyer offered to pay cash.¹⁵⁸ The rule of the market price did not extend to futures, if it was likely that goods would be worth more or less at the time of delivery.¹⁵⁹ San Bernardino raises the question whether it was licit to buy hereditary or life annuities at a discount and he answers in the affirmative, since such transactions were not loans but purchases of a future income.¹⁶⁰ This discussion already shows how difficult it was to draw a line between licit and illicit contracts and to plug all the loopholes in the usury doctrine.

To make matters worse, the scholastics undermined their own position with another of those subtle distinctions they relished so much: it was usury to demand anything above the principal by reason of the loan itself, but it was permissible to claim compensation by virtue of other titles not inherent in a loan. Thus arose the doctrine of extrinsic titles, which also became a source of endless difficulties and specious arguments that did so much to bring scholasticism into disrepute. A full list of these titles, to facilitate memorizing them, was made into Latin verse by Henry of Susa, Cardinal Hostiensis, and copied by Sant'Antonino.¹⁶¹ Only the three principal titles,

¹⁵¹ *Ibid.*, sermon 37, art. 1, cap. 2 (*Opera omnia*, IV, 224–25). S. Bernardino uses a different terminology and speaks of a *mutuum verum* (real loan) and a *mutuum interpretatum* (false loan).

¹⁵² *Ibid.*, sermon 39, art. 2, cap. 1, 2, 3, and 4 (*Opera omnia*, IV, 277–88). S. Bernardino shows how usury can be concealed in other contracts (*emptio venditio*, *locatio*, *societas*, and *contractus commissionis*).

¹⁵³ *Corpus juris canonici, Decretales: canon Consuluit*, Extra. Gregory IX, V, 19, 10; Bernardino, *De Evangelio aeterno*, sermon 34, art. 3, cap. 2 (*Opera omnia*, IV, 184–86).

¹⁵⁴ *Ibid.*, art. 1, cap. 2 (*Opera omnia*, IV, 167).

¹⁵⁵ *Ibid.*, cap. 1 (*Opera omnia*, IV, 165).

¹⁵⁶ *Ibid.*, art. 3, cap. 1 (*Opera omnia*, IV, 183–84). This text was borrowed from a MS by Olivi, "Tractatus de contractibus, de usurariis et de restitutionibus" (cod. Sen., U. V. 6, fol. 316).

¹⁵⁷ *De Evangelio aeterno*, sermon 34, art. 3, cap. 3 (*Opera omnia*, IV, 188). Cf. Thomas Aquinas, *Summa theologica*, II–II, qu. 78, art. 2, ad. 7 (Parma ed., III, 282); Monroe, *Early Economic Thought*, 73.

¹⁵⁸ Gino Barbieri, "Rassegna delle forze del lavoro e della produzione nella 'Summa' di sant'Antonino da Firenze," *Economia e storia*, VII (1960), 27.

¹⁵⁹ *De Evangelio aeterno*, sermon 34, art. 1, cap. 2 and 3 (*Opera omnia*, IV, 167–71).

¹⁶⁰ *Ibid.*, art. 2, cap. 3 (*Opera omnia*, IV, 180–82).

¹⁶¹ Sant'Antonino, *Summa theologica*, Part II, tit. 1, cap. 7, § 3 (col. 89°):

poena detentori, *damnum emergens*, and *lucrum cessans*, need detain us here.

Interest originally meant compensation for damages as it still does in the French expression *dommages et intérêts*. The first title to interest was *poena detentori* which refers to penalty for tardy payment either awarded by a court of law (*judicialis*) or stipulated by contract in advance (*conventionalis*).¹⁶² According to the scholastics, delay in repaying a loan was a valid title to interest unless the intention was clearly fraudulent by letting the loan run such a short time that the borrower expectedly would be unable to meet his engagements. *Damnum emergens* was also a title that was generally accepted, since the debtor was held responsible for any damages or losses suffered by the creditor because of the loan.

A more dubious title was *lucrum cessans*: it gave the lender the right to claim the same return as that which he might have obtained in alternative employments. So defined, *lucrum cessans* is the same thing as the modern concept of opportunity cost.¹⁶³ The scholastics realized full well that to admit *lucrum cessans* as a valid title would throw the doors wide open to usury.¹⁶⁴ Most of them, therefore, including Thomas Aquinas, rejected this title.¹⁶⁵ Sant'Antonino, however, following Peter of Ancarano (1333–1416) gave it a qualified approval by stating that it might be accepted if the lender were a merchant who would sustain loss or damage by being deprived of his capital.¹⁶⁶ He even extended this concession to non-merchants, if they intended to invest their funds in business but not if they planned to keep them locked up in a strongbox. But then what remains of the usury doctrine?

The Church forbade usury, but it did not forbid bankers to be generous toward depositors and to pay them a return on their deposits “as a free gift.” Such deposits were called *depositi a discrezione* because they yielded a return payable at the discretion of the banker. There are many examples of this practice in the Medici Bank’s records but it dates back to the twelfth century.¹⁶⁷ The characteristic of *depositi a discrezione* was that there existed no contractual obligation to pay interest on the part of the banker, but he was impelled to do so if he wanted to stay in business and retain his customers. To close this gap in the usury prohibition, too, Sant’Antonino ruled that deposits *a discrezione* were usurious contracts and that the depositors sinned, if he “expected” to receive a return on his deposit with a banker.¹⁶⁸ This was

“Feuda, fideiussor, pro dote, stipendia cleri,
Venditio fructus, cui velle iure noceri,
Vendens sub dubio pretium, post tempora solvens,
Poena nec in fraudem, lex commissoria, gratis
Dans, socii, pompa, plus sorte modis datur istis.”

¹⁶² San Bernardino, *De Evangelio aeterno*, sermon 42, art. 3, cap. 1 (*Opera omnia*, IV, 362–64).

¹⁶³ de Roover, “Schumpeter and Scholastic Economics,” *op. cit.*, 140–41.

¹⁶⁴ Noonan, *Scholastic Analysis*, 120.

¹⁶⁵ Thomas Aquinas, *Summa theologica*, II–II, qu. 78, art. 2, ad. 1 (Parma ed., III, 281). Cf. Monroe, *Early Economic Thought*, 71.

¹⁶⁶ *Summa theologica*, Part II, tit. 1, cap. 7, § 18 (cols. 100–101).

¹⁶⁷ de Roover, *Medici Bank*, 101–107; Raffaele Di Tucci, *Studi sull'economia genovese del secolo decimosecondo: La nave e i contratti marittimi, la banca privata* (Turin, 1933), 88. The date of the contract is July 20, 1190. The text of this contract is also published in Mario Chiaudano and Raimondo Morozzo della Rocca (eds.), *Oberto Scriba de Mercato, 1190* (Turin, 1938), 223, No. 565.

¹⁶⁸ *Summa theologica*, Part II, tit. 1, cap. 6, § 2 (col. 80°) and cap. 7, § 34 (col. 109°, 110°) and § 36 (col. 112°).

certainly the case of Philippe de Commines (1445–1509) who, having money on deposit with the Lyons branch of the Medici Bank, complained bitterly when, because of heavy losses suffered by the bank, he failed to receive interest.¹⁶⁹ Mental usury, although it rested only on the hope of gain, thus became as grievous a sin as contractual usury.¹⁷⁰ What vitiates the contract is the evil intention of making a profit on a loan, a matter already discussed by Alexander Lombard, O.F.M. (d. 1314).¹⁷¹

The possibility that the banker might fail and that the depositor might lose his capital or part of it did not validate deposits *a discrezione* in Sant'Antonino's eyes.¹⁷² This rigorous attitude is hard to explain, since Sant'Antonino was archbishop of the leading banking center of Western Europe and adopted such a lenient attitude in the matter of *lucrum cessans*. Perhaps the explanation is that he, like the other scholastics, was rather bookish and that the opinion of the "doctors" carried more weight than observation of the facts or logical analysis. One of the weak points of the Schoolmen was excessive deference to authority, be it of the Scriptures or of renowned predecessors.

Sant'Antonino is one of the few scholastics to make clear the difference between usury and *turpe lucrum*, or ill-gotten gain.¹⁷³ He defines the latter as any gain accruing from any illicit contract or from sinful and unlawful activities prohibited by either divine or human law or by both, such as prostitution, monopoly, gambling, tournaments, histrionics, simony, and the like. Ill-gotten gain usually gave rise to restitution either in the form of donations to charities (*erogatio pauperibus*) or to the person aggrieved, if he could be identified. Usury, according to Sant'Antonino, was a kind of *turpe lucrum* connected with a loan or *mutuum*. Since canon law assimilated usury to theft, usurious profits were restorable to the person who had been injured, unless he could not be located or had died without heirs.¹⁷⁴

San Bernardino was a fierce opponent of manifest usury, by which we should understand the public or notorious practice of usury. He strenuously objected to the public authorities granting licenses to pawnbrokers.¹⁷⁵ It is doubtful, however, whether he fully understood all the complexities of this social problem which could not be solved by simply revoking the licenses. Sant'Antonino seems to have had a better understanding of this problem; in one place he aptly compares licensed pawnshops to houses of prostitution (*prostibula*), which also are tolerated as the lesser of two evils.¹⁷⁶

¹⁶⁹ de Roover, *Medici Bank*, 103. In Florence, deposits *a discrezione* were also placed with textile manufacturers, spicers, and others.

¹⁷⁰ S. Antonino, *Summa theologica*, Part II, tit. 1, cap. 7, § 35 (col. 110^e).

¹⁷¹ Alonso M. Hamelin, O.F.M., *Un traité de morale économique au XIV^e siècle: le "Tractatus de Usuris" de Maître Alexandre d'Alexandrie* (Louvain, 1962), 134, § 31–32. Alexander of Alexandria (Piedmont) is but another name for Alexander Lombard.

¹⁷² S. Antonino, *Summa theologica*, Part II, tit. 1, cap. 7, § 34 (col. 110^a).

¹⁷³ *Ibid.*, Part II, tit. 1, cap. 23 (col. 313^b).

¹⁷⁴ *Corpus juris canonici, Decretum*: canon *Si quis*, Causa XIV, qu. 4, c. 10 and canon *Nolite velle*, Causa XIV, qu. 5, c. 1; *idem, Decretales*: canon *Cum tu*, Extra. Gregory IX, V, 19, 5. For the practical application of these principles, see Florence Edler de Roover, "Restitution in Renaissance Florence," *Studi in onore di Armando Saponi* (Milan, 1957), 773–89. Gains derived from prostitution, unlike usury, were to be given to the poor, Antonino, *Summa theologica*, Part II, tit. 1, cap. 23, § 10 (col. 324^e).

¹⁷⁵ *De Evangelio aeterno*, sermon 43, art. 3, cap. 1–3 (*Opera omnia*, IV, 377–87).

¹⁷⁶ *Summa theologica*, Part III, tit. 8, cap. 3, § 1 (col. 301^b).

After San Bernardino's death, a disciple, the Blessed Bernardino of Feltre, O.F.M. (1439–1494), campaigned successfully for the creation of *montes pietatis*, or public pawnshops, which charged just enough interest to cover operating costs.¹⁷⁷ This was a more constructive approach to the problem. As usual, the campaign met with resistance and Bernardino of Feltre was impatient because the authorities were slow to act. He went to Florence to preach and was expelled from the city for inciting riots, because the mob threatened to plunder and burn the Jewish pawnshops duly licensed by the government (1488).¹⁷⁸

The essential point of this whole analysis is that usury, according to the scholastics, was encountered only in one type of contract: a loan. With this approach to the problem, it is easy to see how the usury doctrine became a hotbed of elusive discussion and enabled the merchants to make the most of legal technicalities. The confusion was increased, because latitudinarian theologians did their best to bend the rigidity of their principles, not always consistently, to the requirements of expediency. The scholastic discussion on *cambium*, or foreign exchange, is as good an example as any of the resulting muddle.

IX. *Cambium or Foreign Exchange*

Former commentators on the writings of San Bernardino and Sant'Antonino did not attach much importance to what they had to say about *cambium* or foreign exchange. The reason for this lack of interest is simply that those commentators failed to perceive the close connection between *cambium* and banking. In other words, they did not understand that the purpose of this whole discussion involved much more than clearing money-changers of usury charges.

Contrary to what many believe, bankers did not simply disregard the usury doctrine, but they made an effort to comply. Their task was made easier because the theologians gave such a narrow definition of usury. To discount commercial paper would have been taking interest on a loan. Since this was ruled out, the bankers had to find another way, preferably approved by the theologians, of granting credit at a profit. A favorite method was to deal in bills of exchange, which in the Middle Ages were not just mandates to pay but always involved an exchange transaction, as the name clearly indicates. The bankers argued that it was perfectly legitimate to give ducats in Venice or florins in Florence in order to receive pounds sterling in London or pounds *tournois* in Paris, because this was no longer a loan but a *cambium*, or an exchange contract. By and large, the theologians accepted this line of reasoning with the result that banking in the Middle Ages became linked to exchange and remained linked to it up to the end of the eighteenth century, at least on the European Continent, if not in England.¹⁷⁹

The theologians only condemned those exchange transactions which were used too patently to cover up loans. But here the difficulties begin — where to draw the line between licit and illicit exchange? The exchange contract itself was an ambiguous

¹⁷⁷ The real name of Bernardino da Feltre was Martino Tomitani. See Gino Barbieri, *Il beato Bernardino da Feltre nella storia sociale del Rinascimento* (Milan, 1962).

¹⁷⁸ Mario Ciardini, *I banchieri ebrei in Firenze nel secolo XV e il Monte di Pietà fondato da Girolamo Savonarola* (Borgo San Lorenzo, 1907), 76–79.

¹⁷⁹ To my knowledge, the first theologian to do so was Alexander Lombard, who defined *cambium* as a *permutatio*. See Hamelin, *Un traité de morale économique*, 182, Nos. 140–41.

kind of contract, since it usually involved an advance of funds in one place to be repaid *later* in a different place and usually in a different currency. By definition, an exchange transaction was thus inextricably tied to a credit transaction. As a result of the dual character of the exchange contract, there arose a confused controversy which was started in the thirteenth century by Geoffrey of Trani (d. 1245), Hostiensis (d. 1271), Monaldus (d. 1288) and Alexander Lombard (d. 1314), and was still going strong in the eighteenth century when Pope Benedict XIV issued the encyclical *Vix Peruenit* (1745) to reassert the traditional doctrines on usury.¹⁸⁰ In their defense, the bankers made the most of technicalities and bookkeeping devices and had no trouble in finding lenient theologians to plead their cause. No sooner was a practice condemned, even by a papal decretal or a pontifical commission, than it reappeared in a new form which, the bankers claimed, now met the requirements of the theologians—and the debate was resumed more hotly than ever.¹⁸¹

In this connection, Domingo de Soto, O.P. (1494–1560), confessor of Emperor Charles V, wrote with verity but with disgust: “This matter of exchange, although it is already sufficiently abstruse by itself, becomes ever more intricate because of the subterfuges invented daily by the merchants and more obscure because of the contradictory opinions of the doctors,” a verdict to which one can only subscribe.¹⁸²

One paradoxical result of this controversy was that pawnbrokers and small money-lenders were the main victims of the campaigns waged against usury by friars like Bernardino of Feltre, but that the big bankers with international connections were left undisturbed. Far from being censored, they were called “the peculiarly beloved sons of the Church” and prided themselves on being the Pope’s exchangers.¹⁸³ In fact, their services were indispensable for the transfer of papal funds. Bankers like the Medici would have denied quite vigorously that they were usurers and could claim, with some semblance of truth, that they were engaged only in legitimate business, since they dealt chiefly in exchange by buying and selling bills.

Of course, since interest could not be charged openly, it was cleverly concealed in the rate of exchange. How this was done, is no mystery. It could be done just as easily today, and it is sometimes done in forward exchange transactions. Suppose the cable rate between New York and London to be \$2.80 to £ 1 sterling. If, however, the foreign currency is not delivered until a month later, let us suppose that ten cents for interest is deducted from the cable rate in New York and added to the cable rate in London. Under those circumstances, it stands to reason that a banker who buys pounds at \$2.70 in New York and resells them later in London at \$2.90 makes a profit of twenty cents in the space of two months, one month for the exchange from New York to London and another month for the rechange from London to New York. This assumes the exchange rate to be stable. If we assume

¹⁸⁰ A complete bibliography of this controversy is given in my book, *L'évolution de la lettre de change* (Paris, 1953), 170–223. See also Luciano Dalle Molle, *Il contratto di cambio nei moralisti dal secolo XIII alla metà del secolo XVII* (Rome, 1954). The tendency of this book is apologetic. A summary of the controversy is given in Noonan, *Scholastic Analysis of Usury*, chaps. viii and xvi, 171–92, 311–39.

¹⁸¹ R. de Roover, “Les doctrines économiques des scolastiques: à propos du traité sur l’usure d’Alexandre Lombard,” *Revue d’histoire ecclésiastique*, LIX (1964), 864–66.

¹⁸² *De justitia et jure*, lib. VI, qu. 8, art. 1, *in principio*.

¹⁸³ de Roover, “Alexandre Lombard,” *op. cit.*, 858.

that it varies, the banker's profit would be increased if the rate went up and reduced if it went down; there might even be a loss, if the rate in London dropped low enough, below \$2.70, the price at which the pounds were bought in New York.

In the Middle Ages, exchange transactions were based on exactly the same principles. However, there was no cable rate. Because of the slowness of communications, all exchange transactions involved delay, since even a sight draft had to travel from the place where it was issued to the place where it was payable. Moreover, exchange rates quoted in the market applied to usance bills, unless otherwise specified. According to the merchant manuals of the Middle Ages, such as Uzzano's or Chiarini's, usance was, for example, three months between Italy and London but only two, between Italy and Bruges.

How medieval bankers operated, is now very well known from their own account books, including those of the Medici Bank, and other records, including statistical data.¹⁸⁴ These records show clearly that the banker's profits did not derive directly from interest charges on loans but from exchange transactions: one would vainly search the ledger of an Italian banker for an account entitled "Interest Income," but one will usually find an account labelled "Pro e danno di cambio" (Profit and Loss on Exchange).¹⁸⁵

Exchange rates being fickle, then as now, medieval banking was speculative because profits were uncertain and unpredictable. This is another reason why the bankers claimed that their operations were not usurious. After all, usury was a *certain* gain on a loan.¹⁸⁶ True, it could and did happen that the banker lost on a given exchange transaction. But the chances of losing were slight, since the structure of the money-market was such that it favored the lender at the expense of the borrower.¹⁸⁷

Viewed in the light of this background, the writings of the theologians make good sense. San Bernardino and, in particular, Sant'Antonino were well informed about banking practices. As usual, the former is better in enunciating general principles, but the latter is unsurpassed in giving accurate details about specific transactions. Both agree on one point which is essential: an exchange transaction was not a loan; but San Bernardino thought it was a *permutatio*, or a conversion of currencies, while Sant'Antonino was of the opinion that it was a contract *innominatus do ut des* (I give in order to receive), unknown to Roman law.¹⁸⁸ The important consequence

¹⁸⁴ A good deal has been published on this subject in recent years. See my *Rise and Decline of the Medici Bank*, chap. vi, 108-135 and for bibliography, my *Evolution de la lettre de change*, 161-70.

¹⁸⁵ Raymond de Roover, "Early Accounting Problems of Foreign Exchange," *The Accounting Review*, XIX (1944), 381-407. This article is very technical and is based on the Datini and Borromei account books (late 14th and mid-15th centuries).

¹⁸⁶ Thomas Wilson, *A Discourse upon Usury*, ed. by R. H. Tawney (New York, 1925), 109.

¹⁸⁷ Thomas Wilson (1525-1587) states this matter very plainly and is absolutely right: "And the reason is the uncertainty of gaine and the doubtfulness of profite, for that thorowe the alteration of th'exchange, the deliverer or lender of money maye chaunce to susteyn losse sometimes: and therefore, this adventure and hazarde considered in the exchange, they say, there is no usurie at all" (*Discourse*, 306). See R. de Roover, *Gresham on Foreign Exchange; An Essay on Early English Mercantilism* (Cambridge, Mass., 1949), 101-102, 147-48, 162-63, 170-72, 313-17.

¹⁸⁸ San Bernardino follows Alexander Lombard in classifying the *cambium* contract as a *permutatio* (*De Evangelio aeterno*, sermon 39, art. 3, cap. 1 (*Opera omnia*, IV, 289); Sant'Antonino, *Summa theologica*, Part III, tit. 8, cap. 3 (col. 299^e)).

was that an exchange transaction was not usurious unless misused to conceal a loan.

According to San Bernardino, *cambium* was necessary because of the great diversity of currencies and because the currency of one country was unacceptable in another without loss to the holder.¹⁸⁹ The “exchangers,” therefore, performed a useful function by facilitating foreign trade “which is essential to the support of human life” and by transferring funds from one country to another without shipping any specie. Nevertheless, the saint objects to exchange by bills if a profit is made because of the delay in repayment, but this practice may be tolerated, if there is any doubt as to the future course of the exchange rate.¹⁹⁰

In making this reservation, San Bernardino was following his master, Alexander Lombard, and giving the bankers the opportunity to argue their case and to start an endless dispute.¹⁹¹ Without any hesitation, San Bernardino condemns any form of dry exchange as a disguised loan, even if such a transaction retained its speculative character, because the purpose was not to transfer funds but to make eventually a settlement in local currency.¹⁹² This is so, but why should dry exchange be condemned, when it yields exactly the same return as genuine exchange transactions, of course, as long as profits were determined by the ruling market rates? The saint does not discuss fictitious exchange where this condition ceases to be observed with the result that there is no difference between such a contract and a bare-faced loan at interest.

In this matter of exchange, Sant’Antonino is perhaps more uncompromising than the Sienese friar, his elder contemporary.¹⁹³ In his *Summa theologica*, Sant’Antonino discusses five different types of exchange transactions, some of them licit and others illicit.

The first kind is *cambium minutum* or simple money-changing. About its being licit, there could hardly be any question, save if the money-changer committed frauds by uttering clipped or counterfeit coin or by garbling the currency.¹⁹⁴ Sant’Antonino also approved of *cambium per litteram*, or exchange by bills, when the

¹⁸⁹ *De Evangelio aeterno*, sermon 39, art. 3, cap. 1 (*Opera omnia*, IV, 289). The idea originates with Alexander Lombard. See Hamelin, *Un traité de morale économique*, 182–83, Nos. 139 and 142.

¹⁹⁰ *De Evangelio aeterno*, sermon 39, art. 3, cap. 2 (*Opera omnia*, IV, 294): “. . . sed si esset dubium, ratione dubii probabiliter vel communiter accidentis contractus excusatur.” He follows Alexander Lombard very closely in this matter (Hamelin, *Un traité*, 179–80, Nos. 134–35). As John T. Noonan correctly points out, this is an application of the principle *venditio sub dubio*, which applies to credit sales (*Scholastic Analysis of Usury*, 183–84).

¹⁹¹ de Roover, “Alexandre Lombard,” *op. cit.*, 860.

¹⁹² Dry exchange was a form of exchange and re-exchange involving a conversion of local currency into foreign currency and a re-conversion of this foreign currency into local currency. One transaction cancelled the other, but there was a profit (or loss), if the conversion and re-conversion were made at different rates. See San Bernardino, *De Evangelio aeterno*, sermon 39, art. 3, cap. 3 (*Opera omnia*, IV, 294–95). His source is Lorenzo di Antonio Ridolfi (1360–1442), who wrote a treatise *De usuris* and questioned, without explicitly condemning, whether dry exchange was licit (de Roover, *Evolution de la lettre de change*, 197).

¹⁹³ He deals with *cambium* in two different places of his *Summa theologica*: Part II, tit. 1 (*De avaritia*), cap. 7, § 47–50 (cols. 122^b–125) and Part III, tit. 8 (*De statu mercatorum*), cap. 3 (cols. 299^a–303^a). The wording is not exactly the same, but there is nevertheless a great deal of duplication in the two versions.

¹⁹⁴ *Summa theologica*, Part II, tit. 1, cap. 7, § 47 (col. 122^c) and Part III, tit. 8, cap. 3 (col. 299^a).

banker confined himself to selling drafts or letters of credit payable in Rome or elsewhere to travellers, pilgrims, or churchmen having business at the Curia.¹⁹⁵ Instead of selling drafts, the banker might do the very opposite and purchase bills of exchange payable abroad. Did he not need to replenish the funds on which he had been drawing? Nevertheless, Sant'Antonino was very suspicious of exchange when the banker was a buyer of foreign drafts instead of a seller. Although he admits that the banker might lose if the foreign currency declined in value, the risk involved was not great, because such transactions were profitable most of the time.¹⁹⁶ Without carrying his analysis any further, Sant'Antonino concluded that dealings of this sort, although licit in principle, often involved an implicit *mutuum* and were presumably tainted with usury. It was, therefore, advisable to abstain.¹⁹⁷

This advice, if followed, would have abolished banking altogether, a rather strange attitude on the part of the archbishop of the leading banking center in Western Europe. Most of the theologians were more lenient, although less consistent, and gave their approval provided the bills of exchange were bought at the just price, or the current rate of exchange, and were sent abroad for collection where they were actually paid in foreign currency. These theologians, of course, overlooked the fact, whether deliberately or not, that the market took notice of the delay in payment by surreptitiously inserting interest in the current rate of exchange.¹⁹⁸

The fourth kind of exchange mentioned by Sant'Antonino is a variety of dry exchange called *ad libras grossorum* or *ad Venetias*, which was commonly practiced in Florence. Sometimes the contracting parties did not even bother to send bills abroad and examples of such transactions *sine littera* (without bill) have been found in Florentine account books.¹⁹⁹ Despite the fact that the banker might gain, break even, or lose depending upon the behavior of the exchange rate, Sant'Antonino in agreement with San Bernardino and most of the theologians condemned dry exchange because it was too obviously a device designed to hide a profit-yielding loan.²⁰⁰

The fifth kind of exchange was the most pernicious in Sant'Antonino's opinion because its principal victims were ecclesiastics residing at the Curia who raised money by drawing at an unfavorable rate of exchange on the prospective income of their benefices abroad.²⁰¹ Unbelievable as it may be, papal bankers were actually given the power to cause the excommunication of defaulting clerics implicated in these

¹⁹⁵ *Ibid.*, Part II, tit. 1, cap. 7, § 48 (col. 123^a) and Part III, tit. 8, cap. 3 (col. 299^c).

¹⁹⁶ This statement is borne out by the records of the bankers themselves and confirmed by statistical data and economic analysis. See above, notes 184, 185, and 187.

¹⁹⁷ *Summa theologica*, Part III, tit. 8, cap. 3 (col. 300^b).

¹⁹⁸ This was already pointed out in 1896 by Richard Ehrenberg, *Capital and Finance in the Age of the Renaissance*, trans. by H. M. Lucas (New York, n. d.), 43: ". . . the interest was smuggled into the price of the bills." Ehrenberg makes this statement but does not explain how interest was inserted.

¹⁹⁹ R. de Roover, *The Medici Bank: Its Organization, Management, Operations, and Decline* (New York, 1948), 82–85, gives an example drawn from the Medici account books; *idem*, "Cambium ad Venetias: Contribution to the History of Foreign Exchange," *Studi in onore di Armando Sapori* (Milan, 1957), 629–48, discusses several cases found in the ledger of the Aretine merchant, Lazzaro Bracci. Cf. *idem*, "What is Dry Exchange? A Contribution to the Study of Mercantilism," *Journal of Political Economy*, LII (1944), 250–66.

²⁰⁰ *Summa theologica*, Part II, title 1, cap. 6, § 2 (col. 80^a) and cap. 7, § 49 (cols. 123–124) and Part III, tit. 8, cap. 3 (cols. 299^c–300^a).

²⁰¹ *Ibid.*, Part II, tit. 1, cap. 7, § 50 (col. 125) and Part III, tit. 8, cap. 3 (cols. 301^c–302).

usurious deals so severely denounced by Sant'Antonino. Several cases are on record in the Medici papers, one involving the Bishop of Nevers.²⁰²

The usury prohibition, designed to protect the borrower, had the opposite effect and may have retarded economic growth by increasing the cost of borrowing. The need for concealment and the use of subterfuges complicated matters. By being forced to operate on the exchange, bankers had to work with correspondents abroad and pay them fees and commissions which they recovered from borrowers. Loss on the exchange was often so high that it swallowed the profits of the merchant who traded on credit. Far from being beneficial, the result of the usury prohibition was to increase both the cost and the risk of doing business.

X. *The Problem of the Public Debt*

In the fifteenth century, the republics of Genoa, Florence, and Venice had already developed a system for mobilizing the public debt far beyond the clumsy financial methods still being used by the monarchical states on the other side of the Alps. Shares in the public debt, while they did not circulate from hand to hand like modern bonds, were currently negotiable and transfers were registered by public officials in huge ledgers in which were recorded the names and the holdings of the state creditors. There existed a regular market: prices were quoted from day to day and purchases and sales were handled by brokers. By the fifteenth century, in Florence at least, interest payments were in arrears and were frequently passed over whenever the extraordinary burdens of war emptied the public treasury. As a result, claims sold much below par and went up and down with the prospect of receiving interest just as common stock today rises and falls in response to dividends being declared or omitted.

This is the system that came under the scrutiny of the theologians. They asked several questions: first, whether the original creditors, who had been forced to subscribe, were entitled to interest; second, whether they had the right to sell their claims; and third, whether those who bought such claims were also entitled to compensation or whether the *paghe* or interest payments should rather be applied to amortization of the principal. These were questions apt to place the emerging system of public credit in jeopardy.

Fortunately, the theologians were unable to reach an agreement on the issues before them. Some were of the opinion that there was no usury involved; some held to the view that the whole business was usurious; and still a third group took an intermediate position. The dispute was further embittered by the rivalry of the mendicant orders. In general, the Franciscans gave their blessings to state creditors as devoted and unselfish servants of the commonweal, whereas the Hermits of St. Augustine, soon joined by the Dominicans, were representing them as parasites who were sucking the lifeblood of the state and imposing an intolerable burden on the taxpayers. The Franciscans found support from the jurists, especially from Lapo da Castiglionchio (d. 1381) and Messer Lorenzo di Antonio Ridolfi, who were both laymen connected with the ruling oligarchy of Florence.²⁰³

²⁰² de Roover, *Medici Bank*, 201, 213, 287.

²⁰³ The leader of the Franciscans was Fra Francesco da Empoli (fl. 1347), at one time vicar of the friary of Santa Croce in Florence. He was at first opposed by Piero d'Ubertino Strozzi (d.

To my knowledge, the first Schoolman to deal with the perplexing problem of the public debt was Alexander Lombard who was referring chiefly to Genoa. He lists several arguments pro and con; although he does not draw any conclusion from his discussion, he indicates clearly where he stands: it is usury to pay interest to state creditors whether they are forced to lend or do so out of their own volition.²⁰⁴

San Bernardino devotes an entire sermon to the matter and takes a more liberal attitude than his predecessor in so far as the original creditors are concerned. A loan is essentially a voluntary contract; if there is coercion, it is no longer strictly speaking a loan. Therefore, citizens may accept a return as a free gift or as *damnum et interesse* in compensation for the loss inflicted by being forced to lend.²⁰⁵ San Bernardino extends this favor to those who contributed to a state loan out of pure devotion to the commonwealth—that is, out of patriotism, a word which had not yet been coined.²⁰⁶ On the other hand, he gives at least seven reasons why those who subscribed spontaneously out of greed in the expectation of a reward should be regarded as just plain usurers.²⁰⁷ In practice, how was the state going to judge intentions? As so often with the scholastics, San Bernardino set up moral standards without paying much attention to practical difficulties. Those who purchased claims from original creditors do not fare much better than voluntary subscribers, notwithstanding the fact that this was not really lending but acquiring a title to a rather doubtful and irregular income.²⁰⁸

On the problem of the public debt, Sant'Antonino is both more realistic and more thorough than San Bernardino. He gives an excellent survey of the whole controversy and examines the writings of all those who took part in it, including some whose manuscripts can no longer be located or whose work is rather brief and unimportant.²⁰⁹ After weighing all the arguments on both sides, he comes to rather inconclusive results: only the original lenders who were compelled to make contributions are entitled to interest; the case of those who purchased their claims is more uncertain. Since the doctors, both jurists and theologians are divided in their opinions, Sant'Antonino, without taking a definite stand, concludes that it is safer to refrain from participating in dubious transactions.

The records in the Florentine archives certainly show that this advice went un-

1362) and Domenico Pantaleoni (d. 1376), both Dominicans. The leader of the Hermits of St. Augustine was Gregorio Novelli of Rimini, *doctor authenticus*. The jurists who joined the battle were Lapo da Castiglionchio (d. 1381), Federigo Petrucci of Siena, Peter of Ancharano (1333–1416), and Lorenzo Ridolfi. A brief survey of the controversy is given in Raymond de Roover, "Il trattato di fra Santi Rucellai sul cambio, il monte comune e il monte delle dote," *Archivio storico italiano*, CXI (1953), 14–19.

²⁰⁴ Hamelin, *Un traité de morale économique*, 172–75, Nos. 116–22.

²⁰⁵ To relieve the conscience of its citizens, the Florentine government had explicitly stated in the text of the law creating the Monte Comune that the state creditors were entitled to five per cent per annum as a free gift and as *damni et interessi*. Unfortunately this statute incautiously used the word *prestantie* and mentioned redemption of the capital. This was like waving a red flag in front of a bull. See San Bernardino, *De Evangelio aeterno*, sermon 41, preamble and art. 1, cap. 1–3 (*Opera omnia*, IV, 307–316).

²⁰⁶ *Ibid.*, art. 2, cap. 1 (*Opera omnia*, IV, 316–18).

²⁰⁷ *Ibid.*, art. 2, cap. 2–4 (*Opera omnia*, IV, 318–28).

²⁰⁸ *Ibid.*, art. 3, cap. 1–3 (*Opera omnia*, IV, 328–46). Cf. Trugenberg, *San Bernardino*, 116–27.

²⁰⁹ *Summa theologica*, Part II, tit. 1, cap. 11 (cols. 159–91).

heeded. The books of the Monte Comune (public debt) and the returns of the *catasto* (Florentine income tax) disclose that most of the prominent families were among the state creditors and had no compunction about collecting interest or buying and selling shares. The Florentine republic never made any serious effort to amortize its debt; on the contrary, it was allowed to grow larger and larger with the result that interest payments became more and more of a burden and more and more sporadic. In the second half of the fifteenth century shares were not worth more than twenty per cent of nominal value and continued to decline.²¹⁰ The public debt, therefore, did not prove to be such a good investment, at least not in the long run, although speculators might have reaped some windfall profits from fluctuations in the price of the shares.

The theologians themselves were eventually forced to open their eyes and to recognize the fact that the public debt would never be redeemed and was not really a loan of which the principal was repayable sooner or later.²¹¹ Only Girolamo Savonarola (1452–1492), the famous preacher, obstinately continued to defend the extreme view that the state creditors were not entitled to interest and that interest payments should be considered as amortization of principal.²¹² On the other hand he blamed the Florentine republic for not fulfilling its obligations. This was going against powerful vested interests. It is not surprising that the friar's intransigence in this matter as in other matters brought about his downfall.

XI. Conclusions

The conclusions of this study can be briefly stated. An attempt has been made to be objective rather than apologetic. San Bernardino and Sant'Antonino do not need apologetics; they can very well stand on their own legs. On the whole, their analytical achievement is impressive, if one keeps in mind that dogma put serious limitations on their freedom of thought. In the matter of usury, which in the Middle Ages had been erected into a dogma, they were tied by specific provisions of the canon law and an age-long tradition.²¹³ The only thing the scholastics, including our two saints, could do and did was to provide escape-hatches within the framework of this doctrine.

As a result, the development of capitalism was not hampered as much as the

²¹⁰ In the returns made out by Cosimo de' Medici for the *catasto* of 1458, his holdings in the Monte Comune are estimated at exactly 20 per cent of nominal value or at florins 37,816 12s. corresponding to florins 189,083 at par (Florence, State Archives, Mediceo avanti il Principato, filza 82, No. 182, fols. 595–97). In 1433 the tax authorities still estimated the holdings of the Medici family at 33½ per cent of par value. See Heinrich Sieveking, *Die Handlungsbücher der Medici* (Sitzungsberichte der K. Akademie der Wissenschaften, phil.-hist. Klasse, vol. 151, Vienna, 1905), 10.

²¹¹ Even the rigorous Angelo da Chivasso (d. 1495), O.F.M., takes this position and assimilates the claims of the Florentine Monte Comune to a *census*, or perpetual rent (*Somma angelica* [Venice, 1594], Part II, "Usura I," Nos. 65–67).

²¹² Fra Girolamo Savonarola, *Prediche sopra Ruth e Michea*, ed. by G. Baccini (Florence, 1889), 361, 387, 563; Roberto Ridolfi, *The Life of Girolamo Savonarola* (New York, 1959), 169.

²¹³ *Corpus juris canonici, Decretales: canon Quia in omnibus*, Extra. Gregory IX, V, 19, 3, and canon *Ex gravi*, Clement., V, 19, 1. The first canon is a decision of the Lateran Council in 1179.

Weber-Tawney school seems to think. Banking was able to thrive by simply shifting the basis of its operations from outright lending to exchange, *et le tour est joué*, as the French say. Nevertheless, the usury doctrine led to such sophisticated casuistry that it eventually brought discredit to scholastic economics and made it a favorite target for the gibes of eighteenth-century *économistes* and rationalists.²¹⁴ Scholasticism has not yet completely recovered from this onslaught so that its reputation is still rather low in academic circles.

Economists may be dismayed at the uncomfortable thought that two toothless, emaciated, and ascetic saints should perhaps be considered as the originators of utility theory. Incredible as it may sound, such seems to be the case. San Bernardino and Sant'Antonino developed a value theory based on scarcity and utility, both objective and subjective. Today's economic theorists may scoff at this distinction between *virtuositas* (usefulness) and *complacibilitas* (desirability), but I am not so sure that they are right in pegging their theory entirely on subjective preferences. At any rate, Joseph A. Schumpeter was most impressed by the friars' accomplishment which he wrongly credited to Sant'Antonino alone, ignoring San Bernardino who himself borrowed the concepts of *raritas*, *complacibilitas*, and *virtuositas* from Pierre Olivi, still another friar.²¹⁵ But this Schumpeter could not know, for it is only since his death in 1950 that Bernardino's hidden connection with Olivi has come to light.²¹⁶

Prejudices are strong. Despite his great authority and profound erudition, even Schumpeter was disbelieved and was taken to task by some for showering too much praise on the scholastics as advocates of the market mechanism and by others for making them champions of free competition rather than of gild socialism.²¹⁷ On the contrary, perhaps Schumpeter did not go far enough in stressing the scholastic emphasis on market price. According to him, the just price was the normal competitive price, or the cost of production, but this is true only of rare exceptions, such as John Duns Scotus. Most scholastics took the view that the just price corresponded either to the market price, that is, the competitive price in the short run, or to the legal price, if there was any regulation.²¹⁸ At any rate, price determination, according to scholastic doctrine, was the result of a social process and could not be left to the arbitrary decision of individuals. Most definitely, the scholastics did not base their value theory on labor.²¹⁹ If Karl Marx had any forerunners, they were David Ricardo and John Locke, not San Bernardino, Pierre Olivi, or Thomas Aquinas.

²¹⁴ See, for example, the sarcastic remark about *lucrum cessans* in Richard Cantillon (1680-1734), *Essai sur la nature du commerce en général*, ed. by Henry Higgs (London, 1931), 208-211. Turgot and Galiani also poked fun at the scholastics.

²¹⁵ *History of Economic Analysis*, 98.

²¹⁶ Chiefly by Father Dionisio Pacetti, O.F.M., followed by others who took his lead.

²¹⁷ One of the most virulent criticisms surprisingly came from an adherent of Catholic welfare economics: W. Stark, "Joseph Schumpeter's Umwertung der Werte," *Kyklos*, VIII (1955), 225-51. Cf. Frank H. Knight, "Schumpeter's History of Economics," *Southern Economic Journal*, XXI (1955), 261-72, and Jacob Viner's review article, *American Economic Review*, XLIV (1954), 902.

²¹⁸ Schumpeter, *History of Economic Analysis*, 93. What Schumpeter asserts was true of John Duns Scotus whom he cites. He did not realize that the scholastics had conflicting views on the subject of the just price (de Roover, "The Concept of the Just Price," *op. cit.*, 418-34).

²¹⁹ Schumpeter (*Hist. of Econ. Analysis*, p. 91) calls it an error to believe that the scholastics supported a labor theory of value. As a matter of fact, so far as I know, none of them did, but the price theory of some was inconsistent with their value theory. The source of so much mis-

Of the two medieval economic thinkers to which this study is devoted, San Bernardino was presumably the greater because of his ability to write synthesis and to attempt economic analysis. For a long time I thought he was also very original, but I now may have to revise my judgment in this respect because he borrowed so heavily from Pierre Olivi's treatises on contracts: one on usury and restitution and the other on purchases and sales. ~~Until the text of these two works has been studied more closely, the matter has to remain in abeyance.~~²²⁰

The scholastics are usually represented as supporters of the gild system. It may, therefore, ~~cause surprise that gilds are scarcely mentioned in this study.~~ The reason is that neither San Bernardino nor Sant'Antonino ever touch upon this topic, perhaps because they were moralists, more interested in the reform of the individual than in the reform or organization of society. However, the scholastics, in general, sided with the consumer and were much more favorable to the maintenance of free competition than is commonly assumed. ~~Unlike the mercantilists, they were implacably hostile to exclusive privileges and monopolies, which included any collusion or "conspiracy" to raise the price of goods or services above the competitive level to the detriment of the public and for the benefit of private interests.~~²²¹

understanding is the difficulty of finding scholars able to read medieval texts and at the same time competent in economics.

²²⁰ The titles in Latin of these two treatises are "De contractibus, de usurariis et de restitutionibus" and "De permutatione rerum, de emptionibus et venditionibus." The first treatise was published in Rome in 1556 and falsely attributed to Gerard of Siena (Pacetti, "Un trattato," *op. cit.*, 448-57). The library of Siena (cod. U. V. 6) has both treatises in manuscript bound together, with marginal notes in S. Bernardino's own handwriting. The latter borrowed heavily from them in several chapters of his own treatise *De contractibus et usuris*, sometimes copying entire paragraphs without any change in wording or very little.

²²¹ Joseph Höffner, *Wirtschaftsethik und Monopole im fünfzehnten und sechzehnten Jahrhundert* (Jena, 1941). The author of this excellent book is now Catholic bishop of Münster. See also Raymond de Roover, "Monopoly Theory prior to Adam Smith: A Revision," *Quarterly Journal of Economics*, LXV (1951), 495-500.

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