

SAN BERNARDINO OF SIENA  
AND  
SANT'ANTONINO OF FLORENCE

*The Two Great Economic Thinkers  
of  
the Middle Ages*

BY

RAYMOND DE ROOVER

*Professor of History*

BROOKLYN COLLEGE  
THE CITY UNIVERSITY OF NEW YORK

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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 the law, 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 have been considered as the originators of utility theory. Incredible as it may sound, such a view of Bernardino and Sant'Antonio de Jesús is not only a distortion of utility, but both objects of it.

Similarly, 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*” perspective, the most intriguing perhaps, with the gibes cast upon that tradition by the *économistes* and historians of the eighteenth century. This is a view, one must add, which is far more useful in understanding the way of medieval economic life and in tracing the antecedents of capitalism.

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~”

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<sup>an</sup> entitled *De Contractions et Usuris* (Concerning Contracts and Usury), whose author is San Bernardino O.F.M. (1380-1444).<sup>1</sup> This precious volume contains a series of fourteen sermons<sup>^</sup> "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 on the life of the Christian (Eternal Gospel)."<sup>2</sup> 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 contractions*) preceding sermon 32 and "here ends the treatise on contracts" (*explicit tractatus de contractions*) 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 of 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 and next discusses the crucial problem of money.

The bulk of the treatise on money is an exhaustive treatment of the thorny and intricate question, including credit sales, *cambium* or foreign exchange, interest-bearing shares in the public debt, and restitution of ill-gotten gains. This prehistory is not

\*The Kress Library of Business and Economics Catalogue, Supplement 1956 (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.

<sup>2</sup>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, SJ. 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.

confin'd to San Bernardino. It is characteristic of the Schoolmen who, in their treatise, 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 proportion.

—More recently, the Kress Library acquired another scholastic treatise whose author is Sant'Antonino, O.P. (138Q-14y)), Archbishop of Florence from 1445 until his death. This volume, unlike San Bernardino's treatise, does not deal exclusively with economics but contains the part entitled *Summa theologica* or *moralis* which, as the title suggests, is 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, as it was not yet regarded as an independent discipline but rather as a branch of moral theology. One should not be surprised to find economics discussed in a work of this kind, as it was not yet regarded as an independent discipline but rather as a branch of moral theology. One should not be surprised to find economics discussed in a work of this kind, as it was not yet regarded as an independent discipline but rather as a branch of moral theology.

This second part of Sant'Antonino's *Summa* covers seven cardinal vices and other matters, including simony and restitution of 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, tend to frown upon acquisitiveness as leading to sin and perdition. Except for a few scattered references, the only other place where humanism is mentioned is in the third part of his *Summa*, in a chapter dealing with frauds and deceptions committed in different trades--and professions. Trust approach may seem strange to the uninitiated, but it appears less unusual to those familiar with scholastic literature. — » —

— The title page of the rnpv nnwnwtwj fry t!> Kp3/4 T.rpry mriirafpgj43/af 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).<sup>3</sup> 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, usually appears in four volumes and comprises thousands of two-column pages — Iwenn Krough 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 the sociology 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 money. It is needless to say that it is desirable to give brief biographical sketches which may, in turn, help to understand their economic ideas.

<sup>8</sup> For the bibliography of Sant'Antonino of Florence one should consult Appendix I of Abbé Raoul-Moçay; *Suirta* (1959), Doctoral dissertation, Sorbonne (Paris, 1914), 46P416. The Base 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 (Majfemma) on September 8, 1433. His father, Alberto (or Tolio) degli Azzeschi, 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 the austere discipline in contrast to the Conventuals whose discipline had become very lax. Fra Bernardino, being well educated and trained in the order, was made 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 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 thinning of his flock 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 1433 to 1438. 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 pilgrimages. 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 long-standing requirements of scholarship, which was edited and published by the Franciscan Fathers of St. Bonaventure Friary at Quaracchi near Florence.<sup>5</sup> In accordance with scholastic tradition, the Latin series

\* Several biographies are available: A. G. Ferrers 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).

<sup>5</sup> 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.



name is also given as Pierozzi. Antonino is a diminutive of Antonio and was given to the future archbishop because of his smart Taiui.e. i>arin||fTns~lifetime Ke' always ^signed "Fra^Antonic>7^~BuT· the nickname, AirteaftG^ stuck to him jindjie\_jxt¾ins it even in the calendar of saints. Despite the frailty of his health, he^omed the observant ¾anc; i^ in 1405 at the early age of sixteen years and spent most of his novitiate in Cortbna. He studied and became well-versed in canon law though he neverTeceivTd^aformaT^duc^rlori at a univéfs1Cy:Hi5 administrative talentswere™~such~thärhë WarOTaTe™ßriöT^of the friary of Cortona in 1420. From 1 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 ||çgnaro,la\_(x45^~1498)r^----- -

| 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 jh£ metropolitan church of Santa ,Maria del Fiore or by the Florentin£\_gojçernment.<sup>9</sup> Vespasiano da Bisticci^(1421—1498), in fiis`X7^I¾n^ 1-1447) acted 6n his own initiative and forced Fra Antonino to accept the nomination under the penalty of excommunication.<sup>10</sup> 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, ^^JHe^jwh^^ during his ffietiffiewasTC i&fu]l pontifical apparel. Pope Pius II (1458-1464), who happej^^o\_be\_irjLJE^Iorence, attended the funeral with the College of Car3ínärsän3 the entire papal court. In 1523 Antonino was proclaimed a saint by Pope Adrian VI (ĩ522-ĩ523).

^jSant'Antonino was^a^grolific writer. When, he died, the unfinished manuscript of a boöF~was found lying onjhj^agsk^^^^hejvas arnoxalçs%ç,,hisnajor work isß/huge treatise on moral theology, entitled *Summa moralis* or *Summa theßL-pCã|* in which he covers rKej°TH^irc field jn unbelievable detajjlnnJ^uT^firhfrift^Hir fashion, cites all possible authorities, recent and remote, thus disclosing his profound knowl-

Less satisfactory are: Alexandre Masseron, *Saint Antonin, 1ßçr-145ç* (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 *Ada sanctorum*, the famous hagiographical collection of the Bollandist Fathers, under the date of May 2. There is no good biography in English.

<sup>9</sup> 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.

<sup>10</sup> 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 *nf^canonjca*] and *then^gir^^nurr^j*<sup>1</sup> Although he had no degree either in law or in theology, Sant'Antonino was regarded as an expert "on cases of science" and he was often consulted by prelates, private individuals, and corporations.<sup>12</sup> Some of his *Risponsä* have been in print and antedate his archiepiscopal appointment.<sup>13</sup>

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.<sup>14</sup> 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.<sup>15</sup> 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 the present.

His 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.<sup>17</sup> 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 unaffected by the spirit of the new age and true to scholastic tradition. In 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-

<sup>11</sup> There is no modern edition available. The most usable edition is the *Summa theologica* is the one published in Verona, 1740-1741, edited by Pietro Olamo Ballerini, one of 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.

<sup>12</sup> Vespasiano da Bisticci, *Vite*, 187.

<sup>13</sup> Morçay, *op. cit.*, 412-13.

<sup>14</sup> "There exist many editions published under the title *Summa confessionalis* and other titles (Morçay, *op. cit.*, 404-407).

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

<sup>16</sup> Abbe 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).

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

hefftes-of-^cholasticism andjyere steeped in its dialectics. Both were rigorists rather  
|han latitudinariansj, ,thou EZSi5E

md more willing to bend his morals to stark realities and practical diffi-  
culties. Of the two, SanBernärdirio.was apparently the greater theorist, the more  
logical thinfer, "bu`^ in applying  
ethical principèsio~spêcific problems and concrete situations. In dubious cases, when  
the theologians were divided in their opinions, he was less reluctant to give the  
.practicälmänThebeTn[efit~öfThe doubt.<sup>18</sup>

Îhe scriola^firs^¾aTe^TMoften 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 caj3ij^uisli&-4han one might suppe¾e--ae4—ha4given  
birth to a wnrJ^ ^ Pg^T>n wages for its livelihood.<sup>19</sup>

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.  
Øn the other hand, Lhè Wüik of his followers who rñfrieT~ã nd~êaböTaTed his doc-  
; tfines is often entirely overlooked. In truth, there is very little on economics in the  
1 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 *Sumtna  
theologica* and his *Commentaries ontheNicomackean Ethics of Aristotle*. By put-  
ting these scattered elements together, some have tried to reconstruct the economic-  
4hought of Thomas Aquinas, a\_rathei,.ha,za rdcuis,,midfj.taking, since nobody really  
knows How he himself wmiH have assembler] fl>e pieces ofjiisjig-saw puzzle.

A sater procedure is to examine what became of Th^ma^Aquinas^afifekted ideas  
in the hands of his immediate successors, tht~SchboÏmen of the fourteenth and fif-  
teenth cenTill'iu.. TIIÜ mnificanec i& Bcilläfdíno of Siena ajijrT]^ trm|no of Florence  
~15~pTucisely that they give us a coherent and systematic exposition of scholastic eco-  
nomics an~3~¾uiI3lu^e~lynt5esis. which remains unfinished in Thomas Aquinas. \

How did the scholastics approach economics? They\_certainlydid not think in]   
tems----Ör^mechanìG&. Xa...compare the economic system to a clock¾work or to the  
1 human body and to study how it functions""of" operates is an idea whTch did not  
ptcur to the medieval Schoolmen and which was entirely alien to their way of  
[tninking. One should not expect" to fñdin~tKëTr r>ooks any penetrating economic  
analysis. Nevertheless, one may~i;iiLuuiite•F--oçca.sional....flashes of great insight or  
spuEEEElreinars that go beyond the obvious. The question asked was never: h~ów

<sup>18</sup> Morçay, *Saint y4¾i^r^¾3¾4pt¾T37^~^* *Il*Èi santo Bernardino alquanto  
più istretto in questi contratti, che non c l'arcivescovo Antonino." The English translation states  
that San Bernardino was more "thorough" in these matters: it should read "stricter."

<sup>19</sup> On the Florentine textile industry, one might consult: Florence Edler, *Glossary of Me-  
diaeval Terms of Business, Italian Series* (Cambridge, Mass., 1934), Appendices, 335-426; Ray-  
mond de Roover, *The Rise and Decline of the Medici Ban\* (Cambridge, Mass., 1963), chap. 8,  
pp. 167-93.

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. With the *Decretum* of Gratian, 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 of the

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 of income; commutative justice, which dealt with commutations or

criteria of distributive justice—wege-noLxigidlypredetermined and varied fromoie  
society to another according to customs and institu%oi%aspPommutative ju9ttc"—rested  
XXI the principle ef-equality between what was given and what was received and  
did not permit any violation ofE5s; ru]£"CoTnmTitaLivc jt3s;tc;c,'licexefofej-was based  
j o a ^ t r ^ s g l u ^ - ^ none of equality —  
whki^s the same in aiTtimes and in all places. It follows that the rules which gov-  
erned corj%4iTOç8'isfi\$^^ suffer any^deviation from  
the norm.

The scholastics took the existence of private property as a given. Communism was still relegated to the realm of the impossible. San Bernardino admits, had existed “in a state of innocence”—that is, in the Garden of Eden—which had all of Man.<sup>1</sup> Following Scotus (1274-1308), San Bernardino contends that private property had been instituted in order to

Thf%st of these threTevils was so patent that it scarcely needed elaboration: did not ê™everyofetakç bei2jLxaxe-«»e4iTrT^^ every-  
held T«6QmmQJDuthere \y^uj[d^beJiLJaU^^ slump in  
ion. Moreover,sömany-fFa34ids-would be perpetrated that the  
cheaters and loafers wni¶1Hj^jjhejmn^ share pf the output atjhe expense of the

!en cause so many discords that San Bernardinjojreigaj^

<sup>20</sup>Thomas~Äquinäs, *Šurnma~fheologica*, II—II, qu. 61, arts. i and 2 (Parma ed., III, 227-29).

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

<sup>22</sup> 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 friars, monks, friars, and monks owned all property in common and lived a communal life: they altogether at a rare opportunity. 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 extend beyond their walls/and extend to the secular clergy and much less to lay society as a whole! He was extremely careful not to let the *fraticelli*, the Zealots of the Franciscan Order, who had condemned all things, either private or common, and whose doctrines were tainted with heresy.<sup>23</sup> 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. In accordance with canon law, points out that private property was not an institution.

Rather, it was regulated by the law which, being conventional, could be modified and actually varied from country to country. The form of government — whether monarchical as in France or republican as in Florence, Genoa, or Siena.<sup>24</sup> Thomas Aquinas had taken a somewhat stronger position by stating that private property was an addition thereto devised by human reason.<sup>25</sup>

San Bernardino 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 exchange of goods (the *permutatio*). Proceeding step-by-step in scholastic fashion, he first explains the point; he goes on to pass judgment on licit and illicit mercantile activities. As it turns out, his sermon is an essay on business ethics. His advice is not as much out of date as it might seem. As a matter of fact, an Italian translation of his treatise on contracts was published in Venice in 1774 under the title *Moral Instruction*.

<sup>23</sup> Ferrers Howell, *S. Bernardino's Sermons*, 11-20; Niccolo Rodolico, *La democrazia fiorentina nel suo tramonto*, 138-1382 (Bologna, 1905), 47-86.

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

<sup>25</sup> 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.

tinn<nnJ^d^j^JJjury-.t'ic^r the me anrl mnv^>nlfefC, nf mprrrta nrs”<sup>26</sup> Although the world did actfL.mo^..ih£j^^ is rather remarkable that Bernardino's views on deontology had not lost all relevance more than three centuries after they had been formulated.

“In the predominantly agricultural society of the late Roman Empire and the early Middle Ages, the Church generally looked down on the trader because he exploited the rich by overcharging the poor.”<sup>27</sup>

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.<sup>28</sup> 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.<sup>29</sup> 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.<sup>30</sup>

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.<sup>31</sup>

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 clergy, if the incumbent does not properly discharge the duties of his office.<sup>32</sup> He further impugns the authenticity of the canon, *Eiciens Dominus*, a text then falsely attributed to St. John Chrysostom (347-407).<sup>33</sup> 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.”<sup>34</sup> In other words, trade is not an evil in itself; it

<sup>28</sup> S. Bernardino da Siena, *Istruzioni morali intorno al traffico ed all'usura e con varie annotazioni illustrate per commodo ed utile de' negozianti* (Venice, 1774).

<sup>27</sup> John W. Baldwin, “The Medieval Merchant before the Bar of Canon Law,” *Michigan Academy of Science, Arts, and Letters* 57 (1959), 289-90.

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

<sup>30</sup> *Ibid.*: palea *Eiciens Dominus*, Dist. LXXXVIII, c. 11.

<sup>31</sup> 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.

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

<sup>33</sup> 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.

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

becomes so only under certain circumstances, if practiced unlawfully or deceitfully.<sup>35</sup> Following John Duns Scotus, San Bernardino mentions three kinds of merchants whose services are useful to the commonweal.<sup>36</sup> 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.<sup>37</sup> 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 Qielioratores* 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 <sup>in</sup>holy places.<sup>38</sup> 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.<sup>39</sup> 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 *jornicari* has a strictly theological meaning and refers to any sexual intercourse outside the bonds of marriage.

<sup>35</sup> *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.

<sup>36</sup> *De Evangelio aeterno*, sermon 33, art. 2, cap. 6 (*Opera omnia*, IV, 149). Cf. Amintore Fanfani, *Storia delle dottrine economiche*, I. // *Volontarismo* (3rd ed.; Milan, 1942), no.

<sup>37</sup> *L-e 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.

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

<sup>39</sup> *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.<sup>40</sup> 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.<sup>41</sup> 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 gr

^rheiiise of falsç weicthrq and measures, the^salf~d: def•e€•4Ye~tncrchandise an< çdûTFerated product.^ not tn mrntion thn,i li'lilnfiil In In itr†r\*o”TTr il-n inveighs iñst those guilty of misrepresentation as to the nature of their product. One is tempted to smile.\*wññ~Ke~ wä~mš^agāiñst 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.<sup>43</sup>

Some çhfatrđ in,^ji¾ajljy£^\_such as the vintner who added water to wine or the rfionevjHchanger who short-chang?3 an unsuspecting peasant.<sup>44</sup> Citing the canoni *Placuit*, San Berna<sup>rr^nn</sup> rpmiprfø jnnkp\_e pers and others that thèÿöüghtñöt to (charge travelers and pilgrims more than the price prevailingin~ghTïöcäl market.<sup>45</sup> This rule had general validity and it was wrong toläke ädvdiUgL ü•f••a~<töñVigno- ranee or rusticity by asking more or offering less than the current price.

t 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.<sup>46</sup> He also denounced regraters who formed rings in order to manipulate prices to their own advantage and to the ^detriment of the public.<sup>47</sup>

Bills should be paid when due and it.w.as..an\_oJ^jc^^ to keep creditors ywaiting for their money until they threatened to sue. What was o^o^TnrrghtjLisurious [was to rãTç~tKe price~on cre3iFs^TeToT~toTask föfardis€o¾fit-whenpayifig promptly.-^4-

Xšuii^ BñiiaidiliO did not only reprehejicH|r£^^ upon prai tices which toññay3voulç(i)ejabelled as”unfair competition. Thushe censüed>those) who unjustly disparaged the wares of a competitor in order~to selHiEeiFown.<sup>49</sup> He ^Tpgnrii¾apprrnypd of thñ<ie.~\*\*fkr’ti liniljJ’hl or ¾nlH <:ligl-irly ahm/^7¾rTiipTr7w fKe ruling rate

<sup>40</sup> According to the statutes of the Wool Gild 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 tempspassé, XV<sup>e</sup>-XVI<sup>e</sup> siècles* [5th ed., Paris, 1927], 81-82).

<sup>41</sup> Matt. 21:12.

<sup>42</sup> *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.

<sup>\*</sup>*Ibid.*, sermon 32, art. 3, cap. 3 (*Opera omnia*, IV, 138).

<sup>u</sup> *Ibid.*, sermon 33, art. 2, cap. 7, particul. 3 (*Opera omnia*, IV, 159-60).

<sup>v</sup>*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.

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

<sup>\*</sup>*Ibid.*, cap. 6 (*Opera omnia*, IV, 150).

<sup>\*\*</sup>*Ibid.*, cap. 7, particul. 2 (*Opera omnia*, IV, 156).

<sup>\*</sup>*Loc. cit.* (*Opera omnia*, IV, 158).

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

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 commerce and the virtues of the merchant as well as his shortcomings.<sup>51</sup> 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, however, that Bernardino condemns the merchant since profits are, after all, the only way by which to recompense his labors and to compensate the risks he undertakes.<sup>52</sup>

San Bernardino was fully realistic; he fully realized that managerial ability, far from being 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 (*solicitude*), labor (*labor*), and willingness to assume risks (*pericula*).<sup>53</sup> First of all, merchants should be efficient, by which he means that they should be well informed about qualities, prices, and costs and be able to assess risks and 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, in business and compensate him for all his troubles.

In San Bernardino's time, business was being conducted more and more from the home; the age of the traveling merchant was not entirely gone. Moreover, even sedentary merchants needed representatives (parties, correspondents, or commis-sionaries) 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.<sup>54</sup>

The rational and orderly conduct of business, according to San Bernardino, was a virtue.<sup>55</sup> He urged merchants to keep their accounts and to settle accounts with

<sup>50</sup> *Ibid.*, cap. 6 (04e<sup>o</sup> omnl., ~W7T5a).

<sup>51</sup> 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.

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

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

<sup>54</sup> *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.

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

their partners at least once a year: certainly<sup>50</sup> confusion might

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 his com-

There would never be any question as to its authenticity. San Bernardino disliked haggling because it was often associated with lies, perjury, and swearing. A seller should state his price and discourage the buyer from haggling over it.<sup>56</sup>

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.<sup>53</sup>

Less systematic in his exposition of business ethics than San Bernardino, Aquinas deals with the subject in one place. His justification of trade is found in Part 2 of his *Summa theologiae*. The general principle “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.<sup>58</sup> 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.<sup>59</sup> 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. A significant subtitle *De moribus ac vita recti et veri mercantis* (“Concerning the customs and ways of upright merchants”).

Sant'Antonino, *World of San Bernardino*, 83.

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

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

<sup>59</sup> 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.<sup>60</sup>

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.sjiintHoes 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.<sup>61</sup> 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.<sup>62</sup>

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.<sup>63</sup> 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.<sup>64</sup> 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.<sup>65</sup> 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

<sup>60</sup> 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).

<sup>61</sup> *Summa theologica*, Part III, tit. 8, cap. 4, § 2 (col. 310<sup>d</sup>).

<sup>62</sup> *Ibid.*, § 5 (col. 315<sup>e</sup>).

<sup>63</sup> *Ibid.*, § 8 (col. 318<sup>b</sup>).

<sup>64</sup> *Ibid.*, § 6 (col. 317<sup>b</sup>).  
i (col. 309<sup>b</sup>).

to the amount of labor involved than according to the artist's skill and talent.<sup>66</sup> The same may be said of jewelry and other products of the minor arts.<sup>67</sup> 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."<sup>68</sup>

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.<sup>69</sup> 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.<sup>70</sup>

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. In the history of thought, it is fair to state that there are two main methods of determining the value of things: either value depends upon utility, which is defined as the ability to satisfy human wants, or value is created by the labor incorporated in exchangeable commodities. In the first case, value lies in the future and originates in the wants and preferences of the consumer; the result is that things without utility also have 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 say that utility is absolutely essential to it.<sup>71</sup> 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

<sup>66</sup> *Ibid.*, § 11 (col. 321<sup>o</sup>).

<sup>67</sup> *Ibid.*, preamble (col. 308<sup>b</sup>).

<sup>68</sup> *Ibid.*, § 11 (col. 321<sup>c</sup>).

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

<sup>70</sup> *Summa theologiae*, Part III, title 8, cap. 4, § 11 (col. 321<sup>b</sup>).

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



refined the teachings of the Angelic Poetry. With truly really <math>\frac{1}{2}mg^d \cdot th^m</math> is a different and more questionable position. /  
 —jfc discussing value and price determination, San Bernardino is quite conservative and how Thomas Aquinas rather than John despite 1/2r-faTrhāt and the latter a Franciscan like himself. In the same as Aquinas's arjL T••irj¼•iMr>¼tøi¼frg-iim»i•fM3Miiir¼ai> u 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: he:ta In other words, bread alone Kas t^lit YjEI^ since one buys mousetraps to geirri

San Bernardino makes his most important contribution by stating that value is composed of three elements: (1) usefulness (*virtuositas*); (2) scarcity (*raritas*); and (3) *utilitas*. *utilitas* is the utility of scarcity (*rarity*), there is no problem and it stands to reason that the rarer the good 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 are in a special meaning which needs clarification. *Virtuositas* is, he explains, a virtue, or property, inherent in themselves, of satisfying, either directly or indirectly, human wants. It may, therefore, be defined as objective utility. *Complacibilitas* is indeterminable which depends upon the mood and preferences of the consumer. As San Bernardino explains, it is the greater or lesser pleasure which

best illustrates the utility or utility —with necessarily giving to the utility, the hedonistic implications. A trivial example may make clear what San Bernardino intends: 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 take it into account.

Nevertheless, it may be said that San Bernardino's utility was adopted only by Sant'Antonino and his followers. It has disappeared from circulation. I find that it was retained by any of the sixteenth-century scholars of Salamanca. It was, however, which, by some quirk of fate, received 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.<sup>81</sup>

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

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

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

<sup>80</sup> Sant'Antonino, *Summa theologica*, Part II, title i, cap. 16, § 3 (cols. 256-256\*).

<sup>81</sup> de Overton and SchöTastic Economics," *op. cit.*, 127.

Some authors, with obvious apologetic leanings, blame San Bernardino for introducing an incongruous psychological or subjective element into traditional scholastic value judgments, 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 *Magnūm opus*, praises Sant'Antonino for being "the first man to whom it is possible to ascribe a comprehensive vision of the economic process."<sup>82</sup> Schumpeter also gives him full credit for the excellent term *imputatio* and for his justified belief 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 Can Pisanus as

— the forerunner of all times for developing a utility theory. I had lacked only one thing: the mathematical apparatus.<sup>83</sup> It now seems, however, that I was mistaken. The originator of the whole idea is not J. J. H. but an earlier Sicilian son of John (John O'Connell, 1248-1288),<sup>84</sup>

who is very generous in giving references but, strangely enough, he never cites Pierre de Jean Olivi.<sup>85</sup> The reason for this is that Olivi, who had joined the Spiritans, died under a cloud, suspected of heresy. His body was actually disinterred in 1317 and his bones were scattered.<sup>86</sup> "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 *Trinitarian* given by St. X<sup>ra</sup>.<sup>87</sup> Assisi. X<sup>ra</sup> 84-85-86-87-88-89-90-91-92-93-94-95-96-97-98-99-100-101-102-103-104-105-106-107-108-109-110-111-112-113-114-115-116-117-118-119-120-121-122-123-124-125-126-127-128-129-130-131-132-133-134-135-136-137-138-139-140-141-142-143-144-145-146-147-148-149-150-151-152-153-154-155-156-157-158-159-160-161-162-163-164-165-166-167-168-169-170-171-172-173-174-175-176-177-178-179-180-181-182-183-184-185-186-187-188-189-190-191-192-193-194-195-196-197-198-199-200-201-202-203-204-205-206-207-208-209-210-211-212-213-214-215-216-217-218-219-220-221-222-223-224-225-226-227-228-229-230-231-232-233-234-235-236-237-238-239-240-241-242-243-244-245-246-247-248-249-250-251-252-253-254-255-256-257-258-259-260-261-262-263-264-265-266-267-268-269-270-271-272-273-274-275-276-277-278-279-280-281-282-283-284-285-286-287-288-289-290-291-292-293-294-295-296-297-298-299-300-301-302-303-304-305-306-307-308-309-310-311-312-313-314-315-316-317-318-319-320-321-322-323-324-325-326-327-328-329-330-331-332-333-334-335-336-337-338-339-340-341-342-343-344-345-346-347-348-349-350-351-352-353-354-355-356-357-358-359-360-361-362-363-364-365-366-367-368-369-370-371-372-373-374-375-376-377-378-379-380-381-382-383-384-385-386-387-388-389-390-391-392-393-394-395-396-397-398-399-400-401-402-403-404-405-406-407-408-409-410-411-412-413-414-415-416-417-418-419-420-421-422-423-424-425-426-427-428-429-430-431-432-433-434-435-436-437-438-439-440-441-442-443-444-445-446-447-448-449-450-451-452-453-454-455-456-457-458-459-460-461-462-463-464-465-466-467-468-469-470-471-472-473-474-475-476-477-478-479-480-481-482-483-484-485-486-487-488-489-490-491-492-493-494-495-496-497-498-499-500-501-502-503-504-505-506-507-508-509-510-511-512-513-514-515-516-517-518-519-520-521-522-523-524-525-526-527-528-529-530-531-532-533-534-535-536-537-538-539-540-541-542-543-544-545-546-547-548-549-550-551-552-553-554-555-556-557-558-559-560-561-562-563-564-565-566-567-568-569-570-571-572-573-574-575-576-577-578-579-580-581-582-583-584-585-586-587-588-589-590-591-592-593-594-595-596-597-598-599-600-601-602-603-604-605-606-607-608-609-610-611-612-613-614-615-616-617-618-619-620-621-622-623-624-625-626-627-628-629-630-631-632-633-634-635-636-637-638-639-640-641-642-643-644-645-646-647-648-649-650-651-652-653-654-655-656-657-658-659-660-661-662-663-664-665-666-667-668-669-670-671-672-673-674-675-676-677-678-679-680-681-682-683-684-685-686-687-688-689-690-691-692-693-694-695-696-697-698-699-700-701-702-703-704-705-706-707-708-709-710-711-712-713-714-715-716-717-718-719-720-721-722-723-724-725-726-727-728-729-730-731-732-733-734-735-736-737-738-739-740-741-742-743-744-745-746-747-748-749-750-751-752-753-754-755-756-757-758-759-760-761-762-763-764-765-766-767-768-769-770-771-772-773-774-775-776-777-778-779-780-781-782-783-784-785-786-787-788-789-790-791-792-793-794-795-796-797-798-799-800-801-802-803-804-805-806-807-808-809-810-811-812-813-814-815-816-817-818-819-820-821-822-823-824-825-826-827-828-829-830-831-832-833-834-835-836-837-838-839-840-841-842-843-844-845-846-847-848-849-850-851-852-853-854-855-856-857-858-859-860-861-862-863-864-865-866-867-868-869-870-871-872-873-874-875-876-877-878-879-880-881-882-883-884-885-886-887-888-889-890-891-892-893-894-895-896-897-898-899-900-901-902-903-904-905-906-907-908-909-910-911-912-913-914-915-916-917-918-919-920-921-922-923-924-925-926-927-928-929-930-931-932-933-934-935-936-937-938-939-940-941-942-943-944-945-946-947-948-949-950-951-952-953-954-955-956-957-958-959-960-961-962-963-964-965-966-967-968-969-970-971-972-973-974-975-976-977-978-979-980-981-982-983-984-985-986-987-988-989-990-991-992-993-994-995-996-997-998-999-1000-1001-1002-1003-1004-1005-1006-1007-1008-1009-1010-1011-1012-1013-1014-1015-1016-1017-1018-1019-1020-1021-1022-1023-1024-1025-1026-1027-1028-1029-1030-1031-1032-1033-1034-1035-1036-1037-1038-1039-1040-1041-1042-1043-1044-1045-1046-1047-1048-1049-1050-1051-1052-1053-1054-1055-1056-1057-1058-1059-1060-1061-1062-1063-1064-1065-1066-1067-1068-1069-1070-1071-1072-1073-1074-1075-1076-1077-1078-1079-1080-1081-1082-1083-1084-1085-1086-1087-1088-1089-1090-1091-1092-1093-1094-1095-1096-1097-1098-1099-1100-1101-1102-1103-1104-1105-1106-1107-1108-1109-1110-1111-1112-1113-1114-1115-1116-1117-1118-1119-1120-1121-1122-1123-1124-1125-1126-1127-1128-1129-1130-1131-1132-1133-1134-1135-1136-1137-1138-1139-1140-1141-1142-1143-1144-1145-1146-1147-1148-1149-1150-1151-1152-1153-1154-1155-1156-1157-1158-1159-1160-1161-1162-1163-1164-1165-1166-1167-1168-1169-1170-1171-1172-1173-1174-1175-1176-1177-1178-1179-1180-1181-1182-1183-1184-1185-1186-1187-1188-1189-1190-1191-1192-1193-1194-1195-1196-1197-1198-1199-1200-1201-1202-1203-1204-1205-1206-1207-1208-1209-1210-1211-1212-1213-1214-1215-1216-1217-1218-1219-1220-1221-1222-1223-1224-1225-1226-1227-1228-1229-1230-1231-1232-1233-1234-1235-1236-1237-1238-1239-1240-1241-1242-1243-1244-1245-1246-1247-1248-1249-1250-1251-1252-1253-1254-1255-1256-1257-1258-1259-1260-1261-1262-1263-1264-1265-1266-1267-1268-1269-12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70-2271-2272-2273-2274-2275-2276-2277-2278-2279-2280-2281-2282-2283-2284-2285-2286-2287-2288-2289-2290-2291-2292-2293-2294-2295-2296-2297-2298-2299-2300-2301-2302-2303-2304-2305-2306-2307-2308-2309-2310-2311-2312-2313-2314-2315-2316-2317-2318-2319-2320-2321-2322-2323-2324-2325-2326-2327-2328-2329-2330-2331-2332-2333-2334-2335-2336-2337-2338-2339-2340-2341-2342-2343-2344-2345-2346-2347-2348-2349-2350-2351-2352-2353-2354-2355-2356-2357-2358-2359-2360-2361-2362-2363-2364-2365-2366-2367-2368-2369-2370-2371-2372-2373-2374-2375-2376-2377-2378-2379-2380-2381-2382-2383-2384-2385-2386-2387-2388-2389-2390-2391-2392-2393-2394-2395-2396-2397-2398-2399-2400-2401-2402-2403-2404-2405-2406-2407-2408-2409-2410-2411-2412-2413-2414-2415-2416-2417-2418-2419-2420-2421-2422-2423-2424-2425-2426-2427-2428-2429-2430-2431-2432-2433-2434-2435-2436-2437-2438-2439-2440-2441-2442-2443-2444-2445-2446-2447-2448-2449-2450-2451-2452-2453-2454-2455-2456-2457-2458-2459-2460-2461-2462-2463-2464-2465-2466-2467-2468-2469-2470-2471-2472-2473-2474-2475-2476-2477-2478-2479-2480-2481-2482-2483-2484-2485-2486-2487-2488-2489-2490-2491-2492-2493-2494-2495-2496-2497-2498-2499-2500-2501-2502-2503-2504-2505-2506-2507-2508-2509-2510-2511-2512-2513-2514-2515-2516-2517-2518-2519-2520-2521-2522-2523-2524-2525-2526-2527-2528-2529-2530-2531-2532-2533-2534-2535-2536-2537-2538-2539-2540-2541-2542-2543-2544-2545-2546-2547-2548-2549-2550-2551-2552-2553-2554-2555-2556-2557-2558-2559-2560-2561-2562-2563-2564-2565-2566-2567-2568-2569-2570-2571-2572-2573-2574-2575-2576-2577-2578-2579-2580-2581-2582-2583-2584-2585-2586-2587-2588-2589-2590-2591-2592-2593-2594-2595-2596-2597-2598-2599-2600-2601-2602-2603-2604-2605-2606-2607-2608-2609-2610-2611-2612-2613-2614-2615-2616-2617-2618-2619-2620-2621-2622-2623-2624-2625-2626-2627-2628-2629-2630-2631-2

San Bernardino's own hand. In the margin, facing the passage dealing with value," are the three words: *mnritn; r^jrllrf^Qti+qe*, and *compiac, ihiii+nf*. Ts qpy *fu&hē>r pmnj* needed that San Bernardino fully realized the significance of the appropriated?"

Utility, in price determining factor, is not absolute utility. Otherwise—s San Bernardino points out, a glass of water, on which life itself depends—would be almost priceless and be worth more than gold.<sup>91</sup> Fortunately, water, although absolutely necessary to human life, is usually so abundant and so easily available that it does not command a high price. Even any price it would set—San Bernardino was thus well aware of the paradox of value according to which the most useful things are also the least valued. If he is not solving the problem completely, it is because he did not have the concept of diminishing utility.

Price is value measured in monetary terms, an old Aristotelian concept.<sup>91</sup> This is why the scholastics insisted that, in a just exchange, the continuing party ought to receive value for value, hence the concept of the just price. How is the just price determined? According to O'JLmdjtion. The price determination as a social process, in his

gloss to: iKe~ Kom, aq\_Jaw, had modified the dictum, *Res vendi potest* ("thing? T")

for *communiter* ("but it must be commonly").<sup>92</sup> To San Bernardino also, price is not set by the arbitrary decision of individuals but by the community as a whole. He makes this clear by stating that "the price of goods is set for the common good with due consideration to the common valuation estimation made collectively by the community or city:

community acting collectively—see a purchaser. I see only two possibilities: either by the haggling 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

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 time according to the estimation sale are then commonly worth in a certain

This statement, it seems to me, is such that it does not admit any other construction. Furthermore, San Bernardino gives as an example the case of merchants who trade in things that are plentiful and cheap to an

*7e~Evangelio aeterno*, sermon 35, art. 2, preamble and cap. 1 (*Opera omnia*, IV, 196).

<sup>91</sup> Aristotle, *Nicomachean Ethics*, v. 5. 1133".

<sup>92</sup> Gloss to *Digest*, XXXV, 2, 63.

<sup>M</sup>D? *Evangelio aeterno*, sermon 35, art. 2, cap. 2 and 3 (*Opera omnia*, W, 196). The source of this statement is also a medieval text: "Tui l c O'vi:—"

<sup>\*\*</sup>tlc•RoðVCr, Schumpeter and Scholastic Economics," *op. cit.*, 136.

<sup>95</sup> *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."

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PLATE 4. Title page, Sant'Antonino of Florence, *Secüda pars sutnme reuerëdis\$ml in Christo patris ac dñi*. Basileae, Per Joannes Amorbachiü, 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.

## ÈL· 3?

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PLATE i. “Bnadinus de Senis,” portrait from Leaf ib of a manuscript of his *De contractions et u\$uns*. Italy, *ca.* 1450. Reproduction courtesy The Yale Law Library, Yale University.

other where it is scarce and dear arjxLwke--žruluiüälically 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, and risk; and greatly misleads Bernardino, like David Rirardo much later, to refer 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 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."<sup>96</sup> In other words, the market price should be observed whether the seller gains or loses.<sup>97</sup> San Bernardino did not ask himself the pertinent question whether a seller should sell for more than the price he paid for the goods. To sum up, according to San Bernardino, the just price coincided with the market price, except in the case of a conspiracy.<sup>98</sup>

San Bernardino does not ignore the fact that prices go up or down in response to scarcity (*inopia*) or abundance (*copia*). He gives as the reason for such fluctuations that everything rare is dear, whereas plenty breeds only contempt.<sup>99</sup> There is further analysis.

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 are fixed. He says that because nothing is more important than to promote the interests of the community at the expense of the individual's welfare, the government should regulate prices of 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.<sup>101</sup>

<sup>96</sup> 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."

<sup>97</sup> 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.

<sup>98</sup> This is also the conclusion of Trugenberger (*San Bernardino*, 134–47) but he believes erroneously that Bernardino broke with Thomistic traditions and adopted new criteria. See R. de Roover, "The Just Price: Theory and Economic Policy," *Journal of Economic History* (1958), 418–28.

<sup>99</sup> *De Evangelio aeterno*, sermon 35, art. 2, cap. 2 (*Opera omnia*, IV, 197–98).

<sup>100</sup> *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.

<sup>101</sup> The nominalists, including Martin Luther, were in favor of price regulation rather than a free market. See de Roover, "The Concept of 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 the supply of goods and the effort and ingenuity of the producer, *ceteris paribus*, things requiring greater effort and ingenuity will be more highly priced.<sup>103</sup> As an example, he mentions that goods brought from a distance — from Trance 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.<sup>104</sup> 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.<sup>104</sup>

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 Pennafort in the canon law.<sup>105</sup> 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, *rarity*, *virtuosity*, and *commodability*

<sup>103</sup> *De Evangelio aeterno*, sermon 35, art. 2, cap. 2 (*Opera omnia*, IV, 197). The expression *ceteris paribus* is used in the text.

<sup>104</sup> 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).

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

<sup>105</sup> *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.

<sup>f</sup> as the sources of value.<sup>106</sup> In this connection, he repeats what Thomas Aquinas had already said, namely, that any exchange is for the mutual benefit of both parties and the result is that they are better off than previously.<sup>107</sup> He insists a great deal on the voluntary character of exchange: 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.<sup>108</sup> To exact such a price is unjust and contrary to right.

How price is actually determined is not "attention, but apparently it is set by "common estimation," a term which Antonino borrows from the canonist ifriton (Tj-T^nii), The Implication seems to be that both buyers and sellers have no control. This applies only to competitive conditions. Further confirmation is 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.<sup>109</sup>

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 authority.

It is his opinion that a merchant should not raise the price above the legal maximum. About the enforcement of price ceilings, there is no 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.

## VII. The Problem of the Just Wage

On wages, San Bernardino has little to say except that the same rules which apply to 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 of labor, words, by the demand for labor and the available supply.

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

<sup>107</sup> *loc. cit.*; Thomas Aquinas, *Summa theologiae*, 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.

<sup>108</sup> *Summa theologiae*, Part II, tit. 1, cap. 16, § 4 (col. 258°): "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<sup>b</sup>): "... non est illicitum vendendo pretio occurrenti." Consequently, it is always licit to sell at the current, or market, price.

<sup>109</sup> *Ibid.*, Part II, tit. 1, cap. 8, § 2 (cols. 127°-128<sup>a</sup>): "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 procedit ex abundantia vel penuria ejus, et secundum quod plus vel minus reperitur."

<sup>110</sup> *Ibid.*, Part II, tit. 1, cap. 16, § 2 (col. 252<sup>a</sup>) and cap. 23, § 16 (col. 328<sup>r</sup>). 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."

Why an architect is better paid than a stonecutter or a ditchdigger, San Bernardino explains, is because the former's job requires more intelligence, greater ability, and jnnarr [-raĩnĩq• snrl i-i^t, rr>n^gũently, fewer qualify^ FoE¾e~šamk 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 ex^plained by scarcity because skilled workers-are less numerous than unskilled and high^pos|tions require Lvenavery unusual combination of skills and abilities<sup>7</sup>

In view'uf hL-interest in coiiuiii piubleuĩ> and actual situations, Sant'Antonino — it will cause no surprise — has much more to say about the just wage and labor relations^His i.tũnajtejknowledge\_ of conditions in the Florentine textile industry, especially wool, where relations between employers and workers were always strafhed, 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 eco^nomics or gild socialism/<sup>1</sup>\* For one thing, Sant'Antonino states without making any reservation that the wage of a laborer is a price which, hkFlmTlrtKēlĩP\*tø. is determined by common estimat|nn in tñp pf<pnrp rlf fraud; that is. of\_anv attempts to interfere with the freedom of the labor market either on the side of.jhe employers or on the side ot the laborers.<sup>113</sup> ¾aint Thomas Aquinas had been a little more cautious when he stated that the wage is the nllTũĩĩTēnTmeTātTōĩof labor “almost .as if it were the price ot tñe same” (*quasi quoddam pretium ipsius*).<sup>114</sup> And Aquinas jf^oes 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,,xegardea by the scholastics, including Sant/Antonino, as an appendix to that of the just

The principle of equivalence rests, of course, on the assumption that the two parties were equal in bargaining power and that the scales were~nōT^pped in one iat thiũ w¿&noTso and that the

>rker, in dealing<sup>1</sup> wĩth iĩis^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 fisified with much less {*multominus*) than is needed to support himself and his imily.”<sup>116</sup> In other words, the worker was often so eager for a job that he would iccept a starvation wage {*l-iungerlohn*) inadequate to support himself and his family above the bare subsistence level.<sup>117</sup>

<sup>111</sup> *De Evangelio aeterno*, sermon 35, art. 2, cap. 2 and 3 {*Opera omnia*, IV, 198).

<sup>112</sup> 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.

<sup>113</sup> *Summa theologica*, Part III, title 8, cap. 2 (col. 297"): “. . . dummodo justum pretium statuatur et fraus omnis tollatur.”

<sup>114</sup> *Summa theologica*, I-II, qu. 114, art. 1 resp. (Parma ed., II, 455). Cf. Fanfani, *Storia delle dottrine*, I, 107.

<sup>115</sup> 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.

<sup>116</sup> *Summa theologica*, Part II, title 1, cap. 17, § 8 (col. 269°): “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.”

<sup>117</sup> 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 the woolworkers' "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 Gild and controlled the Florentine government.<sup>118</sup> After seizing the opportunity 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."<sup>119</sup> 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," in recent papal encyclicals.<sup>120</sup> Examination of his writings does not lend support to such an interpretation's 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.<sup>120</sup> 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.<sup>121</sup>

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.<sup>122</sup> Some assume that Antonino refers in this passage to a family wage, but this is extremely unlikely. The passage simply

*Hand 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.

<sup>118</sup> 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).

<sup>119</sup> 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.

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

<sup>121</sup> *Summa theologica*, Part II, tit. 1, cap. 17, § 8 (col. 269\*).

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



paid, while leaving the gold florin untouched.<sup>130</sup> 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).<sup>131</sup> 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.<sup>132</sup>

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 goQdword•to,,sayabout•-workT¾ wliu weic Laiekss,-sporfed-thdYñTaSters' materials) or were slow in returning them.<sup>133</sup> 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 uaquealed."i^robatioerrr-trrrs."was llief1 pure-arid- 'simple'.<sup>134</sup> He inveighed against tenterer^^ox.Atrfetc.hers^, who stretched cloth so much that the material H:oreaffcî 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.<sup>135</sup> If workers were responsible for spoilage or defective workmanship, the employer was entitled to hold them accountable and to deduct from their wages.<sup>136</sup>

Wool-beaters, carders, and combers were a rowdy lot, vile in language, loose in morals, if not addicted to filthy vices.<sup>137</sup> Antonino did not condone them, but he placed the blame squarely on the employers because they accepted no responsibility beyond p¾vjng 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.<sup>138</sup>

## 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,

<sup>130</sup> Giovanni Villani, *Cronica*, Bk. XII, chap. 97 (Florence, 1845), IV, 147-48.

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

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

<sup>133</sup> *Summa theologica*, Part III, tit. 8, cap. 4, § 4 (cols. 313<sup>e</sup>—314<sup>15</sup>).

<sup>TM\*</sup>*Ibid.*, § 5 (col. 316<sup>e</sup>). S. Antonino also denounced the receivers of stolen goods. The statutes of the silk guild contain many provisions against cabbaging.

<sup>135</sup> *Ibid.*, § 4 (col. 313<sup>oo</sup> 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.

<sup>TM</sup>*Summa theologica*, Part III, tit. 8, cap. 4, § 5 (col. 316\*).

<sup>137</sup> *Ibid.*, § 4 (col. 313<sup>11</sup>). The expression *a vitio turpissimo* undoubtedly refers to sodomy.

<sup>138</sup> *Ibid.*, Part III, tit. 8, cap. 1, § 1 (col. 293<sup>d</sup>).

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.<sup>139</sup> 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.<sup>140</sup> 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.<sup>141</sup> 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”).<sup>142</sup> 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*.<sup>143</sup>

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

<sup>139</sup> *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).

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

<sup>141</sup> 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.

<sup>142</sup> *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).

<sup>143</sup> *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).<sup>144</sup> 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 *Jocatio*, a lease or rental.<sup>145</sup> 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.*<sup>146</sup> 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.<sup>147</sup> 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."<sup>148</sup> 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.<sup>149</sup> 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.<sup>150</sup>

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

<sup>144</sup> 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.

<sup>145</sup> Bernardino, *De Evangelio aeterno*, sermon 37, art. 1, cap. 1 and 3 (*Opera omnia*, IV, 223-224, 225-227).

<sup>146</sup> *Ibid.*, sermon 38, art. 1, cap. 2 and 3 (*Opera omnia*, IV, 244-47).

<sup>147</sup> *Politics* i. 8. i2, 8<sup>b</sup>.

<sup>148</sup> *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.

<sup>149</sup> *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.

<sup>150</sup> 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*.<sup>151</sup> 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.<sup>152</sup> Thus, usury could be hidden in an *emptio venditio* (purchase-sale) by simply charging a higher price on credit sales than on cash transactions.<sup>153</sup>

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 contradiction<sup>154</sup> since he recognized at one point that present goods are more valuable than future goods, a principle which, as the voice of Eugen V. von Böhm-Bawerk (1851–1914) as the economic justification of interest.<sup>155</sup> At any rate, time was not a saleable commodity, since it is common property.<sup>156</sup> Therefore, commodities should be sold for cash or on credit at the just price and not higher.<sup>157</sup> However, it was licit for a merchant to accept a cash discount in order to obtain payment before maturity. As the Terner 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.<sup>158</sup> 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.<sup>159</sup> 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.<sup>160</sup> 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.<sup>161</sup> Only the three principal titles,

<sup>151</sup> *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).

<sup>152</sup> *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 commissions*).

<sup>158</sup> *Corpus juris canonici, Decretales*: canon *Consuluit*, Extra. Gregory IX, V, 19, 10; Bernardino, *I+£j&M!i2diOrMtxm\*J£XXm&^^* {βpēm pnnia^Yi^i84-86).

<sup>1</sup>*Ibid.* art. i<sup>cap.</sup> 2 (*Opera omnia*, IV, i62l.).

<sup>155</sup> *Ibid.*, cap. 1 (*Opera omnia*, IV, 165).

<sup>156</sup> *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).

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

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

<sup>159</sup> *De Evangelio aeterno*, sermon 34, art. 1, cap. 2 and 3 (*Opera omnia*, IV, 167-71).

<sup>180</sup> *Ibid.*, art. 2, cap. 3 (*Opera omnia*, IV, 180-82).

<sup>181</sup> Sant'Antonino, *Summa theologiae*, Part II, tit. 1, cap. 7, § 3 (col. 89<sup>s</sup>):

*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 (*iudicialis*) or stipulated by contract in advance (*conventionalis*),<sup>162</sup> 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.<sup>163</sup> The scholastics realized full well that to admit *lucrum cessans* as a valid title would throw the doors wide open to usury.<sup>164</sup> Most of them, therefore, including Thomas Aquinas, rejected this title.<sup>165</sup> Sant'Antonino, however, following Peter of Ancarani (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.<sup>166</sup> 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.<sup>167</sup> 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.<sup>168</sup> This was

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

<sup>162</sup> San Bernardino, *De Evangelio aeterno*, sermon 42, art. 3, cap. 1 (*Opera omnia*, IV, 362-64).

<sup>163</sup> de Roover, “Schumpeter and Scholastic Economics,” *op. cit.*, 140-41.

<sup>164</sup> Noonan, *Scholastic Analysis*, 120.

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

<sup>166</sup> *Summa theologica*, Part II, tit. 1, cap. 7, § 18 (cols. 100-101).

<sup>167</sup> 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, nço* (Turin, 1938), 223, No. 565.

<sup>168</sup> *Summa theologica*, Part II, tit. 1, cap. 6, § 2 (col. 80<sup>c</sup>) and cap. 7, § 34 (col. 109<sup>o</sup>, no<sup>a</sup>) and § 36 (col. H2<sup>b</sup>).

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.<sup>169</sup> Mental usury, although it rested only on the hope of gain, thus became as grievous a sin as contractual usury.<sup>170</sup> 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.

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.<sup>172</sup> 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.<sup>173</sup> 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.<sup>174</sup>

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.<sup>175</sup> 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.<sup>176</sup>

<sup>169</sup> de Roover, *Medici Ban*, 103. In Florence, deposits *a discrezione* were also placed with textile manufacturers, spicers, and others.

<sup>170</sup> S. Antonino, *Summa theologica*, Part II, tit. 1, cap. 7, § 35 (col. no<sup>0</sup>).

<sup>171</sup> Alonso M. Hamelin, O.F.M., *Un traité de morale économique au XIV<sup>e</sup> 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.

<sup>172</sup> S. Antonino, *Summa theologica*, Part II, tit. r, cap. 7, § 34 (col. no<sup>a</sup>).

<sup>173</sup> *Ibid.*, Part II, tit. 1, cap. 23 (col. 313").

<sup>174</sup> *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 Saporiti* (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").

<sup>175</sup> *De Evangelio aeterno*, sermon 43, art. 3, cap. 1-3 (*Opera omnia*, IV, 377-87).

<sup>176</sup> *Summa theologica*, Part III, tit. 8, cap. 3, § 1 (col. 301").

After San Bernardino's death, a disciple, the Blessed Bernardino of Feltre, O.F.M. (1439-1494), campaigned successfully for the creation of *monies pietatis*, or public pawnshops, which charged just enough interest to cover operating costs.<sup>177</sup> 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).<sup>178</sup>

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.<sup>179</sup>

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

<sup>177</sup> 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).

<sup>178</sup> 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.

<sup>179</sup> 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 Pervenit* (1745) to reassert the traditional doctrines on usury.<sup>180</sup> 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.<sup>181</sup>

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.<sup>182</sup>

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.<sup>183</sup> 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 J2.80 to f 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

<sup>180</sup> 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 alia 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.

<sup>181</sup> 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.

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

<sup>183</sup> 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.<sup>184</sup> 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),<sup>185</sup>

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.<sup>186</sup> 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.<sup>187</sup>

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.<sup>188</sup> The important consequence

<sup>184</sup> 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.

<sup>185</sup> 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).

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

<sup>187</sup> 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.

<sup>188</sup> 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°).

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.<sup>189</sup> 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.<sup>190</sup>

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.<sup>191</sup> 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.<sup>192</sup> 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.<sup>193</sup> 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.<sup>194</sup> Sant'Antonino also approved of *cambium per litteram*, or exchange by bills, when the

<sup>189</sup> *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.

<sup>190</sup> *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).

<sup>191</sup> de Roover, “Alexandre Lombard,” *op. cit.*, 860.

<sup>192</sup> 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).

<sup>193</sup> He deals with *cambium* in two different places of his *Summa theologica*: Part II, tit. 1 (*De avaritia*), cap. 7, § 47-50 (cols. i22<sup>b</sup>-i25) and Part III, tit. 8 (*De statu mercatorum*), cap. 3 (cols. 299\*-303\*). The wording is not exactly the same, but there is nevertheless a great deal of duplication in the two versions.

<sup>194</sup> *Summa theologica*, Part II, tit. 1, cap. 7, § 47 (col. 122<sup>o</sup>) and Part III, tit. 8, cap. 3 (col.

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.<sup>195</sup> 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.<sup>196</sup> 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.<sup>197</sup>

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.<sup>198</sup>

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.<sup>199</sup> 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.<sup>200</sup>

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.<sup>201</sup> Unbelievable as it may be, papal bankers were actually given the power to cause the excommunication of defaulting clerics implicated in these

<sup>195</sup> *Ibid.*, Part II, tit. i, cap. 7, § 48 (col. 123<sup>11</sup>) and Part III, tit. 8, cap. 3 (col. 299°).

<sup>196</sup> 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.

<sup>197</sup> *Summa theologica*, Part III, tit. 8, cap. 3 (col. 300<sup>b</sup>).

<sup>198</sup> 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.

<sup>199</sup> 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 Saporiti* (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.

<sup>200</sup> *Summa theologica*, Part II, title 1, cap. 6, § 2 (col. 80<sup>d</sup>) and cap. 7, § 49 (cols. 123-124) and Part III, tit. 8, cap. 3 (cols. 299°-300<sup>b</sup>).

<sup>201</sup> *Ibid.*, Part II, tit. 1, cap. 7, § 50 (col. 125) and Part III, tit. 8, cap. 3 (cols. 301°-302).

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

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.<sup>203</sup>

<sup>202</sup> de Roover, *Medici Bank*, 201, 213, 287.

<sup>203</sup> 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.<sup>204</sup>

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.<sup>205</sup> 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.<sup>206</sup> 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.<sup>207</sup> 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.<sup>208</sup>

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.<sup>209</sup> 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.

<sup>204</sup> Hamelin, *Un traité de morale économique*, 172-75, Nos. 116-22.

<sup>205</sup> 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 *prestantiae* 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).

<sup>206</sup> *Ibid.*, art. 2, cap. 1 (*Opera omnia*, IV, 316-18).

<sup>301</sup> *Ibid.*, art. 2, cap. 2-4 (*Opera omnia*, IV, 318-28).

<sup>208</sup> *Ibid.*, art. 3, cap. 1-3 (*Opera omnia*, IV, 328-46). Cf. Trugenberger, *San Bernardino*, 116-27.

<sup>TM</sup> *Summa theologica*, Part II, tit. 1, cap. n (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.<sup>210</sup> 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.<sup>211</sup> 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.<sup>212</sup> 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.<sup>213</sup> 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

<sup>210</sup> 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 12 $\frac{1}{2}$ , 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 33  $\frac{1}{2}$  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.

<sup>211</sup> 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 [*SOInma angelica* [Venice, 1594], Part II, "Usura I," Nos. 65-67].

<sup>213</sup> 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.

<sup>TM</sup>*Corpus juris canonici, Decretales*: canon *Quta 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.<sup>214</sup> 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 *rarity* and *utility* from Pierre Olivi, still another friar.<sup>215</sup> 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.<sup>216</sup>

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 others for making them the chief competition rather than the normal competitive 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.<sup>218</sup> 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.<sup>219</sup> If Karl Marx had any forerunners, they were David Ricardo and John Locke, not San Bernardino, Pierre Olivi, or Thomas Aquinas.

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

<sup>215</sup> *History of Economic Analysis*, 98.

<sup>218</sup> Chiefly by F. H. E. J. Acetti, O.F.M., followed by others who took his lead.

<sup>217</sup> One of the most virulent criticisms surprisingly came from an adherent of Catholic welfare economics: W. J. Schumpeter, "Schumpeter's Umwertung der Werte," *Kyklos*, VIII (1955), 225-51. Cf. Frank H. Knight, "Schumpeter's Hierarchy of Economics," *Southern Economic Journal*, XXI (1955), 261-72, and Jacob Viner, "Schumpeter's Theory of Value," *Economic Journal*, LXIV (1954), 902.

<sup>218</sup> Schumpeter, *History of Economic Analysis*, 93. What Schumpeter asserts is that John Duns Scotus whom he cites. He did not realize that scholastics had conflicting views on the subject of the just price. The concept of the just price, *justitia*, is not the same as the just price, *justitia*, of the just price, *justitia*.

<sup>219</sup> 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.<sup>220</sup> studies

The scholastics are usually represented as supporters of the gild system. It may, therefore, be mentioned in passing that neither San Bernardino nor Antonine because they were moralists and interested in the welfare of the community than in the reform of the church. However, the scholastics, in general, sided with the consumer and were much more favorable to the maintenance of free competition. For instance, the medieval scholastics were emphatically hostile to exclusive privileges and monopolies with 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.<sup>221</sup> ^ - ^

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

<sup>220</sup> 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.

V. Joseph Höfner, *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 (1950), 49-60.

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