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BY
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N O T R E D A M E , I N D I A N A

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PREFACE

The purpose of this dissertation is to examine the Thomistic doctrine regarding wealth and money. As a consequence of, and as a help to, this principal purpose, the dissertation seeks to determine which notions are common to Aristotle and St. Thomas, and which are peculiar to St. Thomas alone. The attempt to fulfill this subpurpose has been made by comparing St. Thomas' view on these problems, as found in his commentaries on Aristotle's Politics and Ethics with those views which are found in his more original writings, such as the Summa Theologica, the De Begimine Principum, the Sentences and the De Malo. Whatever further enlightenment has been needed to understand St. Thomas himself, the commentaries of such Thomists as Cajetan and Billuart have been consulted. For instance, in Chapter III, these commentators have been utilized to develop the notions of just price and of cambium which are not sufficiently developed by St. Thomas.

To those who have helped to make this dissertation possible I owe a greater debt than these prefatory Words can adequately discharge. I am especially indebted to the Reverend Philip S. Moore, C.S.C., for his special assistance frequently and for his thoughtfulness always; to the Reverend Leo R. Ward, C.S.C., for his kindly interest and encouragement; to my director, Dr. Yves Simon, for the many fruitful suggestions which he has given and for his patience throughout. As well as to the former professors I wish to express my appreciation to Dr. W. Gurian and Dr. W. Nutting for many stimulating courses.

CONTENTS

Chapter	Page
Introduction	1
I. Wealth.....	21
II. Money.....	52
III. Commerce.....	..
IV. Usury.....	..
V. Conclusion	7^

INTRODUCTION

THE NOTION OF ECONOMICS

ARISTOTELIAN NOTION

For Aristotle and the Greeks the term "economics" did not have the same connotation which it has today. It was used to designate broadly that prudence by which one managed one's household, its Greek derivation being οἰκία - house, and νομο - regulation. Economics was a prudence and it was to the head of the family what politics was to the head of the State.¹² Where the latter was concerned with the "good life," the former was concerned with "life." However, the "life" of familial society did not suggest only the satisfaction of material wants, and household management did not concern itself exclusively with procuring daily needs. It embraced the whole life of the family—the management of one's slaves, the "republican rule" over one's wife, and the education of one's children:

It is clear then that household management takes more interest in the human members of the household than in its inanimate property, and in its the excellence of these than in that of its property, which we style riches, and more in that of its free members than in that of slaves,³

Consequently, the term "economics" had both a wider and a narrower connotation for Aristotle than it has today. It was wider in that it referred to the management of the entire life of the family, to the ordering of the material, intellectual, and moral requirements of domestic society. It was narrower in that it referred to that prudence whose proper care is the regulation of the household alone.

According to modern usage, "economics" designates that science which is concerned with the wealth-getting

1. Aristotle, *Nich. Eth.*, VI, 5. 111f0b 8-11
2. Aristotle, *Toi.*, I, v, J. 1259b 18-22.

INTRODUCTION

and wealth-using activities of man.³ Is there any term in Aristotle which approaches this current meaning of "economics"? Laistner says that "The Greeks had no word to express what is now meant by either of these two names (i.e., Economy and Political Economy). Perhaps the nearest approach to such a term is that used by Aristotle, *chrematistics* ($\hat{\alpha}\rho\eta\mu\alpha\tau\iota\sigma\tau\iota\kappa\eta$)".⁴ *Chrematistios* is the art of wealth-getting and is of two kinds, natural and unnatural. Natural *chrematistics* is a part of household management.⁵ It is concerned with procuring a "supply of those goods capable of accumulation, which are necessary, for life and useful for the community of the city or of the household."⁶ Unnatural *chrematistics*, though so closely allied to the former as to be often mistaken for it, is not related to household management. Its aim is the amassing of artificial wealth, i.e., money. The common basis of these two kinds of *chrematistics* is that each makes use of the same thing, though not in the same way. Both are arts, but the natural art of wealth-getting is not only a part of household management, but also is subordinate to it, whereas the unnatural *chrematistics* is a part of trade. The former is concerned with procuring the means to an end; it procures the material needs which are so utilized and ordered as to make possible the full life of the family. The latter aims at acquiring material goods considered as an end in themselves; here $\hat{\alpha}$ wealth is ordered to nothing higher, for it is sought for its own sake and without limit.⁷ Included under the first kind are husbandry and agriculture with their various departments; under the second are commerce, money-lending, and labor for hire.⁸

Is the natural art of wealth-getting exclusively

J. Cf. A. Marshall, *Principles of Economics*, (London: Macmillan, 1936), 1; H. R. Saager, *Principles of Economics*, (Jed., New York: Henry Holt and Co., 1925), 1; F. S. Delbier, *Principles of EtonamJcs*, (New York: McGraw Hill, 1929), 1.

1. M. L. W. Laistner, *Greek Economics*, vii.

5. Aristotle, *Pol.*, I, *Hi'*, 8. 1256b 28-29.

6. Aristotle, *Pol.*, I, *ill*, 8. 1256b 29-30.

7. Aristotle, *Pol.*, I, *ill*, 17-20. 1257b 18-1258a 19.

8. Aristotle, *Pol.*, I, *iv*, 1-J. 1258b 9-27.

a part of economics or household management? Apparently it is not, for Aristotle seems to imply that it is also subsidiary to politics: "Therefore, that there is a certain art of acquisition belonging in the order of nature to householders and to statesmen, and for what reason it is so, is clear."⁹ Again it is stated, "And we can also see the answer to the question raised at the beginning whether the art of wealth-getting belongs to the householder and the statesman..."¹⁰ These are not the only suggestions that Aristotle gives that wealth-getting is the concern of the head of the State as well as of the head of the household. After describing the monopoly of Thales he adds, "...hence even some states have recourse to this plan as a method of raising revenue when short of funds: they introduce a monopoly of marketable goods."¹¹ Again he points out

An acquaintance with these devices is also serviceable for the statesman, for many states need, financial aid and modes of revenue like those described (i.e., monopoly), Just as a householder may, but in greater degree; hence some statesmen even devote their political activity exclusively to finance.

If we understand these provocative statements of Aristotle correctly, then it would seem that he entertained some notion of a wealth-getting proper to politics, which would be analogous to the notion of political economy. However, some such term as "political chrematistics" would have been more proper to Aristotelian terminology than the expression "political economy"; the juxtaposition of "political" and "economy" would, from their derivation, imply a certain contradiction for a Greek.

9. Aristotle, *Pol.*, I, *ill*, 9. 1256b 37-39-

10. Aristotle, *Pol.*, I, *ill*, 20. 1258a 19-20.

11. Aristotle, *Pol.*, I, *iv*, 5. 1259a 20-23.

12. Aristotle, *Pol.*, I, *iv*, 5- 1259a 34-36.

THOMISTIC NOTION

Since St. Thomas wrote no separate, unified tract on economy, what texts there are on the subject are few and scattered. His notions on economics as a discipline are to be found chiefly in his treatise on prudence in the *Summa Theologica*, I-II, and in his commentaries on Aristotle's *Ethics* and *Politics*. His treatment of the notion of economics is hardly original, as he appears to paraphrase the Philosopher. In approaching the Thomistic doctrine on the place and dignity of economics, we might well proceed on the principle that there is little in St. Thomas which was not previously in Aristotle.

When St. Thomas uses the word "economic" he uses it in the Aristotelian sense. Thus, he may use it to describe the different kinds of societies: "Society is of two kinds: one which is economic, as in the case of the family; and one which is political, as in the case of a city or a kingdom."³ Or again, he may use the term to distinguish the various parts of moral philosophy.

Moral philosophy is divided into three parts. The first part considers the operations of one man ordained to an end and is called monastic. The second considers the operations of the domestic multitude and is called economic. The third considers the operations of the civil multitude and is called political. 14

In a third context he uses the term "economic" to describe that kind of justice which a husband owes to his wife, "This economic justice is different from political just as the household is different from the State."^{3,5}

12. St. Thomas, *Sent.* IV, d. 37, 2. 2, a. 1 ad 4. Also "*Alia vero communicatio est oeconomica, secundum quam homines sibi in domesticis officiis communicant.*" *Sent.* HI, d. 29, q. 1, a. 6
14. St. Thomas, *Ethic*, Lib. I, Leet. 1.
13. "*Justum enim quod est viri ad uxorem est oeconomicum quia vir praeest in domo sicut princeps in civitate. Hoc tamen justum oeconomicum est alterum a politico, sicut domus est aliud a civitate.*" *Ethic*, Lib. V, Leet. 11. See also *Summa Theol.* H—H 57.4; H—H 58.7, ad 3; *Sent.* H, d. 44, q. 2, a. 1.

From these different examples it is clear that St. Thomas, like Aristotle, uses the word "economic" to distinguish familial society and its activities from civil society.

But these considerations indicate only the etymological part of the question, what is economics? St. Thomas' definition has both subjective and objective aspects. Subjectively speaking economics is twofold; it is, a prudence and a practical science. Prudence is the *recta ratio rerum agibilium circa humana bona vel mala*.¹⁶ "It is not in the reason alone, but has some connection with the appetite."¹⁷ The good which prudence seeks is a particular good; it is a good which is determined by a set of unique, unrenewable circumstances—"omne operabile est singulare."¹⁸ A prudential judgment is "nothing else than the application of universal reason to a particular task to be accomplished."¹⁹ Economics, then, is the prudence by which one rightly orders his household.²⁰ Since prudence is threefold—individual prudence, economic prudence, and political prudence—economic prudence is midway between the two extremes,²¹ and "just as political prudence is more principal than economic prudence, so this latter is more principal than prudence which is merely self-directive."²² Furthermore, the perfectibility of the various prudences is of such a reciprocal nature that one cannot possess economic prudence without possessing to some degree both individual and political prudence, nor, conversely, can one possess

16. St. Thomas, *Ethic*, Lib. VI, Leet. 7.

17. "Prudentia non est in ratione eolum, sed habet aliquid in appetitu." St. Thomas, *Ethic*, Lib. VI, Leet. 7.

18. St. Thomas, *Ethic*, Lib. VI, Leet. 7. See also *Summa Theol.* H-H, 47.2; II-H, 47.2.

19. St. Thomas, *Ethic*, Lib. VI, Leet. 7.

20. "Earum enim quaedam dicitur oeconomica, Id est prudentia dispensatiya domus." St. Thomas, *Ethic*, Lib. VI, Leet. 7. See also *Summa Bieol.*, H-H, 48.1; H-H, 47.11.

21/ "Positis autem duobus extremis intelligitur medium, scilicet oeconomica quae medium est inter unum hominem et civitatem." St. Thomas, *Ethic*, Lib. VI, Leet. 7. See also *Summa Bieol.*, ii-n, 50.3.

22. St. Thomas, *Ethic*, Lib. VI, Leet. 7.

the other two prudences without some economic prudence.²³ When St. Thomas says that one must possess 'all three in order to possess any one, he obviously means that they must all be present if one is to possess prudence in a perfect degree. Otherwise he would be forced to conclude that all persons who have not the care of a family could not have any prudence whatsoever! There is an imperfect connection between the prudences: individual prudence enters more perfectly into the constitution of economic prudence than does economic prudence into the constitution of individual prudence. However, it would be a gross misunderstanding to think that the last part of the foregoing statement means that economic prudence enters into the constitution of individual prudence only extrinsically or accidentally. Whereas in political prudence there are two specifically different kinds— one which belongs to the ruler alone (regulative) and one which belongs to the subjects (politica simply speaking)²⁴—in economic prudence there is no such division. There is no paternal economic prudence as distinct from economic prudence simply speaking, precisely because the father has not perfect power over the household as the ruler has over the state,²⁵ Furthermore,

- 2J. "Et dicet quod proprium bonum uniuscujusque singularis personae non potest esse sine oeconomia, id est sine recta dispensatione deccus, neque sine urbanitate, id est sine recta dispensatione civitatis—nec tamen sufficit politica (et) oeconomica sine prudentia proprium. Quia recte disposita civitate et domo, adhuc est immanifestum qualiter oportet disponere ea quae ad seipsum pertinent. Et ideo oportet ad hoc intendere per prudentiam quae est circa proprium bonum," St. Thomas, *Ethic*, Lib. VI, Leet. 7.
- 2>>. "et multitudo unius civitatis vel regni, cujus quidem regula directive in principe regnativa, in subditis autem politica simpliciter dicta." St. Thomas, *Summa Theol.*, H-II, 1(8.1). See also H-II, 50.1; H-H, 50.2; H-II, 1(7.12).
25. "Pater in domo habet quandam similitudinem regii principatus, ut dicitur in VIH *Ethic*: non tamen habet perfectam potestatem regiminis sicut rex. Et ideo non ponitur separatim paterna species prudentiae, sicut regnativa." St. Thomas, *Summa Theol.* H-H, 50.3, ad 3- "Et similiter oeconomica (dividitur) in paternam, quae competit paterfamilias; et oeconomiam simpliciter." St. Thomas, *Sent. HI*, d. 33, q. 3, a. 1. This

if prudence is of three kinds, so also is imprudence threefold;se thus, there is economic imprudence.

However, it is not to be inferred from this that economic prudence is absolutely one and undivided. It can be divided into many species by reason of different formal objects. A commentary of Cajetan's throws some light on this point. He shows that in directing a ship some look to the masts, some to the oars, etc. He then adds that, "on this account economics is also divided, for the same reason; into many species by reason of its different formal parts."28Thus, the "formal parts" of economic prudence would probably be represented by the various prudences required in the management of a household: the ability to manage servants, the foresight necessary for providing material needs, the good judgment needed for training the children, etc.

Up to now economics has been considered according to its classification among the various prudences. As a prudence it is a virtue, a quality existing in a subject. The question now is what specifies this virtue, this economic prudence?, St. Thomas replies that the end of economics is the common good of the family.20 The difference between the common good of the family and the common good of the State may be expressed in the formula: the economic end is ad vivendum, while the political end is ad bene vivendum. It would be inaccurate to think that the phrase ad vivendum is to be understood in an exclusively material way. When St.

distinction as given in the Sentences between paternal economic prudence and economic prudence simply speaking contradicts what St. Thomas has to say on the same matter in the Summa, the only resolution of the contradiction seems to be to accept the view in the Summa, rather than in the Sentences, since the Summa represents the more mature thought of St. Thomas.

26. "Imprudencia triplex: monastica, oeconomica, politica." St. Thomas, Summa Theol., II-II, 53, 2.
- 27; "Propter quod etiam oeconomica in multas species dividitur eadem ratione propter diversas partes formales." Cajetan, Coram, in Summa Theol., H-H, 50-2.
28. "alia (prudencia) autem oeconomica quae ordinatur ad bonum commune domus vel familiae." St. Thomas, Summa Theol., H-II, 17, 11.

Thomas speaks of the necessities of life he classifies them as generation, nourishment, and training. The first two elements include such needs as food, clothing, and shelter; the third refers to those mental and moral conditions which are indispensable for the life of rational beings. These three necessities are, he says, "secured to man by the domestic society of which he is a part."²⁸ Thus, the specifying object of economic prudence is not merely the provision of material needs, but its "ultimate end is the completely good life insofar as it can be attained in domestic intercourse."²⁹ In this text it must be noted that the phrase, "the completely good life," is restricted by the phrase which follows it, "insofar as it can be attained in domestic intercourse." That restrictive phrase is pregnant with meaning. It reminds us that, although the common good of the family is a real good one, it is only a relative good; it tells us that in attaining the economic good man realizes some achievements demanded by his nature, but that he does not realize in it the plenitude of achievement to which he, as a social animal, is called. It is only in attaining the political common good that man realizes the ultimate in human perfect, for, in the temporal order, the political common good is a final good. The difference between the domestic common good and the political common good is not merely quantitative, for the two are specifically different.³¹

29. "Primo quidem ad ea quae sunt vitas necessaria, sine quibus praesens vita transigi non potest: et ad hoc auxiliatur homini domestica multitudo, cujus est pars. Nam quilibet homo a parentibus habet generationem et nutrimentum et disciplinam." St. Thomas, *Kthlc*, Lib. I, Leet., 1.
30. "Finis autem ultimus oeconomicae est totum bene vivere secundum domesticam conversationem." St. Thomas, *Summa Theol.*, II-II, 50, Ad. 1. "Quaedam multitudo est adunata ad totam vitam: sicut multitudo unius domus vel familiae, cujus regitrix est prudentia oeconomica." St. Thomas, *Summa theol.*, II-II, 48, 1.
31. St. Thomas, *Polit.*, Lib. I, Leet. 1.

Thus, the phrase, *ad vivendum*, is used in opposition to the phrase, *ad bene vivendum*, not to indicate the purely material life as opposed to the virtuous life, but rather to bring out in sharper detail the specific difference between the domestic good life and the political good life. From these considerations it can be seen that the *ad vivendum* of economics does not stand in relation to the *ad bene vivendum* of politics as a pure means to an end. The economic end is a real end, desirable for itself. If the economic end is related to the political end, what is the nature of that relationship wherein the economic end retains its character as end? It is simply that the economic end is a subordinate end and the political end is ultimate in an order which is itself, however, not ultimate.

The problem of economics as a practical science receives scant treatment in St. Thomas. In fact the furthest he goes into the question is to mention merely that economics is also a practical science.³² When speaking elsewhere of economics and politics he points out that "economics and politics are not accepted here according as they are sciences, but rather according as they are prudences of a sort."³³ What of the possibility of economics being a speculative science as well? In the *Sentences* St. Thomas says: "and so there is economics which is a speculative discipline, that is a deliberative discipline, and economics which is practical, that is, a discipline ordained to action."³⁴ This is the only place where St. Thomas seems to suggest that economics is a speculative discipline. However, it must be borne in mind that this text comes from the *Sentences* which represents the less mature thought of St. Thomas and in which his terminology had not yet attained the precision

32. "*In quantum enim sunt in sola ratione dicuntur quaedam scientiae practicae, scilicet ethica, oeconomica et politica.*" St. Thomas, *Ethic*, Lib. VI, Lect. 7.
33. "*Oeconomica et politica non accipiuntur hic secundum quod sunt scientiae, sed secundum quod eunt prudentiae quaedam.*" St. Thomas, *Summa Theol.*, II-II, q. 82, ad 2.
34. "*Sic est oeconomica quae est habitus speculativus, id est considerativus, et practicus id est activus deus conferentium.*" St. Thomas, *Sent.*, III, d. 35, 1. 3, a. 1.

of his later works. Thus, he may be using the word "speculative" with a much wider connotation than the same word has, for Instance, in the Summa. The fact that he uses "conslderatlrvus" as a synonym seems to imply merely that he refers to a less thoroughly practical phase in the development of practical thinking. The conclusion would be, then, that St. Thomas regarded economics as a practical discipline on the scientific or prudential level. Economics as a practical science is less practical than economics as a prudence. In the former case it indicates a general course of action; In the latter case it goes so far as to determine the right course of action regarding particular and unrenewable circumstances. As a prudence, economics regulates actions at closer range; Its practical conclusion is unique.

It is necessary to recall here that the term "economics" has been used up to now in the sense that St. Thomas used it. It would be a gross confusion to identify St. Thomas' "economics" with the modern use of the term. The similarity is to a large extent only nominal. The difference is sharply brought out by the following text:

It (economics) has more to do with men than with the possession of inanimate things such as wheat, wines and other things of the sort; and it should deal more with the virtue by which men live well, than with the virtue by which we procure and multiply those possessions which are called wealth.^{ss}

Even more strongly he insists elsewhere that "the end of economics is not wealth,"³⁰ for "wealth can be compared to economics not as the ultimate end but as an instrument."³¹

If wealth is not the specific end of economics the question arises, of what discipline is it the end? St. Thomas states the question thus:^{*}

35. St. Thomas, *Polit.*, Lib. I, Lect. 10.

36. "Finis oeconomicae non est divitiae." St. Thomas, *Ethic*, Lib. I, Lect. 1.

37. »"Divitiae comparantur ad oeconomiam non sicut finis ultimus sed sicut instrumenta quaedam ut dicitur in *Pol.* I." St. Thomas, *Summa Theol.*, II-II, 50.3, ad 1. "Pecunia enim et omnes divitiae sunt quaedam instrumenta oeconomicae." St. Thomas, *Polit.* I, lect. 6.

There is a certain other part of economics which is called, wealth-getting (*pecunialis*), which according to some seems to be the whole of economics; according to others, its greatest part, from the fact that the management of the household, consists chiefly in the acquisition and conservation of wealth.³⁸

He specifies the question more accurately by pointing out that there is really a double question involved,

—of which the first is whether the art of acquiring wealth (*ars pecuniativa*) is exactly the same as economics, or whether it is a certain part of economics; or, if it be not the same nor yet a part of it, but rather subsidiary to it. It is clear that the art of wealth-getting somehow pertains to economics and thus it must be related to the latter in one of those ways suggested.³⁹

Obviously, the Thomistic phrase used here, *pars pecuniae* is but the Latin equivalent for the Aristotelian term, "χορηγοῦστικῆ".

St. Thomas follows Aristotle in showing that the art of wealth-getting is not the same as economics, since the former is concerned with acquiring wealth, while the latter is concerned with using it.

There is no other art, except economics, whose task it is to make use of those things necessary for the household. It is clear that even in other matters the art which uses is different from the art which acquires or makes, just as the art of sailing a ship is other than the art of ship-building; therefore, economics is different from the art of wealth getting.⁴⁰

38. St. Thomas, *Polit.*, Lib. I, Lect. 11

39. St. Thomas, *Polit.*, Lib. I, Lect. 6.

40. St. Thomas, *Polit.*, Lib. I, Lect. 6. "Similiter etiam ad dispensatorem domus quodammodo pertinet considerare de pecunia, scilicet utendo ea iam acquisita, et utendo etiam ministerio eorum qui acquirunt: sed considerare ex quibus rebus pecunia possit acquiri et quando, hoc non pertinet ad oeconomiam, sed ad artem subservientem, scilicet ad pecuniativam." St. Thomas, *Polit.*, Lib. I, Lect. 8.



INTRODUCTION

Since wealth-getting is not the same as economics, the second part of the problem is to determine the relationship between the two. In short, is wealth-getting a part of economics or subsidiary to it? There is a difference between an art which is part of another art and an art which is subsidiary to another. For instance, knife-making is part of the art of tool-making, while the art of casting iron is subsidiary to tool-making. The "partial art," then, is related to the other art as species to genus, as knife-making is to tool-making. The "subsidiary art" is related to the other art as means to end, as iron-casting is to tool-making. "And because," adds St. Thomas, "wealth is used in administering a household it seems to be subsidiary rather, than a part."⁴¹ However, there is still the problem of how wealth-getting is subservient to economics, since, "one art ministers to another in two ways—in one way by preparing for it the tools by which it operates, and in another way by furnishing the material with which it operates."⁴² St. Thomas concludes that wealth-getting provides the instruments rather than the materials, because "money and all sorts of wealth are instruments of economics."⁴³

He then follows Aristotle by describing the different ways man has of acquiring material needs—by fishing, by hunting, and by agriculture.⁴⁴ Thus, wealth-getting of this sort has three distinguishable features: it is natural; it is part of economics; and it is not infinite. Since nature has provided animals and plants for the use of man, "when anyone acquires what nature has made for him the acquisition thereof is natural."⁴⁵ Now since this kind of acquisition is natural, "it is

41. St. Thomas, *Polit.*, Lib. I, Lect. 6.

42. "Invenitur enim, quod una ars ministrat alii dupliciter. Uno modo praeeparando ei organum quo operatur... alio modo, quia exhibet ei materiam qua operatur." St. Thomas, *Polit.*, Lib. I, Lect. 6.

43. "Ex quo etiam manifestum fit quod pecuniativa magis subministrat per modum praeeparantis instrumenta, quam per modum praeeparantis materiam. Pecunia enim et ames divitiae sunt quaedam instrumenta oeconomicae." St. Thomas, *Polit.* Lib. I, Lect. 6.

44. St. Thomas, *Polit.*, Lib. I, Lect. 6.

45. St. Thomas, *Polit.*, Lib. I, Lect. 6.

part of economics to the extent that, as part, It is subsidiary to economics."⁴⁶ Thirdly, 'the acquisition of wealth cannot be infinite because "true wealth is of such a character that it removes want and provides sufficiency to the one who has it, such that a man becomes self-sufficient In his quest for the good life."⁴⁷⁴⁸ Furthermore, because wealth-getting being subsidiary to economics, supplies the Instruments, and because the "instrument of an art is Infinite neither In multitude nor magnitude,"⁴⁶ the acquisition of wealth must be finite.

This natural art of wealth-getting does not only provide the Instruments for economics, but also for politics .

It is necessary for both the statesman and the economist (one of the few times St. Thomas uses this word), that they may acquire those things necessary for life and useful for the community. It pertains both to the household and to the State, for neither can be governed without the necessities of life.⁴³

Again he insists that "true wealth is a sort of Instrument both for the economist and the statesman since they are used in governing the household and the State."⁵⁰ In showing that wealth-getting is the concern as well of the householder, St. Thomas does little more than restate Aristotle. Unfortunately, he did not draw from any economic facts of his time to elaborate this point. In modern times the connection between wealth-getting and political prudence is exemplified by such governmental departments as forestry, agriculture, fisheries, mining, and commerce. By erecting such departments modern governments are concerned with conserving natural resources, stimulating national wealth, and regulating

⁴⁶ St. Thomas, Polit., Lib. I, Lect. 6.

⁴⁷ St. Thomas, Polit.» Lib. I, Lect. 6.

⁴⁸ "Nullius artis instrumentum est infinitum in multitudine neque magnitudine.: St. Thomas, Polit., Lib. I, Lect. 6.

⁴⁹ St. Thomas, Polit., Lib. I, Lect. 6. "Est quaedam naturalis possessiva quae est necessaria et oeconomicis et politicis." St. Thomas, Polit., Lib. I, Lect. 6.

⁵⁰ St. Thomas, Polit.. Lib. I, Lect." 6.

INTRODUCTION

private enterprises in the Interest of the common good.

In short, all governmental agencies which are erected for communal utility, and which provide the statesmen with the instruments necessary for obtaining the good life in the state are concrete examples of this natural art of wealth-getting which is proper to and subservient to political prudence.

Besides this natural acquisition of wealth there is another kind which is the acquisition of money. This second kind is unnatural because "money was not brought forth by nature, but was Introduced through* some experience and art."⁵¹ The artificial character of this type of acquisition derives, then, from the fact that man does not acquire what nature has provided, for his use; but rather he acquires what man has created merely for his convenience, i.e., money.

From the fact that money began to be exchanged, into money for the sake of gain in a certain artificial way, the art which is concerned, with money is called the pecuniary art; it is ordained to this, as to an end, that it produces a multitude of money and riches.

Besides being unnatural this kind of acquisition tends to be infinite in character. "Each of the **arts is infinite** in respect of its end; but the desire of that which is to an end is not infinite, but has a term which is regulated and measured by the end."⁵³ In other words, the end of an art is infinite, whereas the means are finite because they are limited, regulated and measured by the end. For example, the end of the art of

51. St. Thomas, *Polit.*, Lib. I, Lect. 7.

52. St. Thomas, *Polit.*, Lib. I, Lect. 7. "**Sed illa pecuniaria quae est camporum multiplicat pecunias non omnibus modis, sed solum per denariorum permutationem: unde tota consistit circa denarios: quia denarius est principium et finis talis commutatio dum denarius pro denario datur.**" St. Thomas, *Polit.*, Lib. I, Lect. 7.

53. "**Desiderium finis in unaquoque arte est in infinitum; desiderium autem ejus, quod est ad finem, non est in infinitum, sed habet terminum secundum regulam et mensuram finis.**" St. Thomas, *Polit.*, Lib. I, Lect. 8.

medicines is unlimited health, but the amount of medicine which it prescribes to that end is certainly limited. Thus, when one takes a certain amount of intoxicating stimulant for health's sake, his desire for that stimulant is finite and limited by the end; when, however, one takes a stimulant for its own sake, the desire for it becomes infinite since it is no longer a means, but an end in itself. (This same is true where money is the end of acquisition. The money is no longer desired for the sake of the good life, but is rather desired for itself. Therefore, this artificial kind of acquisition, whose end is money, is infinite in character! While we might be inclined to say that pecuniary acquisition is not part of economics because it is infinite, St. Thomas who is ever faithful to the teleological approach in such matters, reverses the formula: pecuniary acquisition is infinite because it is not part of economics.

Money is not the end of economics, but is ordained, to the end which is the governance of the household; therefore, pecuniary acquisition, seeks money without limit, but economics is limited in its quest for it.⁵⁴

It is the perversity in human nature which causes men to pursue riches for their own sake. Some men are interested in living the life of Virtue and so they are content with those things which are sufficient for the demands of nature. There are others, however, who are bent on living according to their own desires. These desires are for corporeal pleasures and by their very nature are infinite. Thus, they seek unlimited riches to satisfy their unlimited desire for pleasures.⁵⁵ The former employ the natural art of wealth-getting, since their end is the domestic good life. The latter

54, St. Thomae, Polit., Lib. I, Lect. 8.

55. "81 enim Intenderent vivere secundum virtutem esse contenti his quae sufficiunt ad sustentationem naturae: sed quia praetermisso hoc studio, student ad vivendum unusquisque secundum suam voluntatem; Ideo unusquisque Intendit acquirere ea per quae possit suam voluntatem implere: It quia concupiscentia hominum, tendit in Infinitum: Ideo In infinitum desiderant ea per quae possint satisfacere suae concupiscentiae... et Ideo omnis cura eorum esse videtur ad acquirendum multas pecunias." St. Thomas, Polit., Lib. I, Lect. 8.

employ the artificial kind of acquisition because their end is the life of sensible delights, which they desire to excess.^{se}

However, there is another kind of pecuniary acquisition which is not wholly unnatural. It is the kind which does not seek money for its own sake, but which seeks it for the sake of the necessities of life. For this reason it is, like natural wealth-getting subservient to economics.⁵⁷ This kind of pecuniary acquisition is easily recognizable as commerce, toward which St. Thomas appears to have a more tolerant attitude than Aristotle.

Of the two kinds of pecuniary acquisition, the act is the same, namely the procuring of money, but they are not ordered in the same way. In the case of pecuniary acquisition which is subservient to economics, it is ordained, to another end., namely the management of the household. In the case of unnatural pecuniary acquisition its end is the increase of money. se

Quia enim dispensatores demorum student circa acquisitionem pecuniarum, propter hoc inducitur In curam domus altera species pecuniativae, scilicet nummularia, praeter eam quae est propria oeconomicae, scilicet acquisitio rerum necessariorum ad vitam: sed quia in excessu Intendunt frui delectationibus corporalibus, propter hoc quaerunt ea quae possunt facere hujusmodi excessum, scilicet multitudinem divitiarum." St. Thomas, Polit., Lib. I, Lect. 8.

- 57 "Ullus scilicet quae deservit oeconomicae, quae quaerit pecunias pro comminatione rerum necessariorum, et nummulariae, quae quaerit denarios propter seipsos." St. Thomas, Polit., Ub. I, lact. 8.
- 58 "Otriusque enim pecuniativae est idem actus, scilicet acquisitio pecuniarum, sed non eodem modo; sed in pecunlativa oeconomica hoc ordinatur ad alium finem, scilicet ad gubernationem domus; in pecunlativa autem, scilicet nummularia, ipsa augmentatio pecuniae est finis." St. Thomas, Polit., Lib. I, Lact. 8.
- "Acquirat enim pecunias usque ad aliquem terminum propter alium finem, scilicet propter habenda necessaria vitae. Sed ; proprie oeconomica set circa ea quae sunt secundum naturam, sicut ili» quae pertinent ad cibum: et haec non est Infinita, sicut prim» pecunlativa, sed habet aliquem terminum. Vel potest

Elsewhere he points out that exchange is of two kinds: the exchange of thing, for thing, or of things and money on account of the necessities of life and the exchange of money for money, or of things and money for the sake of gain. The former kind is "praiseworthy" and the latter is "justly condemned."⁵⁹*

It is necessary here to remark on the successive changes in St. Thomas' terminology when he is treating the art of wealth-getting under its different aspects. When he first speaks of wealth-getting he uses the term, "ars pecuniativa,"⁶⁰ as meaning natural acquisition. Later, when he comes to distinguish the two kinds of acquisition he uses the generic word, "possessiva,"⁶¹ which includes both natural and artificial acquisition. Now the expression, "ars pecuniativa," loses its former connotation and takes on the meaning of artificial wealth-getting, the acquisition of money. Then the natural art of wealth-getting is called, "ars acquisitive cibi et aliorum necessariorum vitae."⁶² Finally, he distinguishes natural acquisition of money, where the end is the necessities of life, from the artificial acquisition of money, where the end is simply gain. The former he calls "pecuniativa oeconomica" and the latter,

Intelligi, quod Ipsa pecuniativa quae est necessaria, est altera a non necessaria, sed est oeconomica, et aliam non imitatur." St. Thomas, *Polit.*, Lib. I, Lect. 8.

59. "Duplex est rerum commutatio. Una quidem quasi naturalis et necessaria: per quam scilicet fit commutatio rei ad rem, vel rerum et denariorum, propter necessitatem vitae. Et talis commutatio non proprie pertinet ad negotiatores, sed magis ad oeconomicos vel politicos, qui habent providere vel domui vel civitati de rebus necessariis ad vitam. Alia vero commutationis species est vel denariarum ad denarios*, non propter res necessariae vitae, sed propter lucrum quaerendum... Secundum Philosophum autem, prima commutatio laudabilis est... secunda autem juste vituperatur." St. Thomas, *gumma Bieol.*, H-U, 77A.

60. St. Thomas, *Polit.*, Lib. I, Lect. 6.

61. St. Thomas, *Polit.*, Lib. I, Lect. 7.

62. St. Thomas, *Polit.*, Lib. I, Lect. 7*

63. St. Thomas. *Polit.*» Lib. I, Lect. 7.

"pecuniatlvā nummularia."⁶⁴ Thus, in the final and settled state of his terminology, St. Thomas' divisions of wealth-getting may be schematically arranged:

	are acquisitive cibī, etc. (wealth acquired, from nature)	
ars possessiva (wealth-getting in général)	are pecuniatlvā (wealth acquired by money)	(pecuniatlvā oeconomica λ (natural use of money) ι λ pecuniatlvā nummularia (artificial use of money)

The relationship between economics and the various kinds of acquisition can be summed up briefly. The end of economics is the good life of the domestic society, just as the end of politics is the good life of the civil society. Wealth-getting supplies the instruments to the economist and the statesman in order that they may attain their respective ends. But this wealth-getting is of two kinds, natural or artificial. The former is as a means to an end, and so it is subservient both to economics and to politics. The latter has the character of an end itself and has no proper connection with either politics or economics. The natural art of wealth-getting may be of two species; it may seek the necessities of life from what nature itself has provided, or it may acquire the necessities of life through the medium of commerce. These two natural forms of wealth-getting, then, provide the necessities of life; economics and politics use these necessities by disposing and ordering them to their proper ends—the good of the family or of the State.⁶⁵ Thus, the relationship between economics and wealth-getting can be outlined as follows:

64. St. Thomas, *Polit.* Lib. I, Lect. 8.

65. "Facere igitur vel acquirere hujusmodi cibum non est proprium opus et immediatum politicae vel oeconomicae» sed proprium opus ejus est depenare ista in desuo» sicut oportet." St. Thomas, *Polit.*, Ub. I, lect. 8.

politics is a relatively ultimate end, the good life in the temporal order; the end of economics is a subordinate end, the good life in domestic society. By applying the principle of the hierarchy of ends, the economic end is measured by and regulated by the political end; and since man's destiny as a person is supernatural and supra-temporal, the political end, though ultimate in its own order, is modified by the final end which is absolute. From this point of view, then, economics is subordinate proximately to politics, and ultimately to individual ethics.

66. However, from another point of view economics is directly subordinate to individual ethics. For instance, in such a case as buying and selling the norms which are immediately applicable are those of individual ethics rather than of politics.

Chapter | |

WEALTH

In referring to Aristotle Defourny points out that "We can study wealth in its relation a) to the individual (Nichomachean Ethics), b) to the household (Politics I), c) and to the political society (Politics)."¹ The Aristotelian discussion of wealth is predominantly moral. That is to say, the problem of wealth is primarily conceived as a moral problem whose implications involve the application of ethical, economic, and political norms.

For St. Thomas, as well, this problem has this triple aspect. However, in its relation to individual ethics, the question obviously has different implications in St. Thomas from those it has in Aristotle, since the Individual ethics of the former is Christian. Though Aristotle says that moderate wealth is conducive to virtue,² his point of view is surely not that, of St. Thomas:

**temporal goods must be condemned when they lead us from
.. the love and fear of God. . . temporal goods are not to
be condemned when they are Instrumental aids in helping
us to love and fear Him.³**

Thus, while Aristotle, in his Ethics IV, is discussing the same virtue of liberality which St. Thomas considers in the *Secunda Secundae* of the *Summa*, their points of view are radically different. St. Thomas agrees with Aristotle that liberality is not the greatest virtue; in fact, he not only agrees with the Philosopher, but he

1. M. Defourny, *Aristote, Etudes sur la Politique*, 39.
2. "Next let us speak of Liberality. IM" virtue seems to be the observance of the mean in relation to wealth...."
Aristotle, *Ethica*, IV, 1, I. 1119b 23-25.
3. St. Thomas, *Summa Theol.*, H-U, 126, 1 ad 3.

goes far beyond him: "Those virtues are to be preferred to all others which are ordained to the supernatural good, for the supernatural good is far above any human good.—1,4 Consequently the Christian notion of wealth as expressed by St. Thomas is intrinsically modified by the conception of the supernatural character of man's final destiny.

The term "divitiae" in St. Thomas extends broadly to "external goods," "temporal goods," "internal goods"7 and sometimes in the narrow sense of "riches,"8 as indicating superfluous wealth. He also uses the term analogically to indicate spiritual riches.9 Only the first two connotations of the word will be used here. "External goods" in St. Thomas suggests more than just material things; it extends as well to goods of body and mind, be they persons or things. In his Classification of Desires in St. Thomas, Fr. I; Smith has a complete schema of these various external goods.10

		meat
		drink
	Things	clothing
	Body	money
		houses
External Goods	Persons	•{prlends
		Honor
		Fame
		Glory
	Mind	.Power
		friends
		God

4. St. Thomas, *Summa Theol.*, H-H, 117, 6-

5. St. Thomas, *Summa Theol.*, I-ü, βH, H; H-11, 118, 1; *Polit.*, Lib. III, Leet. 1.

6. St. Thomas, *Summa Theol.*, H-H, 8H, b; H-H, 118, lada.

7. *Ibid.*, I-H, 2, 1; n-n, 118, I ad 2.

8. St. Thomas, *Cont. Gent.*, III, 1jU.

9. *Ibid.*, IH, HO, 3.

10. I. Smith, O. P. *Classification of Desires in St. Thomas and in Modern Sociology*, 31

Thug, we shall restrict the meaning of the term "external goods" or "wealth" to those things which pertain to the body. In so doing we are preserving the essential elements which are proper to the modern notion of economic wealth—that it is external and material.

Wealth is of two kinds: natural and artificial.

Natural riches are those which serve to remove from man his natural deficiencies, such as food and drink, clothing, vehicles, shelter, and such like. Artificial riches are those which do not serve of themselves as a natural aid to him, such as money; human art has invented it in order to facilitate exchange by serving as a measure of the things which he exchanges.¹¹ /

Natural and artificial wealth are distinguished here on the basis of final causality. Natural-wealth is a means toward the end, the satisfaction of the natural needs of man in the material order, it is a true bonum utile. Artificial wealth on the contrary, is a means of means. It is for the sake of natural-wealth—that it is a true bonum utile we are employing an analogical predication. Bonum utile, which is properly predicated of natural wealth, is analogically predicated of, or attributed to, artificial wealth. What desirability natural wealth has it receives from the end which it serves, the satisfaction of material needs. Artificial 'wealth' on the contrary, is not directly related to, nor measured by the end; what desirability it has comes from the fact that it is a means to an end. The difference between the two is that nature] wealth is a manna wealth is a means to an end.

It is to bring out this difference between the two kinds of wealth that Aristotle recounts the Midas fable. This story indicates clearly that artificial wealth, by itself, is really without an end, and that it is put into relation to an end only through the mediation of natural wealth. Aristotle also points out here that the fact that currency can be changed by those who use it indicates that artificial wealth becomes useless

11. St. Thomas, Summa Theol. I-II, 2.1.

when it can no longer procure the necessities of life.¹⁸

That wealth implies both utility and value was not by any means unknown to St. Thomas:

There is a twofold use for each thing: they agree in this that each use is essential and not accidental to the thing; they differ in the fact that one is proper to the thing and the other is not proper, hut common to it.¹²¹⁴

St. Thomas then quotes Aristotle's famous example of the shoe to illustrate his point. One use of the shoe is to wear it, and this is its proper use. The other use for it, which is its common use, is to barter it for something else which is needed. It is the same with every necessary article. Its proper use is that for which either nature or man intended it; it belongs to it alone, such as shoes to be worn or bread to be eaten—"Proper use" is but the Thomistic term for "utility." Common use, on the other hand, is that use which all exchangeable goods enjoy by the very virtue of their exchangeability. The common use of shoes and of bread is the same: shoes can be used to get bread with, or bread can be used to acquire shoes. "Common use," in St. Thomas, is nothing more than "value."

What Zmavc says about the relationship between utility and value in Aristotle can, of course, be likewise applied in St. Thomas: "Utility is for Aristotle indirect value, so to speak...the shoe has a utility for the consumer, a value for the producer."^{1*} Both utility

12. Aristotle, *Polit.*, I, ill,* 16, 1257b 10-17.

St. Thomas, *Polit.*, Lib. I, Lect. 7.

Taeuber has an interesting observation on this point:

"The Scholastics have understood the Midas fable better than the modern commentators...Thomas of Aquin gave an interpretation in the spirit of his own time. One can no longer purchase with denarii when the Prince or the community debases them." W. Theuber, *Geld und Kredit im Mittelalter*, (Berlin: O. Heymanns, 1933), 3^o.

13. "...est enim uniuscujusque rei duplex usus: et conveniunt in hoc quod uterque est secundum se et non per accidens: differunt autem in hoc quod unus eorum est proprius usus rei, alius autem non est proprius sed communis." St. Thomas, *Polit.*, Lib. I, Lect. 7-

14. Johann Zmavc, "Me Werththoorle bel Aristoteles und Thomas Van Aquino," *Archiv für Geschichte der Philosophie*, (1099), 414

and value are intrinsic to the thing, for, as St. Thomas insists in the quotation immediately above, "they are the same in that each is intrinsic and not accidental." There is no difficulty in seeing that utility is inherently in the thing, but St. Thomas foresaw that we might easily conclude that value is something extrinsic or accidental. He makes special reference to this point: "Although exchange is not the proper use of a shoe, it is notwithstanding its use per se and not just accidentally; because he who exchanges it, uses it according to its value."¹⁵ It is obviously possible that in some cases, of course, value is not intrinsic, but purely extrinsic. For instance, a keepsake which has no value for exchange may well have great value, for sentimental reasons, for the person who cherishes it. In such circumstances the value does not exist in the thing so much as in the imagination of the subject, and therefore it is accidental. That it is given value*results from a peculiar psychological phenomenon which makes the thing valued no longer a thing, but rather personifies it. Here, evidently, is an example of "value" improperly speaking. By using the Thomistic phrases "proper use" and "common use" we can understand the intrinsic character of each better than when we use the terms "utility" and "value." We are thereby better disposed to apply the notions of proper and common causality. The final cause of a thing is some good—"eadem ratio boni et finis est."¹⁵¹⁶The proper final cause of shoes is a specific good, i.e., it can be exchanged for some other article which satisfies a different want. Thus, whether it be by its proper use or common use the final cause of the thing is some good or other. For this reason both utility and value are intrinsic to the thing.

Though both uses are intrinsic, they do not enjoy equal dignity. Utility is prior to value. Value without utility would be meaningless. There would be no value to a shoe unless it has utility for someone.

The quality of things to satisfy social necessities—that is not those of the producer, but of someone else—this is its value (exchange value). And so things are

15. St. Thomas, *Tout.*, Lib. I, lect. 7.

16. St. Thomas, *Mata.*, lib. U, lect. H.

commensurable and comparable on the basis of their being objects of use .it

Fundamentally, utility is prior to value as the proper cause is prior to the common cause in the order of finality.

Furthermore, the relationship implied by utility is different from that implied by value. There are three immediate genera of the category of relation:

is first, which is founded on quantity or proportion, the second on action and passion, the third on measure. The first genus is divided into relations of equality and inequality, similitude and dissimilitude, agreement and diversity, proportion... The third genus is divided into relation to measure which is either the object, or the exemplar or prototype. Relation to the object is divided into the relation of the power or habitus, or the relation of the act. And each is divided into various species according as the power is active or passive, cognitive or appetitive... 10

Now utility is based on the relationship between the thing needed and the person needing. From the foregoing analysis of relation, it would appear that utility belongs in the third genus. That is, it belongs in that kind of relation which is based on measure between the object and the appetitive power. Consequently, between the thing and the person there is a relationship of measure; the utility of the thing is measured by the need or desire of the person for that thing, and the greater the need, or desire, the greater is the utility. Value, on the other hand, is based on the relation between one exchangeable thing and another. Hence, it seems to belong in the first genus of relation, which is founded on quantity. When a suit of clothes is exchanged on an equal basis for two hundred loaves of bread, their equality is founded on a relation of quantity. This establishment of utility and value in the different

17. Johann Zmavc, "Die Werththeorie bei Aristoteles und Biomas Aquino." Archly für Geachichte der Philosophie, tel.

18. John of St. Thramn. Cursus Philosophicus Biomisticus, Logica

genera of relation is no mere academic exercise, but rather it serves to show, from another point of view, that value is dependent on utility.

While the proper utility of a thing is measured, by the end which its nature penults it to realize, the common utility of this thing is measured by its counterpart in exchange, a counterpart which is also a useful thing. The first measure is specific for each utility, and is radically heterogeneous from one to another; it is impossible to compare a carriage to a cannon from the point of view of their proper utility; we can only compare them from the moral point of view in respect to the ends which they serve. The common utility of a thing, on the contrary, is measured to another thing with common utility—that is to say, to something homogeneous. Consequently it is measured by a number or a quantity, since quantity is the order of homogeneity. This quantitative measure of common utility is value-in-exchange, or simply value; it renders all things commensurable, and thanks to it we can place the carriage and the cannon in balance. 10

Thus, the utility of things is measured by their relation to human appetites; the value of things is measured by their quantitative relation to other useful things.²⁰

However, this is to give only half of the picture, for value cannot be determined exclusively by reference to utility. Aristotle apparently never considered this aspect of the question. Zmavc's opinion is that

19. A. Sandoz, "La Notion de Juste Prix," *Revue Thomiste*, (1939), 287.

20. "Et dicit quod omnia possunt adaequari quia omnia possunt commensurari per aliquid unum ut dictum est; hoc autem unum, quod omnia mensurat secundum rei veritatem est indigentia, quae continet omnia commutabilia, in quantum omnia referuntur ad humanam, indigentiam; non enim appetantur secundum dignitatem naturae ipsorum; alioquin unus mus, quod est animal sensibile, majoris pretii esset, quam una margarita, quae est res inanimata. Sed rebus pretia imponuntur, secundum quod homines indigent eis ad suum usum." St. Thomas, *Ethic.*, Lib. V, Lect. 9. Of. also, St. Thomas, *Summa Theol.*, H-H, 77, 2.

Aristotle does not explicitly give a detailed analysis of the satisfaction of necessities and of those factors which would have influence on the determination of prices (i.e., the real exchange value); he gives the example to emphasize the commensurability of wares (i.e., exchangeable goods).

As for the other determinants of value besides utility, St. Thomas answers that they are labor and capital:

It is necessary, therefore, to a just exchange that so many shoes be given for one house or for enough food for one man, as the builder or the farmer exceeds the shoemaker in labor and in expenses. If this is not observed there will be no exchange of things...²²

Thus, because the builder and the farmer have greater production costs than the shoemaker, by reason of their more considerable expenditure of labor and capital, St. Thomas concludes that houses and food are more valuable than shoes. Zmavc points out a propos of this Thomistic text that "St. Thomas gives a commentary in which we can discern that he has seen some factors not mentioned by Aristotle (i.e., labor and cost of production.)"²³ A careful examination of Aristotle's Ethics at this point²⁴ bears out Zmavc's observation. In this matter of labor and expenses, together with scarcity mentioned previously, we are treated to some very rare examples of the introduction of St. Thomas' own ideas into his Commentaries.

21. Johann Zmavc, *Loe*, clt.. 421. For the example referred to here, cf. Aristotle, *Ethics*, V. 5, 1135^b 5-15-

>22. St. Thomas, *Ethic*, Lib. V, Leet. 9.

23. J. Zmavc, "Werththeorie bei Aristoteles und St. Thomas von Aquin." *Archiv für Geschichte der Philosophie*, 422.

St. Thomas recognizes other factors which may influence the value of a thing, such as differences of place or time, and risk: "...quia pretium rei est mutatum secundum diversitatem loci, vel temporis, vel propter periculum..." St. Thomas, *Summa Theol.*, H-H, 77,4 ad 2.

24. "As therefore a builder is to a shoemaker, so must such end such a number of shoes be to a house (or to a given quantity of food); far without this reciprocal proportion there can be no

However, it is in the Summa, where St. Thomas speaks for himself, that we find the obvious inference that labor is an element which must be considered in computing value.

That is called, a wage (merces) which is paid to anyone as a recompense for his work and labor. Therefore, as It Is an act of Justice to give a Just price for a thing taken from another persoif, so also to pay the wages of work and labor is an act of Justice.²⁵

Again, "Remuneration for service or work...can be priced at a money value as may be seen in the case of those who offer for hire the labor which they exercise by work or by tongue."ae St. Thomas, nevertheless, did not consider labor as the only determinant of value.aT Thus, the value of a commodity, according to St. Thomas, is determined by the usefulness which it has for the consumer, and by the cost of labor and other expenses incurred by the producer.

St. Thomas certainly recognizes that there is a definite relationship between wealth and scarcity.as

exchange and no association; and It cannot be secured unless the commodities In question be equal in a sence." Aristotle, Ethic, V. 5, 1155b 25-26.

25. St. Thomas, Summa Theol., I-H, 11U,1.
 26. St. Thomas, Summa Theol., II-U, 78, 2 ad 5.
 27. O'Brien remarks à propos of this point that, "Certain so-called Christian socialists have endeavored to find In the writings of the scholastics support far the Marxian position that all value arises from labor. This endeavor, however, is destined to failure...." G. O'Brien, An Essay on Medieval Economic Teaching, 115. . . .
 28. That scarcity and plenty alternately affect the value of things le implied by St. Thomas: "Ad quartum dicendum quod vitium rei facit rem in praesenti esse minaris valeris quam videatur: sed in casu praemiaeo, in futurum res expectatur esse minoris valoris per superventum negotiatorum qui ab ementibus Ignoratur. Unde venditor qui vendit rem secundum pretium quod invenit non videtur contra lustitiam facere si quod futurum est non exponat. Setasen exponeret vel de pretio subtraheret, abundantioris esset vlrutue...." St. Thomas, Summa Theol., H-H, 77, 5 nd 4.
 Cf. also, St. Thomas, Summa Theol., U-H, 77, 1 ad 2.

wealth:

Speaking of the function of money as a medium of exchange he remarks:

Nevertheless, they (i.e., metals, such as gold, etc.) can be easily carried about to remote places because a «small amount of them on account of their rarity have more value than other, things.2930

Again, where he is speaking about the knowledge necessary for the art of exchange he observes:

One who wants to increase his wealth must have a knowledge of those things which are dearer and in what places; because some things abound in some places; others, in other places. Therefore, this knowledge is necessary in order that he may buy things in those places where they abound and sell them where they are dear.

When, St. Thomas speaks in the second text of increasing one's wealth, he obviously means increasing one's artificial wealth by means of exchange. The inference is that scarcity has no direct connection with the increase of natural wealth; one does not increase the real wealth

29. "...tamen da facili portari poterant ad remotum locum quia modicum de istis, propter eorum raritatem, valebat multum de aliis rebus." St. Thomas, Polit., Lib. I, Lect. 7.
30. "Oportet autem eum, qui ex his vult lucrari pecuniam, esse expertum quate eorum sint maxime cara, et in quibus locis; quia alia istorum in aliis regionibus abundant; ut scilicet emat'in loco ubi abundant, et vendant in loco ubi sunt cara." St. Thomas, Polit., Lib. I, lect. 9

In both of these texts where St. Thomas is commenting on the Politics, he is either drawing from his own empirical knowledge, or is stating what he believes to be implicitly contained in Aristotle. In the original sources of these texts there is no explicit mention of scarcity as a determinant of value. Cf. Polit., I, ill, 4. 1257a 35-1257b; I, iv, 1. 1258b 10-20. The only intimation which we have that Aristotle thought of scarcity as being an element in value is in the story of Thales, who, by means of monopoly, induced an artificial scarcity, Cf. Polit., I, iv, 5-6. 1259a 5-20.

of a country by burning the surplus supply of coffee, or by ploughing up the surplus crop of cotton. In other words—the-se&Ecity of things does not increxiR-n^H—__ create their usefulness, so far as the one who needs them is concerned. Thus, we can see from the passage that St. Thomas understood the law of supply and demand, and that he realized that it worked more directly for the production of artificial wealth than for the production of natural wealth, that it worked more directly to the immediate advantage of the distributor than of the consumer.

31. "The need, which is the cause of prices is not the need, or desire which is specified by the utility of the thing, but the deliberate desire to acquire by exchange such a useful thing (rather than another thing); and this desire relative to exchange is demand. Similarly it is not the absolute quantity of things which influences prices, but only that quantity destined to exchange, that is to say, the quantity of things which have been actually-supplied." A. Sandoz, "La Notion de Just Prix," *Revue Thomiste*, (1939), 297.

Chapter 11

MONEY

-- In Politics I Aristotle describes the origin of money.¹ Man began to exchange goods first by barter. When the bartering of goods became more frequent and more irksome, owing to the difficulty of its transportation, money was introduced. Men agreed to use something intrinsically useful, such as gold or silver, in order to facilitate exchange. At first, the value of money was determined by its weight. Later, to save the trouble of weighing the coins each time, their value was stamped on them. It does not concern us whether this description given by Aristotle represents the actual development of money in history, or whether he merely used the explanation as a reasonable hypothesis in order to analyze the nature of money.

Money, by its very origin, is an artificial thing. It was invented *art.*:—Money has received by convention a sort of representation *lib. di** demand; and this is why it has the name *money* (nom. *lib. ma*)—because it exists not by nature but by law (*vojo*) and it is in our power to change it and make it useless.² Consequently upon this artificial nature and in view of its primary function, money does not constitute real and true wealth.³ Van Roey points out that in the Politics *lib. I, leet. 7*, St. Thomas makes two very pregnant observations on the artificiality of money-wealth:

1. Aristotle, *Pol.*, I, *ill.* 13-16. 1257a 35-HO, cf. also St. Thomas, *Pol.*, *lib. I, leet. 7*.
2. Aristotle, *Ethic.*, V, *v.* 11. 1133a 30-33. cf. also: "Et inde est quod denarius vocatur numisma: nemo enim Lex est, quia scilicet denarius non est mensura per naturas, sed nemo, id est a lege; est enim in potestate naturae transmutare denarios et reddere eos inutiles." St. Thomas, *Ethic.*, *lib. T, leet. 9*
3. "Stultum est dicere quod divitiae totaliter nihil sint nisi multitudo pecuniarum...denarii non sunt verae divitiae." St. Thomas, *Polit. lib. I, leet. 7*.

In the first place, real wealth is independent of the will of man and of his arbitrary disposition; it implies an essential relationship of utility with human life—'sed transmutata dispositione hominum qui utuntur divitiis, denarii nullius sunt pretii, nec aliquid afferunt ad necessitatem vitae.' In the second place, it is totally unreasonable to call a starving man rich; for is it not possible that a man, though possessed of an abundance of money, perishes for lack of food, like Midas in the fable? The economic experience of modern nations makes the truth of this second argument eminently clear to all.⁴⁶

Though St. Thomas denies that money is real wealth he does not thereby repudiate it entirely. He even classifies it as useful to man—He agrees with Aristotle that the difference between money and real wealth is not considerable; that, is why men confuse the two so easily.⁰

If money is only artificial wealth, what is its relation to natural wealth? By what right is it classified among the external goods? It enjoys its title as an external good by reason of its being the rule and measure of the value in exchangeable things—"regula et mensura rerum venalium."⁷ "The quantity of a thing which has utility for man is measured according to the price given it, it is to this purpose that money was invented."⁸

1. For two observations in St. Thomas, Pol., Lib. I, Lect. 7, see Van Roey, "La Monnaie D'Après St. Thomas d'Aquin," *Revue Néoscholastique*, 12 (1905), 122.
- 5- "Pecunia autem cadit sub ratione bonorum utilium: quia omnia exteriora bona ad usum hominis sunt ordinata." St. Thomas, *Summa Theol.*, II-II, 117-3.
6. "Multi enim putant quod haec pars possessivae (i.e., acquisitio pecuniarum) sit una et eadem cum praemissa (i.e., acquisitio necessarium), propter vicinitatem quam habet cum ipsa." St. Thomas, *Polit.*, Lib. I, Lect. 7.
7. "In quantum moneta est regula et mensura rerum venalium." St. Thomas, *De Regimine Prine.*, Lib. H, c. 13. Though this text is from the part of the *De Regimine* written by Ptolemaeus de Lucca it is genuinely Thomistic in spirit.
8. "Quantitas rei quae in usum hominis venit, mensuratur secundum pretium datum; ad quod est inventum numisma." St. Thomas, *ftimroa Theol.* H-H, 77, 1; H-H, 77, 2, ad 5.

and so the proper use of money is that it be spent for the exchange of other things."⁹

The problem now is how does money measure the value of things? Certainly it does not measure things by establishing a relationship between the thing and its own Intrinsic value. The measurement is not made on the basis of the relation the thing has to gold as gold. There is a distinction between money considered as a medium of exchange and the metal itself of which the money is made. Money, then, is a measure by virtue of its being money, not by reason of its having intrinsic worth as a precious metal. "Some one thing is needed by which all things of this sort (i.e., exchangeable goods) are measured, and which does not measure by its very nature, but is given its character as a measure by men."¹⁰ In the Sentences he is even more explicit:

All other things by their very nature have some utility, but money has not, for it is the measure of the utility of other things as the Philosopher has shown in Ethic V, cap. VIII. And so the use of money does not have the measure of utility from the money itself, but from those things which are measured by money according to the difference of the one who changes the money into things.¹¹¹²

St. Thomas makes use of Aristotle's example of the house and the bed to illustrate the primary function of money:

let A represent a house which is worth 5 pounds; B a bed worth one pound; and so the bed will have the value of one fifth of the house. /Whence it is apparent how many beds are equal in value to one house, namely five. It is obvious that this is the way exchange took place before the Invention of money: five beds were given for one house.¹³

It is clear that this example has been used to show that even in the absence of money there is an objective

9. "Ita propius usus pecuniae est ut expendatur pro commutatione
illarum rerum." St. Thomas, De Malo, q. 13, a. h.

10. St. Thomas, Ethic, Lib. V, Lect. 9.

11. St. Thomas, Sent. II, d. 3T, i» a. 6. >

12. St. Thomas, Ethic, Lib. V, Lect. 9-

proportion existing between exchangeable things.¹³ Money was introduced merely to measure that proportion. Money is like a scale which measures the proportionate weight of two things: the proportion in weight between the two things exists even when there are no scales, but they do serve to record that proportion. So money is likewise a means of recording the value differences in things. Price is nothing more than value expressed in terms of money.¹⁴ Money measures; the things are measured. "Whence it is called money since it makes all things measured insofar as all things can be measured by money."¹⁵ In this formula it is clear that St. Thomas wants to insist that the commensurability is in things and that money merely measures it. Again he says: "Money equalizes exchangeable things just as a certain measure makes things measured."¹⁶

The specific nature of money, therefore, is that it belongs in the category of artificial wealth. It is an instrument of exchange? It represents the mathematical proportion existing between exchangeable things and as a representation, it is a pure sign without value of its own. Thus, money as a commodity cannot be exchanged for something else.¹⁷ Its primary function is to act as a symbol of value. "And so money was invented to this purpose that through it the prices of all such things (exchangeable goods) can be measured. Thus, money has

- 1J. "And so Aristotle emphasizes that in the equalization of the different products there must be a proportionality ($\delta\sigma\rho\ \sigma\upsilon\mu\mu\epsilon\tau\rho\acute{\iota}\alpha$) that Justice may thereby reign." J. Snare, "Werththeorie bei Aristoteles und S. T. von Aquino," *Archiv für Geschichte der Philosophie*, 1:22.
- 1U. "...asnia mensurantur per Indigentiam naturaliter et per denarium secundum conductum hominum." St. Thomas, *Ethic*, Lib. T, Lect. 9.
- 15- "Unde et vocatur numisma quod quidem omnia facit commensurate in quantum mania mensurantur numi *atM-t-a*." St. Thomas, *Ethic*, Lib. T, Lect. 9-
16. "Wimimna quidem adaequat *ree* commutabiles, sicut quaedam mensura faciens res commensuratas." St. Thomas, *Ethic*, Lib. T, Lect. 9.
17. "In other words," observes Tan Roey, "When money is measured itself by another value it loses its 'active* function...and in losing its 'active* function, it loses at the same time its specific character as money." E. Tan Roey, "La Monnaie D'Après St. Thomas d'Aquin," *Revue Néo-Scholastique*, 12 (1905), 1:7.

MONEY

become a medium inasmuch as-it measures everything."¹⁸

However, if acting as a medium of exchange is the principal function of money it is not its only one. As Cajetan points out, the multiplicity of uses does not impede the principal use and experience testifies to the fact that money has de facto many uses besides the principal one.¹⁹ Both Aristotle and St. Thomas knew of another use of money which derives from its character as a measure of value in exchange. Because money measures the worth of things it can be a guarantee of future need. That is, I can save some money over and above what I need now for the necessities of life, in order to have that with which to buy things that I shall require at some future date.²⁰ As an examination of the text will show, St. Thomas (like Aristotle from whom he got the notion) was well aware of the fluctuation of money over a period of time. Nevertheless, they agree that money was so instituted as to have more permanent value than other things.⁸⁰ In performing this second function money is "quasi fidejussor." It is interesting to note that this expression comes from Roman Law. In Roman legal terminology a "fidejussor" was one who assumed obligation in the event a borrower defaulted—a "backer," we should say now.⁸¹ Thus money is a guarantee of future use, a pledge of security. Such are the functions of money which flow from its proper use.²⁰

18. "Et ad hoc inventa est moneta id est denarius, per quam mensurantur pretia talium rerum. Et sic denarius fit quoddam medium in quantum omnia mensurat." St. Thomas, *Ethic*, Lib. V, Lect. 9.
19. Cajetan, *Com*, in S. T. H—H, 78.1.
20. "Sic ergo pro necessitate futurae commutationis numisma, id est denarius, est nobis quasi fidejussor quod si in praesenti homo nullo indiget, sed indigeat in futuro, aderit sibi afferenti denarium illud quo indigebit... Verum est autem quod etiam denarius patitur hoc idem quod aliae res... id est non semper est ejusdem valoris; sed tamen taliter debet esse institutus ut magis permaneat in eodem valore, quam aliae res." St. Thomas, *Ethic*, Lib. V, Lect. 9.
21. Justin., *Inst.* III, 20

However, like other things, money can have a secondary use.²² This use is not related to the end for which money was instituted, that is, as a measure of the value in things; it does not proceed from money, as money. Rather it is connected with the very material out of which the money is made. Gold, for instance, has its proper use as ornamentation, etc., and its common use as an exchangeable article—it is both useful and valuable. Gold money, then, inasmuch as it is gold, has intrinsic value. Money has as its secondary use the capability of being exchanged for other things. The secondary use of money is really identical with the common use of the thing out of which it is made: gold is exchangeable; therefore, gold money is exchangeable. It is obvious, of course, that just as a shoe is not primarily made for its exchange-value, so money was not primarily invented to be in itself a vendable commodity.²³

Quite frequently it is observed: "My dollar is not worth as much this year as last, "it is true that a dollar may not buy so much as it did previously, but it is improper to speak of its having inherent value as

22. "Et similiter potest esse aliquis secundarius usus pecuniae argenteae, ut puta si quis concederet pecuniam signatam ad ostentationem vel ad ponendum loco pignoris...." St. Thomas, *Summa Theol.*, H-II, 70, 1 ad 6.
23. St. Thomas speaks elsewhere of the uses of money: "Est autem duplex usus pecuniae: unus ad seipsum, qui videtur ad sumptus vel expensas pertinere; alius autem, quo quis utitur ad alios qui pertinet ad donationes." *Summa Theol.*, U-U, 117, J ad 5. However, when he speaks here of "the two uses of money" he is employing the word "use" from the subjective point of view; he is concerned here with how a man uses his money, i.e., prudently or liberally. When he speaks of the two uses of money above he is employing the word "use" in an objective way; he is concerned then with the uses money, has in itself.

money.²⁴ Actually, owing to scarcity, cost of production, and such factors, it is the proportion in the exchangeable articles which has changed, and not the money. In measuring the changing value in things money only appears to have made a corresponding change itself.²⁵

We can perhaps help to clarify this by comparing money with a scales as is done in the *De Regimine Principum*.²⁶ Supposing a scales' records the difference in weight between a box of salt and a box of feathers (both boxes being of equal size). Under normal conditions, let us say, the box of salt weighs three times as much as the box of feathers. Now the atmospheric conditions become damp. Owing to the higher rate of moisture absorption in the salt, the box of salt now weighs four times as much as the feathers. It is hardly valid to conclude therefrom that it is the scales which have changed. . . > . . .

24. The text on the preceding page (n. 20) appears to support the notion that the value of money changes from time to time. The only explanation for this seems to be that here St. Thomas uses the word "value" in an analogical sense. "Value" is predicated analogically of things and money—by an analogy of attribution. That is, "value" exists intrinsically and formally in things and is applied extrinsically to money in virtue of its relation to things. Thus, when we speak of "value" in things we are speaking properly; and of "value" in money, improperly. This text is also found in Aristotle, *Ethic.*, V, v, 14. 1153b 14-15.
25. As X. Van Boey remarks: "Money as a measure renders things commensurable, but it in turn is not made commensurable by them." X. Van Boey, "la Monnaie D'après S. Thomas d'Aquin," *Revue Néoscholastique*, (1905), 46.
26. "Post haec autem agendum, est de ponderibus et mensuris, quae necessaria sunt...quia, sicut et numismata, vitae sunt humanae Instrumenta." St. Thomas, *de Regimine Principum*, U. Cii. 14. This text is likewise from the part written by Ptolemaeus de de Lucca, but it is consistent with the Thomistic view of money as a measure.

Chapter III

COMMERCE

In the Politics Aristotle outlines the useful branches of wealth-getting. The first is husbandry and the second agriculture. These are primary branches, because they constitute wealth-getting in the most proper sense. The third is that which deals with exchange, which is divided into commerce, money-lending and labor for hire. Commerce itself has three departments, shipping, land transport, and marketing. If commenting on this passage St. Thomas follows the Aristotelian outline, except that, where Aristotle merely mentions commerce as a branch of wealth-getting, St. Thomas discusses its technique in some detail.² While St. Thomas in this passage neither praises nor condemns commerce explicitly, his very awareness of its possibilities for satisfying real needs points to the conclusion that he was not so opposed to it as was Aristotle. We can best appreciate his moderation on this point by considering what he has to say of the role of commerce in the State

1. Aristotle, *Polit.*, I, iv, 1-J. 12j8b 10-28.
2. "Dixit autem supra, necessarium esse pecuniativam, per quam homo acquirit pecuniam ex rebus quae natura ministrat ad necessitatem vitae. Hujusmodi autem ponit duas partes. Quarum prima est secundum quam homo ex emptione et venditione talium rerum potest pecuniam acquirere. Et circa hanc partem dicit quod pecuniativae sunt istae partes utiles, id est utilia quaedam documenta, ut homo sit expertus circa bona hujusmodi, quae ab hominibus possidentur, quae eorum sint maximi pretii, et ubi maximo pretio vendantur, et quomodo, puta quo tempore, vel secundum alias condiciones. Oportet autem eum, qui ex his vult lucrari pecuniam, esse expertum quae eorum sint maxime cara et in quibus locis; quia alia istorum in aliis regionibus abundant; ut scilicet emat in loco ubi abundant, et vendant in loco ubi sunt cara." St. Thomas, *Polit.*, Lib. I Lect. 9.

There are two ways in which it is possible to increase the affluence of any State. One, which is the more worthy way, is on account of the fertility of the country producing an abundance of all things which are necessary to human life; the other is through the employment of commerce, through which the necessities of life are brought from different places. The former method can be clearly shown to be the more desirable...It is more admirable that a State should possess an abundance of riches from its own soil than through commerce. For the State which needs a number of merchants to maintain its subsistence is liable to be Injured in war through a shortage of food if communications are in any way impeded. Moreover, the influx of strangers corrupts the morals of many citizens...whereas, if the citizens themselves devote their time to commerce the door is opened to many vices. For when the desire of merchants is Inclined greatly to gain, cupidity is aroused in the hearts of many citizens...For the pursuit of a merchant is as contrary as possible to military exertion. For merchants abstain from labors and while they enjoy the good things of life, they become soft in mind and their bodies are rendered weak and unsuitable for military exercises...It therefore behooves the perfect State to make moderate use of commerce.

The foregoing justification of moderate commerce, occurring as it does in the *De Regimine principum*, is chiefly based on its social necessity. In the *Secunda Secundae*, where all problems are considered from the point of view of individual ethics, commerce is treated differently. The question is whether it is legitimate in trading to sell things at a higher price than at which they were bought.* Jst. Thomas answers that exchange is of two kinds.⁵ The first is natural and necessary and in this kind things are exchanged for things, or money and things are exchanged for the sake of the necessities of life. This kind of exchange does not pertain to traders but rather to "economists" and statesmen whose duty it is to provide the necessities of life, either for the family or for the State. The second kind of exchange is of money for money or of things for money for the sake of profit. This kind of exchange pertains

J. St. Thomae, *De Regimine Principum*, H, Ch. 3.

U. St. Thomae, *Summa Theol.*, H-H, 77, it.

5. St. Thomae, *Polit.*, Lib. I, Lect. 7.

properly to traders.® Thus, in natural exchanges the process is either Goods-Goods, or Goods-Money-Goods. In commerce the process is either Money-Money, or Money-Goods-Money. The specific difference, therefore, between natural exchange and commerce (negotiatio) is that the end of the former is to acquire the necessities of life and of the latter, to gain profit. †

From this distinction it is clear that "commerce" has the narrow connotation in this passage from the Summa, whereas in the De Regimine it is taken in the wide sense. It is the wide acceptance of the term which is in accord with modern usage, since for us "commerce" simply, implies exchange be it for the necessities of life or for mere gain. It is of relevance to point out here that the inaccuracy of modern economic historians, in holding that the schoolmen were opposed to commerce, proceeds from their misunderstanding of terminology; when the schoolmen condemned commerce it was "commerce" in the narrow sense (negotiatio). They condemned it because to them it represented an abuse in most cases. There never was any question in the mind of medieval theologians that the natural kind of trading had to be justified by some extrinsic title. Its very naturalness made it ipso facto acceptable.

† To continue with St. Thomas' argument: the first kind of exchange is praiseworthy, while the second is justly condemned. The reason for this is that, so far as it is itself concerned, it feeds the desire for gain which knows no bounds. Hence, commerce, considered in itself, has a certain debasement attached to it, insofar as, by its very nature it does not imply a virtuous or necessary end. Although gain does not imply anything

6. Thus, according to St. Thomas' terminology, "commerce" in the wide sense ("commutatio") covers both kinds of exchange. "Commerce" in the narrow sense ("negotiatio") refers only to the kind, which is carried on for the sake of profit.
7. St. Thomas considers a special case of buying cheaper and selling dearer. A man may buy something without any intention of selling it again, but owing to circumstances which have arisen after his buying it, he must sell it. Even though he sells it far more than he bought it, there is no question of commerce (negotiatio)

virtuous or necessary, neither does it connote, in itself, anything sinful or contrary to virtue. For this reason nothing prevents gain from being directed to some necessary or even virtuous end and thus trading becomes lawful. For instance, a man may intend the moderate gain which he seeks to acquire by trading for the upkeep of his household, or for the assistance of the needy; or again a man may take to trade for some public good, lest his country lack the necessities of life. The gain which he expects in this case is not sought as gain, but rather as a payment for his labor.

The commentary by Cajetan on this article provides much light for the correct interpretation of it:

You must distinguish between the affirmation of evil and the negation of good. Now trade for the sake of gain is of this nature that evil is not attributed to it, but rather good is denied it. It is not by its very nature evil, for if this were the case no intention could make it licit. Neither is it by nature good, since it is not ordained to a necessary or virtuous end. Rather, it does have a certain character of evil...an action which is neither morally good nor evil can be good if it is accompanied by a good end, and can be evil when joined to an evil end. Thus, trade for the sake of gain, which is justly condemned because of its evil aspect, can be illicit if the gain is the ultimate end, and can be lawful if the gain is ordained to the preservation of the family or the State.

In short, the principle which Cajetan is making explicit here is that of the end justifying the justifiable means. If the means are intrinsically evil no end, how-

lfootnote Continued) involved here. A commercial transaction, formally considered, takes place when the thing is bought cheaply to be sold dearly: "Non quicumque carius vendit aliquid quam emerit, negotiatur, sed solum qui ad hoc «mit ut carius vendat» Si autem emit rem, non ut vendat, sed ut teneat et postmodum propter aliquam causam eam vendere velit, non est negotiatio, quamvis carius vendat." St. Thomas, Summa Theol. H-H, 77, 4, ad 2.

8. Cajetan, Coam, in St. T. t U-H, 77» 4.

ever exalted, can justify them. On the other hand, If the means are only dangerous, a good end can justify their use. However, the end cannot merely be good, but has to be of such a proportion to the means that its good has to outweigh their evil consequences.

In the *Secunda Secundae* of the *Summa*, in his [treatise on justice, St. Thomas deals with the various' questions which are involved; in buying and selling.®

The questions are discussed under four headings:

1. Whether one can sell lawfully a thing for more than it is worth.
 2. Whether the sale is rendered unlawful or unjust because of a defect in the article sold.
 3. Whether the salesman is obliged to admit a defect in the article sold.
 4. Whether in trade one is allowed to sell a thing for more than he bought it.
- A glance at these titles will show that, however interesting these problems are in themselves, they have a point of view different from that required here. Our purpose is to disentangle those norms which are relevant in determining the just price.

Apart from fraud, St. Thomas tells us, buying and selling can be considered in two ways.⁹⁰ In the first way, it is established for the common advantage of both parties. The exchange has to be made on a basis of equality.¹¹ Since the amount is measured by the price,

9. St. Thomas, *Summa Theol.*, H-II, 77, 1-4. |

10. "Si autem fraus deficit, tunc de emptione et venditione dupliciter loqui possumus: uno modo secundum se; et secundum hoc emptio et venditio videtur esse introducta pro communi utilitate utriusque, dum scilicet unus indiget re alterius, et e converso..." St. Thomas, *Summa Theol.*, H-U, 77, 1.

11. The equality of which St. Thomas speaks here is, of course, the equality of quantity: "...secundum aequalitatem quantitatis, quia hoc requiritur in iustitia commutativa quae consistit in emptionibus et venditionibus." St. Thomas, *Sent.* III, d. 18, q. 1, a. 2.,

it should be neither less nor more than the price asked. Thus, to sell a thing for more than the amount of value it has, or for less, is by its very nature unjust:—From the second point of view it may happen accidentally that one is benefited to the loss of the other. In the case, for instance, where one has great need for the thing and the other is injured without it, the just price will be determined not only on the basis of the thing sold, but also according to the loss incurred by the seller. In such a situation, it is lawful to sell the thing for more than it is worth itself, since its price is really not more than its value to the seller. Yet, if the buyer reaps great advantage as a result of the sale, and the seller does not suffer loss, then the latter ought not to raise the price. The advantage which accrues here to the buyer does not proceed from any disposition of the seller, but from some circumstance affecting the buyer himself.

In this article it is apparent that St. Thomas is considering two cases of buying and selling. The first is normal, that is, the advantage from the transaction is mutual. The problem of justice here is comparatively simple: the price should be neither greater nor less than the value of the thing. The second case is exceptional rather than regular. Both parties need the article, but the buyer's need is more urgent. The justice involved here is more complex. The seller may fix a price on the article which exceeds its customary value, in order to be recompensed for the loss which he suffers in selling it. For instance, a man has a spare automobile tire which is a real need and not (as in the present circumstances), a luxury. Another, who has only three tires and has certainly urgent need for a fourth, offers to buy it. Now the seller may justly charge, not only for the value of the tire itself, but also for the loss he sustains by selling it. Obviously, the extra charge for loss must be proportionate to the seller's loss and not to the buyer's need. That the recompense cannot be mathematically determined any more than can the price of the thing itself is obvious.

We are now at the core of the problem of just price. So far the solutions have been negative. The positive solution is another, and more difficult, matter. In other words, St. Thomas has shown that the just price of a thing must be proportioned to its value, but what positive norm does he offer for determining that proper proportion? If we expect of him an easy formula which will help us to determine the just price mathematically, we are doomed to disappointment. St. Thomas never confused the different degrees of certitude which hold in theory and in practice. He warns us quite definitely that "just price cannot be precisely determined, but consists rather in a certain estimation, such that a slight addition or diminution does not seem to remove the equality of justice."¹²

Such is the practical norm which St. Thomas lays down for determining just price. Many difficulties are raised by it, nor does St. Thomas attempt to cast any further light on their solution in any other part of his works. The most obvious difficulty, of course, revolves about that element "estimation." With little help from St. Thomas, we shall have to turn to his commentators for some further illumination.

In his Commentary Cajetan points out, à propos of the reply to the first objection, that the thing to be noted is that the just price allows for some latitude and that it may be determined with some laxity, with moderation, or with rigor.¹³ Just price he defines as "that which can be found among merchants, presupposing common knowledge and removed from all fraud and compulsion."¹⁴ Concerning "common knowledge" he remarks that custom has the force of law,¹⁵ inferring that the customary price of an article is a safe guide to follow.

12. St. Thomas, *Summa Theol.*, II-II, 77,1 ad 1.

13- "In responsione ad primum nota quod ex hoc quod Justum pretium habet latitudinem et distingui solet in primum moderatum et rigorosum." Cajetan, *Comm.* in S. T., II-II, 77,1-

14. "Justum pretium rei est illud quod nunc potest inveniri ab emptoribus praesupposita communi notitia et remota omni fraude et coactione." Cajetan, *Comm.* in S. T., II-II, 77,1.

15- "Consuetudo, quae iuris vim habet." Cajetan, *Comm.* in 3. T., II-II, 77,1.

Bllluart is more explicit in his commentary on the same passage. He begins with the observation that "generally speaking, that Is the just value of the thing, or Its just price, which measures the thing not physical-ly, but morally, considered Inasmuch as It is ordained to human use."¹⁶ By opposing "physically" and "morally" he evidently Intends to show that the determination of just price belongs properly to the ethical sciences, and not to the physical sciences. He holds that two things constitute the just price; it is determined either by public authority or the common estimation of men.¹⁷ In the first case it is called the legal price and In the second, the popular price.¹⁸ They differ In that the former is set, while the latter admits of some latitude.¹⁹

The popular price is based on common estimation. There are two elements here of equal importance:

a) estimation, and b) common. From the very fact that the just price can only be estimated It follows that it must possess some latitude: "Because all do not make the same judgment concerning the value of things, but some judge a little more, and some, a little less—it is necessary to have some latitude within which the limits of the just price can be established."²⁰ Bllluart warns us, however, of a possible misconception of this latitude which would certainly lead to abuse: "Some believe

16. "Generaliter loquendo, ille est Justus rei valor seu Justum pretium, quod est commensuratum rei non physice consideratae sed moraliter et In ordine ad usum et convictum humanum." Bllluart, Comm, in Summam Sancti Uxamae, Tractatus De Contractibus, Dies. HI, a. 3.
17. "Duo sunt quibus constituitur Justum rerum venalium. . . Justum ergo rerum pretium illud est quod vel ab auctore publica, vel communi hominum aestimatione est determinatum." Bllluart, Ibid., Diss., HI, a. 3.
18. "Primum pretium vocatur legitimum. . . Secundum vocatur arbitrarium seu vulgare." Bllluart, Ibid., Diss., III, a. 3.
19. "Haec duo pretia in eo differunt, quod legitimum consistat in indivisibili, vulgare vero admittat latitudinem." Bllluart, Ibid., Diss., HI, a. 3.
20. Bllluart, Ibid., Diss., HI, a. 3.

that this latitude increases proportionately with the price itself... Thus, if an article by its middle price is worth ten (dollars), by its lowest, it will be nine and by its highest, eleven; there is a latitude here of three possible prices. If, however, the article should be worth one hundred (dollars) at its middle price, it will be worth ninety-five at its lowest and one hundred and five at its highest; here the latitude allows for ten possible prices. Now while this is generally true, nevertheless, there should be more emphasis on the custom of the market than on the price of the thing itself—otherwise the latitude in prices would proceed to infinity."01 What Bulluart is evidently trying to rule out here is the application of any kind of mathematical, determinism in the fixing of Just price by estimation. Were the latitude to increase in mathematical proportion to the increase in the price, the prudential element so necessary to estimation would be jeopardized. On this point Sandoz remarks:

Value is, therefore, essentially dependent on this comparative Judgment which men make among many useful things: value results from an estimation. And the reason is clear: although utility is defined in relation to a determined end, values depend on the relation which things have to the universal ends of man, and we have seen that this relation was necessarily subjected to choice, that is to say, to an appreciation... Also, while utility is something real and intrinsic to the useful thing, value is an ens rationis, always dependent on the Judgment of men... Consequently, price is not something real, but only has being in the mind; one can understand how the nominalistic tinge of such a notion has frightened well-intentioned people, and that economists and moralists (they never should have been separated) have sought to give to price the character of a real measure and a foundation in the nature of the thing. We see that they have been wrong, because it results from the very nature of exchange that price is a thing of the mind.

The second point is that the estimation must be common:

21. Bulluart. *Ibid.*, Dies., ill, a. J.

22. A. Sandoz, "la Notion de Juste Prix," *Revue Ichniste*, (1939), 289.

Because private Judgment is often blind and false, It Is so easily perverted by greed. Common Judgment, on the contrary, is regularly more prudent, more attentive and less prone to error, therefore, when there Is a no more certain rule to follow, common estimation concerning the price of things must be consulted. And so it was established by the law of the nations, and rightly so, that the Just price Is based on common estimation, which views the utility of things and the other circumstances, from the standpoint of common knowledge... because commun estimation does not proceed from the private Knowledge of one man or another, concerning the utility of things.²³²⁴

Thus, Billuart makes clear that the just price, as based on common estimation, derives from the law of nations. In opposition to this, some have sought to base price on the natural law:

Mist it be said. that the natural law determines the Just price? Can the value of a thing be measured by acme quality intrinsic to it? Some have thought so: Marx, for example, measures value according to the quantity of work incorporated, in each thing and. it is a current opinion that the value of a thing depends essentially on this quality. Every time we go back to the roots of the notion of value, we see that this is not so. Granted the value depends on all these elements, but it is not measured by them; we can be convinced of this by recalling the distinction between utility and value. The qualities of a thing which render it apt to a determined use, the labor which produced those qualities in the thing—all that is relative to the utility of this thing, and does not concern its relation to the end which it realizes. Value, on the contrary, belongs in the order of exchange and is measured by its counterpart in exchange.²⁴

The important point to notice in both of these comments is the insistence on the fact that price is a matter of prudential determination. In stressing that the estimation must be common Billuart is insisting that prudential judgments are more prudential, "less prone to

23. Billuart, *Ibid.*, *Dies.*, HI,

24. A Sandoz, *loc. cit.*, 288-209

error" when, they are common. Sandoz, by contrasting the nature of utility and value, Intends to point out that value cannot be Irrevocably fixed by the natural law, but that Its determination belongs by essence In the order of prudence.

The problem of just price naturally raises the question of the legitimacy of monopoly. Every reader of Aristotle is familiar with his account of monopoly⁵⁵ and his recommendation of this practice as a means by which one can increase the depleted revenue of the State. In commenting on this passage St. Thomas himself makes no moral judgment on the practice,²⁶ nor does he consider the problem elsewhere.

In popular language the term "monopoly" has a certain opprobrious connotation. It nearly always Implies that such a practice is by its very nature unjust. In the popular notion of monopoly there is nearly always a necessary causal relationship between the character of compulsion which it possesses and its Injustice. Or, to state it in a positive way, the justice of a commercial transaction Is formally derived from the voluntary consent of the contracting parties. Cajetan shows us that the proper distinction is founded on something else. He admits that exchange is not always completely voluntary, but that It frequently is characterized by semi-violence, since, when need characterizes the transaction, it is not absolutely voluntary.²⁷ He then proceeds to the distinction which is the key to the question: "The cause of the transaction (i.e., necessity) is related accidentally to the just price, unless it effects the greater or less amount of value in the thing sold."²⁸ Thus, the element of compulsion, be it on the side of the buyer or the seller, does not essentially enter into the determination of just price. "Thus, If the' price be just, It matters not if there Is an admixture of compulsion (violentia)."²⁹

25. Aristotle. *Polit.* iv, 5- 1259a 6-36.

26. St. Thomas. *Polit.*, Ut>. I, Leet. 9*

27. "Non camino voluntaria eet casautatio sed. seal-violentia... quia hujusmodi venditio ex indigentia non est voluntaria simpliciter, sed. seal-violentia." Cajetan, *Çrm.*, in s, y., n-n, 77, 1.

28. Cajetan, *Coma*, in 3. T.. H-H, 77, 1.29

29- Cajetan, *Cana*, in S. T., H-H, 77, 1.

The second popular fallacy regarding monopoly is that its evil character springs from the fact that the sale of products is controlled by one or, at least, a few. Billuart makes this observations "Just price is that which is derived from common estimation regarding the value (quantitas) of the articles as it is commonly known, whether the sellers be many or not...the quantity (quantitas) of the articles is the same in the case of one or a few, as it would be if it were divided among many..."³⁰ Were this not true, the sale of postage stamps by the government, which is a conspicuous example of public monopoly, would be per se unlawful and contrary to justice.

The third misunderstanding is that monopoly occurs only in the sale of goods. From Billuart's position regarding the determination of just price his stand on this point is eminently consistent: "Those who agree among themselves not to sell unless at a price which exceeds the highest one (i.e., according to common estimation) or those who similarly agree not to buy unless at a price which is below the lowest are sin against justice." Thus, buyers who join together for the sole purpose of buying under the commonly estimated price areas guilty of injustice as those producers who unite to maintain the price beyond that level. In practice, obviously, the monopolistic buyer and the monopolistic seller are frequently the same person or group of persons. It is quite probable, however, that individual consumers, who have been subjected to exorbitant prices in daily necessities, might band together to buy those products at a price below the one demanded—so long as they do not act on the unwarranted assumption that the justice of their action is entirely founded on the fact of their being buyers rather than sellers.

The conclusion, then, is that the specific thing which renders monopoly unjust is not precisely the fact that there is a certain element of compulsion therein, nor that one or a few control the market, nor yet that it is the peculiar technique of producers alone—but rather, what does render it unjust is the fact that the

30. Billuart, *Coma*, in *Sunman Secti Theanae*, Tract: *Pa Contractibus*, Dies. **HI**, a. 11 (*Pe Monopoliis*).

31. Billuart, *Ibid.*, Diss. **HI**, a. 11 (*De Monopoliis*).

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—COMMERCE

price asked by the monopolists exceeds the just price based on common estimation, if the monopolists are sellers, or falls below it, if they are buyers.

In investigating the kinds of commerce (negotiation) according to St. Thomas, we found that there is one kind wherein the relation is Money-Good's-Money, and another in which it is merely Money-Money. This second kind of commerce was given the special name of cambium or *ars campsoria* by medieval theologians. We should probably designate it as "money-changing." "Although cambium was, strictly speaking, a special branch of commerce, it was nevertheless usually treated in the works on usury, the reason being that many apparent contracts of cambium were in fact veiled loans..."³² However, the cases where cambium falls under the discussion of usury are exceptional; the typical examples belong properly in the treatment on commerce. Since we shall consider only the regular forms we shall deal with cambium here, rather than in the succeeding chapter.

Besides the ordinary exchange of money for necessary goods, another kind of financial transactions was introduced according to which money is exchanged for money. This is called *nummularia*, that is the way in which money changers (*campsores*) use money. This first came about by chance; namely, from the fact that some men, in transferring money from some countries to others found that it was worth more than when they got it ("*carius eos expenderint quam acceperint*"). Hence, from this experience... man considered from which place the money should be transferred and in what way he could make the most gain. This is the special concern of the nummular art."³² Again in the same commentary he observes: "That kind of wealth-getting which is money-changing multiplies money, not in all ways, but only through the exchange of money. Whence, it is entirely concerned with money because money is the principal and the end of such exchange, since money is given for money."^{3*}

32. G. O'Brien, *An Essay on Med. Econ. Teach.*, IJJ.

33. St. Thomas, *Polit.*, Lib. I. Leet. 7.

34. "*Sed ilia pecuniativa quae est canpeoria multiplicat pecunias non omnibus modis, sed solum per denariorum permutationem; unde tota consistit circa denarios: quia denarius est principium*

These seem to be the only references made by St. Thomas³⁵ to money-changing, nor does he in any place consider the justice of the transaction. The most probable reason for the omission is that, since money-changing is a species of commerce (*negotiatio*), everything which was said of the latter applies equally to the former. Cajetan, however, has an opusculum (*De Cambiis*) devoted to the question.

For Cajetan the specifying element in money-changing is that money is not considered as money, that is as a measure, but as a thing itself. Just as a thing has two uses, that is, proper and common, so has money.³⁷ The first or proper use of money is to act as a medium of exchange.³⁸ Its second use is to be itself an exchangeable commodity.³⁹ (This is why money-changing can be included in a discussion on commerce.) Though Aristotle is reported as censuring this kind of commerce,

et finie talis commutationis dum denarius pro denario datur."
St. Thomas, *Polit.*, Lib. I, Lect. 7.

35. There are two other references to money changing; a) "*Species pecuniarum distinguens, sive artis pecuniariae, sive numismaticam, sive campsorlam...*" St. Thomas, *De Reg. Prine.*, Lib. II, chapter 13; b) "*Et hoc etiam habet veritatem in aliis speciebus pecuniarum, immo. amplius, ut in campsorla, quae non proprie ordinatur ut sit mensura rerum venalium, sed magis ad permutationem numismaticis.*" St. Thomas, *De Reg. Prine.*, Lib. II, chap. 14. Though these texts are consistent with St. Thomas' treatment of money elsewhere they belong in that part of the *De Reg. Prine.* which was written by Ptolemaeus de Lucca.
36. "*In cambliis non consideratur pecunia ut pecunia, seu ut mensura est; sed ut res quaedam est.*" Cajetan, *Opuscula Oeconomico-Socialia*, 235, (*De Cambliis*, Chap. IV), 107-
- "*Et hoc modo utitur pecunia ars nummularia, vulgariter nuncupata campsaris, scilicet ut re quadam. Et propterea utitur ipsa nimii, ut re et pretio... Et supra hoc fundamentum consurgit tota doctrina camblorum. Nec ulla apparet ratio quare magis aliis rebus possimus tot modie uti... cum multiplicitas usus non impediatur usum principalem.*" Cajetan, *Com.*, in *S.T.*, 11-11, 7¹.
37. Cajetan, *Opuscula Oeconomico-Socialia*, 244 (*De Cambliis*).
38. Cajetan, *Ibid.*, 245-
39. Cajetan, *Ibid.*, 246.
40. Cajetan, *Ibid.*, 249.

COMMERCE

Cajetan himself takes a more moderate view of it: experience clearly shows, many necessities of life would be lacking if there were no merchants, and since they cannot conveniently carry on their trading without money-changing, it is necessary and proper that there should be money-changing in the State—not money-changing for its own sake (pure campsoria), but as an aid to economics and politics."4142

The traditional classification of cambium among the schoolmen was threefold: cambium minutum was the ordinary exchange of different kinds or sizes of money within the same locality;4g cambium per litteras was the exchange of moneys of different currencies in different places,43 cambium siccum was the exchange of moneys from which a profit was expected on the basis of an increment in the money itself.44 The first two kinds were lawful, while the third was not true cambium, but really usury masquerading under the guise, of cambium.4546

The fundamental rule for observing justice in money-changing, Cajetan reminds us, is the same which holds for all commercial transactions: the equality of the thing to the thing must be preserved.43 That is, it is unjust to give bad or defective money in exchange for good money, or to give gold coins for silver ones, "which," as Cajetan sarcastically adds, "hardly merit the name of silver."47 The just proportion existing between different kinds of money is determined, as in the case of just price, by law or custom; for instance, "a gold ducat may be equivalent in economic and political

41. Cajetan, *Ibid.*, 250.

42. Cajetan, *Ibid.*, 205. Also Bllluart, *Ibid.*, *Dise. V, a. 2, I,*

4j. Cajetan, *Opuscula Oeconcanlco-Socialla (De Camblis),*

205-

Bllluart, *Ccmm. in Summam Scti. Thomae, Tract. De Contract.,*
Dise., V, a. 2, #1.

44. Cajetan, *Ibid.*, 206, 209.

Bllluart, *Ibid.*, *Diae. V, a. 2, /2.*

45. Cajetan, *Ibid.*, 208, 209.

Bllluart, *Ibid.*, *Diae., V, a. 2, /2.*

46. Cajetan, *Ibid.*, 252.

4T. Cajetan, *Ibid.*, 255.

transactions to ninety solidi."48*

If the money-changer was required by justice to give back the equivalent of what he received by what title was he allowed to make a profit? He could legitimately charge for the money-changing on the basis of the expenses which he himself incurred.⁴⁸ Then too, if the merchant could justly demand a certain profit on the product which he sells as a "stipendium laboris" (as St. Thomas allows), it would seem that the money-changer could levy a charge on the grounds. In fact, Billuart includes this in the various lawful titles upon which a charge can be made: risks and other inconveniences, labor, industry, expenses and the rarity or abundance not only of the money but also of the money-changers.⁵⁰

Do these principles of just money-changing have any relevance today? They certainly seem to apply to foreign exchange operations as well as to certain domestic transactions. Many banks, particularly in large cities, have departments given over exclusively to foreign exchange. A traveler may purchase traveler's cheques at his own bank which will be almost universally acceptable in countries outside of his own. When the difference between his own money and the foreign money in question is adjusted the bank adds a charge for its own services. If the parity between the two moneys is preserved and if the bank charge is made on the basis of the expense, inconvenience, etc., which it has incurred, then the transaction is a just cambium according to scholastic standards. Another example of lawful money-changing occurs even more frequently. Cheques, money orders and postal notes are exchanged for sums of money which are equivalent to the amount indicated on them. The bank or post-office levies a service charge which represents the "stipendium laboris" to which they are justly entitled. There is an analogy between the first case and the medieval "cambium per litteras" and another between the second example of modern money-changing and

48. Cajetan, *Ibid.*... 256. Also "Servetur justum pretium (quod vel lege vel communi consuetudine." Billuart, *Ibid.*, 2.

49. Cajetan, *Ibid.*, 259.

50. Billuart, *Can. in Summam Scti Thomae, Tract. De Contract. Diss. V, a. 2, 2.*

"cambium minutum." Title the risks of transporting money so real during the Middle Ages, are practically non-existent under modern conditions, still on the basis of the other titles and for the social convenience which they perform, our present money-changing transactions for the most part conform to the requirements laid down by the schoolmen.

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Chapter IV

USURY

In medieval economic thought considerable space is devoted to the problem of usury. Its conspicuous position was no doubt due, in part, to the Aristotelian condemnation:

Usury is most reasonably hated., because Its gain comes from money Itself and not from that for the sake of which money was Invented.. For money was brought into existence for the purpose of exchange, but usury increases the amount of the money itself (and. this Is the actual origin of the Greek word: offspring resembles parent and usury-τοχο - le money born of money; consequently this form of business of getting wealth is of all the form the most contrary to nature.

In commenting on this passage, St. Thomas merely re-states what Aristotle says without adding any notions of his own.² It is the Summa that St. Thomas treats this problem most extensively.³

St. Thomas inquires in his first article whether

1. Aristotle, *Polit.*, i, m, 23. 1258b 3-9.
2. "Et cum ista pecuniativa, quae est nummularia, juste vituperetur, quaedam alla acquisitive pecuniae est, quae rationabilissime vituperatur, et odio habetur: quae dicitur foenus, per quod denarius seipsum adauget, et ideo sic vocatur. Videmus enim quod ea, quae periuntur secundam naturam, sunt similia, generantibus; unde fit quidam partus cum denarius ex denario crescit. Et ideo etiam ista acquisitio pecuniarum est maxime praeter naturam...." St. Thomas, *Polit.*; Lib. I, Lect. 8.
3. St. Thomas, *Summa Theol.*, U-H, 78, 1-U. The opusculum, *De Usuris*, for some time included among St. Thomas' works, written by Aegidius de Lessinia somewhere around 1278. of. Bibliothèque Thomiste, IV.

USURY

it is sinful to accept usury for money lent. He replies: —'

To accept usury for a loan of money is by its nature unjust. The injustice derives from the fact that one sells something that is non-existent and since this is to constitute an inequality It is obviously contrary to justice. To make this clear we must observe that there are certain things whose use consists in their consumption; thus, we consume wine in using it for drink and wheat, in using it for food. In such cases we cannot separate the use of the thing from the thing itself, for, whoever is granted the use of the thing, is, by this very fact, granted the thing itself. For this reason, to lend, such things is to transfer the ownership. Accordingly, if a man wishes to sell wine, and at the same time sell its use, he would be selling the same thing twice, or he would be selling what does not exist. This is manifestly unjust. In like manner, he commits an injustice who lends wine or wheat, and asks for double payment; that is, one which is the return of the thing in equal measure, the other, the price of the use—which is called usury.

On the other hand, there are some things whose use does not consist in their consumption; thus, to use a house is to live in it, not to destroy it. Wherefore, in such things both may be granted separately; for instance, one may hand over to another the ownership of his house while reserving to himself the use of it for a time, or conversely, he may grant the use of the house while retaining the ownership. For this reason a man may lawfully make a charge for the use of his house, and, besides this, claim the house which he has lent, as happens in renting and letting a house. <—

Money, however, according to the Philosopher was invented chiefly for the purpose of exchange; consequently, the proper and principal use of money is its consumption of alienation, whereby it is spent in exchange. Hence it is by its very nature unlawful to take payment for the use of money lent, which payment is called usury; and, just as a man is bound to restore

4. Aristotle, *Politic.*, I, 111, 13-14. 1257a 31-1257b. Also *Ethics* V, 10. 1133a 20- 1135b.

other ill-gotten goods, so is he bound to restore the money which he has taken in usury.⁵

There are certain things, then, such as wine, wheat, and money whose use is their consumption.⁶ In using them I destroy them. A thing can be destroyed in two ways: it can be physically destroyed as in the case of wheat when it is eaten, or it can be destroyed by alienation, as when I spend money.⁷ We might say that in the case of wheat it is objectively destroyed, whereas money is subjectively destroyed; the money spent is destroyed so far as I am concerned. In such things whose use is their consumption, it follows that in giving them to another, I transfer their ownership as well. According to the definition of mutuum, the unconditional and complete transfer of ownership is an intrinsic and essential characteristic of those things which are consumed when they are used. It is, then, manifestly unjust to charge separately for the thing itself and for the use of it. Either I sell something which is non-existent, or I sell the same thing twice. In other words, if I lend a bushel of wheat, I transfer not only the wheat but the use and in transferring the use I necessarily transfer ownership of it. Consequently, I can expect to get back only the bushel which I lent. Since money is likewise consumed in its use from the fact that its primary use is to be spent, it is clear that in lending a sum of money I can only expect a like amount in return. This is only consistent with the equality of justice.

St. Thomas, *Summa Theologiae*, II-II, 78, 1.

The terms "fungible" (consumed in use) and "non-fungible" (not consumed in use) will not be used here: they were not used by St. Thomas. On their misuse by some theologians and economists cf. A. A. Beck, "Usury and the Theologians" *Dublin Review*, 203 (1938), 81.

This notion of money's being destroyed when it is spent is not found explicitly in Aristotle, but comes from Roman law (*Justinian*, *Institutes*, U, 4). Although St. Thomas speaks of "proprius et principalis usus pecuniae est ipsius consuetio" he does not mean that consumption is a separate use of money; it is only a property flowing from its primary use as a medium of exchange.

There are other things whose use does not consist in their consumption. In using a house, for instance, I do not consume it; I merely live in it. Thus, in transferring a house to another, I may transfer only the use of it reserving the ownership to myself. This is the contract of letting or renting (*conductio et locatio*). It differs from the former contract in that ownership is not intrinsically bound up with use. In other words, with houses and the like, the ownership is not transferred with the result that I can sell the house and the use of the house separately. In renting a house I can justly expect not only the return of the house itself but also an additional amount for the use thereof.

Thus, the contract of *mutuum* involves only those things whose use is their consumption; it demands that the transfer of the thing be accompanied by the transfer of ownership. It is a gratuitous contract in which that amount of goods or money returned is equal to the amount lent. The contract of *conductio et locatio*, on the other hand, is concerned with those things whose use does not consist in their destruction or alienation. It does not demand that the use of the thing be accompanied by ownership. It is a contract in which the return of the thing may be justly accompanied by an additional amount for its use. It is from the consideration of these two kinds of contract that St. Thomas is led to define usury as the price for the use of money which has been lent (*pecunia mutuata*).⁸

As we saw in the treatment of money in Chapter III, money may be considered from the formal and from the material points of view. Under its formal aspect,

8. As will be remarked in the text St. Thomas identifies *commodatum* with *locatio et conductio* (he uses the phrase "*domum accomodatam*"). This identification involves no contradiction since he implies *locatio et conductio rerum*.
9. "*Et propter hoc secundum se est illicitum pro usu pecuniae mutuatae accipere pretium, quod dicitur usura.*" St. Thomas, *Summa Theol.*, II-II, 78,1. "*Dicitur enim usura ab usu, eo scilicet quod pro usu pecuniae pretium quoddam accipitur quasi ipse usus pecuniae mutuatae vendatur.*" St. Thomas, *De Malo*,

it has, as a consequence of its being a medium of exchange, the function of acting as a representative of security. From its material aspect it has a secondary use as an exchangeable commodity. St. Thomas considers the relationship between these two uses of money and the problem of usury in his reply to the sixth objection. If money is considered according to its primary use, that use can not be legitimately sold.¹⁰ If, however, the money is considered from the point of view of its secondary use, that use can be justly sold.¹¹ In this second case the money, considered as a thing, may be used as a pawn or as a security for debt (pignus). When used as a thing, money, like a house, is not consumed in its use and, according to the principle of Roman Law, is for that reason capable of usufructus.¹² Thus, Cajetan points out that selling the use of money, as a thing, comes under cambium rather than under usury.

Perhaps owing to the practices of his time, St. Thomas was well aware of the various attempts to evade the prohibition of usury. Evidently one of the attempted evasions was to demand goods rather than money as a payment for a loan. He replies that to demand goods whose price can be estimated in money is the same as to demand money itself, and so one who exacts goods in payment for a loan sins against justice.¹³ However,

10. "Usus autem principalis pecuniae argenteae est distractio pecuniae in cansnutatlonea; unde nan licet eJus usum vendere cum hoc quod aliquis velit eJus restitutionem quod mutuo' dedit." St. Thomae, Summa Theol., II-H, 7 β , 1, ad 6.
11. "St similiter potest esse aliquis secundarius usus pecuniae argenteae, ut puta si quis concederet pecuniam signatam ad ostentationem vel ad ponendum loco pignoris; et talem usum pecuniae licite homo vendere potest." St. Thomas, Swma Theol., II-II, 78, 1 ad 6. "Unde si quis pecuniam signatam in saeculo concedat alicui ad hoc quod ponat eam in pignore, et exinde pretium accipiat, non est usura, quia non est contractus mutui, sed magis locatio et conductio." St. Thomas, De Malo, q. 13, a. li-ed I?.
12. Justin., Decret., VU, 1, para. 28.
13. Cajetan, Ccmm. in S, T., II-H, 78, 1 ad 6.
14. "...ita etiam quicunque ex pacto tacito vel expresso quodcumque

one may accept something which has been freely given by the borrower in gratitude for the loan.*516 Consistent to the last—even as in so many cases, to the point of naïveté—St. Thomas adds that the lender may demand as recompense for the loan such things as gratitude and love which cannot be measured by money.¹⁵

Another evasion of usury is considered. As is often the case, the lender demands a pledge or collateral for the loan. If the thing which he demands can be estimated by a price, he must do either of two things: he must return the collateral without having used it; or, if he used it to his own profit, he must return not only the collateral, but also the amount which accrued to him from its use. Otherwise he should be making free use of the collateral which would be the same as taking money for the loan.¹⁷¹⁸ This solution is consistent with the Roman legal principle concerning the contract of pignus.^{1B}

If anyone wishes to sell his goods for more than the Just price, so that he may wait for the buyer to pay, he evidently commits usury: this waiting for the payment of the price has the character of a loan, so that whatever he demands beyond the Just price in consideration of this

aliud acceperit cuius pretium pecunia mensurari potest, simile peccatum incurrit." St. Thomas, *Summa Theol.*, H-H, 78, 2.

15. "Si vero accipiat aliquid hujusmodi, non quasi exigens, nec quasi ex aliqua obligatione tacita vel expressa;— sed sicut gratuitum donum, non peccat; quia etiam antequam pecuniam nmtuasset, licite poterat aliquod donum gratis accipere." St. Thomas, *Summa Theol.*, H-H, 78, 2.
16. "Recompensationem vero eorum quae pecunia non mensurantur, licet pro mutuo exigere, puta benevolentiam et amorem ejus cui mutavit, vel aliquid hujusmodi. St. Thomas, *Summa Theol.*, H-H, 78, 2.
17. "... si quis pro pecunia alibi mutuata obliget, rem aliquam cuius usus pretio aestimari potest, debet usum illius rei ille qui mutuavit, computare in restitutionem ejus quod mutuavit; alioquin si usum illius rei quasi gratis sibi superaddi velit, idem eat ac si pecuniam acciperet pro mutuo, quod est usurarium." St. Thomas, *Summa Theol.*, II-U, 78, 2, ad 6.
18. W. C. Morey, *Outlines of Roman Law*, 558.

delay like a price for a loan, which pertains to usury. In like manner, if one wishes to buy a thing for less than its Just price because he pays for the goods, before they are delivered, it is usury. Such an anticipated payment of money has the character of a loan whose price equals the amount deducted from the Just price. However, if a man allows a rebate on the Just price in order to have the money sooner, it is not usury.¹⁸

From these examples we can conclude then that usury is the profit coming from a mutuum. Whether that profit be money or something measureable by money does not effect its essentially illicit character. St. Thomas' central argument, then, is that a contract of loan is by its very nature gratuitous.²⁰ Father Beck points out that there are two common fallacies regarding this Thomistic notion of usury. The first is that his argument against it derives principally from Aristotle's doctrine that money is by its nature sterile. This belief may result from the practice, more or less common, of reading into Aristotle what properly belongs to St. Thomas alone. The second is that the doctrine has to be modified according as the loan is productive or non-productive. Both ideas, Father Beck insists are excluded by the Thomistic definition of usury.²¹

19. St. Thomas, *Summa Theol.*, II-II, 78, 2 ad 7. Here St. Thomas shows that such a practice involves the selling of time.
20. In the *Sentences* St. Thomas gives a second and less profound argument against usury. His reasoning is briefly as follows: money is only a measure; to accept a price for a loan is to accept more money for less. This is to change the measure in accepting and giving. In the *Summa*, which represents his more mature thought, St. Thomas does not mention this argument. "Et ideo pecuniae usub non habet mensuram utilitatis ex ipsa pecunia sed ex rebus quae per pecuniam mensurantur secundum differentiam ejus qui pecuniam ad res transmutat. Onde accipere majorem pecuniam pro minari nihil aliud esse videtur quam diversificare mensuram in accipiendo, et dando; quod manifeste iniquitatem continet." St. Thomas, *Sent.*, HI, d. 37, q. 1, a.6.
21. A. A. Beck, "Usury and the Theologians," *Dublin Review*, 203 (1938), 83-87.

The argument against usury, that it makes money breed money contrary to its nature, has long been popular. Shakespeare used it in the Merchant of Venice:

Antonio: 'Or is your gold ewea and rams?'

Shylock: 'I cannot tell, I make it breed as fast.' 22

The crude way in which the argument has been put has served to obscure Aristotle's real point: >he did not say that money could not breed, money, but rather that in doing so it is contrary to nature. It is not only naive but wholly inaccurate to think that Aristotle was ignorant of the fact that, in some transactions, money does reproduce Its kind.²³

Through Aristotle condemns interest...he condemns it as $\mu\alpha\rho\alpha$ $\varphi\upsilon\sigma\iota\nu$, not because it is impossible to breed money out of money (for that is Just what happens), but because that use of it is a departure from the $\tau\acute{\epsilon}\lambda\omicron$ of money (viz., to serve as a means of exchange.) His grievance is that it is so misused so that it can't be. (underlining author's) 24

Now Aristotle looked with disfavor on even the profit which comes from commerce, so' it is to be expected that he should a fortiori detest usury. Consequently, since St. Thomas did not attach such odium to commerce, it is understandable that he should modify Aristotle's notion of usury. |

In the third article of question 78 St. Thomas asks: Whether one must return what he will have gained from money lent at usury. He replies, that

22. Shakespeare, Merchant of Verlice, Act I, Sc. UI.

2J. "Aristote cannait la productivité de l'argent. La monnaie dans le commerce, est στοιχειονκαί'πέρα τη άλλαγη, le $\mu\alpha\rho\alpha$ $\varphi\upsilon\sigma\iota\nu$ et Ta fin de T'échangé» -Elle engendre des profits: ποιήσει κέρδο Le commerce est l'art d'échanger une somme plus faible contre une plus forte par l'intermediaire d'un produit.... Dans le commerce, l'argent prolific, il fait des petite. La transaction commerciale est productive. Maie le commerce est condamnable." M. Defourney, Studes Sur La Polltque, 15.

2h. J. Bocnar (et al), "Vho Said 'Barren Metal'?", Economics H, no. 5 (1922) 105-111. (Quoted by A. A. Beck, "Usury and the Theologians," Dublin Review, 20J, (1958), 86.

there are certain things whose use is their very consumption. According to law they do not have usufructus. And eo if such things are extorted through usury (i.e., money, wheat, vine, etc.), one does not have to restore more than he accepted. The reason is that whatever is acquired from such things is not the fruit of these, but of human industry,.... There are certain things whose use is not their consumption, and such do have usufructus, for inutanda, a house or a field, or something of the' like. And if one extorts the house or field of another by usury, he must not only return the house or field, but also the fruits of these things. The reason is that the gain from these belongs to the owner, and so it is owed to him?8

By applying the notion of usufructus in this argument, St. Thomas shifts the emphasis from the consideration of the sterility of money to that of its consumptibility. He reminds us here, that according to the legal notion, usufructus cannot be had of those things consumed in use: "Neither by the natural nor civil law do such things receive usufructus.¶ In making use of this principle of Roman Law St; Thomas was able to discern what Aristotle never saw—or at least, never mentioned: if money should not produce more money, but in fact does in some cases, whence comes this power? St; Thomas knew as well as Aristotle that money left to itself is naturally idle. The power, then, of increasing itself comes from without; it comes from human industry.28 Money is the material source of the increase, while the element which feeds the transaction is the active source,88 or, more precisely, the money is the

25. Justin., Inst., II, 4. Justin., Deoret., TH, 5.

26. St. Thomas, Summa Theol., H-H, 78, 5*

27. Justin., Inst., U, 4. Justin., Deoret., VU, 5.

28. "Id quod de tall re (i.e., pecunia) est acquisitum, non est fructus hujusmodi rei, sed humanae industriae." St. Thomas, Summa Theol., H-IT, 78, 3-

29. "...radix non solum habet rationem materiae, sicut pecunia usuraria; sed habet etiam aliquam rationem causae activae, in quantum administrat nutrimentum." St. Thomas, Summa Theol., n-n, 78, 3-

instrumental cause of the increase and labor is the principal cause.³⁰ The instrumental causality of money is brought out again in another passage:

He who sows wheat in a field, does not yet have an actual crop but only a virtual one; similarly, one who possesses money does not actually have gain, but only virtually.³¹

The Thomistic doctrine on instrumental causality helps to remove the confusion regarding the sterility of money, "it happens that anything participates in the proper action of another thing, not by its own power, but instrumentally, insofar as it acts in virtue of the other."³² Thus,

A secondary instrumental cause does not participate in the action of a superior cause, except insofar as, through something proper to it after the fashion of a disposition, it operates toward the effect of the principal agent. ³³

The Instrumental cause, then, produces an effect only by virtue of its participation in the principal cause. From this it follows that money is virtually fecund in the sense that it produces gain, not by any causal dignity proper to it, but only inasmuch as it participates in the. Inherent excellence of the principal cause, which in this case is the human agent.

There is a Thomistic principle that the principal cause is more noble than the effect, whereas the Instrumental cause is not.³⁴ Now, in modern practice, the shift in emphasis has been such that money has

JO. "...non propter pecuniam usurariam datam, sicut propter causam instrumentales: sed propter aum industriam, sicut propter causam principalem." St. Thomas, *Ibid.*, H-H, 70, JadJ.

31. St. Thomas, *Ibid.*, II-H, 62, 4 ad 1 et 2.

32. St. Thomas, *Ibid.*, I, 45, 5.

33. St. Thomas, *Summa Theol.*, I, 45, 5.

34. "Non est autem eadem ratio principalis agentis et Instrumenti; nam principale agens oportet esse potius; quod non requiritur in agente instrumental!" St. Thomae, *Summa Theol.*, II-II, 165, 2ad1.

gradually come to be considered the principal cause in producing -wealth and human Industry, the instrumental cause. The result of this perversion is that money has become exalted and man has become degraded by the very fact that money has come to be considered greater than its effect, i.e., the production of wealth. The right order of things demands that human industry become the principal cause and that it receive, the honor, as principal cause, which is its proper due: that it be more noble than its effect. Only in this way can the dignity of the human person in economic society be restored.³⁵³⁶

A popular fallacy regarding the doctrine of usury is that it is intrinsically modified according as the loan is productive or non-productive. This misunderstanding is obviously closely connected with an improper notion of the character money has as an instrumental cause. Benvenisti seems to think that the productivity or non-productivity of the loan is the essential point upon which the injustice or justice of usury rests.³³ In his pamphlet on usury, Belloc likewise has the same interpretation.³⁷³⁸ Pope Benedict XIV explicitly condemned this view in 1745, in his Encyclical, "Vix Pervenit."³³

The crux of the problem rest on the distinction between two essentially different contracts. The first is the contract of mutuum. The second is the contract of partnership, or *societas*, as it was termed in Roman Law.. Both involve the transfer of goods consumed in use; the difference is that in mutuum the ownership of the money is transferred with the money itself, while

35. Maritain has some interesting remarks on the consequence of this reversal of values in which money and human industry have changed places so that the former has become the living organism and the latter, the mere feeder, in productive enterprises. J. Maritain, *Freedom in the Modern World*, 127-128.
36. J. L. Benvenisti, *The Iniquitous Contract*, (London: Burns, Oates, Washbourne, 1937), 2-14.
37. H. Belloc, *Usury*, (London: Sheed and Ward, 1931), 11.
38. Pope Benedict XIV, *Vix Pervenit, Pars Theor.*, 2.

in a *societas* the ownership of the money is not transferred:

He who lends (*mutuat*) money transfers the ownership of the money to the one to whom he lends it.... But he who commits his money to a merchant or to an artisan by way of partnership (*per modum societatis*) does not transfer the ownership of his money to him, but keeps it.³⁸

It is important to note that in speaking of transferring the money St. Thomas is careful to employ the word "*mutuat*" in the first case, and "*committit*" in the second. This precision in terminology serves to show that the two kinds of contract are essentially different.

As we have already seen to charge a price for the loan when the contract is a *mutuum* is *usurious*, and in *se unjus*. "What is the justice of charging for a loan when the contract is a *societas*? St. Thomas answers that since the lender takes a risk when the merchant trades with the lender's money, he can justly expect a certain portion of the profit which comes from the transaction, just as if he made the transaction himself.⁴⁰ In the contract of *societas* how is the character of a true partnership maintained? It is fulfilled by the fact that in forming such a contract the lender provides the capital for the transaction and the borrower provides the labor. Though St. Thomas does not develop this notion explicitly here it follows from what we have already seen of his theory that capital and labor together combine to produce wealth. A propos of this Maritain points out:

Granted, a sane theory of values, of work and of ownership, the mechanism of the contract of partnership or co-operation affords a justification in law and equity for the profits that accrue to invested capital and in this sense we have just pointed out that the capitalist

59* St. Thomae, *Summa Theol.*, H-H, 78, 2 ad 5.

ho. "...ita quod cum periculo ipsius mercator de ea negotiatur, vel artifex operatur; et ideo sic licite potest partem lucri inde provenientis expetere, tanquam de re sua." St. Thomas, *Summa Theol.*, H-H, 78, 2 ad 5.

economy is accredited to an Ideal type which is not objectionable or sinful In itself. But. In the order of concrete reality It ie a vicious economy; In actual fact this contract of partnership operates as a moneylending contract and usury makes its appearance as the sovereign mistress of the bourgeois world.⁴¹

In this last sentence Maritain is evidently referring to the modern failure to distinguish between contracts of mutuum and contracts of partnership. It is essential to the latter contract that the lender assume risk along with the borrower; it follows from the fact that in such a contract the lender retains ownership of the money lent. The present tendency is to demand a sum additional to the principal, whether the venture be successful or not. In such a case the lender gets his increment win or lose, and thus assumes no risk in the transaction. In other words, the contract which appears to be a partnership is, in reality, a mutuum. This is apparently what Maritain refers to when he says that "this contract of partnership operates as a money-lending contract."

There could not be a greater mistake to think that, in prohibiting usury in all cases, the medieval theologians likewise prohibited interest. However, when they spoke of interest they did not mean what we do now. For us there is a quantitative difference only between the two such that usury implies excessive interest. For the schoolmen there was a qualitative difference entirely abstracted from any considerations of quantity. The formal distinction between the two goes further back than to the Middle Ages; a clear distinction between usury and interest was made in Roman Law. Interest implied the difference in the lender's condition before and after making the loan (i.e., "id quod interest"). In other words, it covered the damage which the lender occasioned in lending money to another.

41. J. Maritain, *Freedom in the Modern World*, 128-129. In the note immediately below this passage Maritain remarks that in medieval teaching a clear distinction was drawn between investing capital and lending money at interest. They are two operations opposed even in principle.

Thus, if I should lend another one hundred dollars gratuitously, and in the meantime had to borrow the same amount myself, paying five dollars for the loan, I should be entitled to recompense on the basis of that loss I suffered. The recompense was called "interesse" and according to Roman Law it should cover not only actual damage but even loss of profit.*2 It is on the basis of interest in this legal sense*3 that theologians are led to justify loans by the various extrinsic titles, *damnum emergens*, *lucrum cessans*, *poena conventionalis*, *periculum sortis* and *titulus legis civilis*.

Damnum emergens is the loss which the lender actually incurs as a result of the loan. The example given just above represents this kind of loss. *Lucrum cessans* is the loss occasioned the lender by the fact that in lending the money he foregoes the profit he might be able to make with it. *Poena conventionalis* is the loss which the lender suffers when the loan is not returned within the stipulated time. *Periculum sortis* is the risk the lender takes of losing the principal with the consequent loss to himself by reason of the expenses he incurs in trying to regain it. *Titulus legis civilis* is different from the other titles in that it does not justify interest on the basis of loss to the lender, resulting from the loan itself. It justifies it on the grounds that the civil law does not entirely prohibit usury, but rather permits it within certain quantitative limits in order to avoid greater evil. This title is not mentioned by all theologians.

There was never any argument concerning the legitimacy of *damnum emergens*. St. Thomas lays down the principle governing this title very clearly:*

42. "Et hoc (i.e. interesse) non solum in damno, sed etiam in lucro nostra amplectitur constitutio, quia et ex eo reteres quod interest statuerunt." Codex Justin., TH, 47.
43. Cleary outlines the several special connotations the term "interest" had for medieval theologians. However, interesting the point is to historians, it need not concern us here. We shall take it in its generic sense to mean damage to the lender and as including the five extrinsic titles as species, p. Cleary, *The Church and Usury*, 93-98.

A lender may without sin enter into an agreement with the borrower to be recompensed for the loss he incurs as a result of something owed, to him; this is not to sell the use of money, but to avoid loss. It may also happen that the borrower avoids greater loss than the lender incurs, wherefore the borrower may repay the lender with what he has gained.

In the same objection from which the above text is taken St. Thomas mentions the title *lucrum cessans*. On this point he is not so clear. In fact, Cajetan remarks that "concerning this second principle there is some doubt because it seems false and contrary to the Author" (i.e., St. Thomas).⁴⁴ The principle as found in the text is as follows:

Γ

The lender cannot enter into an agreement for compensation for loss on the ground that he makes no gain out of his money, because he must not sell what he has not yet got, or what he may be prevented from getting in many ways.^{4β}

In this passage St. Thomas certainly seems opposed to granting interest on the basis of *lucrum cessans*. His argument is that, in contradistinction to *damnum emergens* where the loss is actually suffered, the loss suffered through *lucrum cessans* is merely probable.

Cajetan seems to think that St. Thomas contradicts himself on this point. "...it will be shown that this principle is repugnant to the principles regarding restitution."⁴⁷ He is referring to a previous article where St. Thomas treats of the obligations of restitution:

A person may suffer loss in two ways: that may be taken from him which he actually has and such a loss is to be restored according to equal compensation... in the other way he is injured when he is prevented from having what he was about to have; in such a case

44. St. Thomas, *Summa Theol.*, II-II, 78, 2. ad.1.

45. Cajetan, *Com.*, in S.T., H-H, 78, 2.

46. St. Thomas, *Summa Theol.*, II-II, 78, 2 ad.1.

47. Cajetan, *Comm.*, in S.T., H-II, 78, 2.

the inflmrml-flcat! on need, not he on the basis of equal-
 ty, for it is less to have a thing potentially than to
 have it actually and he who is merely about to have
 something has it'only potentially.40

Cajetan applies the principle involved in restitution to the case of *lucrum cessans*. He shows that In lending there are two things to be considered—one lends the money and also the gain from that money which is potentially contained within It. Furthermore, just as In buying and selling, It is lawful to sell a thing for more than it Is worth In Itself, by the fact that It may have a special value for the seller, so in lending money it is lawful to estimate the money at more than its absolute value, by reason of the value It may have for the lender. Thus, one may demand a certain recompense for the loss which he has sustained In foregoing the gain from the money which he has lent. The recompense here does not have to be equivalent to the loss, for according to the principle of restitution, an amount equal to the loss must be returned only when the loss Is actual. To accept such a recompense is not to accept something In addition to the capital lent for the use of the money;; it Is only to accept something for the loss of the power for gain which the money has.

The lender can incur the loss of something already possessed in two ways i.l.n one way, from the fact that the

48. St. Thomas, *Summa Theol.*, H-H, 68, 4.
49. Cajetan, *Comm. in S.T.*, H-H, 78, 2. Though I have included this argument from Cajetan in which he intends to show, that St. Thomas contradicts himself In not allowing *lucrum cessans*, I am not so sure that there is a real contradiction in St. Thoma. If we accept Cajetan's argument for *lucrum cessans* we are apparently brought around to the view that money has an active power of Itself for producing gain. Cajetan says in this same commentary that money has two powers: "*potentia pecuniae quia ipsam absolute comitatur*" and "*potentia pecuniae ut substat industriae*." This seems to be the same as the Improper view of the trans-InstrumentaS-character of money, which was discussed some pages back.

money be not returned to him at the appointed time. In such a case the borrower can be held to interest. The Second way, he may incur loss within the time stated. Here the borrower cannot be held to interest. The lender ought to take precautions lest he incur loss. Ifor should the borrower incur loss because of the foolishness (stultitia) of the lender.⁵⁰

In this passage St. Thomas is considering the titles poena conventionalia and periculum sortis. With the former there is little difficulty. In common with *damnum emergens* it allows recompense for actual loss. It is different, however, in that the loss is outside the currency of the loan and results from a failure on the part of the borrower to repay the loan at the stipulated time.

St. Thomas quite definitely excludes *periculum sortis* as a valid title. His reasoning seems to be that it is unjust to force the borrower to recompense the lender for his own foolishness. The grounds upon which the theologians accept this title is that, in lending to another whose credit is poor, the lender risks the return of the principal. However, it is difficult to see, in such a case, how demanding recompense for that risk guarantees repayment of the principal. If the principal is repaid there has been no loss; if the principal is defaulted; but only the recompense demanded is repaid, it is surely a slight consolation to the lender. Economic factors by their very nature are immersed in contingency and this existential condition of their being precludes any possibility of necessity's entering into their constitution. Consequently, since insecurity is the lot of mankind in the temporal sphere, it is difficult to see how justice could demand that the borrower be taxed for conditions which belong to the very nature of things in the practical order.

St. Thomas seems to deny the validity of *titulus legis civilis*. Unlike the other titles this does not claim to justify a recompense for the loss incurred in the loan itself, but rather for the loss which one is

50. St. Thomas, *De Malo*, q. 13, a. 4 ad 1H.

occasioned by the fact that others practise what Is forbidden to him, with the consequent disadvantage to him. To the objection that the Divine Law had permitted usury to the Jews and that usury is therefore allowable, St. Thomas replies: "it was not granted to them as being licit, but permitted in order to avoid greater evil."⁵¹ Similarly, of the civil law he says:

Human laws leave some sins unpunished on account of the conditions of imperfect men in which many advantages would be Jeopardized if all sins were strictly prohibited and if penalties were provided, and so human law allows usury, not believing it to be according to Justice, but only not to impede the advantage of many.⁵²

Thus, St. Thomas argues here that, owing to the imperfect conditions among men, the law permits acts which are intrinsically evil. Such permission does not change their essentially vicious character. The permission is given only because some recalcitrant individuals act in a consistently unjust manner. Only to protect the just from being victimized by the unjust, does the law permit such actions to all. Though it penalts such unjust actions generally, that permission does not remove the unlawful character which such actions have for each person.

It must be observed that, with all these titles, if any one of them is interpreted in an absolute manner and abstracted from all prudential determinations, then the fundamental philosophical argument for the per se injustice of usury becomes academic and wholly futile.

51. St. Thomas, *Summa Theol.*, H-H, 78, 1 ad 2; *De Malo*, q. 13, a. 4 ad 1; *Sent.*, XU, d. 37, q. 1, a. 6 ad 1.
 52. St. Thomas, *Summa Theol.*, H-H, 78, 1 ad 3; *De Malo*, q. 13,

CONCLUSION

The exposition of St. Thomas' notions on wealth and money has showed how close he has remained to the Aristotelian notions, and at the same time, how he has made some departure. Apart from the interesting historical questions which the comparison and contrast of Thomistic and Aristotelian economic doctrines can raise, there is raised the even more provoking problem of methodology. Like all good commentators, St. Thomas is content to explain what Aristotle has said. Consequently, it is not surprising that we should find St. Thomas adhering closely in his Commentary on the Politics to the Aristotelian notion of economics. Even when Aristotle merely implies that wealth-getting is the concern of the statesman as well as of the householder,¹ St. Thomas does not draw out the consequences of that implication.² What is surprising, however, is that in the Summa, which represents his own thought, St. Thomas does not mention the art of wealth-getting as belonging to the prudence necessary to the statesman. In view of the fact that he shows how necessary the military art is for the ruler,³ his omission of a consideration on the importance to the statesman of a knowledge of finance seems incomprehensible.

Though St. Thomas adheres closely to Aristotle's conception of wealth, he does add a refinement which apparently escaped the Philosopher. Even though he does not thoroughly analyze the connection between scarcity of wealth, St. Thomas does indicate that he is aware of the influence which scarcity has in determining the value of things. In treating of this consideration St. Thomas departs somewhat from his customary

1. Aristotle, *Polit.*, I, 111, 9. 1256b 37-39; *Ibid.*, I, 111, 20. 1258a 19-20; *Ibid.*, I, It, 5. 1259a 20-23; *Ibid.*, I, It, 5. 1259a 34-36.
2. St. Thomas, *Polit.*, Lib. I, *Lect.* 6.
3. St. Thomas, *Sunna Theol.*, H-II, 50, 4.

CONCLUSION 75

practice of remaining close to the text of Aristotle. He speaks of the increased value of things owing to their rarity,⁴ and again he advises the prudent trader to buy his goods where they are abundant and sell them where they are scarce.⁵

Another example of St. Thomas' adding some notions of his own to his commentary appears in the case of commerce. While he is explaining the Aristotelian view of commerce, St. Thomas shows himself to be more interested than the former in its various forms.⁶ However, his frank admission of the necessity for the State to develop commerce--albeit under certain restrictions--is found in the *De Regimine Principum*.⁷ Furthermore, in the *Ethics* Aristotle apparently uses commercial transactions chiefly to illustrate how commutative justice differs from distributive justice by showing that the former is a kind of reciprocity.⁶ When St. Thomas deals with commerce in the *Summa*⁸ he treats it as something which is worth considering for its own sake. He is not insensible to its moral dangers, nor is he unaware of its advantages when controlled by the proper ethical standards.

St. Thomas' treatment of usury owes less to Aristotle than do any of his other economic doctrines, for his principal argument against usury, as well as much of his terminology, comes from Roman Law.¹⁰ If St. Thomas shows any genius for original economic thought it is in his treatise on usury in the *Summa*.

4. St. Thomas, *Polit.*, Lib. I, Leet. 7.
5. St. Thomas, *Polit.*, Lib. I, Leet. 9.
6. St. Thomas, *Polit.*, Lib. I, Leet. 9.
7. St. Thomas, *De Regimine Principum*, H, Ch. 3.
8. Aristotle, *Ethics*, V, v, 6-16. 1132b 31- H35b 29.
9. St. Thomas, *Sunna Theol.*, II-H, 77, 1-4.
10. There is an interesting historical question involved here: Did St. Thomas get his notions directly from Roman Law, or through some such medium as Gratian? Whether he consulted primary sources or secondary sources is of little consequence for our consideration. What is important is that Roman legal concepts were the basis for St. Thomas' chief argument against usury.
11. St. Thomas, *Siam Theol.*, H-H, 78, 1-4.

"Where hla originality lies is in the synthesis of Aristotelian and Roman legal concepts of the question.

"What conclusion may we draw from a comparison of Aristotle and St. Thomas on wealth and money? We may observe that, whereas Aristotle may have been true to the spirit of, his own epistemological principles in his discussion of these economic notions, St. Thomas was not quite so faithful to thia spirit: the Angelic Doctor did not apparently consult so much empirical data as he might have in developing his principlea, since moat of his notions derive less from his own experience than from that of Aristotle. This phenomenon carries with it a suggestion for modern Thomists: if Thomistlc economic philosophy is to remain true to its character as the *economia perennis*, two factors must be kept In mind. First, extreme caution must be exercised in the uae of Thomistlc terminology. Second, modern economic conditions have to be carefully considered before the application of Thomistlc principles can provide a solution for our problems.

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