

Mariana's book attacking the king's debasement of the currency led the monarch to haul the aged (73-year-old) scholar into prison, charging him with the high crime of *lèse-majesté*. The judges convicted Mariana of this crime against the king, but the pope refused to punish him, and Mariana was finally released from prison after four months on the condition that he would cut out the offensive passages in his work, and that he would be more careful in the future.

King Philip and his minions, however, did not leave the fate of the book to an eventual change of heart on the part of Mariana. Instead, the king ordered his officials to buy up every published copy of *De Monetae Mutatione* they could get their hands on and to destroy them. Not only that; after Mariana's death, the Spanish Inquisition expurgated the remaining copies, deleted many sentences and smeared entire pages with ink. All non-expurgated copies were put on the Spanish *Index*, and these in turn were expurgated during the seventeenth century. As a result of this savage campaign of censorship, the existence of the Latin text of this important booklet remained unknown for 250 years, and was only rediscovered because the Spanish text was incorporated into a nineteenth century collection of classical Spanish essays. Hence, few complete copies of the booklet survive, of which the only one in the United States is in the Boston Public Library.

The venerable Mariana was apparently not in enough trouble; after he was jailed by the king, the authorities seized his notes and papers, and found there a manuscript attacking the existing governing powers in the Society of Jesus. An individualist unafraid to think for himself, Mariana clearly took little stock in the Jesuit ideal of the society as a tightly disciplined military-like body. In this booklet, *Discurso de las Enfermedades de la Compañía*, Molina smote the Jesuit Order fore and aft, its administration and its training of novices, and he judged his superiors in the Jesuit Order unfit to rule. Above all, Mariana criticized the military-like hierarchy; the general, he concluded, has too much power, and the provincials and other Jesuits too little. Jesuits, he asserted, should at least have a voice in the selection of their immediate superiors.

When the Jesuit general, Claudius Aquaviva, found that copies of Mariana's work were circulating in a kind of underground *samizdat* both inside and outside the order, he ordered Mariana to apologize for the scandal. The feisty and principled Mariana, however, refused to do so, and Aquaviva did not press the issue. As soon as Mariana died, the legion of enemies of the Jesuit Order published the *Discurso* simultaneously in French, Latin and Italian. As in the case of all bureaucratic organizations, the Jesuits then and since were more concerned about the scandal and not washing dirty linen in public than in fostering freedom of inquiry, self-criticism, or correcting any evils that Mariana might have uncovered.

The Jesuit Order never expelled their eminent member nor did he ever leave. Still he was all his life regarded as a feisty trouble-maker, and as unwilling to bow to orders or peer pressure. Father Antonio Astrain, in his history of the Jesuit Order, notes that 'above all we must bear in mind that his [Mariana's] character was very rough and unmortified'.⁵ Personally, in a manner similar to the Italian Franciscan saints San Bernardino and Sant'Antonino of the fifteenth century, Mariana was ascetic and austere. He never attended the theatre and he held that priests and monks should never degrade their sacred character by listening to actors. He also denounced the popular Spanish sport of bull-fighting, which was also not calculated to increase his popularity. Gloomily, Mariana would often stress that life was short, precarious, and full of vexation. Yet, despite his austerity, Father Juan de Mariana possessed a sparkling, almost Menckenesque, wit. Thus his one-liner on marriage: 'Some one cleverly said that the first and the last day of marriage are desirable, but that the rest are terrible'.

But probably his wittiest remark concerned bull-fighting. His attack on that sport met with the objection that some theologians had defended the validity of bull-fighting. Denouncing theologians who palliated crimes by inventing explanations to please the masses, Mariana delivered a line closely anticipating a favourite remark by Ludwig von Mises on economists over three and a half centuries later: 'there is nothing howsoever absurd which is not defended by some theologian'.

4.8 The last Salamancans: Lessius and de Lugo

One of the last great Salamancans was a Jesuit but not a Spaniard. Leonard Lessius (1554–1623) was a Fleming, born at Brecht near the great city of Antwerp. During the sixteenth century, Antwerp had become the outstanding commercial and financial centre of northern Europe, a focus of trade from the Mediterranean. Lessius's parents had originally planned for him to become a merchant, but he entered the University of Louvain, and was received into the Jesuit Order in 1572. He taught philosophy for six years at the English college at Douai, in France, and then went to Rome for two years to study under Francisco Suarez. It was at Rome that Lessius became a Salamancan in spirit, and from then on struck up a friendship with Luís de Molina. Returning to Flanders, Lessius assumed a chair in philosophy and theology at the University of Louvain. In theology, Lessius took up the great Molinist cause of free will against a pro-determinist wing of theologians at Louvain. There he confronted the crypto-Calvinist Dr Michael de Bay, chancellor of the University of Louvain, who had adopted the concept of predestination and salvation of the elect. Lessius also advanced the Suarezian view that original political power was conferred by God on the people, and hence he attacked the growing adherence to the divine right of kings, especially as put forth by King James I of England.

Lessius's most important work was *De Justitia et Jure* (1605), the same title as the works of Molina and de Bañez. The book was enormously influential, being published in nearly 40 separate editions in Antwerp, Louvain, Lyons, Paris and Venice. Not only was Lessius's knowledge of his predecessors encyclopedic, but he was renowned for his knowledge and analysis of contemporary commercial practices and contracts and for his applications of moral principles to such practices. Lessius was consulted frequently on these matters by statesmen and church leaders.

On the theory of price, Lessius, like his scholastic forbears, held the just price to be that determined by the common estimate of the market. A legally fixed price could also be the just price, but in contrast to many of his fellow scholastics, for whom the legal price took precedence, Lessius pointed out several cases in which the market price would have to be chosen over the legal price. Following Juan de Medina, these were: first, when the market price is lower; and second, when, 'in change of circumstances of increasing or diminishing supply and similar factors, the authorities were notably negligent in changing the legal price...'. Even more strongly, even a 'private individual' may request a price above the legal ceiling when the authorities are 'ill informed about the commercial circumstances', which is likely, of course, to happen a good deal of the time.

Attacking the cost of production theory of price, Lessius points to market demand as the determinant of price, regardless of a merchant's expenses:

But if the merchant's expenses have been greater, that is his hard luck, and the common price may not be increased for that reason, just as it need not be decreased even if he had no expenses at all. This is the merchant's situation; just as he can make a profit if he has small expenses, so he can lose if his expenses are very large or extraordinary.

Leonard Lessius had an insight into how all economic markets are interrelated, and he analysed and defended in turn the workings of foreign exchange, speculation, and the value of money and prices. In particular, Lessius engaged in the most sophisticated analysis yet achieved of the workings of wages and the labour market. Like other scholastics, he saw that wages were governed by the same supply and demand principles, and therefore by the same canons of justice, as any price. In asking what is the 'minimum justifiable wage' for any given occupation, Lessius declared that the existence of other people willing to perform the work at any given wage shows that it is not too low. In short, if a supply exists for the labour at that wage, how can it be unjust?

Lessius also discovered and set forth the concept of psychic income as part of a money wage. A worker can be paid in psychic benefit as well as money: 'if the work brings with it social status and emoluments, the pay can be low

because status and associated advantages are, so to say, a part of the salary'. Lessius also advanced the view that workers are hired by the employer because of the benefits gained by the latter, and those benefits will be gauged by the worker's productivity. Here are certainly the rudiments of the marginal productivity theory of the demand for labour and hence of wages, which was set forth by Austrians and other neoclassical economists at the end of the nineteenth century. Indeed, Lessius's sophisticated analysis of wages and the labour market were lost to mainstream economics until they were independently rediscovered in the late nineteenth century.

Lessius also stressed the importance of entrepreneurship in determining income. This quality of entrepreneurial 'industry', of efficiently combining jobs, is rare, and therefore the able entrepreneur can acquire a much higher income than his fellows. Lessius also provides a sophisticated analysis of money, demonstrating that the value of money is dependent on its supply and demand. More abundant money will make it less valuable either for buying goods or foreign exchange, and a greater demand for money will cause the value of the currency to rise: 'For example, if great princes are in urgent need of money for war or other public purposes, or if a large quantity of goods come on to the market; for whenever money is urgently needed for matters of great moment, so is it more highly esteemed in terms of goods.'

In his application of moral principle to trade practice, Lessius had a liberating effect on trade. This was particularly true of usury, where Lessius, while formally continuing the traditional prohibition, was actually a highly influential force in its ongoing destruction. Lessius provided the most sweeping defence so far of the guaranteed investment contract, and he treated benignly even high rates of return on capital. He also removed all the remaining restrictions on *lucrum cessans*. First, he widened the doctrine to apply, not only to specific loans that would otherwise have been invested, but to *any* funds, since they are liquid assets that always might have been invested. Thus the pool of funds can, as a whole, be considered opportunity cost foregone of investment, and therefore interest may be charged on a loan to that extent.

As Lessius puts it:

Although no particular loan, separately considered, be the cause, all, however, collectively considered, are the cause of the whole *lucrum cessans*: for in order to lend indiscriminately to those coming by, you abstain from business and you undergo the loss of the profit which would come from this. Therefore, since all collectively are the cause, the burden of compensation for this profit can be distributed to single loans, according to the proportion of each.

But this meant that Leonard Lessius justified not only businessmen or investors planning to invest their money, but also *any* people with liquid funds, including professional money-lenders. For the first time among scho-

lastics, *all* loans by money-lenders were now justified. With Leonard Lessius, then, the last of the barriers to interest or usury were smashed, and only the hollow shell of the formal prohibition remained.

Lessius adds that the lender may charge interest, even though a reserve of money is kept out of fear, and even if that fear is irrational. Note that to Lessius the important point was the reality of the lender's subjective fears, not whether the fears are objectively correct.

Furthermore, Lessius takes the Medina-Molina assumption of risk argument for interest, about which they had tended to hedge in practice, and widens it greatly. All loans, he points out, carry risks of non-payment: 'a personal right is almost always joined with some difficulties and dangers'. In a careful analysis of lenders' risk, Lessius pointed out that a greater risk, and a greater charge, would be incurred by lending to someone not known to the lender, or whose credit is doubtful.

But that is not all. For Leonard Lessius contributed his own, new and powerful, weapon against the usury ban: a new 'title' or justification for interest. The new justification – prefigured only by the neglected Summenhart – was *carentia pecuniae*: charging for lack of money. Lessius pointed out quite cogently that the lender suffers the lack of his money, the lack of his liquidity, during the term of the loan, and therefore he is entitled to charge interest for this economic loss. In short, Lessius saw perceptively that everyone derives utility from liquidity, from the possession of money, and that being deprived of this utility is a lack for which the lender may and will demand compensation. Lessius pointed out that unexpected situations can and do arise which could be met far more effectively if one's money were in one's possession and not absent for a period of time. Time, in short, can and should be charged for, for that reason, 'for it can never be obtained that the merchants do not value a long-term concession higher than a short-term one'. And those who are deprived of their money 'value more the lack of their money for five months than the lack of it for four, and the lack of it for four more than three, and this is partly because they lack the opportunity of gaining with that money, partly because their principle is longer in danger...'.

Furthermore, Lessius points out that bills of exchange, or rights to future money, are always at a discount compared to cash. This discount is, of course, the rate of interest. Lessius explains: 'This is a matter of common experience in that money provides the means to a multitude of things which those rights do not provide. Therefore they may be bought at a lower price'. Lessius also notes that merchants and exchangers daily determine the 'price of the lack of money' on the Antwerp Bourse, averaging about 10 per cent; and foreign exchanges, of inestimable value to the economy, would perish if such prices could not be charged.

Thus, for Lessius, the price for a lack of money is established on organized loan markets. But to the extent that a loan market exists, there is no need to justify each merchant's loan on the basis of his *particular* opportunity cost or deprivation of funds. That price, which becomes the just price, is set on the loan market. As Lessius puts it:

Moreover, any merchant seems able to demand this price... even though there is no gain of his that stops because of his loan. This is the just price for the privation of money among merchants; for the just price of an article or obligation in any community is that which is put upon it by that community in good faith for the sake of the common good in view of all the circumstances... Therefore, even if through the privation of money for a year there is no gain of mine that stops and no risk of capital, because such a price for just causes has been put upon this privation, I may demand it just as the rest do.

With *carentia pecuniae*, therefore, Leonard Lessius delivered the final blow to smash the usury prohibition, while unfortunately still retaining the prohibition in a formal sense. It is no wonder that Professor Noonan, the great scholar of the scholastics on usury, holds Lessius to be 'the theologian whose views on usury most decidedly mark the arrival of a new era. More than any predecessor he would probably have felt completely at ease in the modern financial world.'⁶

The last Salamancan was the Jesuit Cardinal Juan de Lugo (1583–1660). De Lugo takes the Salamancans into the seventeenth century, the century of the decline of Spanish power in Europe. After studying law and theology at Salamanca, de Lugo went to Rome to teach at the great Jesuit College. After teaching theology in Rome for 22 years, de Lugo was made a cardinal and became a member of various influential Church commissions in Rome. A learned and comprehensive theoretician, de Lugo has been called the greatest moral theologian since Aquinas. Author of a book on psychology and another on physics, de Lugo's masterwork in the area of law and economics was *De Justitia et Jure*, published in 1642. This work went through numerous editions during the seventeenth and eighteenth centuries, its last edition having appeared as late as 1893.

In his theory of value, this culminating work of the Salamancan School displayed a subtle and advanced subjective utility explanation. The prices of goods, de Lugo pointed out, fluctuate 'on account of their utility in respect of human need, and then only on account of estimation; for jewels are much less useful than corn in the house, and yet their price is much higher'. Here de Lugo, once again, comes very close to the late nineteenth century marginal utility explanation of value, and to solving the value paradox. Corn is higher than jewellery in use value, but is cheaper in price. The answer to this paradox is that subjective estimates or valuations differ from objective use-

value, and these in turn are affected by the relative scarcities of supply. Again, only the marginal concept is needed to complete the explanation.

Subjectivity, de Lugo goes on, means that the 'estimation' or valuation is going to be conducted by 'imprudent' as well as 'prudent' men (no 'rationality' or 'economic man' assumptions here!). In short, the just price is the market price determined by demand and consumer valuations; and, if the consumers are foolish or judge differently than we do, then so be it. The market price is a just price all the same.

In his discussion of merchants' activities, de Lugo adds to the previous opportunity-cost concept of mercantile expenses. For a merchant will only continue to supply a product if the price covers his expenses and the rate of profit he could earn in other activities.

In his theory of money, Cardinal de Lugo follows his confrères: the value or purchasing power of money is determined by the quality of the metal content of coins, the supply of and the demand for money. De Lugo also set forth the idea that money moves from the area of its lower to that of its higher value.

On usury, de Lugo provided a mixed bag. On the one hand, he draws back from the clear implications of Lessius and others that the usury ban should become a hollow shell. For that reason, he refuses to accept Lessius's willingness to have the lender charge for lack of money during the period of the loan. On the other hand, de Lugo widens still further the powerful 'pro-usury' weapons of risk and *lucrum cessans*. He broadens the concept of risk to include explicitly every loan; for, as he puts it with remarkable bluntness: 'Where today is there to be found a debt so placed in safety that in security it equals ready cash?' But that, of course, justifies the charging of interest on every loan. De Lugo also widens *lucrum cessans* still further, for he allows the lender to include not only probable profit foregone from a loan, but also the expectation of *remote* profit foregone. Also, the lender, in charging interest, may calculate the profit he would have made by *re-investing* the lost profit on a loan. In sum, de Lugo asserts sweepingly that *lucrum cessans* is 'the general title for purging usury'.

4.9 The decline of scholasticism

Sixteenth century Spain has well been called the Indian Summer of scholasticism. After that, its decline, not only in Spain but throughout Europe, was rapid. Part of the reason was a stubborn clinging to the *form* of the prohibition of usury. A ban which had made little sense, either by natural or divine law, and which entered Christian thought quite late in the day, was clung to and strengthened in an almost perpetual, irrational frenzy. The systematic weakening of the usury ban by some of the finest minds in Christendom had the beneficial effect of sanctioning the charging of interest, but at the long-

run cost of discrediting the scholastic method itself. By clinging to the outer husk of banning usury as a mortal sin, while at the same time finding increasingly sophisticated ways of allowing merchants and finally professional money-lenders to get around the ban, the scholastics opened themselves to unfair charges of evasion and hypocrisy.

The deadly assault on scholasticism came from two contrasting but allied camps. One was the rising groups of Protestants without, and crypto-Calvinists within, the Church who denounced it for its alleged decadence and moral laxity. Protestantism, after all, was in large part a drive to cast off the sophisticated trappings and the refined doctrine of the Church, and to go back to the alleged simplicity and moral purity of early Christianity. Made the very emblem of this hostility was the Jesuit Order, the devoted spearhead of the Counter-Reformation, that order which had taken up from the faltering Dominicans the torch of Thomism and scholasticism.

The second camp of enemies of scholasticism was the rising group of secularists and rationalists, men who might be Catholics or Protestants in their private lives but who mainly wanted to get rid of such alleged excrescences on modern life as the political application of religious principles or the prohibition of usury. Consequently, the crypto-Calvinists attacked the Jesuits for weakening the prohibition of usury, while the secularists attacked them for keeping it.

Neither wing of the opposition was impressed with the brilliance of the scholastic arguments to justify usury, nor with the entire scholastic and Jesuit enterprise of 'casuistry': that is, of applying moral principles, both natural and divine, to concrete problems of daily life. One might think that the task of casuistry should be deemed an important and even noble one; if general moral principles exist, why *shouldn't* they be applied to daily life? But both sets of opponents rapidly succeeded in making the very word 'casuistry' a smear term: for the one, a method of **weaselling** out of strict moral precepts; for the other, a method of imposing outdated and reactionary dogmas upon the world.

Why, despite the great work of Summenhart and others, did the Catholic Church persist in keeping the formal ban on usury for two centuries thereafter? Probably for the same reason that the Church has always tended to maintain stoutly that it never changes its doctrines while it keeps doing so. Changing content within an unchanging formal shell has long been characteristic, not only of the Catholic Church, but of any long-lived bureaucratic institution, whether it be the Church or the constitutional interpretations of the Supreme Court of the United States.

The two-pronged alliance against scholasticism outside and within the Catholic Church cut far deeper than the quarrel over usury. At the root of Catholicism as a religion is that God can be approached or apprehended

through all the faculties of man, not simply through faith but through reason and the senses. Protestantism, and especially Calvinism, sternly put God outside man's faculties, considering, for example, sensate embodiments of man's love for God in painting or sculpture as blasphemous idolatry to be destroyed in order to clear the path for the only proper communication with God: pure faith in revelation. The Thomist stress on reason as a means of apprehending God's natural law and even aspects of divine law was reviled by a sole Protestant emphasis on faith in God's arbitrary will. While some Protestants adopted natural law theories, the basic Protestant thrust was opposition to any natural law attempts to derive ethics or political philosophy from the use of man's reason. For Protestants, man was too inherently sinful and corrupt for his reason or his senses to be anything but an embodiment of corruption; only pure faith in God's arbitrary and revealed commands was permissible as a groundwork for human ethics. But this meant that for Protestants there was also very little natural law groundwork from which to criticize actions of the state. Calvinism and even Lutheranism provided little or no defences against the absolutist state which burgeoned throughout Europe during the sixteenth century and triumphed in the seventeenth century.

If Protestantism opened the way for the absolute state, the secularists of the sixteenth and seventeenth centuries embraced it. Shorn of natural law critiques of the state, new secularists such as the Frenchman Jean Bodin embraced the state's positive law as the only possible criterion for politics. Just as the anti-scholastic Protestants extolled God's arbitrary will as the foundation for ethics, so the new secularists raised the state's arbitrary will to the status of unchallengeable and absolute 'sovereign'.

On the deeper level of the question of how we know what we know, or 'epistemology', Thomism and scholasticism suffered from the contrasting but allied assaults by the champions of 'reason' and 'empiricism'. In Thomist thought, reason and empiricism are not separated but allied and interwoven. Truth is built up by reason on a solid groundwork in empirically known reality. The rational and empirical were integrated into one coherent whole. But in the first part of the seventeenth century, two contrasting philosophers managed between them the fatal sundering of the rational and the empirical that continues to plague the scientific method until the present day. These were the Englishman Francis Bacon (1561–1626) and the Frenchman René Descartes (1596–1650). Descartes was the champion of a dessicated mathematical and absolutely certain 'reason' divorced from empirical reality, while Bacon was the advocate of sifting endlessly and almost mindlessly through the empirical data. Both the distinguished English lawyer who rose to become Lord Chancellor (Lord Verulam), Viscount of the Realm, and corrupt judge, and the shy and wandering French aristocrat, agreed on one crucial and destructive point: the severing of reason and thought from empiri-

cal data. Hence, from Bacon there stemmed the English 'empiricist' tradition, steeped mindlessly in incoherent data, and from Descartes the purely deductive and sometimes mathematical tradition of continental 'rationalism'. All this was of course an assault on natural law, which had long integrated the rational and the empirical.

As a corollary to, and intermingled with, this basic and systematic change in European thought in the 'early modern' period (the sixteenth and especially seventeenth centuries) was a radical shift in the locus of intellectual activity away from the universities. The theologians and philosophers who wrote and thought on economics, law, and other disciplines of human action during the medieval and Renaissance periods were university professors. Paris, Bologna, Oxford, Salamanca, Rome, and many other universities were the milieu and arena for intellectual output and combat during these centuries. And even the Protestant universities in the early modern period continued to be centres of natural law teaching.

But the major theorists and writers of the seventeenth and then the eighteenth centuries were almost none of them professors. They were pamphleteers, businessmen, wandering aristocrats such as Descartes, minor public officials such as John Locke, churchmen such as Bishop George Berkeley. This shift of focus was greatly facilitated by the invention of printing, which made the publication of books and writings far less costly and created a much wider market for intellectual output. Printing was invented in the mid-fifteenth century, and by the early sixteenth century it became possible, for the first time, to make a living as an independent writer, selling one's books to a commercial market.

This shift from university professors to private lay citizens meant, at least for that era, a move away from traditional modes of learning and thought towards a more diverse spectrum of idiosyncratic individual views. In a sense, this acceleration of diversity went hand in hand with one of the most important impacts of the Protestant Reformation on social and religious thought. For, in the long run, far more important than such theological disputes as over free will vs predestination and over the significance of communion was the shattering of the unity of Christendom. Luther and even Calvin had no intention of fragmenting Christendom; on the contrary, each set out to reform a unified Christian Church. But the consequences of their revolution was to open Pandora's box. Whereas frictions and heresies had before been either stamped out or accommodated within the Church, now Christianity split apart in literally hundreds of different sects, some quite bizarre, each propounding different theologies, ethics, and prescriptions for social life.

While the variegated strains of social thought stemming from this break within Christianity included rationalists and individualist groups such as the

Levellers as well as absolutists, the value of the resulting diversity must be offset by the unfortunate fading away of scholasticism and Thomism from Western thought.

The severing of the unity of European thought was intensified by the shift during these centuries of written literature from Latin to the vernacular in each country. During the Middle Ages, all intellectuals, jurists and theologians in Europe wrote in Latin, even though of course the spoken language in each country was the vernacular. This meant that for scholars and intellectuals there was only one language, and in a sense one country, so that Englishmen, Frenchmen, Germans, etc. could easily read and be influenced by each others' books and articles. Europe was truly one intellectual community.

In the Middle Ages, only Italian authors wrote, from time to time, in Italian as well as Latin. But the Protestant Reformation gave tremendous impetus toward the abandonment of Latin, since Protestants felt it vital for the Christian masses to read and study the Bible in language they could understand. Martin Luther's famous translation of the Bible into German, in the sixteenth century, inspired a rapid change towards writing in the national language. As a result, since the sixteenth and seventeenth centuries, economic, social, and religious thought began to be isolated in each national language. Later continuing influences of scholastic economic thought became confined to writers in Catholic countries.

4.10 Parting shots: the storm over the Jesuits

While the inspiration for creative and outstanding scholastics was played out, the seventeenth century saw the influence of scholasticism continue in Spain and spread to other countries. The great champion and disseminator of the Salamanca School was of course the Jesuit Order. In Spain and elsewhere the Jesuits produced a huge number of manuals on moral theology for the use of confessors, in which they discussed, among other matters, the application of theological and moral principles to the ethics of business. The most important instance was the pious Father Antonio de Escobar y Mendoza's (1589–1669) *Theologiae Moralis* (1652). This extremely popular work was reprinted in 37 editions in a brief period of time, and was also translated and published in France, Belgium, Germany and Italy. Escobar's work was basically a restatement of two dozen previous books on moral theology, mainly by such Spanish writers as Molina, Suarez and de Lugo. He repeated the Salamanca emphasis on common estimation, scarcity, and the supply of money as determinants of market price.

The Salamanca School was particularly influential in Italy. There the Genoese philosopher and jurist, Sigismundo Scaccia (c.1568–1618), published a *Tractatus de Commerciis et Cambiis* in 1618, which was reprinted often in Italy, France, and Germany down to the middle of the eighteenth

century. Scaccia's *Tractatus* repeated the price and foreign exchange theories of the Salamancans, including Covarrubias, Azpilcueta and Lessius.

Other prominent neo-Salamancans in Italy were the Jesuit Cardinal Giambattista de Luca (1613–83), who published his multi-volume *Theatrum Veritatis et Justitiae* in Rome in the 1670s; Martino Bonacina (c.1585–1631); and Antonino Diana (1585–1663).

In France, however, the influential Escobar manual ran into a storm of abuse for its sophisticated permissive attitude towards usury. The abuse was led by an influential crypto-Calvinist group within the French Catholic Church that raised a furious row about the alleged moral laxity of the Jesuit Order.

The assault on the Jesuits and on their devotion to reason and the freedom of the will had begun in Belgium, and was accelerated towards the end of the sixteenth century by Dr Michael de Bay, chancellor of the great University of Louvain. Bay, and Baianism, launched a furious intramural warfare within Louvain against Leonard Lessius and the Jesuits on the faculty. Chancellor de Bay managed to convert most of the Louvain faculty to his creed, which adopted the Calvinist creed of predestination of an elect. In France, the absolutist pro-royalists began a bitter campaign against the Jesuit Order, which they linked with the Catholic Leaguers and the assassination of the centrist and pro-Calvinist Henrys. In particular, the attorney Antoine Arnauld, defending royal absolutism to the hilt, petitioned for the expulsion of the Jesuits from France, angrily declaiming that they were the worst enemies of 'the sacred doctrine of the Divine Right of Kings'. Arnauld was originally employed to press the case against the Jesuits by the University of Paris, and its theological faculty of the Sorbonne, which had also been swept by the crypto-Calvinist tide.

In the early seventeenth century, two disciples of Michael de Bay, both former students of the Jesuits, took up the cudgels for his cause. Most important was Cornelius Jansen, founder of the neo-Calvinist Jansenist movement, which became extremely powerful in France. Jansen, like many openly Protestant theologians, demanded to go back to the moral purity of St Augustine and of the Christian doctrines of the fourth and fifth centuries. If Jansen was the theoretician of the movement, his friend the Abbé Saint-Cyran was the brilliant tactician and organizer. With the help of Mère Angelique, superior of the nuns of Port-Royal, Saint-Cyran gained control of these influential nuns. Mère Angelique was the daughter of Antoine Arnauld, and indeed a dozen of the Port-Royal nuns were members of the powerful Arnauld family.

One of the Port-Royal nuns was the sister of the brilliant young philosopher, mathematician, and French stylist Blaise Pascal, and young Pascal took up the Jansenist cause with a witty and blistering attack on the Jesuits, particularly Escobar, for his alleged moral failure in being soft on usury. Pascal even coined a popular new term, *escobarderie*, with which he de-

nounced the important discipline of casuistry as being evasive quibbling. Another victim of Pascal's poison pen was the austere French Jesuit Étienne Bauny. In his *Somme des Pechez* (1639), Bauny extended the weakening of the usury ban by going so far as to justify interest charges higher than the maximum rate permitted by royal decree for, after all 'the debtors entered into them willingly'. Moreover, Bauny's trenchant voluntarism defended the usury contract on another incisive ground: since it is licit for a lender to hope for a borrower to give him a free gift, it should also be licit for the lender and the borrower to make such a definite pact beforehand. How can making a contract for something be evil if hoping for the result is permissible? Once permit such justifications by voluntary choice, and then of course all assaults on usury and other free market activities must go by the board.

Although the Jansenists were eventually condemned by the pope, Pascal's scurrilous rampage against the Jesuits had considerable effect in helping to end the reign of scholastic thought, at least in France.

4.11 Notes

1. Frank Bartholomew Costello, S.J., *The Political Philosophy of Luis de Molina, S.J.* (Spokane: Gonzaga University Press, 1974), p. 231.
2. Richard Tuck, *Natural Rights Theories* (Cambridge: Cambridge University Press, 1979), p. 54.
3. The great Molina had also had difficulties in not having a theology doctorate, which was finally conferred upon him by the Jesuit Order with considerable reluctance.
4. The form of Philip's debasement, as Mariana pointed out, was either to double the face value of recoined copper while keeping the same weight, so that the increased value went as profit to the royal treasury; or to keep the face value of silver/copper coins, take out the silver and reduce the copper weight, which gave the treasury a two-thirds profit.
5. Quoted by John Laures, S.J., *The Political Economy of Juan de Mariana* (New York: Fordham University Press, 1928), p. 18.
6. John T. Noonan, Jr., *The Scholastic Analysis of Usury* (Cambridge, Mass.: Harvard University Press, 1957), p. 222.

5 Protestants and Catholics

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5.1 Luther, Calvin, and state absolutism

We have seen that the Counter-Reformation of the sixteenth century had to carry on a two-front intellectual war on behalf of scholasticism and natural law: against Protestants and crypto-Protestants, and also against secularist apologists for an absolute state. These latter two seemingly contrasting groups were closer than merely having the same enemy. In many ways, they were twins and not simply fortuitous allies.

Despite their many differences, Martin Luther (1483–1546), son of a German miner, and John Calvin (born Jean Cauvin, of which Calvin is the Latinized name) (1509–64), son of a French attorney and leading town official, whose new religious sects between them swept northern Europe, agreed on some crucial fundamentals. In particular, their social philosophy and theology rested on the basic proposition that man is totally depraved, steeped in sin. If this is so, man could scarcely achieve salvation even partially through his own efforts; therefore, salvation comes, not from man's non-existent free will, but as an arbitrary and unintelligible gift of unearned grace from God, a gift which He for His own reasons hands out only to a predestined elect. All of the non-elect are damned. Furthermore, as man is totally depraved and a slave of Satan, his reason – let alone his sense of enjoyment – can never be trusted. Neither reason nor the senses can in any way be trusted to form a social ethics; that can only come from the divine will through Biblical revelation.

To this day, fundamentalist Calvinists are taught to sum up their creed in the acronym TULIP, perhaps also recalling the Dutch fastnesses of Calvinism:

- T – Total damnation
- U – Unconditional election
- L – Limited atonement
- I – Irresistible grace
- P – Perseverance of the saints

In short, man is damned totally, his atonement can only be limited and insufficient; the only thing that can and does unconditionally save an elect among men is God's irresistible grace.

If reason cannot be used to frame an ethic, this means that Luther and Calvin had to, in essence, throw out natural law, and in doing so, they jettisoned the basic criteria developed over the centuries by which to criticize the despotic actions of the state. Indeed, Luther and Calvin, relying on isolated Biblical passages rather than on an integrated philosophic tradition, opined that the powers that be are ordained of God, and that therefore the king, no matter how tyrannical, is divinely appointed and must always be obeyed.

This doctrine, of course, played into the hands of the rising absolute monarchs and their theoreticians. Whether Catholic or Protestant, these secularists pushed their religion to the background of life; socially and politically they held, as we shall see below, that the state and its ruler are absolute, that the ruler must seek to preserve and expand his power, and that his dictates must be obeyed. It is therefore the early Jesuits of the Counter-Reformation who saw and analysed the crucial link between the Protestant leaders and such amoralist secularists as Niccolo Machiavelli. As Professor Skinner writes:

The early Jesuit theorists clearly recognized the pivotal point at which the political theories of Luther and Machiavelli may be said to converge: both of them were equally concerned, for their own very different reasons, to reject the idea of the law of nature as an appropriate moral basis for political life. It is in consequence in the works of the early Jesuits that we first encounter the familiar coupling of Luther and Machiavelli as the two founding fathers of the impious modern State.¹

Moreover, Luther had to rely for the spread of his religion on the German and other European monarchs; his preaching of all-out obedience to the ruler was reinforced by this practical concern. In addition, the secular princes themselves had a juicy economic motive for becoming Protestant: the confiscation of the often wealthy monasteries and other Church property. Underlying at least part of the motives of the monarchy and nobility of the new Protestant states was the lure of greed-and-grab. Thus, when Gustav Vasa, king of Sweden, became a Lutheran in 1524, he immediately transferred the Church tithes into taxes going to the Crown, and three years later he confiscated the entire property of the Catholic Church. Similarly, in Denmark the newly Lutheran kings seized the monastic lands, and confiscated the lands and temporal powers of the Catholic bishops. In Germany Albert of Hohenzollern accompanied his Lutheran conversion by seizing the lands of the Catholic Teutonic knights, while Philip of Hesse grabbed all the monastic lands in his state, much of the proceeds going into his own personal coffers.

In addition to grabbing the lands and revenues, the monarchs in each of the lands seized control of the Church itself, and converted the Lutheran Church into a state-run Church, to the plaudits of Martin Luther and his disciples, who championed the idea of a state-dominated Church. In the city of Geneva, John Calvin and his disciples imposed a totalitarian theocracy for a time, but this Church-run state proved to be an aberration in mainstream Calvinism, which triumphed in Scotland, Holland and Switzerland, and had considerable influence in France and England.

An outstanding example of a state-run Church as a motive for Reformation was the establishment of the Anglican Church in England. The defection from Catholicism of Henry VIII was accompanied by the confiscation of the