

THE JESUITS AND THE SPIRIT OF CAPITALISM

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As one who has defended laissez faire capitalism¹ since the mid-60's and as a recent full time employee of an institution that has "Jesuit" as its middle name, it would hardly require the intellect of St. Thomas to understand how reading the following sentence would give me pause to consider and incentive to research: "It would not be difficult to claim that the religion which favoured the spirit of capitalism was Jesuitry, not Calvinism."² The last word calls to mind Max Weber who wrote copiously³ on the topic of the influence of Protestantism and its work ethic on the budding new social system. I must confess to a bit of chauvinism upon reading Robertson's sentence, since I would much prefer the Jesuits to have (at least some of) the credit for what I consider to be the greatest invention⁴ in history. So the research began. Only to be followed by disappointment. At least as concerns primary sources. All of the Jesuits referred to by Frederick A. Hayak are late sixteenth century figures, most of whom were made notorious by the slanted presentation of them given by Pascals in his *Provinciales*. And while Pascal's *Provincial Letters* are to be found in our library I could not find Fr. Luis de Molina's *De justitia et de jure, vol. 2, De Contractibus*: nor Fr. Juan de Salas, *Commentarii in Secundum Secundae D. Thomas de Contractibus, Tr. de Empt. et Vend*; nor Cardinal John de Lugo's *Disputationes de iustitia et iure*.⁶ Neither were they available at Duquesne or Pitt. Because of this unfortunate situation, most of what follows is drawn from secondary sources, especially Robertson.

The focus of this study is the concept of a "just" or "fair price" and its consequences for usury. According to capitalism, the only "just price" is the one decided on by buyer and seller. No outside authority can determine what goods and services should trade for in the market. This has *not* been the historical view of Western economic thought in general and the Catholic Church in particular. A "just price" was thought to be related to more than the vagaries of the market place. For example, one's station or title(s) or religion etc. were due certain considerations in the setting of prices.⁷ And the just price was always set by a third party to the transaction, usually the Church or the State. It is obvious that capitalism is incompatible with such a concept. Let us take a quick look at the historical antecedents for the concept of just price. Before we do that however, a terminological point about how I plan to use the notion of "just price" in this essay. If "just price" is meant to designate the price arrived at by appeal to some external standard (external to the consent of the trading parties), then one purpose of this paper is to show that the Jesuits denied the possibility of such a concept as a just price in a free market system. This does not imply that all market prices are unjust, but simply that the concepts of justice and injustice do not apply to market prices. The locus of justice in capitalism is in the process, not in the end or telos. But a more felicitous way of stating the same fact would be that no injustice can eventuate from a just process.⁸ To be consistent one should differentiate between the just price and the market price. But such a differentiation would give the impression that the market price is something other than a just price. But one doesn't have to be consistent with a theory one is attacking, especially since "justice" has a moral penumbra that makes it, at least for rhetorical purposes, a profitable term to have on one's side. Everybody is for justice⁹—only not everyone has the same notion of what justice is.

In other words, one can either call the price agreed upon by the traders a "just price" or not.¹⁰ *Non est tanti*. [The only problem with this "solution is that justice would have no contradictory—as long as the price represented a free will (non-coerced) decision by both parties there would be no such thing as a unjust price. On the other hand, if we respect the tradition and mean by "just price" the conforming of the market price to some external (to the traders) standard, then it would seem that "just price" names a non-entit, and like "unicorn", should have no place in political-economical thought.]

To summarize, either we use just price to designate the market price and endure the pleonasm, or we jettison the concept entirely. For this paper, I will use “just”¹¹ price for the traditional concept and “market price” for the price agreed upon by the trader apart from any outside influence.

Returning now to examine the historical antecedents of the notion of “just” price, let us begin with the Greeks. The *locus classicus* (although from the point of view of the Jesuits I will be citing below the correct Latin expression would be *locus delicti*) for “just price” is *Plato’s Laws* and *Aristotle’s Politics*. In *Laws* H1, 919f, Plato sets the tone for centuries of business bashing when he tells us that none of the Magnetes¹² shall engage in retail trade or commerce since these provide too much temptation from the path of true moderation and virtue. Why? Because most retailers prefer to make an exorbitant rather than a reasonable profit. (918d) This presupposes the notion of a “just” price, i.e., the price that when charged results in a “reasonable” profit for the retailer. Although Plato nowhere tells us how to calculate the “just” price, he does think that the “craftsman is aware of the true value of his work.” (921b)¹³

Even more important for our purposes is Aristotle’s *Politics*, Book 1, chapters 8-11.¹⁴ After distinguishing household management from wealth-getting (*chrematistikos*) in chapter eight, he goes on in nine to divide wealth-getting into two kinds, the good and the bad, based on whether the wealth-getting is natural or unnatural. Natural wealth-getting occurs when the object got is used. For example, if you trade for a pair of shoes that you proceed to wear, that is a natural, and hence a good form of wealth-getting. But if you trade for shoes and then use them in further trading, such exchange is contrary to nature, since shoes are not meant by nature to be traded but to be worn. With the invention of money things get even worse since there arises the possibility of making a profit (*kerdos*).¹⁵ But if profit from trading shoes is unnatural, there is something even worse, viz., profit from lending money, which Aristotle tells us is “most reasonably hated.” (1258b3) Finally, Aristotle, who usually will discuss anything and at great length, dismisses the subject as too “tiresome to dwell upon.” (1258b34)

At first reading, Thomas seems to agree both about profit and usury. Our text is *Summa Theologiae*, *Secunda Secundae*, questions 77 and 78. Articles one and four of question 77 are of particular interest. In the former, Aquinas would forbid selling any item for an unjust price. Here he is not talking about cases of fraud. He doesn’t tell us how to determine such a price but allows in the reply to the first objection that since “we cannot always FIX the just price precisely; we sometimes have to make the best estimate we can, with the result that giving or taking a little here or there does not upset the balance of justice.”

In Article Four of the same question, he tells us that one is entitled to “make profits by selling for more than the purchase price.” His position here represents a softening of Aristotle’s position, although he does seem to agree with Aristotle that “commerce as such, considered in itself, has something shameful about it in so far as it is not intrinsically calculated to fulfill right or necessary requirements.”¹⁶ He then goes to admit that while profit is the point of commerce and neither right nor necessary in itself, it is not “anything vicious or contrary to virtue either.” In fact, if one subordinates commerce to “an activity that is “necessary or even right” one can even justify it. Aquinas then goes on to list certain “necessary or even right” activities that can make commerce acceptable: “to provide for his household, or to help the poor or even by the man who conducts his business for the public good...and who makes a profit as it were to compensate for his work and not for its own sake.” Even the editor has to admit that this represents a discreet but definite break with Aristotle.¹⁷

Nevertheless, the profit must always be a moderate one. That is, the profit must derive from a “just” price. Although Aquinas’ attitude may have been conditioned by “the immense development of commerce about his own time,”¹⁸ it had no influence on his doctrine of usury. He tells us that is “a sin to make a charge for lending money.”¹⁹ This is equivalent to saying that the only “just” price for the lending of money is zero. Seeing this establishes a very strong connection between the doctrine of “just” price and usury. Discredit the notion of just price and you desinize²⁰ usury. Aquinas does, however, countenance its

legality on the grounds that though it be a sin, “human law...allows the taking of interest...because to do otherwise would impose undue restrictions on many people.” (2a2ae. 77, 1 ad 3) One senses the presence of the “public good” criterion that we noted above in connection with his justification of moderate or just profit. Cajetan,²¹ (1468-1534) in his commentary on *Secunda Secundae* further loosened the restrictions on usury by the creation of “various titles to compensation.”²² One such title was the *damnum emergens*. This entitled the lender to ask the borrower for compensation for a loss which results from the loan. The Jesuits were to demonstrate incredible subtlety in inventing and defending various titles. This permissive attitude of the Jesuits toward usury is reflective of their radical notion of “just” price. Cardinal Lugo went so far as to deny to humans even the possibility of knowing such a price. “pretium iustum mathematicum, licet soli Deo notum (only God is allowed to know the mathematically just price).”²³ Here the good Cardinal seems to be following Juan Salas who wrote that a just price is that “quas exacte comprehendere, et ponderare Dei est, non (sic) hominum”(which to know accurately and to weigh belongs to God, not humans).²⁴ Fr. Molina has already given new meaning to the determination of a just price when he wrote the just price is that which will eventuate “quando absque fraude, monopolii, atque aliis, versutiis, communiter res aliqua vendi consuevit pretio in aliqua regione, aut loco, et habendum est pro mensura et regula iudicandi pretium iustum rei illius in ea regione” (when without deceit, monopolies,²⁵ or other connivance an object is customarily sold for a price in a region or locale, and should be taken as the measure and rule for determining the just price of that object in that region).²⁶ The market order developed when “a thousand years of vain efforts to discover substantively just prices or wages were abandoned and the late schoolmen recognized them to be empty formulae and taught instead that the prices determined by just conduct of the parties in the market, i.e. the competitive prices arrived at without fraud, monopoly and violence, was all the justice required.”²⁷ The schoolmen that Hayek is referring to are, of course, the sixteenth century Spanish Jesuits and he goes on to claim that Locke derived the classical liberal conception of justice from these men. Perhaps the next course taught here on the philosophical foundations of capitalism should begin with these Jesuits.²⁸

I would like to conclude this study with a brief discussion of the Jesuit opinion on usury. For the details of the debates on usury that raged during the last half of the sixteenth century, the interested reader is referred to Robertson’s book which contains an entire chapter on Catholic opinion on usury, the first section of which is devoted to the Jesuits. In general the Jesuits favored usury (although usually under a different name, e.g., as the “titles “ mentioned above indicate) and fought against the notion that a fixed limit (say 5%) was advisable. The Jesuits taught that the locale and circumstances should play a determining role in fixing interest rates, as Molina advised vis-a-vis prices in general. But what is most interesting to me is Robertson’s suggestion that the debates on usury may have given rise to one of the most famous (or infamous if you follow Pascal) doctrines of the Jesuits,²⁹ namely probabliism. He quotes one of the decisions of the General Congregation of the Jesuits of 1573 as follows: “Whenever two or three theologians defend the same opinion in cases of conscience, the father- confessor may follow them, so long as the general doctrine of the theologians is not opposed thereto.” (139)

If a business man wanted to lend money at, say, 10%, he had only to find a father-confessor who knew of two or three theologians who defended the 10% rate and he was home free. One could even shop around until one found a theologian who held the opinion on favored. Listen to the words of Escobar.³⁰ “If I have the proper intention of seeking a probable opinion in my favour and am disposed in firm- ness of spirit to do nothing contrary to the probable dictates of conscience, I may indeed lawfully visit different counsellors until I find one who replies as I wish.” (Robertson, 151, n2) What is meant in effect was that “the contract [to lend money at interest] was always approved.” (Ibid)

Although probabliism has been criticized as “at once the source and the basis of all...licentiousness” it can, I believe, be defended on purely logical grounds. In teaching the *ad verecundiam* fallacy, we must explain to the student under what conditions it is and is not permissible to rely on authority. For example, it is never logically permissible for a non-expert to hold a position contrary to the unanimous agreement

of experts in a given field; but when the experts disagree, then the individual is thrown back on his or her own devices. We may take the opinion that seems best to us, within the context of our own limited knowledge of an arcane field. A sixteenth century businessman could hardly be expected to be an expert on theological matters or to know the historical antecedents of the usury doctrine. What he or she needed to know was How much can I morally charge? Hence the doctrine of probablism seems not only a practical but also a logical piece of epistemology for the common Christian businessman.³¹

The eminent practicality of the Jesuits can be seen in the fact they engaged in business as well as confession. Most Jesuit foreign missions could hardly be distinguished from commercial enterprises. They attempted to “monopolise the pearl-fisheries of Cochin...to get all the trade, all the transport and banking facilities in Carthagen, Quito, Onda, Mompo and, in fact, all South America into their own hands.”³² As a Dominican bishop who had seen much of the Jesuits commented that “The Genoese know nothing in comparison with the Jesuits about exchange and re-exchange.”

By 1581 the Jesuits were on record as permitting six different titles or types of contract by which a lender to gain his or her interest without committing usury.³³

By the time Lessius³⁴ writes *De Justitia*, published in 1621, he is willing to sanction any profit made from lending money. if making a profit is one’s primary intention. In other words, Lessius was admitting “the general permissibility of interest as used to-day.” (155) He was, in effect, not merely tolerating the businessman, he was lauding him. The Jesuits even went so far as to justify interest payments “on the individualistic grounds that a free contract was in itself just.” (159) Father Bauni argued for this latter position as follows: “[It] is lawful to hope that a borrower would make a return out of gratitude; it is lawful. therefore, to make a pact beforehand that he should. For there is no evil in making a contract to secure all that it is permitted to hope for, to give and to accept.” (159n3)

It must not pass unnoticed what had occurred between Thomas and Lessius. For Thomas, profits are justified as means only, never as an end. By Lessius’ time profit, considered as an end in itself, is seen as sufficient to justify even usury. In fact, the Jesuit attitude toward profits are, in general, benevolent and telic. An example of this latter point can be seen from the following:

“A Jesuit casuist is asked whether an innkeeper may ask a guest to dine on a fast day, knowing that he is issuing an invitation to sin. He answers that it may be taken as a probable opinion that is lawful, because the innkeeper’s primary intention is not to incite to sin, but to make profit out of the provision of a meal. (104)

The chief motive for engaging in business contracts could be selfish³⁵ gain without being at the same time bad. As Fr. Longuet said, “It is permitted to hope for and desire profit from a loan, given with goodwill and accepted with gratitude, not only as a secondary consideration, but also as the first and principal one.” (160)³⁶

If the foregoing is correct, we are in a position to appreciate the maxim that was attributed to these late sixteenth century Jesuits, viz, “there is nothing like business.”³⁷

Notes

1. Rather than proffer a persuasive definition the following taken from Webster’s *Third New International Dictionary* will suffice for this paper: “a doctrine opposing governmental interference (as by regulation or subsidy sic) in economic affairs beyond the minimum necessary for the maintenance of peace and property rights.
2. H.M. Robertson, *Aspects of the Rise of Economic Individualism* (Cambridge, 1933) 164, quoted in Friedrich A. Hayek’s *Law, Legislation and Liberty* 3 vols. (Chicago, 1976) vol. 2, 179n15.

3. See especially *Wirtschaft und Gesellschaft* (1921 ; Eng. Trans.) *On Law and Economy and Society* ed. Max Rheinstein (Harvard, 1954) and his more famous *Die Protestantische Ethik und der Geist des Kapitalismus* (1904-05) Eng. trans. *The Protestant Ethic and the Spirit of Capitalism* (New York, 1958).
4. I, of course mean capitalism. I use the concept “invention” in such a way as to be compatible with unintended inventions or evolutionary inventions. Language, not in the sense of esperanto and such like, but all natural languages are examples of unintended inventions.
5. Blaise Pascal (1623-1662) was sympathetic to the Jansenists, a Catholic reformist movement whose chief enemy were the Jesuits. He confessed to his sister Angelique a hatred of this world and the people in it, the very people the Jesuits were interested in helping. The Jansenists especially in Italy and France, publicly stated their interest in the total destruction of the Jesuits and were instrumental in bringing about the “suppression” of the Society from 1773 to 1814. See *Pascal: Selections*, ed. Richard H. Popkin for the relationship between Pascal and his sister and the *Encyclopaedia Britannica*, 14th ed. vol.12 for more on the battle between the Jansenists and the Jesuits.
6. Undoubtedly the most famous of this trio of Jesuits is Luis de Molina, 1535-1600, the author of Molinism, a theological system which attempts to reconcile divine grace and free will while avoiding the extremes of Pelagianism and Augustinianism. (Julian Marias, in his *History of Philosophy*, notes the influence of Molinism on Leibniz’s *Theodicy*.) Details are contained in his *Concordia liberi arbitrii cum gratiae donis* John de Lugo, 1583-1660, is also known for his *Disputationes metaphysicae*. Juan (cited by Hayek as Johannes) de Salas (1553-1612) wrote a commentary on the *Summa*, Secunda Secundae, q. 77, of which more in due course.
7. This continues to this day. When in November of 1990 Darry Strawberry signed a 12 million dollar contract to play baseball for the L.A. Dodgers. I heard in the B-room indignant protestations over the fact that a mere baseball player was making more (a lot more) than someone with a Ph.D. in philosophy.
8. An example may help explicate this idea. From the mere knowledge that there exists (1) a society in which great income disparities occur and (2) another society in which there exists perfect equality of income, it would be impossible to say which, if either, was the just society. If (1) came about by just means, e.g., all trading was voluntary and no force or fraud was used in achieving the end state, then that state would have to be pronounced a just state. And if (2) came about by the forcible (or fraudulent, say, by a kind of Platonic ‘noble lie’) redistribution of the incomes, then that society would be an unjust one.
9. Except perhaps Walter Kaufmann. See his *Without Guilt and Justice*. (New York, Peter H. Wyden, 1973)
10. Notice I am omitting the usual obligatory reference to *Alice and Wonderland* at this point. Or am I?
11. Here the quotation marks signal the fact that the concept is being called into question and this questioning occurs at two levels: (1) “just” price is meaningless because it has no non-arbitrary referent due to (2) the impossibility of rationally calculating and hence defending any such notion.
12. Plato is founding a mythical city of Magnesians akin in many ways to the city in the *Republic*. Cf. *Laws* VI 1184d, IX 86Qe, XI 919d (the passage under discussion) and XII 946b.
13. I don’t want to create a wholly negative impression of Plato here and would like to mention that he does have some insightful comments to make on fraud and the necessity to outlaw such conduct. Cf. 916d-921 d passim.
14. Here I follow Ross’s chaptering, which agrees with that followed by St. Thomas Rackham, for example has a different chaptering in his translation and his chapters iii and iv correspond to what Ross covers in chapters 8-11. The Green pagination is 125a1-1259a36 in either case.
15. According to Liddell and Scott, profit was connected to “cunning arts, wiles, tricks” as early Homer. The distinction between use and exchange value is familiar to readers of Marx. (Karl not Groucho) For this analysis of the passage under consideration see his long footnote on Aristotle in *Capital* Vol. 1, Part 2, Ch. iv. Money draws Aristotle’s wrath since he seems to regard the fact one can accumulate it without limit as unnatural.
16. By “right or necessary requirements” Aristotle meant household necessities such as food, clothing, etc. One can easily imagine Aristotle’s position on “junk bonds”. All things considered, Aristotle (himself an aristocrat by birth) envisaged a pretty primitive life style for his fellows. He would certainly have frowned on the way most of us live and he would probably have eliminated most, if not all, of the business courses from the curriculum here at WJC.
17. See footnote “b” on p. 228 of vol. 38 of the Blackfrairs edition of the *Summa Theologiae*. All *Summa* quotations are from this volume unless otherwise indicated.
18. Ibid.
19. S T II-II, 78.
20. This neologism is mine. It is analogous to “decriminalizing” a particular activity.
21. St. Antonino (1389/90-1459) should also be mentioned in this context. “I believe that anyone can claim compensation, not merely for the harm done him, but also for the gain he might otherwise have obtained, if he

- be a merchant accustomed to engage his money in business. The same holds good, even if he be not a merchant but have only the intention of investing his funds in lawful trade, but not if he be a man who hoards his wealth in coffers” See The Rev. Bede Jarrett, O.P. *S. Antonio and Mediaeval Economics* (London, 1914) 65.
22. *Summa*, 242nb. 23. *Disputationes de iustitia et lure*. (Lyon, 1643), vol. ii, d 26, s 4, n 40- Quoted in Hayek op. cit. p. 179 Translation mine.
 24. *Commentarii in Secundum Secundae D. Thomas de Contractibus, Tr. de Empt. et Vend* (Lyon, 1617) IV, n. 6, p. 9. Quoted in Hayek *ibid*. This and the quotation following were translated by our own Fr. David Casey, to whom thanks.
 25. Monopolies can be either coercive (backed by some third party usually with force or the threat of force, e.g., first class mail delivery in the United States is a coercive monopoly—because competition is forbidden by law) or non-coercive, i.e. earned by keeping prices low, seizing every new opportunity to expand its market etc. I think Molina has the former in mind. For the beneficial influence of the latter see A.D. Neale’s treatment of Alcoa in *The Anti-trust Laws of the United States*. (Cambridge, 1966)
 26. *De iustitia et de lure*, vol. 2, *De Contractibus* (Cologne, 1594), disp. 348, no.3. Quoted in Hayek, *ibid* p. 178.
 27. Hayek 73. Hayek goes on (p. 75) to bemoan the fact that one thousand years of Catholic thought have not had the effect of erasing modern attempts to find the just price and especially the just wage. This chasing after that particular philosopher’s stone goes under the euphonious name of “economic” or “social” justice. In fact, Vol. II of Hayek’s *Law Legislation and Liberty* is subtitled “The Mirage of Social Justice.”
 28. This should be enough to show that “just” price is an anti-concept. Some interesting consequences follow, to wit, the following concepts turn out to be meaningless in a free market system. Exploitation, price gouging, profiteering, windfall profits, loan sharking, unjust wages, surplus value and profits.
 29. Probabilism was not solely a Jesuit doctrinal characteristic; John of St. Thomas, a Dominican, propounded the theory in his moral philosophy. John tells us in his *Cursus Theologicus*, IV, disp. XII, a. 3. n. 4 that when in moral doubt about when one should do a person “may solve his doubt by adopting any judgement that has been made by a prudent moralist concerning the proposed action.” *Encyclopedia of Philosophy*, vol. 4. p. 284. Pascal exposes this doctrine to ridicule in his fifth Provincial Letter.
 30. Father Antonio Escobar Y Mendosa (1589-1669) was a leading Spanish Jesuit and author of over 32 volumes on various subjects.
 31. Actually there was a middleman, the father-confessor. And this was not a speculative thinker, but a man of the people, as much a spiritual as well as a temporal advisor. As Robertson puts it, the Jesuits were “most in contact with the lay world, with its aims and with its difficulties.” (110)
 32. This quotation and the next is from Robertson, 108.
 33. These contracts are detailed in *Tractatus circa contractum, quinque pro centum ex communi consensu Patrum, ad id in 4a Congr gen Soc Jesu deputatorum confectus mense Aprili 1581*.
 34. Father Leonard Lessius (Leys), 1554-1623. Belgian Jesuit theologian.
 35. I have spoken on the equivocity of the term “selfish” before the West Virginia Philosophical Society when they met here at WJC on 3-23-90. There are senses of “selfish” and “unselfish” that are so rarefied as to asymptotically approach each other Cf. “What doth it profit (ophelei) a man if he gain the whole world but suffer the loss of his own soul {psychen autou}.” Matt. 16:26, Mark 8:36 and Luke 9:25.
 36. Robertson is quoting from *La Theologie Morale des Jesuites*, p. 163.
 37. From *La Morale Pratique des Jesuites* (1669), p. 10. Permit me one last quibble. The title of this paper is “The Jesuits and the Spirit of Capitalism” not “The Jesuits and the Spirit of Business”. Why? Many people use “capitalism” as synonymous with “a governmental system that makes laws that favor the interest of the business class (the let’s-bail-out-Chrysler types) as opposed to the working class (Marx) or the consumer class (Nader).” But the whole fallacious notion of the government being a mere puppet of class interests is part of our dubious heritage from Marx and is surely not implied by the definition of capitalism given in note 1 above. As long as individuals refrain from using force or fraud to secure their ends, the government shall make no law respecting an establishment of business. This clause is an obvious paraphrase of the first amendment to the Constitution.