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PHILOSOPHY, HISTORY, AND METHODOLOGY OF ECONOMICS

Sourcebook in Late-Scholastic Monetary Theory
Stephen J. Grabill (Editor)
Lanham, Maryland: Lexington Books, 2007 (362 pages)

As the editor of this book points out, it has been widely regarded that scholastic writing has little of substance to offer to modern economists on the topics of money and interest due to the dogmatic and metaphysical bent of its treatment of usury. Blaug, Knight, and De Roover were among the authors who supported that biased view of the School of Salamanca. This view is understandable because, "usury is perhaps the most ridiculed, but least understood, idea in the history of economics" (xv). This book aims to show that a sound and original idea of usury can be found in the writings of three of the main scholastic authors: Martín de Azpilcueta, Luis de Molina, and Juan de Mariana.

This volume contains an introduction by editor Stephen Grabill, the translation from Spanish of some fragments of the work of the aforementioned three scholars, and the respective comments by Rodrigo Muñoz de Juana, Francisco Gómez Camacho, S.J., and Alejandro Chafuen. They inform us that usury in scholastic thought has been misinterpreted over the years. In their short comments, they face an intriguing task: how to correct the misconceptions while preserving what is worth preserving in the enormous amount of Scholastic scholarship that followed upon the Scholastics' work. This aim drives our three contemporary scholars to go directly to the texts in which is embedded the substance of the usury notion during the sixteenth century. The first remark refers to the election of these authors who in different degrees support the very notion of usury. Perhaps it would be worthwhile to examine the work of scholars who were against the practice of usury, in those years. One that comes to my mind is "Cambios y contrataciones de mercaderes y reprobación de usura" (1546), by Cristobal de Villalón.

Grabill correctly reorients our interpretation of the School of Salamanca on a number of important fronts, emphasizing that they were first and foremost moral theologians. The problem addressed here concerns "the debate over the prehistory of economics." Most authors (such as Blaug) deny the very notion that we can insert the Scholastics into this history because they did not break with the canonical concept of market behavior as a moral problem. It was the mercantilists who bridged the gap and, later on, Adam Smith built the whole edifice of economics. Grabill puts the finger in the sore when he asks: On what reasonable grounds should scholastic influence on modern economics be considered discontinuous, if evidence can be presented that demonstrates lines of continuity extending from Aristotle and Aquinas, through the Salamancans and the seventeenth-century natural-law philosophers, to Smith, Galiani, Walras, and beyond?

Grabill refers to scholastic economics as "the boogey man of economic history," and provides an impressive collection of authors (Bacon, Bonaventure, Scotus, Occam) who should not be ignored as John Locke attempted to do. Locke contributed to defining negatively the term *scholasticism* as synonymous with emptiness and uselessness. Grabill observes that that view fails to appreciate the Schoolmen's position that political economy had an inescapable anthropological (normative) dimension that was integrated into discussions of money and exchange relations, commercial ethics, value and price, wages, profits, and interest (usury). As Schumpeter put it, "the normative natural law presupposes an explanatory natural law." Grabill contends that the lineage of the *recta ratio* began in the scholastics, passed through Lessio to Grotius and Pufendorf and through them to Francis Hutcheson and Adam Smith. In a parallel way, in Geneva, Pufendorf's ideas came to Augusto Walras, and then to his son Léon, one of the progenitors of the marginal utility revolution. Furthermore, it is impossible for the *homo economicus* construct to encapsulate the richness of many centuries of thought on economic issues. As Grabill says, economic history is inseparable from the history of ideas.

Grabill pays tribute to the work of Marjorie Grice-Hutchison who had the patience and ability to convince the academic community of the relevance and originality of the ideas hidden in the writings of the authors of the School of Salamanca. In 1951, she published her first monograph, *The School of Salamanca: Readings in Spanish Monetary Theory, 1544–1605*, and continued work in a similar vein until her death. Grabill explains, "This *Sourcebook in Late-Scholastic Monetary Theory* is the latest installment in the Grice-Hutchison-inspired excavation of the mines of late-scholastic Spanish thought on economics." The aim of the book is to offer a useful collection of some important late-scholastic texts on money and exchange relations.

Rodrigo Muñoz de Juana comments on Martin de Azpilcueta's *Commentary on the Resolution of Money* (1556). Francisco Gomez Camacho's essay is devoted to Luis de Molina's *Treatise on Money* (1597). Alejandro Chafuen discusses Juan de Mariana's *Treatise on the Alteration of Money* (1609). Muñoz de Juana provides a very good scheme to understand the economic ideas underlying Azpilcueta's thought, a scheme that the author skillfully outlined ten years ago in his *Moral y economía en la obra de Martín de Azpilcueta* (1988). Gomez Camacho's comments are an example of the best sort of economics, and it is a grateful surprise to find a thorough analysis of time and the rate of interest. Finally, Chafuen opens the door to a better understanding of Molina's writings.

The value of this book lies in bringing much-deserved attention to a number of writings that otherwise would not have received it. This is value enough for an edited volume, but this volume declares greater aspirations. Those with a general interest in the subject will benefit from reading the introduction and identifying a chapter or two for more careful perusal. Specialists will be pleased to have at hand a set of extraordinary materials for selective reexamination.

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Calculated Futures: Theology, Ethics, and Economics
D. Stephen Long and Nancy Ruth Fox, with Tripp York
Waco, Texas: Baylor University Press, 2007 (233 pages)

In *Calculated Futures,* a collection of eight essays on the intersection of theology and economics, economist Nancy Fox writes: "Both theologians and neoclassical economists appear to agree that the market is the best way for an economic system to achieve efficiency." She adds: "Possibly the most significant source of conflict is the sheer ignorance of one discipline of the other" (43).

Actually, as this book confirms, the biggest problem is each discipline's ignorance of its *own* history.

The first two chapters originated as debates between Fox and Methodist theologian D. Stephen Long, who team-taught a course on theology and economics at St. Joseph's University in Philadelphia. Long and Fox's course must have been lively: their exchanges entertain as well as instruct. Yet, as Long concedes, "We were … better at dividing than uniting" (18). Failure to nail down first principles also undercut agreement on their application.

Such mutual incomprehension metastasized after American university economics departments, led by the University of Chicago in 1972, abolished the requirement that students of economics master its history before being granted a degree. Addressing this problem thus requires a brief, remedial history of economics.

First, what is economics *about*? The short answer is production, exchange, distribution, and consumption. Scholastic economics (c.1250–1776) began when Thomas Aquinas integrated these four elements, all drawn from Aristotle and Augustine, at the individual, domestic, and political levels. This "AAA" outline was taught by Catholics and Protestants (after the Reformation) for more than five centuries. (Lutheran Samuel Pufendorf's version was widely known in the American colonies and cited by Alexander Hamilton among other founders.)

Classical economics (1776–1871) began when Adam Smith cut these four elements to two, trying to explain what he called "division of labor" (specialized production) by