

Cajetan's Economic Treatises

A Critique of Rothbard's Proto-Austrian Portrayal

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Although Murray Rothbard gave high praise to the economic teachings of Thomas de Vio Cardinal Cajetan, portraying him as proto-Austrian, this article argues that the reality is more complicated. Examining Cajetan's three major economic works, *On Monetary Exchange*, *On Charitable Pawnshops*, and *On Usury*, it demonstrates that he could be in turn liberal, moderate, and conservative, depending on the particular context and question. It concludes that read within his own scholastic and pastoral approach, Cajetan may still have insights and contributions to offer the history of economics, but of a more mixed character than Rothbard's portrayal.

Introduction

In his 1995 *Economic Thought Before Adam Smith*, Murray Rothbard was not shy about praising the economic teachings of Thomas de Vio Cardinal Cajetan, who lived from 1468 to 1534. Rothbard titled the second section of chapter 4 “Cardinal Cajetan: Liberal Thomist,” and thereby gave de Vio the laurel of being “the founder of expectations theory in economics.” Twice Rothbard referred to the cardinal as “the great Cajetan,” and he insisted that Cajetan’s “candid endorsement of upward mobility in a free market was the broadest attempt yet to rid scholasticism of all traces of the ancient contempt for trade and economic gain.”¹ When reading such descriptions, it is difficult to avoid forming an image of Cardinal Cajetan as a sort of proto-Austrian, and we have every reason to think that this was the impression Rothbard strove to give.

Is this picture of Cajetan true to life, or does Rothbard's account involve a certain misappropriation of Cajetan to the cause of Austrian economics?

Unfortunately, a definitive answer to this question presupposes a comprehensive understanding of Cajetan's economic teaching, and regrettably little work has been done in this area.² In this article, I propose to make some headway in this direction by situating Cardinal Cajetan within his historical context and analyzing the doctrine of his three explicitly economic treatises: *On Monetary Exchange*, *On Charitable Pawnshops*, and *On Usury*.³ As we shall see, Cajetan's economic teachings defy easy categorization, thus providing us with strong *prima facie* reason for doubting Rothbard's Austrian appropriation of his thought.

The article proceeds in four main sections. Section 1 provides a brief biographical sketch of Cajetan's life in order to clarify why his economic thought deserves consideration in the first place. Sections 2–4 each analyze one of his three economic treatises. These are considered in systematic rather than in chronological order. Therefore, we begin in section 2 with Cajetan's *On Monetary Exchange* (*De Cambiis*) because it is in this work that he articulates his understanding of the nature of money (wherein lies his most original contribution). Section 3 deals with his short treatise *On Usury* (*De Usura*), the basic concepts of which are presupposed by his *On Charitable Pawnshops* (*De Monte Pietatis*), which provides the focus for section 4. The article closes with a brief summary of these findings, and an analysis of how they call into question Rothbard's proto-Austrian portrayal of Cajetan.

Cardinal Cajetan: Biographical Background

James de Vio was born in the middle of February 1469, near the city of Gaeta in the Kingdom of Naples. A pious and studious boy, James was the fourth son in a family of lower nobility. In 1484, he entered the Order of Preachers at the age of fifteen against his parents' will. Receiving the religious name "Thomas" after St. Thomas Aquinas, he would be known for the rest of his life as Thomas de Vio Cajetan (of Gaeta).

After completing his novitiate (an initial period of formation in the religious observances of the Dominican Order) in Gaeta, Cajetan was then sent to study philosophy in Naples from 1485–1488. He spent the next six months studying in Bologna, until poor health forced him back to Gaeta for a lengthy period of convalescence.⁴ In 1491, the twenty-one-year-old friar was sent to finish his theological training at the University of Padua. At Padua, Cajetan likely attended the metaphysics lectures of the foremost Dominican scholar on faculty, Valentino da Camerino, OP, and where he most certainly came under Valentino's influence.⁵

Cajetan's star rose quickly at Padua.⁶ Within two years he was incorporated into the theological faculty of the university and began lecturing on the *Sentences*

of Peter Lombard. In 1494 he was given the chair of metaphysics at the university. That same year, he was selected by the general chapter of the Dominican order—held in Ferrara—to engage in a public defense of certain theses before an audience of students and dignitaries. One of his opponents in this defense was the already famous Giovanni Pico della Mirandola. Cajetan performed so well in his task that the students present—presumably Dominicans—are said to have carried him on their shoulders to receive the praise and blessing of the Master of Order of friars preachers.⁷ In response to Cajetan's accomplishment, the Master of the Order chose to elevate the twenty-five-year-old friar to the position of "Master of Sacred Theology" within the order.

In 1497, Cajetan was appointed to the chair of Thomistic theology in Pavia, a position that he held until 1499, when he started teaching in Milan. It was during this period that Cajetan began his massive commentary on Aquinas's *Summa Theologiae*. This was also when he penned the three economic opuscula that form the subject of the investigation to follow. The seriousness with which Cajetan took the moral questions surrounding these economic issues is evident in the epistolary preface that opens the treatise *On Monetary Exchange*, where Cajetan explains that in addition to researching the great majority of theological opinions that were then current, he also invited bankers to explain their practices to him directly, and took the time to ponder the matter at great length. This empirical approach to economic reflection was innovative for the time, and adds further reason for thinking that Cajetan's economic works merit study.

In 1501, Cajetan's life took a more administrative turn, and he was called to Rome to serve as Procurator General of the order. Indefatigable, he continued both working on his *Summa* commentary and lecturing at Rome's Sapienza University during this period.⁸ After six years of service in his role as Procurator General, Cajetan was appointed Vicar General of the Dominican Order upon the death of the former Master of the Order, John Clérée. The next year, 1508, Cajetan was elected by his brothers to be Master of the Order of Preachers—an office he held for the next ten years of his life.

As Master of the Order, Cajetan strongly encouraged reform. He particularly stressed the importance of the common life and the study of sacred theology as necessary for every friar. To this end, he strove to make sure that brothers rarely lived outside of Dominican priories and that every brother who engaged in formal preaching missions should have adequate theological training. In accomplishing this project of reform, he preferred exhortation and leading by example to heavy-handed punishments. His personal austerity and discipline gave him credibility when preaching against the excesses of his day, whether those specific to religious life or those pertinent to the Church more generally.

Cajetan's role as head of the friars preachers also involved him in a number of significant events *ad extra*. He was one of the most important figures in opposing the pseudo-council (or the *conciliabulum*) of Pisa in 1511 and defending papal supremacy even over an ecumenical council. In 1512, he served as one of the fathers at the Fifth Lateran Council, where his was one of the dominant theological voices.⁹ When the council closed in 1517, Pope Leo X appointed Cajetan a cardinal, giving him the titular church of St. Sixtus in Rome.

Cardinal Cajetan was subsequently sent on a number of political missions: during the final year of his time as Master of the Order of Preachers he served as apostolic legate to Germany where he discussed the possibility of a crusade against the Turks with the Holy Roman Emperor and the king of Denmark. It was during this period of diplomatic service that his famous meetings with Martin Luther took place in Augsburg. In 1519 Cajetan was made bishop of Gaeta by the pope, whom he represented at the Diet of Frankfort where he influenced the election of Charles V as Holy Roman Emperor; he exercised similar influence in the conclave of 1522, which elected Adrian VI as pope. The following year he was sent to Hungary as papal legate. When Adrian VI died in 1523, Cajetan was subsequently called back to Rome by the new pontiff, Clement VII, for whom he became a close theological advisor.

When the Holy Roman Empire's troops mutinied and sacked the city of Rome in 1527, Cajetan was one of the prelates captured and held for ransom by the imperial soldiers. He and his aides gained release only upon the payment of 5,000 gold crowns. Like Pope Clement VII, the remainder of his life was spent in relatively quiet retirement, writing and administering the affairs of his diocese. The one exception to this respite was Cajetan's prominent role—played in an ongoing way from 1530 to 1534—in determining the validity of Henry VIII's marriage to Catherine of Aragon. Discussion of his name among the *papabile* notwithstanding, the sixty-five year old cardinal died on August 10, 1534. At his request, Cajetan was buried in Rome under the feet of his Dominican brothers in a small tomb in the floor of the vestibule of *Santa Maria sopra Minerva*.

Throughout his life, Cajetan's dedication to study, writing, and teaching never flagged. He wrote over 115 distinct works in the midst of his nearly constant involvement in world affairs and often taught classes along with his other duties. Moreover, these two dimensions of speculation and praxis were never divided one from the other, and the chronological listing of his works doubles as a chronological account of his engagement with the contemporary issues of his day.

Thus, his early literary work that roughly maps onto his time at the University of Padua, was predominantly philosophical. In it we find him dialoguing with Scotists, nominalists, humanists, and the Paduan Averroists, whose errors he

would help condemn (while simultaneously speaking up in defense of a strong distinction between the roles proper to philosopher and to theologian) at Lateran V.

Cajetan's works dating from his time as Procurator General and Master of the Order are almost exclusively theological in nature—the exception being the three economic treatises to be considered shortly. Not only was this the time period during which he wrote his massive and influential commentary on the *Summa Theologiae* of St. Thomas Aquinas, but it was also when he penned numerous treatises on subjects as diverse as particular moral problems, the sacraments, and ecclesial authority. Most of these were topics integrally related to his (and the Church's) initial response to the Reformers.

Cajetan's fullest response to Protestantism, however, appears in his latest works. Beginning in 1527 and continuing until his death, Cajetan engaged in a massive project of biblical commentary. Convinced that the study of sacred scripture provided the firmest ground on which to argue the Catholic case, Cajetan's commentaries focused on exposing the precise, literal sense of the text. To this end (and responding to certain humanist critiques), Cajetan used Erasmus's newly edited version of the Greek New Testament and conscripted two aides who were fluent in Hebrew to help him engage directly with the Old Testament.

Thus, throughout his philosophical, theological, and biblical writings, Cajetan devoted his significant intellectual powers to the mission of critical engagement with the major issues of his time. A zealous reformer, a competent administrator, a discrete diplomat, an esteemed advisor, and perhaps the most brilliant theologian of his day, the friar from Gaeta was uniquely in touch with the cultural, political, and religious questions of the mid-Renaissance and early Reformation period. Writing as he was at the very birth of mercantilism—and taking the innovative approach of interviewing the bankers of his day to better understand their actual practices—we have every reason to think that Cardinal Cajetan's thoughts on economic matters merit consideration. We begin such a consideration with his treatise *On Monetary Exchange*.

Cardinal Cajetan: *On Monetary Exchange*

As Raymond de Roover notes, the issue of *cambium*, or monetary exchange, “is not a small and narrow topic, since it involves much more than mere money-changing and embraces the whole question of the development of banking.”¹⁰ The practice of exchange banking began to expand significantly in the sixteenth century, especially with the development of Lyons and Antwerp into major money markets and financial centers of international influence.¹¹ Penning his *De Cambiis* in 1499 and first publishing it in 1506, Cardinal Cajetan thus wrote

at a crucial moment on the cusp of significant economic changes. As we have already noted in the previous section, Cajetan not only surveyed the opinions of established theologians on this question but also the practices and opinions of the bankers themselves. The result was, in the words of John Noonan, “the most thorough and influential scholastic treatise on exchange of its age.”¹² We begin by considering the structure of this work and then highlight some of the most significant aspects of Cajetan’s argument.

Setting aside the preface, the work consists of eight chapters divided into three major sections. In the first section, Cajetan explains where the points of contention lie by separating out cases of exchange that are clearly just, clearly unjust, and dubious. This is the function of the first chapter. The second section of the work runs from chapter 2 to chapter 4. Here, Cajetan gives an overview of the various opinions that exist with respect to the dubious cases brought to light in chapter 1. Chapters 5–8, which constitute the third and final section of the treatise, give Cajetan’s determination of the truth about monetary exchange.

Because the third section is the locus of Cajetan’s unique contribution to the topic, its own inner organization is important. Cajetan himself explains this order at the beginning of chapter 5, where he says,

Now in order that the nature of monetary exchanges might be universally and easily perceived, we are relying upon an order of procedure that firstly speaks of the craft of the exchange banker itself—of what it is and of how it is licit—then treats of the conditions requisite for the uprightness of its act, and finally—by delving into the exchanges just mentioned—considers whether [these conditions] pertain to the craft of exchange bankers and, by means of solving objections, what there is in them that is permissible or impermissible.¹³

Thus, chapter 5 offers the treatment of exchange banking itself, chapter 6 deals with the conditions for its just execution, and chapters 7–8 evaluate the morality of concrete cases of exchange. Because Cajetan makes significant arguments in each one of these subsections, we will individually treat each in turn.

While chapter 5 is primarily about the nature of the exchange banker’s craft, Cajetan begins by talking about the nature of money in reference to book 1 of Aristotle’s *Politics*. All things, we are told, whether natural or artificial, have two uses. The first is the *proper* or *primary* use that is determined by the very nature of the natural or artificial thing. Thus, wine is for drinking and clothes are for wearing: these are their proper or primary uses. But all things, in addition to this, have a *common* or *secondary* use as well. This comes about when “the thing—insofar as it is such—is applied to something beside its primary end.”¹⁴ Thus, were wine to be traded for clothing and clothing for wine, each would be

traded precisely as clothing or wine (as opposed to when, for example, a hat is used to carry things—in which case it is not being put to use *as a hat* but merely as something concave), and this would be done according to their common and secondary use.

With this groundwork laid, Cajetan then applies these observations to the particular case of money. Money, like all other things, has two uses: a proper use and a common use. The proper use of money—that for which it was invented—is to facilitate the exchange of natural things that are necessary for life and available for sale. This is why Aristotle said that it belongs to the “nature” of money to be a measure of such things. The secondary use of money, however, can be found in the exchange of one kind of money for another. Cajetan is not talking here about buying gold or silver, even when they happen to be gold or silver coins. Rather, he is talking about exchanging one form of money (precisely as money) for another form of money (precisely as money): When I annoy the teller at the bank by requesting a dollar bill in exchange for one hundred pennies, the transaction does not take place because the raw material from which the pennies are made is worth a dollar but because one hundred pennies *as pennies* are worth a dollar. This monetary exchange involves the common or secondary use of money.

This helps shed light on Cajetan's seemingly tautological definition of monetary exchange. When he says, “whence, monetary exchange is nothing other than the business of exchanging monies,”¹⁵ the meaning of his curt expression is that monetary exchange is the expertise that pertains to using money according to its common or secondary use.¹⁶ Because money as money is an instrument (for acquiring natural things necessary for life and available for sale), and the expertise of monetary exchange itself is aimed at acquiring money as money, Cajetan concludes that the legitimacy of the profession will depend on whether or not it is being ordered by its practitioner to some further end. If the buck stops with acquiring money, then monetary exchange will be sinful because it would treat an instrument as a final end, but if the banker engages in monetary exchange for the support of his family or the good of the community, the practice will be justified.¹⁷

Once he has justified the possibility of monetary exchange as a profession, Cajetan then proceeds in chapter 6 to investigate the conditions for justly executing such transactions. After making the general observation that monetary exchanges fall under commutative justice, Cajetan does three things: (1) he divides monetary exchanges into two basic types, (2) he considers whether and how conditions of place affect such exchanges, and (3) he considers whether and how conditions of time affect such changes.

Modern commentators consider Cajetan's division of money to be his most crucial contribution.¹⁸ At any given time and in any given place, Cajetan says, a piece of money either can or cannot be spent. This results in two types of monetary exchange: those wherein spendable money (*numisma expendibile*) is exchanged for spendable money and those wherein spendable money is exchanged for non-spendable money (*numisma non expendibile*).¹⁹ Money that can be spent has the full nature of money (i.e., it fully facilitates the exchange of natural things that are necessary for life and are available for sale by acting as the measure thereof). Money that cannot be spent, however, in some way falls short of the full nature of money for it is treated more like a thing and less like a measure.

At this point, a question arises. If non-spendable money is more like a thing and less like a measure, and Cajetan has already said that the expertise of monetary exchange pertains to money *as a measure* and not to money *as a thing* (because the expertise of monetary exchange pertains to the secondary use of money, which considers it as a measure), then why is he now allowing for the possibility that monetary exchange can encompass the exchange of spendable money (a measure) for non-spendable money (a thing)?²⁰ Surely the answer cannot be that money is involved as a measure on at least one side of the exchange, for then it would follow that every instance of buying and selling (aside from barter) would count as a case of monetary exchange.

In suggesting an answer to this issue, it seems significant that non-spendable money is said to fall short of the full nature of money but not to lack it entirely. Thus, we might say that according to Cajetan monetary exchange considers money that is *actually* a measure of natural things (that are necessary for life and available for sale) as "spendable" money, while it considers money that is *potentially* a measure of such things as "non-spendable" money. We can illustrate the point with three different examples: When I dump 100,000 pennies on a banker's desk and get ten 100 dollar bills from him in exchange, an actual measure has been exchanged for an actual measure (both forms of currency are spendable here and now). When, however, returning from my summer in Toulouse, I go to the same banker and request that he exchange my Euros for dollars, then a potential measure has been exchanged for an actual measure (Euros are potentially spendable—if I were in Europe—whereas, because I am in the United States, dollars are actually spendable). Finally, if I were a coin collector and traded a first century Roman *denarius* for a fifteenth-century Venetian *ducat*, the exchange would not involve even potential measures (neither *denarii* nor *ducats* are even potentially spendable anywhere). Thus, on Cajetan's account (though admittedly going beyond the *littera* of his text) money as non-spendable is not a mere thing, full stop. It is

still potentially a measure, and it is on that basis that practitioners of the craft of monetary exchange can consider nonspendable money *as money*.²¹

Much follows from Cajetan's distinction between spendable and nonspendable money. While both kinds of exchanges must be equalized according to the arithmetic mean proper to commutative justice, the way in which the equality is calculated differs drastically. Spendable money has a fixed legal value: one hundred pennies equal a dollar.²² The value of nonspendable money, however, since it is treated more like a commodity, needs to be determined differently. This is where Cajetan introduces spatial and temporal conditions into the discussion.

Space is significant to Cajetan for two reasons. The first is that space is almost always the cause of the nonspendability of money: Euros are not spendable in the United States; they are spendable in Europe. Whether my money is spendable or not depends on where I am. The second reason that space is significant is because it impacts the actual value of the money. Say that I am going to Toulouse and need to exchange dollars for Euros. Either I could make this exchange here in the United States (and subsequently transport the Euros with me to France) or I could give the US banker my dollars and receive from him a bill of exchange for those dollars to be redeemed with Euros once I arrive in Toulouse. In the latter case, it is as if the banker were transporting my money for me. Thus he would be justified in charging me more for the exchange abroad than for the domestic exchange.

Regarding the condition of time, Cajetan is much stricter. It is impossible to sell time, and this remains for him an incontrovertible rule. This is because money that is distant in time is not subject *per se* to any physical dangers, as is money that is distant in space. But distance affects pricing only when it places the money in some sort of danger, which has the effect of lowering its value. If all other things remain equal, money is in no more or less danger whether the exchange takes place today or tomorrow. As such, temporal distance—unlike spatial distance—cannot *per se* be taken into account when establishing the value of the monies to be exchanged. With this point, Cajetan brings chapter 6 to a close.

The final section of *On Monetary Exchange* (chapters 7 and 8) finds Cajetan applying the principles that he has laid out in the two previous sections to the particular doubtful cases raised in the first part of the work. Given his conservative judgment regarding selling time, one might expect Cajetan's determination of these questions to be equally conservative—and indeed, at certain points it is (like when he says, “For any bankers whatsoever who value any money whatsoever according to the length or shortness of time before the transaction: eternal damnation is prepared [for you] because of this”).²³ However, in one very important respect it is not. Because Cajetan has already identified the valuation of

nonspendable money with that of a commodity, it can be affected by both spatial and temporal factors in the same *per accidens* ways that commodities are. That is to say, its value is determined by supply and demand.

As Noonan explains, this means that

the cost of exchange varies with different times, in that the banks can purchase exchange at a high discount when the fair is a good way off, while they have to pay an increasingly high price as the fair approaches; or, in other words, the longer the credit is extended to the sellers of exchange, the more expensive it is for them.²⁴

Yet, how is this not “selling” the intervening time? Cajetan’s argument in response is worth quoting at some length:

to the extent that the intervening time is the occasion in which (quasi) sellers are found, a greater intervening time is generally an occasion [for finding] more sellers and a lesser intervening time an occasion [for finding] more buyers. Now from this [it follows that] with a large intervening time, the ones paying (who are like buyers of absent [nonspendable] money) reasonably give less because of the abundance of sellers; and with a modest intervening time, more is paid by the (quasi) buyers of the same thing because of the abundance of buyers.²⁵

For Cajetan, time is at issue only *per accidens*. The real question has to do with the degree of supply and demand (which, as it happens, fluctuates over time). When demand is high, nonspendable money will have one value; when demand is low, it will have another. As such, the banker’s attention in these proceedings remains fixed on the just price, and he can licitly draw up different terms for the same exchange depending on how close fair-day (or another similar concern) might be.

Thus Cajetan closes his treatise on monetary exchange with an innovative and expansive reinterpretation of the value of money. Beginning with traditional principles laid down by Aristotle and St. Thomas, his study of the novelties and details of the burgeoning banking system and exchange practices of his day allowed him to apply those principles with greater nuance—and to apply greater nuance to them. As such, his thoroughly scholastic treatment terminates in a conclusion described by Noonan as “an admission with revolutionary implications.”²⁶ Hence, our analysis of *On Monetary Exchange* comes to a close, and we can now turn to *On Usury*.

Cardinal Cajetan: *On Usury*

Usury can perhaps be defined most simply as the sin of injustice pertaining to matters of loans. It was likely the single most controverted and debated point of economic theory in scholastic thought. As such, it is not surprising that Cajetan wrote a treatise on the subject.

Cajetan's *On Usury* consists of six questions written individually over the month of April in the year 1500. Though chronologically the latest of Cajetan's three economic treatises, it is also the shortest and perhaps the least innovative and significant. This may in part be due to the treatise's relative lack of unity, at least *vis-à-vis* the other two. Where *On Monetary Exchange* and *On Charitable Pawnshops* are both single works divided into chapters possessing an overarching structure and direction, the various questions that make up *On Usury* were written separately.²⁷

For all that, *disorderly* is the wrong word to describe *On Usury*. The questions are arranged in an intentional sequence such that the later questions generally presuppose the resolutions of the earlier ones. This can be made clear by examining the table of contents:

- Q. 1: Whether ownership is transferred in usury?
- Q. 2: Whether, without any contract, it is a usurious mentality [*usuarius mentalis*] to lend on the hope of getting something more than [what is gotten by] chance, when otherwise one would not lend?
- Q. 3: Whether a usurious mentality is bound to make restitution?
- Q. 4: Whether all the goods [gained by] usury are obliged [to be given] to those from whom usury was extorted?
- Q. 5: Whether, when one heir of a usurer cannot make restitution, another is held liable?
- Q. 6: Whether, when it is licit to demand the damage of *lucrum cessans*, one can ask for the whole of the inhibited profit?

A brief analysis of Cajetan's main claims in these six questions is in order.

In question 1, Cajetan upholds the Thomistic position that usury does not involve a transfer of ownership from one person to another. If it did, he argues, then when someone extorts a field through usury, all he would have to do in order to make restitution would be to return the field (or its price) and he could keep the fruit thereof (since ownership of the field had indeed been his). But this is not the case, so ownership is not transferred.²⁸

Questions 2 and 3 explore the theme of a usurious mentality. In question 2, Cajetan follows St. Thomas in making a distinction between a primary hope for getting something extra and a secondary hope for getting something extra. The latter, because it is not a *sine qua non* for making the contract, is licit. Only the former entails a usurious mentality. This allows him to draw up, in question 3, three conditions for a usurious mentality: (1) the lender must intend to get more than what he would simply make by chance; (2) it must be the case that he would not make the loan if he knew otherwise; and (3) the desired profits must be profits *owed*, not merely gifts generously given. If these three conditions obtain, then the mentality is usurious, and restitution must be made.

The nature of this restitution is discussed in questions 4 and 5. In question 4, he makes a distinction between a real obligation and a personal obligation. In the case of real obligation, the requirement to hand something over to another person is attached to the item in question (e.g., stolen diamonds must be returned even if they have changed hands multiple times). In the case of personal obligation, the requirement to hand something over to another person is attached not to the item but to the individual (e.g., if I owe someone \$10,000 and all I have are diamonds, then I am obligated to give him the equivalent of that sum in diamonds). If I have another way to pay the debt, the diamonds need not be handed over. While the precise goods extorted through usury are owed to those from whom they were extorted by a real obligation, other goods—whether bought with usurious goods or inherited from a usurer—are owed to those from whom the usurious goods were extorted by a personal obligation. This latter point raises the fifth question (whether, when one heir of a usurer cannot make proper restitution, his obligation falls to another heir). Cajetan argues that it does not because the usurer's obligation to make restitution—like all of his property—gets divided among his sons upon his death. As such, the obligation to make restitution of the one is *not* the obligation to make restitution of the other, and the latter cannot be forced to supply for the failure of the former. Pastorally, this judgment protected the children of a usurer from being unduly punished for the sin of their father.

On the sixth question, Cajetan invokes the distinction between act and potency to deal with legitimate cases of *lucrum cessans*.²⁹ The inhibited profit at issue here is not an actual profit but a potential profit, and, as such, it cannot be valued equivalently with actual profit. It follows from this that the amount one can licitly ask for will vary along with the potential profit's proximity to being actualized. The closer the individual was to actually making the profit in question, the more he can request on account of its inhibition. At no point, however, can the whole sum be demanded.

Although we do not find Cajetan here engaged—as he is in his *Summa* commentary—in an involved reconciliation of St. Thomas's variant teachings on *lucrum cessans*,³⁰ we do find a direct and focused treatment of a sorely contested topic that is characteristic of Cajetan's application of Thomistic doctrine to contemporary problems. The same could also be said of *On Usury* as a whole. We might best describe it as a “moderate” work, firmly rooted in longstanding theological principles and carefully clarifying the limits of usurious mentality while at the same time offering a compassionate and pastoral approach to dealing with the children of usurers.

Cardinal Cajetan: *On Charitable Pawnshops*

Cajetan's *De Monte Pietatis* (literally, *On the Mountain of Piety*, but perhaps better translated loosely as *On Charitable Pawnshops*) is the first and longest of his three economic treatises. It deals with a question peculiar to the economic situation of the day, so some explanation is in order.

The *montes pietatis* were initially established as charitable organizations intended to help the poor avoid the exploitation of usurers. The idea was that, in the event of famine or some other severe financial crisis, the poor who were in extreme need could come to the *montes* to take out a loan. In exchange, they would leave behind some item in pawn that would act as security. The loan would usually equal two-thirds the value of the pawned item, and the poor would agree to pay fixed interest on top. On the part of the *montes*, this interest was charged simply to offset operational and administrative expenses; on the part of the poor, the interest was significantly smaller than what they would have been charged if they had taken out a loan with a usurer. Moreover, when the *montes* made substantial profits, their interest rates were lowered correspondingly. When someone failed to repay his loan (plus interest), the pawned item would be sold at auction and any excess profits would go to the item's original owner.³¹

Although the *montes pietatis* had their remote theoretical origin in the early fourteenth century with the thought of Durandus of Saint-Pourçain (and their remote practical origin in the 1361 establishment of a charitable bank in London by Bishop Michael Nothburg), the first official *mons pietatis* was established a hundred years later in Perugia by Bishop Hermolaus Barbarus, who placed it under the auspices of the Franciscan friars. The *montes* grew rapidly, and the Franciscan preacher Bl. Bernardino of Feltre did much to promote this growth. In 1467, Pope Paul II sanctioned the original *mons pietatis* of Perugia, and more papal approval followed.

The *montes pietatis*, however, were not without their critics. In addition to usurers themselves—who were obviously adversely affected by these new organizations whose competition forced them to lower their rates of interest—there were also theologians and canonists who expressed hesitation regarding the morality of these pawnshops. While no one doubted the good intentions of the men who ran the *montes pietatis*, and few denied that they were preferable to full-blown usury, such considerations did not ensure that the practice was morally licit. Some Augustinian and Dominican theologians brought forward the charge that the *montes pietatis* unwittingly practiced a modified form of the very usury they were established to combat.³²

In the context of these debates, Cajetan's 1498 treatise *On Charitable Pawnshops* stands out as a uniquely restrained and even-keeled treatment of a topic that was often vitriolic. Although his ultimate determination—that the *montes pietatis* cannot avoid committing injustices—is staunchly conservative, the way in which he comes to that decision is as innovative as it is clear.³³ As such, the structure of his treatise is of particular importance.

On Charitable Pawnshops contains fifteen brief chapters that can be divided into three major sections. The first, which consists in chapters 1–4, functions as a methodological prologue. It lays out common premises that all can agree on (like articulating what the *montes pietatis* are) and then sets the rules for engagement. Regarding the latter point, chapter 4 is of particular importance because it establishes the conditions for both commutative and distributive justice. This distinction frames the remainder of the treatise, whose second section runs from chapters 5–9. In these chapters, Cajetan explains and refutes the various opinions of those who defend the *montes pietatis* on the grounds of commutative justice. The third and final section (chapters 10–15) does the same with respect to those who defend the *montes pietatis* by arguing from the standpoint of distributive justice. Thus, by the end of the treatise Cajetan has exhausted all the possible avenues for defending the practice, and thus concludes that these pawnshops—despite their charitable intentions—are usurious and sinful.

Regarding the content of Cajetan's argumentation, three points bear noting:

The first is the objectivity with which he sets forth the terms of the debate in the initial section of the treatise. After noting the laudable reasons for which the *montes pietatis* were established (chapter 1), he explains that because the question at hand is one of moral philosophy,³⁴ arguments from canonical and civil authority should be left aside (chapter 2). Moral philosophy, in turn, will treat of the *montes pietatis* under justice, and this as either commutative or distributive (chapter 4). Cajetan gives three conditions for commutative justice: (1) that there be payment/reception between the parties involved, (2) that both

parties involved be private citizens, and (3) that the transaction be made according to arithmetic (or quantitative) equality. He similarly gives three conditions for distributive justice: (1) that the transaction should be a true distribution of common goods, (2) that the transaction should be between a community (or the prince in its stead) and a private citizen, and (3) that the transaction should be made according to geometric (or proportional) equality. His application of these criteria is consistent throughout the treatise.³⁵

The second point of argumentation worth noting has to do with Cajetan's rejection of the commutative justice defense. On Cajetan's analysis, all such defenses ultimately rely on appeal to *damnum emergens*³⁶ and, while Cajetan does allow for this in certain cases, the practices of the *montes pietatis* fall short of a just claim thereto. Specifically, Cajetan argues in chapter 6 that the profits made from interest far exceed the actual expenditures of running the institution and caring for pledged items—which is contrary to the third condition for commutative justice. Moreover, by insisting on interest payments instead of a flat rate for such expenses, the *montes* are *de facto* forcing individuals to pay not only for services rendered to them but also to subsidize the services rendered to others—which is contrary to the second condition for commutative justice.

The final point to mention is how Cajetan argues against those who, in order to defend the *montes*, claim that the community of the poor is the true owner of the *mons*, and thus we are dealing with a case of distributive justice. In chapter 12 Cajetan argues that if this were the case, then the ubiquitous practice of flat interest rates would flout the third criteria for distributive justice. He insists that if the community in question is really the community of the poor, then proportional equality would be determined by the extent of one's need. As such, the needier the individual, the lower the interest rate he should have to pay. But the practice of the *montes* was just the opposite, for a flat interest rate renders the proportionally heaviest burden to the neediest man. Thus, Cajetan concludes that, since the *montes pietatis* observe neither commutative nor distributive justice, they must be judged usurious—thereby arriving at a conclusion far more conservative than that at which he arrived when dealing with monetary exchange.

Conclusions

Before returning to Rothbard's proto-Austrian portrayal of Cajetan, it will be helpful to briefly review the major conclusions drawn in each of the four preceding sections:

First, not only does Cajetan's broad intellectual influence at a pivotal period of European transition recommend his thought in a general way for scholarly consideration, but also the innovative, empirical approach he took in researching and answering the economic questions of his day provides us with strong reason to think that his specifically economic *opuscula* merit attention.

Second, Cajetan's treatise *On Monetary Exchange* can rightly be called a "progressive" work, insofar as it (1) distinguished between primary and secondary uses of money, (2) justified the profession of monetary exchange for the sake of supporting a family or serving the common good of the state, (3) divided money into the two categories of spendable and nonspendable, and thereby (4) allowed for the value of nonspendable money to be partially determined by spatial (*per se*) and temporal (*per accidens*) factors.

Third, Cajetan's treatise *On Usury*, less provocative and original than *On Monetary Exchange*, is better described as a "moderate" work that (1) provided clear and concise criteria for determining usurious mentality; (2) remained deeply rooted in longstanding theological principles, particularly regarding the obligation to make restitution; yet (3) endeavored to avoid unduly burdening the children of a usurer when trying to fulfill this obligation.

Fourth, Cajetan's treatise *On Charitable Pawnshops*, which was remarkable for its objectivity and fairness, was an unequivocally conservative work that set a methodological high bar for discussion of the *montes pietatis*, clearly framing the issue in terms of either commutative or distributive justice and concluding that neither option could legitimate the practice.

In light of these conclusions, how should we appraise Murray Rothbard's depiction of Cajetan in *Economic Thought Before Adam Smith*? Was the cardinal from Gaeta truly the "liberal Thomist" Rothbard claimed him to be? Certainly Cajetan was an innovative thinker, unafraid to put forward progressive (and Austrian-friendly) economic ideas when he thought they followed from his Thomistic principles—as he did in *On Monetary Exchange* when claiming that time exerts a *per accidens* influence on the value of nonspendable money, insofar as supply and demand for it fluctuate over time. But this paints a one-sided portrait. Cajetan was also not afraid to follow those same Thomistic principles to profoundly conservative (and un-Austrian) conclusions—as he did when he condemned *tout court*, the *montes pietatis* in *On Charitable Pawnshops*. Nor was

he always a man of extremes. Sometimes Cajetan was satisfied taking a moderate position, staying close to past theological opinions while making some pastoral allowances for leniency—as he did in *On Usury*, when he insisted that children have an obligation to make restitution for parental usury but that this obligation must be evenly divided among the children and cannot be passed involuntarily from one to another. In such cases, it is difficult to judge where he stands *vis-à-vis* the Austrian approach.

Thus, our investigation of Cajetan's economic treatises has revealed him to be a penetrating, careful, and creative economic thinker but not a proto-Austrian. Moreover, detailed study of his three economic treatises should make us skeptical of *any* attempt to fit the cardinal into a single mold, for Cajetan's economic thought defies clean categorization both regarding the conclusions he drew and in the methodology he followed. On the one hand, he took a uniquely empirical approach in consulting directly with merchants and striving to learn as much as possible about the actual practices of his contemporaries; on the other hand, he was deeply grounded in the tradition of economic theorizing that preceded him, and especially in the principles set forth by Aristotle and Thomas Aquinas. Perhaps the best way to characterize him is to say that Cardinal Cajetan strove to apply old principles to new circumstances, and that the result is an approach that ought to be treated on its own terms.

We should not claim that this analysis definitively refutes Rothbard's appropriation of Cajetan. For that, we would need a comprehensive study of Cajetan's economic teachings across his entire body of work, along with a more detailed comparison of those teachings with the basic positions of the Austrian school. We can certainly say that the present analysis of his three explicitly economic treatises casts a thick shadow of doubt on Rothbard's portrait of Cajetan. It also provides a necessary first step in the direction of a definitive response.³⁷

Notes

1. See Murray N. Rothbard, *Economic Thought Before Adam Smith: An Austrian Perspective on the History of Economic Thought* (Brookfield, VT: Edward Elgar, 1995), 99–101.
2. Among scholars who specialize in scholastic economics, John T. Noonan and Raymond de Roover provide the most substantive engagements with Cajetan's thought. Noonan, despite the fact that he draws on a wide variety of Cajetanian texts, does so on an *ad hoc* basis while treating the topic of usury more generally. De Roover gives a closer reading of Cajetan's treatise *De Cambiis* but does not extend his study beyond that work. Odd Langholm mentions Cajetan briefly in a few places in the course of his shorter work on scholasticism's place in economic thought, but this can hardly be called a serious treatment. See John T. Noonan, *The Scholastic Analysis of Usury* (Cambridge: Harvard University Press, 1957); Raymond de Roover, "Cardinal Cajetan on 'Cambium' or Exchange Dealings," in *Philosophy and Humanism: Renaissance Essays in Honor of Paul Oskar Kristeller*, ed. Edward P. Mahoney (New York: Columbia University Press, 1977), 423–33, reprinted in *Journal of Markets & Morality* 10, no. 1 (Spring 2007), 197–204, as the introduction to Patrick T. Brannan, SJ's English translation of Cajetan's *De Cambiis*; and Odd Langholm, *The Legacy of Scholasticism in Economic Thought: Antecedents of Choice and Power* (Cambridge: Cambridge University Press, 1998). Fr. Brannan's translation of Cajetan's *De Cambiis* was recently republished along with a new translation of Cajetan's *De Usura* in Thomas Cajetan, *On Exchange and Usury*, trans. Patrick T. Brannan, *Sources in Early Modern Economics, Ethics, and Law* (Grand Rapids: CLP Academic, 2014).
3. Although this article will occasionally refer to sections of Cajetan's commentary on the *Summa Theologiae*, an in-depth analysis of his economic doctrine in that work would require an article all its own—Cajetan's commentary on Aquinas's treatment of justice spans hundreds of double-column folio pages, and there is no guarantee that this is the only place in the commentary where Cajetan speaks on economic matters.
4. For a more detailed account of the complications involved in Cajetan's early assignments, see Michael Tavuzzi, "Valentino Da Camerino, OP (1438–1515): Teacher and Critic of Cajetan," *Traditio* 49 (1994): 295–96.
5. The subsequent relationship between Valentino and Cajetan later in their lives is difficult to puzzle out, particularly due to the fact that we have so little of Valentino's work. What we do know, however, is instructive. In the field of metaphysics, Cajetan would go on to uphold Valentino's position (which was also that of John Capreolus and Dominic of Flanders) regarding the real distinction between the foundation of a relation and the relation itself, but in the field of philosophical anthropology, Valentino

would criticize Cajetan's interpretation of Aristotle regarding the immortality of the soul. Thus, Tavuzzi calls Valentino both Cajetan's teacher and his critic. See especially Tavuzzi, "Valentino Da Camerino," 300–304.

6. Tavuzzi illustrates just how accelerated Cajetan's appointments were by juxtaposing two tables: one displaying the usual course of appointments, the other displaying Cajetan's actual course of appointments. See Tavuzzi, "Valentino Da Camerino," 297.
7. This detail is omitted from the lengthy biographical introduction to Jared Wicks, *Cajetan Responds: A Reader in Reformation Controversy* (Washington, DC: Catholic University of America Press, 1978), as well as from James Weisheipl's entry on Cajetan in the *New Catholic Encyclopedia*. It is included, however, in John Volz's 1908 entry on Cajetan from the older *Catholic Encyclopedia*. Surprisingly, Joshua Hochschild's article on Cajetan in the 2005 *Encyclopedia of Philosophy* gives less than a sentence to the debate and incorrectly dates it to 1495.
8. See Jared Wick, *Cajetan Responds*, 5–6.
9. A notable exception to this influence, however, was Cajetan's inability to prevent the Fifth Lateran Council's approbation of the *montes pietatis*.
10. de Roover, "Cardinal Cajetan on 'Cambium' or Exchange Dealings," 198.
11. For more detail, see the introductory remarks to chapter 16 of Noonan, *The Scholastic Analysis of Usury*.
12. Noonan, *The Scholastic Analysis of Usury*, 313.
13. Cajetan, *De Cambiis*, chap. 5, n243:

Ut autem natura cambiorum universaliter et facilliter percipi possit, tali ordine procedendum credimus, ut scilicet primo de ipsa arte campsonia dicatur, et quid sit, et quam licita sit: deinde de conditionibus requisitis ad eius actus rectitudinem tractetur: et demum ad cambia praedicta descendendo videatur, an artis sint campsoniae, et quid in eis licitum, aut illicitum est, obiectiones factas solvendo.

Unless otherwise noted, all translations are my own, taking the Latin text from Thomas De Vio Cardinalis Caietanus, *Scripta Philosophica, Opuscula oeconomico-socialia*, ed. P. P. Zammit, OP (Rome: apud institutum Angelicum, 1934). I have consulted Patrick T. Brannan, SJ's English translation of the treatise but prefer to render the text more literally than Fr. Brannan has done.

14. Cajetan, *De Cambiis*, chap. 5, n244: "Communis autem sive secundarius est, quo res in quantum talis, alteri tamen à primo fine."
15. Cajetan, *De Cambiis*, chap. 5, n248: "Unde, nihil campsonia est, quam negotiatio in communitatione numismatum."

16. Raymond de Roover states that Cajetan concludes *cambium* to be “an *emptio venditio* consisting in the purchase and sale of a foreign currency at price, which like that of any other commodity may fluctuate in accordance with circumstances of time and place.” See de Roover, “Cardinal Cajetan on ‘Cambium’ or Exchange Dealings,” 201. Whether the substance of de Roover’s analysis is true or false, he is certainly playing fast and loose with his citations. I have been unable to find de Roover’s articulation anywhere in Cajetan’s treatise. Moreover, the reference that de Roover gives is to a section of the text in which Cajetan gives voice to someone else’s thought on the matter, not his own (see de Roover’s footnote 20, where he cites *De Cambiis*, chap. 5, n235 in support of his claim).
17. Following Aristotle, the scholastics in general and Thomists in particular divided ethics into three distinct parts: *monastic* ethics, aimed at the growth-in-virtue of the individual; *household* ethics, aimed at the growth-in-virtue of all those living in a domicile (i.e., anyone who fell within the following three pairs of relationships: husband/wife, parent/child, and master/servant); and *political* ethics, aimed at the growth-in-virtue of all those living within a kingdom or city-state. Cajetan’s point is that a banker can engage in monetary exchange for the sake of the “common good” at both the economic (i.e., household) and political levels. For an exact account of the Thomistic tripartite division of ethics, see Thomas Aquinas, *Sententia Libri Ethicorum* (Rome: Commissio Leonina, 1969) 47:4, ll. 14–106.
18. Noonan in particular gives a great deal of attention to Cajetan on this point. See Noonan, *The Scholastic Analysis of Usury*, 317–27.
19. Cajetan does not consider the possibility of nonspendable money being exchanged for spendable money. Presumably this is because (1) it did not happen, or at least had not been brought to his attention, and (2) Cajetan would have considered such an exchange to be of goods rather than of money *as money*.
20. To my knowledge, none of the contemporary commentators on Cajetan have raised this question, but it seems to follow from a careful reading of his text on its own terms.
21. This reconstruction fits well with Noonan’s analysis. He states that, for Cajetan, “This absent money is, in fact, simultaneously a measure and a commodity. It does not cease to have a legal value, it is not estimated solely by its intrinsic metallic content; at the same time its legal face value is not necessarily governing here, and it may be valued at more or less, as other commodities are valued at more or less.” See Noonan, *The Scholastic Analysis of Usury*, 318.
22. The only additional influence that Cajetan allows on a contract whereby spendable money is exchanged for spendable money is the relative usefulness of the monies being exchanged. Thus, if I did in fact dump 100,000 pennies on some unsuspecting banker, Cajetan insists that he would be justified in giving me slightly less than

- the absolute value of the pennies (say, \$950). Pennies are far less useful than bills (where will he store them all?), and that makes their true value lower than 100:1.
23. Cajetan, *De Cambiis*, chap. 7, n287: “Campsoribus quoque [pro Lugduno, vel alio loco]: iuxta prolixitatem, aut brevitatem temporis medii inter dationem ... quamcunque monetam plus et minus aestimantibus, aeterna ex hoc paratur damnatio: utpote usurariis.”
24. Noonan, *The Scholastic Analysis of Usury*, 321.
25. Cajetan, *De Cambiis*, chap. 7, n291:
- Quemadmodum ergo tempus intermedium est occasio quo inveniantur quasi venditores, ita multum tempus intermedium est occasio multorum venditorum communiter, et paucum tempus multorum emptorum. Ac per hoc multo interiacente tempore, propter abundantiam venditorum rationabiliter minus datur à solventibus, qui sunt quasi ementes marchas absentes: et modico interiacente tempore, propter abundantiam emptorum plus ab eisdem quasi ementibus solvitur.
26. Noonan, *The Scholastic Account of Usury*, 321.
27. That this is so can be seen from the fact that it was Cajetan's practice to provide at the end of each of his works a short postscript with the date and location of composition. Thus, at the end of chapter 8 of *On Monetary Exchange*, he says that it was completed in the convent of Holy Mary of the Graces, in Milan, on December 9, 1499, and after chapter 156 of *On Charitable Pawnshops*, we read “completed today, that is, July 13, 1498 in [the church of] St. Apollinaris.” When we come to *On Usury*, however, each of the six questions ends with its own date and place of composition.
28. Although this is Cajetan's second proof, it is here that he says it is proved *principaliter*.
29. Cajetan's extension of the metaphysical principles of act and potency to moral and economic analysis does have pedigree within the Thomistic tradition. St. Thomas, for example, when dealing with the issue of whether or not someone can be obliged to return something that they have not directly taken (i.e., the produce of a stolen field), says that “he who sows in a field does not yet have a crop *in actuality*, but only *in potentiality*; and similarly, he who has money does not yet have profit *in actuality*, but only *in potentiality*; and each of these can be impeded [from being actualized] in many ways.” See *ST II-II.62.4*, ad 1 and 2. The translation and emphasis are mine. The Latin runs: “ille qui semen sparsit in agro nondum habet messem in actu, sed solum in virtute; et similiter ille qui habet pecuniam nondum habet lucrum in actu, sed solum in virtute; et utrumque potest multipliciter impediiri.” See Thomas Aquinas, *Summa Theologiae* (Rome: Editiones Paulinae, 1962).
30. Cajetan argues that money has a twofold power to produce profit. Taken abstractly as the means for acquiring profit-producing goods, money simply *is* its power to

produce profit. This is why the substance of money just is its use. Taken, however, as subject to the expertise of bankers and businessmen, *this particular* money has a power to produce profit that can be closer to or further from actualization. According to Cajetan, St Thomas's condemnation of *lucrum cessans* refers to the former power of money to produce profit, while his allowance for it refers to the latter. See Cajetan, *Commentarium in summam theologicam S. Thomae Aquinatis*, in St. Thomas Aquinas, *Summa Theologiae* (Rome: Leonine, 1882–), II-II, q. 78, a. 2, n. III. For more on Cajetan's interpretation of (and innovations regarding) *lucrum cessans* in his *Summa* commentary, see Noonan, *The Scholastic Analysis of Usury*, 252–55.

31. For a more detailed account of how the *montes pietatis* actually functioned, see Brian M. McCall, *The Church and the Usurers: Unprofitable Lending for the Modern Economy* (Ave Maria, FL: Sapientia Press, 2013), 75–81. Unfortunately, McCall glosses over the depths of the controversy that surrounded the invention and development of the *montes*.
32. For an early, invective-filled criticism of the *montes*, see Nicolaus Barianus, *De Monte Impietatis* (Cremonae: Carolus de Darleriis, 1496). Barianus was an Augustinian friar, not a Dominican as reported in Léon Poliakov, *Jewish Bankers and the Holy See: From the Thirteenth to the Seventeenth Century* (New York: Routledge, 1977), 151–52. As Poliakov is quick to note, one of the arguments Barianus gave for the usurious nature of the *montes pietatis* was simply the fact that they caused Christians to resemble Jews in their dealings with one another. The first major work against the *montes pietatis* penned by a Dominican friar seems to have been Cajetan's own 1498 treatise, which is entirely devoid of arguments like the just-mentioned argument of Barianus. Although Cajetan's seems to be the first truly influential Dominican treatise on the question, there are indications that some Dominican friars had publically preached against the *montes* earlier than 1498. See, for example, F. R. Salter, "The Jews in Fifteenth-Century Florence and Savonarola's Establishment of a *Mons Pietatis*," *Cambridge Historical Journal* 5, no. 2 (1936): 202–3. However, as the very title of Salter's article makes clear, not all Dominican friars were opposed to the *montes*. Savonarola's strong support for the *montes* forces us to nuance the typical narrative regarding general Dominican opposition—a narrative frequently repeated in the scholarly literature. For examples of this standard account, see Constant J. Mews and Ibrahim Abraham, "Usury and Just Compensation: Religious and Financial Ethics in Historical Perspective," *Journal of Business Ethics* 72 (2007): 5–6; and Noonan, *The Scholastic Analysis of Usury*, 296. This tale of Dominican hegemony seems to go back to the late eighteenth century. See, for example John Beckmann, *A History of Inventions and Discoveries*, trans. William Johnston, vol. 2 (London: J. Bell, 1797), 33–37. Factually, if there ever was such a party line then it seems to have been forged by Cajetan's influential treatise, and not to have lasted long.

33. As Noonan notes, one line of attack taken by some of Cajetan's Dominican confreres was to invoke their inquisitorial authority and thereby approach the issue under the rubric of doctrinal heresy. Such an approach is not so much as hinted at in Cajetan's treatise, which, as our analysis shows, insists on framing the issue in terms of philosophical ethics—that is, in terms of distributive and/or commutative justice. For more on the alternative approach, see Noonan, *The Scholastic Analysis of Usury*, 296.
34. Noonan describes Cajetan as referring the matter at hand to the natural law (see Noonan, *The Scholastic Analysis of Usury*, 296), but this gloss strays somewhat from the text. Cajetan never speaks of the natural law, but rather of moral philosophy. The latter, he says, is founded on nature (as opposed to sacred theology, which is founded on revelation, and canonical-civil law, which are founded on authority), but this does not mean that it should be identified with the natural law.
35. Noonan praises Cajetan on this point, saying that “his distinction between defenses based on collective [*sic*] and distributive justice is an important one, which few later writers will observe so nicely.” See Noonan, *The Scholastic Analysis of Usury*, 296.
36. *Damnum emergens* was a principle in medieval canon law allowing for remuneration according to greater-than-arithmetic equality, which was often invoked alongside *lucrum cessans*. Whereas *lucrum cessans* was a claim for additional compensation on account of anticipated profits, *damnum emergens* was a claim for actual damages incurred on account of the failed contract. For a brief account of this principle, see Joel Kaye, *Economy and Nature in the Fourteenth Century: Money, Market Exchange, and the Emergence of Scientific Thought* (Cambridge: Cambridge University Press, 1998), 84–85. For a more detailed investigation of medieval approaches to the principle, see Noonan, *The Scholastic Analysis of Usury*, 115–28.
37. I am greatly indebted to Fr. Allen Moran, OP, for the advice and encouragement given while writing this article. I also owe a debt of gratitude to an anonymous reviewer for the *Journal of Markets & Morality*, whose thoughtful comments contributed greatly to increasing the merits this article.