

The Good Economic Judgment of Father Jaime Balmes*

Alejandro Chafuen
Managing Director International
Acton Institute

Some years ago I wrote an article summarizing Jaime Balmes’s criticisms of socialism, which he wrote many years before Karl Marx.¹ His analysis appeared in a series of seven essays that clearly described the dangerous and harmful nature of these doctrines. Given that the socialists are back in power in Spain and that many in Catalonia, Balmes’s land, have forgotten his lessons, increased focus on his writings is a healthy endeavor.

Ignacio Ibáñez Ferrándiz, who directs the area of international affairs for RedFloridablanca, described Balmes as “a brilliant philosopher, political writer, apologist, sociologist and theologian, at the height of the greatest European thinkers of his time. This is demonstrated by the depth of his reflections, the complex simplicity of a ‘common sense’ that seeks truth, and his ability to judge (correctly) new ideas and political currents.”²

Those of us who learned about the benefits of the market economy (yes, even in Spanish-speaking countries) were probably first attracted to economic freedom by English-speaking authors or translations of the great Austrian economists. Among the first, it is obvious that Adam Smith occupies a special place, but also more popular books such as Henry Hazlitt’s *Economics in One Lesson*. The books of Ludwig von Mises and F. A. Hayek also have been enormously influential. The more inquisitive were influenced by the works of Eugene Böhm-Bawerk and Carl Menger, the Austrians of the late nineteenth century. The authors of the Chicago School, especially Milton Friedman and his seminal book *Capitalism and Freedom*, are others who attracted many.

Although all these famous free-market authors touch on the issue of economic value, none mentioned the great essay by Jaime Balmes, *Verdadera Idea del Valor* (*True Idea of Value*). Such great historians of economic thought as Joseph Schumpeter and Henry Spiegel do not mention Balmes in their major texts. Although this should not be the case, many political analysts tend to consider that the more disconnected authors in the social sciences are with our cultures, the less relevant they are to contribute to debates in our particular countries. Fortunately, scholars and intellectuals today are helping to give new life and therefore deserved justice to the economic writings of Balmes.

Leon Gómez Rivas, professor of the history of ideas at the European University, in an article for the Juan de Mariana Institute, summarizes well how other Spaniards saw and see Balmes: “In his well-known *Handbook of the History of Economic Doctrines*, Professor Lucas Beltrán, on his chapter on Marginalism, wrote a brief epigraph (two pages) entitled *A Spanish Precedent: Balmes*. Beltrán points out that ‘although it would be an exaggeration to call Balmes an economist ... the idea of marginal utility is drawn with sufficient precision’ in his article.”³ Gómez Rivas adds that for his part, in *New Studies of Political Economy*, Jesús Huerta de Soto also makes an allusion to the aforementioned article by Balmes, explaining how this “Thomist” author was “able to resolve the paradox of value and enunciate very clearly the theory of marginal utility” twenty-seven years earlier than Carl Menger himself.⁴⁴ Ubiratán Jorge Iorio of the Mises Institute in Brazil, a professor who influenced thousands of students, dedicates a chapter of his book on the origins of Austrian economics to Jaime Balmes, and points to his work as one of the great precursors of a correct notion of economic value.⁵⁵

The essential paragraphs of Balmes’s value theory recognize that the cost of labor contributes “to the increase of the value of the thing; but it is always accidental and the true value never depends on it.” Furthermore, economic value depends on two factors, utility and scarcity: “The value of a thing being its utility or aptitude to satisfy our needs, the more precisely it provides for this satisfaction the more value it will have; but one should also consider that if the number of these means increases, the need for any of them in particular decreases [so that] there is a necessary dependence, a ratio between the increase and decrease in value, and the shortage and abundance.” In addition to value, Jaime Balmes analyzed several topics relevant to economics. He wrote about technological innovations, which he did not fear; the role of businessmen as employers and as members of civil society; and the fiscal problems of the day. Given the importance of this latter topic for Spain, I will summarize his ideas on this last point only.

For this Catalan priest, “new taxes are very often the source of riots and upheavals; perhaps there is no other reason that caused them in such greater numbers.” He adds that not even “the most absolute monarchies are exempt from this type of resistance.” He points out three main causes for the fiscal problems: the loss of income that the state received from the Church; excessive military expenses; and the multiplication of public employees. On this last factor, Balmes stresses that “the finance minister who does not attend to the origin of the evil will only aggravate it; in matters of finance the palliatives are fatal, the result is bankruptcy.” He adds, “We are not unaware that reforms were needed in different branches of administration; but from here to multiply the offices indefinitely . . . there is a very large distance.” To solve the problem, he recommends “for the moment not to appoint more employees” and avoid copying the French bureaucratic system. All but one of the twentieth- and twenty-first-century authors mentioned in this piece are or were members of the Mont Pelerin Society (MPS), the society founded by F. A. Hayek in 1947 that gathers many leading free-market intellectuals. To my knowledge, the MPS has yet to have a session on Balmes. But a day might come that he will be rightly recognized even outside free-market circles.

Ibáñez Ferrándiz reminds us of his early stardom: “Balmes died before turning thirty-eight but had already become a member of the Academy of Religion of Rome, honorary and merit partner of the Scientific and Literary Academy of Professors of Madrid, and a member of the Royal Spanish Academy. Tuberculosis prevented us from seeing the intellectual evolution of a privileged thinker.” In *El Criterio*, which can be translated as *On Good Judgement*—one of his most famous works—Balmes tried to combine the best theology with the best science. In economics he was ahead of his time: a true progressive. Let us learn again from his great economic sense.

Notes

- * Originally published at RedFloridaBlanca.es.
1. Alejandro Chafuen, “Wisdom from Barcelona’s Past Could Save Spain from Socialism,” *Forbes.com*, October 16, 2015, <https://www.forbes.com/sites/alejandro-chafuen/2015/10/16/wisdom-from-barcelonas-past-could-save-spain-from-socialism/#344fa54f350f>.
 2. Ignacio Ibáñez, “Jaime Balmes: verdad, valor y voluntad, por Ignacio Ibáñez,” *RedFloridaBlanca.es*, July 9, 2018, <https://www.redfloridablanca.es/serie-jaime-balmes/>.
 3. León Gómez Rivas, “Balmes y el marginalismo en España,” March 29, 2010, Instituto Juan de Mariana, <https://www.juandemariana.org/ijm-actualidad/analisis-diario/balmes-y-el-marginalismo-en-espana>.
 4. Jesús Huerta de Soto, *Nuevos estudios de economía política*, 2nd ed. (Madrid: Unión Editorial, 2007), 261.
 5. Ubiratán Jorge Iorio, *Dos Protoaustríacos a Menger: Uma breve história das origens da Escola Austríaca de Economia* (São Paulo: LVM Editora, 2015), chap. 9.