

# Market Liberalism and Antiliberalism in Spanish Late Scholastic Treatises (1541–1547)

*Michael D’Emic*  
*Adjunct Associate Professor of Business  
and Technology Management  
Polytechnic Institute of New York  
University*

This article contrasts the opposing views of two of the Spanish late scholastics concerning the determinants of the “just price.” Cristóbal de Villalón (*Provechoso tratado de cambios*, 1542) puts forth a labor theory of value and argues for state intervention as a means of attaining justice in financial transactions. Saravia de la Calle reacts to Villalón’s position (*Instrucción de mercaderes*, 1544). He puts forth a utility theory of value and argues that market forces, not costs, are the determinants of the just price. He further maintains that attempts to fix prices are fundamentally unjust—even if sanctioned by the state. By using logic, common sense, and empirical observation he demolishes Villalón’s antimarket position. The existence of these contrasting views demonstrates the opposition of market liberalism and antiliberalism at the early stages of the modern market economy.

## Introduction

### Late Scholasticism

This article concerns the opposing views of two sixteenth-century Spanish clerics on what is possibly the fundamental question of economic science, that is, the source of economic value. The men in question are Cristóbal de Villalón, whose *Provechoso tratado de cambios* was published initially in Valladolid, the principal seat of the royal court of Castile, in 1541, and Dr. Saravia de la Calle, whose 1544 *Instrucción de mercaderes*, published in the Castilian commercial and financial center, Medina del Campo, was largely a response to Villalón’s treatise. Their disagreement is an important milestone in intellectual history. This

is because, contrary to the views of at least two distinguished economic historians, it demonstrates that the debate between the “labor” and “utility” theories of value—with the attendant questions about the determination of prices and the role of the state, as opposed to the free market, in the economic life of citizens—was already taking shape at an early stage of the modern market economy.

In the framework of intellectual history, we may consider Villalón and Saravia to be representatives of the “second” or “late” scholasticism. Briefly, late scholasticism was a vigorous intellectual movement that arose toward the end of the fifteenth century as a reaction to the general deterioration of scholastic philosophy during the fourteenth and fifteenth centuries.<sup>1</sup> The influence of nominalism at the University of Paris in the last decades of the fifteenth century produced a group of new men—including the highly influential Scottish Dominican, John Mair (1469–1550), who rejected the preoccupation with “vain metaphysical fictions”<sup>2</sup> and turned the scholastic method to the analysis of the pressing issues of their day.<sup>3</sup> As a result, the movement was marked by “the abandonment of endless and useless disputations of formal logic, with an interest in real problems of thought and action.”<sup>4</sup> The new scholasticism was brought to Spain by men such as Francisco de Vitoria (1483–1546), who came under Mair’s influence at Paris,<sup>5</sup> and Hapsburg Spain was to become the movement’s intellectual center.

Consistent with this real-world orientation, the work of the Spanish late scholastics was wide-ranging and practical. The theologians of the time were an important part of the fabric of society. They were influential men who were consulted on a broad range of questions. Moreover, they considered it their prerogative to weigh in on any public matter that had a moral or ethical dimension.<sup>6</sup> Francisco de Vitoria’s writings on international relations and his vigorous defense of the rights of the American natives, for example, have earned him recognition as the father of international law.<sup>7</sup> In general terms, late scholasticism was “essentially a rational investigation of every relevant problem in liberty, philosophy, law, medicine, economics . . . explained from opposing points of view to reach a scientific resolution consistent with accepted authorities, known facts, human reason and Christian faith.”<sup>8</sup>

## Late Scholastic Economics

Among the real-world problems with which the late scholastics involved themselves were those of business and finance. Villalón and Saravia published their treatises in important political and commercial centers in the midst of the economic revolution of the sixteenth century. It was a time in which long-accepted

standards of behavior in commercial life, inherited from a simple agrarian economy, suddenly came into conflict with new realities.<sup>9</sup> Money as a commodity took on a new importance as trade expanded and with it the need for commercial credit. Men who understood the wheels of commerce and the workings of the market grew wealthy. Questions of economic justice took on great importance.

The late scholastic response to these new realities consists of a large body of work spanning more than a century that investigated the demands of justice upon participants in the market. To be precise, the work of the late scholastics explored the requirements of commutative justice—the natural obligations that one human being owes to another—in the economic sphere. Logically, they focused on the two primary aspects of economic life. These are buying and selling, wherein lay the problem of the just price, and lending and borrowing, which entailed the thorny matter of usury. As Noonan points out, from medieval times the scholastic investigation of these questions was never a mere appeal to authority. It always included a rational analysis based upon the natural law. After 1500 this rational approach became predominant.<sup>10</sup>

It would be a mistake to believe that there was unanimity of opinion among the late scholastics on the practical concerns connected with these questions. To paraphrase the distinguished economic historian, Francisco Gómez Camacho, one only has to read a few of the late scholastic treatises to realize that, within the framework of commonly accepted general principles, divergence of opinion was, in fact, the norm among the Spanish doctors.<sup>11</sup>

The two works that are the subject of this study amply demonstrate this discrepancy of opinion. A major portion of Saravia's work, entitled the *Tractado de cambios* and added as a kind of appendix to the *Instrucción*, was in large measure written specifically as a refutation of a number of Villalón's analytical arguments concerning the justice of certain specific contracts—though Saravia never makes specific mention of either the author or his work. Reeder,<sup>12</sup> Lapeyre,<sup>13</sup> Vigo Gutierrez,<sup>14</sup> and Carpi<sup>15</sup> have noted this relationship between Saravia's *Tractado de cambios* and Villalón's *Provechoso tratado*. The differences between the two men, however, go far deeper and are of much greater consequence than the few technical points that Saravia contests in his *Tractado de cambios*. A careful reading of both texts, in fact, reveals that Saravia's *Instrucción* is almost in its entirety a reaction to Villalón's *Provechoso tratado*.

## The Debate

### Introduction

Villalón's *Provechoso tratado de cambios y contractaciones de mercaderes y reprovacion de usura*<sup>16</sup> (the *Provechoso tratado*) was first published in 1541, again in 1542, and once more in a revised version in 1546. Saravia's *Instrucción de mercaderes muy provechosa*<sup>17</sup> (the *Instrucción*) was published in 1544 and again in 1547. Although he never mentions him by name, Saravia takes issue with Villalón on various points in each of three topics covered by the *Provechoso tratado*—the determination of the just price, the grounds on which one could indict a transaction for concealed usury, and the proper definition and analysis of the *cambio* or bill of exchange. The first of these—the determination of the just price—is the place where their disagreement is most fundamental, and it is the one that we shall now consider.

This disagreement is of special interest because it manifests a liberal/antiliberal divide at an early stage of the modern market economy. At the most basic level, the liberal—more precisely, the market liberal—position views the free and unfettered market as the appropriate arbiter of the price of most things that people want to buy and sell. The forces of supply and demand determine prices, and prices perform the function of rationing scarce goods among buyers. Sellers may profit from a high price or suffer a loss from a low price. That is, they may gain or lose as a result of assuming market risk, and this state of affairs is morally neutral. The liberal view is the one that Saravia expresses unequivocally in the *Instrucción*.

The antiliberal position holds that some mechanism other than the marketplace is the proper arbiter of price. Most commonly, this is some formula based on the labor and other costs involved in producing a particular good and making it ready for sale. Absent the natural enforcement mechanism of the market, such objectively determined prices need to be enforced by some outside authority. This is the view expressed by Villalón, eliciting, as we shall see, a sharp reaction from Saravia.

### The Antiliberal Position: Villalón

Let us begin with Villalón. Although the principle subject of the *Provechoso tratado* was usury, the author also deals with the determination of the just price. The scholastic definition of the just price is the price that prevails in an “equal exchange” of money and goods. An equal exchange is one in which the value that the buyer obtains from the item purchased is equal to the value to him of

the money with which he is parting.<sup>18</sup> Only an exchange that is equitable in this way can be said to fulfill the demands of commutative justice.<sup>19</sup>

Villalón provides a solution to this highly subjective calculus in a manner that seems almost designed to provoke a reaction. Toward the end of the work, in chapters 23 and 24, he discusses what he considers to be the proper role of the merchant in society. The chapters have parallel structures and reinforce each other in such a way as to make the author's intent unmistakable.

Chapter 23 deals with the difference between *negociadores* and *regatones*. The *negociador*, or “man of business,” is a highly respectable fellow. He is a practitioner of the *ars negotiativa* and is of great value to the republic. He may do business in many places, buying at reasonable prices the goods necessary for survival and comfort in order to provide them to his fellow citizens at a reasonable cost (*razonable y templado valor*). Or he might be in the business of buying and conserving goods with the intention of ensuring a steady supply at a stable price over time. In Villalón's ideal world, the *negociador*'s reward for this service to the common good is not a profit or a loss but rather a *razonable interesse*—best rendered into English as a reasonable fee or commission. The author cites Duns Scotus on this point:

To these matters Scotus states that it is quite licit and just for them to earn a reasonable fee on their merchandise, in respect of those risks and dangers to which they expose themselves and their property night and day both on the sea and on the land. He says in addition that the republic should compensate them, in appreciation of their good work, industry and diligence, for the price of their merchandise and their costs....<sup>20</sup>

To summarize, the grateful nation should award the merchant hero a reasonable fee, amounting essentially to the cost of his merchandise plus some compensation for his physical risk and labor as well as his other costs. Note that in Villalón's scheme of things it is the republic, that is to say the state, that would ensure this compensation.<sup>21</sup>

By way of contrast, Villalón turns next to the other sort of chap—the *regaton* or haggler: “There are other men who never buy these goods to benefit the republic—seeking them cheap so as to preserve them for times of shortage and need in order to distribute them to the people. Rather, they seek them cheap so as to keep them for times of shortage in order to resell them dear and at much higher prices....”<sup>22</sup>

This sort of merchant, the author tells us, stays well informed of the arrival of goods at granaries and warehouses in order to buy them up wholesale and push up the market price. He is a ravenous wolf (*un hambriento lobo*) whose only goal is

to profit from the market. Villalón concludes this chapter quoting Scotus' advice as to how the state should dispose of such people: "And Scotus calls these men hagglers, blaspheming them, exhorting republics and their governors to expel and to banish them as they would an infernal pestilence. And so whatever profit such men may derive from these goods they must restore for the common benefit."<sup>23</sup>

We notice that Villalón has done two things. First, he has established that the just price is not the market price but rather one that is based on the merchant's costs plus a *razonable interesse* for his labor. Second, he has set up a false dichotomy. On the one hand, he gives us the *negociador* who would, ideally, be a kind of civil servant. On the other hand, he presents the blood-sucking, profiteering *regaton*, whose money is made by manipulating the market. There is nothing in between. The implication is that the open market is the domain of ravenous wolves (*hambrientos lobos*) and malignant infidels (*malinos infieles*).

In order to reinforce his message, the author does precisely the same thing in the following chapter. Here he deals with contracts that are commonly used among corn merchants (*contractaciones que comunmente se usan entre mercaderes de trigo*). He contrasts two sorts of corn merchants. The first sort, like the *negociador*, serves the republic by buying grain in August when it is cheap and abundant and storing it throughout the year so as to ensure a constant supply. For this service, Villalón tells us, the merchant is entitled to a little something for his industry and effort: "Therefore, in the common opinion of learned men, I may well take a little something (*algún tanto*) for the industry and effort I endure in conserving it."<sup>24</sup>

What becomes of this *algún tanto* if the warehouse burns down or if surplus grain from a neighboring province forces the merchant to sell below cost, Villalón does not state explicitly. His implication, however (which he seems to have thought through no better than many antiliberals of our own day), is that the merchant, as the servant of the republic, should recover his costs plus a modest fixed profit.

With this good corn merchant, the virtual civil servant, Villalón contrasts the other type. This is the unscrupulous hoarder who buys up as much grain as he can in order to profit from the resulting movement in the market price.

But if my intention is merely to store up [grain] in anticipation of shortage and want in order to make large profits as a result; taking as much as I can from the threshing floors in August with the intention that there be less in the land in the times that follow; sweeping it all into my granaries and store-rooms so as to take the republic by hunger; grieving if the seasons are fertile because they will contain much provision; having no care for it nor protecting it from the worm or insect in order to conserve it without damage; confident that, if the year turns out to be dry and sterile, as I hope it will, no matter how poor

it is I will be able to sell it at my pleasure; such is the manner of infernal sin, and he who performs it is worthy of Hell and of being banished from the republic as a dissipator.<sup>25</sup>

Strong words from Padre Villalón. Once again, he leaves no middle ground between the virtuous servant of the common good and the market manipulator whose only desire is to profit by sucking the marrow from the bones of his fellow citizens.

The reader will note that in both these chapters Villalón eliminates financial risk as a consideration. The price is either fixed by the republic to compensate the seller's labor and costs; or it is fixed by the manipulation of the unscrupulous profiteer. It is in this context that we need to consider the reaction of Dr. Saravia de la Calle.

### **The Liberal Position: Saravia de la Calle**

Saravia's treatment of the just price has two components. The first is his unequivocal statement that the price determined under the familiar scholastic formula of the common estimation is the price that meets the demands of commutative justice. The second is his criticism of Villalón's opposing position.

Let us now examine Saravia's analysis of this common estimation. In this, the author's idea as to why a thing has economic value in the first place is highly significant. For Saravia, it is clearly a thing's usefulness (that is, its utility) that gives it value. Using Aristotle as his authority, he maintains that it is human need that is the basis of the just price: "This doctrine is founded in that of Aristotle who says: *Pretium rei humana indigentia mensurat*, the need of men puts a price on the thing."<sup>26</sup> Need, however, is subjective. A thing may have value because we need it but also simply because we like it. Saravia cites Saint Antonino of Florence, stating that the just price encompasses the quality, preciousness, and scarcity of the object and also the pleasure and enjoyment it provides.<sup>27</sup> The critical point is that it is the subjective utility of the buyer that gives a thing value.<sup>28</sup> For Saravia, as we shall presently see more clearly, the costs and labor of the seller were completely irrelevant to the economic value of a thing and, therefore, to its just price.

As to the question of exactly how the just price is determined, Saravia begins by stating unequivocally that the just price of a thing is the cash price that is current at a particular time and place, which depends on circumstances such as the number of buyers and sellers, the abundance or scarcity of money, and, of course, the thing's utility.<sup>29</sup> The author then proceeds to explore these specific determinants of the just price that, after some discussion and based on observed

fact, he reduces to two: "The abundance of merchants and [the abundance of] money... Because only the abundance or lack of goods, of merchants and of money causes the price to rise or fall, as experience teaches to the dealers at the fairs."<sup>30</sup>

There is no need to belabor the author's point. He has identified one of the primary "nonprice" determinants of supply on the one hand (that is, the number of sellers in the market) and of demand on the other (that is, the money income available to buyers). Further on, he adds seasonal variation to the supply side: "Wheat is commonly worth more in May than in August" (*más vale el trigo en el mes de mayo comúnmente que en el mes de agosto*); and the number of buyers to the demand side: "If there are many buyers its value is high; if there are few, it is low" (*si hay muchos compradores vale mucho, y si pocos poco ...*).<sup>31</sup> That Saravia is defending the position that it is the free and open market that determines the just price appears to be beyond question.<sup>32</sup>

Having established his liberal credentials, he now turns his attention to risk as the source of profit or loss. Attempts to manipulate prices by either sellers' or buyers' cartels are unjust, even if they are limited to allowing sellers only to recover their costs and even if they are sanctioned by the state (*aunque tengan cédula o provision del rey*). This is completely at odds with Villalón's position that the republic should compensate merchants for their costs plus *algún tanto* for their trouble and effort. For Saravia, commutative justice requires that the market be allowed to work without interference. If the resulting market price is above the seller's cost, he profits. If it is below his cost, he loses, "because in this case the just price lies not in having respect to the costs and efforts of the sellers but that which arises from the shortage of goods and the abundance of merchants and money; and in this case the merchants may justly profit as in the contrary case they must justly lose."<sup>33</sup> In other words, sellers may gain or lose as a result of assuming market risk. This reflects justice, and the seller's costs and labor have nothing to do with it.

At this juncture Saravia comes in for the kill. He aims directly at Villalón and demolishes his interventionist theory of the just price:

Those who measure the just price of a thing according to the work, costs, and peril of him who deals in the merchandise or produces it, or by what it costs to transport it to the fair or to the port, or by what his agents cost him, or by the value of his industry, risk and effort, are greatly in error. And more so are those who would give him a specific profit of a fifth or a tenth; because the just price arises from the abundance or want of merchandise, merchants and money, as I have said, and not from costs, labor and risk.<sup>34</sup>



Why, Saravia asks, should a bale of linen imported from Brittany overland at high cost command a higher price than the identical bale of linen imported at lower cost by sea? Why should a book that was copied by hand have a higher price than a printed book of superior quality, simply because the hand-copied book cost more to produce? Where is the justice in subsidizing a merchant who loses money due to his own poor judgement? “Moreover, if the imprudent merchant sells a thing where it is cheap having bought it where it is dear, and he carries it many leagues in order to sell it where it is cheap thinking to profit, by what reasoning should he count in his costs?”<sup>35</sup>

With considerable acuity, he carries Villalón’s implicit elimination of market risk from the price equation to its logical, absurd conclusion, stating, “because if it were necessary to fix the just price on the basis of these efforts and perils, it would never be the case that the merchant would lose.”<sup>36</sup>

## Mathematical Expression

Some of the more recent scholarship on late scholastic economics maintains, as we shall see, that there is no connection between the just price of the late scholastics and the market price of modern equilibrium theory. For this reason, it is worthwhile taking a moment to demonstrate that Saravia’s formulation of the just price coincides exactly with the market price. This is easily done by employing some very simple algebra. Let us first consider equilibrium theory, expressing a simple supply function and a simple demand function as follows:

Supply:

$Q_s = a + P$  where  $Q_s$  is the quantity supplied  
 $a$  is a constant representing nonprice determinants of supply  
 $P$  is price

Demand:

$Q_d = b - P$  where  $Q_d$  is the quantity demanded  
 $b$  is a constant representing nonprice determinants of demand  
 $P$  is price

In order to find the equilibrium quantity and price, we would merely solve for  $Q$  and  $P$ , where  $a + P = b - P$ . Saravia’s focus, however, was not the equilibrium price but rather the just price. We can now demonstrate that these are one and the same thing.

First, we need to restate the equations making price rather than quantity the dependent variable because it is the price that Saravia wishes to ascertain.

Supply:

$$P = Q_s - a$$

Demand:

$$P = b - Q_d$$

Now let us consider each of these in turn. Taking the supply side first, we must ask whether Saravia's nonprice determinants of supply fit the algebraic term  $a$ . We see that they do. If one substitutes for it the number of sellers (*abundancia de mercaderes*), it is clear that if the value of this term increases, then the price will decrease, and vice versa. Likewise, when Saravia tells us, for example, that the just price of wheat is lower in August than it is in May, the result is identical to the substitution of the modern economist's seasonal variation or length of the growing season for the term  $a$ .

Turning to the demand side, let us substitute income levels (*abundancia de dineros*) for the term  $b$ . Once again, it is clear that an increase in this term will result in an increase in price, and vice versa. Likewise, when Saravia tells us that the price of a thing will fall because there are few buyers (*porque no ay muchos compradores*) or that prices are lower at the end of a fair than in the middle of one because the buyers have started to head for home, we may take this as a substitution of number of buyers for the algebraic term  $b$ , the effect being that an increase in this factor will cause the price to rise and a decrease will cause the price to fall.

Finally, Saravia's abundance or shortage of merchandise (*abundancia o falta de mercaderías*) corresponds to the term  $Q$  in both equations, varying directly with price in the supply function and inversely with price in the demand function.

Demonstrably, then, Saravia's just price and the equilibrium or market price of present-day microeconomics are, in mathematical terms, one and the same. It follows that he is defending the moral neutrality of the market in opposition to Villalón's position that the market is fundamentally unjust.

## The Controversy

It is probably fair to say that most of the economists and economic historians who have made a serious study of the late scholastics support the view that there is at least a rough equivalence between the scholastic just price and the neoclassical equilibrium price.<sup>37</sup> There is, however, an important body of opinion that opposes

this view. Moreover, to my knowledge, no student of late scholastic economic analysis has noted the incipient liberal/antiliberal debate that we see in such stark relief in the *Provechoso tratado* and the *Instrucción*. On the contrary, at least two very eminent economists rule out even the possibility of such a debate. These are the Norwegian Odd Langholm and the Spaniard Francisco Gómez Camacho. Both have made contributions of enormous value to scholarship in this field, and both reject the notion that the common estimation of the late scholastics has any relationship to the equilibrium price of neoclassical economic theory.

Langholm strongly takes the position that any attempt to equate the scholastic just price and the modern free market price is anachronistic.<sup>38</sup> His central idea is the presence of coercion in economic exchanges.<sup>39</sup> He argues that the primary concern of scholastic economics was “to combat the exploitation of economic need.” The scholastics, he asserts, regarded the price obtainable “in the regular competitive market . . . under normal conditions” to be just only because it reduced “economic compulsion,” since “competition between sellers protects buyers and vice versa.” He maintains that reading into this “a dawning recognition of the benefits of a free market economy . . . would be grossly misleading and an anachronism.”<sup>40</sup> It is, perhaps, worth mentioning in this context that Langholm defends the Church’s ban on usury in the same light. He recognizes that the ban involved a simplification (that is, that any form of interest on a simple money loan is usury and therefore sinful) and that this simplification eventually “distorted empirical facts.” It nevertheless, he maintains, prevented what the scholastic doctors regarded as a greater evil, “namely, the exploitation by the resourceful lender of the resourceless borrower, unprotected by the justice of the market.”<sup>41</sup> Langholm’s interpretation completely rules out any notion of a scholastic debate over the subjective or objective determination of economic value. This, he states, “is a reflection of a much later ideological conflict.”<sup>42</sup>

In his analytical work on the economics of the Spanish late scholastics, Gómez Camacho has argued consistently that the just price of the scholastics cannot be the market price of market equilibrium theory. He bases his argument on opposing paradigms. Using Marxian terminology, he defines these as “economic” and “chrematistic” (generally corresponding, he points out, to J. M. Keynes’ distinction between the “cooperative economy” and the “entrepreneurial economy”). The economic paradigm involves the pursuit of money solely for the purpose of obtaining the physical goods necessary to sustain life. The chrematistic paradigm involves the pursuit of money with the object of acquiring physical goods for the purpose of reselling them at a profit and thereby increasing one’s stock of money. The economic paradigm, he argues, belongs to the precapitalist outlook of the late scholastics, and it was this that informed their concept of commutative

justice in the context of buying and selling. The chrematistic paradigm belongs to our own impersonal age, and it is an anachronism to attribute it, in however inchoate a manner, to the late scholastics.<sup>43</sup>

In this context, it is worth noting the recent contribution of the Venezuelan economist, Raúl González Fabre. His work is dedicated to an analysis of the economic thought of the founder of the so-called School of Salamanca, Francisco de Vitoria, OP (1492–1546). His conclusions concerning Vitoria's notion of the just price reflect the views of Langholm,<sup>44</sup> and the author takes direct issue with Alejandro Chafuen's interpretation of the late scholastics as proponents of economic liberty.<sup>45</sup>

## Conclusion

These interpretations of the scholastic common estimation underlying the just price in an equal exchange no doubt have considerable merit. Nevertheless, I believe one may, with caution, draw a couple of conclusions from the analysis that I have presented. My first conclusion is that Saravia's analysis of the determinants of the just price clearly distinguishes factors that cause movements of what we now refer to as supply and demand functions. As we have seen, this analysis is so clear that it easily lends itself to the same basic mathematical expression in which we today express the market equilibrium price. I suggest that this is compelling evidence that the common estimation of the late scholastics and the market equilibrium price of neoclassical theory are, in fact, one and the same thing, notwithstanding the valuable insights of Langholm and Gómez Camacho.

My second conclusion is closely related to the first. It is based on the fundamental disagreement of the two late scholastic authors who are the subject of this article concerning the basic question of economic value. Saravia, as we have seen, reacts to Villalón's objective cost theory of the just price by maintaining that it is subjective usefulness (*provecho*) that lies at the heart of economic value. He proceeds to demolish Villalón's position with solid arguments based on empirical observations of the workings of the market. I would suggest that this is strong evidence that the debate over what we now call the labor or cost and the market or utility theories of value was not, as Langholm maintains, "an ideological conflict that lay many centuries in the future."<sup>46</sup> Rather, it is an intellectual difference that has its origins at the very beginning of the modern market economy.

## Notes

1. Melquíades Andrés Martín, *La teología española en el siglo XVI*, 2 vols. (Madrid: La Editorial Católica, 1976) 1:297–302.
2. Juan Belda Plans, *La escuela de Salamanca y la renovación de la teología en el Siglo XVI* (Madrid: BAC, 2000), 10.
3. Plans, *La escuela de Salamanca*, 15–58.
4. “L’abandonno delle interminabili ed inutili questioni di logica formale, con l’interesse per i problemi vivi del pensiero e dell’ azione.” See Carlo Giacon, *La seconda scolastica* (Milan: Fratelli Bocca, 1944), 12–13.
5. Martín, *La teología española en el siglo XVI*, 2:356–61.
6. Plans, *La escuela de Salamanca*, 492.
7. J. B. Scott, *The Spanish Origins of International Law: Francisco de Vitoria and His Law of Nature* (New York: Oxford University Press, 1934).
8. *The New Catholic Encyclopedia*, 15 vols. (Detroit: Gale, 2003), 12:747, s.v. “Scholastic Method.”
9. R. H. Tawney, *Religion and the Rise of Capitalism* (New York: Mentor Books, 1963), 62–72.
10. J. T. Noonan, *The Scholastic Analysis of Usury* (Cambridge: Harvard University Press, 1957), 4.
11. “Basta con leer cualquiera de los tratados que escribieron los doctores españoles para comprobar que la discrepancia en las opiniones, dentro de la aceptación común de los mismos principios generales, fue la práctica habitual entre los doctores.” See Francisco Gómez Camacho, *Economía y filosofía moral: la formación del pensamiento económico europeo en la escolástica española* (Madrid: Editorial Síntesis, 1998), 84.
12. John Reeder, “Tratados de cambios y de usura (1541–1547),” *Hacienda Pública Española* 38 (1976): 175n20.
13. Henri Lapeyre, *Une famille des marchands: les Ruiz* (Paris: Librairie Armand Colin, 1955), 284.
14. Abelardo del Vigo Gutierrez, *Cambistas, mercaderes y banqueros en el Siglo de Oro español* (Madrid: Bibliotecas de Autores Cristianos, 1997), 105, 193, 264.
15. Elena Carpi, ed., *La Instrucción de mercaderes de Saravia de la Calle e la Institutione de’ mercanti di Alfonso de Ulloa* (Pisa: Edizioni ETS, 2007), 45–48.

16. The text used for the purpose of this article is a facsimile edition of the 1546 edition, published in 1945 under the title *Una obra de derecho mercantil del Siglo XVI de Cristóbal de Villalón, reproducción en fotograbado. Homenaje al catedrático de derecho mercantil D. José María González de Echevarri y Vivanco*.
17. The text used for the purpose of this article is the critical edition produced by Elena Carpi, *La Instrucción de mercaderes*.
18. Further, of course, in which the value obtained by the seller in the money that he receives is equal to the value to him of the good or goods with which he is parting.
19. The natural-law concept of commutative justice and equal exchanges did not, of course, die out with the scholastics but is alive and well in the discipline of business ethics in the twenty-first century.
20. Folio xxxviii: *A estos tales dize Scoto que les es muy licito y justo ganar algun razonable interesse en sus mercaderias, por respecto a aquellos peligros y daños a que se ponen de noche y de dia, de sus personas y haciendas por el mar y tierra. E demas desto dize que la republica los deve galardonar, agradesciendolos su buen trabajo, industria y diligencia, ansi en los precios de las mercaderias, como en los precios de sus costas*.
21. The reader should be aware that modern scholarship is by no means unanimous in attributing to Duns Scotus a labor theory of value. Raymond de Roover does, indeed attribute this view to him, *La pensée économique des scolastiques: doctrines et méthodes* (Montreal: Institute d'études médiévales, 1971), 62–78. John T. Noonan, however, takes a more cautious and nuanced position, *The Scholastic Analysis of Usury*, 86–87, as does the great Joseph Schumpeter, who argues that Scotus did not uphold a cost theory of value but rather introduced the supply side of the equation as a condition of competitive equilibrium, *History of Economic Analysis* (New York: Oxford University Press, 1954), 93. Robert I. Mochrie takes issue with Schumpeter on this point, but similarly maintains that “Duns Scotus recognizes that in exchange, price should not simply reflect the costs of production—instead he argues that a fair price can be determined in terms of the values placed on the good by buyer and seller.” See Mochrie, “Justice in Exchange: The Economic Philosophy of John Duns Scotus,” *Journal of Markets & Morality* 9, no. 1 (Spring 2006), 41–42. Finally, Odd Langholm maintains that there was no real dichotomy between the labor and the utility views of economic value in earlier scholastic just price theory in “Scholastic Economics,” in *Pre-Classical Economic Thought*, ed. S. Todd Lowry (Boston: Kluwer Academic Publishers, 1986), 124–29.
22. Folio xxxviii: *Otros hombres ay, los quales nunca compran estas mercaderias por aprovechar a la republica, buscando las baratas para guardarlas para tiempos de falta y necesidad para darselas al pueblo. Pero buscan las baratas para guardarlas para tiempos de falta, por se las revender caras y muy subidas...*

23. Folio xxxviii: *E a estos llama Scoto regatones, blasfemando dellos, exortando a las republicas y a los gobernadores dellas que los echen y alanzen de si, como a pestilencia infernal. E ansi, qualquiera interesse que destas mercaderias los tales sacaren, deven restituyr en provecho del comun.*
24. Folio xxxviii: *Entonces, de común opinion de sabios, bien puedo llevar algun tanto por mi industria y trabajo, que padezco en lo conservar.*
25. Folio xxxix: *Pero si mi intencion es solamente por aguardar a la falta y careza, por aver grandes ganancias con ello; cogiendo quanto puedo aver en las heras el agosto, con intencion que aya menos en la tierra para adelante; barriendolo todo en mis graneros y troxes por tomar la republica por hambre; pesandome si los años son fertiles, porque en ellos ay tanta provision; no lo curando, ni limpiandolo del gusano y coco para lo conservar sin daño; confiando que si el año viene seco y esteril como lo desseo, que aunque peor este, lo vendere a mi plaçer; desta manera este tal es infernal peccado, y digno el que lo haçe del infierno y de ser relançado de la republica por ser dissipador.*
26. Carpi, *La Instrucción de mercaderes*, 131: *Fúndase esta dotrina en la de Aristóteles que dice: Pretium rei humana indigentia mensurat, la necesidad de los hombres pone precio a la cosa.*
27. Carpi, *La Instrucción de mercaderes*, 135: *Según el Arçobispo el justo precio se ha de considerar de la virtud, preciosidad y falta de la cosa y de la complacencia o agradamiento della.*
28. Saravia's concept of the subjective nature of value is remarked upon by José Larraz López, *La época del mercantilismo en Castilla (1500–1700)* (Madrid: Real Academia de Ciencias Morales y Políticas, 1943), 69, and, in particular, by Marjorie Grice-Hutchinson, *The School of Salamanca: Readings in Early Spanish Monetary Theory* (Oxford: Clarendon Press, 1952), 48. The idea of *complacibilitas* (in Castilian, *complacencia*) as a source of utility and therefore of value is, however, more thoroughly developed by later writers. See, in particular, Francisco García, *Tratado utilissimo y muy general de todos los contratos (1583)*, ed. Idoia Zorroza and H. Rodríguez Penelas (Pamplona: EUNSA, 2003), 143–44. See also Jesús Huerta de Soto, "Juan de Mariana and the Influence of the Spanish Scholastics," in *Fifteen Great Austrian Economists*, ed. Randell G. Holcombe (Auburn, AL: Ludwig von Mises Institute, 1999), 4–5. The author of this article remarks on the "traditional subjectivist doctrine of the scholastics" and credits Saravia and his contemporary, Diego de Covarrubias (1512–1577) with being two of its most important articulators.
29. Carpi, *La Instrucción de mercaderes*, 130. I translate as "utility" Saravia's phrase "*el provecho que ay del uso dellas ...*" or "the benefit there is in the use of the things."

30. Carpi, *La Instrucción de mercaderes*, 131: *la abundancia de mercaderes y [la abundancia de] dinero... porque sola la abundancia o falta de mercaderías, de mercaderes y dinero hace subir o abaxar el precio, como la experiencia lo enseña a los platicos en ferías.*
31. Carpi, ed., *La Instrucción de mercaderes*, 130–31.
32. For contemporary discussion of the nonprice determinants of supply and demand, the reader may consult any number of sources, such as Paul G. Keat and Phillip K. Y. Young, *Managerial Economics*, 6th ed. (Upper Saddle River, NJ: Prentice Hall, 2009), 48 and 51; Richard Lipsey, *An Introduction to Positive Economics*, 4th ed. (London: Weidenfeld & Nicolson, 1970), 79–80, 87–88, and, with particular regard to the number of sellers as a nonprice determinant of supply, 249; and Richard G. Lipsey, Paul N. Courant, and Christopher T. S. Regan, *Microeconomics*, 12th ed. (Reading, MA: Addison-Wesley, 1999), 73–74, 79, and 222–23. Saravia's analysis of the market price mechanism appears startlingly modern when compared to these sources.
33. Carpi, *La Instrucción de mercaderes*, 132: *porque en este caso el justo precio es no teniendo respecto a los gastos y trabajos de los vendedores, sino el que nace de la falta de mercaderías y abundancia de mercaderes y dinero; y en este caso los mercaderes pueden justamente ganar, como en el primero justamente han de perder.*
34. Carpi, *La Instrucción de mercaderes*, 134: *Los que miden el justo precio de la cosa segun el trabajo, costas y peligro del que tracta de la mercadería o la hace, o lo que cuesta en ir y venir a la feria y el porte; lo que le cuestan los factores; lo que valen sus industrias, peligros y trabajos, yerran mucho: y mas los que les dan cierta ganancia del quinto o del diezmo; porque el justo precio nasce de la abundancia o falta de mercaderías, de mercaderes y dineros, como dicho es, y no de las costas, trabajos y peligros.*
35. Carpi, *La Instrucción de mercaderes*, 134: *Tambien si el imprudente mercader vende la cosa donde es barata y la compra donde es cara, y la lleva muchas leguas a vender adonde es barata, pensando de ganar, ¿que razon hay que cueste [sic. cuente] sus costas?*
36. Carpi, *La Instrucción de mercaderes*, 134: *porque si con estos trabajos y peligros se oviessen de mirar para tassar el justo precio, nunca se daría caso que el mercader perdiesse*
37. For a fine overview of the debate over the importance of scholastic economics in general, the reader is referred to Stephen J. Grabill, ed., *Sourcebook in Late-Scholastic Economic Theory: The Contributions of Martín de Azpilcueta, Luís de Molina and Juan de Mariana* (Lanham, MD: Lexington Books, 2007), xiii–xxxv.



38. Odd Langholm, "Economic Freedom in Scholastic Analysis," *History of Political Economy* 14, no. 2 (1982): 279.
39. Langholm admits the influence of the American economist Robert Lee Hale in the development of his interpretation of the scholastic just price.
40. Odd Langholm, *The Legacy of Scholasticism in Economic Thought: Antecedents of Choice and Power* (New York: Cambridge University Press, 1998), 88. It is of interest, perhaps, that Langholm uses this forum to express his disagreement with Austrian economics. In his final chapter, he expresses openly his criticism of the view of economic freedom espoused by the Austrian School, targeting specifically the work of F. A. von Hayek as the most logical and honest representative of the Austrian School (pp. 192–98).
41. Odd Langholm, *The Aristotelian Analysis of Usury* (New York: Columbia University Press, 1984), 138.
42. Langholm, *The Legacy of Scholasticism in Economic Thought*, 87.
43. This summary is based on Francisco Gómez Camacho, *Economía y filosofía moral: la formación del pensamiento económico europeo en la escolástica española* (Madrid: Editorial Síntesis, 1998), chap. 5. See also Luís de Molina, *La teoría del justo precio* edición, introducción y notas por Francisco Gómez Camacho (Madrid: Editora Nacional, D.L., 1981), 1–99.
44. Raúl González Fabre, *Justicia en el mercado. La fundamentación de la ética del mercado según Francisco de Vitoria* (Caracas: UCAB-CONICIT, 1998), 425–53.
45. Fabre, *Justicia en el mercado*, 441–442n249. The reader is referred to Alejandro Chafuen, *Faith and Liberty: The Economic Thought of the Late Scholastics* (Lanham, MD: Lexington, 2003).
46. Odd Langholm, *The Merchant in the Confessional: Trade and Price in the Medieval Penitential Handbooks* (Leiden and Boston: Brill, 2003), 237.