

readers off, and although this reviewer is knowledgeable of and interested in these links, he, too, thinks that they could have been better presented to ease the layman. These points may make the book a tough read at points but do not detract from its wider message.

Derman finishes with a concrete application that business schools are mostly paying only lip service to—a financial modeler’s manifesto. In his “Modeler’s Hippocratic Oath,” he concisely clarifies what is and is not wrong with the way that we approach financial modeling, and how we should ourselves be cognizant of these faults, as well as making others aware of them. Adherence to such an oath would do much to alter the current disillusionment aimed at capitalism and financial markets, to direct it at the true culprit: a lack of understanding of our use of knowledge, and the constraints this places on our actions.

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## Luis de Molina’s *De iustitia et iure*: Justice as Virtue in an Economic Context

**Diego Alonso-Lasheras**

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Diego Alonso-Lasheras’ revised dissertation examines Luis de Molina (1535–1600) as a moral theologian through a study of the economic teaching in the Jesuit theologian’s *De iustitia et iure*. He observes that scholars from Marjorie Grice-Hutchinson to Francisco Gómez Camacho have shown the importance of the Spanish Scholastics—and of Molina in particular—to the history of economic thought before Adam Smith. For this reason, the book does not set out to explain Molina’s economic teaching as such but instead examines its place in his broader moral theology. This approach provides an important counterweight to the appropriation of the late scholastics by some classical liberals.

Alonso-Lasheras sets Molina into the context of economic, technological, and scientific changes that resulted especially from the Spanish conquest of the New World. Using the language of Kuhnian paradigm shifts, the author describes the ways in which theology took part in these changes, particularly the crisis of Aristotelian philosophy. The encounter with the natives of the Indies and the debate about their rights and about how to work toward their conversion led to profound shifts in moral theology. In 1553, Domingo de Soto, a Spanish Dominican, inaugurated the genre of treatises on justice and law (*de iustitia et iure*) that employed the structure of Thomas Aquinas’ *Summa theologiae* but addressed new problems and offered much more extensive treatments of legal, political, and economic issues. The author often suggests that the attention of nominalists to experience and to the concrete encouraged Spanish theologians in the sixteenth century to investigate social and economic issues. The book, however, does not provide compelling evidence of direct nominalist influence on Molina.

Molina’s fame rests, however, on his contribution to the *De auxiliis* controversy over predestination, grace, and free choice that divided Dominican and Jesuit theologians.

Although it is impossible to address the matter here in any detail, Molina's theory of middle knowledge (*scientia media*) was, the author explains, an attempt to enhance the role of human free will. Molina argued that God knew conditional future contingents prior, logically speaking, to the decree of his will. This point plays an important role in Alonso-Lasheras' discussion of Molina's moral theology because it is the fact that "conditional future contingents were known only to God," which secured the result that "there were situations in which the best the rational creature could do was to try to use his rationality to find the correct thing to do, but without the warranty of participating in God's mind" (52). Indeed, Alonso-Lasheras associates the absence of "the authority concept of participation in God's mind" with the important moral doctrine of probabilism, which taught that, in the face of moral uncertainty, one might follow a probable opinion, even if the opposite opinion is more probable. Molina thus is said to have given greater leeway to merchants in setting prices because the theologian—indeed, any individual—was unable to know the just price with absolute precision. The merchant could rely on the *communis aestimatio* of particular goods, especially after consulting prudent men, to provide a basis for evaluating his behavior. This book certainly makes an important contribution by taking seriously the theological framework for Molina's economic teachings, but I must briefly note that the connection with middle knowledge is strained. Molina's arguments may or may not have succeeded in liberating the human will from divine predetermination, but it is very difficult to argue that middle knowledge released human beings from the predictive powers of other humans. Indeed, Molina's Dominican opponents argued that even God cannot infallibly know what human beings might do in a future contingent situation prior to the decree of his will.

Whether nominalism or middle knowledge played a significant role, Alonso-Lasheras shows that Molina understood the complexity of economic activity in this time of change. The theologian knew the challenges of the many merchants who genuinely cared about their eternal salvation. The debates about usury and just prices were not discussed out of curiosity; these were serious pastoral issues. It is fascinating to learn that the Jesuit took the opportunity to discuss these matters with merchants. Molina extended the legitimate titles of interest beyond those accepted by Thomas Aquinas and some important Spanish Scholastics. Part of the reason for this, Alonso-Lasheras argues, was his view of money as a productive good rather than a sterile instrument. Indeed, the book makes use of John Noonan's work (*The Scholastic Analysis of Usury*, 1957) to argue that Molina was the first to legitimate lending as a career. Molina's insights were gained at least in part from communication with prudent merchants and lenders. Based on his reflection upon the new economic circumstances of his era, Molina recognized that the natural-law prohibition of usury did not apply in as many cases as theologians once thought.

An important theme in the book that should be of special interest to readers of this journal involves Alonso-Lasheras' challenge to classical liberal readings of the late scholastics. He points to scholars such as Michael Novak who has stated that throughout the Catholic tradition private property was believed to be the "necessary means" to the universal destination of goods (118). Molina and many Catholic theologians, however,

believed that in the beginning goods were common. It was through the consent of all people after the fall that private property became part of the *ius gentium*, the law of nations. Molina's view of natural and just prices has made him a supposed forerunner of economic liberalism, but this perspective does not, Alonso-Lasheras argues, take seriously "the communal dimension of the market, and the social nature of trade" (153). Molina did not believe that merchants should be involved in mere calculation or in the skillful acquisition of as much wealth as possible. Business met a social end; economic exchanges should be governed by the sort of justice that directs human activity to the common good.

Molina's discussion of the regulation of a staple item such as wheat illuminates the point. Alonso-Lasheras makes it quite clear that Molina believed that the poor should be given special help and, indeed, that in time of extreme need everything became common. He rejected a legally fixed price for wheat because this policy placed the entire burden on the owners of wheat. Molina believed that the burden needed to be shared by the entire commonwealth. Furthermore, he observed that these measures rarely fulfilled their intended purpose; instead, the fixed price usually benefited those officials who administered the seizure of the wheat and the sale of it at the legal price. The Jesuit theologian knew, however, that the nobility and clergy who controlled the sale of wheat would sell it at an unjust price and harm the poor. Public authorities, he thought, should regulate the market by moving wheat from places of abundance to those of scarcity. They could force the selling of wheat but not at a legally fixed price. The public authorities should purchase it at a moderate price based in part on the price at which wheat was commonly sold in that place. Molina was sensitive to the problems with regulation and the difficulties of acting justly in economic exchanges, but Alonso-Lasheras stresses the point that he was not espousing pure free markets.

More study must be done on the relationship of the economic and moral thought of Spanish Scholastics. Besides the light shed on Spanish Scholastics such as Molina who are finally beginning to receive more careful attention, Alonso-Lasheras' book raises important issues for those interested in a theologically sound approach to business and economic exchange. Molina certainly cared deeply about the facts of the matter; he did "field work" to investigate the wool and slave trade and consulted with merchants in preparation for his reflections in what was truly an enterprise in moral theology. He knew about natural prices, supply and demand, the productivity of money, and so on, but these economic realities did not eliminate the importance to the commonwealth of the virtues of prudence and justice. Indeed, the common good required such virtues. The Spanish Scholastics believed that buying and selling were moral actions rooted in free will, choices that were not subsumed by mechanistic market forces. Alonso-Lasheras has encouraged us to take seriously the ancient teaching that economics is a part of ethics—and, for people of faith, a part of moral theology.

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