
What St. Bernardine's Ass Could Teach the Bishops

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During the early 1400s, the city of Siena, Italy, was a leading commercial and industrial center, much like its northern neighbor Florence. And in this cradle of capitalism, the most popular figure was a Franciscan friar named Bernardine. His speeches so enraptured listeners that the town's church could not accommodate the crowds, and listeners had to gather in Siena's largest piazza.

The noise of the multitude swiftly faded as Bernardine commenced his homily: "Have you heard the story about the donkey of the three villages? It happened in the Valley of the Moon. There was a large shed close to the windmill. In order to take the grain to the mill, three villages agreed to buy a donkey and keep him in the shed.

"A dweller of the first town went for the donkey, took him to his home, loaded the animal's back with a heavy bag of wheat, and led him to the mill. During the milling, he released the ass so he could graze, but the fields had become barren because of heavy trading. When the wheat was milled, he collected the flour, loaded it on the donkey, and returned home. The man unloaded the ass and brought him to the shed, muttering to himself, 'He who used him yesterday must have given him a lot of grass. Surely, he is in no need now', and left the donkey.

"The following day, a villager from the second town went for the donkey. He took him to his farm, placed on him a heavier burden than the day before, and -without feeding him- led the animal to the mill. With the milling over and the flour already at home, the villager returned the donkey to the shed thinking that yesterday's user must have treated the animal well. And, yes, he left the donkey, saying, 'Oh, I am very busy today'. Two days had passed, and the donkey still did not have a bite.

"On the third day, someone from the third village arrived for the donkey and burdened him with the heaviest load yet. 'This donkey is owned by the Municipality', he remarked, 'so it must be strong'. And he took him to the

mill. But on the way back, with the wheat already milled, the donkey was sluggish and often halting. The villager had to whip him, and after a strenuous effort, they arrived at the shed. The villager complained, 'What an ass this Municipality bought to serve three towns! He is a piece of trash! That day also the donkey was not fed.

"Do you want to know how it ended? The fourth day, the poor beast collapsed and was torn to bits".

When the majority of U. S. Catholic bishops voiced their disapproval of the market economy in last year's pastoral letter, they exhibited not only a lack of understanding of how markets work but also an ignorance of their own religious heritage. For Catholic teaching includes a vital, though too often ignored, strain of free-market thought -that of late-medieval theologians like St. Bernardine.

Perhaps St. Bernardine's religious education, with its understanding of human imperfections, explains why he never regarded the authorities or the people as angels. He saw private property as the way to ensure that, in a nonangelical community, goods would be used for the betterment of society.

Nor was he alone. During the later middle ages, many leading churchmen hailed free-market principles. These were the Scholastics, or Schoolmen, "part-time" priests and full-time academicians who followed the Aristotelian, rationalist tradition of St. Thomas Aquinas. Most Scholastics were, like St. Bernardine, members of religious orders -Dominicans, Franciscans, Jesuits, or Augustinians- and taught in ecclesiastical schools.

Their work concentrated on ethical questions -What is good? What is just? -and their goal was to formulate a corpus of thought applicable to all areas of life. To clarify such issues, as whether high taxes are good or bad, for example, they first analyzed the causes and effects of taxation. In answering such questions, the Scholastics contributed to the development of economic knowledge and left behind an intellectual tradition far more compatible with prosperity, freedom, and even virtue than that preferred by too many of today's clerics.

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For example, Francisco de Vitoria, a Dominican of the early 1500s, argued that if goods were commonly owned, evil men and even thieves and misers would profit most. They would take more from the common barn and put in less, while good men would do the opposite.

Consistent with their defense of private property, several Schoolmen were strong critics of government abuses and often confronted the authorities. The outspoken Jesuit Juan de Mariana, who lived from 1535 to 1624, is beyond a doubt the best example -his criticisms landed him in jail. In a superb portrayal of bad governments, he described how the "rich and the good" become their prime victims. Tyrants "drain individual treasures. Every day they impose new taxes... They construct large, monstrous monuments but at the cost of the riches and over the protests of their subjects."

In 1619, another Scholastic, Pedro Fernandez Navarrete, chaplain to the Spanish king, argued that poverty was caused by the government's "great and wasteful spending on nonsensical factories, exquisite banquets... and continuous spectacles and parties." He criticized the enormous number of bureaucrats "sucking like harpies" on the government's wealth while poor workers could hardly maintain themselves. He concluded that "the only agreeable country is the one where no one is afraid of tax collectors."

Mariana, too, had few qualms about debunking bureaucrats. "We see ministers, recently risen from the dust of the earth, suddenly loaded with a thousand ducats in rent," he wrote. "Where is this money coming from, if it is not from the blood of the poor and the flesh of businessmen?"

He foresaw that a huge debt, oppressive taxes, and inflation were the natural outcome of big government. His analysis of how governments inflate their way out of their debts -a process he regarded as "infamous systematic robbery"- would later influence Adam Smith's analysis in the *Wealth of Nations* in 1776. If Mariana could read the bishop's pastoral letter on the U.S. economy, he would be amazed to see the major cause of poverty (creating dependence on government spending) touted as the solution (more welfare!).

Wages, profits, and rents, the Schoolmen determined are not for the government to decide. Profits are justified when they are obtained by buying and selling at just prices -market prices arrived at without fraud, force, or monopoly.

Duns Scotus, an influential Scholastic theologian who wrote in the late 13th century, had taken a different

approach. After demonstrating the usefulness of merchants and businessmen, he recommended that the good prince take steps to ensure adequate prices to cover both their costs and their risks.

In response, most Late Scholastics agreed that, while it is legitimate for manufacturers and tradesmen to earn a profit, it is impossible to establish an absolute level of the "just profit." St. Bernardine, for instance, cited the example of a merchant who buys a product in a province where its price was 100 and takes it to another province, where the current price is 200 or 300. "You can legally sell at that price which is current in that community," he declared. In the opposite case of buying at 100, then finding that the price has dropped to 50, St. Bernardine recognized that "it is the nature of business that sometimes you win and sometimes you lose."

Actions such as Lee Iacocca's or the semiconductor industry's requests for help from the government when their businesses are in danger would have been challenged by many Scholastic moralists. Juan de Mariana, for one, argued that entrepreneurs who, when confronted with losses, "cling to the magistrates as a shipwrecked person to a rock, and attempt to alleviate their difficulties at the cost of the state are the most pernicious of men...[and] must be rejected and avoided with extreme care."

Moralists though they were, the Scholastics extended their economic principles to practices they themselves thought immoral. Several Schoolmen concluded, in fact, that sinful or ignoble activities may be marketable and that those who were promised a reward for such activities are entitled to it and can even claim it in court.

One of the most colorful issues the Scholastics explored is whether a prostitute is entitled to keep the payments for her services. Their answer was cautious. As moralists, they condemned the act of prostitution. But they stated that such women do have the right to receive monetary compensation for their services. This attitude toward immoral acts put into practice Aquinas's principle that not every prohibition or recommendation of *moral* law needs a *temporal* law to enforce it.

St. Antonio of Florence, a 15th-century Dominican, noted that many sinful contracts are permitted for the good of the republic -although this does not mean that the acts are good. Prostitutes sin by prostituting themselves, he said, but not by receiving payment for doing so.

And reasoned Jesuit Antonio de Escobar a century later, although the sale of a prostitute's favors is evil, it causes pleasure, and things that cause pleasure merit a

price. Furthermore, a prostitute's fee is freely rendered - no one can claim to be forced to go to a brothel. Noting that most other Scholastic authors shared this conclusion, Escobar stated that we must reason in the same way when analyzing other types of profit obtained without fraud, lies, or extortion.

This leads me to reflect upon the tragedy of drug abuse. I can only speculate that, confronted with the issue, these Scholastics would first explain that the abuse of chemicals can be poisonous and therefore should not be done, then proceed to ask the following questions: Should we ban the sale of poisons? If we ban the sale of dangerous drugs, would that prevent people from acquiring them? Who would profit from such prohibition? They would then proceed to recommend courses of action consistent not only with their belief in the sacredness of the human body but also with the conclusions of rational analysis.

As moralists, the Schoolmen were concerned with the questions of how man should act. As economists, they understood that a "means" is that which serves the attainment of a goal and that the only way to judge the means is to see whether or not it is suitable to attain the end. Thus, when they opposed mandatory "family wages," it was not because they lacked concern for the family. Rather they saw that, from a legal and economic point of view, "need" could not be considered the basis for salaries. When they affirmed that prostitutes had a right to claim the agreed-upon price, they were not condoning

immorality -they were stating that society would be impossible if the attempt were made to outlaw all vices.

Civil authorities, they said, should endeavor to balance budgets, cut spending, reduce subsidies, and encourage development by keeping taxes moderate. Navarrete, perhaps the original "supply sider," realized that excessive taxation could reduce the king's income, as few people would be able to pay such high rates.

The Late Scholastics opposed price controls on wheat because, as the Jesuit Luis de Molina wrote, "we know that in times of scarcity the poor can rarely buy the wheat at the official price. On the contrary, the only ones who can are the powerful and the public ministers, because the sellers cannot resist their requests". And they opposed import duties on food because they reduced the standard of living of the poor.

Today, when the church has again joined the economic debate, one of the few authoritative voices heard in the Vatican pleading for free markets is that of Cardinal Joseph Hoffner, the Archbishop of Cologne and president of the German Bishops Conference and, not surprisingly, an expert on Scholastic economics. But the importance of the Scholastics extends beyond the church. F. A. Hayek, the Nobel laureate economist, has suggested that they can be considered the founders of modern free-market thought. All those concerned with the moral foundations of a free society can benefit from the teachings of these proficient theologians.