

# IN PURSUIT OF THE JUST WAGE: A COMPARISON OF REFORMATION AND COUNTER-REFORMATION ECONOMIC THOUGHT

BY

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## I. INTRODUCTION

Students of economic thought have long associated with the fifteenth and sixteenth centuries the spread of attitudes in Europe more tolerant of market processes. New economic attitudes appear in a variety of literary forms during the fifteenth century (McGovern 1970). As compared to the pronouncements of a number of Patristic figures, relatively greater tolerance of commerce is expressed by medieval theologians. In fact, recent scholarly efforts suggest that by the late thirteenth century, suspicions of economic activity remained, but Scholastic thinkers increasingly recognized the importance of an impersonal market process in everyday life and sought to find ways to understand it in light of their concern with natural order (Kaye 1998a). While condemning avarice, Scholastic writers such as San Antonino of Florence and San Bernadino of Sienna explicitly endorsed trade as legitimate when practiced for the common good and when associated with modest profit (Origo 1962; De Roover 1967). Recognition of this movement in thought, especially as it applied the concerns of economic justice to trade in commodities, is explicit in the literature of preclassical economics. But until recently, less attention has been paid to more specific developments in scholastic thinking on justice in the labor market.

In regard to the just wage, recent research on the Patristic and Roman legal sources of scholastic thought highlights the elements of bargaining, consent, and compulsion as key issues (Langholm 1998a, Noell 1998). Scholastic writers developed their conception of labor market justice in light of much earlier notions of neediness and voluntary exchange. Injustice in exchange was associated with collusion, fraud, or force.

Interestingly, when one turns to the works of the sixteenth century Protestant reformers, a similar emphasis is found on the significance of fraud and compul-

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sion as considerations in evaluating labor market justice. This discussion occurs alongside a distinctive formulation of labor as a divine calling. In the famous thesis of Max Weber (1904–05), the influence of Martin Luther and John Calvin's teaching on predestination and the Christian calling opened the way for (a) legitimate service of God through work outside the monastery and (b) the rational pursuit of profit in the marketplace for confirmation of individual election. Yet, in all of the voluminous literature surrounding the Weber Thesis and exploring the particular impact of the Protestant reformation on economic attitudes, little effort has been made to consider the primary works of men such as Luther and Calvin on the subject of labor market justice. Qualifying if not contradicting the Weber Thesis, researchers have demonstrated that both Luther and Calvin did not offer unabashed endorsements of commerce and the free market (Graham 1971, North 1975). But there has been no significant consideration of the reformers' discussion of the specific elements that make for economic justice or injustice with respect to wages, nor has there been any comparison with their predecessors in late medieval scholasticism or their contemporaries among Spanish scholasticism on this score.

This paper will attempt to fill the lacunae in the literature by exploring late medieval scholastic thought on the integral elements in the pursuit of the just wage and the way in which it lays the groundwork for subsequent conceptual and policy developments in the sixteenth century. As a consequence of earlier scholastic reflection, it can be asked, what is the nature of the directions taken on economic justice by the Protestant reformers and Hispanic scholastics? How do the distinctive approaches compare and contrast with regard to the moral parameters of free bargaining and the process by which labor market justice is pursued? This study argues that developments in reformation and counter-reformation thought on the just wage are grounded in the late medieval scholastic concepts of the common estimate of the market, bargaining, and economic compulsion. Both Protestant reformers and Hispanic scholastics employ and expand these concepts so as to emphasize the moral framework in which the just wage should be pursued in the labor market.

Luther employed scholastic reasoning in his analysis of trade, yet was more dubious than most of the scholastics of the ability of unbridled market activity to achieve equity. Both Luther and Calvin placed a distinctive emphasis on the Christian calling. Calvin in particular reproved economic compulsion and believed that the just wage should be pursued by bargaining in which employers and employees negotiate in light of their mutual responsibility before God. His view of sin as it afflicted human nature shaped his perspective on wage agreements and the necessity of government intervention to prohibit collusive activity by labor market coalitions.

The late scholastic thought of the counter-reformation, often associated with the School of Salamanca, gave more weight than the Protestant reformers to competition, the role of exit, and alternative opportunities available in the labor market in the pursuit of a fair wage. It opened the way for further discussion of the just wage, which focused increasingly on impersonal forces in the labor market. Nonetheless, Salamanca scholastics held that justice in the labor market was contingent on the actions of morally accountable agents.

Section II of this paper surveys the fourteenth- and fifteenth-century scholastic thought applying considerations of commutative justice to wages. It examines the nature of both economic compulsion and collusion in the labor market and possible remedies. In Section III, the writings of Luther and Calvin are explored for their distinctive contributions to the concept of the Christian calling and their understanding of economic justice. The moral parameters surrounding bargaining and Calvin's recommendations for policy towards wage agreements and labor market coalitions are discussed. Section IV describes the Salamancan scholastic analysis of the just wage. It examines the ways in which this analysis relied upon voluntary exchange, competition, and particular assumptions about the responsibility of employers and employees. Section V offers some concluding remarks on the similarities and dissimilarities of reformation and counter-reformation perspectives on the just wage.

## II. LATE MEDIEVAL SCHOLASTICS: EXCHANGE AND ECONOMIC COMPULSION

It is helpful to begin by describing the changing *loci* of scholastic economic thought prior to and after the Reformation. The works of Thomas Aquinas and others in the Paris Theological School of the twelfth and thirteenth centuries are often recognized as embodying the height of Scholastic thought (Chafuen 1986, Langholm 1992). Late Scholastic economic thought is associated with the period of the fifteenth and sixteenth century and with authors in Italy, Spain, and the Netherlands. Odd Langholm describes the movements in Scholastic economics:

When scholastic economics resumed some of its vigor in the early fifteenth century, its center of gravity had moved eastward, to the more recently founded German universities. On the eve of the Renaissance, it crossed the Alps and came to rest in Northern Italy, where it remained until after the Reformation. The Council of Trent marks the end of Italian hegemony in this area. The last great flourishing of scholasticism is then often associated with Salamanca and other Iberian universities in Spain's golden age, when economic subjects naturally found their place in the academic curriculum (1998a, pp. 9–10).

As this transition occurs, discussion of justice in exchange, and particularly the just wage, develops in reliance upon sources in the Scriptures, Patristics, Roman law, and canon law. This discussion reflects a broadly growing acceptance of the place of the market process in the fourteenth century and gives evidence of a perceived need to both model this process and appraise it (Kaye 1998a).

Thomas Aquinas and other scholastics brought to bear considerations of commutative justice in evaluating market transactions; that is, they inquired into the equivalence between what is given and what is received in return. Langholm asserts that "if there is one thing that they insisted upon, it was that economic exchange, and other uses of personal wealth, are moral acts, subject to the demands of justice and charity" (1998b, p. 444). An economic transaction was a moral matter in that a just price should be received by the seller and should be paid by the buyer.

Here it is important to distinguish between two different interpretations of

justice in exchange in the scholastic literature. Modern scholarship has demonstrated that most of the Schoolmen considered the just price to be the “normal and customary price” determined in a competitive market, in the absence of fraud or coercion (De Roover 1955, 1958; Baldwin, 1959; Gordon 1975; Worland 1977; Friedman 1980). To pursue and achieve justice in exchange, fair bargaining resulting in voluntary agreement had to characterize market interaction. The consent of both parties was necessary. Todd Lowry (1994) has shown that this principle of voluntarism stems from the ancient Greek principle of justice in exchange, viz., “any trade voluntarily entered into is *prima facie* just to both parties” (p. 33). This Aristotelian concept of justice in exchange became embedded in Roman law in the form of *recta ratio*, right reason, which allowed that fair bargaining would achieve justice in exchange much as in a decision by a court or legislative body, and would also foster distributive justice.<sup>1</sup> Aquinas and other Scholastics drew upon this tradition in formulating their understanding of just price.

Recent research has shown that discussion of the just wage employed the same reasoning and applied similar considerations (Noell 1998). Scholastics following Aquinas would make numerous statements “of the analogy between price and wage determination . . . Wage is the price of labor and is subject to the rules of commutative justice” (Langholm 1998a, p.132). Langholm has observed that:

whenever economic exchange was being discussed, one of the fundamental principles of scholastic ethics in the medieval period was that honest labor deserves its material reward. The adage repeatedly stated in the Bible that “the laborer is worthy of his hire,” and other scriptural texts to this effect, interpreted in material terms, was commonplace (Langholm 1998a, p. 119).

The prominent fourteenth-century Italian Scholastics Sant’Antonino and San Bernardino also understood the just wage to be established by common estimation in the labor market. Antonino considered justice to be achieved when employers hire, direct, and pay workers this wage without any fraud (De Roover 1968, pp. 283–84). Antonino considered any payment of less than this wage “contrary to the equality of justice; it is like buying a commodity for less than the just price owing to the need of the seller” (Langholm 1998a, p.132). In this discussion it seems clear that the Italian scholastics were discussing fair wages primarily in the light of commutative justice. Considerations of distributive justice<sup>2</sup> were secondary.

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<sup>1</sup> Lowry (1994) shows that the principle of justice in distribution (“I divide and you choose”) tied both parties to an exchange to voluntary choices that they could not legitimately question. The earliest discussion of distributive justice in ancient Greek thought was over the proper division of gains, such as from the spoils of war, in which the principle of divide and choose was tied to the notion that “a voluntary choice could not give rise to an injustice to the chooser” (p. 32). My thanks to an anonymous referee for some helpful observations in this regard. For a modern discussion of these questions that recognizes developments in the history of voluntarism, see Brams and Taylor (1996).

<sup>2</sup> Aquinas said that distributive justice is that “justice which distributes common goods proportionately” (1365, II-II, qu. 61, art.1). Defining distributive justice in reference to common goods of necessity seemed to link discussions of the just wage directly to commutative justice considerations only.

The older interpretation of the just wage understood it primarily as a vehicle of distributive justice, designed to maintain each worker and employer in their place in the medieval social hierarchy (Tawney 1926, pp. 41–42). In general the just price would be set to cover production costs and no more. The just price would be set high enough to pay a worker his fair wages in accord with his status, i.e., “enough to enable him to maintain the standard of living of his class” (O’Brien 1920, p. 112). Profits were said to arise from charging more than the just price and thus were often condemned as avarice; this teaching stifled merchant activity and the spread of markets. This interpretation was popular among economic historians in the early twentieth century who depicted some aspects of the origins of modern capitalism in the widespread influence of the Protestant reformation. But in fact one finds little evidence for the “status” interpretation of just price in the primary sources of scholasticism (De Roover 1957, 1958; Baldwin 1959). It is best understood as a minority position held by Heinrich von Langenstein, a nominalist schoolman of the fourteenth century who “stood outside the main current of Scholastic thought” (De Roover 1958, p. 420). The “status” understanding of the just wage flies in the face of the actual perspective held by the Italian scholastics.

Institutionalized trading, relying upon established markets and changing prices, was clearly a pre-Reformation phenomenon which Scholastic writers recognized.<sup>3</sup> As Joel Kaye observes, they employed a conception of market pricing that apprehends “the shifting estimation of value in the marketplace, recognizes the varying effects of scarcity and need on changing prices, and accepts the necessity to anticipate and calculate in order to minimize loss and maximize gain” (1998b, p. 378). While medieval trade was not nearly on a scale comparable to twenty-first century capitalism, nonetheless the rational pursuit of profit by firms under a calculable legal system flourished in fourteenth century Italy. Being cognizant of the growth of these practices, the Italian Scholastics “were not opposed to the rational conduct of business or even to the profit-seeking motive, if profit was not sought for its own sake” (De Roover 1974, p. 345). In Italy urban labor markets grew with the spread of institutionalized commerce, and Schoolmen there such as Antonino and Bernardino were familiar with the particular labor market features associated with silk and wool textile industries (De Roover 1968, p. 278). In this economic context they wrote of the just wage being established by the common estimate of participants in the labor market.

An eye for the customary establishment of the exchange rate in the labor market was applied by San Bernardino. In effect, he utilized the concept of scarcity and particular human capital considerations in explaining the determination of wages. Bernard De Roover describes Bernardino’s reasoning:

<sup>3</sup> Recently, Richard Grassby (1999) has argued that one can rightly “associate the rise of capitalism with the preindustrial European economy” (p. 30). Grassby identifies this form of preindustrial capitalism as a “commercial capitalism” largely though not exclusively centered around land and other natural resources (p. 28). Even in the largely agrarian economy of Europe in the fourteenth and fifteenth centuries, commerce and finance were growing in importance, though the great commercial revolution had to wait until the sixteenth and seventeenth centuries De Roover (1966) shows that the Medici of the fourteenth century were driven to rationally pursue wealth, and Tawney (1926) finds “plenty of the ‘capitalist spirit’ in fifteenth-century Venice and Florence, or in south Germany and Flanders” (p. 316). Further examples are given in Robertson (1933) and MacKinnon (1993).

Why an architect is better paid than a stonecutter or a ditchdigger, San Bernardino explains, is because the former's job requires more intelligence, greater ability, and longer training and that, consequently, fewer qualify. For the same reasons, the commander of an army receives more pay than a knight and a knight, more than a foot soldier. Wage differentials are thus to be explained by scarcity because skilled workers are less numerous than unskilled and high positions require even a very unusual combination of skills and abilities (1967, p. 24).

Italian scholastics were forthright in recognizing not only the reality but the justice of wage differentials paid through market processes.

By the fourteenth century, most scholastics were explicit in ceding the establishment of justice in exchange through voluntary interaction and fair bargaining. At the same time discussion proceeded about the elements of economic injustice. Aquinas had stated that injustice occurs when injury is done to a person against that person's will, that is, the action is involuntary, "and this may be done secretly by fraud, or openly by violence" (1365, II-II, qu.61, art.3).<sup>4</sup> In this regard, Aquinas and other scholastic thinkers addressed ignorance and coercion in both the product and labor markets and the possibility of economic injustice being suffered *involuntarily*. Langholm notes the content and scope of Aquinas' discussion:

In economics, ignorance pertains to fraud. Fraud appears in the title of Thomas Aquinas' question about justice in exchange in the *Summa theologiae*, and is more specifically the subject of its second and third articles. They denounce falsification in regard to substance, quantity and quality of commodities, and discuss what kinds of withholding of information amount to fraud in the moral sense. As Aquinas points out elsewhere, the right of buyers and sellers to outwit or "deceive" (*decipere*) one another granted them by Roman law, does not amount to a general licence to commit fraud (1992, p. 235).

Following Aquinas, the thirteenth century Church Doctor Peter Olivi also affirmed that consent was crucial; where ignorance meant fraud, a market exchange was unjust. Langholm explains that Olivi argued that:

A price is not just if one of the parties' consent must be considered "involuntary owing to ignorance (*ignorantia*) or inexperience (*imperitia*)", if it should happen to "proceed, expressly or supposedly, from such a degree of fickleness (*levitas*) or defect of will that it ought to have none or insufficient force of law or justice" (1998b, p. 461).

This understanding of involuntary exchange drew upon the Roman law as it found expression in thirteenth century Europe, and became integral to the legal understanding of contracts. Langholm elaborates on the meaning of consent in exchange: "In the European legal tradition, contractual validity requires consent. A sale is unjust if consent is lacking, and no one can be said to consent to terms of exchange which he does not know or understand" (1998b, p. 461).

<sup>4</sup> Aquinas's discussion of the issue of free bargaining as against economic duress was certainly the most influential in the literature, though the question may have been first introduced in the thirteenth century by William of Auxerre (Langholm 1992, p. 234).

There remained the possibility of bargaining advantage, which the scholastics observed could be in the hands of employers or, at certain times, wielded by the workers. With the spread of plague through the Black Death in the mid-fourteenth century, laborers ironically gained bargaining advantage. Peasants gained significant advantages in land tenure since landlords held untenanted cropland. Landlords became more willing to negotiate for tenants. Commercial towns were hardest hit by repeated outbreaks of the plague, which dramatically lowered the number of skilled workmen. In both town and countryside wages rose as laborers exercised their newly found advantage in negotiating with masters and landlords; the movement of wages further fostered the notion that through market processes of negotiation wages would be rightly ordered.<sup>5</sup>

Scholastic thought suggested that a laborer with a particularly scarce skill had leverage over an employer. In this line of reasoning, Gerald Odonis and other fourteenth-century doctors relied on the analogy between commodity prices and wages. Odonis placed “a focus on the wage earner in a strong bargaining position, just as the merchant was usually seen as a seller in a strong bargaining position.” This position was obtained due to “the skill and scarcity of a much-sought-after craftsman [which enables] him to drive a hard bargain and earn a high wage.” Both Aquinas and Antonino said that this higher wage “may be justified unless he oversteps certain limits in his use of power”; that is, by extorting an excessive salary, a skilled laborer sins against justice (Langholm 1998a, p. 132).

While the scarcity of labor gave workers some leverage, employers often retained the advantage in bargaining. In this circumstance, a worker might accept a particular wage under some form of duress, i.e., economic compulsion. The scholastics singled out economic compulsion as particularly unjust, and observed that in general it occurred where the power which one party possessed due to some advantage (in goods, money, and/or skills) was “used to obtain unfair terms of exchange from an opposite party in need or poverty” (Langholm 1998b, p. 464).

In the labor market, the low income of workers and dependency on their employers could provide the basis for such compulsion. Antonino observed the weak bargaining position of laborers and claimed that “it was as unfair and sinful to pay less than the just wage because a worker had mouths to feed as it was unfair to pay less than the just price because of a seller’s urgent need of cash” (De Roover 1967, p. 25). Furthermore, Antonino condemned late payment, payment in bad money, and payment in kind with food, cloth, or shoddy materials (Langholm 1998a, p. 133). Yet if the worker voluntarily agreed to be paid in kind, no harm was done. Antonino did find fault where “the contract stipulated payment in money and the substitutes received had to be sold at a loss.” It was the responsibility of the employer to compensate the worker, “for the laborer received other things against his will” (Langholm 1998a, p. 133).

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<sup>5</sup> My thanks to an anonymous referee for this observation. Kaye (1998b, p. 383) adds that “the dismal failure of repeated government attempts to fix prices and wages at pre-plague levels strengthened the perception of the monetized market’s capacity to determine its own levels and equivalences—to order itself.”

For the late medieval scholastics, remedies for economic injustice relied on exhortations to employers regarding the level and timing of wage payments. Aquinas declared that “manual laborers should be paid a subsistence wage, and ... it should be paid promptly because they lived from hand to mouth” (Langholm 1998b, p. 476). Italian scholastics focused on restoring conditions of fair bargaining. Speaking of Bernardino and Antonino, Barry Gordon asserts that both “put the greatest stress on the free interplay of market forces, in the absence of private monopoly, as the foundation for justice in exchange” (1975, p. 235). Antonino, in particular, was familiar with the activity of guilds and other labor market combinations in the textile industry of Florence.<sup>6</sup> He disapproved of both employer and employee combinations. Though he recognized the possibility of laborers being at a disadvantage in bargaining power as compared to their employers, Antonino still rejected combinations of laborers as a viable solution. Moreover, Antonino and Bernardino both considered any form of organized coalition in the labor market that sought to arrange market prices to their advantage a violation of commutative justice.<sup>7</sup> Employers were exhorted to be fair in their dealings with laborers and were bound by conscience to the golden rule. But periodically, in both commodity and labor markets, there would be the need for impartial observers to establish the common estimate. Impartial observers, including magistrates or confessors, would need “to check or correct prices in singular exchange situations out of contact with a market, or when market conditions are irregular or less than competitive because of genuine dearth or contrived monopolies, corners and collusions, all of which were familiar phenomena in the medieval world” (Langholm 1992, p. 231). Collusion in the labor market might require that the just wage be set by legal rule.<sup>8</sup>

In both product and labor markets, it was crucial for the market process to check economic compulsion. Indeed, by the fifteenth century this function was an especially salutary feature of markets, for the scholastics held that “the market price is just because the market offers protection against economic compulsion. In the market, no one can force the price of individual transactions above or below market value, because there will be better alternatives. Competition between sellers protects buyers, and vice versa” (Langholm 1998b, p. 469). Competition among employers offered protection against wages set unreasonably low due to compulsion; exhortations to employers not to take advantage of laborers in dire need supplemented the role of competition.

By the time of the Protestant reformation in the sixteenth century, there was general agreement among scholastics on several facets of the just wage. Justice in the labor market was to be pursued through fair bargaining, and wages should be set according to the market’s common estimate in the absence of fraud or violence. Beyond physical violence, economic compulsion was possible due to

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<sup>6</sup> Recent research has found that the medieval guild, as an organization of master craftsmen, was in fact “an association of employers who banded together to foster their self-interest” (Epstein 1991, p. 3).

<sup>7</sup> For a discussion of the connection between this position and Adam Smith’s understanding of labor market justice, see Noell (1995).

<sup>8</sup> See Friedman (1980) for a discussion of how just price can be explained as a means to establish price in cases of bilateral monopoly as found in medieval Europe.



disadvantages in bargaining power held by either the employee or employer; competition in the labor market could check such compulsion. Collusion associated with labor market combinations might require an impartial observer to establish the just wage, possibly reinforced by legal rule.

Prior to the time of the widespread influence of the Spanish scholastics, the Protestant reformation occurred in Northern and Central Europe. Leading reformers highlighted significant aspects of Biblical teaching regarding the Christian's calling and its implications for understanding occupations, features that had been essentially ignored in scholastic discussion of the laborer and his or her fair wages. At the same time, important elements of scholastic teaching on the just wage were extended—particularly by John Calvin.

### III. PROTESTANT REFORMERS: CALLING, FAIR PAY AND MUTUAL ACCOUNTABILITY

Both Martin Luther and John Calvin were very familiar with the teachings of the Catholic Church in both breadth and depth, from issues found in soteriology and ecclesiology to questions regarding the ethics of economic life. They each drew upon sources in the early Church and Middle Ages, though Calvin was more reliant upon the Patristics than Luther. These leading lights of the Protestant Reformation spurned the Catholic Church's teaching on justification and sanctification. Mixed in their use of elements of Scholastic teaching on economic justice, their perspective on trade and justice in the labor market emphasized the responsibility of the wealthy and/or employers and the radical significance of the Christian calling for understanding work in the world. Calvin was less hostile to trade than Luther, and his thought developed particular elements found in the Scholastic teaching on economic injustice. Calvin's influence in Geneva also led to the implementation of specific policies aimed at achieving labor market justice.

#### *Luther*

It is well known that Luther's view of work stressed the *Beruf*, the Christian calling to serve God in the world in every day work and not merely in a monastery. Luther emphasized the priesthood of every believer and their obligation to serve God in church and in the world. It is true that, prior to Luther, the Dominicans and Franciscans as distinctive mendicant orders had sought to enter the world in order to preach to urban areas and affirm the Christian's place outside the monastery. Michael Lessnoff expands on this point:

Whereas the Benedictines and Cistercians had taught that the world is utterly sinful, so that assurance of salvation can be achieved only by the monk who withdraws from it (and the layman's best hope also is through the monk's prayers), the message of the friars was that holiness and salvation could be achieved by Christian behaviour in the secular world (1994, pp. 22–23).

Nonetheless, Luther's distinctive emphasis was on individual salvation by justification through faith alone in Christ, apart from the need for an earthly mediator. Luther proclaimed that this salvation worked itself out in the Christian calling to serve God and others in many different occupations as a believer-priest:

A cobbler, a smith, a peasant—each has the work and office of his trade, and yet they are all alike consecrated priests and bishops. Further, everyone must benefit and serve every other by means of his own work or office so that in this way many kinds of work may be done for the bodily and spiritual welfare of the community, just as all the members of the body serve one another (1520, p. 130).

Luther's affirmation of the need to serve God by serving others in one's calling naturally leads us to consider how this is accomplished in different occupations, particularly in light of his evaluation of merchants, trade, and the just price.

It is quite evident from a reading of Luther's essay "Trade and Usury" (1524) that he regarded merchants and commerce with suspicion. Though Luther was familiar with canon law and the writings of the Scholastics, he did not consistently employ in his discussion of trade the concept of just price as the price set by common estimate in the market. In fact, Luther spoke out against the common rule found among merchants that "I may sell my goods as dear as I can." He called this practice "injustice" and stated that "on such a basis trade can be nothing but robbing and stealing the property of others" (1524, pp. 247–48).<sup>9</sup>

Luther's concern about injustice in exchange led him to take up the possibility of price regulation. He noted that it is impossible to fix the price of every good according to a rule, since wares are not all alike; one is transported a greater distance than another and one involves greater outlay than another" (1524, p. 249). Much like Aquinas (1365, II-II, qu. 77), Luther's recognition of difference in cost and risk led him to acknowledge the justice of the merchant receiving compensation for costs and risk taking. Luther added that laborers likewise deserve their fair compensation:

Now it is fair and right that a merchant take as much profit on his wares as will reimburse him for their cost and compensate him for his trouble, his labor and his risk. Even a farmhand must have food and pay for his labor. Who can serve or labor for nothing? The gospel says, "The laborer deserves his wages" [Luke 10:7] (1524, p. 249).

Here Luther comes as close as anywhere else in his writings to expressing his understanding of the just wage. Fair pay involves compensation for all the costs of labor, monetary and physical (the sweat on the farmhand's brow).

Then Luther proceeded to apply his cost-based understanding of commutative justice. Initially he recommended that the local government establish prices and

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<sup>9</sup> In one of his sermons on the Decalogue (1528), Luther linked fraudulent business practice to selling at an unjust price, but here, unfortunately, he is unclear. On the one hand, Luther suggested that the theft proscribed in the seventh commandment "applies in every trade and profession." Indeed, he equated charging too much for meat with burglary (1528, p. 156). At the same time, Luther stated in this sermon that "Anyone may sell what he has for the highest price he can get, so long as he cheats no one" (1528, p. 156).

income for the merchant. He wrote that it would be best “to have the temporal authorities appoint in this matter wise and honest men to compute the costs of all sorts of wares and accordingly set prices which would enable the merchant to get along and provide for him an adequate living . . .” (1524, p. 249). Here Luther is not describing an instance in which collusion or local monopoly require impartial observers, hence he seems to be following the “status” understanding of the just price. However, practical considerations led Luther to suggest that the common estimate established by the market often must be applied in pursuit of the just price. Germans have too many temporal distractions for local rulers to fix prices justly, thus “the next best thing is to let goods be valued at the price for which they are bought and sold in the common market, or in the land generally” (Luther 1524, p. 250). He added “where the price of goods is not fixed either by law or custom, and you must fix it yourself, here one can truly give you no instructions but only lay it on your conscience to be careful not to overcharge your neighbor, and to seek a modest living, not the goals of greed” (1524, p. 250). Luther does not discuss the application of this reasoning to bargaining between labor market participants.

Luther’s distinctive emphasis on the individual priesthood of the believer and the significance of serving God in a calling in the world as such a priest was clear; his instructions to merchants and workers regarding the pursuit of economic justice was a bit muddled. Perhaps we can understand the lack of lucidity in light of the fact that Luther often was preoccupied with strictly theological matters such as the nature of justification by faith. While familiar with the scholastic authors, he did not dwell long on the literature on justice in exchange. Still, it is evident that Luther was more skeptical than the schoolmen about the ability of unbridled market activity to achieve equity for each and every participant.

### *Calvin*

Calvin’s perspective on trade and profits differs to some degree from Luther’s viewpoint. In Calvin’s Geneva in the sixteenth century, of necessity a number of economic changes had to be addressed. Calvin was aware of the growth of financial institutions and urban labor markets that went alongside expanded trade. In addition, Protestant refugees fled to Geneva from France and often brought few material assets with them. The realities of dependence upon commerce for livelihoods was not lost on Calvin.

Calvin’s thought is distinguished by his use of commercial illustrations, which in turn he relied upon for specific applications to the Christian laborer and his or her calling. Commenting on the parable of the talents, Calvin stated that:

Those who employ usefully whatever God has committed to them are said to be engaged in *trading*. The life of the godly is justly compared to *trading*, for they ought naturally to exchange and barter with each other, in order to maintain intercourse; and the industry with which every man discharges the office assigned him, the calling itself, the power of acting properly, and other gifts, are reckoned to be so many kinds of *merchandise*; because the use or

object which they have in view is, to promote mutual intercourse among men (1536b, ii, p. 443).

In the *Institutes of the Christian Religion* (1559) Calvin had introduced his concept of the calling. He declared that God “has appointed duties for every man in his particular way of life,” which is their calling (1559, bk.3, 10, p. 724). Much like Luther, Calvin understood that one could glorify God in a calling to a wide scope of occupations, from the obscure to the prominent, from maid to magistrate, stating that “no task will be so sordid and base, provided you obey your calling in it, that it will not shine and be reckoned very precious in God’s sight” (1559, bk. 3, 10, p. 725).

For Calvin, the appropriateness of one’s calling was to be judged by the end it had in view; it was legitimate as long as it served the mutual benefit of others. Speaking of God’s view of vocations, Calvin claimed “it is certain that no occupation will be approved by him which is not useful and that does not serve the common good and that also redounds to the profit of everyone” (1563c, p. 457). For Calvin, piety in one’s labor did not involve a flight from the world and withdrawal from the needs of others. It meant the glorification of God in one’s daily labor as applied to a variety of occupations. W. Fred Graham explains how Calvin saw the trades of Geneva in light of the gospel’s portrayal of man in sin:

for Calvin the real world was to be taken seriously, and for him the real world involved shoemakers, painters, and clockmakers, as well as farmers, scholars, knights, and clergymen. Calvin’s world-affirming theology is quite apparent. Where Luther views with alarm the evidences of evil in the commerce he sees, Calvin grimly assumes that *all* human enterprise is tainted with evil—a safe assumption—and sets about to make the gospel relevant to the city of commerce in which he lived and labored (1971, p. 79).

Willem Balke summarizes this concept of the calling under the notion of disciplined work as a *legitima divina vocatio*; he adds that Calvin “broke through the whole conflict between agrarian labor, as life with God, and business and economics, as life in sin. Calvin championed the concept that the whole of life must stand under the dominion of Christ” (1981, p. 269). Calvin affirmed the legitimacy of the pursuit of God’s calling in commerce as an arena of service before God. Though he did not explicitly refer to the scholastic term “just price,” Calvin was not hesitant to address the question of justice with respect to wages in the labor market for those following God’s call.

In his commentaries on Scripture, Calvin prescribed the preconditions for payment of just remuneration indirectly by citing forms of injustice. From his exegesis of particular passages we find several features that apply here. First it is clear that labor operating under State coercion must be compensated. Calvin observed the woes pronounced by the Old Testament prophet Jeremiah on monarchs who forced citizens to work without pay. Referring to Jeremiah 22:13, Calvin described the injustice of the kings: “they wronged their neighbours, by demanding and extorting labours without rewarding them . . . for they employed their neighbours, as though they were slaves, in building houses and palaces, for they denied them their wages” (1576, iii, p. 95). A second aspect of economic

justice is prompt payment. Employers oppressed workers by delaying their wage payment; Calvin applied the Mosaic case law against theft to the employment of subsistence workers and reasoned that “if a hireling suffers from want because we do not pay him what he has earned, we are by our very delay alone convicted of unrighteousness” (1563a, iii, p. 113). It is evident Calvin was concerned that institutional injustice towards the laborer, whether it stemmed from public or private sources, be ended.

While Calvin addressed the issue of fair pay established by bargaining, he did not explicitly discuss how the common estimate of a just wage was found. He did exhort employers in regards to adequate pay. Calvin stated that God desires “to correct the cruelty of the rich who employ poor people in their service and yet do not sufficiently compensate them for their labor” (1555, Sermon 142, Deuteronomy 25:1–4). In general, Calvin considered wages to be a gift from God. Thus the just wage should be established on the basis of an understanding of mutual responsibility before God. In effect Calvin taught that such a consideration should frame the bargaining that takes place between employers and employees. Describing Calvin’s perspective on the two parties, Biéler observes of the salary that:

Both receive it from God and both ought to receive it as coming from God. Such is the preliminary condition for determining a just salary. Its exact amount can be established only if the partners (employer and employee) are aware that they are fully responsible before God for the fruits which they receive from their good and from their work. In this case they must set the amount of their salary by common agreement, freely, with full awareness of their responsibility (1964, p. 48).

Acknowledgment of their income as ultimately a gift of God provides the motivation for employer and employee to come to consensus on the just wage.

Calvin considered the example of unemployed individuals faced with a disadvantage in bargaining power, and rebuked employers who “defraud” them:

The rich often . . . spy for occasions and opportunities to cut down by half the wages of poor people who need employment. “This man is completely destitute,” the rich murmurs at seeing a poor unemployed; “I will have him for a morsel of bread because, in spite of his opposition, he shall have to put himself at my mercy. I will give him half-wages, and he shall have to be contented with it.” When we use such hardness, even though we do not retain his salary, we are truly cruel, and we defraud a poor man (1555, Sermon 140, Deuteronomy 24: 14–18).

Without directly appealing to scholastic sources, here Calvin was employing the concept of economic compulsion. Calvin was blunt in describing the iniquity of employers who exploited their workers in this fashion. Calvin enjoined employers to consider the ultimate consequences of paying their laborers an unjust wage:

When the poor whom you have employed at work, and who put their work, their sweat, and their blood for you, have not been paid what is right, when you do not give them comfort and support; if they demand vengeance from God against you; who will be your lawyer, or your advocate, so that you will be able to escape? (1555, Sermon 125, Deuteronomy 22: 1–4).

Thus, much like the scholastics, Calvin wrestled with the ethical dimensions of the circumstance where the laborer is at a disadvantage relative to the employer. If there was economic compulsion, the just wage would not be obtained through voluntary interaction.

Calvin's stature in Geneva rose during his second tenure, and he was influential in municipal economic policy. He became an active consultant to the city government (Kingdon 1975, p. 216). The city council found his skill as a trained lawyer to be extremely useful.<sup>10</sup> As part of his advice in regard to the labor market, Calvin advocated contractual regulations to guarantee salaries. Commenting on Genesis 29 and Laban's interaction with Jacob over the proper level of wages, Calvin used this discussion as an opportunity to recommend wage agreements as a means to address unjust payment:

And God has engraven in man's nature a law of equity . . . for men seldom err in general principles, and therefore, with one mouth, confess that every man ought to receive what is his due; but as soon as they descend to their own affairs, perverse self-love blinds them, or at least envelopes them in such clouds that they are carried in an opposite course . . . For, whence arise so many legal broils, except that everyone is more liberal towards himself, and more niggardly towards others than he ought to be? Therefore, for the purpose of cherishing concord, firm compacts are necessary, which may prevent injustice on one side or the other (1578, ii, pp. 129–30).

Here Calvin posits a view of human nature afflicted by sin, a perspective that came to be designated the "total depravity" of the sinner. Human nature is touched in every area by sin, including the will. While late medieval scholastics refer to the payment of unjust wages as sinful, they do not employ as extensive of a view of sin as found in Reformed thought. Contemplating the moral positions of employers and employees, Calvin held that though both parties are sinful, particularly in seeking an advantage, they remain accountable to God to be equitable in their dealings with each other. Wage agreements constraining individual avarice were needed to establish peace between the parties in the labor market. Calvin believed that local government intervention would be required to check the possible cupidity of each of the bargaining parties and direct them to bargain fairly.

At the same time Calvin spoke out against granting labor market coalitions particular privileges in the law. The Genevan Council banned labor coalitions during Calvin's time there. In 1557 the Council prohibited by ordinance both coalitions of journeymen and coalitions of masters that acted to restrain competition. Such a policy was instigated at the behest of Calvin to deal with labor problems in the printing industry. Included in the ordinance was a ban on collusion. As Graham notes, "masters were prohibited from plotting together to set a wage standard policy, and journeymen were likewise forbidden to band together to agree on a standard wage below which they would not work" (1971, p. 137). Neither Calvin nor the scholastic Sant'Antonino trusted labor market coalitions to achieve economic justice, though Calvin went further in advocating

<sup>10</sup> His advice was usually accepted on matters as wide ranging as methods of heating, matrimonial questions, and protection against fire (Foster 1908, p. 429).

the prohibition of any form of labor market collusion. Nonetheless, Calvin did not explicitly appeal to the need to maintain competition as a reliable check against economic compulsion. Instead, he supported the efforts of the Genevan Council to intervene in the printing industry dispute and insure that fair bargaining occurred between masters and their employees (Graham 1971, p. 137).

Calvin's understanding of the Christian calling shaped his understanding of labor market justice in a number of ways. Wages were the gift of God for those pursuing their calling, an obligation of service for all persons created in the image of God; idleness distracted individuals from the pursuit of their calling and deprived them of this compensation. Wage agreements could prevent the payment of unjust wages, and Calvin exhorted employers not to defraud their workers, but he was not willing to endorse employee rights that could be asserted through combinations of laborers. In this regard Calvin's teaching appears to fall into the framework of "assertable rights," a tradition in Christian thought which framed the obligation of "the prosperous and the powerful" to God and to the poor to be benevolent and just. This tradition allowed the poor to implore the rich of this duty, but rarely treated this obligation "as an enforceable right of the poor" (Lowry and Gordon 1998, p. 8).<sup>11</sup>

Calvin was presented with opportunities to act on his understanding of the place of work in glorifying God. For example, he was particularly concerned with the religious refugees that had entered Geneva to find employment in the 1540s and 1550s. To this end Calvin spurred on the development of the weaving industry in Geneva, and also assisted in the establishment of the manufacture of silk tissues (Biéler 1964, p. 46).<sup>12</sup> It is here, in both Calvin's exegesis and activities in Geneva, that we find the origins of a "Protestant Work Ethic." But even more significant for Calvin's contribution to the development of thinking on the just wage is his recognition of the problem of sinful human nature and his emphasis on the mutual responsibility of employers and employees before God to come to a just consensus in bargaining. Calvin's perspective offers both significant similarities and important contrasts to the late scholastic approach to the pursuit of the just wage.

#### IV. HISPANIC SCHOLASTICS: COMPETITION AND ALTERNATIVE OPPORTUNITIES

The counter-reformation in Europe in the sixteenth century represented the effort of the Roman Catholic Church, through the Council of Trent and other means, to repress Protestantism where possible and affirm the Catholic understanding

<sup>11</sup> Further development of this tradition is found in Nitsch's (1998) essay on social righteousness in the New Testament and Firey's (1998) discussion of the Augustinian, later Patristic, and medieval Christian teaching on duties towards the poor. I thank an anonymous referee for calling this train of thought to my attention.

<sup>12</sup> The Genevan Council proclaimed that each man ought to work six days a week, without celebrating festivals, except on Sunday, which was a public holiday. The refugee who left France to live and work in Geneva found that he lost about a dozen festival holidays annually due to this policy (Biéler 1964, p. 46).

of justification by faith and the place of authority in the Church. The economic thought associated with the time of the Counter-Reformation, most often identified with the Spanish scholastics, did not directly interact with the works of the Protestant reformers. Sixteenth- and early seventeenth- century Catholic thinkers, many of whom (but not all) wrote from Salamanca, are often designated the late scholastics or Hispanic scholastics.<sup>13</sup> Representative examples include the Dominicans Thomas De Vio (Cardinal Cajetan) and Domingo De Soto, the Jesuit Juan Molina, and Leonard Lessuis of the Netherlands.

Joseph Schumpeter (1954), Marjorie Grice-Hutchinson (1978), and more recently Murray Rothbard (1995) brought the attention of economists to the significance of the Hispanic scholastic school. Schumpeter found that the late scholastic analysis of justice in exchange had evolved to the point where the just price was to be identified not merely with “*normal* competitive price but with any competitive price (*communis estimatio fori* or *pretium currens*). Wherever such a price existed, it was ‘just’ to pay and to accept it, whatever the consequences might be for the trading parties . . .” (1954, p. 98). This sweeping statement regarding the consequences of competitive exchange needs to be qualified, as there were Salamancan doctors who raised the possibility of economic compulsion and the need to account for it in the labor market. Nonetheless, it is true that the distributive consequences of competitive prices were downplayed by the Salamancans, who characterized a range for the just price rather than a specific value. Francisco G. Camacho explains that “just price is any price within the margin allowed by justice. As the redistribution of the income effects between buyer and seller is indeterminate so the just price has to be considered indeterminate within the just margin” (1998, p. 524). Students of Hispanic scholasticism have suggested that this direction in the analysis of just price, with its stress on the place of competition, prefigured the eighteenth-century Enlightenment emphasis on the impersonal forces of the market.

Cajetan, the sixteenth century commentator on Aquinas, presents an example of the movement of economic ethics towards the impersonal. Cajetan discussed a scenario in which the sale of a good by one party is due to need, but is nonetheless not to be considered involuntary. He affirmed that in the case in which there are many buyers able and desiring to purchase a commodity, a higher just price will result. For the same commodity, when the seller is needy and buyers are few, Cajetan rejected the notion that the resulting lower price is unjust because such a sale would be involuntary:

A price is not rendered unjust *ex causa*, for instance, if someone is led to sell by necessity and thus not voluntarily, for the want by which someone is forced to sell (*inopia qua cogitur quis ad vendendum*) does not render the sale involuntary, because otherwise also a sale made at the higher level of the just price (*rigido pretio*) would be rendered involuntary, which is patently false (cited in Langholm 1998a, p. 114).

<sup>13</sup> Langholm has qualified this designation due to several factors: “The tradition is sometimes referred to loosely as the School of Salamanca to indicate its origin and nucleus, but a number of its major contributors were, in fact, based elsewhere in the Iberian Peninsula, and with Spain’s domination it spread to the north, particularly to the Netherlands” (1998a, p. 11).



Here the understanding of the significance of a seller's (or buyer's) need for purposes of analysis seems to be changing. We begin to see a contrast in counter-reformation economic thought with that of earlier scholastics and the Protestant reformers. Langholm elaborates:

By specifying different modes of exchange, and by referring explicitly to the number of buyers and to other critical determinants of supply and demand (as his followers regularly did as well), Cajetan endorses (or invites the endorsement of) a freer play of bargaining power than the medieval scholastic masters were inclined to do. In view of the development of commercial techniques and institutions from the primitive marketplace of the past, an acknowledgment of alternative ways of conducting business, with different normal rates of exchange ensuing, is natural and reasonable, but it inevitably points the further development of economic ethics in a certain direction (cited in Langholm 1998a, pp. 115–16).

In late scholastic market analysis the direction referred to here allows for greater acceptance of impersonal economic forces.

This tendency is evident as we consider the Late Scholastic discussion of the determination of the level of the just wage. Lessius treated wage determination as a particular case of his general theory of pricing. He posed the question “What may be judged the fair remuneration of workers, servants and people performing some office?” His immediate answer was that it is the rate “customarily paid in a given place over a given period” (cited in Gordon 1975, p. 263). Lessius followed Aquinas and other schoolmen in observing that the just wage was tied to a particular time and place and varied according to custom. Molina also defined a just wage in terms of customary practice. He wrote:

After considering the service that an individual undertakes and the large or small number of people who at the same time are found in similar service, if the wage that is set for him is at least the lowest wage that is customarily set in that region at that time for people in such service, the wage is considered to be just (cited in Chafuen 1986, p. 125).

Drawing on the longstanding tradition of *laesio enormis*, which found damage to the buyer who paid fifty percent above the just price and to the seller who sold at fifty percent below the just price, Molina declared that “a wage is legal if it falls somewhere between 50 percent above or below the just wage. Only when a salary constitutes less than half the just wage will the employer be obliged to compensate the laborer for the difference” (cited in Chaufen 1986, pp. 126–27). Molina and others would point to noteworthy examples where such compensation was due—instances of involuntary exchange. In such instances where the market did not apply “right reason” as expected, the Salamancans required the application of *recta ratio* by a group of judges to establish “a price within the margin allowed by justice” (Camacho 1998, p. 524).

The Salamancans drew upon scholastic tradition in examining unjust exchange. Alejandro Chafuen observes that “The Late Scholastics deemed a sale involuntary whenever it took place in the context of violence, fraud or ignorance” (1986, p. 112). As Domingo De Soto put it, “a thing is worth what it can be sold for ‘in the absence of force, fraud, and deceit by which voluntariness is removed in

the buyer” (cited in Camacho 1998, p. 534). What constituted voluntary exchange? The transaction must take place on the basis of the free accord of each party. Camacho elaborates: “The terms of exchange or price must be truly voluntary and not a necessary consequence of the circumstances. Between the circumstances and the just price there exists the consent of the free agents, and such consent can not disappear and must be free” (cited in Camacho 1998, p. 528). Domingo de Soto asserted that consent was a key criterion in evaluating the level of pay for employees. His maxim was that “if they freely accepted their job, it must be just.” Speaking of servants in particular, he declared that “no injury is done to those who gave their consent.” And Soto was explicit in recommending the exit strategy for laborers who believed they received less than their due: “if you do not want to serve for that salary, leave!” (cited in Chafuen 1986, pp. 126–27).

While Cajetan had suggested that economic need was not relevant analytically, other late scholastics still accounted for it substantively in their guidance for employers (Langholm 1998a, p. 114). Both Molina and Lessius found that there was a range for the just wage depending on market conditions. But they each also contended that a laborer’s need must be recognized. Langholm summarizes their position:

the just terms of sales and labor contracts vary with supply and demand. A price may be low because there are few buyers, and a seller may be forced by his need to sell at this low price, though a buyer should never pay less than what is just, given the circumstances, for this is intrinsically evil. Similarly, if someone will hire a servant, he cannot pay less than the just wage because of the servant’s need, but ought either to abstain from the contract or to fulfill the intrinsic obligation (Langholm 1998a, p. 136).

But even this moral guidance to the employer was qualified by appeal to the market. As earlier church doctors had pointed to the role of the market in checking economic compulsion, so Hispanic scholastics contended that both the buyer and seller of labor services should look for alternative opportunities in the labor market. Langholm expands on the significance of the presence of other potential employers:

If someone is forced by need to accept employment at a wage he considers to be below his worth, it does not follow that the master is obliged to raise it. It depends on whether there are other masters willing to pay more. Then his present master should pay more, or the servant can easily find another job. It may be, however, that the just wage is low because there are few masters seeking this kind of service. In short, let the servant seek employment elsewhere. If he can find no one willing to pay him more, it means that his wage is just (Langholm 1998a, p. 136).

In pointing to the pursuit of alternative opportunities and the strategy of exit, the Salamancans were highlighting the more impersonal elements of the labor market. But this direction in scholastic reasoning did not mean that justice was to be understood merely as a product of blind economic forces.

The Spanish doctors presumed that the market would arrive at a just wage

out of the consent<sup>14</sup> of the two parties, both of whom had moral accountability to their Creator. Camacho explains that the Salamancans presumed in their discussion of economic justice “an *ethical and responsible subject* whose knowledge of the economic circumstances (shortage or abundance of goods, number of buyers and sellers, quantity of money) never deprives him of his moral responsibility” (1998, p. 528). Morally accountable employers needed to recognize and not exploit the position of their employees in bargaining over wage payments. Langholm has argued the Salamancan treatment of instances of weak bargaining power of sellers of labor market services represents a key aspect of their thinking on the just wage. He contends that “the idea that taking advantage of such weak bargaining positions represents misuse of economic power as well was clearly on the wane. This is the aspect most relevant to late-scholastic wages doctrine” (1998a, p. 128). It is true that one finds little discussion of the implications of sinful human nature for commutative injustice in Salamancan scholasticism. However, less stress on the notion of economic compulsion did not mean that the late scholastics abandoned their concept of the mutual accountability of each party in bargaining; they still held that justice in the labor market might or might not be achieved depending upon the actions of morally responsible agents. As Camacho suggests, the late scholastics had not adopted a Newtonian “socially necessary rationality” regarding the bargaining associated with market adjustments. Camacho contends that:

haggling to the scholastics was a *real and purposive* process, not a theoretical and mechanical ideal. Free bargaining is an operative process, but it has to be understood as a finalist contingent process, not as a necessary efficient one; its reaching of a just price depends on the behaviour of free economic agents and, therefore, the end of justice could be missed or rejected (1998, pp. 532–33).

In line with the scholastic tradition, with its emphasis on consent, and in line as well with Calvin, in stressing the mutual duty of employers and employees, Salamancan scholastics articulated a Christian concept of the just wage that depended both on competition and morally accountable labor market participants.

## V. CONCLUSION

Scholastic thought on the just wage unfolded as labor markets grew in scale in European urban areas in the thirteenth through fifteenth centuries. Protestant thought on justice in the labor market developed along with changing work patterns in Northern and Central Europe in the sixteenth century. Sant’Antonino, San Bernardino, Luther and Calvin were all preachers of the gospel, and each was quite attentive to economic conditions, particularly as they affected workers.

There are significant similarities in the approaches of the scholastics and Calvin to labor market justice. The Italian scholastics found that the just wage

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<sup>14</sup> Camacho qualifies the Schoolmen’s understanding of consent: “In scholastic philosophy, consent does not commonly function as a *sufficient* principle of legitimacy, though without consent there is not a valid contract, it is a *necessary* condition but *not a sufficient one*” (1998, p. 533).

would be established by common estimate, in the absence of collusion and fraud. They condemned unjust wages paid as a result of economic compulsion, and they understood combinations of either employers or employees to gain bargaining advantage as violations of commutative justice. While Calvin condemned fraud and employers who took advantage of bargaining power over their workers, he also opposed labor market combinations. In general, Calvin was more tolerant of market forces than Luther, as evidenced by Calvin's appeal to commercial examples in this exegesis and his recommendation of formal contracts to resolve labor market disputes.

On the other hand, the doctrines of the individual priesthood of the believer and the significance of serving God in a calling in the world distinguish Protestant Reformed teaching on labor from that of scholasticism. Late scholastics do not address the significance of the Christian's calling for issues of labor market justice. Calvin's emphasis on the importance of work and its just remuneration helps provide the basis for the Protestant Work Ethic as part of the Weber Thesis.<sup>15</sup>

The analysis of scholastic wage doctrine and the teachings of the Protestant reformers leads one to spurn a simple reading of another facet of the Weber Thesis, concerning the attitudes of the pre-Reformation Church towards trade and market activity in general. The notion that the schoolmen's hostility towards trade and profits stifled the rise of commercial capitalism in medieval times, and that it was only after the Reformation that market-oriented economic activity was tolerated, should be rejected as a caricature.<sup>16</sup> Unfortunately, some students of Weber combined this notion with the minority position of Langenstein in regards to the just price and just wage. The "status" interpretation of the just wage was appealing to Richard H. Tawney (1926) and others who disparaged the rise of commercial capitalism, its influence upon Christian teaching on wealth and business profits, and particularly the introduction of the social ill of competitive market exchange. However, the vast majority of Church doctors from the thirteenth through the fifteenth centuries understood the just wage to be the common estimate established by participants in the labor market in the absence of fraud and collusion.

Both pre-reformation and counter-reformation scholastic thought understood the just wage to be a product of the common estimate of morally accountable participants in free bargaining. Common estimation again presumed moral agency. The just wage had to be pursued by responsible moral agents who exercised their wills in the absence of fraud and coercion. Camacho describes the scholastic economic psychology; it was such that "the will was considered a *moral faculty*, an elective faculty or a rational appetite that is sharply set off from knowledge on the one hand and action, considered simply as motion, on the other. In scholastic economic thought *common estimation* is the product of both ..." (1998, p. 535). Likewise, Calvin affirmed the mutual accountability of

<sup>15</sup> Novak (1993) describes the formation of a Catholic Ethic connecting work and liberty which is associated with the "spirit of capitalism." He finds its genesis in key papal pronouncements in the period of the 1890s to 1990s.

<sup>16</sup> A recent study that provides further evidence refuting this argument is Ekelund, Hébert, Tollison, Anderson, and Davidson (1996).

each party in the bargaining process to will and to act equitably in dealing with the other, in light of the grace of God which ultimately provides their respective incomes.

Compared to both late medieval and Salamancan scholastic thought, Calvin laid greater stress on the implications of sin for the pursuit of economic justice. One might argue that Calvin believed the evil of economic compulsion was sufficiently strong so that it would not be checked by market competition. Certainly this is an inference from Calvin's thought, as he did not make explicit statements to this effect; but Calvin clearly did support efforts by local government to pursue labor market justice.

Spanish scholasticism highlighted the function of competition and initiated an emphasis on the role of impersonal forces in the market in bringing about the just wage. But late scholastic thought also understood that economic justice came about as a process of discovery through the participation of morally responsible agents, so that the labor market "can never be a foolproof device" for discovering the just wage (Worland 1981, p. 282). Camacho explains that, "Adjustment to the equivalence of the just price was seen as a free process regulated by virtue, not by blind economic forces" (1998, p. 556). Rather than perceiving commutative justice in the labor market to be an inevitable consequence of amoral economic forces, the Hispanic scholastics held that the just wage was to be pursued by bargaining as an endeavor in which free moral agents could succeed or fail.

This paper's analysis can be extended to consider the seventeenth-century Protestant natural-law theorists who drew upon the wellspring of late scholastic thought. In their discussion of commutative justice, Hugo Grotius and Samuel Pufendorf laid almost exclusive stress on impersonal market forces. Their analysis of economic justice provides a link between Scholasticism and the Scottish Enlightenment in the natural law tradition (Young and Gordon 1992). Further examination of this connection would likely broaden our appreciation of the development of the concept of the just wage and add to our understanding of the original place of economics as an application of moral philosophy.

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