Abstract

As a consequence of the enormous amount of gold and silver coming from the overseas territories of the Spanish empire, the Spanish scholastics identified the causal relationships which are responsible of the economic growth as private property, contracts, public budgets, fiscal policy, international commerce or inflation, to name a few.

First, the study introduces a proposal of classification of the School of Salamanca’s authors which allows a tracking of their ideas about the property and subjective rights. The study introduces also a classification into a Spanish School of Economics, due to the identification of principles of economic growth defended by the Spanish scholastics. Secondly, the study analyzes the institutional evolution of the ideas on property and subjective rights during the XVI and XVII centuries from Francisco de Vitoria to the figure of Juan de Mariana.

Spanish scholastics clearly explained main economic concepts and moral institutions which have been reflected in the works of later authors. They added powerful arguments to the strict protection of the private property and the subjective rights of the citizens against the reason of State and the tyrants, which are key concepts of an open society.
Keywords: History of Economic Thought, School of Salamanca, Property Rights, Law and Economics, Spanish School of Economics.

JEL codes: B15, K11, K12, O43, P16.

1. Introduction

The discovery of America in year 1492 meant that intellectuals had to analyze new issues that concerned the meeting of two worlds, as a result of the new flow of people, goods and services, which was a type of first globalization.

The readings of the books written by the late Spanish scholastics, who were the professors who taught in the XVI and XVII centuries in the Spanish universities (like Salamanca, Alcala de Henares, Toledo, Valencia and others), show that many authors handled with ease issues that are relevant in today’s society. Some of these issues are, property rights, international law, the principle of consent of the citizens, the role of government, taxes, the public budget, the public deficit, the indebtedness of the State, the relationship between prices and costs, the market price, the interest rates, the alteration of the value of the currency or the international trade.

The main objective of this working paper is to analyze the institutional evolution of property rights and subjective rights in the XVI and XVII centuries in Spain, by comparing ideas and arguments of the principal authors of the School of Salamanca with other late Spanish scholastics.

The study aims to answer two important questions. First, is there a classification of the late Spanish scholastics which allows the analysis of the institutional evolution with their arguments on important economic concepts? Secondly, how was the evolution of the defense of the property rights and the subjective rights in the XVI and XVII centuries in Spain?

In order to answer the first question, we will have to refer to the second point of this study, where we indicate two possible classifications of the late scholastics during the sixteenth and seventeenth centuries in Spain, carried out around the Salamanca School of Economics. According to the research done in the last years, it has been extended with more scholastics authors, allowing a more extended classification which could be known as the Spanish School of Economics. We believe that these are proper classifications for the study of the institutional evolution of economic concepts, which consist of an open and multidisciplinary approach to the authors of the XVI and XVII centuries in Spain.

In the third point of the study, we analyze the Spanish scholastic ideas around the origin of society with private properties, the way of justifying ownership, the legal hierarchy of possessions, the theory of property and the limits to the private property rights from the State, not only in authors of the School of Salamanca but also in other independent scholastic writers, who inherited and refined some ideas with unique contributions to the development of political economy.
In the last section, we will draw conclusions about the commonalities between the late Spanish scholastics that can be used to support their classification into the Salamanca School of Economics, as the source of a research movement based on the natural law, applied to the analysis of economic issues in the Spain of the XVI and XVII centuries.

We will also draw conclusions about these commonalities with a wider group of Spanish scholastics, which can contribute to a bigger classification into the Spanish School of Economics, including authors of the Salamanca School and other late Spanish scholastics, which can be grouped due to their important contributions, as a collective of authors who identified many essential concepts in the political economy.

It must be taken into account, during the reading of this study, that the natural Law can be studied not only from a religious approach, as did the late Spanish scholastics during the XVI and XVII centuries, but also from an agnostic point of view, or even with an atheist approach, just because of the importance of the individual rights which are inherent and immanent to the nature of a free man; and which are directly related, through the property rights and subjective rights, firstly, with the principles of the economic growth (valid at any time and any region) and, secondly, with the rule of Law proper of an open society.

2. Classification of the late Spanish scholastics

In recent decades, the name School of Salamanca has been accepted by a majority of economic historians by the dissemination of the scholar work of the professor Marjorie Grice-Hutchinson. The British author proposed the name School of Salamanca, initiated by Jose Larraz (1943). But she widespread the use of this name in economic affairs, as in other disciplines, and also defended the use of the more generic term “Spanish scholasticism”.

In any case, we must point out that the research of professor Grice-Hutchinson (1952) demonstrated how the thought of the late Spanish scholastics was essential in the establishment and spread of the first notions of market and its operation to the rest of Europe.

Also professor Joseph Schumpeter introduced the late Spanish scholastics in his History of Economic Analysis (1954) as “founders of Economics” and, again, professor Murray Rothbard noted the great work of the Spanish scholastics in his History of Economic Thought (1999), just to name a few examples that confirm the importance that have gradually been acquiring the ideas of the late Spanish scholastics, due to the latest research in the history of economic thought.

In order to analyze and answer the questions posed in the introduction, we will try to find a proper classification of the late Spanish scholastics, which should facilitate the identification and the study of the evolution of institutions responsible for the economic growth.
2.1. Previous classifications of the late Spanish scholastics

The School of Salamanca has been classified as a school of theology by Barrientos, as well as a school of law by Schwartz. However, Pereña and Gómez Camacho, and other professors think that it is not logical to do a separation of the school of Spanish scholastics in different disciplines.

The late Spanish scholastics argued legal concepts, but also theological, philosophical, economic and political ideas, which belong to the broad range of subjects covering the social sciences. Over time, universities have fragmented the study of the social sciences to be more specialized making the research more difficult, with multidisciplinary approaches.

2.2. The Salamanca School of Economics

However, even taking into account the different interpretations in the past, we understand that in the field of history of economic thought, the classification of the late Spanish scholastics, which was proposed recently by the professors Luis Perdices and Julio Lopez Revuelta, used the name of Salamanca School of Economics because, as we shall see later, it helps address the analysis of the evolution of institutions responsible for economic growth:

1. It features the founder, Francisco de Vitoria, who’s a central figure in the School of Salamanca. He promoted the study of human struggles by applying the doctrine of Thomas Aquinas and introducing the civil rights of the people and the international Law, and spread his knowledge from his professorship at the University of Salamanca.

2. It distinguishes a first circle of disciples, who learned the concepts of the natural law directly from Francisco de Vitoria at the University of Salamanca and, among others it contains the following scholastics authors: Domingo de Soto, Diego de Covarrubias, Melchor Cano, Martin Azpilcueta, Diego Chaves, Juan Gil de la Nava, Mancio of Corpus Christi, Vincent Barron and Martin Ledesma.

3. It is considered a second circle, where we find authors who received ideas about the natural institutions from the first circle and not directly from Francisco de Vitoria, and it consists of authors such as: Juan de Atienzo, Manuel Acosta, Pinelo Arias, Juan Orozco, Antonio Padilla, Francisco Sarmiento de Mendoza, Diego Perez de Salamanca, Bartolomé de Albornoz, Domingo Báñez, Pedro de Pravia, Tomas de Mercado, Bartolomé de Medina, Juan de Ribera y Luis de León. And, additionally, it also includes other authors, such as: Pedro de Sotomayor, Juan de la Peña, Francisco Suárez, Leonard Lessius and Gregorio de Valencia, among others.

4. The third circle consists of authors who have studied or taught at Salamanca but they did not receive direct lessons from Francisco de Vitoria and the first
circle. Among others, it consists of the following authors: Fernando Vázquez de Menchaca, Cristóbal de Villalón, Luis de Molina, Pedro de Aragón, Juan de Salas, Pedro de Valencia, Alonso de Veracruz, Fernán Pérez de Oliva, and Francisco Cervantes de Salazar.

5. And finally, it is considered an outer circle of authors, who are not associated with the School of Salamanca. However, they received credit for the influence, to a greater or lesser extent, even without having a direct relationship with the University of Salamanca or receiving education from the central figure and his disciples. This group included the Jesuit Juan de Mariana and, among others, the following authors: Juan de Lugo, Juan de Medina, Bartolomé de Carranza, Bartolomé de las Casas, Luis de Alcalá, Luis Sarabía de la Calle, Pedro de Fonseca, Miguel Salón, Juan Blas Navarro, Cristóbal de Fonseca, Gabriel del Toro, Francisco García, Pedro de Oñate, Domingo Muriel, Pedro de Ortigosa, José de Herrera, Pedro de Arguto, Luis López, Domingo de Santo Tomás, Esteban de Ávila, Juan Pérez Menacho, Miguel de Agia, Antonio de Hervias, Sebastián de Santa María, Juan de Lorenzana, Juan Ramírez, Juan Contreras, Domingo de Salazar, and Andrés de Tordehumos.

These are the authors cited in the research work (Perdices de Blas & Revuelta López, 2011). In our modest opinion and following the broad and comprehensive approach of their classification, other scholastics with written works can be added with the results of further investigations. For instance, some additional scholastics are cited by (Barrientos, 2011):

- Authors who qualify for inclusion in the **first circle**: Miguel de Palacio Salazar.
- Authors who can be included in the **second circle**: Pedro de Aragón, Pedro de Ledesma, Pedro Fernández, Juan de Roa Dávila, Enrique de Villalobos.
- Authors who can be added in the **third circle**: Basilio Ponce de León, Francisco Araujo, José Anglés, Manuel Rodríguez, Francisco de Toledo, Marcos Serra, Fernando de Castropalao, Pedro de Tapia, Juan Caramuel y Lobowitz, Martín Esparza Artieda, Andrés Mendo, Andrés de la Madre de Dios.
- Authors who may join the **outer circle** in Spain:
  - Diego Lainez, Antonio de Córdoba, Luis López, Pedro de Navarra, Miguel Bartolomé Salón, Alonso de Vega, Jerónimo Llamas, Juan Azor, Juan Zapata y Sandoval, Gabriel Vázquez, Juan de la Cruz, Luis De Torres, Luis de San Juan Evangelista, Melchor de Soria y Vera, Tomás Sánchez, Gaspar Hurtado, Félique de la Cruz Vasconcelllos, Juan Gil Trullench, Luis de Caspe, Zacarías Pasqualigo, José Rocafull, Antonio Escobar y Mendoza, Pedro Aingo de Ezpeleta, Juan Martínez de Padro, Acacio March de Velasco, Bartolomé Mastro de Meldola, José Méndez de San Juan, Esteban Fagundez, y Bernardo de Nieva.
- And other authors who can be also included in the **outer circle**, because they received an influence from the Salamanca School, but they were born and published their works in other European nations are:
Portugal (Manuel Sa, Fernando Rebello, Baptista Fragoso, y Benito Pereira), Italy (Jacobo de Graffio, Juan Baptista Corrado, Paulo Comitoli, Marcelo Megalio, Bartolomé de San Fausto, Vicente Filiucci, Andrés Molvesio, Martín Bonacina, Vicente Cándido, Juan Inocencio Dicastillo, Zacarías Pascualigo, Francisco Amico, Tomás Tambrurini, Carlo Mallet, Bartolomé Mastrio de Mendoza, y Antonio Diana); France (Valerio Reginaldo, Esteban Bauny, Luis Bertrand, Eligio Basseo, Francisco de Buena Esperanza y Luis Bertrand Loth); Belgium (Leonardo Lessio –cited before–, Juan Malder, Francisco Sylvio, y Juan Wiggers); Holland (Guillermo Herincx, y Martín Becano); England (Gregorio Sayr); Scotland (Jacobo Gordon); Germany (Hernann Bussembaum); y Austria (Paulo Layman, y Adam Tanner).

The broad amount of authors confirm that the Spanish economic thought during the sixteenth and seventeenth centuries exerted a strong impact on the European academic world in that time and, consequently, was cited and widely disseminated in Spain, Europe y America.

In summary, we take the additional information researched by professor Barrientos in order to sort the authors within the broader classification of professors Luis Perdices and Julio Lopez Revuelta into the Salamanca School of Economics. We understand this broad classification is proper for the study of Economics in general and, also, it is useful for our purpose of study, which is to analyze the institutional evolution of property and subjective rights. These are universal principles for the economic growth of any territory, and at any time, during the history of the economic thought and they were also identified by the late Spanish scholastics.

We claim with this work the validity of the classification into the Salamanca School of Economics, explained by professors Luis Perdices de Blas and Julio Lopez Revuelta into the Salamanca School of Economics, which is increased in number of authors throughout this study. It is worthwhile in order to analyze in detail how some main economic institutions were evolved in the XVI and XVII centuries like, for example, the defense of private property and the principle of consent of citizens.

A broad classification under the name of the Salamanca School of Economics allows the analyze of these authors with the multidisciplinary approach where:

1) A large majority of these authors were applying the natural law teachings of the central figure of Francisco de Vitoria with the type of intermediate rights named as people’s law, which are considered above the civil rights of the positive law and are the origin of property rights and subjective rights.

2) These authors used the people’s law and, therefore, the property rights and subjective rights as moral institutions for the analysis of economic issues, what served as a base to do their scholastic arguments on issues of political economy as diverse as, for example: the public budgets, taxes, the money and
its functions, the international trade, the right price, the market or, even, the functions of the King (or “mutatis mutandis” the modern state).

It is included on Graph 1 of the Annex to visualize the extent of the Salamanca School of Economics (central figure and first, second and third circles) and, although it was not the main purpose of this study, we believe it contains the large majority of their scholastics.

Although, as shown on a Graph 2 of the Annex, the fact remains that we consider that too many authors are external to the Salamanca School, of whom either did not receive their lessons or did not cite works of their members (or both), but whom received influence of the Salamanca School and, because of that, they are grouped in an outer circle, such as the Jesuit Juan de Mariana, who is an author whose ideas are also mentioned in this study.

Graph 1 allows an overview of the scholastics of the School of Salamanca and Graph 2 shows the scope and influence in Spain, reached by the seminal ideas of Francisco de Vitoria and his disciples from the University of Salamanca.

This classification requires abandoning purist academic ideas and adopts a multidisciplinary vision of the School of Salamanca, because it allows a research approach about the ideas defended, as a collective, by the late Spanish scholastics that were influenced by the central figure, Francisco de Vitoria. This is important in case we want to have an overview of the important economic issues discussed by the scholastics with the methodological base of the natural law, which observes each person as a human being with rights inherent and inseparable from its status as a free man and, therefore, allows the defense of their property rights and subjective rights against the reason of State and the tyrants.

2.3. The Spanish School of Economics

Using the line of research work with a broad approach to the Spanish scholastics, we think that for the purpose of this study and in order to analyze the institutional evolution of the property and subjective rights, the authors of the outer circle could be grouped together with those of the Salamanca School of Economics by means of a new denomination, more widely, as the Spanish School of Economics, as shown in Graph 2 of the Annex.

The Spanish authors of the outer circle did not teach at the city of Salamanca, although they taught and wrote from other Spanish cities such as Alcala de Henares, Toledo, Valladolid and Valencia, among others.

However, we believe it is possible to group in a broader classification, which can be called the Spanish School of Economics and includes the entire group of Spanish scholastics who maintained the same approach to the study of the economic affairs, which was focused in the natural law and in the justification of property rights due to their better consequences for the economic growth and wealth of the population. The main academic reasons to proceed in this way are the following:
a) As a collective of authors, they did the identification of important economic concepts that constitute **principles of economic growth** and, among others\(^{24}\), the following:

1) Importance of the international trade\(^ {25}\), 2) Defense of the private contracts\(^ {26}\) and the private property\(^ {27}\), 3) Defense of subjective right of citizens\(^ {28}\), 4) Roles of the State\(^ {29}\) and the defense of the principle of consent of citizens\(^ {30}\), 5) Importance of fulfillment of private contracts\(^ {31}\), 6) Explanation on no-relation between prices and costs\(^ {32}\), 7) Modern taxation principles\(^ {33}\), 8) The ‘natural’ market price\(^ {34}\), 9) The need of balance in public budget\(^ {35}\), 10) The origin of money and its functions\(^ {36}\), 11) the importance of operations of the banking system\(^ {37}\), 12) The principle of time preference\(^ {38}\), 13) the interest rate\(^ {39}\) on loans due to the pass of time with risk and loss of profits, 14) the importance of letters of credit\(^ {40}\), 15) the quantitative theory of money\(^ {41}\), 16) the law of offer and demand\(^ {42}\), 17) the distortion effects of increases in the monetary offer which is today known as inflation\(^ {43}\), 18) the theory of subjective value of goods\(^ {44}\), 19) the impossibility of organizing a society through coercive commands due to the lack of information\(^ {45}\), 20) the dynamic nature of the market process\(^ {46}\), 21) the impossibility of the equilibrium model\(^ {47}\) may represent the market order, understood as an extensive, spontaneous and complex order of human collaboration or, also, 22) the importance of the natural law tradition\(^ {48}\).

b) All authors were contemporaries and belonged to religious orders and, therefore, knew the **central works of Francisco de Vitoria and his disciples**. Therefore, in a vast majority of cases, they cited them in their books or, at least, reflected in their writings the ideas which were originated by the authors of the University of Salamanca. Of course, Salamanca was the main city which acted as academic reference in Spain in the sixteenth and seventeenth centuries, but it was not the only university from where the ideas of the Spanish scholastics were spread to Europe and America.

c) All authors developed their arguments on economic issues with the common bases of the **natural law** and a **consequentialist justification of private property**, which were developed by the School of Salamanca and are the core of knowledge of the late Spanish scholastics.

d) All authors spread this core knowledge through their books and teachings throughout Europe and America, with a common approach to the study of economic issues, **focused on the protection of property rights and their relation with the political power** of the King and his royal court, or “mutatis mutandis” their relation with the roles of the State.

e) They did their teachings and writings mainly in universities of Spain in the sixteenth and seventeenth centuries, but also in universities throughout Europe and America. So, the classification must include the teachings and publishings
of late Spanish scholastics in Spain and also in Europe and the overseas territories in America and Asia (Philippines), who applied the same approach to the study of the economic issues.

We understand that the above requirements are complementary, and not mutually exclusive, and are important academic reasons to include all authors into a Spanish School of Economics, as shown in the Graph 2.

This school of authors identified many important economic concepts that constitute the principles of economic growth, as we have mentioned above. Their economic concepts were totally developed with the core ideas around the Salamanca University, with the seminal ideas of Francisco de Vitoria and his disciples. Their economic contributions were spread during later centuries in works of further authors of Europe and America.

3. The institutional evolution of property and subjective rights in XVI and XVII centuries in Spain

In order to investigate the moral institutions of property and subjective rights in the late Spanish scholastics, we will use the latest broad classification and we will discuss the ideas of the following prominent authors: Francisco de Vitoria (1483-1546), Domingo de Soto (1494-1570), Martín de Azpilcueta (1492-1586), Tomas de Mercado (1530-1576), Francisco Suárez (1548-1617), Luis de Molina (1535-1601), Juan de Mariana (1536-1624) and Juan de Lugo (1583-1660).

3.1. The beginning of the defense of private property as moral institution

The work *Summa Theologica* of Thomas Aquinas (1225-1274) established the mainstream of the Catholic scholastic for the recovery of an ‘active’ conception of the natural rights, which were established by the Roman Law as, for instance, the reasons for arguing the right to preserve one’s life and the property rights, inherent and immanent to the own nature of a free man.

The concept of property right triumphed as a result of the promulgation of the bull *Quia vir reprobus* (1329) of Pope John XXII (1249-1334), for which the property was: ‘natural to man, maintained by the divine law and could not be circumvented’. This was the end of the disputes between the Franciscan doctrine of poverty and the Dominican doctrine of Thomas Aquino that advocated that the man had possessions.

However, the Spanish scholastics of the sixteenth and seventeenth centuries had to resolve some contradictions in the work of Aquinas. They established a new hierarchy of laws, which was spread throughout Europe and America with the concept of “natural law”, in order to allow the defense of the private property and individual
rights against the decisions and positive laws of the King and his court (or ‘mutatis mutandis’ the State).

3.2. The origin of society with private property

The central figure of the Spanish Scholastic, Francisco de Vitoria (1483-1546), maintained the canonist tradition collected in the Decree Gratian (1140)\(^53\), which established the origin of the society with private property on the basis of the Christian idea of an idyllic original state of humanity, known as golden age. Then, all things were common to all men but, after the fall of the man in sin, the demands of the aggressive and hard life in society required a division of possessions.

The first circle of direct disciples of Francisco de Vitoria, together with most of late Spanish scholastics, kept the same theory of society.

However, in the late sixteenth century and early seventeenth century, the Jesuits began to explain a different conception of the origin of society. For example, the author Juan de Mariana (1536-1624) –outer circle– argued the origin of a society with private property on the ‘\textit{iura humanitatis}’ of Roman law\(^54\) due to the necessity of collaboration between men to satisfy their needs and adapt to a hostile environment\(^55\).

3.3. The justification of private property

There is a common characteristic that is general in all the late Spanish scholastics, which consists in exposing the shortcomings of the common property, as did Thomas Aquinas. For this reason, they always presented a consequentialist theory of rejection in their works to the common property due to the better provision of goods with the private property\(^56\).

The ideas of the School of Salamanca in the sixteenth century, by the authors of the circles first, second and third, were always argued maintaining a consequentialist justification of the private properties due to its suitability for the development of men\(^57\).

The consequentialist explanation of private property was used during the sixteenth and seventeenth centuries by all the late Spanish Scholastic writers. Therefore, also the outer circle made a consequentialist justification\(^58\) of private property, such as Juan de Mariana, who regarded men as social animals who need the private property to provide the goods properly.

Thus, the common basis to study the economic issues in all late Spanish scholastics is the use of natural law and the consequentialist theory of rejection towards common property and the acceptance of private property, allowing a broad classification, as shows in the Graph 2\(^59\), into the Spanish School of Economy.
3.4. The legal hierarchy of possessions

The hierarchy of rights was deduced by Francisco de Vitoria and spread by his disciples of the Salamanca School (Graph 1). He improved the status of private property against the reason of State of that time, due to the introduction of people’s law, which is halfway between civil law and the natural rights.

Francisco de Vitoria had to resolve the contradictions that presented the work of Thomas Aquinas in relation to the categorization of possessions. Aquinas thought first that the division of property was natural, that is, inherent and inseparable from human nature but, then, he catalogued the private property as a human right.

Francisco de Vitoria developed an intermediate category between natural law and civil law, which he called people’s law, and he could justify the entrenchment of rights in society through the general use, similarly to the British ‘common law’, which is confirmed by the facts (and not by the words) of humans and, for instance, allow the private ownership of property.

Francisco de Vitoria was the source of both, the international law and the people’s law. However, his disciple Domingo de Soto wrote the ideas of his master and allowed the validation of the division of the possessions in a private way for its suitability for the development and the acquisition of goods.

In summary, the School of Salamanca understood that possessions were common to all men by natural Law and, then, people’s law appears midway between natural law and civil law. The people’s law validated the private property by the extensive use made of the same, for instance, by the very fact it occurs, but in any case, not due to a meeting or explicit consensus of men because, then, it falls into the scope of civil Law.

Thus, people’s law provides a moral conception of private possessions which allows a defense of citizens to face the coercion exercised by a State, but without reaching the level of protection which would provide a natural institution.

Francisco de Vitoria introduced people’s law to justify a moral defense of private property and most of the disciples of the School of Salamanca followed the doctrine of people’s law in the first, second and third circles of the proposed classification (Graph 1), what can identify the people’s law for the defense of private property as the common substrate and the main institutional base to analyze the economic issues, which is a strong reason to classify those authors under the denomination of the School of Salamanca of Economics (Graph 1).

One can observe the people’s law in all the authors of the School of Salamanca of Economics and, among others in: Domingo de Soto (1494-1570) –first circle–, Francisco Suarez (1548-1617) –second circle–, Fernando Vázquez de Menchaca (1512-1569) and Luis de Molina (1535-1601) –third circle–.

The use of people’s law is an institutional feature that allows a grouping of the central figure and the authors of first, second and third circles into the denomination of the Salamanca School of Economics (Graph 1). Although there is an exception, Tomas de Mercado (1530-1576) –second circle–, who deviates from the general
pattern, when he quotes Aristotle as a source to use only the concept of “love to own” and not the people’s law. Thus, as Tomas de Mercado used the natural law and a consequentialist justification of the private property, he may be included in the Spanish School of Economics (Graph 2).

On the other hand, there are authors in the outer circle who did not use the people’s law in the early seventeenth century. And, for instance, Juan de Mariana even gave the private property the highest rank, as the necessary incentive for the men to belong to society and as a prerogative of citizens against the absolute power of the King or, mutatis mutandis, of the modern State.

Juan de Mariana gave the highest hierarchy to the private property to limit the power of the King. He pointed out the private property as an inalienable right obtained by the man’s work, which is damaged each time the King imposes the laws, raises the taxes, or devalues the value of the money (‘currency of fleece’ in that time in Spain), without a previous consent of the people.

Due to the above mentioned reasons, the author Juan de Mariana can be considered the highest point in the defense of property rights and subjective in the sixteenth and seventeenth centuries. He can be included in the Spanish School of Economics as one of the important authors.

However, he did not use expressly the natural Law, as most of the Spanish scholastic did by bringing the people’s law to be laid between the natural Law and the civil Law. He asked simply to put the property rights of citizens directly above the interests of the State.

Therefore, in Juan de Mariana –outer circle–, there is a significant institutional change to provide maximum hierarchy to the private property rights which have been obtained by the man’s work, arriving in extreme cases to resort to the theory of tyrannicide, when the properties are stolen by a King with the behavior of a tyrant, what is a clear antecedent of the right of rebellion. In both respects, his theory of property was advanced in 75 years to the same views of the English moral philosopher, John Locke (1632-1704), as reflected in his work published in year 1690: ‘Two Treaties of Government’.

3.5. Right to the private property

If we analyze the theory of property in the late Spanish scholastics during the sixteenth century, it was generally based on the initial appropriation of private property by the ‘occupation’. Subsequently, some authors introduced other modes of apprehension of the possessions as the ‘prescription’, the ‘heritage’ or the ‘birthright’.

For example, the lawyer Fernando Vázquez Menchaca (1512-1569) –third circle– employed the people’s law of the School of Salamanca but, also, admitted a secondary people’s law in order to justify the origin of property Rights not only with the ‘occupation’ but also with the ‘prescription’. 
However, in the early seventeenth century, some late Spanish scholastics, such as the Jesuits Francisco Suárez (1548-1617) –second circle– and Juan de Lugo (1583-1660) –outer circle– used the heritage of Thomas Aquinas, but created their own scholastic thinking when they decided to explain the appropriation of private property by man’s work on the acquired goods.

These authors have intellectual merit which must be considered. However, it is very likely that both were influenced by the ideas of the Jesuit Juan de Mariana (1536-1624) –outer circle–, who preceded them in the publication of his works and discussed about the economic issues with base on a theory of property acquired by the man’s work. What is certain is that the Spanish Jesuits were advanced in 75 years and introduced exactly the same concepts of the theory of property contained in the writings of moral philosophers, as John Locke (1632-1704).

3.6. Right to the life

All scholastic authors talked in their works how, in extreme cases, the right to the preservation of one’s life should prevail above the right of ownership.

The founder Francisco de Vitoria and the first, second and third circles, in the classification we are using for the School of Salamanca (Graph 1), clearly understood that the right to preserve one’s life was a superior right than a property right, as argued by Thomas Aquinas.

The same happened with the authors of the outer circle, who always believed in a superior value of life above properties due to the natural law concepts from Thomas Aquinas received through the influence of the School of Salamanca.

This is another common feature to group all Spanish scholastics into the Spanish School of Economics (Graph 2). In cases of extreme necessity as, for example, the protection of the superior right to one’s life, all the Spanish scholastic authors argued that it was morally permissible to take goods of others (property rights) without prior consent of the community or authority.

3.7. Limits between the property and the State

The Political Economy of the scholastics of the sixteenth and seventeenth centuries in Spain was written in works of moral economy that talked about the relationship between State and private property, which is a subjective right that is essential in the modern economic theories.

The Spanish scholastics maintained a conception of the State that came along with the ownership. However, when analyzing the limits of private property and the role of the state, we can find different views among the Spanish scholastics when analyzing economic issues.

In general, all Spanish Scholastics in the sixteenth century allowed the public intervention on private property but, often, they did not explicit cases, so that
private property could be subjected to the King policies (or ‘mutatis mutandis’ to the modern State interventions), according to what the ruler understood appropriate for a society.

For example, the central figure, Francisco de Vitoria, justified a government intervention when there was a ‘fair cause’ and other authors such as Francisco Suarez –second circle– and Luis de Molina –third circle– justified a State intervention by the search of a ‘common welfare’ And, for instance, Domingo de Soto was the author who indicated more explicit cases of Government intervention as the tax collection, the criminal convictions and the custody of the assets of minors.

Francisco de Vitoria allowed the intervention through the ‘tax collection’, provided that it served to keep the peace, administer justice and deal with cases of extreme need, as admitted by his disciples in the School of Salamanca and all the authors of the outer circle.

A minimum role of the State and the possibility of tax collections are common points of view in the Salamanca School of Economics (Graph 1) and in the Spanish School of Economics (Graph 2).

However, we should clarify that in the sixteenth and seventeenth centuries the limitation of the State roles was usually diffused because all the scholastics considered cases of ‘extreme need’, ‘fair cause’ and “common welfare’. In this sense, the moral protection of private property was similar to that taken by a majority of our current economists, when they claim the State interventions in the market with the same arguments.

But, at the beginning of the seventeenth century, some Jesuits of the outer circle as Juan de Mariana or Juan de Lugo, came back to the concept of private property defended by Thomas Aquinas and increased the grade of protection of private properties with arguments against the State interventions.

Thus, for example, the Jesuit Juan de Mariana understood that the power of the King (or “mutatis mutandis” the State) is only legitimate when it is received by the consent of citizens:

“In my opinion, the royal power, when is legal, has been established by the consent of the citizens; thus the first kings or rulers were raised by this means to the exercise of power and, for them, I think that they should be limited by laws or regulations that were considered necessary so that the power does not leave its limits, to the detriment of those who are subjected, and it degenerates into tyranny. As said Aristotle, (…)”

The conception of Juan de Mariana on limited government and consent of citizens is a clear historic precedent of parliamentarism, and again 75 years ahead of the ideas of the moral philosopher John Locke, who is mistakenly considered the initiator of political libertarianism. Juan de Mariana stated the property as the highest institution able to limit the intervention of the political power on tax and monetary issues:
“(...) the Prince has not any rights on movable and immovable properties of the subjects, therefore he cannot take them for himself or transfer them to others (...) the prince cannot impose new taxes without a prior formal consent of the people. Ask them, then, and not strip their subjects, taking each day something on their own volition and gradually reducing to misery to those who until recently were rich and happy.”

Juan de Mariana deduced and described a new conception of the relationship between the individual and the State, using the principle of consent which can be analyzed as a clear antecedent of parliamentarianism in front of the expansion of the ‘reason of State’ and the absolutism throughout Europe.

We must admit that the theory of the state of Juan de Mariana—outer circle—followed the common doctrine of scholasticism which gave powers to the State to intervene in the ownership structure but, however, he considered only few cases of interventionism, such as the accumulation of goods when arising under law privileges and, also, when profits of lands were obtained due to privileges not won by previous work.

In general, Juan de Mariana can be considered not favorable to the intervention, he was a pacifist due to the benefits of commercial wealth and argued for a good management of public accounts: moderation of public expenditures and reduction of taxes, limits to the roles of the State using few public resources and balance of the public budget.

Anyway, he was against the intervention of the private properties obtained by the man’s work. That is, with some particular exemptions, his political philosophy was contrary to the legal positivism and argued for the previous consent of the people, what is important if we consider how the rule of Law can be deteriorated by the rulers.

3.8. Right of Rebellion

As in a majority of countries at that time in Europe, there were Indices of Works prohibited in the Spain of the sixteenth and seventeenth centuries, due to denounces to the Inquisition court, prosecutions and imprisonment for ideological reasons, which served to reduce the criticism of the political power.

Although the late Spanish scholastics learned the natural law from the study of the ideas of the work Summa Theologica of Thomas Aquinas, where he included a theory of tyrannicide of princes who behaved as tyrants, there were not any authors who dared to raise this theory in their writings.

However, again, Juan de Mariana—outer circle—emphasized the institutional evolution of property and subjective rights. He returned to the ideas of Thomas Aquinas on a strong protection of private property by natural law. And he argued also on the possibility of tyrannicide and identified the specific instances in which a King became in a tyrant.
He argued that people should try to solve the problems by peaceful means before resorting to tyrannicide\(^\text{101}\); therefore Juan de Mariana can be considered a clear antecedent of the right of rebellion 75 years before the English philosopher John Locke\(^\text{102}\).

4. Conclusions

The main principles of economic growth were indentified by the late Spanish scholastics in the XVI and XVII centuries as we have indicated in the paragraph 2.3. The economic ideas and the institutional evolution can be analyzed in the works of the Spanish scholastics and, specially, in the authors of the Jesuits Order, who raised the *private property* to the highest level of protection, as an individual right which is *acquired by the work of man*\(^\text{103}\) and, thus, must be protected with the principle of consent of citizens against the imposition of coercion by the political power.

If we compare the institutional evolution of property and subjective rights in the sixteenth and seventeenth centuries in Spain, using the classifications of the late Spanish scholastics as defined in the second section, together with the analysis of the ideas of prominent authors of the third section, we can extract the following conclusions:

4.1. The School of Salamanca

The School of Salamanca began a research movement with its origin in the Salamanca University and with seminal ideas focused on the natural law and a consequentialist defense of the property rights. They carried out a hierarchy of rights to resolve some contradictions of Thomas Aquinas and, thus, applied the people’s law\(^\text{104}\) to analyze the economic issues with moral arguments for a protection of property and subjective rights. This research movement on natural law was spread to other cities of Spain, Europe and America and exerted influence in other Spanish scholastics and in researchers of other nationalities that can be included in the broader classification of the Spanish School of Economics.

4.2. The Spanish School of Economics

All Spanish scholastics included in a comprehensive description of Salamanca School of Economics with the central figure of Francisco de Vitoria and his disciples of the circles first, second and third (Graph 1) approached the investigation of economic issues with the natural law and a consequentialist justification of the possessions to defend the property and subjective rights.
The same approach to economic affairs occurs in late Spanish scholastics which have been integrated in the outer circle and were influenced by the writings and thoughts and teachings disclosed by the School of Salamanca.

Due to the commonalities to defend the property and subjective rights, we decided to use the largest denomination of the Spanish School of Economics (Graph 2) in order to integrate the authors of the outer circle together with the School of Salamanca and, thus, be able to refer to one unique denomination with those authors who, collectively, identified many essential principles of the political economy105.

4.3. Theory of property

There was a shift in the theory of property of the late Spanish scholastics that began in the sixteenth century with an initial explanation of the acquisition of private property by the ‘occupation’ of goods. The successive works of the scholastic authors were extended to individual cases as the ‘prescription’, ‘heritage’ or ‘birthright’.

Finally, Juan de Mariana, Francisco Suárez and Juan de Lugo published their works in the seventeenth century and introduced an innovation which was the idea of appropriation of private property for the work exerted on individual assets. Juan de Mariana was 75 years ahead to the theories presented, with reasoning almost identical, by the English philosopher John Locke (1632-1704).

4.4. Limits towards the intervention of the State

In addressing the limits on property rights is when the late Spanish Scholastics find major differences in their views. Although, they defended the private property and its consequences to ensure a greater provision of goods, they also allowed the state intervention on the possessions of citizens and left open the ability to act by the King (or ‘mutatis mutandis’ a State).

However, the author Juan de Mariana –outer circle–, as later did Francisco Suárez and Juan de Lugo, inherited the Aristotelian-Thomism ideas of the School of Salamanca but also refined and improved the institutional evolution using: the private property, the principle of consent and the right to overthrow tyrants (rebellion), which are the main institutions that limit the power of the State, once again, ahead by more than 75 years with respect to John Locke’s work Two Treaties on Civil Government (1690)106.

4.5. Scope of the ideas of the late Spanish scholastics

From the point of view of the institutional evolution of property and subjective rights, it is plausible that the ideas of the late Spanish scholastics, somehow reached
the moral philosophers, the Scottish economists and other authors who were interested in identifying the principles of economic growth. Therein lays the essential importance of the moral economy of the Spanish scholastics, because the identification of the principles of the economic growth and, between others, the respect for institutions such as property and subjective rights, are particularly important for the wealth of the nations and the establishment of a civilized society\textsuperscript{107}.

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Notes

(2) (Larraz, 1943), ‘La época del mercantilismo en Castilla (1500-1700)’, which can be translated into English as ‘The time of mercantilisms in Castile (1500-1700)’ and was the acceptance speech of Mr. José Larraz López (session on 5th April 1943), Madrid, Royal Academy of Moral and Political Sciences.

(3) Professor Oreste Popescu proposed the terms ‘Hispanic scholastic’ (Popescu, 1986) and ‘Indiana scholastic’ (Popescu, 1987). However, those denominations may misrepresent the origin of the authors, because all of them have a Spanish birth or made their intellectual works in the territories that had the empire of Spain in Europe and America, where regions, at that time, were called ‘overseas territories’, forming a part of Spain. At that time all the inhabitants of the Spanish Empire called themselves ‘Spanish’, even when they were born in the mainland territories of the kingdoms of Castile and Aragon or in the America. Therefore, to use other denominations as ‘Hispanic scholastic’ or ‘Indiana scholastic’, it is only an attempt to establish an emotional connection to a source of ‘Hispanic’ or ‘Indian’ origin, which are more typical (and politically correct) nowadays, but these names were representing nothing at all common in the sixteenth and seventeenth centuries. We understand that the denomination as ‘Spanish scholasticism’ is sufficiently broad and includes all authors mentioned in this working paper, since all of them were of European origin and were Spanish. Even the denominations used in this working paper are more appropriate to refer to them with a proper academic care, such as the Salamanca School of Economics or the Spanish School of Economics.

(4) (Grice-Hutchinson, 2005), p. 181. The introductory study of teachers Luis Perdices and John Reeder (pp. 15-67) provide further information on how to root among the international scientific community the name of School of Salamanca.

(6) (Rothbard, 1999), p. 133.

(8) (Barrientos, 2011), pp. 84-85. José Barrientos considers only the School of Salamanca of theology from a strict point of view. He understands that what was initiated by Francisco de Vitoria and, in his opinion: “must be limited to teachers of the University, belonging to the Dominican order or not but, in the explanation of St. Thomas in his lectures and writings, always complied with the guidelines from the Convent of San Esteban”. He remarks differences between the Salamanca School of Theology and its projection in Spain, Europe and America. And he considers that other specialists must do the task of making a classification by the authors in which prevailing legal sources. However, many authors understand that issues such as, for example, the private property and subjective rights, the market prices, the money and its functions, the interest rates, the subjective value of the property or, even the taxes, are principles of the economic growth and, therefore, those concepts allow a broader conception of the School of Salamanca with several possible classifications for grouping of the late Spanish scholastics.

(9) (Schwartz, 2003), p. 67. Pedro Schwartz argues in favour of the use of Salamanca School of Law. He also believes that professor Alberto Ullastres worked in advance to José Larraz with regard to the discovery of the School of Salamanca, which Professor Schwartz believes exclusively made up by the scholastics authors who made research on legal arguments of that time.


(11) (Gomez Camacho, 1998), p. 11.

(12) (Grice-Hutchinson, 1995), pp. 21-22. The School of Salamanca still requires further study to establish its limits. In this paper, we propose to think on the boundaries provided by the institutions they defended and evolved, as the ideas on property and subjective rights, which allow to speak on the Spanish School of Economics.

(13) (Perdices de Blas & Revuelta López, 2011), ‘Markets and taxation: modern taxation principles and the school of Salamanca’, *EsicMarket*, Vol. 138, pp. 75-95. In this study, we follow the classification proposed by the article published by professors Luis Perdices and Julio Lopez Revuelta, where it is considered the School of Salamanca of Economics (Graph 1). However, we added to this classification (Graph 1) an important number of authors to the first, second and third circles of the School and, also, to the outer circle that encompassed the authors’ influence. We have reviewed the compilation book published in May 2011 by Professor Barrientos, which was published after the reference article of Perdices & Lopez, in order to add more authors to the original classification. We understand that our work can complement and supplement the original classification, which can be useful for studies on the evolution of institutions in late Spanish scholastics. We understand that these authors of the outer circle also credited by the ideas or quotations in their Works following the ideas of natural Law, property rights and subjective rights in order to identify and analyze the causal relationships responsible for economic growth. For these reasons, we propose a broader classification as the Spanish School of Economics (Graph 2). In the ANNEX of this working paper Graph 1 is included, which aims to visualize the relationship circles and the scope of the institutional evolution of the School of Salamanca in Spain in the sixteenth and seventeenth centuries, both in the peninsula and in the so-called overseas territories in the American continent. Also in the ANNEX, we include a Graph 2 including the School of Salamanca together with the authors of the outer circle, which we understand might be called the Spanish School of Economics from the set of economic principles introduced by all the authors who compose it.

(14) Ibídem. This classification is done as a reference and basis for the institutional study of property and subjective rights in different scholastic authors, beyond their personal quarrels and disputes between religious orders to control chairs and impose their religious views, as the confrontation between the Dominican Domingo Báñez and the Augustinian Luis de Leon. Luis de Leon denounced Domingo Báñez to the Inquisition court because, in his personal opinion, he wrote with ideas close to Luther. Similarly, the Dominican Leon de Castro, who was a practising professor of Greek, denounced the Augustinian Fray Luis de León, due to his preference and translations of the Hebrew text of Bible instead of the Latin text (Vulgate), which was prohibited by the Council of Trent (1545-1563). Leon de Castro participated in the prosecution of Luis de Leon together with his fellow Dominican, Bartolomé de Medina.
(15) Ibídem. The research work of Luis Blas Perdices (Complutense University de Madrid) and Julio Lopez Revuelta (University of Santander), on the one hand, and the book by Jose Barrientos (Universidad de Salamanca), on the other, are complementary and were published during 2011, unaware of each other. Luis Perdices and Julio Lopez Revuelta propose a classification of the School of Salamanca, which we understand to be successful in order to analyze their fiscal principles. Jose Barrientos presents a monograph of the late Spanish scholastics with a wide range of authors. This working paper has synthesized both contributions and pretends to obtain an overall classification, as a starting point to compare the scholastic ideas and the institutions of property rights and civil rights of individuals against the reason of State.

(16) In the Outer Circle, there are several Spanish authors who shared their knowledge in America: Luis Lopez in Chiapas (now Mexico) and Guatemala, Juan Zapata y Sandoval at the University of Mexico, Chiapas and Guatemala.

(17) Spain and Portugal and its overseas territories remained politically united under the reigns of Philip II, Philip III and Philip IV, from the year 1580 to 1640. At that time many areas of Italy were also politically linked to Spain, as well as The Netherlands. In the reign of Philip III, the expansion of the overseas territories was maximum, covering the broad regions in the American continent between Tierra del Fuego in Southern America and the Great Lakes area in the North.

(18) (Barrientos, 2011), p. 85, p. 204. There were three methods used to disseminate the teachings of the School of Salamanca in particular and of the late scholastics in general, through: 1) Accredited hand written copies in cities like Roma, Lisbon, Coimbra, Valencia, Madrid, Toledo, El Escorial, Seville, Oviedo, Burgos, León, Palencia, Valladolid, Gerona, Barcelona,… 2) Works printed for the exportation and through numerous editions in cities like Paris, Lyon, Roma, Venetia, Brescia, Ambers, Colonía, Mainz,… 3) Teachers in religious schools and universities in the Iberian Peninsula (Alcalá de Henares, Toledo, Valencia, Valladolid, Ávila, Santiago de Compostela, Granada, Baeza, Gandía, Seville, Lisbon, Oporto, Braga, Porto Allegro, Madrid, Segovia, León, Burgos,…), in France (Paris, Bordeaux, Dole, Mouluins, Pont-à-Mousson, Reims,…), in Italy (Roma, Bologna, Milano, Geneve, Venetia, Bercia, Siena, Napoli, Padua, Peruse, Montecasino, Palermo, Messina,…), in The Netherlands (Leuven, Douai y Liege), in Germany (Cologne, Mainz, Munich, Münster, Ingolstadt, Dillingen, Hildesheim, Palatinate, Wurzburg,…, and Austria (Vienna, Innsbruck y Graz) in Europe but, also, in America (México, Peru, Bolivia, Guatemala, Paraguay, Argentina,…).

(19) (Perdices de Blas & Reeder, 2003)

(20) (Gómez Rivas, 2004)

(21) (Popescu, 1997).

(22) (Barrientos, 2011), p. 109. Professor Barrientos is an authority on the study of scholastics. However, we do not share his restricted classification, in his book: Moral Code of Economy (1536-1670). The School of Salamanca and its projection—there is only an edition in Spanish language—, because he leaves out from the first circle of disciples to major authors such as Diego de Covarrubias and Martín de Azpilcueta and others like Diego de Chaves, Juan Gil de la Nava, Vincent Barron and Martin de Ledesma. All authors mentioned above took classes at Salamanca and, directly, from Francisco de Vitoria, so we understand they must be included in the School of Salamanca, as followers of the Thomistic moral precepts and the people’s Law, and as developers of economic concepts which were spread in Europe and America due to their works and teachings. Barrientos considers a School of Salamanca too reduced, considering it only as a school of theology that had a founder Francisco de Vitoria and a group of 10 theologians, including only the following authors: Domingo de Soto, Bartolomé de Medina, Pedro de Aragón, Domingo Báñez, Pedro de Ledesma, Basíl Ponce de Leon, Francisco Araujo, Mancio of Corpus Christi, Bartolomé de Medina and Melchior Cano. Thus, Professor Barrientos considers only a Salamanca School of Theology and he groups the other authors into a ‘projection’ of the School of Salamanca. We consider a broader classification due to the fact that the Spanish scholastics identified the main institutions of an open society (private property and subjective rights) and many Principles of the Economic Growth.

(23) (Barrientos, 2011), p. 201. Professor Barrientos does not include in his ‘projection’ to those authors that in his writings did not include quotes of members of the Salamanca School of theology, which he proposes as classification. Professor Barrientos does not consider in his ‘projection’ group to those authors, even when their works showed texts with clear influences of the Salamanca School.
This is the case of the late scholastics: Bernardo de Nieva, Cristobal de Villalón and also Juan de Mariana.

(24) Huerta de Soto, J., ‘Juan de Mariana and the Spanish Scholastics’, published in the book *Fifteen Great Austrian Economics*, Randall G., Holcombe (ed.), Ludwig von Mises Auburn, Alabama 1999, pp. 1-11. Professor Jesus Huerta de Soto believes that the Spanish scholastics identified the following principles considered basics in the Austrian School of economics, inter alia: 1) the subjective theory of value –Diego Covarrubias–, 2) the proper relationship between prices and costs –Luis Saravia de la Calle–, 3) the dynamic nature of the market process and the inability of the model of balance –Juan de Lugo and Juan de Salas–, 4) the dynamic concept of competition as a process of rivalry between vendors –Castillo de Bobadilla–, 5) the rediscovery of the principle of time preference –Martin Azpilcueta–, 6) the distortion that the inflationary growth of money has on the relative price structure –Juan de Mariana–, 7) the negative effects of fractional reserve banking –Luis Saravia de la Calle and Martin Azpilcueta–, 8) the basic economic fact that bank deposits are part of the money supply –Juan de Molina and Juan de Lugo–, 9) the impossibility of organizing society through coercive mandates due to lack of information –Juan de Mariana–, 10) the traditional libertarian principle according to which state intervention on the economy violates the natural law –Juan de Mariana–.

(25) (Vitoria, 1937). (Grice-Hutchinson, 1995), pp. 21-22. The importance of the Spanish scholastics to the science of natural law was recognized by Hermann Conring in his work *Examen rerum publicarum potiorum totius orhis* (Brunswick, 1730). He stressed the influence exerted by Vitoria, Vasquez, and Covarrubias on Hugo Grotius. Also the scholastics studies on international commerce and people’s law were analyzed by Ernest Nys in his works *Le Droit des gens et les anciens jurisconsultes espagnols* (La Haye, 1914) and by James Brown Scott in his works *The Spanish Origin of International Law* (Washington, 1932) and *The Spanish Conception of International Law and of Sanctions* (Washington, 1934).


(28) (Martin, 2000), pp. 107-142.

(29) (Mariana, 1981), LI-LIII.

(30) (Laures, 1928), pp. 235-239.

(31) (Mercado, 1977). In his work *Suma de tratos y contratos*, Tomás de Mercado explained the types of merchant contracts in 1569 and also the importance of the time and the justification of the interest rate applied to loans due to the loss of profits, together with the quantitative theory of the interest rate, such as Martín de Azpilcueta did some years before.

(32) (Saravia de la Calle, 1949), p. 53. In his work *Instrucción de Mercaderes*, he said in relation to this issue in 1544: “those, who measure the Just Price of a thing by work, costs and dangers of those who treat or products the goods, merchandises and moneys, and not only for their costs”. Translation by author.

(33) (Perdices de Blas & Revuelta López, 2011), pp. 75-95.

(34) (Lugo, 1642), Vol. II, p. 40. Juan de Lugo said: “pretium iustum mathematicum licem soli Deo notum”, which means that “only God knows the mathematical just price of goods”. (Molina, 1596), Vol. II, pp. 346-348. Also Luis de Molina said 45 years before that: “Naturale dicitur, quoniam et ipsis rebus, seclusa quacumque humana lege et decreto consurgit, dependetur tamen ab multiis circumstantiis, quibus variatur, atque ab hominum affectu, ac aestimatione, comparatione diversum usum, interdum pro solo hominum beneplacito et arbitrio”, which means the natural price of the good itself: “the nature says, value about the own thing, without the consideration of a law or decree, depends also of many varying circumstances, which can vary, such as the human feelings, the estimation of different uses and, very often, only as a consequence of the approval and the will of men”. Translation by author.


(37) (Saravia de la Calle, 1949), pp. 180-181, pp. 195-197. (Huerta de Soto, 2011), pp. 467-476. Luis Saravia explained the banking operations and the nature of contracts of deposit and contract of loan, adjusting them to the Roman Law and, thus, indicating that it is not morally licet and it is not
adjusted to Law to use the money in deposit for loans. The late Spanish scholastics can be classified in two groups according to the level of protection of deposits. A monetary group (Luis Saravia de la Calle, Martín de Azpilcueta and Tomas de Mercado) with requirement of 100% reserve for respecting the deposits and giving fair loans with financial backing. A banking group (Domingo de Soto, Luis de Molina, Leonardo de Lessio and Juan de Lugo) with arguments in favour of the banking activity without considering the importance of exclusivity in the deposit contract, what allows operations with fractional reserve, without separation of deposits and loans.

(38) (Dempsey, 1943), p.214. Martín de Azpilcueta rediscovered the principle of time preference: “If it is given the same quantity in the future than now, if I can choose, I prefer it now and not in the future”. Translation by author.


(40) (Molina, 1990), pp. 145-147. In his work Tratado sobre los cambios, Luis de Molina said: “...to the bankers the money is paid by two forms: one, in cash, giving them the currences; and other, by letters of credit, or whatever other letters to be given, on which the payer of the letter of credit has a debt with the bank for the quantity showed on it and to be paid in the account of someone who deposits it in the bank... because money is not so abundant such as to buy in cash an enormous quantity of merchandises which are carried there to sell,...”.

(41) (Azpilcueta, 1554), pp. 74-75. Martín de Azpilcueta, in his work Comentario resolutorio de cambios, made the first serious explanation of the quantitative theory of money. Also his work gave importance to time with regard to the interest rates on money. But, specially, he knew the existence of the relation between an increase in the monetary mass and the rise of prices, when he said in old Spanish language: “en las tierras do ay gran falta de dinero, todas las cosas vendibles, y aun las manos y trabajos de los hombres se dan por menos dinero que do ay abundancia del; como por la experiencia que se ve en Francia, do ay menos dinero que en España, valen mucho menos el pan, vino, paños, manos, y trabajos; y aun en España, el tiempo, que avia menos dinero, por mucho menos se davan las cosas vendibles, las manos y trabajo de los hombres, que después que las Indias descubiertas la cubrieron de oro y plata. La causa de la qual es, que el dinero vale mas donde y cuando ay falta del, que donde y quando ay abundancia”. (Rothbard, 1999), pp. 98-199.

(42) (Molina, 1941). Molina identified perfectly the relation between offer and demand in his work, De Jusitia et Iure [On justice and Law], when he said: “a shortage of goods due to a bad harvest, or similar cause, increases the valuation, the abundance decreases it ... The more need of a good at a certain time, assuming the same amount of commodity price increases, what happens to horses, worth more when the war is closer than in peacetime, and to oppose it is stupid”. Translation by this study’s author.

(43) (Mariana, 1981), p. 342: “… the King cannot adulterate the money without consent of the people. This adulteration is a type of taxation which subtracts something of the subjects’ goods. Nobody can accept that the gold with equal weight has the same value as silver, or thi is the same value as iron. And this is what happens when it is adulterated the value of money, because it is the same than giving a currency of silver instead of gold or a currency which has only a few quantity of such metal. The King will be only allowed to change the size of the currency when this faculty had been given to the sovereign rights that gives the Imperial law and always keeping its value according to its quality and its weight”. Translation by author.

(44) (Covarrubias, 1957), p.131. Diego de Covarrubias y Leyva in his masterpiece Omnia Opera published in 1577, included the monetary treaty Veterum collatio numismatum, where he identified clearly the theory of the subjective value of goods, when he said: “The value of a thing does not depend on its objective nature, but dependson the subjective estimation of the man, even when such estimation does not make sense ... in the Indias [America] wheat is valued more than in Spain because there it is more esteemed by men, and this is despite the objective nature of wheat is the same in both places”. Translation made by author.

(45) (Mariana, 1768), pp. 151-155.
(46) (Roover, 1995), p. 169. Raymond de Roover explained how Luis de Molina identified the competition process between purchasers who have to increase the price of merchandises in the Spanish fairs. Also see (Castillo de Bovadilla, 1985), p. 49. Juan Castillo de Bovadilla explained the competition process between vendors as follows: “product prices will decrease with abundance, emulation and competition among sellers”.

(47) Professor Jesus Huerta de Soto argues that the Spanish scholastics identified the economic principles which are fundamental for the Austrian School of Economics. His explanation can be read in his essay: ‘Juan de Mariana and the Spanish Scholastics’, published in the book Fifteen Great Austrian Economics, Randall G., Holcombe (ed.), Ludwig von Mises Auburn, Alabama 1999, pp. 1-11.

(48) (Salas, 1617), p. 9. Juan de Salas said in his work Iustitia et Iure [On justice and Law]: “quas exacte comprehendere et ponderate Dei est non hominum”; which means: “God understands and measures with accurately what men cannot”. Translation by this study’s author. See also (Hayek, 2006), pp. 40-41, pp. 98-99. Hayek noted the importance of the moral institutions, understood as learned behaviour patterns or rules of conduct rooted in a territory, which are the result of a long process of cultural evolution of thousands of years. Hayek indicated that those institutions (“auto generated” by the market order) were identified and explained by the expression “knowledge of God” and by the term “natural” (“something that exists independently of human will”) in the works of the late Spanish scholastics.

(49) (Hayek, 1997), p. 278.

(50) (Tuck, 1979), p. 12.

(51) The modern concept of property rights can be defined as: ‘the right so that others refrain from interfering in the utilization of a human or natural resource, or in the fulfilment of a contract freely consented’.

(52) (Tuck, 1979), p. 22.

(53) (Sierra Bravo, 1975), p. 115.

(54) (Mariana, 1987), p. 22. In the introductory study, professor Lucas Beltrán indicated: “The economist Friedrich Hayek says that in several of these authors emerges an idea that, ultimately, is the core of Hayek’s thought, and also the central conception of the economy market, that there is a natural order in the human activities”.


(56) (San Emeterio, 2002), p. 36.


(59) In the Graph 2 of the Annex, the Outer Circle shows only the Spanish authors due to lack of space. This means that the Outer Circle should also show a bigger Picture, including the authors cited on the paragraph 2.2 from Portugal, France, Italy, Austria, Germany, The Netherlands, Ireland, England and Scotland, those who were born and published their works in other European nations, because they learnt the economic ideas in the universities of Spain, used the natural law and the people’s law, and/or cited the Spanish scholastics.

(60) (Soto, 1968), p. 197. Domingo de Soto said: “…the natural Law is simply necessary, this means, independent of every human determination, however people’s law enforces because it seemed right so, this is, because was judged by the men… people’s law is deducted by way of conclusion of the natural principles of the goods in order to a purpose on certain circumstances”.

(61) (Suárez, 1967), p. 185.

(62) (Vázquez Menchaca, 1931), pp. 430-431.


(64) (Aristóteles, 1965), pp. 50-51.

(65) (Grice-Hutchinson, 1992), p. 66.


(67) (Martín, 2002), p. 131. According to professor Victoriano Martin, Mariana had a moral view oriented to the freedom will of citizens with regard to protection of private property in front of the King institution (or ‘mutatis mutandis’ the modern State), when compared with the view which prevailed at the School of Salamanca which was more related to how society is organized with both
institutions, the State and the private property. In this sense, we understand the thoughts of Juan de Mariana are more modern than those of the School of Salamanca, because they provide the highest level of protection to the private properties and subjective rights of citizens.

(68) (Laures, 1928), p. 12.
(69) (Locke, 1997), pp. 205-297.
(70) (Soto, 1968), p. 298.
(71) (Vázquez Menchaca, 1931), pp. 141-142. Instead of the 'general consent of all mankind' which was proper of people's law in Francisco de Vitoria and Domingo de Soto, the author Fernando Vázquez de Menchaca established a 'consent of the citizens of each republic' what, obviously, may be different in each nation. With this legal support, a legislator can easily repeal the property rights which fall subject to the positive law of the State, as used to do all Governments under the control of tyrants or collectivist ideologies. As with Tomas de Mercado, the author Fernando Vázquez Menchaca represents also a "singularity" because some of their arguments weaken the grade of moral protection of the property rights. This deviation from the general approach of the School of Salamanca could allow to include him in the Outer Circle of the classification we are using, because he gets out of the legal hierarchy established by people's law, as it was explained by Francisco de Vitoria, central figure of the School.

(72) (Vázquez Menchaca, 1931), pp. 265-266.
(73) Francisco Suárez –second circle– was another Jesuit that argued the acquisition of possessions by the man's work on those goods. However, we understand that he defended the same level of protection for the private property rights in front of the State, as thought by the central figure (Francisco de Vitoria), what was also defended in the first, second and third circles of disciples, who belong to the Salamanca School definition we are proposing in this working paper.

(74) (San Emeterio, 2002), pp. 59-60.
(75) (Fernández, 2006), p. 58. The ideas of Juan de Mariana (1536-1624) influenced the Jesuit Francisco Suárez (1548-1617), who studied philosophy and theology between 1580 and 1585 with Cardinal Roberto Bernardino (1542-1621), who was previously a disciple of the Jesuit Mariana in Rome. It is virtually certain that before publishing his De Operate Dierum Sex (1622), Francisco Suárez (known then as 'Eximio' Doctor) knew the works of the famous Jesuit Juan de Mariana: De Rege et Regis Institutione and De Monetae Mutatione. Likewise these works by Juan de Mariana were known by other authors, Jesuits and laics, since they were published three decades before the Jesuit Juan de Lugo published his moral works Disputatione Scholasticae et morales (1638) and De justitia et iure (1642). And, incredible as it may seem, Juan de Mariana published his theory of property 75 years before John Locke published the same concepts in his work Two Treatises of Government (1690).

(76) (Popper, 2010), p. 342. The right to preserve one's life is an individual right essential to the development of an open society. Karl Popper in this study addressed the importance of the protection of certain 'moral' institutions, as the right to life and the right to private property, which are essential to provide the incentives to achieve an open society and, thus, also to boost the economic growth.

(78) A subjective right is the ability of a person to do (or not do) something, or to propel (or prevent) someone else to do something. It can be derived from the natural Law as a right of all persons, because of their existence as human beings with dignity and intrinsic and innate ability to transcend (with or without the figure of God).

(79) (Hayek, 1997), pp. 367-368. According to the Nobel Prize in Economics in 1974, Friedrich A. Hayek: "perhaps what many pretend to express, when God's speaking, is just a personification of that moral tradition or of the values that made his group survive". Translation done with the Spanish version.

(80) (Soto, 1968), pp. 286-287.
(81) (Sierra Bravo, 1975), p. 139.
(82) (Vitoria, 1937), p. 86.
(84) (Soto, 1968), p. 301.
(86) (Mariana, 1981), p. 341. Translation into English from the Spanish version. Professor Sánchez Agesta indicated in the introductory study, that the Jesuit Juan de Mariana wrote: “in line with the political custom of pacts which were generally done in Aragon Court and Valencia Court [regions of Spain] and, specially, in such a doctrine of covenant as a historical fact, fundament of the liberties of Aragon, so often recalled [by Juan de Mariana], with political consequences which tend to limit the power of the king and set the principles of liberty”.

(87) (Laures, 1928), p. 83. John Laures explained that: “In Mariana’s time, it was commonly held that the State should limit individual liberty for the benefit of the nation. He himself was an advocate of State interference, though to an unreasonable extent. The State (he holds) should restrain people to the common good, but can neither desirably nor feasibly regulate everything down to the smallest details”.


(89) (González de la Calle, 1913), pp. 388-406. “Ideas Político-morales del Padre Juan de Mariana”, Revista de Archivos, Bibliotecas y Museos, XXIX, p.388-406. This author supposed wrongly the ideas of state intervention of Juan de Mariana in certain cases, as an example of socialism or communism. Of course, we completely disagree with this research because as we see, if you want a political category, his thinking is closer to the libertarian principles of defence of private property against the state power, in times where it was difficult to argue against King’s power. This fact was so obvious, that other researchers were able to capture it at the beginning of the XX century: “His honesty fearlessness made him a champion of the truth even at times when it was dangerous to tell the truth”, in (Laures, 1928), p. 12.


(91) Ibídem, pp. 400-401.

(92) Ibídem, p. 318.

(93) Ibídem, p. 181.

(94) (Perdices de Blas & Revuelta López, 2011), pp. 75-95.


(96) Ibídem, p. 337.

(97) (Hayek, 1997), p. 252.

(98) Ibídem, p. 247.

(99) (Fernández, 2006), p. 263. Rogelio Fernandez explains the decline and backwardness of the economic growth in Spain in the following centuries, due to the imposition of the ideas of “reason of state” rather than apply the scholastic ideas.

(100) (Popper, 2010), pp. 140-141.


(103) (Mariana, 1981), pp. 331-351.

(104) See paragraph 2.2 and notes 10 to 24.

(105) See paragraph 2.3 and notes 24 to 48.


(107) With the sublimation of reason of State and empiricism above the individual rights of each person, with the gradual loss of the historic references of scholastic philosophy, with the philosophical triumph of positivism to justify the implementation of engineering social policies, it is more likely the imposition of collectivist utopias in nations and the crushing of civil rights, what trigger processes of destruction of wealth, due to the interruption of free exchange of goods and services which is proper of an open society.
ANNEX – Graph 1 – Classification of the Salamanca School of Economics in the XVI and XVII centuries. Read footer notes 13 to 21

ANNEX – Graph 2 – Classification of the Spanish School of Economics in the XVI and XVII centuries. Read footer notes 24 to 48

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