THOMAS AQUINAS – CONSULTATION

Topic: “All You Who Labor…”: Theology, Work, and Economy
Convener: William C. Mattison III, University of Notre Dame
Moderator: Daniel Finn, College of Saint Benedict / St. John University
Presenters: Mary Hirschfeld, Villanova University
Matthew Dugandzic, St. Mary’s Seminary & University
Elisabeth Rain Kincaid, Nashotah House Theological Seminary

The focus of this year’s Thomas Aquinas Consultation was usury and the applicability of Thomas’s teaching to our contemporary situation.

Mary Hirschfeld gave a presentation entitled “Usury: Is There Any Way to Bring Aquinas and Modern Economists into Conversation?” From her prior background as an economics professor and now as a theology professor, she melded reflection on modern economics theory and practice with the medieval theory and practice. She began with modern economics, went back to Thomas, and then returned with his applicability to the modern. Her opening stance concerning modern financial practices was that not all interest rates are usurious, though some are. Indeed, it is difficult to distinguish the two. A general moral maxim that one can take from this murky landscape is that one should root out unjust economic transactions when they are found and—as the medievals held—that everyone should do penance because it is most probable that some unjust transactions are taking place within society. A transaction involving interest payments is a trade across time. But underlying questions that have frustrated theorists are why consumption now is more important than consumption later and why time itself justifies compensation. Aquinas insisted that there be real value on each side of an exchange. To analyze the possibilities, Hirschfeld drew upon an example from Thomas (*STh* II-II, q. 78, a. 1) and Daniel Finn, this year’s moderator, as to the justice of paying interest for a borrowed bottle of wine as compared to a borrowed house. In modern parlance, we speak about how money has opportunity costs, and that one can charge a premium in order to keep borrowers interested in paying back the principal. As for contemporary practices, Hirschfeld speculated that usury caps could be instituted. But, looking at something like payday loans—which are often described as usurious—one cannot say that they are always injurious to the poor. Rather, what is needed is societal vigilance against individual instances of usury, which is a righteous societal vigilance for the poor.

Matthew Dugandzic opened his presentation, “Usury and Student Loan Crisis: Insights from Aquinas,” by stating that his intent was to show why Thomas’s understanding of usury is important and should be discussed. Dugandzic held that Thomas’s position is correct and that to charge interest on money is immoral. In contrast to the real or absolute value of a house or a bottle of wine, money only has relative value and does not have a time value. Dugandzic identified two principles that are key to understanding Thomas’s statements. First, insofar as future contingents do not have truth value, one cannot charge for future possible benefits. This would be an attempt to sell time itself, which cannot be done. Thomas did not explain how selling time is immoral, but he clearly held this, as did his contemporaries. Second, according to the universal destination of goods, private property exists for practical reasons.

Insofar as goods are to be shared for the benefit of all, a person can charge a price only if value has been added to the good given by nature for all. Dugandzic concluded by critiquing the current system of student loans as usurious and as injurious to both students and the general academic community.

Elisabeth Rain Kincaid delivered her paper, “Usury and Professional Ethics: Is Virtue Possible in Finance?,” from her perspective as a former business lawyer and investment advisor. She wanted to bring into conversation Aquinas and Pope Benedict XVI’s encyclical *Caritas in Veritate*. The latter calls for investigation into constructing a different, more virtuous personal and intercommunal economic order. For his part, Thomas is concerned that interest on money artificially tries to render fertile something that is actually sterile. Benedict is concerned that modern capitalism, which has been able to bring about artificial (e.g., mechanical and other) production on a large scale disproportionately rewards the owners (the capital) rather than all those who have contributed to the production (e.g., the laborers). A prime example would be the impersonal, highly paid manager of a supply chain or a financial investment firm. Rather, for Benedict, every business should be seen as a joint venture among all involved. From such a structure, Kincaid proposed that the financial professional can provide a real value through justice and charity.

After all of the papers were delivered, brief discussion ensued on both the principles and practical applications suggested by the presenters. At the conclusion of the formal session, a number of participants continued the conversation in the electronic meeting space *Gatherly*.

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