Scarcity, Economics and Morality: the Contribution of the Late Iberian Scholastics

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While for many centuries Augustine and Christianity in general emphasized the provisional and hazardous character of earthly life, the Iberian scholastics of the Salamanca School were central actors in the development of a deeper, more positive, and arguably more affirmative outlook on worldly political and economic matters. In this paper, we attempt to show this transition through the evolution of the concept of 'scarcity.' Indeed, 'scarcity' is a central premise of positive modern economics but for many centuries this concept was used to highlight normative conclusions in the writings of medieval theologians. The Iberian scholastics were instrumental in a shift from normative to positive, trying to find better ways to cope with the material world and improve our earthly lives within an integrated philosophical and theological perspective. We will illustrate this through the study of Domingo de Soto, one of the Iberian scholastics.

Keywords: scarcity, scholastics, Salamanca School, Domingo de Soto.

Although the concept of scarcity is a central premise of modern economics, there is still much to understand about its history[1]. From medieval to modern times, the evolution of this concept seems to follow our gradual understanding of the world, from a world that is largely instrumental and dependent on an afterlife, to a world containing its own laws and studied for itself. Scarcity also followed this transition from a more normative to a more positive view of the world. From its origins as a concept used to highlight normative conclusions in Christian theology, scarcity evolved to become the basis of modern economics. In order to trace some of its evolution, in the first part of this essay we will study the concept of scarcity in the context of medieval theology. In the second and third parts, we will describe how scarcity was addressed in medieval times before and after St. Thomas Aquinas. After a description of the Salamanca School and its context in the fourth part, we will finish by looking at the concept of scarcity as it is used

[1] One of the few studies on the subject is Xenos 1989, p. 7–34. Schumpeter 2006, p. 90–96, also briefly addresses this question and describes some of the contributions of the Iberian scholastics. A landmark on the modern concept of scarcity is Robbins 1932.

by Domingo de Soto, one of its eminent figures. As we will see, from Augustine to the Salamanca School, the concept of scarcity shifts from a normative and specific to a more positive and general sense: de Soto uses scarcity in a way that is surprisingly close to modern economics.

I. Scarcity in Medieval Economic Thought

In order to relate our modern idea of scarcity with the medieval period, it is necessary to have a good understanding of the state of mankind before and after the Fall, i.e., before and after man first sinned. In the Christian world view, when man was created by God, he was free of sin and lived in harmony with Him. This initial state of bliss was not Paradise: whereas in Paradise man will not need material goods and will simply live happily in the presence of God, Genesis describes how in Eden man still had to satisfy his material needs and had to take care of the earth (Gen 2:15 and 2:16, respectively). What was then assumed by the medieval theologians is that man, before the Fall, either did not have to work, or had to work very little, or had to work but in such a way that it was pleasurable. This was a fair assumption on their part because Genesis indeed says that after man directly disobeyed God's orders and sinned He made it much harder for man to fulfill his needs: hard work was now necessary in order for man to be satiated.

> To Adam [God] said, 'Because you listened to your wife and ate fruit from the tree about which I commanded you, "You must not eat from it," Cursed is the ground because of you; through painful toil you will eat food from it all the days of your life' (Gen 3:17).

If Genesis describes how people had to fulfill their needs before the Fall but did not have to work hard to do so, then the theologians rightly assumed that work was either non-existent, or pleasurable, or effortless.

This is the moment where scarcity of goods becomes problematic. If there was a time when human beings had to do very little to fulfill their needs, the administration and production of goods became highly problematic after the Fall because much hard work was now necessary to produce what our needs require. More importantly for the medieval thinkers, sin made men lazy, envious, rebellious, and inclined to steal from their peers. Therefore, the theologians saw private property and the subjection to temporal powers as a way to counteract these evils and, most importantly, as a way for everyone to produce what was necessary to satisfy human needs or, in other words, as a means to counter scarcity.

This general description entails two important notions, "need" and "scarcity." And both of them were not understood as we moderns understand them. First of all, scarcity per se, i.e., as a postulate saying that "goods" in a general sense are scarce, did not make sense at the time. There were rather "scarcities": a lack of a precise something (e.g., a lack of wheat or wine); or a period of lacking this precise something (Xenos 1989, p. 3). It was Thomas Hobbes that popularized the idea that "human need" was a natural and constant craving for material things in general that was part of human nature and not, as the Greeks and the scholastics thought, a lack of specific things that could be balanced aiming at a natural state of fulfilment (Xenos 1989, p. 4–5). In other words, Christian thinkers conceived the lack of things as we moderns do, as a condition that is natural and given to man, but they saw it, and this is where we diverge, in much more down-to-earth terms, as specific scarcities. They also thought that these scarcities could be temporarily fulfilled (eating when hungry, drinking when thirsty, and so on), but these fulfilments were seen as minimal preconditions for a good Christian life. Indeed, for the medieval thinkers, need and scarcity were phenomena that appeared in specific circumstances and they were attached to a reflection on sin, God, and broader metaphysical and religious issues.

For instance, an early reference to scarcity can be traced back to the thirteenth century and had a widespread influence on medieval thought. This reference was very specific and typically medieval: it was a condemnation of a seller's "dearth induction" (caristia inducatur), that is, the malpractice of buying great quantities of victuals or wine and then selling them for a much higher price in times of need, i.e., when scarcity is "created" (Langholm 2008). As we can see, a reflection on a lack of goods, that is, on needs, was always accompanied by moral considerations. Medieval thinkers did not clearly see scarcity in (1) a purely general and (2) non-normative way, as we moderns do. In fact, medieval realism in general was strongly attached to normative considerations. As St. Thomas Aquinas put it in his Summa against the Gentiles, theology is not interested in fire itself but in fire insofar as it represents God's majesty (Alfrod 2010, p. 24).

Concerning the idea of "need," it is once again important to note that for the most part the medieval thinkers did not have the same conception of needs as we do. While our "needs" focus on more material aspects, medieval thinkers would typically talk about "goods" that seem to be less minimalist and more normative. After all, for a medieval thinker, the main needs of any human being were not primarily based on material goods but on spiritual ones (above all, the crucial presence of God that was lost with the Fall). Aquinas, for instance, listed six basic

goods: not only life, but also marriage, knowledge, living in fellowship, practical reasonableness, and man's relation with the transcendent (Aquinas 1915, p. 42–46).

Trying to find ways to see if the medieval thinkers had something close to our modern idea of scarcity is therefore a challenging task. Not only was their notion of scarcity restricted to specific goods (e.g., wheat or wine), but their conception of needs was much more linked to a broader idea of "what is good for man," which inevitably mingles with the contemporary vision of needs, which is in essence dominated by materialism. For them, food and clothing were the basis for a good and fulfilled life but they were just that: minimal requirements. In order for humans to fulfil their nature, other types of goods were required (spiritual and transcendent goods, i.e., much more than just material necessities)[2].

II. Theology, Morality, and Institutional Adaptation to Scarcity

As was seen in the first part, the Fall made it harder for men to fulfill their needs. Scarcities (or, as we would say now, scarcity) are the result of God's imposition of "painful toil" on mankind. The repercussions of these scarcities could be perceived in many ways. One of them was a more Augustinian approach, very dominant across the medieval period, that regarded political power and private property as means to deal with scarcities and organize earthly life; in no way should these means be seen as good per se, but merely as transitory solutions for a transitory problem (Wood 2002, p. 17–21). In the Augustinian conception of life, the world was divided between the city of men and the city of God. Whoever focused on material goods and earthly pleasures was choosing this transitory life over the eternal one. As St. Augustine of Hippo would say, "<…> there is some one thing for which we must be making, when we toil amid the manifold engagements of this life. Now we make for this as being yet in pilgrimage, and not in our abiding place; as yet in the way, not yet in our country; as yet in longing, not yet in enjoyment" (Augustine 2014, sermon 103, 1–2). As laid out more extensively by Augustine:

[2] Certainly, this view of man and scarcity in the Church has greatly changed since then. Recent pontifical documents, such as *Gaudium et Spes*, give a different emphasis to material life: 'Since property and other forms of private ownership of external goods contribute to the expression of the personality, and since, moreover, they furnish one an occasion to exercise his function in society and in the economy, it is very important that the access of both individuals and communities to some ownership of external goods be fostered.' Vatican Council II, '*Gaudium et Spes* [Pastoral Constitution on the Church in the Modern World],' in *The Vatican Collection: The Conciliar and Postconciliar Documents*, ed. Austin Flannery, Vol. 1 (Northport, NY: Costello, 1996), sec. 71.

> 'Imagine that we are a pair of travellers who are unable to live happily except in our own home; we are miserable in our wandering and want nothing more than to put an end to it and return to our native land. We need various types of land and sea-transport to help us reach home. But now imagine that the homeward journey itself delights us—the amenities of the trip, the movement of our vehicles. We begin to enjoy those things which we are using. If this were to happen, we would not wish to end our journey quite so quickly and we would be trapped in a perverse pleasure that alienates us from the very home that is the source of our happiness. That is what mortal life is like; we are wanderers separated from God, and if we desire to return to our homeland [i.e., to God] we ought to use this world we live in, but not enjoy it' (quote from Backman 2003, p. 45).

Augustine, one of the most influential intellectual figures of early Christianity, sent a strong message and shaped the Christian world view. The Church followed his advice by incentivizing spiritual betterment while discouraging the acquisition of wealth and status. Accumulating more than the necessary to live only made sense if it was to raise a family, for pious reasons, or for future emergencies (Wood 2002, p. 3). The Church was acutely sensitive to all questions concerning need and famously forbade usury, a sin sometimes considered worse than homicide because, while killing someone could have a justification, usury was always theft and had no justification whatsoever (Wood 2002, p. 163–164). This condemnation was not entirely based on theological arguments (time belongs to God and one should not use time to make money; or one should not create profit from an activity that does not per se produce anything). It was frequently argued that usury is sinful because it was a way the rich had to abuse the needy and extort money from them. As Henri Pirenne would say:

> What was more natural than the reprobation of usury, commerce, and profit for profit's sake, in those centuries when each estate was self-supporting and normally constituted a little world of its own? And what could have been more beneficent, when we remember that famine alone compelled men to borrow from their neighbours and hence would at once have opened the door to every abuse of speculation, usury and monopoly, to the irresistible temptation to exploit necessity, if these very abuses had not been condemned by religious morality? (Pirenne 1963, p. 14)

Also, because of Jesus' famous assertions on riches and poverty (the camel and the needle, the first will be the last, and so on), it is no wonder that the Church gave so much theoretical attention to the poor while decrying the rich. Although, as we shall see, Aquinas was part of a shift in this way of thinking, he still echoed the old patristic saying that 'our superfluities belong to the poor' by asserting that:

> 'According to natural law goods that are held in superabundance by some people should be used for the maintenance of the poor. This is the principle enunciated by Ambrose <…> It is the bread of the poor which you are holding back; it is the clothes of the naked which you are hoarding; it is the relief and liberation of the wretched which you are thwarting by burying your money away' (quotes from Wood 2002, p. 55).

It was also a rigidly hierarchized society. Everyone had his part in the community and, because these circumstances were determined by God himself for each individual, attempts to go upward on the social ladder were sinful. In fact, giving up one's riches the monastic way was by far the surest way to secure a place in heaven. The figure of the monk, the paradigmatic symbol of austerity, was a model that reminded Christendom of the desirableness of poverty (Pirenne 1963, p. 13).

Although in practice the nobility, the Church, and the monasteries respected these beliefs to varying degrees, medieval communities and the great mass of individuals revolved around these key concepts and figures. Everything was tailored around the idea that life on earth was transitory and wealth should not be desired. This issue was even more pressing to the medieval thinker because, as Augustine pointed out, the end of the world, i.e., the Apocalypse, was near. Millenarianism and apocalypticism had more emphasis prior to Aquinas: either the world would end around the year 1000; or, as many in the Church believed, it would end sometime soon but only God knew precisely when (Bremmer 2003, p. 502–505).

This rough picture of medieval times is quite bleak but our point is not to give an unwelcoming image. Medieval thinkers did not have any illusions regarding the fact that men would have to work hard for their bread until the end of time. But to them this was the most trivial part of the problem. After all, as St. Teresa of Ávila would say, life on earth is nothing but a night in a bad inn. What truly worried these thinkers was that men's actions, when dealing with their needs, could directly lead them to eternal damnation. For our ancestors, and this is something that contrasts with many modern views, the salvation of the soul had more importance than the lack of wheat or wine, i.e., more importance than scarcities.

Thus, scarcities for most medieval thinkers were not just positive lacks of something but, above all, phenomena that had to be analyzed normatively, problems that became relevant because of the fall of man and his current condition of sin. The late scholastics' purpose was therefore not mainly to know how to deal with scarcities and needs, but rather to understand how to tackle these problems

in a good and ethical way.[3] This preoccupation is beautifully encapsulated by Tomas de Mercado, a scholastic of the Salamanca School, when he says 'the whole world is insufficient for one person, much less for everyone' (Quote from Chafuen 2003, p. 22).

Thus the medieval thinkers had to theorize on how to balance actual earthly necessities and the priority of life after death. What is crucially interesting when analyzing medieval thought is the constantly readjusting balance between these two poles. And, as we shall see, Aquinas and the Salamanca School provided central contributions concerning how to achieve this delicate equilibrium.

III. The Aquinian Framework Concerning Scarcity

The translation of Aristotle and its introduction in medieval thought was a game-changer. As Quentin R. Skinner noted:

> Aristotle's moral and political theory at first appeared not merely alien but threatening to the prevailing Augustinian conceptions of Christian political life. Augustine had pictured political society as a divinely ordained order imposed on fallen men as a remedy for their sins. But Aristotle's Politics treats the polis as a purely human creation, designed to fulfil purely mundane ends. Furthermore, Augustine's view of political society had merely been ancillary to an eschatology in which the life of the pilgrim on earth had been seen as little more than a preparation for the life to come. Aristotle by contrast speaks in Book I of the Politics of the art of 'living and living well' in the polis as a self-sufficient idea, never hinting at any further purposes lying beyond it which need to be invoked in order to invest it with its true significance (Skinner 1978, p. 50).

Without a doubt, it was Aquinas who would create a notable interpretation of Aristotle in such a way that scarcities would be seen in a different perspective from the thirteenth century onwards. While the Augustinian view almost disdained the city of man, Aquinas provided, through his Christian interpretation of Aristotle, a fresh new look at the material world.

In order to understand this transition, let us remember Aquinas' idea of law and, most importantly, of natural law. Law is a rational dictate of the ruler to the community he rules. God, the ruler of all things, sets up laws (the eternal laws) in order to regulate His creation. All things, including animals, are implicitly governed and determined by these laws; they automatically fulfil the nature and

[3] "From the Ethical perspective, it is not enough to know what man does; it is important to know which of the things that he does are good. The Schoolmen's primary intent was to study human action from an ethical standpoint" (Chafuen 2003, p. 22).

purpose God ascribed to them. Since human nature entails reason and free will, to achieve their nature, human beings have to participate in the eternal law through reasoning, discover what is best for themselves, and adjust their will toward what is good. The natural laws are that part of the eternal laws that can be rationally understood so man can fulfil his nature. The first principles are the most abstract and self-evident: good should be done and pursued while evil should be avoided; the part is always smaller than the whole; and so on. Now, these general principles are too abstract for actions in everyday life and men frequently err when they do what seems to be good but in fact is not. Thus the derivation, from these first principles, of second principles of the natural law, a little less abstract: thou shall not kill; thou shall not steal; and so on. Indeed, through reasoning, man can reach the conclusion that, on an individual and collective level, humans cannot rightly fulfil their nature without following these basic moral considerations (e.g., killing arbitrarily cannot be part of a fulfilled life at an individual or social level). Even so, these laws are still too general: human laws will be the laws that concretely apply the natural laws in order to direct a specific community toward the common good.

As we can see, this offers a wide scope for interpretation and there can be property or political institutions without necessarily violating God's moral precepts. According to Aquinas, and in contrast to the Augustinian view, property (dominium) and temporal power are in fact phenomena that can be at least compatible with God's natural law. These phenomena are not, as the Augustinian view held, imperfect and unjust arrangements. If correctly applied, one can deal with scarcities in a way that benefits the common good instead of hindering it. For instance, in Aquinas' view, the rejection of commonly held property in a state of sin and the adoption of individually owned property would (1) enhance hard work, (2) create more efficiency, and (3) foster peace (Wood 2002, p. 23–24).

In fact, Aquinas went even further in rejecting the traditional Augustinian view: he argued that we have reasons to believe that there was property before the Fall. He argued that things in Eden were held in common, but there was some dominium in the fact that men had to use the goods they needed in order to achieve the sustenance required to live. After mankind fell, it was decisively more convenient to have a wider dominium in order for everyone to better serve God. Man's inherent laziness and envy made it difficult to hold things in common as before (Franks 2009, p. 56–59).

With these new ideas, the balance between earthly necessities and the priority of life after death was being recalibrated: life on earth did not look so immediately transitory anymore and the end of the world seemed far away. All of this probably

also had to do with changing material circumstances. While prior to the tenth century, commercial activity that would go beyond the exchange of basic goods was almost non-existent in most communities, the three following centuries witnessed tremendous growth at all levels thanks to the intensification of exchanges. Cities started to expand and were increasingly filled with the figures of the bourgeois, the merchant, and the artisan. We were slowly moving beyond an economy of subsistence, almost entirely rural, towards a more diverse and open society, where princes started to collect taxes in order to enforce security and where more stability and commercial activity was slowly bringing prosperity (Pirenne 1963, p. 39–57).

However, one should be careful in not overstating Aquinas' importance nor his break with prior Christian thought as there were also many important lines of continuity. He continued to argue that superfluous goods should be given away (as we saw above) and dominium was to be circumscribed to what was essential for men to fulfil their purpose in the divine order (Franks 2009, p. 59). He also closely followed the traditional view that condemned the ambitious man (Skinner 1978, p. 100). On the other hand, he was not so apologetic of poverty as his predecessors and contemporaries were: 'In so far as poverty removes the good resulting from riches, namely the assistance of others and one's own support, it is simply an evil' (quote from Wood 2002, p. 46). Above all, he showed that the material world and its imperfections could be dealt with in a way that was compatible with God's will. Aquinas hints at the idea that a deeper reflection on the matters of this world is necessary to understand how to better serve God. It is in this general Aquinian framework that the late scholastics developed their own ideas on how to deal ethically with scarcities.

IV. The Specificities of the Late Iberian Scholastics

The Salamanca School is a label used to designate a group of Iberian thinkers of the sixteenth and seventeenth centuries that developed, and in many ways anticipated, consistent economic thought and theory. These thinkers, that include names such as Francisco de Vitoria, Domingo de Soto, Tomás de Mercado, Francisco Suarez, or Luis de Molina, were all more or less loosely linked to the University of Salamanca. Despite the school's name, their main aggregative element seems to be a regeneration of the scholastic method and its main authoritative sources, namely, "Greek philosophers – particularly Aristotle – the Roman jurists, the Old and New Testaments, Christian Patristic literature and earlier scholas-

tics" and, of course, Aquinas (Alves and Moreira 2013a, p. 3). Following Aquinas' ideas and frequently using him as starting point, they gave much importance to understanding which earthly ways were more suitable for a fulfilled moral life on earth. Above all, they tried to understand and solve many economic issues that emerged at the time, thus creating what could be called the first coherent body of economic thought, integrated in a broader political, legal and ethical theoretical framework. As the great historian of economic thought Joseph A. Schumpeter recognized:

> It is within their systems of moral theology and law that economics gained definite if not separate existence, and it is they who come nearer than does any other group to having been the 'founders' of scientific economics. And not only that: it will appear, even, that the bases they laid for a serviceable and well-integrated body of analytic tools and propositions were sounder than was much subsequent work, in the sense that a considerable part of the economics of the later nineteenth century might have been developed from those bases more quickly and with less trouble than it actually cost to develop it, and that some of that subsequent work was therefore in the nature of a time- and labor-consuming detour[4].

When one analyses the ideas of the authors of the Salamanca School, it is no wonder that they came to be increasingly recognized as the precursors of economics. They emphasized the idea that private property was important for the common good and rejected positions that condemned it as sinful. Some went further than Aquinas by arguing that property should in fact be transferred as the owner pleases, as this would help promote the common good. Witnessing the entry of great quantities of precious metal from the New World, they did not fail to see that the increase in currency raised prices in Spain and some explicitly formulated what can be described as the first quantity theory of money. Vitoria is still famous nowadays for his criticisms of the illegitimacy of creating barriers in trade between nations.[5] The scholars of the Salamanca School also made notable statements that anticipated our modern subjective theory of value (Alves and Moreira 2013a, p. 72).

It is no coincidence that the Salamanca School scholars were witnessing a period of material growth, much as Aquinas did when this conceptual shift occurred. The Iberian's sixteenth and seventeenth centuries were exciting times above all

[4] Although this quote can be found in Schumpeter 2006, p. 93, the idea of using this quote originally came from Garcia 1986, p. 13.

[5] For more on the contributions of the Salamanca School, see Chafuen 2003, p. 31–32, 41–42, 62–68, and 73–76.

because of the discovery and exploration of the New World. From 1503 to 1660, no less than 16 million kilograms of silver (triple the existent silver in Europe) and 185 thousand kilograms of gold (one fifth of the existent gold in Europe) arrived through Seville (Elliot 2002, p. 523). Commerce intensified in order to meet the demand for goods from the new American market. A true revolution took place in the agriculture sector and the textile industry. Economic matters became increasingly pressing and so did political and religious issues. Indeed, the Spanish Siglo de Oro coincided with the struggles between Protestants and Catholics across Europe. These conflicts were an important motivation for the Salamanca School to define its doctrine and rise as a leading center of ideas. Ultimately, the union of all these factors made of the Iberian Peninsula a privileged place of exchange not only of goods but also of ideas (Alves and Moreira 2013a, p. 9–10).

In order to better showcase the original contributions of the Salamanca School, we will now illustrate by relating the writing of one of its notable thinkers to the idea of scarcity. Domingo de Soto built on Aquinas' idea that property should be private in order to prevent quarrels arising from scarcities. Also, de Soto postulated a vision of scarcity that is notably close to ours, hinting at a transition from the old vision of "scarcities" to our modern vision of "scarcity" as a general postulate.

v. Domingo De Soto on Trade, Price, and Scarcity

Domingo de Soto (1494–1560) was one of the most influential figures of the Salamanca School. De Iustitia et Iure (1553–1554), his magnum opus, had twenty-seven editions in the following five decades (Alves and Moreira 2013a, p. 15, and see also 2013b). He was quite explicit in his defense of private property against apologists of the communal ownership of things. '<…> in a corrupted [i.e. fallen] state of nature, if men lived in common they would not live in peace, nor would the fields be fruitfully cultivated <…>' (quote from Alves and Moreira 2013, p. 67). In fact, continues de Soto, the virtues of liberality and helping the poor would be impossible in a state where everything was held in common. Finally, the theologian also counters those that criticize private property for being the source of many fights and conflicts:

> '<…> the small number of ecclesiastics who take refuge in the cloisters of monasteries is able to live peacefully in community [i.e. with no private property] but that is not possible for the great human nations. What the poet has said, that these words: mine and yours, lead to many disputes and fights, we sincerely recognize; but there would be

many more [disputes and fights] if the things were possessed in common' (quote from Alves and Moreira 2013, p. 68).

In times of rapid economic growth, merchants faced many moral questions regarding the practice of their trade and wondered about the morality of phenomena such as profit or usury. The relationship between theologians and merchants thrived and de Soto went to great lengths to answer their questions. In this context, he used the idea of the scarcity of particular goods in order to reach many normative conclusions. For instance, if one lends some gold to someone else but the value of gold falls, the borrower repays the creditor with the same quantity of gold regardless of the new value. De Soto explains this price fluctuation in these terms: "The ducat, for instance, is worth more in gold in Spain, but is worth less in silver in England where the abundance of silver is greater. This is why eleven reales of silver are worth more here than there."[6] The scarcity of gold or silver is thus very important in determining its value.

He also highlighted how necessary commerce was to deal with scarcity of goods. Although one should not seek to exchange only for profit's sake (which is avarice), commerce has undeniable benefits when it comes to fulfilling the needs of every part of the community. It is a very efficient way of avoiding scarcities and it would be tremendously inconvenient for a ruler to try to take care of this matter.

> Trade is necessary for society. Indeed, not every region has in abundance what it needs; quite the opposite, the diversity of climates causes one to spare fruits or occupations that the other lacks. Conversely, this one has an abundance of many things that the other needs. And all those in need could not undertake long journeys transporter for the small quantities they need <...>. Indeed, other shortages might occur frequently; nor could a poor keep these fruits; therefore, if there was no one who would buy them [the fruits] in order to save them for a period time, society could not remain without detriment. <...> But you might ask: would it not be more prudent for society to have their own [businesses'] administrators in order to fulfill their office? Certainly, this would not be a convenient way to attend so many goods. Therefore, it is more advisable that this occupation should be permitted to others, and then help them[7].

[6] "El ducado, por ejemplo, en España, que és mas rica en oro, vale menos plata que en Inglaterra, en donde la abundancia de plata es mayor. Y por esto once reales de plata valen aquí más que allí." De Soto 1968, p. 518 (the translation is our own).

[7] "El comercio es necesario a la sociedad. Efectivamente, no toda provincia tiene en abundancia aquello de que necesita; por el contrario a causa de la diversidad de climas a una le sobran frutos y ocupaciones de que otra carece. Y al revés ésta tiene abundancia de otras cosas, de que la otra tiene necesidad. Y de los necesitados no todos podrían emprender largos viajes para transporter las cantidades pequeñas que necesitan <...>. Suele, efectivamente, ocurrir con frecuencia otro

De Soto also uses the concept of scarcity of goods in order to understand the just price of a transaction. That is, at what price can one say that the common utility is served and that the transaction does not exclusively benefit one party? De Soto answers that the just price must be connected with man's needs. Indeed, if mankind did not have needs, he says, then there would be no exchanges at all. Since these vary from place to place and time to time, prudence dictates that prices must be defined by the common estimation of the merchants. One cannot sell a good with the price of yesterday or of another place: as shown in the next citation, goods must be sold at the present common estimation, and whoever tries to circumvent this is 'deceiving' himself.

> Look at these examples. There is a shortage of wheat in Spain. Aware of this, a merchant from Sicily sets out to us with a ship full of it; when he gets here, or because the weather favored us, or for another reason, we have plenty of wheat and its price has fallen sharply; therefore, he cannot sell his goods at the same price [that he bought them]; he would also not be free of sin <…> if, in order not to incur losses, he sells on credit to be paid later. [The merchants do that] because, at first, there are more goods; and then, [because there are fewer goods], they lower the price. The merchants therefore think that, in this case, they can lawfully sell as much as they initially sold while, in fact, <…> they cannot ask for the same price. They are deceiving themselves[8].

In this passage, two things are very interesting and both relate to the modern concept of scarcity. On the one hand, de Soto is using the ancient idea of "scarcities," i.e., scarcity for a specific good, in a very modern sense. That is, and although he is not using "scarcity" as a general postulate like modern economic theory does, he is using this specific example of "scarcity of wheat" in order to draw descriptive conclusions about the price of wheat. In other words, the Iberian theologian is

escasez; ni tampoco una que fuera pobre podría guarder sus frutos; y así si no hubiere quienes los compraren a fin de guardalos para tal tiempo, la sociedad no podría permanecer sin detrimento. <…> Pero tal vez preguntes: ¿No sería acaso más prudente que la sociedad echara mano de sus administradores para que se hicieran cargo de esto? Ciertamente no se podería con comodidad attender por este medio a tantas mercancías. Y por ello es más aconsejable que esta ocupación se permita a otras personas, y hasta ayudarlas." De Soto 1968, p. 544–545 (the translation is our own).

8 "Fíjate en estos ejemplos. Hay escasez de trigo en España. Y entonces sabiéndo un comerciante de Sicilia se dirige a nosotros con una nave cargada de él; cuando llega aquí, o porque nos favoreció el clima, o porque por otro motivo tenemos abundancia de trigo, su precio ha disminuido mucho; por consiguiente no puede venderlo en tanto precio cuante es el de la mercancía; ni quedaría libre de pecado <…> si, para no perder por lo menos, lo vendiere más a crédito, pagado más adelante. Porque al principio, como hay más mercancías; y al fin, por la razón contraria, bajan el precio. Piensan, por consiguiente, en este caso los mercaderes que fiadamente pueden lícitamente vender en tanto cuanto vendían al principio, siendo así que <…> no pueden exigir el mísmo precio. Se engañan contra su cabeza." De Soto 1968, p. 548 (the translation is our own).

using the pre-modern concept of scarcity but in a modern way, in a fashion that is very familiar to us (thus the surprise when one reads de Soto for the first time). Also, and this is the second interesting feature of this paragraph, de Soto is using the idea of scarcity in a much more descriptive and not exclusively normative way. Of course, this description is intended to draw moral and normative conclusions, but it is a more descriptive and modern approach nonetheless, one that is widespread across the Salamanca School[9].

De Soto applied the idea of scarcities not only to goods but also to merchants. It actually led him to the conclusion that monopolies are unjust. Indeed, a common estimation made by a reduced number of sellers and a greater number of buyers raises the price of goods. This explains why, at the beginning of a market day, goods have a higher price, because the number of buyers is high while there are fewer sellers.

> The value of commodities increases with the abundance of buyers; but when [they are] scarce it decreases. On the opposite, the abundance of sellers decreases [the value] and with the scarcity [of sellers] [the value] increases. Certainly, when the goods abound, the number of those who sell is higher and the number of those who buy is fewer. From this you can, if you come to doubt whether the motive or the way of selling alters the price, deduce the answer [to your doubt], because the cause of selling or buying does not affect anything here, whether you sell bound by necessity, or whether you reduce the price of things because of their abundance. Likewise, when you buy led by the need of the one who sells which leads to the goods being sold at auction, it follows that in this case, because there are few buyers, things lose value, as in a war, once victory is achieved, booty is sold cheaply. Conversely, when traders [in the marketplace] await the buyers, as in this way of selling many buyers appear, the value of goods increases. And for the same reason, when the market opens, [goods are] sold at much higher price than when it closes[10].

9 Two good chapters with some relations between scarcity and the Salamanca School can be found in Chafuen 2003, p. 31–50 and 73–99.

10 "El valor de las mercancías aumenta con la abundancia de los compradores; pero con la escasez, disminuye. Como por el contrario la abundancia de vendedores diminuye y con la escasez aumenta. Ciertamente cuando las mercancías abundan, es mayor el número de los que venden, y menor el de los que compran. Y de esto deducirás tú la contestación si llegares a dudar de si el motive, o el modo de vender altere el precio. Porque la causa de vender, o de comprar no afecta nada a la cosa. Porque ya vendas obligado por la necesidad, ya porque desprecies las cosas a causa de su abundancia; y lo mismo, ya compres llevado de la necesidad del que vende es causa de que las mercancías se expongan a la venta en subasta, se sigue que por haber en este caso pocos compradores, las cosas pierden valor, como sucede en la guerra, que una vez lograda la victoria, se vende el botín por poco dinero. Por el contrario, cuando los mercaderes públicos esperan a los compradores, como en esta forma de venta aparecen muchos compradores, aumenta el valor de las mercancías. Y por la misma razón cuando comienza el Mercado se vende mucho más caro que cuando termina." Soto 1968, p. 548 (the translation is our own).

With these analytical tools, the Salamanca theologians were able to reach many normative conclusions and, as we saw, many of them are surprisingly close to some of the most sophisticated contemporary perspectives on the same problems. A contemporary notion of abstract scarcity was slowly being developed through the late scholastics' notion of a specific scarcity of goods.

Conclusions

The School of Salamanca provides several enlightening insights when it comes to scarcity, the problems it poses and the possible ways of dealing with them. Domingo de Soto, for instance, did not have a modern and abstract idea of scarcity, but he used the older sense of "scarcities" of specific goods (such as wheat or wine) in order to draw conclusions that are surprisingly close to ours. De Soto shows through his writings how the old idea of "scarcities" was slowly developing into the modern concept of "scarcity," understood in a purely positive and general way.

Although the authors of the Salamanca School did have a direct (Samuel von Pufendorf; Hugo Grotius) and indirect (John Locke; Adam Smith) impact on later thought, this essay also tried to show another way through which they influenced our modern way of understanding reality. While for many centuries Augustine and Christianity in general emphasized the provisional and hazardous character of earthly life, the Iberian scholastics were central actors in the intellectual movement that, following Aquinas, tried to develop a deeper, more positive, and arguably more affirmative outlook on worldly political and economic matters.

The development of the modern idea of scarcity is one of the outcomes of this thousand-year odyssey: from a concept that was used to highlight normative conclusions in the writings of medieval theologians, namely, the sinful nature of inducing scarcity in order to make a profit, this concept became one of the central premises of positive modern economics as we know it. The Iberian scholastics were a central part of this process of looking at the material world, trying to interpret it, and finding better ways to cope with it and improve our earthly lives within an integrated philosophical and theological perspective.

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