

The Seventeenth Century

Juan de Mariana (1536–1624)

The Jesuit Juan de Mariana taught theology in Rome, Naples and the Sorbonne; he wrote a multi-volume history of Spain (1592–1605) and a treatise on the education of kings. In 1609, he published in Cologne a collection of seven treatises on various subjects, on of which, the *De Monetae Mutatione*, had been written between 1603 and 1606.¹ Passages arguing against the king’s right to tax his subjects without their consent and to spend his revenues on other things than the common good prompted the government to intern him in a convent and start proceedings before the Inquisition; charges were dropped ultimately.²

Texts

De Mutatione Monetae

Ch. VII. The advantages which come from the alteration of copper coins

I thought it worthwhile to examine precisely the advantages and disadvantages which come from the alteration of copper money, and to present both to the eyes, so that the prudent and wise reader consider which are of greater weight and moment in equanimity and without being influenced by any prejudice; thus will truth win, and that should be another wish.

¹ See Mariana (1994, Ch. 7, 9, 10) for a modern critical edition of the Latin text with German translation and Laures (1928) for an English summary and analysis. A contemporary Spanish version has also been republished recently (Mariana 1987). Contemporary Spanish economic thought is discussed by Gracie-Hutchison (1978, 1993).

² Mariana did not make friends either with his tract on “the errors in the form of government of the Society of Jesus”.

First, we are freed by this alteration of the expense of silver, of which a great quantity, and many tons were year after year mixed to the copper for no obvious benefit; the reduction in the alloy provides it. From the reduction in weight follows a greater ability to transport cheaply this money wherever merchants want to send it and use it in trade, which previously cost a great deal. Therefore this money will be abundant in the country; and from this, greater room will be made for commerce, because foreigners, who elsewhere lay their greedy and tenacious hands on gold and silver money, will have lost their motivation. Those who have this money will deal with others willingly, hence debts will be repaid, farms will be cultivated out of greater hope of profit, enterprises will be started which frequently lay idle, and there follows a greater abundance of cattle, produce and merchandise, of clothes of linen, wool and silk, and of other commodities. From abundance will no doubt come cheapness, whereas before, few could find money to borrow except at high interest. Thus satisfied with our situation and prosperity, we will require fewer foreign goods, whose importation took away our silver and gold, corrupted our people with foreign customs; indeed, men born to war and arms were physically weakened by the voluptuousness of these goods, and the martial vigor of their soul destroyed. Nor will foreigners come as they frequently used to, because of the abundance of domestic goods and because the money which they would receive for their goods would be refused in their home country, and earn them no profit. With all the money received for their goods in our money, they will buy other goods which they can advantageously bring back to their country.

And how great it is, that by this activity much money will flow into the royal treasury, so those to whom royal revenues have been mortgaged (such a calamity) will be repaid; and this, without anyone injured or given occasion to complain, but solely by debasing the currency. A great profit will no doubt accrue to the King.

Thus Plinius in the passage mentioned before confirms that the Romans extracted themselves from great difficulties by diminishing the weight of the as, and repaid debts which crushed them. The same thing is reported of Alfonso XI, king of Castile, in the chronicle of his reign, chapter 98. Likewise of Henry II, 5th year chapter 10, who recovered after having removed in this manner the heavy weight which oppressed him; because of his wars, he was then indebted for large sums to various people, among whom Bertrand du Guesclin and the foreigners who helped him take the throne from his brother.

To these I add that just as the ancient Romans, today other people fully use copper coins, with no mixture of silver or other precious metal. Indeed it was

once in greater use and more common than other monies, since among Romans the name *as* was commonly used for money. Perhaps this is the origin of the fact that we express in maravedis whatever wealth and income one has. It is a fact that at one time Spaniards used gold maravedis, and time, whose powers are great, has deprived them of all gold. So one should not be surprised if all the silver is taken away from our copper, which was of no use and never benefited anyone.

Those advantages are all of great weight, and to make room for them, it will be just to conceal whatever disadvantage an inquisitive mind will ascribe to a new invention. In fact nothing in this life is ever immaculate and free of all harm and blame. It is the role of wise men to follow those things which offer the greater advantages and are less open to criticism, especially since human nature also earns its ill repute because of the way it always attacks recent inventions and methods, and holds on to the old ways, as if nothing could be improved or added to the old institutions.

Ch. VIII. [*Historical chapter on variations of the Spanish maravedi (omitted)*]

Ch. IX. The disadvantages of this alteration in copper money

In the most important matters, it is not proper to adduce subtle and theoretical arguments from my head and my thoughts, for they often deceive; but rather, it is appropriate for me to argue with examples from the history of our time or that of our forefathers. I find this method safest and the way to the truth, because the present is always similar to the past. What has happened, will happen. Thus the outcome of earlier events have great power to persuade those who enter the same path that they will reach the same result.

First I will present the disadvantages which seem large, but are not in fact, and which could certainly be tolerated lest we be deprived of greater advantages which come from alteration of coinage. First, there are those who claim that this invention is a novelty and was never used before in the country. New things, because they are unusual, are not without great risks of harm, and therefore are to be feared. What is asserted with such confidence can be shown to be false, by what has been said before: it is a fact that these methods have been often tried in the past, with consequences which I have not yet discussed. They add that the cultivation of land and farms will be less than usual, because citizens will be driven away from work for which merchants will only offer debased money. This is correct: except that the adversaries cite among other advantages of an altered and multiplied coin, the fact that because of this money on hand and available for everyone, the activities of cultivation and industry will more easily

reach fruition, whereas they were often neglected by lack of money. Thus on this point the argument cuts both ways: and since it can be turned in both directions, it has force in neither.

Then they predict that commerce will be hindered, especially the flow of foreigners who come to Spain only in the hope of exchanging the goods they bring for our silver; what a calamity this would be for the Indies trade need not be explained, the matter speaks for itself, when most of the goods sent in those regions were imported into Spain by foreigners. In truth it is not hard to answer this point. Who will argue that it is a disadvantage to obey the laws of Spain which strongly prohibit the export of silver? And in any case, what advantage could there be for a country to lose its silver? It appears preferable for the republic if copper money is adopted in trades and foreigners come less to Spain, or if they do, exchange their goods for ours, since they have no hope of taking away money. This is, and should be, the common wish of the people. Nor is there any danger of impeding trade with the Indies, because the land, principally by native wealth, will be supported with wine, oil, woollens and silks which are sent annually. If there is need to procure something from foreigners, the silver of the Indies comes repeatedly to our merchants, and with it they can buy linens, paper, books, frippery, and such things. Nor does the copper money prevent the silver brought in from being minted as before.

From this it will be easy to answer this other objection, that the King's ability to borrow money from abroad to pay for the expenses of the fleet and the wages of the soldiers. Rather one can say instead that the King will have a greater quantity of silver, if he pays his domestic debts in copper coins, so as to repay his foreign debts with the silver brought to him every year. Nor will copper money be so detrimental that all silver will disappear as if chased away by a curse or a sorcerer.

To tell the truth, when copper is in excess, silver disappears among people and is lost, something which must be counted among the chief disadvantages. Indeed silver flows into the royal treasury, and does not circulate anymore, because the king himself, if he owes his subjects, will pay with copper money, which he has with ease and in quantity, and he sends silver abroad to foreigners. And what silver remains among residents disappears because they all spend copper first and hoard silver unless some necessity forces them to offer it.

They also argue that a large quantity of false coins will appear, and rightly so, but not for the reasons they think. They offer two reasons; one is because it is impossible to recognize the legitimate coins from the false ones when the silver

which used to be added is completely removed. Therefore many will be attracted by the hope of a profit increased threefold, because, as said before, the legal value was little different from the natural value, and is now very different. Of these reasons I will not deny (how could I?) that the latter has much force, being based on the hope of profit: when two hundred ducats turn into seven hundred through counterfeiting, this no doubt will induce many to expose themselves and what they have to any risk. What will curb inflamed greed from suddenly rising by these means out of indigence? The other reason proceeds from the false premise that silver is mixed with copper to prevent the possibility of counterfeiting the billon money; rather it is a relic of the maravedi's original value, which once was pure silver and over time was debased by large additions of copper, yet always retaining some quantity of silver. And, for the first time, the Catholic Kings did not sanction this, but rather set by their law how much silver should be mixed with copper, so as to prevent the debasement of this money by greater repeated additions of copper. And I did not think it harmful if no silver were mixed into the copper coinage, to avoid an expense which never brings any benefit.

If my opinions were of any value, I would want the imprint of the coin to be of higher quality, such as is made in the minting mills of Segovia. Otherwise I would want that the silver *real* exchange for more copper coins, as is the case in France, where a silver *sou*, about a *cuartillo*, exchanges for 12 deniers, and three of those coins exchange for a *liard*.³ The carlino of Naples, smaller than our real and worth no more than 28 maravedis, exchanges for 60 cavalli, which each have the weight and size of 2 maravedis of the kind in use before the present misfortune.⁴ All these lead to equating the value of silver with the metal and costs of minting, that is, adjusting the legal value to the natural value. Thus few people are tempted to falsify this money because of the smaller profit; and people of the lower classes (which counterfeiters usually are) will not easily avail themselves of minting mills to produce similar coinage; and if someone moulded coins, it would be easy to tell the difference between stamped and molded. The fact that minting silver in those mills is costly and that they cannot produce coins of equal weight because of the irregularity of the silver bars passed through them, is not a problem in the case of copper because of the low value of the metal.

³ The French sou, at 24% silver, contained 575mg of silver, and was indeed similar to the Spanish *cuartillo* (fourth of real) at 22% silver containing 619mg silver. The *liard* contained 120mg silver. The French denier was a pure copper coin weighing 1.57g. The equivalence of 12 deniers to the sou equated one unit of pure silver with 32.75 units of pure copper. In Spain, the maravedi of 0.8g of pure copper was set at 34 maravedis per silver real, equating one unit of silver with 7.6 units of copper. Thus copper coinage in Spain was considerably overvalued, compared to France.

⁴ Mariana probably means the maravedis from before 1602; a 2-maravedi coin used to contain 3.3g of copper. This would imply a copper/silver ratio of 74.8.

I pass over other disadvantages which seem to lead to greater problems, but do not; not because they come from empty thoughts, but because they are based on the habits of earlier times and the memory of old events. Some say that, with copper money multiplied and thriving, rich men will form no treasure which they would have left for works of piety. But in reality many spend their heaps of money on harmful or frivolous things, so it would not be a great loss if no one forms treasures. Add to this that copper money will not prevent a large flow of silver from the Indies every year. Who will prevent the owners of this silver from saving what part they want? Others say the transport cost will mean that merchants will not ship this money to buy goods at long distances. But in truth, once those expenses are properly computed, they will admit that it can be sent to the borders of the kingdom, Murcia and Valencia, at a small cost, namely one per cent.

Counting is a large task and guarding is a main burden. Others assert that these burdens compensate the advantages which this money brings with it, as explained above. Finally, they present the dearness of copper resulting from the large quantity minted, and the resulting difficulties in making household implements: and foreigners, who have a lot of the metal, will profit from our misfortune. A few years ago a hundredweight of copper sold for 18 francs in France. Thus eight ounces, which we call a mark, cost 13 maravedis, even less in Germany. Now in Castile the same weight costs 46 maravedis, and the price rises every day as copper money is endlessly minted due to necessity or rather greed. In truth this is a problem, and not just an apparent one; but there are many others, compared to which this one, however harmful, will appear laughable and not as important.

Ch. X. Greater disadvantages of this alteration in money

First, such an abundance of copper money as we see now contravenes our Spanish laws. In the decree of the Catholic Kings issued in 1497, we see nothing definite on gold and silver, so that it not⁵ be possible for anyone to have as much minted of those metals as he has. But for copper they set by a third law that no more than ten million maravedis be minted, allocated in a certain way between seven mints. Thus Philip II king of Spain, by a law of 1566, prohibited that more copper money be made than was sufficient for common use and trade, and he orders that this money may not be coined without royal permission.

In common use copper money must be used only for small purchases and to give change for larger gold and silver coins. Beyond those limits, harm to the public and disturbances in affairs is unavoidable. Money was indeed invented to facilitate

⁵ Sic? The reverse seems true.

trade; and without doubt that money will be more convenient which fulfills this goal better and more suitably. Thus Aristotle in *Politics* 1.6.⁶ The reverse happens with copper money if there is too much of it. Counting is a burden: it takes a man almost a whole day to count 1,000 gold coins in this money. What shall I say of transportation? It is not sent to remote locations where goods are bought without effort and cost. Thus our laws prevent the overflow of this money. Not that I would advocate that only silver money be coined, as was in England under the recently deceased queen Elizabeth I, and in some German cities. However small it may be divided, as it is said that René of Anjou had a thousand coins struck from one ounce (I would think pound), there will not be any on hand to purchase small and cheap things and to give to the poor. The harm is much greater if we fall in the other excess, if copper money floods the country like a river swollen by winter rains. So much for the first disadvantage.

Another is that this innovation not only contradicts the laws of the country, which one might forget, but also goes against reason and the very laws of nature, which are dangerous to change. To show this, recall what was said earlier,⁷ that it is not in the king's power to take possession of his subjects' property, so as to deprive the legitimate owners for his own purpose. Now consider: would the king be allowed to break into private granaries and take half of the stored grain for himself, and compensate the owner by allowing him to sell the remaining half for the same price as the whole fetched before? I don't think there is a man of so warped judgment that he would excuse this act. But that is exactly what happened with copper money. The king appropriated for himself half of the whole mass of money, having doubled the value of each coin, so that what was worth two is now worth four maravedis. I further ask whether it would be proper for the king to make by law the price of woollens and silks triple what it presently is, and let the owner retain a third cede the rest to the King. Who would approve of this? But that is what happened with the new copper money recently minted. The owner was given less than a third, the rest went to the king as profit.

What cannot happen for other goods is carried out in the case of money; this happens, because the king has greater power over money than over other things. He appoints all the officers of the mint and changes the design of the coins at will; he keeps control of the stamps so that he has full freedom to change the money and substitute a worse one for a better one, and conversely. Whether this is

⁶ The modern reference is *Politics* 1257 a 31/4.

⁷ In Chapters 1 through 3, Mariana argued that the king had no rights over his subjects' private property, and could not tax them without their consent. He assimilated government monopolies (on salt or play-cards) to illegal taxation, and applied the doctrine to monetary alterations as well. Those passages earned him the Inquisition's attentions.

legal or against equity and justice, is the object of consideration. When a contract has been made at a time when money was sound, and when the debtor repays with the new and debased money, this is an injustice as Menochio has shown with many arguments in his *Consilium* 48:⁸ a debt which was denominated in good money cannot correctly be repaid in debased money.

Now to the third disadvantage: the price of all goods will soon rise by no less than was taken away from the content and weight of the coin. Do I invent this in my head? No, rather, these are the evils which our ancestors have experienced every time money has been debased in this country.

[Historical examples from 13th and 14th centuries omitted.]

I believe and hold for certain that money is never altered without subsequent increases in price. To understand this better, let us suppose that the value of the real has doubled, and from 34 maravedis has risen to 68 maravedis. There are those who think and assert to varying degrees that it is beneficial for the state if the value of silver rises. Under this assumption, if someone wants to buy 8 ounces of silver bullion for 65 reals, which is the legal price, will he find a seller? Obviously not, instead no one will sell for less than 130 new reals, which is approximately the weight in silver. And if the value of silver has doubled because of the doubling in value of the coin, the same must happen for bullion if the real has increased by a sixth or a fourth. So in the use of copper money we have seen the real exchange in some places at a 10% premium, elsewhere half that. Furthermore what I have shown to be a necessary consequence for silver will extend to all goods, so that their price will increase by the same extent that the content of the coin is reduced or its value increases: it is just the same.

Undoubtedly several things combine in the new money: by themselves the bring about dearness of goods, and their immense quantity makes them cheap, as abundance brings about cheapening for all other goods. Thus the baseness of the money has the effect that those who have it want to be rid of it as quickly as possible, and merchants will not exchange their goods against it without an immense increase in prices. From this necessarily follows a fourth disadvantage, a difficulty in trade, on whose vigor public and private fortune depend. This is what has happened every time money has been debased. Worse than the evil is the remedy of fixing every price at which grain and other goods are to be sold. This will be a heavy burden on merchants: they will refuse to sell at the fixed price, and the disappearance of trade and dearness of things will reduce everyone to poverty,

⁸ This work is in Budel's 1591 collection of Treatises.

which will lead to unrest. And it will be necessary, as we know from what has often happened in such difficulties, to either completely decry the currency or else reduce its value by a half or two thirds. It will happen, suddenly and as if in a dream, so that he who had 300 gold coins in that currency will be reduced to 100 or 150; and everything else in proportion.

This happened under king Henry II (in his History, year 6, ch. 8), by necessity he took away 2 maravedis from the 3 maravedis that the real was worth, and reduced the cruzado to two coronados, a third of its earlier value. John I his son reduced his blanca to 6 pence, about half of its earlier value. We find this asserted in the Cortes of Vibriesca in 1387, and nevertheless high prices persisted, which the king himself acknowledged at the Cortes of Burgos the following year. It is not necessary to describe the injury to the people, the matter speaks for itself. What happened in a similar way under John II is explained at the end of Chapter 8. In Portugal, Duarto Nuñez reports in his *Annals of Portugal*,⁹ under king Ferdinand after an alteration of a great quantity of these coins were brought from abroad and prices rose as a consequence. He adds that after a new law they were forced to take that coin at a lower value, which reduced many to poverty. And even in our time he says that by imprudence they committed the same error, when under king Sebastiano they minted copper coins called *batacones*, and the same harm required them to apply the same remedy.

Let us set aside the old examples, although what happened in Portugal is not ancient. Certainly Sanders reports in the first book *de schismate Anglicano*¹⁰ that among other evils in which Henry VIII king of England fell after his schism from the Church, the debasement of the currency reached such a point that, whereas before 1/11th of copper was mixed with silver, he gradually went to the point where money contained no more than 1/6th of silver and the rest copper. Then he had the old coins brought in to the Treasury and exchanged them for an equal number of new coins, a great wrong. After his death the citizens turned to his son Edward asking for remedy against this evil. Nothing else was done but to reduce the new money to half of its value. Then Elizabeth, Edward's sister, who reduced the currency again by half. Thus suddenly, he who had 400 gold coins in that money, was left with no more than 100. Nor did the fraud stop here. Since the evils resulting from this money did not cease, a new decree was issued, by which all of this money was to be taken to the mints in the hope of a compensation which never came. Infamous theft, most shameful embezzlement.

⁹ Probably *As coronicas dos Reis de Portugal*, Lisbon 1600.

¹⁰ Nicholas Sanders, *De origine et processu schismatis Anglicani*, Cologne, 1585.

The wise reader may recognize if we are following on the same tracks; if the events of the past contain a depiction of the tragedy which awaits us without doubt. From these causes will follow the king's distress, which is the fifth disadvantage; I do not know if it is worse than the others, but it is inevitable. The king can gain no benefit from the misfortune of his subjects; no good comes to him from the country's sickness; those two reasons are linked together. If the citizens work little and trade is disrupted, who could pay the king the usual taxes? Much less will be collected in taxes by the collectors. Are these fancies, or rather facts proven by examples from the past?

[More examples from Spanish history.]

To conclude I add one last thing. But this disadvantage is the greatest of all: the general hatred which the king will assuredly suffer. As the historian says,¹¹ "Everyone claims prosperity for themselves, but adversity is blamed on the leader." Why was victory missed? because the commander did not arrange the order of battle properly, and did not pay his soldiers. Philip the Fair, king of France, was the first known to have debased the currency among these kingdoms. That is why Dante, the noble poet of that time, called him a counterfeiter; and on his deathbed, having made penance, he warned his son Louis the Hutin that because of this he had earned the hatred of the people, and admonished him to change the currency and reverse the mistake by returning to the old accounting; so says Robert Gaguin at the end of his *Life of that king*. This diligence came to nought: popular resentment did not subside when Enguerrand de Marigny, the author of this plan, was executed on order of Louis, on the advice of certain noblemen and to the applause of the country. A famous example of harmful consequences, which his successors did not heed, as they followed the same path: Charles the Fair brother of the Hutin and Philip of Valois his cousin who followed: at what price for the people of France, it is easily seen from the history of that people.

Because of these disadvantages, which have been attested from time out of memory, the people of Aragon, watchful and active in protecting their freedom, demand from their king, when he is enthroned, that he swear never to alter the currency. Pedro Belluga shows two documents dated 1265 and 1336 from the kings of Valencia in his *Speculum Principum* R 36 number 5: a wise and salutary precaution. Greed blinds, fiscal difficulties press, and we forget the past. Thus the circle of evils returns easily. I myself wonder whether those who are in government are ignorant of those things, or if they know them, out of what temerity they want to throw themselves in these dangers knowingly and consciously.

¹¹ Tacitus, in *Life of Agricola*.

References

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