

The Deflation of 1652 Fractional Coin: Bad Business for the Castilian Tax System in Early-Modern Castile*

Elena María García Guerra
*Center for Human and Social Sciences
(Spanish Council for Scientific Research)*

ABSTRACT

This essay deals with the consequences on the Castilian financial, fiscal and public debts systems of the deflationary programme set up by the Castilian Crown through the laws of 25 June and 17 November 1652.

The reduction in the nominal value of the Castilian copper coin (*velón*) was the key point of the 1652 programme and – for the first time in the history of currency manipulations in seventeenth century Castile – the Crown decided to indemnify those most heavily affected by such reductions. Simultaneously, the government allowed the Castilians to pay their taxes with the old copper coins at their pre 25 June and 17 November 1652 nominal value, and it also enabled the tax collectors to do make payments to the Royal Treasury in the same way, so there are good reasons to suggest that the deflationary measures of 1652 were bad for all those sectors involved and, particularly, for the Crown.

1. Introduction

The consequences of the deflationary measures decreed by Spanish kings, Philip IV and Charles II, on 1628, 1642, 1652, 1658, 1659, 1661, 1664 and 1680 over fractional money have not

* This article is part of the investigation project: “El papel de los mercados financieros y la gestión de los negocios mercantiles en las economías de la Monarquía Hispánica, ca. 1550-1650”. MINECO-HAR 2013-45788-c4-2-p. Duración 2014-2017.

been fully analyzed. In addition, it could be said that research in Spain has focused little on the reduction of the nominal value of coins and their physical elimination. In order to counteract this deficiency the present article highlights some of the most interesting aspects of these processes. We have centered our study on the series of laws, bonds, instructions and proclamations published between June 25 and August 14 1652 regarding the reduction in the nominal value and physical elimination of pure copper coins (*vellón*), undertakings which can only be understood from the perspective of the counterstamping established in 1651. Secondly and to a lesser degree we will refer to the reduction of the nominal value and physical elimination of small denomination coins, a copper coin which was manufactured using a small amount of silver alloy until 1597¹—decreed on November 14 1652. My goal is to provide an overall view of what these measures meant for the finances, taxation and public debt.

2. Monetary Background

Under what circumstances were these measures established? In order to understand this we must go back to the payment stoppages of 1647 and 1652 and to the *vellón* counterstamping of 1651². Over the past years experts have thoroughly studied the nature of both bankruptcies, their causes, the business men involved, methods for resolution and the consequences they brought to the Spanish Monarchy, I will

¹ Actually, Castilian fractional money was manufactured using silver alloy until 1602, but given that between 1597 and 1602 the quantity of precious metal employed was only a gram per mark, the average Castilian had a higher regard for coins minted up to 1597.

² Counterstamping was to increase the nominal value of a coin by engraving them with an additional mark at the mint.

focus on how they came about³. We will detail the marking of the coins mentioned above, a practice that came about in a time when there was a difference between what was budgeted and what was actually collected⁴, and that the only way to meet the military efforts carried out – in Flanders, Catalonia, Portugal, Italy – was to implement extraordinary measures such as establishing new taxes on consumption or *Segundo Uno por Ciento*⁵, distributing donations among public officials, selling a vote in the Cortes (today's Parliament) for the cities of Extremadura⁶ and counterstamping the vellón.

³ C. Alvarez Nogal, *Carlos, Los banqueros de Felipe IV y los metales preciosos americanos (1621-1665)*, Madrid, Banco de España, 1997 and *El crédito de la Monarquía Hispánica en el reinado de Felipe IV*, Junta de Castilla y León, 1997; C. Marsilio, "Che interesse tiri interesse. Un essemplio di 'continuazione de' cambi' sulle fiere genovesi: 1600-1677", in Balbisei, *Ricerche storiche genovesi*, 0, 2004, and "Le fiere di cambio nella prima metà del XVII secolo. Evoluzione di un'antica istituzione economica e nuove opportunità di guadagno sul mercato del credito europeo", in C. Sanz Ayán y B.J. García García, *Banca, crédito y capital. La Monarquía Hispánica y los antiguos Países Bajos (1505-1700)*, Madrid, Fundación Carlos de Amberes, 2006, pp. 59-82; F. Ruiz Martín, *Las finanzas de la Monarquía Hispánica en tiempos de Felipe IV (1621-1665)*, Madrid, Real Academia de la Historia, 1990 and C. Sanz Ayán, *Los banqueros de Carlos II*, Universidad de Valladolid, 1989, "Hombres de negocios y suspensiones de pagos en el siglo XVII", in: A.M. Bernal (ed.), *Dinero, moneda y crédito en la Monarquía Hispánica*, Madrid, Marcial Pons-Fundación ICO, 2000, pp. 727-750 and *Los banqueros y la crisis de la Monarquía Hispanica de 1640*, Madrid, Marcial Pons, 2013.

⁴ The number of entries arranged by the Consejo de Hacienda (Treasury Council) was of 3,168,706 ducats in 1647; 4,795,705 ducats in 1648; 4,284,055 ducats in 1649 and 3,219,768 ducats in 1650. J.E. Gelabert, *La bolsa del rey. Rey, reino y fisco en Castilla (1598-1648)*, Barcelona, Crítica, 1997, p. 382. 1 ducat = 375 maravedis. The maravedi was the Castilian monetary unit.

⁵ The "cientos" were extension of the "alcabala" – the main sales taxes – and they were used for the payment of the "servicio de Milliones" – the main taxes on consumption.

⁶ A. Domínguez Ortiz, *Política y Hacienda de Felipe IV*, Madrid, Ed. Pegaso, 1960, p. 70.

Nonetheless, on March 22 1651, King Philip IV informs the Castilian Council of his determination to immediately solve the problem of the vellón which for so many years had plagued the Kingdom of Castile. The following words are used by the King to urge the Council into making this matter a priority: "I won't rest until it has been settled and I have been informed, since it is the most suitable occupation and employment the Council can have, the most agreeable service it can offer me and the greatest benefit and repair my Kingdoms can receive, avoiding great abuse, disorder and excesses, which have discredited the laws and disregarded justice"⁷.

However on 1 April the Council announced that to adjust the value of coins the vellón must be physically destroyed and a new fractional coin manufactured. In this time frame commerce would succumb to chaos, specially because of the damage recently caused by the forged reals coming from Peru⁸. In particular these measures should not be set in place because the lack of coins would mean that the donations recently distributed could not be collected, one for one million ducat and another, voluntary, for four hundred thousand ducats⁹.

⁷ Archivo Histórico Nacional (AHN), Consejos, Leg. 51359, Núm. 32.

⁸ It began to be a serious matter when in 1640 instead of using authentic silver, larger numbers of *reales de a ocho* of lower and lower quality began arriving in Spain. Coins which would soon be distributed to other European countries via commerce and settlements, situation that posed a serious threat to the reputation of the Spanish silver coin. A. Domínguez Ortiz, "Falsificación de moneda de plata peruana a mediados del siglo XVII", in *Homenaje a Ramón Carande*, Vol. II, Madrid, 1963, pp. 141-155; E. Hamilton, *Guerra y precios en España, 1651-1800*, Madrid, Alianza Editorial, 1988, pp. 39-40 and F. y R. Jovel, "Los efectos del gran escándalo de Potosí en España", in *Cuadernos de Numismática y Ciencias Históricas*, n. 117, 2004, pp. 17-26.

⁹ From the beginning of the 17th century the Cortes' prosecutors worked very hard to ensure a reduction of the number of copper coins in circulation since they were the owners of the juros (public debt bonds issued by the Royal Trea-

Nonetheless, the Council suggested that a Board be created to study the most appropriate ways to achieve the goal set out and while a meeting is set up, the Council recommends that the vellón entering the royal coffers be destroyed and in order to mitigate the foreseeable lack of vellón¹⁰, *reales de a dos* and other small coins be manufactured from silver coming from the Indies for trade purposes.

Two board meetings were held, the members attending the second meeting held on the 6 July 1651 – José González, Mr. Antonio de Contreras, Mr. Antonio de Valdés, Mr. Juan de Góngora and Juan García Dávila – favoured the destruction of the coins but because of the foreseeable problems, the destruction

sure). Negotiations over the initial millions and their following increase was conditioned by this complex problem. The objective formally stated was the advancement of the Royal Treasury Department, but this objective also served to make solvent those whose incomes controlled the oligarchy had their juro located. P. Fernández Albaladejo, "Monarquía, Cortes y "cuestión constitucional", Castilla durante la Edad Moderna", in *Revista de las Cortes Generales*, I, Primer Cuatrimestre, 1984, pp. 11-34.

Therefore at the different Cortes' meetings held during the 17th century several plans to physically destroy the copper coin were debated – a topic that had several outcomes and remained an ambiguous line of work. Up to the first quarter of the 17th century there is clear collaboration between the King and the Kingdom (1607 and 1625), the situation degenerated and on March of 1627, the King unilaterally united the councils, thus breaching provision 49 of service for the 17½ millions approved on 1607 which stated that any plan to physically destroy the coins would be communicated to the Kingdom before it was carried out.

The magnitude of the reaction frightened the King who took notice. Again and from then on, the King adopted a more receptive attitude toward the Kingdom's proposal. This can be seen in the plans to physically destroy the coins which were later organised (1638, 1657) and which had the approval of the respective committees. E.M. García Guerra, "La moneda de vellón: un instrumento al servicio de la fiscalidad del Estado Moderno castellano. Un foro de oposición: las Cortes", in *Cuadernos de Historia Moderna*, n. 21, 1998, pp. 59-101.

⁹ AHN, Consejos, leg. 51359, Núm. 32.

should not be carried out until the Royal Treasury had sufficient funds to compensate individuals and businessmen¹¹.

The specifications of the project¹², supposedly finished by 28 June 28 1651, involved separating 2.35% of silver and 0.5% of vellón from what was collected through sales taxes, first *Uno por Ciento*, ordinary and extraordinary taxes, taxes over six spices, wine, vinegar, oil, meat, soap and tallow candles, *quiebra de millones*¹³, and *papel sellado*¹⁴. To this end, a detail treasury account for every type of revenue was developed. The project estimated that from all the afore mentioned revenues, 3,670,000,000 maravedís in total, 104,368,500 maravedís were needed to meet the approved goals, of which 85,957,000 maravedís would be in silver and 18,411,500 maravedís in vellón.

However, on October 1651 the Council asked the execution of the project to be stopped because the state of things was such that the resources needed could not be found, but specially because “in just a few days rumours of this new line of action had caused anxiety over businesses ... and prices had changed”¹⁵.

The King accepted the decision but since once again it was

¹¹ From their decisions we highlight the following: “taking into account that no matter how quickly everything goes by then July will be over, the month in which the bread harvest is gathered”.

¹² The information comes from J. Pérez Prendes, “Sobre el proyecto de reforma monetaria de 1651”, in *Anuario de Historia Económica y Social*, I, 1 (1969-1970), pp. 295-324, since file number 25 from Board dossier 51359, in which this author bases his information, is missing.

¹³ The “quiebros” were taxes on consumption that were established to pay what was not collected by the “servicio de millones”.

¹⁴ From 1636, all public and private contracts should be written in a paper with official stamp. Four types of stamp were sold at different prices.

¹⁵ AHN, Consejos, leg. 51359, Núm. 33. The punishment for those who spread rumours about the change of the value of the coins went from public shame, to flogging, being sent to the galleys or prison. AHN, Consejos, Libro 1217, fol. 199 and Libro 1228, fol. 82.

impossible to destroy the vellón, on 20 October he assigned his counsellors two tasks, first and most important: to think of new ways to collect the funds necessary to face the serious situation the Monarchy was in; and secondly, in case a solution could not be found, they should advise him of the convenience or not of making use of the prerogatives the law conferred him in times of extreme need¹⁶.

In just three days the Castilian Council provided the King with an answer. On the first matter, and in spite of the utmost importance of the topic being debated, it had not been necessary “to work overtime” or to give “big lectures”. Reasons: “in this case it has been unnecessary since the Council has worked overtime and given big lectures in the past”¹⁷. Therefore, the Council did not provide any new solution and referred back to what had been proposed and said many times after so many years of financial hardships.

In regard to the second issue, it was unadvisable to impose extreme measures because they only generated violence and confusion, and led our enemies into thinking their victory is close at hand.

These consultations reveal a sense of a powerlessness. It seems that any measure proposed will be damaging. Therefore in the light of the lack of solutions, and of the difficulty of facing a state financial reform, and because the need to maintain a “reputation” made it impossible to withdraw from some of the war fronts, there was no other solution but to resort for the

¹⁶ E.M. García Guerra, “La regalía de la acuñación de moneda según la tratadística castellana de los siglos XVI y XVII” in M. Rizzo, J.J. Ruiz Ibáñez and G. Sabatini (eds.), *Le forze del Principe. Recursos, instrumentos y límites en la práctica del poder soberano en los territorios de la Monarquía Hispánica*, Tomo I, Universidad de Murcia, 2003, pp. 99-135.

¹⁷ AHN, Consejos, leg. 51359, Núm. 33.

hundredth time to the counterstamping of certain coins, thus prolonging a situation which day by day became more unsustainable.

3. The Counterstamping of the 2 Maravedís Copper Pieces

As a result a law was enacted on 11 November 1651¹⁸ by which within a 30 day period the 2 maravedis coins were to be taken to the nearest mint to be counterstamped to quadruple their value, thus having a value equal to 8 maravedís. To compensate for the foreseeable lack of fractional coins, the law made mandatory to mint 100,000 ducats in 2 maravedís coins. The official premium of silver in regards to vellón was established at 50% and the gold coinage was valued at 16 silver reals (544 maravedís), the bi-metal relation was established at 1:16,4. Last, the salary and price of coin transportation costs went from 10 to 2.5%¹⁹. The Royal Treasury estimated that this measure would provide a benefit of around 12 million ducats “with no one complaining or feeling distressed”²⁰. Once the aforementioned period ended, the non-counterstamped coins could not be issued or used as payment.

Although it all looked good and well organized on paper, soon enough the execution of the counterstamping presented problems: the fitting-out of the mill mints was delayed, it took longer than expected to ensure everyone was aware of this new law, transportation was slow and expensive, the shrewdness of

¹⁸ AHN, Consejos, Libro 1244, fols. 154-158.

¹⁹ Since “the main and only reason this method is of any usefulness is the price of the premium, and the salary and price of coin transportation”. AHN, Consejos, leg. 51359, Núm. 33.

²⁰ AHN, Consejos, leg. 51359, Núm. 33.

recipients, rentiers²¹ and merchants who sold unmarked pieces²² [...] The counsellors of Castile and the Treasury successively received multitudes of reports and petitions asking for extensions to counterstamp the money. Also, cities such as Murcia directly asked the law to be cancelled since the city's supplies were lacking due to recent floods and the situation was only worsening because after the counterstamping no one wanted to sell²³.

These problems and delays made prices go up and supply scarce. Under this situation the Board of Counterstamping, which had been appointed to ensure the law was upheld, decided to allow new delays for the law to come into effect, the last of them ended on 31 March 1652²⁴. Leaving aside the suspicion and exhaustion created by this type of measure, and the certainty that the last modification had not been seen, the most notable fact was that the 2 maravedis coin, the most needed coin for everyday transactions given its value, had been modified. That is why the counsellors were afraid there would be disturbances in the Kingdom. And that is exactly what happened in Seville. From the very start news came of the negative effects the implementation of the measure had on Andalusia²⁵,

²¹ The administrators had in their power the money to be counterstamped first since it would be the money the mints used as backup to pay individuals during the first period of the operation. *Instrucción que se ha de guardar... en el resello... que se a de haçer de la moneda de vellón...*, AHN, Antigua Sección Osuna, leg. 2269.

²² AHN, Consejos, leg. 51359, Núm. 35.

²³ AHN, Consejos, leg. 7161.

²⁴ AHN, Consejos, leg. 51359, Núm. 33. E.M. García Guerra, "Un episodio en la vida mercantil castellana del siglo XVII: el resello de 1651", in *Actas de la III Reunión Científica de la Asociación de Historia Moderna*, Las Palmas de Gran Canaria, 1994, pp. 223-231.

²⁵ A. Domínguez Ortiz, *Alteraciones andaluzas*, Madrid, Ed. Narcea, 1973. The book was republished by the Junta de Andalucía in 1999, it includes an introduction by Adela Tarifa Fernández.

but at the end of March the high cost of living and widespread riots were the general rule²⁶.

The end of March period for counterstamping was exceeded and a law published on 25 June 1652 on the reduction of the nominal value of the vellón officially ended the counterstamping.

The aforementioned counterstamping and the charges levied were not enough to avoid what the terrible state of the Royal Treasury required: a new payment suspension. It would come into effect on 31 July 1652, six days after a law was enacted to return the counterstamped coins to their true value, 2 maravedis.

After the suspension it was only normal that 1653 brought great financial hardship which was only aggravated by the lack of victories of the Spanish army, unlike the year before.

4. The Reduction of the Nominal Value of the Pure Vellón and its Physical Destruction

According to Luis de Haro (Philip IV's favourite), despite the aforementioned problems to execute the counterstamping, the profit of the operation was of 11,000,000 million ducats. In reality gross profits amounted to 11,740,050 ducats, this number achieved by adding the charges registered in the treasury books of the ten mints where the marking was carried out²⁷. It turns out that the real benefit was around 8,805,037 ducats.

This money paid for "besieging Barcelona several ongoing

²⁶ On 18 November 1651, the Mayor of Burgos receives a royal dispatch forbidding everyone to change or increase prices. Archivo Municipal de Burgos (AMB), Sección Histórica, Doc. 3436.

²⁷ Archivo General de Simancas. (AGS), Tribunal Mayor de Cuentas, leg. 871; leg. 909, núms. 1, 3, 5, 6, 7, 8, 9 y 10; leg. 911, núm. 3.

months, to divert the attention and army of enemies in France, keep two navies in Levante and Poniente and send a little help to Flanders, which without we could have never carried out these operations”²⁸, but it seriously damaged Castile’s economic base. As a result prices went up, and silver and gold vanished from the market to be obtained only for a high premium.

Under these circumstances it was only natural that once again the vellón was deflated: it happened on 25 June 1652²⁹. The 8 maravedís coins were returned to their initial value of 2 maravedís and the value of the newly minted 2 maravedís coin was lowered to 1 maravedí. The small denomination coins preserved their intrinsic value, that is, 8 and 4 maravedís. The idea was to have coins of every value in circulation to satisfy everyone’s needs.

The law starts by justifying the need to make such decision and although, at first, it will bring more hardship, in the long run it will boost confidence in trade since prices will have to come down, silver and gold will abound and premiums will stop³⁰.

For some ulterior motive Philip IV next announced the

²⁸ AHN, Consejos, leg. 7135. Quoted by J. de Santiago Fernández, *Política monetaria en Castilla durante el siglo XVII*, Valladolid, Junta de Castilla y León, 2000, pp. 166-167.

²⁹ *Law by which the King orders the pure vellón to be reduced to a fourth and states the compensation the Royal Treasury must provide the individual owners of this coin*, AGS, Contadurías Generales, leg. 277.

³⁰ According to Cosme Micón, a Genovese merchant, the premium percentage between 1649 and 1656, kept stable around 50%. In 1657 there was once again an upward trend. Changes made on the silver premium over the vellón took place mainly during April, May, June, and July. Insecurity and scarcity seem to have a greater effect in the months before the harvest and clearly diminished during autumn and winter.

F. Serrano Mangas, *Vellón y metales preciosos en la Corte del rey de España (1618-1668)*, Madrid, Banco de España, 1996, pp. 46-51.

Royal Treasury would be most affected by the measure but the love for his vassals was above and beyond anything, and although he was not obliged to compensate the owners of vellón for the reduction of its nominal value “given it is an act of justice to preserve a public cause”, on this occasion, and for the first time and surprisingly when the Treasury is going through a very complicated situation, he decides to do it.

As a result, anyone who from 25 June is in possession of any of the vellón's involved and wants to be fully compensated for the value it had before the reduction of its nominal value should register it within a six day period in the coffers and mints stipulated, in the presence of law officials and a public notary who will provide the person an “authorized receipt proof”. If the owner of the vellón can not be present within the six day period, he will also be compensated if he declares before the aforementioned officials within the six day period that within the next two months he will deliver it to the person appointed.

Said compensation will consist of tobacco revenues' juro which “are the safest, most efficient and free one could desire”³¹. The juro will all have the same notice and place, and a 5% interest. These titles will be free from income tax. Revenues will be paid in vellón “according to the value it had before its nominal value reduction”. In summary, the owners will register a total nominal value of maravedís which will be returned as capital and revenues in coins of a higher intrinsic value, with the subsequent benefits.

³¹ For more information on the unstoppable upward trend of public debt bonds, its total capital during the 16th and 17th century and how public credit discredited private credit see A. Marcos Martín, “Deuda pública, fiscalidad y arbitrios en la Corona de Castilla”, in C. Sanz Ayán and B.J. García García (eds.), *Banca, crédito y capital*, op. cit., pp. 345-375.

The official of the Treasury Board in charge of developing a plan for the reduction of the nominal value was Fernando Pérez de Contreras. He calculated the losses would come up to 12,000,000 ducats. 4,750,000 involved the Royal Treasury because it was in mints or in the hands of representatives, treasurers and sanction collectors. The 7,350,000 ducats remaining was the amount of money to be repaid to individuals. Mr. Fernando hoped the tobacco juros would cover 4,000,000 ducats³².

The King also allowed individuals, cities or any locality to pay any debt contracted with the Treasury up to 1651 with the vellón at the value it had before the nominal-value reduction, as long as it was done within a two month period. This would not apply to those treasurers or sanction collectors who had in their power tax money but had not registered it because they were going to use it for their own profit. The Council of Castile provided the town councils, who owe money, the power and faculty to borrow money as long as "the person or entity who loaned the money had some reward". According to the law this authorization provided other means to lessen the damage caused to those who own vellón but do not want to receive the total compensation over the tobacco income. This practice will hopefully serve to cover the 3,350,000 ducats not included in the juros compensation.

In order to physically eliminate and demonetize money this is the first time the Exchequer admitted payments in coins with its previous value to the currency manipulation. This practice was also allowed during the successive reductions of the nominal value up to the 17th century.

For those vassals who had tobacco juros or delayed tax pay-

³² AHN, Consejos, leg. 51359, Núm. 39. Quoted by J. de Santiago Fernández, *Política monetaria en Castilla*, op. cit., p. 170.

ments, the King still provided another means of compensation: they are allowed to buy increases in sales taxes or *unos por ciento* or ordinary or extraordinary taxes, or perpetuate temporal revenues, or posts, or juros or jurisdiction or any post or royalty they might suggest. It did not matter that in theory all these benefits had to be paid in silver, payment could also be made in vellón with a 50% premium. Therefore a post valued at 30,000 maravedís could be paid in vellón at the price of 45,000 maravedís.

It would appear that these measures “provide different means so everyone can regulate the vellón they owned when the nominal value was reduced without incurring losses which will only be suffered by the Royal Treasury”. Thus the King justifies and sweetens his decision making it seem that it is good for his vassals and detrimental for himself and his Treasury.

From a monetary-circulation perspective the law states that the vellón suffering the nominal-value reduction, which is to be completely destroyed, can only circulate till the end of 1652. The reason behind it was to bring back silver, gold, and small denomination coins which at that time were not used in trade. However, this was the same idea as that of all the previous deflations and it had always proved to be erroneous³³.

The measures dictated by Philip IV ensured that to be compensated for the vellón coins valued at 2 maravedis which had been counterstamped in 1651 or for the Treasury Council to approve the accounts, the coins aforementioned still in the hands of individuals or tax collectors needed to be registered. We will deal with this issue below. As we have stated before, the fate of the circulating pure vellón which was either registered, used to satisfy overdue payments, or to buy stocks, was to be de-

³³ J. de Santiago Fernández, *Política monetaria en Castilla*, op. cit., pp. 169-172.

stroyed. According to the law as it made its way into the royal coffers it would be melted and reduced to copper paste and the money obtain from it would also be destroyed. An ongoing cycle was meant to put an end to the vellón by the end of 1652 and to help Philip IV attain one of his much desired goals: “that my vassals are as happy as the equality of coins”. It is our understanding that the King used a phrase of the time and cited moral issues to indicate that financial equilibrium was the key for everyone’s welfare.

The value of the pure vellón to be destroyed was estimated around 4,000,000 ducats, at a reduced nominal value. The only difference with the plan laid out in 1651 was that the value of the coin to be eliminated had quadrupled. Hence, it had been necessary to reduce its intrinsic value before demonetizing it. If both actions had taken place at the same time the damage would have been too much. Plus the lack of coins would have been tremendous; the immediate destruction would have meant the loss of 16,000,000 ducats and there was no way of substituting it while silver from the Americas was not monetised³⁴.

The overall framework for the Law of 25 June 1652 needed to be more specific on several practical aspects in order to prevent frauds. To this end were destined the *Instructions ... for*

³⁴ J. de Santiago Fernández, *Política monetaria en Castilla*, op. cit., pp. 169-172. The economic situation of the 1650s was especially serious, along with the navigation problems between Spain and the Indies came the blockade by the English. These years brought a constant delay of fleets and as a consequence those countries which depended on American treasure could not be recompensed. C. Álvarez Nogal, *El crédito de la Monarquía Hispánica*, op. cit., p. 108. We will not go into loan control measures as we want to focus on the tax aspect. For more information on the impact of the counterstamping and reduction of nominal value on the agreement and payment of loans please refer to E.M. García Guerra, “Las decisiones en materia monetaria de la Monarquía castellana del siglo XVII y su incidencia en el funcionamiento del crédito entre particulares”, in A.M. Bernal (ed.), *Dinero, moneda y crédito*, op. cit., pp. 575-592.

implementing the law ... in regard to the reduction of the pure vellón and the compensation provided by the Royal Treasury to individuals...³⁵ and the Instruction and order to be kept by law ministers and ministers to whom the Council ordered the destruction...³⁶, published on that same date and which we will summarize below.

Once the law was known in cities, towns and localities the most important thing for the respective judge or law official was to go to the house of the delegates, contractors, business men, stakeholders, treasurers, pay-masters, tax collectors or administrators of royal revenues, and to the house of merchants, noble state managers, administrators of churches and convents to weight and register before a public accountant the amount of vellón each one possessed. The money registered would be placed in a single room with a single door which would be locked using three keys. One would be kept by the law minister, another by the public notary and the third by the person responsible for the coins. This registration had to be coordinated and done at the same time; therefore if the judge could not carry out the job, he would go to the house with the most money and will send his lieutenant or mayor to the rest of the houses accompanied by two aldermen and a public notary. "The priest and the law officials"³⁷ would go to individuals' houses. While the registration is taking place people should provide the ledger so the respective judge or minister

³⁵ AGS, Contadurías Generales, leg. 277.

³⁶ AHN, Consejos, leg. 50775, núm. 29.

³⁷ The depreciation law of 31 August 1642 stated: "*Royal law to reduce the value of the vellón coin: the 12 maravedís pieces to two, the eight pieces also to two, the six pieces to one, if there are four pieces, reduce them to one and the two maravedís pieces to a blanca. Plus it prohibited any premium in the exchange of vellón to silver or gold. Likewise it prohibited gold or silver plating of objects and gold or silver embroidery*". AHN, Consejos, Sala de Alcaldes, Libro 1227, fols. 332-343.

signs the first and last entry and thus “the vellón they must have had” is noted. For the cities having a mint the registration must be assisted by its superintendents who will thereafter suspend the counterstamping procedure which has been in effect for just eight months.

Once the registration is finished according to the procedure and not before, public authorities should make public the law concerning the reduction of the nominal value of the vellón, announcing it in the usual places. Next, the authorities in charge of the execution of the reduction will designate a solvent person for each area in whose house and inside a chest with three keys will be kept the vellón’s deposits. The keys will be shared between the owner of the house, the law official of the place and the public notary who must be present in all registrations and who must provide all the individuals who come with a witness to the vellón delivery; this document along with the obligatory payment letter are the receipts required by the Treasury Council to grant the promised compensations. In those cities which have a mint, the mint will serve as a warehouse.

The rule established that the vellón registered can only be taken from the chest after six days have passed in order to avoid an easy fraud: the money could be registered somewhere else by the same person or someone else and claimed the compensation for the reduction in the nominal value.

Lastly, if the money could not be deposited where stipulated, the person in charge could allow individuals to place the money somewhere else to be taken later on to the general warehouse. Money could also be taken out of the warehouse within a two-month period if after being deposited an individual decided he would rather have the money and use it than receive compensation from the Treasury Council.

The second rule, dated 25 June 1652, states that every city or city council of an administrative center should appoint an alderman and a solvent and honourable merchant who together with the judge will meet every day to execute this destruction process. For now the three would appoint a treasurer or deposit taker who will have provided resources to an accountant and who will in turn keep a record of the money that comes in and out of the chest, and they will also appoint a public notary to be present for all the receipts and outgoings and to whom the treasurer confers the respective payment letters. In regards to the keys, they will be in the hands of the treasurer, accountant and judge.

A warehouse complying with the aforementioned conditions will hold the vellón to be registered by individuals and all the money coming from the collection of *quiebra de millones* plus the money paid by town councils or taxpayers to satisfy any debt prior to 1651. Every eight days the treasurer or receiver of the *quiebras* will send the money deposited to the coffers where the coins to be destroyed are kept.

For the process to be fully transparent the Council set out the following rule: “every pure vellón that goes into (coffer) from these sources or others that might be applied for the same purpose must be publicly cut so the people can witness it, and everyone can be assured that the will of the King is being satisfied”. The money was assessed by weight. What was most important is that we are at the beginning of the aforementioned destruction cycle of the vellón: “after being cut it must be melted and reduced to paste which, in turn, must be sold for a profit to the tinker or other individuals and the money obtained from the sale must be cut and melted”.

The payment letter provided by the treasurer to the people who made a deposit must be signed by the alderman, mer-

chant and judge, as has been said before this letter would serve as testimony for compensation claims. In this matter, the norm decrees something quite relevant which has been noted before: the tobacco revenue is free of charges and the payments hanging over it are applied to other sources of revenue³⁸.

Once the six days stipulated by the reduction of nominal value law have come to pass and prior to the opening of the chest of the treasurers and the other persons who have registered their coins, the three people responsible will ask the public notaries for the records in order to check that the money is still there. "Once this step has been carried out...the money is free to use, handing over the keys"³⁹.

On 28 June 1652 a royal announcement by Philip IV was published granting the Government Chamber of the Council of Castile the administration of the resources destined to satisfy those affected by the devaluation measure and, therefore, the jurisdiction with no interference from law officials⁴⁰.

But although things looked well organized on paper, on that same day of 28 June reality and theory clashed and a proclamation was made to announce that the period to register and deposit the vellón was extended four more days⁴¹.

In spite, what the law stipulated and the rules detailed, the reduction of the nominal value of the vellón and its physical destruction was obstructed in many places. Therefore on 3 Au-

³⁸ In order to find out how true this statement is and provide necessary additional information to the present document, I have already compiled a great deal of information regarding the matter of tobacco revenues which I hope to analyze soon.

³⁹ At this stage I find the rule confusing. Regardless of everything said I interpret that in reality people could only make free use of a quarter of what they register since the other three quarters would have to be destroyed and melted.

⁴⁰ AHN, Consejos, leg. 50775, núm. 29.

⁴¹ *Ibid.*

gust 1652 it was necessary to publish a new royal announcement which included important explanations regarding several tax issues⁴².

The first explanation clarifies what is to be understood as tax and what tax payers can utilise in counterstamped copper coins up to 1651. The King states: “the term tax is general and universal, it includes any revenue, introduction, or tax by which the Kingdom serves me: taxpayers are the town councils for the amounts registered for tax purposes but which have not been collected from their resident taxpayers where the money has been collected but those responsible for the collection have not registered the money on time, only the amount actually collected can be registered. Furthermore, the King acknowledges as tax payers: “each resident of each location, both those who are registered for tax purposes as those who will be registered for tax purposes”. Both town councils and individual tax payers can pay what they owe for sales taxes, *unos por ciento*, ordinary and extraordinary taxes, apportionment or King’s marriage taxes and a medieval Spanish tax to be paid to the King every seven years as recognition of the King’s power to mint money⁴³. However, taxpayers who owe money for revenues coming from taxes paid for cattle passing through a checkpoint, *las dehesas de las Órdenes* tax⁴⁴, or *la de los naipes* tax, or port and customs’ rights for materials to be exported or imported such as the *almojarifazgos* or sea tithes⁴⁵ will not benefit from this concession. Equally, the money due in terms of custom duties for six spices, wine, vinegar, oil, meat, soap, tallow candles, white paper, soap,

⁴² AHN, Consejos, Libro 1237, fol. 100.

⁴³ It also includes public employees half year salaries taxes and salt mines’ incomes taxes.

⁴⁴ An important source of income for military orders was the rental of their own pastures to cattle breeders and municipalities.

⁴⁵ It was usually paid in silver.

chocolate, sugar or fish imported or exported cannot be used with money that has been counter-stamped⁴⁶.

If tax collectors could pay the King in the counterstamped coin with the value prior to the reduction, and if tax payers could pay tax collectors the same way, Philip IV stated “that said law does not specify the obligations of tax collectors nor does it affect their obligation for what was paid *before the law was established*⁴³ and must be paid in current money. In case tax collectors do not want to pay in current money what they had decided paid before the law was established this matter will be decided in law”. That is to say, tax collectors must pay the Exchequer in current money for any payments received before the reduction at the value of money after the reduction, with coins previously counterstamped or not. Tax collectors would have part of the total of taxes collected in counterstamped coins and part in other types of money, but would have to provide the Treasury Department the nominal value stated in the contract⁴⁸. However, if tax collectors considered this procedure to be unjust they had the right to bring a lawsuit. According to the archives many tax collectors did just that. It should be noted that the authorities were aware of the fact that the reduction would be controversial, that it would violate rights and interests, and therefore established a new law, but they also knew this law would not satisfy everyone and thus left a door open so the conflict generated could be administered by law

⁴⁶ For example the tax collectors in Burgos and nearby towns asked in July and November of 1652, after that year’s enactment of the reduction law, that everything owed to the King up to the end of 1651 be paid in vellón with an 8 maravedis value. AMB, Sección Histórica, Doc. 1424.

⁴⁷ Our Italics.

⁴⁸ Although it would seem detrimental to tax collectors, a discount would be applied to later payments made in counterstamped coins to satisfy tax debts or for what was registered in counterstamped coin.

courts, leaving it to tax collectors and their means to fight for the recognition of their rights and decide whether or not to initiate a lawsuit⁴⁹.

In regard to the payments made by taxpayers for debts incurred up to 1651 once *the publication of the reduction had been made*⁵⁰ and during the two months immediately after, the law specified that the counterstamped coin should be accepted at 8 maravedís value and remain in the coffers to be destroyed. They should not be given to tax collectors but be deducted from the total price of their taxes. The warrant emphasizes that the discount should only be applied for payments made until the end of 1651, and not for payments relevant to 1652. That is, the amount registered as paid by taxpayers to tax collectors would be deducted from the total amount they had to pay the Royal Treasury. They would not be provided with the money registered as it was to be destroyed but a discount would be applied. Below an example is provided.

If tax collectors pay in advance the Royal Treasury but have not received the money from taxpayers, tax collectors will receive the difference directly from the Exchequer and this quantity will not be deducted from subsequent payments so payments to holders of bonds of national debt (*juristas*) are

⁴⁹ Fractional coins, how their increased role affected tax revenue and payment mechanisms between treasurers, the Kingdom and the Royal Treasury had already been debated in Cortes' assemblies in the last third of the 16th century. The debated centered around the obligation to accept payments in coins which had changed value. In this respect see notifications of 1576-78 (*Actas de las Cortes de Castilla*, Tomo V, bis), of 1588-89 (Tomo XI) and of 1592-1598 (Tomo XII). E. García Guerra, "Los problemas monetarios del siglo XVI. Un acercamiento a través de las opiniones de las oligarquías urbanas", in E. Martínez Ruiz (dir.), *Actas del Congreso Internacional Madrid, Felipe II y las ciudades de la Monarquía*, Tomo I: *Las ciudades: poder y dinero*, Actas Editorial, Madrid, 2000, pp. 479-502.

⁵⁰ Our Italics.

only affected by “overdue payments for the year the coins are destroyed”. To this effect, the law states that the Treasury Department and Council of Castile must establish a means to pay the *juristas* the percentage they will lose from their revenues, because for a two-month period this payment could be satisfied with counterstamped coins and that would mean the annual revenues of the bonds they hold⁵¹ will decrease. In theory, *juristas* would be paid but once tax collectors brought up their individual cases no one knows what would happen.

However the two month period ending 25 August 1652 in which the money owed to the Exchequer up to the end of 1651 had to be paid was extended till the end of September⁵² by proclamation on 14 August.

According to Javier de Santiago, two things became clear by so much rescheduling: first, the real objective behind the compensations proposed by royal authorities was to obtain as much *vellón* as possible in order to melt it rather than to prevent individual losses, and second, that coin owners were very suspicious of the measures proposed. Therefore individuals opted to keep their coin even though its value had decreased and was to be destroyed because coins was always useful as metal. Plus, why not avoid paying overdue payments? Satisfying the amount due meant taxpayers settled their accounts with the Crown but it also meant taxpayers had no coins to use as metal given their discredit as medium of exchange. This measure to collect taxes clearly favoured the Royal Treasury which would collect revenues which seemed irrecoverable and as we have seen many types of revenues were excluded from these payments⁵³.

⁵¹ Given tax collectors will not collect this money, the total revenue decreases.

⁵² AGS, Contadurías Generales, leg. 277.

⁵³ J. de Santiago Fernández, *Política monetaria en Castilla*, op. cit., p. 171.

For our part we would like to add that allowing payment of overdue taxes in counterstamped coins is a two-edged sword. If on the one hand the town councils which could pay using a higher nominal value coin benefited from it, on the other hand, in order to achieve this end, a higher burden of taxation was allowed so relief for individual taxpayers was relative. Plus, it is a favour clearly unjust for those taxpayers who paid on time.

5. Execution of Taxation and Revenue Collection Regulations

Now that steps to be taken have been explained we will present two real cases on how to comply with tax regulations, including the norms and instructions aforementioned, in order to help us understand the complexity of the Monarchy's bureaucratic and fiscal machine and to outline the real effect these measures had on the fiscal system and its main components: tax collectors, taxpayers, *librancistas* (those who owned orders for payment made payable on the proceeds from the collection of taxes), and *juristas*.

Our analysis begins in Madrid, at the court's headquarters, when the President of the Council of the Treasury Department orders the inspection of the safe where some of the taxes paid in Madrid were kept. In charge of the safe was Francisco de Mayoral and Juan de Chinique was the cashier. Francisco de Orisaga was the accountant general and it was he who on 25 June 1652⁵⁴ did the recount.

During the inspection different sacks of counterstamped coins to be devalued were weighed, and the total amount was as follows.

⁵⁴ Archivo de la Villa de Madrid, Archivo de la Secretaría, 3/413/61.

Consignment	Format	Weight	Quantity
1 ^a batch	27 sacks	75 and a half arrobas (between 11 and 16 kg according to region)	32,600 reals
2 ^a batch	14 sacks	63 arrobas and 8 pounds	27,530 reals
3 ^a batch	42 sacks	93 arrobas and 5 pounds	84,000 reals
4 ^a batch	22 small wicker basket	27 arrobas and 5 pounds	11,000 reals
5 ^a batch	9 sacks	39 arrobas and 9 pounds	17,119 reals
6 ^a batch	6 sacks	29 arrobas	12,618 reals
7 ^a batch	9 sacks	29 arrobas and 27 pounds	12,750 reals
Total		4,113 kg and 801 gr.	197,617 reals

The money remained in the safe and was locked with a key in the possession of Juan de Chinique who gave the key to the accountant Orisaga. A padlock was provided for the door whose key was kept by Pedro de Castro, the public notary who was helping with the procedure. The cashier was only allowed to keep the key “of the outer door where his office stood”.

Immediately after, accountant Orisaga, in the presence of the public notary, asked Juan de Chinique to show him the ledger for the revenues aforementioned and to explain where the money registered came from and as payments for what. Juan de Chinique showed three books and said he had noted in them “the wine incoming in Madrid both from tavern owners *obligados* as well as tavern owners *de aduanas* whether *destrabagantes* or those wanting to know what their tax contribution must be and that the money registered was for three months’ payments, the present month, May and April”.

From the written data it can be revealed that during the month of April 62,160 *arrobas* in coins entered Juan de Chinique’s safe, the first payment belonging to Alonso de Alcocer

and the last to the Convent of Nuestra Señora de Gracia. On May, 62,563 and a half *arrobas* entered the safe, the first entry belonging to the already mentioned Alonso de Alcocer and the last to the Convent of Nuestra Señora del Favor. On June the last and first written entries belong to the same person and entity, but given that the month was not over yet the data is not definitive. The beginning and ending of the accounts are signed by the accountant.

Then the cashier showed a list of 25 quantities he says came from payments of by ecclesiastics also signed.

Third, Juan de Chinique showed a list of 59 entries from the payments made by harvesters, the first entry is titled "Different Heirs" and the last entry has the name of Mr. Francisco Moscoso. The last thing he shows the accountant and the public notary is a report of the payments made by tavern owners for the month of May of 1652.

When Francisco de Orisaga went to do the inspection he noticed a lot of people waiting by the door of the safe and the office of Juan de Chinique: the people carried different amounts of money "for the taxes they owe due to the wine coming to the court and the aforementioned Juan de Chinique said that due to his many obligations and although the people had been waiting since early in the morning of that day to pay, it had not been possible to make payments". If we think about it, those persons were present on 25 June because they had privileged information. It was established that the law regarding the devaluation be sent to the city council, then the judge was ordered to make the entries in the safes destined for taxes. But the people standing there had not waited for the proclamation. Somehow, and despite the measures outlined above for payment for overdue taxes, the information had leaked and many people hurried to get up to date. Therefore and as requested

by the debtors and cashier, Orisaga started writing down the amount of money each person brought even though it would not be “left to the care of Juan de Chenique; instead it would be registered so the members of the Council established what was to be done”. Only three persons were fortunate enough to register their money on that day, they left a total of 2,040 reals. We say these persons were fortunate because the registry took so long that the rest of the people waiting had to go back home, although “the money was left in the aforementioned safe and locked with the aforementioned key and padlock”.

However, the workday was not over for those carrying out the inspection. Juan de Chinique and his colleague Francisco Mayoral who was now present, stated that at the Aduana Real de la Villa they had more money coming from that same tax but which had been charged to “foreign and not suppliers”. Juan de Chinique, Francisco Mayoral, the accountant, and the public notary made their way to the Aduana Real de la Villa to meet Francisco Sánchez de Arrieta who was in charge of the payments and an employee of the cashiers. The entries in the sacks tallied a total of 101,080 reals of pure vellón coins, collected from May taxes, from what had been collected to date from June taxes and from payments on April’s overdue taxes. The two books in which the consignments had been recorded were signed.

The account also recorded that the room held other tax money, a sack full of small denomination coins which weighed 4 *arrobas* and 4 pounds and which contained 1,650 reals, another 18,611 reals belonging to the Emperor and which had been already registered by his agent Antonio de Castro, and last an order of payment valued at 100,000 reals.

The registration was then finished and the money locked away with key and padlock. Quantities: from the house of Juan

de Chinique (197,617 reals), from Customs (101,080 reals) the money paid by the three harvesters (2,040 reals), a total of 300,737 reals or close to 802 ducats. This is the amount of money to be devalued and which came from wine taxes rented by Francisco de Mayoral after a deed was drawn up between Mayoral and the city for a value of "37,822 ducats, 4 reals, 9 maravedís and two and a half seventh"⁵⁵.

We have now seen an example of a registration, the first step of a devaluation process which would affect the entire fiscal system and which apparently developed in an aseptic fashion. A few men put away their money and other men checked the amount of money put away. Nevertheless, there are two underlying difficult situations: on one hand, an atmosphere of discontent, tension and even panic created by the people crowding outside the safe's door and who had to go back home with their tax money locked in the safe but not officially registered; on the other hand the unwillingness of tax

⁵⁵ 37,822 ducats equal 14,183.250 maravedís.

The collections from the *servicio de los 24 millones* and from the 8,000 soldiers in the province of Madrid were for 1651, 1,323,000 maravedís for 1652, 1,304,000 maravedís and for 1653, 1,291,000 maravedís. J.I. Andrés Ucendo, "Fiscalidad real y fiscalidad municipal en Castilla durante el siglo XVII: el caso de Madrid", in *Investigaciones de Historia Económica*, 5, 2006, p. 69.

Madrid's collection from taxes six spices, wine, vinegar, oil, meat, soap and tallow candles decreased immensely from 1651 since Madrid became responsible for collecting payments for different taxes in exchange for an advance to the Royal Treasury. Madrid provided an advance to the King and in return it could administer and get the payments from several taxes and charges from taxes over six spices, wine, vinegar, oil, meat, soap and tallow candles. These were distributed among the people who had provided the city with the money to serve the King. Thanks to these outlays Madrid was granted several taxes. Already in the 1650s Madrid was in charge of the tax on 8,000 soldiers. J.I. Andrés Ucendo, *La fiscalidad en Castilla en el siglo XVII: los servicios de millones, 1601-1700*, Universidad del País Vasco, 1999, pp. 18-19 and 203.

collectors to show their account books as required by law, something they were specially afraid of doing.

We will now analyze another phase of the devaluation process which clearly shows the lack of consistency between tax collectors and the Royal Treasury. We would specifically examine the lawsuit between the Treasury Council's District Attorney for His Highness, lawyer Mr. Juan de Valdés, and Juan Fernández Gallego, recipient of the sales taxes of the County of Campoo and Pernía who litigated "to make good" – or to put into the books – the money found during the registration of the counterstamped coin when the devaluation was put in place⁵⁶.

On 1 July 1652 Mr. Felipe González Cuende, judge for the County of Campoo, received mail containing the coin reduction law and the corresponding instructions aforementioned. He organized the registration of the money in the hands of treasurers, administrators and revenue collectors both in the town and small villages. As there were many registrations to be done, he carried out the ones in Reinosa (administrative centre) with a public notary, sales tax treasurers and *dos por ciento* officials who were out. Mr. Francisco Bustamante Herrera, judge lieutenant, would visit Montenegro, Matamoro, Salas, Quintanilla, Sotillo, San Vitores and the valley of Valderredible. He would carry out the registration along with two aldermen from each town council and a public notary.

Mr. Francisco de Bustamante left for San Vitores on that same day: he went directly to the house of Juan Fernández Gallego sales tax treasurer for the town of Reinosa and its administrative area. Once he arrived the lieutenant not only registered the money, he thoroughly questioned the treasurer. Juan Fer-

⁵⁶ AHN, Consejos, leg. 38084, Núm. 2.

nández declared he had been the treasurer of said sales taxes during 1651, that the amount of money charged was the one specified by the Council of the Treasury Department, that at that moment he had around 8,000 or 9,000 vellón reals coming from sales taxes only, that the collection had been carried out at different intervals and from different people which were registered in his safe book, that he did not have money of his own, that he had not committed fraud and lastly that “everyone who paid had done it without delays, without detriment to anyone” and that he even had the money ready in case the *librancistas* or *juristas* came, but they had not done so.

Next and with the aid of Toribio Fernández Gallego and Pedro de Arcera, aldermen for the villages of Sotillo and San Vítors, Mr. Francisco de Bustamante asked the treasurer for the keys where the money was kept and once the chest was opened the aldermen and a bailiff counted 100 reals in small denomination coins and 8,250 reals in counterstamped 8 maravedís value pure vellón coin, the quantities were recorded. Afterwards the judge lieutenant took the ledger and, together with the public notary, signed the consignments. Since the aldermen did not know how to sign, the procedure finished with the signature of the bailiff and Juan Fernández Gallego himself, who swore that he was 47 years of age, more or less, and ratified that the chest did not hold any maravedí of his own.

On 11 September 1653 the treasurer demanded that the Royal Treasury to “make good said registration and to provide him with the resolution to set in the accounts department the sales tax money for that year”. That is, he asks that the consignment of 8,250 reals or the 280,500 maravedís registered on the day of the reduction be included in the accounts he has to present for tax sales of 1651 to the Accounts Division. To back up his request he presents a statement of the re-

gistration and a sworn statement of his accounts, which are detailed below.

According to the information he offered on 24 September of said year regarding the payments received or charges for sales taxes on 1651, the total sum for the County of Campoo was 1,430,00 maravedís – of which 2,396 maravedís was for the tax to be paid on the day Saint Martin is celebrated – and in Pernia 168,455 maravedís. The sum collected between the two localities was 1,598,455 maravedís (47,013.38 reals or 4,262.54 ducats)⁵⁷. This total results from the compilation of the payments made to the treasurer of the administrative area (7,500 maravedís), the orders of payments paid from the earnings of the juro's of half year salary taxes of the two counties to Ventura Donis and Juan Díaz de la Mora (424,584 maravedís), by the money he had in his power in 8 maravedís counterstamped coin (280,500 maravedís or 8,250 reals), by the total amount of overdue payments for this type of revenue up to 1651 thanks to the favour of the King (107.542 maravedís), and what seems most interesting to us, payment of what the juro's earnings from 23 titles' revenues (799,221 maravedís), persons and entities, who had gone to cash their revenues against the 16 who did not⁵⁸. The maravedís registered on the day of the devalua-

⁵⁷ The sales taxes fee for the years 1590-1595 in the County of Campoo was of 1,601,233 maravedís to be paid by 3,142 inhabitants. The average rate charged in the transactions was 2.8%. At the end of the 16th Century the tax burden became heavier in this region because of the decline of its population. R. Lanza García, "Fiscalidad real en Cantabria: alcabalas, cientos y millones en la época de los Austrias", in *Investigaciones de Historia Económica*, n. 3, 2005, pp. 43-72.

⁵⁴ *Juristas* who collected their revenues: Mr. Pedro de Velasco y Rojas, Mr. Pedro de Porras, the Marquess of Aguilar, Santa Clara de Aguilar, Pedro Ruiz de la Escalera, the municipality of Espinosa de los Monteros, Mr. Álvaro de la Guerra, Mr. Fernando de Solórzano, Diego de Espina Velasco, Pedro del Castillo Churrón, the Marquess of Salinas, Francisco Colmenares, Mr. Juan Mo-

tion and the ones collected in 8 value coin for overdue payments constitute the losses suffered in this revenue and according to the sworn statement of the treasurer should be proportionally divided among the earnings not paid, which equal 203,374 maravedís. And thus the third element of the fiscal system comes into play, the *juristas*, who will have to deal with the losses of treasurers and the Royal Treasury.

The difference between the payments to be made and the data presented was of 21,092 maravedís against the treasurer.

Once the registration and the sworn statement were provided they were examined on 26 September by accountants Tomás de Gálvez and our old friend Francisco de Orisaga who dictate that according to the ledger of Juan Fernández, which was signed by Mr. Francisco de Bustamante and the public notary Francisco de Quevedo, 280,500 maravedís had been recorded in 8 maravedís coins, but on 1 July 1652 the quantity of maravedís collected was 1,490,913 of which 1,598,455 maravedís were payments and 1,232,305⁵⁹ maravedís had been paid

ralte, Mr. Juan de Mur, Pedro Díaz de Villegas, Juan Fernández de Valdivieso, Felipe de Matienzo-Mrs. Isabel López de Olmedo, Mrs. Juana de Cubellas, the city council of Arauti, the secretary Francisco de Hoyos-Mrs. Juana de Rojas, Rodrigo and Felisa de Isla, Andrés de Queto Burceña and Mrs. Magdalena de la Cotera.

Juristas who did not collect their revenues: Dr. Duarte Brandón, Pedro Sanz de Mena, Mr. Francisco de la Maza, the Convent of San Andrés de Arroyo, Mr. Juan de Hoyos, Andrés de Queto Burceña, the Concepción de Peñaranda, lawyer Andrés de Espina, Cristóbal Gil de la Redonda, Juan de Ugarte Artobica, San Martín de Burgos, Hernando García de Soto, deceased and Pedro Cabello, deceased.

A small quantity paid if compared, for example, with the quantity of the sales taxes in Murcia where just the payment of interest to foreigners was 5,092,802 maravedís. C. Álvarez Nogal, "La demanda de juros en Castilla durante la Edad Moderna: los juros de alcabalas de Murcia", in *Studia Historica*, n. 32, 2010, p. 80.

⁵⁹ According to the sworn statement the amount came to 1,223,805 maravedís.

in the form of *juros* and order of payments, this meant that “he could have had in his hand 258,608 maravedís which is less than what was registered”⁶⁰. And given the coin devaluation, three-quarters of the value of the aforementioned amount would equal 193,956 maravedís. This amount would be the one “made good” in the treasurer’s account, as long as it was confirmed that no one else had demanded any other payment. Therefore, 64,652 maravedís were left in current currency.

A report was sent to the district attorney of the Royal Treasury Council who asked the next day to check in the ledgers what orders for payments were made over these sales taxes and if “any were made on the preceding years to be continued on the following years and what *sobrecartas*⁶¹ for the orders of payment or for *juro*’s earnings”. That is, the information from the fourth element of the fiscal system, the *librancistas*, must be checked. Logically these people are treated more considerately.

The investigation requested by the district attorney ends on 1 October 1653, the conclusion is that according to the ledger, in 1651 Juan Díaz de Mora had drawn a total of 84,000 maravedís from the *juros*’ taxes for a half year from the sales taxes of the County of Pernía on account of the 16,900,000 maravedís he had to be paid, and for the ones in the County of campo, 650,000 maravedís. The order of payments were dated July 1651⁶². The aforementioned books also recorded an order of

We reiterate that the 107,542 maravedís needed to complete the payments promised by the treasurer were collected till the end of 1651 in counterstamped 8 maravedís coin and transferred to the administrative area’s general chest destined for the destruction.

⁶⁰ To the 280,500 registered maravedís we have to subtract a debit of 21,092 maravedís, the resulting number are the 258,608 maravedís.

⁶¹ Second regulation or order given by the courts when the first regulation or order had not been fulfilled for whatever reason.

⁶² According to the treasurer’s data, he had been paid 53,984 maravedís.

payment made to Ventura Donis around that time on account of the *juros*' taxes for the half year of the County of Campoo valued in 586,874 maravedís⁶³. Last of all, regarding the orders of payment or *juros*' earnings it has not been necessary to repeat any payment order, nor any overdue order of payment over other revenues to be transferred to the 1651 sales taxes fiscal year.

Next, the district attorney asked Juan Díaz de la Mora and Ventura Donis what steps they had taken to get the orders of payments under their names paid. On 3 October Juan Díaz de la Mora said he had been fully paid for the order of payment over the half year tax of 1651 from the County of Pernia and Ventura Donis stated that he had authorized different persons to receive the payment; the most notable aspect is that neither of them had "started any judicial procedures" through the treasurer to be paid.

Given the different data, statements, and documents the district attorney for the Council of the Royal Treasury decided to "make good" the 258,608 maravedís of the treasurer Juan Fernández because even though it was not what had really been registered it came closer to "what had been charged and paid", that is, taking into account the deficit he had in the account. The district attorney also decided that the decrease in sales taxes' profits due to the reduction of the nominal value of the coin be divided proportionally among the *juristas* who had not collected their earnings.

The district attorney's ruling was not fully ratified by the Treasury counsellors⁶⁴ who on 14 October of 1653 and although

⁶³ According to the treasurer's data, he had been paid 370,600 maravedís.

⁶⁴ Mr. Antonio de Camporredondo, Juan de Morales, Martín de Arrendó, Count of la Roca, Mr. Sebastián Contreras, Mr. Miguel de Salamanca, Manuel Pantoja, Jerónimo San Vítores and the Count of Birabent.

they agreed with the treasurer's numbers, they "reserve the right for the *juristas*, those who according to the sworn statement of the treasurer will pay for the losses of the reduction, to ask the treasurer for what they think they deserve". That is, although they are protected by law, the losses really fall on the *juristas* who did not go to cash their earnings although they could order the treasurer to pay it. Thus, another line of conflict opens which must be channelled through court and egotistically the Royal Treasury distances itself from the problem. *De iure*, the *juristas* were protected for as we have detailed above the devaluation law included means to compensate them for the reduction in income from their annual revenues. But *de facto* it affected them negatively since the losses fell on those who had not collected their earnings and the said *juristas* decided to bring their cases to court to defend their rights.

The district attorney was informed of this decision but he did not make a plea and the procedures were finished once the lawyer Juan Fernández claimed for his client "the necessary order so the said 259,000 maravedís were received and recorded in the Tribunal de la Contaduría Mayor de Cuentas". The members of the Treasury Department Council ordered that it to be so on 21 October 1653.

6. The Reduction of the Nominal Value and Physical Elimination of the Small Denomination Coins

While all of this was going on and even though the authorities knew the deflationary measures would have a great impact on trade, they simultaneously thought the gradual and continuous destruction of the vellón would end its discredit and favour the emergence of silver and small denomination coins, which were better value. But "the predictions and plans

failed simply because individuals did not turn in the pure vellón" it specially failed because "the silver coin did not go into circulation, so it could not substitute the copper coin which was to be demonetized. To avoid this terrible prospect and a trade⁶⁵ breakdown, Philip IV authorized the circulation of the pure vellón beyond 1653.

The optimism felt at the start of the 1652 destruction soon collided with an obstinate reality and after four months of confusion caused a change of course which only created more uncertainty and weariness: nobody was able to tell how much their money was worth and no one trusted the authorities for their ability to guarantee its value.

The Royal Law of 14 November 1652 established this change of course by decreeing the reduction of the nominal value of the small-denomination coins⁶⁶ and their physical destruction. At the tax level the law once again demanded that the small denomination coins be registered if compensations⁶⁷ were to be received. It also stipulated that in the two months after the publication of the law, debtors could satisfy their obli-

⁶⁵ J. de Santiago Fernández, *Política monetaria en Castilla*, op. cit., p. 172.

⁶⁶ "Real Pragmática en la que se manda que la moneda llamada de calderilla no corra por moneda y la de vellón grueso lo haga sin limitación de tiempo, dando satisfacción por cuenta de la Real Hacienda. Se prohíbe el premio de la de plata y oro y estipula que los doblones no valgan más que 28 reales. [Royal Law that stipulates stopping using the small denomination coin, unlimited use of the pure vellón, compensation to be provided by the Royal Treasury. Silver and gold premiums were prohibited and doubloons should not be worth more than 28 reals]". Real Academia de la Historia, Col. Pellicer, Tomo 10, fols. 340-434.

If among other things this norm cancelled the premium precious coins had over fractional coins, the royal warrant of 17 November 1652 re-established it at a 50% rate.

⁶⁷ The procedure to be followed is specified in the regulation dated 14 November, the procedure varies little from the one outlined for the pure vellón. AHN, Consejos, leg. 50775, núm. 29.

gations with the Royal Treasury by paying in small denomination coins. One can only imagine the chaos this order created when not long before the opposite was being allowed. In an effort to collect taxes it was ordered that the amount of vellón owed to the Royal Treasury be decreased by a third if it was paid in silver, a measure to be also applied to the taxes from six spices, wine, vinegar, oil, meat, soap and tallow candles in order to lower the price of food to which they were applied. The ultimate goal was to lower all taxes in order to cash them in silver⁶⁸ and to prevent from suffering the owners of this metal any damage for the disappearance of the premium.

Just as had happened with the pure vellón, the small denominations coins were not turned in, nor melted, they were simply hoarded, and silver did not make a come back despite the advantages applied to payments⁶⁹.

7. Conclusion

From a tax point of view, the decrees for the reduction of the nominal value of the vellón coins were interesting since they allowed the Treasury authorities to control the management and possible frauds of tax collectors and treasurers and they were able to establish a precise picture – invaluable to hi-

⁶⁸ A. Ucendo highlights the decrease in purchasing power of the money earned by the Crown from taxes over six spices, wine, vinegar, oil, meat, soap and tallow candles as a result of the value variations of the vellón and the fact that during the 17th century this tax was paid in the devalued copper coin. Consequently, if the nominal value of the payments is converted to its value in silver, between 1603 and 1686, the almost 100,000 million maravedís collected equal 65,000 million of maravedís in silver. That is, 65%. Between 1649 and 1665 the silver value of the recollection decreased by 38%. *La fiscalidad en Castilla*, op. cit., pp. 29-32.

⁶⁹ J. de Santiago Fernández, *Política monetaria en Castilla*, op. cit., p. 174.

storians – of the quantities assigned or compromised and the amount actually collected, of the type of money in which payments were made, which taxpayers were burden with taxes, what were the difficulties in getting payments, who were the title holders and the quantity of *juros*, etc. not forgetting that the execution of the decrees clearly showed the inability of the Royal Treasury to pay the compensations which were nothing but a front and vain promises in the light of the disastrous situation the Treasury was going through⁷⁰.

In addition, after analyzing the lawsuit of County of Campoo and other lawsuits for revenues of higher quantities we would like to point out that everyone knew the *juros* would be affected by the *increase* or decrease in the interest earned by them, by frequently unpaid earnings due to the lack of money explicitly destined to it, by confiscations, or discounts on the half year tax, or by the different coins in which the earnings were paid. It was often that said interest was paid in vellón when the contract stated it should be in silver. Not to mention the effect inflation had at certain times⁷¹. Plus, just as the regulations explained in this document indicate, public debt securities were directly affected by the devaluation measures aforementioned given the discounts applied to tax collectors' overdue payments for 1651. This is an important element which had not been mentioned so far. In a way these decisions meant no money was destined to this payment. Nonetheless,

⁷⁰ For more information on the evolution of compensations for the reduction of the value of the vellón – general or discriminatory, pecuniary or commercial document, virtues and prizes – in different laws, see E.M. García Guerra, “Las bajas de moneda de vellón en la Corona de Castilla durante el siglo XVII. Una aproximación a sus efectos económico-fiscales y sociales”, in *Gaceta Numismática*, n. 181, 2011, pp. 21-32.

⁷¹ E. Fernández De Pinedo, “La deuda pública y los juristas laicos (1550-1650)”, in A.M. Bernal(ed.), *Dinero, moneda y crédito*, op. cit., pp. 807-824.

despite all the adverse conditions, the *juros* were not completely discredited. A factor which will be fully analyzed in the following works.

Third, from a management perspective, the coin registrations carried out were an example of the organizational power of the Monarchy which was able to carry out a job of such magnitude and to mobilize enormous human and financial resources. The skills of royal delegates, local authorities and bureaucrats is shown in the minute detail in which the data was gathered and the precision with which the data was checked and examined in order to avoid possible frauds. Although further investigations need to be carried out, the mechanisms established for the reductions of the vellón in 1628⁷² and 1642 and the expertise gained are a great source. Plus, the 1652 deflation examined in this text will serve as guideline for future deflations. In this context, I would like to re-examine one of the compensation methods for the owners of vellón: the opportunity to buy different royal assets (*juros*, trades, jurisdictions), which were sold at a very low price and under very good conditions to those with money and eager to gain higher social status. Options which would be included in the 6 May 1659 law which devalued the pure vellón to 2 and 1 maravedí⁷³ were most detrimental to the Crown.

Finally by comparing legal texts and their application we have tried to show the complications and losses the vellón devaluation measures had for tax collectors, taxpayers, *librancistas* and *juristas*, and although the measures were not erratic as

⁷² "Premática en que Su Majestad reduce toda la moneda de vellón que en estos Reynos huviere a la mitad de los precios que ahora corre. [Law by which its Majesty reduces the value of all vellón coins in the Kingdom to half of its actual price]", AHN, Consejos, Sala de Alcaldes, Libro 1213, fols. 479-486.

⁷³ Biblioteca Nacional de Madrid, Raros, 23879 (11).

their goal was to mitigate the negative effects created by the inflationary measures (counterstamping), we can conclude that the reductions and destructions carried out were just inefficient and improvised half-way solutions established only at the convenience of the King. We are sure Philip IV and his councillors were troubled by the difficult situation the people of Castile were facing and wanted to repeatedly alleviate it by implementing these measures and that they were even willing to collect less money, but what is clear is that, in their efforts to maintain war expenditures, they never really analyzed from a social perspective the negative consequences of the vellón manipulations and deference towards the silver coin⁷⁴. Even though recent studies defend this procedure for political and economic reasons – meant to maintain the lifestyle of the upper class – in this article we have tried to stress the fact that this financial policy had a high social and financial cost.

⁷⁴ In the words of W. Blockmans: “Ogni politica fiscale creava legami tra le autorità e i contribuenti, favorendo alcuni gruppi professionali e sociali a scapito di altri. Le manipolazioni monetarie ne furono l’esempio più eclatante”. Taken from S. Cavaciocchi (ed.), *La fiscalità nell’economia europea, secc. XIII-XVIII*, Atti della “Trentanovesima Settimana di Studi”, 22-26 aprile 2007, Firenze University Press, 2008, p. 4.