Spain and American Treasure: The Depreciation of Silver and Monetary Exchange in the Viceroyalty of Lima 1550-1610

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The area included in the Viceroyalty of Lima in the XVIth and XVIIth centuries corresponds essentially to the territories of the Republics of Panama, Ecuador, Peru, Bolivia and Chile, as well as northern and western Argentina. Its significance from the point of view of monetary fluctuations is obvious, as this area became the principal producer and exporter of bullion, from the fourth decade of the XVIth century.

The present study is based essentially on research in the Treasury accounts of Panama, Quito, Guayaquil-Portoviejo, Piura-Payta, Trujillo, Lima, Arequipa and Arica — not all of which are complete, nor uniformly significant — as well as other material. It does not cover the main silver producing zone — present day Bolivia — but its impact was reflected by the coastal economy, from Arica to Panama, and particularly in Lima, to and through which most of the Bolivian silver flowed. Neither has my research extended to Chile. Gold production, on the other hand, was centered mainly in the district of the Royal Audiencia of Quito, from the city of Jaén in the south to that of Popayán in the north.

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We must start by explaining the monetary system as it existed in the territory of the Viceroyalty of Lima, from 1531 to 1550, and subsequent modifications, down to 1610, will be noted during the course of this paper. It is necessary to emphasize here, that even though the monetary systems of all parts of the Spanish empire in America had a common origin, they developed in different ways during the XVIth century, besides the differences that existed in nomenclature. Care should be taken, in particular, in distinguishing between the systems prevailing in the Viceroyalties of Mexico and Lima. Nor should the monetary units of the XVIth century be confused with those of later centuries. In particular, the unit called *peso* has half a dozen different meanings even during the XVIth century.

The monetary system of Spanish America differed from that of the mother country, even though it was based on that of Spain. Its two distinguishing marks down to about the middle of the XVIth century, were the lack of coins and accounting per weight, as well as the overwhelming preponderance of gold over silver. This second characteristic was due to the fact that most of the booty obtained from the conquered population was made up of this metal; and the quantity of gold was further increased from placer mining in the Caribbean islands and on the continent. Thus, even though the monetary system of the mother country was based on the silver standard, practically all transactions in America were in gold.

The basis of the Spanish system was the Castilian pound, or pound of Avila, equal to *ca.* 460 grams, divided into 16 ounces. Half a pound of silver — 8 ounces, or 230 grams — was called a silver mark. The fineness of silver was measured in terms of *maravedís* / *mrs.* /. One mark of pure silver was divided into 2400 *mrs.*, each *maravedí* being equal, therefore, to 0.09585 grams of pure silver. This *maravedí*, a measure of fineness and a unit of account, must be distinguished from the coins called *maravedí*, in use in Spain, but not in America.

Standard silver had a fineness of 2250 *maravedís* to the mark. On the other hand, one fifth of a mark of silver (46 grams) was called a *peso*, a word which means "weight". The *peso* of standard silver, worth 450 *mrs.*, became the basic monetary unit of Spanish America. Of course, if the silver was sub-standard, the fact would be reflected through the equivalence of one such silver mark to less than five *pesos* of 450 *mrs.*, such as four, or two and a half *pesos* to the mark.[1]

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1 The exact weight of the mark of Avila is 230.0465 grams. See: *Enciclopedia Universal Ilustrada europeo-americana* (Espasa-Calpe S.A., Madrid 1908-): *libra* (XXX, 509); *marco* (XXXII, 1359). Also: Humberto F. Burzio, *La ceca de la Villa Imperial de Potosí y la moneda colonial*, Facultad de Filosofía y Letras: Publicaciones del Instituto de Investigaciones Históricas n. LXXXVIII, Buenos Aires 1945, p. 102-119.

One mark of standard silver was worth 2250 *maravedís*. Besides silver of fewer *mrs.* to the mark. I have found evidence of silver of 2340, 2350, 2370 and 2380 *mrs.* to the mark. AGI (Archivo General de Indias, Sevilla), Contaduría 1688: Cuentas de Lima 1577; AGI Contaduría 1469: Cuentas de Panamá 1598, lo remitido de Guayaquil (19.V.1598).

Although silver of 2380 *maravedís* to the mark was the purest kind remitted from America to Spain, and was considered pure silver, it was in fact 99 1/6% silver: absolutely pure silver would have been of 2400 *mrs.* to the mark. Therefore, one *maravedí* was equal to 0.09585 grams of pure silver; and the pure silver content of

Now, one mark of gold had exactly the same weight as one mark of silver: half a pound, or 230 grams. But instead of being divided into five *pesos,* the gold mark was equal, for monetary purposes, to 50 *castellanos.* In other words, one pound of gold was equal to 100 *castellanos,* and one *castellano* to 4.6 grams of standard gold. The fineness of gold being measured in terms of carats, 24 carats fine would be pure gold. Each carat was subdivided into 12 grains. In America standard gold was 22 1/2 carats fine: in Panama it was called *oro fino* (fine gold), while in the rest of the Viceroyalty of Lima the term *buen oro* (good gold) was mostly used. From here on I shall use the abbreviation of FG to refer to it.

Gold equivalent in weight to one *castellano* came to be called in America a gold *peso.* In the case of one *peso* FG (or one *castellano*), it was assigned a value of 450 silver *maravedís,* making it equal to one silver *peso* in value, even though, as far as weight is concerned, one gold *peso* was the tenth part of a silver *peso.* Due to the difference in specific gravity between gold and silver, the ratio of the volume of a gold to a silver *peso* would be about 1 to 18, while per weight it was 1 to 10.

Just as in the case of the silver *peso,* the gold *peso* was not a coin, but a unit of weight. Now, much of the gold in circulation before the middle of the XVIth century — and, to a large extent, even after — was substandard

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the peso of 450 *mrs.* would be 43.11 grms. Later the Crown ordered the replacement of the *maravedí* as the measure of fineness with the system of *dineros* (deniers) and *granos* (grains), absolutely pure silver having a fineness of 12 *dineros,* with each of these being subdivided into 24 *granos.* Before the Crown started to tamper with the *maravedí,* the equivalence in the mark of silver was: 1 *dinero* equal to 200 *mrs.,* and 1 *grano* equal to 8 1/3 *mrs.* See: ALFONSO GALLO, *Declaración breve y sumaria del valor del oro, conforme a la nueva ley y pragmática publicada en Madrid a 14 de diciembre de 1612 . . .* (Imp. Luis Sánchez, Madrid 1613).

For the equivalence of 5 *pesos* to 1 mark of standard silver: AGI, Contaduría 1453, 1455: Cuentas de Panamá 1549-1572; Contaduría 1453, 1455: Cuentas de Panamá 1549-1572; Contaduría 1688; Escribanía de Cámara 924 (folios 292-294); Patronato 115, nº 1 ramo 4: Probanza de Francisco de Trigueros, fianza dada en 27.IV.1557; Escribanía de Cámara 918 A: Antonio de Clavijo con Antonio Navarrete, 1590 (folio 109r); Contaduría 1575: Cuentas de Guayaquil 1600-1611 (pliego 169); etc. etc.

The ratio of 450 *mrs.* to the *peso* is too profusely documented to justify a footnote; the same is true of the division of the *peso* in *tomines.* Further reference to the division of the mark into 8 ounces: AGI, Contaduría 1453: Cuentas de Panamá, lo remitido de Quito (6.VI.1556); Contaduría 1536: Cuentas de Puerto Viejo 1565. In Puerto Viejo low grande silver of prehispanic origin was abundant, with the mark being worth only 4 *pesos,* that is, 1800 *mrs.* fine. Pizarro and his men, sacking the same zone, got silver worth only 2 *pesos* to the mark (900 *mrs.* fine): The Library of Congress (Washington), Harkness Collection, docs. 30, 32. Also, for 4 *ps.* and 2 1/2 *ps.* to the mark called *plata blanca* and *plata de comercio* respectively: JOSÉ TORIBIO MEDINA, *Colección de documentos inéditos para la historia de Chile desde el viaje de Magallanes hasta la batalla de Maipo* (Santiago 1889), V, 98.

A basic work of reference for further study of the scubject: FELIPE MATEU y LLOPIS, *Bibliografía de la historia monetaria de España* (Madrid 1958).

gold, chiefly if it proceeded from booty. In some cases it was less than 10 carats fine. From about 17 carats fine downward, it was called *oro bajo* (base gold). Gold from the mines of Zamora was 23 carats fine, gold from Popayán 20 carats, Quito gold 19 carats 3 grains. Gold in the range from 18 to close to 22 carats would be classified as *oro corriente* (current gold).[2]

The conversion of non standard gold *pesos* into *pesos* FG, 22 1/2 carats fine, can be easily effected by multiplying each carat by 20 *maravedís,* one *peso* FG being worth 450 *mrs.*

Both the gold and the silver *peso* were divided into 8 *tomines,* and each *tomín* was subdivided into 12 *granos* (grains). Yet, as stated before,

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2 Burzio, *La ceca . . .*

Humberto F. Burzio, *El "peso de oro" hispanoamericano,* « Historia » I (Buenos Aires, agosto 1955-junio 1956), n° 4, p. 9-10. The *castellano* was a result of the monetary reform of 13.VI.1497, and a coin of this value, known as 1/2 *excelente,* was minted.

Also: *Enciclopedia Universal Ilustrada*: *castellano* (XII, 253).

For the subdivision of 1 gold mark into 50 *castellanos,* see also: Fray Bartolomé de las Casas, *Historia de las Indias,* Libro 1°, cap. CV, Ed. BAE, Madrid 1957, I, 291. Gonzalo Fernández de Oviedo, *Historia general y natural de las Indias,* Libro VI, cap. VIII, Ed. BAE, Madrid 1959, I, 164. AGI, Justicia 683: Juicio de residencia del Lic. Juan de Salazar de Villasante, capítulos puestos por Juan Griego, contestación a la 1ª pregunta por Hernando de Belmonte y Pedro d'Escobar (folios 145-146, 287-288).

For the use of the term *castellano* instead of *peso de oro* (1527-1534): The Harkness Coll. docs. 20, 25, 32, 71; Medina, *Colección,* IV, 66-147, 201; VI, 10, 21.

There is a lot of information on the measures of weight and fineness of gold (as well as silver) in the archival material cited in this paper, and especially so in AGI, Contaduría 1536: Cuentas de Quito (1535-1540), Cuentas de Valladolid-Yaguarsongo (1567-1575), Cuentas de Guayaquil (1562-1579).

As far as printed documents are concerned, see: Medina, *Collección. Las minas de Zamora. Cuentas de la Real Hacienda 1561-1565* (Quito 1957). *Libro primero de cabildos de Quito* (Quito 1934), 2 vols. *Libro segundo de cabildos de Quito* (Quito 1934), 2 vols. *Libro primero de cabildos de Cuenca 1557-1563* (Quito 1938). *The Harkness Collection in the Library of Congress. Calendar of Spanish manuscripts concerning Peru* (1531-1651) (Washington 1932). Marcos Jiménez de la Espada, *Relaciones geográficas de Indias* (Madrid 1881-1897), 4 vols., Ed. 2ª: BAE CLXXXIII-CLXXXV (Madrid 1965). Here, for the use of the *marco de Avila* in Quito: III, 86, CLXXXIV, 220.

For Zamora gold: AGI, Contaduría 1536, 1453. Popayán gold: AGI, Contaduría 1459, 1460, 1465, 1468, 1469, 1470. Quito gold: AGI, Contaduría 1537, 1538, 1453. Arequipa gold (23 carats): AGI, Contaduría 1689. Coquimbo gold (19 carats 8 grains): AGI, Contaduría 1702.

The difference between the *maravedí* and the *quilate* (carat) as a measure of fineness is that the former is specifically a fraction of the mark (half a pound), while the latter is not tied to any particular weight. It should be noted that both in the case of the *peso* of fine gold and that of assayed (standard) silver, the proportion of the metal to alloy is the same, the fineness of both being 225/240.

Pearls were weighed in ounces: AGI, Justicia 680. In the case of precious stones (emeralds), their weight was expressed in *pesos, tomines* and *granos* — it must have been the gold *peso* and its subdivisions — or in *adarmes* and *granos,* but their value would be appraised by an expert and expressed in *pesos,* but in the monetary sense: AGI, Contaduría 1683, 1684.

there were no coins of such denominations issued from the mint. Gold and silver circulated in varying shapes and sizes, from heavy silver bars to small bits. However, since the law required that all precious metals pay the Royal Fifth — a 20% tax collected once, at times reduced to 10% as a special incentive for some areas — the Treasury Officials would mark each piece of metal as proof that the tax had been paid. Even during the early stages of conquest these Royal Officials would accompany any licensed expedition. It is true that some of these men would not know how to assay the metal. But by the middle of the century, all metal was assayed at the time the Royal Fifth was collected, and its fineness was marked on it. Consequently, all *pesos* would be technically speaking *assayed pesos.* But usage applied the term specifically to the silver *peso* of 450 *mrs.* in bars. I shall designate it with the abbreviation of AS.

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Parity, at 450 *mrs.*, between the gold *peso* and the silver *peso* was maintained throughout the first half of the XVIth century. I am aware of two apparent exceptions to this. In 1543 the Cabildo (town council) of Santiago de Chile ordered that Pedro de Gamboa be paid the gold *pesos* owed him, in money current at that time: if he insisted on being paid in marked gold, he would have to wait until it became available.[3] But the alternative to the gold *pesos,* the money current at that time, might have been substandard silver, base gold or gold powder. The second case is reflected by a *Real Cédula* of July 14, 1540, which — referring to a situation that must have existed in 1538-39, at the end of the civil war between Pizarro and Almagro — states that in the city of Cuzco creditors demand payment in gold and refuse to accept silver in payment of debts, even though — says the *Cédula* — there is a scarcity of gold. It was, therefore, ordered, that payment in silver be accepted.[4]

The looting and the general insecurity caused in Cuzco by the civil war explains the scarcity of gold, which, in any case, was easier to hide than silver.

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[3] Quoted by BURZIO, *La ceca ...*, p. 110, from JOSÉ TORIBIO MEDINA, *Las monedas coloniales,* p. 318. Burzio also states that gold powder was the only currency used in Chile for many years, and that even after its use was prohibited by Royal *Cédula* of 16.IV.1550, the authorities in Chile allowed its use in transactions of up to 10 pesos.

General legislation, starting with 1519, on smelting, assaying and marking of gold and silver, in *Recopilación de leyes de los Reynos de las Indias* 1680, Libro IV, título XXII, Ed. Madrid 1791 (Fac-simile ed. of 1943), II, 75-87.

[4] LUIS ALFONSO ORTIZ BILBAO, *Cédulario índice general, Colección Vacas Galindo,* « Boletín de la Academia Nacional de Historia », vol. I. (Quito, julio-diciembre 1967), nº 110, p. 222 (Taken from AGI, Lima 566).

But this situation seems to have been limited to the area of Cuzco, and must have been of short duration.[5]

Nevertheless, soon after, at Potosí and Porco (Bolivia), mining of silver started on a scale previously unheard of. The significance of the discovery was not lost on contemporaries. Gonzalo Bernal, one of the prospectors, stated at that time: « The mines promise so much wealth, that after they be worked for a few years, iron will be worth more than silver ».[6] Or, as Martín de Azpilcueta wrote in 1556 at Salamanca: « Money is worth more where it is scarce, than where it is abundant ».[7]

Between 1548 and 1553 parity between the *peso* FG and the *peso* AS is still maintained. While prior to this period transactions would be preferably expressed in *pesos* FG, it now becomes the usual practice to speak in terms of *pesos* of 450 *mrs.*, without reference to the metal.[8] But there are data for 1552 and 1553 which specifically indicate the persistence of parity.[9]

But 1553 was the last year. Garcilaso de la Vega, evoking his youth in Cuzco, associates the outbreak of inflation with the rebellion of Francisco Hernández Girón (1554), which provoked a greater demand for certain items, coinciding with the lack of fleets from Spain, and thus causing a scarcity of goods. Then he adds: This dearth « was also caused by the great quantity of silver produced by the mines », indicating that prices of locally produced

[5] MEDINA, *Colección*, V, 98. Respecting *plata blanca* which this document assesses as worth 4 *pesos* FG to the mark, it appears in another document as unassayed, and presumably substandard silver: AGI, Contaduría 1780 B.

[6] Reported by GARCILASO DE LA VEGA in his *Comentario Reales*. Quoted from JUAN BAUTISTA AVALLE-ARCE, *El Inca Garcilaso en sus "Comentarios" (Antología vivida)*, (Madrid 1970), p. 210.

There is a very interesting correspondence between Gonzalo Pizarro and his mayordomo in the mines, as well as others, concerning the early stages of the exploitation of Potosí and Porco (1545-1547) in *Documentos relativos a don Pedro de la Gasca y a Gonzalo Pizarro*, 2 vols., Ed. by Juan Pérez de Tudela Bueso, Archivo Documental Español publicado por la Real Academia de la Historia, t. XXI (Madrid 1964).

[7] Quoted by J.H. ELLIOTT, *Imperial Spain, 1469-1716* (New York 1964), p. 182-183: « El dinero vale más donde escasea, que donde abunda ... Vemos por experiencia, que en Francia, donde el dinero es más escaso que en España, el pan, vino, ropa y trabajo valen mucho menos. Y en España incluso, cuando el dinero era más escaso, las cosas de vender y el trabajo se daban por mucho menos que después del descubrimiento de las Indias, que inundó al país con oro y con plata ».

[8] AGI, Contaduría 1679, 1680, 1681: Cuentas de Lima 1532-1554.

[9] AGI, Contaduría 1536, Cuentas de Guayaquil, Tasa de tributos de la isla de la Puná, 16.III.1552: 1000 *pesos* of 450 *mrs.*, in gold or in silver, as they wish or as they are able to pay. AGI, Patronato 104 B, ramo 22: Probanza de Francisco de Valverde, tasa de los tributos de Daule: « Primeramente le dareys en cada un año cien pesos de valor cada uno de 450 *mrs.* en oro o plata, qual más vos los dichos caciques, principales e yndios quisiéredes ». This document bears the date of 8.VII.1553, and like the previous one was issued in Lima. But, when in November 1556 the tariff for the tribute of Daule was revised, the payment in currency was stupulated in terms of current silver: « ciento y treinta (130) *pessos* en plata marcada corriente ».

articles rose considerably « three or four years before » the revolt, that is, about 1551.[10]

An interesting report to the King, written in 1582 by *Licenciado* Rivero, states that parity between the gold (FG) and the silver (AS *peso* had existed in Santo Domingo and Puerto Rico until 1553-1554.[11] Thus, ap-

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[10] *Garcilaso de la Vega,* Ed. Juan Bautista Avalle-Arce, p. 210.

[11] AGI, Santo Domingo 70. This document was brought to my attention by F. Lino Gómez Canedo of the Academy of American Franciscan History (Washington D.C.), to whom I also owe a copy of it.

The document was written in Santo Domingo and signed by *Licenciado* Rivero on May 19, 1582. I shall quote from folios 17r to 18r:

« Para que V.M. sea más informado de la diferencia de moneda de pesos de oro, y pesos de quartos moneda corriente, y pesos de plata en reales, y coronas de oro — que a sido la moneda desta isla y la de Puerto Rico, y an corrido y corren sienpre en anbas islas por los mismos precios y estimación — . . . lo que yo he colegido destas monedas . . . es que peso de oro fino y de oro corriente, y que peso de quartos moneda corriente de a ciento doce quartos y medio, y peso de plata que son diez reales y diez maravedís, y una corona o escudo de oro de diez reales y diez maravedís: fue todo uno, y una misma cosa en balor y estimación, hasta el año de 1553 o 1554 años, que los pesos de quartos començaron a perder su valor y estimación estrínseca, y el peso de plata en reales y la corona: porque se baxaron los reales de 44 maravedís, que balía cada uno, a su berdadero balor, que son treinta y quatro maravedís. Y ansí començaron a tener diferente balor y estimación del dicho año de 54, 5 y 6, 7 [1554-1557] a esta parte. Porque hasta el año de 53 o 54 el peso de oro balió quatrocientos y cinquenta maravedís; y el peso de quartos, moneda corriente, de 112 quartos y medio, otros quatrocientos y cinquenta maravedís; y el peso de plata, que eran diez reales y diez maravedís, los mismos quatrocientos y cinquenta maravedís; y la corona de oro, de diez reales y diez maravedís, los mismos 450 maravedís: de suerte que todo hera una misma quenta, un balor y una estimación. Y quando se labraron los quartos, y se hiço moneda dellos, se puso nombre de peso a ciento y doce quartos y medio, y fue regulándose y ygualándose con el peso de oro que balía quatrocientos y cinquenta maravedís. Y a este peso de quartos le dieron este balor y nombre, porque ciento y doce quartos y medio, a quatro maravedís cada un quarto, bienen a hacer los mismos quatrocientos y cinquenta maravedís. Y el peso de plata, que son diez reales y diez maravedís, le pusieron el mismo nombre y estimación de precio y balor que al de oro y al de quartos moneda corriente: porque al real le dieron precio y estimación de quarenta y quatro maravedís a cada uno, para le ygualar y ajustarle con el peso de oro, y de quartos, que balían los 450 maravedís: porque diez reales, a quarenta y quatro maravedís, y los diez maravedís más, hacen 450 maravedís; y lo mismo la corona, que son diez reales y diez maravedís, que a 44 maravedís cada un real de los diez, hacen 440 maravedís, y los diez maravedís más, son 450 maravedís. Y el peso de quartos, moneda corriente, que harán ciento y doce quartos y medio: honce quartos dellos hacían un real de plata y le balían, y diez veces once heran ciento y diez, y los dos quartos y medio que quedaban para los ciento y doce quartos y medio balían diez maravedís: que benían a ser los quatrocientos y cinquenta maravedís. Y ansi el peso de oro, y el peso de plata, y el peso de quartos, y la corona: todo tenía un balor, corría por un precio y una misma estimación, que eran 450 maravedís.

« Y el principio de toda esta moneda en esta isla y la de Puerto Rico — y la que dio balor y estimación estrínseco a las demás, y al peso de quartos, intrínseco y estrínseco — fue el peso de oro fino, por aver tanto en esta isla y la de Puerto Rico parently the situation in the Caribbean coincided with that of the Viceroyalty of Lima. Here the inflation observed by Garcilaso must have exercised a mounting pressure on another scarce commodity: gold. Yet, among the sources I have been able to collect and study, the first explicit proof of the end of parity is to be found in the minutes of the December 9, 1558 meeting of the Cabildo of the city of Cuenca: a city founded a year and a half before in the midst of the principal gold producing zone of the Viceroyalty (mines of Santa Bárbola, Zaruma, Zamora, Loja, Jaén, Yaguarsongo, Sevilla del Oro, Santiago de las Montañas). Of course, the increase in the value of gold and the corresponding depreciation of silver must have appeared in Cuenca some time before this date. The process must then have started earlier, in and near the silver producing zone (Bolivia).

In any case, the Cabildo of Cuenca states — falsely — that there was more silver in use in the city than gold, and denounced the practice that had become usual in all transactions, of demanding a surcharge of 1 *tomín* per *peso* (12 1/2%) if the price was paid in silver, instead of gold. The Cabildo decreed that no surcharge could be exacted on transactions worth less than 8 *pesos*. The merchants reacted in a typical way: instead of quoting their prices in gold *pesos,* they simply raised them, and they did this well over the 12 1/2% exchange rate that had prevailed in December 1558 [12].

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al principio, y correr los pesos de oro por moneda principal — y con ellos se trataba y contrataba — y los reales de plata, y escudos, y pesos de quartos ser moneda hecha en la estimación que le dieron para trocar estos pesos de oro, y para por menudo poder tratar y contratar ... Y los quartos, y oro, y pesos de plata, siempre — como está dicho — andubieron en un balor, quenta y estimación, hasta el año de 53 y 54. Y de allí adelante començó a bariar, y aber en la moneda diferentes estimaciones en los pesos de plata de 10 reales y diez maravedís, y en los pesos de quartos de 112 quartos y medio, y el escudo: quedándose el peso de oro en su balor y estimación de 450 maravedís, hasta que agora se le a dado 556 maravedís ... ».

12 « Los dichos señores dixeron, que porque les consta, que en esta dicha ciudad hay más plata que oro, y todas las contrataciones que hasta agora se han hecho, y hacen en ella, ha sido en oro o plata, con un tomín de refacción en cada peso, de lo qual se ha seguido y sigue inconvenientes en haber de dar con la plata refación: Por tanto, que mandaban y mandaron, que de aquí adelante corra la dicha plata en esta ciudad y su juredición, por todos los que la contrataren, sin el dicho tomín de refación, hasta en contía de ocho pesos, entre españoles; y que no se lleve la dicha refación, so pena al que lo pidiere o llevare hasta la dicha contía, de diez pesos de oro por cada vez: la tercia para obras públicas desta ciudad, y las dos tercias para el denunciador y juez que lo sentenciare. Lo qual no se entienda con los indios ». *Libro primero de cabildos de Cuenca,* p. 146-147.

More than a year later, on December 15, 1559, the notary of the *Cabildo,* Diego González del Barco, complains: « Que por cuanto por un auto, el cual está pregonado, se proveyó por los dichos señores, que en esta ciudad corra la plata sin refación, hasta en cuantía de 8 pesos, y porque — sin embargo del dicho auto — muchas personas, o los más vecinos desta ciudad, en todo lo que venden y compran, tratan en oro en cualquier cuantía que sea, y los mercaderes — por razón de lo susodicho — suben

The fact is, however, that the merchants of Cuenca were accepting silver at a rate which was quite favourable to their customers, for in 1559 the Royal Treasury of Panama sold at public auction a lot of 18.279 *pesos* FG with an increase of 31 1/2% in AS [13].

Panama, of course, was the gateway through which all trade with Europe flowed. This, and the fact that an important sum was involved, gives this transaction a special significance. Further data seem to point toward the same level of exchange at other places; thus, at Guayaquil, where gold is quoted in 1564-1565 at a rate of 30%.[14] There is also a much earlier datum from Quito, which confirms Garcilaso and *Lic.* Rivero on the beginnings of the process of depreciation: through 1555-1557, current or Quito gold was converted into silver with 1 *tomín refacción* per *peso,* a 12 1/2% rate [15]. But Quito gold was only 19 1/4 carats fine, compared to 22 1/2 carats for FG. By converting QG into FG, the latter related to silver at 31 1/2%, exactly the same as the price produced by the auction in Panama [16].

However, a new factor comes into the picture here: the divergence between *pesos* of assayed silver (AS), and *pesos* of *plata corriente*: current

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el precio en sus mercaderías, por manera que más llevan en plata que no si se lo pagasen en oro o plata con refación: por manera quel dicho auto solamente es en perjuicio de mí el dicho escribano, porque por razón dél no me pagan los derechos, sino en plata sin refación ... ». He asked to be exempted from the ordinance of December 9, 1558, but the petition was turned down, p. 231.

The reaction of the notary was understandable: he gave up his job.

From what Diego González del Barco says, and from the minutes of the council (1557-1563) where all prices and fees are quoted in gold *pesos*, it is clear that there was more gold than silver in circulation in Cuenca at that time, notwithstanding the *Cabildo*'s affirmation to the contrary (p. 61, 83, 113, 228, 232, 272, 431). Of course, the export to Guayaquil of products like biscuit, hams, grains etc. was bringing in silver in small fraction. The influence of the exporters can surely be recognized behind the *Cabildo*'s policy.

13 AGI, Contaduría 1453: Cuentas de Panamá 1559, pliego 60 (4°).

14 AGI, Contaduría 1536: Cuentas de Guayaquil 1562-1579. On October 2, 1564, 1300 *pesos* CS, in lieu of 1000 *pesos* FG, were paid Diego de Navarrete, in the name of Lic. Hernando de Santillán, President of the *Audiencia* of Quito, as 1/4 of his annual salary (4000 *pesos* FG), because at that time there were no funds in the Treasury of Quito. The same amount, 1300 *pesos* CS instead of 1000 *pesos* FG, was paid out by the Treasury of Guayaquil to Dr. Francisco de Ribas, Judge of the *Audiencia* of Quito.

The same rate of 30% was used when drawing up the final balance of the revision of the accounts of the Treasurer of Guayaquil, Francisco de Trigueros, on August 20, 1565.

15 AGI, Contaduría 1538, Cuentas de Quito 1552-1585. 336 *pesos* 1 *tomín oro corriente*, CG, in lieu of 378 *pesos* 1 *tomín* of silver, at 1 *tomín* per *peso*, « *como entonces corría* » (January 11, 1556).

16 100 ps. QG is equal to 85 5/9 ps. FG; 100 ps. QG, equal to 112 1/2 ps. silver; 85 5/9 ps. FG equal to 112 1/2 ps. silver.

— or, currency — silver (CS). To be sure, the quotation from Panama is stated in AS, while the others are in CS, the former being the highest one.

H. Burzio's appraisal of the difference between AS and CS is somewhat misleading when he suggests that the latter had not been assayed, that it had not paid the Royal Fifth, that it had not been marked, and that it was adulterated.[17] Actually, the Treasury accounts refer to it as « *plata corriente* y *marcada* », indicating that it bore the Royal mark as proof of its having paid the Fifth and of having been assayed. Most of it was standard silver (2250 *mrs.* to the mark); and in case of lesser fineness, this would be shown at assaying, and the necessary adjustment would be computed when the silver changed hands. Unassayed and unmarked silver was actually an illegal commodity, there being no proof of its having paid the Fifth. Essentially the difference between AS and CS was that the former came in bars, weighing usually several hundred *pesos*, while the latter constituted the currency, or small change, coming in bits and pieces. The main problem of CS must have stemmed from the wearing away of the markings of fineness, and from the fragmentation of the original marked pieces, a process that would increasingly produce bits that would bear no indication of their fineness.[18] Besides the uncertainty this produced concerning its real worth, CS was also a cumbersome means of exchange for small transactions, since the silver had to be weighed, and therefore its value would sink further in face of the alternative of coined silver. On

17 Burzio, *La ceca* ..., p. 108-109, 111, 116. Legislation was clear, profuse and strict concerning the obligation of smelting, assaying and paying the tax. The Royal Officials had the obligation of indicating the fineness of the metal by marking it. Alloying was punished with death. See *Recopilación*, Libro IV, Títulos XXII, XXIV.

18 One desperate Royal Official declared at the end of the century that current silver was « moneda sin ley, y que en ella no se puede enbiar su hazienda al Rey »: AGI, Contaduría 1537, Cuentas de Quito 1598 (December 31). In 1568 100 marks of CS in small bits were smelted down by the Treasury of Lima, and the resulting bars turned out to be of varying fineness (see note 41). But gleaning through the section of *Quintos* in the 1576 accounts of the Treasury of Lima (AGI, Contaduría 1688), one finds that while the various bars of assayed silver had a varying fineness, current silver is always standard silver (2250 *mrs.* to the mark).

Garcilaso de la Vega, in his « Advertencias » at the beginning of the *Comentarios Reales*, explains: « Así mismo es de advertir que en mis tiempos, que fueron hasta el año del mil quinientos y sesenta, ni veinte años después, no hubo en mi tierra moneda labrada: en lugar de ella se entendían los españoles en el comprar y vender, pesando la plata y el oro por marcos y onzas: y como en España dicen ducados, decían en el Perú pesos o castellanos: cada peso de plata o de oro, reducido a buena ley, valía cuatrocientos cinquenta maravedís. De manera que reducidos los pesos a ducados de Castilla, cada cinco pesos son seis ducados. Decimos esto, para que no cause confusión al contar en la Historia por pesos y ducados. De la cantidad del peso de la plata al peso del oro había mucha diferencia, come en España la hay; mas el valor era uno. Al trocar el oro por plata, daban su interés de tanto por ciento. También había interés al trocar de la plata ensayada por la plata que llaman corriente, que era la por ensayar ». (Ed. Colección Austral, Buenos Aires 1946, p. 20-21).

the other hand, assayed silver (AS) would be used only in important deals; and the slightest chipping on the silver bar would be noted, the difference in weight ascertained and subtracted.

About 1552 there was still no difference in value between 1 *peso* AS and 1 *peso* CS, these terms being used loosely, suggesting perhaps merely a difference between bars and small change.[19] It is from about 1554-1556 that this distinction is made more consistently, indicating a divergence in value.[20]

The first quotations I have found of the rate of exchange between AS and CS date from 1561: 12 1/2% at Guayaquil and Túmbez, maintained at least down to 1565.[21] A preferential rate was conceded the natives of the island of Puná, who were allowed to pay their tribute to the King in CS at a 10% exchange.[22] At nearby Portoviejo, with a small and poor population eager to get any kind of money, a 12% rate prevailed from 1563 to 1565.[23] But, at the very same time (1564), exchange of AS-CS in Lima stood at 24%.[24]

Back in Quito, it had become customary to accept Quito gold (19 1/4 carats) as equivalent to AS, and to accept conversion to CS at a 12 1/2% rate. Such was the case in 1564, as well as in 1567, and there is a similar entry for Guayaquil in 1565.[25] Actually, this was an overvaluation of QG, one *peso* of which was supposed to be worth 385 *mrs.*, to 450 *mrs.* for AS. Besides, as noted already, by translating QG to FG, exchange of FG-CS would be at 31 1/2%, even though there are quotes of direct conversion of FG-CS in Quito (1563-1568), at 30, as well as 28%.[26]

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19 See for instance AGI, Contaduría 1453: Cuentas de Panamá, 1549-1569.

20 AGI, Contaduría 1680, 1682: Cuentas de Lima, 1554-1557.

21 AGI, Contaduría 1536: Cuentas de Guayaquil, 1562-1565. AGI, Justicia 1136: Martín Ramírez de Guzmán con el Fiscal.

22 AGI, Contaduría 1536: Cuentas de Guayaquil, 1562-1565.

23 AGI, Contaduría 1536: Cuentas de Puerto Viejo, 1564-1565.

24 AGI, Justicia 682: Residencia de Salazar de Villasante, folio 244r.

25 AGI, Contaduría 1536: Cuentas de Guayaquil 1562-1565, cargo al Tesorero Francisco de Trigueros; Cuentas de Quito, visita a la Real Caja, 1567.

AGI, Justicia 682: Proceso criminal por querella de Hernando de Gavilán contra Pedro Pacheco de Tordoya, folio 1534 (tasación arancelaria de juicio de residencia por el escribano Antón de Sevilla, Quito, 25.II.1566).

26 AGI, Contaduría 1538: Cuentas de Quito 1552-1587, años de 1563 a 1568.

The rather complex situation prevailing in Quito during these years is illustrated by President Hernando de Santillán in his letter to the King, January 15, 1565, in which he complains about the way he is paid: « Así mesmo manda Vuestra Magestad que los salarios que se pagaren a esta Audiencia se hagan los pagamentos en plata, y no en oro. En toda esta provincia, ni en todo el distrito desta Audiencia, no se saca punta de plata, ni ay minas della, ni se contrata con ella, ni la recivirán los mercaderes, y así no se puede hacer pagamento en ella. Ay, pero, un oro que se contrata, que llaman oro corriente, que es de 19 quilates y 3 granos; y éste, fuera de aquí, con el ynterese vale tanto como la plata ensayada. Pero reducido a mis dos mill, no valen los 900

Of course, the overvaluation of QG is symptomatic of the decline of silver. During the seventies the process accelerated. In 1573 in Quito the rate of AS-CS was 20%, while QG-CS rose to 28%. The following year QG-CS opened at the same level, then rose to 28 1/2%, and this last rate is also quoted for 19 carats gold.[27]

Now, the case of Quito was one of abundance of gold and lack of silver, chiefly of AS. Through the export of textiles, rope, sandals, hides, agricultural goods and gunpowder, CS was beginning to flow to Quito. Even so, in 1575 there was none of it in the Royal Treasury, which had to put on sale various lots of fine gold to obtain the current silver it needed. The rates of exchange were at 56%, 58%, and then twice at 60%.[28] Two years later CS is bought with FG at 66 1/2% and 67%.[29] In 1578 the Treasury of Quito continues its practice of buying CS with FG: conversion is now at 69, 70, 73 and 73 1/2%.[30]

Yet, in Quito gold was relatively cheap, since at that time most of the gold production of southern Ecuador was being channeled toward it, while silver of any kind was welcome, since it was needed as small change. In comparison, gold was scarce in Lima, while silver was extremely abundant, since Bolivian production was channeled to the capital of the Viceroyalty. I have found no direct references to the relation between FG and CS in

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mil maravedís que Vuestra Magestad manda dar de salario, porque solamente valdrían 790.000, y para que valgan las 900, ha de ser del oro de 22 1/2 quilates. Y serìa agravio aver de gastarlo en oro y recibirlo en lo que vale la plata, pues no la hay, porque en esto bajarían los salarios a mucho menos de lo que Vuestra Magestad manda dar ».

In other words, the *peso* of QG would be worth 395 *mrs.* It is rather interesting to note that the Crown still maintained the parity of the *peso* FG and the silver *peso* at 450 *mrs.*, but ordered, on the other hand, that salaries stipulated in gold *pesos* be paid in silver and not in gold. Santillán was doubly hurt, since in Quito at that time all transactions were in gold.

In his final report to the King (1568), President Santillán writes: « Hice guardar las tasas de los tributos que los indios dan a sus encomenderos, en que había excesos, especialmente en que mandándoles dar en plata ensayada eran agraviados ... en llevárselos, como se los llevaban, en oro de 22 1/2 quilates, con 30% de refacción. Y para que no fuesen defraudados en la cuenta, como lo eran, puse persona hábil de confianza que asistiese por ellos a la pesa, e les hiciese la cuenta ... ».

Which means that Santillán considered as just the exchange rate of 30% for FG-AS (the Indians paid in FG the tribute stipulated in AS), but intervened to avoid frauds in computing it.

I quote Santillán from: José María Vargas, *Don Hernando de Santillán y la fundación de la Real Audiencia de Quito* (Quito 1963), p. 155, 170.

27 AGI: Contaduría 1536: Cuentas de Quito 1573-1574. There is, however, an entry in the accounts of Quito of 1573 where a fine imposed on a government official of Guayaquil in CG is paid in CS at 12 1/2%. But this must have been the rate of exchange at the time he was sentenced (ca. 1565-1568).

28 AGI, Contaduría 1536: Cuentas de Quito 1575.

29 *Idem*: Cuentas de Quito 1577.

30 *Idem*: Cuentas de Quito 1578.

Lima at this period. But the rate of exchange of FG-AS was 25-26% in 1577, and 26% in 1578-79.[31] In this last year the rate between AS and CS was 40% in Panama,[32] while two years later it was 47% in Lima.[33] This would suggest a rate of conversion for FG-CS in Lima of anywhere between 75 and 85%.

Nevertheless, legally the silver *peso* and the gold *peso* were still at a par, both the FG and the AS *peso* said to be worth 450 *mrs.,* while no mention was made by the laws of the CS *peso.* Finally, a Cédula of 1578 — it reached Quito about March 10, 1579 — revalued the *peso* of fine gold, to be worth 556 *mrs.,* while the *peso* of assayed silver remained at 450 *mrs.*[34] An interesting aspect of this reform was the maintenance of

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[31] AGI, Contaduría 1688-1689: Cuentas de Lima 1577-1579. The first item corresponds to 7296 *pesos* 1 *tomín* 11 *granos* FG brought from Payta in 19 bars and proceeding from Zamora and Jaén, delivered in Lima on 31.VIII.1577). (Some of the gold must have been 23 carats fine). The entry in the accounts states that it was converted at 26%, for 9193 *pesos* 2 *tomines* 2 *grs.* AS (pliego 88: « Traído de fuera »).

Gold "floated" in the market of Lima, and on indicating the percentage of exchange, the Royal Officials would usually add the comment: *« como anda el oro entre los mercaderes en esta ciudad comúnmente »* (pliegos 178-179, cuentas de 1577), or also, *« como anda en la plaça desta ciudad ».*

[32] AGI, Contaduría 1464 A: Cuentas de Panamá 1579, nº 1.

[33] AGI, Contaduría 1692: Cuentas de Lima 1581. However, this was not a free market rate as such, rather it resulted from the official value of the *real* and its relation to the AS *peso* at the mint. However, the equivalence of 9 *reales* to 1 *peso* CS must have been established originally on the basis of the market rate.

[34] After a disbursement of 500 *pesos* to pay for munitions and provisions to be sent to Panama to support the military operations against the Negroes of El Vallano, on March 10, 1579, the Treasurer of Quito makes the following entry: *« Desde aquí entra la cédula de Su Magestad, en que manda, que el buen oro se entienda a 556 maravedís el peso, y a 24 maravedís y 3/4 el quilate »*: AGI, Contaduría 1536, Cuentas de Quito 1579.

Antonio Fernández was sent out from Quito with the commission of notifying the revaluation of the gold peso to the authorities of Loja, Cuenca, Valladolid (Yaguarsongo) and Santiago de las Montañas: AGI, Contaduría 1538, payment of his salary on 12.VII.1580.

The *Cédula* was undoubtedly received first in Panama, although by this time gold does not often figure in the Treasury accounts there. In those of 1579, in the section referring to the bullion sent from Peru, there is one entry which refers to gold that the Treasury of Quito was remitting to Spain: *« Más 26 tejos de oro de diferentes quilates y peso, que valen en buen oro de 22 1/2 quilates, 10.656 pesos, que a 556 maravedís el peso, conforme a la orden de Su Magestad, valen 13.166 pesos 7 granos de plata ensayada, que los oficiales de la ciudad de Santiago de Guayaquil enviaron en el navío Nuestra Señora de la Conceción, maestre Sanjuan de Antón, para los enviar a Su Magestad »*: AGI, Contaduría 1457.

This was the same ship captured the same year by the English pirate Francis Drake, with part of the silver that was being sent to Panama and Spain from Lima.

As quoted above, from now on 24 3/4 *maravedís* would be equal to 1 carat (instead of 20 *mrs.*) in converting non standard gold into equivalences in FG. This was actually an approximation for 24 32/45 *mrs.* (with 22.46 carats for fine gold, at the new official rate).

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the gold *ducat* — a unit of account in use in Spain — at its original worth of 375 *mrs.*[35]

But the most remarkable feature of the monetary reform of 1578-79 was its success in stabilizing the relation between fine gold and assayed silver, even though it established a rate of exchange of 23 5/9%, much more favourable to silver than the rate that was prevailing at that time in the open market. The impact of the Cédula is shown in Quito in 1579, when the rate between FG and CS goes down to 71% (April-June), and then to 68% (August).[36] For 1582 we get 66%, then 65%, and finally 63 1/2%.[37] For FG-AS there is a lack of quotations of direct conversion during the following years, but for 1598-1601 indirect conversion suggests 20 5/6%.[38]

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[35] It can be readily imagined how persons whose salaries, pensions or rents were fixed in *ducats* would be affected by the decision of the Crown to maintain the *ducat* at 375 *mrs.* Of course it meant a considerable saving for the Crown. An exception was apparently made in favour of the members of the Council of the Indies, for, from 1579, a special item appears in the remittances, called « *crecimiento del sueldo del Consejo* » (increase in the salary of the Council). AGI, Contaduría 1457.

Mention should also be made of the fact that the *escudo*, the 22 carats fine gold currency in use in Spain had been revalued in 1566 — twelve years before — from 350 to 400 *maravedís*, a 14 2/7% increase in its value, while in America the *peso* of fine gold had, officially, remained stationary. But now, in 1578, the peso was revalued by 23 5/9%, considerably more than the previous revaluation of the *escudo*. (For the *escudo* see John Lynch, *Spain under the Habsburgs*, I, New York 1964, 349.

Burzio, *El peso de oro*, p. 9, also speaks of the revaluation in Spain, in 1566, of the *castellano*, which was 22 carats fine and therefore now slightly inferior in gold content to the *peso* of fine gold in use in the Viceroyalty of Lima: the *castellano* was now to be worth 544 *mrs.*, which in terms of 22 1/2 carat gold would be precisely equivalent to 556 *mrs.*

One suspects that the Crown gleaned some benefits for itself from this differential manipulation of the currency.

Burzio, *ut supra*, mentions the revaluation of the *peso* FG in 1578.

[36] AGI, Contaduría 1536: Cuentas de Quito 1579, « Data ».

In the same year, gold remitted from Guayaquil to Panama was received on account by the Treasury there in terms of AS pesos at the official rate; but of course this was a mere bookkeeping operation: AGI, Contaduría 1457.

[37] AGI, Contaduría 1536: Cuentas de Quito 1582. No gold was entering the Royal Treasury of Quito, which forced the Royal Officials to procure it in the market: a remarkable change from the situation that had prevailed until shortly before, when there was plenty of gold, but no silver. It is true that an important factor in this change was the logical decision not to channel through Quito the surpluses of the Treasuries of the towns in gold-producing southern Ecuador, but rather to send them through either Guayaquil or Payta. Nevertheless, it rather looks as if taxpayers in Quito would have preferred to pay the Treasury in silver — mainly CS — and keep the gold.

[38] With an equivalence of 1 *peso* 1 *tomín* 8 *grs.* AS to 16 *reales* (1598-1601), and the latter accepted as equal to 1 *peso*, FG, the rate of exchange would have been 20 5/6%: AGI, Contaduría 1537: Cuentas de Quito 1595-1598; Contaduría 1701, 1702: Cuentas de Lima 1598-1601.

I do not know what measures the Crown took — if any — to back up the official value of assayed silver after 1579. Yet, for one, FG and AS did not compete against each other in the Viceroyalty of Lima: rather, they were complementary. There was not enough gold in any case to fulfil the needs of trade with Europe and to cover remittances to the mother country. This was effected in assayed silver from present-day Bolivia and Peru, where gold was available only in small quantities. On the other hand, in the district of the Audiencia of Quito there was plenty of gold, but no silver production.

Now, while the ratio of FG to AS was successfully stabilized, for at least thirty years, current silver very soon renewed its downward spiral. The Crown's answer to the depreciation of CS was the minting of silver *reales*.

Burzio tells us that the first *reales* in use in America — Santo Domingo — were minted in Seville in 1505, and that, while a *real* in Spain was worth 34 *mrs.*, in America the Crown imposed a 44 *mrs.* value until 1538. The same author also indicates that *reales* were minted in Mexico during the reign of Charles I and Joan, that is, before 1555.[39] These coins made no impact at all in South America. One document refers to a handful in Panama in 1547, another shows a man possessing a few of them in Guayaquil in 1563, and a trustworthy source reveals that in this latter period the only place in the Viceroyalty of Lima where *reales* were esteemed and could be found was Portoviejo.[40]

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39 Burzio, *La ceca* . . ., p. 117. See also the report of Lic. Rivero.

The Spanish *real* coincides only in name with the Portuguese *real*, which is similar to the Castillian *maravedí*: H.V. Livermore, *A History of Portugal* (Cambridge 1947), p. 478.

40 « Digo yo, Antonio de Robles, repostero de su señoría (Lic. Pedro de la Gasca), que rescebí de vos, Benito de Tovar, cuarenta y siete reales de a cuatro, de los de la Nueva España, y un sencillo, los cuales pesaron tres marcos menos una onza y cinco ochavos: que fueron para hacer una *bacinica* par su señoría. Y porque es verdad, que los rescebí, di éste firmado de mi nombre, hoy miércoles, a treinta de marzo, año de 1547. Antonio de Robles ». (Total: 189 *reales*): *Documentos relativos a don Pedro de la Gasca*, II, 280-281.

AGI, Justicia 682: Proceso criminal de Hernando Gavilán contra Pedro Pacheco de Tordoya (1563), folios 1459r, 1466r-1467, 1476r. Pacheco de Tordoya was a poor man, and on being arrested, among his few belongings that were seized by the *Alcalde* there were 6 *pesos* in *reales* (most probably obtained in Portoviejo).

Lic. Salazar de Villasante was in Portoviejo in 1563 and also in 1566. In his description of the town, he writes: « . . . gallinas de Castilla valen a real cada una. Y es de decir, que en todas las Indias no pasan reales de Castilla, ni se contrata con moneda de Castilla, sino en aquella ciudad de Puerto Viejo y en su término. Y quiere más un indio un real, que un tomín de oro, que vale real y medio, y lo mismo los españoles. Estos reales los traen de Tierra Firme la gente que pasa por allí, como es puerto, de los que les sobraron, yendo de Castilla »: *Relaciones geográficas*, ed. BAE, I, 136.

It was on February 15, 1567, by a *Cédula* issued at Madrid, that the Crown ordered the minting at Lima of 10,000 marks of silver in *reales* every year, « for it seems it will be a sufficient quantity to provide for what is convenient for the needs of that land's commerce and trade ». As a result, the Governor of Peru, *Lic.* Lope García de Castro, with the Royal Audiencia concurring, ordered the minting of *reales* to begin on August 30, 1568.[41] I do not know to what extent the authorities in Lima kept to the yearly quota of 10,000 marks (50,000 *pesos* AS). In 1581, 20,000 *pesos* AS were transformed into *reales* at the Lima mint, and 31,111 *pesos* in 1582.[42] But another mint had been set up in the city of La Plata (Sucre) in 1573, and then transferred to Potosí in 1575.[43] The impact of the latter becomes visible through remittances to Lima.[44]

The exact value of 1 *real* at the mint was 34 *mrs.*, and 1 *peso* AS was equal therefore to 13 4/17 *reales*. Pieces of one half and one quarter *real* were also coined.[45]

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41 AGI, Contaduría 1685: Cuentas de Lima 1568, folio 210.

It is typical of the situation at that time that there were 100 marks of silver in the Treasury of Lima, in chips so small that it had not been possible to mark them: « Sacaron de la dicha caxa de tres llaves, de la demás corriente que había, después de revuelto todo lo que en la dicha caxa había, par ver, si Su Magestad — haziéndose de la dicha plata corriente barras o moneda — podría perder meno o ganar más: los quales se fundieron en presencia del *Lic.* Castro, y salieron de diversas leyes y pesos » (folio 212-213).

42 More *reales* were minted in Lima in 1584. AGI, Contaduría 1692, 1693: Cuentas de Lima 1581, 1582, 1584.

43 Burzio, *La ceca* ..., p. 125.

44 AGI, Contaduría 1689 and subsequent *legajos* containing the accounts of the Treasury of Lima beginning with those of 1578, under the heading of « Remittances from outside », as well as in the section of « Remittances to *Tierra Firme* », i.e. Panama. Thus, it appears from the accounts of 1578 (pliego 78, p. 4), that 83.500 *reales* were sent from Potosí, vía Arequipa, although these were sent on to Panama without unloading in Callao. From the Treasury of Lima 118.824 1/2 *reales* were remitted that year to Spain (before April 18).

45 The mint did not charge anything for minting *reales* for the government. « *Conforme al concierto* » with Alonso de Arroyo, « *mercader da la Casa de la Moneda* », 20.000 *pesos* of assayed silver, in bars, were transformed into 264.705 *reales*, with 30 *maravedís* remaining, at the rate of 13 *reales* 8 *maravedís* per one *peso* AS: AGI, Contaduría 1692: Cuentas de Lima 1581.

The value of the *real* had been fixed at 34 *mrs.* by the *Pragmática* of 1497: Elliott, *Imperial Spain*, p. 114.

Francesco Carletti, an Italian merchant-adventurer who was in Lima in 1594-95, calls the *reales "giulii"*, and writes: « Half *giulio* being the smallest money worth anything, even though silver quarter-*giulii exist* »: *My voyage around the world* (New York 1964), p. 42. Of course, the existence of 1/2 and 1/4 *real* coins is reflected by the Royal Treasury accounts.

Carletti may be quoted here, to illustrate the abundance of silver in Lima at the end of the XVIth century: « Of even greater wonder is to see the grandeur and splendor of dress of the wives of the Spaniards, and of everything else that denotes

This minted currency was rapidly pushing out the old, unminted current silver. In 1578-79 there were still few *reales* in circulation in Lima, but by 1581-82 their use became general.[46] It was decided to give the old CS *peso* the equivalence of 9 *reales,* since it reflected the AS-CS rate prevailing at that time in the market (47%). Accounting was done thenceforth in *pesos* of current silver worth 9 *reales,* even though no coin of this denomination was ever minted. The *real* became the effective monetary unit. This new, fictitious CS *peso* — a unit of account — should be distinguished from the old unminted CS peso that did circulate in the form of marked pieces. The latter, to be sure, rapidly disappeared from Lim, and from the coastal zone in general — pushed out by the *real* — only to turn up heavily in Quito.

As a result, in Lima the money market was considerably simplified, consisting of the fluctuations of the value of the *peso* of 9 *reales* in terms of the AS *peso, en la plaza,* i.e. on the main square of the city. The following rates prevailed:[47]

1575, December	39%, 39 1/2%	1588, November	42 1/2%
1579,	36%, 38 8/9%	1589, December	42%
1584,	41%	1590, December	43%
1585,	45% (selling price by the Treasury)	1591,	43%
		1591, December 4	41 1/2%
1586, January	43 1/2%, 44%	1591, December 11	42%
1586, February	44%	1592, November	40%
1586, December	42%	1594,	43%
1587, October	42 1/2%	1595,	42%
1587, December	43%	1600,	42%
1588, January-April	43%	1601,	42%

vainglory. The amounts of silver and gold, the expenditures and ostentation, all are so large that any, who lack a capital of fifty or one hundred thousand *scudos*, are given no thought, being unable to measure up to the grandness of the others, and from that point on are called *mercachifles* rather than merchants, by a saying of the region. All over the city, and in all the shops, one constantly sees silver in great quantities. And there is no cobbler, who does not eat off it ... Many merchants, having a treasure of three and four hundred bars and ingots of silver, each worth about 500 *scudos*, pile them up, and then, spreading mattresses on them, use them as beds for sleeping » (p. 40). It is not clear if he is referring to the Florentine *scudo*, worth 11 *reales*, or the AS *peso*, which he also calls *scudo* (p. 39, 112): probably to the latter.

46 AGI, Contaduría 1689, 1692, 1693, 1694, 1695: Cuentas de Lima 1578-1586.

47 For 1584-1601, see the Treasury accounts of Lima for those years: AGI, Contaduría 1694-1702.

In the case of the 1579 rates, in the section of remittances to Panama and expenditures of fleet, there is an entry for April 25: 96,834 1/2 *reales* are disbursed, these proceeding from what had been remitted from Potosí, to cover the expenses of the fleet, since there was no current silver in the Treasury, and only bars of assayed silver. The rate of conversion was computed at 12 1/2 *reales* the *peso* AS, equivalent to a ratio of 38 8/9% (38.88%) between the latter and the *peso* of 9 *reales*. Now, The Treasury of Lima often had to resort to buying *reales* in the market, chiefly because it insisted on collecting taxes in AS and making payments in CS or *reales*. Specifically it had been ordered to collect *almojarifazgos* (customs duties) in AS, in 1577. Yet, from 1585 payment in *reales* of these duties assessed in AS was admitted.[48] But the Treasury charged an arbitrary rate, from a maximum of 13.86 *reales* to 1 *peso* AS, to a minimum of 12.5 *reales* to the *peso,* with 13 1/4 to 13 1/3 *reales* being typical. That is, the Treasury's rate fluctuated within a margin of

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taking into account that the rate at the mint was 47%, with the *peso* AS being worth 13 1/4 *reales*, it would have been advisable to release a few bars of silver. But the Viceroy, Judges of the Audiencia and Royal Officials had concurred in the decision, because the free market rate at the time was 36% in exchanging AS *pesos* for *pesos* of 9 *reales*: «No vale el ynterese de la plata ensayada a corriente en la plaça, entre mercaderes, a más de 36%, de que se siguió beneficio en el gasto de los *reales* a la Real Hazienda» (AGI, Contaduría 1689).

In December 1575 the Fiscal of the Audiencia of Lima wrote to the King: «...llévanse de cada marco tres reales, uno para V.M. del señoreaje, y los dos para el tesorero y demás oficiales. Por manera que al que se mete a labrar, se le da sesenta y quatro reales por marco, y más la costa que hace, que en esta tierra es más que en España. Y así sale poco más que a doce y medio cada peso de minas, y por este precio anda y se vende agora la plata ensayada». (Quoted by Burzio, *La ceca...*, p. 111, from Medina, *Las monedas coloniales*, p. 157).

The interpretation of the Fiscal — and of Burzio — is that seigniorage and other fees charged at the mint to private individuals who took their ingots there for coining were responsible for the difference in value of the real, from the official 13 1/4 *reales* per 1 *peso AS* to ca. 12 1/2 reales in the market. The Fiscal did not in fact see the situation very clearly: at 64 *reales* per mark the loss in seigniorage and fees was 2 3/17 *reales* and not 3 *rls.*, and 1 *peso* AS would be worth 12.8 *reales*. This loss at the mint might have been a factor, but does not explain the fluctuation of the value of the *real*, which must be attributed to supply and demand in the market.

See the appendix for the fluctuation of the value of the *real*. For seigniorage and further legislation concerning coinage, see *Recopilación*, Libro IV, Título XXIII.

The report by the Fiscal possibly had to do with the issuing of a *Real Cédula*, at Badajoz, on Demeber 2, 1580, ordering *Lic. Cepeda*, President of the Audiencia of Charcas, to investigate the payment of salaries to Viceroy Don Francisco de Toledo. As a result of the inquiry, another *Cédula*, issued at Lisbon on December 24, 1581, ordered the new Viceroy, Martín Enríquez, to collect from his predecessor what he had been paid in excess. Toledo's salary had been fixed at 40,000 ducats, which was equivalent to 15 million *maravedís*. But instead of collecting in *pesos* of assayed silver (in bars), Toledo got himself paid in *reales* at the official rate (34 *mrs.* per real), giving him 441,176 1/2 *reales*. At 36 *mrs.* per *real*, approximately the market rate at that time, he would have received only 416,66 2/3 *reales*, while on the basis of 64 *reales* per mark, as reported by the Fiscal, the Viceroy would have collected 426,666 2/3 *rls.* The Crown ordered that in the future all salaries be paid in bullion. *Reales Cédulas. Reales Ordenes. Decretos, autos y bandos que se guardan en el Archivo Histórico*, República del Perú, Ministerio de Hacienda y Comercio, Archivo Histórico (Lima 1947), p. 33.

[48] AGI, Contaduría 1688, 1694: Cuentas de Lima 1577, 1583-1585.

38 8/9% to 54% in terms of converting AS *pesos* into *pesos* of 9 *reales*, the typical exchange being at 47-48 1/2%.[49]

Taking as a base the official value of the *peso* of assayed silver (450 *mrs.*), the above variation of the *real* also means a deviation of its value at the mint (34 *mrs.*) in the range of 32.46 to 36 *maravedís*.

At Guayaquil, midway between Lima and Panama, and the main port of Ecuador, there was much gold, but most of it was in transit from the interior toward Panama and Spain. Assayed silver was more of a unit of account, and relatively little of it circulated. The wealth of the inhabitants proceeded from trade — most of it in American goods — and from services, and therefore CS predominated. Besides, it enjoyed greater favour than in Lima. In 1581 exchange of AS-CS was computed by the Treasury at 30%.[50]

By that time *reales* started to appear, with 9 *reales* being accepted as equal to 1 *peso* CS. The first document in which the *real* is used is a promissory note of 11 *pesos* 2 *reales* subscribed by Antonio Barroso in favor of the Treasury on June 26, 1579 (Diego de Navarrete, notary). But in 1583 the old CS still predominated.[51] The situation was similar for the next five years. From 1588 on, the use of *reales* displaces CS, though quite often the trem *peso* of current silver is used to indicate the theoretical *peso* worth 9 *reales*. The *peso* of 9 *reales* becomes the unit of account of the Treasury of Guayaquil, and it will remain so until the second decade of the XVIIth century.[52] By 1591 very little of the old CS was left in Guayaquil.[53]

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49 AGI, Contaduría 1694-1702: Cuentas de Lima 1585-1602, almojarifazgos.

50 *Relaciones geográficas* (1st. ed.), III, 271-276: « Razón de los indios tributarios que hay en la provincia de la ciudad de Santiago de Guayaquil, y del tributo que pagan a los encomenderos en cada un año. 1581 ».

51 AGI, Contaduría 1575: Cuentas de Guayaquil 1600-1611, outstanding bonds. In 1583 the Treasury of Guayaquil remitted to Spain 1687 *ps.* 4 *gr.* FG, 1509 *ps.* 5 *ts.* 7 *grs.* AS, 1777 *ps.* CS, and 1960 *ps.* of 9 *rls.* Since the Treasury would seek to send high quality money, the fact that almost a fourth of the remittance was in CS indicates its prevalence. But it was the last time: in 1585 2812 *ps.* 2 *ts.* 8 *grs.* FG and 1525 *ps.* of 9 *rls.* are sent. (AGI, Contaduría 1459: Cuentas de Panamá 1583, 1585, lo remitido de Guayaquil. For remittances in subsequent years: Contaduría 1460-1470).

52 AGI, Contaduría 1575: Cuentas de Guayaquil (1591)-1600-1611; Contaduría 1537: « Testimonio de las quentas que por comisión del doctor Barros se tomaron 6 los oficiales reales de Guayaquil » 1591; Escribanía de Cámara 918 A: Antonio de Clavijo con Antonio Navarrete; Escribanía de Cámara 922 B: A. de Clavijo con A. Navarrete.

53 AGI, Contaduría 1537: « Testimonio ... »; Contaduría 1575: Cuentas de Guayaquil.

To distinguish between the old and the new CS *peso*, it should be kept in mind that the former was divided into *tomines* and *granos* (8 ts. to the *peso* and 12 gr. per *tomín*), while the latter contained 9 *reales*.

The rate of exchange at Guayaquil for FG to CS was 82% in 1591.[54] On the other hand, the *peso* of 9 *reales* related to the FG *peso* at 74% in 1588, and later (1600-1610) we find a 70% rate. However, the latter was not established by the market; rather, it was used to compute in *reales* the salary of the Royal *Contador,* fixed in fine gold: a manoeuvre which redounded to the Crown's, and not to the *Contador's* benefit.[55] Yet Guayaquil had the reputation of being a place where the *real* was worth more than in Lima. For this reason, when in April 1588 the Viceroy ordered the remittance of 2000 *pesos* AS to Guayaquil, to pay for the expenses of the fleet, the sum was sent in *reales* bought in the market of Lima at 43%. Ironically, that year exactly the same rate prevailed in Guayaquil, and the next remittance was sent in assayed silver.[56]

On average, however, the *real* probably did have a slightly higher value at Guayaquil. At the Treasury of this port, where certain items, such as the *almojarifazgo,* were computed in AS pesos, but collected in *reales,* the rate of exchange was fixed at 13 1/4 *reales* for 1 *peso* AS — its value at the mint — equivalent to a rate of 47 2/9% in converting *pesos* of assayed silver into *pesos* of 9 *reales*.[57] But when the Royal Treasurer paid out his own salary — fixed in AS *pesos* — at this official

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[54] AGI, Contaduría 1537: « Testimonio . . . ».

[55] AGI, Escribanía de Cámara 918 A, pieza 2ª: Demanda de Antonio de Navarrete contra el Lic. Cabezas, folios 29-30: Registro del navío del maestre Jacome Ricardo, Guayaquil 18.VIII.1588: « . . . Los quales dichos cuatro tejos de oro y dos barretas de oro suman y montan un mill e veinte y nueve pesos cinco tomines siete granos del dicho buen oro de ley de 22 1/2 quilates, y en reales nueve al peso, a 74% de ynterese, valen 1791 pesos y 5 reales ».

The 70% rate corresponds to the conversion by the Treasury of the salary of the *Contador Bernabé Loçano* (1600-1611): AGI, Contaduría 1575, pliegos 207-209.

[56] AGI, Contaduría 1698: Cuentas de Lima 1588, Data, gastos de la armada: En 20 de abril de 1588 se entregaron a don Lorenço Dávila, cuyo es el navío Nuestra Señora de la Guarda, 2000 ps. ensayados, para que en el dicho navío los lleve a la cibdad de Guayaquil y los entregue al Corregidor y Oficiales Reales que allí residen, para que compren 600 quintales de bizcocho, queso, cecina y guarbanços y habas, y los hagan llevar al puerto de Manta, donde en él han de estar de respeto para bastecer el armada que ha de ir al Reyno de Tierra Firme con la plata de Su Magestad y particulares, quando vuelva al puerto de tornaviaje, su General don Jerónimo de Torres, por librança del Virrey del 23 de marzo. A 43% se le entregaron en reales, porque las pagas que en Guayaquil se han de hacer son en corriente, y vale allí menos el ensayado que en esta ciudad.

On August 30, 1588 (Data de los pesos de oro que se entregan al Fator): Se entregaron al fato rdon Francisco Manrique de Lara 20.000 pesos ensayados en barras de plata, en virtud de libranza del Virrey Conde del Villar de 26 de agosto, para que con ellos envíe a comprar a las cibdades de Panamá, Guayaquil y otras partes lona, xarcia, clavos y otras cosas necesarias a las Reales armadas.

For Guayaquil: AGI, Escribanía de Cámara 918 A, pieza 2ª: Registro de Jacome Ricardo.

[57] AGI, Contaduría 1575, 1537.

rate, the Controller sent out from Lima was casuistic enough to have him repay 171 *pesos* 3 *reales*, saying he should have converted at 43% — 1 *peso* AS equal to 12.87 *reales* — which must have been the free market rate at the beginning of the XVIIth century.[58]

The case of Payta is quite similar to that of Guayaquil. The Treasury computed 13 1/4 *reales* to 1 *peso* AS; [59] but the free exchange was apparently — at least in 1602 — at 42% for the peso of 9 *reales* (1 *peso* AS worth 12.78 *reales*).[60]

Now, turning to Panama, there the CS *peso* predominated overwhelmingly from 1569 to 1586, with the exception of trade with Europe.[61] The *real* makes its appearance in 1585.[62] It becomes usual from 1588 on, and by 1592 has largely replaced the old unminted CS, which disappears completely by 1600.[63] The exchange rate in Panama that year between the *peso* of 9 *reales* and the AS *peso* stood at 43 - 43 1/2%: 1 *peso* AS equal to 12.87 -12.9 *reales*, and 1 *real* worth 34.9 *maravedis*.[64]

In Quito the *real* did not make its appearance until the very last years of the century. In the meantime, gold became scarce and practically disappeared from the Treasury accounts. Startling as this may sound, the process is easily understandable. Gold was flowing toward Spain, either as government remittances, or as payment for imports, and perhaps also as personal savings and legacies. The voluminous export trade of Quito, directed through Guayaquil toward Panama, Lima, Bolivia and Chile, was in low-priced goods, and destined mainly for the poorer classes of society. While assayed silver from all parts of the Viceroyalty went the way of Spain, the debased unminted current silver found a haven in Quito, where it had a higher value than along the coast. In 1592, and as late as 1599, the official rate of exchange in Quito for AS-CS stood at 40%: that is, the old CS *peso* was worth more in Quito than the *peso* of 9 *reales* from Lima to Panama.[65]

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58 AGI, Contaduría 1575: Cuentas de Guayaquil, pliego 369.

59 AGI, Contaduría 1862: Cuentas de Piura-Payta, 1600-1607.

60 Idem: 23 *pesos corrientes* of 9 *reales* each paid by the Treasury of Payta to Ambrosio de Aguirre, master of the ship *Nuestra Señora del Rosario* for the freight of the *bulas* destined to Quito which he brought from Panama, amounting to 16 *pesos* 2 ts. AS, at the rate of 42%, on August 27, 1602.

61 AGI, Contaduría 1453, 1455, 1457, 1458, 1459, 1460, 1463, 1464 A: Cuentas de Panamá 1569-1588. Gold was included mainly as a transit item.

62 AGI, Contaduría 1463 A, nº 2, expenditures of the fleet at Panamá: Capitana *Santiago el Mayor* (1585).

63 AGI, Contaduría 1463, 1465, 1466, 1467, 1468, 1469, 1470, 1471: Cuentas de Panamá 1588-1600.

64 AGI, Contaduría 471: Cuentas de Panamá 1600, almojarifazgos.

65 AGI, Escribanía de Cámara 924 B: El Duque de Uceda con Don Martín Ramírez de Guzmán, folios 42-43. AGI, Contaduría 1537: Cuentas de Quito 1599, data.

Stabilized by the *Cédula* of 1578, exchange of FG-AS in quoted in Quito in 1588 at 23.8%.[66] On the other hand, the depreciation of current silver in Quito, in terms of fine gold, can be traced through the last two decades of the century. We have seen that the exchange rate for FG-CS was 63 1/2% in 1582. Seven years later it was 80-83%. (The year before, 1588, in Guayaquil, the rate for converting 1 *peso* FG to 1 *peso* of 9 *reales* was 74%).[67] A year later, in 1590, exchange of FG-CS in Quito was at 81%.[68] The following year it was 82-83%, while in Guayaquil the FG *peso* related to the *peso* of 9 *reales* at 82%.[69] This indicates a drop of the silver *real* in terms of fine gold, though not its parity with the old CS, which was worth more in Quito than in Guayaquil.

In 1592, in Quito, gold drops, with FG-CS at 80%, while the *peso* of 9 *reales* is being exchanged in Guayaquil for FG at 78,6%.[70] Two years later the rate in Quito stands at 83%, « *como al presente anda* ».[71] The same exchange prevails in 1595 for FG-CS, while the Treasury of Quito converts AS-CS at 48%, and FG-AS at 23 1/2%.[72]

This picture suggests — for Quito at least — that while the ratio between gold and silver bullion was officially maintained at the rate fixed in 1578, silver was depreciating in terms of practical currency. However, the problem was not silver as such, but rather the debased kind that circulated in Quito. On the other hand, besides its debasement, CS might have suffered an additional loss of value due to the lack of demand for it — contrary to assayed silver — in the markets of America, Europe and Asia.

After the *real* made its belated appearance in Quito, the *peso* of 9 *reales* was exchanged for FG at 77% (March 1598), while at the very

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66 AGI, Contaduría 1538: Cuentas de Quito 1588, data. AGI, Contaduría 1463: Cuentas de Panamá 1588, lo remitido de Guayaquil.

67 AGI, Contaduría 1538: Cuentas de Quito 1589. AGI, Contaduría 1465: Cuentas de Panamá 1589, lo remitido de Guayaquil.

While previously the Treasury of Quito had been selling gold in order to obtain needed small change in CS, by this time it was buying gold for remittance of its surpluses to Spain.

For Guayaquil: AGI, Escribanía de Cámara 918 A, as cited.

68 AGI, Contaduría 1536: Cuentas de Quito 1590, data. AGI, Contaduría 1465: Cuentas de Panamá 1590, lo remitido de Guayaquil.

69 AGI, Contaduría 1536: Cuentas de Quito 1591, data. AGI, Contaduría 1537: « Testimonio de las quentas que por comisión del doctor Barros se tomaron a los oficiales reales de Guayaquil ».

70 AGI, Escribanía de Cámara 922 B: Antonio de Clavijo con Antonio Navarrete (1592), diligencias relativas a la ejecución de la sentencia.

71 AGI, Contaduría 1536: Cuentas de Quito 1594, data.

72 AGI, Contaduría 1537: Cuentas de Quito 1595, data. Of course, the FG-AS conversion was a treasury account operation.

same time FG-CS stood at 86%.[73] The 77% rate implies a value of 34.9 *mrs.* for the *real,* with the FG *peso* worth 556 *mrs.;* otherwise, assigning the *real* its official value of 34 *mrs.,* the *peso* of fine gold would be less than 542 *mrs.*

The appearance of the *real* in Quito accelerated the decadence of the old unminted current silver. The latter was exchanged for fine gold in 1596 at 83, 84 and 85%, « *como al presente anda* ». Having ended, in December, at 83%, the following year opens with 82-83%, and then rises to 84%. In 1598 the Treasury converted at 83% for the payment of a salary, but otherwise the exchange rate went up to 86-86 1/2%, and the Treasury had to pay this price when acquiring gold for remittance to Spain, in lieu of CS, « *por ser la dicha plata moneda sin ley, y que en ella no se puede enbiar su hazienda al Rey* ».[74]

In 1599 the exchange of FG-CS in Quito was still at 86 1/2%. In 1600 it went down slightly to 86% (February to December). On January 4 and 23, 1601, the rate was 88%; on April 10 and 30, 96%; on Spetember 20 and 27, on October 30, and on December 31, 1601, it is 100%. The same exchange, of 2 *pesos* CS for 1 *peso* FG, prevailed in 1602 and 1603.[75]

The precipitate decline of CS during 1601 must be directly related to the remittance to Quito by the Treasury of Lima of an important quantity of *reales,* in payment for troops and supplies sent from there to Chile.[76]

The *real* had made its first appearance in Quito during 1593-1594, and immediately caused problems concerning its exchange.[77] There are very

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73 Idem. Cuentas de Quito 1598: En 25 de marzo los oficiales reales dan en descargo 603 ps. 2 ts. de buen oro, remitidos a Guayaquil con Jan de Cevallos, por concepto de Penas de Cámara, con destino a España. Los 537 ps. 4 ts. se compraron con 1000 pesos de plata corriente marcada, a 86%, y procede de la multa del Lic. Auncibay, cantidad en que fue condenado; y los 65 ps. 6 ts de buen oro restantes se compraron con 116 ps. 3 ts. en reales nueve al peso, a razón de 77% de refracción, que los montó 95 ducados de a onze reales.

74 AGI, Contaduría 1537: Cuentas de Quito 1596-1598.

75 Idem: Cuentas de Quito 1599-1603. AGI, Contaduría 1575: Cuentas de Guayaquil 1600-1611, « Remitido por quenta de la Caxa Real de Quito », pliego 361.

76 AGI, Contaduría 1862: Cuentas de Piurra-Payta, data 23.XII.1600: 136.703 reales remitted through Payta and Guayaquil by order of Viceroy Don Luis de Velasco of 18.VIII.1600.

The same, and another remittance to the Treasury of Quito of 28.000 patacones (December 1610): AGI, Contaduría 1575: Cuentas de Guayaquil, pliegos 324-325.

77 AGI, Contaduría 1536: Cuentas de Quito 1594. AGI, Escribanía de Cámara 918 A, pieza 2ª: Demanda de Antonio de Navarrete contra el Lic. Cabezas (1593).

On May 9, 1594, the *Cabildo* of Quito orders, that up to the sum of 8 *tomines,* 1 *tomín* should have the same value as 1 *real,* instead of the prevailing exchange of 1 *tomín* equal to 1 *real* and 3 *granos* (1 1/4 rl.): « respeto de comprarse por menudo y a tomines, y que por un tomín, dándose e pagándose un real, no lo quieren, y piden tres granos más; y cuando en plata se paga un tomín, lo quieren largo, y de manera few entries of this coin in the Treasury accounts from 1598 to 1602, and CS was still the predominating means of exchange: it is in 1603 that the use of *reales* increases considerably.[78] Now, officially 1 *peso* CS should have been equal to 9 *reales*. Yet, in the market 9 *reales* were preferred to 1 *peso* CS, and a 5 1/2% premium was demanded in 1599, though the following year the rate went down to 4%.[79]

What was worse was the refusal of many to accept CS. The *Real Acuerdo* of Quito met on October 17, 1601, and ordered that CS had to be accepted as legal tender in all transactions, at its official value of 1 *peso* equal to 9 *reales*. However, when selling *reales* for CS, a 6% premium was allowed.[80] The merchants reacted by increasing the gap

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que es un tomín y tre granos, con que se recrecen muchos inconvenients ... Mandaron que agora, y de aquí adelante, valga y se pague un tomín con un real, y un real con un tomín ... hasta en cantidad de ocho tomines se pague con ocho reales ». *Libro de cabildos de la ciudad de Quito 1593-1597* (Quito 1941), p. 178.

[78] AGI, Contaduría 1537: Cuentas de Quito 1598-1603. On June 26, 1603, 106,776 *reales* were deposited in the Treasury of Quito, corresponding to a remittance of 12.000 *pesos* of 9 *reales* — less costs of transportation — ordered by Viceroy Velasco, to complete, with the 1600 remittance, the payment of the expenses of the reinforcements sent to Chile.

[79] Idem: Cuenta de Quito 1599-1600, data. We find expressions such as « a 86 1/2 interés, ques el precio más bajo a como a andado y anda en esta ciudad ... y por no poderse enviar en este género (CS), se compró el dicho buen oro ». (23.III.1599). The same day, the Treasury also bought *reales* with CS, at a 5 1/2% rate of *pesos* of 9 *reales* for *pesos* CS: « que es el precio más bajo a que se pudieron comprar ... Y por no haberse hallado oro, se compraron los dichos reales ».

On November 7, 1602, exchange of *pesos* AS - *pesos* of 9 *reales* stood at 42% (Idem. Cuentas de Quito 1602).

[80] AGI, Escribanía de Cámara 924 A: Ana y Lucas Porcel con el Fiscal, folios 290-292: Real Acuerdo de Quito, 17.X.1601: « Y abiendo tratado y conferido del ynterés que deve aver en las contrataciones de la plata corriente marcada a reales, mandaron que de aquí adelante, y hasta tanto que por Su Magestad otra cosa se provea y mande, la dicha plata corriente, con la marca real que al presente ay y huviere en esta ciudad y su tierra, asì en la Real Caxa della como en poder de qualesquier otras personas ... y que de aquì adelante a ella se traxere, corra, valga y passe en todos y qualesquiera tratos y contratos, compras y ventas, pagas de salarios, fletes y jornales (etc.) por el prescio, valor y estimación que tuvo, que fue de nueve reales el peso de la dicha plata corriente marcada, y no más, ni menos. Y a este respeto, los tomines y granos, en qualquiera cantidad que sea. Y que todos sean obligados a la rescivir a el dicho prescio, sin ser osados a pedir sele dé en reales, por los que la tubieren y quisieren comprar, pagar y contratar con ella, así en poca como en mucha cantidad. Y por quanto, según la experiencia a mostrado, y se ve cada día en el trato de la dicha plata, de una mano y peso a otro se merma, gasta y pierde: por agora se permite a los que tienen y tubieren reales, y los ovieren de trocar por la dicha plata, y hacer otras pagas y contrataciones con ella, pedan pedir y lleven a razón de 6% de ynterés, y no más, de ninguna manera ... Se guarde so pena de 150 pesos y perdimiento de la plata o reales que diere o pidiere ... La segunda vez, doblada pena y treinta días de cárcel ... ». At the third violation, perpetual exile would be added to the fine and jail. The decree would not affect contracts signed before that date. The decree was

between the CS *peso* and the *peso* of 9 *reales.* The authorities reported the situation to the Council of the Indies. On September 25, 1603, they further ordered that all salaries and legal obligations be paid in CS *pesos* instead of *reales.* Similarly, all prices had to be posted in CS, and notaries were forbidden to legalize contracts where *reales,* instead of CS, were stipulated as the monetary unit. Finally, the practice of smelting down CS into bars was prohibited. In 1605 the Audiencia of Quito renewed the decree of October 17, 1601.[81]

Nevertheless, the problem posed in Quito by the precipitate decline of current silver was solved by its replacement by *reales,* and by the appearance there — as elsewhere — of a new silver coin, the minting of which practically amounted to a monetary reform: this was the *patacón,* worth 8 *reales.*

In Lima the *patacón* was called *peso* of 8 *reales,* and this name was to prevail everywhere in the long run. The coin probably originated in Mexico, where the *peso* of current silver was worth 8 *reales,* instead of 9 as

binding in the whole territory of the district of the Royal Audiencia of Quito: it had to be copied in all *libros de Cabildo,* and would be nailed on the doors of all *casas reales,* as well as of Cabildos, in every city and town of the District. — Actually, the Crown had prohibited the use of CS by Cédula of 1.XI.1591: *Recopilación,* Libro IV, Título 24.

81 Idem, folios 292-294: Quito 25.IX.1603. Auto. El Lic. Francisco de Sotomayor, Teniente de Corregidor en lugar del General don Lope de Mendoza ... « dixo, que por los muchos y grandes yncobenientes que se an seguido y siguen de que la plata corriente marcada, que a corrido y corre en esta ciudad y su tierra por moneda usual y corriente, y de valor a raçón de a cinco pesos el marco, se quitase y confudiese, se mandó por los Señores (de la Real Audiencia) que los reales corriesen a razón de 6% de ynterés en la plata corriente, que fue darle valor y ley para que con ella se contratase, y que no se perdiese más valor ... Los mercaderes y demás tratantes e ynteresados an ydo contra lo susodicho, encaresciendo y subiendo el valor de los reales, atendiendo solamente a sus fines e yntereses, en notable daño de toda esta república ... (Se ha consultado al Consejo de Indias) de cuyo tribunal se espera el remedio más conveniente para que cese este daño, pérdida y destruyción de la república ... ». In the meantime, all payments should be in *pesos* of current silver, 5 *pesos* to the mark, and not in *reales*; the same for notarial obligations; debtors cannot be obliged to pay their debts in *reales,* and they are declared free of any debts in *reales.* Notaries are forbidden to prepare and sign documents in which reales are used. All lists of prices and bids must be in « plata corriente a razón de 5 pesos el marco », and not in reales. It is forbidden to smelt down current silver.

It should be noted that while the Real Acuerdo of 17.X.1601 was enforceable in the whole District of the Audiencia of Quito — from Guayaquil, Loja and Jaén to Cali and Popayán — the above decree, emanating from the Teniente de Corregidor of Quito, would be binding from Riobamba to the present Colombo-Ecuadorian border.

Further (folio 297) one witness declared: « Porque no biniese la ciudad a quedar pobre, por no correr la dicha plata corriente, esta Real Audiencia, con rigor, prebino el remedio ». In Riobamba, the *Alcalde* obliged a soldier to accept current silver in payment of a debt owed him in *reales.* *Pulperos* were also subject to enforcement of the decree. In 1605 the Audiencia renewed the *Provisión* of the Real Acuerdo of 1601. (folios 297-311).

in the Viceroyalty of Lima.[82] In Nicaragua and Costa Rica the CS *peso* was computed at 10 *reales*, until 1586, when the authorities devalued it, to be worth only 8 *reales*.[83] A coin in common use in Mexico and Central America was the *tostón*, equal to 4 *reales*, or 1/2 *patacón*.[84]

Burzio indicates the minting of coins worth 8 *reales* at Potosí during the reign of Philip II, who died in 1598.[85] The first mention I have noted of the *peso* of 8 *reales* in the Lima Treasury accounts is on March 26, 1593, and it is frequently mentioned only after 1601.[86] For Guayaquil there is a solitary mention of the *patacón* in 1587 — probably a Mexican one — a few for 1600, and then its use increases, until it becomes general from 1604 on. By 1611 only the accounting of the Royal Treasury was conducted in *pesos* of 9 *reales*, all ordinary transactions being in *patacones*, which were increasingly called simply *pesos*.[87] In the Treasury accounts of Panama the first mentions

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82 On January 2, 1563, in Guayaquil, Lorenzo Ladrón de Guevara aknowledges a debt owed to Francisco de Salazar, merchant, of 9772 *pesos* 3 *tomines de tipusque*, of eight silver *reales* to a *peso*, « conforme a como corre en la ciudad de México ». AUGUSTÍN MILLARES CARLO - JOSÉ IGNACIO MANTECÓN, *Album de paleografía hispano-americana de los siglos XVI y XVII* (México 1955), II, 80-81.

On April 16, 1579 Don Francisco de Çárate reported from Realejo (Nicaragua) to the Viceroy of Mexico on the English pirate Francis Drake, whose prisoner he had been, saying that the booty consisted of 3000 bars of silver, 12-15 trunks of *reales de a ocho* (*reales*, eight to the *peso*) and a lot of gold: i.e. in Mexico eight, and not nine *reales* were counted per *peso*. (AGI, Patronato 266, ramo 19).

Concerning the origin of the name *patacón*, Livermore refers to the use of *patacas* in Portuguese Asia (p. 478), and Burzio (*La ceca* ..., p. 104) picks up the version that it comes from the Arabic *abutaca*, meaning "window", in allusion to the columns of Hercules represented on Spanish American coins. This should be further explored. I for one, suspect a Mexican origin, not only for the monetary unit, but also for its name.

83 AGI, Contaduría 984: Cuentas de Nicaragua y Costa Rica, 1573. The devaluation was caused by the fact that the Indian tribute could not be sold for CS at the old rate of 340 *mrs.* to one *peso* CS. But in accounting the CS *peso* was still divided in *tomines* and *granos*. In Nicaragua the AS *peso* was called *buena moneda*, or *peso de plata fina*. Is was scarce, and CS predominated.

84 Livermore (p. 478) indicates the appearance of the *tostão*, worth 100 *reis* in Portugal (reign of John III?).

In the first mentions of the *tostón* in Guayaquil and Quito the term is used as equivalent to 8 *reales*, that is, to 1 *patacón*. AGI, Escribanía de Cámara 922 B: Guayaquil, 1590-91; Contaduría 1537: Cuentas de Quito 1599, data, 7.IV.1599; Contaduría 969, 984, 985, 994: Cuentas de Guatemala (1591-1600), Nicaragua (1573-1612), Sonsonate (1600-1615).

85 BURZIO, *La ceca* ..., p. 125-127.

86 AGI, Contaduría 1699: Cuentas de Lima 1593, data de gastos de guerra. (The second mention I have noted is on 23.XII.1599: Contaduría 1701: Cuentas de Lima 1599, data de gastos de guerra).

87 The first mention of the *patacón* in Guayaquil is rather an isolated case: A ship's master declared that he had been paid 11 or 12 *patacones* for freight between Panama and Guayaquil. Most probably, these were *patacones* coined in Mexico and

of the *patacón* refer to Lima and Quito (1600-1602). But by 1607 *reales* were generally accounted in *patacones*, instead of *pesos* of 9 *reales*.[88] In Quito the first time the *patacón* is mentioned in the Treasury accounts was in April 1599, and they confused it with the *tostón*. However, in 1604 the remittance of the Treasury of Quito to Spain already included both *reales* and *patacones*.[89]

The *patacón* (8 *reales*) was accepted in Quito at a par with 1 *peso* CS, 2 *patacones* (16 *reales*) being worth 1 *peso* FG. This relation of the *patacón* to the *peso* of fine gold also prevailed elsewhere.[90]

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received in Panama — or simply, so many times 8 *reales*: AGI, Escribanía de Cámara 918 A: Antonio de Clavijo con Antonio Navarrete, folio 51.

Of course, we have already noted (note 84), the appearance in 1590-91, in Guayaquil, of the *peso* of 8 *reales*, miscalled "*tostón*".

One must be careful when discussing the first decade of the XVIIth century, because when the term *peso* is used, without further identification, it might refer to either the *peso* of 9 *reales* or to that of 8 *reales*. (Contaduría 1575: Cuentas de Guayaquil 1600-1611).

For the *patacón* at Payta: AGI, Contaduría 1862. It appears in the Treasury accounts from 1601 on.

88 AGI, Contaduría 1471: Cuentas de Panamá 1602, almojarifazgo de la Mar del Sur; Contaduría 1473 A, 1474: Cuentas de Panamá, 1606-07, 1609.

89 The first time the *patacón* appears in the Accounts of Quito is on 7.IV.1599: AGI, Contaduría 1537: Cuentas de Quito 1599, data.

In 1603 the remittance from Quito to Spain includes the modest figure of 4450 *patacones*, though it is likely that it was so many times 8 *reales*: Contaduría 1575: Cuentas de Guayaquil, pliego 361.

90 « Contando el buen oro a 100% como los dichos Oficiales Reales de Quito declararon que valía »: Contaduría 1473 A: Cuentas de Panamá 1607, lo remitido de Guayaquil.

The rate of 2 *patacones* to 1 *peso* FG was established in the free market in Quito, in 1602: « como anda al presente »: Contaduría 1537: Cuentas de Quito 1602, descargo, 31.XII.1602. At the beginning of the same year (January 8), Juan de la Fuente is reimbursed for his expenses in which he incurred while transporting 1736 pounds of gunpowder from Latacunga to Guayaquil, to be shipped to Lima. Besides his salary, he is paid 53 *pesos* CS, for 53 *patacones* he had spent: « los 53 pesos dellos por 53 patacones de a ocho reales ... que juró abelle costado cada patacón un peso de plata ».

In the Accounts of Panama of 1603 the same rate of two to one is used in connection with the remittance of gold from Quito: Contaduría 1472.

On October 2, 1609, it is said in Quito that « el peso de oro de 22 1/2 quilates, fundido, quintado y marcado, vale al presente en esta ciudad a dos patacones cada peso, y así corre y se compra y bende, y es su común estimación ». (Escribanía de Cámara 924 A, Porcel con el Fiscal, folio 278).

Apparently it was the gold market of Quito that set the price of the metal in the whole Viceroyalty. It is on October 30, 1601 that I have noted for the first time in the Accounts of Quito the equivalence of 16 *reales* (2 patacones) to 1 *peso* of fine gold, equal at the same time to 2 *pesos* of current silver, « como anda al presente »: AGI, Contaduría 1537, Cuentas de Quito 1601. The same for subsequent years.

For Guayaquil: AGI, Contaduría 1575, pliego 366 (pliegos 361-362 refer to remittances from Quito, and show the same rate).

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Starting off with a value of 34 *mrs*. for the *real* (real value at the mint), the ratio of 16 *reales* to 1 *peso* of fine gold would mean a devaluation of the latter from 556 to 544 *mrs*. Yet we have seen that the *real* had a higher value in the market. Therefore, accepting the *peso* of fine gold at its official worth of 556 *mrs*. the *real* would have a value of 34.75 *mrs*., and there would be 12.95 *reales* to 1 *peso* of assayed silver (bullion), at 450 *mrs*. per *peso*.

The *peso* of 9 *reales* (unit of account), which originally represented the equivalence in *reales* of the *peso* of current silver cedes its place to the *patacón*, which becomes the true heir of the CS *peso*, the two enjoying parity, both in direct exchange, as also in their relation to fine gold.

Current silver, therefore, suffered a depreciation of 100% in terms of fine gold between 1553 and 1601. In terms of *reales*, it depreciated by 1/9 (11 1/9%) during the last two decades of the century.

Finally, in terms of bullion, by relating the value of the *real* in assayed silver at the mint to the *peso* of fine gold, the rate of exchange between the *peso* FG and the *peso* AS would appear to be about 20 3/4%, markedly lower than the 23 5/9% established by the revaluation of 1578, not to mention the *ca*. 30% which prevailed in the market around 1560. Nevertheless, we have seen that the value of the real fluctuated in the market, and that it was generally higher than its value at the mint. Taking, therefore, 12.95 *reales* per AS *peso*, the rate between assayed silver and fine gold would be 23.55%. At the price prevailing in the market of Lima for the *real* at the turn of the century — 12.78 *reales* per *peso* of AS — the exchange rate for FG-AS would be 25.19%.

Stated differently, if until 1553 1 Kg. fine gold (22 1/2 carats fine) was worth 10 Kgs. of assayed silver (fineness: 225/240), at the beginning of the XVIIth century, in Lima, 1 Kg. of fine gold would be equal in value to 12 Kgs. and 519 grs. of assayed silver.[91]

Let us add that due to the sudden collapse of current silver in Quito during 1601, by *Real Executoria* of the Audiencia, allowance was made of a 1 1/2% adjustment in the Treasury accounts in favor of the Royal Officials (AGI, Contaduría 1537, Cuentas 1601, descargo).

[91] Very soon gold was revalued in Spain. The *escudo* became worth 440 *maravedís* in 1609, a 25 5/7% increase since 1565. Elliot, p. 114). By *Pragmática* of December 14, 1612, the *castellano* of 22 carats rose from 544 to 576 *maravedís*. Burzio, *El peso de oro*, p. 11. See also Alfonso Gallo, *Declaración breve y sumaria del valor del oro, conforme a la nueva ley y pragmática* ... (Madrid 1613): available on microfiche, Servicio Nacional de Microfilm, Dirección General de Archivos y Bibliotecas, Madrid.

Burzio indicates that the process accelerated afterwards. The *Castellano* in Spain was worth 680 *maravedis* in 1643, later it was increased to 816 *mrs*., and in 1689 it was revalued at 850 *mrs*.

See also P. Bernabé Cobo, S.J., *Obras* (Madrid 1956), vol. I, 380-386, for monetary values in Lima and Andalusia in 1652.

Finally, some comparisons with foreign currency: In 1587, 1 English gold pound was said to be worth 40 *reales*: Testimony of Walter Tiller, Lima 18.VIII.1587 (AGI, At first sight, this final result might seem puzzling, for it bears scant relation to the extremely disproportionate increase in the production of silver against that of gold during the same period. Evidently, the monetary reform of 1578 proved to be successful; but the real explanation should be sought in the sustained, or in fact increasing, demand for silver in the international market.

In any case, it would be interesting to compare the rates of exchange prevailing in different countries at different periods, with a view to ascertaining whether the differences, if they existed, had any marked impact on their respective economic development.

Lima 31). About 1594, both on Florentine *scudo* and one Japanese *tael* are said to be worth 11 *reales*. (Carletti, p. 112). In 1624 1 *franc* would be worth 4 *reales*: Testimony of Philipe Canobillo (a native of Nantulier, 2 leagues from Paris), Guayaquil, 29.VIII.1624 (AGI, Quito 1).

TABLE OF VARIATIONS OF THE VALUE OF THE REAL

pesos AS (450 mrs.)	ps. of 9 rls.	mrs./ps. 9 rls.	mrs./real	rls./peso AS
100	135	333.33	37.04	12.14
100	135.5	332.10	36.9	12.19
10υ	136	330.80	36.76	12.24
100	136.5	329.67	36.63	12.28
100	137	328.47	36.49	12.33
100	137.5	327.27	36.36	12.37
100	138	326.08	36.23	12.42
100	138.5	324.90	36.10	12.46
100	139	323.34	35.92	12.52
100	139.5	322.58	35.84	12.55
100	140	321.42	35.71	12.60
100	140.5	320.28	35.58	12.64
100	141	319.14	35.46	12.69
100	141.5	318.02	35.33	12.73
100	142	316.90	35.24	12.78
100	142.5	315.78	35.08	12.82
100	143	314.68	34.96	12.87
100	143.5	313.58	34.84	12.91
100	144	312.5	34.72	12.96
100	144.5	311.41	34.60	13.00
100	145	310.34	34.48	13.05
100	145.5	309.27	34.36	13.09
100	146	308.21	34.24	13.14
100	146.5	307.23	34.13	13.18
100	147	306.12	34.01	13.23
100	147.5	305.08	33.89	13.27
100	148	304.05	33.78	13.32
100	148.5	303.03	33.67	13.36
100	149	302.01	33.55	13.41
100	149.5	301.00	33.44	13.45
100	150	300	33.33	13.50

11

APPENDIX

I have consulted Alfonso Gallo for the *Pragmática* of December 14, 1612: *Declaración breve y sumaria del valor del oro, conforme a la nueva ley y pragmática...* (Imp. Luis Sánchez, Madrid 1613). By this monetary reform, the value of the Spanish *castellano*, 22 carats fine, was increased to 576 *maravedís*, with 1 carat being equivalent to 26 2/11 *mrs*. This means that the American *peso* of fine gold, 22 1/2 carats fine, should have been revalued to be worth 589 *maravedís*.

On the other hand, the fineness of standard silver coming from America was expressed in terms of *dineros* and *granos*, as being 11 *ds.* 4 *grs.*, when in fact, at 2250 *maravedís* to the mark, and 8 1/3 *mrs.* per grain, it should have been 11 *ds.* 6 *grs.* This means, therefore, a legal debasement of standard silver. But this is not all: at 8 1/3 *mrs.* per grain, the mark of silver, 11 *ds.* 4 *grs.* fine, would have been worth 2233 1/3 *mrs.* However, the *Pragmática* fixed it at 2210 *mrs.*, lowering therefore the ratio of *maravedí* per grain to ca. 8 1/4 (8.2462). This meant that the value of the *maravedí* increased from 0.09585 grams of pure silver to 0.09682 grams of pure silver; and with 1 *peso* FG worth 589 *mrs.*, the *peso* of assayed silver would be only 442 *mrs.* (5 *pesos* per mark, with the mark being worth 2210 *mrs.*).

I have not studied the period beyond 1612, but on the basis of fragmentary data I am under the impression that the Pragmática of 1612 was only enforced in Spain, but not in America, at least during the first half of the century. Law VII of Title XXII, Book IV of the *Recopilación*, entitled *Ordenanzas que han de guardar los Ensayadores del Perù*, enacted in 1649 and 1651, states in its chapter 13:

> ... que no cause confusión el nuevo modo y forma de poner la ley en las barras de plata por dineros y granos: Declaramos que el verdadero valor de la plata de doce dineros, que es la plata de toda ley, es dar a cada dinero ciento y noventa y ocho maravedís de valor, y no más; y que, por consiguiente, cada grano de plata de doce dineros vale ocho maravedís y un quarto de maravedí, y que por esta cuenta corresponden al marco de plata de doce dineros, dos mil trecientos y setenta y seis maravedís, y no dos mil trecientos y ochenta como hasta ahora han introducido los Ensayadores del Perú; y que al marco de once dineros y quatro granos corresponden por esta cuenta dos mil docientos y diez maravedís, conforme a las leyes de estos nuestros Reynos de Castilla...