

APPENDIX

ON THE COINAGE

JUAN DE MARIANA

TRANSLATED BY HAZZARD BAGG

In order to fill a gap in the budget, which is never not a problem, especially in a sprawling empire, certain smart and clever men propose that it would be helpful in many difficult situations if something were to be pulled out of the weight of the coinage or from its quality, by debasing the metal while still retaining its original value. The prince gets to keep whatever is deducted from the quality or the weight of the currency. And what is more amazing, in the absence of harm or complaint on the part of the provincials. This wonderful technique is not a secret, but rather a useful method by which an incredible amount of gold and silver is redirected into the public treasury without the imposition of any new burden.

I have always typically thought of those men who promise to transform metals by some magical method—to make silver out of bronze and gold out of silver—as being the most untrustworthy sort,

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like itinerant snake oil salesmen. Now I see that metals are rendered more valuable without any effort; that they are doubled in value without any smelting, controlled merely by the edict of the prince, as if multiplied by some sacred touch or higher power; that the subjects are getting back from the economy what they had before at full value; that there is public utility in the fact that what is left over is handed over to the prince for his use. Who is so unreasonable, or, if you prefer, so insightful, that he would begrudge this happy state of affairs—especially when no innovations are being introduced?

Rather, we tread upon a road trampled by the feet of many, standing upon which great princes from every era have gotten through difficult times. Who will be able to deny that the Romans, under the pressure of the Punic War, reduced their copper coins, which were previously generous, first to two ounces of bronze, then to one ounce, and again to half an ounce... and that the government was freed from debt by this technique? That Drusus, as Tribune of the People, mixed bronze into the *denarii* that appeared to be made of pure silver? Plautus's comparison of a new bawdy form of comedy to the new coinage is as wise as it is old.¹ Need I bring up the Jewish people, that superstitious race, who shun everyone else?² I note that among them the temple *shekel* is worth twice as much as the common *shekel* for no other reason than that after a while it became clear to the people that half the value had been subtracted from the correct and original weight of the coinage, either all at once in a single stroke or gradually by means of all too frequent acts of deceit (which I suspect is the more likely explanation). There is no need to go on about other countries since it is common knowledge to anyone explaining the past that money has often been made worse by great kings through frequent devaluation.

Or do you suppose that it is for some other reason that *solidi*, which were first made of gold and then of silver, ultimately

¹ The reference is to Plautus's *Casina*, lines 9–10: *Nam nunc novae quae prodeunt cōmoediae multō sunt nequiorēs quam nummī novī...* “For the new comedies that are coming out now are much more worthless than the new coins...”

² Editor's note: Mariana is not a blind supporter of the Inquisition and he defends *conversos*. This comment likely contains some degree of sarcasm, precisely because Mariana is using the Jews as an example of a people who are no longer fooled by monetary manipulation, unlike so many of the Christian population of Castile, who continue to be fooled by the alchemists at Court.

ended up as bronze for the most part, unless this was due to an assumed right to contaminate metals by adding some extraneous alloy? What should I say about our own *maravedí*, once gold, not so long ago silver, and now completely copper? Indeed, who is so confident that he dare criticize a practice employed by all nations at every point in time? Do we seek a higher form of praise in finding fault with institutions? Are we grasping at the empty favor of the masses?³ Indeed, I shall not deny (for how could I?) that the coinage has often been debased by our forebears and that the type of crisis can sometimes happen in which it is necessary to have recourse to this remedy. I will be the first to say that not everything that our forebears did was without fault.⁴ I would also maintain that deceit lies hidden behind the appearance of exceptional and accessible usefulness, that pure fakery exists, that considerable difficulties have arisen from this practice, both for governments and for individuals, and that one must not stoop to this point if we want a healthy situation.

First off, I assert that neither the portable possessions nor the land of subjects is under the legal control of the prince to the degree that he can take these things for himself at his own discretion or hand them over to someone else on a whim. Those who argue otherwise are blowhards and yes-men of the sort that are numerous in the halls of the powerful. Because of this, it is the case that he cannot order new taxes upon his nation without the consent of the people. For he should get his subjects to pay by asking openly, not by cheating them,⁵ nor should he capriciously take a cut on a daily basis whereby they are reduced from a state of abundance and prosperity to a state of need. For that would be to behave like a tyrant who measures everything by his own desires, who takes possession of everything for himself, not a king who restrains the power that he has received from willing people with law and reason, and who does not extend his power all over

³ Note how Mariana says that a sound coinage is important to commoners. He is alluding to the argument that supporting such a policy is populist demagoguery.

⁴ Mariana drops his irony and makes the revolutionary affirmation that we are allowed to criticize what people did in the past. It is a provocative call for progress, an early turning point in the essay.

⁵ Mariana distinguishes between lawful and unlawful taxation, contrasting a formal request for funds with the act of swindling.

the place. But I do not want to pursue any further a matter that is clearly understood and that has been discussed at greater length elsewhere.⁶ I shall only add that of the two it is the case that a king cannot debase the coinage arbitrarily and without the consent of the people. It, too, is a kind of tax by which an amount is extracted from the possessions of subjects. Who would agree to exchange gold for an equal weight of silver, or silver for an equal weight of iron? Generally speaking, why would anyone agree to accept a silver coin for a gold one or a copper coin for a silver one? This happens every time the money is debased. Indeed, it will only be permitted for the king to change the appearance of the coinage, since coinage is listed among the things that are held by royal right under imperial law, provided that the value remains inviolate in accordance with the quality of the money and pre-existing law.

The value of coinage is twofold. First, there is its natural value based upon the quality and quantity of the metal used, which can be called its “intrinsic” value. The second value is its legal and “extrinsic” one, which the prince sets by law, as he does the prices of other goods so that they are not sold for more than what the law without question has ordained. He is a fool who so separates these two values such that the subsequent legal value does not stick to its natural value. Unfair is he who commands that something that is commonly valued at five be generally sold for ten. No one should try to make this happen through effort or strictness.⁷ For people are influenced by a common valuation, which is based upon the quality of things and supply and demand; a prince would struggle in vain to tear up these foundations of commerce (which stand better unmoved), to deviate from the common opinion, and to bring a kind of force against their minds. What happens in the case of other commodities should also be extended to money. When assessing value by law, a prince ought to consider the actual price and weight of the metal and should not try to go beyond the small amount that can be added to the value of the metal to cover the cost of minting. For we are also not of the opinion which has hold

⁶ An explicit reference to the earlier, and quite controversial, commentary on tyrants and regicide found in Chapters V, VI, VII, and VIII of Book I of *De rege et regis institutione*.

⁷ Elsewhere in this same chapter (most notably in the discussion of Henry VIII in the penultimate paragraph), Mariana rails against imposing a debased coinage by force.

of great scholars and famous legal experts that a prince must mint the coinage at his own expense, and that he consequently should not add anything to the true value of the metal.

As a general rule, however, if we do not want to fall into error and overturn the laws of nature, the legal value should not be discordant with the natural and intrinsic value. What a sleazy deal it would be if a prince were to keep the extra for himself—and all the more disgusting if anything is subtracted from the quality of the metal or the weight of the money! Or should he be allowed to break into the granaries of his citizens, take a portion for himself, and compensate citizens for their loss by granting the option to sell what is left for the value of the whole pile before his portion had been taken away? Who would not proclaim open robbery, the worst sort of embezzlement? The same scenario could be played out in the case of businesses, farming operations, and any moveable property, but you get the point.

In ancient times they used to exchange things without using money: a goat for a sheep, a cow for some grain. Then they figured out that it would be easier if merchandise and grain were exchanged for metals: gold, silver, and copper. Ultimately, so that it would not forever be necessary to weigh metals out for their dealings and transactions with one another (which is quite a pain), they decided that the various metals should be divided into units by public authority and that these units should be stamped according to the weight of each. This is the proper and natural way to use money that Aristotle tells us about in the first book of the *Politics*;⁸ those other ways of turning a trick to cheat the people were developed and discovered by men who could not care less about transparency and fairness. But even if the prince is not taxing the other commodities and is not laying claim to them, he often takes a cut of the currency; this does not mean that there is any less blame in doing this, nor is it any less of a subversion of, and stain upon, the laws of nature. But these mysterious, dolled-up schemes deceive most people with the result that the disease is felt less acutely.

“What harm is there,” they say, “if the prince takes a half or a quarter for himself, and if what is left over for individuals is spent

⁸ Mariana draws on Aristotle’s famous discussion of money in *Politics* (1.9.1257a).

at a value that is no less than the original one? Indeed, you buy clothing and food just like before. Where is the loss? For their money is used only to buy necessities." So easily are the people tricked that they put up with the debasing of the coinage! Thus, the prince has more power over the coinage than he does over other commodities. The mints, mint officials, their operations, and the bureaucrats are completely in his power and control. Because of this, he is able to blend metals without anyone stopping him, he can introduce a new coinage in place of the old one stamped with a new mark, with no more honesty than if he were directing the other possessions of his citizens to himself with blatant force.

You might ask, what should be done when a confident enemy challenges in war? Add to that one who is aggressive because of a fresh victory and strong in troops and supplies, and when there is no money available with which a soldier might be recruited or a salary paid. Or will you suppose that he ought to surrender and that every type of misfortune should be endured so that the coinage can remain intact? I would think that every possible remedy should be tried before it should come to the extreme measure of debasing the currency. But if a major crisis is pressing and the safety of the people is in jeopardy and the affected citizens cannot be forced to enter into an agreement whereby the prince can commandeer the other possessions of his subjects to come to the aid of the country in its moment of need, only then will he be able to blend metals or snip off a portion of the weight, but with the proviso that the permission to debase should come to an end along with the war and that the blemish not be permanent, and then that the bad money that necessity forced upon them be straightaway turned in and retired, and that the proper old coinage be restored in place of that bad one for those who were holding it in good faith.

Frederick Augustus, the second of that name, was laying siege to Faenza in Flaminia during a very harsh winter. There was no money for soldiers' pay, everywhere soldiers were slipping away, and units were being abandoned continuously. Lifting the siege was a disgraceful and serious thing, but continuing it was a difficult one. He marked money made of rawhide with the value of a gold coin, and with this conceit he got out of the tight spot. Once he had taken the city as victor, he exchanged the rawhide coins for as many gold ones as he had promised. The source is

Collenutius in Book Four of his *History of Naples*. This example has been followed in similar crises certainly long ago but also in recent times, and coinage quite often made of hide but sometimes even out of paper has been marked without harm or rebuke. However, if a prince thinks that it is within his purview to debase the currency outside of one of these crises just to fill a deficit in his treasury, something that is more or less always a problem, I proclaim certain destruction—nor will the respite be long-lasting—as the following terrible afflictions demonstrate.

The first consequence will be the high cost of all commodities and food—doubtless not less than the amount that will have been subtracted from the quality of the currency. For people do not value a currency any more than the quality and amount of metal allows—not even if there are strict laws against doing this. Indeed, at that point the people will bemoan the fact that they have been tricked by an illusion, and they will sense that the new currency that has been substituted for the old one is not worth as much as the former currency when they need much greater resources than they used to in order to feed their families. Or are we serving up delusions rather than things that are plain to see from the accuracy of our chronicles? King Alfonso of Castile, known as “The Wise,” as soon as he gained control of the crown and possessions of the realm, substituted a bad currency, called the *burgalesa*, for the *pepión*, which was the coinage in use at the time. In order to relieve the high cost of things that immediately followed, he set the value of merchandise with a new law. This solution made matters worse since no one was willing to sell at the set price. And so, this scheme to set prices fell apart right from the start. The problem of high prices went on for a while. I conclude that damage to the coinage was the primary reason for the disaffection of the people and for his replacement by Sancho and his son before the end of his life. For since Alfonso was stubborn, in the seventh year of his reign he recalled the *burgalesa* and introduced a coinage that was called “black” because of the poor quality of the metal.⁹

Alfonso XI, in no way chastened by the example of his great grandfather, also minted a coinage made from metal that was not

⁹ The relative blackness of a coin indicates its poor quality by revealing its copper content. The more copper a coin contains, the blacker it will become via oxidation.

of high quality that they called *novenes* and *coronados*. So that the prices of food and other items not increase, he took the sensible enough precaution that a mark—that is to say two-thirds of a pound—of silver not be worth more *maravedís* than it was worth previously (that is, 125). This ineffectual measure, however, turned out to be a useless precaution: inflation followed, the value of silver skyrocketed. Enrique the second, the son of this Alfonso, upon gaining the throne after the murder of his brother, King Pedro, had recourse to this solution in order to pay the salaries of his foreign provincial soldiers (to whom he owed his life and his throne) because his accounts were in a lot of trouble, since both the public and his personal treasuries had been exhausted. He struck two types of coinage, *reales* and *cruzados*, doubtless valued above the amount of metal in them. We have examined the *reales* of King Pedro and those of his brother Enrique; indeed, Pedro's are of good silver of the kind that is struck in our own day in Castile; Enrique's are blackish, evidently with a lot of copper added in. In order to alleviate the rise in the prices of things that followed (together with the dismay of people in the provinces), after a fresh appraisal, he was compelled to subtract two thirds from the value of both types of coinage. Thus, things that have been dreamed up so ingeniously to save us do frequently fall the other way. Oh, the short-sighted and blind minds of men!

That much the same thing befell Enrique's son, King Juan, is evident from his laws. For, being out of money because of the wars that he waged, first against the Portuguese and then incessantly against the English, he struck a coinage that he called the *blanca* in order to send the money that he owed to the Duke of Lancaster, his rival for the throne, in accordance with the treaty that he had recently entered into with him. Presently the prices of food went up. To alleviate this problem, he soon reduced the value of the new currency by about a half. But the high prices did not let up, as he himself admitted at the Cortes at Burgos the following year in 1388. Why should I bring up the kings who followed? I find that the same collapse has developed from the same corrupt origin.

So much for high prices... Another problem flows from the first: Commercial activity that for the most part makes up both public and private wealth is slowed down by a debased coinage. The low quality of the currency clearly frightens shopkeepers and their

customers; the high prices that follow on from this problem also frighten them. But if the prince were to set prices for things by fiat (as always seems to happen), instead of a cure, the problem will get much worse since there is no one who will agree to sell for that price, which is so clearly unfair and not squared with commonly recognized valuation. Once commercial activity has stopped, there is no category of problem which does not befall such a people.¹⁰ Certainly, the provincials will be of necessity stretched thin in two ways: first, due to the slowdown in buying and selling, the income from which the majority of the population lives will grind to a halt. These people are craftsmen for the most part and people whose hopes for a meal lie in their hands and in working every day—which is most people.¹¹ Second, the prince will be forced either to completely withdraw the bad currency which is the cause of the problem or to issue a currency that is worse with its previous value reduced. So it happened that in the reign of King Enrique the second of Castile, in spite of this, he subtracted two thirds from the value of his new currency. Whoever found themselves holding that money suddenly discovered that, by the power of a word, what had been three hundred gold pieces had been reduced to no more than one hundred.

We seem to be kidding. Let us set aside the past. From the moment that he left the Church, Henry, the eighth king of England by that name, ran into many problems. Among these problems he debased the currency. For that which had an eleventh part of copper mixed in was gradually reduced to the point that it retained only a sixth part of silver. With a fresh decree he swept up the old money from the provincials and exchanged it for an equal number and weight of the new, debased currency. The people remained silent as long as they feared the savagery of that man, who thought of bleeding his citizens as a game. But after his death, his son Edward

¹⁰ Mariana's genius is his ability to synthesize and extend the ideas of his precursors. Notice how neatly he signals the greater, more global, threat to commerce that is posed by monetary manipulation. See his assertion above: "No one should try to make this happen through effort or strictness."

¹¹ Mariana emphasizes that inflation affects the poor more than it does the rich! Earlier in this same essay Mariana speculated that he could be accused of pandering to the people for criticizing debasing the coinage. Here he proudly embraces the accusation.

brought it about that the value of this coinage was decreased by half. Edward's sister, Elizabeth, also subtracted another half from the remaining value once she gained the throne. So it was the case that those people who used to have four hundred gold pieces in that currency had it reduced to one hundred once three quarters of the value had been subtracted. And the damage did not stop there; that currency was thereupon taken out of circulation with no way to restore the loss, a scandalous mugging. Sanders, a scholar and at one time in the past a friend of mine, confirms this toward the end of Book One of his *On the English Schism*.

With commercial activity suspended and, as a consequence, with the provincials stretched thin, the pitiable disaster of royal taxes will come to the fore. The prince will be punished in proportion to how much he has enjoyed the profit from that currency. For it cannot be a good situation for a king to have a kingdom which is practically struggling physically; nor will the provincials be in a position to be stretched thin by paying taxes. Also, tax collectors will not bring in as much in royal taxes as they had before. I read that when King Alfonso XI of Castile was a child, royal officials were forced to submit to an audit; I have gleaned that all the royal taxes for the year came to 1,600,000 *maravedies*. Those *maravedies* were worth more than ours and each one was worth about as much as seventeen of ours, still an undeniably tiny and laughable amount. The writer of the history of that king describes how one of the two causes of this disastrous situation was the debasing of the coinage carried out by quite a few of the previous kings. Evidently, with commercial activity brought to a standstill, the subjects were reduced to a state of penury and were unable to bring into the treasury what they had typically brought in during normal times.

Who would not see that this is a tremendous handicap? Who would not admit this? Would you then prefer that there be a universal hatred on the part of the people that will inevitably overwhelm the prince? Is it not preferable to be loved than to be feared? In general, all public failures are blamed on the person in charge. Philip the Fair, King of France, confessed right before his death that he faced the hatred of the people for no reason other than that the coinage had been debased, and with his last words he commanded his son Louis "Hutin" to change it. The source is Robert Gaguin. I do not read anywhere about what Louis did,

but it seems to be the case that the demonstrations and hatred on the part of the people did not settle down before Enguerrand de Marigny, the author of the foul scheme, was publicly executed, as the majority of the nobles urged during the proceedings and the entire population applauded. There is no need to mention the fact that the precedent set by this disaster did not discourage Hutin's brother, Charles the Fair, nor their mutual cousin and successor, Philip of Valois, from treading on this same path of debasing the currency in France; nor need I mention the magnitude of the public reaction.¹² Instead, let a limit be placed upon the discussion that has been begun here. I would like to give princes one last piece of advice: if you want your state to be a healthy one, do not touch the primary foundations of commerce—units of weight, measurement, and the coinage. A many-layered swindle lies hidden behind the appearance of a quick fix.

¹² Note how close these examples come to endorsing tyrannicide in response to currency debasement.