The overall structure of the Fiesco *asiento*

The contract of 24 pages has two parts, first the disbursement obligations by Tomás Fiesco, herafter TF, second, the payments by the Crown. (The term “disbursements” and “payments” will be used here for the payments by TF and by the Crown, respectively). The first part is simple and takes only a page and a half. TF has to disburse 300,000 Italian escudos, 200,000 in Flanders (Antwerp, Dunkirk, Lille, Namur), and 100,000 to places chosen by TF either in the same cities of Flanders or in Burgundy (Besançon, Gray), or Savoy (Chambery, Monluel).[[1]](#footnote-1) Italian escudos were the currency for the army of Flanders. The first disbursement, in April 1592, is 61,500 escudos is more than double the amount of the others and may be “seed money”, as in the Maluenda contract.[[2]](#footnote-2) From May 1592 to January 1593, TF has to disbursement each month a *mesada* of 26,500 escudos.

The Crown will pay from revenues in Castile, either in taxes or from the income of the fleet that brings silver from the Americas. All these revenues of the Crown are denominated in maravedis (mrs), the unit of currency in Castile. For simplicity here, we often use the ducat that has a fixed value of 375 mrs. The first page of the contract specifies, in one of its most important clauses, the exchange rate between the escudo and the ducat. It is fixed, at 425 mrs for one escudo, and different from the market rate (to be discussed below). One escudo is worth 17/15 ducats in the contract. It was important to specify the contractual exchange rate at the start because after the description of the 9 disbursements for the army in Flanders, in a few lines, the rest of the contract is solely in ducas (actually mrs). To summarize, once the obligations is escudos are put on paper, the Crown converts all disbursements and payments in ducats. A *mesada* amounts to 30,033 ducats.

The following issues arise in the contracts: (i) the meaning of the contractual exchange rate; (ii) the computation of the implicit credit from the timings of the disbursements and payments; (iii) a clause that enables the king to reduce later the size of the contract by about a quarter, and (iv) most important, the interactions between the king and the banker on fiscal issues in the decentralized state of Castile as they appear in the clauses about the payments by the Crown.

Table 1. Disbursements and payments in units of *mesada*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | 2 | | 3 | 4 | 5 | 6 |
| Date | TF disburses | | Crown Pays | Balance for interest | Method for repayment | page |
| 6/91 | 1 | |  | 1 | Not later than 12/51 | 4-5 |
| 7/91 | 1 | |  | 2 |  |  |
| 8/91 | 1 | |  | 3 |  |  |
| 9/91 | 1 | |  | 4 |  |  |
| 10/91 | 1 | (0) |  | 4 |  |  |
| 11/91 | 1 | (0) | *3*[[3]](#footnote-3) | 4 | option for the Crown:  - if fleet arrives, Crown either pays or drop payment and disbursement of three units  - If fleet does not arrive, monthly interest of 1% on the three units from other sources Millones/alcabalas, other rev. | 6-9 |
| 1[[4]](#footnote-4) |  |  | 10 |
| 12/91 | 1 | (0) | 1[[5]](#footnote-5) | 3[[6]](#footnote-6) | Sales of lands, offices, jurisdicciones. |  |
| 1/92 | 1 | |  | 3 |  |  |
| 2-4/92 | 0 | | 0 | 12 | 3 months with balance of 3 units |  |
| 5/92 |  | | 1[[7]](#footnote-7) | 3 | 8 Millones /alcabalas or other revenues | 11 |
| 6-9/92 |  | |  | 8 | 4 months with balance of 2 units |  |
| 10/92 |  | | 1[[8]](#footnote-8) | 2 | Crusade, Subsidio and Escusado, description of revenues to be collected, guarantees. | 11 |
| 11/92 |  | | 1 | 1 | Crusade, Subsidio and Escusado | 12 |
| Total  (ducats) | 8 (240,264) | |  | 50 |  |  |
| Interest |  | | 11,936 |  | Sales of lands, offices, jurisdicciones, not later than 12/91 | 12-13 |

The first two disbursements, in April and May, should be considered separately because they set a straightforward transfer of funds. In April, TF disburses 69,700 ducats in Flanders and the Treasury pays at the same time 75,000 ducats in Madrid. At the end of April, the Crown has a credit of 5,300 ducats. In May, TF pays a first *mesada* of 30,033 ducats and the Crown pays another 24,733 ducats in the same month May (from tax revenues, to be discussed later). For these two months, total disbursements and payments are equal to 99,733 ducats. Note that the disbursements are specified in escudos but their conversion into ducats at the contract’s exchange rate confirms, first, that the contract immediately converts all disbursements a the contract’s exchange rate, second, that the first two disbursements are a transfer of funds for which no interest is due, and there is no mention of such an interest. For all all the other disbursements by TF, an interest will be stated explicitly in the contract.

Since all disbursements and payments take the *mesada* of 30,033 ducats as a unit, the contract can be neatly summarized in Table 1. The *mesadas* to be disbursements appear in Column 2. The three *mesadas* from October to December 1592, with the pink cells, are subject to an option that will be analyzed below. The contractual obligations for payment by the Crown are reported in Column 3. These are also stated in units of 30,033 ducats. While the dates of disbursements are clearly set, for the payments by Crown, the contract may specify only a deadline. For example, on page 4, one unit (30,033 ducats) is paid from debts to the Crown that should to be liquidated before the end of 1591. But the merchant-banker had an incentive to be diligent and collect before that date. For the dates of payments by the Crown (Column 3), we have chosen the last possible date according to the contract, which maximizes the balance due. Column 5 presents the balance due in different months. Its computation will be discussed with the interest payment. Some succinct indications on the repayments by the Crown are in Column 5. Their description are to be found in the pages of the contract that are reported in the last column. The interest is paid lump-sum, in the last row, and we will analyze the implicit rate of return on the credit.

The exchange rate and the commission for the exchange

On page 2 (item (a) in the Appendix), the contract converts the total disbursements, 300,000 escudos, in maravedis (p. 2, item (a)), at the rate of 425 mrs per escudo, for a total of 127,500,000 mrs.[[9]](#footnote-9) The wedge between the contractual and the market rates is key for the profitability of the contract.

Disbursements by Fiesco have to be made in escudos of 57 patards, which are equivalent to 114 *gruesos.*[[10]](#footnote-10) Table 2 presents the data of Lapeyre (1955) on the exchange rate between Medina del Campo and Antwerp, a city close to the places of disbursement in the contract. The dates are set in coordination with the fairs of Medina del Campo.[[11]](#footnote-11)

Table 2. Exchange rate between Medina del Campo and Antwerp

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | 2 | 3 | 4 | 5 | 6 | |
| Date | Ducat in *gruesos* (market) | Benchmark  (market) | Escudo in mrs (market) | Escudo in mrs (contract) | Difference (%) | |
| 2/91 | 104.5 - 106 | 105 | 407 | 425 | 4.4 | |
| 6/91 | 105 - 105.5 | 105 | 407 | 425 | 4.4 | |
| 10/91 | 105 - 105.5 | 105 | 407 | 425 | 4.4 | |
| 2/92 | 100 - 101 | 100 | 427 | 425 | -0.6 | |
| 6/92 | 109.5 - 115 | 115 | 372 | 425 | | 14.3 |
| 10/92 | 110 - 111 | 110 | 389 | 425 | | 9.4 |

Source: Lapeyre (1955, Tables XV and XVI, p. 499-500).

The exchange rate at the time of the signature (2/91), was 104.5-106 *gruesos* per Castilian ducat. We take the benchmark of 105 *gruesos*. If one has to pay in Medina 375 mrs for 105 *gruesos*, then 114 *gruesos* (the escudo of the army in Flanders) are worth 407.14 mrs. The contract’s rate of 425 mrs implies a commission of 4.4 percent.

Table 2 shows that after the signature of the contract, the exchange rate did fluctuate. Below a rate of 101, as in February of 1592, the merchant-banker looses on the exchange Column 6). However, no payment was due from the Crown in that month. \*\*\*\*\*\*\*\* the year 1592, the only payments were from the Crown to TF in May, October and November, each for one tenth of the contract, 30,033 ducats (Table 3). For the closest fairs, the *ex post* margin between the contract and the market was around 10 % (June) and 14% (October and November).

The option to reduce the size of the contract

The contract contains an option to reduce the number of disbursements and the associated payments by the Crown (Pages 6 and 7). The amount of the option is three units of payments, equal to three *mesadas* to be paid out of income from the fleet at the time of its arrival. At the bottom of page 6,

“90,100 ducats with first claim on the first gold, silver or reales that will arrive for me from any part of the Indies or their islands to any part or harbor from my kingdoms and in Portugal of the current year of 91. These have to be paid soon [luego] after the arrival of the ships…”

The option can be exercised at that time of arrival of the fleet. Continuing at the top of page 7

“…with the express condition that if 30 days after the arrival what is expected from the Indies of this current year is not collected by TF, because one has decided not to pay him, he is not obliged to disburse the last payments from the end of October on in this current year of 591.”

When the option is exercised, TF is not paid 90,100 ducats and does not pay the three *mesadas* of October, November and December 1591, with total of 90,100 ducats.

The last possibility is that the fleet does not arrive. In that case, the option does not apply and TF should disburse the three *mesadas* of the last quarter in 1591. Since there is no income from the fleet, the contract has to guarantee that the Crown will have to pay for these disbursement. Furthermore, since there is no income from the fleet in the month of October, the collection of the funds for payment is likely to take time. Therefore, the contract states explicitly that a special account will have to be opened to track the balance due on these *mesadas* and that an interest of one percent per month will be charged on the existing balance. The previous quote is followed immediately by:

“If at the end of October of the current year, TF, because the fleet has not arrived, wants the 90,100 ducats to be paid on Crusade, Subsidio and Excusado or on the ordinary and extraordinary service of my kingdoms that are paid to me, or from any debt that are owed to me, he may request that the 90,100 ducats should be paid on all these revenues, the payment orders have to be given to him with in addition, **an interest of one percent per month, counted from the said day at the end of October of this current year until the days the payment orders are effectuated**.”[[12]](#footnote-12)

Our analysis of an *asiento* with the Maluenda brothers has shown how a similar clause was implemented when the merchant-banker collected payments on the fleet. Using the archival documentation of the *ex post* monitoring of the contract, we showed that the payments were staggered over a few weeks and the attachments to the contract document how the accountants computed the interests on the balance due, at the same rate of one percent per month, pro rated to the exact days of the payments by the Crown.[[13]](#footnote-13) One percent was the standard rate at the time on unfunded debt. It is about the same as the rate on the overall contract, which is analyzed below.

What is the meaning of this option which enables the Crown to reduce *pari passu,* the disbursements by TF and the payments by the Crowd for a quarter of the size of the contract? One should focus first on what seems to be the worst case, the no-show of the fleet. In this contingency, nothing is changed in the schedule of disbursements by TF. Of course, other means of repayments will have to be found, and that is written in the contract. These means, “Crusade, Subsidio and Excusado or on the ordinary and extraordinary service,” are similar in nature to the other payments in the contract and will be discussed below.

We actually know the turn of events: the fleet of 1591 did not arrive.[[14]](#footnote-14) One had learned in the summer that Drake was waiting in the Açores. As a precaution, the silver was stored in La Havana and returned to Spain aboard four frigates in January 1592. One may wonder whether the possible presence of Drake was considered at the signature of the *asiento.*

The main feature of the option is that it enabled the Crown to rely less on the services of TF when the fleet arrived. It is possible that by that time, the Crown will have found other means of transferring cash to Flanders. There could also be little income from the fleet, which is not news, and the Crown could reduce its expenditures. However, on balance, the arrival of the fleet is better news than no fleet. Far from being a clause for contingent default, the option has a higher value when the news turn out to be good rather than bad.

The interests on the debt balance

We have seen that the three *mesadas* in the last quarter of 1591 have a special treatment. If they are disbursed by TF and the fleet has not arrived, an *ad hoc* procedure computes their interest. It turned out that the fleet arrived only in January 1592, as we have seen, and that the Crown did make payments from the fleet. The attachments to the contract, which documents its monitoring, show that Tomás Fiesco reduced his claim on revenues from the fleet by the amount of 39,870 because of the sales of *juros*. (This will be explained below). Therefore the implicit monthly rate should be computed on the balance from five *mesadas* from June to September 1591, and in January 1592. The accounting of the balance is greatly facilitated by the use of a *mesada*  of 30,033 ducats as a unit of transfer both for the merchant-banker and for the Crown. The bankers of Philip II did not compound the interest. Hence, we only need to add the “month-unit” of the balances. These are reported in Column 4 of Table 1. We make the convention, that was used in other contracts (*e.g.*, the Maluenda contract) that the interest is computed on the balance at the beginning of a month and includes the disbursement in the same month while the payments of the Crown are credited only at the end of the month. The total of month-units is equal to 50. If the disbursements and the payments of the Crown are credited at the same time, we only have to reduce this number by 5 and the total is 45 month-units.

The contract sets a fixed lump-sum payment of 11,936 ducats,[[15]](#footnote-15) to be paid not later than 12/91 (pages 12 and 13), although the final debt is paid only in November 1592. One unit is paid at the end of May 92 (page 10),[[16]](#footnote-16) and the remaining two units are scheduled for October and November 1592 (page 11).

If we take a total balance of 50 units, the monthly rate of return is therefore r = 11,936/(50 x 30,033)=0.79%. If we take a balance of 45 units (where disbursements and payments are counted at the same date, the rate is 0.88%. If we take that number and adjust for the fact the the interest payment anticipated the end of the contract by 11 months, the rate becomes 0.98%. Note that the additional interest that is paid on the last three *mesadas* of 1592, if the fleet does not arrive, is 1 percent per month, the standard rate. That means that the overall rate of return on the contract is not affected if the Crown uses its option not to pay from the fleet.

The merchant-banker as tax collector

A large part of the contract is devoted to the means of collecting revenues for repayment. Consider the first payment by the Crown, which is scheduled for May 1591. Recall that these 24,733 ducats should complement the cash payment from of 75,000 ducats that is made from the Treasury in April for the payment of the first *mesadas* which are a transfer. It is therefore important that the payment should be made no later than the end of May. On page pages 3 (item b),

24,733 ducats from the service of the 8 millones that were conceded to me by my kingdoms in the payment at the end of May of the present year in the parties of he choice, and should he not receive it from that service, he will be paid in alcabalas or any farmed income that are administrated in my kingdoms and without lien for the said day at the end of May from the parties that he would request.

That clause is truly remarkable. It summarizes most of the issue we are dealing with. The millones had been voted by the Cortes in \*\*\* after the disaster of the Great Armada, as an extraordinary tax of 8 million mrs (21,333 ducats) for 8 years. The clause acknowledges that the Crown cannot be certain that payment can be made from that source of revenue. This acknowledgment is put in the contract because the merchant-banker must have been an expert about the financial mechanisms in Castile. Hence, other sources of revenues have be be made accessible. But there is also uncertainty on which one could be available. The alcabalas were the most stable source of revenues. These sale taxes were administered by the cities that were bound by contract in the Cortes to deliver a fixed amount per year, the *encabezamiento*. The *encabezamiento* of a particular city was an ear-marked tax for the service of *juros* that were specifically written on the city. Often the same office collected the *alcabalas* and paid the coupons of the *juros*. People in charge of tax enforcement had also a strong interest in receiving the income from the *juros*. The alignment of the interests of the bond holders and the tax collectors made these bonds the safest government liabilities.[[17]](#footnote-17) The Crown could claim revenues from some *alcabalas* only after the service of the attached *juros*. Because of the decentralization of the system, some *alcabalas* could be fully committed whereas some others would still have an available margin. From the text of the contract which *alcabalas* were available was not known at the signature of the contract.

The clause of the contract envisions that no fund can be found in *alcabalas* in which case “any farmed income without a lien from the parties that he [TF] would request” should be used. The sentence reflects a fiscal system that is decentralized and disorganized where debts to the Crown are claimed by creditors who must be expert at searching for available funds in a kind of shell game.

Both the Crown and the merchant-banker know that the search and collection of debts to the Crown is not free. The next paragraph promises assistance:

… he will be given judges if he requires assistance, at the the rate of 500 maravedis of wages for travel expenses to his satisfaction.

This may not be sufficient! The next paragraph opens another direction for the repayments:

and if the said payment orders do not suffice from the parties to which they are issued and if they remain uncertain of cannot be collected for any cause, then the shortfall and the part that remains uncertain has to be assigned [librar] to the said service or to any of the other farmed revenues that there could be for the said term or as soon as possible thereafter from the parties that he would request. He should be given the necessary *libranzas* (payment orders) and collection orders.

The contract reveals a tangle of mortgaged revenues of the Crown about which the parties of the contract have little information at the time of the signature. The next paragraph protects TF once he has found some of the Crown’s revenues without lien from the claims of other creditors:

These claims should have seniority over other claims issued or altered at a later date and the payments should be labeled in gold or silver and in no other money or tax anticipation of the usual form, without any delay.

The first payment of the Crown had a tight deadline at the end of May and the sources of cash have a relatively access: the millones and the alcabalas are administered by the cities and the farmed taxes have an administrator. The other payments by the Crown are due much later. For the first of them, due no later than the end of the year 1591, the array of potential cash sources in extraordinarily extended. On p. 4,

30,033 ducats from what is owed to me without lien in all of this year of 591 from the first of the current month of April until the end of said year in waste (uncultivated) land and the sale of local government positions, the knights tax, rights for tax exemptions of villages and small villages, positions in the Military Orders and any other extraordinary income that in any manner could be owed to me now or in the future. These are to be chosen by TF or his proxy for liquidation.

TF can collect at any time before the end of 1591 but the merchant-banker obviously had an incentive to collect before. To find the sources of of cash is not the work of the Castilian fiscal administration. It is the job of the merchant-banker. He would not agree to this incredible fragmentation of the sources of revenues if he had no expert information on finding these sources and on the means of collection.

Indeed, finding and collecting these revenues may be an arduous task. The next paragraph states that

And for the collection, TF will be provided without further ado the required cedulas and instruments for collection at his convenience, so that he or any proxy for him may recover what is due in the manner that I could do at the required dates according to the terms of these debts. For collection, TF will have executors who will have full jurisdiction (*vara alta de justi*cia), days and wages necessary to pay the expenses to collect any payments from the payers, guarantors and all who have to pay.

And even with help of these executors, TF may fail to get the payments. Hence, the next paragraph provides more contingent guarantees.

It is declared that if any of the said obligations should turn out to be uncertain and TF could not collect them, others will be given, but he has to return the uncertain obligations back to the Royal Finance that he could not collect. He will receive new orders to collect the payment in other places, chosen by him, to receive the money in all this said year, as it was said, or as soon as possible in available revenues. If TF goes to justice to force the persons or municipalities to pay, and the sentences commanded that TF or his proxy has to give a security (*fianza*) according to the law of Toledo. It is my will that nobody should ask him for it, he will not have obligation to give it and there is not appeal to no one, except to my Council of Finance.

For all the other payments of the Crown, these clauses are repeated, verbatim in most cases, as can be verified with the complete contract in the Appendix. These clauses state a wide range of local revenues that are due to the Crown. They leave the search of these revenues to the banker. They provide legal assistance and contingent plans for other searches in case of fruitless first attempts and claims of seniority over other lien if necessary. The picture that emerges is of a great disorganization and lack of information from the part of the fiscal administration. The banker is in charge of assembling different pieces to be merged into the steady stream of the *mesada*.

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APPENDIX 1

Page The Fiesco contract[[18]](#footnote-18)

number

|  |  |
| --- | --- |
| [1] | By my command it is agreed with Tomas Fiesco Genoese on 300,000 escudos to be provided for my service in Antwerp, Dunkirk, Lille or Namur in my estates of Flanders, or in Besançon or Gray in my county of Burgundy, or in Monluel or Chambery in the duchy of Savoy the following. |

Places of disbursement from TF and currency of disbursement

|  |  |
| --- | --- |
| [2] | First, TF should give as soon as possible his letters of credit for the payment to whom I will command the 200,000 escudos in Antwerp or Dunkirk of Lille or Namur, in toto or in parts, to his choice, and the 100,000 escudos in Besançon or Gray or Chamberi or Monluel entirely or partly, at his choice, a total of 300,000 escudos of 57 pattards each, with the stamp of Italy that are valued by my army in Flanders at 57 pattards or in other escudos and moneys of gold or silver that are valued at the current price by the said army at 57 pattards, at the choice of TF, with the condition that the 100,000 escudos that have to be paid in Besançon, Gray, Chambery or Monluel if he wants to pay them in the four places of Flanders in toto or in parts, he may do that at his choice. The 300,000 escudos have to be disbursed in 10 payments [*pagas*]. |

Timing and amounts of disbursements by TF

|  |  |
| --- | --- |
|  | The first payment at the end of this month of April, of 61,500 escudos, and the nine remaining payments of 26,500 escudos each, starting with the first at the end of the following month of May, and the others at intervals of 30 days such that the last payment has to be at the end of January of the coming year of 592, with no delay whatsoever in this schedule. |

The rest of the contract specifies how TF is paid. First the 300,000 escudos are converted to a debt of 127,500,000 mrs at the exchange rate of 425 mrs. The ducat is at 375 mrs. Hence, the total value of the contract is 340,000 ducats. Interests are computed on balances in ducats (equivalent to 375mrs)

|  |  |
| --- | --- |
|  | The said 300,000 escudos have to be paid to said Thomas Fiesco at the rate of 425 mrs per escudo which amount to 127,500,000 mrs [340,000 ducats] |

The principal of the contract, 340,000 ducats will be the liability of the Crown to be paid in Castile. Hence, TF wants to be able to transfer the payments of the Crown out of Spain. To the effect, the contract now provides him with the license to export these funds.

|  |  |
| --- | --- |
|  | about which I will command that he should be given upon his request a licence for the export from these kingdoms in escudos of gold or reales of silver once or multiple times through any passage, pass or harbor between these and their neighbors and likewise he will be given passports for the kingdoms of the Crown of Aragon, Valencia or Cataluña and cedulas for embarkment in galleys or in other ships as our own money in the usual form |

The payments by the Crown are now specified. The first two payments are transfers that cover the disbursments until the end of May 91. Their total is of 79,733 ducats. The first payment is in cash (as the upfront payment in the Maluenda contract). The second payment is made in the form of debt to the Crown, in millones, alcabalas or other revenues, that are to be collected by TF, with a limit date at the end of May and some contingent clauses in case some of these debts could not be collected.

|  |  |
| --- | --- |
| [3]  (a)  (b)  (A)  (B)  [4] | and they [300,000 escudos] are to be paid and discharged in the following manner  75,000 ducats in reales cash in the Court without any delay whatsoever.  24,733 ducats from the service of the 8 millones that were conceded to me by my kingdoms in the payment at the end of May of the present year in the parties of he choice, and should he not receive it from that service, he will be paid in alcabalas or any farmed income that are administrated in my kingdoms and without lien for the said day at the end of May from the parties that he would request.  And he will be given a cedula from me so that my main accountants or any other person in charge should provide the orders of payments without question and if the treasurer and receivers do provide the order of payments at the end of May to TF or to his proxy, he will be given judges if he requires assistance, at the the rate of 500 maravedis of wages for travel expenses to his satisfaction  and if the said payment orders do not suffice from the parties to which they are issued and if they remain uncertain of cannot be collected for any cause, then the shortfall and the part that remains uncertain has to be assigned [librar] to the said service or to any of the other farmed revenues that there could be for the said term or as soon as possible thereafter from the parties that he would request. He should be given the necessary libranzas and collection orders.  These claims should have seniority over other claims issued or altered at a later date and the payments should be labeled in gold or silver and in no other money or tax anticipation of the usual form, without any delay. |

The remaining part of the contract is about 240,264 ducats that cover the 8 *mesadas*, each of 30,033 ducats, from June 1591 to January 1592. The payments by the Crown are stated in units of 30,033 ducats but there is no specific linkage between particular *mesadas* paid by TF and payments by the Crown. The essential point at this stage is that the number of *mesadas* that are paid by TF is the same as the number of units paid by the Crown, thus ensuring the repayment of the principal. The computation of the interest will be handled later.

**Unit 1**: not later than December 1591

|  |  |
| --- | --- |
| (c)  (C) | 30,033 ducats from what is owed to me without lien in all of this year of 591 from the first of the current month of April until the end of said year in free lands purchased offices of jurisdictions, tax exemptions [list of privileges that have to be paid—same list as for the payment of interest on p. 12] and any other special debt that are owed to me in any manner. These are to be chosen by TF or his proxy for liquidation. |

Legal guarantees are provided for the collection of the debts in this item.

|  |  |
| --- | --- |
| [5]  [6] | And for the collection, TF will be provided without further ado the required cedulas and instruments for collection at his convenience, so that he or any proxy for him may recover what is due in the manner that I could do at the required dates according to the terms of these debts. With respect to these orders for collection and obligations, I command that the persons who have them or who are in power to deliver them, that they should do so to said TF in virtue of this chapter without requesting from him another order of payment nor a cedula from me. For collection, TF will have executors who will have full jurisdiction (vara alta de justicia), days and wages necessary to pay the expenses to collect any payments from the payers, guarantors and all who have to pay.  It is declared that if any of the said obligations should turn out to be uncertain and TF could not collect them, others will be given, but he has to return the uncertain obligations back to the Royal Finance that he could not collect. He will receive new orders to collect the payment in another places, chosen by him, to receive the money in all this said year, as it was said, or as soon as possible in available revenues. If TF goes to justice to force the persons or municipalities to pay, and the sentences commanded that TF  or his proxy has to give a security (fianza) according to the law of Toledo. It is my will that nobody should ask him for it, he will not have obligation to give it and there is not appeal to no one, except to my Council of Finance. I want this and the deposit or bail is not necessary for anything related to this chapter. |

**Units 2-4**

This payment covers three units. It therefore amounts to 90,100 ducats. The payment is related to the fleet from the Americas and introduces some flexibility for the Crown. There are two parts.

First, if the fleet arrives, TF should be paid 90,100 ducats without delay. If the fleet arrives and the Crown does not pay the 90,100 ducats, TF does not have to make the last disbursements of 91. Note that the two amounts are identical.

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| (d)  [7] | 90,100 ducats with first claim on the first gold, silver or reales that will arrive for me from any part of the Indies or their islands to any part or harbor from my kingdoms and in Portugal of the current year of 91. These have to be paid soon [luego] after the arrival of the ships. A cedula will be given from me so that the president of the official judges of the Casa de la Contratación in Seville or any other person in charge should pay to the satisfaction of TF from the money that will come to me,  with the express condition that if 30 days after the arrival of what is expected from the Indies of this current year is not collected by TF, because one has decided not to pay him, he is not obliged to disburse the last payments from the end of October on in this current year of 591. |

Second, if the fleet does not arrive, the Crown has to make the payment of 90,100 ducats from other sources of revenues to be chosen by TF. Since these collections may take time, there is an interest charge of one percent on the balance due (as in the Maluenda contract). The account of that interest is specific to that item on the balance (units 2-4) and is in addition to the interest payment of one percent per month.

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|  | If at the end of October of the current year, TF, because the fleet has not arrived, wants the 90,100 ducats to be paid on Crusade, Subsidio and Excusado or on the ordinary and extraordinary service of my kingdoms that are paid to me, or from any debt that are owed to me, he may request that the 90,100 ducats should be paid on all these revenues, the payment orders have to be given to him with in addition, **an interest of one percent per month, counted from the said day at the end of October of this current year until the days the payment orders are effectuated.**  The computation of the interests has to be done by my accountants of the crusade or my accountants who coordinate accounts and the other persons that have to deliver the payment orders and other necessary collections [*recaudos*] for the payment of the said 90,100 ducats and interests on them. |

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| [8] | It is left to the choice of TF to demand the payment of the said 90,100 ducats, or part of this amount, from whatever the said consignments, in toto or in part, with a distribution of his choice.  In conformity with his demands, one will give him a cedula from me that the Comisario general and the accountants of the Cruzada and my principal accountants and the other persons in charge, provide him the payment orders after the said day at the end of October of this year, and they should set the accounts of the interests at the rate of one percent per month, starting from the said day at the end of october until the term or terms of the payment orders that he chooses and demands.  And if the treasurers and receivers and other persons in charge would execute the payments orders at their date, [TF] will be given the judges that are deemed to be required with wages of 500 mrs per day of travel, upon his request. |

Shortfalls or uncertainties of payment, including interests at one percent per month, have to be transferred to other assignations.

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| (A)  [9] | The paragraph is the same as following (A) on page 3. If the payment orders are insufficient, TF can claim other sources of revenues. There is one difference: here, there is a one percent monthly charge on the balance due, starting in at the end of October 91. |

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|  | And the claim of TF on the Subsidio and the Excusado have to be adjusted for the principal and the interest, to take into account the discounts on these revenues to pay the amounts that I usually give to cardinals and to other persons, and in they could not be an excuse to delay or reduce the payment to TF, nor a need for another cedula from me, nor a new order for this and there will be no need for a repeat of this statement. CHECK PARA |

**Units 5-6**

These payments are described together but a separate assignment is made for each unit of 30,100 ducats.

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| [10] | 60,066 ducats in the service of the 8 millons that my kingdoms conceded to me, 30,033 in the payment at the end of November  of this current year of 591, and the other 30,033 ducats in the payment at the end of May from the coming year of 592, in the parts of his choice and if the income is not available in the servicio, the payment orders should be issued on alcabalas or on other revenues that are farmed or administered in my kingdoms, and these orders have to be issued for the same terms (dates). |

Legal guarantees

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| (A) | Same, verbatim, as (A) on pages 3. | y se le dará cédula mía para que mis Contadores mayores o otra qualquier persona a cuyo cargo esté, se lo libren desde luego, y si los tesoreros o receptores no pagaren a los dichos plazos a él o a quien su poder hubiere se le darán los jueces que fueren necesarios contra ellos con 500 mrs de salario cada día, de yda, estada y vuelta, a su satisfacción como lo quisiere y pidiere, y si las dichas libranzas no cupieren en todo o en parte en los partidos que se le libraren, salieren ynciertas, o no se cobraren por qualquier causa que sea, se le aya de librar lo que no cupiere y saliere yncierto en el dicho servicio o en qualquiera de las dichas rentas susodeclaradas a los dichos plazos o para los más breves que después dellos hubiere en los partidos que quisiere pedir y escoger, y para la cobranza se darán luego las libranzas y recaudos necesarios y serán pre- |

Seniority clause

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| [11]  (B) | Same as (B) on page 4 | feridas a otras qualesquieras que después se dieren aunque se muden y alteren, en las quales se a de poner que se lo paguen en oro o plata y no en otra moneda, y cláusula de anticipación en la forma acostumbrada, sin que sea necesario para lo contenido en este capítulo y cumplimieto del otra cédula ni orden mía, más de la que se diere en virtud del, para que se haga ansi aunque se aya hecho otra vez y se cumpla luego sin dilación alguna. |

**Units 7-8**

This pair is to be paid on the contributions that are raised for the Crusade. As for the previous pair, each half (or one unit of 30,100 ducats) is assigned a different date, October and November 1592, respectively. These dates will matter for the computation of the interest rate.

|  |  |
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|  | 66,066 ducats from what Juan Ortega de la Torre, general treasurer of the Crusade owes me and is bound to pay at the endof the months of October and November of the coming year of 592, at the end of each month one half, which is 33,033. A cedula will be issued on my behalf to the effect that the General Comisario and the accountants of the Cruzada issue payment orders thereafter for the payments by said Juan Ortega de la Torre at the said dates. The payment orders will be issued in gold or silver and in no other money or revenue and the anticipation clausule has to be included in the usual form.  All the said parts amount to a total of |

**Summary of the total payments for the principal**

After the description of all the payments of the principal by the Crown, the contract provides an appropriate recap.

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| [12] | 340,000 ducats for which I will order that all the orders for payment and collection will be given thereafter to TF for his satisfaction each time and when he chooses and indicates heads on which annuities are written. |

**The interest payments**

A lump-sum payment of 11,936 ducats for the costs of interest in raising the funds and the costs of collecting debts

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| --- | --- |
| [13]  (C) | And because the said TF in order to make the payments that he has to make of the said 300,000 escudos in agreement with this asiento for which he receives consignations with such a long term and has to make many arrangements and raise credit for a long time and a large quantity of mrs, I hold it for good that he should receive as reward and gratification for the many interests that he has to carry and suffer, for this reason and for the costs of the recovery of the said consignations, 11,936 ducats.  I command that they should be paid from the debts to me without lien for the end of the month of December of this current year of 591, and if there is no available revenues for that date, then it should be paid from available revenues as soon as it is possible to find from sales of waste lands, sales of offices, payments due on the purchases of juridictions, knights taxes, tax exemptions  of villas, places, and judicial taxes, and any other item from the extraordinary that in any manner are due to me or may be due that TF or any proxy for him may select.  The list of debt is similar to the item (C) on page 4. |

Legal guarantees

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| (A)  [14] | Same as page 5  Same as (A) on page 3. |

1. All these places were on or near the “Spanish road” that was set by Philip II to supply troops from Italy to Flanders. Besançon and Gray were in Spanish territory (part of the Burgundy inheritance of Carlos V) and important trading centers. Chambery and Montluel were in the duchy of Savoy. Montluel was not directly on the Spanish road but provided a convenient place on the border near Lyon. [↑](#footnote-ref-1)
2. Álvarez-Nogal and Chamley (2018). [↑](#footnote-ref-2)
3. Pages 6 and 7. The payments on the fleet are in italics. See the text for a discussion. [↑](#footnote-ref-3)
4. First half of 60,066 ducats (p. 9-10), the second half is paid in May 1592. [↑](#footnote-ref-4)
5. Item (c), page 4. [↑](#footnote-ref-5)
6. Interest (lump-sum) [↑](#footnote-ref-6)
7. Item (c), page 4. We have taken the deadline for the payment, but the item is paid from the collection of debts that could take place earlier in the year. [↑](#footnote-ref-7)
8. Page 11. Ditto for the payment in 11/92. [↑](#footnote-ref-8)
9. To simplify the presentation, we convert all mrs into ducats: one ducat = 375 mrs. [↑](#footnote-ref-9)
10. One patard=2 *gruesos* (Lonchay, `Etude’, p. 1012). [↑](#footnote-ref-10)
11. At that time, many financial contracts were contingent on the dates of commercial fairs, which acted like clocks for the contracts (see ANC, 2016). [↑](#footnote-ref-11)
12. The bold characters are ours (see below). [↑](#footnote-ref-12)
13. ANC (2015). [↑](#footnote-ref-13)
14. The fleet had already lost 16 ships on the outbound because of the bad weather when entering Vera Cruz. On the return, another tempest (it was hurricane season after all), sank half of its 78 ships. The commander of the fleet, Antonio Navarro de Prado, was investigated and denounced by the merchants who had lost their ships, a usual procedure (Lorenzo Sanz, Commercio… 270-271, Pérez Mallaína, El hombre frente al mar, p. 85). [↑](#footnote-ref-14)
15. We do not know why the amount was of 11,936 ducats, instead of, for example 12,000 ducats. Accountants did not use the ducats but maravedis. 11,936 ducats are valued at 4475000 mrs, but 12,000 ducats are equal to 4500000 mrs. Perhaps some other transfers were made informally. [↑](#footnote-ref-15)
16. These payments take place relatively late because the taxes called millones (8M mrs) are paid in November and May. [↑](#footnote-ref-16)
17. More on this [↑](#footnote-ref-17)
18. Archivo General Simancas (AGS), CCGG, leg. 90. Asiento, 3 April 1591. The transcription of the contract is in the right column. Left and the right columns provide the translation and the transcription of the contract. The left column provides short summaries and page marks. Paragraphs have been added and all numbers have been converted in ducats to facilitate the reading of the contract. Words in parentheses and italics are added to the English translation for accuracy. The transcription of the contract, copies of the contract and of the attachments are available at "http://www.chamley.net/castile". [↑](#footnote-ref-18)