

Extorting tax grants from the Cortes: Philip II and the credit freeze of 1575-1577

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Numerous archival documents show how the 1575-1577 payment stop on the contracts with Genoese bankers (*asientos*) induced a freeze of the domestic credit market through the bankers' intermediation for *asientos* and the credit interconnections. Commercial fairs stopped, banks failed and trade suffered while the King granted legal protection to the Genoese bankers. The evidence strikingly confirms that the strategy of Philip II was to remove the *de facto* ceiling on the domestic debt (*juros*) from the revenue commitment of the Castilian cities in the *Cortes*. The payment stop lasted until the cities agreed to the doubling of their commitment.

Keywords: debt funding, sovereign loan defaults, financial crises, commercial credit markets, war of attrition.

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INTRODUCTION

Philip II in Castile, who headed the dominant power of his time in Europe, suspended the payments on his short- to medium term debt with bankers three times (in 1557–60, 1575–7, and 1596–7). These financial crises have been analyzed in most of the literature from the point of view of the two parties in these contracts, *asientos*, the Crown and the bankers³. We argued previously⁴ that the occurrence of the three crises is explained by the frictions between the Crown and the cities in a regime of government fragmentation that characterized the states of Europe at that time.⁵

Under Philip II, the long-term domestic debt, *juros*, reached a level that for first time in the history of states, was "modern" (about 60 percent of GDP). It was in large part funded by the tax commitment of the cities (*encabezamiento*). We showed previously⁶ that each of the three payment stops on the *asientos* took place when the service of the *juros* reached the level of the revenues that could service them. Such a situation developed in the 1570s when the cities rejected the introduction of new taxes. Philip II then decided to aim for a large increase of the cities' tax commitments in order to get "breathing space" for new *juros*. In this paper, we focus on the main crisis that started in September 1575 when Philip II issued the *Decreto* of the payment stop on the *asientos*. The payment stop lasted as long as the *Cortes* refused to increase their tax commitment and it was repealed two weeks after they finally agreed to a doubling of that commitment, toward the end of 1577.

The paper has three main parts. In the first, we provide new archival evidence on the market for credit in Castile, public and private, in a regime with no crisis. In the second part, we provide evidence that was revealed by the financial crisis. In the third part, we provide evidence on the financial information of Philip II and we use all the evidence in this paper our narrative on the strategy of Philip II.

³ Previous studies that pitch Philip II as the head of a centralized government against foreign bankers include Lovett (1980a y 1980b) and Conklin (1998).

⁴ Álvarez Nogal and Chamley (2013 and 2014). All the material of the present paper is new, except for a few paragraphs about the constraints on the fiscal policy of Philip II. Our interpretation of the financial crises of Philip II was presented in our previous paper. This view is made more explicitly here and is strikingly confirmed by the new archival material.

⁵ Dincecco (2009), Grafe (2012, chapter one).

⁶ See in particular Figure 2 in Álvarez Nogal and Chamley (2014).

In the first part of the paper, we emphasize that Castilian residents had a large stake in the *asientos* through the intermediation of Genoese bankers and the chains of credit. This evidence takes three forms, the bankers' participations as written in some contracts, the places of transfers, and the funding through the private credit market that was explicitly stated in some *asientos*, called *factorias*, with an interest rate that was indexed on the credit market. We emphasize the pivotal role of the commercial fairs of Medina del Campo that coordinated both commercial and financial trade. They acted a contingent clock for many credit market contracts in Spain (both private and public, including *asientos*). We provide and use a new documentation on the schedule of the fairs.

Our new material comes from three archives: the Archivo General of Simancas, Archivo Histórico Provincial de Valladolid (the private accounts of Simón Ruiz, a King's banker in Valladolid) and Archivo Valencia de don Juan in Madrid. We have translated a number of documents in the paper. The original texts are in an Appendix that can be downloaded from a web site.⁷

The second part of the paper is devoted to the evidence that emerges during the financial crisis. (All financial crises provide evidence on the credit market, e.g. the most recent one). Four issues are analyzed.

(i) The commercial fairs vanished during the crisis and the Crown made no effort to resume them. The stop of the fairs paralyzed payments on the contingent contracts. This had a further impact on credit because they were an essential vehicle in the credit rollover⁸ through the letters of exchange. The commercial fairs needed the credit market and the credit market needed the commercial fairs.

(ii) The picture of the financial intermediation for *asientos* that was presented in the first part is reinforced by new archival evidence on the numerous petitions to the Crown by residents of Castile who could not recover from Genoese bankers their deposits which had been used to finance the *asientos*. During the payment, the bankers could not meet their obligations to their creditors. In turn, these creditors could not meet their

⁷ <http://people.bu.edu/chamley/papers/7577documents.pdf>

⁸ The rolling over of short-term bills would become the dominant form of the public debt in 17th century Netherlands, as shown by Gelderblom and Jonker, (2011a y 2011b).

obligations. The pyramid of credit unraveled. The petitions demonstrate the gradually devastating impact of the payment stop in the years 1575-77.

(iii) The petitions to the Crown reveal that Philip II, consistent with his policy, far from punishing the bankers as the cities demanded, protected them from some of the consequences of the payment stop. In particular, as the crisis affected all credit, bankers could not collect some of their own loans to residents of Castile. We document that the Genoese bankers benefited from a preferential legal treatment by the government against their own creditors and in their collection of private debts.

(iv) The freeze of the credit market generated additional documents about bank failures in Sevilla, Burgos and Segovia, the development of other instruments on credit crisis, and financial problems in the Church.

The evidence that is presented in the first two parts strongly confirms our thesis⁹ of the crisis as a struggle by the Crown not with bankers, but with the cities of Castile. Additional evidence shows that Philip II was knowledgeable about the organization of credit, public and private, and that he knew how to use the credit market as a weapon for his political goals. In the third part of the paper, after a brief summary of the context in which the Crown operated for its fiscal policy, we use the archival material previously presented and some additional documents to analyze the policy of Philip II .

The crisis ended only on 16 November 16 1577, when the *Cortes* voted a doubling of their tax commitment, providing Philip II with a financial breathing space that would last for another twenty years. Three weeks later, the *Medio General* with the bankers removed the payment stop, on the terms of an agreement that had been waiting to be signed since the Spring.

ASIENTOS, CREDIT MARKETS AND COMMERCIAL FAIRS

The public debt of Castile had two broad components.¹⁰ The dominant part was in *juros* that were perpetuals (most of them redeemable), tradable in the entire realm but funded locally by stable taxes. Their yield was around 7 percent. We will see later that the

⁹ Álvarez Nogal and Chamley (2014).

¹⁰ Álvarez Nogal and Chamley (2014).

funding method put critical constraints on the policy of Philip II. The short- to medium-term debt was in contracts, *asientos*, that were signed with Genoese bankers who were the main financiers of Philip II (see below). Many but not all of these contracts included transfers abroad for military expenditures. The unfunded *asientos* carried an interest rate of 12 percent or more. Their total accumulation varied greatly. At the time of the 1575 crisis, they may have reached their highest level under Philip II, but they never exceeded one third of the stock of the *juros*.¹¹ The *juros* were clearly domestic debt with most owners resident of Castile. The *asientos* were signed with Genoese bankers, but that does not make them "foreign debt," because a large fraction of them involved credit and transfers that were entirely internal to Castile.

Networks of bankers and financial intermediation for asientos

Asientos were signed between the Crown and a banker or a small group of bankers. Charles V, whose empire centered on Germany, had relied on the Fugger. Under his son Philip II, these were replaced by the Genoese bankers, well placed at the beginning of the "Spanish Road."¹² But they were much more than "foreign bankers": they played the essential role as the period's "moneyed men", that is, the group that Dickson (1967) would describe as indispensable for the functioning of the capital market in England, 150 years later. Genoese bankers were involved in the internal credit market of Castile and in its financial government. Some of them were very close to Philip II and participated in meetings of the Council of Finance¹³. For the interpretation of the financial crisis however, we should remember that the main task of bankers, then as now, was not to supply their own funds but to connect borrowers and suppliers of funds.

For example, the brothers Lazzaro and Benedetto Pichenotti and Giovanni Girolamo di Negro set up a company in Genoa in order to invest in *asientos*. Their company was

¹¹ In the current state of scholarship, there is no good estimate of the total net liability of the Crown through *asientos*. The maximum ratio of 1/3 that we presented here as an indication is based on the following: the service of the *juros* at the time was about 3 million ducats. The only currently available estimate of the liability of the Crown through *asientos* is only for one year and it is actually the one on which the Crown and the Genoese bankers settled in March 1577. It was established at about 15 million ducats. (However, much of these *asientos* had already been collateralized by *juros de resguardo*). Our ratio assumes an interest of 7 percent on the *juros* (a capital/service ratio of 14, for perpetuals), which is also a rough estimate. More work is obviously needed, but these issues will never be sorted out with the precision of modern accounting.

¹² Parker (1972).

¹³ Carlos Morales (2003, pp. 291-292).

committed to deliver the funds for two *asientos* in Antwerp that were signed by the bankers Agostino Spinola and Nicolò di Negro in Madrid, as described in Table 1. The books of Pichenotti and di Negro report that their financial participation was only 3% in the first contract, and 5% in the second.¹⁴

Table 1: Participation of Lazzaro, Benedetto Pichenotti and Giovanni Girolamo di Negro in *asientos*¹⁵

Bankers in Madrid			Investors in Genoa			Part.
Agostino Spinola and Nicolò di Negro			Pichenotti and di Negro			
Date	Ducats	Escudos	Place	Ducats	Escudos	%
7/26/1595		1,000,000	Antwerp		30.000	3
2/24/1596	112,500	90,000	Madrid/Milan	5.625	4.500	5

Source: Felloni (1978, p. 513).

A central element in our argument is that the *asientos* were intertwined with the domestic credit market in Castile. There are three types evidence of this intermediation, in addition to the numerous cases of complaints after the payment stop (reviewed later).

First, there is no aggregate figure for the internal funding, and any such figure could not be exact because any loan can be financed by credit from another place. However, in 1575, before the payment stop, the amount of new *asientos* totalled 5.4 million ducats, close to the record level, and for 40 percent of this amount, both disbursements and repayments took place within Castile.¹⁶ Given the cost of transfers between countries, it is most likely that these *asientos* were completely funded within Castile.

Second, in addition to the *asientos* that were internal to Castile, for some of the disbursements abroad, mainly in Flanders, repayments were in Castile. The texts of the *asientos* in the Simancas archives do not provide much information on these connections but we have found an example in the books of the Castilian banker Simón Ruiz that are preserved in the archives in Valladolid. On 11 June 1590, this banker

¹⁴ Felloni (1978, p. 513).

¹⁵ The data for this table comes from the *asientos* that are preserved in Simancas. More research should be done on the books of the Genoese bankers who operated in Madrid.

¹⁶ Table 2 in Álvarez Nogal and Chamley (2014).

signed an *asiento* to provide 138,000 ducats in Flanders in 1590,¹⁷ but he was just an intermediary for two merchant-bankers in Antwerp, Gerónimo Scorça and Felipe Jorge. In the winter of 1590, these two negotiated and signed four *asientos* with Alexander Farnese, duke of Parma and general commander of the Spanish army in Flanders, for the delivery in Flanders of 138,000 ducats in cash, as described in the first three columns of Table 2.

Table 2. Asientos for delivery to the duke of Parma in Antwerp and repayment in Spain

Asientos in Antwerp	Merchant-banker	Ducats	Source of funds	
17/11/1589	Gerónimo Scorça	54,000	39,000	Joan Francisco Bartolome and Geronimo Balvi
8/1/1590		30,000	2,100	Simon Rodriguez
			42,900	Gerónimo Scorça
25/10/1589	Felipe Jorge	36,000	12,000	Alonso Camarena
			2,400	Francisco de Bovadilla
			4,800	Gerónimo Lomelin
			16,800	Felipe Jorge
8/1/1590	Felipe Jorge ¹⁸	18,000	2,400	Alonso Camarena
			15,600	Felipe Jorge
		138,000	138,000	

Sources: AGS, CCGG, leg. 89-2. Asiento Simón Ruiz, 6 November 1590, AHPV, FSR, Caja 161. *Libro de reparto de intereses de los asientos*, 1592/93.

Felipe Jorge and Geronimo Scorça disbursed only about half the amount of the *asientos*. Their participations and those of their associates are presented in the last column of Table 2.¹⁹ Note that the Portuguese Jorge works with the Genoese Lomelin and the latter works with Scorça (Milano) and Rodríguez (Portuguese).

Simón Ruiz signed the *asientos* but he had no financial participation. His job was to represent the two merchant-bankers in Castile and to collect the principal and the interests that would be paid in different parts of Spain between 1590 and 1592. He had contacts with all the participants in Table 2. The sources of funds for the payment of

¹⁷ Archivo General de Simancas, [hereafter AGS]. Contadurías Generales [hereafter CCGG], leg. 89-2. Asiento Simón Ruiz, 11 June 1590. See also Lapeyre. "Simon Ruiz et les "asientos" de Philippe II", pp. 73-74, 82, who first studied this asiento. We correct some of his numbers.

¹⁸ Archivo Histórico Provincial de Valladolid [hereafter AHPV]. Fondo Simón Ruiz [hereafter FSR] Caja 161. Copy of the *asiento*, Antwerp, 1 August 1590.

¹⁹ The official contract in the archives of Simancas report only the name of Simón Ruiz and his relation with Jorge and Scorça. All the other information comes from the private papers of Ruiz in Valladolid.

principals and interests are presented in Table 3, as reported in the books of Simón Ruiz. It is very likely that each of the participants who are reported in these tables raised his contribution through contracts with other associates.

Table 3: Repayment of the *asiento* in Spain.

Ducats	Place	Date	Interest rate (%)
54,000	Servicio ordinario, extraordinario and alcabalas de 1591	1/2/1590	12.5
48,000	Sales of lands, offices, etc...	2/27/1590	12
36,000	Crusade, subsidio and excusado of 1592 (paid in July)	12/15/1589	12
138,000			

Source: AGS, CCGG, leg. 89-2. Asiento Simón Ruiz, 11 June 1590.

The distribution of the loan repayments is presented in Table 4.²⁰ It shows the actual participation of each agent in the *asiento* signed by Simon Ruiz in Madrid.

Table 4: Allocation of the funds to the participants of the *asiento* (ducats)

	Principal	%	Interest
Joan Francisco Bartolome y Geronimo Balvi	39,000	28.26	10,744
Simón Rodriguez	2,100	1.52	579
Geronimo Escorça	42,900	31.09	11,818
Alonso Camarena	14,400	10.43	4,039
Francisco de Bovadilla	2,400	1.74	676
Geronimo Lomelin	4,800	3.48	1,351
Felipe Jorge	32,400	23.48	9,026
Total	138,000	100	38,232

Source: AHPV, FSR, Caja 161. *Libro de reparto de intereses de los asientos*, 1592/93.

A third type of evidence is in the contracts. They specify transfers between the two parties, Crown and bankers, Many of them do not allude to the method by which the lender will raise the fund. That is understandable since the contracts should be about the

²⁰ AHPV, FSR, Caja 161. *Libro de reparto de intereses de los asientos*, 1592/93.

transfers between the two parties of Crown and the banker(s).²¹ The bankers may not want to reveal their sources of funds. Indeed, they steadfastly rejected requests by the Crown to examine their books during the negotiations after the payment stop was declared. However, some contracts, called *factorías*, explicitly state that the funds will be raised by letters of credit in the financial market. A *factoría* does not fix the exchange rate for the currency nor the interest rate. Both are left to be determined by the market. The banker had to provide justifications for his costs, which were covered by the Crown.²² A special account could be set for payments and a rough estimation of the payments was established at the signing of the contract.

A standard form of credit to a banker was the letter of credit, with the expressions "change money" (*cambiar dinero*), or "carry in exchange" (*traer a cambio*): the contract was a transfer of money from one place to another, at a different time. It created a loan from the person who provided the funds, in order to be repaid later ("*dar a cambio*"), to person who received the payment and took the liability for future repayment ("*tomar a cambio*"). The promise to deliver cash at another place could be rolled over back to the initial place. Hence, short-term credit at a specific place, at the market rate, could be achieved by means of the letter of exchange between different fairs or different places. The procedure was called "taking money exchange", *tomar dinero a cambio*. Each transfer led to a charge of interest and commission that was justified by the travel, actual or virtual, from one place to another. Hence the circulation of credit that was the counterpart of trade in goods provided a natural setting for purely financial transactions. Credit could be rolled over without being subject to usury laws.

An example is provided by the *asiento* that Lorenzo Spinola signed in February of 1572 for the delivery of 120,000 ducats in Madrid. For this loan, the contract explicitly recognized the cost "to carry in exchange on their account, but in our name."²³ The contract provided a license for the free usage of letter of exchange at the market rate and it recognized that the interest payments on the loan would be adjusted to those of the market during the time of the loan operations. The interest cost of the *asiento* explicitly

²¹ Many of the contracts leave much flexibility and specify only the transfers to be made on both sides, and sometimes only up to a maximum amount or a final date. The places of transfers, currencies, interest and contingent sources for repayments are not always stated.

²² Ruiz Martín (1968, p. 39), Boyajian (1983, p. 39).

²³ AGS, CCGG, leg. 85. *Asiento* with Lorenzo Spinola, 1 February 1572.

depended on the credit market conditions.²⁴ In 1570, a similar *asiento* was signed by another banker, Miguel de Mena, for 56,000 ducats and a maturity of 5 years during which he would raise the funds on the commercial market.²⁵

On 22 December 1574, eight months before the *Decreto*, Pablo de Grimaldo signed an *asiento* to deliver in Madrid 829,925 ducats²⁶ in cash in three installments (1574, 1575 and 1576²⁷). The contract granted him the fixed rate of 16 percent as compensation for the cost of interest in the credit market. The contract included the clause:

"For the 829,925 ducats we grant to Pablo de Grimaldo the license to carry the exchange for his credit and for our account from the days he pays the amounts previously stated until the time of the prescribed payment orders."

The total of these payments was capped ("*a buena cuenta*") at 1,615,741 ducats which corresponds to the principal and an interest rate of 16 percent for seven years. It is likely that neither party intended, at the time of the signing, to use the maximum maturity of seven years of the contract. The *asiento* specified that the banker could cash early ("*anticipiar y pagar adelantadamente*") the *libranzas* that he received, by discounting them in the credit market. *Libranzas* were payment promises on specified revenues of the Crown which were traded in an active market. The clause thus provided a liquidity guarantee to the banker²⁸. These examples show how some *asientos*, including some of the largest one, were interlaced with the private credit market. More cases of intermediation will surface later in the depositors' complaints after the payment stop.

Commercial fairs as a clock for financial contracts

Today, financial markets operate continuously and many short-term instruments are overnight credit. At the time of Philip II, markets were thin and slow. Rolling over loans

²⁴ A literal translation of the clause is: "during the time of the loan until its repayment, the license to take and give freely exchanges at the prices that they would agree upon from one fair to another". AGS, CCGG, leg. 85. *Asiento* with Lorenzo Spínola, 1 February 1572. A similar clause in another *asiento*: "and for the cost they suffer in financing these through the carrying of the exchange ("*traer a cambio*") on their own account (...), interests with those that run in the market from now and for the length of time that we receive this service". AGS, CCGG, leg. 85-1. *Asiento* with Benito Salvago and Camilo Çibo, 30 January 1570.

²⁵ AGS, CCGG, leg. 85. *Asiento* with Miguel de Mena, 11 January 1570.

²⁶ The amount is much larger than other *asientos* in 1575: the total amount of *asientos* in 1575, a year of high activity, was 5.4 million ducats.

²⁷ AGS, CCGG, leg. 86. *Asiento* with Pablo de Grimaldo, 22 December 1574. Appendix. Document 4. Since letters of exchange between *ferias* implied a high cost, relative to other forms of credit, the Crown was entitled to make early payments.

²⁸ Ruiz Martín (1987, p. 292), Hernández Esteve (2010, p. 71).

in the letters of credit was counted in months. The schedules of many credit contracts was determined by commercial fairs.

The main fairs (*ferias*) of 16th Castile took place in Medina del Campo, at the intersection of a north-west axis and of the road between Toledo and Burgos.²⁹ The position was central between the main cities of the Northern *Meseta* of Castile, most of them part of the *Cortes* (Valladolid, Zamora, Avila, Salamanca, Segovia). These cities had benefited from wool exports, and the fairs of Medina del Campo had become one of the most important markets of Europe. Merchants came from the main cities of Castile, from Flanders, France and Italy. As in other countries in Europe,³⁰ these fairs had been created in the 15th century and received the continuous support of the kings who granted the title of "General Fairs of the Realm" in 1491. Twice a year, roughly in May and October, they also acted as a hub for smaller nearby fairs that took place just before the main fair. The intervals of time and space between fairs created special opportunities for financiers.³¹

The commercial fairs provided focal points for payment orders and for credit contracts that were often contingent on a particular fair. In an *asiento* signed by Juan de Curiel,

"... Joan de Curiel promises and is committed to give and pay to the person of the people whom we have sent, and in cash the afore mentioned 100,000 ducats that are valued at 37,500,000 maravedis in the payments of the feria of May of the previous year in 1569, that is currently taking place."³²

In the *asiento* that was signed in 1566 by Nicolao de Grimaldo and Lorenzo Spínola for the delivery of 100,000 ducats in gold in Italy, the clock of the fairs is acknowledged by its imperfection:

"and what will be paid in *ferias* should be calculated according to the actual date of payment, because Nicolao de Grimaldo and Lorenzo Spinola did not want to accept specified dates in the contracts as long delays could have occurred in these fairs."³³

²⁹ Ruiz Martín (2000, p. 278).

³⁰ We cannot reference here the vast literature on the commercial fairs in Europe, in particular the Champagne fairs that linked the economies of the north and the south of Europe in a yearly cycle of six fairs from the 12th century on.

³¹ Ruiz Martín (1987, p. 291).

³² AGS, CCGG, leg. 85. *Asiento*, 2 March 1570. The document incidentally shows that the fair that is "currently held" has a delay of 7 months.

³³ AGS, Consejo y Juntas de Hacienda [hereafter CJH], leg. 80. Copy of the *asiento* with Nicolao de Grimaldo y Lorenzo Spínola, no date (probably 1566). Appendix. Document 6.

Different types of bankers specialized in the businesses with merchants, the nobility and the Crown,³⁴ and in the fairs. The fairs' bankers acted as a clearinghouse for letters of exchange and payment orders that connected the fairs with the main cities of Castile.³⁵ As Luis Saravia de la Calle wrote in 1544, "they go from fair to fair and follow the court of the king from place to place with their table, boxes and books."³⁶

A banker of a fair was committed by written mandate to follow the request of his contacts.³⁷ He also handled a large fraction of the transactions that were related to the *asientos*. This function was recognized explicitly in the writing of some *asientos*: in June of 1575, the *asiento* of 15,490 ducats that was signed with Esteban Lercaro in the fair of Medina, which was taking place at that time, acknowledges a commission of 0.5 percent to the banker of the fair³⁸. The bankers of the fairs were also linked with several commercial banks in Madrid³⁹ and with Genoese bankers, including many of the most important ones such as Nicolao de Grimaldo.⁴⁰

The connection between bankers and the merchants of Castile is illustrated in a report of Luis Alonso Medina, a banker in Medina del Campo. Problems with an associate forced him to close his business in April 1573, after the holding of the 1570 and 1571 fairs. Three people from the region backed him with a financial guarantee. In the report, the banker mentions debtors from Salamanca, Ciudad Rodrigo, Toro, Zamora, the region of Valladolid, Rioseco, Arévalo and the kingdom of Galicia.⁴¹

In addition to the business of the *asientos*, the fairs acted for the Crown as financial center for other fund raisings,⁴² for some sales of the *juros*, and for the trade of

³⁴Abad (1987, pp. 98-99 and 109-122).

³⁵ A theologian and economist in Castile, author of *Instrucción de mercaderes* (1544).

³⁶ Colmeiro, *Historia de la economía política de España*, Madrid 1863, t. II, p. 303-304 y 501.

³⁷ Ruiz Martín (1970, p. 37).

³⁸ The expression used in the contract was: "librados en banco con más cinco al millar por el contado, sin que en ello aya falta ni dilación alguna". AGS, CJH, leg. 151. Copy of *asiento* with Esteban Lercaro, San Lorenzo del Escorial, 14 June 1575). This sentence is repeated in many other *asientos*.

³⁹ For example, the association "Gonzalo de Salazar y Juan de Carmona", and "Juan Luis Vitoria y Antonio Suárez Vitoria". Ruiz Martín (1970, p. 40).

⁴⁰ Nicolao de Grimaldo came to the fair of Medina del Campo in 1575, and delegated his business to his grandson, Juan Bautista Doria, when he left for Madrid. AGS, CJH, leg. 154. Memorandum, 1576.

⁴¹ AGS, CJH, leg. 102. Memorandum from Luis Alonso de Medina to Escobedo, 1576. Also, AGS, CJH, leg. 151. Cédula, 8 May 1574.

⁴² For example, in the contract (*asiento*) that was signed with the financiers from Milano, Gerónimo Candiano and Camilo Brebia (in charge of the sale of crusade bulls in 155-1557) the proceeds were to be transferred to the bankers of the fairs of Medina and Villalon. (AGS, CMC, 1ª época, leg. 1386. *Asiento*, 1555). This procedure had been in effect for a number of years. In 1533, the treasurer of the Crusade in

libranzas. Hence, orderly fairs were essential for the management of the public debt and its timely payments, and, similarly, the running of the fairs depended on the timely payments of the loans to the Crown.

Between 1567 and 1575, some of the bi-annual fairs of Medina del Campo were delayed for various reasons. During the 1560s, difficulties arose from the revolt that started in 1567 in the Netherlands which was the main destination for exports of Castilian high quality wool.⁴³ Some merchants who were connected with the American trade defaulted in Sevilla in 1567, and in Burgos in 1568. Both cities were also closely related through trade with Antwerp. The reduction of business forced the definitive closing of the fairs of Villalon and Medina de Rioseco in 1568. In 1569, the English captured some ships belonging to important Burgos traders whose insurance had to be paid in Medina del Campo.⁴⁴ Delays continued in the 1570s: October fairs that were skipped in 1570 and 1571 were postponed to 1573. Some debts could not be paid and lenders could not meet their obligations. The King was petitioned to send officers and to order payments without waiting for the next fair.

In order to take advantage of the complementarities in market thickness, when a fair was delayed too long, it would be merged with another fair⁴⁵. Because of the contingent credit payments, it was essential that all fairs should take place eventually. The Council of Finance (*Consejo de Hacienda*) received requests for the regulation per decree (*cédula*) of the holding of the fairs. These requests emphasized that due payments could not be made, including payments to the Crown, without the fairs.⁴⁶ Hence, the King and his councillors made efforts to minimize delays. For example in 1573, Melchior de Herrera, general treasurer of the King, convened with Hipólito Affaitadi and Jácome Bardi, two important merchants-bankers of Medina del Campo, to stabilize the dates of the fairs⁴⁷. Because of the accumulated delays in 1572-1574, a *cédula* in May of 1574 ordered the holding of all back fairs between October 15 and November 20 of that

Astorga sent to the Medina fairs 2,882,250 mrs from the sales of bulls in his district. AGS, CMC, 1^a época, leg. 496. Cuentas, 1533.

⁴³ Phillips and Phillips (1997).

⁴⁴ Lapeyre (2008, p. 438).

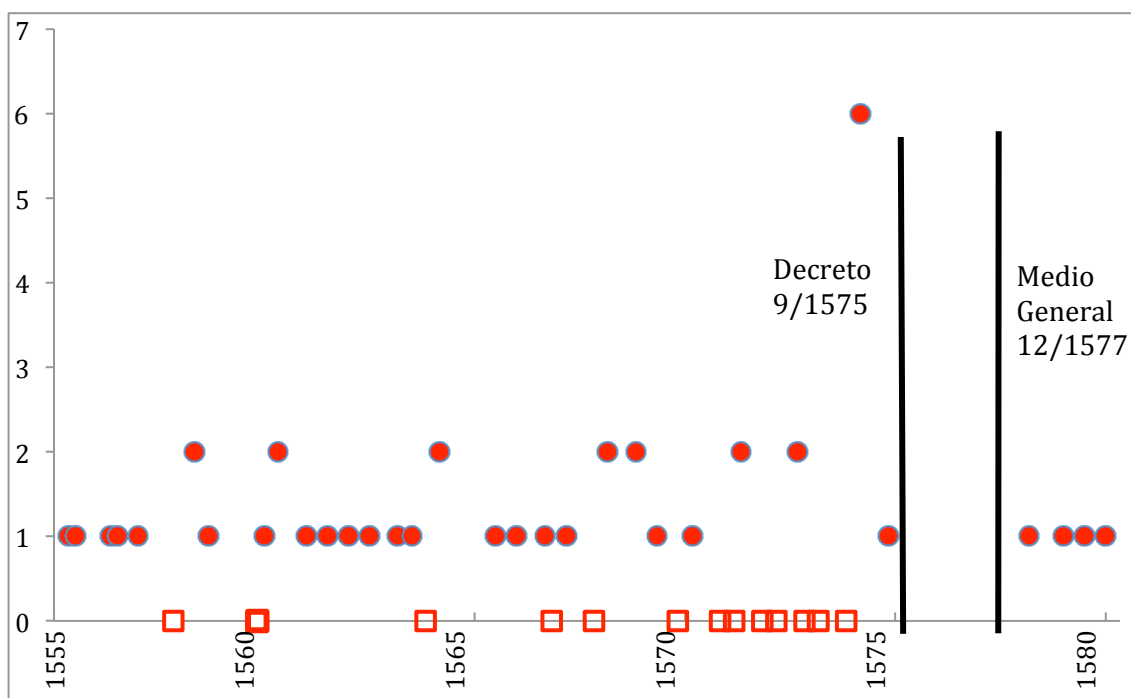
⁴⁵ They would explain the end of complementary payments in the neighboring fairs of Villalón and Rioseco when all financial activities became concentrated in Medina del Campo. *Ibid.*, p. 437.

⁴⁶ AGS, CJH, leg. 164. No date, probably 1574. Document 7.

⁴⁷ "a causa de que se trata de reducir la ferias a sus tiempos concertados, si por caso se hiciesen dos de las susodichas ferias de octubre juntas..." (5.882-6.714). Rojo Vega (2004).

year,⁴⁸ and that all debts had to be paid cash without refinancing. The dates of the fairs are presented in Figure 1. Circles represent actual dates of events with the number of fairs held simultaneously (from 1 to the exceptional case of 6 when the King ordered all backlog to be settled in 1574). Squares represent fairs that were scheduled and then postponed to be merged with a later fair. Before 1575, all the scheduled fair eventually took place.

Figure 1: Dates of the Fairs of Medina del Campo



Source: See Table A1, which presents the exact dates.

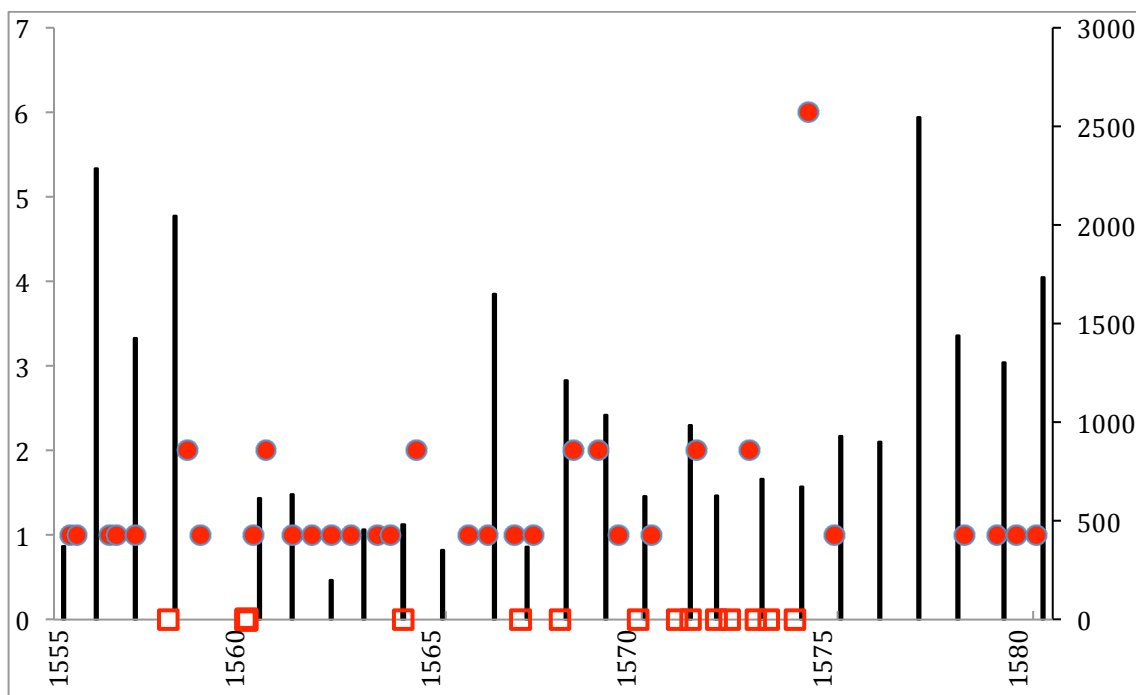
Circles represent dates and numbers of fairs that were actually held. Squares represent fairs that were scheduled but did not take place around their scheduled time and were postponed to be held with a later fair.

The irregular inflow of silver from the Americas has been mentioned as a potential source of disturbance for the fairs.⁴⁹ The fleet would arrive usually in August, but delays could postpone the October fair until January. Figure 2 adds to Figure 1 the amount of the fleet's precious metal.

⁴⁸ AGS, CJH, leg. 164. Cédula, 31 May 1574.

⁴⁹ Mercado (1571, f. 14 v^o), Lapeyre (2008, p. 435).

Figure 2. The fairs and the fleets (amounts of American precious metals in thousands ducats) (1555-1580)



Source: In addition to those of Figure 1, Lorenzo Sanz (1979, pp. 283-292 y 263-274).

We do not question the importance of the precious metals for the commercial fairs of Medina del Campo, but Figure 2 and Table 1 does not show a relation between the holdings of the fairs and the timing and quantity of silver that arrived from the Americas. In the late 1550's silver was abundant and but some fairs were delayed, perhaps in relation with the first financial crisis of Philip II. In the first half of the 1560s, fairs were held regularly with little silver during the 1560s. On the other hand, the years of suspension, 1575-77, when the flows of silver were not below trend, mark a clear break. We have emphasized that the holding of commercial fair was a key element of an orderly market for both the private and the public credit. In this context, the break during the payment suspension in 1575-1577 is a remarkable sign of its impact on credit. We now present direct evidence of that impact on the savers in Castile, the merchants, the institutions and the cities.

THE IMPACT OF THE DECRETO ON CREDIT

On September 1, 1575, the *Decreto* stopped all payments to the Genoese bankers. A few months before, he had asked his commander in Flanders to plan for a reduction in military activity⁵⁰. In this section, we examine the impacts of the payment stop on the credit market and on economic activity. We will argue later that these impacts must have been envisioned by Philip II and that they were an important factor in his decision to issue the *Decreto*. Note that the Crown did not intend to default *per se* on the *asientos*: before the end of the year it set the principle that all the *asientos* would be paid at 12 percent.⁵¹ However, given the tight interconnection between *asientos* and the private credit market that were described previously, the payment stop threw wrenches through the wheels of the credit markets and the shocks propagated through the network of credit connections, as they did in the most recent financial crisis.

In normal times, when credit markets function smoothly, most credit linkages remain hidden. In a crisis, these links emerge as rocks at low tide. The 2008 financial crisis has exposed the complexity and the critical impacts of these linkages. Likewise, the crisis that was triggered by the *Decreto* of 1575 generated numerous cases of distress, which we have collected in the archives. This set of cases, in combination with our understanding of economics, enrich our vision of the financial crisis.

The vanished fairs

A striking sign of the breakdown of the commercial credit market is the stop of the commercial fairs at Medina del Campo. No fair took place during the payment stop between September 1575 and the beginning of 1578 (Figure 1). Contrary to what had been done before 1575, the Crown made no effort to keep the schedule of the fairs. Such efforts would have been futile anyway. The Crown renewed its interventions only after the resolution of the crisis. On 25 April 1578, Philip II consulted with the cities on the means to resume the fairs and the payments that had been delayed since the last fair in

⁵⁰ Carlos Morales (2008, p. 160).

⁵¹ Ruiz Martin (1968, p. 141). The rate of return of the *asientos* is a controversial issue. The rate of 12 percent is mentioned in some contracts and that value was used in the reexamination of all the *asientos* during the payment stop. We have briefly addressed this issue in our previous studies and we will reconsider it in the future. Another important factor in the decision to issue the *Decreto* was the examination of the Crown's actual liabilities with each Genoese banker. That issue will also be analyzed in another study.

1575⁵². Contrary to practice before 1575, no catching up took place for the fairs during the payment stop.

The impact on Castilian depositors

We have seen how the Genoese bankers provided financial intermediation from savers and traders to the Crown. During the payment stop the bankers' creditors attempted to recover their deposit and sent numerous petitions to the Council of Finance. Many documents show the paralyzing impact of the *Decreto* on depositors. For example:

“The suspension of payment that was ordered by your Majesty has in fact suspended all the trades and has affected all the credit market and the spirit of the trade people, not only in this place but also in others.”⁵³

A group of merchants in the region of Logroño (present-day northern Spain), emphasized that the payment stop affected not only the bankers of the King but also the small savers who had deposits with the bankers, and their commercial activities:⁵⁴

“We add to this the calamity and great poverty that from us is translated to many people who have entrusted us with their savings, under the thought that their were very safe and only from this service we provided they could support their houses and families. In this way, many craftsmen, ordinary people, employees and daily workers who lived and supported themselves by the business activities that depended on credit are now homeless and vagabonds.”⁵⁵

The merchants explained that because of the suspension, none of them could pay their creditors and go on with their business.

“We have no other funds to satisfy our creditors except those that are owed to us by those who are affected by the decree. In effect, our funds were converted in the service of Your Majesty and without these funds, this financial support of Your Majesty could not have been provided.”⁵⁶

They requested the protection of the Crown emphasizing that without their contribution, the bankers could not have lent money to the King.

⁵²Espejo and Paz (1908, pp. 269-272). Colmeiro (1965, vol. II, pp. 836-838).

⁵³AGS, CJH, leg. 155. Memorandum to the Council of Finance from various business people, without date, around 1575. Appendix. Document 9.

⁵⁴AGS, CJH, leg. 155. Memorandum of Diego Ximénez to the Council of Finance, 25 April 1576. Appendix. Document 8. Residents of the little towns Santo Domingo de la Calzada, Nájera and Torrecilla de los Carneros.

⁵⁵Ibid.

⁵⁶Ibid.

Consider the petition from merchants of Burgos:

“Andres de Larrea, Juan de Ybarra and Andrés de Ecija, residents of the city of Burgos, state that Nicolao de Grimaldo, prince of Salerno, Juan Fernández de Espinosa and Esteban Lomelin owe us more than 120.000 ducats cash that were signed in a contract in this fair for payment Sevilla, Burgos and in the *libranzas* of His Majesty following the ordinary service that we provided.”⁵⁷

The petition highlights the multiple layers of the intermediation process to finance the credit to the Crown, which in this case took the form of discounted *libranzas*. Since the amount of 120 000 ducats was very large, these merchants had borrowed on the credit market:

“Our association, in order to discount the *libranzas*, had to take money in exchange from other people for payments in this Court, in Burgos and Sevilla and in Flanders, on our own credit.”⁵⁸

The protection of the bankers by the Crown

Philip II did not intend to jeopardize the essence of the banker’s activity. We found numerous documents indicating that immediately following the *Decreto*, bankers demanded and obtained protection from the King against their Castilian creditors⁵⁹. Until the settlement in the *Medio General* at the end of 1577, this protection against creditors prevented any ordinary court of justice to force them to pay or seize their property.⁶⁰ The failure of the King to pay the Genoese bankers was thus translated to their creditors, the savers, merchants and investors throughout the realm of Castile. The bankers pointed explicitly to the king that a resumption of the payments would immediately be transferred to their creditors.⁶¹ Furthermore, the bankers used the *Decreto* as a quasi-official excuse to avoid any obligation in the set of complex credit linkages.

Among the documents attesting the preferential treatment of the King's bankers, Genoese or Castilian, four royal decrees were sent to Juan Ortega de la Torre in Burgos Burgos to protect him from any suit for any type of debt. The validity of these measures

⁵⁷AGS, CJH, leg. 155. Memorandum without date, 1575. Appendix. Document 5.

⁵⁸Ibid.

⁵⁹AGS, CJH, leg. 155. Memorandum to the Council of Finance presented by various trade people, without date, aprox 1575. Appendix. Document 9.

⁶⁰This decision extended all types of debt since the no distinction could be made for the debts related to the Crown's credit.

⁶¹AGS, CJH, leg. 155. Memorandum to the Council of Finance presented by various trade people, without date, aprox 1575. Appendix. Document 9.

expired in October 1576, but the banker requested their extension.⁶² Thanks to this royal protection, the banker Ortega escaped credit problems and continued to operate in 1581 with branches in Madrid, Sevilla, Valladolid, Medina del Campo and Antwerp.

This royal protection was not extended to other people in the realm who had to pay their own debts even if they could not recover their assets with the bankers affected by the *Decreto*. The *licenciado* (holder of a degree) Mena could not recover his 20,000 ducats from the Genoese bankers, but his own property was seized because he could not pay a debt of 800 ducats. He could avoid the jail only by a fire sale of part of his properties and a loan from a friend⁶³. Mena complained that the King protected only the bankers and not their Castilians creditors.

Three merchants from Burgos had discounted payment orders by the Crown to three well-known bankers (Nicolao de Grimaldo, Juan Fernández de Espinosa and Esteban Lomelin). After the merchants had their petition to seize the property of the bankers rejected by the King, they bitterly complained against the discrimination:⁶⁴

"The delay [in payment] causes our complete ruin; the officials of Your Majesty are treating us in such a way that we cannot gain cause for our property and credit. Nicolao de Grimaldo and others are protected by Your Majesty, so that we cannot demand from law officials to seize their goods and incarcerate their persons ..."

Joan de Lago, an important merchant in Burgos, wrote in similar terms:

"The payment delay leads to our complete demise. The officials of Y.M. (Your Majesty) issue orders such that we cannot prevail in our claim of payments and of credit... Nicolao de Grimaldo and our other debtors are protected by Y.M. such that we cannot request from the law that they seize their property and jail their persons, and they keep their book and papers as before (...) This causes us a considerable prejudice because they enjoy the use of the amounts they that have to pay."⁶⁵

⁶²AGS, CJH, leg. 154. Memorandum Juan Ortega, 1576: "the persons who are affected by the *Decreto* ("decretadas") owe much more than my own debt of 100,000 ducats and I have no possibility to demand and force them to pay me back". Ortega had to do some time in jail. Ruiz Martin (1968, p. 143).

⁶³AGS, CJH, leg. 154. Memorandum from the *licenciado* Mena, 1576. "Demand from Your Majesty that since he cannot pay if he does not have cash (his deposit), Y.M. order to provide to him his protection as for the others and that the majors and the justice of this region enforce the payments of the debts by Nicolao de Grimaldo and Nicola y Visconte Cataneo."

⁶⁴AGS, CJH, leg. 155. Memorandum without date, 1575. Appendix. Document 5.

⁶⁵AGS, CJH, leg. 155. Memorandum from Joan de Lago to the Council of Finance [hereafter CF], 1575. Appendix. Document 10.

Like Joan de Lago, Sebastian López de Orozco, an accountant, could not get back the 1,792 ducats he had loaned to Nicolao de Grimaldo a few months before the decree.⁶⁶ That was a small amount with respect to an *asiento*. Grimaldo refused to return the deposit in 1575, alleging that he could not because of the *Decreto*.⁶⁷ Sebastián López, facing jail while the banker was unaffected, petitioned to the King

“to enforce the payment and not permit the Genoese bankers to put him in jail and in a situation of great necessity, without any reason, because he did not do anything illegal. If the bankers force their debtors to pay debts, they have to do the same and to pay their debts to the people of Castile.”

When Sebastián López learned that Don Rodrigo de Mendoza owed Grimaldo a similar amount, he demanded that the payment of that debt be directed to him. Grimaldo instead rejected the proposal and had some of don Rodrigo’s goods seized for non payment! It was proof of

“the malice of the named Prince and [that] he does not pay not because he cannot but because he does not want to.”⁶⁸

Others like the creditor Larrea ended up in jail. He petitioned the Council of Finance (*Consejo de Hacienda*) and asked for help. He could not use local law to recover loans in order to pay his debt:

“and I find myself in the impossibility not only to pay the debts that are asked from me but also to pay a bail to free myself from this terrible jail to treat my sickness. I could not find any amount of money. For this reason I have suffered much oppression and trouble in the two months of my detention. During that time my debtors have been let free and are protected while I cannot recover my claim from them. Although I have made my requests, the town’s authorities do not want to issue an order of execution against them.”⁶⁹

Because of the pyramids of credit, small people with savings suffered too when they had entrusted their small savings to intermediaries who had forwarded them to Genoese bankers. For example, doña Francisca de Salazar, widow of Lope Rodríguez Gallo de Castro in Burgos, protested that she had loaned 606 ducats to the marquis of Auñón, General Treasure of the King, through the bank of Antonio Vázquez. To recover her ducats she had received from Auñón a payment order to be presented to Nicolao de

⁶⁶AGS, CJH, leg.155. Memorandum from Sebastián López de Orozco, 1575. Appendix. Document 11.

⁶⁷ Ibid.

⁶⁸ Ibid.

⁶⁹AGS, CJH, leg.154. Memorandum from Andrés de Larrea, 1576. Document 12.

Grimaldo. But Grimaldo refused to pay. She turned then to the marquis who likewise refused. In her appeal to the Court in Madrid and the Council of Finance to obtain the payment and seize some goods of the marquis, she stated:⁷⁰

“We have completely lost the credit, which is the nerves, the soul and the strength of commerce.”

Impacts on banks, cities and the Church

The chaotic situation after 1575 particularly affected the city of Seville. In 1576, two banks that operated in that city went bankrupt, the one called “Herederos de Alonso y Pedro de Espinosa”⁷¹ and the bank of “Pedro de Morga y Matia de Fano”⁷². They had operated in the city since 1553 and had overcome important crises in 1557-1560 and 1567.

These bank failures were a consequence of the *Decreto* not because of direct loans to the King but probably because of loans to individuals who had invested in loans to the King. The ties between Morga and the creditors of the Crown, are illustrated by the statements of one of the debtors of the bank.⁷³ Andrés de Larrea, resident of Burgos, ended up in jail when he failed to pay his debt of 16,000 ducats to the bank. For his defense, he argued that he would have liked to pay his debt, if not for his inability to recover a loan of 25,000 ducats that he had made in the last *feria* of Medina del Campo to Nicolao de Grimaldo and his brother. In the own words of Andrés de Lorrea, his loan to the bankers “was converted to the service of His Majesty”⁷⁴, that is, it became a part of an *asiento* with the King.

In Segovia, one of the main cities in the northern meseta, banks and economy activity were deeply affected by the credit crisis. In October of 1575, forty men all in important positions (“todos gente principal”) were incarcerated. They had a participation in the capital of the bank of Gregorio de Haro, one of the main bankers of the city, who could

⁷⁰AGS, CJH, leg. 154. Note of the secretary, 1576. The same source documents the appeal by Francisco de Rojas in Madrid to the Council of Finance to seize some property of Nicolao de Grimaldo who would not return a deposit.

⁷¹On Morga and Espinosa, see Ulloa (1977, p. 435), Lorenzo Sanz (1979, pp. 188 and 206), Ruiz Martín (1970, p. 27).

⁷²AGS, CJH, leg. 155. Memorandum from Esteban Lomelin to the CF, 1575.

⁷³Before 1575, the Crown had used the services of the bank of Morga, for example for the collection of the *alcabalas* in Seville after the city had rejected the new encabezamiento. AGS, CJH, leg. 154. Memorial de Agustín de Rivera, 1576.

⁷⁴AGS, CJH, leg. 154. Memorandum from Andrés de Larrea, 1576.

not fulfill his obligations to the bank of Pedro de Angulo and Juan de Villar, who in turn, could not pay their debt of 8,000 ducats to the bank of Juan de Ibarra.⁷⁵ The large number of jailed individuals included Juan de Amarita, an agent of Simón Ruiz, the banker of Philip II,⁷⁶ and also textile manufacturers thus threatening the entire economic activity of the city. During the crisis, the donations toward the construction of the cathedral decreased markedly.⁷⁷

In Burgos, Andrés de Cañas, one of the main figures in the city, petitioned the King in 1576 to recover a debt from Nicolao de Grimaldo. As others, he complained that he could not continue with his activity and investment in Castile, in the business of wool and other goods, and he pointed to the relation between ruining of a city's merchants and ruining the city itself.⁷⁸ Cities that were not on the main trading routes were also touched by the crisis as shown by a similar petition from the merchants in the small northern town of Logroño.⁷⁹

The freeze of the credit markets induces individuals, associations and institutions to develop stop-gap measures. The Consulado of Sevilla, a merchant guild who represented all the merchants of the city involved in trade with the colonies, extended the time for payments of the debts until the Genoese bankers were able to satisfy their debtors.⁸⁰ Bilateral credit agreements with mortgages as collaterals, *censos*,⁸¹ were used by individuals and also by numerous municipalities for the purchase of bread, seeds, payments of short-term loans.⁸²

The crisis spread to the markets in Italy that were connected to Castile, as in Genoa and Rome. Several governments tried through diplomacy to exert an influence Philip II to find a solution. The king also received proposals to create new financial devices to meet

⁷⁵ Vela (2014, p. 20).

⁷⁶ AHPV, Archivo Ruiz, C. 26-124, 26-111, 26-114. Letters to Simón Ruiz, 17/10/1575, 26/11/1575 y 20/12/1575.

⁷⁷ García Sanz (1987, p. 92).

⁷⁸ AGS, CJH, leg.151. Letter from Andrés de Cañas to Juan de Escobedo, secretary of Philip II, 20 April 1576.

⁷⁹ AGS, CJH, leg. 155. Memorandum from Diego Ximénez to the CF, 25 April 1576. Appendix, document 8.

⁸⁰ AGS, CJH, leg. 151. Letter from the Consulado to the CF, 26 March 1576.

⁸¹ Benassar (1989, p. 87). Yun Casalilla (1987, pp. 220-23 y 237).

⁸² The city of Valladolid had used such loans to pay craftsmen for the reconstruction of the city after the fire of 1561.

the state needs and at the same time to circumvent the Genoese intermediaries. The most important was the project of Oudegherste and Rotis in 1576 to create "Erarios".⁸³

The Church was not spared because of the difficulties in transferring funds to Rome. It had used the agents of Italian banks in Castile and Aragon, (especially in the financial centers of Medina del Campo and Barcelona). At the end of 1577, Canobio, collector for Rome in Spain, complained to the cardinal de Como, a high official in Rome, that he could not send letters of exchange because of "ruina et poco credito dei genovesi" and suggested alternative methods of transfers.⁸⁴

THE POLICY OF PHILIP II

Could that severe and protracted financial crisis have been prevented? Why did it last so long? How was it resolved? Our understanding is improved by the evidence we have presented here and also by some previous work. The payment stop on the *asientos* that triggered the credit crisis has to be placed in the context of the fiscal constraints under which Philip II constructed his strategy. These constraints became binding before 1575 and it is only after the failure of other policies that Philip II issued the payment stop. The long duration of the crisis and its resolution can be explained only by the interaction of the political play and the impact on credit market.

The constraints on the fiscal policy of Philip II

Summarizing a previous study⁸⁵, Castilian tax revenues fell in two categories, ordinary and extraordinary. Only the first had the economic and legal stability to provide the funding for long-term domestic debt in *juros*. These were essentially perpetuals, redeemable and traded throughout the Realm. Ordinary revenues were divided in two sub-categories, the *encabezamiento* and the revenues from tax farms and regulated monopolies. The *encabezamiento* was a fixed annual contribution by each of the 18 cities (and their surrounding region), who were represented in the *Cortes* with two delegates for each city.

⁸³ See Dubet (1998, esp. 205-12). This proposal was studied but not accepted at this time. It was presented again years later. Ruiz Martin (1969, pp. 607-644).

⁸⁴ Carretero Zamora (2013, pp. 99-100).

⁸⁵ Álvarez Nogal and Chamley (2014).

The cities had a long tradition of self-management, going back to the *fueros* (charters) at the beginning of the *Reconquista*.⁸⁶ In the second half of the 16th century, 18 cities of Castile (including their surrounding regions) were represented in the *Cortes* whose main function, since their medieval origin, was to agree with the Crown and provided a commitment on tax revenues. They had no say on expenditures, which were military and part of foreign policy, and met only upon request by the King but they could resist tax increases. The agreement of the *Cortes* was essential because they controlled the safest revenues that serviced the domestic debt.

The amounts of the *encabezamiento* for each city were determined by six-year contracts and approved by majority voting in the *Cortes*. The *encabezamiento* was financed by sales taxes, the *alcabalas* with a legal maximum of 10 percent while the actual rate was much lower. Each city could manage the tax in its own way. *Juros* that were written on a particular city had first claim on the *encabezamiento* of that city. The system saved on administrative costs for the Crown and, most importantly, aligned the incentives of both the city bondholders and city tax enforcers who were related, at least socially, and thus provided a guarantee for the *juros* of the highest grade. *Juros* were valued for their safe return at 5 to 7 percent by all business people, nuns and widows for retirement.

Given the high interest rate on the unfunded *asientos*, sound debt management prescribes that any accumulation of *asientos* that is caused by a permanent shock on the intertemporal budget should be converted into *juros*, under the condition that long-term funding sources were available. That constraint became binding in the early 1570s.

The fiscal struggle with the cities before 1575

The *encabezamiento* had not been changed since the resolution of the previous financial crisis in 1562, and the level of other ordinary revenues stopped growing in the early 1570s. Because of higher military activity in the Netherlands and in the Mediterranean sea, the domestic debt was growing and its service was nearing the level of ordinary revenues.⁸⁷ The point where no more *juros* could be issued was approaching. From

⁸⁶ The first parliament in history was convened in 1188 in Leon (northern Spain). King Alfonso IX (1188–1230), who had just succeeded his father, called for a meeting of the bishops, the magnates, and ‘the elected citizens of each city’. Van Zanden et al. (2012, p. 838).

⁸⁷ See our previous study, *ibid.* For the negotiations in the years 1573–1575, see Fortea Pérez (1990, pp. 42–88). Castilian spending in Flanders increased from 1.7 million escudos in 1572 and 1573 to 3.6 in 1574 and 2.5 in 1575. See Parker, *The Spanish Road*, p. 348.

1573 on, Philip II made strenuous but unsuccessful efforts to increase the ordinary revenues. At first, he pushed for a new flour tax with a promise to gradually redeem all the *juros* through a budget surplus. Such a promise could not be enforceable and the cities rejected what would have led to a significant increase of the tax base.⁸⁸ In 1574, with no progress in the negotiations, Philip II abandoned the debt redemption plan and declared a tripling of the *encabezamiento* that was at first accepted by the delegates in the *Cortes*, but then rejected by the cities when the delegates returned.

The unilateral tripling of the *encabezamiento* invalidated the previous system of the decentralization of the debt service through the cities and started a showdown that would last for three years. Without the cities' collaboration, and without the competent administration for tax collection, the central government had to return to the pre-1536 system of tax farming, a move that was resisted by the cities and their merchants. This outcome was not a policy goal of the royal administration either. During the 1574 negotiation with the *Cortes*, a letter to Philip II from his secretary confirms that an agreement of an increase of the *encabezamiento* to 2 million would undoubtedly be preferable to a collection of 2.5 million through tax farming.⁸⁹

The events of 1575 confirmed the worse fears of the ministers of the King. For example, in Toledo during the summer of 1575, Torregrosa, the administrator who had been sent to implement the increase of the *alcabalas* reported that the city's traders were willing to do everything possible to prevent anyone from taking the charge of a farm⁹⁰ and threatened to stop trading in the city and to carry their merchandises to other places.⁹¹

In Cadiz, the *encabezamiento* had been of 7,500 ducats until 1574. When the King requested, by letter on 15 March 1575, a tax of 10% at checkpoints until the new distribution of *encabezamiento* would be determined, the city answered that it could not afford it and that the tax would lead to mass emigration. Surprisingly, on 9 June 1575,

⁸⁸ Fortea Pérez (1990, p. 154).

⁸⁹ "Garnica [the director of the Budget] has expressed a well founded concern about the difficulties that the administration will face in collecting such a large amount, (...), and there is no doubt that 2 millions sure and secure would be better than 2.5 millions in this way." Letter from Mateo Vázquez to Philip II, 15 February 1574. Carlos Morales (2008, p. 149 note 55).

⁹⁰ AGS, CJH, leg. 149. Carta de Pedro Luis de Torregrosa al rey, Toledo 3 July 1575. Document 1.

⁹¹ AGS, CJH, leg. 149. Carta de Pedro Luis de Torregrosa al rey, Toledo, 4 August 1575. Document 2.

the King cancelled the previous instructions.⁹² At that time, the King might have opted for a change of course.

In any case, overall revenues fell well short of the requested amount. Before 1574, the *encabezamiento* had been of 1,216,362 ducats and beginning in January 1575, Philip II had requested 3,716,363 ducats. Two years later and after strenuous efforts, in the summer of 1577 and during the financial crisis, the actual annual revenues of the *alcabalas* were estimated at 2 million ducats.⁹³

Bankers knew that an increase of the *alcabalas* without the cities' acceptance was equivalent to an extraordinary tax and could not be included in the tax base that funded the *juros* into which *asientos* could be converted. They nevertheless granted more than 5 million ducats in new *asientos*⁹⁴ during the first seven months of 1575 (the highest amount for such a time frame) against the recent increase of the tax. These loans were reasonable for the bankers who had restricted most of their maturities to one year, against the recent increase of revenues.⁹⁵ But they could not satisfy Philip II because of their high cost. The only solution was an increase of the ordinary taxes that would be approved by the cities in the *Cortes*.

Faced with a deadlock in the negotiations with the cities, Philip II made a radical change of policy: on 1 September 1575, he ordered, through a *Decreto*, the suspension of all payments on *asientos*. This course of action had been strongly advised for some time by some high officials in his government. It had almost been taken in 1574, but at the last moment, Philip II changed his mind without explanation.⁹⁶ The *Decreto* triggered the most severe financial crisis of the century in Spain. As always in political decisions, there were additional motivations. He reinforced his moral position for the renewal of the negotiations in the *Cortes*: the suspension was acclaimed through the Realm.⁹⁷

⁹² AGS, Contaduría Mayor de Cuentas [hereafter CMC], leg. 1334. Distribution, 23 August 1580.

⁹³ Carlos Morales (2008, p. 199, note 196), with references: IVDJ, *envío* 22-B, fol. 108-120, 142-144, 85-87, 68-70, 208-213. Letter to Felipe II and Mateo Vazquez (summer of 1577).

⁹⁴ Álvarez Nogal and Chamley (2014, table 2).

⁹⁵ Some bankers required additional guarantees. For example, Simon Lercaro signed an *asiento* in February 1575 that includes a lien on the first income that the king would receive as donation (*donativo*) or any other source. Given the relatively small amount of the *asiento*, 61,000 ducats, he may have had less bargaining power in recovering bad debts than a strong banker as Nicolao de Grimaldo. Appendix 2, AGS, CJH, leg. 2001-647. Memorandum from Simón Lercaro to the CF, 1575. Document 3.

⁹⁶ Carlos Morales (2008, pp. 134-137).

⁹⁷ Carlos Morales (2008, pp. 155-156).

Long-time resentment against foreign bankers⁹⁸ had erupted in the summer of 1575, not unlike what can be seen in today's economies. Some ministers in the government advocated a complete revision of all the contracts.⁹⁹

These ministers had a point. The state of the debts with the bankers was in great confusion because the *asientos* could be collateralized by *juros* (*juros de resguardo*). These could be sold for cash by bankers and then replaced by other *juros* to be returned if the *asiento* was repaid in cash.¹⁰⁰ More importantly perhaps, the bankers as "money men" were also active as financial agents of the Crown in the selling of the *juros*. Preliminary investigations have shown that as a result of these multiple roles, the balances of the bankers with the Crown might have been very heterogeneous. Some bankers may even have been indebted to the king. We will investigate this issue in further work. In any case, while debt contracts with bankruptcies are efficient in minimizing the cost of information from the borrower to the lender according to modern economic theory,¹⁰¹ the information problem has been in reverse for Philip II.

Philip II and financial markets

Philip II was called the "Prudent King" as he thought out the issues and kept the cards close to his chest. It was an important part of his strategy not to reveal all his thinking and to pretend not to understand finance.¹⁰² However, before he became king he had spent much time in understanding the credit markets that would contribute to the finances of the Crown. In 1553, when he was 26 years old and he had been regent of Spain since 1543,¹⁰³ he knew that the finances of the Realm was the most important charge that he had received from his father Charles V to whom he wrote:

“the main foundation on which the war can be sustained is money and credit and without those, one cannot do anything.”¹⁰⁴

⁹⁸ Already in the *Cortes* of Toledo (1559), the cities' delegates advised Philip II to suspend the payments to the bankers. Espejo and Paz (1908, p. 152).

⁹⁹ Carlos Morales (2008, pp. 136-137 and 152-154).

¹⁰⁰ Ruiz Martin (1968, pp. 121-125).

¹⁰¹ Townsend (1979).

¹⁰² Parker (2010, pp. 179-180).

¹⁰³ In 1543 he reach adulthood on his sixteenth birthday. Williams (2001, p. 13).

¹⁰⁴ Carlos Morales (2003, p. 290).

The young Prince of Castile endeavored to understand the fiscal and financial system and during the 1560s, he kept his father informed about his activities in that task and the problems that he encountered.

On 6 November 1551, Prince Philip reinforced previous orders of Charles V on a interest cap¹⁰⁵ by the prohibition of any interest charge for the letters of exchange within Castile, and by other policy measures.¹⁰⁶ The policy aimed at a lower interest for all loans but, unsurprisingly for us, it had the opposite impact: the credit market contracted and interest rates, including those on the Crown's short-term debt, rose and in some cases tripled, from 9-10% to 31%. On 7 October 1552, Philip explained to his father that merchant-bankers in Castile had to take loans from foreign lenders with whom they had no previous association, at a higher interest, to the benefit of the foreigners.¹⁰⁷

Between 1552 and 1554, Philip II was seeking a solution to the issue. He consulted merchant-bankers like Rodrigo de Dueñas, whom he placed as finance councilor, and Juan Delgadillo who was agent of change in Burgos.¹⁰⁸ Shortly before leaving for England to marry Mary Tudor, he was presented with a long study on the markets for commercial credit by Bernardino de Mendoza and Francisco de Almaguer, two main officials in the office that controlled the royal finances.

Philip II developed a network of officials (*factores*) with whom he had close relations, and who enabled him to bypass some bankers and get better credit terms. In 1556, he put in place Fernán López del Campo for Spain, Juan López Gallo for the Netherlands and Silvestre Cattaneo for Italy.¹⁰⁹ López del Campo, in a report to the king, blamed the *pragmatica* of 1551 for the reduction in the number of traders at the fair of Medina del Campo from about 200 to 20, and in the volume of trade from 4 or 5 million ducats to half a million ducats.¹¹⁰ He recommended to reestablish the exchanges between Seville and the fairs in Castile and to allow credit between fairs, albeit with a maximum rate of 12 percent. Following his advice, the regent of Castile (as Philip II was in Flanders at

¹⁰⁵ In 1534, Charles V, prodded by the city delegates in the *Cortes* who had complained about the interest rates of the foreign bankers, had put an interest cap of 10% on the credit market in Castile. *Ibid.*, pp. 282 and 288.

¹⁰⁶ Aguilera-Barchet (1988, pp. 832-35). On 28 September 1552, a decree prohibited letter of exchange between Lyon and Castile, in order to favor the letter between Castile and Besançon, which was in the territories of the Crown.

¹⁰⁷ Carlos Morales (2003, pp. 288-289). Appendix. Document 18.

¹⁰⁸ *Ibid.*, pp. 291-292.

¹⁰⁹ Hernández Esteve (2010, pp. 32-33).

¹¹⁰ *Ibid.*, p. 72.

the time) promulgated another *pragmatica* on 5 March 1557, that restored the freedom of the letters of exchange and relaxed some of the 1551 restrictions.¹¹¹

From his experience with the credit market, Philip II knew how to wield financial weapons to achieve his political objectives: during his dispute with the Pope in 1556, almost a test exercise for the later *Decreto*, he forbade letters of exchange between Castile and Rome and ordered that all the citizens of Castile, many of them busy in financial affairs, should immediately leave the city.¹¹² The policy disturbed the transfers of ecclesiastical revenues from Castile and the credit market of the papal territories. At that time the Pope was pressed financially and by the army of Duke of Alba who had come from Naples to besiege the city of Rome. The Pope had asked for help from the Henry II, king of France, but eventually signed a peace treaty with Philip II on 12 September 1557.¹¹³

The crisis, parallel negotiations and settlements

In 1575, Philip II knew that he had to increase the *encabezamiento* but the main question was by how much. A moderate increase would have been sufficient to avoid a short-term crisis. But he was playing hard. His actions are consistent with a long-time removal of fiscal constraint by the *Cortes*. We have seen that in the previous year he had ordered a tripling of the *encabezamiento*! That was much more than was required to finance new *juros* for a while, and his authority was on the line. That tripling may have scared the cities and stiffened their will to resist. Philip II would turn the payment stop, which was initially popular, in order to gradually wear down the cities.

The *Decreto* against the *asentistas* was cheered by the *Cortes*, which Philip II summoned immediately to resume the negotiations about the tax increase. The enthusiasm of the Realm parallels the first reactions at the onset of the last financial crisis, in the US and elsewhere, when many called for the punishment of bankers. Only after policy makers let the Lehman Brothers fail, one of the most established financial institutions, did people fully become conscious of the interconnections in the financial markets. In the much slower world of 16th century Castile where financial markets were

¹¹¹ We have seen that *asientos* included a clause that enabled the bankers to freely raise funds by using the credit between the fairs.

¹¹² Carlos Morales (2003, p. 298). AGS, Estado, leg. 121. Letter from the regent doña Juana to Philip II, 15 January 1557.

¹¹³ Hernández Esteve (2010, pp. 50-51).

regulated by the biannual ticks of the clock in the fairs of Medina del Campo, the full spread of the credit freeze took more time to develop.

In the recent crisis, the impact on credit was felt with little time and policy makers reacted swiftly. But unemployment did not rise immediately. In the 16th century, with the slow clock of the fairs and of the seasons, it took time for the cities to feel the full impact of the *Decreto*. No progress was made in the *Cortes* for a year. Only in August 1576 did the cities agree to make a move: the negotiations about *servicio ordinario* were placed before those of the *encabezamiento*! After that, no more progress was made for another year.¹¹⁴

During the payment stop, the King was pressured by all those who were affected by the impact on the credit market (individuals, foreign groups and various Castilian institutions), and also by several events (*e.g.*, the sack of Antwerp by his unpaid army). The government of Genoa pleaded for its bankers. In numerous complaints that were sent through the Genoese ambassador in Madrid, the government reminded Philip II of the harm that was caused on merchants and bankers in this Italian Republic which played such a crucial role for the Crown.¹¹⁵ A special embassy in July 1576 impressed upon the Crown the undesirable effects of a harsh settlement upon the Republic's internal stability.¹¹⁶ The demands from the Genoese government were explicitly mentioned in the document of *Medio General* that resolved the crisis in 1577.¹¹⁷

The Church also intervened. The Papal Nuncio reminded the King that many non-Genoese merchants were involved with the Genoese bankers – Spanish, Milanese, Florentine, Venetian, and others from every part of Italy. Should the Genoese collapse, they would take with them partners, large and small. The argument was made, not for the last time in history, of the poor widows and “honest” maids who had who had entrusted their dowries to the *asentistas* and were at great risk.

Contador Salablanca, of the Council of Finance, reminded the King that if he wished to exert an effective presence outside the peninsula the fairs had to be reinstated. Finally, even Nicolao de Grimaldo pleaded for some form of agreement, if only on an interim

¹¹⁴The sack of Antwerp by the unpaid Spanish troops, on 4 November 1576, seems to be a non-event for the negotiations.

¹¹⁵ AGS, CJH Libros, 42, f. 42v. Cédula, 25 May 1578.

¹¹⁶ Lovett (1977, p. 100).

¹¹⁷ AGS, CCGG, leg. 309. Medio General, 5 December 1577, fols. 3-4. Appendix. Document 14.

basis, so that he might placate his creditors.¹¹⁸ Institutions inside the realm (e.g., the Consulate of Burgos who represented the interests of the main businesses of the city) also insisted with the King that he should come to an agreement with the bankers.¹¹⁹ But Philip II preferred to be patient. He did not give up on his goal: get an agreement in the *Cortes* for higher ordinary taxes.

Parallel negotiations were conducted with the cities and with the bankers. For the bankers, the Crown created a commission that reviewed the sales of the collateral (*juros de resguardo*) by the bankers, and the position of each with the Crown. That commission reviewed all the *asientos* that had been signed since 14 November 1560: 296 contracts with 66 people (Nicolao de Grimaldo 35, Lucian Centurion 34, Lorenzo Spinola 32, and so on)¹²⁰. The balance of each active *asiento* was computed by bringing past payments to the current date with the standard interest rate of 12 percent.

In the early spring of 1577, The Crown and the bankers agreed on the amount of 15.2 million ducats.¹²¹ But settling with the bankers was not the main issue for Philip II, and he may have waited with the bankers until March 1577 because he was not rushed: progress in the *Cortes* was so slow. The squeeze had to go on. During the spring and the summer of 1575, before the *Decreto*, Philip II had prepared to grant a reduction of the *encabezamiento* (from the tripling in 1574) if the cities would grant the *servicio ordinario* and the *servicio extraordinario*. In the summer of 1577, he reiterated that the signing with bankers could not proceed as long as the cities did not agree to a tax increase. Juan Fernández de Espinosa, General Treasurer of Castile, sent instructions from the king to Mateo Vázquez, Secretary of Philip II, which demonstrate how the two issues, suspension of payments and increase of the *encabezamiento*, were linked:

¹¹⁸ Lovett (1977, p. 101).

¹¹⁹ AGS, CJH, leg. 151. Letter of Andrés de Cañas to Juan de Escobedo, (secretary of Philip II), 20 April 1576.

¹²⁰ Carlos Morales (2008, p. 166).

¹²¹ The larger part of the debt was not in unpaid arrears, but in repayments that were contractually scheduled for the future. From an examination of all the *asientos* that were initiated between 1570 and 1575 (and some before 1570), it appears that the total amount of the payments scheduled after 1575 exceeded 12 million ducats. Given the average maturity of these remaining liabilities, an approximate estimate of the present value of the scheduled repayments is about 10 million ducats. Arrears would then represent about 5 million ducats.

“Make sure that among the negotiators they have no power, occasion, or license to err in matters that are so important and so few, namely these two matters, the signing of the *Medio* (agreement with the bankers) and the *encabezamiento*.”¹²²

In a letter written on behalf of the King by his Secretary, the close relation between the two issues is repeated:

“Since you have sent me these reports on the matter of the *Medio General* and of the *encabezamiento*, I have examined and reflected with great care on the first and on the second. Both matters are important in the substance (...) and I hold each matter much dependent on the other.”¹²³

Finally, the cities relented. On 29 October 1577, a new *encabezamiento* was voted in the *Cortes*. In previous adjustments, increases had been roughly proportional across cities. But in 1577, the shares of some cities jumped up: Seville from 10.2 percent in 1557 to 17.5 percent in 1577, Toledo from 5.8 to 7.6 percent. Granada's share dropped from 9.2 to 5 percent. After the agreement on the *encabezamiento*, the voting on the *servicio extraordinario* (which was part of the ordinary taxes¹²⁴) was sped up and a final agreement was reached on November 16, 1577.

As the main issue was now resolved in the *Cortes*, the *Medio General* was signed with the bankers two weeks later, on 5 December 1577, under the same terms¹²⁵ as in the draft of March 1577. As the ceiling on the service of the *juros* was lifted, all the *asientos* were refinanced into *juros*. In the text of the *Medio General*, the King made it clear that in settling with the bankers, he was following the express wish of the cities:

“...and adding to all this the demand that was addressed with particular insistence about the same affairs by the delegates of the realm who are gathered in the *Cortes* that we are holding at the present time in Madrid.”¹²⁶

The same issue is addressed in a decree that was issued six months after the settlement:

¹²² IVDJ, Envío 22. Caja 33, TB 49, folio 98. Letter from Fernández de Espinosa to Mateo Vázquez, 11 August 1577. Appendix. Document 16.

¹²³ IVDJ, Envío 76, fols. 554-557. San Lorenzo del Escorial, 7 July 1577. Minutes of a letter written in name of Philip II by his secretary. Appendix. Document 17.

¹²⁴ Álvarez-Nogal and Chamley (2014).

¹²⁵ Some debt reduction took place in the text of the agreement. The evaluation of the actual debt reduction requires another study that would need to address at least two major issues. First, some of the redeemable *juros* were refinanced at a lower interest rate. Given the fragmented nature of the capital market for the *juros* that were tied to cities, the reduction of the rate on a *juro* was done by augmenting the capital, for an unchanged coupon, with the out option for the holder to cash the face value. The second issue is that the bankers who suffered a statutory loss on their *asientos* in the *Medio General*, received some compensations in the years after 1577, including clawback provisions in new *asientos*. The archives contain information but it is dispersed and difficult to trace.

¹²⁶ AGS, CCGG, leg. 309. Medio General, 5 December 1577, fols. 3-4. Appendix. Document 14.

“Given the pressing demands on this same issue by the ambassadors that were sent to us by the republic of Genoa and by the delegates in the Cortes, we ordered to settle with these business people (*personas de negocios*) the Medio General on December 5 in the past year.”¹²⁷

On 25 April 1578, Philip II consulted with the main cities and institutions on how to resume and solve the problems of the fairs.¹²⁸ The general response was that the 1575 suspension had caused enormous harm to trade.¹²⁹ After an interruption of three years, the fairs resumed on 28 October 1578, as ordered by a royal decree on 5 August 1578.¹³⁰ All the pending payments were made at that fair. However, the extended gap between 1575 and 1578 had a long-term impact on the fairs and they lost their role as central financial markets of Spain. Merchants and bankers had developed an incentive to issue letters of exchange *al uso* that could be paid at places other than Medina del Campo.¹³¹ Already before 1575, some letters had been written on the *feria* of Alcalá de Henares, which was closer to the royal court or even at Madrid (which had no fair).¹³² During the crisis of 1575-1577, the financial activities in Medina were gradually transferred to Madrid where many of the *asientos* had been negotiated before 1575 and where the government and the bankers resided. Not all these financial activities went back to Medina after 1578.

CONCLUSION

The analysis of the credit crisis 1575-1577, which is based on new archival material, is revealing on the structure of the Castilian credit market and throws light on the actions of Philip II and on his political relationship with the cities of Castile. The cities' relative autonomy limited the state's power and enabled them to bargain with the King. In some way, the involvement of the cities in the collection of revenues and the service of the domestic debt benefited the Crown because it enhanced the credibility of the debt and lowered its cost. But their fixed contributions, negotiated and voted in the *Cortes*, imposed a *de facto* ceiling on domestic public debt and on the ability of the King to refinance the short-term debt into long-term debt. The payment stop of 1575 was

¹²⁷ AGS, CJH Libros, 42, f. 42v. Copia cédula, Madrid, 25 May 1578. Appendix, document 15.

¹²⁸ Espejo and Paz (1908, pp. 269-272).

¹²⁹ Lapeyre (2008, pp. 447-48), Espejo and Paz (1908, pp. 94, 296 y 309).

¹³⁰ AGS, CCA, DIV, 48-6.

¹³¹ Lapeyre, (2008, p. 444).

¹³² Ruiz Martín (1987, pp. 281-282).

protracted because Philip II decided to remove that ceiling through a very large increase of the taxes and the cities resisted until the economic burden became too high.

By issuing the *Decreto*, Philip II could channel some of the Realm's upset against the Genoese bankers, but he protected them in practical situations. The numerous petitions to the King, the protection of the Genoese bankers against Castilian creditors, the reports of Philip II on the credit market before he became king, letters during the crisis, all these show that the "Prudent king" was aware that a large part of *asientos* were financed by the bankers' intermediation of credit and savings in Castile, and that the payment stop would put an economic squeeze on the *Cortes*. The King's eventual success was achieved at the economic cost for the Realm. The crisis was an early example of a struggle on the debt ceiling between an executive and a representative assembly.

APPENDIX 1

Table 1 Dates of the fairs of Medina del Campo (1556-1580)¹³³

Date of holding a fair	Number of fairs held	Name of the fairs that were held at that date		
2/1556	1	10/1555		
12/1556	1	5/1556		
2/1557	1	10/1556		
8/1557	1	5/1557		
12/1558	2	10/1557	5/1558	
4/1559	1	10/1558		
8/1560	1	5/1559		
12/1560	2	10/1559	5/1560	
8/1561	1	5/1561		
2/1562	1	10/1561		
8/1562	1	5/1562		
2/1563	1	10/1562		
10/1563	1	5/1563		
2/1564	1	10/1563		
10/1564	2	5/1564	10/1564	
2/1566	1	5/1565		
8/1566	1	10/1565		
4/1567	1	5/1566		
10/1567	1	10/1566		
10/1568	2	5/1567	5/1568	
6/1569	2	10/1567	10/1568	
12/1569	1	5/1569		
10/1570	1	10/1569		
12/1571	2	5/1570	5/1571	
4/1573	2	10/1570	10/1571	
10/1574	6	5, 10/1572	5, 10/1573	5, 10/1574
6/1575	1	5/1575		
10/1578	1	10/1578		
8/1579	1	5/1579		

¹³³ Each fair can be traced by a number of documents. The merchants and the bankers wrote contracts contingent on fairs that were named by their dates. If a fair was delayed, it was merged with a later fair but it kept its name (its scheduled date). Hence, some *asientos* may have been signed at a date posterior to payment dates. For example, the fair of May 1570 was delayed but kept its name. On 4 January 1572, Agustín Gentil signed an *asiento* with the promise to deliver 160 000 ducats "in the May fairs of 1570 and 1571 that are being held together now".

For May fair of Medina del Campo, the schedule for payments was between 15 July and 10 August. For the October fair, the payments were scheduled for December. The sources are not very accurate on the exact day of the beginning and the end of the fairs. We have put a unique month for the date of the fair, but a fair could be held over more than a month. We have references on the fair of May in 1560 but no information on the exact date of its holding. We do not yet have data on the fairs of May 1556 and October 1560.

2/1580	1	10/1579		
8/1580	1	5/1580		

Sources: AGC, CMC 2^a época, leg. 983. Constantin Gentil. Accounts since 1561 Lapeyre (2008, pp. 436 y 442), AGS, CJH, leg. 80. Copy of asiento with Nicolado de Grimaldo y Lorenzo Spinola, 1566. AGS, CJH, leg. 164. Cédula, 31 May 1574. Carlos Morales (2008, p. 112). Ulloa (1977, p. 776). Abed (1986, pp. 91-92). Hernández Esteve (2010, pp. 72 y 116, 121).

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