

Quantitative Easing Four Centuries Ago: Juan de Mariana's *De monetae mutatione* (1609)

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INTRODUCTION

Professor Donahue has repeatedly defined himself as a “text-based legal historian,” combining rigorous philological analysis of legal texts with careful analysis of the historical context from which these texts emerged. He is also firmly committed to the proposition shared by many legal historians that institutions and legal concepts change over time, rendering his research immune from anachronistic interpretations of historical texts.¹ At the same time, Professor Donahue has always seen in the close reading of texts and their contexts an excellent way of improving the dialogue between the past and the present, and, potentially, of offering historical insights to jurists involved in the solution of current issues. Therefore, this contribution will dwell on a particular text by Juan de Mariana (1535–1624), a Jesuit theologian, on monetary debasement (*De monetae mutatione*), an issue of not merely historical interest. While firmly rooted in a specific historical context that remains different from today's world, Mariana's concerns are echoed in today's economic and political debates about monetary policy which have been raging on both sides of the Atlantic in the wake of the recent sovereign debt crises.

1. E.g. Charles Donahue, “A Crisis of Law? Reflections on the Church and the Law over the Centuries,” *The Jurist* (2005), 3.

As a matter of fact, Mariana published this tract on the Spanish government's monetary policy in 1607, just two years after the fourth sovereign default of Spain in five decades. The historical context from which Mariana's text emerged, was a particular one, indeed. From the mid-sixteenth until the mid-seventeenth centuries, Spain was not only the dominant colonial empire, it also defaulted six times on its sovereign debt (1557, 1575, 1596, 1607, 1627, 1647), thus laying the basis of what has become a record eleven numbers of state bankruptcies in the preceding five centuries.² One of the favorite techniques used by the Spanish monarchs to overcome those crises was to expand the monetary basis, especially by devaluing the currency. While not entirely the same, some will find it fascinating to compare this technique with the modern use of quantitative easing (QE) and other unconventional monetary financing techniques to expand the monetary base.³

THE CONTEXT: SPANISH MONETARY POLICY IN TIMES OF CRISIS

A couple of words are needed to explain the historical context from which Mariana's tract on money emerged. Haunted by sovereign defaults and a real economy in decline, Spanish governments in the sixteenth and seventeenth centuries increasingly had recourse to monetary ways of financing the state budget, particularly by debasing the coinage. More specifically, Mariana reacted against King Philip III's repeated efforts to debase copper money (*vellón*) during the first decade of the seventeenth century, only shortly after the state bankruptcy of 1597 and after the king had introduced

2. Figures are based on C. M. Reinhart and K. S. Rogoff, *This Time is Different: A Panoramic View of Eight Centuries of Financial Crises*, NBER Working Paper Series, 13882 (March 2008), 20, available online at <http://www.nber.org/papers/w13882.pdf>.

3. Technically speaking, QE differs from currency debasement in several regards, for instance because it involves large-scale purchasing of sovereign bonds by a central bank, which did not even exist at the time of the Spanish empire. Practically speaking, though, the effects aimed at were more or less the same: expand the monetary basis, oppose a downward spiral of prices and alleviate the burden of excessive sovereign debt levels. For an introduction to QE, see M. Joyce et al., "Quantitative Easing and Unconventional Monetary Policy—An Introduction," *The Economic Journal: The Journal of the Royal Economic Society* 122 (November 2012), F271–F288.

the *vellón* in 1599.⁴ Those debasements increased the Crown's revenue by virtue of the mint fees, but they worsened the inflation of prices which had been rattling the Spanish economy for more than a century.⁵

There are several reasons why King Philip III introduced and subsequently altered copper money instead of gold or silver. First of all, Spain had almost run out of silver by spending it on the war against the independence of the Low Countries.⁶ More importantly, however, already back in the middle ages, the kings of Aragon and Castile had renounced their right to mint profits, the so-called seigniorage, on silver and gold coinage.⁷ In this regard, Spain was an anomaly in the widespread phenomenon of silver-coinage debasements in early-modern Europe. From 1497 to 1686, no debasement of Castilian and Aragonese silver and gold money occurred. Yet, the surrendering of mint fees did not apply to copper coinage. Accordingly, Philipp III introduced pure copper coins in 1599 and debased them by weight in 1602 to increase royal revenues from minting fees.

The result of the King's monetary policy for the circulation of money can be aptly summarized through Gresham's law that bad money drives out the good. What little remained of silver and gold coinage was exported to foreign countries, while Spain was inundated by cheap *vellones* and foreign debased silver. Purchasing power decreased severely, the real economy was devastated. In 1607, Spain defaulted again.⁸

4. J. H. Munro, ed., *Money in the Pre-Industrial World: Bullion, Debasements and Coin Substitutes* (London: Pickering & Chatto, 2012), 7–8, <http://www.economics.utoronto.ca/munro5/IntroductionMoneyPre-IndustrialWorld.pdf>. The historical facts in this section are entirely borrowed from John Munro's work.

5. On the explanation of the "price revolution" in sixteenth-century Europe, see above.

6. M. North, *Das Geld und seine Geschichte: Vom Mittelalter bis zur Gegenwart* (1994), 98.

7. Munro, *Money in the Pre-Industrial World*, 7 and idem, "Money, Prices, Wages, and "Profit Inflation" in Spain, the Southern Netherlands, and England during the Price Revolution Era: ca. 1520–ca. 1650," *História e Economia: Revista Interdisciplinar* 4 (2008), 43–44, <http://www.economics.utoronto.ca/munro5/HistoriaEconomiaProfitInflation.pdf>.

8. North, *Das Geld und seine Geschichte*, 98.

THE TEXT: JUAN DE MARIANA
AGAINST MONETARY DEBASEMENT⁹

A “learned extremist”?

Upon its publication in 1609, Juan de Mariana’s *De monetae mutatione* stirred immediate controversy and made him subject to prosecution for high treason (*laesio maiestatis*). Even though Mariana managed to avoid punishment, he was held in custody in Madrid and Rome for a while and he was also urged to modify offensive passages in his treatise.¹⁰ In the meantime, Pope Paul V put the first edition of *De monetae mutatione* on the Spanish Index of prohibited books. Moreover, state officials took almost all extant copies out of circulation.¹¹ This may help explain why Mariana’s ideas on money have received relatively scarce attention in the past, despite the abundant literature on his political ideas as expressed in the tract *De rege et regis institutione* (1599).¹² If anything, the episode following the publication of his treatise on monetary debasement seems to add further weight to the popular notion, circulated even by Bluntschli in his *Deutsches Staatswörterbuch*, that Mariana was nothing but an infamous Jesuit proponent

9. The material in this section has previously been published in my “Spanish Scholastics on Money and Credit,” in D. Fox and W. Ernst, ed., *Money in the Western Legal Tradition: Middle Ages to Bretton Woods* (Oxford, Oxford University Press, 2016), 267–283, namely 272–277.

10. G. Lewy, *Constitutionalism and Statecraft during the Golden Age of Spain. A Study of the Political Philosophy of Juan de Mariana S.J.* (Geneva: E. Droz 1960), 31.

11. J. Falzberger, ed. and trans., *Juan de Mariana: De monetae mutatione* (1609), *Über die Münzveränderung* (1996), i–ii. Unless indicated otherwise, this is the modern Latin edition which we used for this investigation. It is also worthwhile mentioning that an English translation of *De monetae mutatione* with annotations has been provided by Patrick T. Brannan in S. J. Grabill, *Sourcebook in Late-Scholastic Monetary Theory: The Contributions of Martín de Azpilcueta, Luis de Molina S.J., and Juan de Mariana S.J.* (Lanham, Md.: Lexington Books, 2007), 248–327.

12. The most recent standard work on Mariana’s political thought is H. E. Braun, *Juan de Mariana and Early Modern Spanish Political Thought* (Aldershot: Ashgate, 2007), including references to further literature. An autonomous study of Mariana’s *De monetae mutatione* which remains valuable is J. Laures, *The Political Economy of Juan de Mariana* (New York: Fordham University Press, 1928), <http://mises.org/books/mariana.pdf>.

of tyrannicide.¹³ Though this notion has rightly been rejected as untrue by modern scholars such as Harald Braun,¹⁴ Mariana was a fearless thinker, indeed, who did not spare his criticism for the Spanish monarchs Philip II and his successor. In assessing Mariana's liberal economic ideas, Murray Rothbard even called him a "learned extremist."¹⁵

Medieval constitutionalist ideas

Mariana's tract on monetary debasement is an illustration of the political dimension inherent in scholastic monetary thought. This was not something new. The connection between coinage debasement and political ideas on representation was already at the heart of medieval canon lawyers' discussion of money.¹⁶ In the late medieval period, an influential analogy was established between the kings' conditional power to tax, viz. with the consent of the people, and his power to alter money. Through the work of Nicolas Oresme (c. 1320–1382) and Gabriel Biel (c. 1420–1495), the idea gained ground that money is not the property of the prince alone, as Thomas Aquinas had argued, but of the entire community.¹⁷ Hence, the consent of the representatives of the community was required before a ruler could

13. The "making of Mariana's notoriety" is critically discussed in Braun, *Juan de Mariana and Early Modern Spanish Political Thought*, 7–11. In his introductory note to the translation of Mariana's *De monetae mutatione* in Grabill, *Sourcebook in Late-Scholastic Monetary Theory*, 242. Alejandro Chafuen rightly points out that, despite rumors to the contrary, the French king Henry IV's assassin had never heard of Mariana.

14. Braun, *Juan de Mariana and Early Modern Spanish Political Thought*, 80–91, also reviewed by P. Williams, see: <http://www.history.ac.uk/reviews/review/647>.

15. M. N. Rothbard, *An Austrian Perspective on the History of Economic Thought*. Vol. 1: *Economic Thought Before Adam Smith* (Aldershot: Elgar, 1995), 117, <http://library.mises.org/books/Murray%20N%20Rothbard/Austrian%20Perspective%20on%20the%20History%20of%20Economic%20Thought.pdf>.

16. See Andreas Thier's contribution on the canon law of money in Fox and Ernst, *Money in the Western Legal Tradition*.

17. H. Mäkelä, "Nicolas Oresme und Gabriel Biel. Zur Geldtheorie im späten Mittelalter," *Scripta Mercaturae. Zeitschrift für Wirtschafts- und Sozialgeschichte* 37 (2003), 56, <http://www.hendrik.maekeler.eu/oresme-biel.pdf>. For further explanation of Oresme's and Biel's monetary theories, see the contributions by Fabian Wittreck and Stefan Kötz in this volume.

debase the coinage.¹⁸ It would seem that Mariana pushed these medieval constitutionalist ideas to their radical conclusion.¹⁹ At the outset of his treatise on money, Mariana dealt with three questions that are indicative of the close connection between coinage debasement, constitutionalist political ideas, and taxation: 1) Is the king the owner of the goods which his subjects possess? (*num rex sit dominus bonorum quae subditi possident*); 2) Is it allowed for the king to impose taxes on his subjects without their consent? (*an rex possit tributa subditis imperare non consentientibus*); 3) Is it allowed for the king to debase the money after the weight or quality have been altered without consulting the people? (*num rex monetam vitiare possit pondere aut bonitate mutatis populo inconsulto*).²⁰

Historical evidence

Confronted with the financial plight caused by Philip III's reckless fiscal measures, Mariana wished to assume responsibility and address himself to the king and his counselors. They should not be surprised if, suddenly, an audacious individual like him stood up and wrote to the king about the misery which his subjects suffered and resented in silence.²¹ Mariana cynically observed that there had been those who had warned—in vain—against the alteration of money, since they were more cautious by virtue of their historical consciousness and knowledge of past evils (*ex memoria prae-*

18. On the medieval origins of this debate, see P. Spufford, "Assemblies of Estates, Taxation and Control of Coinage in Medieval Europe," in *Etudes présentées à la Commission internationale pour l'histoire des assemblées d'Etats* 31 (1966), also cited by Thier in this volume.

19. Incidentally, this is a widespread evaluation of Mariana's political thought in general reached by scholars who studied his tract *De rege*, e.g. J. Fernández Santamaría, *Reason of State and Statecraft in Spanish Political Thought* (Lanham, Md.: University Press of America, 1983). Against this current, Braun, *Juan de Mariana and Early Modern Spanish Political Thought*, xii stresses that Mariana's political thought is too much indebted to an altogether pessimistic, Augustinian view of man to be called radically constitutionalist.

20. Falzberger, *Juan de Mariana: De monetarum mutatione* (1609), 2.

21. Falzberger, *Juan de Mariana: De monetarum mutatione* (1609), praefatio, 10. The human misery ensuing from this financial catastrophe is reflected in the Spanish literature of the time, see E. Vilches, *New World Gold: Cultural Anxiety and Monetary Disorder in Early Modern Spain* (Chicago: University of Chicago Press, 2010), containing an interesting treatment of Mariana's *De monetarum mutatione* on 258–264.

teriti temporis et malorum ex eo cautiores).²² Hardly, if ever, did debasements of coinage not turn out to be detrimental to the community (*vix umquam pecuniam in peius mutari nisi reipublicae malo*).²³ Mariana's critique, then, was firmly rooted in historical experience, which may be considered as a typical feature of his humanist spirit.²⁴ Mariana was famous for his critical historical scholarship, although it was certainly not free from partisan tendencies in questions regarding the relation of secular and ecclesiastical authorities or claims to succession of the crown.²⁵ His *History of Spain* (*Historiae de rebus Hispaniae*), published in 1592, remained a reference work up to the eighteenth century and earned him the names of the Spanish Thucydides or the Spanish Tacitus.²⁶ In the manner of those great classical authors, Mariana offered a critical account of the mechanisms of princely politics through the mirror of history. In his eyes, history was a mute teacher of the uses and abuses of power and a warning for the future.

Against political absolutism

The thrust of Mariana's answer to the three above-mentioned questions was to polemicize against political absolutism. He showed himself a staunch defender of private property and limited government, much in the spirit of jurists such as Arias Piñel (1515–1563).²⁷ Power is bound by certain limits (*potestatis certi quidam fines sunt*).²⁸ The unrestrained exercise of power is

22. Falzberger, *Juan de Mariana: De monetae mutatione* (1609), argumentum, 6.

23. Falzberger, *Juan de Mariana: De monetae mutatione* (1609), argumentum, 8.

24. Compare R. W. Truman, *Spanish Treatises on Government, Society and Religion in the Time of Philip II. The "de regimine principum" and Associated Traditions* (Leiden: Brill, 1999), 322.

25. P. Linehan, *History and the Historians of Medieval Spain* (Oxford: Clarendon Press, 1993), 7 and 407.

26. Braun, *Juan de Mariana and Early Modern Spanish Political Thought*, 2–3.

27. See Decock, *Theologians and Contract Law: The Moral Transformation of the Ius Commune* (c. 1500–1650) (Leiden: M. Nijhoff, 2012), 568–569. The defense of private property against absolutist claims by the crown appears to have been generalized among Spanish jurists of the early modern period; see H. Kamen, *Una sociedad conflictiva: España, 1469–1714* (Madrid: Alianza, 1994), 244, and J. Fernández-Santamaría, *Natural Law, Constitutionalism, Reason of State, and War. Counter-Reformation Spanish Political Thought*, (New York: Peter Lang, 2005–6), 1,349–392.

28. Falzberger, *Juan de Mariana: De monetae mutatione* (1609), cap. 1, 16.

the sign of a tyrant (*tyranni id proprium est nullis finibus coercere imperium*).²⁹ The authority to govern the people does not grant a ruler the power to submit his subjects' goods to his judgment and steal them.³⁰ Mariana adduced the authority of the Roman and canon legal tradition to bolster his argument that kings are prohibited to enact laws without consulting their subjects if those laws are burdensome for the people.³¹ Accordingly, in answering the question whether a prince can tax his subjects without their consent, Mariana repeated the idea that

the private goods of the citizens are not left to the arbitrary will of the king. Consequently, he must not take away all or part of them unless that is the will of those who are the legal owners of those goods. Moreover, if, as the jurists wisely say, the king cannot make laws that are pernicious to private citizens without their consent, then he cannot occupy a part of their goods by creating and imposing new taxes.³²

No taxation without representation

From the assumption that monetary debasement is a form of taxation, Mariana could easily derive that the king could not alter the money but

29. Falzberger, *Juan de Mariana: De monetae mutatione* (1609), cap. 1, 20.

30. Falzberger, *Juan de Mariana: De monetae mutatione* (1609), cap. 1, 18.

31. Falzberger, *Juan de Mariana: De monetae mutatione* (1609), cap. 1, 18, l. 18–22: “Ita iureconsultorum communis sententia est (quam explicant in cod. Si contra ius vel utilitatem publicam, lege ultima, affertque eam Panormitanus cap. Quanto / De iureiurando), Reges sine consensu populi nihil posse in subditorum detrimentum sancire.”

The reference to “cod. Si contra ius” in the Latin text has erroneously been interpreted as a reference to the *Nueva Recopilación* and commentaries on this Spanish compilation of laws in Falzberger, *Juan de Mariana: De monetae mutatione* (1609), 158 and also in Grabill, *Sourcebook in Late-Scholastic Monetary Theory*, 306. In fact, the passage refers to C. 1,22,6 from Justinian's Code.

32. Falzberger, *Juan de Mariana: De monetae mutatione* (1609), cap. 2, 26, l. 1–6: “Id satis confirmat, quod paulo ante dicebamus, in Regis arbitrio non esse privata civium bona. Non ergo aut universa aut partem decerpit nisi ex eorum voluntate, quorum in iure sunt. Praeterea si ex iureconsultorum oraculo nihil Rex potest statuere in privatorum perniciem iis recusantibus, non poterit bonorum partem occupare novo tributo excogitato et imposito.”

on condition that the people agreed:³³ “If the prince cannot impose taxes against the will of the people, then neither can he institute monopolies or make new profits out of debased money against their will.” In Mariana’s opinion, “all those tricks, under whatever guise they come, are geared towards one and the same unlawful end, namely to weigh to oppress the people with new burdens and to amass money.”³⁴ In making this argument, Mariana drew heavily on the canon law tradition. His plea against King Philip III’s monetary policy abounds with references to the commentaries on title *De iureiurando*, canon *Quanto personam tuam* (X 2.24.18), which was the *sedes materiae* for the canonists’ discussion of monetary debasement. Innocent IV, Cardinal Hostiensis, and Abbas Panormitanus figure among Mariana’s favorite authorities. In fact, the decretal *Quanto personam tuam* found its origin in a confrontation between Pope Innocent III and the king of Aragon in the late twelfth century.³⁵ As Mariana deemed worthwhile recalling, Innocent III had invalidated the oath by which James, King of Aragon, promised to preserve the debased coinage minted by Peter II, his father, since the consent of the people was lacking among other reasons.³⁶ He further admonished that under Ferdinand II of Aragon and Philip II laws concerning money had always been passed in popular assemblies representing the people, namely the *cortes*.³⁷

33. Falzberger, *Juan de Mariana: De monetae mutatione* (1609), cap. 3, 34, l. 13–16: “Quod si Princeps subditis tributa imperare non potest invitis neque rerum venalium monopolia instituere, non poterit ex moneta adulterata novum lucrum captare.”

34. Falzberger, *Juan de Mariana: De monetae mutatione* (1609), cap. 3, 36, l. 8–10: “Artes hae omnes quacumque simulatione eodem omnes pertinent, ad gravandum populum novis oneribus et pecuniam corradendam, quod non licet.”

35. For details, see D. Smith, *Innocent III and the Crown of Aragon: The Limits of Papal Authority* (Burlington, Vt.: Ashgate, 2004), 24–26, also quoted by Thier. It is worthwhile noticing that Pope Innocent III’s decretal remained a point of reference in discussions on monetary debasement in the early modern period, not only in the works of theologians and canonists, but also for instance in the work of the Swiss jurist Melchior Goldast (1576–1635), cf. *Catholicon rei monetariae sive leges monarchicae generales de rebus nummariis et pecuniariis* (Frankfurt, 1620), tit. 33, 104–105.

36. Falzberger, *Juan de Mariana: De monetae mutatione* (1609), cap. 3, 34.

37. Falzberger, *Juan de Mariana: De monetae mutatione* (1609), cap. 3, 36. It has been pointed out by other scholars that Mariana’s political thought was naturally conservative and resisting innovation. His conception of legitimate government action relied on history, custom and “the ways of our ancestors,” see H. Höfl, *Jesuit Political Thought. The Society of Jesus and the State, c. 1540–1630* (Cambridge, Cambridge University Press, 2004), 242.

Need for a stable currency

Having laid down the fundamental legal and political principles by which Philip III's alteration of copper money should be judged, Mariana went on to discuss the more technical and economic aspects of the alteration of money. On the theoretical side, his ideas were often influenced by Aristotle and by Reiner Budel (†1530), a jurist in the service of the Duke of Bavaria whose work *De monetis* appeared in 1591 in Cologne.³⁸ Chapter four of Mariana's tract dealt with the distinction between the legal, or extrinsic, and the natural, or intrinsic, value of money by analogy with the legal and the natural price of a good. Our Jesuit thought that in a well-ordered society the king's administrators made sure that those values coincided as much as possible, but he regretted to find that the opposite policy was practiced in Spain in his time: by having the legal value of copper money largely exceed its natural value, the king temporarily enriched the royal treasure, but created the conditions for financial disaster in the long run.³⁹ In chapter five, dedicated to money, weights and measures as the foundations of the economy (*commercii fundamenta*), Mariana highlighted the role of money as a unit of account, and, hence, the need for a stable currency:⁴⁰ "Just as the foundations of brick buildings must remain firm and stable, weights, measures and money cannot be altered without risk or damage to the economy." Mariana praised the example of the ounce, a unit of weight which had remained unchanged in Spain since Roman times. He dealt with this subject more extensively in his popular work *De ponderibus et mensuris*, published in 1599.

Gresham's law

Historians of economic thought will appreciate Mariana's lucid analysis in chapter nine of the phenomenon whereby "bad money drives out the good,"

38. Scant biographical notices on Budel are contained in Falzberger, *Juan de Mariana: De monetarum mutatione* (1609) (1996), 162.

39. Falzberger, *Juan de Mariana: De monetarum mutatione* (1609), cap. 4, 38 and 42.

40. Falzberger, *Juan de Mariana: De monetarum mutatione* (1609), cap. 5, 46, l. 7–10: "Quae eo pertinent ut sit omnibus persuasum, uti in structuris fundamenta immota manent et intacta, non secus pondera, mensuras, pecuniam sine periculo non moveri et commercii detrimento."

known as “Gresham’s law” after the name of the English businessman Thomas Gresham (c. 1519–1579), but actually observed already by Oresme.⁴¹ The truth and reality is, according to Mariana, that “when copper is very abundant, silver radically disappears among the citizens, and this should be numbered among the major disadvantages.”⁴² Our Jesuit goes on to explain why this happens:⁴³ “The silver flows into the royal treasure, since the king orders citizens to pay their taxes in that coinage. The silver money does not return to circulation, since the king himself pays his debts, if any, to his subjects in copper coinage. Indeed, it is easy to pay with copper and there will be plenty of it, while he will export the silver. Whatever remains of the silver among the citizens disappears, since all first spend the copper coinage while hiding the silver, unless necessity forces them to produce the silver.” Apart from this economic disadvantage, though, what mattered even more to Mariana was the unlawful character of King Philip’s alteration of the copper money.

Monetary debasement as robbery

Among many other disadvantages of monetary debasement discussed in chapter ten, Mariana rehearsed the principal objection already raised at the beginning of his tract: it goes against reason and natural law (*cum recta ratione et cum naturae ipsius legibus pugnat*). The following quote summarized Mariana’s major objection against the alteration of money:

41. For critical observations regarding both the history and validity of “Gresham’s law,” see R. Mundell, “Uses and Abuses of Gresham’s Law in the History of Money,” *Zagreb Journal of Economics* 2 (1998), <http://www.columbia.edu/~ram15/grash.html>.

42. Falzberger, *Juan de Mariana: De monetae mutatione* (1609), cap. 9, 82–84: “Verum ut fateamur, quod res est: aeris quando copia nimia est, argentum certe inter cives evanescit et perit, quod in praecipuis incommidis debet numerari.”

43. Falzberger, *Juan de Mariana: De monetae mutatione* (1609), cap. 9, 84: “Nempe in regium aerarium confluit argentum, quoniam tributa in ea moneta solvi mandat, neque in orbem recurrit, quoniam ipse, si quid subditis debet, aerea moneta satisfacit, cuius facultas magna et copia erit, argentum per eum ad externos deferetur. Sed et quod argentum inter cives manet, disparet cunctis prius aeream monetam expendentibus, recondentibus argenteam, nisi re necessaria cogantur illam proferre.”

It is not up to the king to rush upon his subjects' goods to snatch them away from their rightful owners according to his will. Look: would a prince be allowed to break into his subjects' granaries, take half of the grain stored there for himself, and by way of compensation let the owners to sell the remainder at the same price as the original whole? I do not think that there would be anyone so preposterous as to condone such an act. But that is precisely what happened with the old copper coins.⁴⁴

Beneath the sarcasm lay the central message of Mariana's *De monetae mutatione*: debasing the *vellones* without the consent of the people was a form of disguised robbery which violated the natural rights of the citizens. It should be mentioned, though, that our Jesuit did not limit himself to a scathing deconstruction of King Philip III's monetary policy. In the last three chapters of his tract, he did his best to suggest alternative ways to fill the royal treasury and to revive the Spanish economy.

CONCLUDING REMARKS

Mariana's text was an audacious attempt to tackle one of the big issues in economic and monetary policy of his time. In Mariana's treatment we witness the close interconnectedness between economic, legal and political arguments. Mariana rebuked the debasement of the currency by King Philip III on the grounds that it violated the fundamental rights of the people. In his view, altering the currency required the approval of the citizens, just as levying taxes. Otherwise, monetary debasement risked to be a disguised form of robbery. Apart from historical experience, Mariana adduced arguments from canon law to oppose King Philip III's monetary debasement. As many economists would have predicted, the cure was mostly worse than the disease. In resorting to techniques of monetary financing without solving the underlying economic problems, the Spanish monarchs temporarily

44. Falzberger, *Juan de Mariana: De monetae mutatione* (1609), cap. 10, 92, l. 10–16: "In regis arbitrio non esse in subditorum bona involare, ut ea pro voluntate dominis legitimis detrahat. Nunc age: an liceat Principi in horrea singula irrumpere, dimidium frumenti reconditi sibi sumere, nocumentum compensare facultate dominis lata vendendi, quod relinquitur, quanti integrum cumulum ante? Non arbitror fore tam praepostero iudicio hominem, qui factum excusaret. At in moneta aerea vetere hoc ipsum est factum."

ended one crisis but prepared the next. This was precisely the point which Juan de Mariana wished to make. Whether this means that Mariana's critique on currency debasement can be read as an outright rejection of today's quantitative easing policies, is another question. At least, it puts the arguments used by opponents of unconventional monetary policies used by governments in the latest sovereign debt crisis into perspective.

