

# Reexamining an *asiento* between Philip II of Spain and Tomás Fiesco

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## Abstract

The *asiento* between Philip II of Spain and Tomás Fiesco (April 3, 1591) is a textbook contract for steady monthly disbursements (*mesadas*) towards the army of Flanders in foreign currency (escudos), and reimbursements by the Crown in domestic currency (ducats). This *asiento* is also the main verifiable evidence in Drelichman and Voth (2015), “Risk sharing with the monarch: contingent debt and excusable defaults in the age of Philip II, 1556-1598.” We analyze the contract in our text-based method, with a complete transcription and translation of more than half of the contract for the reader. There is in the contract no contingent debt, excusable default or penalty. An option enables the king, presumably after good news upon the arrival of the fleet, to reduce, with no penalty whatsoever, the size of the contract (both receipts and payments by the Crown, *pari passu*). The interest charge was of 1 percent per month in domestic currency (ducats), as in other contracts. Special attention is devoted to the exchange rate that played a critical role in the contract’s profitability. It was set at the signature of the contract, and according to some market evidence, with a commission of 4.4 percent.

Key words: contingent debt contract, sovereign debt, exchange rate, asientos, juros, archival documents..

JEL classification: N01, N13, N23, N43.

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## Introduction

Sovereign debt can be state-contingent in two distinct ways, implicit and explicit. In the first, debt can be reduced as a deviation from the terms of the contract, when the debtor is affected by an adverse shock. Such debt reductions may not affect the credibility of the borrower when the contract is signed with an implicit clause that can be activated when the cause for the debt reduction is observed by the lender (Grossman and Van Huyck, 1988). In the second type, the contingency is stated explicitly in the contract (Lucas and Stokey, 1983), and a debt reduction proceeds along the terms of the contract. Although the idea of state-contingent debt contracts has some obvious appeal, especially for countries subject to large shocks, it is rarely observed (Griffith-Jones and Sharma, 2006).<sup>3</sup> As

In this context, Drelichman and Voth (2015), hereafter DV, make the surprising claim “why did a sixteenth century monarch and his financiers succeed where modern states and investment banks fail?”<sup>4</sup> and they find contingency clauses in 270 of the 393 contracts they analyze. DV do recognize five types of contingency clauses: two of them are “actually options” for the king to “delay payments, usually in exchange for some penalty,” or for the banker “to be paid in *juros* ahead of the loan maturity date.”<sup>5</sup> Such options are not contingent debt in the sense that was previously discussed. As sole verifiable evidence for their claims, they present an *asiento* that was signed by Tomás Fiesco (hereafter TF) on April 3, 1591 that “showcases how multiple contingent clauses could be used to provide insurance for both king and bankers under a variety of scenarios.”<sup>6</sup>

We have read the contract and we have a different interpretation, which can be verified by the reader in the transcription of the entire contract (24 pages), and the translation of its first 14 pages.<sup>7</sup> Among other issues, the main contingent clause seems to have been misinterpreted by DV. They claim that if the fleet arrives and the king does not pay a contractual amount at that time, he has to suffer a heavy penalty. It seems strange that in this event, which is good news, a special penalty should be needed for enforcement. In fact, the actual clause makes more sense: it states that in this

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<sup>3</sup> The large literature on state-contingent defaults and debt cannot be referenced here.

<sup>4</sup> DV (2015), p. 50.

<sup>5</sup> DV (2015), p. 57.

<sup>6</sup> DV (2015), p. 58.

<sup>7</sup> The last 10 pages are not relevant for the present discussion. The complete transcription of the contract is available on line at [chamley.net/castile](http://chamley.net/castile).

good event, the king may choose to reduce the size of the contract: both the disbursements by TF and the payments by the king are reduced in equal amounts with no penalty.

The contract shares some features with the Maluenda contract that was signed in July 1595, and that we have previously analyzed in great details.<sup>8</sup> Both contracts have an option according to which the lender may choose to be repaid by the proceeds of his sales of *juros* on behalf of the Crown. Such a clause was a cost-saving mechanism to refinance unfunded debt into funded debt, at a lower interest, when the *asentistas* were the moneymen of the time<sup>9</sup> for many financial transactions, including *juros*. Our previous analysis, based on the attachments of the Maluenda contract, focused on the details of this procedure.

Using these attachments, we reported the accountants' computations for the interest charges when payments on the silver from the fleet were delayed. The standard rate was one percent per month and the interests were pro rated up to the exact payment days by the Crown. The Fiesco contract contains a similar clause on the payment that is related to the fleet (here when the fleet does not arrive and other sources of payments have to be found). The rate is also one percent per month, which is standard for *asientos* at the time. We will show that this rate also applies for the entire credit part of the Fiesco *asiento*. Therefore, such an interest rate cannot be called a "penalty" as it is done repeatedly by DV.<sup>10</sup> As the monthly rate is standard for unfunded debt, such clause does not affect the principal of the debt and it is not relevant in a discussion of contingent debt.

Our claim that the overall contract has an interest rate of one percent may be surprising low in view of the much higher values that are provided by DV. Their method is to reduce the contract to a sequence of net cash flows (Table 2, p. 59) that would go back and forth between the two parties. Some of the numbers, which can be subject to errors of date, are in fact not in the contract and depend heavily on a critical assumption about the exchange rate, which is not discussed by DV.

The Fiesco *asiento* is complementary of the Maluenda *asiento*: Both contracts deliver to the Crown a stream of equal monthly payments, *mesadas*; In the Maluenda contract, both the disbursements from the *asientista* and the repayments by the Crown were in ducats. In the Fiesco contract, disbursements to the army in Flanders are made in Italian escudos, and repayments in Castilian ducats. Our text-based method emphasizes the importance of the exchange between two currencies. The first important task of the contract, on its third page, is the conversion of the total amount of

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<sup>8</sup> Álvarez-Nogal and Chamley, hereafter ANC, (2015).

<sup>9</sup> The merchant-bankers were the equivalent of the moneymen in 18<sup>th</sup> century England (Dickson, 1965).

<sup>10</sup> DV (2015), p. 57, 58, 59.

disbursements from escudos into ducats in order to compute the Crown's liability. After this conversion, all operations, including the interests, are in ducats. The rate of exchange from the escudo to ducats is stated in the contract. This rate is higher than the market rate at the signature of the contract and the margin between the two may have been an important source of profit, possibly the main one.<sup>11</sup> DV do not present their assumption about the market exchange rate and the margin of the banker on the exchange. Their presentation of the cash flow requires a margin of 16 percent, which is more than twice the standard at the time. We discuss explicitly our sources, according to which the *ex ante* margin of TF was a little more than 4 percent.

## The structure of the contract

The Fiesco *asiento*, as the Maluenda *asiento*, which we analyzed previously,<sup>12</sup> provides Philip II with a *mesada*,<sup>13</sup> a constant stream of monthly cash deliveries for an army operation. Its overall structure is presented in Table 1. The first one and a half of the 24 pages specifies that TF has to make a higher payment of 61,500 escudos in April of 1591, to be followed by eight equal monthly disbursements, *mesadas*, of 26,500 escudos each, until the end of January 1592. The steady disbursements were important for the pay of the army of Flanders. Although the time schedule of these disbursements was fixed, their places of delivery could be chosen by TF. In the total of 300,000 escudos, 200,000 escudos had to be disbursed in Flanders (Antwerp, Dunkirk, Lille, Namur), 100,000 escudos in Burgundy (Besançon, Gray), or Savoy (Chambery, Monluel), or in the four previously mentioned places in Flanders (bottom of page 1 of the contract).

The disbursements had to be made by TF in the currency that is standard for the army of Flanders, the Italian escudo. The payments by the Crown to TF were made from revenues in Castile, in ducats. Therefore, after describing the disbursements in escudos, the contract immediately converted them, at some specific exchange rate, into ducats in order to establish the obligations of the Crown.

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<sup>11</sup> Of course, the merchant-banker need not to transport funds physically. Giro transfers had been known for centuries.

<sup>12</sup> ANC (2016).

<sup>13</sup> On the *mesadas*, see Ulloa, Thompson, Ruiz Martín and Carlos Morales.

Table 1. The structure of the contract with Tomás Fiesco (3/4/1591)<sup>14</sup>

1	2	3	
Pages	Description	Amount	Date
1-2	10 disbursements, 61,500 escudos in April and 26,500 monthly thereafter	300,00 escudos	
2	conversion into ducats: 1 escudo=425 mrs (1 ducat=375 mrs)	340,000 ducats (127,500,000 mrs) at the contract exchange rate each disbursement of 26,500 escudos=30,033 ducats at the exchange rate of the contract	
3-4	first two payments by the Crown in 4/91 and 5/91, guarantees for payments	79,733 ducats = first two disbursements	4-5/91
Credit part of the contract for 8x30,033= 240,266 ducats Payments by the Crown in units of 30,033 ducats			
4-5	First repayment of 30,033	30,033	latest 12/91
6-9	contingent clause: option for the Crown: - if fleet arrives, Crown either pays or drop payment and disbursement of three units - If fleet does not arrive, monthly interest of 1% on the three units	three units of 30,033=91,100  ducats	10/91
10-11	payment of a unit, description of revenues to be collected, guarantees ditto	30,033 30,033	11/91 5/92
11-12	ditto ditto	30,033 30,033	10/92 11/92
12	summary of all the payments	340,000 ducats	
12-13	lump-sum payment for interest	11,936	12/91
14-15	option for TF to sell juros	maximum 100,000 escudos	
16-24	...	...	...

<sup>14</sup> We write “disbursements” for payments by TF, and “payments” for payments by the Crown.

## The exchange rate and the commission for the exchange

On page 2 (item (a) in the Appendix), the contract converts the total disbursements, 300,000 escudos, in maravedis (p. 2, item (a)), thereafter mrs, at the rate of 425 mrs per escudo, for a total of 127,500,000 mrs.<sup>15</sup> No estimate of the profitability of the contract can be done without comparing the rates of exchange in the contract and in the market.

The contract states that the disbursements by Fiesco have to be made in escudos of 57 patards that are equivalent to 114 *gruesos*.<sup>16</sup> Table 2 presents the data of Lapeyre (1955) on the exchange rate between Medina del Campo and Antwerp, a city close to the places of disbursement of the *asiento*. The dates are set in coordination with the fairs of Medina del Campo.<sup>17</sup>

Table 2. Exchange rate between Medina del Campo and Antwerp

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

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

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

<sup>15</sup> To simplify the presentation, we convert all mrs into ducats: one ducat = 375 mrs.

<sup>16</sup> One patard=2 *gruesos* (Lonchay, 'Etude', p. 1012).

<sup>17</sup> At that time, many financial contracts were contingent on the dates of commercial fairs, which acted like clocks for the contracts (see ANC, 2016).

Table 2 shows that after the signature of the contract, the exchange rate could fluctuate. Below a rate of 101, the merchant-banker loses on the exchange (Column 6). In the year 1592, the only payments were from the Crown to TF in May, October and November, each for one tenth of the contract, 30,033 ducats (Table 3). For the closest fairs, the *ex post* margin between the contract and the market was around 10 % (June) and 14% (October and November).

## Transfer and debt

After page 2 of the contract, all the numbers are about the payments by the Crown to TF, and they are in mrs. Following the description of the payments by the Crown on the principal, the contract repeats, on p. 12, that the sum of these payments is equal to the principal of 127,500,000 mrs. That summary is followed immediately by the statement of a lump-sum payment for the interest. (There will be some additional interest to be discussed later). In order to evaluate the interest rate on the overall contract, we have presented the details of the contractual payment schedules in Table 3.

As in the Maluenda contract, the Crown makes upfront payments for the first two disbursements in Flanders. The first one of 75,000 ducats (i.e., 28,125,000 mrs) is set on the top of page 3, item (a),<sup>18</sup> “without delay whatsoever.” It exceeds the first disbursement of 69,700 ducats, which is made in the same month, by 5,300 ducats. At the end of April 1591, the Crown has a credit of 5,300 ducats. The second payment by the Crown (24,733 ducats) is set at the end of May. The sum of this payment and of the 5,300 ducats credit is equal to the disbursement of 30,033 ducats that TF has to make at the end of May. The contract insists (item (b) on page 3) that the 24,733 ducats have to be made at the end of May and not later.<sup>19</sup> Hence, the first two disbursements by TF are paid by simultaneous and equal transfers from the Crown. In the total of 340,000 ducats, the lending part of the contract amounts to 240,000 ducats.

These 240,000 ducats are equal to the eight *mesadas* between June 91 and January 92, each of 30,033 ducats (at the exchange rate of the contract). The Crown’s repayments are stated in these units, which are the same as the disbursements by TF, at the exchange rate of the contract. The transcription of the contract in the Appendix is annotated with these units since each of them is treated separately in the contract, except for the payment in the Fall of 1591 that is related to the arrival of the fleet and that bunches exactly three units together. We skip the pages 4 and 5 on the description of the first unit to be paid not later than at the end of 1591, and we turn to the clause that is related to the fleet.

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<sup>18</sup> All page numbers are to the contract itself. They are marked in the transcription (Appendix).

<sup>19</sup> DV incorrectly assign this payment for the month of May one year later.

Table 3. Disbursements and payments in ducats at the contract's exchange rate

Transfer part

	1	2	3		4	6
	Date	Disburse	Pay	Net	Months of credit	Source for repayment
	TOTAL	340,000 <sup>20</sup>	340,000			
1	4/91	69,700	75,000 <sup>21</sup>	5,300	0	Cash in Madrid
2	5/91	30,033	24,733	-5,300	0	8 Millones/alcabalas or other revenues

Credit part

3	6/91	30,033		-30,033	6	
4	7/91	30,033		-30,033	15	
5	8/91	30,033		-30,033	15	
6	9/91	30,033		-30,033	2	
7	10/91	<i>30,033</i>			1	
8	11/91	<i>30,033</i>	<i>90,100</i> <sup>22</sup> <i>30,033</i> <sup>23</sup>	90,100	0	Fleet of 1591. If not, other sources (1% interest) Millones/alcabalas, other rev.
9	12/91	<i>30,033</i>	<i>30,033</i> <sup>24</sup>	11,936 <sup>25</sup>	-1	Sales of tierras baldias, offices, jurisdictions
10	1/92	30,033		-30,033	4	
11	5/92		<i>30,033</i> <sup>26</sup>	30,033		8 Millones/alcabalas or other revenues
12	10/92		<i>30,033</i> <sup>27</sup>	30,033		Crusade, Subsidio and Escusado
13	11/92		<i>30,033</i>	30,033		Crusade, Subsidio and Escusado
14	Total	240,264	240,264		42	
15	Interest		11,936			Sales of tierras baldias, oficios, jurisdicciones, not later than 12/91

<sup>20</sup> Page 2. Ditto for the disbursements in 4/91 and 5/91.

<sup>21</sup> Page 3. Ditto for the payment in 5/91.

<sup>22</sup> Pages 6 and 7. The payments on the fleet are in italics. See the text for a discussion.

<sup>23</sup> First half of 60,066 ducats (p. 9-10), the second half is paid in May 1592.

<sup>24</sup> Item (c), page 4. We have taken the deadline for the payment, but the item is paid from the collection of debts that could take place earlier in the year.

<sup>25</sup> Interest (lump-sum)

<sup>26</sup> See the previous.

<sup>27</sup> Page 11. Ditto for the payment in 11/92.



## The clause on the fleet

On pages 6 and 7, three units (each equivalent to a *mesada*) are put together with a claim on the fleet of 1591. There are three possible cases.

1. The fleet arrives and within one month of that arrival, the Crown does not pay the three units that have a claim on the fleet (total 90,100 ducats, *idem* (d) page 6). Page 7 states:

“with the express condition that if 30 days after the arrival of what is expected from the Indies of this current year [1591] TF has not collected, because one has decided not to pay him, he is not obliged to disburse the last payments from the end of October on in this current year of 591, (*las últimas pagas de fin de octubre en adelante deste presente año de 591*).

In this case, TF does not have to make the last payments of 1591. That makes 3 units, equal to the disbursements to be made by TF from the end of October to the end of the current year of 1591.<sup>28</sup> Recall that the *mesadas* paid by TF are equal to the units of payments by the Crown. Here, the Crown does not pay 90,100 ducats, and TF is exempted from the *same* amount of disbursements in Flanders. The last disbursement of January 1592 is not included. We suggest the following interpretation for this clause: it enables the Crown to reduce the size of the contract after some *good* news about the quantity of silver that is brought by the fleet. The Crown has the option to reduce, by equal amounts, its receipts from TF and its payments. The clause is not that of a contingent debt, which would mean a repayment contingent on an event (usually a lower payment after *bad* news). There is no penalty (nor should there be one) that is attached to the exercise of this option.

2. Although TF is not forced to stop the delivery of the three last *mesadas* of 1591 (perhaps to leave open the option of some recontracting), it is implicit that if the fleet arrives and the king wants to receive these *mesadas*, then he has to pay the principal of these *mesadas* right away from the gold and the silver in the fleet.

3. If the fleet does not arrive,<sup>29</sup> then TF should make the regular *mesadas* that are scheduled in the contract and he is repaid by collecting tax debts to the Crown. An interest charge of one percent is

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<sup>28</sup> All payments were due at the end of a month.

<sup>29</sup> The fleet usually arrived around October. The contract does not state a date for the fleet arrival but this part of the clause seems to set a limit date not later than October. In Table 3, we have put the payment of 90,100 ducats on the fleet in November. Under this assumption, the activation of the first item in the clause will have no impact on the overall rate of return of the contract. If the payment is assigned to October, which is the month that is implied by this clause, this overall rate of return is increased by a very small amount. (See the analysis below of the rate of return on the contract and footnote 34).

applied for the running debt balance, (starting at 90,100 ducats), from the end of October 91 to the dates of the effective payments. That charge is understandable because of the probable delays of the Crown's payments when other sources have to be found to pay the debt. Our analysis of an *asiento* with the Maluenda brothers has shown how a similar clause was implemented when the merchant-banker collected payments on the fleet. In that contract, the payments were staggered over a few weeks and the attachments to the contract document how the accountants computed the interests on the balance due, at the same rate of one percent per month, pro rated to the exact days of the payments by the Crown.<sup>30</sup> That rate is therefore not a "penalty." The word "penalty", which is used repeatedly by DV (p. 57, 58, 59), is seriously misleading because it is associated with the idea of a king coming short from a standard schedule of payments in a debt contract. There is nothing of that sort here. One percent was the standard rate at the time on unfunded debt. It is about the same as the rate on the overall contract, to which we now turn.

## The interests on the debt balance

The contract sets (pages 12 and 13), a fixed lump-sum payment of 11,936 ducats,<sup>31</sup> to be paid not later than 12/91. The computation of the equivalent monthly rate that is charged on the entire contract is greatly facilitated by the contract's recording of both the disbursements (using the contract's exchange rate), and of the payments in units of 30,300 ducats. At the time, many contracts did not compound interests. It is therefore sufficient to choose pairs of units of disbursement and payment, tally the months between the two, and then add all of them. The total does not depend on the particular choice of the pairs. The schedule of the payments by the Crown is presented in Column 3 of Table 3.

We leave out the payment on the fleet, which if made in November 1592, is equivalent to a transfer with no credit.<sup>32</sup> On page 4 of the contract, one unit is paid from debts to the Crown that should to be liquidated before the end of 1591. In Table 3, that payment is put in December 1591 but the merchant-banker had an incentive to be diligent and collect before that date. At that time, the Crown was generating additional revenues through the sales of lands, special rights and licenses that were bought in installments by individuals and municipalities. Tomas Fiesco was put in charge of the collection of these debts either directly or through the discounting of IOUs to another collector (p. 5). Since these debts were difficult to collect, the contract included some guarantees,

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<sup>30</sup> ANC (2015).

<sup>31</sup> We don't know why this number is not rounded to 12,000 ducats. It is the equivalent of 4476000 mrs.

<sup>32</sup> The Crown did pay from the fleet and the attachments to the contract show that Tomás Fiesco reduced his claim on revenues from the fleet by the amount of 39,870 because of the sales of *juros*.

including the assistance of law enforcers.<sup>33</sup> The next unit is to be paid at the end of November 91, followed by another one at the end of May 92 (page 10).<sup>34</sup> The remaining two units are scheduled for October and November 1592 (page 11).

The months of credit are presented in Column 4 of Table 3. For example, the June 91 disbursement is matched with the payment that is dated no later than December 91, hence a span of 6 months. Likewise, July 91 with October 92 (15 months), August 91 with November 92 (15 months), September 91 with November 91 (2 months), January 92 with May 92 (4 months). The total is therefore 42 unit-months.<sup>35</sup> The monthly rate of return is therefore  $r = 11,936 / (42 \times 30,033) = 0.95\%$ , which is very close to 1 percent.<sup>36</sup> It is remarkable that the additional interest that can be collected if the fleet does not arrive and the payments by the Crown are delayed, has the same rate of 1 percent, standard at the time. That means that the overall rate of return on the contract is *not affected* if the Crown uses its option not to pay from the fleet.

## The contract according to Drelichman and Voth

Drelichman and Voth (2015) publish their data on the contract in the form of monthly net cash flows between the Crown and TF. This procedure, which is the base for their computation of a rate of return on the contract, erases the structure of the contract that is highlighted in our Table 1 and 3, and it hides some critical features such as the impact of the exchange rate.

### *The exchange rate*

DV provide only the statement “1 ducat = 1.023 ecus,” (Table 2, p. 59), with no reference to data on the market rate or to the rate in the contract.<sup>37</sup> That value of 1.023 cannot be either the rate that is written in the contract or the market rate. One has to find from their Table 2, the implicit rate of exchange. For the months of June to September 1591, the table reports disbursements that are equivalent 25,844 ducats. In the contract, the disbursements are of 26,500 escudos (item (i) on p. 2 of the contract). The reconciliation of these two numbers requires a rate of escudo per ducat that is equal to  $26,500 / 25,844 = 1.0254$ , which is about, but not exactly, the value of 1.023 that is provided by DV at the bottom of the table.

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<sup>33</sup> The contract uses the expression *executores que pidiere con vara alta de justicia*. These have special powers to execute decisions of justice for the enforcement of payments.

<sup>34</sup> These payments take place relatively late because the taxes called millones (8M mrs) are paid in November and May.

<sup>35</sup> If we use the reasonable assumption of an October payment by the Crown's (footnote 28), the total of unit months is 39 and the value of  $r$  is 1.019%.

<sup>36</sup> We do not know why the amount was of 11,936 ducats, instead of, for example 12,000 ducats. Accountants did not use the ducats but maravedis. 11,936 ducats are valued at 4475000 mrs, but 12,000 ducats are equal to 4500000 mrs. Perhaps some other transfers were made informally.

<sup>37</sup> The analysis of the paper, including Table 2, is *verbatim* the same as pages 218-220 in the book (DV, 2014).

We have carefully explained that the market valued the escudo higher than the ducat with a ratio of 407/375 (Table 2 here), while the contract used a higher rate at 425/375. According the market, the *mesadas* were valued at  $26,500 \times (407/375) = 28,761$  ducats. These *mesadas* were charged to the Crown  $26,500 \times (425/375) = 30,033$  ducats, which are the payments stated in the contract. From these numbers, the commission on the exchange is  $(30,033-28,761) / 28,761 = 4.4\%$ . According to DV, the *mesadas* were valued only at 25,844 ducats and the commission for the exchange was  $(30,33-25,844) / 25,844 = 16 \%$ .

The commission on the exchange that is implicit in the coding of the contract by DV is more than three times our estimate, and it is way above some standard illustrative examples at the time.<sup>38</sup> It completely dominates the provision for the interest in the contract. Given their huge impact, such numbers should be supported by detailed references, and the reader should be made aware of the critical role of the assumptions that produce the numbers in Table 2, and of their impact on the measurement of the profitability of the contract.

#### *The timing of the cash flows and the credit balance*

The contract treats the first two months, April and May 1591 like a transfer. The payment by the Crown to TF in May 1591 is adjusted to clear the balance of credit at the end of May. The contract states (p. 3) the date of the payment for the end of May of 1591 (“*en fin de mayo deste presente año*”).<sup>39</sup> We previously explained how this amount is adjusted to complement perfectly the initial transfer of 75,000 ducats in April. In addition, the contract provides TF with legal assistance to collect the amount on time. DV shift that payment to May 1592, one year later. The error implies an incorrect evaluation of the credit part of the contract and of the implicit rate of return of the contract.

#### *The clause on the fleet*

The clause on the fleet is the only one that is contingent on an observable event, and it is central in the argument of DV. They write:<sup>40</sup>

“Even if the fleet arrived on time, the king could unilaterally choose to delay repayment until the maturity of the loan, twelve months later—a case of “king’s discretion.” It came at a steep cost: if the contingency was invoked, the banker had the right to stop the remaining disbursements (for a

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<sup>38</sup> González Ferrando (1992) analyzes an anonymous publication that was published in 1633 on the handling of the exchange rate in *asientos*. His illustrations use of a rate of 6 percent (p. 102).

<sup>39</sup> “at the end of May of this present year.” The year is obviously that of the signature of the contract in 1591.

<sup>40</sup> DV (2015, p. 59).

total of 53,000 ecus) while still being entitled to collect all the promised repayments on earlier disbursements.”

That description is not what is in the text of the contract, and it that defies common sense. The 53,000 ecus may correspond to two monthly disbursements at the implicit rate that is used by DV, as discussed before (twice 26,500 ducats). But the contract states that TF may not pay the last three *mesadas* of 1591 (see our previous quote). Table 2 states that under this “King’s discretion,” TF is still entitled to collect the 90,100 ducats on the fleet, in the last month of the contract, November 1592. There is not a trace of that in the contract.

In Table 2, this payment of 90,100 ducats is then added to the 30,033 ducats of the last unit (p. 11 of the contract, in the Appendix), for a grand total of 120,133 ducats. (No wonder that under such a scenario, the annual rate of the contract reaches 40 percent). These numbers mean that if the King misses on the payment of 90,100 ducats in November 91, after the good news on the fleet, then TF can impose an extraordinarily high penalty right away, withdrawing funds from the army, while still claiming these 90,100 ducats one year later. What penalty is he going to invoke to get 120,133 ducats a year later?

## Closing remarks

We emphasize here, as in our previous work on the Maluenda contract, that *asientos* cannot be reduced to cash-flows at fixed dates between the Crown and the merchant-bankers. Our text-based approach to the Fiesco contract has led to the following findings. The steady stream of cash for the army of Flanders is first converted at a contract’s exchange rate that plays a major role in the profitability of the contract, depending on the spread between the rates in the contract and in the market. Once that conversion is made, the rate of the contract is the standard one percent per month. The contract provides some flexibility for the repayments by the Crown, and also the option to reduce the size of the contract. There is no evidence of a contractual clause for contingent default. At this stage, there seems to be no more verified evidence of contractual contingent default in 16th century *asientos* than in modern economies.<sup>41</sup>

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<sup>41</sup> Implicit contingent default, for which there is obvious evidence, is outside of the scope of this paper since there is no episode of payment stop in the Fiesco *asiento*.

## APPENDIX

### The Fiesco contract<sup>42</sup>

Page  
number

[1]

	<p>Asiento Fiesco 1591</p> <p>Thomas Fiesco ginoves</p> <p>Asiento</p> <p>Con él tomado en tres de abril de 591 sobre 300.000 escudos para proveer en Flandes para cosas del servicio de Su Majestad</p> <p>El Rey</p>
<p>By my command it is agreed with Tomas Fiesco Genoese on 300,000 escudos to be provided for my service in Antwerp, Dunkirk, Lille or Namur in my estates of Flanders, or in Besançon or Gray in my county of Burgundy, or in Monluel or Chambery in the duchy of Savoy the following.</p>	<p>Lo que por mi mandado se asienta y concierta con Tomás Fiesco ginoves sobre trescientos mil escudos que por servirme a de proveer en Amberes o Dunquerque o Lila o Namur de los mis estados de Flandes, o Viçanzon o Gray del mi condado de Borgoña, o Monluel o Chamberi en el ducado de Saboya es lo siguiente:</p>

#### Places of disbursement from TF and currency of disbursement

<p>First, TF should give as soon as possible his letters of credit for the payment to whom I will command the 200,000 escudos in Antwerp or Dunkirk of Lille or Namur, in toto or in parts, to his choice, and the 100,000 escudos in Besançon or Gray or Chamberi or Monluel entirely or partly, at his choice, a total of 300,000 escudos of 57 pattards each, with the stamp of Italy that are valued by my army in Flanders at 57 pattards or in other escudos and moneys of gold or silver that are valued at the current price by the said army at 57 pattards, at the choice of TF, with the condition that the 100,000 escudos that have to be paid</p>	<p>Primeramente el dicho Tomás Fiesco a de dar desde luego o quando se le pidiere sus letras de cambio para que se paguen a quien yo mandare los doscientos mil escudos en Amberes o Dunquerque o Lila o Namur en todo o en parte a su elección y los cien mil escudos en Viçanzon o Gray o Chamberi o Monluel, o en todo o en parte a su elección todos trescientos mil escudos de a 57 placas cada uno de oro en oro de las estampas de Ytalia de los que en mi ejercito de Flandes están valuados y valen las dichas 57 placas o en otros escudos y monedas de oro o de plata que valuados al precio que corren en el dicho ejercito valgan los dichos 57 placas a eleccion del dicho Tomás Fiesco con condición que de los cien mil escudos que a de pagar en Viçanzon o Gray o</p>
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<sup>42</sup> Archivo General Simancas (AGS), CCGG, leg. 90. Asiento, 3 April 1591. The transcription of the contract is in the right column. Left and the right columns provide the translation and the transcription of the contract. The left column provides short summaries and page marks. Paragraphs have been added and all numbers have been converted in ducats to facilitate the reading of the contract. Words in parentheses and italics are added to the English translation for accuracy. The transcription of the contract, copies of the contract and of the attachments are available at "<http://www.chamley.net/castile>".

[2]

<p>in Besançon, Gray, Chambery or Monluel if he wants to pay them in the four places of Flanders in toto or in parts, he may do that at his choice. The 300,000 escudos have to be disbursed in 10 payments [pagas].</p>	<p>Chamberi o Monluel los quisiere pagar en [2] todo o en parte en las quatro plazas de Flandes o en qualquiera dellas lo pueda hacer a su elección los quales dichos trescientos mil escudos a de pagar en diez pagas.</p>
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Timing and amounts of disbursements by TF

<p>The first payment at the end of this month of April, of 61,500 escudos, and the nine remaining payments of 26,500 escudos each, starting with the first at the end of the following month of May, and the others at intervals of 30 days such that the last payment has to be at the end of January of the coming year of 592, with no delay whatsoever in this schedule.</p>	<p>La primera en fin de este mes de abril de 61,500 escudos y las nueve pagas restantes a 26,500 escudos cada una, comenzando la primera en fin del mes de mayo luego siguiente y las otras de treinta en treinta dias luego siguientes, de manera que la ultima paga a de ser en fin de enero del año que viene de 592 sin que en ello aya falta ni dilación alguna</p>
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The rest of the contract specifies how TF is paid. First the 300,000 escudos are converted to a debt of 127,500,000 mrs at the exchange rate of 425mrs. The ducat is at 375 mrs. Hence, the total value of the contract is 340,000 ducats. Interests are computed on balances in ducats (equivalent to 375mrs)

<p>The said 300,000 escudos have to be paid to said Thomas Fiesco at the rate of 425 mrs per escudo which amount to 127,500,000 mrs [340,000 ducats]</p>	<p>Los quales dichos 300,000 se an de pagar al dicho Tomás Fiesco a 425 mrs cada escudo que montan 127,500,000 mrs</p>
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The principal of the contract, 340,000 ducats will be the liability of the Crown to be paid in Castile. Hence, TF wants to be able to transfer the payments of the Crown out of Spain. To the effect, the contract now provides him with the license to export these funds.

<p>about which I will command that he should be given upon his request a licence for the export from these kingdoms in escudos of gold or reales of silver once or multiple times through any passage, pass or harbor between these and their neighbors and likewise he will be given passports for the kingdoms of the Crown of Aragon, Valencia or Cataluña and cedulas for embarkment in galleys or in other ships as our own money in the usual form</p>	<p>de los quales le mandare dar y darle desde luego quando y como lo pidiere licencia y facultad para que los pueda sacar y saque destos reynos en escudos de oro o en reales de plata en una o en más veces por qualesquier passos y puertos de mar y tierra que aya entre ellos y los otros con quien confinan y ansi mismo se le darán los pasaportes para los reynos de la Corona de Aragón, Valencia o Cataluña y cédulas para que se embarquen en galeras o en otros navíos como dinero nuestro en la forma acostumbrada</p>
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The payments by the Crown are now specified. The first two payments are transfers that cover the disbursments until the end of May 91. Their total is of 79,733 ducats. The first payment is in cash (as the upfront payment in the Maluenda contract). The second payment is made in the form of debt to the Crown, in millones, alcabalas or other revenues, that are to be collected

by TF, with a limit date at the end of May and some contingent clauses in case some of these debts could not be collected.

<p>[3] and they [300,000 escudos] are to be paid and discharged in the following manner</p> <p>(a) 75,000 ducats in reales cash in the Court without any delay whatsoever.</p> <p>(b) 24,733 ducats from the service of the 8 millones that were conceded to me by my kingdoms in the payment at the end of May of the present year in the parties of he choice, and should he not receive it from that service, he will be paid in alcabalas or any farmed income that are administrated in my kingdoms and without lien for the said day at the end of May from the parties that he would request.</p> <p>(A) And he will be given a cedula from me so that my main accountants or any other person in charge should provide the orders of payments without question and if the treasurer and receivers do provide the order of payments at the end of May to TF or to his proxy, he will be given judges if he requires assistance, at the the rate of 500 maravedis of wages for travel expenses to his satisfaction</p> <p>(B) and if the said payment orders do not suffice from the parties to which they are issued and if they remain uncertain of cannot be collected for any cause, then the shortfall and the part that remains uncertain has to be assigned [librar] to the said service or to any of the other farmed revenues that there could be for the said term or as soon as possible thereafter from the parties that he would request. He should be given the necessary libranzas and collection orders.</p> <p>These claims should have seniority over other claims issued or altered at a later date and the payments should be labeled in gold or silver and in no other money or tax anticipation of the usual form, without any delay.</p>	<p>[3] y se le an de pagar y librar en esta manera.</p> <p>28,125,000 mrs en reales luego de contado entregados en esta Corte sin que aya falta ni dilación alguna.</p> <p>9,275,000 mrs en el servicio de los 8 millones que estos mis reynos me concedieron en la paga de fin de mayo deste presente año en los partidos que el quisiere pedir y escoger y no lo aviendolo en el dicho servicio se le dara en alcabalas o en otras qualesquier rentas arrendadas que estén en administración de estos mis reynos de las que hubiere desembarazadas para el dicho día fin de mayo en los partidos que quisiere pedir o escoger</p> <p>y se le dará cédula mía para que mis contadores mayores o otra qualquier persona a cuyo cargo esté se lo libren desde luego y si los tesoreros y receptores no pagaren las libranzas al dicho plazo de fin de mayo al dicho Tomás Fiesco o a quien su poder oviere se le darán los jueces que fueren necesarios como los pidiere y quisiere con quinientos maravedís de salario de yda, estada y vuelta, a su satisfacción,</p> <p>y si las dichas libranzas no cupieren en todo o en parte en los partidos donde se le libren y le salieren inciertas o no se cobraren por qualquier causa que sea se le aya de librar lo que assi no cupiere y le saliere incierto en el dicho servicio o en qualquiera de las otras rentas arriba</p> <p>[4]</p> <p>declaradas que lo aya para el dicho plazo o para los más breves de adelante que hubiere en los partidos y como el lo quisiere y pidiere y para la cobranza se le darán luego las libranzas y recaudos necesarios.</p> <p>Las quales an de ser preferidas a todas las que después se dieren aunque se muden y alteren y se a de poner en ellas que se lo paguen en oro o plata y no en otra moneda y clausula de anticipación en la forma acostumbrada sin que en ello aya falta ni dilación alguna.</p>
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The remaining part of the contract is about 240,264 ducats that cover the 8 *mesadas*, each of 30,033 ducats, from June 1591 to January 1592. The payments by the Crown are stated in units of 30,033 ducats but there is no specific linkage between particular *mesadas* paid by TF and payments by the Crown. The essential point at this stage is that the number of *mesadas*



that are paid by TF is the same as the number of units paid by the Crown, thus ensuring the repayment of the principal. The computation of the interest will be handled later.

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

<p>(c)</p> <p>(C)</p>	<p>30,033 ducats from what is owed to me without lien in all of this year of 591 from the first of the current month of April until the end of said year in free lands purchased offices of jurisdictions, tax exemptions [list of privileges that have to be paid—same list as for the payment of interest on p. 12] and any other special debt that are owed to me in any manner. These are to be chosen by TF or his proxy for liquidation.</p>	<p>11,262,500 mrs en lo que se me debe y debiere y estuviere desembarazado en todo este año de 591 comenzando de primero de este presente mes de abril y hasta fin deste dicho año de tierras baldías y oficios comprados de jurisdicciones, cavalleros cantiossos, excenciones de villas y lugares, asientos de primeras instancias de las ordenes militares y otras qualesquier cosas que sean de extraordinario que en qualquier manera se me devan y devieren, las que el dicho Tomás Fiesco o otra persona en su nombre, quisiere tomar y escoger para que los cobre y aga cobrar para el</p>
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Legal guarantees are provided for the collection of the debts in this item.

<p>[5]</p>	<p>And for the collection, TF will be provided without further ado the required cedulas and instruments for collection at his convenience, so that he or any proxy for him may recover what is due in the manner that I could do at the required dates according to the terms of these debts. With respect to these orders for collection and obligations, I command that the persons who have them or who are in power to deliver them, that they should do so to said TF in virtue of this chapter without requesting from him another order of payment nor a cedula from me. For collection, TF will have executors who will have full jurisdiction (vara alta de justicia), days and wages necessary to pay the expenses to collect any payments from the payers, guarantors and all who have to pay.</p> <p>It is declared that if any of the said obligations should turn out to be uncertain and TF could not collect them, others will be given, but he has to return the uncertain obligations back to the Royal Finance that he could not collect. He will receive new orders to collect the payment in another places, chosen by him, to receive the money in all this said year, as it was said, or as soon as possible in available revenues. If TF goes to justice to force the</p>	<p>y para la cobranza se le darán luego las cédulas y recaudos necesarios a su satisfacción para que los pueda</p> <p>[5]</p> <p>cobrar él o quien su poder hubiere de las personas y concejos que me los deven y debieren de la manera que yo lo podia hacer a los plazos que están obligados conforme a las obligaciones y otros recaudos que ay y hubiere contra ellos los quales dichos recaudos y obligaciones mando a las personas que los tuvieren y en cuyo poder están que las entreguen luego al dicho Tomás Fiesco en virtud deste capítulo sin pedirle otro recaudo, ni cédula mía y para la cobranza se le darán los executores que pidiere con vara alta de justicia, días y salarios como estuvieren obligados los que lo deben, para que los puedan cobrar de los principales y fiadores y abonadores como maravedís de mi haver,</p> <p>y se declara que si alguna o algunas de las dichas obligaciones salieren inciertas y no las pudiere cobrar se le darán otras y otros recaudos volviendo a los libros de la razón de mi Hacienda las que así salieren ynciertas y no se pudieren cobrar, y se le librara en otra parte, según y como el dicho Tomás Fiesco lo pidiere y escogiere para que lo cobre en todo este dicho año como dicho es o en lo que más breve estuviere desembarazado de allí adelante, y si alguna o algunas de las tales personas y concejos que</p>
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[6]

persons or municipalities to pay, and the sentences commanded that TF

or his proxy has to give a security (fianza) according to the law of Toledo. It is my will that nobody should ask him for it, he will not have obligation to give it and there is not appeal to no one, except to my Council of Finance. I want this and the deposit or bail is not necessary for anything related to this chapter.

deben los dichos maravedís se dexaren executar y por la sentencia o sentencias se mandare que el dicho Tomás

[6]

Fiesco o quien su poder hubiere para ser pagado aya de dar fianza conforme a la ley de Toledo, quiero y es mi voluntad que no se las pidan, ni sea obligado a darlas, ni aya apelación para otra ninguna parte sino para el mi Consejo de Hacienda, que yo lo tengo así por bien sin que sea necesario para todo lo contenido en este capítulo y cumplimiento de lo demás de la cédula que se diere en virtud de él.

### Units 2-4

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

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

(d)

90,100 ducats with first claim on the first gold, silver or reales that will arrive for me from any part of the Indies or their islands to any part or harbor from my kingdoms and in Portugal of the current year of 91. These have to be paid soon [luego] after the arrival of the ships. A cedula will be given from me so that the president of the official judges of the Casa de la Contratación in Seville or any other person in charge should pay to the satisfaction of TF from the money that will come to me,

33,787,500 mrs [90,100 ducats] en el primer dinero, o oro o plata o reales que viniere para mi de qualquier parte de las Yndias o yslas dellas a qualesquier partes y puertos de estos mi reynos, de el de Portugal, este presente año de 91 los quales se le ayan de pagar y paguen con efecto luego que ayan llegado los navíos o cabras o fragatas, o otros qualesquier vajeles que vinieren de parte de ellas, y se dara cédula mía para que el presidente o jueces oficiales de la Casa de la Contratación de Sevilla o otra qualquier persona a cuyo cargo este se lo entreguéis, paguéis luego a su satisfacción del dinero que viene para mi

[7]

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

[7]

**con pacto espresso** que si dentro de 30 días después de haver llegado lo que se espera de las Yndias este presente año no ubiere cobrado el dicho Tomás Fiesco por no se le querer pagar y entregar, no sea obligado a pagar ni pague las últimas pagas de fin de octubre en adelante deste presente año de 591.

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

the interest payment of one percent per month.

<p>If at the end of October of the current year, TF, because the fleet has not arrived, wants the 90,100 ducats to be paid on Crusade, Subsidio and Excusado or on the ordinary and extraordinary service of my kingdoms that are paid to me, or from any debt that are owed to me, he may request that the 90,100 ducats should be paid on all these revenues, the payment orders have to be given to him with in addition, <b>an interest of one percent per month, counted from the said day at the end of October of this current year until the days the payment orders are effectuated.</b></p> <p>The computation of the interests have to be done by my accountants of the crusade or my accountants who coordinate accounts and the other persons that have to deliver the payment orders and other necessary collections [<i>recaudos</i>] for the payment of the said 90,100 ducats and interests on them.</p>	<p>Y es condición que, si en fin de octubre de este presente año quisiere el dicho Tomás Fiesco, por no aver llegado la flota o otros qualesquier baxales con el oro o plata o reales que viniere para mi de las Yndias, que los dichos 33,787,500 mrs se le libren en la consignación de la Cruzada, Susidio y Escussado o en el servicio ordinario y extraordinario de estos mis reynos me pagan, o en qualesquier deudas que se me devan y devieren de estraordinario, se le ayan de librar con más el ynterés dellos a razón de uno por ciento al mes contando desde el dicho día fin de octubre de este presente año hasta los días en que se le libren y consignaren,</p> <p>y la cuenta de los ynteresses la ayan de hacer y hagan los mis contadores de Cruzada o los mis contadores de relaciones y las demás personas que le hubieren de dar las libranzas y los demás recaudos necesarios para la cobranza de los dichos 33,787,500 mrs e ynteresses</p>
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[8]

<p>It is left to the choice of TF to demand the payment of the said 90,100 ducats, or part of this amount, from whatever the said consignments, in toto or in part, with a distribution of his choice.</p> <p>In conformity with his demands, one will give him a cedula from me that the Comisario general and the accountants of the Cruzada and my principal accountants and the other persons in charge, provide him the payment orders after the said day at the end of October of this year, and they should set the accounts of the interests at the rate of one percent per month, starting from the said day at the end of october until the term or terms of the payment orders that he chooses and demands.</p> <p>And if the treasurers and receivers and other persons in chage would execute the payments orders at their date, [TF] will be given the judges that are deemed to be required with wages of 500 mrs per day of travel, upon his request.</p>	<p>[8]</p> <p>dellos y queda a elección del dicho Tomás Fiesco que pueda pedir y escoger se libren los dichos 33,787,500 mrs o la parte que dellos quisiere en qualquiera de las dichas consignaciones todo o parte, tanto en una, tanto en otra, más o menos en la una que en la otra,</p> <p>y conforme a lo que quisiere y pidiere se le dara cédula mía para que el Comisario general y Contadores de Cruzada y mis Contadores mayores y las demás personas a cuyo cargo sea se lo libren, luego pasado el dicho día fin de octubre deste año y agan la cuenta de los ynteresses a razón de uno por ciento al mes contando desde el dicho día fin de octubre hasta el plazo o plazos en que se lo consignaren y libren en los partidos que él quisiere pedir y escoger,</p> <p>y si los tesoreros y receptores o otras personas que lo devan no le pagaren a los plazos de las libranzas se le daran los jueces que fueren necesarios con 500 mrs de salario cada yda, de yda, estada y vuelta a su satisfacción como lo quisiere y pidiere,</p>
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Shortfalls or uncertainties of payment, including interests at one percent per month, have to be transferred to other assignments.

<p>(A) [9] The paragraph is the same as following (A) on page 3. If the payment orders are insufficient, TF can claim other sources of revenues. There is one difference: here, there is a one percent monthly charge on the balance due, starting in at the end of October 91.</p>	<p>y si las dichas libranzas o algunas dellas no cupieren en todo o en parte en los partidos, o donde se libren y salieren ynciertas o no se cobren por qualquier causa que sea, se le aya de librar lo que no cupiere y saliere yncierto para el dicho plazo que se le hubiere librado, [9] abiendolo desembaraçado en qualquiera de las dichas consignaciones que tomare con el mismo ynterés de uno por ciento al mes contando desde el dicho día fin de octubre deste año, hasta en el que se le volviere a librar y consignar en los otros partidos que pidiere y escogiere y para la cobranza dellos se le daran luego las libranzas y recaudos necesarios, y las dichas libranzas an de ser preferidas a todas las que después se dieren, aunque se mude y altere, en las quales se a de poner que se los paguen en oro y en plata y no en otra moneda y cláusula de anticipación en la forma acostumbrada,</p>
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<p>And the claim of TF on the Subsidio and the Excusado have to be adjusted for the principal and the interest, to take into account the discounts on these revenues to pay the amounts that I usually give to cardinals and to other persons, and in they could not be an excuse to delay or reduce the payment to TF, nor a need for another cedula from me, nor a new order for this and there will be no need for a repeat of this statement.</p>	<p>y lo que pidiere en el Susidio y Escussado se le aya de librar juntamente por el principal e yntereses la cantidad que fuere necesaria para las baxas y desquentos que suele aver, por lo que se reparte a cardenales y a otras personas a quien yo hago merced, sin que en esto aya falta ni dilación alguna, ni sea menester otra cédula mía, ni orden nueva, para que se haga assí, aunque no se aya dicho otra vez.</p>
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**Units 5-6**

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

<p>[10] 60,066 ducats in the service of the 8 millions that my kingdoms conceded to me, 30,033 in the payment at the end of November of this current year of 591, and the other 30,033 ducats in the payment at the end of May from the coming year of 592, in the parts of his choice and if the income is not available in the servicio, the payment orders should be issued on alcabalas or on other revenues that are farmed or administered in my kingdoms, and these orders have to</p>	<p>22,525,000 maravedís en el servicio de los ocho millones que estos mis reynos me concedieron, los 11,262,500 mrs en la paga de fin de noviembre [10] deste presente año de 591, y los otros 11,262,500 mrs en la paga de fin de mayo del año venidero de 592 en los partidos que quisiere pedir y escoger y no aviendo en el dicho servicio se le librará en alcabalas o en otras rentas arrendadas o de administración destos mis reynos, y lo aya para los dichos plazos,</p>
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be issued for the same terms (dates).	
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### Legal guarantees

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

[11] (B) Same as (B) on page 4	[11] feridas a otras qualesquieras que después se dieren aunque se muden y alteren, en las cuales se a de poner que se lo paguen en oro o plata y no en otra moneda, y cláusula de anticipación en la forma acostumbrada, sin que sea necesario para lo contenido en este capítulo y cumplimieto del otra cédula ni orden mía, más de la que se diere en virtud del, para que se haga ansi aunque se aya hecho otra vez y se cumpla luego sin dilación alguna.
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### Units 7-8

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

66,066 ducats from what Juan Ortega de la Torre, general treasurer of the Crusade owes me and is bound to pay at the end of the months of October and November of the coming year of 592, at the end of each month one half, which is 33,033. A cedula will be issued on my behalf to the effect that the General Comisario and the accountants of the Cruzada issue payment orders thereafter for the payments by said Juan Ortega de la Torre at the said dates. The payment orders will be issued in gold or silver and in no other money or revenue and the anticipation	22.525.000 maravedís en lo que Juan Ortega de la Torre, tesorero general de la Cruzada me debe y está obligado a pagar en fin de los meses de octubre y noviembre del año venidero de 592, en fin de cada mes la mitad, que es 11.262.500 mrs, y se le dará cédula mía para que el Comisario general y Contadores de Cruzada se lo libren desde luego para que el dicho Juan Ortega de la Torre se lo paguen a los dichos plazos, como dicho es y en las libranças se pondrá que se lo pague en oro o plata y no en otra moneda, y cláusula de anticipación en la forma
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clause has to be included in the usual form.	acostumbrada.
All the said parts amount to a total of	Todas las quales dichas partidas suman y montan

### Summary of the total payments for the principal

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

[12]

340,000 ducats for which I will order that all the orders for payment and collection will be given thereafter to TF for his satisfaction each time and when he chooses and indicates heads on which annuities are written.	[12] 127,500,000 mrs de las quales mandaré que se den luego al dicho Tomas Fiesco todas las libranzas y recaudos necesarios a su contento y satisfacción como dicho es, cada y quando que los pida, en su cabeça o de las personas que quisiere y señalare.
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### The interest payments

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

[13]  
(C)

<p>And because the said TF in order to make the payments that he has to make of the said 300,000 escudos in agreement with this asiento for which he receives consignations with such a long term and has to make many arrangements and raise credit for a long time and a large quantity of mrs, I hold it for good that he should receive as reward and gratification for the many interests that he has to carry and suffer, for this reason and for the costs of the recovery of the said consignations, 11,936 ducats.</p> <p>I command that they should be paid from the debts to me without lien for the end of the month of December of this current year of 591, and if there is no available revenues for that date, then it should be paid from available revenues as soon as it is possible to find from sales of waste lands, sales of offices, payments due on the purchases of jurisdictions, knights taxes, tax exemptions</p> <p>of villas, places, and judicial taxes, and any other item from the extraordinary that in any manner are due to me or may be due that TF or any proxy for him may select.</p>	<p>Y porque el dicho Tomás Fiesco para cumplir las pagas que ha de hacer de los dichos 300,000 escudos conforme a este asiento, de que se le dan consignaciones y a plazos tan largos, tiene necesidad de hacer muchas provisiones y de traer a cambio por mucho tiempo mucha suma y cantidad de mrs, tengo por bien de darle en recompensa y gratificación de los muchos yntereses que ha de lastar y padecer por esta razón y por las costas que ha de hacer en la cobranza de las dichas consignaciones 4,476,000 mrs.</p> <p>Los quales le mandare librar en lo que se me debe y debiere y estuviere desembaraçado para fin del mes de diciembre deste presente año de 591, y no lo aviendo para el dicho tiempo, a los plazos más cortos que lo hubiere y se me deviere de allí adelante, de tierras baldías y oficios y deudas de compras de jurisdicciones, caballeros cuantiosos, excenciones</p> <p>[13] de villas y lugares y primeras ynstancias y otras qualesquier cosas que sean de extraordinario que en qualquier manera se me deban y debieren las que el dicho Tomas Fiesco, o otra persona en su nombre, quisiere</p>
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The list of debt is similar to the item (C) on page 4.	tomar y escoger,
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### Legal guarantees

<p data-bbox="115 596 303 630">Same as page 5</p> <p data-bbox="32 810 94 894">(A) [14]</p> <p data-bbox="115 877 394 911">Same as (A) on page 3.</p>	<p data-bbox="427 457 1469 747">y para la cobranza se le darán las cédulas y recaudos necesarios a su satisfacción para que él o quien su poder huviere, lo pueda cobrar de las personas y concejos que me lo deben y debieren, de la manera que yo lo podía hacer a los plazos que están obligados a me los pagar, y mando que los recaudos y obligaciones le entreguen las personas en cuyo poder están en virtud de este capítulo, sin le pedir otra cédula mía para ello y se le darán los executores que él pidiere para la cobranza de los dichos maravedís, con bara alta de mi justicia, días y salarios como estuvieren obligados los que los deven para que los puedan cobrar de los principales y sus fiadores y abonadores como mrs de mi haver,</p> <p data-bbox="427 785 1469 890">y se declara que si alguna de las obligaciones saliere incierta y no se pudieren cobrar por qualquier causa que sea, se le librara en otra parte como el dicho Tomás Fiesco quisiere y pidiere para que lo cobre al dicho plazo de fin de diciembre de este año o de allí adelante</p> <p data-bbox="427 898 902 966">[14] el que más breve estuviere desembaraçado.</p>
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### Option to sell juros for a maximum of 100,000 ducats

<p data-bbox="115 1129 768 1432">And because TF, as said, in order to provide and commission the said provisions, he has to carry a credit of a large quantity of money, instead of the above consignations, he may receive instead juros de por vida of 7000 al millar and of 14000 at their full price, and of 20,000 at 16,000, as they are usually sold at that price and to make this clear, I grant him the difference of 4,000 mrs from 20 to 16.</p> <p data-bbox="115 1470 768 1696">Or if he demands alcabalas and tercias at the rate of 30, part in juros and part in alcabalas y tercias, more from one than the other (not necessary equal parts), he will receive this up to the amount of 100,000 ducados under the condition that the juros de por vida do not exceed one half</p> <p data-bbox="115 1734 768 1885">but if he does not take more than 30,000 ducats of juros de por vida, even if he takes no juro at 14 or 20 nor alcabalas, he can do so, and the income from the juros that are placed on alcabalas and other revenues</p>	<p data-bbox="797 1129 1469 1461">Y porque el dicho Tomás Fiesco como dicho es, para poder suplir y dar recado a las dichas provisiones a de traer a cambio mucha cantidad de dineros, es condiciónque si pidiere a cuenta de las consignaciones susodichas que se le dan por este asiento se le de alguna cantidad de juros de por vida a 7,000 mrs el millar, y de a 14,000 de su entero precio, y de a 20,000 y a 16,000 porque así se venden comunmente, y si es necesario a mayor abundamiento le ago gracia y donación en forma de los 4,000 mrs el millar que va a decir de 20 a 16,</p> <p data-bbox="797 1499 1469 1680">o si pidiere alcabalas y tercias con alza y baja a razón de a 30 o parte en lo uno y parte en lo otro, sea más o menos en qualquier cosa de ello, se aya de hacer y haga hasta en cantidad de 100,000 ducados con que los juros de por vida que pidiere no excedan de la mitad</p> <p data-bbox="797 1717 1469 1860">pero si no tomare más cantidad de 30,000 ducados de juros de por vida, aunque no tome juros de a 14, ni de a 20, ni de alcabalas con alza y baja, lo pueda hacer y ha de gozar la renta de los dichos juros que asi tomare desde primero de enero</p>
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[15]

should start from the first of January of 592.	del año de 592 en adelante
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