

**THE HISTORY OF MONEY IN
AMERICA; FROM THE EARLIEST
TIMES TO THE ESTABLISHMENT
OF THE CONSTITUTION**

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The History of Money in America; From the Earliest Times to the Establishment of the
Constitution by Alexander Del Mar

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THE
HISTORY OF MONEY IN AMERICA

FROM THE EARLIEST TIMES TO THE ESTABLISHMENT
OF THE CONSTITUTION

BY

ALEXANDER DEL MAR

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got it of
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INTRODUCTION.

THE monetary systems of the present day are an historical development; they descend from the principles enunciated in the great Mixt Moneys case of 1604, the circumstances connected with the Spanish Conquest of America; the Spanish Free Coinage Act of 1608, the British Free Coinage Act of 1666 and the invention of the coinage and printing presses. It would therefore seem necessary that writers on the subject should possess some familiarity with these topics. But though the author of the present work has consulted many treatises relating to monetary systems he has never yet met with one which evinced the least grasp of these various historical elements. Some of them contain information relative to the details of monetary issues. These, when carefully collated, are of value to the historian and commentator. But for the most part books on money are filled with doctrines, or worse yet, mere dilutions of doctrines, without history or experience to support them; doctrines based on words, on definitions, on figments of the mind, false, worthless, misleading, mischievous and hurtful.

The legal, political and social character of Money; its influence upon the public welfare; the prominent place it has occupied in the annals of the past; the countless experiments that have been made in the fabrication and emission of its symbols; the civic struggles that have centred upon its control; and the learning that has been devoted to its principles by philosophers, legislators and jurists, surely claim for its historical treatment some better preparation than doctrines. The Father of the Inductive method was born more than three centuries ago; yet it is only now that his method is being applied to the study of Money.

I.—The Mixt Moneys case decided that Money was a Public Measure, a measure of value, and that, like other measures, it was necessary in the public welfare that its dimensions or volume should be limited, defined and regulated by the State. The whole body of learning left us by the ancient and renascent world was invoked in this celebrated dictum: Aristotle, Paulus, Bodin and Budelius were summoned to its

support; the Roman law, the common law and the statutes all upheld it; "the State alone had the right to issue money and to decide of what substances its symbols should be made, whether of gold, silver, brass, or paper. Whatever the State declared to be money, was money." That was the gist of it. (For a full account of this famous case, see the author's "Science of Money," ch. iv.)

This decision greatly alarmed the merchants of London, and for more than half a century after it was enunciated they were occupied with efforts to defeat its operation. In 1639 they succeeded in getting the matter before the Star Chamber; but their plans were rejected. The Revolution of 1648 postponed their projects. The Restoration of 1660 revived them. Their final success dates from 1666. Meanwhile other things had happened.

II.—In the contracts which it made with Columbus, Cortes, Pizarro, De Soto and the other commanders whom it sent forth to discover or plunder America, the Crown of Spain always stipulated that the Quinto—one-fifth—of the spoil should be reserved for the king. The remainder, if of gold or silver, might then be melted down and stamped with its weight by public officials and then shipped to Spain for coinage. At each step of these operations the Crown exacted a fresh tax, seigniorage, derecho, haberia, etc., so that by the time the plunderer or miner got back his metal, one-third to one-half of it had found its way into the royal coffers. The delay and risk of shipment to Spain supported a clamour for Colonial coinage and Colonial coinage resulted in an agitation to abolish all coinage fees except the Crown's Quinto: an agitation which ended in securing the "free" coinage edict of 1608. Under this edict all gold and silver which had paid the Quinto on acquisition or production, was required to be coined by the Royal officials for private individuals free of charge and without limit. The granting of such a privilege bespeaks the employment of coining machinery, for the Crown could hardly have afforded it so long as coins had to be made by hand. As a matter of fact coining machinery was employed in Italy and Spain about the middle of the 16th century.

III.—Before the Crown of Spain proclaimed "free" coinage for Quinto-paid metal in America, much of the metal plundered from the natives or acquired through the repartimento system, of which more anon, was smuggled out of the Colonies and found its way to Holland, France and England. With "free" coinage in Spanish America this movement slackened, and this cessation of the illicit trade in the precious metals furnished a pretext to the London merchants for re-

newing their demands upon the Crown for gratuitous and unlimited coinage. But their main argument was supplied by the East India Company, who were anxious to ship silver to India in exchange for gold, a transaction that at that time afforded a profit of cent per cent. Behind this argument there was bribery of the court officials, of the king's mistress, Barbara Villiers, and even of the king (Charles II.,) himself. After several years of intrigue, the merchants finally succeeded; and in 1666 was enacted that "free" coinage law which practically altered the monetary systems of the world and laid the foundation of the Metallic theory of money. The specific effect of this law was to destroy the Royal prerogative of coinage, nullify the decision in the *Mixt Moneys* case and inaugurate a future series of commercial panics and disasters which down to that time were totally unknown.

IV.—The Spanish Crown rewarded its Conquistadores and their followers not with grants of land in America but with grants of Indians, nominally as vassals, but practically as slaves. These grants were called *repartimientos*, afterwards *encomiendas*. They virtually awarded to the grantee the right to seize upon a specified number of the natives and compel them to produce gold and silver for nothing. Millions of lives were thus granted away and millions of ducats were the result; but besides the lives they cost, these millions cost nothing to the Spaniards, whose acquisitions of the precious metals, whether by plunder or through their *repartimientos*, had therefore no relation to that "cost of production" which forms the fallacious basis of the Metallic theory.

V.—It has been already intimated that coining machinery was employed in Italy and Spain during the 16th century. Evelyn, in his work on *Medals*, asserts that Jerome Cardon, who died in 1576, described a coining press used in the Venetian mint, "which both stamped, cut and rounded money by one operation only." This device is also mentioned by Benevenuto Cellini, who died in 1570. Previous to the invention of coining machinery, an ordinary workman could turn out not more than 40 or 50 coins a day. With the laminating-mill and screw-press, which was employed in Spain so early as 1548, he could turn out several thousand coins a day. These labour-saving machines entirely changed the relations of Money to exchange and society; a revolution which was still further advanced by the application of the printing press to the issues of Money, the earliest examples of which, within the scope of the author's researches, were the pasteboard (embossed) dollars of Leyden issued in 1572.

VI.—The invention of coining machinery had still another important consequence: it multiplied counterfeits, not necessarily base coins, but forged coins containing as much or more fine metal than the genuine ones; but metal that had not paid the Quinto. In 1569 Phillip Mastrelle, who brought a coining press from France into England, was detected in making coins on his own account, an offense for which he was executed. Fénelon states that in 1574 certain Germans, Hollanders and Frenchmen, in England, were detected in forging a million crowns of the coins of France, Spain and Flanders; and that this was done as a political measure, with the connivance of some of the ministers of Queen Elizabeth. The Marquis de Tavannes assures us that Salcede, who was executed at Paris in 1582 had grown rich from the profits of what he termed forgery, but what, according to the Metallic school, was really only justifiable private coinage; because the forged coins contained more silver than the genuine. These offenses could only have been profitable when committed with the aid of coining machinery, whose influence upon exchange and society must have become in this manner greatly augmented. ("Barbara Villiers," p. 18.)

With this brief Introduction the author commends his book to the indulgent public. Should his health permit, it will be followed by the "History of Money in America, from the Adoption of the Constitution to the present time," and this will form the last of a series of monetary histories, which, commencing with a History of the Precious Metals, and followed by a History of Monetary Systems, now embraces all the principal States of the world, both ancient and modern.

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