



The Palgrave Handbook of Philosophy and Money

Volume 2: Modern Thought

Edited by
Joseph J. Tinguely

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Editor's Note

The Palgrave Handbook of Philosophy and Money is a single project, comprising two volumes organized historically. The Introduction to the project as a whole and the Acknowledgements are located at the head of Volume 1. A combined index indicating where key terms appear in both volumes is located at the end of each volume.

Acknowledgments

Support for research and preparation of the manuscript was provided in part by a grant from the National Endowment for the Humanities (RZ-279861-21, “Philosophy and Money: A Historical and Interdisciplinary Consideration of Economies and Worldviews”).

The cover art features a portion of *Caddo-lac Dancers* by the ledger artist Dolores Purdy. Ledger art is a style of drawing developed by the Lakota, Cheyenne, and Kiowa, among others, in which visually vibrant and culturally significant images are painted over accounting ledgers, treasury warrants, census rolls, survey maps, and other discarded documents of the expansionary commercial state.

In this piece, the long ribbon thighs on the figures’ heads are emblematic of the traditional headpiece known as “Dush-toh.” The fabric illustrates a morphing of symbols and designs in which flying spirits are released into the sky. In addition to its cultural significance and aesthetic qualities, the interplay between a monetary background of the accounting ledgers and the foreground of creative, critical, and self-reflective imagery captures the interplay between monetization and philosophical reflection which animates the *Handbook* project as a whole.

The original painting is in the permanent collection of Dr. Richard and Jean Pearce. Richard Pearce features the works of Dolores Purdy in *Women and Ledger Art: Four Contemporary Native American Artists* (University of Arizona Press, 2013).

Dolores Purdy is a member of the Caddo Nation of Oklahoma and of Winnebago descent, living north of Santa Fe, New Mexico. Samples of her available work can be found at <https://www.dolorespurdy.com>.

Caddo-lac Dancers is used with the permission of the artist.

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Part I
Early Modernity

Chapter 1

Introduction to Early Modernity



Justin Smith-Ruiiu

In the early modern period, a number of large-scale historical transformations in the global economic order ensured that contemporaneous philosophical reflection should itself be transformed, as new questions, reflecting a new reality, were thrust to the center of attention. Surely the most important of these transformations is the one that began in 1492 with the new contact between the earth's hemispheres. The beginning of the Columbian era quickly led to an unprecedented exchange of populations, of biological species, and, of course, of economic wealth—all of these, often, to the great detriment of the original inhabitants of the Americas.

The sudden integration of goods and resources from the Western hemisphere into European markets meant that, very quickly, the entire world became interlocked within a single global economic system for the first time in history. The yields of the silver mines of Peru served as a motor for new economic innovation and population growth in China, for example. The rise of the trans-Atlantic slave trade directly connected the fates of the four continents directly involved, bringing immense new wealth to Europe, hastening the precipitous depopulation of Native America, and immiserating Africa, while also reducing a significant number of its uprooted inhabitants and their descendants in the Americas to the legal status of property.

The overall effect of these transformations was a significant redistribution of the world's wealth and a very rapid and intense increase in global inequality, with the winners winning big. This is the period, in effect, in which “the West” as we know it comes into awareness of itself. With some centuries' hindsight it is not difficult to see that what was most needed for this to happen was the novel occasion that globalization afforded for the West to see itself reflected in the mirror of the Americas.

The system known as mercantilism was surely the most significant response in Europe to the transformations we have already enumerated. This system was based on the idea that nations, for the sake of their own survival, need to maintain a trade

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surplus with the primary aim of expanding their reserves of precious metals. Growth was no longer simply an added boon for a given society but indeed an existential imperative. This imperative was pursued in no small measure through the foundation of chartered companies engaged in trade in the colonies, such as the Dutch East and West India Companies, or the British Virginia Company or the Hudson Bay Company. These ventures implicated large numbers of prosperous Europeans as shareholders, who now had a direct stake in the fortunes of the companies they were supporting in distant corners of Asia and the Americas. Just as crucially, the activity of these companies quickly led to the foundation, in Europe's commercial centers, of the world's first stock markets, which enabled people for the first time to get rich, or to go broke, through the trading and manipulation of abstract financial vehicles: to trade, as some in Holland were beginning to say, in "wind."

These new circumstances predictably led to significant new ideas in early modern economic theory and in turn to productive new philosophical reflections on the nature of money and of economic value. Many philosophers who wrote about the nature of money and of economic wealth had a direct stake in the emerging economic order of the early modern period. Thus, for example, John Locke was a shareholder in the Virginia Company and played a significant role in debates over British monetary policy in the 1690s; G. W. Leibniz was for his part charged with overseeing the silver mining efforts in the Harz Mountains of his employer, the Duke of Braunschweig-Lüneburg. The pathways from these activities to the explicit contents of their philosophical systems are often winding and uncertain, but as a general point we may say with confidence that attention to the concrete problems of economics substantially shaped the philosophical reflections of many prominent early modern philosophers.

The twelve chapters in the present section focus both on familiar canonical philosophers and on some lesser-known but equally revealing authors in the early modern history of the philosophy of money. What we see across these various contributions is that both the emergence of new markets under global mercantilism, which led to increasing abstraction, *and* the mercantilist anchoring of economic value in precious metals, which led by contrast to "concretization," together stimulated a new and intense interest in the philosophical problem of value: why are some things more valuable than others? And this problem in turn subtended a good deal of philosophical reflection on the nature of things in general: What exactly *is* gold, anyway? How do we *know* what it is? Is the causal history of gold crucial to its definition, or would gold manufactured in a laboratory be gold too in every respect that might matter to us? Such fundamental questions appear on occasion in the chapters of this section. But even when they are not being directly treated, as more practical and concrete questions come to the fore the metaphysics of natural kinds and the conceptual problems involved in the idea of intrinsic value never recede too far from view.

Collectively, the chapters in this section give us a remarkably faithful and rich picture of early modern philosophy in general, as a practice and as a method, which was ever focused on sundry worldly problems, many of which would not be

considered “philosophical” today, while also never losing sight of the deep conceptual problems that always lie just beneath the surface of our mundane practices.

In “The Demythification of Gold in the Spanish Enlightenment: Money, Commerce, and Market,” Francisco Sánchez-Blanco examines the thought of various *novatores* (innovators) who critiqued and explained Spain’s deteriorated economic situation in the eighteenth century and proposed concrete steps for enhancing wealth and living conditions. He shows how they deployed empirical and critical thought to analyze the causes that led to the situation. Their reflections on the “true wealth” of a country and the best methods for improving industry and commerce began to question the value of gold as a source of wealth and emphasized instead the importance of human labor. Their thinking gradually shifted away from mercantilist policies to the liberalization of the market and began to consider the advantages of paper money. Sánchez-Blanco also illustrates how their economic views—which, in line with Enlightenment attitudes, questioned the power of money and the compatibility of the nation’s economic needs with the ethical stances imposed by the clergy—encountered political and religious resistance.

Daniel Carey, in “Locke, Money, and America”, critically examines Locke’s justification of private ownership and his analysis of the accumulation that takes place when a monetary system develops. He questions whether Locke’s justification of private ownership is coherent and argues that Locke’s argument ultimately runs into difficulty when he attempts to describe and justify the appearance of money (which Locke sees as a chance discovery) and its consequences. Carey believes that Locke doesn’t succeed in proving that private ownership and the accumulation allowed by money are developments that occur by right. He considers how Locke’s narrative of money relates to America—a place that used to be characterized by the absence of money (“Thus in the beginning all the World was *America*, and more so than that is now; for no such thing as *Money* was any where known”)—and to his anthropology of Amerindians. He lays out some of Locke’s assumptions about the relationship of Amerindians to property, land, and a money economy. He looks at the nebulous status Locke gives to Amerindians, who he places both inside and outside of “mankind’s consent to money.” He argues that despite Locke’s knowledge of Amerindian forms of currency, Locke keeps them outside of an international monetary order in his narrative in order to maintain that their land is available for occupation.

In “Spinoza on Money and Social Desire,” Alexander Douglas explains and defends Spinoza’s theory of money, situating it in the context of the general price decline that began in the 1660s. He argues that reading Spinoza’s comments on money in light of his theory of desire provides a radical alternative to standard thinking on the role of money. Spinoza unambiguously asserts that desire is social (consider for instance, the effects of emulation and ambition). Douglas concludes that the theory of affects leads to agents forcibly expropriating one another; thus Spinoza could not have seen money as a medium that facilitates voluntary exchanges. Douglas therefore argues that what we see as voluntary exchanges are in fact a type of ritualized, reciprocal, and regulated “retaliatory expropriation” in which money plays a pacifying role that allows humans to take what they need from one another without escalating violence. Money has a *sacred function*: it serves as a symbolic

substitute for real violence (Douglas draws on Frédéric Lordin, David Graeber, and René Girard to develop this point.) Douglas further argues that Spinoza believed that if money becomes an object desired for its own sake it will fail in its sacred function and become the focus of violent rivalry.

In “Philosophy and Money in Leibniz,” Fabio Corigliano argues that Leibniz’s entire philosophical system constitutes a foundation for his reflections on money. He first clarifies what philosophy and money mean in Leibniz’s thought. He explores the former through the motto *theoria cum praxis*, which he argues allows us to understand how a practical topic such as money fits into the rest of Leibniz’s philosophy. When it comes to money, Corigliano distinguishes between a subjective and objective conception of money. In the first sense, money is a currency and is relevant as a metal (or in its numismatic meaning). Thus, Corigliano explores Leibniz’s interest in numismatics and in the silver of the Harz mines. In the second sense, money is a means of exchange, and is therefore relevant as an emblem of an economic system. Thus, Corigliano analyzes the political and economic system that Leibniz had in mind. He argues that, in Leibniz’s political-economic thought, money becomes part of a system of relations in which the greater wealth generated by greater monetary production is to be redistributed and circulated.

In my own contribution to the volume, “The Amsterdam Stock Exchange and the Metaphysics of Capitalism: A Reading of Joseph de la Vega’s *Confusión de confusiones*,” I offer a critical and contextual reading of Joseph de la Vega’s 1688 dialogue, the *Confusión de confusiones*, which portrays the workings of the Amsterdam stock exchange. This work offers a sustained philosophical reflection on the workings of the market, on the nature of various speculative financial instruments, and on the consequences for philosophy itself of the rise of global capitalism. I argue that de la Vega’s work represents a “baroque philosophy of economics,” to the extent that it understands the emergent economic system as one of vast instability and diversity compensated by a central unifying and stabilizing force. I argue further that de la Vega believes that the rise of this new economic system is directly responsible for a significant and unprecedented rupture in the history of philosophy.

In “Marriage, Money, and Women’s Independence in the Modern Era,” Eyja Brynjarsdóttir discusses seventeenth- and eighteenth-century western-European proto-feminist critiques of marriage, motherhood, prostitution, and slavery articulated by over fifteen female writers, including Mary Wollstonecraft, Olympe de Gouges, Sarah Scott, Margaret Cavendish, Gabrielle Suchon, and Mary Astell. She argues that because marriage was a central factor in women’s financial situation, critiques of marriage (and other social roles) substantively contribute to discourse around money and financial power. The critiques of marriage that Brynjarsdóttir outlines share the view that marriage contributes to the subjection of women and to their lack of independence and opportunities. She notes that some of these writers compared marriage to prostitution, as both exemplified the commodification of women’s sexual availability. She also looks at criticisms of other social roles and expectations, such as Margaret Cavendish’s view that having children is profitable for men but not for women, and Gabrielle Suchon’s recommendation for secular celibacy as a way of avoiding both marriage and the convent. She also considers the

relevance of slavery and colonialism: writers such as Mary Wollstonecraft, Olympe de Gouges, and Catharine Macaulay used slavery as an analogy for women's subordinate position in marriage and in patriarchal society. Several of these writers also critiqued colonialism and advocated for the abolition of slavery. Utopian novels by Moderata Fonte, Margaret Cavendish, Sarah Scott, and Giuseppina Lorena-Carignan illustrate a shared concern with independence and financial equality.

Ultimately, this is a very broad survey of a varied and complex set of views on marriage and women's place in a patriarchal society, but it demonstrates that female thinkers in the seventeenth and eighteenth centuries were already making social critiques that we tend to associate with the nineteenth and twentieth centuries. It also gestures toward the importance of looking at philosophical questions about money and financial value (and about money's relation to independence, equality, self-determination, and personal fulfillment) through the lens of the institution of marriage and of women's lives within it.

In "Exciting the Industry of the Irish: Bishop Berkeley's Philosophy of Money," George Caffentzis argues that we should define a philosopher of money as someone who tries to *change* the monetary world and whose ontology, epistemology, metaphysics, and ethics promote specific monetary forms. He articulates this conception through an analysis of Berkeley's monetary theories and their relation to those of Locke. He argues that Berkeley applies his idealist philosophical speculations to finding a solution to Ireland's social and economic problems and that Berkeley's idealist beliefs perfectly correspond with his view that money can function as a *prime mover of desire* and awaken the public spirit, making social and economic development possible. Caffentzis explains why Berkeley believed that Ireland should shift from gold and silver to paper money: the latter would motivate the population to work, force the wealthy to spend their income at home, and free the Irish economy from control of London. Berkeley thus argues that money has no essential relation with a precious metal. Caffentzis shows how Berkeley's opposition to Locke's metallism is both philosophical—Berkeley saw money as a "notional reality" and granted it the ontological status of a sign—and political—he opposed Locke's globalism and believed Ireland should focus on developing locally rather than aspiring to a prominent global role. Caffentzis points out that despite Berkeley's localism his defense of paper money was in part inspired by his experience in the colony of Rhode Island, where he took part in plans for the construction of a college for the education and Christianization of slaves in Bermuda. Caffentzis also argues that Berkeley anticipated several future developments such as the immateriality of money (i.e., cryptocurrency), and that he correctly observed that integration into the world market is not an adequate solution to poverty.

In "Hume's Philosophy of Money," Carl Wennerlind explores Hume's *monetary philosophy*, arguing that Hume saw money as a symbol of commitment, trust, and value. He explicates Hume's basic assumptions about human psychology and environmental scarcity and outlines the basic process by which Hume believed the conventions of private property, markets, and money emerged and were elevated to artificial virtues. He argues that Hume believed that humanity came to agree to accept symbols in exchange for labor and commodities once they recognized the

inconvenience associated with barter. He also provides an overview of the moral and political benefits that Hume associated with commercial society. He emphasizes that Hume thought that wealth-creating pursuits, such as industry, commerce, and refinement of the arts, promote happiness and virtue, and that these would not be possible without money. He also argues that because Hume saw money as a symbol, he was open to the use of paper notes as money on both empirical and epistemological grounds, yet he was skeptical of publicly issued paper money and believed that public officials could not be entrusted with the right to create money.

In “Rousseau and Money,” Claire Pignol explores Rousseau’s mistrust and condemnation of money. She presents Rousseau’s views on the nature and function of money and argues that Rousseau is writing against those who mistake wealth and money, and who believe that money leads to happiness. She explains that for Rousseau, money is merely a sign that represents wealth and allows it to be acquired. Unlike “goods in kind,” it has no real value, and its exchange value is relative. She argues that Rousseau believed that while money is necessary as a unit of account, as a unit of exchange it becomes a source of inequality and corruption. This leads him to imagine economies that practice exchange in kind or that have achieved self-sufficiency—which in Rousseau’s view is more likely than commerce to secure abundance and freedom. Pignol argues that these reflections on money offer insights into the political and moral consequences of money, such as the fact that an increase in wealth for some produces misery and suffering for others, or that the liberty that money buys for the rich entails the dependency of others.

In “‘Tickets of Despotism’: Edmund Burke on the Assignats, Abstract Theory, and the French Revolution,” Gregory M. Collins argues that Burke’s critical observations on the *assignats* allow us to better understand Burke’s views against the French revolution and are relevant to the relationship between philosophy and money. He argues that not only did Burke recognize that the assignats had disastrous repercussions on the French economy, but that he saw the assignats as a financial manifestation of the abstract theories of French revolutionaries and represented a form of social relations and statesmanship that fueled the ascent of an oligarchy and widespread social engineering, both of which Burke believed threatened to destroy the ancient customs and institutions of European civilization. Collins also argues that the intellectual roots of contemporary criticism of fiat money can be traced back to Burke, and that despite the weaknesses of Burke’s views on the revolution, he detected the perils of sustaining human relations based on abstractions and speculation rather than moral sentiments and natural affections.

In his chapter on Kant, “Kant, Innes, and the Copernican Turn in Monetary Theory”, rather than examining Kant’s explicit references to money, often seen as deferential to Smith, Aaron James traces the indirect influence that Kant’s transcendental idealism may have had on twentieth-century monetary theory. Thus, he draws from the theories of A. Mitchell-Innes and speculates what a Kant-Innes transcendental analysis might look like. Such an analysis would frame Adam Smith’s theory as a “transcendental realism” about money that “interprets outer appearances as things-in-themselves,” and, distracted by shiny objects evident to the senses, fails to perceive the conditions for the possibility of ordinary exchange in relations of credit

and debt. Conversely, the truth about money can also be put into Kantian terms: a “transcendental idealism,” whereby observable coins and notes are “merely appearances” of money, nothing other than “a species of my representation”; our money tokens merely *stand for money*, allowing us to represent and track what we owe one another. Thus, Mitchell-Innes would have used Kantian philosophy to refute Kant’s assumption that money is an instrument of exchange instead of a measure of debt and means of payment.

Aaron James’ treatment of the crosscurrents between philosophy and money in Kant is representative of the position of each of the chapters in the early modern section. On the one hand, it is hard to insist that the relation between philosophy and money in this period can be understood within a single explanatory framework or reduced to a single direction of influence. On the other hand, it is hard to deny that concrete problems of economics substantially shaped, and were shaped by, the philosophical reflections of many prominent early modern philosophers.

Chapter 2

The Demythification of Gold in the Spanish Enlightenment: Money, Commerce, and Markets



Francisco Sánchez-Blanco

During the first decades of the eighteenth century, the philosophy of the so-called *novatores* [innovators] spread throughout Spain, influenced by Francis Bacon's empiricism. In this context, politicians began to describe and quantify Spain's commercial relationships with foreign nations as well as the internal circulation of merchandise. Based on this new knowledge, they proposed reforms that impacted the traditional social fabric and immediately provoked resistance from more privileged groups. Enlightenment and economic criticism became aspects of the same evolution in thinking. Discussions focused on questions about the genuine riches of the country and on the best methods of improving industry and commerce. Very soon after, the function of gold started to be seen properly in context, leading to its replacement by other types of payment that would facilitate the circulation of merchandise. This process led to the consideration of the advantages and disadvantages of the introduction of paper money.

Reflections on wealth and money in the eighteenth century did not focus on the sphere of the individual or the family, as had earlier been the case with the fifteenth-century humanist Leon Battista Alberti, but rather extended the scope of inquiry to the entire nation. They addressed the issue of "public" happiness for the entire citizenry, even over the property of princes, and were always aware of international implications.

In Spain, the background for treatises about the economy derived from the awareness of a decline that affected the country from the end of the seventeenth century. It became obvious that the level of the arts, sciences, and general material wellbeing was inferior to that of its European neighbors. The high number of beggars and the wretched conditions of the lives of the working classes offer a depressing image. This is an empirical fact that no one denies, and which contrasts with

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contemporary progress in countries such as England, France, Holland, or the German States.

Those who wished to remedy the situation out of a patriotic desire or impulse began with a critique of the then current situation, and even if they sought its explanation in history and at times elaborated on the mentality that caused it, they were all, strictly speaking, economists, because what they proposed were steps to enhance wealth and living conditions in Spain. Enlightenment and the economy went hand in hand; empirical and critical thought were deployed together to analyze the causes that led to the existing situation. The enemies of the enlightenment thinkers and of economists were the same throughout the eighteenth century.

Spain offers historians a special, paradigmatic instance of false wealth. The discovery and conquest of America stimulated gold fever, a fantasy that equated the metal with wealth and happiness. Many Europeans threw themselves into the adventure of El Dorado. Soldiers, sailors, and adventurers of every kind let themselves be dazzled by the hope of finding treasure. The bankers of Emperor Charles V were likewise infected and organized their own expeditions in order to obtain precious metals and then use them to finance wars or bend wills. The riches of the Aztecs and Incas incited greed in the old continent all the more. From the newly discovered mines enormous shipments of gold and silver came to Europe that the Spanish crown squandered on military ventures. Each shipment, however, continued to impoverish a great part of the Spanish population. They brought about price inflation: there was more gold than produce for the basic food supply. The result was the paradox that gold, whether minted or not, caused hunger and ruined productive activity. The farm worker and the artisan abandoned the country; the gleam of the metals extinguished interest in work and industry; the nation as a whole fell into dependency on foreign products.

The metal acquired in American lands by barter or violence gave rise to starvation and indolence. It was something dead or inert, stagnant, and inefficient; the gold was reserved for ostentation by the powerful in ornaments and tableware and for objects of religious ritual when it was not hidden away, dormant in the strongboxes of the fortunate. Added to this was the fact that a great quantity of money quickly left the country now that Spain had a deficit in all kinds of manufactured goods, especially luxury items. The problem consisted not so much in the scarcity of money as in its circulation and in the absence of goods to exchange.

Gerónimo de Uztáriz

The eighteenth century brought a gradual awakening from the dream of El Dorado. Gerónimo de Uztáriz (1670–1732), author of *Theórica y práctica de comercio y de marina* (Theory and practice of commerce and maritime affairs) (Madrid, 1742),¹

¹There was a clandestine edition dated 1724.

already emphasized the “across the seas” element, synonymous with external commerce. His basic idea consisted in promoting exports and protecting the internal market as well as native businesses from outside competition. It remained within the limits of protectionism of mercantilist economic theory, which sought to obtain a surplus in the balance of payments with respect to the outside world and thus to calculate the superiority of one’s own nation in the international context. Concern for the wellbeing of individuals was relegated to being a secondary goal.

In order to slow down the outflow of gold from Spanish territories, Uztáriz designed a program based on a customs policy that protected national products and rewarded their export. To be competitive in the international market, however, required an improvement in the domestic market. In order to make products affordable, he asserted that it was necessary to eliminate taxes and promote trade by abolishing privileges and impediments. To do so involved a modification that would lead to political conflict, given that Spain had territorial divisions with regional and local customs duties, a variety of currencies, and legislation in which specific exceptions outweighed the universality of rights and obligations. In his analysis he avoided, in a way, social problems and attitudes and focused on proposing measures to prevent the outflow of money from the country and thus the enrichment of other nations. Mercantilism scarcely helped to dispel the myth of gold.

Álvaro Navia Osorio

The Marquis of Santa Cruz de Marcenado, Álvaro Navia Osorio (1684–1732), a contemporary of Uztáriz, published his *Rapsodia económico-política, monárquica* (Political, economical, and monarchical rhapsody) (Madrid, 1732), in which the first sentence established his skepticism about the importance of coinage and put in doubt the thesis of Raimundo de Montecuccoli (*Dell’arte della guerra*) (Of the art of war) (1639–1642). According to Montecuccoli the waging of war required one thing: money. Navia Osorio pointed out, however, that other things were needed: factories, commerce, and manpower. The wealth of nations could not be measured by the gold accumulated in the strongboxes of the rich but in the abundance of population and of natural or manufactured products.

In the opinion of Navia Osorio, the mentality of Spaniards, especially in government economic policy, should change. In the *Rapsodia económico-política, monárquica* he suggested to the king that he should do the following:

Establish by general law in all Spanish dominions, that, following the promulgation of the said law, he who deals in any kind of merchandise should not be considered incompatible with nobility, nor deprived of the right to honorific positions, or accession to clerical orders, which would be applied to nobles in commerce, instead of treating commerce in such a way that even ordinary people would disdain to apply themselves to it.²

²Navia Osorio, *Rapsodia*, 71. Forty years later King Charles III would proclaim a pragmatic sanction in which this requirement was rolled back. His government did not anticipate the opinion of Enlightenment experts.

This tentative move to change the existing body of moral values in Spanish society was hinted at already at the end of the seventeenth century in the political-moral treatise of Francisco Gutiérrez de los Ríos y Córdoba, Count of Fernán Núñez, author of *El hombre práctico o discursos varios sobre su conocimiento y enseñanza* (Practical man or various discourses on knowledge and teaching) (Brussels, 1686).³

Uztáriz and Navia Osorio saw eye to eye on the mercantilist approach to the measures that needed to be taken. They had little to say in detail, however, about the difficulties or obstacles to modifying the country's internal situation. Still, it remained clear that when it was a matter of eliminating taxes, those in opposition resorted to the political argument: that the king or the royal treasury would be diminished. It was evident that several interested groups such as tax collectors or leaseholders of revenue sheltered behind this position; they rejected the lessening of payments by those who work and trade and argued in turn for the presumptive purpose of strengthening the prince. On the other hand, reformers argued that the general good of individuals redounded to the benefit of the monarch in that it increased the public treasury and, hence, the power of the prince. The negative consequence of this argument was that it implied a wager on the future, while the abolition of taxes had an immediate effect on the earnings and expenses of the crown.

Any reform in Spain during this period came up against the fragmentation of its territory. Spain's provinces, cities, and kingdoms constituted an amalgam without unity. Aragón and Castile had different fiscal systems. All territories placed obstacles on the circulation of products, and there was not even a common regulated currency. In addition, coins of the same denomination, even if they looked the same, might have differences in intrinsic value as a consequence of the differences in the quality and weight of the metal they contained. For example, a coin minted in Mexico was valued higher than one minted in the Iberian Peninsula. This prompted foreigners to counterfeit the coins and thus make profits that multiplied when they paid in Spain with coins of a lesser face value. Attempts at unification of weights and measures were resisted by claims to autonomy in the various territories of the crown.

Planning the creation of a single market in order to facilitate circulation and essential public works (ports, canals, roads, bridges, etc.) required an overcoming of this diversity. Because of the inertia of tradition and private interests, ministers fearful of local magnates did not dare tackle the problem. Hence the inefficiency of economic thinking and the slowness and weakness of monarchical power when it came to undertaking reforms. Philip V, the first king of the Bourbon Dynasty, enacted with his French advisors timid and partial measures; they unified taxes in Catalonia and set down rules for minting coins but did not manage to unify the domains.

³Cf. the edition with introduction and notes by Jesús Pérez Magallón and Russell P. Sebold.

Bernardo de Ulloa

Bernardo de Ulloa (1682–1740), author of *Restablecimiento de las fábricas y comercio español*, (Reestablishment of Spanish factories and commerce) (Madrid, 1740), emphasized that the primary cause of the country's economic paralysis lay in the uncritical adoption of their ancestors' belief that in order for the country to be rich it needed to do nothing more than take over the silver and gold mines. The arrested development was not due to an innate incapacity of the Spanish to engage in industry. Before the conquest of America, Spain possessed sufficient industries. Only bad policy dissuaded people from commercial and mechanical work.

Like Uztáriz, Ulloa proposed the restoration of factories in an exclusively fiscal manner (e.g., suppression of taxes and customs duties; unification of the currency; a free and homogenous internal market; and facilitation of transport by way of roads, navigable rivers, and inns). At first glance all this entailed a conflict with the Royal Treasury and, more concretely, with the lessors, who put pressure on the taxpayers and got paid according to the amount they collected. Although economists of the first decades of the eighteenth century elaborated on concrete measures essential to reestablishing textile factories and protecting native products, they were aware that the economy operated in accordance with the philosophy both of natural knowledge and the moral conceptions that determined the activity of individuals. Under the Austrian dynasty a morality governed by the concept of honor tied to antiquity of lineage was widespread. This involved disdain for manual and mechanical expertise, which was prohibited for nobles under penalty of loss of honor. In addition, traditional and commonly accepted prejudices prevented those occupied in various categories of work from exercising public office. In consequence, for a long period laziness and apathy characterized Spaniards who lived in towns and cities. The recovery of manufacturing and commercial activity involved recognizing the dignity of “*homo faber*” and “*homo artifex*,” the social prestige of artisans and merchants, which was an ideological question which concerned mental attitudes which had to be debated in terms that respected such trades and by means of policies that rewarded with social honors and benefits those who practiced a useful occupation. But an aristocratic as well as an ecclesiastical mentality opposed the valuing of labor. The latter preferred the contemplative to the active life.

José Campillo y Cossío

In 1743 a minister of Philip V, José Campillo y Cossío (1693–1743), who had initially held positions in Havana and Veracruz, drew up a report for the king entitled *Nuevo sistema de gobierno económico para la América: con los males y daños que le causa el que hoy tiene, de los que participa copiosamente España; y remedios universales para que la primera tenga considerables ventajas, y la segunda mayores intereses* (New system of economic government for America, stating the ills

and harm currently suffered, as Spain does in large measure, and the overall remedies needed to improve the first area and so that the second enjoys greater benefits).⁴ It constituted a critical review of the colonial policies of the period following the so-called Discovery. It was not dictated primarily by theological and humanitarian criteria, although it is true that it considered the existing situation with a modern sensibility and spirit of rationality. It recognized that the warlike drive of the conquistadors achieved great success, but it did not lead to a commercial spirit that knew how to administer the lands and peoples under its control. Countries such as England and France had greater success by imposing a different policy with the colonies after correcting early mistakes. The error in Spanish policy with respect to the indigenous population consisted in not supporting the development of their agriculture and in not trading with them. Everything was limited to controlling and exploiting mines of precious metals.

Campillo's reflections began from the conviction that "true wealth consists in the products of the earth and the industry of men,"⁵ one opposed to those who privileged gold exclusively. With the objectivity of an empiricist, he established a "*visita*" as a precondition of reform, that is, an inspection of the concrete reality. Regulations to be taken must be based on experience and considered demonstrable "experiments" subject to verification and revision. He placed the economy within the framework of social relations, condemning abuses of the indigenous people committed by authority figures and churchmen: "this abuse is not only contrary to all the laws of justice, charity, and even humanity, but also destructive of the new economic system."⁶ A change of policy requires respect for their equal rights as subjects or, in other words, concession of properties to the Indians (i.e., indigenous people of the Americas) so that they could work and trade with the fruit of their labors, with the liberation of the circulation of products free of duties. This would benefit everyone. Although he repeated again and again that he spoke neither as a philosopher nor as a theologian but exclusively as a politician, he sometimes referred to ideas of justice and the spirit of the gospel. Nevertheless, he had no qualms about admitting the necessity of recognizing that human nature, including that of the indigenous inhabitants, was moved by drives like ambition, self-interest, and the desire to secure social recognition.

Distancing himself from the practice of the English and French, Campillo believed it advisable also to establish factories in the colonies, but only those that would not compete with the few that existed in Spain. The integration of Indians into economic activity—agricultural as well as industrial—would put an end to "the

⁴The text printed in 1789 may have been modified by another hand. In fact, it contains statements that seem too modern for its time. But, as we shall see, it is certainly not unlikely that these ideas were framed at such an early period and were transmitted in the form of manuscripts that circulated more or less secretly.

⁵Campillo, *Nuevo sistema de gobierno económico* [New system of economic government], 166.

⁶*Nuevo sistema de gobierno económico*, 108.

illicit trade in the human species in our Indies,”⁷ said Campillo in reference to the trade in African slaves.

Already there appeared an interest in developing agriculture as a basis for intensifying exchange within the domestic market. For that purpose and excluding precious metals, Campillo recommended the use of an inexpensive copper coinage that would serve to facilitate the exchange of foodstuffs or basic manufactures.

Campillo believed that in order to promote long-distance trade it was necessary to organize the “giro” (financial transfer system), that is, the transmission of orders, payments, and notices among merchants. He conceived it as a regular postal service that, in order to generate greater confidence, should be in the hands of the monarchy and not a privilege granted to a private individual. Furthermore, in this way the bill of exchange would generally apply to wholesale trade while copper currency would be restricted to retail sales, thereby avoiding the risk of transporting gold and silver.

Zenón de Somodevilla y Bengoechea, Marquis of la Ensenada

The minister of Ferdinand VI, Zenón de Somodevilla y Bengoechea (1702–1781), Marquis of la Ensenada, was a manager more than a theoretician. To the great profit of the Royal Treasury, he took back the direct levy of provincial income from the leaseholders. As a result, he was able to develop an ambitious project for renewing the navy and thereby securing external commerce. With the “royal giro” (royal banker’s order) he set out the first Spanish model of a national bank. The most important act of his ministry was to put into effect in 1749 a general census of the country’s properties with a view toward a detailed understanding of the reality of the situation as a precondition to establishing a single property tax that owners would pay following an assessment of their land. The project required an enormous number of officials and planning and was therefore abandoned within a few years. It certainly did not involve an operation that would be successful in the short term; Ensenada was planning for the future. He was a statesman and not a courtier preoccupied exclusively with flattering the sovereign in power.

There were also other factors obstructing the completion of the land registry in Castile. It was not only the cost but also the associated legal problems that paralyzed the project. The church and religious orders were against their properties being investigated and their accounts monitored. They appealed to canon law and concordats signed with the Holy See, and they saw it as damaging to their privileges if the king’s officials assessed their properties. In the second place, there were technical objections that involved the abolition of existing taxes and the correct application of the proposed single tax so that it did not fall disproportionately on agriculture and leave industry and commerce untaxed. The debate about the single tax began in the context of simplifying and unifying fiscal income, which would be set after

⁷ *Nuevo sistema de gobierno económico*, 121.

cataloging and assessing real estate. Its difficulty consisted in determining how to set a taxable value on the property of the land and its yield without ruining agriculture.

According to the theorists of physiocracy at the middle of the century, the source of wealth was the land, because it was the only thing that multiplied what was sown. For this reason, the fiscal burden should fall on it, and, at the same time, other taxes should be eliminated. In this way the circulation of products for the benefit of farm workers would simultaneously be enhanced. Promotion of agriculture and freedom of exchange were the principles that took the place of mercantilist intervention and protectionism.

The owners of great estates, namely, the nobility and clergy, opposed the “single tax.” It fell on the person who worked the land before they could see the reward for their work. The economic theory ran into political resistance, and the monarchy showed signs of weakness. The idea of imposing taxes on landowners, however, originally came from the need to distribute equitably the expenses of the state that otherwise fell on the most disadvantaged by taxing the consumption of essential goods. The Spanish origins of the single tax therefore preceded physiocratic theory, and we encounter it already in the *Rapsodia*.⁸ (The advantage of this tax is evident: such possessions cannot be concealed.) The problem consisted in assessing them properly and in accounting for the fact that bad weather and other circumstances caused uneven production. These contingencies should be accounted for annually by a network of intendants in the provinces of the realm. Another disadvantage was the fact that the farm worker expended funds (for seed, provision for animals, purchase of tools) and labor before reaping the harvest. A single tax on workers would not only establish inequality to the advantage of artisans and merchants but also cause farm workers to abandon a harsh profession.

Despite the indubitable merits of his administration the Marquis of la Ensenada fell into disgrace during the reign of Ferdinand VI and was condemned to perpetual ostracism during the rule of Charles III.

The evolution in ways of thinking in eighteenth-century Spain was slow but perceptible. The labor factor received ever higher respect, especially for those who cultivated the land, and the external signs of social prestige were relativized. In 1739 Benito G. Feijoo dedicated an essay in his popular and influential work *Teatro crítico universal* (Universal critical theater) to the “Honor and Benefit of Agriculture” (t. VIII, d. 12). Labor and industrious activity, not gold, eliminated misery and conferred dignity on human life. Other clerics, such as Friar Diego Tello Laso de la Vega, in his “*Aprobación*” (“Approval”) of the work of Bernardo de Ulloa, *Restablecimiento* (Restoration), also emphasized that the origin of many vices lay in idleness, but they showed themselves quite hesitant to legitimize labor that aimed to enhance happiness in the terrestrial life instead of merits in the heavenly one. The ideal of monastic life, with its own form of a nearly self-sufficient economic system, separate from the world, made it difficult intellectually to take an interest in the

⁸Navia Osorio, *Rapsodia*, Proyecto IV, §V, 173–88.

economy outside the cloister. On the other hand, some religious communities (Franciscans, Capuchins) had converted poverty and mendicancy into a virtue and way of life.

Juan Enrique de Graef

Juan Enrique de Graef (1710–?), a Dutchman residing in Spain in the middle of the century, was editor of a periodical (*Discursos mercuriales económico-políticos* (Mercurial political and economic essays), Madrid 1752–1756). Before analyzing the economy, he sketched a psychological and moral description of Spanish society in order to explain the apathy and idleness of individuals as well as the “bad government” that had led to the current situation. Ulloa, borrowing from La Martinier, had already pointed out that the lack of manufacturing activity was due to the “severe idleness” that affected the character of Spaniards. Graef offered more detail and spoke of the aristocratic and theological mentality that had made the Spanish focus on fatuous social recognition and otherworldly illusions. He attacked Spain’s prevailing mentality of nobles and theologians from the position of a man who valued empirical knowledge and was concerned for the material welfare of the nation as a whole. He proposed that commerce was a specific science fundamental to politics, based on experience and practice and distinct from the theoretical, useless knowledge taught in universities. What he laid out were not maxims or stratagems for an individual to get rich quickly, but he instead showed that the wealth of a nation consisted in the abundance of products, not the mere sum of them. Goods must be distributed with a certain equality because otherwise general misery and the weakness of the nation would not disappear.

Graef analyzed the causes of economic decline in relation to the political system. In addition to the obstacles that noble and clerical mentalities imposed and the private interests of the classes to which they belonged, he focused on the forms of government. Monarchy was characterized by the interest of ministers in increasing the Royal Treasury. The true merchant, on the other hand, saw his profits grow with the increased quantity of goods and proliferation of transactions. Hence this was the social group most interested in the general welfare and, therefore, the most suitable to participate in governing the nation. To this was added the superiority of merchants over functionaries trained in universities in that they had empirical knowledge of the geography, languages, and legislation of other countries as well as about agriculture and industrial techniques, a wealth of knowledge not possessed by those who did no more than frequent lecture halls. Thus, Graef linked the social vindication of the merchants with epistemological issues. He was not interested in discussing the nature of currencies nor precise pricing but the process of transporting, selling, or buying the products of labor. Just like other economists of his generation, Graef fought the typical illusion of mercantilist theory that equated wealth with the accumulation of money. Commerce was not the storing or hoarding of metals but a continuous interchange and communication between individuals and countries.

The sources for the discourse that Graef offered Spanish readers were specialized foreign publications: *The British Merchant* by Charles King (1721) and the *Mercure historique et politique* (The Historical and political mercury) of Jean Rousset de Missy (1686–1762). By becoming a subject matter of the press, economic thought emerged from secrecy and became a topic of conversation in social gatherings and discussion groups. Criticism of politics stimulated public opinion. But Graef's attempt to introduce this form of journalism was soon prohibited by ministerial order.

Bernardo Ward

Bernardo Ward (?–1776), born in Ireland but writing in the service of King Ferdinand VI, published *Obra pía y eficaz para remediar la miseria de la gente pobre de España* (Pious and efficient action to remedy the misery of poor people in Spain) in 1750. The objective of his work was to reduce the number of beggars by creating poorhouses in which they would be obliged to work. He later wrote a *Proyecto económico, en que se proponen varias providencias dirigidas a promover los intereses de España, con los medios y fondos necesarios para su plantificación* (Economic project in which are proposed various measures designed to promote Spain's interests, identifying the means and necessary funding for them to be established), which, although completed in 1762, was not published until 1779, a fact that did not preclude its circulation in manuscript. Continuity with the ideas of José Campillo and the Marquis of la Ensenada is evident. He insisted on the necessity of empirical knowledge, by means of a personal "visit" before speculating on measures for the government to take. His most original proposal consisted in the creation of a "development fund by means of securely guaranteed credit." It would involve a sort of national bank, or a joint-stock company made up of unproductive sources of wealth, including property and jewelry, which would finance public works, factories, or improvements of any kind that might promote public usefulness. A "board of improvement" with its own branches in the provinces would be created to administer funds deriving from the private sector. These strictly "economic" institutions would serve to channel credit and investment. Pedro Rodríguez Campomanes, a minister of Charles III, would subsequently distort the original idea, converting the institutions into mere meeting points for local nobles to practice charity or care for the poor, where they talked about everything but without pooling their resources for initiatives of public interest. Ward already conceived of money as capital that could be used to yield profits. It was symptomatic that he valued absolute monarchy as one of the great advantages that Spain relied on in order to make reforms. With such words he flattered and encouraged the royalist ministers of Charles III.

Miguel Antonio de la Gándara

Miguel Antonio de la Gándara (1719–1783) was another economist who, like the Marquis of la Ensenada, would be persecuted and imprisoned. He toured Europe before holding governmental offices in Italian territories. He was later removed from his functions and locked up for life at a prison in Pamplona upon being accused of collaborating with the Jesuits in the riots of 1767. A proper trial never took place; hence one can assume that his proposals made him a troublemaker. The immediate entourage of Charles III blamed the measures that Gándara praised for the disturbances that broke out in the wake of the rise in the price of bread that followed governmental action in 1765 which involved liberalizing the tax on wheat but did not preclude speculation by those who dominated the market.

We should look for the reasons of his imprisonment in Gándara's writings. The question to be explained is whether the persecution of the Jesuits and their "friends," which broke out after the riots, relates only to the Jesuits' thesis about the right of resistance to a tyrant or to their vow of obedience to the Pope, a foreign monarch. Juan de Mariana (1536–1624), a Jesuit who influenced the thought of Gándara, placed limits on the power of the monarch in the economic sphere. Taxes should be negotiated with the people, and, in his opinion, royal power did not extend as far as to violate the property rights of his subjects or to devalue the currency in its own favor. His ideas enjoyed popularity at the beginning of Charles III's reign and clashed with the monarch's desire to be an absolute sovereign, a level of power which was unavailable to him in Naples, given both that the territory was subordinate to the Holy See and that his ambitions were perceived as despotic by his ministers in Spain. The Jesuits and their "friends" represented a threatening ideology to Bourbon absolutism, and they were accused of inciting the people to oppose the sacred authority of the monarch.

Gándara identified with the Jesuitic-Scholastic doctrine according to which taxes were imposed for the benefit of the people. He was wary of ministers and courtiers who had no scruples about increasing the pomp of the crown by constructing palaces at the expense of leaving most of the subjects in misery. Gándara's position cannot be understood only as a simple link between mercantilism and liberalism. His argument had a certain populist component, very much in accord with Mariana, and therefore implied a degree of opposition to government policy.

When the death of Ferdinand VI seemed close, and weeks before his successor Charles III arrived in Spain, Gándara, in Naples, shared his reflections about the economy in the form of his *Apuntes sobre el bien y el mal de España, en que se proponen varios medios para restablecerla a su antiguo esplendor y opulencia* (Notes on the good and ills of Spain, proposing various paths to recover its former glory and opulence) (1759).⁹ It was a very complete governmental program that ranged from nationalizing the army (suppression of the bodies of foreign

⁹It was published for the first time in Lyon, 1804. There are manuscripts dated to 1759, which coincide with the text's allusions to an illness that troubled Ferdinand VI.