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BARGAINING FOR ABSOLUTISM: 
A SPANISH PATH TO NATION STATE 
AND EMPIRE BUILDING

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Abstract

Social scientists use the history of Spain and her empire as a standard against which they have sought to establish the relatively superior efficiency of Anglo-Saxon institutions. This historical ‘experiment’ underpins the core argument of new-institutional economic history. This paper argues that such comparisons have departed from a misleading characterisation of Spanish rule in the metropolis and overseas. For some time historians of Spain and Colonial Spanish America have emphasized that the Spanish system of governance was highly negotiated rather than absolutist. This is confirmed in the workings of the peninsular and colonial fiscal systems. This paper shows that revenues were not extracted to Madrid but instead widely re-distributed across regions. Contrarily to received wisdom there was a great degree of local autonomy in managing and allocating these intra-regional transfers of revenues. The crown barely controlled the system; yet, it acted as the ultimate arbiter of a very flexible arrangement that effected ultimately the distribution of the fiscal burden across colonial regions and economic sectors. This set-up explains the lack of serious challenges from within during 300 years of imperial rule. Napoleon’s invasion of Spain in 1808 and the abduction of the Spanish king caused a major shock to this system of redistribution. The implosion of Spanish rule led to conflict over revenues and resources among constituent parts of the empire. The search for a legitimate replacement ruler that ensued consumed the following century in postcolonial Latin America. A comparable pattern of constitutional failure, political instability – and poor economic performance – was replicated in Spain throughout the nineteenth century.

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The history of Spain and her Empire has often been interpreted in direct comparison to that of England and her colonies in North America. Several parallels invite such an approach: Both metropolises emerged out of the late medieval phase of European state formation and consolidation. They determined the development of far-flung parts of their world as ‘mother countries’ of the two largest early modern Western empires. ¹ Both are credited with, or lambasted for, their institutional, political and social legacy, which characterized state building in the new nations that emerged out of these empires in the late eighteenth and early nineteenth centuries. However, the institutional, political, social, and economic trajectories followed by both empires and their offspring differ quite markedly and these distinct historical paths have inspired a reflection upon the institutional nature of Spain in the mirror of the British Empire. In the process some of the great meta-narratives of the development of the Atlantic world after the sixteenth century have been established. They establish an interpretation of the divergence between Spain and Britain in the early modern world that can be summarized as follows: Spain was absolutist, interventionist, centralist, statist, bureaucratic, constitutionally disinclined to grant its subjects much local government but strived to extract revenues from them. England/Britain by contrast was parliamentarian, treated its colonies with benign neglect most of the time, its constitution granted the colonies far-reaching self-government and the metropolis rarely meddled in their internal economic or political lives.

Most specialist historians of Spain would disagree at least in part with these views. They might point to a large, exciting historiography that has shown that in both peninsular Spain and its American possessions reality was very different from this simplistic portrayal. While “even in its European core Absolutism was [merely] a political aspiration”,² “parliaments could be just as arbitrary and intrusive as kings”.³ However, the charge of Spanish Absolutism hindering successful political, social and economic development in Latin America in the long

¹ In territorial terms the Spanish Empire since the sixteenth century and the British since the eighteenth century were a category apart from their Portuguese, Dutch and French competitors.


run is very much alive. This is at least in part the unfortunate result of the disengagement of historians from the social sciences, leaving the latter unchallenged by the former. As a consequence political scientists, sociologist and economists (including economic historians) tend to reproduce views like those epitomised by Noble Prize winner and economic historian Douglas North, whose work on the relationship between historical institution building and economic development underpins much current research in related social sciences. North describes “a centralized monarchy in Castile […] that defined the institutional evolution of both Spain and Latin America”. It relied always on outside sources of revenue, be it from Naples, the Low Countries or the New World and control over these revenues “entailed a large and elaborate hierarchy of bureaucrats armed with an immense outpouring of royal edicts […] designed to provide minute regulation of the economy”.4 In this scheme the uniformity imposed in religion, governance and administration is blamed for Latin America’s poor performance. In contrast, North argues, England allowed diversity in the political structure of its American colonies, which were ruled largely locally and only mildly regulated through the navigation acts.5 North famously traced the more favourable economic development of England to the constitutional constraint imposed on the monarchy by Parliament after 1688.6

The lack of attention to more recent studies on Spain and its empire has contributed greatly to the genesis of an Anglo-Saxon mode of state and empire building, and of modern state formation, build up in apparent contrast to its most powerful competitor. And this model has – in the views of many social scientists – transcended change over time. It has become the theoretical anchor for a rich – and mainly Anglo Saxon – literature in the social sciences on a distinct political, economic and cultural development in modern and contemporary times, which informs the most influential analyses of historians, economic historians and economists in the non-Anglo-Saxon world today. The narrative of the differential formation and history of both nation states in the metropolis, their empires and the postcolonial states is equally simple as efficient in conveying a prescriptive model of successful development. Not surprisingly, it has be-

5 Ibid.
come an assertive recipe for all sorts of reforms and political interventions at nearly every level of government domestically and abroad.

In this article we try to rejoin some of the social science debates on the nature and consequences of a Spanish path to state and empire building with the recent historiography. We suggest thinking about this in two steps. Firstly, a reconsideration of the political basis of Spain’s imperial rule in the light of the peninsular Spanish experience seems a good starting point. Much of the more recent research on Spain’s political and constitutional set-up is a result of studies that have examined the clearest link that exists between the various participants of the early-modern political game, namely the state’s tax regime. When looking at the way in which political actors, crown, Cortes, cities, towns, nobility, subjects and church bargained over how to finance the state and its military needs the nature of Spain’s political and social compact become more apparent. The legal challenges in the courts, debates in the king’s councils, and petitions of the most “humble, miserable men […] who wrote to the king as if they expected to be listened to and [whose] confidence was often rewarded” reveal the modes of such negotiation and the actual location of the authority in such a society. Other historians have studied how decisions over fiscal exactions reflected a ‘Spanish path to Absolutism’. This article would like to complement this view with a look at the outcome of these negotiations: the relative tax incidence born by the different fiscal districts within Castile, within Spain, within Europe and within Spanish America.

Secondly, we compare some of the aspects of Spanish rule in the peninsula with the Spanish American possessions more directly. This reveals that in spite of all the idiosyncrasies of Spanish rule in America differences both between Spanish European and American possessions – and throughout time – can be easily overdrawn. What set Spain apart as an imperial power from its contemporaries, and especially England/Britain, was the redistributive nature of its fiscal constitution and machinery, and the bargaining for authority that it entailed. Just as in the European context, Spanish American rule relied on a cross subsidization among various regions. This suggests important similarities and continuities that persisted even after the Bourbon reforms of the later eighteenth century. And, we will argue, it explains at least in part why the post-Independence

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era in Latin America was one of continuous civil conflict over the establishment of viable sovereignty between those previously interdependent regions. This new perspective would also suggest that we might want to re-interpret the history of nineteenth- and twentieth-century peninsular Spain. Its torturous path towards a feasible nation state bears more than passing resemblance with the process we describe for its former colonies.
II

Few historians would now claim that Spain was a unitary state with strongly absolutist structures at any point in time between the late fifteenth and the late eighteenth century. As John Elliot taught us a long time ago, the Peninsula even more than its neighbours remained a ‘composite state’, constituted of a number of territories that preserved most of their politico-administrative structure and historic freedoms (*fueros*) as they became part of the patchwork that would be called Spain.9 This is nowhere clearer than in the fiscal sphere.10 It is easy to see Spain’s European and peninsular history as a recurrent and ongoing struggle over who would finance polity and politics. Owing to Spain’s composite character these conflicts were confounded by a strong geographical dimension. The crowns of Castile and Aragon were ruled by the same monarch after their late fifteenth century unification, but fiscally they not only remained distinct, but also their internal territorial fragmentation lived on. There was little fiscal integration among the lands of Aragon, Catalonia, and Valencia in the seventeenth century. Castile is often portrayed as the more unitary element of the Crown. Yet, those areas of Andalusia that were the last to be integrated in the process of *reconquista* kept a substantially distinct tax system while in the north the three Basque Provinces were governed by an entirely distinct fiscal regime. But while within these territories at least some fiscal structural elements were similar, for example the famous sales tax, *alcabala*, that applied in most if not all of the Crown of Castile, Spain’s other European possessions, namely the Netherlands, the Kingdom of Naples, Portugal, Sicily and Sardinia continued to develop their own tax administration and instruments altogether.

The simple fact that the rules of bargaining were distinct in each of the constituent territories created a degree of complexity that set the Hispanic Monarchy apart from its European neighbours. Tracy has recently shown how different constitutional structures in Naples, the Low Countries and Castile produced vastly different outcomes in their fiscal negotiations with Charles V.\textsuperscript{11} In each territory some form of representative assembly existed, but their role and interests were strikingly different. In the Netherlands the large towns and the provinces were both invested with authority to negotiate with the Crown (or its representative in Brussels) making it virtually impossible to extract revenue beyond what was used within the territory. In Naples the nobility was far more powerful and could be co-opted by the crown. This gave the latter a more favourable negotiation position \textit{vis-à-vis} towns and territories, which ultimately meant this possession just like Castile subsidised fiscally crown policy outside its confines.

In Castile authority rested with the towns and cities; initially organised in the Cortes, later in direct negotiation with the Crown.\textsuperscript{12} Although the Castilian Cortes did not have legislative initiative, towards the mid-seventeenth century the Crown depended increasingly on their approval of taxation. As Thompson has shown, far from being a toothless debating chamber, they were the arena of negotiation between the Crown and the cities, between the \textit{rey} and the \textit{reino}. The end of the Cortes did not end the influence of the cities, however, which after the 1660s negotiated directly with the king on renewals of the important grants of revenue known as the \textit{millones}. The relation between \textit{rey} and \textit{reino} was complicated further by the separation of \textit{rey} and \textit{gobierno} (king and government), the latter represented largely by the \textit{consejos} and secretaries. The king’s constitutional role was to approve or disapprove initiatives put forward by the \textit{consejos} and secretaries. Thus, the legislative initiative did – in most cases – not lie with the Crown but with the government.

The recent historiography has shown clearly that if Absolutism is equated with absolute power at the centre not even Castile, let alone the other parts of


the Hispanic monarchy, fits the description. On the one hand, at the centre the crown ruled through negotiation both with the cities and with its own councils, reflecting a fundamental idea that saw royal authority based on a compact between king and subject rather than a divine right of the king. On the other hand, the crown’s need for finance was not serviced by imposing more central control on the estates, cities or regions. The Conde Duque de Olivares, Philipp IV’s valido, had tried in the 1620s–1630s to strengthen royal control over the regions and create a more equitable system of revenues between territories and social groups. He failed utterly. The crown reacted by allowing more authority to be devolved to the regional and local level in an attempt to align the interests of towns, cities, nobility and corporate association with those of the crown. This ‘devolution’ of authority took many forms. Town rights were sold to villages, the Cortes were given explicit contracts to guard their rights over taxation, the aristocracy was allowed to create entails and take on debts, lower nobility were allowed to buy urban offices. In the fiscal sphere the crown had almost no control over how taxes – even when they had been agreed upon with the cities and the councils – were levied. Tax-farming was often the only practicable solution to tax collection and provided advance payment to the crown; much of the fiscal system was effectively privatised. And the actual shape of taxes and the goods taxed were largely determined at the local level, though again often in negotiation with the King’s councils.

Recent studies suggest that the crown had little option but to devolve authority. Within the inherited quagmire of jurisdictional fragmentation, actors on all levels, from the most powerful city to the individual peasant, could and did use various strategies to resist unwanted royal demands. Author after author suggests that the traditional phrase that officials and subjects could choose “to obey but not comply with” (se obedece, pero no se cumpla) royal orders was not an empty formula. Fragmented and overlapping jurisdictions allowed for legal

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13 This point is made by Jean O. Maclachlan, Trade and Peace with Old Spain (New York: Octagon, 1974), chapter 1.


15 See Thompson, War and Government and MacKay, Limits of Royal Authority.

16 “The formula’s origins go back to the Roman law concept that the prince can will no injustice. The ‘I obey’ clause signifies the recognition by subordinates of the legitimacy of the sovereign power who, if properly informed of all circumstances, would will no wrong. The ‘I do not execute’ clause is the subordinate’s assumption of the responsibility of postponing execution of an order until the sovereign is informed of those conditions of which he may be
challenges, negotiation, pleading or outright refusal of royal demands. In Mac-Kay’s words there was “a generalised belief that rights were shared by all and that no authority, not even the king’s, was absolute”.¹⁷ MacKay and others also stress that the very flexibility that such a chaotic system of taxation entailed was what kept Spain and the Empire together by making open challenges unnecessary.¹⁸

Though it is generally accepted that the reality of Spain’s fiscal system was anything but absolutist until the late seventeenth century, many historians still point to the Bourbon reforms as the definitive shift to centralisation. Certainly increased reforming zeal made itself felt in fiscal matters. The largest change was the reform of the fiscal structures of Aragon, Valencia and Catalonia between 1700 and 1720.¹⁹ It helped to raise the contribution of these territories closer to the Castilian level for a time, but its effect was short-lived; the new taxes remained constant in nominal terms over the eighteenth century and were eroded by inflation and population increases. In Castile, the single biggest attempt at reform, the Unica Contribución, was ultimately abandoned in the 1770s.²⁰ However, it offers a rare glimpse at how Spain’s system of devolved authority and negotiation at multiple levels was performing even in the late eighteenth century. The new tax was supposed to replace a host of existing ones generally counted among the rentas provinciales (provincial taxes).²¹ The assessment of the Unica Contribución was based on the great stock taking of the eighteenth century, the catastros, a register of all wealth and sources of income and was hence to reflect a contemporary estimate of the different provinces’ ability to pay taxes. The Unica Contribución would have been the first tax that used uniform criteria across Castile’s 22 tax provinces levying a single rate tax on every kind of economic activity.²² By comparing the sums assessed under the new system with those actually collected under the existing rentas provin-

¹⁷ MacKay, Limits of Royal Authority, 173.
¹⁸ For the ‘philosophical matrix’ underpinning Spain’s governance see also Maclachlan, Trade and Peace with Old Spain, chapter 1.
¹⁹ Artola, La Hacienda, chapter 4.
²⁰ Ibid.
²¹ Nevertheless the tax was never meant to replace all of these taxes.
²² Note that we neither assume nor believe that this is actually a very accurate assessment.
ciales we get a rough measure of the extent to which the existing, historically evolved tax structure benefited or punished regions. In this sense, the rentas provinciales amounts reflected the relative bargaining power of provinces vis-à-vis the crown, for they were the outcome of centuries of negotiated fiscal relations between regions and crown.

Graph 1: Share of actual revenue of rentas provinciales and assessed revenue of única contribución by tax region (%)

![Graph 1: Share of actual revenue of rentas provinciales and assessed revenue of única contribución by tax region (%)](image)


The time-honoured system of negotiation was producing results that were rather close to the from-scratch assessment attempted in the Unica Contribución for most regions. Considering the general impression of arbitrariness of the fiscal system this must surprise. But there were limits to decision making through multi-layer negotiation, as graph 1 illustrates especially in the cases of Madrid and Andalusia. For Andalusia the share assessed under the Unica Contribución would have been substantially lower than the actual share of the tax burden, for Madrid the opposite occurred. If the new system was broadly representative of the ability to pay of provinces, as argued above, Madrid seems to have in practice enjoyed a lighter burden of taxation while Andalusia was heavily punished
by the *rentas provinciales*. It goes beyond this paper to speculate about the origins of this imbalance. One suspects that Madrid had a rather preferential bargaining position but it is unclear why Andalusia had to pay so much other than to assume that its relative economic position had probably declined while its tax assessment had not. Two important conclusions can be drawn. Overall the cumbersome process of negotiation over who financed policy and polity did well enough to reflect broadly the ability to pay and thus not violate the compact between subject and monarch openly. Yet, for individual regions, such as Madrid and Andalusia, it did result in greatly uneven impositions. This implied an ongoing process of redistribution of revenues between regions, simply because spending was almost entirely military in nature and therefore independent of the regional origin of revenues.

The fiscal structure of both peninsular Spain and its European possessions was a logical outcome of the constitutional nature of this composite state. Some historians have suggested that the fiscal chaos had a purpose, namely to keep the system flexible enough to avoid major opposition. Others still feel that the crown’s will was set on unification and centralisation of the system but the country’s body was too weak to support that. However, it could be argued that the question of intentionality, i.e. whether this was systematic or accidental fiscal chaos, is ill conceived. In a political system in which the underlying nature of the relationship between the crown and its subjects was understood to be one of consensus, negotiation was a necessary and continuous process. However, just as jurisdictional fragmentation made it often impossible to determine where authority was located it also hindered the emergence of clearly defined spaces of negotiation. Within such a structure of diffused authority the role of the monarch was crucial not because he effectively controlled policy and administration – he did not – but because he was the one player accepted as the ultimate arbiter between government and subjects. What distinguished Spain from England was not if authority was negotiated or not, but that the channels of negotiation were less clearly defined and there were more of them.

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23 The difference is almost entirely due to the shares of Granada and Sevilla.  
24 Alternatively, both Andalusia and Murcia might have paid more under the ‘negotiated’ system of the *rentas provinciales* because they were the last territories to be incorporated during the *reconquista* and had less bargaining power.  
25 For a discussion see MacKay, *Limits of Royal Authority*, Introduction and chapter 1.  
Poorly-defined channels of negotiation are one reason why studying the process of bargaining is so complicated in the case of Spain and its empire. The absence of unambiguous arenas for negotiation, akin to the North American assemblies, means that we lack a body of records to trace the bargaining process. So we can only observe its outcome in the form of the fiscal returns in the *Indies*. Studies of the finances of the Spanish empire abound. However, they have been used mainly to assess the performance of the economy in Colonial Spanish America not that of the colonial or imperial state. Overall, scholars coincide with the two most accomplished historians of colonial finances, John TePaske and Herbert Klein, who compare the Spanish American situation favourably with that in Spain. In their view the administration and collection of revenues in the empire reflected a “modernization of the fiscal system” via “royal control over taxation and strict accountability of those who administered the fiscal system”. We are told that the crown tried to create a more rational structure than existed in Spain itself, which was more adaptable to economic change, more unitary in both application and authority, as well as more centralising and less dependent on local freedoms and privileges. TePaske and Klein also find that the Spanish American fiscal apparatus was relatively cheap and hence argue that it was cost-efficient.

In the following pages we will discuss these supposed signs of a more modern, rational and efficient fiscality in the Spanish Americas. Firstly, we will look at the notion of ‘modernity’ of the Spanish American fiscal system. Then we will discuss the crucial questions of degrees of uniformity, centralisation and efficiency. An analysis of both the set-up of the system as well as its outcome at the level of the individual treasury districts, the so-called *cajas*, made possible by TePaske and Klein’s publication of their accounts, questions the very picture these authors paint of governance and administration in Spanish America in some aspects. It also suggests that one crucial characteristic of the system – its re-distributive nature – has so far been absent from much of the historical debate.

Modernity as Absolutism?

TePaske and Klein claim that the imperial fiscal design of Spanish America differed significantly from that in the metropolis because it reflected an intentional, modern, absolutist design put into practice by the “first officials that went with the conquistadores [., the] royal tax officials”. Elsewhere, however, the same authors indicate that Spanish monarchs used “institutions and officials which had consolidated royal power in Spain during the Reconquest”. On closer inspection, there is little evidence for grand new designs. Instead, the fiscal system set up in the Americas was the offspring of typically eclectic precedents drawn from the different territories that constituted the Spanish monarchy. The one notable difference between the political economy of taxation of peninsular Spain and its American colonies was not institutional; it was the greater availability of fiscal resources from American labour and silver that eased the collection of revenues in the colonies vis-à-vis the metropolis.

Still, TePaske and Klein interpret the pattern of creation and abolition of geographical fiscal units in Spanish America as a symptom of modernity and responsiveness. The “successive reorganisation of fiscal districts coterminous with an economic region, [which] unlike the overlapping treasury offices of the metropolis, in Spanish America, were unique to a geographic area [meant that] as each political unit was established, it received a corresponding treasury office”. Thus,

unlike the rigid metropolitan arrangements, the Castilian crown in its American possessions was quick to disband as well as establish new treasury districts [...] if a new mine was discovered a treasury office was quickly established and the local region was removed from the jurisdiction of its old treasury, the opposite occurred if such a region went out of production or the focus of economic activity shifted to a new zone.

It is true that Spanish America largely avoided the chaos that overlapping historical boundaries created in peninsular Spanish tax districts. Yet, the American reality was not so much that the cajas followed the establishment of political units but that political centres derived their predominance from the existence of the cajas. Thus, the political organisation re-enforced existing economic con-


29 Klein, The American Finances, 2.
centrations rather than evening them out. Such a design was only possible because the Spanish American fiscal regime accepted from the very beginning that cajas with a stronger fiscal base would subsidize others established in districts with a weak fiscal base. Thus, a rational fiscal structure in imperial Spain was not necessarily one in which all districts were self-sufficient. Whether this was a more ‘modern’ organisation is a matter of definition. But it was necessarily a system that created strong dependencies between individual cajas from the start because economically weaker districts depended on transfers from more affluent ones and it resembled the peninsular structure of re-distribution between regions quite closely.

Another indication for the more advanced nature of Spanish American finances over their metropolitan equivalents often mentioned is that districts were not allowed to overspend. Accounts payable were carefully controlled and treasuries were supposed to pay for local expenses only out of clearly defined incomes. Income from other ramos (branches) was not to be spent locally but shipped to the main treasuries or to Spain. It is said that “as much as possible the crown attempted to keep these funds (surpluses) free and did not mortgage such accounts to outside lenders”\(^{30}\). Recent local studies, however, find that the colonial administrations violated such a rule – if it existed – regularly. Margarita Suarez analysed how wealthy Peruvian merchants in the seventeenth century lent to the Crown through the local treasuries, and Carlos Marichal has emphasized the contribution of Mexican sources of financing to the Empire in the late eighteenth century.\(^{31}\) Indeed, whether in seventeenth century Lima or eighteenth-century Mexico City, the King found himself regularly heavily in debt with his phenomenally wealthy subjects in America.\(^{32}\)

\(^{30}\) Klein interpreted a high correlation between the pace of spending and the trend of revenues as a sign for restraint in the empire’s public expenditure.


\(^{32}\) The indebtedness reached its sad culmination in the less voluntary royal borrowing through the Vales Reales (debt instruments that depreciated rapidly) and their hasty redemption by Charles IV in the critical years of 1804–1808. Still, the forced redemption of the vales, effected through a calling off of loans made by the church in America to merchants, miners and mostly landowners, provoked a tough reaction in the colonies that originated a series of representaciones (collective manifestos) protesting the inequity and inconvenience of the Crown’s policy. This in turn forced the crown to revert the measure in 1808–1809.
The reasons why many colonial treasuries overspent was also the motivation that convinced private individuals to lend to the colonial administrations or the king.\textsuperscript{33} The largest observed item of colonial spending corresponded to investment in the defence of the colonies. Spending on provisions and arms for militias was managed locally, as troops were locally recruited among Creoles.\textsuperscript{34} Transfers between different parts of the empire, the so-called \textit{situados}, were often earmarked for this purpose and over time they were increasingly administered by private individuals and spent within local economies. This feature more than anything else can explain the willingness of wealthy Americans to engage in lending and supplying the crown and abetting the tendency of local treasuries to overrun their budget. Overspending was not only a recurrent feature of the Spanish American fiscal system, but the need for private (and Church) funds to finance it also resulted in a privatisation of parts of the system that severely circumscribed the Crown’s control over its revenue and expenditure.

\textit{Uniformity}

The notion that Spanish American fiscality was more uniform than its Spanish counterpart is derived from the absence of overlapping territorial jurisdictions in the Americas. Nevertheless, there was no single fiscal constituency in Spanish America. The overlapping jurisdictions of peninsular Spain were replicated in the co-existence of two distinct ‘commonwealths’ within a single geographical area since colonial subjects were divided into the \textit{república de indios} and the \textit{república de españoles}. Since the early colonial period indigenous communities in essence traded tribute for the preservation of ownership to their communal lands. At the same time, Indian traders were exempted from the \textit{alcabala} for most of the colonial period. The Catholic Church remained throughout this era a separate but interdependent fiscal domain. In short, colonials were not more equal before the \textit{Hacienda} even if they lived in more uniformly defined territories for fiscal, religious, legal and administrative affairs.

Klein argues that “the fact that most taxes were uniform across all units and all tax income data was usually registered in the same annual units is crucial in establishing a common time frame and essentially uniform tax base across the

\textsuperscript{33} There were forced donations and individual and collective contributions in wartime but voluntary loans from individuals or corporations were substantial. Marichal, \textit{La Bancarrota}, passim.

\textsuperscript{34} Good examples are Cuba and Buenos Aires in the late eighteenth century. The regular army was not much enlarged and with the increasing English threat to Cuba and the Philippines local militias constituted the armed forces in the colonies.
entire American empire of Spain”. Yet, the alcabala also illustrates that there was no uniform tax rate. Even when the alcabala was extended to the indigenous population the sales tax levied differed according to the origin of the goods and who was the trader involved; whether the goods were staples or not; and whether exchanges involved land or sea transport. To complicate things further every one of these categories was defined differently in each fiscal district.35 Silver taxes offer a similar example: whereas Peruvian silver was taxed with the quinto until the 1730s, in Mexico miners paid a tenth of their production.36

Centralisation and efficiency
Even if some treasury districts had to rely at times on private finance and tax rates were hardly uniform it is still argued that overall the Spanish American fiscal system worked in a more centralised way than that in the metropolis. Centralisation would have required clearly identified authorities with tax raising capacity. Equally, we would expect clear jurisdictional definitions. Yet, there was no single authority in the collection and management of revenues in Spanish America. In day-to-day management, most tax collectors were royal officials but the church received some revenues for the Crown and vice-versa, mirroring the distinctive association between ecclesiastical and temporal domains inherent in Spanish rule.37 Although accounting was clear about the distinction between church and state in the origins of the revenues, several similar imposts being collected either by the church or the state blurred the difference for those liable to pay and for the collectors.

There was no single fiscal jurisdiction either. Instead a series of autonomous but interdependent fiscal districts was organised into a rather loose network. A number of matrix treasuries – at the main administrative centres and ports – collected revenues and articulated sub-cajas. In Peru, e.g. Lima was the caja general, Trujillo, Huamanga, Cuzco and Arequipa functioned as cajas principales

37 Under the real patronato de las Indias the king, as patron of the Church of the Indies, acted as the Pope’s vicar in ecclesiastical administration, so that royal agents administered ecclesiastical taxes and nominated church dignitaries. Phelan, “Authority”, 52.
and Arica and Pasco were subordinates. After the creation of the Viceroyalty, Buenos Aires performed as the main treasury in the River Plate. Potosí, Arequipa, Quito and Santiago became intermediate and intermediaries in the machinery of revenue collection within the empire. Allegedly, fiscal surpluses were sent from the smaller local cajas to the main treasuries. Several officials assigned with specific tasks, within each caja shared the responsibility of gathering and spending the royal monies. At least in the early colonial period treasury posts were often taken over on a part-time basis by local Spaniards, either encomenderos, merchants or notaries. It is true that officials from the auditing bureau in the colony or especially appointed investigators subjected treasury officials to periodic inspections. The tendency of the central authorities was to eliminate regional differences, as the Council of the Indies’ aim was to standardize practices throughout the empire. But the centralisation of authority was more apparent than real. Nominally, each caja, and its officials were dependant to the Contaduria Mayor of the Council of the Indies. Although there was an extensive bureaucracy the Crown rarely had an accurate idea of what had been collected and spent. The multiplicity of local intervening agents and intermediate levels of control conspired with long distances and poor communications. Hence, the multiple reports, the retinue of visitadores dispatched from Madrid and the reiteration of royal orders are more a measure of the system’s ineffectiveness than one of greater centralization.

39 Yet, the relation between these officials was one of mutual distrust, conflicting standards and overlapping functions. Phelan, “Authority”, 52.
41 There was no centralization in the administration of the tax collection in the empire, and instead each particular main caja related to the overarching Real Hacienda or to the Contaduria Mayor del Consejo de Indias. In 1605 Philip III created the first Tribunales de Cuentas in Lima, Bórgota and Mexico to survey and to control the returns of the system, a supervisory and auditing agency, which oversaw the work of the royal treasury officials. TePaske and Klein, Royal Treasuries, vol 2 fn 4.
42 Phelan, “Authority”, 55, 51.
43 This system of supervision created the very records now used to study it. “These tax books were the King’s private source of information and his guarantee that his taxes were being collected and his accounts being paid. As such these records were intended by the crown to give it the best picture available of its fiscal resources” Klein, The American Finances, 4.
It has been assumed that the extraction of revenues from mining necessitated strong state intervention and the mobilisation of a numerous and well-monitored bureaucracy.\textsuperscript{44} Similarly, the transfer of bullion across the Atlantic is said to have required tight crown control over imperial trade.\textsuperscript{45} However, there is a paradox. As noted by the literature crown investment in the administration of the colonies was low throughout the period and the empire. Low ratios of administrative spending (wages) over revenues are said to have reflected the relative efficiency of a centralising administration, but there is preciously little evidence on the local or regional level for high degrees of efficiency and/or effectiveness.\textsuperscript{46}

Low investment in administration had metropolitan precedents; it was made possible by the ‘outsourcing’ of important fiscal functions to private individuals whose receipts were never recorded in the public accounts. This process, which has repeatedly been interpreted as a mere symptom of corruption, was fostered at least in part by the sale of offices, which started in the metropolis in the 1630s and in the colonies in the 1670s and continued until the second half of the eighteenth century.\textsuperscript{47} Without it spending ‘as little as possible’ on the imperial administration in America would not have been feasible because “only agents endowed with a supernatural degree of selflessness would have agreed to service overseas were it not for the additional advantages available by using the powers the [supreme authority] transferred to them for their own benefit”.\textsuperscript{48} Even greater military spending in the eighteenth century did not reflect a larger investment in the management of the empire because it largely consisted of situados spent through the services of local merchants on local militias and supplies. The cost of administration remained as low as before.\textsuperscript{49}

\textsuperscript{44} Ibid., 5.
\textsuperscript{45} Elliott, “Empire and State”, 368–69.
\textsuperscript{48} Halperin Donghi, “Backward Looks”: 219234
\textsuperscript{49} See Paul Hoffman, The Spanish Crown and the Defence of the Caribbean, 1535–1585. Precedent, Patrimonialism and Royal Parsimony (Baton Rouge: Louisiana State University
The tension between central and local control over the implementation of crown policies was mirrored by how the policies themselves emerged. As Lockhart and Schwartz have stressed,

sometimes the legislation from the metropolis had originally been initiated and even half written by the local officials [in Spanish America] themselves or by other corporations and pressure groups in the Indies; sometimes it was the brainstorm of the crown courtiers and councillors in Madrid, especially when it related to the perennial search for revenue.50

Just as in peninsular Spain the legislative initiative lay with the government. In the case of Spain’s American dependencies this often meant local office holders and elites, which engaged in active negotiations with the peninsular government, i.e. the consejos and secretaries of the king. Most often the Empire managed to overcome resistance and exerted some control over its subjects or possessions thanks to a particular arrangement of negotiation with its own officials and subjects, the co-optation of its extended bureaucracy and the increasing privatisation of the management of the royal funds into the hands of well-placed individuals.51 This was effective in order to keep the status quo but not very efficient and ran certainly counter to any centralising tendency.


50 Lockhart and Schwartz, Early Latin America, 127.

51 For a case see Allen J. Kuethe, Military Reform and Society in New Granada, 1773–1808 (Gainesville: The University Presses of Florida 1978).
IV

A more in-depth look at the treasury accounts on the district level reveals how the fiscal system worked in reality. On the basis of Klein and TePaske’s data we can trace the quite distinct regional patterns of Spanish American fiscality. Their most revealing aspect for the purpose of understanding the workings of colonial administration is the unusual pattern of re-distribution of resources between regions. A large majority of treasury districts received payments from other treasury districts. But the very same recipients in turn transferred funds to other cajas. It is impossible to trace these payments through the various accounts. Yet, we can establish the net transfers for each treasury districts, i.e. if it was a net recipient of funds or a net payer. In some districts net transfers were consistently negative, in other positive and in quite a few there was no clear pattern over the years at least judging from a sample for the period 1785–89, a period commonly associated with a strengthening of imperial control over colonies finances.

Net transfers occurred both within sub-regions and between these larger regions. It is well known that revenues, the situados, were drawn out of New Spain/Mexico, and the large negative balances for this region illustrated in Table 1 confirm that. It should be noted that the figures reported here do not include transfers to the metropolis, which as Marichal already pointed out were much more modest in comparison. Between 1785 and 1789 direct remittances from Veracruz to Spain amounted to about ten million pesos. They increased to 21.5 million in the five-year period 1796–1800 when metropolitan Spain had come under intense pressure from Napoleon. In South America Lima sent about 1.2 million over the earlier period. Cartagena sent three million pesos in 1805 to Madrid, but like transfers from Lima these were the exception rather than the rule in the late eighteenth century. The eight to twelve million pesos in net

52 For a more detailed discussion of the local and regional accounts see Grafe and Irigoin, “Spanish Empire”: 251ff.
54 These numbers are based on the authors’ own re-calculation of the TePaske and Klein accounts. For more details see Appendix 1 and Grafe and Irigoin, “Spanish Empire”, table 1 and 2.
transfers annually out of the Mexican cajas, shown in Table 1, were funds shipped to other parts of the overseas empire, principally the Caribbean and the Philippines. In other words, these revenues remained in the colonies confirming Klein’s assertion that throughout the colonial period the overwhelming share of the American treasure was spent in the Indies. In Upper Peru the amounts of internal transfers were more modest but the balance was equally negative. Lower Peru, Chile and especially Rio de la Plata were net recipients of funds.

Table 1 Net transfers between Spanish American treasuries 1785–89 and 1796–1800 (pesos)

<table>
<thead>
<tr>
<th>CAJA</th>
<th>1785</th>
<th>1786</th>
<th>1787</th>
<th>1788</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Spain</td>
<td>−6,405,549</td>
<td>−9,299,610</td>
<td>−5,535,512</td>
<td>−9,678,947</td>
</tr>
<tr>
<td>Chile</td>
<td>223,908</td>
<td>241,202</td>
<td>192,033</td>
<td>145,831</td>
</tr>
<tr>
<td>Upper Peru</td>
<td>−256,211</td>
<td>−931,946</td>
<td>−591,497</td>
<td>−438,305</td>
</tr>
<tr>
<td>River Plate</td>
<td>1,285,921</td>
<td>1,624,439</td>
<td>1,382,129</td>
<td>1,252,329</td>
</tr>
<tr>
<td>Lima</td>
<td>239,050</td>
<td>770,451</td>
<td>1,006,596</td>
<td>−1,497,947</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CAJA</th>
<th>1789</th>
<th>1785–1789</th>
<th>1796</th>
<th>1797</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Spain</td>
<td>−8,850,402</td>
<td>−39,770,020</td>
<td>−7,951,374</td>
<td>−5,258,063</td>
</tr>
<tr>
<td>Chile</td>
<td>173,494</td>
<td>976,468</td>
<td>116,173</td>
<td>119,768</td>
</tr>
<tr>
<td>Upper Peru</td>
<td>−280,917</td>
<td>−2,498,876</td>
<td>268,749</td>
<td>187,675</td>
</tr>
<tr>
<td>River Plate</td>
<td>1,525,191</td>
<td>7,070,009</td>
<td>1,256,066</td>
<td>1,364,362</td>
</tr>
<tr>
<td>Lima</td>
<td>512,388</td>
<td>1,030,538</td>
<td>211,608</td>
<td>181,302</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CAJA</th>
<th>1798</th>
<th>1799</th>
<th>1800</th>
<th>1796–1800</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Spain</td>
<td>−10,056,429</td>
<td>−11,809,084</td>
<td>−8,238,838</td>
<td>−43,313,788</td>
</tr>
<tr>
<td>Chile</td>
<td>44,117</td>
<td>28,111</td>
<td>45,807</td>
<td>353,976</td>
</tr>
<tr>
<td>Upper Peru</td>
<td>−747,250</td>
<td>−257,963</td>
<td>−883,458</td>
<td>−1,432,247</td>
</tr>
<tr>
<td>River Plate</td>
<td>1,565,574</td>
<td>1,159,808</td>
<td>2,662,686</td>
<td>8,008,496</td>
</tr>
<tr>
<td>Lima</td>
<td>102,807</td>
<td>60,386</td>
<td>504,652</td>
<td>1,060,755</td>
</tr>
</tbody>
</table>

As Klein and TePaske stress, the important issue about South America overall is that by the eighteenth century it neither received nor paid substantive subsidies to the metropolis. Instead it was fiscally a largely autonomous area. However, sub-regions within this larger area were not self-sufficient. And within the sub-regions another layer of mutual dependencies arose. As a consequence, over the

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period 1785-89, out of a total of 54 districts for which we have accounts 17 received positive net transfers and for seven these transfers were the main source of income. Ten years later (1796–1800) 19 of 54 districts were subsidized, of which one in four (14) derived its main income from these transfers.57

Lima and Mexico were overwhelmingly recipients of surpluses from the minor and regional cajas. Veracruz and Acapulco usually received money transferred from Mexico City, but other ports like Buenos Aires, Montevideo, or Valdivia and Concepción in the southern Pacific and Atlantic, and Cartagena in the southern Caribbean also gathered funds from cajas in the interior. Yet other cajas, like Potosí and Arequipa, functioned as intermediaries in the redistribution of revenues. Between 1759 and 1799 Arica sent 60 percent of its total income to Lima via the caja of Arequipa.58 At the northern end of the empire Chihuahua was the channel through which funds from richer districts like Durango and Rosario were directed into Presidios in Northern Mexico.59 The quantitative evidence shows clearly that without the pattern of continuous redistribution it is difficult to understand how the Spanish Empire was kept together.

The relatively modest historiography on the situados, the inter-caja transfers, has concentrated largely on local studies and the role of the situados in financing the Empire’s defence in more exposed regions. Thus, Marichal suggests that the situados and their increase in the later eighteenth century were in fact an expression of the centralising nature of the Bourbon state that could force Mexico to finance the defence of the Caribbean.60 Such an interpretation creates, however, a tension between our knowledge of the strong local power bases in the colonies and the seemingly uncontested willingness of colonial elites to raise and dispatch huge amounts of revenues to other parts of the empire. Thus, we believe that a different interpretation fits better with the historical evidence, namely that the situados themselves served to enrich and empower local elites

57 Calculations are based on a complete re-classification of the accounts published by Klein and TePaske according to the sources of revenue undertaken by the authors for the two sub-periods mentioned. See Appendix 1.

58 Araya Bugueño, “Fiscalidad”.

59 Presidios in the North West, Santa Fe, El Paso, San Buenaventura, Carjigal, etc. on the east and increasingly after 1790s San Luis Potosí distributed money to Saltillo, and the presidios and colonies in Nuevo Leon, Nuevo Santander and Texas. John J. TePaske and Herbert S. Klein, Ingresos Y Egresos De La Real Hacienda De Nueva Espana (Mexico: INAH, 1986).

60 Marichal, La Bancarrota.
in the colonies. They functioned both as a lubricant and excess demand in local and regional markets benefiting the elites in important ways.\textsuperscript{61} Such empowerment occurred in two forms. Firstly, the crown never created a full bureaucracy to provide the actual physical transfer of funds between treasuries. Thus, private merchants largely ran the system and made handsome profits out of it.\textsuperscript{62} Local treasuries were recurrently in arrears with local money-lenders and merchants who advanced goods and services to the defence machinery. The \textit{situados} were used to finance trade on the way, merchants reimbursed themselves for earlier loans and local bureaucrats expected their share in the bounty. A few examples from the regions that received the more substantial sums illustrate this amply. In the third quarter of the seventeenth century, shortly after the creation of the Buenos Aires \textit{caja}, funds were already sent directly to merchants rather than to the treasury. One governor was accused of having established a company for part of the provisioning with individual outfitters “who had paid a 10 percent profit”. Relatives of high officials joined in businesses of supplying troops with goods from local producers or products of inter-regional trade and imported shoes, clothing and equipment. The \textit{situado} funds were then used to repay the debts, which – as Moutoukias tells us – sometimes originated two or three years after they were contracted on goods received by the troops. In 1683 the officers of the garrison complained and proposed that the person in charge of bringing the \textit{situado} from Potosí be a captain from the port. Nevertheless, in 1690 $46,000 [about 45 percent of the total \textit{situados} shipped out of Potosí] of the funds was used to purchase merchandise, which would then be sold on the road.\textsuperscript{63}

Merchants in the River Plate also profited from trans-shipping these large remittances by taking advantage of the premia paid on different coinages in the


\textsuperscript{63} The annual \textit{situado} out of Potosí between 1673 and 1702 averaged 110,000 pesos. Moutoukias, “Power”, 787–8.
region. The premium on the *moneda doble* (*pesos ensayados*) was higher at the Buenos Aires port than in Upper Peru, in an inverse relation to the interest rates, which were higher at the ports than in the mining centres in the highlands because silver coins were more readily available in the latter. Silver also appreciated in the River Plate because of demand for silver coins from Portuguese merchants in Brazil, where gold was usually more available. Merchants entrusted with the silver shipments thus realised substantial arbitrage profits. There is no evidence that the Crown officially appointed these merchants, although favours from the highest officials in the treasury districts of origin seem to have been crucial in assigning the task to specific individuals. Apparently, instructions about timing and the specific purposes to which the funds would be applied were the prerogative of high royal officials; but this seems to have resulted more from the recurrent fiscal needs at the destination than a consistent policy designed by the Council of the Indies or the Crown itself.

Saguier describes the intense negotiations among those responsible for gathering the funds and their transportation in mid-eighteenth century Potosi. Several officials of very different rank and jurisdictions were involved in different parts along the route to the Atlantic. Among them were the *apoderado* (responsible of the Buenos Aires *presidio*), royal officials in Potosi, the governor in Buenos Aires, the viceroy in Lima – while the region still belonged to the Vice-royalty of Peru – and the *Real Audiencia* in Charcas. Organizing the transfers and transport of the funds created plenty of room for bribes and compensations for the individuals involved. Hence a close network of merchants and officials developed in order to provide this “service” to the treasury. An ability to deliver funds promptly and to advance monies if necessary increased an individual’s chances in bidding for the transport of the *situado*. Not surprisingly, more often than not, the creditors of the treasury were favoured for the job. Just like tax farmers in Spain the merchants involved in the *situados* were private contractors that combined lending to the crown, arbitrage dealings and private trade in one

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64 For the different quality of coins see TePaske and Klein, *Royal Treasuries*, vol.1 “Accountants in Peru in the sixteenth, seventeenth, and early eighteenth centuries kept their ledgers in a variety of monies. Unlike Mexico where the *peso de ocho* (of eight reales) was the standard accounting unit throughout the colonial period, Peru incorporated various monetary units in the accounts… By the middle of the eighteenth century, however, the *peso ensayado* had fallen into disuse, and in 1764 *pesos del oro* disappeared from Peruvian accounts, leaving the *peso de ocho* as the standard accounting unit throughout Peru and the entire empire”.

person. And just like in Spain the end result was that the state finances had slipped out of the state’s hands.

On the northern end of the Spanish Americas the situation was even more dramatic. In the late eighteenth century an immense flow of revenues from New Spain provided for military and civilian wages and expenses in Cuba, Santo Domingo, Puerto Rico, Louisiana, Florida and the outposts on the northern border of New Spain. But the funds were not only used for naval and military defence. Other purposes ranged from funding shipbuilding or tobacco purchases in Cuba, to the support of religious missions or colonisation ventures in other islands, to stipends for clergy and civil officials. Although there are no details of how several millions of pesos were sent out of New Spain each year, they often found their way readily into the private economy. Viceroy's often complained that “officials rarely acknowledged receipt of the shipment, and therefore have insufficient information on disbursements in Cuba”. Even the all-powerful Minister of the Indies, Gálvez, “believed that important sums were used for illicit purposes”. Whichever was the mechanism, ultimately the Spanish American pesos converged in commerce out of and beyond the New World.

Contrasting the available figures of what was sent to Havana and what was received there, it seems that about a third never arrived into the royal treasury of the island. Kuethe explains how the situado was managed and handled by Cuban merchants. “(It) never arrived in full and as the expenditures always exceeded the revenues, the Havana treasury resorted to merchants for advances and left the transport and management of the situado in their hands”. Repeatedly, the Crown directed inspections and ordered enquiries to check the pace of the remittances and historians have found a lot of conflicting evidence as to how much money was actually remitted in the resulting reports. The urgencies of the Hacienda never permitted the establishment of a steady flow of revenues; rather immediate shipments were demanded to face urgent needs. Hence, loans, donativos, advances and extraordinary remittances existed in addition to the regular situado. The haphazard nature of the actual management of the inter-treasury

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66 Marichal and Souto Mantecón, “Silver and Situados”.
67 Ibid. p 608. Other transfers of sum out of New Spain were specifically directed to pay bankers in Europe who were creditors of the Spanish king or as collateral of debt contained in the Vales of the Banco de San Carlos.
68 Kuethe, “Guns”.
69 Ramon de la Sagra, Historia Económica, Política Y Estadística De La Isla De Cuba O Sea De Sus Progresos En La Población, La Agricultura, El Comercio Y Las Rentas (Habana: Imprenta de las Viudas de Arazoza y Soler, impresoras del gobierno y capitania general, de la
transfers meant local vested interests gained control over important parts of the royal revenue, giving local elites and royal officials, who colluded with the former, a strong bargaining position *vis-à-vis* Council and Crown in the metropolis.

A second way in which the transfer system empowered local elites was through the stimulus they provided for local economies. In Cartagena, the *per capita* additional fiscal income was twice the amount of the region’s exports. As in Havana or Buenos Aires, Cartagena’s subsidies were spent largely outside official control and on defence and trade needs. At destination they generated extra income in silver and this attracted an important flow of trade, legal or otherwise, which is reflected in the contemporary increase in the yield of customs at these three ports. Funds spent in wages and support of the defence of the empire had backward linkages in the local economy. When after 1810 the amount of the funds received by Cartagena declined, local trade and production were badly hit. While the population had doubled in the previous years, up to 25,000 in the period 1777 and 1825, thereafter it declined dramatically.

In the period 1785–89, Buenos Aires cashed a net amount of 6.6 million silver pesos from these transfers. In 1796–1800 the port netted a further seven million pesos from inland remittances. *Situados* in the River Plate contributed to increased revenues and additional specie was available in Buenos Aires at a rate of 32 pesos extra *per capita*. Buenos Aires’ trade – legal and otherwise – boomed during the Napoleonic wars. Between 1792 and 1796 the annual average of Buenos Aires imports was 2,545,000 pesos and its exports 4,677,000 pesos inclusive of private silver shipments. As in the case of Cartagena customs revenues and other trade related taxes skyrocketed from 16,000 pesos in 1777, 54,000 pesos in 1778 to annual averages of 400,000 pesos in the period 1791–


70 Meisel, “Subsidy-Led Growth”, 20. Using Meisel’s estimates the *per capita* addition of income from the *situado* was $19, whereas the annual wage of a labourer was about $37.

71 Meisel identifies these transfers with a *situado* and recalls that on four occasions Cartagena received funds from Havana. In November 1810 a provisional local Junta declared Cartagena independent from Spain but the royalists recovered the port in 1815. Ibid., fn 23.

72 These sums are part of the total transferred to the River Plate that included a further $400,000 of net receipts in Montevideo and Maldonado in 1785–89. In 1796–1800 transfers to these smaller ports on the right bank of the River Plate increased to $750,000.

1795 and 520,000 pesos in 1803–5. As reflections of the legal trade these benchmarks are the lowest reasonable estimate for the growth of Buenos Aires’ imports. But even they imply a tenfold increase in the 25 years following the creation of the viceroyalty and the increase in the silver situados.74

The Havana situado represented an additional amount of silver available per free Cuban of 23.92 pesos in 1774 and 22.80 in 1792 pesos, at a time when the population rose from 172,000 to 272,000 inhabitants.75 Not surprisingly trade intensified and Cuba re-exported all kinds of Spanish and foreign goods to Veracruz, Campeche, Portobello, Nueva Barcelona, New Orleans, and to a lesser extent to Honduras and Tabasco on the Gulf of Mexico. The effects of this additional liquidity within the Cuban economy become apparent when compared to the tax burden on free Cubans, which amounted to 4.17 pesos in 1774 and 0.54 pesos in 1792. Whereas the free population doubled after 1774, the number of slaves, the most valuable ‘capital good’ increased more than fourfold. Sugar production and exports grew proportionally. Interestingly, the per capita fiscal contribution increased to 8.71 pesos in 1817, after the amount of the situado diminished because of political disturbance in Mexico.76

In a rare study of an individual case of a shipment of a situado from New Spain to the Caribbean, von Grafenstein shows that the total sum included funds from different sources and under the direction of different agencies. Some money belonged to the Real Hacienda for the unspecified “masa del común” of the Mexico treasury; others to the Tobacco monopoly. Strikingly, the ship used in the operation, the Santa Perpetua, had received no adequate provisions to carry chests containing nearly 1,200,000 pesos, and “the viceroy did not intervene in the last preparations of the remittance”.77 The papers that finally accompanied the situado indicate the destination of the funds: some were ad-

74 One estimate puts the annual situado one and a half million pesos after the creation of the Viceroyalty. Tulio Halperin Donghi, Revolución Y Guerra. Formación De Una Elite Dirigente En La Argentina Criolla (Mexico: Siglo XXI, 1979).

75 Situado amounts from Marichal and Souto Mantecón, “Silver and Situados”. These sums do not include any other of the various remittances that in one way or another circulated through the island. Population from de la Sagra, Historia Económica.

76 The results of specie pouring into the Cuban economy are more visible when looking at the per capita value of imports. In 1774 free Cubans spent $17.81 on foreign goods, trebling to $57.5 in 1792; by 1817 it had fallen back to a still impressive $37.3.

dressed to the treasury of the Spanish Navy in Havana, some were a third of the annual subsidy established by the *Real Hacienda* and the Viceroy for the Mosquito Coast.\(^\text{78}\) But first there were deductions for sums invested in timber purchased by the army, funds for wages of the New Spain army deployed in Havana, for the “sustenance” of troops “minus the sums for uniforms which will remain in Veracruz”; for the installment for works on the Havana fortress; for the “expenses on Negros and *Forzados* (presumably slave purchases); for the procurement of tobacco to be sent further to Spain and for the purchases of mercury. This list of items illustrates vividly how the entire commercial circuit between New Spain and the Caribbean was ultimately financed through these inter-treasury transfers enriching local elites in the process.\(^\text{79}\)

Thus, the system of transfers helped to create local American elites that controlled large parts of the king’s revenues and had grown astonishingly rich in the process. These two processes only conspired to embolden the local elites in their negotiations with the crown over taxation and resources. As the second most important Spanish port in the Caribbean, Cartagena occasionally received funds from Havana. However, in the last half of the eighteenth century remittances from interior cajas represented about half of its treasury income. Over nearly 60 years after 1751 the annual average of transfers received was about 400,000 pesos. Remittances peaked in the period 1796–1810 up at 630,000 pesos a year following the revolt of *Comuneros del Socorro*. This rebellion of several thousand people, “members from all the native born classes”, prevented action from a royal commissioner and *visitador general*, Juan Francisco Gutierrez de Pineres, who alleging prerogatives over the royal exchequer and those of New Granada’s viceroy, sought to balance the treasury and rescue it from debts with local merchants. He arrived in 1778 in the context of the Spanish involvement in the American war. Initially the *visitador* had not much success because of demands for more defense spending as England threatened possessions on the coast of Guatemala. The situation “obliged him to take a loan for 200,000 pesos from Cartagena merchants and effect the withdrawal of a comparable sum

\(^{78}\) On one occasion an amount of 4 million pesos was actually sent in an English enemy ship. Between 1806 and 1808 Marichal counted over 70 shipments on board neutral vessels. Marichal, *La Bancarrota*, 199.

\(^{79}\) The sums for Louisiana included a third of the annual sum assigned by the 1789 royal order; sums for *pensiones* (pensions) of some clergy and military officials. The Florida sums were part of the annual *situado* according a royal order of 1794. Finally, “of the total 1,046,852 pesos and 7 realess, the officials of Veracruz treasury will deduct whatever sum had been defrayed by that treasury”. Grafenstein, “Política De Defensa”.

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from the royal mints of Santa Fe and Popayan”. To recover the soundness of the treasury Gutierrez ordered an increase of both royal monopolies and alcabala, which was extended to almost every good. In addition, a forgotten excise tax, the Armada de Barlovento was restored. The visitador also doubled the price of tobacco and aguardiente.80

“Proclaiming allegiance to the crown but demanding an end to unjust taxes the insurgents of Socorro destroyed or pilfered the property of the government monopolies chased revenue agents throughout the streets and in general defied the local authorities”.81 After a year of heated and nearly armed open conflict between a growing number of rebels and the shrinking forces of the government in New Granada bloodshed was finally avoided through the mediation of the archbishop of Santa Fe de Bogotá, Caballero y Gongora, who was then appointed viceroy.82 A military reform created militias and engaged the army in maintaining peace and government control over distant territories during his term in office. Spending remained high, trade augmented, in particular with North American merchants who increasingly participated in the provision of supplies to Spanish armies in the Caribbean. Remittances from the interior rendered the greatest share of the Cartagena’s treasury income in these years; the attempt to increase revenues through taxation was abandoned. Manifestly, the locals had won their contest with the Crown, which had to make up for the fiscal shortfall by reinstating the existing pattern of fiscal re-distribution.

Establishing rates for any tax was never a straightforward operation for Crown officials. The extension of the alcabala to staple foodstuffs (chuño, charqui, aji, aguardiente) as well as to tobacco, sugar and native textiles and the imposition of new internal customs in the Perus in the 1770s fuelled widespread unrest in the highlands.83 When the Crown suggested a higher rate for the alcabala, the insurgents of Socorro destroyed or pilfered the property of the government monopolies chased revenue agents throughout the streets and in general defied the local authorities”.81 After a year of heated and nearly armed open conflict between a growing number of rebels and the shrinking forces of the government in New Granada bloodshed was finally avoided through the mediation of the archbishop of Santa Fe de Bogotá, Caballero y Gongora, who was then appointed viceroy.82 A military reform created militias and engaged the army in maintaining peace and government control over distant territories during his term in office. Spending remained high, trade augmented, in particular with North American merchants who increasingly participated in the provision of supplies to Spanish armies in the Caribbean. Remittances from the interior rendered the greatest share of the Cartagena’s treasury income in these years; the attempt to increase revenues through taxation was abandoned. Manifestly, the locals had won their contest with the Crown, which had to make up for the fiscal shortfall by reinstating the existing pattern of fiscal re-distribution.

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80 Kuethe, Military Reform, 79–83.
81 Ibid., 82.
82 There had been previous outbreaks of discontent in New Granada: in the 1740s as a result of the creation of the Compañía de Caracas, which would end benefits for local cacao growers from their vast contraband trade with the Dutch; in 1765 a rebellion broke out in Quito against the alcabala and the aguardiente monopoly, which ended peacefully but illustrated the prevalence of local identities before the crown’s interests. Joseph Perez, Los Movimientos Precursores De La Emancipación En Hispanoamérica (Madrid: Alhambra, 1977).
83 Riots occurred in Arequipa, Cuzco, La Paz and Cochabamba and “were fundamentally reformist, decrying perceived abuses of power by royal officials but doing so through appeals (however violent) to the crown to redress grievances”. From the battles in colonial courts to the Great Rebellion see Garret, “His Majesty's Most Loyal Vassals”: 588 and 591.
bala in New Granada in the 1780s the reaction was similar.⁸⁴ However, Charles III’s envoys achieved success in raising greater revenues by means of the alcabala and tax reforms in late 1760s Cuba. The key to success was intense negotiation between Crown ministers and local elites. Kuethe describes the lengthy political and economic negotiation in which Charles III, allegedly the most ambitious centraliser and absolutist of the eighteenth century Spanish monarchs, engaged with the mercantile and planter elites.⁸⁵ His ministers bargained hard with the island government in order to reform the island’s taxation system. The solution engaged all parties but in order to obtain more revenues the Crown had to surrender sovereign power and concede greater room to the representation of local interests. Unlike in New Granada, where a nominally all-powerful visitador failed utterly, the outcome of bargained Absolutism resulted in an optimal situation. The crown obtained greater revenues; the Cuban elite got more – and freer – trade, which fostered economic growth. The inflow of situado silver eased this outcome.

The history of Cuban free trade is usually interpreted as a major rupture in the Spanish colonial institutional set-up. Yet, placed within the larger history of the nature of Spanish American rule the process that led to the formal abolition of monopoly trade could be understood as a ‘natural’ outcome of Spanish colonial governance. In 1808 the Juntas Centrales de Sevilla, ruling in place of the king in the unoccupied part of Spain, ordered Cuba not to change its tariffs and to close the port again to foreigners. However, the captain general and the intendente of the island reacted in the same way that so many of the Crown’s subjects in the Peninsula and the Indies had chosen over centuries: They obeyed, but argued that the urgency of the situation obliged them not to comply with the closure of the port to foreigners.⁸⁶


⁸⁶ In 1797 Cuba had been opened to neutral trade. Two years later the Crown revoked the law. However, the captain general and the intendente agreed to “suspend the compliance with this decision”. In fact, they not only maintained the permit to import foodstuffs but extended it to include clothing and all other articles of commerce. This incident shows clearly that the refusal to heed the orders of the Juntas de Sevilla was not an affront to their legitimacy but quite on the contrary this refusal was based on the same notion that had governed the relationship with the king, see de la Sagra, Historia Económica, 144ff and 366–68.
Notwithstanding the attempts of Bourbon reformers to centralise and control Spanish American bureaucracies more closely, the fundamentals of the relationship between Crown and subjects, in the Peninsula and in the Indies, were beyond their reach. As the Cortes of Castile had told Charles I in 1518: “Thou are our mercenary. The king is no more than the supreme authority of the kingdom. But he has the obligation to submit himself to his kingdom.” The underlying idea of a negotiated compact between Crown and subjects formed the limits of all centralising, unifying and controlling tendencies and forced all participants in the political game to resort to negotiation. However, as seen in the case of Havana such a solution relied more often then not on the flexibility provided by the system of fiscal re-distribution. There the transfers from New Spain permitted the functioning of the empire and its defence through the Havana based administration. With silver from the mainland colonies the sugar economy prospered on the island. More trade attracted by readily available silver in turn allowed for an increase in the fiscal burden, because ultimately it was paid by colonial subjects elsewhere.

The contrasting outcome of attempts to reform taxation in Upper Peru, New Granada and Cuba illustrate how the system of inter-treasury transfers conditioned royal room for manoeuvre. Where the system increased the fiscal burden on an ill-represented group as in the case of the Upper Peruvian indigenous population Crown and elite could enforce military might. But where powerful local elites had been emboldened by the spoils of the system, as in New Granada and Cuba, the Crown had to bargain with them every step of the way.

Independence

Historians have seen in Napoleon’s imprisonment of King Charles VI in 1808 – and the forced abdication of his heir – the turning point for the birth of modern republics in Spanish America. For some this “sudden and to large extent accidental” event opened the transition to a modern political world where people’s sovereignty was the base of the new legitimacy and representation that organ-

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88 O'Phelan Godoy, “Las Reformas Fiscales”.

ised the former Spanish empire in mainland America thereafter. The reaction in the colonies, the rejection of equal representation between them and the metropolis in 1811 ultimately led to South American independence. Yet, the event cannot be compared with the final deposition of Charles II in 1649 or Louis XVI in 1792. The Spanish king kept his head on his shoulders, but lost a great deal of his empire and his own authority in Spain. Unlike the “Glorious,” the American or the French Revolutions, the revolution in Spain and Spanish America resembled more an act of restoration. It was the restoration of sovereignty, which was devoid of meaning and effect because of the estrangement of the king. Had the king been killed, the problem would have probably been simpler: “another king” would have been necessary. With the king alive, the matter was who else could play his part in the constitutional arrangement that had organised state and empire for more than 300 years.

With the king in prison and a surrogate sovereign (who in addition was French and imposed) the constitution of the Spanish state and empire revealed itself. Both in the metropolis and the colonies, the corporations that embodied local representation, the juntas, hastened to fill the vacuum while trying several constitutional recipes to replace momentarily the king. In theory, sovereignty returned to the true sovereign, the vecinos of a town. Immediately, in an Andalusia yet unoccupied by the French troops disputes among these bodies arose, as between the Juntas of Seville and Cadiz, which only worsened with an increasing number of claimants of legitimacy. The resulting fragmentation of sovereignty undermined the credibility of the monarchy. In Spain “the consensus that had legitimised the monarchy was destroyed.” The collapse of the empire reverberated in the colonial commerce at Cadiz and eroded the fiscal base of the crown. Thus, “restricted to peninsular revenues the monarchy restored in 1814 lacked political autonomy [and] the impoverished crown lost its ability to manoeuvre between interests, control of policy became a football that passed from one to another coalition”.

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91 “It began with a general frenzy of traditionalists, it was carried out in the name of historical legitimacy, of the king and religious traditions”. Ibid.: 1.


93 “Since 1808 the state became virtually bankrupt, each coalition that seized control was immediately confronted by limited revenue, restricted borrowing capacity and an unrespon-
A similar disaggregation and disagreement occurred among the constituents on the other side of the Atlantic. 94 This was a natural consequence of “the manner in which authority was conceived” in the Spanish political constitution. “It was the king alone, ultimately who could command the loyalty and obedience of corporate bodies”. 95 Hence 1808 meant a fundamental crisis of governance within the Spanish state and empire. Halperin Donghi has masterfully summarized this rule as “a complex art of government develop(ed) to satisfy contradictory interests” in which the crown “balanced mutually antagonistic forces to maintain its supremacy with a minimal deployment of force, as the arbiter of last resort whose approval all these forces needed if their success were to be legitimised”. 96 Once the ultimate arbiter of the system of revenue re-distribution between the colonial regions disappeared, the empire imploded. The vacuum in the fiscal and political system led to strife over fiscal resources. 97 A “series of coups, counter-coups, civil wars, restorations and constitutional experiments” began in Spain. 98 The same occurred in Spanish America as deficits recurred in local treasuries on top of administrative disarray and vast demands to equip either patriot or royalist armies. The interruption of the subsidies further aggravated the fiscal position of each emerging state.

For political historians the constitutional issue at stake since Independence was the resumption of sovereignty. But there was a more fundamental matter. Post-independent political entities emerged from within the existing colonial fiscal divisions. Before the revolution these treasury districts were an integral part of the imperial fiscal network that organised the extraction and re-

94 In the remote River Plate the “revolution” or the reaction of local powers began in May 1810 and as its first measure, the local Junta there set off troops towards Potosí to gather a comprehensive representation of the whole colony beyond the capital and to secure the continuation of the revenue transfers. Halperin Donghi, Revolución Y Guerra., ch.2.

95 “In the absence of the King, would the new states be able to exact equally effective authority?” Frank Safford, “Politics, Ideology and Society”, in Spanish America after Independence, c.1820–c.1870, ed. L Bethell (Cambridge: Cambridge University Press, 1987), 57.


98 This “marks Spain’s subsequent political history”. Ringrose, Spanish Miracle, 319.
distribution of revenues; its units now became fiscally and politically largely autonomous provinces or states. The definitive constitution of the republics later in the century resulted from the subsequent aggregation of some of these fiscal units into new states. Some were bound to each other in loosely defined constitutional (federal, confederate or consolidated) national states. More often though, they were related to each other by the continuous warfare that characterised nineteenth century Latin American political development and only settled their disputes after a lengthy period of instability and successive territorial fragmentation.

The compact and consensus that had existed in Spain and its colonies, as Phelan and Elliott would remind us, had to be built from scratch. Conflict revolved around the creation of new fiscal and political fundamentals both in the metropolis and each of the colonial main treasuries. It could be argued, that the painful legacy of Spanish imperial rule in America was not primarily a consequence of its absolutist nature. Instead, its unique system of internal redistribution of revenues created strong centrifugal tendencies in the absence of the ultimate and legitimate arbiter, the king. In North America the nation state emerged out of the aggregation of previously separated colonies. In Spanish America a previously unified political and economic unit collapsed into a large number of poorly defined and legitimated nation states. The Spanish path to empire building turned out to be ill-suited base for nation state building. It is no accident that conflicts rooted in the fiscal relationship between regions and national governments have remained a prime source of strife not only in contemporary Latin America but also in Spain itself.99

Conclusions

In this paper we have rejoined some of the debates in the social sciences about the role of institution building in colonial and post-colonial societies with the recent historiography on Spain and Spanish America in the early-modern period. While social scientists have asked important questions about the legacy of Spanish rule, we have argued that their point of departure is often a too simplistic view of Spain as an ‘absolutist’ state. Their economic and institutional prescriptions for successful economic development are derived from this flawed characterisation of Spanish rule. Therefore, their explanatory path for the role of institutions in economic performance requires further and more empirical examination. The recent historiography on the nature of the relation between crown, towns, corporations, church, elites and individual subjects in peninsular Spain underpins strongly a revisionist picture of a commonwealth based on a compact between king and subjects. Governing Spain, a composite state *par excellence*, was always an exercise in negotiation. Yet, the complex historically evolved structure of this conglomerate meant that not one single arena for negotiation emerged. Instead, there were multiple layers of overlapping jurisdictions and competences, in which the crown (*rey*), government (*gobierno*) and subjects (*reino*) negotiated. Legislative initiative as well as bureaucratic control was subject to influences from multiple players in the political game. And the very real threat that his Catholic Majesty’s subjects – the taxpaying peasants as well as high-ranking bureaucrats – might choose to obey the king but not comply with his orders limited even the best efforts for absolutism of eighteenth century reformers.

The lack of a more clearly defined bargaining arena poses serious problems for any analysis of the nature of the Spanish state in this period. There are no records of the fiscal negotiations comparable to those that the British Parliament or the North American colonial assemblies left behind for historians to trace every contest. We have argued that one way to bridge this difficulty is to look at the outcome of such negotiations in the form of the tax burden paid finally by different territories. The comparison of the historically evolved distribution of the taxes known as the *rentas provinciales* with the *contribución única* in peninsular Spain gave us a glimpse of what a negotiated path to nation state building meant in reality. The difference between the planned contributions to the *contribución única* and the taxes actually paid by Castilian territories as *rentas provinciales* was rather small for most regions. The decentralised negotiation that characterised Spanish rule was quite capable of taking account of different
regional abilities to pay taxes but there were limits to this as the comparison of individual regions, notably Madrid and Andalusia, showed. The tax burden under the rentas provinciales diverged strongly from contemporary assessments of the economic base in these regions based on catastros. One of the outcomes of the negotiated structure of Spain in Europe was, as many historians have confirmed, that fiscal resources were re-distributed between regions and reigns.

This often overlooked feature suggests that there were more continuities and similarities between Spanish rule in Europe and in the Americas than has been acknowledged. There can be no doubt that the Crown of Castile set out from the very beginning to create a fiscal and bureaucratic structure in the Indies that it could control more tightly than its European possessions. Yet, as we have argued this intention met its limits not only in the sheer practical difficulties of running a vast trans-Atlantic Empire. In a political system based on the notion of consensus the culture of negotiation was naturally transplanted into the Indies. The Crown’s subjects in America resisted attempts to create a different relationship between king and subjects from the early days of colonial expansion. In the 1540s the very first viceroy of Peru was overthrown and killed in battle for trying to enforce measures against senior encomenderos.100 Yet, like in the Spanish revolts of the early sixteenth century or the indigenous rebellions in 1780s Upper Peru, the rebels were not questioning the crown’s authority but merely bad local government.101

Seen in this light, the nature of the fiscal system in Spanish America becomes easier to understand. Notwithstanding the centralising rhetoric that would emanate from Madrid recurrently and the genuine reformist zeal of the Bourbon state, negotiation between and among various local American players on the one hand and between American interests and peninsular influences on the other determined the fiscal policies that secured Spanish rule in America. The evidence suggests that Spanish American treasuries were probably in better financial health then their perennially bankrupt peninsular counterparts. But royal officials in local treasuries overspent and borrowed from local elites, they out-

100 “However weak the crown might be in a given area it had a great advantage of being on the outside and unassailable, able in the long run to restore at least nominal obedience by attracting dissident Spaniards to its banner (let it be clear that there was no element of ideological protest or threat to the Castilian crown in settler rebelliousness, merely defence of self interest)”. Lockhart and Schwartz, Early Latin America, 103.

sourced some of the functions of the treasury to private individuals and the line between treasury officials and private financiers was rarely clearly drawn. Spanish American treasuries were – in our view – neither particularly centralised nor efficient as an absolutist device. They did not apply uniform tax rates across regions, groups of taxpayers or types of economic activities. However, just like the system in Spain the Imperial treasury did re-distribute a large part of the American revenue within the colonial sphere. These transfers contributed greatly to the survival of the Empire by securing investment in defence in threatened regions. Yet, they did a lot more than that. In large receiving centres, such as Havana, Cartagena and Buenos Aires, the *situados* stimulated demand and attracted foreign trade. The willingness of elites in the sending regions, like New Spain or Upper Peru, to acquiesce in the transfer of vast amounts of revenues out of their treasury districts can only be understood, if we take into account that the transfers of specie themselves generated large profits for the private merchants involved in the form of trade, arbitrage and interest payments. The flows of revenue between different regions within the colonies were possible because of an alignment of interests between the crown, local bureaucracies and local elites. The bargaining power of the latter is vividly illustrated by the crown’s inability to impose its will in tax and trade matters on its American subjects even in the later phases of the Bourbon reform project. “*Viva el rey, muera el mal gobierno*” was not an empty battle cry as long as obeying the king but not complying with royal decrees was not considered treason. While the outcome of this negotiated absolutism created a cumbersome process of decision making it aligned interests sufficiently to secure the survival of the Empire in the face of much more powerful adversaries.

A historical contingency, the imprisonment of the Spanish king, eventually found the Achilles heel of the remarkably durable Spanish path to empire building. With a ruler who was prevented from ruling as the ultimate arbiter the fiscal system – that had relied on a complex re-distribution of revenue within the colonies – became unstable. Recipient regions tried to secure continued transfers, if necessary by military means. Sending regions had no guarantees that continued transfers would give them the same benefits in terms of trade and access to markets they had enjoyed previously. The largest customs and monetary union of the Western hemisphere collapsed into smaller units, more often than not along the boundaries of the old provincial *cajas*.

Competition for revenues and resources was unleashed among these regions as the re-distributive logic of the empire collapsed. Immediate benefits of beggar-thy-neighbour strategies were great and local elites, established in the sites
of former fiscal and political authorities in the empire, had all the means to dispute for dominance. The fiscal disintegration of the empire initiated a political fragmentation of the former colonies. With it, fiscal receipts fell into the hands of new local authorities or the “private sector”. In fact, the observed political fragmentation that resulted from Independence was a mirror-image of what had happened to the structure of the imperial fiscal machinery. On the basis of controlling the regional treasury, and by grabbing the old colonial revenues, regional elites could defend their economic interests and participate in the dispute over the design of the new revenue collection unit, the republican state. Competition also broke out among local elites for access to revenue, protracting both inter-provincial and intra-provincial political strife. The implosion of a system that had succeeded in keeping the Spanish Empire together for three centuries now resulted in prolonged and devastating civil wars that would burden Spanish America for decades.
Appendix

The data for the analysis of the treasury districts are derived from the accounts transcribed and published by J.J. TePaske and H. Klein available in print and online. The geographical area covered includes the Viceroyalties of Rio de la Plata and Peru as well as New Spain, i.e. today’s Argentina, Uruguay, Paraguay, Chile, Bolivia, Peru, Ecuador and Mexico. Missing is data for New Granada, today’s Columbia, Venezuela and Central America. Data cover the entire colonial period though the information for earlier years is patchier.

Of the 72 local treasuries studied over a period of more than 250 years, 14 cajas were created before 1600, corresponding to Mexico and Veracruz (1520s), Cuzco and Lima (1530s) Santiago de Chile, Merida and Guadalajara in the 1540s, Potosi, Zacatecas and Huancavelica in the 1550-70s, Durango, Acapulco, Arequipa and Arica by the 1590s. Another 17 cajas were created during the seventeenth century. Between 1700 and 1760 ten new cajas were established, and from the reign of Charles III in the 1760s 27 more treasury districts appeared. Eighteen of these were established in the newly created Viceroyalty of the River Plate along the silver route from Potosí to Buenos Aires. The others were created in the outer regions of New Spain where silver was abundant. In the north of Mexico Chihuahua and Saltillo became cajas, and around the Campeche bay in the Gulf of Mexico, Arispe and Rosario, in California San Blas. Only two cajas were abolished or superseded in seventeenth-century Peru (Castrovirreyna and Chachapoyas), and eight were closed during the eighteenth century. Cuba had 23 cajas and in New Granada there were 18, four main ones (Cartagena, Bogotá, Popayan and Panamá), which gathered 67% of total royal revenues.102

The choice of time periods was based on considerations both of quality of data as well as historical events. Both periods 1785–89 and 1796–1800 are at least a number of years after the large uprisings in Upper Peru that seriously impacted on tax collection. They also cover a period that is generally understood to have been that of the major impact of the Bourbon Reforms but before the first conflicts that would lead to Independence. Compared to the first sample

the second reflects already the increasing pressure for resources that the Spanish Crown must have felt in the European Wars.

There are only relatively few missing observations in our samples: Santa Cruz de la Sierra, Corrientes, Maldonado, Puebla, Michoacan in 1785; Sta Cruz de la Sierra, Corrientes, Puebla, Michoacan, La Paz, Carabaya, Jauja in 1786; Puebla, La Paz, Jauja, Catamarca, Santiago de Estero, Durango, Chihuahua in 1787; Sta Cruz de la Sierra, Puebla, La Paz, Jauja, Presidio del Carmen in 1788; Maldonado, Carabaya, Jauja in 1789; Chihuahua, Chucuito, La Rioja in 1796; Oruro, Tucumán, Chucuito, La Rioja, Catamarca, Carabaya, Merida in 1797; Catamarca, Tucumán, La Rioja, Carabaya in 1798; Charcas, Chucuito, Carabaya, Presidio del Carmen in 1799. Except for Charcas, Puebla, and La Paz these were not major treasury districts.

In a first step, we tried to determine the net incomes and net expenditure for each caja and each year. For this purpose we subtracted all entries that relate to carry-overs and deposits from our net totals. Since it was not our aim to establish how much money these cajas actually had at any given point in time we left those amounts that were meant to be collected in a given year but not actually collected in the net totals of that years but subtracted all amounts collected in a given year but pertaining to previous or future years. By applying this routine to five consecutive years we hope that possible errors resulting from undetected carry-overs and the notorious delays in payments could be minimised.

We then re-classified every single item for each caja. Our category “transfers” only includes payments from (income side) or to (expenditure) side other treasury districts in the colonies, not those from or to Spain. At times the destination/source treasury of transfers is clearly identified but often it is just registered as going to/coming from other districts. Thus it is impossible to closely follow the money trail through the districts.
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