

BENEFITS AND FISCAL COSTS OF COLONIALISM: AMERICAN REMITTANCES TO SPAIN, 1760-1814*

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The only colonies which have contributed with their revenues to the defense of their respective metropolis have been the Spanish and Portuguese possessions.

Adam Smith; *Wealth of Nations*, vii, iii

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ABSTRACT

The essay measures the fiscal costs and benefits of colonialism, both for the Spanish American colonies and for Spain, in the period 1760-1814 using new estimates of the annual transfers from the colonies to the metropolitan treasury. The various components of the fiscal benefits for the metropolis are analyzed, including the huge transfer of silver from colonial treasuries and also the estimated value of the large volume of shipments of tobacco leaf from Cuba to the Spanish tobacco monopoly. It is argued that the American contribution to the ordinary income of the Spanish government increased in absolute and relative terms in the period 1790-1810.

Keywords: Colonialism, Fiscal costs and benefits, Spanish America, Spain

JEL Codes: F54, N43, N46

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RESUMEN

Se intentan medir los beneficios y costes fiscales de la relación entre las colonias americanas y España en el período de 1760 a 1814 a partir de una serie de nuevas estimaciones de los montos anuales de las remesas fiscales americanas. Se discuten los varios componentes de los beneficios fiscales que recibía la tesorería metropolitana, incluyendo las transferencias en metálico y en especie (tabaco de Cuba). Se argumenta que la contribución americana a los ingresos ordinarios metropolitanos aumentó en términos absolutos y relativos entre 1790 y 1810.

Palabras clave: Colonialismo, Beneficios y costes fiscales, América española, España

1. INTRODUCTION

In recent years, the analysis of the costs of colonialism in the Spanish empire has again attracted the attention of historians and especially of those who work on eighteenth century Mexico. An intense debate has ensued, but it should be noted that in two of the best-known studies of this area – those of John Coatsworth and Enrique Cárdenas - the definition of fiscal costs lacks accuracy, especially regarding the extraction of capital from Mexico through fiscal mechanisms. More specifically, the fact that a detailed and disaggregated study of the accounts of the royal treasury was not carried out by these authors -especially of the transfers of funds between the American colonies and remittances to the general treasury in Spain-, reduces the reliability of their conclusions.¹

The attempt to measure or evaluate the benefits and costs of colonialism within an administrative apparatus as huge as that of the Spanish *imperial state* at the end of the 18th century is, in effect, a difficult and complex exercise but it is especially important in order to analyze and evaluate the essential aspects of the link between colonies and metropolis. The fundamental argument that we put forward in this essay is that, for methodological reasons, the starting point when approaching this question should be a detailed analysis of the *fiscal* costs and benefits, before moving on to a study of the broader and more complex issue of the *economic* consequences and costs of the colonial relationship, a matter which, as yet, is far from being resolved. Therefore,

¹ Coatsworth (1990), pp. 80-109, and Cárdenas (1985). Note that Coatsworth cites Humboldt as a source of fiscal information. For the series of remittances from New Spain to both the rest of America and Spain during the 18th century, see Marichal and Souto (1994).

in this paper we focus specifically on the imperial fiscal contributions of the American fiscal branches to the general treasury in Spain.

In fact, this approach is not new; more than two centuries ago an observer as lucid and well-informed as Adam Smith -writing from his office in Scotland- suggested that one of the most important elements to assess the benefits and costs of colonialism was the analysis of the remittances of precious metals to the royal treasury.² In the Spanish American case, these funds were mainly used to cover the military and naval administrative expenses of both the metropolis and the empire, although -as we know today- they also played a vital part in servicing of the debts of the Spanish government during the reigns of Carlos III and Carlos IV.³

This essay provides new data on the evolution of the finance of the Spanish empire and, in particular, on the colonial fiscal contributions to the metropolis in the half century from 1760 to 1814. Specifically, we present a series of new estimates of the annual amounts of American fiscal remittances, highlighting their weight as a percentage of the total ordinary income of the general treasury of the Spanish government. The information and analysis that we present on this subject contributes, therefore, not only to the debate on New Spanish finances, but also to the recent wide-ranging and lively discussion of the financial crisis of the Spanish monarchy in which Josep Fontana, Jacques Barbier, Javier Cuenca, Leandro Prados de la Escosura, Pedro Pérez Herrero, Richard Garner and Herbert Klein, among other researchers, have participated.⁴

Our analysis is based in part on the important series of income and expenses of the general treasury of Spain published by José Patricio Merino for the years 1760-1820.⁵ We have also made critical comparisons with the data on colonial remittances included in the huge compilation published by Klein and TePaske on the income and expenses of Spanish American treasuries in the 18th century.⁶ The two series are very similar until around the end of the 18th century, but from the mid-1790s. However, for the years 1805-1812, it was also necessary to explore additional sources of tax information found in the historical archives in

² Apart from Smith, it is also worth revisiting Humboldt's comments on the costs of colonialism in his *Political Essay* (1811, re-edited in 1991).

³ See Marichal (1989 and 1990) and Tedde (1989).

⁴ Fontana (1981 and 1986), Barbier (1980 a and b), Cuenca (1982), Prados de la Escosura (1989), chap. 2, and (1993), iii, 2, Pérez Herrero (1991), Garner (1993), chap. 7, and Klein (1995), chap. 6.

⁵ Merino (1987).

⁶ Klein and TePaske (1987-1989) and Klein (1995).

order to obtain reliable fiscal and financial data for both the colonial and metropolitan cases.⁷

An initial finding of this study shows that the American contribution to the metropolitan tax revenue increased in absolute and relative terms towards the end of the colonial regime, and especially between 1790 and 1810. This increasing trend in remittances has not been highlighted in previous studies for several reasons, the first being that the calculation of the weight of American fiscal remittances is not usually evaluated as a percentage of the *ordinary* income of the royal metropolitan treasury.⁸ Indeed, our argument is that the item "*Indias*" represented a *net fiscal transfer* from the American treasuries to that of the metropolis, just like any other tax. These contributions from overseas were not converted into debts and therefore a distortion is introduced if they are included in the calculation of the extraordinary income of the metropolitan treasury, especially after 1790, when the Crown's debt levels shot up, both in the short and the long term.

Our analysis shows that the colonies provided, as an annual average, slightly below 15% of the ordinary income of the metropolitan general treasury between 1763 and 1783, but that this contribution later increased substantially in absolute and relative terms. Indeed, our analysis of American contributions indicates that they represented more than 25% of the *ordinary* income of the general treasury during most of the 1790s, 40% in the years 1802-1804, and nearly 50% in the critical years of 1808-1811. This increasing trend can be seen clearly in the attached statistical tables.

Secondly, this essay argues that a more detailed investigation of the components of ordinary income derived from the colonial relationship is required. These were made up of three groups. The first and most important consisted of remittances in cash from the American treasuries (at the time referred to as "remissibles" (*remisibles*), but also coming under the heading of *Indias* in the accounts of the royal metropolitan treasury). These came from certain taxes and income collected in cash by the American authorities and were systematically sent to Spain. (For annual sums, see Table 1.)

⁷ It is particularly difficult to specify remittance information for the years 1805-1811, a period for which neither Merino nor Klein and TePaske had accurate estimates. For this reason, we have resorted to Canga Argüdes (1833-34 and 1835), Alcalá Galiano (1810), Toreno (1835) and other sources mentioned in this essay. A more detailed analysis of these series is carried out by Marichal (1998, published in the press).

⁸ Our definition of the general treasury's "ordinary income" includes the *total amount* of the taxes and income from state monopolies (*estancos*) collected in the Spanish peninsula, including the American remittances that reached the metropolis.

The second item consisted of taxes collected in Spain on imports and exports, *general income*; the American component here was estimated by Prados de la Escosura. These taxes were not included in the "General Depository of the *Indias*" after 1783, so we offer a new estimate.⁹

The third item (which has not been considered or analyzed by Prados de la Escosura or other researchers) is the percentage of the income of the tobacco monopoly (*estanco*) in Spain that came from shipments of raw tobacco from the state tobacco monopoly in Cuba. These large shipments of raw material (which the tobacco monopoly in Spain received free of cost) represented a relatively important proportion of the final value of the tobacco sold by the tobacco company in the peninsula and, therefore, can be considered as a *tax contribution in kind* received by the metropolis from America. Obviously, if this argument is accepted, an increase in the estimate of the fiscal benefits that the metropolis received from its American colonies is required. (See Table 2.)

To complement these estimates of the total amount of American remittances, we offer an evaluation of the specific contribution of the Viceroyalty of New Spain to the income of the Crown, demonstrating its growing importance for the metropolitan treasury but also for the support of the Spanish empire in the whole of northern America and in the greater Caribbean. This may help to explain why Spain - despite having less military and financial muscle than Britain or France in the late 18th century - was able to retain its American colonies for longer than its rivals.

The last section of this essay focuses on an analysis of American fiscal remittances between 1804 and 1814, the least known and studied period of the old regime's finances. In order to estimate transfers from the colonies in this period, we combine two issues: (1) American remittances sent to Europe on neutral ships between 1805 and 1808; (2) remittances sent directly to Cádiz between 1808 and 1812.

This may help to correct a common impression in the literature dealing with the period which suggests that, after 1804, American contributions to Spain's royal treasury declined to relatively insignificant levels.¹⁰ Our argument is that, on the contrary, during those years the Spanish American colonies contributed a significant volume of fiscal

⁹ Barbier (1983) points out that until 1783 the income from rights on American products arriving in Cádiz was included under the heading of the *Indias* in the General Depository but was subsequently recorded under "general income".

¹⁰ The data of Cuenca (1981) and Merino (1987) are especially fragile for the period 1808-1814, while Comín (1990) does not provide fiscal information for the period 1808-1814. Josep Fontana (1986), meanwhile, offers global estimates similar to the two sets of aggregated and disaggregated data presented in this study.

resources despite successive international wars. This situation was accentuated following the Napoleonic invasion, constituting one of the main fiscal and financial supports of both the *Junta Central* (1809) and the government of the *Cortes of Cádiz* during its initial period (1810-1811).

2. SILVER REMITTANCES FROM AMERICAN TREASURIES TO SPAIN IN THE SECOND HALF OF THE 18TH CENTURY

During the second half of the 18th century, American fiscal transfers to the peninsula can be described in terms of two cycles. Between 1763 and 1783, official remittances of the royal colonial treasury reached an annual average of 3.5 million pesos, being subject to strong fluctuations due to the wars in which the Spanish Crown was involved, both in Europe and in America.

A second cycle occurred between 1784 and 1804 when there was an extraordinary increase in the *absolute* level of remittances received by the royal treasury offices in Spain. In the quarter century between 1780 and 1805, American treasuries transferred an average of slightly above 5.4 million pesos in cash a year to Spain. However, the tax benefits obtained from the increase in official remittances of American tobacco and the increase in general income derived from American trade should be added to this figure and this gives us an average of 8.9 million pesos as the annual revenue received from the colonies by the metropolitan general treasury in this period.

The change in the origin of American fiscal funds should also be noted. Before 1784, Peru contributed a proportion equal to or greater than that of New Spain, but from then until the end of the colonial regime, Bourbon Mexico clearly became the financial jewel in the empire's crown. (See Table 3.) In fact, in the last decade of the 18th century, the royal treasury of New Spain exported nearly five million pesos of fiscal receipts annually to the metropolis, the highest figure in colonial history.¹¹

The fact that certain colonies made larger fiscal transfers to the metropolis than others (at different times) raises a series of questions that have hardly been explored in the literature on imperial finances.¹² As early as 1773 and until 1787, the viceroyalty of New Spain alone provided slightly more than 50% of the total of the American fiscal remittances; but

¹¹ See Marichal and Souto (1994).

¹² The last chapter of Klein (1995) entitled "*The great turnaround: the rise of Mexico and the decline of Peru in the colonial empire of Spanish America, 1608-1808*" is an exception.

from 1788 to 1810 this figure soared, reaching approximately 75% of the total amount sent from the colonies to the metropolis.¹³ (See Table 3)

TABLE 1
Ordinary Income of the Spanish Royal Treasury and Remittances from Indias,
1763-1807 (in thousands of reales de vellón)

Years	Provincials	Salt mines	Tobacco	General	Ecclesiastical income	Other income	Indias	Total ordinary income
1763	79,380	23,523	70,612	39,766	29,640	173,933	58,056	474,910
1764	68,426	21,601	62,245	51,063	34,509	158,789	55,923	452,556
1765	65,651	23,170	72,358	45,808	42,598	152,868	88,075	490,528
1766	68,905	22,784	65,488	42,431	30,871	146,976	63,635	441,090
1767	62,735	21,504	72,590	47,315	30,009	150,203	78,162	462,518
1768	66,114	24,837	65,997	52,374	30,478	142,540	65,593	447,933
1769	70,733	24,052	70,326	44,239	27,518	154,988	17,839	409,695
1770	73,220	22,608	74,539	46,041	32,741	100,998	109,487	459,634
1771	59,970	23,983	77,177	53,514	30,598	122,066	12,241	379,549
1772	71,290	24,987	80,108	52,889	31,868	88,326	94,688	444,156
1773	66,773	24,432	81,247	52,019	32,296	94,286	32,055	383,108
1774	70,376	26,968	80,699	56,277	32,507	85,875	134,503	487,205
1775	74,156	24,188	79,881	45,890	32,422	91,940	67,125	415,602
1776	75,182	23,468	81,409	52,308	23,444	105,941	80,021	441,773
1777	75,311	22,300	85,126	45,148	28,247	133,918	21,659	411,709
1778	72,481	29,441	111,483	59,115	31,570	104,707	123,970	532,767
1779	76,981	23,944	107,882	64,031	32,388	122,074	10,349	437,649
1780	87,620	21,905	82,691	41,103	27,373	446,084	5,329	712,105
1781	108,861	33,513	86,975	35,864	33,916	328,846	33,346	661,321
1782	107,686	29,677	84,031	55,750	28,493	404,248	4,826	714,711
1783	117,358	25,999	87,478	73,127	29,126	170,536	18,883	522,507
1784	79,189	29,738	89,574	126,415	28,465	162,339	79,903	595,623
1785	83,776	31,960	87,154	180,951	32,001	132,171	43,942	591,955
1786	75,385	27,716	80,812	159,144	31,902	144,627	77,143	596,729
1787	89,975	33,395	85,045	134,624	34,185	155,839	67,217	600,280
1788	108,000	25,519	89,994	154,359	32,680	161,819	85,152	657,523
1789	85,738	33,199	77,724	149,384	32,837	119,202	24,767	522,851
1790	110,648	32,673	76,710	147,760	33,952	114,220	100,768	616,731

¹³ Concentrated information for remittances from other viceroalties or captaincies general does not exist. It is, however, possible to make some estimates. For example, Bonnett Vélez (1995), p. 35, indicates that remittances from New Granada averaged around 200,000 pesos in the 1790s, rising to 1.5 million pesos in 1802.

Table 1 (cont.)

Years	Provincials	Salt mines	Tobacco	General	Ecclesiastical income	Other income	Indias	Total ordinary income
1791	102,627	28,591	79,113	162,130	31,704	110,124	161,269	675,558
1792	99,288	24,129	68,295	165,908	31,427	110,228	130,331	629,606
1793	115,149	36,645	58,644	119,391	33,004	110,558	141,728	615,119
1794	114,887	30,955	61,871	122,997	36,531	142,075	195,718	705,034
1795	126,149	44,649	83,287	112,624	40,397	188,258	138,764	734,128
1796	128,035	48,707	69,805	193,148	44,652	214,126	236,896	935,369
1798	124,136	45,048	67,632	47,773	53,560	178,331	131,800	648,280
1799	129,399	55,742	64,335	59,233	39,814	111,609	90,861	550,993
1800	108,447	51,589	84,254	56,069	25,087	111,130	1,326	437,902
1801	122,942	56,324	80,544	56,922	26,372	89,515	341	432,960
1802	111,410	47,613	59,924	160,908	24,898	81,064	350,195	836,012
1806	147,072	63,308	107,482	67,330	25,428	88,888	40,820	540,328
1807	158,354	79,584	145,074	64,252	26,116	79,165	2,751	555,296
Total	4,378,447	1,579,209	3,688,472	3,893,472	1,467,271	6,765,272	3,794,298	25,566,157

Sources: Jose Patricio Merino, *Las cuentas de la Administración Central española, 1750-1820*.

TABLE 2

General Treasury of Spain, 1763-1811. Share of Spanish America in total ordinary income (in thousands of reales de vellon).

Years	Ordinary income Peninsula	Income from <i>Indias</i> (*)	%	Total
1763	416,854	58,056	12.22	474,910
1764	396,633	55,923	12.36	452,556
1765	402,453	88,075	17.96	490,528
1766	377,455	63,635	14.43	441,090
1767	384,356	78,162	16.90	462,518
1768	382,340	65,593	14.64	447,933
1769	391,856	17,839	4.35	409,695
1770	350,147	109,487	23.82	459,634
1771	367,308	12,241	3.23	379,549
1772	349,468	94,688	21.32	444,156
1773	351,053	32,055	8.37	383,108
1774	352,702	134,503	27.61	487 .205
1775	348,477	67,125	16.15	415,602
1776	361,752	80,021	18.11	441,773
1777	390,050	21,659	5.26	411,709
1778	408,797	123,970	23.27	532,767
1779	427,300	10,349	2.36	437,649
1780	706,776	5,329	0.75	712,105
1781	627,975	33,346	5.04	661,321
1782	709,885	4,826	0.68	714,711
1783	459,816	62.691	12.00	522,507
1784	455,402	140,221	23.54	595 .623
1785	471,939	120,016	20.27	591,955
1786	451,640	145,089	24.31	596,729
1787	471,415	128,865	21.47	600,280
1788	503,565	153,958	23.41	657,523
1789	433,838	89,013	17.02	522,851
1790	452,457	164,274	26.64	616,731

Table 2 (cont.)

Years	Ordinary income Peninsula	Income from <i>Indias</i> (*)	%	Total
1791	445,872	229,686	34.00	675,558
1794	456,949	248,085	35.19	705,034
1795	540,755	193,373	26.34	734,128
1796	623,077	312,292	33.39	935,369
1797	618,979	57,613	8.52	676,592
1798	485,240	163,040	25.15	648,280
1799	426,278	124,715	22.63	550,993
1800	398,692	39,210	8.95	437,902
1801	395,406	37,554	8.67	432,960
1802	422,564	413,448	49.45	836,012
1803	494,297	307,220	38.33	801,517
1804	629,111	274,276	30.36	903,387
1805	429,174	94,184	18	523,358
1806	452,438	87,890	16.27	540,328
1807	497,001	58,295	10.5	555,296
1808	n.i.	n.i.	n.i.	n.i.
1809	126,577	295,000	69.98	421,577
1810	150,500	250,500	62.47	401,000
1811	260,000	73,000	21.92	333,000

n.i. no information

(*) Between 1783 and 1807, *Indias* include both the fiscal transfers from the American treasuries to the metropolis plus 25% of the income from Tobacco and 30% of the General Income in the Peninsula.

Sources: José Patricio Merino, *Las cuentas de la Administración Central Española*, and José Canga Argüelles, *Diccionario de Hacienda*.

TABLE 3

General Treasury of Spain, 1763 -1811. New Spain's participation in the Remittances of Spanish America to the Metropolis (in thousands of reales de vellón) *

	New Spain	%	Total Spanish America
1763-1767	42,969	12.50	34,851
1768-1772	67,106	22.38	299,848
1773-1777	186,367	55.57	335,363
1778-1782	110,935	62.39	177,820
1783-1787	127,444	44.39	287,088
1788-1792	408,873	81.40	502,287
1793-1797	472,382	65.11	725,466
1798-1802	378,617	65.90	574,523
1803-1807	360,000	57.59	625,104
1808-1801 (**)	556,638	90.00	61,500
Subtotal 1763-1811	2,711,330	60.39	4,489,850

(*) The real de vellón is calculated at a rate of 20 reales = 1 silver peso.

(**) Four years in this case.

Sources: José Patricio Merino, *Las cuentas de la Administración Central española*; Herbert Klein and John TePaske, *Ingresos y egresos de la Real Hacienda de Nueva España*, and José Canga Argüelles, *Diccionario de Hacienda*.

3. AMERICAN FISCAL REMITTANCES TO THE METROPOLIS, 1760-1804: HOW IMPORTANT WERE THEY FOR SPAIN'S FINANCES?

We have argued that the existing data on official remittances from Spain's American colonies show an increasing trend, peaking around 1790-1810. The subject deserves more in-depth study, but for the purposes of this essay, which focuses specifically on the logic and dynamics of imperial taxation, the key question is: what percentage of the total income of the metropolitan general treasury did remittances from the American treasuries contribute?

Most of the authors who have investigated this area -from Humboldt onwards- have argued that American contributions to the metropolis were substantial, but that their weight should not be exaggerated. It is generally stated that American remittances, *at best*, could have reached around 20% of the total fiscal revenues of the metropolis during the second half of the 18th century. However, in general such studies, except for two essays by

Jacques Barbier and Leandro Prados de la Escosura, lacked a relatively sound statistical basis.¹⁴ It is important, then, to analyze José Patricio Merino's recent publication of the annual series of income and expenses of the central administration in Spain, which provides more precise data on the income of the general treasury and therefore facilitates the calculation of an estimate of the volume and evolution of the total remittances under the heading of the *Indias* as a percentage of total peninsular ordinary income, at least until 1805.¹⁵ To complete the series for the years following 1805-1811, we revised and updated the figures. (See Tables 1 and 2 covering the years 1763 to 1811.)

The trends indicated are quite clear. They show a sustained growth - in absolute terms - of American remittances and especially of those from New Spain to the metropolis, although important fluctuations in their *relative* importance for the metropolitan treasury can also be appreciated throughout this last phase of the imperial government.

In general terms, our estimates indicate that for the period from 1763 to 1783, as an annual average, American transfers represented less than 15% of the ordinary income of the general treasury of the metropolis. This means that for this specific period we need to revise *downwards* the calculations in the historiography which maintain that the *Indias* represented approximately 20% of the *ordinary income* of the Spanish government. In contrast, for the period from 1784 to 1807, the data presented here indicate that the annual average of American transfers reached almost 25% of the peninsula's ordinary income, becoming the most important single source of fiscal revenue of the metropolis during this period. This, obviously, means that an *upward* revision of the figures of most studies of Spanish finances during this last stage of the empire is required.

However, in order to delve more deeply, it is necessary to define both the concept of "ordinary income" more precisely and what exactly is meant by the fiscal register of *Indias*. We should bear in mind that in order to analyze the evolution of the finances of the metropolis, it is necessary to distinguish between "ordinary" and "extraordinary" income of the general treasury of Madrid. Ordinary income can be defined essentially as tax revenue of different types, while extraordinary income

¹⁴ Barbier states: "On the average the *Depositaria's* entire income (*Indias* and *rentas*) represented 19.3% of General Treasury expenditure in 1760-65; 21.4% in 1766-1778; and 20% in 1779-1789". Barbier (1980b), p. 346. Prados de la Escosura (1989) uses data from Merino but does not take into account the errors in these series from 1790 onwards. Humboldt's "calculations" are found in "Book VI" of his *Political Essay*.

¹⁵ Merino (1987); for other estimates which are not always concordant, see Cuenca (1981) and Barbier and Klein (1981 and 1986).

included that from different types of debt (short or long term) as well as a series of accounting categories sometimes difficult to disaggregate.¹⁶ Why, then, is it important to separate the study of ordinary income from that of extraordinary income?

The explanation is to be found in one of the basic principles of taxation; ordinary income, as is well known, constitutes a direct and definitive transfer from the taxpaying public to the state (obtained through taxes, fiscal monopolies or other various sources) while extraordinary income normally comes from debt instruments issued by the tax authority that have to be returned to the holders at fixed terms and with interest. Ordinary income, therefore, constitutes a net contribution - an "asset" - at the disposal of the tax authorities, while extraordinary income becomes a debt - a "liability" - with more or less weight to be repaid by the public purse in the short and long term.

So, how should the income of the royal treasury under the heading of the *Indias* be classified? We consider it as a category to be included under the general heading of "ordinary" income given that it constituted *net* income that did not have to be returned. In general, until 1790, American remittances represented the simple transfer of tax surpluses from the colonies to the metropolis and, therefore, they should be considered as simply another source of revenue for the general treasury. In other words, they were fresh tax resources that did not imply the accumulation of any debt for the Spanish authorities.¹⁷

If we look at the series in Table 1, we observe that the *Indias* averaged approximately 20% of the ordinary annual revenue of the general treasury for the period between 1763 and 1807.¹⁸ This figure, however, underestimates the *total* American tax contribution. It should be noted that to calculate the total tax benefit that the metropolis obtained from its

¹⁶ The two largest accounting items through the 1790s were "extraordinary items" (*efectos extraordinarios*) and "inventories". The former consisted mainly of all the loans and "local taxes" (*arbitrios*) used to obtain medium-term funding. The latter included both the surpluses from the previous year yet to be spent and the sum resulting from all the promissory notes issued by the government or army not yet covered in cash. The increase recorded under this heading of "inventories" from 1793 to 1798 is cumulative and corresponds closely to the heading of "letters of payment passed to the next treasury" (*cartas de pago de tesorería sucesiva*) that appears next to "expenses" in the royal treasury's accounts. See Merino (1987).

¹⁷ The item "*Indias*" consisted mainly of remittances of fiscal surpluses from the American treasuries to Spain; as from 1793, numerous loans and donations gathered in the Americas were added to this item. Although these became "public debt", *this sum was recorded as a liability for the respective American treasuries*, which had to mortgage some sources of fiscal revenue to be able to make the required service and amortization payments, *rather than for the treasury of the metropolis*.

¹⁸ This matches the previously mentioned estimates of Barbier (1980), p. 346.

empire as from 1783, additional sums would need to be added. There should include the part of the general income that corresponded to the taxes on the American portion of foreign trade, as analyzed by Leandro Prados de la Escosura in a recent paper. But a significant part of the profits of the state tobacco monopoly in the metropolis (on account of the remittances of raw tobacco from Cuba) should also be added in; it should be noted that Prados de la Escosura does not include these in his calculations.¹⁹

We employed the following method, always based on Merino's (1987) data, to calculate "American" income remitted to Spain. Until 1783 we used the income figures for the General Depositary of the *Indias* recorded by Merino, adding only 25% of the income from raw tobacco in the metropolis. After 1783 we also add 30% of "general income", since this figure represents a minimum value for the proportion of customs income obtained from trade with America.²⁰ Adding a percentage (30%) of "general income" (collected in the peninsula on trade with America) to the figure for the *Indias* heading does not seem to be controversial according to Prados de la Escosura (who calculates that transactions with the American colonies made up 35% of total Spanish trade between 1783 and 1810).²¹

On the other hand, the inclusion of a percentage of the enormous value of remittances of raw tobacco from Cuba to Spain may seem more debatable. It should, however, be emphasized that said remittances *in kind* were very significant even though they were not included in the estimates published by the officials of the royal treasury under the heading of remittances from the *Indias*. Our reasoning is as follows: we can estimate that part of the value of the production of the tobacco monopoly in Spain (at least 25%, in our opinion) came directly from the huge quantity of raw tobacco shipped from the tobacco monopoly in Cuba, given that the bulk of the raw material used in the Spanish factories to make cigarettes (as well as snuff) came from the Spanish Caribbean as a *net fiscal transfer, although in kind*.²² It seems reasonable, therefore, to argue that at least

¹⁹ For the estimate including general income, see Prados de la Escosura (1993). There are no published studies for tobacco, except the very old estimates of De la Sagra (1831).

²⁰ See Barbier for the discussion of the characteristics of the income of the Depositary General of the *Indias* until 1783.

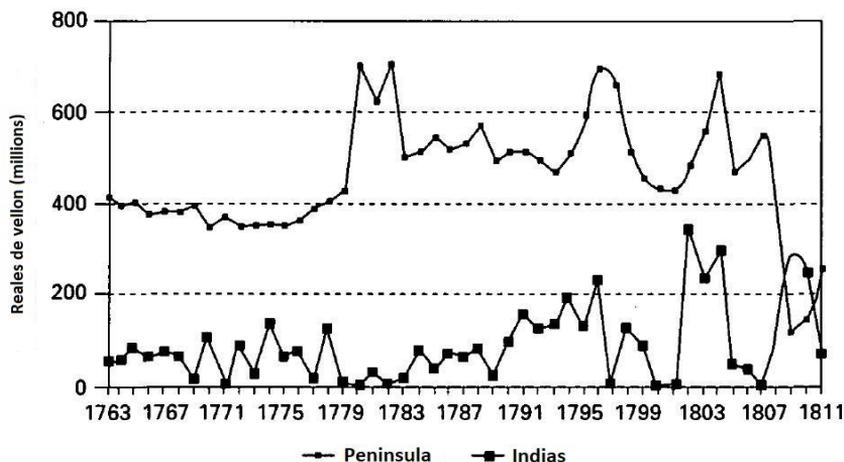
²¹ Prados de la Escosura (1993), p. 270 and pp. 287-291. We have preferred a lower figure to avoid possible overestimations.

²² The compiler of encyclopedias, Ramón de la Sagra (1831), calculated that Cuba had provided a tax subsidy of about 200 million pesos (in tobacco) to the metropolis between 1760 and 1810. Deans Smith (1992), p. 61, points out that, between 1778 and 1796, tobacco leaf to the value of 72.8 million pesos was imported to the port of Cádiz from the royal monopoly (*estanco*) in Cuba.

25% of the tobacco income recorded by Madrid's general treasury can be considered as derived directly from the colonies.²³

FIGURE 1

General Treasury of Spain, 1763-1811 Ordinary Income of the Peninsula and *Indias*.

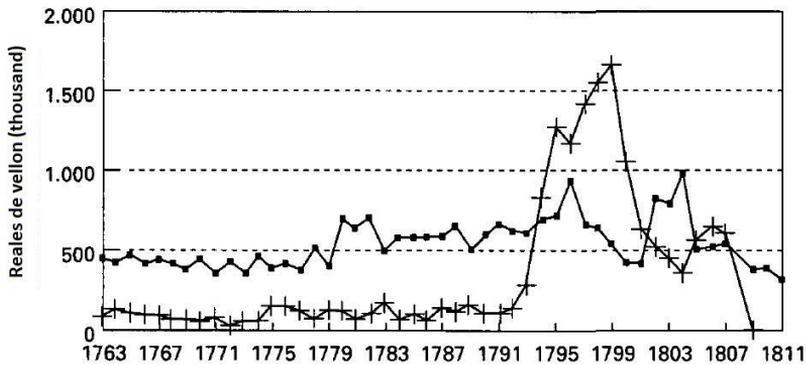


Sources: table 2

The revised income trends for the *Indias* (Figures 1 and 2) lead to clear conclusions: American remittances are probably the most important single category of *ordinary* income of the metropolitan treasury for almost half a century and, as from 1784, they constituted a determining factor in the main (and highly significant) fluctuations of the Spanish treasury.

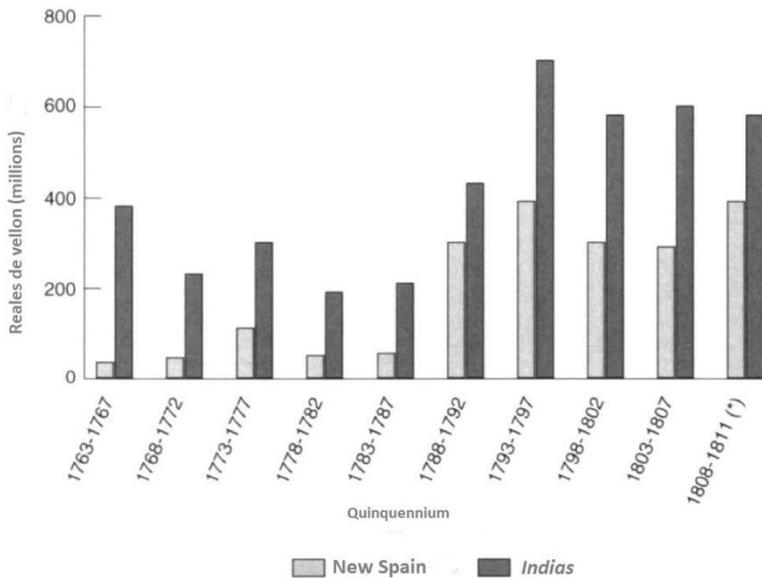
²³ The figures of Fisher (1985), pp. 68-70 clearly exaggerate the value of the tobacco imported into Spain from the colonies on behalf of the Crown. A more detailed investigation based on the information regarding tobacco in the General Archive of the *Indias* is required.

FIGURE 2
Spanish General Treasury, 1763-1811 Ordinary and Extraordinary Income



Note: Ordinary income include income from *Indias*.
Sources: Merino (1987) and Canga Argüelles, (1833-1834).

FIGURE 3
General Treasury of Spain, 1763-1811. Income from *Indias* and New Spain



(*) Figures cover October 1808 to February 1811.
Sources: table 2

4. DEFICIT AND DEBT UNDER THE GOVERNMENT OF CARLOS IV: AMERICAN CONTRIBUTIONS

In a recent study, Pedro Tedde argued that Spain's economic administration under Carlos III (1759-1788) should be reassessed, given that there were no major budgetary imbalances.²⁴ We would add that the fact that the monarchy was able to avoid deficits, especially during the war of 1779-1783 against Great Britain, was clearly thanks to the colonial contributions to the armed forces in the Caribbean.²⁵ A real and unsolved mystery, however, surrounds why Spanish finances sank so systematically and definitively after 1790. The large deficits that Spain's treasury began to experience from 1792 onwards affected the colonies directly given that the demands for fiscal resources by the Crown surpassed their ability to obtain the necessary resources through taxes alone, therefore requiring the ratification of numerous donations and loans. From 1792 onward, therefore, American remittances became much more complex as they increased in volume.

It is particularly important therefore to analyze the divergence between ever-increasing expenses and the relative stagnation of ordinary income *in the metropolis*. These deficits experienced by the Spanish administration were the true causes of the weakening process that the monarchy's finances suffered which forced the American colonies to gather and transfer an ever-increasing amount of their own resources. But we must ask: what were the causes of the deficits experienced in the metropolis in the 1790s? The fact that growth in expenditure outran that of income was a process caused by a succession of international wars. Following the war against the French Convention in 1793-95, the military and financial expenses of the government in Spain began to exceed all the expectations of the Crown's ministers.²⁶ The subsequent outbreak of the first naval war with England (1796-1802) meant that the situation became almost impossible to control, as deficits accumulated year after year.

The gap between income and expenses grew every year, leading to a fiscal and financial situation became increasingly problematic given that possible taxes increases in the metropolis were very limited between 1792 and 1798. The government attempted to bridge the huge gap with voluntary and forced loans, by issuing *vales reales* (public debt

²⁴ Tedde (1988 and 1989) also argues that important financial reforms were introduced in this period, such as the establishment of the *Banco de San Carlos* and the ratification of a modern public debt policy.

²⁵ See Marichal and Souto (1994).

²⁶ An excellent synthesis of the forecasts (which were, in general, erroneous) of the ministers of finance in the 1790s can be found in Canga Argüelles (1834), who transcribes the treasury reports of the period.

securities), with foreign debt, by paying many bills with promissory notes (floating debt), with the establishment of donations, ecclesiastical subsidies, and the introduction of a rigorous tax collection policy in the Americas, requiring that any surpluses, such as those of New Spain, be transferred immediately to the metropolis.²⁷

According to the calculations of the tax expert José Canga Argüelles, the expenses of the war with France between 1793 and 1795 absorbed 4,741 million *reales*, of which only 40% could be covered with taxes, leaving an initial deficit of almost 60%. This deficit was covered with 511 million *reales* in donations and loans, 380 million in supplements from the *Banco de San Carlos* and successful merchants in Madrid, 476 million from America and 311 million *reales* raised from tax increases.²⁸ However, there was still a shortfall of a billion *reales* that could only be covered by the sale of *vales reales* or by floating debt in the form of the delivery of promissory notes to government creditors, including its own employees and soldiers.

The first naval war with England (1796-1802) brought more huge costs which reached more than four billion *reales* between 1796 and 1798 alone. This led to a deficit of approximately 1,780 million *reales* according to Canga Argüelles.²⁹ (See Table 4.) The issue of *vales reales* to the value of almost 2,500 million *reales* (at an average of 60% of their nominal value), coupled with the placement of approximately 1 billion *reales* in promissory notes (floating debt) were the instruments that finally made it possible to cover these large deficits, as confirmed by the data collected by Merino from the annual accounts of the Madrid general treasury.

Herbert Klein and Jacques Barbier analyzed this situation and argue that the extraordinary increase in the expenses of the army and the navy was the root of the deficits of the Spanish royal treasury.³⁰ However, it is also necessary to add a series of financial expenses that have been studied by other authors. We refer, for example, to the growing cost of servicing the *vales reales*; they were issued less and less by the royal treasury due to the fall in their value during the war years. Secondly, the high cost of servicing the foreign debt in the Netherlands, which had to be paid in American silver, should also be considered. Thirdly, there was the cost of

²⁷ See proposals from Minister of Finance Francisco de Saavedra, in 1798, who believed that the only option for the metropolitan treasury was to seek funds from America. Canga Argüelles (18 33-34), p. 167.

²⁸ Canga Argüelles (1833-34), pp. 93-94, includes detailed tables of their estimates.

²⁹ *Ibid.* pp. 93-94.

³⁰ Barbier and Klein (1981), pp. 315-339.

paying numerous creditors in the metropolis itself, who insisted on the return of sums borrowed or advanced in the short term; significant among such creditors was the *Banco de San Carlos* which, in effect, was brought to the brink of bankruptcy due to the numerous loans it was forced to grant to the government.³¹

The establishment of the *Consolidación de Vales Reales* in the metropolis from 1798 made it possible to liquidate a substantial part of the floating debt and cover deficits in subsequent years.³² The situation of the treasury, however, remained critical. Hence, the renewal of shipments of large quantities of American silver in 1802 - after the signing of the Treaty of Amiens - was essential to avoid bankruptcy. The sums that arrived in the short space of two years from the colonies - and especially from New Spain - were surprisingly large, amounting to more than 800 million *reales*, equivalent to more than 40% of the ordinary metropolitan tax revenues in the years 1802-04.³³

Transfers of American silver on Spanish warships were suspended after the renewal of the war with Great Britain at the end of 1804. For this reason, the general treasury statistics do not reflect income from the American treasuries for the years 1805-1808. However, a review of *neutral trade* shipments makes it clear that the colonies continued to make large payments to the Spanish treasury. This subject has been investigated in some detail in studies carried out by Dutch, North American, and French historians but are scarcely cited in Spanish economic historiography.³⁴ These studies show that from 1805 the Crown's tax officials - and more specifically Manuel Espinosa, director of the *Caja de Consolidación* signed contracts with two large international trading groups which guaranteed the transfer of significant amounts from America in the fateful years after the defeat of the Spanish-French navy at Trafalgar (October, 1805).

The first contract was signed with the banker and supplier of the French navy, Gabriel Ouvrard, who obtained payment orders (*libranzas*) worth ten million silver pesos (equivalent to ten million dollars) payable in New Spain with the objective of settling debts with France derived

³¹ The fundamental research on the *Banco de San Carlos* is that of Tedde (1988), but Artola (1986) is more explicit in highlighting the virtual bankruptcy of this financial institution as a result of the wars.

³² This is indicated in the studies of Richard Herr (1971), who calculated that the total value of disposals (*enajenaciones*) in the metropolis reached more than 1.23 million *reales* between 1798 and 1808.

³³ See figures in Merino (1987).

³⁴ The fundamental studies are those of Buist (1974), Fugier (1930), Bruchey (1956), and Jackson (1978).

from the subsidy treaty signed by Carlos IV and Napoleon in October, 1803. These transfers were made with the help of the Hope financial house in The Netherlands and Baring Brothers in England in one of the most complex episodes in the financial history of the Napoleonic period. In this way the American colonies covered a large part of the Spanish Crown's international debts.³⁵

At the same time other remittances were sent from the Mexican treasuries via a contract signed with the Spanish-English consortium of Gordon, Murphy and Company. This group of audacious and cosmopolitan traders was responsible for the shipment (in neutral vessels which set sail from Europe) of a series of fiscal resources derived from taxes and monopolies in New Spain – including the sale of mercury for the silver mines, paper for the tobacco monopoly and other royal monopolies (*estancos*). In fact, this consortium collected at least ten million pesos from the colonial treasuries between 1806 and 1808, which were shipped across the Atlantic and subsequently used to cover additional financial commitments of the Spanish crown in Europe.³⁶

In the final years of the reign of Carlos IV, the American colonies continued to provide significant fiscal revenues to the Spanish monarchy, even though the Spanish navy was at a total standstill after the disastrous naval battle of Trafalgar. From May 1808 – thanks to the new agreement between Great Britain and the liberal government of the Spanish patriots at the port of Cadiz who opposed and held off Napoleon- the ships of the Spanish Navy were able again to set sail for the Americas in search of sources of hard cash, securing a further increase in colonial transfers to the metropolis, including both fiscal and private remittances.

5. THE NAPOLEONIC INVASION AND AMERICAN SUPPORT FOR THE CENTRAL BOARD AND THE *CORTES DE CÁDIZ*

The surprisingly high amount of remittances from America to the metropolis handled by the royal treasury between October 1808 and February 1811 should be noted; the figure was close to 30 million silver pesos, of which 24 million came from New Spain. (See Table 3.) This situation plays a crucial part in explaining both the evolution of finances in Mexico in the period immediately prior to the outbreak of the wars of independence, as well as the evolution of Spanish finances in the initial period of the wars against Napoleon.

³⁵ *Ibid.* for the details. See also Marichal (1990).

³⁶ For details of the Gordon/Murphy operations, see Jiménez Cudinach (1991) and Marichal (1996).

How important were these contributions in relation to the total income received by the royal treasury in Spain, firstly in the case of the Regency of 1808/1809 and, subsequently (1810-1812), for the administration of the liberal government of the *Cortes de Cádiz*? Given the fragmentation of the Spanish government's accounts in this period, it is risky to put forward a precise calculation; but at least we can suggest some rough estimates from a review of various sources that provide general indicators of the fiscal revenues generated locally and those received from the Americas.³⁷ First, however, it is necessary to look in some detail at the evolution of the finances of the various government bodies and military forces of the Spanish resistance. Somewhat surprisingly, this area has only been addressed by a small, pioneering group made up of Josep Fontana, Ramón Garrabou and Timothy Anna, although the first two authors do not provide adequate estimates of Spanish American remittances.³⁸

To begin with, it is important to keep in mind the profound fiscal and financial crisis in Spain after the Napoleonic invasion. In fact, following foreign occupation, the Spanish population suffered a double taxation: one imposed by the invading French army and the other – much less systematic- ratified in different regions of the peninsula by patriotic governments and armies.³⁹ The French administration attempted to introduce some order by appropriating the old tax system in the territories under its control. However, the success of this system was far from total, not only because of the greed of the Napoleonic officials and troops, but also because the evolution of the war in the years 1808 and 1809 meant that neither side enjoyed a clear control of the whole of the territory of Spain, with both sides experiencing a series of advances and setbacks.⁴⁰

The financial measures adopted by the organizations of the Spanish resistance that had to deal with the consequences of the collapse of the old tax administration were not very considerable but should not be ignored.⁴¹ Following the clashes between French troops and patriotic Spaniards on May 2 in Madrid, the resistance movement gained strength: autonomous

³⁷ The few historical studies on the subject provide some data: for example, Fontana (1981 and 1986), but they should be complemented by rather obscure contemporary sources, including Alcalá Galiana (1812), the reports of Canga Argüelles (1811, 1813, 1830, 1835) and a fairly diverse range of brochures which will be cited.

³⁸ Fontana (1981), Fontana and Garrabou (1986) and Anna (1986).

³⁹ The best preliminary analysis is provided by Fontana (1981 and 1986).

⁴⁰ It should be underlined that the system used by Napoleon to finance his armies -which consisted of "living off the land", appropriating livestock and cereals from the towns and farms where they camped- consisted fundamentally of plunder and was not conducive to an orderly system of taxation. See references in Fugier (1930) and Aftalion (1990).

⁴¹ Fontana (1981) and Fontana and Garrabou (1986) provide important information on this subject, especially regarding the resistance in Catalonia.

provincial boards (*juntas*) began to be set up which soon received support from the British government in the form of direct cash subsidies as well as large amounts of military equipment, rifles, ammunition, and uniforms. The first agents of these Spanish *juntas* arrived in London in June 1808 and negotiated a financial aid program with Prime Minister Canning. Most of the British subsidies went to the *juntas* of Asturias, La Coruña, León, Seville and Cádiz for a total amount close to 70 million *reales* between June 1808 and the beginning of 1809.⁴² The British government also sent a large quantity of rifles and ammunition to Spain; some well researched estimates indicate that around 160,000 muskets and guns were sent between August and November as well as clothing (of variable quality) for several tens of thousands of soldiers.⁴³

However, from early 1809, and for most of the next two years, English subsidies to Spain were much more limited, being restricted basically to some additional shipments of foodstuffs as well as arms and ammunition that were financed with bills of payment to be collected from Mexican treasuries.⁴⁴ The fact of the matter was that from late 1809 onwards, the cash funds sent from England to help in the peninsular war were used almost entirely to support the British army in Portugal under the command of Wellington and to feed the population of Lisbon.⁴⁵

The Spanish patriot government at Cadiz as well as existing military forces resisting the French were forced to seek fresh sources of income. In most of the peninsula, the system that historian Josep Fontana aptly called that of "immediate taxation", based on the provision of supplies and voluntary or forced loans in the various regions where the war continued against the French, remained absolutely fundamental.⁴⁶ Thus, in Galicia, Catalonia and Valencia, the war was not financed with external funds but

⁴² Canga Argüelles (1835), vol. 1, p. 149, and vol. 2, p. 304, indicates that the distribution was as follows: 18 million *reales* to the *junta* of Asturias, 20 million to that of Seville, 20 million to that of La Coruña and 10 million to that of León. See Sherwig (1969), p. 198, for data on the first series of subsidies paid between June and August 1808.

⁴³ The information is diverse: see Sherwig (1989), pp. 199-200, 222, 227, 249, 251, and Canga Argüelles (1835), vol. 1, doc. 57, pp. 253-257.

⁴⁴ The minister of finance in 1811, José Canga Argüelles, affirmed that payment orders (*libranzas*) for the value of 3 million pesos were sent with the Duke of Infantado to be paid in Veracruz to Admiral Cochrane: Canga Argüelles (1835), vol. 2, p. 307. Alamán (1849), vol. 1, p. 301, mentioned the splendid reception given to Cochrane upon his arrival in Mexico in 1809 due to his reputation as an admiral who had favoured the Spanish cause.

⁴⁵ Canga Argüelles (1835), 3 vols. *passim*, includes important comments and documents on this subject that can be compared with Sherwig (1958). It should be noted that the British contributions reached their highest levels in precisely the years when American remittances were scarce, that is, in 1808 and 1812.

⁴⁶ Fontana (1981).

rather by local taxation, organized by the provincial boards (*juntas*) and by military officials themselves.

On the other hand, in Seville and Cádiz - seats of government, respectively, in 1809 and 1810-1812, the main source of fiscal revenue was provided by American remittances, at least until the beginning of 1811. Analysis of the evolution of the finances of the Regency and its administrative body the *Junta Central* (with headquarters in Seville,) as well as of the patriot armies in Andalusia and Extremadura during the year 1809, indicate the critical importance of American silver in the budgets of the patriotic government in this initial phase of the war. Vicente Alcalá Galiano, general treasurer of the Supreme Governing Board (*Junta Suprema Gubernativa*) in Seville, clarified some aspects of the fiscal situation in a document dated October, 1809 (in response to a representative of the *junta* of Valencia) in which he pointed out that the income of the *junta* were less than its military expenses, which was, in part, a consequence of the “dispersion of funds due to the federalization and fragmentation of power in the *juntas* ... “. ⁴⁷ Alcalá Galiano added significantly.⁴⁸

“Financial aid from America ... is the main source of funds that has been used to feed, maintain and increase our armies ... The total sum coming from those domains for the royal treasury amounts in all respects (between January and October 1809) to 295,901,816 reales ...”

According to the same report, the general treasury, the treasury of the Andalusian army and the tax offices of Cádiz recorded a total income of 388,505,075 *reales* between January and October of 1809 (almost all for military expenses); part of this total came from approximately 50 million *reales* raised in taxes and the rest from a series of loans of the Cádiz Consulate made between April and November 1809 for the amount of 44,380,000 *reales*, the majority to be repaid with money from America.⁴⁹ In summary, 75% of the total income of the Supreme Governing Board (*Junta Suprema Gubernativa*) in the first ten months of 1809 came from America. The funds received were used to support the modest civilian government structure in Seville, but above all they were used to support the armies of Andalusia and Extremadura.

⁴⁷ Alcalá Galiano (Mexico, Reprinted in *Casa de Arizpe*, 1810), p. 6.

⁴⁸ *Ibid.* The figure was equivalent to 14.7 million silver pesos, at the exchange rate (20 *reales* = 1 silver peso) used in 1811 by Minister of Finance, Canga Argüelles.

⁴⁹ *Ibid.* and Lucena Salmoral (1977), pp. 158-59. In fact, the Cádiz Consulate provided four loans during 1809: in April for 1 million pesos, in July 170,000 pesos, in October 40,000 pesos and in November 1 million pesos.

The political, military and financial situation of the patriotic resistance movement in the peninsula became even more delicate and complex in early 1810 with the entry and advance of fresh French troops and the collapse or progressive withdrawal of the Spanish troops. The main forces of the armies of Extremadura and Andalusia withdrew to the south and finally bunkered down in Cádiz. In turn, the members of the Junta Central - who also moved from Seville to Cádiz - agreed to disband in the light of the military defeats which had ended their legitimacy. Sovereign power, then, was transferred to the brand-new Regency Council (*Consejo de la Regencia*), made up of the Bishop of Orense, Pedro de Quevedo, the senior public officials Francisco de Saavedra, Francisco Xavier de Castaños and Antonio Escaño, and the clergyman Miguel Lardizábal y Uribe (in representation of America).

Following a series of military defeats, the Regency clearly only had the resources it was able to gather in Cádiz itself. However, the situation in the port of Cádiz was better than the tens of thousands of political and military refugees who had arrived there in early 1810 would perhaps have imagined; in fact the new administration soon began to have access to considerable external cash resources, flowing in part from taxes on maritime trade but above all from remittances from the treasuries of America. For this reason, and thanks to its greater military security, it was in Cádiz that a true government and an army of a certain size was able to continue operating during the years of 1810 and 1811, while in the rest of Spain the Napoleonic occupation reached its peak.

Given the initial weakness of the Regency, on January 28, 1810 the control of the royal treasury was handed over to the *Junta de Cádiz*, which managed most public money until the end of October of that year.⁵⁰ The great merchants of Cádiz accepted these responsibilities with considerable enthusiasm, as illustrated by a *proclamation to Spanish America* published in early 1810 by the *Junta de Cádiz* in which it was stated: "Here is the essence of the war; here our union with the British nation has been further tightened ... ».⁵¹

The *Junta de Cádiz* advised the Spanish Americans that the Regency had summoned them to participate in a National Congress (the *Cortes de Cádiz* whose sessions would commence in 1810) and stressed that this

⁵⁰ The contract between the Regency and the *Junta de Cádiz* came into effect on March 31, 1810. See the interesting document entitled "Royal approval and decree of HM on the regulation proposed by the *Junta Superior de Cádiz*, taking provisional control in its district of all taxes and their collection", an 8-page document reprinted in Mexico in 1810; a copy is to be found in the Lafragua Collection, No. 182, National Library (Mexico).

⁵¹ *Junta Superior de Cádiz a la América Española* (Cádiz, February 28, 1810), 10 pp. Doc. 393, Lafragua Collection, National Library (Mexico).

political project should be facilitated by the fact that the mercantile community of Cádiz had links with virtually "*all places in America*", requesting all the financial support that the Spanish Americans could provide.⁵²

The Cádiz merchants occupied with treasury tasks were criticized in the Congress, although the minister of finance in 1811, José Canga Argüelles, did not hesitate to praise the work of the *Junta de Cádiz* in its management of public finances, considering it both scrupulous and of great use to the national cause:

“Nothing was more straightforward for the ministry than the plan carried out by the Junta [of Cádiz]. It took care of all the obligations of the treasury in the district of Cádiz: it raised public funds, sought extraordinary resources, and the government was based on the careful work of distinguished citizens ...; the classes [employees] were catered for and the army and forces did not experience shortages ...”⁵³

What, though, was the extent of the fiscal or financial resources available to the government in Cádiz in 1810? The Count of Toreno (*Conde de Toreno*), a distinguished member of the *Cortes* and an expert on the situation of public finances in those turbulent years, summarized the situation regarding income:

“The income received by the Junta during that time [January-October 1810] exceeded 351 million reales. Of this sum, about 84 million came from local income; 17 million in donations and special taxes in the city; 54 million in loans and other items; and finally, more than 195 million from America.”⁵⁴

Again, it is clear that more than half of the funds supporting the Spanish government proceeded from colonial remittances, reaching as much as 56% of the total income collected by the *Junta de Cádiz* (January-October 1810) while it controlled both the old tax office that received remittances from the *Indias* and the customs offices and other incomes.

These figures match those compiled by the historian Timothy Anna, who adds that in the last two months of 1810 the income of the treasury offices totaled 56.7 million *reales*, "of which 30.5 million or 54% came

⁵² *Ibid.* In the same document it was stated: “Cádiz speaks to you, peoples of America, and trusts that its voice will be heard ... In which city, in which port, in what location however remote and hidden, is there not a correspondent, a relative or a friend of Cádiz? Oh, Americans! You have to defend the same rights, the same king, and fight the same injustices...”

⁵³ Canga Argüelles (1811), p 6.

⁵⁴ Toreno (1835), p. 306.

from America".⁵⁵ 1811 was arguably the most difficult year of the war, due both to the various defeats suffered to the French armies and to the fall in government tax revenue in Cádiz.⁵⁶ According to the Count of Toreno, total revenue barely reached 200 million *reales*, of which 71 million came from America, especially from New Spain.⁵⁷ Of this sum, 62 million was brought on two English warships, the *Bulwark* and the *Relentless*, which had loaded sums for the royal treasury in the port of Veracruz in December 1810 and arrived in Cádiz in early 1811.

In summary, a total of almost 30 million silver pesos (around 600 million *reales*) in American tax remittances arrived in Cádiz between the end of 1808 and the beginning of 1811.⁵⁸ Of this sum, arriving between December from 1808 and February 1811, approximately 80% came from New Spain, with minor contributions from Peru and various captaincies general.

These figures allow us to qualify the interpretation of historian Josep Fontana, who makes the implicit suggestion that the American contribution in these years was substantial but not necessarily decisive.⁵⁹

⁵⁵ Anna (1986), p. 111. However, Anna himself states that "these sums do not include the large amounts from Great Britain"; the truth is that by then English financial aid was minimal, as pointed out by Canga Argüelles (1836), pp. 134-141.

⁵⁶ Fontana (1986), p. 81, states: "1811 was the worst year of the war." He adds that the treasury's situation entered a major crisis but offers few details regarding contemporary fiscal developments.

⁵⁷ Anna (1986), pp. 116-117, quotes and comments on Toreno's estimates. They are largely in line with the calculations of Canga Argüelles (1813), minister of finance in 1811. Fontana and Garrabou (1986), p. 80, point out that in 1811, 83 million *reales* were received from America, 73 million in fiscal remittances and 10 million in payment orders (*libranzas*) on banks in Lima. Fontana also calculates total government revenue in Cádiz in 1811 of approximately 200 million *reales*.

⁵⁸ The total amount of fiscal remittances arriving in Cádiz from América between January 1809 and the beginning of 1811, registered by Canga (1833-34), is 29,378,027 silver pesos (equivalent to 587,560,544 *reales de vellón*), while the total income of the general treasury in Seville and the tax administration in Cádiz recorded as coming from America was 591.4 million *reales*. We believe that this correspondence indicates the reliability of the data.

⁵⁹ Fontana (1986), p. 97, states: "Over the five-year period of 1809-1814, the central treasury collected some 1,500 million *reales*, of which around 600 million, abundant until 1810 and rapidly declining after 1811, came from America..." However, the contrast between periods should be further stressed; between 1809 and 1811 total income was 1,000 million *reales* of which 60% came from America while between 1812 and 1814, in contrast and according to Fontana, income was 500 million of which a mere 5% came from colonial sources.

It is clear from our analysis that during the three-year period 1809-1811, the central government's treasury (in Seville and Cádiz) would have collapsed had it not been for the numerous shipments of silver sent from the American treasuries and, especially, from Mexico. After 1812 this situation changed as remittances fell dramatically as a consequence of the wars that gathered force throughout Spanish America. What we are interested in highlighting, however, is the fact that in the first phase of the war against Napoleon, the *Junta Central*, the Regency and the *Cortes de Cádiz* (as well as the armies of Andalusia and Extremadura) depended primarily on the support of the colonies. Indeed, without this help, it is doubtful that the Spanish patriotic government and its forces could have survived the Napoleonic invasion.

Online appendix with the data of this article:

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