

Carlos Marichal, (2007), **Paper presented at the Conference “Las Fronteras Hispánicas en Norteamérica: España, Méjico y los Estados Unidos (1763-1848)”**, The National Portrait Gallery (Smithsonian Institution), Washington, D.C., 27- 28- 29 Septiembre 2007.

The Spanish Empire and the Financial Contribution of the Viceroyalty New Spain to the War against Great Britain, 1779-1783

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Both the French and the Spanish monarchies took advantage of outbreak of the war of independence of the thirteen North American colonies (1776-1783) to launch their own offensives against Great Britain both in Europe and in the Caribbean. The central objectives of the military campaigns initiated in the western hemisphere by the Spanish crown in 1779 included the reconquest of Florida, the reinforcement of Spanish positions in Louisiana, (mainly along the southern Mississippi) and attacks upon British positions in the Bahamas, Jamaica and Honduras.ⁱ The costs of the war implied great expenditures. These were incurred by Spanish military forces operating in various points in the greater Caribbean, although the requirements were greatest in Havana where the bulk of troops and ships were concentrated from early 1780 onwards. In order to finance this great military effort, the crown made demands on the treasuries of New Spain that went far beyond the standard levels of remittances to Cuba. So considerable were these charges that by the early 1780s they surpassed the capacity of the tax structure of New Spain to provide sufficient funds and obliged the viceroy to call

for a series of forced and voluntary loans from all sectors of the Mexican population.ⁱⁱ

The official correspondence between viceroy Martín de Mayorga in New Spain and military commanders in Havana illustrates the extraordinary volume of financial support and other types of assistance sent to Havana from Veracruz, including large amounts of provisions and manpower.ⁱⁱⁱ As historian Melvin Glascock argued, during the war (1779-1783) New Spain "was virtually the sole support of Spanish arms in the Americas... and made for the mother country and her allies a contribution unmatched in the history of colonial Spanish America."^{iv} The estimates by Glascock and fellow historian James Lewis of the huge shipments of silver from Veracruz to Havana during the war are similar despite the fact that they used different primary sources: Lewis estimated that 34 million silver pesos were sent from Mexico as *situados* to the Caribbean during the military conflict, while Glascock argued that these remittances reached 37 million pesos (or dollars) in the same five years.^v

The contribution that these remittances represented for the overall war effort of the Spanish Crown can only be judged indirectly, but their importance is manifest. This financial subsidy was worth over 750 million reales (one silver peso was equal to twenty reales de vellón, the monetary unit most used in the treasury accounts in Spain). This was an extraordinary sum for the period if we consider that it was equivalent to twice the annual peacetime defense expenditures of the metropolitan treasury at Madrid.^{vi}

A difficult problem is to find out exactly how these monies were spent since only a part remained in Cuba while the rest was remitted for various military operations throughout the greater Caribbean. It should be noted, however, that the majority of the funds went to finance three types of military expenditures: (1) the expeditionary army under the command of Bernardo Gálvez, the headquarters of which was at Havana, but operated in the Floridas and Louisiana; (2) the Armada, under the direction of admiral José Solano, that carried out various naval operations against the British throughout the greater Caribbean; (3) the military garrisons in Cuba, headed by captain general Juan Manuel Cacigal, which included thousands of Spanish, Cuban and Mexican troops. While there are a number of historical studies that analyze aspects of the military campaigns undertaken by these forces, there are only a few studies of the precise disbursement of funds.^{vii}

The financial documents generated by the war are abundant but dispersed and sometimes contradictory. The official correspondence of the viceroys in the Mexican archives includes the confidential reports sent by viceroy Martín de Mayorga to the minister of Indies, José de Gálvez, including much information on the silver remittances sent to Havana on Spanish warships. Mayorga frequently complained that the Cuban functionaries rarely acknowledged receipt of the shipments and that he therefore had insufficient information on effective disbursements in the island; he even went so far as to suggest to Gálvez that he believed that important sums were used for illicit purposes. In October, 1781 the viceroy informed Galvez that he should not pay attention to the complaints of the top royal official at Havana who said that he had not received enough money.

Mayorga added that, in fact, enormous sums had been sent in the previous months from Veracruz to Cuba to assist in the war-effort: Mexican tax remittances had surpassed 12 million silver pesos, plus 1.5 million pesos in provisions (flour and hard tack, ham, bacon, salt meat, powder, etc.) and the transfer of a force of 1,913 Mexicans who were to be employed by the Spanish naval squadrons operating out of Cuba.^{viii}

That the viceroy of New Spain was responsible not only for sending funds and supplies but also for evaluating the scale of the financial effort required to sustain the war in the Caribbean is confirmed by his correspondence with a variety of royal functionaries. In October 1782, the chief treasury officer of New Spain informed Mayorga that he had constructed a provisional estimate of war expenditures in the previous year and was using it to calculate future disbursements. On the basis of the correspondence between admiral Solano, general Bernardo Gálvez and the Intendant of New Spain, Pedro Antonio de Cosío, he able to calculate that the Armada operating out of Havana had absorbed 5,600,000 pesos in the last three years whereas the expeditionary armies in Florida and Louisiana as well as the garrisons in Cuba had required 7,000,000 pesos.^{ix} The same treasury officer noted that all of these funds had been sent punctually to Havana on various warships, surpassing all previous expectations of the financial resources that could be obtained in New Spain for this costly war.

Despite assurances from Mexico, the minister of the Indies at Madrid, José Gálvez, remained profoundly concerned that all military expenses be covered

punctually as the war intensified. In 1780 he had dispatched a high-ranking official, general Francisco Saavedra (later minister of Finance under Charles IV) to supervise and speed up the remittances of funds from Veracruz to Havana, as well as to coordinate the provisions of additional funds and supplies to the allied French fleet in the Caribbean. In a letter to Gálvez dated September, 1782, viceroy Mayorga made a point of noting that when Saavedra arrived with royal orders to remit ten million pesos for the war, everyone had thought this impossible. Nonetheless, the task had been fulfilled as one warship after another left Veracruz carrying silver for Havana. The first to leave was the battleship "San Francisco de Asis" which carried Saavedra on board and one million pesos to Havana, followed by another ship with two million pesos a few days later. Subsequently, the "San Agustín" took more than four million pesos to Cuba and, on a second journey, the "San Francisco de Asis" loaded another two million pesos. Mayorga argued that this effort constituted "an increase never before seen in shipments of silver on account of the royal treasury" and he added that this had been possible in part because of his success in raising a combination of forced and voluntary loans from all sectors of the population of the viceroyalty.

Although the transfer of silver was the most valuable contribution of New Spain to the war waged in the Caribbean against Great Britain, other important contributions included food provisions for the troops and other war supplies. Large amounts of gunpowder from the royal powder factory in Mexico City were sent to military forces at Havana, New Orleans, Campeche, Tabasco and El Guarico. Other important war supplies sent from Veracruz were copper sheets for ship repairs and cargoes of lead. Food provisions sent from Mexico included flour,

dried vegetables and ham. The amount of flour (from the region of Atlixco/Puebla) was considerable, totaling 3,983,400 pounds sent to Havana between 1779 and 1783.^x On the other hand, it is also important to note that even larger quantities of supplies (particularly flour) came from the United States, as Philadelphia shippers plied their wares most actively and were paid in return with Mexican silver.^{xi}

The provisions sent out from Mexican ports to Cuba were destined not only for the sustenance of the Armada and for the garrisons at Havana but also to supply the several thousand troops operating out of Mobile and Pensacola which successfully carried out the reconquest of Florida and reinforcement of Spanish garrisons in New Orleans. It is interesting to note that a considerable portion of the soldiers and sailors who participated in the diverse battle campaigns in Florida and Louisiana were Mexican: in 1780 some two thousand seamen were sent from Veracruz to reinforce the naval squadrons at Havana, and in 1782 three thousand men of the Crown Regiment from Mexico City and one thousand troops of the Puebla Regiment were incorporated into the infantry in Cuba, Louisiana and Florida. Finally, hundreds of Mexican convicts were sent out each year to fulfill their sentences, doing forced labor in Cuban shipyards and fortresses.^{xii}

Apart from covering strictly military expenditures, the remittances of Mexican silver to Cuba also were used to cover a set of international debts of the Spanish government of Charles III. For example, a total of three million pesos were paid at Havana between 1781 and 1783 to the agents of the French-Spanish syndicate of bankers headed by Francisco de Cabarrús, who was instrumental in the establishment in 1782 of the Bank of San Carlos.^{xiii} This bank was charged

with handling the new Spanish internal debt ("*vales reales*") of the administration of Carlos III and with service of the external debt, mostly held in Amsterdam. The Mexican silver constituted repayment for loans advanced to the Madrid administration to guarantee the success in issue of government bonds, known as "*vales reales*", and for the launching of this first Spanish banking institution.

Last but certainly not least, Mexican funds delivered to Cuba indirectly contributed to the most important military victory of the thirteen colonies against the British in 1781. This little known chapter in the early history of the United States merits more research but can be briefly summarized. As of early 1781 a great French naval flotilla, headed by Admiral Count De Grasse, was stationed in the port of Cap François in Saint Domingue (Haiti) in the spring of that year but needed one million silver pesos from their Spanish allies. The money was to be used for sailors' pay but more importantly to pay the thousands of French troops, led by Count Rochambeau, who were already heading with American forces under George Washington to blockade Cornwallis in the Chesapeake. The viceroy at Mexico, Martín de Mayorga, received orders to send the silver at all speed. On July 11, hundreds of bags of silver were loaded on mules and wagons and "moved from the capital to Veracruz by forced marches to be loaded on two warships from Havana."^{xiv} The treasure ships traveled to Havana where they were instructed to rendezvous with the French naval forces under De Grasse off the coast of Matanzas, at which point the treasure was transshipped on August 17. The French Armada then immediately headed north and on August 31 arrived in Chesapeake Bay and successfully cut off Cornwallis from a sea exit. In this way, Mexican silver contributed to the decisive surrender of the British Army at

Yorktown and the victory of the American and French land forces under generals Washington and Rochambeau.

In summary, during the war years of 1779-1783 the fiscal contributions of New Spain proved to be of strategic importance for imperial policy for a combination of military and financial reasons. Our study indicates that the administration of Carlos III was able to meet rising expenditures in the 1780s without risking bankruptcy in large part because the remittances of Mexican silver. This suggests that it is necessary to refine the hypotheses of researchers such as historian Pedro Tedde who has argued that the Spanish financial success in the 1780s (in striking contrast to the financial failure of its ally France) was due to the ability of the government of Charles III in covering steeply rising wartime expenditures by intelligent handling of the debt policy of the Spanish monarchy.^{xv}

Our analysis, however, indicates that such an argument – focusing almost exclusively on the metropolis- tends to leave the contributions of colonial Mexico largely out of the picture, and therefore makes it virtually impossible to understand the complex course of imperial finance. The fact is that the bulk of the war expenses in the Caribbean and North America were not covered with funds from Spain but by Mexican silver. There were essentially three sources of the monies obtained from Mexico by the Crown for the war against Great Britain: tax receipts and forced contributions raised from all sectors of the society of the viceroyalty of New Spain, being complemented by loans from the wealthiest members of colonial society, anxious to collaborate in the struggle against the principal rival of the Spanish monarchy in both Europe and the Americas.

Origins of the policy of indebtedness in the viceroyalty, 1779-1783

It is an axiom of political economy that when taxes cover total government expenditure no deficits exist and, consequently, no debt results. In this regard, historians have underlined that during the greater part of the eighteenth century neither the metropolitan government in Spain nor the colonial administrations suffered from important deficits.^{xvi} This broke with the legacy of the Habsburg dynasty in the seventeenth century which had accumulated a series of enormous debts that had suffocated the crown. During the first three quarters of the eighteenth century, the Bourbon dynasty avoided debt like the plague but from the early 1780s, treasury officials resolved to take a new tack. Pedro Tedde has demonstrated that during the war with Great Britain (1779-1783) the increase of army and navy expenses led to a short-term explosion of deficits in the metropolitan treasury. These were covered – as we have already indicated- by the introduction of a new debt instrument of the Spanish government known as *vales reales* (royal bonds or promissory notes), their service being assured by a new financial institution, the Bank of San Carlos, founded in 1782.^{xvii} After the war, financial authorities were able to reduce deficits with increased taxes and, at the same time, to gradually retire some of the public debt.

In the Spanish American colonies, particularly in the greater Caribbean, military and naval expenditures traditionally were not met by loans but by increasing the remittance of tax surpluses from Mexico to Havana. Nonetheless, from the early 1780s, wartime financial requirements also increased so dramatically that royal officials finally turned to the issue of loans. A case study

of the donations and loans promoted by the colonial administration in Mexico can prove an excellent instrument to explore the complexity of colonial fiscal and financial policies in the late eighteenth century and, perhaps, facilitate comparative studies with other colonial regimes.

During the early stages of his administration as viceroy of New Spain (1779-1783), Martín de Mayorga proved reluctant to use extraordinary finance to cover either increasing defense or administrative costs. Such a position accurately reflected the contemporary attitudes of royal officials in the Americas, who preferred to rely on taxes. Mayorga was a high ranking military officer of considerable experience when he was named the viceroy of New Spain in 1779, the same year when war was declared against Great Britain. He was charged by Charles III with strengthening the army of the New Spain and ensuring the financing of the garrisons and colonial administrations in the greater Spanish Caribbean. At the same he was instructed to continue- when possible- with the deliveries of silver and gold to Cadiz.^{xviii} In order to secure these major objectives, the Crown insisted that he apply a forced loan in the viceroyalty.^{xix}

In spite of the demands by metropolitan authorities, Mayorga did not apply donations (forced contributions) nor did he contract loans during the first stages of the war with Britain, but rather preferred to exploit to the maximum the traditional fiscal instruments at his disposal by increasing tax rates. In this he followed in the footsteps of his predecessor, viceroy Antonio María Bucareli (1771-1779) who had devoted much attention to improving tax receipts.^{xx}

Mayorga began by imposing higher rates in 1779 on the sales taxes known as *alcabalas* and on *pulques* (the principal alcoholic beverage of the popular classes in Mexico). He also attempted to reduce administrative expenditures to compensate for the extraordinary increase in the defense budget.^{xxi} Even so, the tax monies raised and/or saved after two years did not suffice to cover the huge demands of the military garrisons in the Caribbean and the naval expeditions against the southern flank of North America.

How and where could the viceroy find additional fiscal resources? An enormous portion of regular tax revenues were already committed to sustain the Caribbean treasuries, while the rest was absorbed by military expenses within the vicerealty and by regular remittances to the treasury in Madrid. Rigidity characterized many of these disbursements since a number of tax branches in colonial Mexico had been assigned the task of paying quite specific expenditures. For example, the surplus income of the postal service of New Spain was sent annually to Havana to cover naval outlays at this strategic port.^{xxii} Similarly, a part of the profits obtained from the sales of the mercury monopoly was remitted to Cuba to assist the tobacco monopoly finance the purchase of tobacco leaf from local planters on the island.^{xxiii} In addition, most of the surplus income of the Mexican mint (*la Casa de Moneda*) and certain taxes on officeholders (*vacantes y medias anatas*) were habitually sent to the Cuba treasury while the remainder went to Spain.^{xxiv} Furthermore, the most productive of all fiscal branches, the Mexican tobacco monopoly, had the obligation to send the greater part of its net income to the metropolis.

Owing to the extraordinary demands generated by the war with Britain, and the insufficiency of the funds sent from New Spain to colonial garrisons in the Caribbean, Mayorga decided to adopt a heterodox measure. He proceeded to send accumulated surpluses from the tobacco monopoly to cover war expenses in Cuba, a measure that contravened traditional regulations stipulating that such monies would be destined exclusively for the Iberian peninsula. In fact, the viceroy ordered that the huge sum of 12 millions of pesos from New Spain's tobacco monopoly be sent to Cuba between 1780 and 1783, but even this did not prove sufficient to cover all costs required by the naval and land forces.^{xxv} In any case, this policy was not only applied in the colonies but also in the metropolis during the war. Rafael Torres Sánchez has demonstrated that funds from the tobacco monopoly in Spain itself were used to provide support for the Spanish military and to assure the service on the debts that arose as a result of the war with Great Britain from the early 1780s.^{xxvi}

After the first and impressive effort to finance the enormous expenditures of the ongoing military-naval expeditions in the greater Caribbean in the years 1780-81, Mayorga's resistance to loans and donations began to crack. The Spanish campaign to reconquer Florida as well to seriously reinforce positions in Louisiana (and in particular at New Orleans), led by general Bernardo Gálvez (nephew of the minister of Indies), required much, additional finance. In March of 1781, the viceroy finally decided to employ the royal authorization which he had received from Charles III to collect a large donation (*donativo gracioso*) from the Mexican population.

The “Gracious Donation” of 1781-1784: compulsion as a financial instrument.

When viceroy Mayorga gave orders in 1781 for the collection in Mexico of the “universal donation” (originally decreed in August 1780 by Charles III), he was acting on the basis of many precedents in the history of Spain and the Americas. What were the chief characteristics of this type of exaction? According to Miguel Artola’s well-documented study on Spanish royal finances in the *ancien regime*, donations (*donativos*) were first collected in Spain by Phillip II during the late sixteenth century, but became more frequent during the reign of Philip IV in the first half of the seventeenth century.^{xxvii}

A number of these donations were collected in the colonies during the Hapsburg reign, especially from corporations such as the merchant guilds of Lima and Mexico and the church, occasionally being complemented by requests for non interest-bearing loans (*suplementos*). The donations implied outright gifts while the *suplementos* were, in principle, to be returned to the gracious lenders. The first donation requested from the merchant guilds in Spanish America had taken place in 1624. This was followed by more demands during the 1630’s, the era of military and financial campaigns known as the *Unión de Armas*, when Spain engaged in wars with virtually all its numerous European rivals. The all-powerful prime minister, the Duke of Olivares, sought loan after loan and demanded that the colonies, in particular Peru, dispatch more and more silver shipments.^{xxviii}

Not surprisingly, after the Peace of Westphalia (1648), the requests of the crown for money from the great merchants of Peru and New Spain diminished.

This may be attributed to the decline in military activity and to the effects of Spanish economic and political decadence in the second half of the century, but in the Americas the drop in loans was also related to the growing rivalries between powerful, colonial corporations, a fact that made raising money difficult for royal officials. For instance, during the second half of the seventeenth century, conflicts between the Merchant Guild of Mexico City (*Consulado de Comerciantes*) and the municipal council (*cabildo*) of the capital limited the options open to royal financial authorities. In fact, the viceregal government in Mexico was not able not to extract new donations from the powerful and wealthy merchant guild until awarding it the lease to administer Mexico City's sales tax in the 1690s.^{xxix} From this period, and throughout the eighteenth century, the requests for special contributions from the wealthiest merchants of New Spain were renewed once and again; for example in 1704, a donation to help finance the war with Algeria; another in 1744 during the conflict with Italy, and still another in the 1770s under viceroy Bucarelli to strengthen imperial defenses. The same formula was applied with greater rigor during the war with Great Britain (1779-83) and in decades following.^{xxx}

But apart from the special financial contributions requested of the privileged corporations and wealthy men of the viceroyalty, it is also important to focus attention on the *universal donations* (*donativos universales*) that were explicitly compulsory and had to be paid in varying quotas by every head of family of all sectors of the colonial population, including the Indian communities.^{xxxi} Forced contributions had long been requested from all the popular classes and especially from the thousands of Indian towns in New Spain, a practice which began at the end of the XVI century, as confirmed by the donations imposed on those towns

(*pueblos de indios*) in 1599, 1621, 1624 and 1678. On the other hand, for later periods the archival information is scarcer with regards to this type of exaction, which leads one to believe that during the early Bourbon period, such expedients may have been less frequent.^{xxxii} But from 1781 onwards (and for over thirty years) the forcible contributions were repeatedly applied to assist the crown with its imperial wars.

The majority of the universal donations were officially defined as “gracious”, implying that no refund would be forthcoming. Furthermore, the royal instructions made explicit that no exemptions would be contemplated. As a result, donations from the Indian towns became a type of double taxation, being added to the annual tribute paid by all family heads in these communities. The coercive character can be observed in the archival documentation on donations in the years 1781-84. The review of the long lists of contributors highlights their universality, extending to the entire urban and rural population of colonial Mexico.

When viceroy Mayorga issued orders for the collection of the *universal donation* of 1781, he expected that the funds could be amassed relatively quickly. The first reports were encouraging, although it should be noted that during the first months of the campaign (in March and April), most of the monies were collected in the capital of the viceroyalty and surrounding towns. To demonstrate their zeal for the cause of monarchy, the employees of royal offices in Mexico City hastened to deliver amounts of some importance. The bureaucrats of the *Real Tribunal de Cuentas*, for example, donated 938 pesos while the regent and judges (*oidores*) of the *Real Audiencia* gave 1,500 pesos. Pedro Cosío, quartermaster-general of the

army and secretary of the viceregal Chamber, (*Cámara del Virreinato*), “gave for himself and the dependents of the said office, the sum of one thousand pesos”.^{xxxiii} Contributions were also paid in by the employees of the Mint, (*Casa de Moneda*), the post office and the chief clerks of the mercury monopoly (*Oficina de Azogues*) and the office for collection of Indian tribute (*Reales Tributos*).

The tobacco monopoly and its employees proved to be among the greatest contributors. The almost eight thousands workers at the Royal Tobacco Factory in Mexico City provided 10 thousand pesos (paying on the basis of 1 or 2 pesos per capita) while the monopoly’s officers in regional districts (*intendencias*) supplied equivalent amounts and sometimes more. ^{xxxiv} For example, the director of the offices of the tobacco monopoly in the city of Puebla (*Renta de Tabacos de Puebla*) sent 10,246 pesos while his counterpart in Valladolid transferred 29,819 pesos. In both cases the sums represented not merely the donations of the bureaucrats but also money collected from tobacco sales in numerous villages in these jurisdictions.^{xxxv}

The royal administration also pressed the Catholic Church to contribute to the donation. ^{xxxvi} One report from Mexico City indicated that among the religious leaders “of this court”, the heads of various monastic orders had offered substantial amounts; a certain Friar Manuel de Cristo, head of the provincial order of the Carmelites had delivered a thousand pesos while the head of the order of Our Lady of Charity, (*Nuestra Señora de la Merced*) had donated 500 pesos, including 29 pesos that had been contributed by “the servant boys of this convent”. Notwithstanding these contributions, the clergy’s

greatest assistance to the donation was helping in the campaign to collect funds in several thousand peasant villages and in hundreds of estates, the length and breadth of the viceroyalty. An analysis of the extensive lists of donors shows that the bulk of the funds came from the popular classes; peasants, miners, artisans and even slaves!^{xxxvii} During two long years, agents of the civil bureaucracy and the clergy called on the villages and urban neighborhoods, demanding a peso payment from each Indian and two pesos from each *Spaniard*, which presumably referred to both persons of European origin and *mestizos*.^{xxxviii}

As the collection of the universal donation proceeded into many rural regions, it became clear that time worked against the demands of the viceroy for speed in gathering coin from a vast and highly differentiated population. The estimated four months for collection was quite insufficient given the vast and mountainous terrain of the viceroyalty, to which were added bureaucratic slowness and, not infrequently, the difficulty of extracting money from peasant communities living in conditions of extreme poverty. As a result, the deliveries of monies dragged out and were only completed after three years. (See Appendix.)

The first information of rural receipts collected for the royal donation is to be found in a report dated May, 1781 from the Hacienda of San Nicolas Coatepeque, in the jurisdiction of Texcoco, close to the capital. There, each senior worker paid 2 pesos, including the steward, the maize grower, the foreman, schoolmaster, blacksmith, the financier (*el aviador*), and muleteer; the

sum of one peso was taken from the monthly wage of the more modest workers such as shepherds, bricklayers and laborers (almost all of whom were designated Indians in the official lists). The amounts paid were not insignificant as they represented on average the equivalent of between one and two weeks' salary of each individual contributor.

The collection in the Indian peasant towns required the collaboration of the local authorities, including the clergy and the Indian governors.^{xxxix} In the late eighteenth century there were more than 4,000 Indian towns and villages (repúblicas de indios) in the viceroyalty, most of which were obliged participate in the donation. For example, in August 1781 the commissioner sent to collect in the peasant town of Tlocotepec in Veracruz, reported that he had been accompanied by the parish priest to a meeting with the governor and mayors of the Indian community to explain the conditions "by which the Indians should contribute to His Majesty with a peso each for the royal donation".^{xl} (For additional information on the donativo of 1781-1784, see our Appendix.)

The 1781-1783 loans: the financial contribution of New Spain's elite

While the donation for the war against England (1779-1783) provided the crown with some 800,000 pesos this sum was substantially less than the loans collected from wealthy members of New Spain between 1781 and 1783.^{xli} (See Table 1). Requests for loans were not new but until recently there has been little information on them in the historical literature.

Colonial debts are a subject that has been largely neglected in the colonial history of Mexico as well as most of the rest of Spanish America. Our survey of the financial instruments used by the crown to obtain extraordinary resources from New Spain to cover war expenses focuses on their diversity. The review of the financial tools adopted by the colonial government reveals their contradictory nature: some were clearly archaic, while others had modern characteristics. This is not strange because the late eighteenth century was a time of financial innovations in the north Atlantic world, the impact of which was also felt in the Spanish speaking realms.^{xlii} As Larry Neal has demonstrated in a seminal book, this was the age of the rise of modern capital markets in England and Holland.^{xliii} But changes were also taking place in France and other Catholic monarchies, although at a slower pace.^{xliv}

Whether in Mexico or Peru, the royal loans required the explicit collaboration of colonial elites that held large reserves of capital, basically in the shape of silver pesos. In New Spain most loans were contracted through the services of the Mexico City Merchant Guild (*Consulado de Comercio*) and the Mining Tribunal (*Tribunal de Minería*), although in both cases these privileged corporations were assisted by the Catholic Church, which also played a major role in the financial advances to the crown. The large amounts of capital mobilized for the loans were testimony to the great wealth of the colonial Mexican plutocrats (merchants, silver miners and landowners) who rivaled the wealthiest Europeans in the late eighteenth century. The royal administration at Madrid was acutely aware of the importance of private finance in the colonial realms, particularly at times of war when the crown needed all the financial support it could obtain.

The loyalty to the crown of the richest individuals of the viceroyalty was confirmed in 1778 when viceroy Bucareli requested help for a naval rearmament campaign. On that occasion, the viceroy received a remarkably large loan from the Count of Regla, the richest miner in colonial Mexico, to finance the construction of two great warships at the Cuban arsenals, each with 80 cannon: the ships, appropriately enough, were named *Conde de Regla* and *Mexicano* and cost 450,000 pesos to build.^{xlv} (According to one much-used index, this would be equivalent to almost 200 million dollars in 2005^{xlvi}, a third of the cost of construction of a navy frigate today^{xlvii}.)

To obtain loans, the royal authorities habitually used a combination of economic, political and social incentives. Requests by the monarch for financial assistance were doubtless interpreted in a political way by his most affluent subjects: it was understood that the privileges enjoyed by the New Spain plutocrats – be they landowners, mine owners, merchants – depended upon good relations with the government. Financial advances to the royal treasury in emergency situations might reinforce these privileges and open doors to new business or favors. But, at the same time, it was also deemed proper that the crown officials offer inducements that could reinforce the social prestige of the donors: granting noble titles in exchange for loans became an increasingly common practice in the second half of the eighteenth century. In fact, during this period, thirteen titles were granted to great merchants of New Spain in exchange for war loans, a phenomenon that illustrates the persistence of old regime values in these financial transactions.^{xlviii}

While retaining some traditional elements, the debt policies adopted from the 1780s were of greater complexity and modernity than in previous decades. This is confirmed by the greater diversity of creditors and by the types of guarantees offered by financial officials. One recent study on the privileged corporations of Bourbon Mexico suggests that important innovations in public sector debt management can be observed in the role of financial intermediaries, the Mexico City Merchant Guild and Mining Tribunal, both of which effectively began to operate as bankers to the colonial state. Some parallels can be suggested with the Bank of San Carlos established in Madrid in 1782, charged with the issue and sale of the new instruments of public debt, *vales reales*, in financial markets in Spain. These novel securities served as commercial and investment paper, but also became a kind of paper currency in the metropolis, although circulation was mainly limited to the wealthier merchants and businessmen. In Mexico and the other colonies such relatively modern securities did not yet circulate in significant quantities; rather, public loans were issued by offering a notarized certificate to creditors, guaranteeing interest payments and amortization with a lien on royal tax branches.^{xlix}

The viceroy of New Spain, Mayorga, was able to take advantage of a favorable financial situation to obtain funds for the crown in the early 1780s due to the fact that the war had caused a drop in transatlantic trade and led to an accumulation of silver in the hands of the great merchants and miners of the viceroyalty. The viceroy initially resorted to a traditional resource, a non interest-bearing loan (known as a *suplemento*) to obtain some of the silver in the hands of the Mexican plutocrats. This *suplemento*) consisted of an advance of funds

(without interest) to the government from a number of especially affluent individuals, to be repaid by the royal treasury in a term of no more than two years. In order to obtain this short-term credit, in March 1781, the viceroy ordered Pedro de Cosío, then quartermaster of the Army and superintendent of the Royal Treasury of New Spain, and a respected member of one of the oldest mercantile dynasties of the viceroyalty, to organize a meeting at the government palace with the members of the merchant guild to ask for subscriptions to a loan of up to a million and a half pesos, but without any promise to pay interest.^l

Mayorga informed the crown that he expected to collect the monies quickly owing to the suspension of trading activities during the war: "for it is neither here nor there to the merchants whether they keep their treasure in their own houses or place it for the king's urgent requirements..."^{li}. Intendant Cosío informed Mayorga that the meeting had been a success and that the majority of the merchants had agreed to make important contributions: he reported that four rich individuals had approached him, promising very considerable sums: Antonio Bassoco, merchant and a senior official of the merchant guild offered to deliver 100,000 pesos for war expenses; the Count of Rabago, a great landowner, engaged to provide a thousand horses and two thousand wagon loads of wheat for the troops, as well as 102,000 silver pesos in cash; Pedro Antonio de Alles, a wealthy wholesaler, promised 100,000 pesos, and Servando Gómez de la Cortina (later named Count of Cortina for his services to the crown) offered 50,000 pesos in gold and silver as well as five hundred wagon loads of wheat from one of his *haciendas*.^{lii} Another nine provided amounts between 40, 000 and 50,000 pesos, while others gave lesser sums.

These contributions bespeak the enormous wealth of the Mexican mercantile and landowning plutocracy, not to speak of the wealthiest mining families. For comparative purposes it should be noted that a case study of Antonio Bassoco placed his fortune *circa* 1800 at around 2.5 million pesos (dollars).^{liii} This was superior to practically any individual merchant banker in Europe at the time except, possibly, the Rothschilds. In the United States at the time there not yet any millionaires while in late colonial Mexico “there were at least 18 families... that were reputed to be millionaires.^{liv} While it is possible to attempt formal conversions to modern purchasing power, we believe that what is important is to underline the extreme concentration of wealth in late colonial Mexico.^{lv}

Meetings of the wealthiest traders in the intendancy of Veracruz were held a few weeks later in the city of Xalapa de la Feria to raise additional funds for the crown loan. The meetings were presided over by the governor of the port and various authorities from the royal treasury.^{lvi} The contributions from Veracruz were less substantial than those of their colleagues in the capital, but this was not surprising since the great Mexico City merchants continued to dominate commerce in the viceroyalty. In any case, the monies collected among the three groups of affluent merchants and entrepreneurs amounted to slightly more than the sum of a million and half pesos. (See our Appendix).

A year later, in August 1782, as the war in the Caribbean continued unabated, the viceroy decided to solicit two more loans through corporate

intermediaries, but now offered to pay an annual interest rate of 5 per cent. First, he urged the Mexico City Merchant Guild to obtain subscriptions for a loan of one million pesos, in exchange for which he authorized an increase in the *avería*, a tax that allowed the mercantile corporation to recoup the debt service.^{lvii} The guild would therefore not have to use its own funds but could act as a financial intermediary, collecting monies in the colonial capital market. A detailed study of Guillermina del Valle identifies the investors who invested funds, including seven wealthy merchant bankers of the city of Mexico, nine landowners and nine ecclesiastical corporations.^{lviii}

Mayorga then approached the country's leading silver miners, and requested that they assume responsibility for completing another one million peso loan. The miners replied that they expected a series of concessions in exchange for this subscription and further recalled that they had recently made loans (300,000 pesos for the construction of the docks at Coatzacoalcos and 100,000 pesos as a donation to the Prince of Asturias). They also argued that they did not desire that the Mining Tribunal be regarded as a bank with unlimited funds. Mayorga agreed with their petition to freeze the price of mercury sold by the crown and authorized the Tribunal to charge of four grams of silver on each silver mark produced by the Mexico City mint in order to guarantee a part of the interest payments on the loan by the miners' association.^{lix}

To finance the war against Great Britain, Mayorga managed to collect a grand total of over five million pesos in donations, advances and loans: 840,000 pesos from the donation between 1781 and 1784; 1,655,00 pesos (without

interest) as a *suplemento* from the wealthy merchants in 1781; two million pesos from interest bearing loans from the Merchant Guild and Mining Tribunal in 1782; and half a million pesos for a loan guaranteed by a mortgage on the tobacco monopoly in 1783.^{lx} A part of these sums, as we have indicated, were used to provide funds for the support to the French forces engaged in the war against the British in North America and to assist the fleet led by Admiral de Grasse, that played such a critical role in the battle of Yorktown. Another, much larger portion was used to finance the successful campaigns of general Bernardo Gálvez to retake Florida and to consolidate Spanish control over Louisiana, in particular in New Orleans and vicinity.

Both during the war and after the conclusion of hostilities, the remittances of silver – raised by taxes and loans in Spanish America- continued to be essential pillars of the fiscal and debt policies of the administration of Charles III as well as of his son Charles IV, who became monarch in 1789. In the last years of the eighteenth century, however, as war became an almost permanent state of affair, large military deficits became a characteristic feature of Spanish royal finance. The Bourbon monarchy therefore required more and more money both to pay army and navy as well as to cover service on the ballooning public debt. As a result, the fiscal and financial demands of the metropolis upon the Spanish American colonies and, in particular, upon Mexico increased dramatically and would eventually lead to colonial and, indeed, imperial bankruptcy.^{lxi}

ⁱ The first three objectives were successful, whereas the raids on Honduras were a failure and the naval campaign off Jamaica proved a major failure as a result of the sea

victories obtained by the British Navy under the command of admiral Rodney. On the Bahama campaign see James A. Lewis monograph *The Final Campaign of the American Revolution. Rise and fall of the Spanish Bahamas* (Columbia: University of South Carolina Press, 1991),.

ⁱⁱ A previous study of these loans can be found in Carlos Marichal, 'Las guerras imperiales y los préstamos novohispanos', 1781-1804' in *Historia Mexicana*, xxxix: 4 [156], 881-907.

ⁱⁱⁱ The information on the shipments is found both in a variety of sources in the Archivo General de la Nación as well as in two excellent and infrequently cited doctoral theses by James Lewis and Melvin Glascock which provide an abundance of data on the crucial role of New Spain in the war. See: Melvin Bruce Glascock, '*New Spain and the War for America*', 1779-1783 (Ph. D. diss., Louisiana State University, 1969) and James A. Lewis, '*New Spain during the American Revolution, 1779-1783: a Viceroyalty at War*', (Ph. D. diss., Duke University, 1975).

^{iv} M. Glascock, '*New Spain and the War*', p. 285.

^v The source used by Glascock is a very detailed document titled "Decretos, Planos Certificaciones sobre el Costo de la Guerra", Archivo Histórico Nacional (Madrid) Consejo de Indias, leg. 20721, cuaderno v., ff. 77-109, cited in M. Glascock, '*New Spain and the War*', pp. 265-74. The estimates of J. Lewis, '*New Spain during American Revolution*', p.146, are from AGN, *Hacienda*, vol. 395, exp 7. Despite being derived from different archival sources, these figures also agree with those in the treasury summaries of Veracruz published by Klein and TePaske: the total amount registered as leaving Veracruz for Havana between 1779 and 1783 is 37.8 million pesos See Veracruz data in J. TePaske and H. Klein, *Ingresos y egresos de la Real Hacienda*: these can be consulted in Excell format in the website "Estadísticas Históricas de México" in the website of El Colegio de Mexico, www.colmex.mx where a link will be found in "Biblioteca" under "Bases de datos" from September, 2006.

^{vi} This estimate is based on the exchange rate of 20 reales vellón to each silver peso. For comparative financial data on metropolitan finance see Pedro Tedde, '*Política financiera y política comercial en el reinado Carlos III*', Actas del Congreso Internacional sobre Carlos III y la Ilustración, (Madrid: Ministerio de Cultura, 1989) vol.2, p143.

^{vii} An exception is Johanna von Grafenstein Gareis, *Nueva España en el Circuncaribe, 1779-1808: revolución, competencia imperial y vínculos intercoloniales*, (México, UNAM, 1997), which provides excellent data. Also very useful is J. A. Lewis, *New Spain during the American Revolution*, pp.130-159.

^{viii} AGN, *Correspondencia de Virreyes*, v. 129, e. 1317, f. 181-283.

^{ix} AGN, *Marina*, v.12, f. 144-149.

^x M. Glascock, '*New Spain and the War*', pp. 265-273, provides detailed lists of provisions sent year by year.

^{xi} Linda Salvucci has written extensively on this subject: see, for example, "Atlantic Intersections: Early American Commerce and the Rise of the Spanish West Indies (Cuba), *Business History Review*, 79 (Winter 2005), 781-800. For additional analysis of this see essays in Jacques Barbier and Jacques y Allan J. Kuethe, eds., *The North American Role in the Spanish Imperial Economy, 1760-1819*, Manchester, Manchester University, 1984.

^{xii} For information on the soldiers of the Mexican Crown Regiment see C. Archer, *Ejército en el México borbónico*; M. Glascock, '*New Spain and the War*', pp. 265-273, provides annual information on the transfer of seamen from Veracruz. Finally, according to Lucas Alaman, *Historia de México*, vol.1, appendix, document 1, the principal police court of New Spain, the Tribunal de la Acordada, condemned 10,244 men as convicts to do hard labor at military garrisons between 1782 and 1808.

^{xiii} This operation is reviewed in detail in Pedro Tedde "Los negocios de Cabarrus con la Real Hacienda, 1780-1783", in *Revista de Historia Económica*, v, 3, 1987, pp. 527-551.

^{xiv} M. Glascock, 'New Spain and the War', p.187.

^{xv} P. Tedde, 'Política financiera y política comercial', pp.139-217.

^{xvi} P. Tedde, 'Política financiera y política comercial', pp.139-217.

^{xvii} P. Tedde, *Banco de San Carlos*.

^{xviii} In late 1779 Gálvez ordered Mayorga to send funds to the Spanish settlements (*situados*) in Cuba, Puerto Rico, Trinidad and Louisiana to neutralize the vessels of the British navy and to prepare for the reconquest of Florida, ceded to England in 1763. In less than two years Mayorga ordered the transfer of 15 million pesos from Veracruz to Cuba together with provisions and munitions worth between 1.5 million pesos. At the same time, he ordered the embarkation of one of the best Mexican infantry corps, the Crown Regiment (*Regimiento de la Corona*) destined for Havana to which he added a corps of 1,600 marines to be incorporated into the crew of the Spanish squadron, see J. A. Lewis *New Spain during the American Revolution*, and C. Marichal and M. Souto, 'Silver and Situados', pp.606-610.

^{xix} The royal instruction for the American donation was published in August 1780, but Mayorga did not want to apply it immediately.

^{xx} In fact, Bucareli retired the greater part of the colonial government's term and floating debt and regularized payments to garrisons (*situados*) in the Caribbean: Bernard E. Bobb, *The ViceRegency of Antonio María Bucareli in New Spain, 1771-1779*, (Austin: University of Texas Press, 1962), pp.222-227.

^{xxi} Consistent with this effort, the viceroy's salary was reduced by half (30,000 in place of 60,000 pesos). More serious and cruel were reductions in the daily subsistence payments to convicts and other forced labor that undertook public works: the administrator in charge of the Treasury, Pedro de Cosío, reduced each prisoner's supplies from two to one real per day, eliminating among other things the only "luxury" they had, the half *real* to buy tobacco and drink: J.A. Lewis, 'New Spain during the American Revolution', pp. 172-3, 175.

^{xxii} Heladio Galeana, 'La renta de correos como monopolio estatal en la Nueva España, 1766-1821', Master's thesis, México, Universidad Autónoma Metropolitana-Iztapalapa, (1998), Table 1.

^{xxiii} Antonia Herrera Heredia, *La renta del azogue en Nueva España, 1709-1751*, (Sevilla: Escuela de Estudios Hispanoamericanos, 1978), pp.156-58 and 261, notes that in the first half of the eighteenth century, half of the fiscal receipts from the sale of mercury were used for this purpose.

^{xxiv} It is difficult to determine exactly what proportion of the *Casa de Moneda's* funds went to the metropolis and what to Cuba. Victor Soria has reconstructed the *situado* series and remarks; "Between 1777 and 1780, the consignment of funds to the Crown by the *Casa de Moneda* reached an average of 623,512 pesos ... between 1781 and 1785, 952,000 pesos ... in the quinquenium 1786-1790, 1,139,165 pesos, increasing in the following quinquenium to 1,440,000...later declining (1795-99) to 1,160,000. The shipment of funds reached their highest annual average in 1801-1805 with 1,502,670 pesos." Victor Soria, *La Casa de Moneda bajo la administración borbónica, 1733-1821*, (Mexico, Universidad Autónoma Metropolitana, 1994), p.141.

^{xxv} J.A. Lewis 'New Spain during the American Revolution', p.219. Much of the money went to the important naval force under the command of Admiral Cacicgal that operated throughout the Caribbean during these years, attacking the English garrisons in the Bahamas, Jamaica, Honduras, and Florida. At the same time, the military expedition, led by General Bernardo de Galvez, was charged with taking possession of the fort at Pensacola and to reinforce the Spanish positions in New Orleans and above, along the Mississippi river.

^{xxvi} See Rafael Torres Sánchez, "Public Finance and Tobacco in Spain for the American War of Independence," in H.V. Bowen and A. González Enciso, eds., *Mobilising Resources for War: Britain and Spain at Work during the Early Modern Period*, EUNSA, Pamplona, Ediciones Universidad de Navarra, 2006, pp.191-224.

However, it should be noted that the title of the Torres essay is slightly misleading as he does not provide much information on financial support for the military efforts of the thirteen colonies.

^{xxvii} Among the more important *donativos* under Philip IV were those of 1624, 1632 y 1635. During the war of Spanish succession, 1702-1715, an additional number were requested, as again during the wars at the end of the eighteenth century. See M. Artola, *La hacienda del antiguo régimen*, p.108, 157, 321, 325, 327.

^{xxviii} Detailed information on these loans can be found in C. Álvarez Nogal, *El crédito de la monarquía hispánica*, *passim*.

^{xxix} The history of the tax farming activities of the Mexico City Merchant Guild can be found in G. Valle Pavón, '*Consulado de Comerciantes*', chapter 2.

^{xxx} On the 1622 loan see José F. de la Peña, *Oligarquía y propiedad en Nueva España, 1550-1624*, (México, Fondo de Cultura Económica, 1983), pp.257-260. According to G. Valle Pavón, '*Consulado de Comerciantes*', chapter 1, between 1700 y 1750, each time the contract for collection of the *alcabalas* was signed with the Guild, it would make some loan or donation to the government. A long list of loans, supplements, and donations made by the Mexico merchant guild can be found in AGN, *Archivo Histórico de Hacienda*, vol.640, exp.36, fs. 226-27, dated 26 June 1806. On the 1704 and 1744 donations see AGN, *Archivo Histórico de Hacienda*, vol. 223, exp. 1, fs. 1-69, y exp. 5.2, fs. 258-376.

^{xxxi} During the seventeenth century more donations were applied to Peru than the New Spain, while in the eighteenth century this trend was inverted. For information consult Manuel Ayala, *Diccionario de gobierno y legislación de Indias*, (Madrid: Quinto Centenario, 1988), volume IV, *passim*.

^{xxxii} Natalia Silva Prada, '*Contribución de la población indígena novohispana al erario real: el donativo gracioso de 1781*', unpublished manuscript, (México: El Colegio de México, 1995), p.5.

^{xxxiii} A list of these contributions can be found in AGN, *Donativos y Préstamos*, vol.17, fs. 136-167.

^{xxxiv} One should take into account there were 7,000 workers in the factory: S. Deans-Smith, *Bureaucrats, Planters and Workers*, p.176.

^{xxxv} This was also the case with the head of the tobacco administration agent in the city of Cordoba, who delivered 43,267 pesos collected from the employees as well as money collected "by the various Justices of the district that have charged local residents." AGN, *Donativos y Préstamos*, vol.17, f. 159.

^{xxxvi} However it should be noted that in the first months of the donation, an important effort was made to obtain funds from landowners/nobles and some merchants and miners. For example the Count of Rabago donated 10,000 pesos and 1,200 loads (*cargas*) of wheat, (with a value of 14,955 pesos) and one thousand horses; the Count of Santa María de Guadalupe del Peñasco, 2,000 pesos; the Marquis of Selva Nevada, 900 pesos; and the Countess of San Mateo Valparaíso 2,000 pesos, among many others. See the complete lists in C. Rodríguez Venegas, '*La sociedad novohispana*', annex 2.

^{xxxvii} In the case of laborers and slaves from the haciendas, it was the responsibility of the landowners to deliver the donation. The respective correspondence with detailed lists of contributions are found in AGN, *Donativos y Préstamos*, vol.'s 1-33, *passim*. For comments see Carlos Marichal, '*La historiografía económica reciente sobre el México borbónico: los estudios del comercio y las finanzas virreinales, 1760-1820*', *Boletín del Instituto de Historia Argentina y Americana Dr. E. Ravignani* (Buenos Aires), tercera serie, 2, (1990), 161-180.

^{xxxviii} In practice it is difficult to determine the Royal Treasury's definition of "Spanish" exactly for, in practice, it not only refers to propertied classes but includes relatively poor whites [Spanish and mixed (*criollo*)] and mixed (*mestizos*) with specialized jobs particularly in ranches (*haciendas*) and mines.

^{xxxix} See the excellent detailed study by Dorothy Tanck, *Pueblos de indios y educación*

en el México Colonial, 1770-1810, (México: El Colegio de México, 1998), Chapter 4.

^{xi} AGN, *Donativos y Préstamos*, vol.21, f.74.

^{xli} Information on the loans borrowed from the Merchant Guild of Mexico City (*Consulado de comerciantes de la ciudad de México*) in the seventeenth and eighteenth century can be found in the detailed doctoral thesis by G. del Valle Pavón, *Consulado de Comerciantes*.

^{xlii} The origins of modern financial instruments are the object of a European historiographical debate. See James C. Riley, *International Government Finance and the Amsterdam Capital Market, 1740-1815*, (Cambridge: Cambridge University Press, 1980), and Larry Neal, *The Rise of Financial Capitalism: International Capital Markets in the Age of Reason*, (Cambridge U.K.: Cambridge University Press, 1990). Also see the penetrating analysis in Marie Therese Boyer-Xambeau, et al, 'A la recherche d'un âge d'or des marchés financiers: intégration et efficence au xviii siècle', *Cahiers d'Économie Politique*, nos. 20-21, (1992), 33-65.

^{xliii} Larry, Neal, *The Rise of Financial Capitalism*.

^{xliv} Marc Potter and Jean Laurent Rosenthal, "Politics and Public Finance in France", 577-612.

^{xlv} B. Bobb, *ViceRegency of Antonio María Bucareli*, p.114. Regla also donated 300,000 pesos to found the important institution, the *Monte de Piedad* in Mexico city: Edith Couturier, 'The Philanthropic Activities of Pedro Romero de Terreros, First Count of Regla, 1753-1781', *The Americas*, xxxii, 1, (1975), 13-30.

^{xlvi} This calculation is based on the EH Net (<http://eh.net/hmit/compare>) complete index of the money wage rates paid for common or unskilled labor from 1774 to the present: three sources are used: a series published by Paul David and Peter Solar in 1977, the work of Robert Margo published in 2000, and various publications of the Bureau of Labor Statistics (BLS).

^{xlvii} In 2005 according to US Navy budget procurement reports, building an aircraft carrier cost approximately 5 billion dollars, a missile guided destroyer 2 billion dollars and a frigate some 600 million dollars. Ronald O'Rourke, CRS Report for Congress, "Navy Ship Acquisition: Options for Lower-Cost Ship Designs: Issues for Congress, Updated June 23, 2005.", published on CSR web.

^{xlviii} On the subject of noble titles granted in the eighteenth century, see the excellent study by Doris Ladd, *The Mexican Nobility at Independence, 1780-11826*, (Austin: University of Texas Press, 1976), chapters 1 and 2.

^{xlix} For the 1782-83 loans the creditors received *escrituras de imposición* that made irregular deposits or depósitos *irregulares* (a term investment) in government debt through *Tribunal del Consulado* or *Tribunal de Minería*. Later in the 1790s the terms of these documents were modified on account of new loans, utilizing on occasion the term certificates (*certificados*) or coupon (*cédulas*), but it would not be until 1798 that the term share (*acción*) apparently as synonym for what we know today as a government bond, was used.

ⁱ About Cosío see Vicente Rodríguez García, *El fiscal de Real Hacienda en Nueva España, Ramón de Posada y Soto, 1781-1793*, (Oviedo: Universidad de Oviedo, 1985), pp.72-77.

ⁱⁱ AGN, Consulado, box 306, exp. 7, f.7.

ⁱⁱⁱ Ibid. f. 10. Bassoco and Alles also received noble titles in later years. For information on fortunes of these Mexican merchant bankers see D. Ladd, *Mexican Nobility*.

^{liii} Doris Ladd, *The Mexican nobility*.p.36: this author provides much information on the greatest landed, mercantile and mining fortune in New Spain at the end of the colonial period. It should be recalled that one silver peso was equal to one dollar from 1780 to 1850.

^{liv} Doris Ladd, *The Mexican Nobility*, p.25.

^{lv} Bassoco's fortune in 1800 would have been equivalent to 628 million dollars of 2005 according to the EH Net (<http://eh.net/hmit/compare>) complete index of the money

wage rates paid for common or unskilled labor from 1774 to the present. Another possible calculation of relative wealth is the following: Bassoco would have earned at least 5% annually on his fortune, providing him with an income of 125,000 pesos, that is to say the equivalent of the joint income of at least 2,000 urban workers in Mexico in 1800.

^{lvi} AGN, *Donativos y Préstamos*, vol.21, exp.5, fs.110-119.

^{lvii} Mayorga wrote to Galvez on July 6,1782, explaining that in exchange for the loan he had authorized the *Consulado* would charge an additional 4 to 6 per thousand that they collected on the port tax known as *avería*, but added that “ they will cease to charge this sum when the million peso loans is paid off...” AGN, *Correspondencia de virreyes*, vol.131, exp. 1691, fs. 48-49.

^{lviii} G. Valle Pavón, ‘*Consulado de Comerciantes*’, ch.3, Table III.2.

^{lix} For details on the mine owners’ loans see the classic study by W. Howe, *Mining Guild*, pp.84-85, 96, 118-119, 372, 376-379.

^{lx}There are small discrepancies with regard to the total, depending on the document consulted. For example, according to a document to be found by María Elena López Godínez, ‘*Monografía de los donativos y préstamos en Nueva España, 1780-1815*’, B.A. thesis, Universidad del Claustro de Sor Juana, Mexico, (1993), p.145-48, the total amount of the donation, 1783-1784 in the New Spain was 887,809 pesos including more than 100,000 pesos sent from Manila. The document, however, is somewhat late, dated 1793, and is to be found in AGN, *Donativos y Préstamos*, vol.28, exp.8, fs. 105-362.

^{lxi} The present essay is based heavily on sections of a book in press at Cambridge University Press titled *Imperial Bankruptcy: Mexican Silver and the Wars between Spain, Britain and France, 1763-1810*.

Table 1.1

Wars in which the Spanish monarchy was engaged in 1762-1814

War of Spain against	Years
Great Britain*	1762-1763
Great Britain*	1779-1783
France	1793-1795
Great Britain*	1796-1802
Great Britain*	1805-1807
France**	1808-1814

* In the wars against Great Britain, Spain invariably was allied with France.

** In the war against Napoleonic France, Spain was allied with Great Britain.

TABLE 2
The Atlantic navies 1720-1790

	1720	1730	1740	1750
Great Britain	174	189	195	276
France	48	73	91	115
Spain	22	73	91	41
Netherlands	79	62	65	62
Portugal	(37)	(29)	(28)	(28)
	360	426	470	522

	1760	1765	1770	1775	1780	1785	1790
Great Britain	375	377	350	337	372	447	473
France	156	175	219	199	271	268	324
Spain	137	124	165	198	196	211	253
Netherlands	62	66	79	68	70	124	123
Portugal	(32)	(32)	(36)	41	37	34	43
N. America	-	-	-	1	6	-	-
	762	774	849	844	952	1,084	1,216

Total displacement in 1,000 tons. The figures for Portugal 1760-70 are more approximate than the others.
 Source: Jan Glede, *Navies and Nations: Warships, Navies and State Building in Europe and America, 1500-1860*,
 Stockholm, Almqvist and Wiksell International vol. 2, pp. 256, 263 and 271.

Table 3
*Principal Loans and Donativos raised in New Spain by the
 Royal Treasury, 1781-1784 (in silver pesos) for war against Great Britain **

<i>Years</i>	<i>Amount (in pesos)</i>	<i>Interest rate (%)</i>	<i>Fiscal Guarantees</i>	<i>Financial Agent</i>
1781-1784	843,474	No interest		
1781-1784	1 655 415	Non interest bearing loan		Real Hacienda
1782	1 000 000	5	Averia tax	Consulado de Comercio
1782	1 000 000	5	Mexico City mint	
1783	523 376	4	Tobacco and alcabalas monopoly	Real Hacienda