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From before the time of Gibbon, historians with a global perspective have been discussing the rise and fall of empires. Today political scientists frequently speak of *hegemonic states*. If we look to some of the best-known studies conducted over the last forty-odd years, we can identify various, theoretical approaches adopted by those working on imperial or hegemonic states. On the one hand, there is a well-known school of researchers who are identified as belonging to the *world-system school*, which operates at a high level of generality to explain major changes in the international power structures by situting them
within the cyclical rhythms and secular trends of the world economy as a whole.¹ A second school which can be denominated as geopolitical, has paid more attention to analysis of the military, naval or coercive capabilities of hegemonic states to maintain their power and their mercantile or territorial empires.² A third approach adopted by historical sociologists, like Charles Tilly, has offered explanations based on the changing capacities of states to exercise power through manipulation of capital and coercion.³ While all raise important questions, these quite general approaches do not necessarily provide convincing answers to the issue of explaining the specific reasons for the rise and decline of a given state or empire.⁴ The sociologist, Randall Collins, suggests as much in his recent work titled Macro History:

“In contrast to the older geopolitical theories of the pioneering age, contemporary geopolitical theory has become multidimensional: there is no single cause of state expansion or decline but a combination of processes that can produce a wide range of outcomes.” ⁵

Such a broad conclusion, however leaves us in a quandary, pondering if there can exist a general theory which could prove sufficiently complex and rigorous to explain the changing evolution of powerful states over time.

¹ Wallerstein (1979), p. 73. Similar positions are adopted by other writers of the same school, such as A. Gunder-Frank and B. Gills (1993).
² The number of historical studies of great state powers are legion, among which the studies of Paul Kennedy (1983), William McNeill (1982), among others, are frequently cited.
³ A much-cited work is Tilly (1992).
⁴ Much more satisfactory and informative than these historically-applied social science models are diverse, classic historical studies. For example on the rise of the Spanish empire in the sixteenth century two superb examples are Braudel (1949) and Elliott (1966).
Fortunately, in recent years, numerous historians have adopted a more focused approach, analyzing specific features and dynamics of imperial states that can be studied in considerable depth, both empirically and theoretically. One of the most fruitful is the analysis of the fiscal structures of ancien regime and modern states. The advantage of this approach is that it allows for major insights into the specific links between economy and polity. This is because the resources made available by taxes and credit have always constituted the basis of long-standing military and hence political power. The study of fiscal organization and dynamics can therefore contribute to clarify key aspects of the different anatomies of the states (whether imperial or not) under consideration. Particularly illuminating has been the pathbreaking work of scholars like Richard Bonney and John Brewer who have both stimulated broad-ranging studies and debates on the historical origins of the fiscal and military bases of modern states in Europe, prior to the nineteenth century.

The vast, research project coordinated by Bonney is undoubtedly the most ambitious collective attempt yet undertaken to reconstruct the finances of the European states, covering the period from the thirteenth to the eighteenth century.\(^5\) The objective of creating a large, historical data base with fiscal data spanning several centuries has been complemented by publication of a wide-ranging series of essays by some of the principal experts in fiscal and financial history of Europe. This work is of extraordinary interest for future, comparative research and should

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\(^6\) Bonney (1995) is in itself part of a larger European Science Foundation seven volume project on
certainly be incorporated into the agenda of current studies on the fiscal evolution of the Spanish and Portuguese empires in America.

More specific is the work inspired by Brewer, who underlined the need to understand the importance of the relation between the rise of the modern tax state in Great Britain and the consolidation of military and naval power by paying especial attention to developments in the eighteenth century. These proposals galvanized a broad set of historical debates on great powers, focusing particularly on comparing the relative fiscal, financial and military success of Britain as opposed to the more problematic experience of France during that same century.\textsuperscript{7} While the ensuing debates have been vigorous and stimulating, they would appear to follow in the path of the traditional Britain/France dichotomy which has been so prevalent in the discussion, for example, of the early history of the industrial revolution. Such a focus has the disadvantage of leaving out most discussion of the parallel trajectories of other rival, imperial states in the eighteenth century, most notably Spain and Portugal, which continued to govern vast territories on a world scale.\textsuperscript{8}

In this regard, it would seem necessary to recall that in the eighteenth century and up until the Napoleonic wars, the Spanish imperial state remained the origins of the modern state in Europe.

\textsuperscript{7} On the comparison between the British and French states in the eighteenth century, an innovative and carefully researched study is Hilton Root (1994).

\textsuperscript{8} An exception is Stein (2000). Also see the recent compilation by Manuel Lucena Giraldo, “Las tinieblas de la memoria: una reflexión sobre los imperios en la Edad Moderna” in the journal Debates y Perspectivas, no. 2 (September, 2002), which includes seven essays by important historians on the Spanish, Portuguese, British, French, Dutch and Ottoman empires.
third most important state in Europe in terms of fiscal income and naval power, and first in size of territorial empire. Moreover, in the western hemisphere, the Spanish empire proved more resilient—in many ways—than the colonial regimes of Great Britain or France. The French lost effective control over most of their North American empire after 1763 and their richest colonial colony (Haiti) as of 1803. The British lost their most important colonies (the United States) in 1783. Meanwhile, the Spanish American empire remained in place until the wars of independence, 1810-1825. This resiliency—in an era of revolution and war in the Atlantic world—undoubtedly merits more historical analysis and debate.

The purpose of the present essay is suggest the need to incorporate the recent and important literature extant on the history of the fiscal organization and dynamics of the Spanish empire (and more particularly of Bourbon Mexico) within the broader historiographical debates on the destinies of the diverse and rival imperial states in the eighteenth and early nineteenth centuries.

We will focus on five issues: 1) the possibilities of measurement of the costs and benefits of colonialism in Spanish America in fiscal terms, analyzing one case study, that of New Spain in the second half of the eighteenth century; 2) the analysis of the structure and logic of the tax system in the viceroyalty of New Spain; 3) the explanation of the dynamics of the expenditures of tax revenues in the colonial regime; 4) an evaluation of the importance of the fiscal contribution of the Spanish colonies—and of New Spain in particular—to the sustenance of the
empire, as a whole, and to the metropolis, in particular; 5) some theoretical comments on the relevance of this fiscal approach to debates aimed at a reconsideration of the historical trajectories of the Spanish imperial state in the age of the Atlantic revolution. ⁹

The evaluation of the costs and benefits of colonialism has become a much-debated issue in recent historiography. ¹⁰ However, actually measuring those costs is a rather complicated problem for analytical and methodological reasons. The benefits and costs for a metropolis of having colonies could be economic, political and/or military. The latter two are difficult to measure quantitatively. The economic benefits can be divided into two categories: benefits to the metropolitan economy as a whole, for instance via trade; and the fiscal benefits (or costs) for the metropolitan state. The same factors can also be measured in terms of costs or benefits for the colonial societies and economies. In summary, if we limit ourselves to economic consequences of colonialism, a number of different things may be measured and therefore require distinct as well as appropriate methodologies for measurement.

From our perspective, the most feasible elements we can measure as of now are the fiscal costs or benefits of colonies. This is so because in the case of the Spanish American empire there exist excellent data which allow us to measure

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⁹ We use the expression as testimony to the classic works of Robert Palmer and Jacques Godechot, among others, in opening the debates on the need for comparative approach to the analysis of war, politics and revolution in the Atlantic world in this era.

¹⁰ Examples of the debates can be found Patrick O’Brien and Leandro Prados de la Escosura.
fiscal costs and benefits both for colonies and for the metropolis. One of the central purposes of this paper is to offer a summary of some preliminary exploration of this subject for the second half of 18th century, focusing on New Spain and Spain. Naturally, it would be interesting to compare this with estimates of fiscal costs of American colonies for its major rivals, Great Britain, France and Portugal. But the limits of this paper and of our own research do not allow for detailed comparisons. Hence, at this stage, our research on New Spain must serve basically as benchmarks for future comparative work.

The measurement of fiscal costs and benefits requires an understanding of the fiscal structure and dynamics of the Spanish empire in the late 18th century. While analysis of the specifics of this complex organization can provide insights, it is also necessary to understand the essential logic of the system from the point of view revenue collection, expenditures and intra/imperial fiscal transfers. This is the second and complementary objective of this essay. Both themes are interwoven in the different sections of the text.

**The longue durée of the Spanish empire and fiscal trajectories**

Historians have argued in many different studies that of all European empires, in strictly fiscal terms, the Spanish empire was long the most productive. The fiscal surpluses obtained from the mid16th century onwards, which were transferred to the metropolis, have been described in classic works by Fernand (1998), Klein (1995), Brewer (1989) and Lawrence Stone (1994).
Braudel, Earl Hamilton and Michel Morineau as well as more recent studies by Maria Emelina Martín Acosta and Carlos Álvarez Nogal, among others. \(^{11}\) The enormous volume of silver (and gold) was used in good measure to finance the military forces of the Habsburg administrations in Italy and Flanders, with almost constant war in the latter from the late sixteenth century until the 1650s.\(^ {12}\) The historiography on the second half of the seventeenth century tends to emphasize the decline of the Spanish empire after 1648 to the extent that the reading of certain historical works would suggest that there was never any recovery.\(^ {13}\)

However, it should be recognized that in the last four decades of the 18\(^{th}\) century, the Spanish empire in the Americas experienced a remarkable resurgence, visible in the recuperation of naval strength and land defense, but equally so in the notable increase in fiscal income of most colonies (which allowed for greater military strength). The Spanish imperial state was, therefore, neither static nor condemned to permanent decline.

To use a metaphor, the Spanish empire may have been slumbering but it reawakened in the late Bourbon era. It was subsequently involved in all the international wars among the European powers, including the Seven Years War (1756-1763), the war against Great Britain (1779-1783), the war against the French Convention (1793-94), the naval war against Great Britain (1796-1802), a second naval war against Great Britain (1805-1808) and the wars against Napoleon (1808-
1814). Such intense and continued military activity was not the sign of total decadence and lack of power. Although the Spanish empire eventually collapsed, weakening as it suffered successive military and naval defeats after 1796, it remained a significant player in international power politics and war for more than four decades.

How can we explain this resurgence of Spanish power? The rebuilding of its navy (second only to those of Great Britain and France in the second half of the eighteenth century), the construction of great defensive works throughout the America, but particularly in the Caribbean, the remarkable expansion of its land forces in all the colonies all bespoke a new administrative and fiscal dynamism in the colonies. In fact, Spain, reaped greater fiscal benefits from its American possessions than ever before in the second half of the eighteenth century. Here we find, indeed, a striking contrast between the failure of England and France to oblige their American colonies to finance the great surge in military expenditures in that age and the accomplishments of the more archaic Spanish monarchy.

The superior capacity of the Spanish monarchy to extract fiscal revenues from its colonies was underlined in 1776 by Adam Smith in his classic work on *The Wealth of Nations*, but the famous Scotsman was not alone. The fiscal surplus produced by the Spanish American colonies was also emphasized by the Spanish general, Francisco Saavedra, during a prolonged military mission to the Caribbean in the midst of war with Great Britain in the years 1780-1783:

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14 Marichal (1997) estimates costs and benefits of Mexican fiscal remittances to the metropolis and other parts of the Spanish empire during this period.
15 "The only colonies that have contributed with their revenues to the defense of their metropolis have been the Spanish and Portuguese possessions. Adam Smith, *Wealth of Nations*, vii, iii.
"Among the European possessions in the New World only those of the Spanish and Portuguese have contributed immediately to enlarge the public treasuries of their respective metropolises, aiding them in peacetime with sums of money more than sufficient to defray expenditures made on their behalf and maintaining in wartime the great armaments needed for their defence. The other nations have required of their colonies only the necessary costs of sustaining their civil government and the small military establishments calculated as indispensable for their domestic tranquillity. "16

Saavedra and other observers noted that in all major inter-imperial conflicts in the Americas since 1763, the British and French metropolitan governments had been forced to expend huge sums (which led to increased public debts) on the military and naval forces in the colonies and on warfare. Spain, on the other hand, relied on American taxes to provide the bulk of monies for its navy and land forces: Colonial Mexico, for instance, financed the bulk of the construction of over 100 great warships built in Cuba in the century by sending large annual silver subsidies to Havana as well as basic provisions. 17

As we will later demonstrate in this paper, enormous sums were transferred out of New Spain to other Spanish colonial administrations in the greater Caribbean as well as to the metropolis itself. Indeed, total fiscal transfers from Mexico to other colonies and to the metropolis, itself, reached a grand total of some 250 million pesos between 1760 and 1810, which made it the true, fiscal jewel of the Spanish crown in this period.18 These transfers can be considered to represent a major fiscal benefit for the imperial administration, although they can also be considered as representing significant fiscal costs for colonial Mexico’s

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17 A detailed, recent study is Andrade Muñoz (2002).
18 The precise annual calculations are in Marichal (1997).
economy and society. The evaluation of the relative importance of these costs and benefits is dealt with in subsequent parts of this essay.

At any rate, what we wish to emphasize here is that, in our opinion, the principal explanation for the notable capacity of survival and renovation of the old Spanish empire in the second half of the eighteenth century can be found in the efficiency (in terms of extraction capacity and routine operation) of the tax machinery in the Spanish American colonies and, especially, in New Spain. According to Herbert Klein, by 1800 residents in Bourbon Mexico paid 70% more taxes per capita than Spaniards in the metropolis.\textsuperscript{19} While this is somewhat of an overestimate according to our new estimates, which put the figure closer to 40%, there is no doubt that the colonists were making a striking contribution to the imperial administration.\textsuperscript{20} In order to understand how the imperial, fiscal system operated in New Spain (Mexico), we will look first at the tax structure and then move on to the study of the ways its very considerable revenues were spent.

**The tax structure of New Spain: microcosm of the Spanish empire in the Americas**

The colonial tax structure in New Spain was made up of a combination of direct and indirect taxes. It was not a modern fiscal system for it displayed many of the typical features of ancien regime tax structures. But it was different in key respects from fiscal regimes in Europe, displaying certain particular and historical

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\textsuperscript{19} Klein (1985), p.598.

\textsuperscript{20} Marichal (1997 provide new estimates. The figures indicate that Mexicans paid more taxes than Frenchmen per capita but less than Englishmen, using data from Mathias and O'Brien (1976) and Bonney (1995); however, an accurate comparison would require comparison of real per capita income in each country.
characteristics which differentiated it from the Spanish and French tax systems. In the first place, there were important differences with regard to the type of taxes: in Mexico, for instance, mining taxes and tribute were of enormous importance, which was not the case in the Bourbon monarchies in Europe. In the second place, the tax regime in New Spain was more homogeneous, for the same set of taxes were levied throughout the viceroyalty. In the third place, accounting methods tended to be more consistent, particularly after the mid-18th century when the farming out of taxes was eliminated in Mexico.

Generally speaking, the tax system was oriented towards maximum revenue-raising. Moreover, as part of an absolutist regime, the administration of the viceroyalty was not inclined to offer flexibility to the majority of tax-paying groups. However, there were tax exemptions for a number of special, privileged groups (basically, landowners, churchmen and military officers) which in fact tended to insure that the tax system had some important regressive features. But it should also be observed that Indian communities also received certain tax exemptions, a fact which suggests that analysis that a focus on regression should be tempered.

One important propertied sector that had to pay direct taxes were the owners of silver mines. The tax rates had fallen from 20% in the sixteenth century to 10% in the eighteenth century, but still represented a significant portion of royal

21 The contrast with the thirteen colonies in North America is radical. In the latter, colonists through local assemblies attempted to limit taxation to a minimum.
revenues in Mexico. In the 1790s, a combination of taxes on mining, assaying and minting produced almost a quarter of total state income. The mining guild fought for some reductions and exemptions, but these were established only in some regions.

A second and traditional source of revenues was the tribute tax which was levied on the heads of all Indian peasant households. At the end of the eighteenth century the tribute provided the administration of the viceroyalty with approximately 10% of its monies. There were remarkably few protests against this poll tax, perhaps because it was seen as payment for royal protection of Indian townships and communal lands.

The entire population of New Spain paid a variety of indirect taxes, the most important being the sales taxes known as alcabalas. These were normally charged at the rate of 6% on the market value of most products sold in markets throughout the viceroyalty. A complement was the pulque tax, charged on the most popular alcoholic beverage of the Indian and popular sectors. Another set of indirect contributions were port taxes, paid on warehousing of imported goods and other port services, although these were generally set at low rates and were not apparently considered extortionate.

The highest growth revenues in late eighteenth century New Spain were various state monopolies, the most important being the tobacco monopoly. Established in New Spain in 1767, by the end of the century it had become the single largest source of public revenues, providing almost 30% of the viceroyalty’s
net income.\textsuperscript{22} The state-owned tobacco factory in Mexico City employed over 8,000 workers by 1800, but this was only a part of the total number of people who depended on the monopoly for their livelihood: among these must be included some two thousand administrative and commercial employees and several thousand tobacco farmers. Moreover, this great enterprise was not autonomous: it maintained close financial, commercial and productive links to the tobacco monopoly in Cuba, Louisiana and Spain. Indeed, this extended public firm was a vast multiregional enterprise, perhaps the largest of its kind in the eighteenth century world. \textsuperscript{23}

Other public revenues were obtained from a mosaic of fiscal instruments. For instance, the colonial government received a number of ecclesiastical fiscal transfers, including the \textit{media anata}, \textit{bulas}, and a percentage of the tithes collected from peasants and landlords. These arrangements, dating back to the sixteenth century, bespeak the fact that the Catholic Church was closely linked to the State: William Callahan has described it as a \textit{Royal Church}. \textsuperscript{24}

In diverse and complementary essays, Herbert Klein has described the fundamental trends of tax income in eighteenth century colonial Mexico: tribute tended to move with population, increasing or falling as demographics did. Mining taxes diminished in relative importance because of lowered rates but were still

\textsuperscript{22} Also important were the powder and salt monopolies as well as those on playing cards and on cockfights. The state lottery also provided additional income. A good institutional description of the different fiscal branches can be found in Fonseca and Urrutia (1845-1851), 6 vols.

\textsuperscript{23} Deans-Smith (1992) has recently published an excellent study of the Mexican tobacco monopoly in this period.

\textsuperscript{24} Callahan (1984), pp.2-5.
enormously important.\textsuperscript{25} Alcabalas and port taxes tended to increase regularly until the 1790s, and came to provide approximately 25\% of total income. Tobacco revenues grew steadily until right down to the wars of independence and also contributed around a quarter of the colonial administration’s ordinary revenues.

It is generally hard to measure weight or distribution of these taxes: but in recent years a first set of studies has begun to probe into the social consequences of tax policies, analyzing tax shifting and incidence and also the economic effects of the Bourbon monarchy’s efficient but heavy tax machinery in the Americas.\textsuperscript{26} Such analysis can prove of interest for an evaluation of the costs of colonialism for specific social groups.

In the case of Indian tribute for example, the incidence was significant since it represented 2 and a half pesos on a small income (which would be, at best, some 25 pesos a year for a nuclear family).\textsuperscript{27} It was also hard on those Indian peasant families which produced little in the way of mercantile goods that could be exchanged for money, and particularly hard on those who have no land or are in dire poverty, of which there were many Indians.\textsuperscript{28} On the other hand, Indian peasant communities were largely exempt from other taxes such as the alcabalas.

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\textsuperscript{25} For tax trends see Klein (1995), chap. 5 and Marichal (1999), chap. 2.
\textsuperscript{26} See Marichal (1999), chap. 2 and Marichal and Marino (2001), chaps. 1-3.
\textsuperscript{27} The estimate of 25 pesos would be wage earnings of an Indian who had regular work on a ranching or agricultural “hacienda”. However, many Indian peasants simply lived off a small piece of their own land and their income was largely non-monetary, consisting basically of subsistence food products, mostly maize and beans.
\textsuperscript{28} The Indian tribute was a head tax which is charged on each head of Indian peasant household. The tax was collected generally by the local authority figures or, in some cases by the local parish priests or a public functionary.
and on the maize and beans which they produced mostly for sustenance but a small percentage of which they regular marketed.\textsuperscript{29}

With regard to the direct tax of 10\% of the production of all silver, it is clear that incidence and impact were directly on the mineowners. It does not appear that there could be much shifting forward of this tax, but there could be some shifting backwards insofar as miners might pay less for certain inputs of essential supplies but this subject has not been studied in depth. In any case, the complaints of miners with respect to rising costs were sufficiently strong from the late 1770s as to force the Crown to reduce other taxes related to mining, including mercury prices (a state monopoly) and alcabalas on key supplies for the mining sector (mules and horse, leather, salt, powder).

As already noted, the sales taxes (alcabalas) were levied at the point of sale of virtually all merchandise bought and sold in New Spain. These commodity taxes were popular with tax administrators largely because of their relative stability of their yield, although in times of agrarian crises (like the terrible one that devastated rural Mexico in 1785/86) revenues fell drastically. The Incidence of this tax fell clearly on the final consumer who bought food or textiles. However, it is hard to evaluate exact incidence because it is necessary to study different types of commodities as well as taxpayers. Since the alcabalas affected the basic staple goods acquired by a majority of consumers (food, textiles, alcohol) it was clearly

\textsuperscript{29} Garavaglia and Grosso (1987), p. 92-93.
regressive tax, although the wealthier sectors paid more alcabalas per capita because of greater consumption. ³⁰

In summary, the Bourbon extensive military and administrative reforms put in place from the 1760s obliged the Spanish American colonies to pay increased taxes. For the inhabitants of the viceroyalties of New Spain, Peru, New Granada and the Rio de la Plata the new tax load was not welcomed a fact underlined by several important rebellions in Alto Peru and Nueva Granada in the 1780s. But these were crushed violently and once again royal officials proceeded to increase fiscal levies.

The contrast with the Anglo-American colonies was clear in regard to the tax load. The Spanish military officer, Francisco Saavedra noted in 1782 that the English system had been more beneficent to the colonies than that of Spain, observing:

Sound proof of this is that the northern colonies, composed of thirteen large provinces and a population of three million paid, before the turbulence that now agitates them, less than 100,000 sterling (per year) with which all the costs of government were defrayed. ³¹

This total- which was equivalent to 500,000 silver pesos- was but 5% of the approximately 20 million pesos raised by the Spanish financial administration in Mexico alone. The tax burden was clearly much lighter in the Anglo-American

³⁰ We do not yet have much published data on consumer trends in 18th century Mexico. Nonetheless, in a brilliant essay, Van Young (1992), chap. 2, has offered much material of interest. He calculates that, circa 1800, poor Mexicans spent close to 63% of their total income on corn (basically for tortillas), a substantially higher percentage than European working poor spent on bread, their staple of life.
colonies.\textsuperscript{32} But paradoxically, it was in these lightly taxed colonies that independence would triumph first.

**State expenditures: what were taxes used for?**

The fiscal system of the Spanish empire in the Americas was not only a more efficient (albeit also a more exploitative) tax machine than that of its imperial rivals. It also was different with regard to the organizational dynamics and logic of expenditure of funds. In the next two sections of this essay we wish to underline to the complex functioning of its \textit{three-tiered} system of management of imperial finance.

This system can be defined in terms of the operation of basic principles which determined the disbursement of public monies and explain the logic of expenditures of the multiple treasuries of the empire and of the viceroyalty of New Spain, more particularly. A first, basic and secular principle of imperial finance (applied since the sixteenth century) was that the largest number of expenses should be covered \textit{in situ} with local tax income, collected on a regional level and accumulated in a local \textit{caja real} (treasury). \textsuperscript{33} However, when a local treasury office produced a fiscal surplus, these would normally transferred to another regional \textit{caja} which had a deficit. But these remittances were not necessarily limited to the viceroyalty, itself; they were also shipped abroad to different points of the empire, as we will see.

\textsuperscript{32} Thomas (1965) provides estimates.
\textsuperscript{33} Merino (1987), pp.11-28, offers a preliminary scheme of this principle in operation in the Spanish treasury administration.
In the case of New Spain we can observe a first level of this tridimensional fiscal system in the transferences regularly realized among the different 24 regional treasury offices of the viceroyalty, in most cases to cover military expenditures. For example, certain regional treasuries such as that of Veracruz and Yucatán (that often accumulated fiscal surpluses) were responsible for the payment of a substantial part of military expenses of regional treasuries that had scarce tax income such as the military garrison in Campeche, located in the Gulf of Mexico. Similarly, the military presidios of northern Mexico- which had limited revenues- depended heavily on the remittances of funds that had been collected in the more proximate regional treasuries of Guadalajara and Bolaños that accumulated a regular surplus of funds from taxes on local silver production as well as on trade.

A second level of expenditures were the transfer of surplus fiscal funds from one colony to another which were known as Situados, those from New Spain being directed principally to the Greater Caribbean-including Cuba, Santo Domingo, Puerto Rico, Florida, Lousiana and Trinidad. These constituted a broad network of intra-imperial transferences the quantitative importance of which suggests that historians should rethink some fundamental aspects of the way that imperial finance operated in Spanish America. In addition, it should be noted that the viceroyalty of New Spain also provided regular fiscal subsidies for the Philippines and more occasional sums for Guatemala and Central America, especially in times of emergencies.

34 In the latter half of the eighteenth century, New Spain covered approximately 75% of the costs of administrative and military costs of the government of Cuba and a large portion of the other Caribbean colonies mentioned. For information and estimates see Marichal and Souto (1994) and Marichal (1999), chap.1.
Finally, on a third level, Bourbon Mexico also was an important source of revenues for the metropolitan treasury. During the greater part of the eighteenth century it is a surprising fact to discover that the fiscal funds transferred from Mexico to Spain were on a lesser scale than those sent to other Spanish colonies in the Caribbean, but in the 1790s the monies sent to the mother country reached the huge sum of almost 50 million pesos, for an annual average of almost 5 million pesos.

Whether we look at expenses within the viceroyalty or at fiscal transfers abroad, it should be noted that the bulk were destined to cover military requirements. A recent monograph by Carlos Rodriguez Venegas demonstrates with clarity that the expenditure of funds for military objectives increased throughout the 18th century. Under Phillip V (1726-1746), the total disbursements of the fiscal branch of the royal treasury of Mexico City known as “Guerra”, increased from a bit over one million pesos a year in the mid 1720s to over three million pesos by 1745. Under the succeeding reign of Ferdinand VI (1746-1759) military expenditures rose to an average of almost four million pesos a year, and during the reign of Charles III (1759-1788), this level rose again to reach an annual average of 6.3 million pesos a year, which represented over 60% of total expenses of the Mexico City central treasury. These sums include both military expenses effected within the viceroyalty as well as the fiscal transfers known as Situados sent to other colonies each year.

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35 The fiscal remittances from the Americas in the second half of the eighteenth century provided an average of approximately 20% of ordinary revenues of the tesorería general in Spain, the central exchequer. For estimates see Marichal (1997).
36 Rodríguez Venegas (196), Graph 3.2 and table on page 75.
A summary view of the total expenditures of the government of New Spain can be obtained from reviewing the consolidated accounts of 1795-1799. A general grouping of the individual categories indicates that approximately 5.7 million pesos (25% of gross expenditures- which totaled 22 million pesos per year) were destined to a variety of administrative disbursements. These included some 1.1 million pesos in salaries of tax collectors, accountants and supervisors, 600,000 pesos for the salaries of high-level functionaries, almost one million pesos in salaries to the workers and functionaries of the tobacco monopoly, and almost 3 million pesos in payment of raw materials (tobacco leaf) and paper for the tobacco factory.

A second category of expenditures was basically oriented towards the military and reached approximately 5 million pesos per year. These included salaries of army soldiers and officers (for some 3.4 million pesos), diverse military provisions and materiel (1 million pesos), pensions and other lesser categories.

Together the civilian and military expenditures mentioned were the essential accounts payable for the maintenance of the colonial government in New Spain. They totaled approximately 11 million pesos per year, yet total revenues were considerably higher. The surplus, however, was not spent at home but rather remitted abroad, as indicated previously. These transfers which may have reached as high a level as 11 million pesos annually in the 1790s constituted a tremendous fiscal subsidy for the rest of the empire and therefore merit more attention from historians.

37 See in Marichal and Marino (2001), charts 1 and 3.
38 Deans-Smith (1992), chap.3, offers detailed calculations of the costs of paper for the Mexican monopoly; paper prices rose rapidly in the 1790s as a result of international conflict.
Fiscal contributions of the Spanish American colonies to empire and metropolis

While the Spanish American colonies had provided much money for the monarchy during the extraordinarily complex cycle of wars during what may be described metaphorically as the *golden age* of the Spanish empire (which extended from the late sixteenth century to the 1640s), these same colonies—but increasingly New Spain—provided as great fiscal benefits to the metropolis in the late eighteenth century, which we could describe as the *silver age* of the empire (1763-1805).

The military and financial requirements of maintenance of the imperial machine vastly expanded in the latter period. This was due to the multiplication of wars amongst the European powers in the second half of the eighteenth century—particularly between England, France and Spain—which led to a marked increase in the costs of sustaining their respective, naval and military forces.\(^{39}\) The great Spanish American fiscal and financial contributions allowed Spain to temporarily regain stature as a major imperial and naval power in the second half of the 18th century and in turn to defend most of its empire quite effectively until Trafalgar (1805) and the wars of independence.

\(^{39}\) The great surge in colonial and naval expenditures of the competing European powers came particularly as a result of the Seven Years War (1756-1763). For a perceptive analysis of the financial impact of this war upon one major power see Riley (1986).
In a previous study, fellow researcher Matilde Souto and I described the nature of the annual fiscal transfers (known as *Situados*) from Mexico to the other Spanish colonies greater Caribbean during the eighteenth century. The most important were those sent to Havana, a considerable portion being spent on local military and naval expenses. Other fiscal transfers were rerouted from Havana to other colonies, Santo Domingo, Puerto Rico, Trinidad, Florida, Louisiana, and so forth. The average transfers shipped out increased from around two million pesos per years in the part of the century, to three million pesos by mid-century and later to over six million pesos in the 1780s. \(^{40}\)

In 1766, for instance, the Situado of Havana had been set at 500,000 pesos to be divided as follows: 300,000 for the fortifications and shipyard, 100,000 for other projects, and 100,000 for Puerto Rico. But beginning in July 1768, the Situados to Cuba were increased to one million nine hundred thousand pesos which were to be divided in this manner: 700,000 for Marina, 300,000 for fortifications in Havana, 400,000 for the Havana garrison, 500,000 for the purchase of Cuban tobacco for the royal monopoly. In addition, the transfers to Santo Domingo and Cuba each rose to over 250,000 pesos a year, plus additional sums for the other military and naval garrisons and for construction of fortifications in rest of the greater Caribbean.

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\(^{40}\) Marichal and Souto (1994).
In the early 1780s these transfers reach their maximum levels as war with Great Britain demanded an enormous increase of disbursements. The Spanish forces not only regained possession of Florida but also reinforced their positions in Louisiana and organized naval expeditions against Honduras and even Jamaica (the latter a failure). Moreover, the Spanish financed the French armada under the leadership of admiral De Grasse that sailed from Havana to Chesapeake Bay in 1782 and blockaded the army of Cornwallis in what proved to be the decisive battle of the war of independence of the United States.\footnote{Over one million silver pesos shipped from Mexico were handed over to de Grasse to pay for salaries and provisions of his 27 warships. For details see references in Glascock (1969), \textit{passim}.}

It was the silver sent from Mexico to Havana, which paid for all these military efforts. During the years 1780-1783 a grand total of almost 30 million pesos were sent from Veracruz to Havana. In 1782, alone the viceroy of Mexico, Martín de Mayorga informed the military governor of Havana that already the enormous sum of twelve million pesos had been remitted and that no more would be available until the next year.

Puede confirmarse el gran esfuerzo por el testimonio de Don Francisco de Saavedra, quien vino a reclamar el envío de 10 millones, que parecía imposible entonces (enero 1782). Saavedra salió (de Veracruz para Havana) en (el buque de guerra) Ntro. Sñr. Francisco de Asís, el cual llevó un millón de pesos. A los pocos días salió otro navío con dos millones. Luego, en el San Agustín salieron 4 millones, 103,000 pesos (en marzo), y luego el segundo viaje del San Francisco de Asís otros 2,121,429 pesos. Está por llegar un navío que se llevaría tres millones, con lo que totalizarían 12 millones de pesos los envíos del año...Un incremento nunca visto en embarques de plata de Real Hacienda.\footnote{Over one million silver pesos shipped from Mexico were handed over to de Grasse to pay for salaries and provisions of his 27 warships. For details see references in Glascock (1969), \textit{passim}.}
Mayorga also noted that providing this sum had required not only fiscal transfers but also the raising of a series of loans in Mexico which totaled four million pesos, two million by provided by a large group of investors one million from the Mining Guild and one million from the Consulado de comercio (merchant’s guild).

These diverse and considerable remittances help explain why contemporary observers like Adam Smith were impressed with the capacity of Mexico and the South American colonies to help support the Spanish empire. The contrast with the Anglo-American colonies was stark, for when British authorities demanded much smaller sums from their overseas subjects in the thirteen colonies (in the 1760s), the response was entirely different, to the extent that it is often argued that fiscal rebellion was a leading cause of the war of independence that began in 1776.\textsuperscript{43}

While remittances from New Spain to other American colonies were important, so were the shipments of tax moneys to Spain. Recent research demonstrates that the colonial Mexico provided the bulk of American remittances to the metropolis in the last quarter of the eighteenth century and first decade of the nineteenth.

In general terms, the new estimates indicate that for the period 1763-1783 American fiscal transferences represented a little less than 15% of ordinary income of the General Treasury of the Spanish monarchy in Madrid. However, after 1783 this proportion rose rapidly, and between that date and 1810, colonial fiscal remittances

\textsuperscript{42} Archivo General de la Nación (México), Correspondencia de virreyes, vol. 128, exp. 1019, fjs. 215-217 (Carta de Martín de Mayorga a Pascual de Cisneros, 28 de septiembre de 1782).

\textsuperscript{43} Thomas (1965) provides estimates of the tax burden in the Anglo-American colonies.
represented an average of 25% of all the ordinary income of the General Treasury. There was clearly here an increasing dependency of the metropolis on its colonies.

Until 1790, of total remittances, the most important individual item was tax revenue raised within New Spain. But after that date, with rapidly rising metropolitan and imperial deficits that required increased amounts, additional sums were raised from voluntary and forced loans, donations and a variety of additional financial instruments. In time, metropolitan war deficits provoked a huge increase in colonial debts and would eventually lead to the bankruptcy of the viceroyalty of New Spain.44

**Some necessary debates on the redefinition of an imperial state in the age of revolution**

This short essay cannot do justice to the subject at hand, but it would appear that it can suggest some questions that may be of importance for future research. In the first place, our review suggests that in the case of the Spanish empire, the imperial logic went much beyond a more restricted "national" logic of fiscal and financial administration. For, indeed, our research demonstrates that the viceroyalty of New Spain was a key part of a well-integrated transatlantic fiscal machine. Each part of the tax administration of the Spanish empire was connected to the other parts, to a greater or lesser degree.

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44 This subject is dealt with in depth in Marichal (1999).
As a result, we would suggest that a revision of certain concepts and terminology used to describe the nature of the state in Bourbon Mexico is well overdue. Over the last twenty years a considerable number of historical essays have used the term colonial state to describe the royal administration of New Spain, but without adequate justification. If used indiscriminately, the concept poses a large number of historical and theoretical problems, for it suggests a degree of fiscal and/or financial autonomy which did not exist. Indeed the viceroyalty was a very important part of the Spanish empire and played on occasion the role of a fiscal submetropolis, but it was not a state within a state. Rather it was a key part of an old but still extensive imperial state, which was run from the center. The viceroyalty of New Spain actually contributed to strengthening the fiscal integration of its quite different and distant parts for decades, until the battle of Trafalgar and later the Napoleonic invasion of Spain finally destroyed what had long been a transatlantic monarchy founded upon a vast empire.  

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[45] A penetrating view of the nature of composite nature of the Spanish monarchy is that of Elliott (1992); a more specific argument on the role of the viceroyalty within the empire in the late eighteenth century can be found in Marichal (1999).
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