

ANNEX 4

RODNEY CARLISLE, PH. D.



Peninsular Finance and Colonial Trade: The Dilemma of Charles IV's Spain

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for their use. The tendency to reduce or remove duties on staple products and raw materials continued; legal impediments to inter-colonial trade were further reduced and old decrees to this effect reiterated; new ports were opened.²⁹ Simultaneously, Spain returned to the old practice of segregating economic and financial policy. In his first major post-war circular on treasury problems, Minister of Finance Soler incited American Viceroy to have their charges make 'los sacrificios más señalados para auxiliar a la metropoli que ha hecho tantos gastos para su defensa . . .'³⁰ At the same time he violently rejected a request to purchase licenses for direct exportation of English textiles to Veracruz, and ordered his officials to cease forwarding such petitions to him.³¹ As late as September, 1804, Soler could simultaneously incite the Viceroy of New Spain to send money, and encourage him to 'estrechar las relaciones comerciales entre esos dominios y esta península, persiguiendo asperamente el contrabando . . . y removiendo todos los estorbos al aumento de producciones, único manantial de las rentas . . .'³² Economic policy, however, was soon to be undermined by fiscal débâcle. Determined to end Spanish subsidies to Napoleon, the British attacked treasure ships returning from the Indies, forcing Spain to declare war.³³

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Although the British attacks on treasure ships began in October, 1804, war was not declared until December. Nevertheless, all intervening Spanish government actions were clearly taken under the most pessimistic of expectations. The most important of these measures was without doubt extending the role of *consolidación* in the Indies. The decision was taken on 22 October, 1804, at which time the Ministry of Finances set up a special two-man committee made up of Manuel Sixto Espinosa, head of *consolidación*, and Jorge de Escobedo, councillor of the Indies and once *visitador general* of Peru. The task of these two men was to draw up orders extending both the new tax called *noveno decimal* and the sale of *obras pías* to the colonies, and to draw them up in such a way as to maximize the likelihood of obedience. The motive for the decision is, of course, well known and stated forcefully by Minister of Finances Soler in a memorandum to Espinosa. Here he sets out the familiar story of the French subsidy treaty,

²⁹ AGI, Indiferente, leg. 2468; AGI, Mexico, legs. 1622 and 2511; AGI, Ultramar, legs. 314, 735, 736, and 737.

³⁰ R.O. circular of 16 October, 1802, in AGI, Indiferente, leg. 1348.

³¹ AGI, Mexico, leg. 2511.

³² R.O. of 5 September, 1804, in AGI, Indiferente, leg. 1348.

³³ R.O. of 27 December, 1804, in AGI, Ultramar, leg. 738.

the Ouvrard-Vanlerberghe loan to enable the crown to make the payments, and the insufficiency of Spanish revenues and American remittances to meet commitments to Ouvrard, concluding with the observation that

En circunstancias tan apuradas no ha podido S.M. descubrir ningún arbitrio . . . sino el de llevar a efecto en los dominios de Indias le enagenación forzosa de los bienes raíces pertenecientes a . . . obras pías.⁸⁴

As to the spirit pervading the entire affair, it is summed up in Escobedo's reference to the colonies as 'aquellos países de donde queremos sacar el jugo'.⁸⁵

To grasp the magnitude of the fiscal problem, however, one must keep in mind that a substantial proportion of general treasury 'revenues' came from the *caja de consolidación de vales reales*. It is not entirely clear on what basis these transfers were being made. However, in many instances it was in the form of advances repayable by Spanish *rentas* or colonial treasuries. Thus, in succeeding years *consolidación* was to receive funds from its American branches to carry out its ordinary and extraordinary work, and in addition

TABLE III
Revenues from Amortización of Tesorería General
1795-1803
(In thousands of *reales de vellón*)

<i>Year</i>	<i>Amount</i>	<i>Percent of Tax Revenues</i>
1795	10,436	1
1796	36,962	5
1797	33,154	5
1798	7,749	1
1799	143,182	21
1800	106,624	15
1801	—	0
1802	112,892	11
1803	1,526	0

Sources: See Table I. The above figures are incomplete, and are used merely to illustrate the relationship between the two institutions.

⁸⁴ Soler to Espinosa, 22 October, 1804, in AGI, Indiferente, leg. 1702.

⁸⁵ Escobedo to Viana, 29 November, 1804, in AGI, Indiferente, leg. 1702. The measures were applied by R.D.'s of 28 November, 1804, in AGI, Ultramar, leg. 738.