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Author

Marichal Salinas, Carlos

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Mexican Silver for the Cortes of Cadiz during the War against
Napoleon, 1808-1811^{1*}

Carlos Marichal (El Colegio de México)

While the Napoleonic invasion of the Iberian Peninsula in 1808 brought down the monarchy in the metropolis, the direct threat to the Spanish administration in most of the colonies in the Americas was not very severe. On the contrary, in the viceroyalty of New Spain as well as in other Spanish American territories, loyalty to the crown and mother country were reinforced as news spread of the Napoleonic invasion. Colonial elites in Mexico and in Peru, in particular, feared the possible disturbance of the status quo and of their traditional privileges, which might be affected by political crisis and social upheaval. Despite collapse at the center of empire, therefore, the most important and richest colonies did not interrupt silver shipments to the metropolis. On the contrary, royal officials and the higher clergy mobilized new and vigorous financial campaigns to collect donations and loans to send to the patriot forces combating in Spain, the greatest sums being gathered in Mexico.

¹ *This paper was presented for the conference organized by Dr. Richard Herr at the University of California, Berkeley titled "The End of the Old Regime in the Iberian World" on February 8-9, 2008, sponsored by the Institute of European Studies. The essay is based on materials in chapter 7 of my recent book, Bankruptcy of Empire: Mexican Silver and the Wars between Spain, Britain and France, 1760-1810 published by Cambridge University Press, November, 2007.*

In October of 1807 French troops began to traverse Spain with the ostensible aim of occupying Portugal, but soon installed themselves in cities in northern and central Spain. The establishment of a French administration in the Spanish capital, however, was not met without popular resistance. The famous rebellion of the Madrid populace against the invaders in early May, 1808 (immortalized in one of Goya's most famous paintings) was bloodily repressed. It was not long, however, before regional Juntas began to be formed in different regions of Spain, and soon the struggle against the French invaders gained strength. In Spanish America, most colonial elites expressed their sympathies with the patriot juntas that had sprung up in different regions of the mother country and soon began to send financial support to Cádiz on the royal fleets that once again begin traverse the Atlantic with British naval protection.

In this essay attention is focused on the loans and donations collected in colonial Mexico for the purpose of assisting the patriot forces in Spain in their struggle against Napoleon. The financial contributions were considerable. Between late 1808 and early 1811, over 25 million pesos in tax monies, loans and donations were sent from New Spain to Cádiz, principal seat of patriot resistance in southern Spain. The Spanish American financial contributions to the treasury of the *Junta Central* in Seville and Cadiz in 1809 and the Cadiz Parliament in the years 1810-1812 underscore the significance of fiscal and financial contributions of Mexico and the other colonies to the struggle against Napoleon during this period and demonstrate that without the silver sent, the patriot resistance in southern Spain would have probably lacked the financial resources to resist the prolonged French siege of Cadiz.¹

The importance of Spanish American contributions to the struggle against Napoleon and to the Cadiz Parliament, 1808-1812

The various patriotic Juntas, established from May 1808 onwards in different Spanish regions, received support from the British government, including direct subsidies of monies as well as substantial quantities of military equipment. In June 1808, the first agents from the Spanish Juntas arrived in London and negotiated a program of financial support with the prime minister, George Canning. Most of the British aid was remitted to the Juntas of Asturias, Coruña, Leon, Seville and Cadiz, for a total of 70 millions *reales* (three and a half million pesos or dollars) between June 1808 and early 1809.² At the same time, British authorities dispatched uniforms and provisions to Spain: Canga Arguelles (later minister of Finance at Cádiz in 1811) calculated that between August and November of 1808 there had been sent from Britain 2,300 muskets, 8,200 swords, 160,000 pairs of shoes and 50,000 shirts (of varying quality) for the tens of thousands of Spanish soldiers fighting against the French.³

However, after the spring of 1809 and during most of the two following years, English subsidies to the Spanish patriots were radically reduced, being limited henceforward to small shipments of provisions and arms to Cadiz which were paid for with drafts on the royal treasuries of Mexico.⁴ The bulk of subsidies sent from England for cooperation in the Peninsular War were redirected almost entirely to sustain the British army in Portugal under Wellington's command and to provide succor to Lisbon's population.⁵ As a result, the patriot armies and juntas in war-torn Spain were obliged to seek alternative sources of income. In most of the country,

there was imposed what the historian, Joseph Fontana, has called “immediate taxation”.⁶ The patriot forces had recourse to voluntary or forced provisions supplied by the local population in those areas where resistance continued, and this form of emergency war finance became key for the struggle against the French. In Galicia, Catalonia and Valencia the war was basically financed with forced local taxes, collected by the provincial juntas and military commanders.

On the other hand, in Seville and Cadiz – seats of patriot government in 1809 and 1810-1812- the most importance tax resources were remittances of silver from Spanish America, at least until early 1811. An analysis of government finance at Seville in the year 1809 and of resources available to the armies of Andalusia and Extremadura reveals the critical importance of colonial silver remittances for the patriots in the war’s initial phases. Vicente Alcalá Galiano, treasurer of the Supreme Governing Junta (*Junta Suprema Gubernativa*) in Seville, reported:

"The (financial) assistance from America make up the principal funds that have been applied to the provision, conservation and increase of our armies. The total amount coming from those dominions to the Royal Treasury reached the sum (from January to October 1809) of 295,901,816 *reales*..."⁷

The total income of the governing council and of the Army of Andalusia in 1809 was registered at 388,505,075 *reales* and, of this sum, 75 per cent was made up of silver remittances from the colonies in the Americas.

The Supreme Junta was soon forced to abandon Seville as the political, military and financial situation in southern Spain became increasingly precarious as a result of the advance of the French troops in late 1809 and early 1810. The Napoleonic forces inflicted successive defeats upon the Spanish troops and, inevitably, forced

retreats: the principal divisions of the armies of Andalusia and Extremadura retired south, fighting a rearguard action. In late 1809 they finally abandoned Seville and marched to the port of Cadiz. This city, with its magnificent bay opening on the Atlantic and excellent military defenses, provided the necessary resources for the patriot government as well as army and navy to survive during the years 1810 and 1811 at a time when the Napoleonic occupation reached its zenith in much of the rest of Europe.

Indispensable to the continued resistance against the French armies was the alliance that had been signed with Great Britain in early 1809. Crucially important was the protection offered by the British fleet that anchored in the bay and port of Cadiz. The great concentration of cannon on numerous ships of the line and frigates stationed in the inner and outer bay impeded all attempts by the French forces to cross the extremely narrow peninsula that stretched from the mainland to the port city. Also of fundamental importance was the fact that the British warships facilitated the regular movement of Spanish merchant fleets and warships across the Atlantic, maintaining the vital connections with the colonies in the Americas. As a result, Cadiz remained a bustling trade entrepôt during the war years: British merchants and shippers carried on a great activity there, sending out cargoes of manufactured goods – mainly on Spanish vessels- to the colonies, and receiving in exchange large quantities of silver and tropical produce.

The alliance with Great Britain, therefore, made not only the military but also the commercial and fiscal circumstances in the port of Cadiz more auspicious than might have been expected, given the concentration of thousands of military and political

refugees who arrived there in the first months of 1810. After fleeing from Seville to Cadiz, the members of the Supreme Junta agreed to dissolve as governing council since the military defeats had undermined their legitimacy. Sovereignty was transferred to a Regency Council, but this body was politically weak and did not control significant fiscal resources.⁸ As a result, from January, 1810 authority to collect taxes was transferred to the Cadiz Council (*Junta de Cadiz*) – composed of leading merchants- which effectively administered most public monies for the patriot forces until the end of the year.⁹ The Regency and the Cadiz Council soon proceeded to issue a call for elections to a general representative government for Spain and America, which became known as the *Cortes de Cadiz* (Cadiz Parliament).

A considerable volume of funds were soon accumulated in the coffers of the Cadiz Council as a result of collection of duties on the brisk transatlantic trade but, above all, as a result of the arrival of large fiscal remittances and loans in silver coin sent by the Spanish American colonies. The Cadiz merchants (who were in charge of the fiscal receipts of the patriot government) assumed their responsibilities with enthusiasm as illustrated in the Proclamation to Spanish American (*Proclama a la América española*) published at the beginning of 1810 by the Cadiz Parliament. In it the authors affirmed: “Here is the nerve of the war; here our union with the British nation has been forged”¹⁰

The Cadiz Council sent official notices to Spanish America indicating that the Regency had called on all residents of Spain and its possessions to participate in a National Congress (the Cadiz Parliament to begin sessions in 1810) and underlined

that this political enterprise would be facilitated by the fact that Cadiz had connections with virtually, "all places in America". The text also added that the patriots required as much financial assistance as the Spanish Americans could provide.¹¹

But exactly what was the level of financial resources or disposable income available to the patriot government in Cadiz during 1810? The Count of Toreno, deputy- elect in the parliament and a man well informed on public finance, made a summary of income:

"The entries of the Cadiz Council (*Junta de Cadiz*) during that time (January-October 1810) reached *351 million reales*. Of these about 84 million came from duties collected in the district; in donations and extraordinary charges of the city, 17 million; in loans and other categories 54 million; and, lastly, *more than 195 million from the Americas*."¹²

The testimony of Toreno indicates that more than half of the funds which financed the Spanish government came from colonial remittances: 56 per cent of the total income collected by the Cadiz Council (January-October, 1810) came directly in the shape of remittances from the Indies.¹³

The year 1811 was possibly the most difficult of the entire war for the Spanish patriots as their military forces suffered a string of defeats by the French army. At the same time, the Cadiz government suffered a sharp fall in the income both because of a drop in trade and as a result of the steep reduction in tax remittances and loans from the colonies caused by the outbreak of the wars of independence in several regions of Spanish America.¹⁴ Again, according to the reports of the Count of Toreno, total government income in Cadiz in 1811 scarcely reached 200 million

reales of which 71 million came from taxes sent from the Americas, mostly from New Spain.¹⁵ The Mexican tax silver was transported by the British warships, *Bulwark* and *Implacable*, which carried 62 million *reales*, having loaded the tax monies at the port of Veracruz in early December, 1810 and arriving at Cadiz in February, 1811.¹⁶

In summary, the total remittances sent by the state treasures in Spanish America to Cadiz between the end of 1808 and beginning of 1811 reached almost 30 million silver pesos (around 600 million *reales*).¹⁷ These funds consisted of tax monies and loans: 80% of the total came from New Spain, while the rest was made up of lesser contributions from Peru and other colonies. The clear preponderance of Mexico in silver remittances reinforces the argument previously advanced with regards to its role as a colonial *submetropolis*, even in this critical era, crisscrossed by Atlantic wars and revolutions.

In the pages that follow we look at three aspects of the last great campaign undertaken in colonial Mexico to provide the metropolis with financial assistance. First, we explore how - despite the political crisis in New Spain between July and September 1808- the viceregal government, was able to launch a successful effort to collect donations from all social sectors of the viceroyalty in order to contribute financially to the struggle *against* Napoleon. Second, we analyze specifically why the richest groups of New Spain provided so great a number of loans and supplements for the patriot government at Cadiz in the years 1809-1811. Lastly, we evaluate how important the shipments of Mexican fiscal remittances and loans silver were in relation to the viceroyalty's regular income. These transfers – which amounted to around 25 million pesos – were of two types, consisting of

approximately 10 million pesos in donations and loans, and 15 million pesos in tax funds. For such a huge sum to be sent in less than three years bespoke the persistence and power of the colonial administration, despite the extreme weakness of the metropolis.

The coup against the viceroy of Mexico in 1808 and the first loans for the Spanish patriots

The months of July to September 1808 marked a first moment of crisis for the colonial regime in New Spain, although not its downfall. From the beginning of July, different versions of events transpiring in the metropolis began to circulate in Mexico. Bitter disputes broke out regarding the supreme authority to which the viceroyalty was now subject particularly as the news of the imprisonment of Charles IV and Fernando VII and of the installment of a French administration in Madrid awoke enormous concern. Soon after, the news of the establishment of patriotic juntas in different regions of Spain generated an unprecedented political effervescence in the cities of the viceroyalty, although there were as yet few channels for public expression in colonial society. In the summer of 1808, therefore, great confusion reigned with regard to the legitimacy of the different Spanish juntas since all declared themselves "sovereign". Subsequently, however, the panorama became gradually clearer: from October 1808, the viceregal authorities accepted the sovereign rule of the Supreme Junta at Seville; in late 1809 they recognized the rule of the Regency and from 1810 that of the Cadiz Parliament (*Cortes de Cádiz*).¹⁸

In any case, during the critical months of July and August, 1808, uncertainty about events in the metropolis contributed to political and social agitation. The debates and struggles between the distinct factions of the governing elites in Mexico

City culminated in a coup against viceroy Iturrigaray on the night of September 15, 1808. The movement was financed and promoted by a group of leading Mexico City merchants, headed by the rich entrepreneur, Gabriel de Yermo. Following the abrupt dismissal and imprisonment of Iturrigaray, a military officer, general Pedro Garibay, was named viceroy, a fact which tended to lend tranquility to the hierarchy of the colonial administration and power elites in the capital city, despite a series of local rivalries and conflicts.

The viceroy's arrogance and his poor relations with the powerful merchant guilds of Mexico City and Veracruz between 1805 and 1808 had already caused his isolation from many of the wealthiest members of society.¹⁹ To this should be added the uncertainty and effervescence caused by news of the violent events taking place in Spain in the spring and summer of 1808. Increasingly heated political discussions within the colony reached a new high point in the month of August when virtual autonomy from the metropolis began to be discussed.²⁰

The proposals for autonomy from Spain were anathema to the leading members of the merchant elite of colonial Mexico. They insisted that it was necessary to send financial support to the patriot government at Seville. This position was made explicit in the important meetings of notables on August 29 and September 9 in Mexico City, which were the key antecedents to the coup against the viceroy, who was increasingly accused of wavering between loyalty and treason to the crown.²¹ For the most powerful merchants of Mexico, isolation from the metropolis and/or a modification of the political, social and economic *status quo* within the colony represented a grave danger to maintenance of their privileges,

which were based on the commercial monopoly exercised by guild members.²²

Proclamations of support for Ferdinand VII began to be published in the official Gazeta de Mexico from early August 1808 with offers to organize volunteer companies of militia to sail for Spain and join the struggle against Napoleon.²³ Nonetheless, the official proclamation requesting financial contributions from the Mexican population for the defense of the metropolis was only ratified after the viceroy Iturrigaray had been deposed in early September, 1808, and the struggle for political power in the capital settled with the victory of the wealthy guild merchants. In spite of the growing popular discontent caused by the political *coup* in the capital, the new viceroy, general Pedro Garibay, began to collect a great quantity of funds, sending them to the metropolis. The explicit objective was to provide financial resources for the struggle of the patriots against the French armies and, at the same time, to shore up the shaky edifice of the Spanish imperial state.

Among the first corporations that made haste to express its loyalty was the Mexico City Mining Tribunal (*Tribunal de Minería*). The wealthy miners offered to finance the casting of 100 canons in Mexico to be sent to the Iberian peninsula.²⁴ They also promised to cover the salaries of eight battalions of 80 soldiers each, including a set of non commissioned officers, selected and trained from students at the famous Mexico City School of Mining.²⁵

Almost simultaneously, the church hierarchy joined the campaign to raise funds for the Spanish patriot armies. The Archbishop and the Mexico City cathedral council donated 80,000 pesos in September, encouraging other prelates to offer

large sums. On September 13, 1808, the Archbishop, Francisco de Lizana, publicly exhorted the inhabitants of the viceroyalty to combine patriotism and Catholicism to sustain the Spanish government in the struggle against Napoleon, who –he argued- intended to “subvert religion, monarch and laws” in the mother country²⁶. Lizana encouraged Mexicans to contribute to the defense of the Catholic religion, stating that if the French were not expelled from the Peninsular, there could be untold consequences for New Spain itself:

“ The humble Indian, who honors with a candle the Saint that defends his home, as well as the wealthy Mexican who enjoys using his wealth for sumptuous events dedicated to the Virgin of Guadalupe,...will find themselves forced to submit to the martial spirit and philosophy ...(of the French invaders)...²⁷

Mexican silver for defence of the metropolis: the donation of 1808-1809

On October 4, 1808, viceroy Garibay, published an official petition addressed to the inhabitants of New Spain asking them to provide resources to sustain the Spanish in their war against the French. His edict suggested that the money would be sent in the name of the king to Junta at Seville and ordered the formation of “associations of bodies, communities or guilds” to collect the funds. Initially, there was certain confusion about the specific nature of the first contribution, but it was soon confirmed to be a *universal donation*. From November 1808 onwards, the Gazeta de Mexico regularly published lists of the donors and amounts they had contributed. The majority of the initial contributors were from the capital city and surrounding zones.

By November, almost half a million pesos had been collected from different social groups and regions, and over the next two years additional amounts were added in successive campaigns, resulting in a total donation of more than 2 million pesos.²⁸ The detailed lists sent to Mexico by the functionaries in charge of collecting monies demonstrate that all categories of colonial society contributed: merchants, mine owners, landowners, bureaucrats, military officers and soldiers, diverse sectors of urban society and hundreds of Indian peasant communities, which made contributions through their communal funds.²⁹

In December 1808, the Guadalajara Merchant Guild published a manifesto urging the local population to donate to Spain, offering its services as collection agency and dispatcher. The rhetorical language utilized by the Guadalajara merchants was intended to awaken both the fear and the generosity of contributors, denouncing the “monster Napoleon”, who after usurping Spain’s dominions had taken harsh measures against the patriots. A literary note was added to the manifesto to add to the alarm:

“He (Napoleon) has ordered his generals that one hundred thousand Spaniards be sent to him, tied two by two with iron rings on their wrists.... and has threatened to exterminate with blood and fire all towns that resist the completion of so inhuman orders...”³⁰

But militant propaganda was not enough to create a climate appropriate for the collection of new donations. In order to win over converts to the cause of the struggle against Napoleon, the colonial government declared the definitive suspension of the Consolidation Fund in New Spain.³¹ The viceroy, the judges of the

Royal Tribunal (*Real Audiencia*) and other high officers – debated this measure, making the decree public by the end of the month. This naturally produced a rapid improvement in government-Church relations and also alleviated the pressure on thousands of property owners who had debts with the Offices of Pious Works. (*Juzgados de Obras Pías y Capellanías*).

The reconciliation between ecclesiastical and civil powers was manifest in the collection of the donation in 1808 and 1809. For example, in Puebla de los Angeles, the second largest city in the viceroyalty, the local bishop quickly offered to donate 50,000 pesos on October 11, 1808 for “the urgent needs of the Spanish Peninsula” and, on the same day, announced a contribution for the same amount from the Puebla Cathedral Council. During October and November the wealthier inhabitants of the city, above all merchants, contributed an additional 35,000 pesos.³²

The campaign to collect the donation was soon extended the length and breadth of the viceroyalty. In Guanajuato, the Mining Delegation (*Diputación de Minería*) offered to donate a silver peso for each hundred pounds of mercury used in the work of the silver mines “for as long as the war lasted”. At the same time, a group of forty of the wealthiest proprietors (mostly silver miners) of San Luis Potosí offered a donation of 10,000 pesos while the municipal council (*ayuntamiento*) contributed 2,021 pesos and merchants donated 3,268 pesos.³³

As in previous donations, the financial campaign was also promoted in rural villages. Great numbers of documents and lists have been conserved of the donations sent by estate administrators, rural traders and above all, by tax officials

and priests who were responsible for the collection in the peasant communities. It should be noted, however, that while the donations of 1808-1810) were initially intended as voluntary contributions for the mother country, the application of coercive measures was common. Tax officials raided the community treasuries of hundreds of peasant towns, which were precisely those least prepared to contribute to the crown. The drainage of funds left them at the mercy of the terrible, agrarian crisis which devastated the countryside in 1809 and the consequent wave of lethal epidemics which swept through Mexico during that year.³⁴

Despite the misfortunes of hundreds (if not thousands) of Indian peasant villages, the tax officials continued their efforts to collect resources and insisted that contributors should explicitly declare their payments as voluntary.³⁵ This was the case in dozens of Indian peasant villages around Veracruz, as illustrated by the following extract from a letter sent by the sub-delegate there on November, 24, 1808:

"The governor of the town of San Miguel de Texistepeque, his republic and other Tlatoques (chiefs) say that ...they freely, with thanks and spontaneously and without any advantage, contribute to our Sovereign by donation of all the funds in their ownership...."³⁶

Detailed studies of the government fiscal offensive to appropriate peasant resources have been published by historians Marta Terán and Iván Franco on the Intendancy of Valladolid de Michoacán that demonstrate how fiscal demands intensified.³⁷ Iván Franco provides a precise account of the contributions and donations which indicates that in Michoacán, during the years 1808-1809, 42 per cent of the donated funds came from 149 Indian communities followed by ecclesiastical institutions (38 percent), while the landed proprietors – creoles and Spanish - scarcely contributed 8 per cent of the 207,000 pesos collected in the

region.³⁸

To save crown and commerce: merchant loans from Mexico for the Spanish patriots, 1809-1811

The financial demands of the metropolitan government, 1808-1811 weighed upon the entire society of colonial Mexico but there were certain social sectors that participated enthusiastically. In particular, the wealthiest merchants of Mexico City and Veracruz lent large sums quickly and repeatedly between 1808 and 1810. This participation was clearly not a matter of coercion but of *collaboration* by the key sectors of New Spain's elite, almost certainly because of their desire to maintain secular political privileges and economic oligopolies.

It may be presumed that this enthusiasm reflected the fact that after the coup against Iturrigaray, the capital city's merchant elite had assumed the real power behind the viceregal throne. If we consider how important it was for the great Mexican merchants to maintain control of trade with the metropolis and, in particular, with Cadiz, the great entrepot of colonial trade, then their willingness to collaborate with large sums of money in the official financial war campaigns can be readily explained. In fact, maintenance of this vital transatlantic connection was indispensable to the survival of much of their business activity and of the privileges of the merchant guilds, which as many old regime corporations- assured control of key business opportunities. If the Spanish government should disappear as a result of the Napoleonic onslaught and if Mexican ports should be opened to free traffic from other countries – in particular from England and the United States – this would

radically alter the status quo. It would probably lead to the end of the secular trading oligopolies that the rich Mexico City guild merchants had exercised for more than two centuries.³⁹

There is, therefore, little mystery with regard to the size of the financial contributions of the Mexican colonial plutocracy to the metropolis in the critical years of 1808-1810. Initially, however, loans made up only a small part of the remittances sent from Veracruz to Cadiz to help finance the war against France. Between August 1808 and August 1809 the astounding, amount of over 14 million pesos was shipped to Cadiz but most of this sum consisted of accumulated tax reserves, plus a donation collected during that year and four million pesos from the offices of the Consolidated Fund in the viceroyalty.⁴⁰ Subsequently, however, as tax reserves became depleted, the largest contributions did come in the way of loans from the wealthy Mexican merchant oligarchy and silver miners.

In July 1809, the new viceroy, Archbishop Lizana, received orders from the Spanish minister of finance "to send 3 million pesos to pay drafts owed to the British government".⁴¹ These bills were receipts that the Regency in Seville had delivered to British diplomats in Spain in exchange for the money and arms supplied from London to the first Spanish juntas for their struggle against Napoleon in the initial months of resistance. Historian Luis Jáuregui has described the negotiations:

"A few days later, the first agent of the British government sent to New Spain arrived at Veracruz. On July 22 (1809) Alexander Cochrane-Johnston (the English naval officer who arrived in Veracruz) began negotiations with the new viceroy Lizana "to receive the 3 million pesos that England had lent Spain during the first months of their alliance and with a license to export the silver destined for the English treasury."⁴²

Given the scarcity of hard cash in the coffers of the royal treasury in Mexico City,

viceroy Lizana asked wealthy Mexicans for a loan by means of an edict published on August 5 which called upon the inhabitants of the viceroyalty to show their "patriotism, loyalty, love and virtuous sentiment" to help "the most sacred cause that any nation has been called on to defend until now."⁴³ It was a notable success. By the end of August more than 3 million pesos (equal to 3 million dollars) had been collected as a patriotic loan, with the greatest amounts provided by the leading merchant houses of Mexico City. Among the wealthy contributors were Antonio Bassoco who loaned an impressive 200,000 pesos; the brothers Francisco and Alonso Terán with an equal amount; Tomás Domingo Acha for 150,000 pesos; Sebastian Heras, 100,000 pesos; Gabriel Yturbe, 100,000; the Count de la Cortina 50,000, and Gabriel de Yermo, 50,000. Another 50 merchants contributed with amounts that ranged between 10,000 to 50,000 pesos, and dozens more with lesser contributions. Such large sums bespoke the great wealth of the Mexican oligarchy, which in terms of capital assets rivaled the largest contemporary mercantile fortunes in Europe.

The close collaboration between the government and the mercantile elite was reconfirmed by the successful issue of various emergency loans requested in the months of December 1809, July 1810, and December, 1810, on arrival of Spanish and British warships at Veracruz. The ships had come with the express purpose of transporting treasure to assist the Spanish patriot government in Cadiz. The loans were solicited because of temporary scarcity of tax funds in the Mexico City and Veracruz royal treasuries but in these cases no interest payments were promised. The viceroy requested the great merchants to make short term advances since they

were the only individuals who had large quantities of precious metal at their immediate disposal.

The first of the emergency loans was requested in December 1809 on arrival at Veracruz of the Spanish war frigates *Asia* and *Algeciras*, which brought peremptory orders to load all the silver that was available in the royal treasuries. The viceroy called for a series of meetings “of the principal residents of this capital” to solicit their help in collecting one million and a half pesos in less than two weeks. The major contributors, as was customary, were members of the merchant guild of the capital, among them Antonio Bassoco (who again advanced 200,000 pesos and was awarded the title of Count of Bassoco), Gabriel Yturbe e Iraeta (100,000), Tomás Domingo de Acha (150,000) and the Count de la Cortina (50,000) followed by 65 individuals who provided amounts ranging between 2,000 and 20,000 pesos.⁴⁴ These merchant/investors, however, were not risking their capital. The government promised that when tax funds arrived at the treasuries, they would be quickly reimbursed. This was confirmed three months later in an article published in the recently-founded newspaper, the *Diario Mercantil de Veracruz*, which called all parties with an interest in the interest free loan to turn up on March 7, “ at the offices of the royal treasury to receive the value of half the amount that each one had lent”.⁴⁵

Six months later, in July 1810, the viceroy asked again for a second emergency loan when the British warship, *Bulwark*, anchored in Veracruz. The captain, Charles Fleming, traveled by horse and carriage to Mexico City, carrying instructions from the Spanish minister of finance, the Marquis de Hormazas, authorizing him to load “whatever wealth, products and effects are ready for

shipment and transfer them to this Peninsula."⁴⁶ On this occasion the sums collected for the loan were less substantial, amounting to 550,000 pesos, to which sum was added an important quantity of tax revenues accumulated in the capital city's treasury.⁴⁷

Finally, at the end of November 1810, another British warship, the *Implacable*, arrived with instructions to load a million and a half pesos for the patriot government at Cadiz. The ship's captain, George Cockburn, insisted that viceroy Venegas gather all possible treasure urgently in order to aid the Spanish and British armies waging battle at that very moment against Napoleon's troops.⁴⁸ The viceroy collected all the funds available including 900,000 pesos from the tobacco monopoly, 500,000 pesos from the Mexico City Mint, and a relatively small donation of 88,000 pesos, collected between September and November.⁴⁹

At the same time, the viceroy decided to approach the Mexico City Merchant Guild to contribute to another new short-term loan, emphasizing the "urgency of sending aid" to the Spanish patriot government. In fact, the correspondence of the viceroy reveals that his intention was not to ship the money but to replenish the already depleted colonial treasury. Nonetheless, the wealthier merchants did not hesitate to co-operate. Not surprisingly, the biggest contributor was Antonio Bassoco, once again advancing the colossal individual sum of 200,000 pesos although other merchants were not far behind such as Ramón Fernández (100,000), the Count de la Cortina (100,000), Pedro Echeverría (100,000) and Tomás Acha (100,000). They were followed by another 60 merchants who contributed smaller amounts, for example Pedro Alles (25,000), the Marguis de Inguanzo (25,000), José

Vicente Olloqui (20,000) and Diego de Agreda (30,000).⁵⁰

In the case of short-term loans it was assumed that the lenders would be reimbursed quite quickly. On the other hand, providing long-term credit in late colonial Mexico was more risky, which made investors wary and evidently made it more difficult for the government to collect money with speed. This was the case of the enormous 20 million peso patriotic loan requested by the Central Junta of Spain on January 10, 1810. The first negotiations for this huge credit began in early May in Mexico City but collection was delayed for several months. The exorbitant loan surpassed the capacities of both society and government and was severely criticized by different members of the elite, in particular, Bishop Abad y Queipo who considered that the funds could only be obtained by exercising unheard of pressure on the population.

Government officials in Mexico City, nevertheless, were confident that the great loan could be collected successfully “through the merchant guilds of Mexico, Guadalajara and Veracruz”. To entice investors, higher interest rates were offered, and the merchant guilds were named as intermediaries to obtain subscriptions. [For details see Appendix II.2.] They were also offered receipts from an increase in sales tax (*alcabalas*) charged at Acapulco as well as other tax income. Two members of each merchant guild in the viceroyalty attended the first meeting to discuss the loan on May 19, 1810 in Mexico City: Gabriel de Yermo and the Count de la Cortina from the Mexico City guild; José Ignacio de la Torre and Pedro Miguel Echeverría from the Veracruz merchant guild; and Juan José Cambero and Eugenio Moreno de Texada, representing the Guadalajara guild. They agreed not to publish the

proclamation until September 25, when the viceroy formally charged the three merchant guilds to proceed with the subscription. Nevertheless, investment was extremely slow. By the end of 1812, only 983,000 pesos had been collected, mainly subscribed by ecclesiastical corporations (contributing mostly silver ornaments) and individual investors, many of whom deposited family silverware in the government treasuries.⁵¹ These extraordinary contributions suggest the marked scarcity of hard currency which had begun to affect even the wealthiest sectors of Mexican society.

This last loan exhausted both the patience and possibilities of further contributions for the metropolis by New Spain's propertied class. Its failure was confirmed by the testimony of Bishop Abad y Queipo, one of the most lucid and informed minds on colonial financial matters. Responding to the requests of the merchant guilds to lend money, the skeptical bishop remarked that he did not believe the 20 million peso patriotic loan could be paid back:

"it would seem impossible to me that it can be realized completely or in part. Not completely because there is not enough hard cash in the kingdom to cover it without taking all the silver from the churches and all the silverware that is the property of individuals, both of these dangerous methods in the critical circumstances in which we find ourselves."⁵²

For Abad y Queipo the Mexican economy simply could not provide more money to the state: the catastrophic agrarian crisis (1809) had caused a steep drop in agricultural production; trade was increasingly stagnant and money was becoming scarce in all regions. Except for "some ten or dozen mercantile houses in the cities of Mexico and Veracruz", traditional credit networks had been devastated:

"We see all commerce constrained, bills delayed, and nobody able to make the stipulated term payments on credits... All this is the effect of the impolitic and ruinous contributions and other extraordinary extractions

that have left the viceroyalty without savings and without the necessary cash for business and trade.”⁵³

The viceroyalty of New Spain, however, faced not only an economic recession but also an imminent political crisis. The outbreak of popular insurrection in Guanajuato in September, 1810, led by the revolutionary priest, Miguel Hidalgo, marked the start of ten years of violent and extensive conflict throughout Mexico, later known as the wars of independence. Subsequent to the outbreak of domestic warfare, further attempts to seek financial support for the metropolis were bound to be much more difficult. As Luis Jáuregui, has argued, the insurgency made dispatch of funds to Spain almost impossible. The patriot subscription of March 1811 was the last used to exclusively support peninsular troops and hence, the colonial administration focused its efforts- financial and military- on defense of royalist positions within the viceroyalty itself.⁵⁴

The importance of the flows of Mexican silver to Spain between 1808 and 1811

In this essay we have argued that it is important not to underestimate the astounding volume of silver sent to Cadiz between late 1808 and early 1811. This fact has been not been adequately appreciated by traditional nor by most modern historiography. In the short period between October 1808 and February 1811, the value of official remittances to Spain from Mexico amounted to 24 million silver pesos, an average of almost one million pesos per month. This was approximately half of the total amount of silver minted in the viceroyalty, to which should be added the considerable sums exported on private account, especially by the great merchants of Mexico City and Veracruz who were desperate to recover their control

of transatlantic trade.⁵⁵

The enormous transfers of coin were critical for the financial sustenance of the Spanish patriot armies and administration in Andalusia as they struggled to contain the advance of Napoleon's troops. In this sense, the viceroyalty of New Spain performed a key role in defending the mother country against the French invaders. Without Mexican silver, neither the Regency nor the government of the Cortes of Cadiz could have survived the powerful offensive of the Napoleonic army, particularly during the terrible years of 1809 to 1811.⁵⁶

The information presented here on the volume of Mexican silver remittances calls for a revision of the interpretation of such influential historians as Josep Fontana who have argued that the Spanish American contribution was substantial but not decisive to the war effort of the patriots.⁵⁷ Fontana argues correctly that in Catalonia, Valencia and northern Spain, patriot resistance against the French invaders was financed locally. However, the situation was different in Andalusia where the seat of patriot government remained throughout the war. What is clear from the data we have presented in this chapter is that during the three years, 1809-1811, the treasuries of the patriot forces at Seville and Cadiz would have collapsed had it not been for the numerous shipments of silver from the colonies. These funds were successively destined to the sustenance of the Supreme Junta, the Regency and the Cadiz Parliament, as well as the armies of Andalusia and Extremadura. Without this transatlantic financial assistance their destiny would have been highly in doubt.

¹ A detailed evaluation of income data for the Cadiz Parliament is found in C. Marichal, "Beneficios y costes fiscales las remesas americanas a España, 1760-1814" in *Revista de Historia Económica*, 1997, xv, no. 3, pp. 475-505." However, Josep Fontana argues that the patriot resistance in the rest of Spain did not receive much support from the government at Cádiz but rather had to rely on local resources. See Josep Fontana, 'La financiación de la guerra de la independencia', *Hacienda Pública Española*, 69, 1981, pp. 209-217; and Josep Fontana and Ramón Garrabou, *Guerra y Hacienda: la Hacienda del gobierno central en los años de la guerra de independencia 1808-1814*, (Alicante: Instituto Juan Gil Albert, 1986).

² José Canga Arguelles, *Observaciones sobre la historia de la guerra de España que escribe en inglés el teniente coronel Napier*, (Madrid:1835-1836), vol.1, p. 149 and vol. 2, p. 304, gives the distribution as the following: 18 million *reales* to the junta of Asturias, 20 million each to the juntas of Seville and Coruña and 10 million to the junta of León. See J. Sherwig, *Guineas and Gunpowder*, p. 198, for data on the first series of subsidies paid between June and August, 1808.

³ J. Canga Arguelles, *Observaciones sobre historia de la guerra*, vol.1, doc.57, pp.253-257. Sherwig, *Guineas and Gunpowder*, pp.199-200, 222, 227, 249, 251, provides additional information on British shipments of military supplies to the Iberian peninsula.

⁴ The Spanish minister of Finance, José Canga Arguelles, stated that letters of credit worth 3 million pesos were sent by the Duque del Infantado to be paid by the Mexican royal treasures and to delivered in Veracruz to Admiral Cochrane: J. Canga Argüelles, *Observaciones sobre historia de la guerra*, vol.2, p. 307. Lucas Alamán, *Historia de México*, vol.1, p.301, includes reference to the splendid reception for Cochrane on his arrival in Mexico in 1809 owing to his reputation as a distinguished British admiral, who had supported the Spanish cause.

⁵ J. Canga Argüelles, *Observaciones sobre historia de la guerra*, vol.3, pp.135-260 includes important commentaries and documents about this issue, which should be compared with Sherwig *Guineas and Gunpowder*, pp.199-250.

⁶ J. Fontana, 'Financiación de la guerra de independencia', p. 216.

⁷ Vicente Alcalá Galiano, *Informe del Tesorero General en ejercicio Don Vicente Alcalá Galiano, sobre la representación que la Junta Superior de Valencia hizo en 15 de septiembre de este año a la Suprema Gubernativa del Reino, reclamando la real orden de 20 de agosto anterior, en que se reencargaba el cumplimiento de las reales instrucciones en la distribución de los caudales del erario*, (México, Reprinted at Casa de Arizpe, 1810), p.6. The equivalent figure is 14.7 million silver pesos at the rate of exchange (20 *reales* = 1 silver peso) used by the minister of Finance Canga Arguelles, in 1811.

⁸ The Regency Council was constituted by the Bishop of Orense, Pedro de Quevedo, the senior officials Francisco de Saavedra, Francisco Xavier de Castaños and Antonio Escaño and the cleric Miguel Lardizabal y Uribe (representative for America).

⁹ The contract between the Regency and the *Junta Superior de Cadiz* was established on 31 March 1810. See the interesting document, '*Real aprobación y decreto de S.M. sobre el Reglamento que la Junta Superior de Cadiz propuso, haciéndose cargo provisionalmente en su distrito de todas las rentas de la Corona y su Dirección*', 8 page pamphlet, (Cadiz, reprinted in Mexico, 1810), copy in the Collection Lafragua, no. 182, Biblioteca Nacional (BN) (Mexico).

¹⁰ *Junta Superior de Cádiz a la América Española*, [Cádiz, 28, February 1810], Doc. 393, Collection Lafragua, BN (Mexico), p.6.

¹¹ *Ibid*, pp.6-7: In the same document it was stated: "Cadiz calls on you (*os*), peoples of America and is confident its voices will be heard... In which city, in which port, in what remote and hidden place does not

Cadiz have a correspondent, a parent or a friend? Oh, Americans! You have to defend the same rights, the same king to liberate, the same injustices to correct..."

¹² Conde de Toreno, *Historia del levantamiento, guerra y revolución de España* (first edition published 1835), reed., Madrid, Biblioteca de Autores Españoles, 1953, p. 306. [The italics in the quote are mine.]

¹³ These proportions coincide with those of the historian Timothy Anna who noted that in the last two months of 1810, the treasury income at Cadiz amounted to 56.7 millions of reales, "of which 30.5 million, or 54 per cent, arrived from America." Timothy Anna, *España y la independencia de América*, (Mexico: Fondo de Cultura Económica, 1986), p.111.

¹⁴ J.Fontana and R. Garrabou, *Guerra y Hacienda*, p.81 state: "1811 was the worst year of the war" and affirm that fiscal situation entered a very grave crisis at this time but offer few figures regarding the evolution of taxes at this time.

¹⁵ Timothy Anna, *España y la independencia de América*, (Mexico: Fondo de Cultura Económica, 1986), pp.116-117, comments upon Toreno's estimates which are similar to those of finance minister José Canga Arguelles, *Memoria presentada a las Cortes Generales y Extraordinarias sobre las rentas y gastos de la Corona*, (Cádiz: Imprenta Real, 1811). J. Fontana and R. Garrabou, *Guerra y Hacienda*, p. 80, write that in 1811 the Cadiz government received 83 millions of reales from America, 73 millions of reales in taxes, and 10 millions in letters of credit against Lima's treasury (caja): they calculate the Cadiz government's total income in that year was approximately 200 millions of reales.

¹⁶ For a list of shipments arriving to Cadiz with tax silver from Spanish America see our Table IV.1 in our book *Bankruptcy of Empire*, Cambridge University Press, 2007..

¹⁷ The total of tax remittances that arrived from the Americas to Cadiz between January 1809 to the beginning of 1811, as registered by Canga Arguelles (see Table VII-1) reached 29,378,027 silver pesos [equivalent to 587,560,544 *reales*] while the income for Seville's general treasury and Cadiz' treasury, registered as arriving from Americas was 591.4 million *reales*. This close correspondence is indicative of the reliability of the data.

¹⁸ For details see L. Alamán, *Historia de México*, chapters 4 and 5 and Lawrence Black, 'Conflict among Elites: The Overthrow of Viceroy Iturrigaray, Mexico 1808', unpublished Ph.D. thesis, Tulane University, (1980).

¹⁹ L. Black, 'Conflict among Elites' describes Iturrigaray's alliances with different sectors of the elite, (particularly the rich mine owners) which are contrasted with his disputes with the merchants.

²⁰ The classic account is that of L. Alamán, *Historia de México*, vol.1, who describes the debates during August and the beginning of September between the viceroy, the municipal government and the Court (Audiencia) and other notables on the convenience of convening a general congress or assembly to discuss the political destiny of the Viceroyalty, step by step.

²¹ Fray Servando de Mier, *Historia de la Revolución de Nueva España*, ed. original, Londres, 1813,(reed. Mexico, Fondo de Cultura Económica 1986) books iii and iv. It was argued, on the one hand that the viceroy was an ally of the French and, on the other, that he favored independence from Spain.

²² For an analysis of the privileges of the Mexico City Merchant Guild see, G. Valle Pavón, 'Consulado de Comerciantes', *passim*.

²³ *Gazeta de México*, August 3 and 6, 1808. It should be noted that these proclamations had already begun to be distributed in Cuba in mid July when the Capitan-General, Marqués de Someruelos, requested donations for Spain. See the pamphlet, Proclama. Habitantes de la Isla de Cuba, hijos dignos de la generosa nación española, Havana, 17 July,1808, 4 pages., Fondo Reservado 165/LAF, BN (Mexico).

²⁴ E. Flores Clair, *Las deudas del Tribunal de Minería, 1777-1823*, Mexico, Instituto Nacional de

Antropología e Historia, 1996. p.15, notes that the Tribunal de Minería contributed 200,000 pesos for casting the canons.

²⁵ A long article in the *Gazeta de México*, Supplement, August 6, 1808, vol.xv, no.74, pp.543-545, explains this proposal.

²⁶ "Exhortación del ilustrísimo Sr. D. Francisco Xavier de Lizana y Beaumont en que se manifiesta la obligación de socorrer a la Nación Española en la actual guerra con la Francia", [Exhortation of the illustrious Sr. Don Francisco de Lizano and Beaumont in which he shows the obligation to aid the Spanish nation in its current war with France], (México, 13 September, 1808), 4 page pamphlet, Fondo Reservado, Colección Lafragua, BN (Mexico).

²⁷ Ibid. p.2.

²⁸ The *Gazeta de México* published the lists daily between late 1808 and early 1811.

²⁹ For more details about this donation see details in our Appendix 3.1.

³⁰ Juan E. Hernández y Dávalos, *Historia de la guerra de independencia de México*, 5 vols., (Mexico: Instituto Nacional de la Revolución Mexicana, 1985), vol.1, doc. no. 254, p.641.

³¹ This measure had been announced by Iturrigaray at the end of June but, in practice, collections for the Consolidation continued for several more months. The order regarding the "absolute cessation of the Consolidation Fund from 26 December 1804 concerning expropriation of church and the surrender of mortgages (*fincas pías y redenciones de censos*)..." was published in the *Gaceta de México*, 26 October, 1808, pp.823-824.

³² AGN, *Donativos y Préstamos*, vol.11, exp.5, fs.51-68.

³³ The detailed lists of donations, 1808-1810, are to be found in various sections of AGN, *Donativos y Préstamos*; for example, for Guanajuato, vol.12, fs. 207-215. For San Luis vol. 4, exp- 38, fs. 137-144.

³⁴ On the 1809 agrarian crisis see Enrique Florescano and Victoria San Vicente, eds. *Fuentes para la historia de la crisis agrícola (1809-1811). Selección documental*, (Mexico: UNAM, 1985). There are also important considerations in Brian Hamnett, *La política española en una época revolucionaria*, (Mexico: Fondo de Cultura Económica, 1985), chapter 4.

³⁵ See Luis A. Jáuregui, "La anatomía del fisco colonial: la real hacienda de la Nueva España, 1784-1821", P.h.D. thesis, Mexico, El Colegio de México, 1994, chapter 6, pp. 246-48, for a synthesis of the formulas employed by finance officials to evaluate the sums available in the community treasuries.

³⁶ AGN, *Donativos y Préstamos*, vol. 12, f.66.

³⁷ Marta Terán, 'Muera el mal gobierno: las reformas borbónicas en los pueblos michoacanos y el levantamiento indígena de 1810', P.h.D. thesis, Mexico, El Colegio de México, (1995) and I. Franco, 'La Intendencia de Valladolid'.

³⁸ Iván Franco, "La Intendencia de Valladolid de Michoacán, 1787-1809. El proceso de formación del poder civil en una región de la Nueva España", Master's thesis, El Colegio de Michoacán, 1995., p.346.

³⁹ Detailed analysis of the mercantile and fiscal privileges of the powerful merchant guild see the doctoral thesis of G. Valle Pavón, "El Consulado de Comerciantes de la Ciudad de México y las finanzas novohispanas, 1592-1827", P.h.D. thesis, Mexico, El Colegio de México, 1997.

⁴⁰ The resumption of silver shipments to Spain in the English war ships, *Diamante* and *Melpómene* that

left Veracruz in December 1808 were effected principally with funds from the Mexico City Mint although a part of the monies also came from the tobacco monopoly. See L. A. Jáuregui, 'La anatomía del fisco colonial', pp. 250-251. Later, at the beginning of 1809, the war ship *San Justo* set sail for Cadiz, loaded with funds of the Consolidation Fund: see A. Lavrin, 'Execution of the Laws'.

⁴¹ L. A. Jáuregui, 'La anatomía del fisco colonial', p.252, who cites the *Gazeta de México*, 12 July, 1809.

⁴² L. A. Jáuregui, 'La anatomía del fisco colonial', p.252.

⁴³ The loan was authorized by the Seville Supreme Junta in March 1809, so we may suppose that the official instruction was received by the viceroy in June. The viceroy delayed its proclamation for unknown motives. AGN, *Donativos y Préstamos*, vol.3, fs. 16-17.

⁴⁴ See *Gazeta de México*, December 2, 6, 9 and 13, 1809, for the complete list of contributors.

⁴⁵ The Merchant's Guild of Veracruz was responsible for the payments being liquidated "by presenting a guarantee in his favor (the moneylender) with a signed receipt on the reverse": *Diario Mercantil de Veracruz*, 6 de marzo de 1810, BN (Madrid), sección de raros, R/60136.

⁴⁶ The correspondence on Fleming's visit to Puebla and Mexico City in AGN, *Archivo Histórico de Hacienda*, Vol.766, exp. 1, s/f.

⁴⁷ After departing from Veracruz, the *Bulwark* called at Havana where it probably collected additional sums, arriving at Cadiz on 19 December 1810 with 1,566,244 pesos of American silver: J. Canga Argüelles, *Observaciones sobre la historia de la guerra*, vol.1, p.162.

⁴⁸ In one of his letters to the viceroy, Cockburn called attention to the recent victory of Wellington over troops commanded by the French general, Massena. It should be noted that the anxiety of the English captain to load more wealth, was not disassociated from the fact that all British naval commanders usually charged between 1 and 2 per cent commission on shipments of silver to Europe. For the correspondence of Cockburn with the viceroy see AGN, *Marina*, vol. 144, fs. 254-255. For a discussion of the commissions see G. Jiménez Codinach, *Gran Bretaña y la independencia de México*, cap.4.

⁴⁹ Documentation about the origins of the funds sent in the *Implacable* are to be found in AGN, *Marina*, vol. 144, fs. 253-265.

⁵⁰ The complete lists were published in the *Gaceta de México*, 7 and 11 December, and supplements.

⁵¹ The texts of the Royal Order and documents of the Council (*Junta*) are published in Juan E.Hernández y Dávalos, *Historia de la guerra de independencia*, vol.2, doc.'s 14 y 15.

⁵² Cited in J.M.L. Mora, *Crédito Público*, Mexico, UNAM, 1986. Facsimile of the first edition published at París, 1837], p.143.

⁵³ *Ibid.* p.143.

⁵⁴ L. A. Jáuregui, 'La anatomía del fisco colonial', p.266. Nevertheless it should be observed that L. Alamán, *Historia de México*, vol. 2, pp. 235- 236, affirmed that the last loan for the peninsula was in August 1811.

⁵⁵ For details on private versus royal remittances in these years see Appendix Table VI.1.

⁵⁶ The issue is analyzed in C. Marichal, 'Beneficios y costes fiscales'.

⁵⁷ J.Fontana and R. Garrabou, *Guerra y Hacienda*, p.97 state that between 1809 and 1814 the patriot government collected some 1,500 million reales of which around 600 million came from American remittances, abundant up to 1810 but in rapid decline after 1811. However it is more pertinent to focus on the contrast between periods; in 1809-1811, total income was 1,000 million reales, of which 60 per cent came from the Americas; while in 1812-1814, according to Fontana, income was 500 million of which scarcely 5 per cent were funds from the colonies.

