

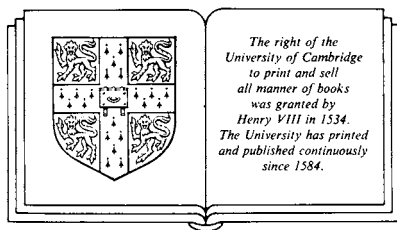
# THE INDEPENDENCE OF LATIN AMERICA

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## CONTENTS

<i>List of maps</i>	page vi
<i>Preface</i>	vii
1 The origins of Spanish American Independence	I
JOHN LYNCH, <i>Director of the Institute of Latin American Studies and Professor of Latin American History, University of London</i>	
2 The Independence of Mexico and Central America	49
TIMOTHY ANNA, <i>Professor of History, University of Manitoba</i>	
3 The Independence of Spanish South America	95
DAVID BUSHNELL, <i>Professor of History, University of Florida</i>	
4 The Independence of Brazil	155
LESLIE BETHELL, <i>Professor of Latin American History, University of London</i>	
5 International politics and Latin American Independence	195
D. A. G. WADDELL, <i>Professor of Modern History, University of Stirling</i>	
A note on the Church and the Independence of Latin America	
LESLIE BETHELL	227
<i>Bibliographical essays</i>	223
<i>Index</i>	253

## MAPS

Colonial Spanish America <i>c.</i> 1800	<i>page</i> 4
Mexico on the eve of independence	50
The wars of independence in Spanish South America: the northern theatre	110
The wars of independence in Spanish South America: the central theatre	120
Colonial Brazil, <i>c.</i> 1800	157

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## THE ORIGINS OF SPANISH AMERICAN INDEPENDENCE

Spain was a durable but not a developed metropolis. At the end of the eighteenth century, after three centuries of imperial rule, Spanish Americans still saw in their mother country an image of themselves. If the colonies exported primary products, so did Spain. If the colonies depended upon the merchant marine of foreigners, so did Spain. If the colonies were dominated by a seigneurial elite, disinclined to save and invest, so was Spain. The two economies differed in one activity: the colonies produced precious metals. And even this exceptional division of labour did not automatically benefit Spain. Here was a case rare in modern history – a colonial economy dependent upon an underdeveloped metropolis.

During the second half of the eighteenth century Bourbon Spain took stock of itself and sought to modernize its economy, society and institutions. Reformist ideology was eclectic in inspiration and pragmatic in intent. The starting point was Spain's own condition, especially the decline in productivity. Answers were sought in various schools of thought. The ideas of the physiocrats were invoked to establish the primacy of agriculture and the role of the state; mercantilism, to justify a more effective exploitation of colonial resources; economic liberalism, to support the removal of restrictions on trade and industry. The Enlightenment too exerted its influence, not so much in new political or philosophical ideas as in a preference for reason and experiment as opposed to authority and tradition. While these divergent trends may have been reconciled in the minds of intellectuals, they help to explain the inconsistencies in the formation of policy, as modernity struggled with tradition.

The principal aim was to reform existing structures rather than design new ones, and the basic economic objective was to improve agriculture

rather than to promote industry. The great population growth of the eighteenth century pressed relentlessly on land. The number of Spaniards increased by some 57 per cent, from 7.6 million at the beginning of the century to 12 million in 1808. Rising demand for agricultural products, both in Spain and on the international market, pushed up prices and the profits of landowners. At the same time the growth of the rural population caused a greater demand for land, and rents began to rise even higher than prices. Now more than ever it was vital to improve techniques, commercialize production, and remove obstacles to growth. The corn laws of 1765 abolished price ceilings on grain, permitted free trade within Spain and exports except during dearth. In 1788 landowners were given the right to enclose their lands and plough up grazing land. There was a limited distribution of royal, municipal and even church land. And the regulations of *comercio libre* from 1765 removed the worst restrictions on trade with Spanish America.

Economic improvement did not lead to great social change. There was a coincidence of interests between government reformers who wished to increase food supplies, landowners – mainly nobility and clergy – who wanted to maximize profit, and exporters who sought new markets. But an incipient middle sector was only faintly heard. Merchant groups were active in overseas trade, and new industrialists were at work in the provinces of the peninsula. Catalonia had developed a modern cotton and woollen industry which exported to America via Cádiz and was seeking more direct outlets. Merchants and manufacturers wanted to liberalize trade still further and to find in America markets which they could not secure in Spain. They anticipated *comercio libre* and profited from it.

Yet Spain missed the opportunity of fundamental change in the eighteenth century and finally abandoned the path of modernization. Castilians, it seemed, were unwilling to accumulate capital for investment in industry, even in the *fomento de industria popular*, the artisan industries so dear to some reformers, preferring instead to acquire additional land and luxury imports. Prospects of agrarian reform were frustrated by government apathy and the opposition of vested interests; agricultural incomes remained low and hindered the development of a national market for industry. The infrastructure too was badly outmoded. By the 1790s the transport system was unable to meet the demands upon it or to serve the needs of a growing population; transport became a major bottleneck which held back economic growth in the

Castilian heartland and prevented it from developing an industry of its own or becoming a market for the industry of other regions. Catalonia and the other maritime provinces reached their overseas markets and sources of raw materials by sea more easily than they reached Castile by land. Finally, except in the Catalan towns and a few ports of northern Spain, business organization was weak. In spite of state support the record of most commercial companies was unimpressive, suffering as they did from lack of capital and slowness of transactions, especially with America. So retarded was the commercial infrastructure that, although Spain produced a sufficiency of grain, the coastal regions often found it necessary to import supplies while export opportunities were also missed: 'at least 60,000 barrels of flour [are] needed by Cuba, which could and should be sent from Spain; our agriculture would profit to the extent of 20,000, 000 *reales* a year, which the North Americans thus take out of our colony'.<sup>1</sup>

The second half of the eighteenth century, it is true, was a time of modest economic recovery in which Catalan industry and colonial trade played their part. But Spain remained essentially an agrarian economy, and overseas trade was valued above all as an outlet for agricultural production. In the final analysis the modernizing measures of Charles III (1759–88) were designed to revive a traditional sector of the economy, and it was made more apparent than ever that the Hispanic world was constructed not upon a division of labour between metropolis and colonies but upon ominous similarities. Old structures survived, and the reform movement itself collapsed amidst the panic induced by the French Revolution and the subsequent reaction under Charles IV (1788–1808). The success of absolute monarchy depended among other things on the character of the monarch. In the person of Charles IV the crown lost all credibility as an agent of reform. Statesmen gave way to courtiers, and the appointment of Manuel Godoy signalled a reversion to the style of the later Habsburgs; the new First Secretary was a classical *valido*, owing his position not to any qualifications but to royal favour alone. Godoy treated Spanish America as nothing more than a source of bullion and its people as taxpayers.

Meanwhile, if Spanish America could not find an industrial supplier and trading partner in Spain there was an alternative. The British economy during the eighteenth century was undergoing revolutionary

<sup>1</sup> *Correo Mercantil*, 25 October 1808, quoted in Gonzalo Anes, *Las crisis agrarias en la España moderna* (Madrid, 1970), 312.



Colonial Spanish America, c. 1800



change. And from 1780 to 1800 when the Industrial Revolution became really effective Britain experienced an unprecedented growth of trade, based mainly upon factory production in textiles. It was now that the Lancashire cotton industry underwent great expansion, while iron and steel production also showed an impressive rate of increase. France, the first country to follow Britain's lead, still lagged behind in productivity, and the gap widened during war and blockade after 1789. At this point Britain was virtually without a rival. A substantial proportion – possibly as much as a third – of Britain's total industrial output was exported overseas. About 1805 the cotton industry exported 66 per cent of its final product, the woollen industry 35 per cent, the iron and steel industry 23.6 per cent. And in the course of the eighteenth century British trade had come to rely increasingly on colonial markets. Whereas at the beginning of the eighteenth century 78 per cent of British exports went to the continent of Europe, at the end the protected markets of Britain's European rivals absorbed only 30 per cent, while North America took 30 per cent and 40 per cent went to 'all parts of the world', which meant in effect the British empire, especially the West Indies (25 per cent), and also included the American colonies of Spain. Virtually the only limit on the expansion of British exports to the colonial markets was the purchasing power of their customers, and this depended on what they could earn from exports to Britain. Although Spanish America had only a limited range of commodity exports capable of earning returns in Britain, it had one vital medium of trade, silver. Britain therefore valued her trade with Spanish America and sought to expand it, either through the re-export trade from Spain, or by the channels of contraband in the West Indies and the South Atlantic.

These considerations, of course, did not amount to a policy of British imperialism in Spanish America or an intent to oust Spain by force, either for conquest or for liberation. In spite of the urgings of Spanish American exiles and the promptings of interested merchants, Britain remained aloof. The commercial argument for intervention in Spanish America was rarely regarded as compelling enough to justify fighting for new markets. Until the crisis years of 1806–7, when it appeared that the continent of Europe was being closed to British exports, existing outlets were regarded as adequate. The Spanish American market, though useful in its existing proportions and important enough to be expanded where possible, was never so vital that it was necessary to incorporate it into the British empire. Nevertheless, the market had proved vulnerable

to British penetration and the consumers were willing. During times of war with Spain, especially after 1796 when the British navy blockaded Cádiz, British exports supplied the consequent shortages in the Spanish colonies. The invidious contrast between Britain and Spain, between growth and stagnation, between strength and weakness, had a powerful effect in the minds of Spanish Americans. And there was a further psychological refinement. If a world power like Britain could lose the greater part of its American empire, by what right did Spain remain?

The Spanish empire in America rested upon a balance of power groups – the administration, the Church, and the local elite. The administration possessed political though little military power, and derived its authority from the sovereignty of the crown and its own bureaucratic function. Secular sovereignty was reinforced by the Church, whose religious mission was backed by jurisdictional and economic power. But the greatest economic power lay with the elites, property owners in town and country, comprising a minority of *peninsulares* and a greater proportion of creoles (whites born in the colonies). By the eighteenth century local oligarchies were firmly rooted in Spanish America, based on vested interests in land, mining and commerce, on enduring ties of kinship and alliance with the colonial bureaucracy, with the viceregal entourage and the judges of the *audiencia*, and on a strong sense of regional identity. The weakness of royal government and its need for revenue enabled these groups to develop effective forms of resistance to the distant imperial government. Offices were bought, informal bargains were made. The traditional bureaucracy reflected these conditions, bending to pressure and avoiding conflict, constituting in effect not the agents of imperial centralization but brokers between Spanish crown and American subjects, instruments of bureaucratic devolution rather than a unitary state. The Bourbons found this unacceptable.

Bourbon policy altered relations between the major power groups. The administration itself was the first to disturb the balance. Enlightened absolutism enlarged the function of the state at the expense of the private sector and ultimately alienated the local ruling class. The Bourbons overhauled imperial government, centralized the mechanism of control and modernized the bureaucracy. New viceroyalties and other units of administration were created. New officials, the intendants, were appointed. New methods of government were tried. These were partly administrative and fiscal devices; they also implied closer supervision of

the American population. What the metropolis thought was rational development, the local elites interpreted as an attack on local interests. For the intendants replaced *alcaldes mayores* and *corregidores*, officials who had long had been adept at reconciling different interests. They derived their income not from a salary but from entrepreneurship, trading with the Indians under their jurisdiction, advancing capital and credit, supplying equipment and goods, and exercising an economic monopoly in their district. Their financial backers, merchant speculators in the colonies, guaranteed a salary and expenses to ingoing officials, who then forced the Indians to accept advances of cash and equipment in order to produce an export crop or simply to consume surplus commodities. This was the notorious *repartimiento de comercio*, and by it the different interest groups were satisfied. The Indians were forced into producing and consuming; royal officials received an income; merchants gained an export crop; and the crown saved money on salaries. The price, of course, was high in other respects, amounting to abdication of imperial control in face of local pressures. The practice was extensive in Mexico; and in Peru it helped to cause the Indian rebellion of 1780.

Spanish reformers decreed the abolition of the entire system in the interests of rational and humane administration. The Ordinance of Intendants (1784 in Peru, 1786 in Mexico), a basic instrument of Bourbon reform, ended *repartimientos* and replaced *corregidores* and *alcaldes mayores* by intendants, assisted by subdelegates in the *pueblos de indios*. The new legislation introduced paid officials; and it guaranteed the Indians the right to trade and work as they wished.

Enlightened administrative reform did not necessarily work in America. Colonial interests, peninsular and creole alike, found the new policy inhibiting and they resented the unwonted intervention of the metropolis. The abolition of *repartimientos* threatened not only merchants and landowners but also the Indians themselves, unaccustomed to using money in a free market and dependent on credit for livestock and merchandise. How could Indians now be incorporated into the economy? Private capitalists hesitated to step into the place of the old officials and advance credit, fearing it was illegal. So there was confusion, and production and trade were damaged. Some hoped for the suppression of the intendants and the restoration of the *repartimientos*. Others took the law into their own hands. In Mexico and Peru the *repartimientos* re-appeared, as the subdelegates sought to increase their income, the landowners to retain their grip on labour and the merchants to re-

establish old consumer markets. After a brief flurry, therefore, Bourbon policy was sabotaged within the colonies themselves; local elites responded unfavourably to the new absolutism and they would soon have to decide whether to reach for political power in order to prevent further instalments of enlightened legislation.

As the Bourbons strengthened the administration, so they weakened the Church. In 1767 they expelled the Jesuits from America, some 2,500 in all, the majority of them Americans, who were thus removed from their homelands as well as their missions. The expulsion was an attack on the semi-independence of the Jesuits and an assertion of imperial control. For the Jesuits possessed a great franchise in America, and in Paraguay they had a fortified enclave; their ownership of haciendas and other forms of property gave them independent economic power which was enhanced by their successful entrepreneurial activities. In the long term Spanish Americans were ambivalent towards the expulsion. The Jesuit property expropriated in 1767, the extensive lands and rich haciendas, were sold to the wealthiest groups in the colonies, the creole families who were credit-worthy enough to bid for them. More immediately, however, Spanish Americans regarded the expulsion as an act of despotism, a direct attack upon their compatriots in their own countries. Of the 680 Jesuits expelled from Mexico about 450 were Mexicans. Of the 360 or so expelled from Chile some 58 per cent were Chileans, 25 per cent Spaniards and the rest from other parts of Europe and America. Their life-long exile was a cause of great resentment not only among themselves but also among the families and sympathisers whom they left behind.

'All privileges are odious', said the Count of Campomanes. An essential theme of Bourbon policy was opposition to corporate bodies possessing a special franchise in the state. The embodiment of privilege was the Church, whose *fueros* gave it clerical immunity from civil jurisdiction and whose wealth made it the largest source of investment capital in Spanish America. The power of the Church, though not its doctrine, was one of the principal targets of the Bourbon reformers. They sought to bring the clergy under the jurisdiction of the secular courts and in the process they increasingly curtailed clerical immunity. Then, with the defences of the Church weakened, they hoped to lay hands on its property. The clergy reacted vigorously. While they did not challenge Bourbon regalism, they bitterly resented the infringement of their personal privilege. They resisted Bourbon policy and were

supported in many cases by pious laymen. The lower clergy, whose *fuero* was virtually their only material asset, were the more seriously alienated, and from their ranks, particularly in Mexico, many of the insurgent officers and guerrilla leaders would be recruited.

Another focus of power and privilege was the army. Spain had not the resources to maintain large garrisons of regular troops in America, and she relied chiefly on colonial militias, strengthened by a few peninsular units. From 1760 a new militia was created and the burden of defence was placed squarely on colonial economies and personnel. But Bourbon reforms were often ambiguous in their effects. To encourage recruits, militia members were admitted to the *fuero militar*, a status which gave to creoles, and to some extent even to mixed races, the privileges and immunities already enjoyed by the Spanish military, in particular the protection of military law, to the detriment of civil jurisdiction. Moreover, as imperial defence was increasingly committed to the colonial militia, officered in many cases by creoles, Spain designed a weapon which might ultimately be turned against her. Even before this point was reached the militia created problems of internal security.

In Peru, when the Indian rebellion of 1780 broke out, the local militia first stood by and watched, and then suffered severe defeat. As its efficiency and its loyalty were both called into question, the authorities decided that it was too great a risk to employ a militia force consisting of *mestizo* (mixed Indian-Spanish) troops and creole officers, many of whom had their own grievances against Bourbon policy, in a counter-insurgency role among Indians and mixed races. To crush the revolt they sent in regular army units from the coast officered by peninsular Spaniards and composed largely of blacks and mulattos (mixed black-European), with loyal Indian conscripts in support. In the wake of the rebellion Spain took a number of steps to strengthen imperial control. The role of the militia was reduced and responsibility for defence was restored to the regular army. Senior officers in both regular and militia units were now invariably Spaniards. And the *fuero militar* was restricted, especially among non-whites. Thus the militia was prevented from becoming an independent corporation, and the creoles were halted in their progress along the ladder of military promotion. This was a source of grievance, but one which remained muted in the peculiar social structure of Peru. Fear of the Indian and *mestizo* masses was a powerful stimulus to loyalty among creoles and a potent reason for accepting white rule, even if the whites were *peninsulares*.

In Mexico, as in Peru, there were few signs of creole militarism. A military career was not in itself attractive, nor was it made so by the authorities. In fact the militia had its critics. Viceroy Revillagigedo thought it folly to give weapons to Indians, blacks and *castas* (people of mixed race), and he doubted the loyalty of creole officers. Even after 1789, when the militia was in fact expanded, the creoles usually joined for non-military reasons, for offices and titles, and to add prestige to a fortune made in mining or trade. As for the *fuero militar*, no doubt it was useful, but against it had to be weighed the hardships of military service. The lower classes obtained little from army service, though a few saw it as a way to escape the degradation of their caste. This however only reinforced the fears held by creole officers, and by all whites, that the army might be turned against them. If the creoles feared the Indians, the *peninsulares* distrusted the creoles, and for this reason it was rare for a creole to obtain a senior commission, even after 1789 when Spain could spare few regulars from Europe. The lesson which Mexicans learnt was that access to military promotion, as well as to civil office, was increasingly restricted, and that official hostility to corporate privilege appeared to coincide with a reaction against creole influence in government.

While the Bourbons curtailed privilege in Spanish America, so they exerted closer economic control, forcing the local economies to work directly for Spain and diverting to the metropolis the surplus of production and revenue which had long been retained within the colonies. From the 1750s great efforts were made to increase imperial revenue. Two devices were particularly favoured. Royal monopolies were imposed on an increasing number of commodities, including tobacco, spirits, gunpowder, salt and other consumer goods. And the government assumed the direct administration of taxes traditionally farmed out to private contractors. The dreaded *alcabala*, or sales tax, continued to burden all transactions, and now its level was raised in some cases from 4 to 6 per cent, while its collection was more rigorously enforced. The new revenue was not normally expended within America itself on public works and services. It was converted instantly into specie and shipped to Spain, depriving the local economies of vital money supply. In Mexico royal income rose from 3 million pesos in 1712 to 14 million a year by the end of the century. Six million of this went as pure profit to the treasury in Madrid. In good years colonial revenue might represent 20 per cent of Spanish treasury income. This dwindled almost to zero during times of

war with Britain, especially in the years 1797–1802 and 1805–8, though even then the crown still received an American revenue indirectly by selling bills of exchange and licences for neutrals – and sometimes for the enemy – to trade with the colonies.

Americans were not consulted about Spanish foreign policy, though they had to pay for it in the form of tax increases and wartime shortages. In addition to the complaints of all consumers, particular economic interests had particular grievances. The mining sectors in Mexico and Peru paid substantial sums in the royal fifth, war taxes on silver, duties on refining and coining, fees on state-controlled supplies of mercury and gunpowder, not to mention war loans and other extraordinary contributions. And from 1796, when war with Britain impeded the supply of mercury from Spain, miners suffered heavy losses. Conditions inherent in Spanish rule, therefore, were seen as obstacles to productivity and profit. Yet Spain valued mining and favoured its interests. From 1776 the state played its part in reducing production costs, halving the price of mercury and gunpowder, exempting mining equipment and raw materials from *alcabalas*, extending credit facilities, and in general improving the infrastructure of the industry. Other sectors were not so privileged. Agricultural interests had various grievances. Ranchers deplored the many taxes on marketing animals and the *alcabalas* on all animal sales and purchases; sugar and spirits producers complained of high duties; and consumers, *peninsulares*, creoles and castes alike, complained about taxes on goods in daily use. Although tax burdens did not necessarily make revolutionaries out of their victims or cause them to demand independence, yet they engendered a climate of resentment and a desire for some degree of local autonomy.

From about 1765 resistance to imperial taxation was constant and sometimes violent. And as, from 1779 and the war with Britain (1779–83), Spain began to turn the screw more tightly, so opposition became more defiant. In Peru in 1780 creole riots were overtaken by Indian rebellion; and in New Granada in 1781 creoles and *mestizos* surprised the authorities by the violence of their protest.<sup>2</sup> From 1796 and a renewed war in Europe tax demands were relentless, and from 1804 they increased still further. Donations were demanded from wealthy families, in Mexico for amounts between 50,000 and 300,000 pesos, in Peru for lesser sums. Grants were made from the military pension funds, from other public

<sup>2</sup> See below, 30–2.

funds, from the *consulados* (merchant guilds) and the *cabildos* (municipal councils). No doubt some of these donations were expressions of patriotism on the part of wealthy *peninsulares* and officials, but others were forced and resented. The greatest grievance was caused by the *consolidación* decree of 26 December 1804 which ordered the sequestration of charitable funds in America and their remission to Spain.

As applied in Mexico, the decree attacked Church property where it most hurt. The Church had great economic resources. In particular the chantries and pious foundations possessed large financial reserves, derived from loans and from encumbrances on private property. In putting this capital to work the churches and convents of Mexico acted as informal financial institutions, advancing money to merchants and property owners, indeed anyone wishing to raise a mortgage-type loan to cover purchase of property or other expenditure, the interest rate being 5 per cent a year. Capital rather than property was the principal wealth of the Mexican Church, and church capital was the main motor of the Mexican economy. By this law chantries and pious funds were very much depleted, and this affected not only the Church but the economic interests of the many people who relied on church funds for capital and credit. These included noble *hacendados* and small farmers, urban property owners and rural proprietors, miners and merchants, a variety of social types, Spaniards as well as creoles. Perhaps the greatest hardship was suffered by a large number of medium and small proprietors, who could not assemble capital quickly enough and were forced to sell their property on highly unfavourable terms. Many substantial landowners had difficulty in repaying; a few had their estates seized and auctioned. The clergy were embittered, especially the lower clergy who often lived on the interest of loans and annuities. Bishop Manuel Abad y Queipo, who estimated the total value of church capital present in the Mexican economy at 44.5 million pesos, or two-thirds of all capital invested, warned the government that resistance would be strong. He went in person to Madrid to request the government to think again; Manuel Godoy, Charles IV's chief minister, gave him no satisfaction, but in due course, following Napoleon's invasion of the peninsula, the hated decree was suspended, first on the initiative of the viceroy (August 1808) and then formally by the supreme junta in Seville (4 January 1809). Meanwhile some 10 million pesos had been sent to Spain, and the officials who collected it, including the viceroy, shared 500,000 pesos in commission. The sequestration of church wealth epitomized Spanish colonial policy



in the last decade of empire. If the effects stopped short of catastrophe and rebellion, they were nonetheless ominous for Spain. This careless and ignorant measure alerted the Church, outraged property owners and caused a great crisis of confidence. It was a supreme example of bad government, exposing corruption among Spanish officials in Mexico and misuse of Mexican money in Spain. In enforcing the policy the authorities broke peninsular unity in Mexico and turned many Spaniards against the administration. And to Mexicans this was the ultimate proof of their dependence, as they saw Mexican capital taken out of the Mexican economy and diverted to Spain, to serve a foreign policy in which they had no say and no interest.

The sequestration joined rich and poor, Spaniard and creole, in opposition to imperial interference and support for a greater control over their own affairs. Moreover, it came at a time when increased tax demands could no longer be justified as a measure of increased productivity or expanding trade.

The Bourbon planners sought to apply increased fiscal pressure to an expanding and a controlled economy. And first they undertook the reorganization of colonial trade to rescue it from foreign hands and guarantee exclusive returns to Spain. Spanish exports, carried in national shipping, to an imperial market, this was their ideal. Between 1765 and 1776 they dismantled the old framework of transatlantic trade and abandoned ancient rules and restrictions. They lowered tariffs, abolished the monopoly of Cádiz and Seville, opened free communications between the ports of the peninsula and the Caribbean and its mainland, and authorized inter-colonial trade. And in 1778 *un comercio libre y protegido* between Spain and America was extended to include Buenos Aires, Chile and Peru, in 1789 Venezuela and Mexico. In the literature of the time it was made abundantly clear that the purpose of *comercio libre* was the development of Spain, not America; and it was intended to bind the colonial economy more closely to the metropolis. Gaspar de Jovellanos, one of the more liberal Spanish economists, extolled the decree of 1778 because it gave greater opportunities to Spanish agriculture and industry in a market which justified its existence by consuming Spanish products: 'Colonies are useful in so far as they offer a secure market for the surplus production of the metropolis'.<sup>3</sup>

<sup>3</sup> 'Dictamen sobre embarque de paños extranjeros para nuestras colonias', *Obras de Jovellanos* (Madrid, 1932), II, 71.