

# The emergence of political ideology in foreign policy in early modern Europe (1650-1720)

University of Utrecht, 25-26 January 2008

*Foreign Merchants in Spain and Political Economy: The True (or real) Spanish Monopoly with America (1648-1740)*

Ana Crespo Solana

IH. CSIC

In this presentation I will deal with two related questions in a historical context that extends from the Peace of Westphalia (1648) to around 1730 (a period where the Spanish government makes important revisions of its political economy with America). I am going to speak more specifically about how this policy affects the situation of foreign merchants settled in Spain:

A) The Spanish monopoly with America and the laws against foreigners.

B) The real situation of foreign merchants' activities and how they devise and develop mechanisms to operate in the Spanish trade system; also about the rate of success of these mechanisms, which varies depending on the colonies and why they are successful.

## **1. Spain's policies on its monopoly with America**

Throughout the Early Modern Age and unlike, perhaps, the Dutch Republic and the United Kingdom, Spain builds a political empire based on a centralised state. And unlike other expanding nations, such as France, or the maritime powers at the time, such as England and Holland, in which private domestic capital gives them the opportunity to exert strong financial leverage, the complex financial system of the Spanish Crown is made up of an intricate network of transnational interests. And it has been like that since the very beginning of the Atlantic expansion.<sup>1</sup>

It is necessary to say that although all imperialisms differ in their objectives, they all have the same essence: they are all exclusive and resort to the very same means to achieve their goals -war. And war guarantees the hegemony of the Spanish in particular... at the same time as guaranteeing the other empires their economic power,

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<sup>1</sup> Kamen, Henry, Imperio. Tesis sobre las redes de mercaderes como sustentadoras del imperio español.

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although for brief historical periods in all cases. Between 1516 and 1700 the Hispanic Crown is a political entity formed by a group of scattered territories with citizens on several continents. Although, as we know, they have a federal political tradition, this conglomerate of territories is called the Spanish Empire. The nature of the relationship between the king and his citizens is vastly heterogeneous except in the Kingdom of Castile, and this political model is based on a spirit of compromise, the so-called *pactismo* between the king and the Kingdom's various social classes, which greatly curtails royal power. Different nations coexist within the Empire, as well as multiple political traditions and several different languages. And loyalty to the King is primarily what brings cohesiveness to the whole. It is therefore deemed necessary to provide the Crown with an ideological substratum that brings both unity and identity. And such foundations are no other than the Catholic faith.

In this respect, the Spanish Government has a set of ideals and policies, a political and social organisation as well as a strategy to influence public opinion. In the case of Spain the emergence of an ideology arises depending on several questions (some of them so complex - from the sociological to the religious - that I will not elaborate on them). But, my theory is that one of the bottom questions to the development of a possible ideology manifested in the economic policy of Spain appears as a consequence of the crisis of the Spanish Crown in the XVII century and the gradual loss of its Empire. The development of some specific guidelines of thought is completely linked with Spain's relationship with its American colonies. As far as the Spanish Crown is concerned American colonies are its property and only the Crown's catholic citizens are entitled to trade with and travel to them. This is the basis of the idea of a commercial monopoly with America - a political basis that although institutionally and officially endorsed and structured does not actually work. Spain's social and economic circumstances cause a situation very different to what the Crown's laws have sought to accomplish.

One factor to Spain's singular role throughout the XVI century is the fact that Spain has become the main drainage centre for silver and other precious metals

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towards the various international circles of commerce.<sup>2</sup> As a consequence, several Spanish cities become trade centres engaged in re-exporting colonial products along various maritime routes, which also attract merchants from different European and Mediterranean countries that arrive and settle in those cities, thereby forming merchant colonies where they, in turn, direct their economies to the Atlantic. The Spanish regions, especially those on the seaboard, witness a constant flow of capital and goods that turn their cities into cosmopolitan centres that attract many foreign traders and travellers.<sup>3</sup> If we momentarily disregard the research line on the formation and development of the colonial empires as well as Spain's role in this historical context, we must highlight the importance of the research along a line that provides us with more information on this complex and intricate cooperation network on which is based the consolidation of a truly worldwide, large-scale commerce. This line will delve more deeply into the historical geosociology of the merchants and their associates as involved in the formation of the first worldwide economy.<sup>4</sup> As regards this particular aspect, Spain offers a true scenario for such research as there can be found operating in it multiple commercial networks. The circuits of the Spanish colonial trade make it possible for the establishment in Spain of worldwide interests. Especially Andalusia and the coastal areas, usually port cities, become trade centres for both natives and foreigners. A constant exchange of ideas, cultures, productive activities and trade turned Seville, and later Cadiz, into a "*Babylon with a hundred faces*".<sup>5</sup> There is a school of historians that have analyzed from various perspectives these merchant communities, and such studies have received special attention from late in the 1980s, when this historiographical line was enriched with socio-institutional, demographic, economic and cultural, all-embracing perspectives.<sup>6</sup> These studies could well represent a fundamental chapter of what could be a global history formed by a number of interwoven regional studies where a global vision would lead

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<sup>2</sup> Chaunu (1955-56); O'Flynn Giráldez & Von Glahn (2003); O'Flynn & Giradlez (2002): pp. 391-427.

<sup>3</sup> Marcos Martín (2000); Casado Alonso (1995).

<sup>4</sup> Owens & Ciolek (2003): p. 42; Owens, Crespo & Bernabé (2006).

<sup>5</sup> Cavillac (1994): pp. 427 quote in Vila Vilar (2005): pp. 280-296, p. 282.

<sup>6</sup> Clear examples are: Pike, Alfayam & Mc Shane (1978); García Fernández (2006); Bustos Rodríguez (2005); Weber (2004) and Crespo Solana (2001).

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to a study based on regional economy or unit of analysis, that is, the economy of the various interrelated spaces in Europe with diverse Atlantic areas: *“an interlocking network of trades shaped by public and private interests”*.<sup>7</sup>

The fast growth of the Spanish colonial trade with America is favoured by a series of factors such as the geostrategic position of the Iberian Peninsula.<sup>8</sup> Spanish colonial trade has been very well discussed and there have been significant historiographical contributions, mainly since the 1980s. Some topics: the structure of commercial capital and its functionality, the crucial connection between trade and production, the study of the market areas and the structure of the mercantile areas, as well as the analysis and the social structure of those that make trade possible and control commercial activities, have all been thoroughly described.<sup>1</sup> The quantification of such high commercial traffic has shown: a regular shipping flow both centralized and organized from a single port (first Seville, later Cadiz), as a colonial mercantile system shaped by the State through certain governing organs (namely the Spanish Board of Trade “La Casa de la Contratación”) although consistently broken by the private commercial firms (whether foreign or otherwise) involved.

In a sense, the nature of the Spanish mistaken capitalism (or false mercantilism) conditions, since the times of the Catholic Kings, the economic structure of Spanish overseas trade biased to the export of raw materials in exchange for large amounts of gold and silver and other foreign products. In recent times, a new lease of life has been given to the mechanisms of the Spanish colonial trade with innovative perspectives: <sup>.1</sup> New ideas about the basic mechanisms have seen the light, which help to understand the complex operation of the Spanish monopolist system that, for more than three centuries, concentrates legal trade with the Indies on the axis Seville-Cadiz. The credit system, in the form of loans and policies of marine risk, is essential to maintaining trade, but the capitals that feed the system come mostly from foreign financial centres.

Behind the scenes the true monopoly appears hidden below the legal structure, which supports the men, ships and merchandise in the geographical scenario of the legal monopoly. Discussions on the various elements, such as free trade, can but add

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<sup>7</sup> Ormrod (2003).

<sup>8</sup> Bustos Rodríguez (1986-1987): pp. 215-228.

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reasons to confirm that, on the whole, the foreign financial conglomerate is able to control to its own advantage the exploitation of the American territories. As from the Spanish crises (both internal and external) due to the wars waged by the Spanish Crown in Europe, the internal uprisings (such as that in Catalonia) and even the loss of Portugal, a new era begins, characterized by a situation of general crisis in the heart of the Hispanic monopoly. Seville as an economic centre is displaced by Cadiz from an economic and social point of view since the 1640s

There are also clear institutional changes that take place especially as Cadiz assumes its central role in the Spanish reform program in regard to America.<sup>1</sup> The relocation of the Board of Trade and the establishment of a *Consulado de Cargadores* (a body of registered merchants entitled to load their goods on the ships to Spanish America) in Cadiz that is regarded by its counterpart in Seville as a threatening competitor in favour of foreign interests in Spain, in 1717, is due to various reasons and has diverse economic and political consequences. In the first place, the reform of the institutional basis of the Career of the Indies and the revision of the Spanish mercantilist regulations responds, among other things, to the desires of centralization of the new dynasty: the reinforcement of centralization will be one of the new Bourbon government's maxims. On the other hand, the idea of concentrating protectionist policies in an attempt to enrich the treasury, begin new industrial policies and protect colonial interests, is a widespread practice for statesmen and European thinkers from Colbert to Campomanes, which lead to the proliferation, in the whole of mercantilist Europe, of monopolistic commercial companies.

With regard to Spain, the reforms to be implemented are a really complex issue since Cadiz has become a port city with a great scope in international marine trade as well as a strategic port of scale for navigation and for foreign commercial companies. This is the reason why Cadiz as a unique port for the trade with the Indies is the object of reforms that introduce some improvements as well as providing for the maintenance of the monopoly as the only way to save Spanish colonial trade. It is worth highlighting the intrinsic relationship between colonial trade as a State business and the formation of a navy.

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Between 1648 and 1713, the relationship between Spain and the other European powers stems from a continuous state of war into a situation of rivalry between the different States in an attempt to reach a privileged relationship with Spain.<sup>9</sup> On the other hand, it is already so obvious to the Spanish authorities that their empire cannot survive without the trade networks that operate in the American markets that mistrust and hatred towards foreigners are contradictory and opposed to Spain's own economic interests as they aim at safeguarding the Empire.

Once the war between the Dutch Republic and the Habsburgs is over against the background of the Anglo-French and Anglo-Dutch competition, the economic might of these empires turns out to be so greatly dependent on their ability to access the Hispanic markets as Spain is on the transnational financial networks that actually support its Empire. In short 1648 ushers in a time of stiff competition between the states to obtain a privileged relationship with Spain at a time when the latter keeps its Empire with permission from the former once it no longer holds a position of hegemony. In this period trade regulations also affect the economic and diplomatic relationship between the European nations. Very frequently, certain measures are applied to control and oversee foreign trade as they are justified by a situation of political or military unrest. As a result of this relationship the various foreign groups try to take advantage of the privileges granted by the Spanish authorities in the commercial treaties by upholding their legally-binding nature and therefore forcing the signing parties to abide by them.

The evolution of this state of affairs shows the intention of foreign traders to obtain better conditions of diverse nature for the products they forward to the Andalusian coast as well as the determination of the different national representatives to secure the highest degree of compliance to all the clauses agreed on by the respective countries.

As for the Spanish opposition to foreign pressure to gain a privileged position in the peninsular trade, especially concerning trade in Andalusia, there appears to be a tendency to cease hindering the penetration of these foreign interests that reaches an all-time low between 1667 and 1674.

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<sup>9</sup> PULIDO BUENO, Idelfonso, *Almojarifazgos y comercio exterior en Andalucía durante la época mercantilista, 1526-1740*, Huelva, 1993. pp. 3-81.

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After 1714 we see a great effort to remove recover the trading rights granted. However, this struggle between Western European countries to be ahead of the competition in relation to Spanish trade becomes increasingly dependent on events that happen outside of Spain, where the opposing parties have different interests, rather than to the decisions made by the Hispanic statesmen.<sup>10</sup> At the beginning of the XVIII century, the War of Spanish Succession increases competition between England and France as French ships openly trade at the Spanish ports with the excuse of being Spain's allies. The American market is full of French merchandise, which is viewed by the English with great alarm. After the war, some reforms aim at protecting France's interests on the Hispanic markets in America in a clearly anti-Dutch and, mostly, anti-English fashion.

The reason for this lies in the influence borne on the Spanish Court by the French ministers brought by Phillip V. When England accepts that a Bourbon assumes the throne of Spain it imposes the condition that they are granted permission to trade with America by means of a 500-ton yearly ship, called "*Navío de Permiso*", as well as the "*Asiento de negros*" (a monopoly on introducing black-African slaves into the Spanish West Indies). These conditions, agreed on at the Peace of Utrecht, actually mean outright British smuggling in the Spanish America.<sup>11</sup> By and large, the government of Phillip V tries to limit smuggling by reorganizing and improving the old system of fleets and reinforcing administrative centralization.

What are the features of Spain's economic policy in America since the second half of the XVII century? And what measures is the State able to take to support the Empire?

First I will speak about the institutional framework of the monopoly. The Spanish trade with its American colonies is based on a rigid institutional system but it degenerates since the end of the XVI century due to several factors:

- Limited shipping activity of the fleets and galleons due to the lack of an effectively armed navy.
- A period of crisis and the outbreak of the Atlantic wars,

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<sup>10</sup> Pulido Bueno, p. 8.

<sup>11</sup> Lucena Salmoral, Manuel, "Las flotas de Indias", Historia 16 (1996), fascículo.

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- Smuggling undertaken by all European nations in the Spanish America, and especially,
- Widespread corruption of the officials of the monopoly both in Spain and in America (“Audiencias”, etc.)

Since early in the XVI century, at the beginning of the Spanish monopoly there had been two major restrictions in place: firstly, trade can only be carried out from a single port city (Seville, between 1503 and 1717, then Cadiz), concentrating in it all the agencies in charge of both organizing the fleets and administering trade and taxes; secondly, the right both to trade and travel to America is exclusive to the citizens of the kingdoms in the Spanish Monarchy since it is a privilege solely granted by the King to its subjects.<sup>12</sup> However, for more than two centuries, foreign presence in Cadiz, as well as in other Spanish cities, increase considerably, and their economic activities are so prosperous that they become the object of a strong xenophobic attitude from some social and political groups. The rebuff suffered by foreign merchants is, however, neither homogeneous nor widespread. These currents of opinion echo even ideologically in the writings of many *arbitrista* authors during the XVII century - the *arbitristas* are writers from all ideological backgrounds that, in the XVI and specially the XVII centuries, analyse Spain’s situation at the time and propose solutions to avert Spain’s decadence.<sup>13</sup>

Broadly speaking, in order to protect the set of regulations that guarantee the Spanish trade with America and to safeguard national interests against foreign interference, the Spanish government upholds a set of ideas designed to preserve or reform the existing system at social, political and economic level in relation to the monopoly with America. Besides, it develops an economic thought that seeks to perfect

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<sup>12</sup> OLIVA MELGAR, José María, *El monopolio de Indias en el siglo XVII y la economía andaluza. La oportunidad que nunca existió*, Huelva, Universidad de Huelva, 2004; GARCÍA-BAQUERO GONZÁLEZ, Antonio, *Andalucía y la Carrera de Indias (1492-1824)*, Sevilla 1986. SCHAÉFER, Ernesto, *El Consejo Real y Supremo de las Indias. Historia y organización del Consejo y de la Casa de la Contratación de las Indias*, 2 vols., Madrid: Junta de Castilla y León, Marcial Pons Historia, 2003, edited by Antonio-Miguel Bernal.

<sup>13</sup> BUSTOS RODRÍGUEZ, Manuel, “Los extranjeros y los males de España y América en los tratadistas hispanos (siglos XVI-XIX)”, *Trocadero. Revista de Historia Moderna y Contemporánea*, nº 8-9, (1996-1997), pp. 47-69.

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the existing system with small touches of commercial liberalism (that will not manifest until 1765) and the reinforcement of certain protectionist policies and a strategy to develop domestic industry.

After the War of Spanish Succession (1699-1700), the Spanish Government begins a reform process aimed at underpinning some of the basic pillars of its monopoly by implementing changes in port policies. Important fiscal reforms are undertaken, and, most importantly, their aim is to keep the headquarters of the administration of the system of fleets, galleons and even the navy in a single port city: Cadiz. Such intentions for reform are no different to those in the rest of Europe, where maritime powers devote their best efforts, in the very last years of Mercantilism, to identifying protectionism and reform of the navy. The desire to reinforce Spain's naval policies, mainly with regards to the Atlantic, and the attempt to rebuild the increasingly declining, if not almost lost, Spanish monopoly on the American trade, is also a means to improving the image that the Spanish Crown wants to project to its European competitors. Between 1717 and 1726, the administrative organs of the American trade are moved to Cadiz, which becomes the monopoly's headquarters. The relocation from Seville to Cadiz of the *Casa de la Contratación* (the Board of Trade that registers all ships, crews, equipment and merchandise bound for the Indies) and the *Consulado de Cargadores* (an association or guild of traders) is an attempt by the Bourbon Government to reinforce the nature of the monopoly as a business exclusive to the State. Many of these attempts are actually fruitless, despite the successful relocation of the above tribunals of trade, as these have already become completely obsolete, due to bureaucratic incompetence and corruption of their officials. The only truly functional organ, at least while Minister José Patiño is in office, is the recently created *Intendencia General de Marina de Cádiz*, which takes over some of the fiscal responsibilities of the *Casa de la Contratación*. Despite all shortcomings, we can see the dawning of a new era, characterized by a notorious increase in commercial activities with America: the so-called Cadiz *secular trend*.<sup>14</sup>

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<sup>14</sup> KUETHE, Allan J. "Traslado del Consulado de Sevilla a Cádiz: nuevas perspectivas", en VILA VILAR, Enriqueta, y KUETHE, Allan (eds.) *Relaciones de poder y comercio colonial*, Sevilla: Escuela de Estudios hispano-Americanos. CSIC, Texas-Tech University, 1999, pp.67-82; y CRESPO SOLANA, Ana, *La Casa de la Contratación y la Intendencia General de Marina de Cádiz, 1717-1730*, Cádiz,

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In 1717 the first Bourbonic reforms reinforce the centralization process through a mechanism called (*Vía reservada*) 'reserved way' with the central government, through which the Secretary of State supervises the work of the leaders of the Spanish Board of Trade.

The series of reforms that begin during the first decades of the XVIII century are imposed by a reason of State. Phillip V orders that the Board of Trade be moved to Cadiz, which occurs on May, (the) 12<sup>th</sup> 1717, whereby Cadiz assumes total control over the monopoly of the *Carrera de las Indias*. Other important reforms happen from 1717 to 1719 that result in new regulations for the fleets promulgated on April (the) 5<sup>th</sup> 1720 under the name of 'Project for the galleons and fleets of Peru and New Spain and for Register and Postal Ships', commonly known as the Real Project of 1720. There are two new requirements: to provide outlets for the manufactures of Spain's incipient industry and to collect further funds for the Real Treasury, which are needed for the Bourbon reform policies. A protectionist regime of Spain's manufactures is set up by reducing tax on them by up to 85 per cent and by increasing tax on foreign goods such as fabrics made with Flemish fibres, cinnamon, pepper, etc. In order to raise further funds for the Real Treasury the import duty on precious metals is increased, following the trend that begins in 1717: tax on gold will be raised to 2 per cent and to 5 per cent on silver, (compared to 1.5 per cent and 4 per cent respectively in 1711). Certain meaningless, low-profitability taxes are removed while others are combined into more comprehensive ones. At the same time fleet operation is streamlined for better effectiveness. In the foreword of the Real Project, the Crown promises to provide the necessary escort ships as well as keeping both fleets to a tight schedule. The fleet for New Spain will set sail on June (the) 1<sup>st</sup> and the fleet of The Galleons will depart on September (the) 1<sup>st</sup>, with a commitment to ignore the traders' requests as they cause enormous delays to the departure of the fleets.<sup>15</sup>

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Universidad de Cádiz, 1996, MARTÍNEZ SHAW, Carlos, "Bourbon Reformism and Spanish colonial Trade, 1717-1778", en PIETSCHMANN, Horst, (ed.) *Atlantic History. History of the Atlantic System, 1580-1830*, Gottingen: Vandenhoeck & Ruprecht, 2002, pp. 375-387.

<sup>15</sup> Lucena SAlmoral, Manuel "Las flotas". *Historia* 16 (1996), fascículo.

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Smuggling is to be fiercely fought against. Spain's forceful stance in this regard will cause constant clashes with England throughout the century. This fact is widely present in literature, while the Crown's attempts to clamp down on foreign activity in Spain proper will be mostly overlooked by writers.

And now we arrive at the third pillar of the institutional structure of the economic policy on America: The key issue is that the concept of monopoly implies the exclusion of anyone who is not a subject to the Spanish Crown, even if they live on Spanish land. The way foreigners are regarded in Spain is the subject of a great debate even at this time. Legislation against foreign trade has a long history since fighting foreign interests is inextricably linked to the idea held by the Crown of the maintenance of its empire.

## **2) Situation of foreign traders in the monopoly**

In this context of reforms, the stance of the Spanish government and perhaps its ideology too can be perceived especially in the series of laws passed by the Crown in order to hinder foreign trade in Spain.

At certain historical junctures these laws are intended as legal impediments although other contradictory regulations are passed and privileges granted which cause legal loopholes readily exploited by foreigners determined to become involved in Spain's domestic economy. Broadly speaking, Spain's policies against foreign involvement in West Indian trade can be described in two words: ambiguity and contradiction. Why? In order to understand this we have to assess the position of foreign merchants in Spanish society.

The historiography of foreign merchant colonies and the present state of the question has analyzed the junctures where foreigners of different nationalities operate in the Spanish trade with America and in the Spanish economy at large. A map of Spain at the beginning of the XVIII century will show the existence of a great deal of those colonies settled and integrated in Spain's society, in Spain's most important port cities and in some imperial urban centres. Although conclusive figures are not still available, a general demographic assessment of such groups has already been made, showing multiple strategies, some of them very subtly allowed, some others

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completely illegal, such as fraud and smuggling mechanisms in American trade. Whether legal or otherwise, such strategies do not change substantially for more than two centuries.<sup>16</sup> In the specific case of Cadiz, foreign colonies increase in the first half of the XVIII century as a consequence of three main factors:

1. Relocation from other Spanish cities where they were previously settled.
2. Birth of successive generations.
3. Successive migratory flows, in many cases staying only temporarily, which produce an increase in the city's floating population during certain junctures.

A real comparative study of the communities still needs to be carried out. It is yet to be known which are the most numerous (although it has been said that it is the French and the Genovese as well as the Portuguese Jews). Paradoxically, the cities that were the heads of the institutional monopoly with America (Seville first then Cadiz since 1717) are those populated by a greater number of foreign colonies. Merchants and their various colonies in many of the Spanish cities are the main figures of the exchange. Commercial activities, and the invaluable opportunity to have access to different markets, attracts a series of mercantile interests of diverse communities of traders (whether Spaniards or foreigners) settled in Spain. The settling in Spain of a number of merchant communities happens as part of a very confused political process, set in a context with long periods of war and conditioned by the diplomatic treaties between Spain and other European powers. Their presence in Spain has to do with Spain's interest in developing the logistics of international trade. The impact of their activities varies depending on the regions and their domestic economy as it develops. In eastern Spain cities, such as Murcia, Cartagena, Alicante or Valencia, foreign colonies gain complete control over trade in certain products, especially agricultural.

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<sup>16</sup> Los estudios sobre comunidades mercantiles han aportado mucha información en años recientes. Cf. Por ejemplo: GARCÍA-FERNÁNDEZ, María Nélica, *Comunidad extranjera y puerto privilegiado. Los británicos en Cádiz en el siglo XVIII*, Cádiz: Universidad de Cádiz, 2005; WEBER, Klaus, *Deutsche kaufleute im Atlantikhandel, 1680-1830, Unternehmen und Familien in Hamburg, Cádiz und Bordeaux*, Munich: Verlag C.H.Beck, 2004, CRESPO SOLANA, Ana, *Entre Cádiz y los Países Bajos. Una comunidad mercantil en la ciudad de la Ilustración*, Cádiz. Fundación municipal de cultura. Cátedra Adolfo de Castro, 2001. Cf también BUSTOS RODRÍGUEZ, Manuel, BUSTOS RODRÍGUEZ, M. *Los comerciantes de la Carrera de Indias en el Cádiz del siglo XVIII (1713-1775)*, Cádiz, 1995, p. 108, HEREDIA HERRERA, A. *La presencia de extranjeros en el comercio gaditano en el siglo XVIII*, Separata, vol. I, Homenaje al Dr. Muro Orejón, Sevilla, 1979, pp. 235-243.

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Italians, Genoese and French in Alicante, and merchants from Béarn in Cartagena, seem to monopolize trade during the XVII century.<sup>17</sup> In Catalonia and in the Cantabrian and Basque cities, depending on the circumstances, there is fierce competition between foreigners and locals. In Andalusia (especially in port cities such as Malaga, Cadiz and Seville), there are significant foreign colonies of various nationalities (German, Flemish, Dutch, French, Genoese, English, Irish, etc.) that develop strong integration mechanisms and reach high levels of social cohesion. They control the export trade and a series of related activities, depending on the nature of the city itself. In Seville, the existence of many foreign communities lead to internal disagreements and social unrest that explain some of the lawsuits filed in the XVIII century against foreigners and their offspring (the so-called *jenízaros*).<sup>18</sup> It is obvious that Spanish trade has a strong appeal for foreign merchants as actively seeking new markets and seeing the Iberian Peninsula as a key to accessing different maritime routes. During the XVII and XVIII centuries, ongoing migration in some cities saves the commercial relationships as soon as the wars that interrupt trade at some historical junctures cease.<sup>19</sup> The latest investigations have provided new, complementary viewpoints, of the constant migration of manpower from economically developed areas in Europe that experience a constant process of demographic explosion in spite of the wars and political-religious conflicts that spread across Europe throughout the XVI and XVII centuries. These migratory waves affect mainly large territories of Atlantic and Mediterranean Europe, and these groups, of diverse geographical origins and different political tendencies and religious confessions in the context of a troubled Europe choose as destinations port cities that are gateways to the maritime networks of the Hispano-Portuguese Empire. It is a proven fact that these communities play a leading role in the maintenance of the mercantile system of their respective regions of origin. Of all these colonies, one of the most active is the French. We ignore whether they actually are the wealthiest and most powerful, but they have been most thoroughly studied by recent historiography. The reason could lie on the traditional

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<sup>17</sup> Montojo Montojo (1992): pp. 79-106; Montojo Montojo (1992-1995): pp. 143-202.

<sup>18</sup> Otte (1996); Torres Santana (1991); Guimerá Ravina (1985); Azcona Guerra (1996); Maruri Villanueva (1990); Gómez Zorraquino (1987).

<sup>19</sup> Montojo Montojo (2005): pp. 215-228. Crespo Solana (2005).

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relationship of Spanish historiography with the French school, and the wealth of available sources. As for the English, they settle in some Spanish port cities. Since the second half of the XVII century and during the early years of the War of Spanish Succession they are able to conquer certain places with a strategic value for their trade both with Spain and with other areas.

### **3. Laws against foreigners.**

Next, I will summarize a series of aspects of the laws designed by the Spanish Administration against foreigners that carry out trade on Spanish soil (using the specific case of Cadiz). Secondly, we will show some of the mechanisms, whether legal or otherwise, used to avoid both such laws and the surveillance under which foreign merchants are placed in Cadiz.

In this context, the underlying problem provokes a public outcry and stirs strong feelings in the Spanish Government itself, as it has always been a major Achilles' heel of the Spanish monopoly. It is, of course, the evidence that most economic activities related to external mercantile activity are in the hands of the major foreign firms settled in the port cities of the Spanish territories, as such firms heavily monopolize or, at least, function as middlemen and capital providers. Maritime powers (especially France, England and Holland) carry out direct trade with the Indies, at the same time as north-European firms operate, through their factors and agents, from the very heart of the Spanish monopoly. Not only are foreign merchants' colonies numerous in many Spanish port cities, but do they rather infiltrate Spanish economy and society by using strong mechanisms for settling as well as linking their families in a symbiotic relationship with all Spanish social groups. These merchant communities of various nationalities take the form of micro-societies within the full range of the Spanish society in the *Ancient Regime*.

The coexistence in Cadiz of foreign and Spanish merchants is ambiguous and not always friendly. Paradoxically, despite being the city where foreigners' activities are most closely watched, Cadiz has one of highest percentages of north-European merchants (mostly English, Dutch, French and Flemish). This foreign presence results in profound changes in the development of the city at demographic, social and

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economic levels. Besides, it can be stated that Cadiz is an actual frontier city. Due to its appeal in terms of economic functionality as far as the routes of international maritime trade are concerned, Cadiz begins to attract the bulk of the navigation from the north of Europe.

The number of laws that the Spanish Administration develop against foreigners on Spanish soil are so numerous that enumerating them here will greatly exceed the time allowed for this presentation. From the beginning of the trade with the Indies and until early in the XVIII century the Administration makes a clear distinction between foreigners born in the subject states of the Kingdom and those coming from other countries. That is why some colonies enjoy certain privileges granted by the King of Spain. Such is the case of the Flemings, of the citizens from some Italian regions, i.e. Neapolitans, Sicilians and Sardinians, of the vassals of the Franche-Comté until 1678, of the Portuguese from 1580 to 1668, as well as those from allied and vassal states such as Geneva, Tuscany, Milan, Venice and the German catholic states.<sup>20</sup>

Although such laws go through several changes depending both on the various historical junctures and on the different foreign policies held by the Spanish Government, laws against foreigners always have a series of common objectives. Specifically, their main aim is to place under close scrutiny the foreigners' commercial activities with the Indies. That is why -although it is not the only reason for the whole process of reforms- trade undertaken by foreigners in Cadiz is one of the main arguments that encourage the Government to step up the control measures placed on their activities in this city. Such measures show in a variety of ways.

In the first place, the continuation of such policies echoes in the actions undertaken by the *Junta de Dependencias de Extranjeros*, a Government agency created in 1714 with the objective of watching foreign business in Spanish ports. The main functions of this agency are as follows: <sup>21</sup>

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<sup>20</sup> OLIVA MELGAR, (2004), p. 75; COLLADO VILLALTA, Pedro, "El impacto americano en la Bahía: la inmigración extranjera en Cádiz, 1709-1819", *I Jornadas de Andalucía y América*, Tomo I, La Rábida, 1981, pp. 51.73.

<sup>21</sup> HIDALGO GONZÁLEZ, J. *Historia de las Dependencias de Extranjeros y Colección íntegra de los Reales Decretos. Resoluciones, Ordenes y Reglamentos que por punto general se han expedido para su gobierno y otras providencias que se hallaban incorporadas al Cuerpo de la Legislación*, Madrid, 1806, 3 vols. Archivo del Ministerio de Asuntos Exteriores (A.H.M.A.E). LARRUGA, E. de *Memorias*

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- The appointment of consuls and other representatives, mainly, of *Jueces conservadores*. This is a very little studied figure, although essential to understand the evolution of the weight of foreign interests in connection with the aspects of Spanish politics, economy and society in general.
- The surveillance placed on foreigners either living in Spain or enjoying a transitory stay thanks to certain privileges granted to them due to diplomatic relations between the Spanish Government and other nations.
- Fiscal affairs, related to taxes as well as gifts granted by foreign merchants to the Spanish Administration at some crucial junctures.<sup>22</sup>
- The design of certain laws with an essentially pragmatic character, since, on occasions, they serve the purpose - as stated by historian Collado Villalta - of both incorporating qualified manpower from European immigration and clarifying, at least legally, the situation of the foreigners regarded as residents in the places they inhabit. This is why the registration of foreigners proliferates throughout the XVIII century, having their starting point in some legal orders of 1716.<sup>23</sup>

However, foreigners' situation is only affected in practice, as this *Junta de Dependencias* becomes a platform for the recovery of old privileges that were granted in the past to the various 'nations' settled on Spanish soil. In the same way, it also has an impact, although in a small measure, on the opening of a process aimed at taking a census of and quantifying foreign population. However, the results of the various censuses taken throughout the century are far from reflecting the actual foreign population in Spanish cities.<sup>24</sup>

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*políticas y económicas sobre los frutos, comercio, jarcias y minas de España*, Madrid, 1787-1800, ed. facsímil, Zaragoza, 1995, Vol. II, tomos IV, 5, VI; p. 259. LARRUGA, *Historia de la Real Junta de Comercio, Moneda y Minas*, cap. III, Madrid, 1798, Mss. en el Archivo del Ministerio de Hacienda (Archivo del Ministerio de Hacienda, Madrid (A.M.H)).

<sup>22</sup> A.H.N.M. Estado Libro 222 y 223 (Registros de las consultas de la Junta de Dependencias de Extranjeros) y Estado Libro 683.

<sup>23</sup> A.H.N.M. Estado, 629, expedientes 1, 2 y 3. COLLADO VILLALTA (1981), p.54.

<sup>24</sup> A.H.N.M. JARQUE MATÍNEZ, J.M. & SALAS AUSSSENS, E. "Extranjeros en España en la segunda mitad del siglo XVIII", *Coloquio Internacional Carlos III y su siglo*, MADRID, 1988, Tomo II, pp. 985-997.

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These policies against foreigners' activities have a particular impact on the city of Cadiz. In this city, the reforms aimed at reinforcing the power of the administrative organs of the Spanish monopoly with America (*Casa de la Contratación* and *Consulado de Cargadores*), are connected to certain other laws intended to watch and regulate the commercial practices of the foreigners and their descendants. 1720 means the beginning of a very interesting lawsuit between the *jenízaros* and the *Consulado de Cargadores*. This court case, started by the *Consulado* in Cadiz, takes place between 1721 and 1726, and concludes with a final judgement on February the 14<sup>th</sup>. Does such judgement not only recognize the fact that the foreigners' descendants are outright Spaniards, but does it also grant them rights to trade with America, although within some boundaries. Nevertheless, the problems of the Spanish traders involved, together with a xenophobic attitude, lengthens the case until 1752, with the support of several Spanish ministers, mainly José Patiño.<sup>25</sup>

It is worth stating that, in the face of the impossibility by the Government to stop foreign activity, deeply rooted in Spanish society, the authorities of the *Casa de la Contratación* will seek mainly two things: on the one hand, to control and burden with taxes the export business of the foreigners who load their merchandise onto the fleets and galleons; on the other hand, to hinder the involvement of the merchants who are neither residents nor naturalized.<sup>26</sup> Besides, there is a series of rules aimed at keeping under control the equipping of ships at port, with the purpose of impeding one of the practices more widely used by foreign merchants, i.e. the inclusion of ships coming from north-European ports, after a change of names, in the Spanish fleets bound for the Indies. But such laws are flawed, as available data show a sharp increase in foreign merchants' activities.

My hypothesis, worth considering, is that one of the most likely reasons for the spectacular growth of trade in Cadiz that takes place since 1717 and, later, since the introduction of the register ships, in 1740, is the increase of the activities of the

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<sup>25</sup> GARCÍA-MAURIÑO MUNDI, M. *La pugna entre el Consulado de Cádiz y los jenízaros por las exportaciones a Indias (1720-1765)*, Universidad de Sevilla, 1999.

<sup>26</sup> Cf. RUIZ RIVERA, Julian B. "Patiño y la reforma del Consulado de Cádiz en 1729", *Temas Americanistas*, 5, Sevilla, 1985, pp. 16-21.

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foreigners and their descendants, or *jenízaros*. Studies on foreigners' shipments in these years seem to support such hypothesis.

#### 4. Legal and illegal mechanisms meant to avoid the laws.

It is widely proven that foreigners' colonies are able to find a way around most Spanish laws, with various degrees of success depending on the junctures, and thanks to a series of sophisticated mechanisms designed to avoid the surveillance they are placed under by the Spanish Administration.

- Which are such mechanisms? They are diverse and sophisticated, and can be divided into two groups: firstly, legal practices, using different subterfuges to be able to work within legal boundaries; and secondly, proper fraud and straightforward smuggling.

There are several different strategies that can be regarded as legal. For instance, despite the ban on foreign trade, the Administration grants naturalisation papers, permits or licenses to those resident foreigners that either fulfil a series of requirements or pay a respectable sum of money. Another apparently legal widespread strategy, as mentioned above, is the introduction of ships coming from north-European ports, after a clever change of names, to be included as part of the fleets bound either for New Spain or other areas, especially, the ports of Veracruz, Portobelo, Caracas and Buenos Aires. Such a practise has been verified in many cases, particularly in the import and export business carried out by Flemish and Dutch merchants from Cadiz between 1714 and 1753.<sup>27</sup>

There are other mechanisms which have been described by some authors. Other strategies have been briefly outlined and described when very specific examples have been explained.

One of the less-known issues is the fiscal affairs. Since the relocation of the *Casa de la Contratación* in 1717, there is an attempt to place under investigation all businesses carried out by foreigners, after previous agreements with the consuls of their respective nations or colonies, and based on diverse diplomatic treaties between the Spanish

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<sup>27</sup> CRESPO SOLANA, Ana, *El comercio marítimo entre Amsterdam y Cádiz (1713-1778)*, Madrid: Banco de España, 2001, p. 85.

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Administration and some European nations. But we can take for certain that foreigners are able to deceive fiscal control, therefore finding a way to place their goods in the markets undercutting their competitors' prices.

On the other hand, fraudulent and deceitful practices against Spanish authorities are commonplace, such as collaboration with a local middleman, or with a commission agent acting on behalf of the actual business owner, or establishing a company with a Spanish merchant (who is the recipient of manufactured goods from abroad), etc.<sup>28</sup> These illegal mechanisms turn increasingly complex as merchant communities become more numerous and the international networks involved become more closely interwoven. Broadly speaking, foreigners control the intermediation: they are the mediators between capitalists (usually commercial firms from the north of Europe), suppliers of products and manufactured goods, as well as Cadiz-based agents in charge of the storage and export of goods to America. Due to the shortage of Spanish factories, even Spaniards themselves are forced to buy goods from Europe, then bring them to Cadiz and store them just to be shipped and sold in the American markets.

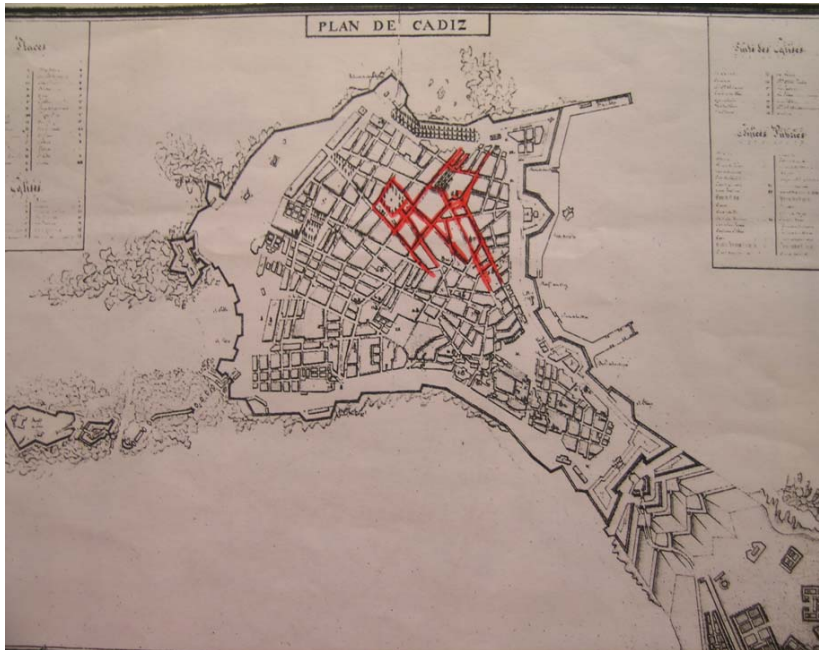
### Chart 2. Foreign merchants' residences location in Cadiz, XVIII century

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<sup>28</sup> MARTÍNEZ GIJÓN, J. "La práctica del comercio por intermediario en el tráfico de Indias en el siglo XVI", *Anuario de Historia del Derecho Español*, n. 40 (1970), pp. 5-83, CARRASCO GONZÁLEZ, Guadalupe, *Los instrumentos del comercio colonial en el Cádiz del siglo XVII (1650-1700)*, Madrid: Banco de España, Estudios de Historia Económica, n. 35, 1996.

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The history of foreign presence in Seville and Cadiz, in relation to the activities of the American trade, can be seen as three main stages, although deeply interrelated, depending on the motifs driving them to establish their businesses in Spain:

1. In the XVI century we see the strong appeal of American silver, while economic, sociological and even political factors pave the way for a long insertion process in Spanish society.
2. As a consequence, the XVII century witnesses the establishment and definite integration of foreign colonies in the system, thanks to agreements and international treaties which provide the grounds for consular networks that favour the protection of an international network of interests. This is the most prosperous century for the merchant communities from an economic point of view.
3. The XVIII century means the final stage. The Spanish economic system cannot survive without foreigners. It is already evident that in this last century, Spain keeps its American colonies and its profitable trade with permission from Europe.

There are many authors that claim the importance of the trade carried out by foreigners as part of a system that cannot survive without them. According to Olive Melgar, *“The best part of Spanish trade was in foreign merchants' hands; however, this situation did not lessen its importance” ...“Foreign ships amounted to three quarters of the total number of ships that participated in the American trade, and foreign goods represented the bulk*

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of the goods exported to the New World".<sup>29</sup> As already stated by some authors, such as Henry Kamen himself, it is a mistake to accept the Spanish point of view (repeated by many historians) that foreigners are ruining the colonies' economy and destroying Atlantic trade. The fact that foreign merchants in Spanish cities and business firms from the north of Europe, together with their agents in Spain and America, are active smugglers, does not justify such statement from neither a historical nor a scientific point of view. The fact is that their presence and activities make an incalculable contribution to colonial economy as well as that of Spain in general. Such unofficial economy, namely smuggling, is at the same time most common and most necessary in order to survive. (p. 540). As Enriqueta Vila Vilar says, this unofficial trade is, in fact, dominant and therefore, official.<sup>30</sup>

To sum up, does foreign presence in the economic activities related to the trade with America not only continue, but rather, it is strengthened. And, after all, an important reason to understand why laws against foreigners fail is the fact that their trade is also beneficial for the Spaniards themselves.

In fact, the real people who actually control the business with the Spanish America are the inhabitants of Cadiz, whether foreign or autochthonous, together with all those traders from all other cities in the Iberian Peninsula that also trade one way or another with America. All are somehow involved in the games of fraud and smuggling, as being perhaps the best way to gain access to the profitable market of colonial products. Foreigners profit from the Spaniards, most of the latter being relatives, partners or friends of the former, and the Spaniards ally with foreigners in exchange for capital, manufactured goods and collaboration in fiscal frauds. By the end of the XVIII century most communities have been assimilated by the rest of society. Subjecting foreigners to special laws have become an outdated practice and no longer useful.

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<sup>29</sup> OLIVA MELGAR, *El monopolio...*, pp. 537 y 538. DRIESCH, Wilhelm von den, *Die Ausländischen Kaufleute während des 18 Jahrhunderts in Spanien und ihre Beteiligung am kolonialhandel*, Köln, Wien: Böhlau Verlag 1972.

<sup>30</sup> Some examples in KAMEN, Henry, *Imperio, la forja de España como potencia mundial*, Madrid: Santillana, 2003; Vila Vilar, Enriqueta, *Les Corzo et les Mañara: les Corses de Séville dans le commerce des Indes*, Paris: Editions Alain Piáosla, DL. 2004; CRESPO SOLANA, Ana, *Entre Cádiz y los Países Bajos: una comunidad mercantil en la ciudad de la Ilustración*, Cádiz: Fundación Municipal de Cultura, Cátedra Adolfo de Castro, 2001.

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