

WHERE DID ALL THE SILVER GO? BULLION OUTFLOWS 1570-1650: A REVIEW OF THE NUMBERS AND THE ABSENCE OF NUMBERS.

The king of China could build a palace with the silver bars from Peru which have been carried to his country because of that traffic, without their having been registered, and without the king of España having been paid his duties...from The Relation of Hieronimo de Bañuelos y Carrillo, 1638.¹

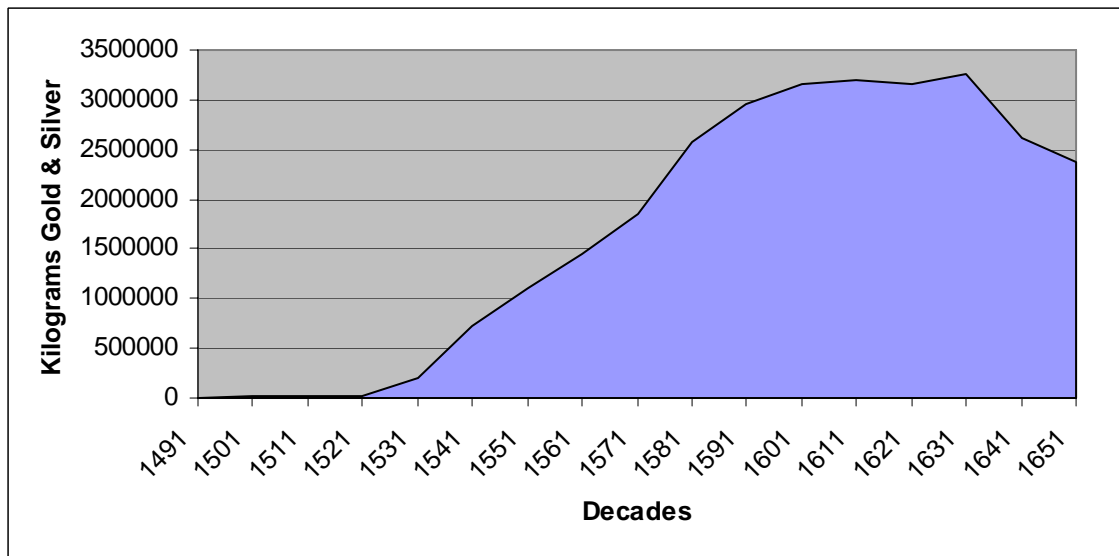
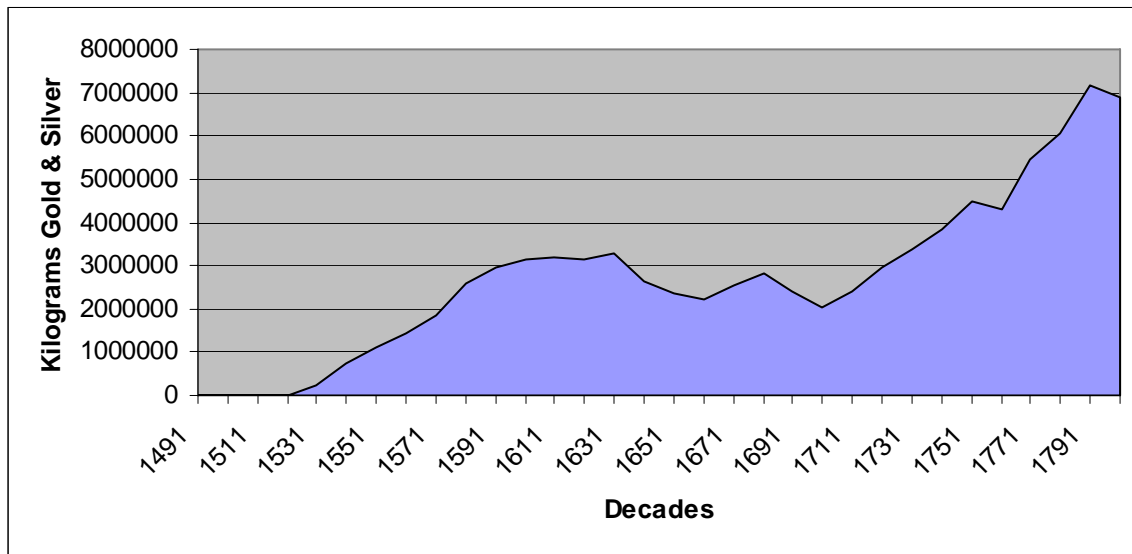
For more than a half-century economic historians have been locked into a debate about the impact of New World precious-metal mining on the world's economies during the early modern period. The publication by Earl J. Hamilton of *American Treasure and the Price Revolution in Spain, 1501-1650* in the middle of the Great Depression (1934) helped to bring the debate into sharper focus with an array of statistics and a level of analysis that heretofore had been missing.² Since then the debate has broadened and deepened with the positive result that not only hundreds of articles and books have written and published about the impact of "American Treasure" but also innovative approaches have been put forth to try to describe and to understand the impact.³ In the last decade or so some scholars in shifting the emphasis of bullion flows from the New World/European axis to the New World/Asia axis have raised the estimates of outflows of bullion from the New World to a range that bears directly on the performance of the colonial mining industry. Could New World precious-metal mining have attained the levels that the estimates indicate? In light of the higher estimates has the time arrived to review the relationship between the bullion produced in the New World and the bullion exported from there to Europe, Asia and other regions? Numerous datasets in silver and gold production in the New World as well as the export of minerals have been developed over the past few decades from different archival sources, but these datasets, which are not in total agreement and have not by any means exhausted the archival resources, have been judged as inadequate for determining the "real" production of the New World mines, in particular silver, and for the "real" outflow of bullion. Most of these datasets have been assembled from "official" treasury sources that some scholars have viewed as inaccurate or unreliable or perhaps more importantly as so badly flawed that they cannot be corrected for. The aim of this essay is to assemble as many datasets as possible, analyze and compare the trends that can be discerned, explore some of the non-numeric sources, especially those that have references to bullion outflows and contraband activities and to establish (if possible) a numeric baseline for the further study of the bullion question.

¹ Emma Helen Blair and James Alexander Robertson, *The Philippine Islands 1493-1898, Explorations by Early Navigators, descriptions of the Islands and their Peoples...*, 59 volumes (Mandaluyong, Rizal: Cachos Hermanos, 1973), 29:71.

² Earl J. Hamilton, *American Treasure and the Price Revolution in Spain, 1501-1650* (Cambridge, MA: Harvard University Press, 1934).

³ I will make use of a very small part of this bibliography. I am concerned principally with some of the most recent approaches and what they imply about the performance of the New World mining industry.

Charts 1 & 2
Total Silver & Gold Output in Kilograms with Two Dates:
1500-1810 & 1500-1650



Based on recent revisions of treasury datasets John TePaske has come up with a total value for all gold and silver produced in the New World between 1500 and 1810 of 5.5 billion *pesos* (*peso* equals 272 *maravedís*). In kilograms according to his calculations this amounted to 88 million.⁴ The foregoing charts illustrate the curve for production in kilograms over the very long term, 1500-1810 and over the long term, 1500-1650, the period of interest in this essay. The very-long-term curve reveals the three distinct phases

⁴ John TePaske has shared his data with me, and I want to acknowledge my appreciation for his generosity. Some of these data have appeared in papers given at conferences and published in journals, but full dataset has yet to appear in print. I have made only limited my use of the revised dataset, but I have made wide use of the published datasets.

of upswing, plateau and upswing that scholars have come to accept as the basic outline. The curve with the shorter duration (still 150 years) took off in the middle decades of the sixteenth century with discoveries of silver at Zacatecas and Potosí, and the curve's upward momentum remained strong until the first quarter of the seventeenth century. Less than a third of New World gold and silver were added to the world's money stock in the first 150 years of New World mining, and the remaining two-thirds in the second phase, according to these numbers. The change in precious-metal output from 1500 to 1650 amounts to a nearly 2,200-percent increase, but that change must be understood in terms of moving from a very low number of about 1,000 kilograms in the first decade to 2.4 million kilograms in the middle of the seventeenth century. The growth after 1650 is also impressive (as shown on the chart) but because it started and ended at levels in the millions the change was about a 200 percent.⁵

One issue that scholars agree upon is the 29 million kilograms of gold and silver produced in the New World between 1500 and 1650 did not long remain in the New World. Outflow of bullion from rather than retention in New World was a more likely outcome because of the lack of opportunity for investment in the colonies. It was also in the interests of the colonial rulers to move bullion from where it was produced to where it was needed. The present controversy concerns how much remained and how much left. Some current analysis concludes that the private and the public demands for redeployment of bullion almost totally drained the New World of its most precious metal, silver. It even disputes a widely-held position that the decline in silver exports in the seventeenth century was an indication that more silver was being retained in the colonies themselves to finance their own economic development. Whether silver or gold most of the bullion exported from the colonies went to the Iberian Peninsula and from there to Europe and Asia. Some flowed directly to Asia, and those who argue for greater drainage of bullion have highlighted the Asian destinations. In the past colonial scholars like Earl Hamilton, Pierre Chaunu, Ward Barrett and John TePaske have used official statistics to follow the money trail to Europe and Asia, even though they fully acknowledged that the official statistics were less than complete. Scholars have generally recognized a large, unverifiable contraband trade. But theoretical economists and global historians have raised the stakes: silver was so highly valued in the Far East, especially China, that by "hook or crook" it was drained from the colonies and diverted from the Atlantic commercial system.

Among the most ardent proponents of the New World-Far East nexus are Dennis Flynn, first alone, and Arturo Giráldez, Flynn's collaborator for the past dozen years. In a score of essays they have pressed the argument of silk-for-silver across the Pacific with skill and passion. Two articles in particular may be consulted for the core of their hypothesis. The first is "Silk for Silver: Manila-Macao Trade in the 17th Century," and the second is "Latin American Silver and the Early Globalization of World Trade."⁶ Let me summarize:

⁵ Annual growth rates needs to be computed from a different dataset, and I will return to the growth question later in the essay.

⁶ "Silk for Silver" was published in *Philippine Studies* 44:1 (1996), 52-68, and "Latin American Silver" *National Identities and Sociopolitical Changes in Latin America*, Mercedes Durán-Cogan and Antonio Gómez Moriana, eds. (New York & London: Routledge, 2001), 140-159.

- The Spanish colonies produced more silver than their economies could absorb;
- Silver being more highly valued in China than in Europe or the New World gravitated towards Asian markets. At the same time, relatively speaking, silver had so little value in the colonial economies that producers and owners of silver realized that sending it abroad rather than spending at home would enhance their returns on their investments;
- Huge silver exports or remittances to Europe have long been accepted, and even though much of that eventually entered the Europe-Far East trade, the trade between the New World (legally only Mexico) and the Far East has been largely ignored;
- Official statistics on export of silver from Mexico and import of merchandise from Manila, the principal port for Far Eastern trade, do not capture the full extent of the commercial activity. References in reports by both public officials and private traders plus recent research on Far Eastern economies, mainly China, suggest that the value of the annual exchange should be put at 2 million and perhaps higher;
- In exchange for silver merchants imported several different products, but silk was the product of choice. Some ships allegedly carried tens of thousands of bolts of silk that was sold in Mexican and other colonial markets.

The silver-for-silk interpretation derives from a theoretical rather than an empirical stance. The theory embraces the assumption that currencies trade like commodities. Currency trading in the contemporary world can be complex and mysterious. Although it could be a complicated business 300 years ago, it is somewhat easier to explain. A *peso* produced in the New World would only remain there if it could be utilized more efficiently in the domestic market than in a distant or foreign market. Given the imbalance between the output of silver and the size of the population and the economy, there was far more silver from the Mexican and Peruvian mines than the Spanish colonies could ever accommodate. Unless it were hoarded, an unlikely choice, it would be exported. Specific economic conditions could also drive silver out. High Spanish-American prices relative to other regions would cause holders of *pesos*, especially those in private accounts, to spend not at home but abroad. Moreover, if other economies valued silver more highly than the producing economies the latter's currencies would flow into the other economies where the coins, if not used directly, would be melted down for the silver. This is the crux of Flynn and Giráldez's argument. Silver was in such demand in China that nearly all the silver not exported in public and private accounts to Europe went to the Far East. This is not at all far-fetched, although it may be troubling to historians who prefer more evidence and less theory. Although Flynn and Giráldez rely heavily on a theoretical construct, they have made an effort to buttress their theoretical argument with some historical documentation. The documentation does not include recently published numeric series on silver production and currency outflow but rather consists mainly of references to commercial transactions, seized contraband and sunken vessels in the published literature. It is doubtful that these citations will silence the critics. Still Flynn and Giráldez's work deserves a serious hearing.

For some scholars the defects in the treasury accounts are so fundamental that any numeric series derived from them will never satisfactorily describe or explain the actual economic conditions. They believe that in addition to sloppy bookkeeping and dishonest reporting the official record can never capture the extent of illicit trade and illegal business that permeated the colonial systems. In the course of this essay I will address methodological problems connected with government sources. As a general proposition, however, I believe that all historical evidence must be looked at with a critical eye, and that would apply not only to treasury accounts but also to sporadic accounts on smuggling, contraband and other forms of illegal trade. One can access dozens of internet sites with material on smuggling, and some accounts offer estimates of the number of smugglers (for example, 1,000 licensed privateers) or the volume of contraband (20,000 bales in a decade) but many accounts simply describe illicit trade as thriving or flourishing perhaps with a few examples of how individual smugglers pursued their goals. Still one is left to wonder along side of the year-by-year official statistics how big and how regular was smuggling? I have no doubt that in some places and on some occasions it could be substantial. But many of these same accounts refer to the difficulty of keeping operations on track and of avoiding detection and arrest. Since record keeping was not foremost in the minds of the contrabandists (although some kept journals and logs from which information can be gleaned), contraband will probably never become a quantifiable enterprise. In light of the continuing debate, however, it may be appropriate and helpful to look closely at the official record to see exactly what it may reveal.

Analysis of New World silver production may be the easiest of the several tasks undertaken in this essay. In the past quarter century scholars have assembled new series of silver registrations for the viceroalties and the individual *cajas* (subtreasuries) drawn largely from the royal accounts published by John TePaske, Herbert Klein *et al.*⁷ (Flynn and Giráldez's discussion extends into the eighteenth century, but for now I will consider the period prior to 1650.) A second source, compiled by the late University of California Berkeley scholar, Engel Sluiter and assembled from royal accounts, appeared in a 1998 publication from the Bancroft Library.⁸ In many cases TePaske and Sluiter consulted the same *legajos* and *expedientes* from various Spanish archives. (See Sluiter's explanatory notes and data tables, which contain line-by-line citations of the sources.) Their series do not always agree, but they share many common characteristics. In addition, Sluiter left his personal archives, more than 80 boxes, to the Bancroft Library. Those archives contain typed, hand-written and xeroxed copies of many documents relating to royal finances beyond what may be found in official ledgers. I have used some of those documents in the preparation of this essay. Let me perfectly clear about the sources of Sluiter's database for outflows of bullion either to Spain or the Philippines that are listed along side each entry in his tables. When I attempted to double-check the figures as entered in the tables with the sources listed next to the entries against Sluiter's own personal archival files, I was not always successful in confirming the published figures. For example, his printed entry [Table E-II] indicated that the Mexico City *caja* sent 792,110 *pesos* to Spain in 1578. The source for this was the Archivo General de Indias,

⁷ I have added some data provided to me by TePaske from his revisions, some of which has been presented at conferences and seminars.

⁸ Engel Sluiter, *The Gold and Silver of Spanish America* (Berkeley, CA: The Bancroft Library, University of California at Berkeley, 1998).

Section Contraduría, 678A. When I consulted that file in his personal archives, I found two other figures: 764,770 *pesos* [of 8] and 776,068.41 *pesos*. And when I checked the TePaske and Klein treasury accounts for the year ending 3 March 1578 I found a figure of 767,332 *pesos* for [royal] remittances to Spain. All of these figures are close, but they are not exact. In the end I have chosen to use Sluiter's printed figures (such as 792,110 *pesos*) simply as a matter of convenience and expediency. Even if I had decided to review all the documents cited by Sluiter as well as those used by TePaske and Klein (task that would have consumed years), I suspect I would have ended up with a range of figures, just as I have shown above. The documents themselves are not always precise or consistent, and historical statistics that they contain do not appear in a "ready-to-use" format. They must be assembled, organized, reorganized and massaged, and scholars may reach different conclusions even though they were working with the same documents. Later in this essay in a discussion of duties imposed on trade between the Philippines and Mexico I will introduce some further complications in analyzing the trade data. Since Sluiter's database was not available until the Bancroft publication in 1998, I have chosen to explore it thoroughly in this essay because it does offer a different perspective on bullion outflows, based upon Sluiter's reading of the official documentation, from other published analyses.⁹

Even after working through the documents scholars must devise suitable procedures for presenting raw data as usable statistics. With respect to royal bookkeeping in the sixteenth and seventeenth centuries bookkeepers did not set up their accounts to coincide with the modern calendar year (January-December) but instead organized them around arrivals and departures of the fleet. By the eighteenth century the standard calendar year was widely practiced by royal bookkeepers. Before that, however, there was more variation than standardization. To construct annual series for statistical and comparative analysis some arbitrary decisions have to be made about how to move data that may have starting and ending dates on any day in any month. The annual series, which I am presenting, should be viewed as approximate rather than precise figures. Moreover, accounts have not survived for every month or every year. To create series that can be analyzed statistically on annual basis the gaps in the yearly figures can be filled by using estimating procedures. Both TePaske and Sluiter have filled some gaps in this manner. Sluiter acknowledged that some scholars may object to this, and he provided two sets of totals: "direct" meaning documented figures and "direct + estimates" meaning actual figures plus statistical estimates. Estimating is a reasonable way to account for lacunae in datasets so long as it is not used too extensively. If a substantial part of the annual series is estimated, then the analysis derives from the estimated data rather than the actual data. Neither TePaske nor Sluiter attempted to fill in every gap since long stretches without any numbers probably should be left blank.

Silver series are often expressed in *pesos de ocho* (272 *maravedís*) because that is the most convenient way to present the data. Not all of the silver and perhaps not most of the silver was coined. The silver series in *pesos* is constructed from the taxes (*quintos* and *diezmos*) collected by the local treasury (*real caja*). After being extracted and milled

⁹ Table E-II, *Gold and Silver*, 148. His notes on 1578 remittances may be found in Viceroyalty of New Spain, Contraduría (General), carton 15 with the citation Archivo General de Indias [AGI], Contraduría, 678A.

silver was sent to the royal assayer to be tested for purity and converted to bars, each weighing up to 130 marks (or 1,040 ounces). From there it was transported to the local *caja* where it was registered, taxed and stamped. The registration, known as the *manifestación*, contained among other things information on weight, fineness, the amount of the tax and the name of the owner and/or his agent. At this point the government took its share and returned the rest to the owner or his agent. It was expected that the silver ingots would be sent to the royal mint to be assayed a final time then converted into coins or bars. Whether it was converted to coins or bars depended on the needs of the owners (including what the crown owned). In Mexico City's mint from 1585 to 1607, according to a table compiled by Louisa Hoberman licensed silver brokers (usually merchants representing miners or themselves) presented for coinage an amount of silver that was only 11 percent of the known silver registrations. Since miners themselves and others could present bullion for coinage, this figure may only capture part of what was minted. Mints could apparently issue substitute (roughly finished) *pesos*, more like trading coins, to facilitate the transfer of silver abroad. Since most of the silver mined in Spanish America was exported, such a coin was both convenient and necessary. No doubt silver was exported in several different forms, although coins may have been the preferred.¹⁰ In fact, though, how silver left the colonies was not important because its value either as coin or bullion was based on the assays, and those who dealt in silver – merchants, brokers, exporters and importers – knew the intricacies of trading metals.

This raises a question about smuggling, a much more controversial and mysterious business. The business of contraband had many different faces and operated at many different levels. At this point with respect to the reporting of mined and milled silver how widespread could it have been? Briefly put, there is no agreement on how much silver was never taxed, assayed or marked. Silver either in the form of ore or bullion was not easy to conceal except in small quantities and not easy to trade without an official assay. There is little dispute that small quantities of silver slipped through the regulatory maze. But it is also evident from the *manifestaciones* that the largest producers (or their agents), who accounted for most of the silver in almost every camp, dutifully appeared to register their silver that was milled with mercury purchased from the treasury and was assayed by the royal assayer. Gold dust or uncut diamonds might be more tempting to smuggle than silver, which were found in their native forms unlike silver that had to be processed. Hoberman reminds us that there were penalties to be paid for those who violated the law. The notion that Spanish colonial businessmen constantly violated the rules and regulations in pursuit of their own self-interests does not square with the fact the merchant and the government each had too much to lose by letting the system collapse.¹¹

As a statistical exercise, if underreporting at the *cajas* was in the range of 10 to 40 percent per year, the results would show up in the following revised figures. At 10 percent about 100 million *pesos* worth of silver or about 3 million kilograms of silver

¹⁰ Hoberman, *Mexico's Merchant Elite, 1590-1660, Silver, State and Society* (Durham, NC: Duke University Press, 1991), 111.

¹¹ Hoberman and others who have studied royal administration acknowledge that laws were violated but also stress that the obedience to the law had advantages for all parties. Hoberman in particular stresses that disagreement did not imply disloyalty. *Mexico's Merchant Elite*, 220-222.

would have to be added to the totals. And if as much as 40 percent escaped taxation than four times those amounts (400 million *pesos* and 12 million kilograms) would be added to the totals noted above for 1500-1650. If the underreporting was about 10 percent, the additional silver would not add significantly to what could be exported. At 40 percent the magnitude of the change is significant. If the underreporting were as much as 20 to 40 percent then the quantity of silver available for export would begin to approach levels needed to embrace an outflow comparable to that implied by the Flynn model. To boost the volume of output of silver whether by a small or large percentage has other ramifications. Each increment of output required an increment of input – capital, labor, supplies such as mercury and ores. In other words did the mining industry across the Spanish New World have the wherewithal to raise productive capacity beyond what the current silver curve suggests. To a limited degree the input side of the equation can be examined to see if the output could be raised.

Efforts have been made to try to account for unregistered silver. Harry Cross made a good-faith effort to do with statistical estimating. He begins with the observation that many mining scholars share: “Volumes of recurring complaints and plaintive discussions and petitions make us only certain such crimes [fraud and smuggling] existed and were widespread.”¹² Along with David Brading he devised an estimating procedure based on the consumption of mercury. Although they stated that 100 pounds of mercury could yield in the range of 120 to 130 marks of silver on a consistent basis, they used a figure of 110 marks for each hundredweight of mercury. They chose a lower number in order to avoid overstating the ratio. Thus, the amount of mercury that was recorded as being consumed annually was multiplied time 110. In addition, since some ore was smelted they added 20 percent to the calculated silver production based on mercury consumption. This is a perfectly reasonable approach so long as the mercury-to-silver ratio and the amalgamated-to-smelted-ore ratio hold up. In 1972 when Brading and Cross first introduced these data they came up with a minimal figure of 851 million *pesos* worth of bullion (gold and silver) were mined in the New World between 1570 and 1650, and that figure even with the gold was not far from totals that I will discuss below. However, in 1983 when Cross published a solo essay, the totals had risen significantly. The size of the estimator will always determine the results, and while good reasons may exist for changing the estimator, the new results must be squared at some point with other documentation. Constraints on expanding mining output cannot be ignored in raising ever higher the level of production.¹³

¹² Cross, “South American Bullion Production and Export 1550-1750,” in J. F. Richards, ed., *Precious Metals in the Late Medieval and Early Modern Worlds*, (Durham, NC: North Carolina Academic Press, 1983), 407-408.

¹³ The original estimating procedure was discussed in Brading and Cross, “Colonial Silver Mining: Mexico and Peru,” *Hispanic American Historical Review*, 52:4 (1972), 568-579. The figure is from p. 579. The discussion of the method is not very detailed. Moreover the graphs lack some specificity. The general trends are obvious, but specific data points are not so obvious. Finally in Graph II other estimating procedures are cited but not really linked to the Graph itself or to the text. The estimator used in the 1983 article is discussed in Appendix II but not in terms of why the change was justified.

Table 1
Comparison of Silver Registrations 1576-1645

5-Year Period	Total 1	Total 2	10-Year Period	10-Year Period
Sluiter	Direct/Estimate Calculated	Direct/Estimate Table D	Sluiter	TePaske
1576-1580	36982650	36982650	36982650	35735000
1581	50312571	50312571		
1586	54460110	54460110	104772681	100190000
1591	58489732	58489732		
1596	55295899	55295899	113785631	113400000
1601	62590483	62260333		
1606	64676645	64676645	127267128	121810000
1611	68669532	68470910		
1616	64417104	64417104	133086636	124280000
1621	62870482	62870482		
1626	65886649	65886649	128757131	123630000
1631	62869787	62869787		
1636	62017601	62017601	124887388	128600000
1641	54601152	54601152	54601152	51415000
Recorded Total	823611625	823611625		
Calculated Total	824140397	823611625	824140397	799060000

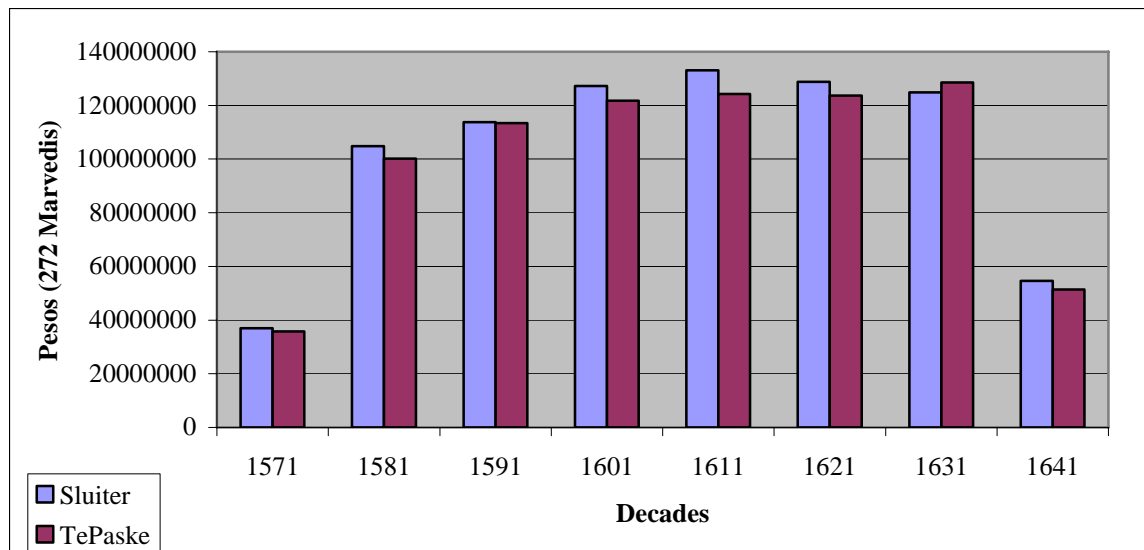
Note: Figures in red: Sluiter's data are published in quinquennial totals so that the figures for 1576-1580 and 1641-1645 are his calculations; TePaske's data are published in decennial totals so that the figures for 1576-1780 and 1641-1645 are computed by dividing the decennial total by 2. The computed TePaske figures in red are more appropriately described as estimates.

Before turning to analysis of the data themselves I want to emphasize that smuggling, contraband or illicit commerce within the Spanish imperial system embraced several modes. The most familiar mode, at least in terms of published research, concerns trade in merchandise rather than bullion. Merchants were known to conceal merchandise to avoid taxes, understate the value of merchandise to reduce taxes and even to unload merchandise under clandestine conditions to bypass official scrutiny completely. Further royal officials were known to collaborate with private shippers to defraud the state but to reward the participants.¹⁴ Because it is so hard to determine how much silver escaped

¹⁴ The most detailed study of how contrabandists and their collaborators carried out their schemes is Lance Grahn, *The Political Economy of Smuggling, Regional Informal Economies in Early Bourbon New Granada* (Boulder, CO: Westview Press, 1997, Dellplain Latin American Studies, No. 35). In one instance Grahn notes that Blas de Lezo, an experienced naval commander, was assigned to Cartagena, he reported that about 75 percent of the New Granadan gold production, the equivalent of 1.25 million *pesos* of silver,

registration and taxation but entered the world marketplace as contraband it is useful to examine the available datasets relating to mining operations as well as bullion outflows for discrepancies or defects in the official data.

Chart 3
Comparison of Silver Registrations



Note: Data for decades designated 1571 and 1641 include data only for half of the decade – 1576-1580 and 1641-1645.

I will turn now to an analysis of silver-registration data.¹⁵ I will focus on the period 1575-1650 because that period figures prominently in the debate about bullion outflows and offers ample documentation concerning silver and trade statistics. From Table 1 Sluiter's dataset shows that more than 824 million *pesos* worth of silver (direct + estimates) were registered from 1576 to 1645 while TePaske's captures slightly less at

was exported annually. That figure has been treated as an exaggeration by some contemporaries and historians. (pp. 160-161). Another scholar, William Sharp, in his essay "The Profitability of Slavery in the Colombian Chocó, 1680-1810," *Hispanic American Historical Review*, 55 (1975), also cited in Grahm, indicated that Chocó gold miners could have smuggled as much as a half of the gold production in the eighteenth century out of New Granada (186-187). The unknown is in what form was the gold smuggled out. Taxes had to be paid on the export of gold and silver so it was possible that some of the gold had been marked and taxed in the *caja real*, and the point where it entered the contraband trade was at the port. If 50 percent of the gold produced had been smuggled out of the camp where it was produced and then out of the colony, that would have a substantial effect on the production curve. If gold could be smuggled out of the camps in large quantities, why not silver? Both gold and silver ores had to be processed, but gold in the ore form was more valuable (for purposes of smuggling) than silver in the ore form. Still, if gold smugglers could bypass all royal controls so that the quantities escaped detection and registration by the percentages just suggested, the much more gold was mined and ultimately exported than appears in the official record. That it could be done with gold lends credence to the assertion by some that silver registrations may miss a large volume of mined and exported silver. For non-quantitative approach see Carlos Esteban Deive, *Tangomangos, Contrabando y piratería en Santo Domingo, 1522-1606* (Santo Domingo: Fundación Cultural Dominicana, Inc, 1966) for a discussion of how the crown initiated various plans including vacating the towns along the northern coast to try to stop smuggling, in which the townsfolk willingly engaged. Without data, however, it is difficult to assess how substantial the fraud was.

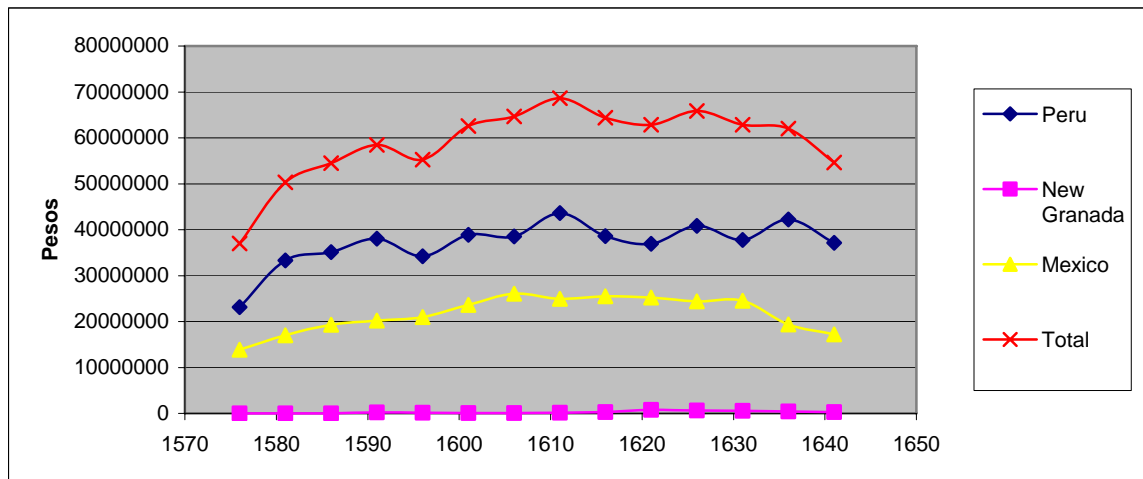
¹⁵ I will not evaluate the role of gold since it did not figure significantly in the outflow question until the late seventeenth century.

800 million *pesos*. On an annual basis two datasets reveal an average of between 11.5 and 12.0 *pesos*. Except for the 1630s Sluiter's decennial totals were higher than Tepaske's, but overall, as seen in Chart 3, despite differences in how the datasets were assembled Sluiter and TePaske have arrived at decennial totals that are reasonably close. Both series hovered around 120 million *pesos* per decade from 1600 to 1640. Sluiter's decennial figures peaked at 133 million *pesos* in the decade of 1611-1620 while TePaske's peaked at nearly 129 million *pesos* in the decade of the 1630s. Sluiter's data, having reached its highest level in the second decade of the seventeenth century, showed an increase of 19 percent between the first full decade (1581-1590) and the last (1631-1640) in contrast to TePaske's data, which did not reach its highest point until the 1630s and therefore had a 28 percent increase between the first and last full decade. While duly noting the differences, I would suggest that the two datasets might be viewed as a range of silver registrations rather than as definitive numbers.

Table 2
Origin of Silver Registrations
(Sluiter Quinquennial Totals Only)

5-Year Period	% Peru	% Mexico
1576	63%	37%
1581	66%	34%
1586	64%	35%
1591	65%	35%
1596	62%	38%
1601	62%	38%
1606	60%	40%
1611	64%	36%
1616	60%	40%
1621	59%	40%
1626	62%	37%
1631	60%	39%
1636	68%	31%
1641	68%	31%
Total	63%	37%

Chart 4
Origin of Silver Registrations
(Sluiter's Quinquennial Totals Only)



A more relevant consideration is the origin of the silver. More than 63 percent of the silver in this period came from the Andes, and not surprisingly most of that originated in Potosí. Although the ratios will change in the second half of the colonial era in favor of Mexico, the first half clearly belong to Peru and Potosí. The origin of the silver is relevant because of the policies governing the outflow of bullion from the respective colonies. And those policies were related to the creation of a commercial system for shipping merchandise to the colonies and bullion from the colonies. The international trade routes established under the commercial policies allowed Mexico to maintain an Atlantic Ocean port at Veracruz and a Pacific Ocean port at Acapulco. Peru had only a Pacific port at Lima (actually Callao), and under the rules that emerged in the late sixteenth century it was prohibited from trading directly with the Far East and was connected by way of the Isthmus of Panama to the Atlantic commerce. In addition, though, inter-colonial trade along the Pacific littoral grew up along side of the prescribed international routes and became a major link between Peru and the Far East by way of Acapulco. The need to control the movement of bullion from Lima to Acapulco pushed the Crown toward more restrictive policies relating to the inter-colonial trade. Pacific bullion outflows between 1575 and 1650 were more concerned with Peruvian silver than Mexican silver.

It is necessary to define more precisely what constituted silver exports. The term commonly used to describe the movement of money from the mining camp to the capital and beyond was remissions (*remisiones*). Remissions could consist of bullion, coin or bills of exchange known as a *libranzas*.¹⁶ Royal remissions are easier to document than private remissions. *Cajas reales* were required to remit funds periodically to the central treasury, and the central treasury then remitted funds in accord with royal instructions. By and large the royal remissions involved transfers of bullion or coin. Records of transfers from the *cajas* to the central treasury and from the central treasury to other destinations

¹⁶ The history of the *libranza* is not well understood yet, perhaps better understood in the eighteenth century than earlier centuries. See Pedro Pérez Herrero, *Plata y libranza. La articulación comercial del México borbónico* (Mexico: El Colegio de México, 1988).

within Spain's empire are extensive, although not necessarily well organized. International remissions as opposed to *caja* remissions are the more fully documented. Although private remissions within the colony are difficult to track because they often involve a series of merchant transactions (since much of the privately-held silver ended up in the hands of merchants), the export of silver either as bullion or coin required a license along with the payment of a tax. Hence, the statistical series needed to analyze the outflow of silver relative to the registration of silver does in fact exist both for royal and private remissions. Of course the international remissions dataset may be incomplete, but by the same token it is too large to be ignored simply because it is not complete. As with many numeric studies the relationships between imperfect datasets may reveal important clues and insights about economic activities.

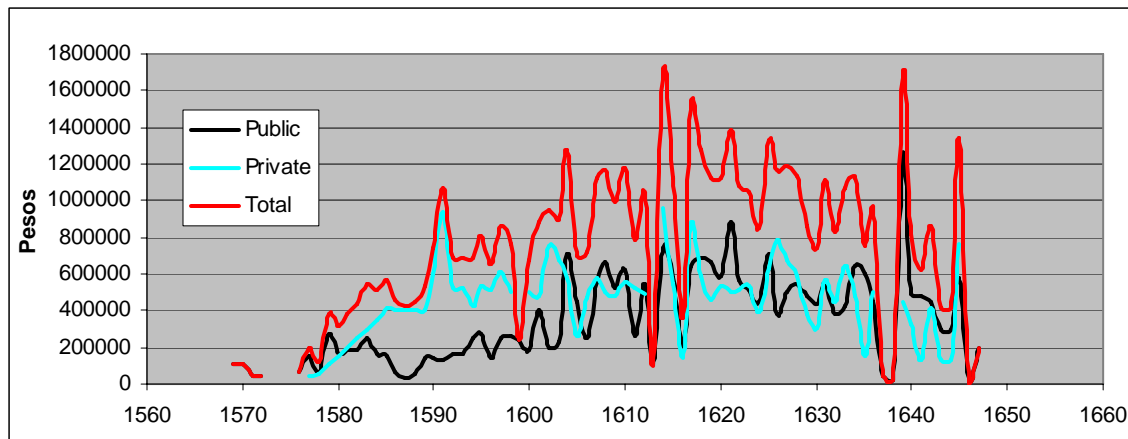
The crux of the debate concerning silver outflows bears on the remissions data. Earl Hamilton in his seminal work on American Treasure used remissions data, and additional datasets have been compiled since Hamilton's publications. Indeed the publication of Engal Sluiter's dataset in 1998 adds some important new information about silver exports in general and Pacific outflows in particular. The colonial governments kept track of outflows to the extent that they could. Privately-owned exported silver was taxable, but government-owned bullion was not. While it is unlikely that all exported silver can be accounted for, the available data involve large numbers that can be compared with silver-production and related datasets. As more research is undertaken in Spanish archives but perhaps more usefully in archives associated with the ultimate destination of silver, the remissions series will only grow more solid. Still linking the remissions curves to the silver curves provide a somewhat different perspective on the bullion outflow question.

Since much of the controversy over bullion outflow concerns the Pacific and Asian component it is important at the outset of the remissions discussion to note that Sluiter's publication contains some new data. Earlier estimates for bullion exports to Asia from the fourth quarter of the sixteenth century to the middle of the seventeenth century totaled about 35 million *pesos*. On average between 400,000 and 500,000 *pesos* worth of silver entered Far East commerce. Sluiter's data boost the average by more than 60 percent. The critical data are found in Table E-1 based on Spanish archival material from 1569-1647. I have constructed an annual series from this table in order to make some comparisons with other annualized datasets, and in addition I have created a quinquennial series from the annual series so comparisons can be made with Sluiter's own quinquennial silver-registration series in Table G-2. In reorganizing the data accordingly I have had to make some arbitrary decisions about how to create an annualized dataset that does not always appear in the archival sources by calendar year. In this essay when I refer to an annual or quinquennial series on remissions to the Pacific from Sluiter I am referring to my arrangement of his raw data into those chronological divisions. (Remember, however that the quinquennial silver registrations are Sluiter's.)¹⁷ In the period from 1569 to 1647 at least 56.8 million *pesos* flowed from Acapulco to Manila. Acapulco was the only Pacific port permitted to trade directly with Manila. On an annual basis the average was about 700,000 *pesos*, two to three hundred thousands more per year than the earlier estimate. When charted, total remittances followed a fairly strong upward

¹⁷ Sluiter, *Gold and Silver*, 146, 192.

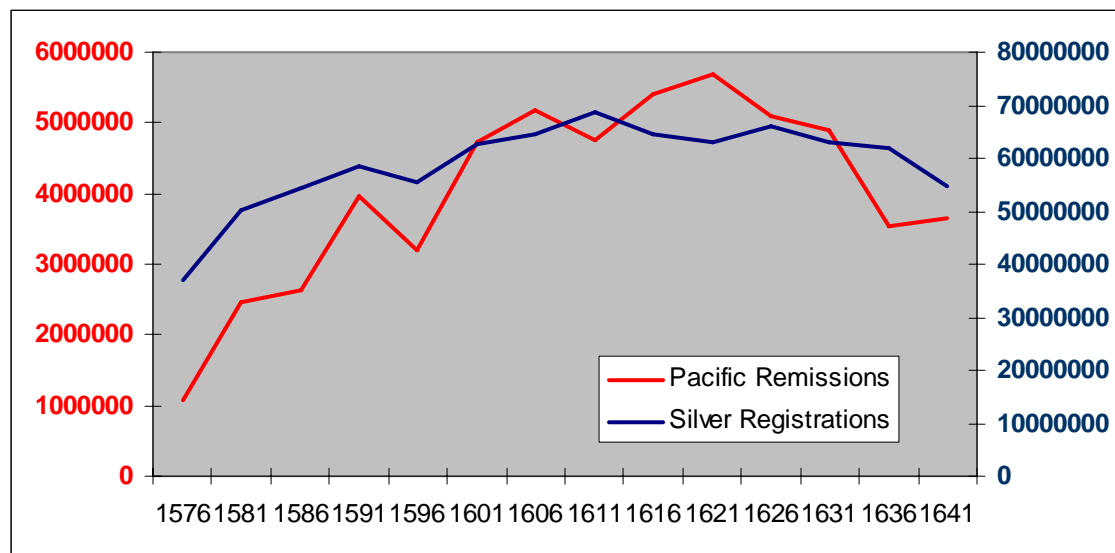
trend until the second decade of the seventeenth century after which they reversed course. Year-to-year changes in either direction could be large. By the mid-1640s, however, total remittances were no greater than they had been in the late 1560s and early 1570s. In the peak year (1614) nearly 1.7 million *pesos* left Mexico for the Philippines. In 1639 remittances almost matched the 1614 figures, but in the intervening years they were generally in decline. It is noteworthy that the highs in 1614, 1617, 1639 and 1645 occurred in the wake of significantly lower exports in prior years. This suggests, of course, that for whatever reasons exports of silver could be delayed or postponed in a given year only to shoot up in the following years. Despite the erratic character of the annual remissions the overall pattern was clear enough – expansion of remittances in the first half of the period and contraction in the second half.

Chart 5
Estimated Annual Total Silver Remissions
Acapulco to Manila, 1569-1647
(Sluiter's Dataset)



The trends for the separate components – private and public – on an annualized basis followed similar general patterns but differed in specific details. Overall more than half (53 percent) of the total outflow from Mexico to Asia was comprised of private remittances and the remainder (46 percent) of public remittances. During the last quarter of the sixteenth century private remittances clearly dominated silver exports. And during the two quarters of the seventeenth century neither component single-handedly dominated the outflow curve. Both components followed a general trend of rising into the middle of the first quarter of the seventeenth century and then turning down for the rest of the period. Private remittances accounted for a high of 93 percent of the total in 1587 and a low of 2 percent in 1647. In some years there were no private remittances, and that would of course make the share zero. However, we do not know nor does Sluiter say if those were years without remissions or without data. What is most significant about these figures is that the hefty remittances to Manila and Asia in the late sixteenth and early seventeenth centuries did not become a pattern that continued indefinitely. Internal events (falling production and rising population) and external events (Chinese monetary policies) surely influenced the flow of metal from the New World to Asia.

Chart 6
Pacific Remissions and Silver Registrations
Quinquennial Totals, 1576-1645
(Sluiter's Dataset)



To make some comparisons between Sluiter's quinquennial silver and remission series, I have narrowed the remission chronology to 1576-1645. For those years total remissions fall slightly to 56.2 million *pesos* ("direct + estimates" as with the silver data).¹⁸ The quinquennial curves for total remittances versus total registrations follow similar patterns: a rise into the early seventeenth century followed by a decline into the middle of the seventeenth century. In the middle decades, however, there is a noticeable divergence. Total registrations peaked in the quinquennium 1611 to 1615 and then turned downward. Total remission, on the other hand, continued rising until the quinquennium 1621-1625 before turning downward. The correlation between the two series is strongly positive at nearly 91 percent. This points to the existence of a relationship between the output of silver and the outflow of bullion. Although Sluiter's decennial figures do not agree with TePaske's, both series showed substantial increases in silver registrations between 1580 and 1610. Sluiter's silver series rose 9 percent in the 1590s over the 1580s and 12 percent in the 1600s over the 1590s whereas TePaske's grew by 13 and 7 percent.¹⁹ In brief there was a substantial volume of silver in the New World that given the demographic and economic conditions that existed would enter the export market. Once output of silver began to slow and then reverse bullion outflows would follow suit. Measuring the velocity of money either in the form of coin or bullion is almost impossible to do with the available data, but some lag time could be expected between the production of silver and its exportation.

The Pacific bullion exports constituted only part of the total outflow from the New World. By Sluiter's own calculations Pacific exports of 56-57 million *pesos*

¹⁸ No Pacific remissions were recorded for 1573-1575 and relatively small figures for 1569-1572 and 1646-1647.

¹⁹ Sluiter's production data from quinquennial totals in Table G-2, p. 192, in *Gold and Silver*, and TePaske's from decennial totals provided to the author.

represented 8.3 percent of the total remissions of 680.9 million *pesos* between 1575 and 1650. The remaining 91.7 percent (624.7 million *pesos*) percent was shipped to Spain (and Europe). In that period Sluiter's total silver registrations (direct + estimates) reached 824 million *pesos* (if some errors in addition are corrected for); of that amount approximately 17 percent was retained and 83 percent was exported. In other words, according to the data assembled from the "official" records plus some estimating only about a sixth of all the silver produced and registered from the Spanish-American mines remained in the New World. Seven percent of the silver was shipped to the Far East and nearly 76 percent was shipped to Europe.

Common sense might dictate that as output of silver rose and fell the export of silver would follow suit. But some important distinctions appear when we examine the two series more closely. It cannot be assumed, of course, that the two series should match up exactly. Just as delays were encountered in moving silver from the mines to the mints, so too were delays encountered in shipping silver either to Europe or Asia. Silver registered in one year may not show up in remissions until the following years. Beyond that, however, it is worth noting that remittances as percentages of registrations were extremely high during the first six quinquennia: from 82 percent in 1576-1580 to 104 percent in 1596-1600. After 1601-1605 the percentage of silver remitted dropped into the 60 to 70 percent range. The decline in native populations during the sixteenth century and the first half of the seventeenth century was never offset through Spanish immigration to the New World. The impact of depopulation on local economies is hard to gauge precisely, but the demand for goods and services *in toto* would surely have dropped off to a substantial degree. The dual economies that existed where large native populations existed along side of Spanish immigrants would have experienced a mixture of contraction in the first instance and expansion in the second. But the expansion never attained the level that could attract much more than a fraction of the wealth being produced in the silver mining camps. In the evolving mercantile system the New World was viewed in terms of the raw materials (including precious minerals) that it could produce and the finished products that it could consume. This generalization overstates the case, to be sure, because by the late sixteenth century a "proto-industrial" sector had taken root in the Spanish (and Portuguese) colonies.²⁰ In the larger context the New World had precious metals and not much else that the rest of the world wanted. One can idealize the allocation of the New World's own wealth to build a grand society, but the monetary realities combined with governmental policies intruded with a different scenario: New World silver (and gold) had other masters to serve. The forces at work can be seen in a simple ratio: in the decade of 1600-1610, one of the most productive in the first 100 years of mining, with a population of +/- 3 million silver registrations amounted to more than 40 *pesos* per person and bullion exports to nearly 37 *pesos* person. However one may wish the allocation of New World resources to be, in particular to favor the New World, they were massively exported. But the ratio just cited could not continue indefinitely because New World economic conditions and royal fiscal policies changed. The volume of silver drawn from the New World into other markets for public and

²⁰ See Aurora Gómez-Galvarriato, "Premodern Manufacturing" in Victor Bulmar-Thomas, John Coatsworth, Roberto Cortés Conde, eds., *The Colonial Era and the Short Nineteenth Century*, vol. 1 of *The Cambridge Economic History of Latin America*, 2 vols (Cambridge: Cambridge University Press, 2006), 1:357-394.

private consumption was impressively high in the 30 years from 1576 through 1605. I would caution, however, that these figures should not become the basis for projecting the level of outflows many decades into the future.²¹

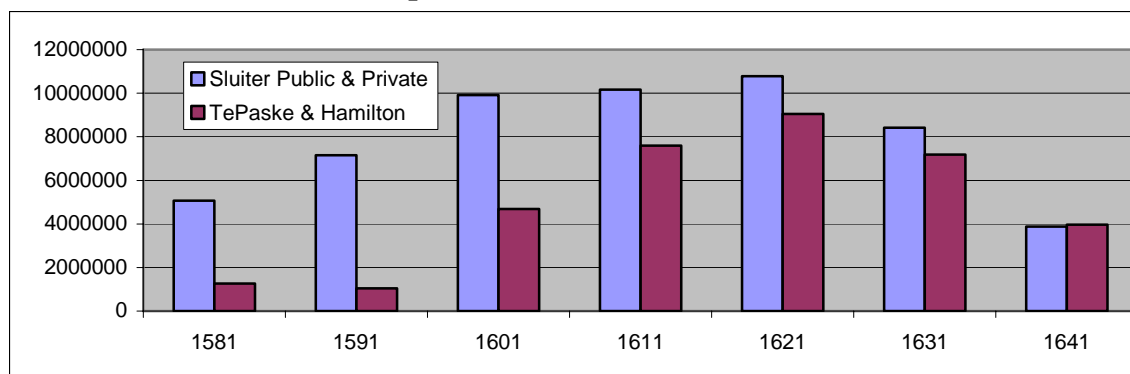
Quinquennial changes in silver registrations do not always match up exactly with quinquennial changes in remittances. Of the 13 (out of 14) quinquennia in which changes can be calculated, silver registrations recorded seven advances, the best advance being 36 percent from 1576-80 to 1581-85, and six declines, the worst decline being 12 percent, from 1636-40 to 1641-45. With respect to remissions, however, there were five advances and eight declines. A 62-percent rise in remittances between the first two quinquennia was the strongest and coincided with the best advance in silver registrations. The sharpest decline in remittances was 28 percent between 1625-30 and 1631-35, a decade ahead of registrations. Silver bound for Castile recorded more declines than silver bound for Manila. In eight quinquennia Castile remissions declined with the worst, -31 percent, from 1626-30 to 1631-35. The worst, -28 percent, in Pacific remissions occurred in the next decade, from 1631-35 to 1636-40. The second decade was clearly time of adjustment in overseas remittances, first to Castile and then to Manila, as the colonial silver mining industry entered its first real downturn. Pacific remittances actually held up well until the late 1630s, although the official figures suggest that they were probably half of what Flynn, Giráldez and others have predicted. In fact, the percentage of remissions destined for the Pacific was higher, 9 percent or above, in the second half of the period, beginning with the 1606-1610 quinquennia, than in the first half. The opposite was true for Castile, although percentages remained around 90 percent compared to 95 percent in the first half. Castile remittances dropped from the mid-50-million range in the late sixteenth and early seventeenth centuries to the mid-30-million range in the 1630s and 1640s.

²¹ In addition to the export of silver one can legitimately ask what became of the bullion that remained in the colonies. Was it spent or was it hoarded? It is fairly easy to follow the trail of bullion held in treasury accounts but almost impossible to follow the trail of bullion held in private accounts, especially bullion held by the church and its ecclesiastical orders. I will consider this aspect later in the essay.

Table 3
Comparison of Pacific Remissions

Decade	TePaske Total Public	Sluiter Total Public & Private	Hamilton Total Private	TP-Ham Combined	Difference
1581-1590	1259651	5070106		1259651	3810455
1591-1600	466016	7150705	578170	1044186	6106519
1601-1610	1174782	9909039	3516513	4691295	5217744
1611-1620	2541652	10165951	5048118	7589770	2576181
1621-1630	3620573	10786549	5423822	9044395	1742154
1631-1640	3672874	8418804	3509871	7182745	1236059
1641-1650	2206810	3883585	1759706	3966516	-82931
Total 1581-1650	14942358	55384739	19836200	34778558	20606181
Total 1591-1640	11475897	46431048	18076494	29552391	16878657

Chart 7
Comparison of Pacific Remissions



While no one disputes the point that the bulk of the silver remissions, both private and public, crossed the Atlantic, Sluiter's Pacific remissions compared to earlier estimates refocuses the spotlight on the role of the Far East in the outflow debate. Sluiter's Pacific remittances (including his estimated totals) were almost two-thirds higher than previously-published figures. John TePaske, using royal accounts, assembled a series that showed 14.9 million *pesos* left Mexico and entered Manila between 1581 and 1650. These were basically public remittances ordered by the government to pay for defense or administration. Earl Hamilton, on the other hand, published a series for private remittances that totaled 19.8 million *pesos* for the same period. If the two series were combined on the presumption that TePaske's series was public and Hamilton's private, the total would be 34.8 million *pesos*.²² Table 3 and Chart 7, based upon decennial trends (Sluiter's quinquennials converted to decennials to match TePaske-Hamilton decennials),

²² TePaske, "New World Silver, Castile and the Philippines, 1550-1800," in Richards, ed., *Precious Metals*, 444-445. TePaske's article included Hamilton's figures.

underscore that Sluiter's Pacific remissions were markedly higher than the combined dataset from 1580 to 1610, but starting with the second decade of the seventeenth century the differences between the datasets narrows. In the 1640s they show parity, although Sluiter's data for that decade are incomplete. The differences between Sluiter and TePaske-Hamilton are especially notable in the two decades before 1600. I would point out that the absence of data in the TePaske-Hamilton series may account for part of the difference. Hamilton offered no data on private Pacific remissions in the 1580s where Sluiter offered a figure of 3.7 million *pesos*, which if added to TePaske's public remissions would equal about 4.9 million *pesos*, not far from Sluiter's total of more than 5 million *pesos*. Hamilton did provide a figure of one-half million *pesos* in private remissions in the decade of the 1590s, but Sluiter's figure was 10 times that. The previous data used in analysis of Pacific outflows of New World silver do not reach the level of Sluiter's series, and while Sluiter's data required some manipulation they have the effect of reinforcing the criticism by those who believe that a more robust Pacific trade existed between 1575 and 1650 than the prior data suggested.

Table 4
Comparison of Public & Private Pacific Remissions
(various dates)

Period	Sluiter Public	Sluiter Private	Sluiter Total	Sluiter % Private	TePaske Public	Hamilton Private	TP-H Total	TP-H % Private
1569-1572	312177		312177	0.00%				
1576-1580	726590	346000	1072590	32.26%				
1581-1590	1353448	3716658	5070106	73.31%	1259651		1259651	0.00%
1591-1600	2065892	5084813	7150705	71.11%	466016	578170	1044186	55.37%
1601-1610	4598574	5310465	9909039	53.59%	1174782	3516513	4691295	74.96%
1611-1620	5035674	5130277	10165951	50.47%	2541652	5048118	7589770	66.51%
1621-1630	5490869	5295680	10786549	49.10%	3620573	5423822	9044395	59.97%
1631-1640	4855745	3563059	8418804	42.32%	3672874	3509871	7182745	48.87%
1641-1647	2310887	1572698	3883585	40.50%				
1641-1650					2206810	1759706	3966516	44.36%
Total	26749856	30019650	56769506	52.88%	14942358	19836200	34778558	57.04%

Since the datasets assembled by Sluiter and others distinguished between public and private remissions let me address the implications of the distinction with respect to Pacific remissions. All of the series show that more private funds than public funds were remitted to the Pacific but not by a large margin. Of the total Pacific remittances in Sluiter's series from 1569 through 1647 53 percent were private. In the combined TePaske-Hamilton series the percentage came in somewhat higher at 57 percent. The two series do not show much convergence, however. Sluiter's private remissions were highest at more than 70 percent in the last 20 years of the sixteenth century while TePaske-Hamilton's were highest between 65 and 75 percent in the first two decades of the seventeenth century. Both had fallen off significantly by the third and fourth decades of the seventeenth century. Conversely the decline in private remissions meant a rise in

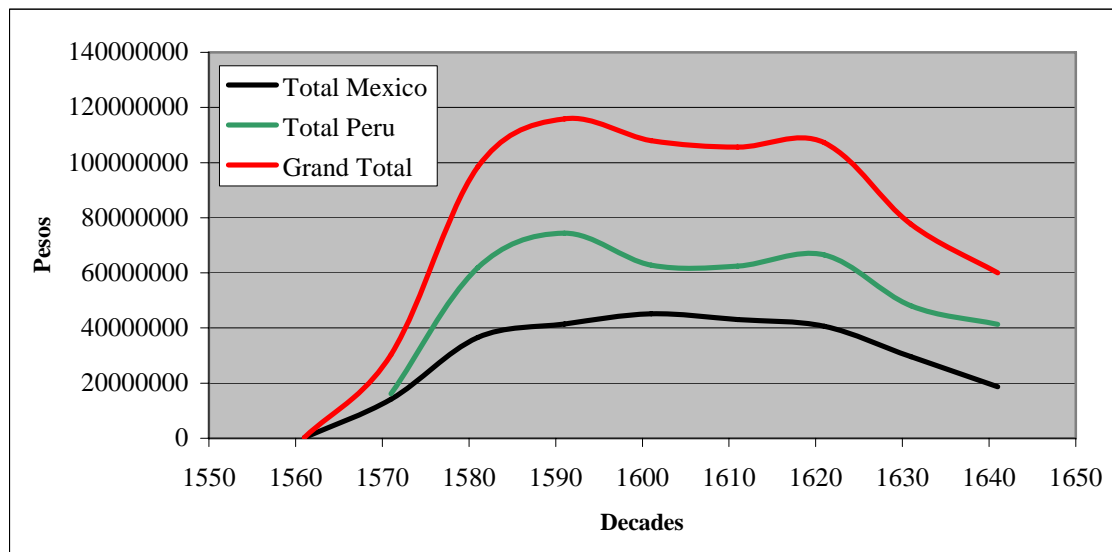
public remissions. Sluiter's public and private series indicate that private remissions peaked in the first decade of the seventeenth century at about 5.3 million *pesos*, stayed above 5 million *pesos* for two more decades before dropping to a range of 1.5 to 3.5 million *pesos*. In the meantime public remittances reached their peak of 5.5 million *pesos* in the third decade of the seventeenth century before contracting. In the TePaske-Hamilton series the reversal in private versus the public remittances does not occur until the third decade of the seventeenth century. Overall the TePaske-Hamilton series recorded a noticeably lower total for public remittances at 15 million *pesos* between 1575 and 1650 than the Sluiter series at 27 million *pesos*. Despite the differences in the series one may reasonably conclude that public remittances to the Pacific were secondary to private remittances through the first quarter of the seventeenth century.

Table 5
Remissions by Decades
Total Mexico (Pacific & Castile) & Total Peru (Castile)
Grand Total & % to Castile
(Sluiter's Dataset)

Years	Remissions Mex-Pac	Remissions Mex-Cast	Remissions Tot Mex	Remissions Per-Cast	Remissions Tot	Remissions Tot Cast	% % Cast
1569-1570	219139		219139		219139		
1571-1580	1165628	12982790	14148418	16146299	30294717	29129089	96.15%
1581-1590	5070106	31549267	36619373	61830328	98449701	93379595	94.85%
1591-1600	7150705	34323311	41474015.5	74423277	115897292.5	108746588	93.83%
1601-1610	9909039	35240156	45149195	62849563	107998758	98089719	90.82%
1611-1620	10165951	32954963	43120914	62488394	105609308	95443357	90.37%
1621-1630	10786549	29884424	40670973	66546783	107217756	96431207	89.94%
1631-1640	8418804	21156569	29575373	48041249	77616622	69197818	89.15%
1641-1648	3883585	14751157	18634742	41360488	59995230	56111645	93.53%
Grand Tot	56769506	212842637	269612143	433686381	703298524	646529018	91.93%
Tot 571-640	52666782	198091480	250758262	392325893	643084155	590417373	

Note: Sluiter's remissions, Mexico to Pacific, Mexico to Castile, Total Mexico, Peru to Castile, Total, Total to Castile, % to Castile.

Chart 8
Data from Table 5



Although Pacific remissions should be boosted from prior estimates, they cannot be viewed in isolation. In the total outflow of bullion from the New World they may have accounted for about 7 percent of the total exports. As noted earlier more than 90 percent of remitted bullion crossed the Atlantic. If one were to accept Sluiter's higher Pacific outflows, how then do these revisions relate to Atlantic outflows and ultimately to total silver registrations. It turns out that Sluiter's research alters not only previously published data on the Pacific but also data on the Atlantic. The totals from Sluiter's data (including estimates) were 703 million *pesos*, a figure that is 10 million *pesos* higher than the total of 694 million *pesos* that combined data from Hamilton and TePaske. Over a period of approximately three-quarters of a century both series yield an annual, average remittance just shy of 9 million *pesos*. Recall that Sluiter's silver registrations for the same period came in close to 825 million *pesos* so that there can be no doubt that even with an elevated remissions figure the Spanish-American mines produced more than enough silver to cover the remissions. Indeed after the remitted funds are accounted for, amount equal to about 125 million *pesos* remained or could have remained in the New World. Was that amount too high, given the state of the New World economic system or the demand for silver (and gold) in other regional and national economies in accord with Flynn's equations? Indeed, Flynn's equations can be read in a way that would allow for all or nearly all the surplus to be exported simply because the value of silver in the New World was inferior to its value elsewhere. What Flynn and his supporters as well as their critics have not been able to demonstrate with any direct evidence was what the actual level of the money stock was in the Spanish American colonies or the New World or to pinpoint precisely what monetary forces may have been at work in the New World to drive bullion out or conversely to maintain bullion in the colonies. There are some indirect methods that I will discuss below, but in terms of definitiveness there is no direct evidence of how much bullion circulated in the confines of the New World. One thing is certain: at least 83 percent of the assembled silver registrations did not (permanently, that is). The debate is about the disposition of the approximately 125 million *pesos* and not the total output.

Chart 9
Silver Remissions and Silver Registrations

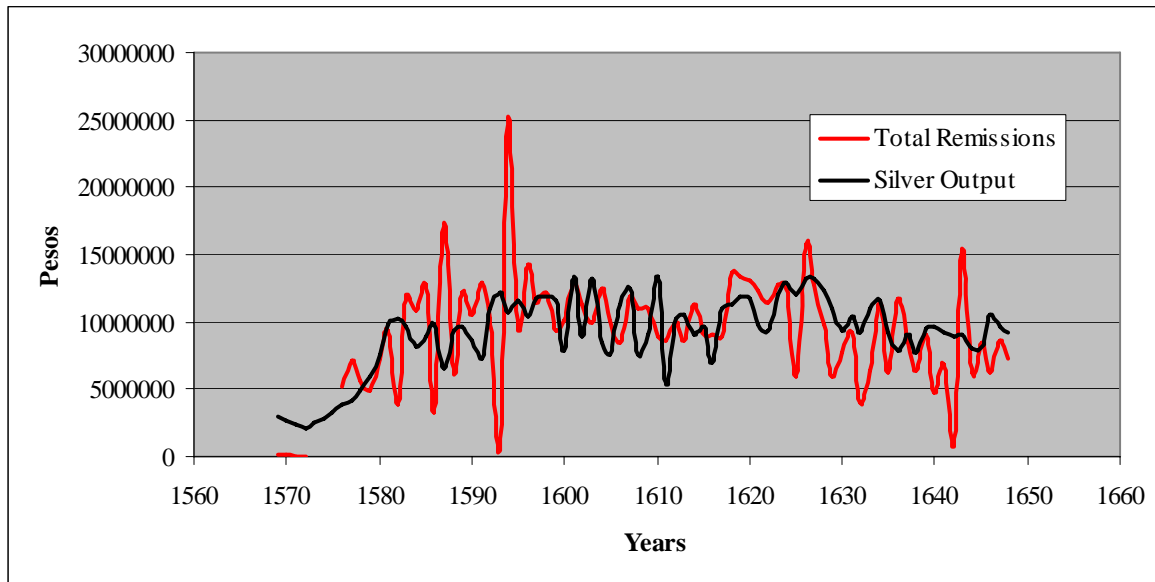
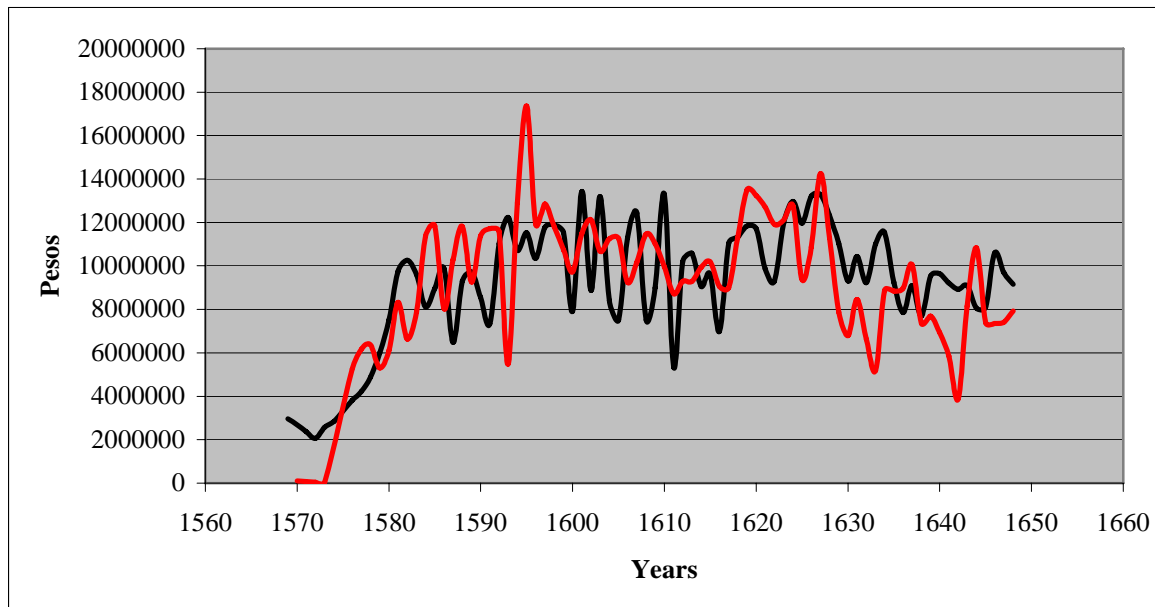


Chart 10
Silver Remissions As 2-Year Moving Average and Silver Registrations



Note: Remissions in Red, and Registrations in Black.

One approach is to examine the registration of silver and the outflow of bullion on a year-by-year format. This is somewhat more difficult to do than it may sound. I said earlier that I had annualized Sluiter’s remissions data. I have not, however, annualized his silver data. Sluiter assembled his silver registrations (and remissions) in 5-year periods. To compare the (converted) annualized remissions data with an annualized silver series I have used the silver series I created from TePaske and Klein’s published accounts some years ago. My annualized silver series yielded a total that was 100 million *pesos* smaller

than Sluiter's totals. An obvious explanation for the difference is that I did not try to estimate silver production for those years in which accounts were missing. The figures in the many different documents could also differ. In any event I have not changed my series (I could boost each year's data by an estimated figure). What I am interested in is how the two series – registrations and remissions – show up when they occupy the same time scale. Three patterns stand out on Chart 9: the initial period when remissions exceeded registrations; the middle period when they were more closely matched; and the final period when registrations exceeded remissions. When I created a two-year moving average for remissions on the grounds that outflows of silver may lag from one to two years behind registrations the flattening of the remissions curve does not significantly alter the basic character of each period. Overall both curves move in the same direction – the level of output did affect how much silver was available for export. Remissions appear to be more volatile, and when the coefficient of variation is calculated for each series remissions come in at 47 percent compared to 32 percent for registrations. It is clear from these charts that in the years before 1600 outflows (in *pesos*) could exceed registration, fall back and then jump ahead, in some years significantly so. After 1600 there were fewer years in which remissions exceeded registrations and more years when registrations exceeded remissions. The argument, advanced by scholars who have studied both the West European and the New World economies in the seventeenth century, concerns the need to retain silver in the New World to service its own economies that were less dependent on the Old World than a century earlier. The Asian bullion hawks see it differently: the need for silver in the New World could not withstand the demand for it in Asia with the result that Asian outflows soaked up most of the silver exported to Europe regardless of what the official statistics might reveal. The debate is about what remained after the “official statistics” on exports have been taken into account. And what remained after exports have been subtracted from registrations is the figure that is the most difficult to capture and analyze.

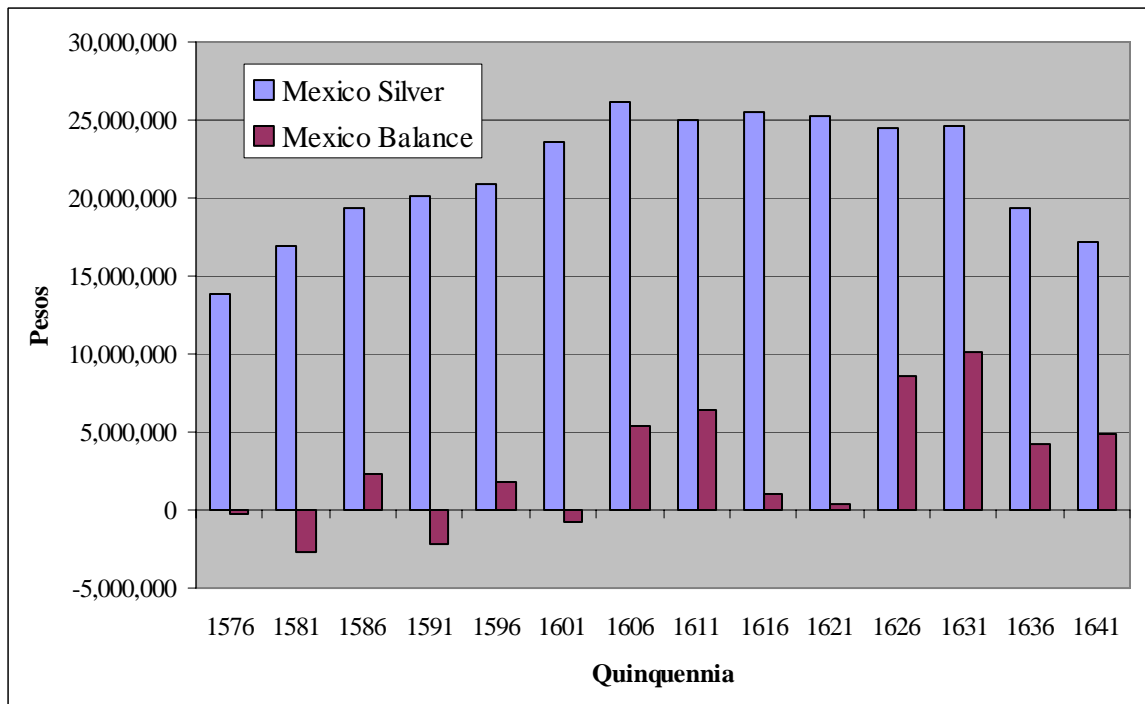
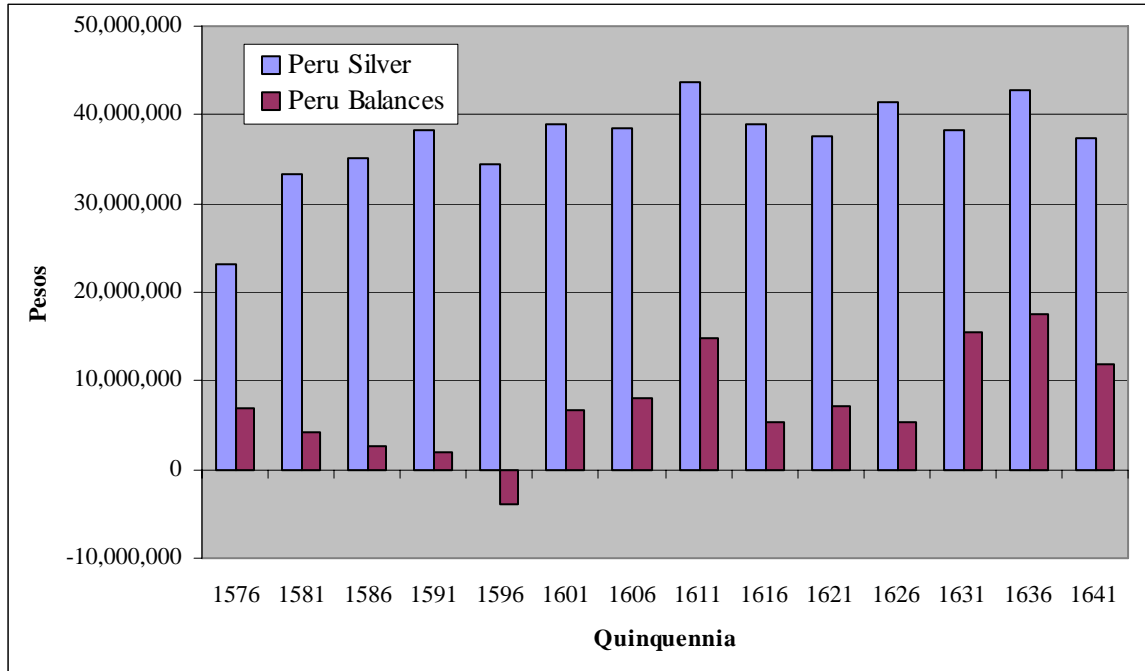
Table 6
Quinquennial Registrations and Remissions
By Viceroyalty, 1575-1650

Quinquennia	Peru	Peru	Peru	Peru	Peru
	Registrations	Private Remissions	Public Remissions	Balance	% Balance
1576	23,137,503	10,033,457	6,112,842	6991204	30.22%
1581	33,327,825	19,981,597	9,225,812	4120416	12.36%
1586	35,152,611	21,571,187	11,051,732	2529692	7.20%
1591	38,307,074	24,798,476	11,465,480	2043118	5.33%
1596	34,354,558	25,677,892	12,481,429	-3804763	-11.07%
1601	38,969,046	22,796,855	9,538,950	6633241	17.02%
1606	38,585,016	21,493,549	9,020,209	8071258	20.92%
1611	43,700,134	19,977,386	8,998,392	14724356	33.69%
1616	38,880,542	27,704,212	5,808,404	5367926	13.81%
1621	37,639,313	24,059,562	6,350,907	7228844	19.21%
1626	41,462,917	28,263,263	7,873,051	5326603	12.85%
1631	38,314,675	14,683,763	8,161,747	15469165	40.37%
1636	42,677,803	15,209,728	9,986,011	17482064	40.96%
1641	37,410,047	16,270,160	9,308,035	11831852	31.63%
Recorded Total	521,390,292				
Calculated Total	521,919,064	292,521,087	125,383,001	104014976	19.93%
Quinquennia	Mexico	Mexico	Mexico	Mexico	Mexico
	Registrations	Private Remissions	Public Remissions	Balance	% Balance
1576	13,845,147	8,109,754	5,945,626	-210,233	-1.52%
1581	16,984,746	14,555,485	5,078,052	-2,648,791	-15.60%
1586	19,307,499	10,860,059	6,125,777	2,321,663	12.02%
1591	20,182,658	16,319,325	5,997,708	-2,134,375	-10.58%
1596	20,941,341	12,367,946	6,789,067	1,784,328	8.52%
1601	23,621,437	18,024,425	6,388,977	-791,965	-3.35%
1606	26,091,629	13,238,946	7,496,847	5,355,836	20.53%
1611	24,969,398	12,090,518	6,456,784	6,422,096	25.72%
1616	25,536,562	18,048,631	6,524,981	962,950	3.77%
1621	25,231,169	16,713,910	8,158,393	358,866	1.42%
1626	24,423,732	10,743,495	5,055,175	8,625,062	35.31%

1631	24,555,112	8,834,882	5,624,474	10,095,756	41.11%
1636	19,339,798	7,401,242	7,714,775	4,223,781	21.84%
1641	17,191,105	6,621,295	5,754,637	4,815,173	28.01%
Recorded Total	302,221,333				
Calculated Total	302,221,333	173,929,913	89,111,273	39,180,148	12.96%

Quinquennia	Total
	Balances
1576	6,780,971
1581	1,471,625
1586	4,851,355
1591	-91,257
1596	-2,020,435
1601	5,841,276
1606	13,427,094
1611	21,146,452
1616	6,330,876
1621	7,587,710
1626	13,951,665
1631	25,564,921
1636	21,705,845
1641	16,647,025
Recorded Total	
Calculated Total	143,195,124

Chart 11
Quinquennial Percentages of Balances
In Silver Registrations After Remissions
For Peru and Mexico



How do the total outflows from the New World look when separated according to the viceroalties? Recall that the viceroyalty of Peru produced about 63 percent of the

silver and Mexico the remaining 37 percent. Using Sluiter's quinquennial dataset, I have presented the results in Table 6 and Chart 11, which show the registrations, exports and balances for silver between 1575 and 1650. The first result to be observed is that Peru had one quinquennium when recorded bullion exports exceeded recorded silver registrations while Mexico had four such quinquennia. All five-deficit quinquennia occurred between 1575 and 1605. In some quinquennia after 1605 the balance of unexported silver grew as high as 40 percent. In other words the pressure to export silver appeared to be a phenomenon of the last quarter of the sixteenth century rather than the first half of the seventeenth century or of the entire period. The critics of the retention of silver will not accept these figures as accurate or complete, but if these figures reflect the economic realities as they then existed, the explanation for the rise in the balances may be an indication of the need to preserve more silver for general commerce within and among the colonies and for public outlays in particular for defense.²³

To review the research to this point, datasets have been assembled for silver registrations in the viceroyalties of Peru and Mexico, public and private remissions from Peru to Spain and public and private remissions from Mexico to the Philippines. A database consisting of remittances either public or private from Peru to the Far East has not to knowledge been created, and yet trade between Peru and Manila may in fact have preceded trade between Acapulco and Manila. A market for Far Eastern goods existed in Peru from the middle decades of the sixteenth century well into the seventeenth century, and yet except for a few crossings mainly in the third quarter of the sixteenth century direct trade between Lima and Manila was prohibited. How Oriental products like silks and spices found their way into markets all across South America but especially in Lima concerns the murky waters of inter-colonial commerce. This was not necessarily illegal trade, although that was surely a feature of it. Rather it concerns how international merchants in Peru, Mexico, Spain and the Far East joined forces to move goods within the imperial system without blatant violations of commercial rules. One can correctly presume that if direct trade was forbidden between Lima and Manila but permitted between Acapulco and Manila, then Acapulco became one obvious link for Peruvian merchants to exploit. It is possible to follow that story through communiqués between the court in Spain and its emissaries in the New World but not with quantifiable evidence, at least thus far.

In two monographs published many years ago William Schurz and Woodrow Borah described how trade between the Philippines and New World and between Mexico and Peru evolved in the early decades after conquest.²⁴ More than 100 Manila galleons may have made the crossing during the colonial period, and from almost the very beginning of that trade in the 1560s regulation was of paramount concern to Spain's monarch. The preferred routes favored Acapulco and Mexico over Lima (the port being Callao) and Peru, although in the 1570s and 1580s galleons arrived in Peru from the

²³ I have treated silver from New Granada as part of the Peruvian series, even though it was registered in *cajas* and exported from ports in New Granada, not Lima. The silver registrations equal about 3.6 million *pesos* over 80 years or between 35,000 and 40,000 per year, a small fraction of the South American totals. It should be remembered that part of the Peruvian series consisted of New Granada silver.

²⁴ This paragraph will be summarize the main points in Schurz, *The Manila Galleon* (New York: Dutton, 1985 reprint) and Borah, *Early Colonial Trade and Navigation Between Mexico and Peru* (Berkeley and Los Angeles, CA: University of California Press, 1954).

Philippines.²⁵ But beginning in the early 1580s and continuing for the next half century the Spanish monarchs issued a series of decrees that aimed to reestablish Seville's monopoly over Peru's importation of Far Eastern goods. Philip II's first major pronouncement was to ban direct trade between Peru and the Philippines after pressure from Seville's international merchants, who had complained that direct trade between Lima and Manila had cut into their sale of silk, spices, porcelain, etc. to Peru. Much to the dismay of colonial officials including the highest appointees, the viceroys, the Crown has embarked on a path to limit the trade between Acapulco and Manila as well as to regulate transshipments of Far Eastern cargoes between Acapulco and Lima. Shutting down the trade between Lima and Manila proved to be easier than reining in the transshipment trade between Mexico and Peru. The rationale for restricting Pacific trade even in the face of opposition from colonial officials, some of whom under a well-established principle refused to enforce the royal legislation, was the protection of the Seville's international merchants. Specifically what was feared in Spain was that the diversion of bullion from Seville to Manila would worsen the financial crisis that was slowly engulfing the monarchy. On the colonial side the most common rejoinder from royal officers was that allowing for less restricted Philippine trade would actually increase the income of the treasury through the collection of duties and other taxes. The monarchs were adamant on the "no-trade" policy between Lima and Manila but were somewhat more accommodating on other matter relating to Pacific commerce. Limits on imports of merchandise, exports of bullion and transshipments between Acapulco and Lima were not uniformly adhered to. Balancing the commercial interests in Seville, Lima, Panama, Mexico and Manila plus preserving Peruvian markets for Mexican textile manufacturers was complicated.²⁶ Since so many parties claimed to have a stake in how the Pacific commercial controversy was resolved, they often submitted their own reports to the monarch and his councils to highlight the losses that they had suffered because of certain policies and the losses that they could anticipate if the policies were not altered. Sometimes the figures that they cited seemed reasonable and may well have been grounded in data provided by their members, and at other times the figures seemed beyond the pale. With respect to the trade that had developed between Peru and Mexico and may well have involved merchandise from Manila headed to Peru and bullion going in the reverse direction Borah speculated that it amounted to 2 or 3 million *pesos* per year during the 1590s and into the 1600s. But since that trade was not subject to the same import-export taxes that other commercial transactions were, no reference to such trade may show up in the royal accounts. This was based on a series of letters and reports sent by Marqués de Cañete, Peru Viceroy, in defense of his proposal to open up trade between Peru and Mexico and the Far East and to create taxes that would yield the Crown substantial revenue from these transactions. In a different twist the city council of Mexico City with support from its merchants, who had long complained that the commerce between Peru and Mexico both drained goods from Seville and Manila destined for Mexican markets and that the Lima-Acapulco-Manila component was so compelling that

²⁵ Borah, *Trade and Navigation*, 117.

²⁶ Manufacturing in this case might better be translated as fabricating, although textile production had developed a modest base in Mexico. Borah, *Trade and Navigation*, 120. See also Borah's important contribution in *Silk Raising in Colonial Mexico* (Berkeley and Los Angeles, CA: University of California Press, 1943).

vast quantities of silver (untaxed) were diverted from the colonies to China. In a memorial submitted to the Court in Madrid in 1602 the council said that the loss of silver “to his realms through shipment to the Philippines and so eventually to the Chinese came to five million pesos a year and that in 1597 the specie sent from Acapulco reached the staggering total of twelve millions”. Without any direct citations Borah went on to postulate that the annual silver outflow from Acapulco to Manila was on average 5 million *pesos* per year of which 3 million came from Peruvian merchants, and in the banner year 1597 eight or ten million *pesos* of the 12 million originated in Peru. These remarks may be a misreading of the council’s deliberations. The citation is not to the memorial itself but a recapitulation of the council’s deliberations and actions (*actas*). A memorial may have been prepared and delivered, although I cannot attest to that nor could Borah, but the recapitulation does not agree with Borah’s analysis. There were no references to Peru. More to the point a figure of 5 million *pesos* does not appear and the figure of 12 million *pesos* covers outflows for five years (1597-1602) and not for a single year of 1597. This error has been repeated many times in monographs and essays published since Borah’s publication, although Louisa Hoberman properly reported the outflow as a five-year total.²⁷ The council summary does include a figure of 3 million *pesos* as the amount that left Mexico for the Philippines each year. The 3-million-*peso* figure does not match up exactly with the 5-million-*peso* figure ($12/5=2.4$), but they are close. In the official archives, I have not seen an annual average figure as high as 3 million *pesos*, and since the council summary was bereft of any further details, it may not be reliable. During the 1590s and early 1600s official Pacific remissions public and private fluctuated between 500,000 *pesos* and 1.5 million *pesos*. There is little doubt that Peruvian merchants were shipping silver to Acapulco and then to Manila in return for various Asian goods, and if that currency was unrecorded in the official documents, then another million or two million could be added to the outflow with the result that there may be some credulity behind the council’s assertion.²⁸ The implication of Borah’s

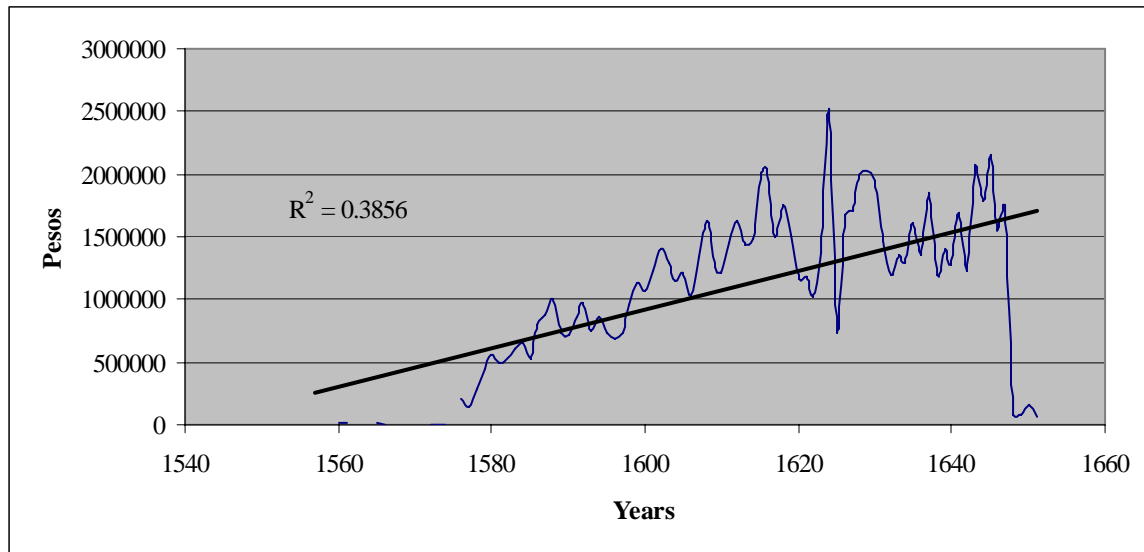
²⁷ Louisa Hoberman in *Mexico’s Merchant Elite*, Table 21, p. 219, correctly translated the figure as a five-year total rather than a single year (1597) total. It appears in a Table entitled “Estimates of the Private Acapulco-Manila Cargo, 1593-1655”. Cargoes in this instance refer primarily to bullion outflows, although some goods were also shipped from Acapulco to Manila. Note that for 1602 Hoberman, citing the Cabildo report divides the 12 million *pesos* by 5.

²⁸ Borah, *Trade and Navigation*, 123. The full text from the *Actas de Cabildo* follows:

Otro ssi se esCeriba a su magestad y se ponga en Capitulo de ynstrucion ReComendando particularmente al procurador mayor advierta ques el Capitulo de mas ymportancia que tiene esta ynstrucion que Represente a su magestad que salen deste Reyno Para las yslas filipinas todos los años tres millones y que de çinco años a esta parte an salido mas de doZe y que no an tenydo de rretorno a esta ciudad en los dichos çinco años valor de seyscientos mil pesos en mercaderias falsas llenas de engaños de tan poco servicio que son perjudiçialisimas al bien publico y que supllque a su majestad y le advierta que si no se ssierra esta puerta totalmente a de ser la destruction de los Reynos de Castilla y destos como lo mvemos por espiriencia pues oy esta ciudad en extraordinario afliximiento E provesca E las mercaderias de Castilla sin ninguna salida muchos vecinos y mercaderes quebrados y todo lo que sale entra en poder de enemigos de la Santa dee catolica donde se Consume y ellos enriquezen y todoesto se dexa de enbiar a los Reynos de Castilla con que se enriquecerian los vasallos Cristianos de su magestad que ayudan y acuden a la defense de la Santa ffe catolica y al Socorro de su magestad y se le advierta ques punto tan Esencial que tendra esta ciudad particularisimo.... {No diacriticals appear in the printed version except for ñ.} “En la ciudad de mexico en seys de mayo de mill e seys cientos y dos años,” Libro Decimo Cuarto de *Actas de Cabildo* que comienza en 8 de octubre de 1599 y termina en 8 de febrero de 1602 (Mexico: Imprenta de Aguilar e hijos, 1899), 47.

analysis was that vastly greater sums, not so different from what some contemporary writers have proposed, flowed out of Mexico, across the Pacific and into mainly China than what had been published from the official archives.

Chart 12
Total Expenditure for Colonial Defense
(From Sluiter Database)



At the same time the Crown was struggling with commercial policies it had to devote time and money to another serious problem. The Spanish Empire was under constant attack from European rivals, who, simply put, wanted part of the action. Spain claimed everything in the New World but as a practical matter had ceded control over regions mainly on the periphery. Even so Spain had to defend coastlines, seaports and shipping lanes in the Atlantic, the Caribbean and the Pacific that stretched its military to the breaking point. Fortifications, warships, militias and interdictions cost money, and that cost was normally paid in specie or bullion. The areas that had to be protected produced little wealth directly (except perhaps in the form of export-import taxes and customs duties), and the regions that produced wealth became the donors. As the New World mineral discoveries became more publicized, Spain's enemies became more brazen in their efforts to enrich themselves. In one of his many essays about colonial finances John TePaske has written: "In Spain's overseas kingdoms the resident population bore the fiscal responsibility of maintaining all Spanish administrative, military, and religious structures. Moreover, after colonials paid imperial costs, all surplus taxes went to Spain to support the metropolis."²⁹ Engel Sluiter's dataset on defense spending shows a steady rise in level of money committed to defense. His documentary search turned up more than 90 million *pesos* being allocated on both the Atlantic and Pacific shores and internally to troubled areas. The annual average allocation would be more than 1 million *pesos*, but, as illustrated in Chart 12, the allocations grew from a few hundred thousand *pesos* to several million. The outlays may have peaked at

²⁹ TePaske, "The Costs of Empire: Spending Patterns and Priorities in Colonial Peru, 1581-1820," *Colonial Latin American Historical Review*, 2:1 (1993), 1.

several million *pesos* in the 1620s and then retreated to a level of 1.5 million *pesos* before tailing off sharply in the 1640s when the data became very spotty.³⁰

If total overseas remissions were combined with total defense allocations the amount would reach 800 million *pesos*, an amount that may have equaled or nearly so the total registrations of silver. If the amount of silver remitted overseas were added to the amount of silver allocated to domestic defense the total would certainly equal and probably exceed (depending on which database were used) total silver registrations. That would leave nothing to cover internal transactions where specie or bullion was demanded. The fact is, because of something called the velocity of money, specie, bullion or even paper – whatever the instrument of exchange – did not disappear after the transaction but was available for subsequent transactions. The 800-million-*pesos* worth of silver registered between 1575 and 1650 continued to circulate until it was withdrawn. By and large money remitted overseas did not return to the New World in large quantities. Indeed some royal ordinances and proclamation prohibited the importation of coin or bullion into the Spanish colonies. Monies allocated for defense, however, could theoretically circulate in and between the colonies for many years before being withdrawn to become part of an overseas remittance or to be hoarded, a practice not uncommon to religious institutions. Thus a *peso* spend to buy rock to repair the harbor of Veracruz might then be used to pay an outstanding charge in Panama after which it could enter the commercial channels between Panama and Peru and Lima and Acapulco and could finally come to rest in the Mexican central treasury from whence it might be allocated to Manila (and out of the New World) as part of the Philippine *situados*. It is not possible given the evidence at hand to measure velocity of money in Spanish America. It no doubt existed as a monetary phenomenon, and therefore the 80 or 100 million *pesos* allocated over nearly a century had to include money that was being recirculated. A portion of the defense allocation came from newly mined silver, and although I have not tried to make a calculation of what that was – how often did money turn over in a given period? – it may have amounted to tens of million of *pesos*. If one adds up all the components – overseas remittances, defense allocations, inter-colonial trade, domestic transactions, public and private – that required specie or bullion plus old-fashioned hoarding, which the church was alleged to practice, the official total registration of silver could be easily absorbed. It is worth noting that if the defense expenditures were as high as the figures given above, it provokes an interesting observation – domestic demand for coin or bullion was the natural result of the evolution of a more complex and independent colonial structure. Recall that nearly seven-eighths of the registered silver was officially remitted, and the debate is over the remaining eighth, or if the official registrations are not to be trusted, the debate is over the remaining eighth plus hundreds of tons of unregistered silver that required expenditures of hundreds of thousands of *pesos* to be mined and milled. There were limits on how much silver could be exported without jeopardizing the domestic colonial economic systems and how much

³⁰ As with silver registrations and remissions Sluiter used estimating techniques to fill in the years without data on defense allocations. With some of his data subsets far more estimating was introduced than might be acceptable, although Sluiter is quite specific where estimates have been entered. Anyone interested in how he assembled his data subsets should read his many pages of notes and explanations, for they almost constitute a separate history of royal fiscal operations and transfers. The totals that I have compiled from his subsets may be found in Tables F-I, F-II and F-III, 1-10 in *Gold and Silver*, 153-188.

more silver could be extracted and processed, either registered or unregistered, given the supply and richness of the ore, the state of technology and the availability of capital.

Chart 13
Total Public Remissions with Percentage Public remissions of Total Remissions
(From Sluiter Database)

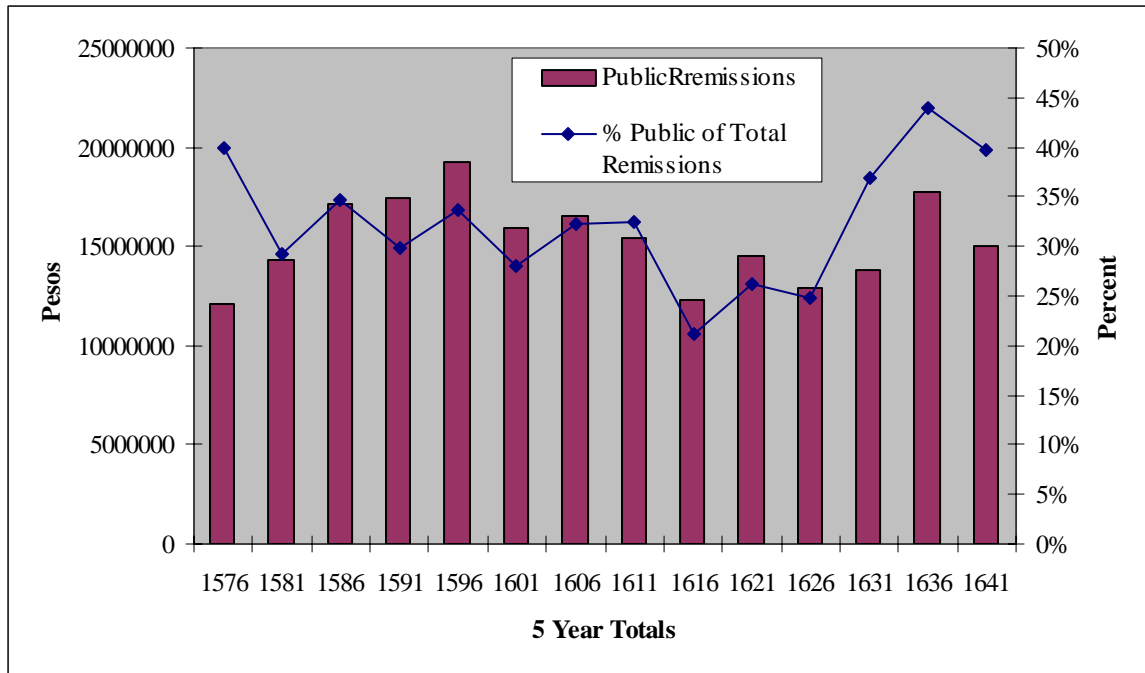
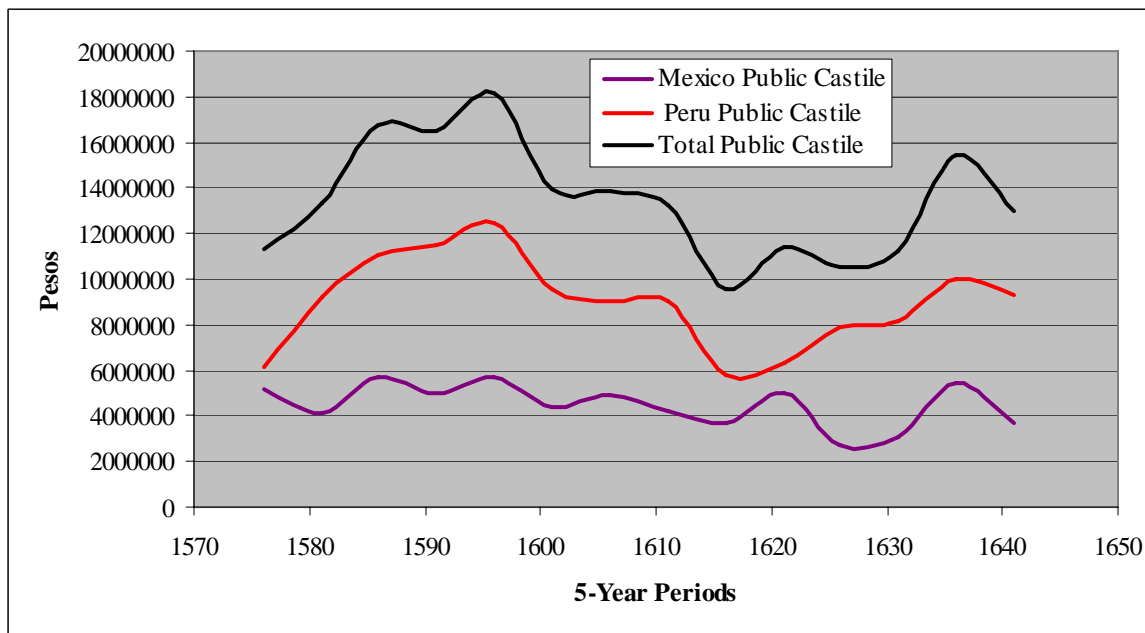


Chart 14
Quinquennial Total Public Remissions to Castile,
Peru to Castile and Mexico to Castile
(From Sluiter Database)



The exportation of about seven-eighths of the silver registered in the New World in a period of 75 to 80 years is a story in and of itself. Even if the official registrations understate the actual output, the outflow of silver to Europe and the Far East was steady and large. It is worth broadening the focus now from statistics on outflows to the larger question of what was involved in these exchanges? Outflows occur because market forces or public policies dictate that they should. To say that the New World could not retain all the silver (or gold) that it produced because it exceeded what could be spent or invested there does not offer much of an analytical framework. What actions can be identified and described that help to explain the outflows. To begin with let me repeat that outflows both to Europe and Asia came in two flavors, private and public, and that over time more slowed out of the New World in private accounts than in public accounts. All royal monies belonged to the crown, but some monies like receipts from taxes on metals went directly into the monarch's account while other monies could be spread around to cover the cost of maintaining and defending the Empire. Total public remittances east and west accounted for a third of the total overseas remittances, and as one can observe in Chart 13, public remittances grew from 12 million *pesos* for 1576-1580 to about 20 million *pesos* for 1596-1600 after which it dropped off to an average quinquennial figure of about 15 million *pesos* until the middle of the seventeenth century. As a share of the total remittances it fell from 40 percent to about 25 percent in the 1620s and then rose to about 45 percent. Public funds constituted a smaller share of the total remittances while the total was rising, and they assumed a larger share while they were falling. Recall that silver registrations declined in the second quarter of the seventeenth century, and as they did private remissions dropped more sharply than public remissions. Public-account outflows are somewhat easier to unravel than private-account outflows. Despite the recent interest in the level of outflows to Asia Castile (and Europe) commanded about 87 percent of the total public remissions. Chart 14 illustrates the pattern in the flow of silver from Peru to Castile and from Mexico to Castile. Silver exports from Peru to Castile were several times larger than those from Mexico to Castile until the end of the sixteenth century, but that the differences narrowed. The Crown was more dependent on Peruvian silver to finance its European ventures than Mexican silver in large part because of the enormous wealth of Potosí. Throughout the period Mexico's quinquennial contribution remained in the range of 4 to 6 million *pesos* whereas Peru fluctuated between 6 and 12 million *pesos*. Their contributions as a percentage of total registrations was not so far apart – 21 percent for Mexico and 24 percent for Peru – but since Peru had several times more silver registrations, its silver exports in absolute terms were considerably higher. Not surprisingly once the contraction started at Potosí in the first quarter of the seventeenth century the Crown began to experience the ramifications in the flow of public remittances from Peru. Less silver in public remissions moved across the Atlantic to Castile after 1600 than before, and if, as some scholars have argued, Spain found itself in a cash squeeze, then these figures point a real contraction. Not only was silver production showing signs of weakening, and that affected the supply of specie and bullion to be exported, but, as noted above, outlays for New World defense was on the rise, and that further reduced bullion exports. This is not the place to discuss the state of the Spanish treasury, but the decline in public remissions from the New World to Castile led the court to appropriate or confiscate private remittances to make up the differences.

The remission of public funds to Manila was a function assigned solely to the Mexican colonial treasury. Peru's treasury had no official role. Although not as large as public remissions to Castile, at 26 million *pesos* they still constituted about 30 percent of the total public funds remitted by Mexico. Despite its distance and vulnerability the Philippines remained an important outpost in the Spanish Empire. Luis Alonso Álvarez, currently investigating the economic and fiscal conditions of the Philippines during the colonial period, has shown that the islands were costly to defend. His data indicate that without the *situados* (allotments) from Mexico the royal treasury of the Philippines could not have met its obligations.³¹ The transfer from Mexico to the Philippines averaged about 325,000 *pesos* per year between 1575 and 1650, but more to the point the quinquennial totals rose from 726,000 *pesos* in 1576-1580 to 2.1 million *pesos* in 1641-1645 with the high point of 3.1 million *pesos* in the quinquennium of 1621-1625.³² Sluiter's research found that 96 percent of the money came from the central treasury in Mexico City, other treasuries – Veracruz, Acapulco, Zacatecas, San Luis Potosí and even Panama – recorded direct allocations.³³

The bulk of the recorded overseas remittances fell in the private arena. The private remissions were compiled from declarations by the owners of the silver, principally merchants, of what they were shipping out of the New World. Since the Crown could impose export taxes on these transfers, there was surely some incentive to make declarations that reduced the tax burden. Still, when one considers how large the figures for such exports are – in the tens of millions of *pesos* per year – one can only conclude that a sizeable part of the exported silver was reported. The most obvious category for exported silver was payments to Spanish, European and Asian suppliers of imported goods. Another category that may have been equally large was the transfer of monies from holders of specie or bullion in the New World to family members or business associates in Spain and beyond. Finally a third category could be funds that the Crown had ordered private citizens to lend to the government in those times of financial crisis. How the private accounts were divided up among these three categories remains a challenging historical inquiry because the records are not at all clear on these matters. One thing appears highly unlikely, and that is the possibility that all the privately remitted funds were for purchases of goods. Of the nearly 700 million *pesos* of silver remitted to Spain and the Philippines between 1575 and 1650 more than 450 million was in private accounts. It is hard to accept that colonial economies with perhaps several million persons of which the Spanish component was only several hundred thousands and the native component was in continuing decline, could consume a half billion *pesos* worth of merchandise even over an 80 to 100 year period. Part of the private remittances were

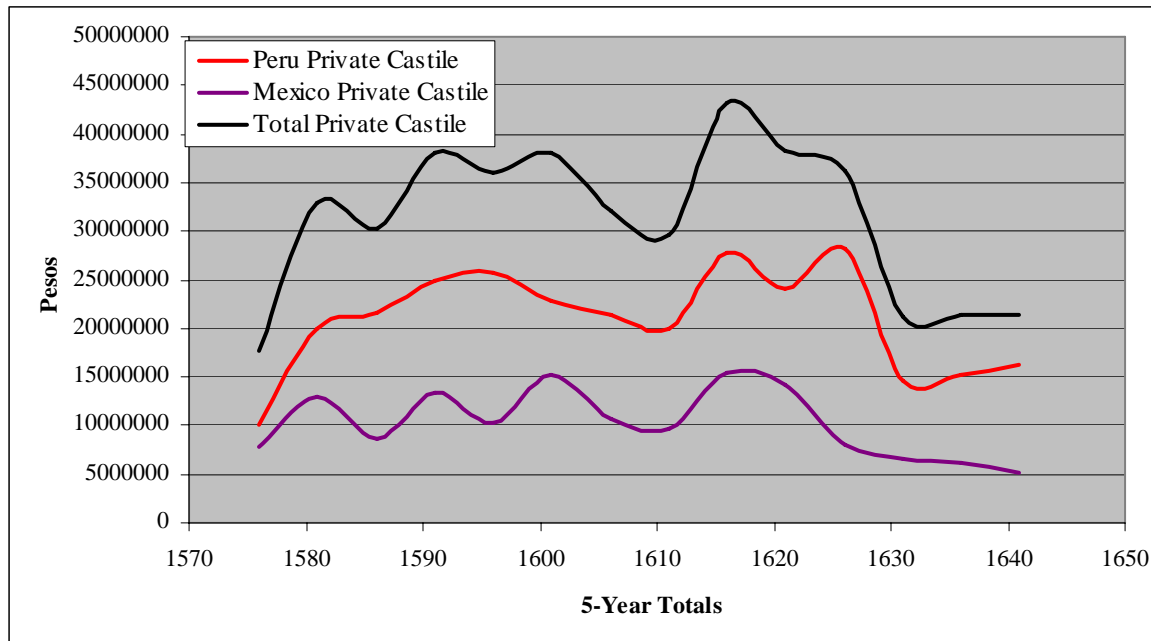
³¹ Luis Alonso Álvarez, "Sobre la naturaleza de la fiscalidad imperial en las Islas Filipinas, 1565-1804: lugares comunes y evidencias empíricas," in Ernesto Sánchez Antiró, Luis Jáuregui y Antonio Ibarra, eds., *Finanzas y política en el mundo iberoamericano del antiguo régimen a las naciones independientes 1754-1850* (Instituto Mexico City: Instituto Mora y Universidad Autónoma del Estado de Morelos y Facultad de Economía-UNAM, 2001), 104-107.

³² To my knowledge Álvarez is not familiar with Sluiter's database so that while the absolute quinquennial totals are different, the pattern is similar. (See Gráfico 3, p. 105).

³³ Sluiter lists all his archival sources next to treasury allocations by time periods (not always calendar years), and for Zacatecas, which remitted only 4,000 *pesos* directly under "Gastos de filipinas" Sluiter's figures match up with the published TePaske and Klein accounts. For the accounts see www.historydatadesk.com or consult the publications themselves.

unencumbered and represented the wealth that the mercantile class by and large had accumulated and would continue to do so.

Chart 15
Quinquennial Total Private Remissions to Castile,
Peru to Castile and Mexico to Castile
(From Sluiter Database)



The private remittances to Castile from Peru and Mexico do not exactly follow the pattern described above for public remittances. Private remittances peaked in the quinquennium 1615-1620, after dipping significantly between 1600 and 1610 before surging upward again. Total private remittances began to slide after 1620 with an almost continuous slide in Mexico. By the 1640s total private remittances on a quinquennial basis were less than half what they had been at their peak. Quinquennial ranges were between 10 and 30 million *pesos* for Peru and 5 to 15 million for Mexico. In short, less money entered Spain in private accounts as well as public accounts, noted above, during the second quarter of the seventeenth century. The stagnation along with a brief downturn in silver registrations suggested that less money was available in the second quarter than in previous quarters. The series for total colonial silver registrations and the series for total private Castilian remissions correlate at .40, positive but not strongly so. The remissions series is twice as volatile as the silver series (38 versus 16 percent), and although the R-squared values inspire little confidence, both the remissions and silver series declined between 1620 and 1650 at rates of 1.6 percent and 1.2 percent respectively. This has prompted a fierce debate about the extent to which the changing fortunes of the colonial mining industry helped to induce an economic depression in both the colonies and Western Europe.³⁴ There can be no doubt, however, that because private

³⁴ I have not taken up the issue of the so-called “seventeenth-century crisis” in Europe and how it might be linked to the health of the New World mining industry. I accept the possibility that mining stagnated in the

remissions to Castile fell after 1620 the colonies were importing less from Spain and its European suppliers, and there may be a statistical relationship between output of silver (and indirectly export of bullion) and European and Asian imports by way of Seville.³⁵

The overlap between the Atlantic and the Pacific trade concerned imports from the Far East. To import these goods by way of the Pacific was cheaper and quicker. And perhaps more importantly traders could realize greater profits from the Pacific trade even in the face of significant risks.³⁶ One would assume that under ideal conditions the trade in Asian/African merchandise was a shift from a long circuitous route through Spain to a more direct route to the west coast of Mexico and Peru. There was a political component that needs to be stated: the Atlantic merchants had every reason to try to protect their monopoly, and if they could not control the Pacific trade, then they would oppose it. The Crown, being heavily dependent on the merchants for financing, could not ignore their wishes. By the same token direct Pacific trade began early in the Empire's history and continue to grow as more wealth was created in the New World. In addition the merchants in Philippines had a stake in opening direct trading relations with the New World. There is evidence that scores of galleon made the voyage across the Pacific between 1575 and 1650, and they carried mainly luxury items such as silk, cotton, wax, gold, silk, linen, porcelain, furniture, spices and rugs.³⁷ For those who advocate a more robust trade between Mexico and the Islands scores more galleons would have had to make the voyage. In the end this becomes a debate over how big the trade was, and if it were as big as some suggest, what were the implications for the colonial economies.

One question that is seldom addressed with respect to the Atlantic trade (and also with respect to the Pacific trade) was how much could the Spanish colonies consume? Were there limits? Did the merchants either in Seville or in Peru and Mexico overshoot and flood the market with imports that led to declining profits and periodic bankruptcies. Merchants and their agents could not sustain investments in the Atlantic trade that did not

second quarter of the seventeenth century and this along with reallocations for defense reduced both private and public remissions to Europe. More importantly in my view was the shift underway in which Peru, which had been the major source of private and public remittances until the second quarter of the seventeenth century, would enter a century-long mining depression whereas Mexico would enter a long expansion until the end of the eighteenth century. During the transition, however, remittances declined, although by the eighteenth century they had recovered to earlier levels. Nor do I accept the Pacific revisionists' reinterpretation that explains the decline in European remittances in terms of continuing large (and largely illicit) transfers of silver from the New World to the Far East. After an impressive run in the late sixteenth and early seventeenth centuries the import-export business, both Atlantic and Pacific, slowed in response to several different forces from slowing silver production to overstocked domestic markets. In addition to Hoberman who discusses the "crisis question" throughout her *Mexico's Merchant Elite* see J. A. Israel *Race, Class and Politics in Colonial Mexico, 1610-70* (London: Oxford University Press, 1975).

³⁵ Hoberman in *Mexico's Merchant Elite* (33-39) has constructed several tables with information about types of shippers and their investments in the Atlantic trade. These data are from manifests preserved in the archives of the Casa de Contratación in Seville and describe the trade from Veracruz to Seville. She chose five years between 1614 and 1639, and the investments in the return cargoes (both silver and merchandise), based on estimating procedures, dropped from 2.9 million *pesos* to about 800,000 *pesos*. This is further confirmation that the Atlantic trade declined from the first through the second quarter of the seventeenth century.

³⁶ Hoberman provides some estimates of profits from various sources. *Mexico's Merchant Elite*, Table 8, p. 60.

³⁷ Hoberman, *Mexico's Merchant Elite*, 27-29.

return the substantial profits that they expected and over time would be discouraged from making investments that yielded much lower returns. That was the threat that the Atlantic traders faced with respect to a growing Pacific commercial network. And further the Atlantic traders had to try to protect the New World market for European goods, the main component of their business. In part this is a matter of how many persons in the New World consumed these expensive and exotic goods? The population of Europeans or descendants of Europeans, the likely demographic segment to consume goods from Europe or Asia, number several hundred thousand by the first half of the seventeenth century. With a population of 200,000 Europeans plus others among the Indians or mixed bloods who might purchase these goods and with private remissions to Castile averaging between 5 and 6 million *pesos* per year the per-capita expenditure could be 25 *pesos* per year. How to interpret that figure is the problem. More than likely the demographic group that purchased these goods was much smaller and the per-capita expenditure was much higher. The import market is the next frontier for economic historians to investigate. It is doubtful that the market was unaffected by changing economic conditions in Europe and the New World.

Pacific remittances, based on Sluiter's figures solely from Mexico, exceeded 55 million *pesos* and could have reached 60-65 million *pesos* if one were simply to throw in a figure to cover smuggled merchandise (that had to be paid for) from 1575 to 1650. Nearly half of the official remittances were on private accounts, and that percentage would increase if a "contraband" premium were introduced. Bullion outflows from the Atlantic ports and the Pacific ports would absorb about 85 percent of the total registered silver, and without knowing how much remained in domestic circulation or was needed (in light of the heavy defense spending) a 15-percent balance of the 800-million-*peso* production would leave about 120 to 125 million. Lurking in the background of this discussion of Sluiter's data on both public and private Pacific remittances is the earlier pioneering (and published) work of Pierre Chaunu. Although highly regarded for being one of the first to assemble statistical data to address the scale of commerce in the Pacific (and then in the Atlantic), he presented these data in tables that were somewhat complex. The most relevant table with respect to the matter of goods entering Acapulco from Manila and bullion leaving Acapulco for Manila was Series 12 with 15 columns of data computed as quinquennial averages. It is not clear from the quinquennial figures how many pieces of data went into the computation of the average. The average could be computed from data for one year or five years. The fewer pieces of data, the less reliable is the computation. Missing data are always a problem and TePaske and Sluiter also filled in the gaps in ways that might not provide very accurate numbers. I have used Chaunu's quinquennial averages for the *almojarifazgo* (duties) collected on private bullion exports and for the *remesas* (public remittances) shipped from Mexico to the Philippines.³⁸ What these calculations added up to for the period of 1591 to 1645 is a total of 41 million *pesos* in private transfers and 13 million *pesos* in public transfers, or a total of 54 million *pesos*. Sluiter's figures were private 22 million *pesos* and public 22 million *pesos* for a total of

³⁸ Chaunu, *Las Filipinas y el Pacífico de los Ibéricos, siglo xvi-xvii-xviii, estadísticas y atlas* (Mexico: Instituto Mexicano de Comercio Exterior, 1974), Serie 12, 134-135. The tax on exported bullion was five-sixths of 2 percent or to calculate the total value of the exported bullion for any quinquennium would be the average of the tax collected x 625. For total value of public remittances the computation was simply the average quinquennial outgo x 5. These are at best rough estimates.

44 million *pesos*. The figures differ in part because of the way in which the figures were assembled and the computations were made and in part because Chaunu and Sluiter consulted different sources. In a few cases the same bundle of documents are cited in their footnotes, but in many cases Chaunu appeared to be working in one part of the archives and Sluiter in another. The totals do differ in some significant ways, especially concerning the ratio between private and public remittances, but they more or less exist in the same ballpark. The problem with the Chaunu expanded dataset, as anyone familiar with statistical methods will recognize, is that multiplying the quinquennial average by five assumes that data existed for all years. They probably did not. Chaunu revealed in his notes that between 1590 and 1610 accounts with income from Acapulco's *almojarifazgo*, a basic source for computing total values or annual values, covered about half of the years in the two decades. Sluiter's data on private and public remissions for the same two decades are more complete than Chaunu's.³⁹ For the sake of establishing a range of numbers that might reflect the bullion outflow from Acapulco to Manila I have gone ahead with the computation of a quinquennial total from a quinquennial average. For the period from the last quarter of the sixteenth century through the first half of the seventeenth century an outflow of bullion in the private and public sectors could have reached 60 million *pesos* and may well have reached 70 or 75 million *pesos*. The advocates of even larger bullion outflows would not be comfortable with the remaining balance of 100 million *pesos* or more whether Sluiter's or Chaunu's series were used on the grounds that the Spanish colonial economies had little retention power because silver, much in demand in China, could earn more in the Far East than in the New World. It is appropriate now to look more closely at the "draw power" of the Chinese and Far Eastern economies relative to the American silver.

I am not a specialist in Far Eastern history, and I have no command of the languages involved in such research, but in trying to educate myself on the issues of trade between the New World and the Far East I have discovered that both the quantity and quality of the research is high. Not surprising is the fact that scholars are not in agreement about the dynamics of these Far Eastern economies and in particular about their drawing power with respect to American silver. I acknowledge that the differences among Asian scholars are real and serious just as the differences among Latin American scholars, and I cannot judge which school is on the right path. What I can observe, however, is that debate has resulted in the publication of some interesting quantitative findings that have a bearing on Pacific outflows.

The key to unraveling the Pacific outflows is related to international exchanges rates. In the Far East but most especially in China silver was more highly valued than in other regions, certainly in the New World and Europe, and the Spanish colonial *peso* was

³⁹ I have not of course looked at the *legajos* myself. I am assuming that their citations are accurate. It appears that Chaunu's documents for Acapulco resides in *legajos* with numbers from the upper 800s into the lower 900s of the section known as Contraduría at Archivo Gneral de Indias, although the table cited in the above footnote does not specifically list the *legajos* or *expedientes*. Sluiter's also used documents from Contraduría, 600 through 900, plus other sections in the archives. Chaunu's sources for data that appeared in Serie 12 may be found in Serie 5 in Chaunu, *Las Filipinas y el Pacífico*, 98-99. Sluiter gave *legajo* numbers for line on his table, E-1 in *Gold and Silver*, 146. As often happens in colonial studies, the numbers are different because the sources are different. Sluiter did research in Seville, but he also used microfilm of documents from Seville in the Bancroft Library.

among the most highly valued of the circulating coins. International dealers and traders were aware of the differential in value and were willing therefore to endure the risk and uncertainty of transferring bullion to the Far East in exchange for Oriental products in demand in the Western World. Since a *peso* of silver could literally buy more of what the Far East had to sell than what was sold in other regional markets, the merchant made his profit from the difference in the prices that he paid for the products and the prices (always higher) at which he sold them. Even in the pre-modern economies of the sixteenth and seventeenth centuries the overvaluation of silver in one part of the world relative to another part could result in robust trading patterns. Even as a theoretical construct it has relevance.

In the last decade Richard von Glahn has published a major study - *Fountain of Fortune* (1996) – on China’s fiscal and monetary policies during New World first silver boom. As a part of his analysis he presents estimates of silver imports not only from Manila but also from Japan and other neighbors. His series are based on metric tons of imported silver, and to make any comparison with the datasets that I have analyzed above will require a conversion from *pesos* to metric tons. (Conversion from *pesos* to metric tons is to multiply *pesos* by a factor of 0.025561 and to divide by 1001, a procedure used by both Pierre Chaunu and John TePaske.) From the middle of the sixteenth century to the middle of the seventeenth century he estimates that as much as 2,304 metric tons of silver may have entered China by way of the Philippines. He disaggregates these imports as follows: Chinese ships, 1,204 metric tons; Portuguese ships, 75; and smugglers, 1,030. The smuggling figure, like so much contraband, cannot be documented. The other two figures are based on calculations mainly by Pierre Chaunu from Philippine customs records. It is not entirely clear if smuggled silver referred to silver illegally entering China or illegally leaving the Philippines and entering China. Like all figures on smuggling it is a highly speculative. Legal total silver imports into China amounted to about 1,300 metric tons or 1.3 million kilos. How does the figure for “legal” imports match up with transfers of silver from Acapulco to Manila? An exact match is not possible because data on Pacific remissions do not begin until the 1570s. Using Sluiter’s data and counting both private and public remissions known to I have computed a total transfer from Mexico to the Philippines of about 1,500 metric tons or 1.5 million kilos from 1570 to 1650. In other words in strictly numeric terms the quantity of silver exported legally from Mexico to the Philippines was more than sufficient to cover the legal exports from the Philippines to China. Obviously the computed figures fall short of what would be needed to cover both registered and smuggled silver. Trade in Japanese silver for Chinese merchandise was well underway when the Spanish finally conquered the Philippines in the 1570s. Only after the submission of the islands to Spanish rule did Spain become a player in the Ming Dynasty’s quest for silver. This coincided, of course, with a steady rise in output of silver at Potosí and at camps in Mexico. In addition China and the Far East in general had goods that were in demand in the Spanish colonies and could be purchased more cheaply through a Pacific connection than through the Seville connection. For the duration of the Ming Dynasty (until the 1640s) the importation of Spanish silver along with Japanese silver and silver from other commercial centers around the Pacific remained a crucial undergirding of the Ming’s fiscal policy. All scholars on the Spanish side and the Chinese side are in agreement that a significant quantity of silver from the New World entered the Chinese economy to supplement what

entered from Japan. In terms of the legal transfers both from Mexico to the Philippines and from the Philippines to China the numeric totals indicate a degree of consistency. Public remissions should not be discounted in regard to the total available silver to be exported to China (or elsewhere in the Far East). Public funds that arrived in Manila to help to defend the islands could end up (given the velocity of currency) in the hands of merchants who then deployed them in pursuit of their own commercial ventures. Without the smuggling figure the total of New World outflows across the Pacific match up reasonably well with the estimated Chinese inflows. If smuggling entailed that much silver and it came directly from the New world, then the official remissions need to be revised, although, as I have noted before, any upward revision poses other problems that have to be resolved with regard to the colonial mining sector. At this stage von Glahn's estimates are important because they provide a benchmark for further discussion.⁴⁰

Table 7
Imports of Silver into China and Arrivals of Silver in Philippines
(Von Glahn and Sluiter Datasets)

Decades	Imports From:				Exports From Ratios	
	Japan	Philippines	Indian Ocean	Total	Acapulco	Philippines/ Acapulco
	Metric Tons	Metric Tons	Metric Tons	Metric Tons	Metric Tons	
1601-1605		129.1	18.5	147.6	120.5	1.07
1606-1610	124.2	197.6	18.5	340.3	132.5	1.49
1611-1615	259.2	137.3	18.5	415	121.4	1.13
1616-1620	256.5	80.6	18.5	355.6	138.2	0.58
1621-1625	286.7		18.5	305.2	145.5	0.00
1626-1630	201.4	39.7	18.5	259.6	130.0	0.31
1631-1635	344.5	73.0	18.5	436.0	124.7	0.59
1636-1640	495.8	58.5	18.5	572.8	90.3	0.65
1641-1645	209.0	39.6		248.6	93.5	0.42
	2177.3	626.3	129.5	2933.1	976.0	0.64
%	74.23%	21.35%	4.42%	100.00%		

Exports from Acapulco based on Sluiter's *peso* values converted to metric tons by multiplying the values by .025561 and dividing by 1001. Ratio calculated by dividing China imports by Philippine arrivals. Percentage calculations are mine. The figures for the Indian Ocean appear to be strictly estimated. Pierre Chaunu data would yield a figure of about 1,000 metric tons.

Von Glahn's dataset of Chinese legal silver imports is also presented in a quinquennial format from 1601 to 1700. He provides estimates (in metric tons) not only for imports from the Philippines but also from Japan and the Indian Ocean. Restricting his dataset to the period 1600 to 1645 (to match Sluiter's period), I have computed the total imports to be more than 2,933 metric tons with Japan supplying 74 percent (nearly 2,177 metric tons), the Philippines 21 percent (nearly 626 metric tons) and the remainder

⁴⁰ Von Glahn, *Fountain of Fortune. Money and Monetary Policy in China, 1000-1700* (Berkeley & Los Angeles, CA: University of California Press), 140.

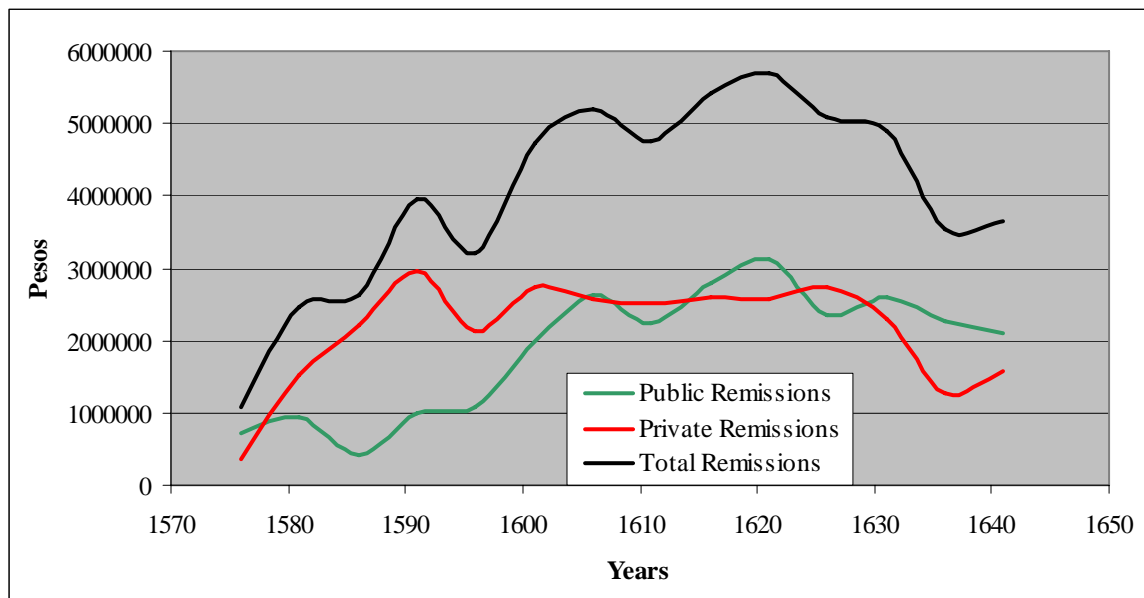
of 4 percent (130 metric tons) from the Indian Ocean. It is obvious, of course, that Japan, not the Philippines, was the main source of silver imports. With respect to the Philippine side of the equation 976 metric tons of silver entered Manila from Acapulco in both private and public remissions from 1600 to 1645, a surplus of nearly 350 metric tons. On a quinquennial basis more silver was exported to China from the Philippines than arrived from Acapulco from 1600 to 1615 by 100 metric tons, and more silver arrived from Acapulco than was exported to China from 1615 to 1645 by 600 metric tons. Far more silver arrived in Manila after 1615 than was shipped to China. At the same time silver exports from Japan to China rose as Philippine exports declined. These figures suggest that the Philippines were a more important source of silver through the first decade of the seventeenth century but then gave way to Japan in the next three decades.

But the very numbers that appear in Table 7 have provoked controversy within the community of Asian scholars. The context for the controversy concerns an issue larger than the volume of silver crossing the Pacific between Mexico and the Philippines. Did an economic crisis, more particularly a currency crisis, undo the Ming dynasty in the mid-1640s? The conventional view was that a decline in Chinese bullion imports coincided with a decline in New World bullion registrations, most notably in the second quarter of the seventeenth century. The New School suggests that far more silver had moved across the Pacific than the official records indicated during the previous half century, and in fact a heavy outflow continued throughout the seventeenth century in the form of smuggled silver. From this point of view a monetary crisis could not have caused the downfall of Ming rule because the stock of silver was large and continuing to grow. The theoretical approach of Flynn, Giráldez *et al.* re-enforce these claims. In a recent essay William Atwell, who has long advocated the monetary-crisis view, has restated his position in light of the outpouring of articles and reviews that emphasize the new approach. I hesitate to become involved in a debate that Asian scholars will have to solve, but the way in which Atwell presents the data is relevant to the discussion at hand. In a 1982 article Atwell laid out his position with respect to the bullion flows into China through the Philippines, and this remains his position today with some modifications. On how much flowed through the Philippines Atwell wrote: “in a good year during the seventeenth century it probably amounted to between two and three million *pesos* (57,500-86,250 kilograms).” The important qualifier is “good year”. That cannot be read to say that 2 to 3 million *pesos* worth of silver entered China every year or even served as an average over the period from the 1570s to 1640s. These are cited from a distinguished Chinese scholar, and while I have no knowledge of their exact source, I find the “good years” approach an appealing idea in light of the way in which the official statistics moved up and down in the period.⁴¹ I suspect the best years were in fact during the late sixteenth century and the early seventeenth century and that by the second quarter for a variety of reasons the flow of bullion from Manila to China had slowed significantly. Indeed this is Atwell’s argument that he laid out more directly in a 2006 review of the debate for and against a monetary crisis in Ming China. Based on what he considers the most

⁴¹ Atwell, “International Bullion Flows and the Chinese Economy circa 1530-1650,” *Past and Present*, 95 (1982), 74. Atwell used a factor of .02875 to convert *pesos* to kilograms while TePaske used .02556. The difference is insignificant except with very large *peso*-based estimates. Atwell went on to cite even higher figures found in Borah’s *Trade and Navigation* that I have called into question in an earlier section of this essay.

reliable figures (none of which is perfect) suggest that exports of bullion to China from all possible sources (Japan, Manila and elsewhere) may have been cut in half from the figures given for the best years. Certainly he could find little support for estimated Chinese imports between 100,000 and 200,000 kilos prior to or during the collapse of the Ming Dynasty. A major part of this debate over bullion imports into China concerns the state of mining in Japan as well as the carrying trade between Japan and China, but Spanish American is not excluded.⁴² Given what is known about New World mining and trading relations between Mexico and the Far East finding tens of thousands of kilos of silver to be exported is not easy. Not being in a position to resolve this debate, I do join with Atwell in the view that from the New World perspective the outflow of bullion whether legal or illegal began to lag after the good years of the late sixteenth or early seventeenth century, and if Chinese imports of silver began to decline in the decades leading up to the Ming collapse, New World mining may have played a role. Of course, Atwell and his allies are careful to indicate that silver alone could not have been the undoing of the Ming era. Rather it was a factor because Chinese dependence on a steady inflow of bullion had fallen on hard times.

Chart 16
Quinquennial Acapulco-Manila Remissions
Total, Private, Public



The pattern of bullion outflows from Spanish America to the Far East from the middle of the middle of the sixteenth century to the middle of the seventeenth century, as shown in Chart 16, has several fairly distinct features. Private remittances tended to exceed public remittances until the second decade of the seventeenth century. Public remittances assumed greater importance after 1610. Total remittances continued to climb until the 1620s because public outflows were still increasing even as private remittances

⁴² Atwell, "Another Look at Silver Imports into China, ca. 1635-1644," *Journal of World History*, 16:4 (2005), 7-9.

leveled off. Beginning around 1630 total remittances fell rather sharply as both private and public remittances declined, although the decrease was greater with private remissions than with public remissions. There was a slight uptick in totals remissions in the 1640s as private remittances after almost 15 years of trending down turned up. Recall the production curves, cited above, had an overall appearance similar to the pattern for Pacific remissions. Based on official Pacific outflows the decline of imported silver, discussed by Atwell, finds justification in those numbers. In my view, declining bullion outflows from Spanish America in the 1630s and 1640s to the Philippines with a subsequent contraction in outflows from the islands to China appears almost to be a given: less ore was being mined, more money was being spent on New World defense and official statistics for remissions from Acapulco and exports from Manila in silver showed declines. Whether silver exports from Japan reached levels sufficient to dilute the argument that the Ming Dynasty faced a monetary crisis does not relate directly to the Sino-Spanish nexus and will have to be resolved within the Asian historical community. Spanish silver directly transferred was a smaller player in a drama that had been evolving since the 1570s. Moreover the burden of proof that smuggled or contraband silver first with respect to unregistered silver from the mining camps and second with respect to unreported remittances from the New world to China must increasingly rest on the shoulders of the advocates of such outflows. The more complex part of this Sino-Spanish relationship should really concern the late sixteenth century and into the early seventeenth century, not the second quarter of the seventeenth century or for that matter the remainder of the seventeenth century.

While proponents of larger exports of silver from the New World and larger imports of merchandise from the Far East than is revealed in the official statistics depend heavily on contraband, they are not alone in this presumption. Scholars who look closely at the statistics and take issue with their colleagues on the other side of the Sino-Spanish bullion debate also make frequent references to the role of the contrabandists and smugglers. In truth however one views the official statistics illicit commerce usually has a part to play. And while illicit commerce in the Atlantic trade has its champions, it seems to have a wider audience among those who study Pacific trade. One may begin with the realization that the Philippines were the most peripheral of the Spanish possessions since they were in effect half way around the around. Although the Spanish imperial system had the look of a highly-centralized bureaucratic administration, it operated in more flexible manner than the organizational chart might suggest. Some scholars believe that with that flexibility through which local officials could adjust procedures and polices to fit their own circumstances served the Crown well over time.⁴³ Recently along these lines William McCarthy has proposed that the “governor and captain general of the Philippines enjoyed the perhaps the widest prerogative of any imperial official. In the words of another scholar the governor was like “an independent monarch”. This was apparently not unique to Spanish bureaucrats: “southeast Asia in the sixteenth and seventeenth centuries was a place of particularly autonomous behavior for many European officials.”⁴⁴ The Philippines was a special challenge because in

⁴³ The late John Phelan was among the most persuasive of this viewpoint in *The Kingdom of Quito: Bureaucratic Politics in the Spanish Empire* (Madison, WI: University of Wisconsin Press, 1967).

⁴⁴ William McCarthy. “Between Policy and Prerogative: Malfeasance in the Inspection of the Manila Galleons at Acapulco, 1637,” *Colonial Latin American Historical Review*, 2:2 (1993), 163-164. Also citing

McCarthy's words "much unregistered silver was exported through Acapulco and Buenos Aires, and into private hands, rather than via official routes." This remark was drawn from McCarthy's reading of John TePaske's important essay on bullion outflows to Castile and the Philippines in which he argues that the obvious downturn in officially remitted monies from Mexico to Manila could be traced in part to an increase in smuggling:

Lastly, and by far the most important factor, was the increase in smuggling. Although this cannot be documented except by reports of occasional seizures of contraband goods by some ardent royal officials in Manila or Acapulco, perusal of the Acapulco accounts after 1620 – sloppily kept and inconsistent in their entries, particularly compared with those of Veracruz for the same period- and the continuous flood of royal order repeating the restrictions and prohibitions on the Philippine-Indies trade testify to the widespread growth of smuggling....The contraband trade was simply too advantageous for the people of the Indies to ignore, and Manila and Acapulco were too far removed from Spain and the centers of empire in the Indies for the crown to exercise effective control. That the Philippines siphoned off large sums of silver from the New World cannot be denied, but measuring that flow is virtually impossible.⁴⁵

The idea that smuggling was entailed more, in the eyes of some students, far more, bullion than can be ascertained from official records has permeated the economic literature irrespective of the position one may take concerning a specific aspect of world trade, and within that literature the Pacific because of its remoteness from the European centers tends to grab spotlight in regard to volume and increase in volume of smuggling. From Far Easter perspective even William Atwell, who is critical of the revisionists on Chinese silver imports, clearly accepts a level of smuggling that may not reach what the revisionists aver but is not to be ignored. Indeed two decades ago before the current revisionist dispute had arisen Atwell described three different routes by which bullion made it way to China: (1) the direct route from Acapulco to the Philippine Island, (2) the Lisbon connection which included Mexican and Peruvian silver freighted from the New World to Seville and then to Portugal where it was mixed with other Peruvian silver smuggled through Buenos Aires to Portugal, all of which then proceeded to Goa, Malacca and Macao by way of the Cape of Good Hope: (3) the Amsterdam connection by which Atlantic fleet silver landing in Seville made its way to Holland and then to South-East Asia. One could add a fourth and a fifth route for Peruvian silver: down the Río de la Plata to Buenos Aires, around the tip of South American and across the Pacific and directly from the west coast of south America the Far East. The latter two were clearly illegal, and any silver transported along those routes had to be contraband. The

(footnote 2) John Reed, *Colonial Manila* (Berkeley: University of California Press, 1968), 36. The governor of the Philippines was technically responsible to the viceroy of Mexico, although as McCarthy's article illustrates, the independence of the governor was well understood within the imperial system.

⁴⁵ TePaske, "New World Silver, Castile and the Philippines, 1550-1800," in Richards, ed., *Precious Metals*, 436-437. The footnote for this statement refers the reader to Table 5 that consists of Earl Hamilton's private remissions to Castile and the Philippines with commentary by TePaske on how he views the adequacy of Hamilton's dataset.

other three legally sanctioned routes that carried million of *pesos* per crossing so that any smuggled silver would have to be hidden in some way through fraudulent manifests or undeclared cargoes. On the three routes described by Atwell along side of legally transported silver the transfer of illegal bullion thrived at times. His skepticism remains on high alert. He warns that some “enormous figures” of illicit bullion trade cannot be verified and yet they cannot be ignored either. Late in the period around 1632 he refers to an ecclesiastical report from Manila to King Philip IV that 2.4 million *pesos* of silver (nearly 69,000 kilograms) entered the city annually from Acapulco. Another controversial source from several years later declared that the China’s monarch could build a palace with the imported Peruvian silver that was carried illegally without paying any import duties, thereby causing a loss of revenue to the Crown. For Atwell despite reservations about the numbers themselves he still accepts the fact that the illegal shipments of silver Manila and then China were “substantial”.⁴⁶

A common and popular source for the study of the Philippines’ early colonial history is the multi-volume English translation of books and manuscripts published by Emma Blair and James Robertson in the early twentieth century.⁴⁷ Hundreds of documents are included in these volumes, and many of them contain information about maritime and economic matters. The collection contains only a few financial accounts, and most of the documentation consists of reports, letters, proclamations, decrees, relations, inquiries, etc. Most of the translations are of the originals housed in the Archivo General de Indias, Seville, although other archives were consulted. Of course these documents are highly useful in reconstructing the conquest and colonization of the Philippines by the Spaniards, but they are not perfect. Correspondence between the Crown and its subjects and the decisions that arose from that correspondence were often motivated by the need to defend a position or protect a prerogative, and the information assembled for these correspondence were less distinguished by factual content than by perceived grievance. Read any of the Prefaces in which the editors discuss the sources and the contents of the documents that have been translated, and the acrimony among various royal appointees and offices will be fully evident. It was commonplace to “throw in” some statistics concerning gains or losses that resulted from the enactment of policies or the absence of policies without any further analysis of the source or the problem. Even though some such reported data were probably correct or nearly so, the researcher cannot blindly accept these assertion without more evidence. And in many cases more evidence is simply unavailable.

Technically the Philippines came under the domain of Spain after the voyage of Fernando Magellan in 1521. Although Spain had a presence, its neighbor and adversary, Portugal, was much more active in establishing commercial ties by way of the Cape of Good Hope in the early part of the sixteenth century (due in part to the demarcation of the

⁴⁶ The foregoing observations are from Atwell, “International Bullion Flows” *Past and Present*, 95 (1982), 72-76. I cannot read Atwell’s mind, nor have I read all his essays, but based on this essay plus “Another Look at Silver Imports into China *World History*, 16:4 (2005) and “The T’ai-ch’ang, T’ien-ch’i, and Ch’ung-chen Reigns, 1620-1644,” *The Ming Dynasty, 1368-1644, Part I*, Vol 7 in Frederick Mote and Denis Twitchett, eds., *The Cambridge History of China* (Cambridge: Cambridge University Press, 1988), I am inclined to think that Atwell views smuggling in episodic terms (as do I). Figures cited for one event or year do not necessarily carry over into the next year or the following year.

⁴⁷ See footnote 1.

world under the Treaty of Tordesillas). An entry point from the New World to the Far East was complicated by the fact that the voyage westward across the Pacific to the Philippines and the China Sea was much easier than an eastward return to the New World. In a complaint about the state of the government in the Philippines, perhaps written in 1583, Gabriel de Ribera, sent to Manila to help establish the Audiencia, remarked that the Philippines had been discovered and settled 50 years earlier, but “[s]ince a way of return to Nueva España had not been discovered, the settlers for a lack of sustenance abandoned the land.” Miguel López de Legazpi having “discovered a way of return” had resettled the islands in the 1560s. Since resettlement, the island had enjoyed a period of “peace and quiet”. According to Ribera the tranquility had fallen victim to bad and unjust policies perpetuated by the colonial government. Ribera faced a dilemma because the abuses that he complained about resulted from plans that the colonial government carried out “in agreement” with the Crown.⁴⁸ The cause of the disquiet and unrest was in large part related to changes in fiscal and commercial objectives. The Philippines, lying in the imperial backwaters for so many years, were now expected with the establishment of the trans-Pacific routes to become a player in the international commercial scene to the benefit of the Mother Country. And of course the outpouring of silver at Potosí simply raised the stakes with respect to the Philippines because the wealth existed to purchase Oriental goods. The Philippines fell under the jurisdiction of the Viceroy of Mexico, and since heavy subsidies were required from the Mexican treasury along with personnel and artillery to administer and defend the islands, the Crown confronted, not for the first time, the need to “incorporate” the Philippine Islands more fully into the imperial system. The way in which the Crown went about this incorporation was not as straightforward and rational as one might expect from the government of Philip II.

In fact the trans-Pacific commerce that had evolved since resettlement had become a bit of a free-for-all. As the “new” entrepôt the Philippines actually served two different sets of traders: the non-Spaniards, mainly Chinese or Sangleys (mestizos of Filipino-Chinese ancestry), who managed the trade between China, Japan and other islands and the Philippines, and the Spaniards who managed the trade between the Philippines and the New World. For decades the Portuguese and to a limited extent the Dutch had blocked Spain’s effort to trade directly with the Far East around the Cape of Good Hope. Even as trans-Pacific commerce began to grow in the second half of the sixteenth century Spain still lacked access to the ports of Asia and especially China. The role of the Philippines became crucial under these circumstances, and as the royal government became more of a presence in the islands, especially under Governor Gonzalo Ronquillo de Peñalosa, so roundly condemned in Ribera’s memorial, balancing these two commercial interests was far from easy. In June 1582 the Governor wrote Philip II two letters on the situation in the Philippines. Overall the Governor thought that progress was being made even though it would be many years before the colony could pay its own way. How to manage the commercial links between the Philippines and the New World and the mother country was still in a state of flux. Ignoring the hair-brained scheme to conquer China and the disputes with the ecclesiastics over mainly treatment of the native population, I would underscore the following in his letter to the King: a ship

⁴⁸ “Complaints against Peñalosa, [1583?]” Blair and Robertson, *The Philippine Islands*, 5:208.

with artillery was sent to Peru (at the request of the King); too few ships have arrived from Mexico with much needed supplies; Philippine commerce will only grow if more and larger trans-oceanic ships were employed; and the spice trade should be permitted between Maluco, one of the islands, and Panama directly from whence merchants would carry the merchandise to Mexico, Peru and Spain. In several places Peñalosa made it clear that it would be best for the Philippines if “commerce be opened upon all sides”, and to that end despite the protestations of the Mexican Viceroy and others he was authorizing the dispatch of private ships to various Spanish possessions in the Indies and in the South Seas. He also observed, perhaps to appease the Mexican Viceroy, that the “affairs of this country are improving to such an extent that cargo on [the] ship bound for Nueva España is worth four hundred thousand pesos. It carries two thousand marcos of gold without taking into account the large quantity of goods intended for Panama.”⁴⁹ Nothing is known about the contents except for the reference to marks of gold. The governor’s position - “Trade open to all” - was simply not an option.

At the same time that Peñalosa was offering a positive view – increasing trade with China, opening trade with Peru, imposing duties on goods exported to Mexico and imported from China among other things – the Bishop of the Philippines, Fray Domingo de Salazar, prepared a long memorial in which he criticized the rule of Peñalosa in harsher terms than Ribera had. Although much of the memorial concerned the treatment of the natives, for whom the friars had a special concern, the commercial and fiscal references revealed the crosscurrents buffeting the Philippine economy as it assumed a larger imperial role. The introduction of money had a profound effect on native communities, as was the case in the New World, and much of Fray Domingo’s complaint was connected to that issue. But in fact, as the Philippine economy became more deeply interwoven with the imperial economy, local provisions that had been in “abundance” according to Fray Domingo grew scarcer and more costly because the Governor had permitted native labor, formerly devoted to farming, to be as to mining, shipping and other non-food-producing activities. In addition, said the bishop, the islands had long counted on trade with Sangleys who brought goods needed by but unavailable to the natives and settlers and who also invested their money in businesses vital to the local economy. But now [early 1580s] “[t]his trade has been so harassed and injured...that we are in great dread that lest those who come here, or many of them, will never return, or that they will not be willing to sell their merchandise at former prices, because of the bad treatment that they have received and the lack of order here.”⁵⁰ What Fray Domingo may have viewed as an ideal commercial relationship between the Sangleys and islanders was being recast as a result of new economic order. Both the merchant, flush with silver, and the government, badly in need of tax revenues, eyed the trans-Pacific commerce an opportunity irrespective on its impact on the islanders themselves. The noted Pacific historian, O. H. K. Spate, entitled a section in his book (*The Spanish Lake*) “The Philippines: dreams and realities”, wrote that “the reduction” of the islands to Spanish rule “was the work of men of the sword; the retention of rule was largely due to men of

⁴⁹ The first letter from Peñalosa to Philip II was dated 15 June 1582 and is found in volume 4 [1576-1582], 310-317, and the second letter dated 16 June 1582, volume 5 [1582-1583], 23-33 of Blair and Robertson, *The Philippine Islands*.

⁵⁰ “Affairs in the Philippines,” Blair and Robertson, *The Philippine Islands*, 5:210-217, 236-240 with quote from 236.

the Cross.”⁵¹ Ironically the pacification of the islands encouraged the galleon trade that intensified the hispanization of the islands and the disruption of native societies. As it turned out, the ecclesiastics, who could be severe and persistent critics of royal policies, could also be beneficiaries.

Even though the rules for conducting Philippine trade were being written and rewritten, the opening up of the islands could be detected in the few commercial statistics that exist. Documents consulted by Sluiter from February 1569 through March 1580 show that nearly 900,000 *pesos* were remitted in royal subsidies compared to about 200,000 *pesos* in private transfers. In the next ten or so years (April 1580-May 1590) private remissions would expand to 3.3 million *pesos* while public remissions inched up to 1.3 million *pesos*. When an audit was conducted of the treasury accounts in 1584, the trade between Mexico and the Philippines was a matter of intense interest. It was reported “one or more ships” arrived from Mexico with cargoes that consisted of “velvets, satins, damasks, taffetas, ribbed cloth in colors, velvet caps, hopes and stockings, linens from Holland and Rouen, wine, vinegar, oil, olives, capers, preserve, hams and fat bacon, flour, soap, hats netted hose, Cordovan leather, raisins, almonds and many other articles from the produce of España and Nueva España.” Although the quantities or values were not given, this was merchandise for Spanish settlers, what the report called “those of gentler birth.” In the mind of the auditor these were necessities. It was made clear that Spaniards could not dress themselves with local fabrics such as silks including Chinese silks: “these are thin silks of such quality that garments made of them are worthless, for lack of durability and fineness”, a complaint about Far Eastern silk that resurface again and again. In addition then islands had pork and buffalo meat, fowls, rice, wax candles and lard. The flour imported by the Sangleys was so poor that it could not be eaten. Finally, as Fray Domingo’s memorial had declared, prices for everything, even inferior goods, had rise sharply as Philippine commerce had increased.⁵² That commerce was changing the structure of the economies of the islands to the extent that the non-productive sectors were expanding as the productive-sectors were contracting. The point to be made is that even after the pacification of the Philippines time was needed to create the logistics to maintain and expand the trading network. I have no idea how many other Spanish ships were plying the Pacific with merchandise or bullion or both, but they needed a port of call since they were not especially welcome in the Sea of China or Japan either by the sovereigns states, which had their own naval and commercial interests to protect, or by European fleets already established there. That port of call was the Philippines, and while it was growing and changing rapidly, it had limitations that determined how much commerce it could handle. Complaints about carrying capacity of the Spanish merchant fleet, lack of provisions and workers in Manila, quality of goods from China, price inflation in the islands, these and other problems had to be dealt with as the Crown tried to place its Pacific outpost on sound footing.

The debate on the fragile state of the Philippine civil society continued throughout the 1580s, even as trade between Manila and Acapulco expanded, at least according to

⁵¹ Spate *The Spanish Lake* (Canberra: Australian National University Press, 1979), 157-161. Chaunu treated the same subject in “Le galion de Manille,” *Annales Économies Sociétés Civilisations*, 6 (1951), 447-462.

⁵² “Annual Income of the Royal Exchequer in the Philippines,” Blair and Robertson, *The Philippine Islands*, 6: 50-51.

the statistics. The open-ended trade urged by Peñalosa was quickly squelched once Philip II had learned that Peñalosa had dispatched ships directly to Peru in a decree of 1582.⁵³ This did not stop direct trade between Manila and Lima (or other ports), but it greatly hindered it. The legal route from Manila to Acapulco occupied the attention of public officials in Mexico and the Philippines. A *junta* of Manila citizens (members of the clergy, military and Audiencia) was called into session in 1586 to prepare a report for the King. As published, it numbers more than 70 pages and covers all the current issues. Much of it concerns the treatment of the natives and the continuing efforts to pacify the islands, but several sections (called chapter) address commercial affairs. The report consisted of a series of pronouncements as to what the King should or should not permit. In the third chapter six recommendations are put forth, four of which have relevance to this discussion, not because they were ever enacted or enforced but because they reveal something about the way in which the local commercial system was developing. First, the report asked the King to prohibit the “consignment” of money from Mexico to the Philippines. “Great consignments of money” sent here by wealthy Mexicans created two problems: they make all Chinese imports too expensive, beyond the reach of “the poor and common people”, and they cause the ships (usually no more than one) bound for Mexico to be filled with imports from outside the islands rather than exports from within the islands. In accord with a demand from the Audiencia the King was asked to ban such consignments of money as well as “Mexican factors or trading companies”. Only citizens of the islands should be permitted to handle the trade from abroad. How great were the consignments? That is not reported unfortunately, but in the minds of the complainants it was substantial. A second demand was that goods from Chinese and other vessels be sold at wholesale to persons appointed by the government, and these appointees would then “apportion” the goods among classes of citizens in a just manner. This was aimed at what was suggested in the previous demand that imported goods were being diverted directly to wealthy merchants for export to the New World. The third demand again involved the Chinese: “That there be no Chinese hucksters in Manila”. Chinese traders, who for years had owned shops, homes and other properties, generally with the tolerance from the settlers, were now viewed with suspicion and distrust. They served as the crucial link for the merchandise-bullion trade that was increasingly the dominant force in the Filipino commercial arena. Indeed the petitioners went so far as to recommend that Spaniards take over the retail trade now in the hands of the Chinese to prevent the draining of the islands of the products that they needed. Even though Spain and Portugal were not officially united the *junta*’s memorial specifically requested that Portuguese be denied commercial licenses to trade with Mexico or Peru because Portuguese merchants will use the silver to buy more goods from China, India and other nations. Finally, “open trade” with Mexico, Peru and foreign ports, also proposed by the now deceased and somewhat disgraced Governor Peñalosa, will benefit greatly local producers, retailers and shippers who were now at the mercy of non-resident merchants.⁵⁴

⁵³ Schurz, *Manila Galleon*, 295; Borah, *Trade and Navigation*, 118.

⁵⁴ “Memorial to the Council, by Citizens of the Filipinas Islands. Santiago de Vera and others [July 26, 1586],” Blair and Robertson, *The Philippine Islands*, 6:166-169. This memorial also included detailed plans for the invasion, conquest and settlement of China. Letters in support of the memorial were sent by other agencies such as the city council.

The issues raised in the above memorial were real with respect to how the Crown would organize the colony in light of the ever-expanding trans-Pacific trade, and at some point the Crown had to decide what to do. The upshot of these and many other reports, petitions and communications involving the officials of the Philippines as well as Mexico, Peru and the King's own councilors (some of which were translated by Blair and Robertson) was a decree in 1586 from Philip II. It was directed against the Chinese. Philip II ordered the Viceroy of Mexico to end the trade between the Philippines and China. With the customary proviso that the Viceroy could suspend the decree should difficulties arise, he was ordered to notify merchant and all other interested parties that trade should cease. The reasons were: (1) the quality of Chinese silk was inferior to Spanish silk and yet because of its cheapness Chinese silk was purchased in lieu of Spanish silk with a loss of income to the government, and (2) the current function of the Manila port as primarily a "lading-station for this trade" did not encourage economic development in the islands.⁵⁵ Several months after the King's pronouncement the Viceroy, Marques de Villamanrique, replied. He made note that more than 3 million *pesos* had been spent to pacify the islands. Subsidies, based on Sluiter's figures, totaled nearly 2 million *pesos*. The Caja of Manila realized revenues from tribute, duties, taxes and other fees, but the accounts of the Caja are incomplete for the 1570s and 1580s so that its contributions cannot be detailed.⁵⁶ Of course, as often happens, the figures available in the accounts do not add up to figures reported in other documents. Turning to the matter of commerce whereas others saw damage from the convergence of Chinese merchandise and Mexican silver in the Philippines, the Viceroy saw advantages for the Crown as well as the natives, who will learn how to participate in this exchange. With respect to Mexico the importation of Chinese merchandise is marginal. Only one or two ships arrive each year with "silk, both raw and woven, cotton cloth, iron, copper, earthenware, and other things of no great worth...." He further recounted that the quality of the silk varied, but even where Chinese cloth of good quality was cheaper than Spanish products the recurrent sales of the Chinese cloth meant an income (through sales taxes) than diminution. It almost became a specialization argument: some goods that China produced were better for the price than comparable Spanish goods, the sales of which would still benefit the treasury, but since some were not, Spanish goods would continue to sell with further benefit to the treasury. The Viceroy then turned to the presence of Mexican in the islands, and not surprisingly he concluded that they brought wealth and business that otherwise would not exist. The position of the Viceroy was that such difficulties would accrue from the enforcement of the decree that he would set it aside and await further instruction. In the meantime he would cut in half the amount of money that could be carried to the Philippines from Mexico on the basis of the tonnage of the ships.⁵⁷ For the record let me indicate that the amount of private remittances according to Sluiter was in the range of 400,000 *pesos* during this period of discussion between the Viceroy and the King. Unfortunately most of Sluiter's figures for the 1580s were

⁵⁵ "Decree Regarding Chinese Trade," Blair and Robertson, *The Philippine Islands*, 6: 282-283.

⁵⁶ Alonso Álvarez, "Sobre la naturaleza de la fiscalidad imperial en las Islas Filipinas," in Sánchez Antiró, *et al.*, eds., *Finanzas y política en el mundo iberoamericano*, 83, 86. Some evidence suggests figures in the tens of thousands of *pesos* per year on average.

⁵⁷ "Letter from Marques de Villamanrique to Felipe II," Blair and Robertson, *The Philippine Islands*, 6: 284-289.

estimated. The two that were not - 416,658 from May 1585 through June 1586 and 400,000 from July 158 through May 1589 – were higher than any previous figures and were in line with some figures referred to in earlier royal correspondence. Villamanrique's proposal was to authorize only half of what a ship could carry in merchandise, and more than likely a ship could carry more than the remittance figures. In any event trade continued and probably expanded even as the bureaucracy was wrestling with the issue.

One of the most detailed communiqués on Philippine commerce was written in 1587 to Philip II from Santiago de Vera, a member of the Audiencia. This letter plus duplicates of other earlier communiqués that may not have reached the King were being dispatched in hopes that the King and his councilors would provide some direction regarding the problems that continue to face the government of the Philippines. Vera's 1587 letter laid out the issues that he and the Audiencia had to address without royal guidance. Of special concern was the failure of the Viceroy of Mexico to provide military assistance and financial support to permit this "kingdom" [Philippines] to continue to serve as a gateway to other kingdoms and to rebuild [after a fire] and fortify Manila. In spite of these deficiencies, Vera reported, that the commercial arena was thriving: "[m]any vessels have come to these islands from China this year...more than thirty of considerable burden, laden with a quantity of merchandise, horses, cows and more than tree thousand men....They are very anxious for out trade...." Vera noted that their merchandise was so cheap to buy that one had to wonder if it required any labor or money to produce. Moreover Chinese traders provided almost everything that Spanish settlers needed including goods from Spain itself. Also at least two ships have arrived from the Portuguese possession of Macao (technically now a Spanish possession) "laden with curious merchandise [raw silk, taffetas, damasks, etc.], whence they have drawn great gain."⁵⁸ In the previous year a Japanese ship loaded with flour and horses was driven ashore at Segovia in the province of Cagayan, and out of desire to be hospitable Vera sent a ship to transport the merchandise and men to Manila. By Vera's reckoning trading was on the rise, and while some goods were for consumption on the islands, most were destined for Mexico and beyond. The bottleneck was shipping capacity: "were vessels not lacking, a great quantity of goods would be sent to Nueva España." Vera reported that he had built one vessel of 500 tons at less than 8,000 *pesos* and that in addition the Crown had four other "useful" vessels. On the basis of what the Chinese traders brought, at least two more vessels would be needed to transport the merchandise across the Pacific. Vera pleaded for permission and money to build the two vessels. One can only conclude from Vera's hospitality toward foreign traders as well as his request for the resources to expand the carrying capacity of the Pacific fleet that he favored expansion rather than contraction of trade. Nowhere in Vera's letter was there any mention of the prohibition on trade with the Chinese, decreed by Philip II in 1586 and then overridden by Viceroy Villamanrique in 1587. Indeed those proclamations may not yet have reached the islands. The Audiencia was still at odds with the Viceroy over duties and subsidies, but Vera made a special point to say that the differences within the Audiencia and with other local officials had more or less ceased because Vera had not

⁵⁸ Chinese traders asked the governor why Spain did not establish a colony near Macao and trade directly with the mainland, and the governor agreed to broach the subject with the King.

stood in the way of allowing others bodies to exercise their proper authority.⁵⁹ The general tenor of Vera's letter presented a more positive outlook concerning commercial relations than previous communiqués. Relations between the Philippines and Mexico were more contentious than relations between the Philippines and neighboring sovereignties. All of which raises an interesting question familiar to many colonial scholars: were the complaints in earlier petitions and pronouncements more likely fed by administrative turf wars than by conflicting economic goals?

As it happened, this packet of correspondence was lost at sea as a result of a successful attack off the California coast by the English pirate, Thomas Candish, on the *Santa Ana* that had left Manila for Acapulco. (A second letter and packet was sent by way of Malaca or Malacca, a Portuguese possession, in November 1587 with no acknowledgement yet.) The Audiencia had learned about the plundering and burning of the *Santa Ana* (a big story) from private sources. It then drafted another letter with duplicates of previous communiqués in June 1588. It noted that "from the investment made, and the treasure and gold carried, that cargo of the said vessel would have been worth in Mexico two million [of pesos]." From other sources the cargo was said to contain silks, damasks, perfumes, food, wine and 122,000 *pesos* worth of gold. The Audiencia declared that the impact on the islands was severe since local citizens were not be reimbursed for the goods that they had shipped. The loss of the cargo (the passengers were apparently set ashore in California), in particular the correspondence, had further ramifications in that the Audiencia had to continue operating largely in the dark with respect to the wishes of the Crown. The Viceroy of Mexico continued to meddle in the affairs of the Philippines, as he was in fact permitted to do. He raised the duty on goods entering Mexico from the Philippines to 44 *pesos* per ton (duties then calculated on tonnage rather than value) from 12 *pesos* and he restricted the number of licenses for passage to the islands as well as the level of subsidies for the government of the islands. In what was considered an affront to the citizens of the islands the Viceroy permitted the auction of the *Santa Ana* to be repaired and then licensed to sail from Acapulco to Macao, not Manila. For the Filipinos direct trade between Mexico and Macao or any other sovereignty that might bypass the islands would cause deep distress to their own commerce. Finally regarding the collection of duties, the Audiencia being instructed by the King to investigate the enforcement of duties on imports and exports from the Philippines decided to preserve the three-per-cent rate (first imposed by Peñalosa) but to end the harassment of traders by allowing them simply to declare the number of items such as pieces of silk rather than having to open their boxes for inspection. The Viceroy, on the other hand, demanded that the boxes be opened for inspection in Acapulco, and if any boxes were found to be misrepresented on the manifests, they would be seized with a loss to the shipper. This was judged to be a further attack on the commerce of the Philippines.⁶⁰ As the 1580s came to a close it can be safely said that trade across the Pacific was expanding even though the crown and the bureaucracy had yet to lay down the procedures by which the commerce would be managed. Galleons were being built and re-outfitted in the in the range of 500 tons. Merchants were known to be investors in and

⁵⁹ "Letter from Santiago de Vera to Felipe II," Blair and Robertson, *The Philippine Islands*, 6:297-310.

⁶⁰ "Letter from the Manila Audiencia to Felipe II," Blair and Robertson, *The Philippine Islands*, 6:311-315. The Audiencia had specific information on other sailings between Mexico and China that violated what they considered the royal position.

purchasers of galleons to convey cargoes estimated to be worth a half million to a million *pesos*. The shipment of merchandise moved both east and west across the Pacific. Exports from the Far East to Mexico commanded high prices, and for a while at least goods from Mexico to the Philippines also commanded high prices. Some shipments from the Philippines contained gold currencies. Although references to shipments of silver to the Philippines were almost non-existent in the translated document, the royal accounts indicate that both public and private remittances of silver had reached hundreds of thousands of *pesos* annually.

The stakes rose significantly in the 1590s. According to treasury registrations Spanish miners pulled more than 3,000 metric tons of silver from the underground worth in the neighborhood of 115,000,000 *pesos*, and from all indications demand for silver in the Orient, especially China, continued unabated. Even without a firmly established imperial policy the exchange of silver for merchandise across the Pacific intensified. On the political side Philip II re-engaged himself in Philippine affairs with the appointment of a new governor and the announcement of several new decrees. Not all the issues previously discussed were resolved, and some issues that were resolved proved to be unsatisfactory, but some clarity in royal policy was beginning to emerge with reference to Pacific commerce. In the early 1590s communiqués between the King and his Philippine appointees referred to large sums of money (silver) being shipped west across the Pacific in exchange for merchandise, although regrettably the references never define how large the transfers were. The continuing settlement and pacification of the islands as well as the advancement of commerce required more money be allotted for the construction of frigates and galleons. How the Pacific trade should be conducted remained up in the air inasmuch as the correspondence that flowed back and forth between Manila and Madrid included references to New World merchants trading directly with China, of vessels arriving at and departing from New World ports in Panama and Peru and further incursions into the evolving commerce between Spain and the Oriental sovereignties by Spain's enemies as well as its new partner Portugal. In 1590 Philip II issued a decree that proclaimed because of "great consignments of money sent by the wealthy from Nueva España, for investment in Chinese merchandise and that of other countries" the Philippine population, which counted on trade with China, had suffered from scarce supplies and high prices. Moreover Philippine citizens could seldom acquire space for their own goods on the few vessels available to sail to Mexico. The King ordered that traders and trading companies in the Philippines had be owned and managed by Filipino citizens, and to become a citizen one had to agree to remain there for 10 years. "I grant that...they alone, and no others – whether of Nueva España, or any part of the Indies – may trade in China, and export, take, sell to the said Nueva España the merchandise and articles thus traded for...the time and space of six years...." All others were prohibited from trading in the Philippines or in China.⁶¹ The Court had used a similar strategy of exclusivity before in the erection of the Atlantic commercial monopoly, but ways were found (including bribery) to by-pass these regulations. The so-called wealthy were in most instances international merchants with clout in Madrid, and there was little likelihood that they would or could be denied access to a trade that was by its nature

⁶¹ "Royal Decree Regulating Commerce in the Philippines," Blair and Robertson, *The Philippine Islands*, 7: 262-263.

expensive and risky. It is not clear to what extent if any this altered the role of wealthy merchants either in the New World or in Spain with respect to the burgeoning Pacific trade.

More serious decrees appeared in 1593. Unlike the previous decree that concerned losses suffered by the residents of the Philippines, this one concerned losses suffered by the Atlantic merchants, namely the Seville merchant houses. The Atlantic trade was established as a monopoly under the control of merchants in Seville and their agents in the New World. Making substantial donations to the Crown, they received in return the power to determine the prices of goods sent to Mexico and Peru, although they were still required to pay certain duties and fees. They also controlled much of the flow of bullion from the New World to Spain and Europe. Almost from the beginning they recognized a threat in the opening of the Pacific routes because they were shorter, safer, less expensive and less risky than the established routes overland or by the Indian Ocean over which Spain had little direct control. Still the Far Eastern trade through Seville was highly lucrative for the merchants. Philip II's fears were direct and unequivocal. To preserve the Atlantic trade and above all to preserve royal income the King restricted the number of galleons sailing between Mexico and the Philippines to two per year and the size to 300 tons in a decree of 11 January 1593.⁶² The galleons could carry no more than 250,000 *pesos* worth of merchandise from the islands and not more than 500,000 *pesos* in bullion to the islands. Further in a separate decree a month later the King reiterated the prohibition first declared in 1582 that no vessel could sail directly from any province in the New World to China or to the Philippines except for authorized "northern" voyage from Mexico to the Philippines. Further the King outlawed the sale or transfer of any merchandise imported into Mexico from the Philippines to Peru, or Panama even if the duties were paid. The King did allow a four-year period for all negotiated sales prior to this proclamation to be completed so long as they registered their transactions.⁶³ There was still some wiggle room to the extent that local officials could refuse to enforce the rules immediately and that traders outside of Mexico could complete current contracts and consignments. No reliable information exists yet on the number of vessels, Spanish or foreign, that carried merchandise or silver during the 1570s and 1580s, although there can be no doubt given the language in many communiqués it was seen by some as "great". Galleons were being built as quickly as financing permitted and other vessels were bought at auction to be reconditioned for Pacific trade. It is certainly difficult to keep track from the official reports and letters how many galleons were available for Pacific trade, but by the 1590s a minimum of two or three and a maximum of six or seven may have constituted an active fleet of royal and private vessels. Not all the vessels were galleons, although unfortunately the *almojarifazgo* records did not specify.

Governing the islands remained a challenge for the King. The newly appointed governor was killed in a military expedition, (his son, who replaced him, proved to be inadequate for the task as well as deeply in debt) and another new governor was appointed with the title not only of governor but also captain-general and president of the

⁶² TePaske, "New World Silver, Castile and the Philippines, 1550-1800," in Richards, ed., *Precious Metals*, 436 citing Real Cédula of 11 January 1593. This decree did not appear in Blair and Robertson.

⁶³ "Two Royal decrees – Restrictions on commerce," Blair and Robertson, *The Philippine Islands*, 8:316-317.

Audiencia. In the long instructions to Francisco Tello the King reviewed the assignments that he had given first the father and then the son and ordered Tello to determine what had not been accomplished and what remained to be accomplished. In the commercial area the King noted that a fleet of eight galleys had been built (the one lost in the former governor's failed military venture should be replaced) and they should continue to be used to guard against illegal trade between islanders and the Chinese or Japanese. He also strongly advised Tello that according to an earlier decree "no Spanish layman may leave the islands for any place, or to attend to any business, or give fragata [frigates], supplies, or any other aid to any of the said religious, unless by my special order, or by your permission...." The perennial problem of official corruption by customs officers had reared its ugly head, and the King was indignant, at least in his written communiqué. The officers were reported to confiscate from the Chinese merchants the most expensive merchandise at the time of the valuation and to leave to the Chinese only the inferior merchandise. In retaliation the Chinese declared all merchandise at high values but then sold it low prices. Since they paid duties based on values the sale at low prices yield less revenue for the government. Because of the need for revenue the King ordered that no exemption from duties on first sales of goods exported to Mexico or other places nor from the tonnage tax of 12 *pesos* per ton to be paid at the port of entry. Little else is said about the state of commerce.⁶⁴ Upon his arrival Tello sent a short letter to the King. He found that "the trade of this country...has greatly decreased" not only because of the effects from the payments in taxes and duties by islanders at Acapulco, but also because of the low prices for merchandise sold in Mexico, and what he described without further detail because of "unprofitable exchanges and other misfortunes suffered by commerce."⁶⁵

The vicissitudes attendant to Pacific commerce were endless. Over time, as the Crown struggled to control the obviously profitable commerce that merchants and shippers were willing to pursue (even with navigational and political risks), it chose to more or less emulate the Atlantic system. All Pacific trade was to be organized along routes connecting Manila with Acapulco with restrictions on tonnage, crossings and participation. Even though royal officials as well as private investors tried to preserve and extend direct trade between Manila and Lima, it was never sanctioned and while it may have continued for many years it operated in the shadowy and dangerous world of the smugglers and contrabandists. One response to the prohibition of direct trade between Lima and Manila by the trading community was a third alternative: transshipment of goods arriving in Acapulco from the Far East to Peru. The reaction of the Crown was to restrict this trade in 1591 and then to halt it in 1604. A few years later the trade was allowed to resume under more rigid rules until it was closed down again in the 1630s. The analogy of the holes in the dike may come to mind as the Crown tried to balance the many conflicting interests that were encompassed within its authority. As porous as the dike became, it continued to stand. By the seventeenth century the Crown was set upon a path that would restrict Pacific trade to two galleons per year between Acapulco and Manila, stop transshipments of Far Eastern merchandise through Acapulco to Lima and

⁶⁴ "Instructions for Governor Tello," Blair and Robertson, *The Philippine Islands*, 9:244, 251, 252.

⁶⁵ "Letter from Francisco Tello to Felipe II," Blair and Robertson, *The Philippine Islands*, 9:275.

except for the Acapulco-Manila link to divert all Oriental goods through the Atlantic monopoly.

Against the backdrop of the official communiqués, protests and decrees what can be learned about the evolution of Pacific trade during the late sixteenth century and early seventeenth century as silver production in the New World broke all records from the “official” statistics. Some quantitative measurements can be made and should be analyzed before the robustness of this trade, mainly its illegal character, is etched in stone. No one disputes the fact that the Atlantic remittances were several times greater than the Pacific remittances (whatever numbers are used), and around 1600 the Atlantic remittances (reported as remittances to Castile) were running at more than 50 million *pesos* per quinquennium or more than 10 million per year. Of that amount between two-thirds and three-quarters of the transfers were in private accounts. From the 1570s to 1580s Castilian outflows jumped a whopping 221 percent, and from the 1580s to the 1590s a more modest 16 percent.⁶⁶ After 1600 far more decennial declines show up in Sluiter’s data than gains. As much as 95 percent of the registered silver in the last quarter of the sixteenth century was exported to Spain. According to Sluiter the outflow of bullion in private remittances averaged about 9.6 million *pesos*. For the era these were huge sums. It is difficult to envision how much more silver Europe and its commercial network could absorb. Because the Pacific commercial network was less developed and to some degree less regulated, it was more open to exploitation by those willing to assume the risks. Although asserted more often than demonstrated, the rewards were said to be enormous – Goods purchased in the Philippines from Asian traders sold for prices two to three times higher in the New World with merchants and traders enjoying the profits. The skyrocketing output (compared to earlier decades) of the mines of Peru and Mexico provided the capital needed to underwrite the Pacific trade. The official correspondence, cited above, contained enough references to breaches in the operation of the system as it was evolving in the late sixteenth century to lend credence to the view that the Pacific commercial network remained porous. The official statistics surely missed a part – some would argue a substantial part - of that evolving commercial activity, and yet they may be less abstruse and obscure than many believe.

It is best to begin any discreet analysis based of official Pacific commercial data with the 1590s. For the two previous decades the data are weak. Pierre Chaunu, among the first to study the official records in detail, offered very little to work with, and Sluiter created a series that was heavily dependent on estimated figures for private remittances. What can be said by way of background was that 92 million *pesos* of silver were registered in Peru from 1576 to 1590 of which 78 million were exported to Spain, and of 50 million *pesos* were registered in Mexico of which 46 million were exported to Spain. That left a surplus of 18 million *pesos*. Sluiter’s “direct and estimated” numbers indicate

⁶⁶ In 1594 25 million *pesos* crossed the Atlantic. This was an accumulation of two years because the fleet did not sail in 1593. Michel Morineau presented data on inflows of bullion from America to Europe as reported in the Amsterdam commercial gazetteers for 1580, 1581, 1584, 1586 and 1595, and if one allows for a year or two for the information on outflows from America to reach Amsterdam one can see similarities in the figures. For example, the 1594 figure from Sluiter was 24.4 million *pesos* and the Morineau figure for the next year, 1595, was 24.3 million. *Incroyables gazettes et fabuleux métaux: Les retours des trésors américains d’après les gazettes hollandaises (XVI^e-XVIII^e siècles)* (Cambridge and New York: Cambridge University Press, 1985), 102.

that more than 6 million *pesos* may have crossed the Pacific, two-thirds of it (mostly estimated) as private remittances. If there are more archival sources to be exploited, they remain to be discovered. Since vessels were moving not only between Manila and Acapulco but also between Manila and Central and South America with few controls the volume of bullion outflows may remain largely conjecture.

After 1590, as the data become more plentiful, the picture of Pacific outflows becomes clearer on one level and muddier on another. There is no agreed-upon dataset yet. Exports of private bullion presumably in payment for imported merchandise or as consignment for the purchase of merchandise had to be registered and taxed. At Acapulco the official tax on registered bullion exports was five-sixths of 2 percent. It was listed as *cinco sesmos de 2% plata a filipinas* in the *caja's* general ledger, and income from the tax appeared for approximately 44.5 full-calendar years between 1590 and 1650. Before 1615 the income was not entered by a standard fiscal year, but after 1615 a standard fiscal year became more of the norm.⁶⁷ Chaunu also assembled income (*cargo*) data for the *cinco sesmos* tax from similar (perhaps the same) accounts, although TePaske-Klein's published version appears to be more comprehensive than what was available to Chaunu.⁶⁸ The third dataset to which I will return is Sluiter's. It is possible to calculate a total value of the registered silver (income times 100 and divided by 1.66) from the income figure. (Chaunu did not take the step of converting the income from the tax to the value of the silver, and Sluiter did not exactly explain how he arrived at his totals.) One would benefit from a complete log of sailings from Acapulco to Manila between 1590 and 1650 to compare with the income entries from bullion-export taxes, and while Chaunu assembled a list of departures, it has numerous gaps so that any attempt to match up departures with the collection of bullion-export taxes had very limited results.⁶⁹ Even without any conversions the figures collected by Chaunu indicate that income from silver-export duties rose sharply from about 1,000 *pesos* in the quinquennium 1591-1595 to about 8,500 *pesos* in the quinquennium 1606-1610, a jump of more than 700 percent. Except for the quinquennium 1616-1620, when income fell to around 5,600 *pesos*, the quinquennial average fluctuated between 8,100 and 8,500 *pesos* until the second half of the 1630s. By 1646-1650 it had descended to around 2,800 *pesos*, a figure that was double the income in the initial quinquennium (1591-1595) but two-thirds the income for most of the quinquennia of the first half of the seventeenth century. If the quinquennial average for *cinco sesmos* income were converted to a quinquennial average of the total bullion value, the result would be 342,681 *pesos*. The average outflow of bullion for every quinquennium between 1590 and 1650 was very close to 350,000 *pesos*. At its highest quinquennial average (8,441 *pesos* in 1606-1610) the quinquennial bullion average would be more than 500,000 *pesos*. Recall that the King's decree allowed the export of 500,000 *pesos* per year, and these figures fall within the parameters of that decree. Let me repeat that these are the recorded outflows for which the *cinco sesmos* tax was collected.

⁶⁷ From TePaske and Klein available on-line through www.historydatadesk.com.

⁶⁸ Chaunu, *Las Filipinas y el Pacífico*, Serie 12, 134-135.

⁶⁹ Chaunu, *Las Filipinas y el Pacífico*, Serie 16, 218-227. The series ends with the year 1622. Some matches can be identified in the 1590s and early 1600s.

The bullion-export data assembled from the TePaske and Klein's published account present a somewhat different picture. As noted above the accounts cover a period of approximately 44.5 years between 1590 and 1650. It is possible to sum the income from *cinco sesmos* and the convert that to a total bullion value. It is also possible to calculate quinquennial averages to be compared to Chaunu's quinquennial averages. When summed the *caja* accounts of income from bullion duties amounted to 298,889 *pesos* from 1590 to 1650, and when converted the value of the bullion exported amounted to 18,005,361 *pesos*. Over the 44.5 years the annual average duty on bullion exports was 6,716 *pesos* and the annual average value of bullion exports was 404,585 *pesos*. Clearly the average fell within the parameters (500,000 *pesos*) set out in the royal decree. In given years, however, it exceeded the decree. The highest income from the bullion duty was in 1615 at 16,954 *pesos* converted to a bullion value of 961,687 *pesos*. In a single year, then, nearly a million *pesos* were registered and taxed for export from Acapulco to Manila. In all entries (28) based on the standard fiscal year (January-December) 14 exceeded the 500,000-*pesos* limit. Access to the actual ledgers might provide information for an explanation as to why more silver than permitted by law could be exported. There can be no doubt, however, that such exports were permitted on a fairly regular basis. There were some sizeable exports during the period from 1591 to 1615 when the fiscal year varied. For 11 months in 1608 and for 10 months from December 1610 through September 1611 the exports also exceeded 500,000 *pesos*. The total outflow of bullion for years in which data existed was more than 18 million *pesos*. Against the total output of silver this figure represented between 2 and 3 percent.

The third source is Sluiter's dataset. Although he listed the sources for remissions private and public he did not what the sources were or how the datasets were assembled. Let me first give some totals and averages from Sluiter's dataset before I discuss the internals of the dataset. From 1590 to 1650 Sluiter determined from his sources (not specified beyond the *legajo* and section in the archive) that 26.6 million *pesos* left Veracruz for Manila for an annual average of 482,767 *pesos*. Sluiter's total is a third higher than the total computed from the available *caja* accounts. The average is much closer to the 500,000-*peso* limit imposed by the monarch. What accounts for the difference? Sluiter found data for almost every year. No figures turned up in five of the 60 years, and two of his yearly figures were estimates.⁷⁰ I noted above that from 1590 to 1615 the *caja* accounts recorded the *cinco sesmos* duty in various fiscal years. Sluiter's figures also appear in a variety of fiscal years. Fortunately this is less of a problem in trying to assemble the data in a useful series than first appears. If February was the optimal departure month from Acapulco to Manila, then (arbitrarily) selecting that month within the varying fiscal periods to represent the year of export makes it possible to create an annual dataset. For example, an export figure of bullion worth 152,416 *pesos* is recorded for the period 5/24/1616-5/24/1617. Within that period is one February – 1617 – and that presumably is the month of the departure. Thus, the figure of 152,416 *pesos* can

⁷⁰ If the estimated figures were deducted, the total would fall to about 25.6 million *pesos* and the average to about 481,000 *pesos*. It is known that no sailings were permitted in 1637 and 1638 because of a dispute between a special envoy to examine the operations of the port of Acapulco and the *caja*. A sailing was authorized in 1639 with bullion worth about 177,000 *pesos* on board, while that figure did not show up in Sluiter's dataset (no figure for 1639) it could be added to his totals. If added, Sluiter's total bullion outflow without any estimates would be 25.7 million *pesos*

be assigned to 1617 even though the exact departure date cannot be determined without examining the specific *legajo*. With the year 1617 this can be tested by examining the *caja* account in which is recorded the *cinco sesmos* duty. The *caja* collected 2,539 *pesos*, which can be converted to approximately 152,952 *pesos*. This computation is close to the figure that Sluiter either found or computed.⁷¹ Since Sluiter's dataset is much more comprehensive for the period from 1590 to 1615, when the *caja* income data are either missing or combined in varying fiscal years, the February-based designation allows for the computation of an annual series for the entire 60 years.⁷²

Table 8
Comparison of Caja and Sluiter Datasets for Bullion Exports From Acapulco to Manila, 1590-1650

Date	Caja Dates (Arranged by February Sail Where Possible)	Income From Tax	Total Bullion Values	Difference (Sluiter minus Caja)	Total Remittances	Sluiter Dates (Arranged by February Sail)	Date
1591				600,000	600,000	05/31/1590-05/17/1591	1591
1592	05/1591-10/1593	6,988	420,964	521,137	942,101	05/18/1591-05/30/1592	1592
1593				1,053,981	1,053,981	05/31/1592-05/26/1594	1593
1594	11/1593-12/1594	2,062	124,217	-124,217			1594
1595				430,784	430,784	05/27/1594-04/04/1595	1595
1596				540,000	540,000	04/05/1595-04/27/1596	1596
1597				510,000	510,000	04/28/1596-06/26/1597	1597
1598				607,946	607,946	06/27/1597-04/20/1598	1598
1599	06/1598-07/1601	419	25,241	474,759	500,000	04/21/1598-05/30/1599	1599
1600				0		05/31/1599-04/15/1600	1600
1601				500,000	500,000	04/16/1600-04/30/1601	1601
1602				480,451	480,451	05/01/1601-05/04/1602	1602
1603	08/1601-11/1603	12,985	782,229	-32,137	750,092	05/05/1602-05/17/1603	1603
1604				674,000	674,000	05/18/1603-05/21/1604	1604
1605				578,000	578,000	05/22/1604-05/24/1605	1605
1606				260,000	260,000	05/25/1605-05/31/1606	1606

⁷¹ In converting the income from the duty I have multiplied income by 100 and divided by 1.66, which is the rate based upon 100 percent. Another method is to calculate the ratio between Sluiter's data and the income data. The resulting ratio is 59.9992 or 60. Since I do not know where Sluiter's figure of 152,416 came from – was that the figure in the document or was it computed in a fashion similar to what I have done – it is unlikely the figures will ever agree. But as the following table shows they are remarkably similar.

⁷² In the few cases where the Sluiter data can be compared with *caja* data – e.g. 1607 – the technique works for pre-1615 data.

1607	11/1606-07/1607	7,777	468,494	-1,665	466,829	06/01/1606-05/21/1607	1607
1608	1/1608-11/1608	9,567	576,325	-2,053	574,272	05/22/1607-06/17/1608	1608
1609				500,000	500,000	06/18/1608-05/20/1609	1609
1610	12/1609-11/1610	7,879	474,639	-31	474,608	05/21/1609-05/24/1610	1610
1611	12/1610-09/1611	9,204	554,458	-2,245	552,213	05/25/1610-05/21/1611	1611
1612	10/1611-11/1612	8,665	521,988	-2,153	519,835	05/22/1611-05/24/1612	1612
1613	12/1612-02/1614	8,225	495,482	-1,981	493,501	05/25/1612-05/23/1613	1613
1614				0		05/24/1613-05/22/1614	1614
1615	1615	15,964	961,687	-3,876	957,811	05/23/1614-05/23/1615	1615
1616	1616	9,130	550,000	-2,207	547,793	05/24/1615-05/23/1616	1616
1617	1617	2,539	152,952	-536	152,416	05/24/1616-05/24/1617	1617
1618	1618	14,606	879,880	-3,642	876,238	05/25/1617-06/18/1618	1618
1619	1619	9,815	591,265	-26	591,239	06/19/1618-06/01/1619	1619
1620	1620	7,670	462,048	-50	461,998	06/02/1619-05/29/1620	1620
1621	1621	8,851	533,193	-3,747	529,446	05/30/1620-06/09/1621	1621
1622	1622	8,310	500,602	-1,908	498,694	06/10/1621-05/31/1622	1622
1623	1623	8,560	515,663	-5,837	509,826	06/01/1622-05/31/1623	1623
1624	1624	8,960	539,759	-5,810	533,949	06/01/1623-06/08/1624	1624
1625	1625	6,565	395,482	-1,643	393,839	06/09/1624-06/26/1625	1625
1626	1626	10,488	631,807	-2,662	629,145	06/27/1625-07/17/1626	1626
1627	1627	13,054	786,386	-3,122	783,264	07/18/1626-06/09/1627	1627
1628	1628	11,395	686,446	-8,774	677,672	06/10/1627-06/27/1628	1628
1629	1629	9,768	588,434	-2,331	586,103	0/28/1628-06/27/1629	1629
1630	1630	6,249	376,446	22	376,468	06/27/1629-07/10/1630	1630
1631	1631	5,112	307,952	-1,232	306,720	07/11/1630-08/06/1631	1631
1632	1632	9,437	568,494	-2,237	566,257	08/06/1631-08/16/1632	1632
1633				446,265	446,265	08/17/1632-??/??/1633	1633
1634	1634	10,801	650,663	-3,193	647,470	??/??/1633-??/??/1634	1634
1635	1635	7,950	478,916	-1,903	477,013	??/??/1634-06/15/1635	1635
1636	1636	2,550	153,614	-614	153,000	06/16/1635-11/08/1636	1636
1637				500,000	500,000	11/09/1636-07/20/1637	1637
1638				0		07/21/1637-07/08/1638	1638
1639	1639	2,933	176,687	-176,687		07/09/1638-02/25/1639	1639
1640	1640	4,496	270,843	174,886	445,729	03/01/1639-08/26/1640	1640
1641	1641	5,509	331,867	-4,542	327,325	08/27/1640-06/20/1641	1641
1642	1642	2,254	135,783	-1,247	134,536	06/21/1641-07/27/1642	1642
1643	1643	7,128	429,398	-13,387	416,011	07/28/1642-03/29/1643	1643

1644	01/1644-04/1644	4,281	257,892	-1,023	256,869	03/30/1643-01/29/1645	1644
1645	1645	6,730	405,422	-405,422			1645
1646				761,782	761,782	1/30/1645-8/20/1646	1646
1647				0		08/21/1646-04/22/1647	1647
1648	01/1648-06/1648	58	3,494	6	3,500	04/23/1647-04/07/1648	1648
1649	1649	1,674	100,843	-100,843			1649
1650	01/1650-05/1650	2,281	137,410	-137,410			1650
TOTAL		298,889	18,005,361	8,551,630	26,556,991		TOTAL

Chart 17
Bullion Exports: Tax Income and Total Value
 (from Table 8)

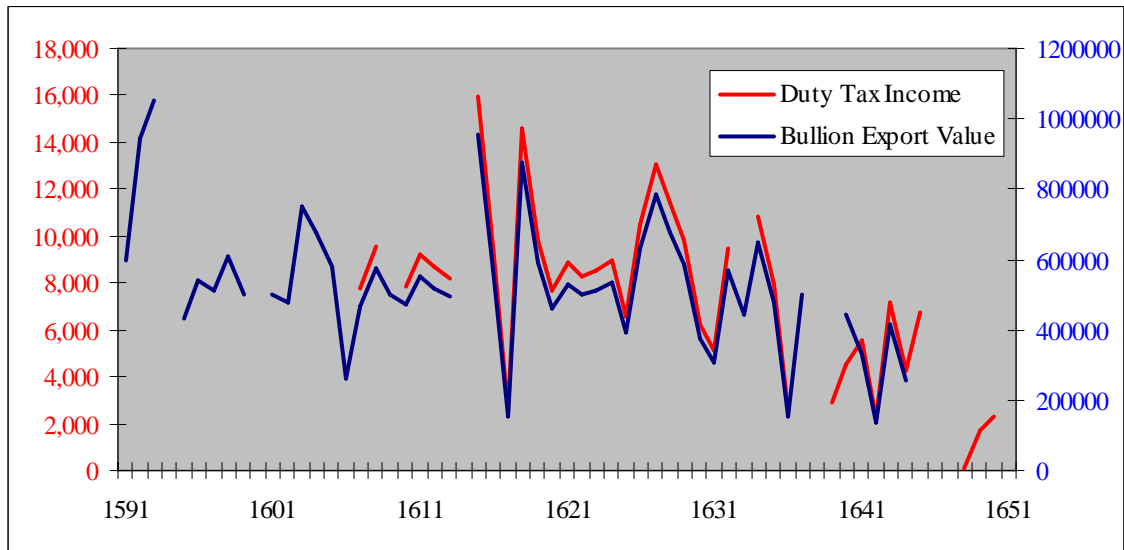
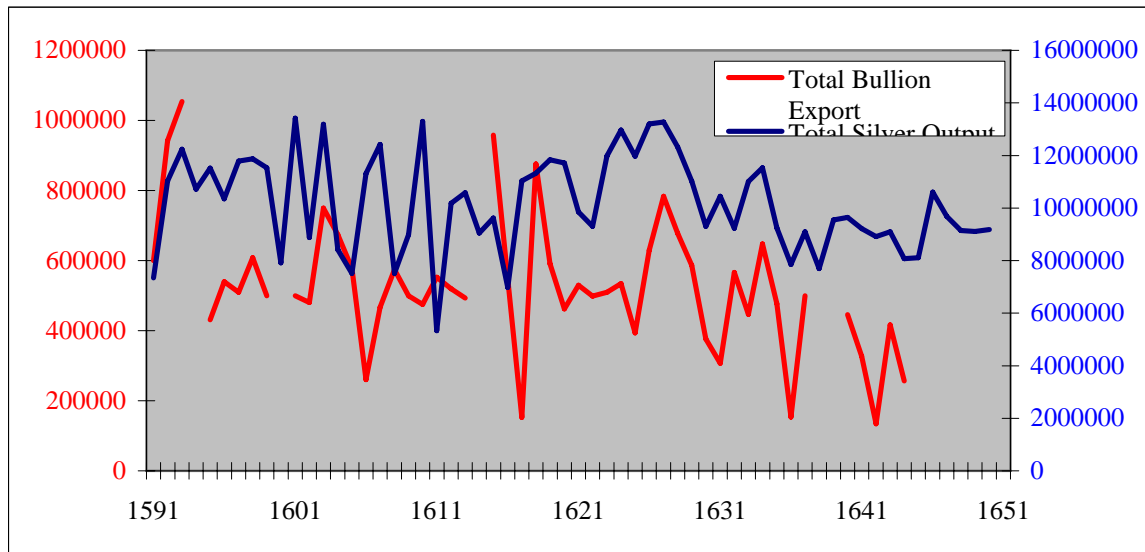


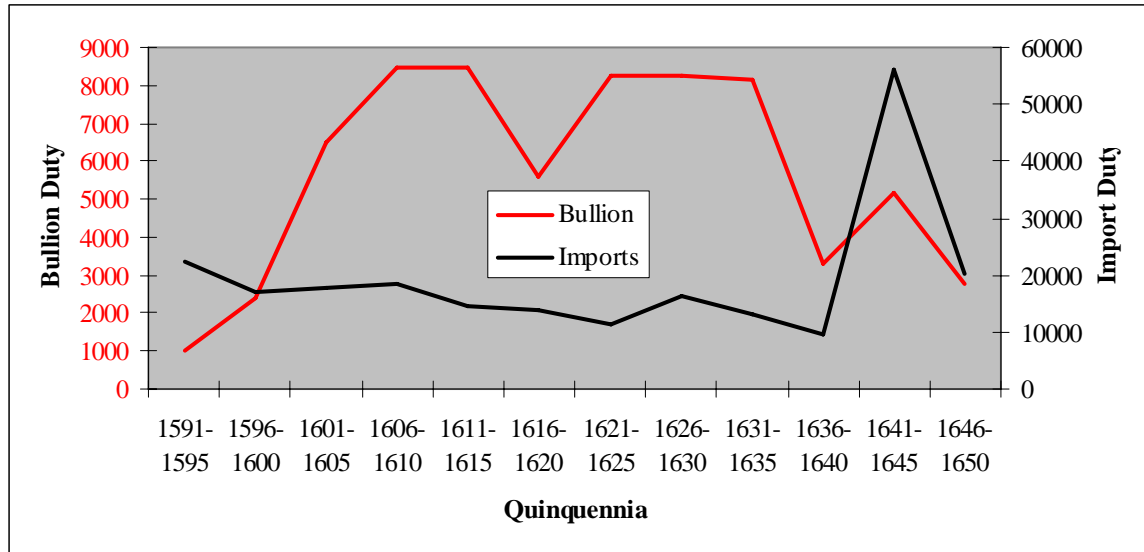
Chart 18
Comparison of Colonial Silver Output and Acapulco Bullion Export



In Table 8 I present Sluiter's bullion-export figures and my bullion-export figures computed from the *cinco sesmos* income data where possible, the differences between the two series, the actual dates recorded in the documents and the dates based on a February sailing. There is an obvious downward slope to both curves. The correlation between the two series is a high .85. (There are numerous gaps with the duty-income series.) The correlation between total bullion outflow and total silver production, however, is only modestly positive at .25. Even lagging the series did not improve the correlation. Certainly in the second quarter of the seventeenth century as the silver curve began to show weakness the bullion curve more or less followed suit. Prior to that the silver series fluctuated around 12 million *pesos* while the bullion series fluctuated around 500,000 *pesos*. The two series were not in lock-step, but certainly the level of silver registrations had some influence on the level of bullion exports. More interesting, perhaps, is the fact that in more than half the years the export figure exceeded 500,000 *pesos*. In 1591 and 1592 before the King announced a bullion limitation Acapulco shipped 600,000 and then more than 900,000 *pesos*. The 1.1-million-*peso* figure that followed may have combined two sailings – one in 1593 and another in 1594. Based on the *caja* account for 1594 only 124,217 *pesos* in bullion were shipped out, and if that is an accurate figure, then the export of bullion in 1593 (the year of the decree) could have been nearly as high as 1592 at 929,764 *pesos*. Bullion exports in the range of the seven hundred thousands to the nine hundred thousands in *pesos* will show off and on for the next half century, but once the decree limiting bullion exports went into effect the recorded bullion exports fell back closer to the 500,000-*peso* level. It cannot be argued that the maximum was absolutely enforced, but it can be suggested that the new law may have contributed to a scaling back of the exports of bullion that were registered and taxed. Whether the shipper had the wherewithal to conceal the volume of silver that would bullion exports in the million-*peso* range, as the advocates of greater bullion outflows would posit, and to avoid royal scrutiny remains open debate. From the standpoint of the official statistics, however, one can observe that the Pacific private remissions were probably higher than some earlier

estimates and when combined with the public remissions, which tended to rise over time and are somewhat easier to document, about 10 percent of the New World silver crossed the Pacific from mainly Mexico to the Philippines.

Chart 19
Income from Duty on Merchandise Imported and from Duty on Bullion Exported
(Chaunu's Quinquennial Averages)



The presumption is that outflows of bullion were related to inflows of merchandise. More attention has been focused on bullion exports and less on merchandise imports, and yet a market for the merchandise had to exist or be created no matter how silver the New World mines produce. It is assumed that the New World had an insatiable appetite for Asian products without much regard for how the market operated. Attempting to reconstruct the marketplace is probably a more difficult task than assembling and analyzing data on bullion outflows. Lists of products appear in various studies about the Asian commercial connection, but little about the mechanics of the markets: the volume of goods sold, their prices, the merchants who sold the goods, the shippers who transported them, the consumers who purchased them, open sales versus consignment sales, financial relations and credit arrangements among the various parties and above all the ultimate destination of the goods. The basic postulate is that inexpensive Asian goods, mainly Chinese silk, were in such heavy and constant demand in the New World that the merchants and their agents despite the risks could realize enormous profits. Because of the equally heavy and constant demand for silver in China these profits were recycled back through Manila (hence the bullion outflows) to purchase more merchandise, to realize more profits and to recycle more silver. Although the supply side of this equation is fairly well documented, the demand side remains obscure. Who was selling and who was buying and how was the money from these transactions redeployed? Evidence suggests that the supply of silver was not unlimited. Was there also a limit to the expansion of the market in Asian goods based on demographic and economic conditions? Was there a possibility that after an initial upsurge in Asian imports that the New World market became saturated or oversupplied? The argument that

bullion will flow into regions where its value was high and away from regions where its value was low was subject to change. Under what rationale should it be argued that all the money that merchants and their agents made in selling Asian merchandise in Mexico and Peru – profits alleged to be two to three times the cost of the merchandise – should be returned to Asia to buy two to three times more merchandise for the New World marketplace? The link that remains to be established, as difficult as that will be to demonstrate, is the link between the importation of merchandise and the exportation of silver. In other words more needs to be known about imports in order to understand more fully exports.

Some quantifiable evidence on imports into the New World has been assembled and can be compared with exports of silver from there. Some merchandise was also exported from the New World to the Philippines, but it played a modest role compared to bullion. The royal government created a complex structure of duties, fees and taxes relating to international commerce, and as the need for money became more severe in the seventeenth century the government constantly tinkered with the structure by adding more duties or by revising rates. The most important duty was the *almojarifazgo*. In the 1580s it was computed on the basis of tonnage: initially 12 *pesos* per ton it was boosted in 1586 to 45 *pesos* per ton. In 1591 it was changed to a 10-percent duty based on the valuation of the merchandise in the port of Acapulco.⁷³ The determination of the Acapulco valuation remains a puzzle. According to Schurz a statement of duties owed on the arriving cargo was prepared in Mexico City and transmitted to Acapulco by courier. After the vessels were unloaded and their contents stored “the agent of the Manila shippers arranged with the treasury officials for the limp payment of the tax, which was assessed pro rate on the consignment of each merchant.”⁷⁴ Once final inspections of the contents and vessels had been completed, the vessels were turned over the local officials of the port shipyard to undergo repairs and receive provisions for the return to Manila. The fair, where the merchandise was sold, could only begin once the viceroy was satisfied that all the protocols and rules had been abided by, even though thousands had arrived in Acapulco to do business before the opening of the fair was proclaimed. The governance of the fair was assigned to representatives of the Mexico City merchants’ guild (*consulado*), who met with agents for the Manila exporters to settle on the prices of the goods in each category. Enforcing these agreements on prices proved to be impossible, and the result was that Mexican and Peruvian merchants employed various strategies to drive prices down while the Manila contingent sought to defend their financial prerogatives. The duties were not paid until after the fair and as late as a year after the arrival from Manila. They had to be paid by the time of the departure to Manila so that the transfer of silver could be determined and approved. The problem arises because it is not clear whether the *almojarifazgo* was levied on the basis of the treasury declarations or the fair transactions. The 10 percent was applied to *some figure* that was clearly higher than whatever valuation the cargo was assigned in Manila. The Manila merchants were permitted to charge 83 percent more than their costs, but the (arbitrary) figure apparently had little relevance. Schurz concluded that between the extremes of a 5-to-10-percent gain according the Manileños and a 500- to 1,000-percent gain according to

⁷³ McCarthy. “Between Policy and Prerogative,” *Colonial Latin American Historical Review*, 2:167.

⁷⁴ The ships had been unloaded, and their contents stored. Schurz, *Manila Galleon*, 307.

the rivals of the Manileños the probable gain was between 100 and 300 percent, not an insignificant amount.⁷⁵

One would hope that given the change from tonnage to valuation and the expanding regulatory controls that a useful dataset could be created from the enforcement and collection of the *almojarifazgo*. Chaunu assembled a dataset of quinquennial averages of income from the *almojarifazgo* in Manila and Acapulco.⁷⁶ It is possible that he did not capture *almojarifazgo* income for merchandise introduced into Acapulco from Manila (the galleon trade, as it were) because that income was recorded in the ledgers of the Mexico City *caja* and not the Acapulco *caja*.⁷⁷ Beginning in 1592 The Mexico City treasury summaries (TePaske and Klein) included a *cargo* entry described as *almo 10% mercaderias de filipinas*, and entry appeared regularly until 1611 and then virtually disappeared.⁷⁸ In addition the Mexico City treasury summaries included a second *cargo* entry concerning the Philippines entitled *islas de filipinas*. The second class of *cargo* entries actually began appearing in the 1570s and continued to 1650 and beyond. What was the difference between these two Philippine *cargos*? The *almos* series was the income from the duty imposed on Philippine merchandise sold in Acapulco. The *islas* series consisted of income from the freight charges charged the shippers who used the galleons and from minor fleet taxes. Although the treasury summaries do not reveal the amount of the freight or the rates of the other taxes, Hoberman reported that the total levy was from 13.5 to 14.5 percent of which 10 percent belonged to the *almojarifazgos*.⁷⁹ That left from 3.5 to 4.5 percent for freight charges and minor taxes. In the early decades at least until the early 1590s the *almojarifazgo*, if collected at all, was probably less than 10 percent. The contents of the *islas* figures prior to the 1590s cannot be determined from the treasury summaries and would require an examination of the accounts themselves. I have made no attempt to analyze these early data. After the 1590s, however, the two *cargos* can be combined to create a series that is useful but also problematic. The conversion of the *almo 10%* to the value of the merchandise is a fairly straightforward computation: 10 times the *cargo* figure. The *islas* data pose some complications: first a total value must be computed from 14 percent (half between 13.5 and 14.5 percent) and then 4 percent of that figure must be subtracted to reach the value of the merchandise based on 10 percent. The *cargo* figures from the two classes of the *almojarifazgo* entries appear on Table 9 along with the total value of the imported merchandise computed from those entries.

Table 9
Income (Cargo) from Philippine-Related Importation Accounts from Treasury
Summaries for Mexico City and Acapulco

Year (Year Assigned)	Income Almos	Income Islas	Income Almos+	Income Almos	Income Islas	Value (calculated)	Value (calculated from
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⁷⁵ Schurz, *Manila Galleon*, 156.

⁷⁶ Chaunu, *Las Filipinas y el Pacífico*, Serie 6.

⁷⁷ I could not determine from his listed sources (*Las Filipinas y el Pacífico*, 80-83) whether or not he had consulted Mexico City *caja* accounts. Of course, the TePaske and Klein datasets had not yet been published.

⁷⁸ The Acapulco *caja* collected duties of varying rates on merchandise arriving from other regions.

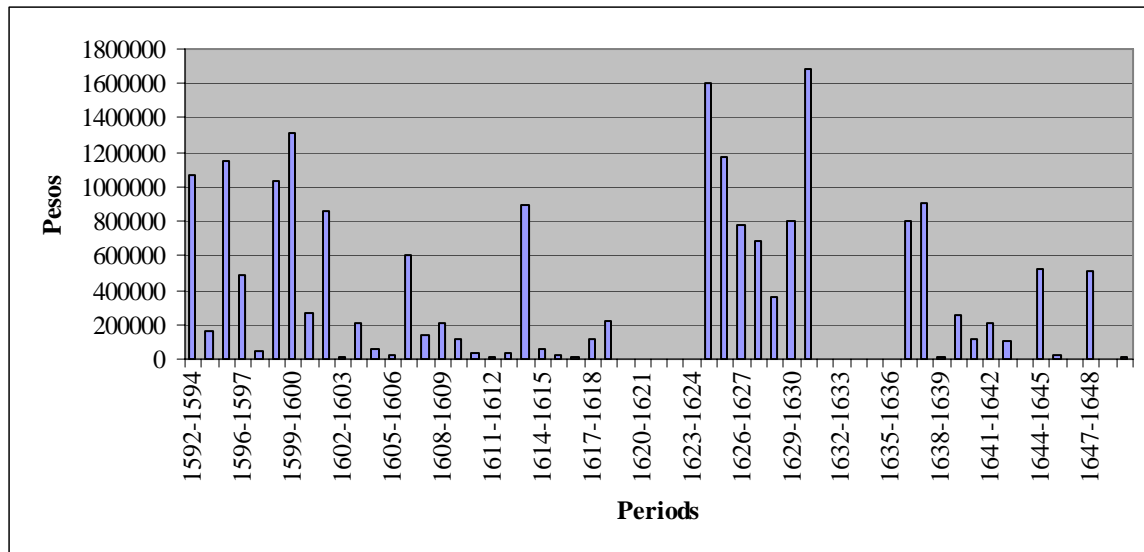
⁷⁹ Hoberman, *Mexico's Merchant Elite*, 34, 288. Hoberman did not comment on the appearance of Philippine *cargo* entries before the 1590s.

Based on Arrival In Acapulco)	MxC	MxC	Aca	Aca	Aca	from MxC)	MxC and Aca)
Winter							
1592-1594	107345	49123				1073450	1073450
1594-1595	16422	14296				164220	164220
1595-1596	114463	51196				1144630	1144630
1596-1597	48727	24270				487270	487270
1597-1598	4505	16848				45050	45050
1598-1599	102888	76148				1028880	1028880
1599-1600	130874	33700				1308740	1308740
1600-1601	27064	19247				270640	270640
1601-1602	85648					856480	856480
1602-1603	1440	10269				14400	14400
1603-1604	20809	8859				208090	208090
1604-1605	5770	21018				57700	57700
1605-1606	1935	19543				19350	19350
1606-1607	60387	33422				603870	603870
1607-1608	13647	7558				136470	136470
1608-1609	20571	11884				205710	205710
1609-1610	11966	5841				119660	119660
1610-1611		5295				36687	36687
1611-1612		1397				9679	9679
1612-1613		5583				38682	38682
1613-1614		128311				889012	889012
1614-1615	5589	3306			79182	55890	548618
1615-1616		4141				28691	28691
1616-1617		988	949			6845	6845
1617-1618	11467	4094		1443		114670	114670
1618-1619	21599	7271	1033			215990	215990
1619-1620		201	96			1393	1393
1620-1621		316	365			2189	2189
1621-1622		146	56			1012	1012
1622-1623		77				534	534
1623-1624		99				686	686
1624-1625		230560	154			1597451	1597451
1625-1626		169908				1177220	1177220
1626-1627		112381	4863			778640	778640
1627-1628		98550	61559			682811	682811
1628-1629		51378			63047	355976	436826
1629-1630	79611					796110	796110
1630-1631		243059				1684052	1684052
1631-1632							
1632-1633							
1633-1634							
1634-1635							
1635-1636							
1636-1637		115196				798144	798144
1637-1638		130717				905682	905682
1638-1639		1026				7109	7109
1639-1640		36864				255415	255415

1640-1641		16349				113275	113275
1641-1642		29850		14294		206818	349758
1642-1643		15077	75229	4685	12764	104462	723911
1643-1644			5035				45315
1644-1645		75088				520253	520253
1645-1646		2722	21788			18860	394165
1646-1647							
1647-1648		73853				511696	511696
1648-1649					997		14243
1649-1650			1725		12126	15525	173229
Total	892727	1967025	172852	20422	168116	19676069	21604603

Note:

Chart 20
Value of Merchandise Imported from Philippines
(computed from almojarifazgo income)



The duty was levied against the declared sales of merchandise in Acapulco and not on the Manila price. The total value of the merchandise sold and taxed according to the *cargo* data was under 20 million *pesos* for an annual average (for years in which data existed) under 400,000 *pesos*. A glance at Chart 20 reveals some problems, however. There are clearly too many years without any *cargo* data or with relatively modest data. That is unfortunate in my opinion because if a strong series could be created for duty income or merchandise value, it could serve as a basis for studying the movement or the level of Philippine imports over time and from that the question of legal versus illegal trade could be dealt with more intelligently. In some years galleons did not leave Manila or arrive in Acapulco for various reasons, or treasury accounts have been lost or undiscovered. One such period was the mid-1630s when the *visita* of Pedro Quiroga y Mora in Acapulco (see below) interrupted the galleon trade. More troubling, though, was the conspicuously low *cargo* figures for about a third of the years. Certainly the trade between Acapulco and Manila was volatile and subject to many disruptive and unpredictable events. The relatively modest figures for duty income and merchandise

value during the first quarter of the seventeenth century do not fit in with what was being reported in other administrative and financial quarters. In spite of these questions what emerges clearly from the data is that more than a half-dozen times computed totals of the value of the merchandise exceeded 1 million *pesos*. Both the 1590s and the late 1620s and early 1630s witnessed the highest sales levels. That sales (as computed) could reach such levels is fairly well established, but whether they regularly and consistently attained those levels remains open to debate.

Perusing the Acapulco treasury summaries turned up some *cargo* data related to merchandise imported from the Philippine. This income was deposited in the Acapulco *caja* and recorded in its ledgers, even though the prevailing administrative procedures would bypass the Acapulco *caja*. These entries appeared under several headings: *almo 10% 1 % fletes av merc de fil*; *almo 10% averia merc fil sin reg*; *almo 10% mercaderias de Filipinos*; and *islas de filipinas*. (Others were found but not used; the actual accounts would be needed to decipher how they collected the *cargos*.) As can be observed on Table 9, I have substituted some larger merchandise values calculated from these *cargo* entries for the smaller figures computed from the Mexico City treasury summaries. With the revised series for merchandise values the total rises to almost 22 million *pesos* and the annual average to more than 400,000 *pesos*. These are small changes but they point to how the series might be improved if the datasets could be expanded.

Among scores of Sluiter's typescripts was a typescript of the ledger for the *cargo de almojarifazgo* or the ledger of the income from the collection of the 10-percent duty on goods from the Philippines for the year 1600.⁸⁰ It was not unusual for each *ramo* (branch) of a *caja real* to record the details of its transactions in several different ledgers, and for the totals (revenues or expenditures) to be transferred to the *caja's* general ledger. The format and contents of this ledger are not unique. One can find similar entries for the collection of mineral taxes or sales taxes.⁸¹ In general the entries contained the following details: date of the arrival of the vessel, master of the vessel, agent receiving the merchandise, agent paying the tax, amount of the tax, amount of the freight if the vessel belonged to royal fleet, date that the tax was paid and form of payment of the tax (with bullion, coin or *libranza*). Although the entries contained these basic details, some entries had additional details about the merchandise, or the agents or the payments.⁸² The entries varied in length from a few sentences to long paragraphs. In most cases the type of merchandise was not specified beyond some general categories, and the value of the merchandise was never recorded. The *almojarifazgo* was collected on the merchandise when it left Manila and again when it entered Acapulco. This ledger is concerned only with the collection of the duty in Acapulco. Since I did not make a systematic search of Sluiter's personal archives for more typescripts of these ledgers, I cannot not say how

⁸⁰ Sluiter made a typescript of the ledger from a microfilm copy in the Bancroft Library, University of California, Berkeley. The original document is listed by Sluiter as AGI, Contraduría, 702. The typescript is in Eugene Sluiter Files, Viceroyalty of New Spain, Contraduría, (General) 1600-1601, carton 15. The next several paragraphs are based on an analysis of this ledger. Hoberman gathered data from the Contraduría section and from ledgers like Sluiter's typescript, although I could not find 702 listed in her bibliography. *Mexico's Merchant Elite*, 323-326.

⁸¹ I have used similar ledgers from the eighteenth century to assemble datasets on a variety of economic activities.

⁸² Hoberman, *Mexico's Merchant Elite*, 34.

many Sluiter may have found. I am persuaded that if more ledgers like these could be uncovered in the various colonial archives, they would provide relevant and important information (quantitatively speaking) on the topic of Pacific trade.

All the entries concern the collection of duties on goods arriving in Acapulco from Manila between November 1599 and January 1600. The arrival was known from sightings off the California or northern Mexican coast ahead of time, and when the vessels arrived in Acapulco, they not only were greeted by harbor officials but also treasury officials from Mexico City with documents already prepared for the inspection of the ships and the disembarkation of the cargoes. The officer known as “*official mayor de la factoría real* (Pedro de Munatoñes) certified that the vessel had arrived and the manifest had been examined.⁸³ Examining the manifests did not mean the cargoes of the vessels had been actually inspected. Although empowered to do so the port officials seldom opened the boxes and crates to check the contents against the manifests. There was more or less a gentleman’s agreement that as long as the ship’s master was honest, the treasury would not pry. It is well established that the handlers and packers in Manila were fully capable of arranging the cargoes in such a way that boxes, crates and bags deceptively contained more than appeared on the manifest. What mattered was that the number of parcels counted during the inspections matched the number listed on the manifests. Duties were not collected at the time of entry and certification and in fact would not be paid for nearly a year after the arrival. Thus, entries recorded between November 1600 and January 1601 were for merchandise that arrived between November 1599 and January 1600. When they were paid, they were paid to the central treasury (Mexico City) and not to the Acapulco *caja*. The entries (record of payment) showed that the merchandise had arrived aboard five ships. The entries referred to the vessels as *navios*. Two were said to be royal vessels, and the remainder were not further classified. The fact that the shippers paid freight charges for space on the naval vessels from Manila to Acapulco but did not on the other vessels suggests strongly that the non-naval vessels were owned or controlled by private investors. Pierre Chaunu’s catalog of ships entering and leaving the port of Acapulco in 1599 through 1601 recorded the arrival from the Philippines of two *navios* and one galleon in the second half of 1599 and one *navio* in 1600.⁸⁴ Although the *almojarifazgo* ledger did not describe the vessels beyond the general term *navios* the total number of vessels in Chaunu’s catalog for 1599-1600 was only one shy of the total from the ledger between November 1599 and January 1600. One of the vessels listed in the *almojarifazgo* ledger was large enough to be a galleon. Although the exact number of vessels available for Pacific crossings by the end of the sixteenth century is difficult to determine, previously-cited correspondence indicated that ship-building was central to the plans of the governors and viceroys, often with the encouragement of the King and his Council. It is not so surprising that five ships were available to make the crossing at the end of the sixteenth century. Further the arrival of

⁸³ Nicholas Cushner in *Spain in the Philippines, From Conquest to Revolution* (Manila: Institute of Philippine Culture, #1, 1971), 129, stated that a member of an accountant of the Tribunal de Cuentas, a treasury official and a member of the Mexico Consulado all inspected the cargoes upon their arrival in Acapulco. He also stated that the *almojarifazgos* collected on Philippine goods entering Mexico were returned to the Philippines as *situados*.

⁸⁴ Chaunu, *Las Filipinas y el Pacífico*, Serie 16, 220-221. The time of the arrival in 1600 is not further specified. It could have been in early 1600 or late 1600.

five ships with merchandise to declare (instead of two as decreed in 1593) did not seem to be a matter of concern. There was no indication that any of the vessels were confiscated or their masters arrested because the limit had been exceeded. The cargoes were certified and then sold or consigned with the central treasury collecting duties based on the valuations provided by the agents for the shippers. How the port officers or treasury officials interpreted the rules cannot be divined from the income ledger, although the income whether from legal, quasi-legal or even illegal cargoes proved to be a substantial gain for the central treasury.

The record of the payment of the *almojarifazgo* contained various details about the vessels and their cargoes. The master or captain of each vessel was identified, and in one case (San Sebastián) the master was identified as the owner. A vessel's tonnage was not stated but based on the payment of the *almojarifazgo* the size of the vessel can be inferred:

Santo Tomás (royal)	9 shippers	102,620 pesos
Santiago	8 shippers	12,231 pesos
Santa Potenciana (royal)	5 shippers	8,329 pesos
N ^a S ^a de Guía	5 shippers	7,702 pesos
San Sebastián	1 shipper	8 pesos

Santo Tomás may have been a galleon (as noted in Chaunu's table) rather than simply a *navio*.⁸⁵ Santiago (presumably a private vessel) had almost as many shippers as Santo Tomás, but based on the payment of the *almojarifazgo* its cargo was one-tenth the value of Santo Tomás. Santa Potenciana, a second navy ship, and Nuestra Señora de Guía had five shippers with cargoes of smaller value than Santo Tomás and Santiago. The fifth ship, San Sebastián, whose owner was the master, only declared a "bundle" of clothing and did not appear to have a major commercial role at least for this crossing. The five vessels arrived during a ten-week period from 23 November 1599 through 27 January 1600. The "optimal" timetable was an early summer departure from Manila with a late fall or an early winter arrival in Acapulco and a late winter departure from Acapulco with an early summer arrival in Manila.⁸⁶ Since months were needed to repair and reprovision the vessels after their crossings, the vessels, in particular the galleons, arriving in Acapulco in the winter months, may not have departed for a year or so. It is unlikely that vessels that unloaded at Acapulco between November and January were ready to return to the Philippines between February and April, the preferred months to sail from Acapulco. Under this schedule the aforementioned vessels lay at anchor in Acapulco during 1600 with a departure set for early 1601. In the meantime as vessels arrived in Acapulco other vessels were being prepared to depart. Chaunu's catalog can be checked

⁸⁵ Santo Tomás was mentioned by Schurz in *Manila Galleon*, 207-208. He discussed its fate in the context of two other galleons without identifying it specifically as a galleon. On the return voyage from Acapulco in 1601 it broke into pieces off the coast of Luzon after picking up survivors from another wrecked galleon.

⁸⁶ McCarthy. "Between Policy and Prerogative," *Colonial Latin American Historical Review*, 2:168, and Manuel Carrera Stampa, "Las ferias novohispanas" in José Joaquín Real Díaz and Manuel Carrera Stampa, *Las ferias comerciales de Nueva España* (Mexico: Instituto Mexicano de Comercio Exterior, 1959), 202. McCarthy actually specified the months as June for departure from Manila, December through April for arrival in Acapulco and February as departure from Acapulco.

for departures as well as arrivals. In addition to the late 1599 arrival of three ships and the 1600 arrival of one ship, two *navios* departed in 1600 and one galleon and one frigate a year later in 1601. In all probability the 1600 departures did not include any of the vessels recently arrived (November 1599-June 1600). The 1601 departures may well have included some of the same vessels said to arrive in late 1599 or early 1600.⁸⁷

All the cargoes originated in the Philippines. The cargoes were identified in broad terms with a few exceptions. That is regrettable because more detailed descriptions would have helped to clarify the debate over what was being imported. In several entries at the time of the payment of the *almojarifazgo* the contents were specified as musk, gold, copper, but in all but one instance the specified contents were grouped together under a single payment of the import duty. The one exception was a declaration of copper with a duty of 141 *pesos* that would yield an estimated value of 1,410 *pesos* (10 times the duty).⁸⁸ Musk and gold were always lumped together with other contents. In addition to merchandise 12 of the 28 entries included duties on slaves. Since slave-trading in the Asian Pacific was largely a Portuguese enterprise and Portugal was then united with Spain, Portuguese traders may well have had a hand in the sale of slaves to Manila merchants who in turn sold them in Mexico. Numbers of slaves in each cargo were not reported, and since slaves were also lumped with other contents, there is no way in which the value of slaves can be distinguished from the value of other imports. Contents described as *ropa* (clothing, clothe) appear five times: four alone and one with musk and slaves; and contents described as *mercaderías* (merchandise, goods) appear 22 times: 10 alone, 9 with slaves, 2 with gold and 1 with musk.⁸⁹ *Mercaderías* was by far the most frequently cited classification either alone or in conjunction with other contents. Although this document made no mention to specific merchandise such as silk, it is probable that a large portion of the imported *ropa* and *mercadería* was made up of Chinese silk in various forms. There was no indication in the declarations that the royal official inspected any cargoes, and from the nomenclature cited above they had developed a system for describing the imports as shown on the manifests or declared by the importers. Nor is there much information on how the cargoes were packed. In five cases the entries were more precise about the packing of the cargo: clothing and musk in 18 *partidas* (parcels), a bundle of clothes and various items in *caxones* (boxes, chests).⁹⁰

Even though the contents remain obscure, the total value as calculated from the collected duties was large. The duty was set at 10 percent (apparently for all imports whether goods or slaves), and from that rate the total value of the cargo can be computed (10*income from duty). The treasury collected 130,875 *pesos* in duties from 28 declarations, which by computation had a total value of 1.3 million *pesos*.⁹¹ The royal

⁸⁷ Chaunu, *Las Filipinas y el Pacífico*, Serie 16, 220-221.

⁸⁸ Cushner noted that "copper cuspidors" were shipped to Mexico. *Spain in the Philippines*, 128.

⁸⁹ Sluiter typed "mercaderias", not *mercaderías*. I am assuming that the word in the document was the latter and not the former.

⁹⁰ A question may arise concerning whether all the contents of the cargoes, in particular slaves, were uniformly taxed at the 10-percent rate. Were the *almojarifazgos* levied against slaves as well as goods, or were they restricted just to goods?

⁹¹ It is worth noting that the figure of 130,874 *pesos*, 6 *reales* 1 *grano*, collected in duties later appeared as a *cargo* entry in the general ledger of the central treasury in 1600. There is no doubt that the figure from the document copied by Sluiter was source for what appeared later in the general account. See Eugene Sluiter

vessel, Santo Tomás, carried more than 1 million *pesos* of taxable merchandise with the remaining 300,000 *pesos* worth of merchandise spread among the other vessels. The total computed value of the imports in Acapulco clearly exceeded the Manila limit of 250,000 *pesos*. In fact the two figures represented different phases in the Pacific commercial cycle. The *almojarifazgo* when collected in Mexico was not assessed against the Manila value of the goods but against the Mexican value. What cannot be determined from the *almojarifazgo* entries is how that value was determined. Was it based on a schedule of prices for each category of goods agreed by the sellers or their agents and the central treasury or was it based on what the sellers or their agents sold the goods for. The wording of the entries varied but in general it declared that the importer or his agent delivered or deposited (*metió*=placed) in the royal treasury usually in silver (*plata*) but sometimes in other forms to cover the duties owed on what arrived (*venido*) from the islands and was received (*recibió*) in the port of Acapulco. The crucial information in the entries was the date that the merchandise arrived versus the date that the duty was paid. All the arrival dates fell between November 1599 and January 1600 and all the payment dates from November to December 1600. The payment dates varied for cargoes from the same vessel. The long delay in the payment of the duty is not easy to explain. One observation is that the payments were made just several months before those ships arriving in 1599-1600 were set to return to Manila in early 1601 (probably February 1601). Duties and other fees had to be paid before the Crown could authorize the export of bullion realized from the sale or consignment of the merchandise. A second observation is that three to six months would transpire between the arrival of the fleet and the disposition of the merchandise by sale or consignment. Santo Tomás, the vessel carrying the most valuable cargo, arrived 7 December 1599 but Santiago, with the second most valuable cargo, did not arrive until 27 January 1600. Since the arriving ships normally disposed of their cargoes at a local fair, the time and duration of which was set by the viceroy after the preliminaries of inspecting the ships and of unloading and storing the cargoes, the inauguration of the fair may have been delayed until all the cargoes were available for sale. The fair attracted hundreds if not thousands of buyers from Mexico and as far away as Peru, and not having access to the fair would clearly put the late arrivals at a competitive disadvantage. Under normal circumstances the disposition of the imported goods could have taken months, and if merchandise remained to be sold after the termination of the fair, then even more months would be needed before the importers would know what duties they would have to pay. The reason that the length of time between the arrival of the ships and the payment of the duties has interest is because if the merchandise carried a predetermined price agreed to shortly after the arrival, why was not the *almojarifazgo* levied and collected at that time? One could presume that the treasury allowed importers, especially large importers, to make their payments *after* their merchandise had been sold and they had on hand the funds to meet the payments. The fact is that the entries do not clarify the basis upon which the duty was levied. But the total value computed from the duty income underscores that whatever the values of the cargos upon departure from Manila their values had increased in the New World.

Persons responsible for satisfying the *almojarifazgos* were generally referred to as *encomenderos*. Hoberman defined *encomendero* as an agent of the owner of the merchandise.⁹² The entries that I have examined in this one account as transcribed by Engel Sluiter do not reveal specifically what was meant by the title *encomendero*. A common description after noting the name of the person who was paying the duty was *encomendero del puerto de Acapulco, por si e sus encomenderos*. In one or two cases *sus encomenderos* were identified as Manileños, that is, residents of Manila. It is possible that person making the payment in Mexico was not only an agent for Philippine owners but was also an owner. There were entries where an actual agent (*por mano de*) was identified as appearing in lieu of the *encomendero* to square the *encomendero's* accounts with the central treasury. In 1600 the rules for trade Acapulco and Manila prohibited Mexican merchants from residing in Manila in order to control or manage the trade from there. Over time Mexican merchants did insinuate themselves into the Manila merchant community. It is my impression from studying these 28 declarations that the *encomenderos* who were payees were not Mexican merchants, although they may have been Mexican residents, but belonged to the commercial establishment then operating in Manila. So far as I could determine, the term merchant did not appear in any of the declarations. In an essay concerned with contraband at Acapulco in the late 1630s Ostwald Sales Colín offered a broad description of the Philippine merchant:

Los mercaderes del Pacifico era el grupo de negociantes criollos que intervenían en el tráfico transpacífico, es decir, tenían fincados sus intereses en el llamado galleon de Manila. Es un grupo de gente compuesta por novohispanos y por la que vive en Filipinas de origen europeo, otros sonnacidos en las islas. Se les llama vulgarmente los cargadores del galleon quienes acudían anualmante al puerto de Acapulco a establecer la feria, realizar las compras, invertir el dinero en l nueva carga del galleon, etc.⁹³

Briefly translated these were Creole merchants of European backgrounds who lived in the Philippines, who invested in the galleon trade and who, colloquially known as freighters, came to Acapulco to set up the fair, transact business and invest in new galleon undertakings could have been the so-called *encomenderos* in the *almojarifazgo* declarations. It was difficult to imagine that the Filipinos could long remain in the galleon trade without a presence in Acapulco. The powerful Mexican and Peruvian mercantile interests sought to undercut the financial authority and independence of the Philippine mercantile houses. They tried “to dictate prices to the Manileños or...to delay making their purchases as long as possible, in order to force the [Manileños] to sell at low figures for the sake of returning to Manila...”⁹⁴ Without knowing more details about these local *encomenderos* they most probably were intended to serve te interests of the Filipinos rather than their New World counterparts.

⁹² *Encomenderos* more commonly referred to those who received privileges from the Crown for services rendered during the conquest Those privileges included tribute and labor from the Indian communities.

⁹³ Sales Colín, “Una coyuntura en el comercio transpacífico: Fuentes complementarias para la visita de Pedro de Quiroga en Acapulco, 1635-1640,” in Carmen Yuste, ed., *Comercio marítimo colonial, Nuevas interpretaciones y últimas fuentes* (Mexico: Instituto Nacional de Antropología e Historia, Serie Historia, 1998), 128, footnote 5.

⁹⁴ Schurz, *Manila Galleon*, 303.

Table 10
Ranking by Encomendero of Value of Cargoes, 1600

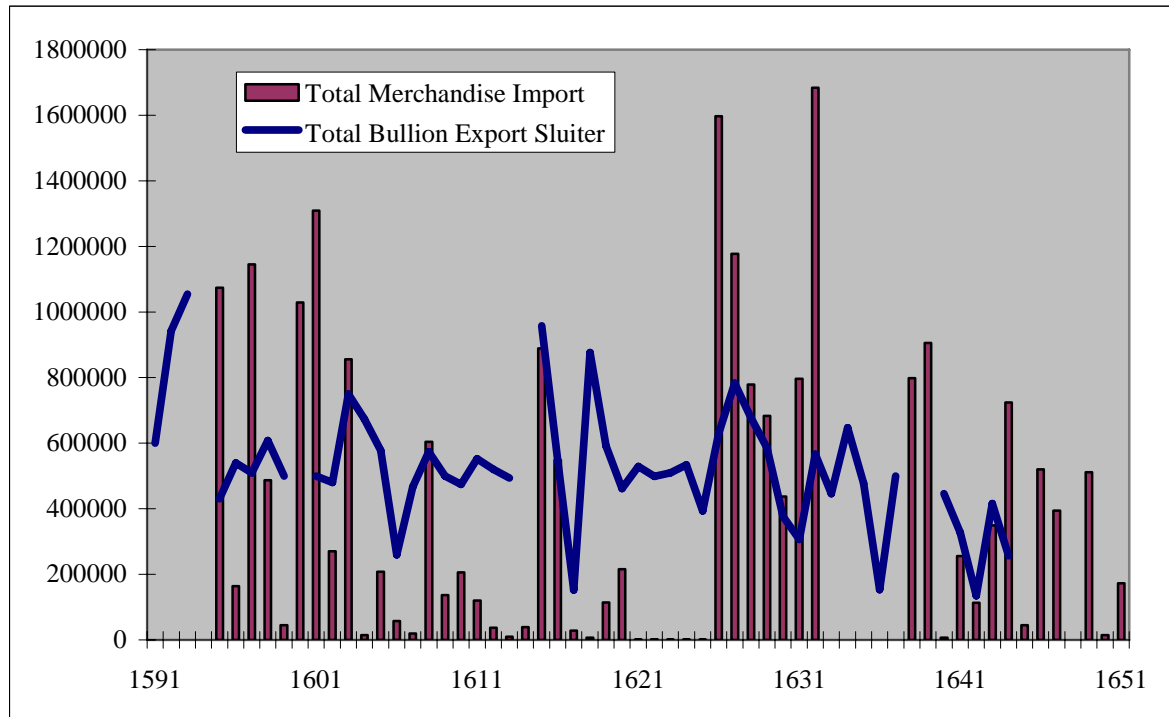
Encomenderos/Vecinos	Cargoes	Value	% Total	Contents
Encina, Manuel de	2	353,850	27.04%	m, s
Bezerra, Joseph	3 or 4	308,857	23.60%	m, s, g
Barbadillo, Juan	3	236,280	18.05%	m, s, g
Calvo, Gregorio	3	139,440	10.65%	c, mk, s
Landa, Mateo de	4	108,550	8.29%	m, mk, s
Martínez de la Cruz, Juan	4	68,930	5.27%	c, m, s
Torres Navarro, Diego de	4	55,650	4.25%	m
Rodriguez, Baltazar	2 or 3	32,140	2.46%	c, cp, m
Castrillo, Alvaro de	1	5,120	0.39%	m
Pinelo, Miguel	1	80	0.01%	c

Note: m=merchandise, s=slaves, g=gold, c=clothing mk=musk, cp=copper

A pecking order emerged among the Acapulco *encomenderos* and *vecinos* on the 1600 list. Among the 28 declarations 10 individuals can be so identified. I know nothing about any of these persons except what may appear in the declarations. At the top of the list were Manuel de la Encina and Joseph Bezerra, both of whom were labeled as *encomenderos* and both of whom were assigned a quarter or more of the vessels cargoes. Encina had cargoes on two (Santo Tomás and Santiago) of the five ships and Bezerra on four (not San Sebastián) of the five. Encina's Santo Tomás cargo of 313,370 *pesos* was the largest single cargo while Bezerra's Santo Tomás cargo of 248,860 *pesos* was the second largest. There remaining cargoes were much smaller in the range of thousands to tens of thousands of *pesos*. Diego Martínez de Sandi represented Encina in one transaction before the royal officials, and apparently Encina represented himself in the other. Bezerra was represented by Ávardo de Castrillo and Marcos de Toledo in three transactions, and in the fourth transaction Bezerra was identified as the *encomendero* of Baltazar Rodríguez, one of the few times among the 28 declarations that the *encomendero* of the principal (Baltazar Rodríguez) was actually named. Three other *encomenderso* – Mateo de Landis, Juan Martínez de la Cruz and Diego de Torres Navarro - had cargoes on each of the four main vessels in the range of thousands to tens of thousands of *pesos*. It is hard to make an assessment about these rankings without more such biographical data. Encina and Bezerra clearly dominated with slightly less than half of the cargoes' total value, but was their dominance a single-year event or long-standing and were they each representing a single mercantile house in Manila or several? Even taking into account the ancillary figures (of which there were approximately a half dozen) the Acapulco branch of the Philippine mercantile community was relatively small in a year when the value of the arriving goods was far above the average. It is interesting to speculate that if the Manila value of the cargoes was, say, one-third the Acapulco value, then the largest importers – Encina and Bezerra – realized hundreds of thousands of *pesos* in profits or at least in surpluses. Freightng these goods across the Pacific had a

cost that was specifically cited with respect to only the royal vessels. Encina for his cargo worth more than 313,000 pesos on Santo Tomás paid 5,086 *pesos* and Bezerra for his cargo worth 248,860 *pesos* on the same vessel paid 3,999 *pesos*, relatively modest compared to the gains.⁹⁵

Chart 21
Comparison of Calculated Value for Merchandise Imports with Private Remittances (Sluiter Dataset)



There should be a correlation between the value of the merchandise imported from the Philippines and the export of bullion from Acapulco to pay for the imports. I have already discussed the outflow of bullion based on data from the Acapulco treasury summaries and Sluiter's private remissions. How do these match up with the merchandise import series? Only with a modest positive correlation. Lagging one year the correlation between arrival of merchandise and export of bullion the correlation was .26. Export limits come into play in any comparison of the merchandise and bullion series. Chart 20 reveals that the limits were not always enforced, but over time they obviously had some effect. Recall though that the value of the merchandise when sold in Mexico could be two to three times higher than what was needed to replace the merchandise originally purchased in Manila. Cargoes that yielded, say, 1 million *pesos* in sales could be replenished in Manila with only the export of 300,000 to 500,000 *pesos* (within the legal

⁹⁵ The *almojarifazgo* declarations also contained information on how payments were made. Some importers made deposits some weeks ahead of the final payments, although the purpose behind this was not clear. Payments were primarily in *plata* along with coins and *libranzas* (basically a bill of exchange) what required signatures of prominent citizens who agreed to stand behind the obligation. All payments were recorded in *pesos, reales and granos* on the basis of 272 *maravedís*, the unit for *oro común*.

limit). What happened to the balances between what the merchandise generated in sales and what the owners exported remains obscure. When the Manila-Acapulco trade was still in the hands of the Philippine mercantile families, one could assume heavier bullion exports, and as the control of the trade passed to Mexican houses one could expect less bullion to be exported. It cannot be assumed that every *peso* received for merchandise sold in Mexico was returned to the Philippines to buy more and more merchandise such as Chinese silk. International merchants pursued a wide-array of business and investment opportunities including large loans to the Crown. In fact it did not make much economic sense to pile all the earnings from the Pacific trade (regardless of the multiples) back into more of the same. Market conditions changed, and so did risks. It may be more fruitful to try to think of the Pacific commerce was not strictly linear - an ever-expanding market - but rather cyclical with good and bad years.

In analyzing the official statistics and sources I have tended to emphasize the first decade or so after the Crown began to implement more restrictive regulations. The 1590s may have been the apogee of the unregulated or quasi-regulated period when Asian imports (even for a while into Peru) and silver exports to pay for the imports climbed steadily until they reached values in the neighborhood of 1 million *pesos*. They may have been higher – the Cabildo of Mexico City certainly believed that they were – but the proof that they were remains to be uncovered. Even if one were to grant the possibility that the Cabildo had it right, should one then also grant the possibility that these lofty levels continued well into and perhaps through the seventeenth century? That appears to be a much harder case to make based not only on the “official” statistics but also on the anecdotal reports. By 1605 the Crown had placed restrictions on the galleon trade and on the offshoot of that trade from Acapulco to Lima. The new rules did not shut down the “illegal” trade immediately, as the previous *almojarifazgo* accounts revealed. But over time they would have an effect of how traders managed their ventures. Income from Asian import duties as well as income from bullion export taxes dropped back to levels more consonant with the prescribed limits. On the other end, imports from Asian suppliers as measured by *almojarifazgos* collected in Manila, indicate a downward trend in the 1620s.⁹⁶ One cannot expect a direct correspondence between Manila imports of merchandise and Acapulco exports bullion because the timetables for the shipments from Manila to Acapulco and then for the returns from Acapulco to Manila were not predictable. The number of years that intervened between the arrival of merchandise in Manila and the export of bullion from Acapulco could be several. Moreover the value of the goods in Manila was not a good predictor of the value of the goods in Acapulco, and that plus other factors relating to the traders’ investment strategies would influence how much bullion was returned. In the larger context, however, a downward sloping curve for Manila imports and a similar curve for Acapulco exports would suggest that since the late 1590s and early 1600s Pacific trade had entered a phase of more moderate expectations.

The statistics only tell part of the story on the evolution of Pacific trading after 1600. In both the Atlantic and Pacific Spain’s commercial empire was under attack from its rivals. Perhaps more damaging was the rampant corruption within the government itself. Scholars like Nicholas Cushner and Luis Alonso have studied the Philippine

⁹⁶ Figures taken from George Souza, *The Survival of Empire, Portuguese Trade and Society in China and the South China Sea* (London: Cambridge University Press, 1986), 83.

administration in the first half-century, and they document numerous instances of how governors, judges and numerous bureaucrats conspired to line their own pockets despite instructions from the monarch and his council to protect the interests of the monarchy. Even the monarch himself was guilty of neglecting or rejecting recommendations for reform from his own ministers and of helping to perpetuate perhaps unwittingly the corruption. The official corruption is more pertinent to the argument over the reliability of the public record than the naval conflicts between Spanish forces and their enemies. The capture of a galleon with bullion or merchandise or the blockade of a port even temporarily represented a loss of business and income from trade that may or may not have included contraband. The entry of enemy vessels into Spanish colonial harbors and ports to engage in illegal commerce often with the connivance with local officials and merchants surely did occur, perhaps with greater frequency in the seventeenth century, but even so it was episodic rather than normal. On the other hand, the venal conduct of the royal bureaucracy raises legitimate questions about the reliability of the public record that the bureaucracy was charged with keeping. But records do exist, can be compared side-by-side and may yield valuable information on general tendencies and patterns within the imperial commercial network. In the midst of a most difficult period under the Governorship of Alonso Fajardo de Tenza (1618-1624) who jailed a member of the Audiencia, slew his wife for infidelity and engaged illegally in Pacific trade the King's own Procurador-General (attorney-general), Hernando de los Rios Coronel, wrote a long and remarkably balanced report to the King about the state of government in the Philippines. What distinguished the report was not its degree of objectivity, for no royal official could ever be totally objective, but rather its context in which Rios Coronel acknowledged the failures of the bureaucracy but also cautioned that the unscrupulousness cut both ways. In short, those who wanted to expose a corrupt official and advance their own candidacy would resort to dishonesty in doing so with the result they might cast the public record in a suspicious light. He recalled that an auditor from the Philippines sought royal favors by exaggerating the amount of silver that he had personally saved during a disastrous voyage from Mexico to Manila. He doubled the amount to 3 million *pesos*, even though the actual amount of 1.5 million *pesos* was among the largest such shipment.⁹⁷ According to Rio Coronel the *actual* figure represented the largest such shipment ever made in the years prior to his 1621 report. In astute phrasing he noted that "it is an easy thing to increase the zeros in an account" when officials wished to enhance their roles or images. At the same time Rio Coronel understood the financial consequences of restricting the outflow of bullion. Manila traders did engage in larger bullion transfers than the law permitted (and if 1601 were recalled with the approval of the government) because they had to exact as much profit as they could from a business that was burdened with taxes, fees, interruptions, delays and losses. This may not have been so bad, wrote Rio Coronel:

The limitation of this permission [the limit of 500,000 *pesos*) entails a difficulty which I have mentioned; for in the first place measures must be taken to enrich them, since it is of so great importance to kings that their

⁹⁷ Rios Coronel did not specify the year. He referred to it as "commercial" silver that by implication would exclude royal silver. Twice the years before his 1621 report, the cinco sesmos tax yielded private bullion exports of 961,687 *pesos* in 1615 and 879,880 *pesos* in 1618, both figures being notably shy of the reported 1.5 million *pesos*.

subjects should be rich, while the poverty of the latter causes such diminution of their power. If this reason holds in all the kingdoms of you Majesty, it does so much more in that one which is so distant, where, when necessary, they lend to the royal treasury on occasional of need....

But Rio Coronel with vast experience in the court and the colonies was not finished making his case:

...there is the greediness of the merchants from Mexico, to whom the greater part of this silver which passes to the Filipinas belongs; if this could be remedied, the difficulty of so much outflow of silver as is reported would be obviated. But the remedy is not to send thither judges and guards who are not to allow it to pass; for on the contrary, as our experience shows, they go to enrich themselves by the salaries which you Majesty gives them, and the profit which they there make. For in all countries ill-gained wealth is thus christened. The silver which goes there is of no less value to the royal exchequer than that which comes here since the investment of it pays no fewer duties, but more; and at least it is not like that which comes to España – which for the most part is enjoyed by the enemies of your Majesty; and the fleets go more heavily laden with the enemy's property than with that of you vassals.

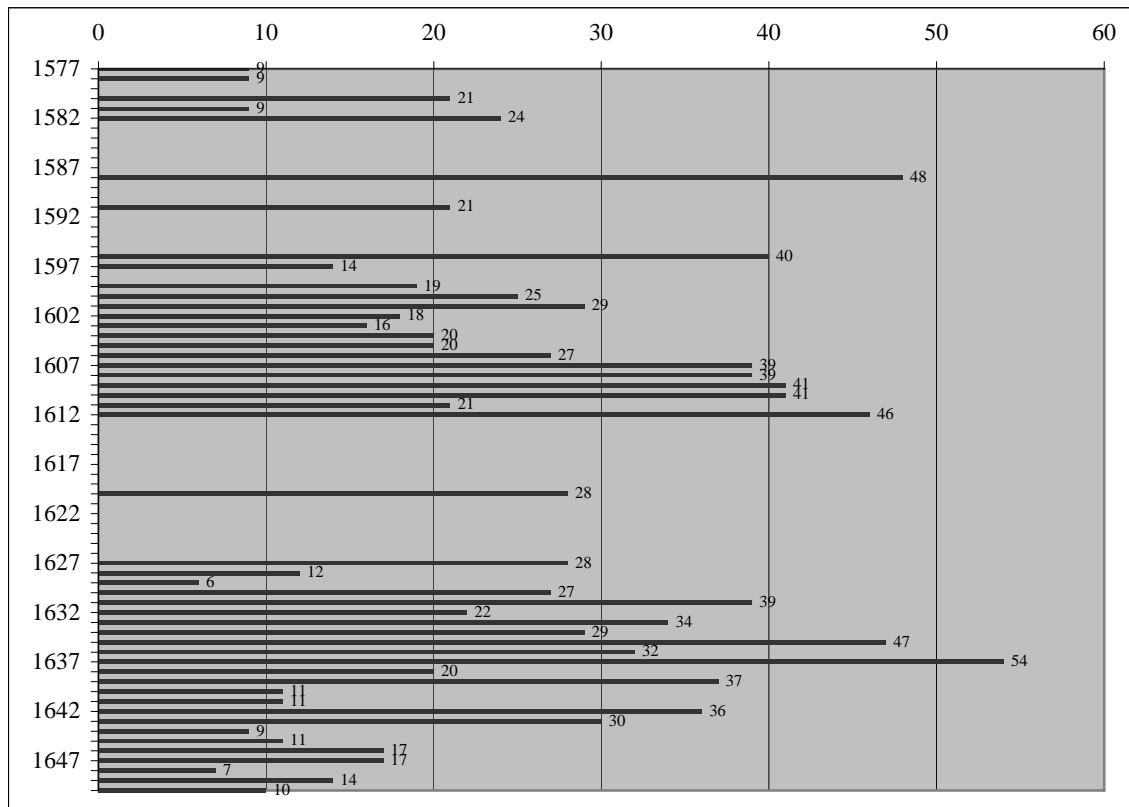
Rio Coronel's warning, simply put, was beware of the exaggerations in the "unofficial" statistics but also acknowledge that bullion exports exceeded the legal limits for reasons that derive from the economics of Pacific trading and may in fact benefit the government.⁹⁸

During the first half of the seventeenth century official bullion exports continued to flirt with the legal limits but not to the degree of the earlier decades. Whether traders were declaring less but shipping more illegally is unknown. The fact is that on both side of the Pacific, what was entering Manila and what was leaving Acapulco were falling in the second quarter of the seventeenth century. An aspect of this exchange that has received too little attention is the consumption factor. Who would ultimately buy the goods first traded in Manila and then traded in Acapulco? How much could they consume and how much would they pay? These are not easy questions to answer, and yet some evidence can be assemble to begin to construct some answers, at least some suggested answers. At the start the reader needs to be reminded of two considerations. First the total colonial population was in decline. Diseases had ravaged the native population in the sixteenth century and would continue to do so until the middle of the seventeenth century. Scholars have not agreed on the size of the native population at the outset of conquest – 10 million to 100 million – but have generally arrived at a consensus that the native population had fallen to a range of several million by the middle of the seventeenth century. Native economies with some exceptions were also in a state of collapse. Labor and tribute requirements imposed by the Crown caused native communities to direct more of their economic energies toward satisfying the demands of their overlords than

⁹⁸ Hernando de los Rio Coronel, *Memorial, and Relation for his Majesty, of the Procurator-General of the Philippines...* (Madrid, 1621), reprinted and translated in Blair and Robertson, eds., *The Philippine Islands*, 19:239-241.

their own needs. The extent to which these communities could be major consumers of Asian products except where through forced sales by local Spanish officials seems limited, although the limits cannot be specified. On the other side of the demographic equation was the European population, and while there is no doubt that it was on the rise (mainly Spaniards, of course), it could not have totaled more than 100,000 to 200,000 by 1600. Some Asian imports may have been resold and transshipped to Europe, but research on the Asian-European trade link has offered evidence that suggests that the flow of Asian goods into Europe by way of Portuguese, Dutch and English traders was large. There is the stereotypical view that even though their numbers were small European colonists craved the exotic luxuries from the Far East. Even if the stereotype were true, questions remain concerning the level of demand and in particular the level of demand in changing economic circumstances, to wit the decline in out of silver.

Chart 22
Number of Vessels Arriving from China at Manila 1577-1650



On the Philippine side scores of vessels large and small arrived at Manila from various Far Eastern ports. In Chaunu’s dataset vessels arriving from China (China, Macao and Formosa) dominated the Manila series between 1575 and 1650, although after 1610 vessels from Japan, Indochina and India gained in numbers. Unfortunately large gaps exist in Chaunu’s dataset in the 1580s and 1590s and in the first quarter of the seventeenth century. For the data that can be studied Chinese arrivals can be documented in 48 years between 1575 and 1650. With a total of 1,184 arrivals the annual average was about 25. The aforementioned gaps pose serious analytical barriers, but in those years with fairly consistent annual figures the arrivals could swing from lows of 10 or fewer to

highs in excess of 40. The number of arrivals certainly rose between 1605 and 1612 and 1630 and 1637, and the most conspicuous decline occurred from 1639 to 1650. The downturn in the late decades has an explanation. The King's *visitador*, Pedro Quiroga y Mora, in the mid-1630s was so outraged at the level of disregard toward the commercial rules that he began to inspect the cargoes against the time-honored oral declarations, and this precipitated a crisis within the government and the merchants that business with Manila was suspended for two years. The large number of Chinese merchants who arrived in 1637 found themselves with no buyers because bullion shipments from Acapulco had been suspended. Assuming great losses as a result, Chinese traders began a gradual retreat from Manila that continued well beyond 1650. (The fall of the Ming dynasty was also surely a factor.) But despite an erratic dataset one must acknowledge that although some years recorded relatively small numbers the remaining years revealed a fairly steady stream of arrivals.

Asian products had long commanded high prices in European markets, and the differential between what European traders paid for the goods in Asia and sold them for in Europe covered transport and distribution costs and more importantly guaranteed a potentially high return for the investment made and the risk taken. With as much wealth as was accruing in the New World demand for exotic and luxury goods from Asia and elsewhere was on the rise, at least based on import-export data. What is not clearly understood because the research has not been done or the data to do the research are inadequate is how the colonial markets in international goods actually functioned. One is almost led to believe that because of the mineral resources the market was virtually inexhaustible regardless of price or quality. In the initial phase of the Pacific trade, say, until the end of the first quarter of the seventeenth century, the outlook for profiting from sales of Asian goods was rosy. Even the Crown was being advised by its own appointees to expand its control of the Pacific commerce in order to enrich its dwindling treasury. Several different sets of documents included in the Blair and Robertson document collection under the title "Buying and Selling of Oriental Products" offer an interesting perspective on how explosive the trade was and how much the Crown could reap from assuming a larger role in it. The dates of these documents are not specific but are probably from the early decades up to 1620. Their aim is to notify the Crown that the Asian world despite its risks and costs could enhance the royal income significantly. Recalling the admonition of Rios Coronel about adding zeros one must treat these data as signposts, not as actual transactions. In the first document Martín Castañón, described as a solicitor of the Philippines, recommended that the Crown enter the business of selling clove, mace, nutmeg and various silks, and if it did so it could realize profits of 5.7 million *pesos* each year. Given the cost of to the Crown of defending the Philippines the millions to be generated by such a monopoly could have had appeal. There is no indication that the Crown ever seriously entertained the idea, which could only have been achieved with considerable investment of time and money. Of interest is not so much the spice trade, highly profitable and mainly a European venture, but the silk trade. Peru was the preferred destination and to be accomplished would have required a change in royal policy. Even in the late 1620 the Philippine governor asked the Crown to lift the prohibition against direct trade with Lima to the extent that the galleons could bypass Acapulco and unload their cargoes in Panama to be transshipped to Peru. The 2-million-*peso* gain to be realized from the sale of Chinese silks could best be accomplished in the

vicerealty where silver registrations had doubled in the previous quarter century. It was assumed that the Peruvian market could absorb 2 million *pesos* annually in various silk products. It was also assumed that silk products costing several hundred thousand *pesos* could be sold for several million *pesos*. Was that ever possible? A looming contraction in mining surely would have had an effect on this trade if it had ever developed as Castaños had envisioned. Moreover 130,000 pounds of raw or spun silk, 40,000 pieces of satin and damask, and 30,000 yards of grosgrain year after year would have eventually had an impact on the demand. Although never implemented, the idea conveyed the impression that whether dealing in spice or silk traders could realize profits several times greater than costs. Other documents in this packet concern trade in the China Seas, the commodities that were traded and the prices that were paid, all of which tend to confirm what was described in the above, that traders could count on gains, from significant to huge, and equally important they were willing to work at it despite enormous risks.⁹⁹ Without a doubt the theme was “money could be made”, and yet to make that money required a set of economic conditions that would never fail.

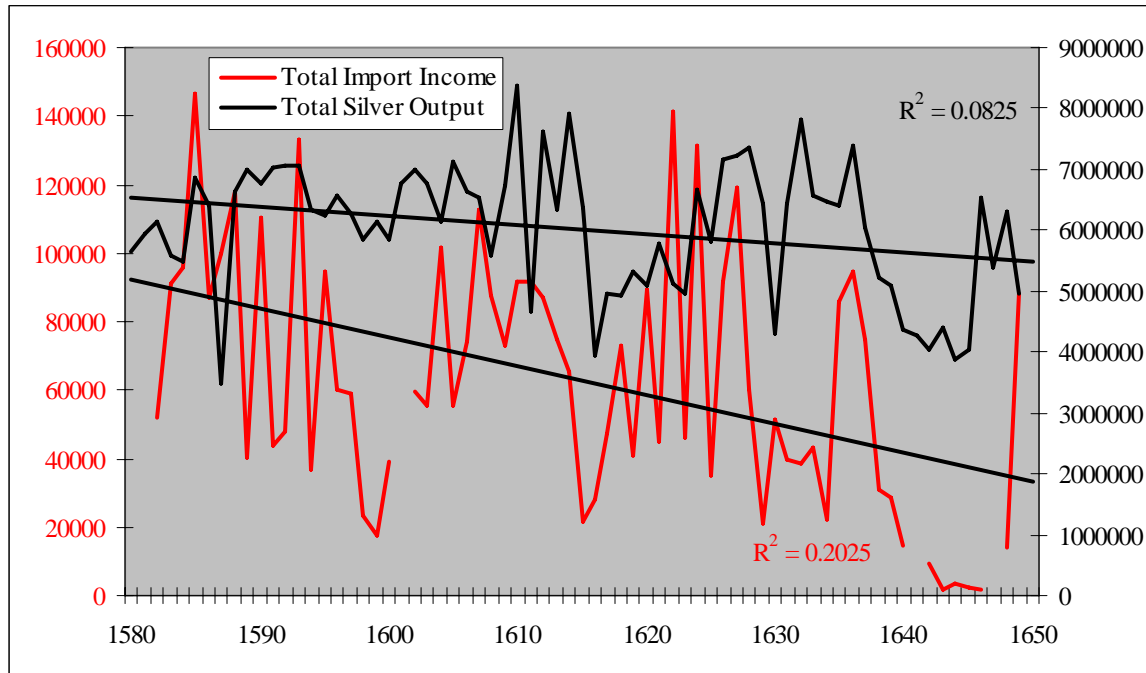
Peru was the final destination for a large, perhaps the largest, share of the Pacific cargoes between 1580 and 1650. Summaries of *almojarifazgo* accounts from Mexico’s central treasury were useful in trying to reconstruct Acapulco’s Pacific trade, but Lima summaries are not (yet) useful in trying to sort out the trade between Acapulco and Lima from other trading links. By the end of the sixteenth century Lima’s harbor (Callao) was bustling with scores of ships arriving from or departing to Panama (its link to the Atlantic fleet), Mexico, Chile and even upon occasion the Far East. Limiting Peru’s trading options began in the 1580s and continued through the first half of the seventh century despite protests from the colony’s royal administrators. Control over the flow of silver from Potosí, the world’s richest camp, prompted these actions. The unifying theme in the Crown’s regulatory oversight appeared to be a refocusing of Peru’s trade through Panama and the Atlantic in order to appease the Seville Consulado that was a primary supporter of the royal treasury. After the prohibition of trade between Lima and Manila in the 1580s the Crown then pursued policies of restricting trade between Acapulco and Lima because that link had become the back channel for supplying Peru with Asian goods. Technically the re-export of Asian goods from Acapulco to Lima was outlawed during the 1590s, but since colonial officials refused or failed to enforce the regulations the trade continued. In 1604 the Crown again under pressure from Seville ordered a reduction in trade between Mexico and Peru with only domestic products being exchanged but excluding silver. In other words no Asian goods could be exported to Peru and no silver could be imported into Mexico. After opposition from the Mexico Consulado the prohibition on silver was lifted although the Crown imposed further constraints that sparked new protests. In the 1630s after numerous petitions to relax the restrictions on Mexican/Peruvian trade the Crown closed it temporarily and then permanently. It took nearly a half-century for the Crown to reach the goal that it had initially proclaimed, but during that period the exchange of Asian merchandise for Peruvian silver was a major driver of the commercial activity in the port of Acapulco.¹⁰⁰ But since trade between Peru

⁹⁹ Blair and Robertson, eds., *The Philippine Islands*, 19:303-306. The other documents appear on pp.

¹⁰⁰ See Louisa Hoberman for a solid discusses of the unfolding of Crown policies with regard to trade between Mexico and Peru and the reactions of the various parties in “Merchants in Seventeenth-Century

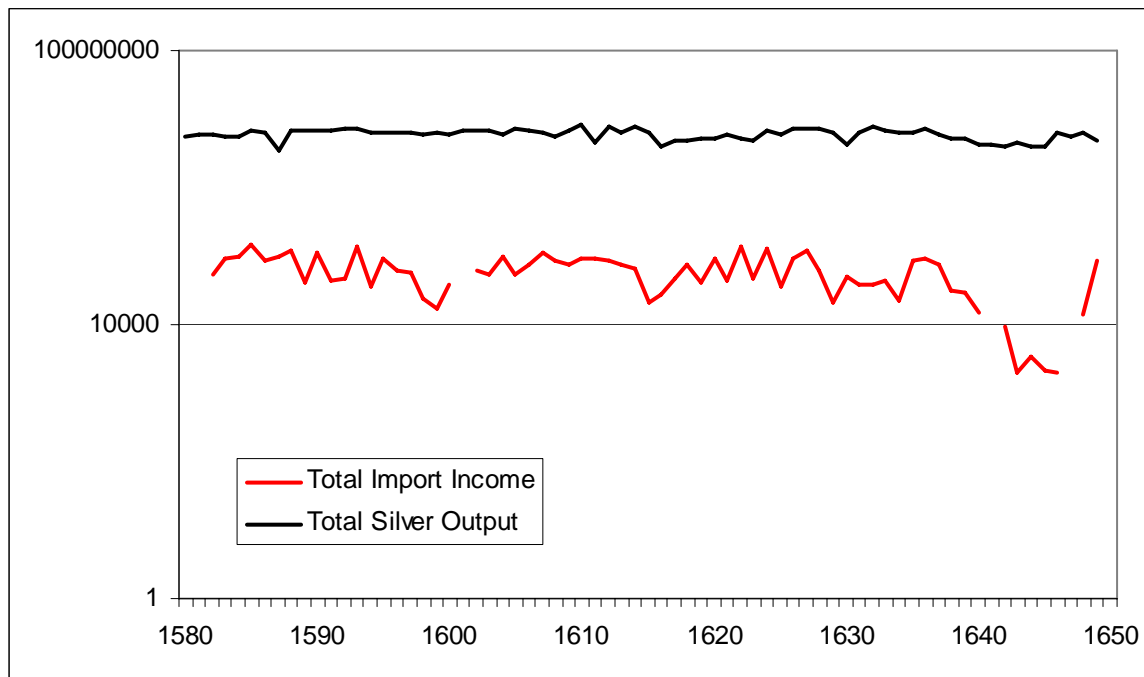
and Mexico or Peru and Asia was basically unsanctioned, the Lima *almojarifazgo* accounts contain no references to those commercial undertakings with one exception: A *cargo* entry described as *almojarifazgo de Castilla y México* appeared for some years between 1610 and 1650, but without examining the actual entries one could not determine from the summaries how much of the *cargo* was from Castile or Mexico.

Chart 23
Comparison of Total Duty Income and Total Silver Output, Peru, 1580-1650



Mexico City: a Preliminary Portrait," *Hispanic American Historical Review*, 57:3 (1977), 490-492 and in *Mexico's Merchant Elite*, 214-220.

Chart 22
Data from Chart 19 on Logarithmic Scale



Despite the lack of specificity in *almojarifazgo cargo* entries I have created a general series from what I have found in the published *almojarifazgo* summaries to see if any useful patterns emerge from 1575 to 1650. More than a half-dozen *almojarifazgo cargo* descriptions appear in the accounts during the period. While one or more descriptions might be used in a given calendar or fiscal year, I decided to consolidate those that could be matched with that year to get a total income (see footnote for further explanation on descriptions and dates).¹⁰¹ The results are plotted on Chart 19 along with silver-output data for Peru. To repeat, the total *almojarifazgo cargo* figures derived from these computations represent duties levied on goods arriving in Lima by sea (goods arriving by land were ignored) without any specific knowledge of the origins of the goods or (equally distressing) the rate of the levy.¹⁰² Total estimated *almojarifazgo* revenues

¹⁰¹ I have identified as many *almojarifazgo* entries from TePaske-Klein's database at www.historydatadesk.com as I could. I have ignored those that appear to be export or special levies. In instances where the generic term *almojarifazgo* is used I have assumed, perhaps incorrectly, that this referred to imports not exports. Since the reporting periods of the different entries agreed, I have chosen the first month of the reporting period as the year. For example for the period 6-1617/6-1618 the year would be 1617. Under this arrangement data exist for 66 of the 70 years between 1580 and 1650. Where two *almojarifazgo* entries appear for the same reporting period, I have summed them. Since Peruvian accounts can be reported in three different currency units, I have converted all to the *peso de ocho*. I do not know and could not ascertain the rates applied in each *almojarifazgo* entry, and I have not tried to compute total value. The *almojarifazgo* entries that have incorporated into this series are: (1) *almojarifazgo de Castilla y México*, (2) *almojarifazgo de 7.5%*, (3) *almojarifazgo de entrada*, (4) *almojarifazgo de este año*, (5) *almojarifazgo de Puerto Callao*, (6) *almojarifazgo del consulado*, (7) *almojarifazgos*.

¹⁰² In two cases the rates were given as 7.5 percent. Other sources could be combed to assemble a table of rates, but even if that were done, the actual rate used can only be confidently known when specified in the account. It is not possible, therefore, to calculate the estimated total value of the cargoes, as was done with

(without knowing the source of the imports) appear to follow a downward slope from 1580 to 1650. Since the R-squared value is a modest .20, the actual data points strongly reside outside of the ideal data points computed to determine the slope of the line. Adding the silver-output series does not help in any obvious fashion to explain the behavior of the *almojarifazgo* series. The correlation between the two series is .30 and stronger than might be anticipated by simply observing the two curves. That some correlation exists between the two series is not so unexpected since the mining industry was the engine for the import business. (More detailed correlation analyzes could be pursued to pinpoint more precisely where the data point match up but have not been.) The silver series is flat or trendless in contrast to the downward slope of the *almojarifazgo* series. When volatility is checked for, the coefficient of variation in the silver series is much lower at 18 percent than the *almojarifazgo* series at 59 percent. The greater volatility of the latter series can certainly be observed. In the final decades the *almojarifazgo* series dropped sharply. One might be inclined to conclude that this was the result of the banning of trade with Mexico. But the share that Mexican trade contributed to the total income from Castile/Mexico duties is not known and cannot even be estimated (yet), and the downturn could be traced to many different internal and external factor. Chart 20 shows the relative changes in the duty and the silver series, and those changes are more striking with *almojarifazgo* than silver. To summarize from the appearance of the duty curve, it followed a downward path on each end (first two decades and last two decades) and a upward and then stable path in the middle decades.¹⁰³ Common sense would say that as silver output rose Peruvians should be importing and buying more, and as it ebbed less. That is not how one would read the plots of these two series. And of course there is virtually no enlightenment about the re-export of merchandise or silver at Acapulco. A better dataset is sorely needed.

Even without a workable dataset Peruvian participation in Pacific commerce is well established through other sources. The viceroys themselves repeatedly reminded the King that Peruvians could procure Asian goods more cheaply and more quickly through Acapulco than Panama and would continue to do so even at the risk royal displeasure or economic collapse. The Peruvians who became involved in Pacific commerce whether trying to deal directly with Asian suppliers or indirectly through Acapulco is more obscure than their Mexican counterparts. The rules governing trade between Manila and Acapulco, issued in the 1590s, declared that the galleon trade was to be preserved for *manileños* and Mexican merchants, especially *consulado* members who had experience with Atlantic commerce were forbidden to move to Manila in order to participate in Pacific commerce. Cargo space on Manila galleons was allotted through a complex system of rankings and guarantees that were designed to protect *manileños* from bureaucrats and ecclesiastics who also coveted the space. Over time the *manileños* despite royal intentions would be usurped. The role of Peru's Pacific merchants appeared to be confined to Acapulco, as buyers, factors or agents, and did not appear to extend to

the Mexican series. Again for purposes of testing the data I calculated total values using a rate of 5 percent, which is between the 7.5 percent noted above and the 2.5 percent that other sources suggest was the rate for some import levies.

¹⁰³ I further tested for correlations between Peru duty receipts and Pacific silver remissions, since they may have been made up heavily of Peruvian silver, with unsatisfactory results. Not even testing the smaller data set from *almojarifazgo de Castilla y México* yielded any useful results.

Manila. They were known to be highly competitive against Mexican merchants, a contest in which they had the advantage of greater wealth. They must also have shown daring and risk-taking since these transactions demanded payments in silver or *libranzas* drawn on bullion holdings. Not much is known about the Peruvian merchants who conducted business in Acapulco, at least among the first generation. Peru had evolved an elite merchant class during the post-conquest period through marriages of Seville merchants, who settled in Peru, and heirs of the conquerors. Membership was restricted primarily to large import-export merchants with close business or family ties to Seville. It seemed unlikely that these mercantile family would have much incentive to engage in trade that would undermine their businesses or their families' businesses. At the same time other merchants groups may have organized to exploit commercial opportunities outside of the Seville-Panama-Lima nexus. Those opportunities included coastal trading south to Chile and north to Mexico. It should not be assumed, of course, that the elite merchants had no interest or investment in other trading opportunities. Rather they were most heavily concentrated in Atlantic commerce in large part because they retained close ties with Seville. The "other" merchants may well have succeeded in beating back an effort by the elite merchants to set up a *consulado* in Peru. The King authorized the erection of a *consulado* in 1593. Behind the drive for a *consulado* in Lima were the viceroy, the *cabildo* and the elite merchants. When the King's approval arrived a year later, the project stalled because the "larger" merchant community was uninterested or opposed. They saw the *consulado* as a tool of the commercial and political elite, and they regarded its creation as unnecessary but also more scornfully as a tool by which the Crown could force loans and donations from all merchants. *Consulados* earned privileges for their members, but they also forced contributions from them. For the *consulado* supporters the trade-off of money for influence was reasonable; for the rest of the merchant it was encumbrance. More than two decades later a large contingent of Peru's merchants petitioned the Crown for a *consulado*, which was formally organized in 1619. Again contributions and assessments would be collected (even more so than before), but influence was even more important as commercial regulations had grown more and more restrictive. Moreover a local *consulado* under merchant control could aid its members who were in financial stress or actual bankruptcy because of glutted markets and unrealized sales. In other words the buccaneering commercial outlook of the late sixteenth century had given way to the realization that the risks demanded institutional protection. Much more research about Peruvian markets and merchants is needed before any firm conclusions can be drawn, but on the basis of what is now known both markets and merchants faced more difficult times as the seventeenth century unfolded.¹⁰⁴

¹⁰⁴ The most authoritative study of the early Lima Consulado was María Encarnación Rodríguez Vicente, *El Tribunal del Consulado de Lima en la primera mitad del siglo xviii* (Madrid: Ediciones Cultura Hispánica, 1960). Prior to that Robert Smith had published a more general account in *The Spanish Guild Merchant, a History of the Consulado 1250-1700* (Durham, NC: Duke University Press, 1940). Rodríguez Vicente also published several important articles, the best of which is the study of a merchant's bankruptcy in "Una quiebra bancaria en el Perú del siglo xvii," *Anuario del Derecho Español*, 26 (1956), 707-739. Recently John T. S. Melzer had offered an overview of the standard works plus some further archival investigations in *Bastion of Commerce in the City of Kings* (Lima: Editorial Concytec Perú, 1991), 10, although he continues to rely heavily on the research and interpretation of Rodríguez, Smith and others. His is a curious publication. The essay is only about 40 pages and the notes are about twice that number. The remainder of the book contains a translation of the essay and notes into Spanish and German. This is

In contrast to Peru Mexican merchants moved ahead with the creation of a *consulado* in 1594 after receiving permission from the King in 1593. Membership was broadly defined as all merchants who resided in Mexico City as well as traders from all over the empire so long as they resided in Mexico City. Retailers plus foreigners were barred.¹⁰⁵ The key to membership was residency in the capital even if one's mercantile business was located elsewhere. In a sense guild membership was mandatory for those that qualified, although some managed to void their memberships. From the outset, though, membership was the only way for merchants to gain a hearing or protect a privilege before the king and his councils even if the membership might be called upon to donate to various royal causes. Membership also provided assistance in dealing with bankruptcy, fraud and other such because the Consulado had its own tribunal. In addition to these services for its members the Consulado provided services to the government: facilitating the arrival or dispatch of the fleets in Veracruz or the galleons in Acapulco; collecting certain taxes, a share of which were assigned to the guild's treasury; and underwriting the cost for sending a ship to meet the Manila galleons and to alert them to any dangers from pirates and at the same time to collect the manifests for review by the colonial customs officials before they docked; for certain repairs in the harbor and the city: and for policing the highway and the mule trains carrying to merchandise from the port to the capital. Surprisingly in the early 1600s the Consulado "advocated [according to Smith] freedom of trade in the Pacific area, not on general principles, but for the benefit of the merchants and shippers belonging to the guild." This probably should be interpreted broadly, for the Consulado had a stake in preserving those aspects of the regulatory system that benefited its members. This more likely referred to the Consulado's longstanding campaign to overturn the 1593 prohibition against Mexican merchants setting up shop in Manila. Had the Consulado members been allowed to do that they could have controlled the flow of merchandise to Mexico and the flow of bullion to Manila and more importantly realized greater profits on both these exchanges. Under the existing regulations Consulado members could only acquire the goods at the fair, and from that point could control the distribution of goods throughout the colony or the re-export of goods to other regions unless they could make special arrangement with the Manila exporters. The Manila *encomenderos*/merchants, discussed earlier, could not technically belong to the Mexican Consulado even though they organized the Acapulco fairs unless they resided in Mexico City; nor could the Peruvian merchants, who attended the fairs, become members unless they as well took up residency in the capital. This was the Consulado turf, and while it enjoyed certain advantages because of that, it still had to deal with outsiders - the Manila exporters and the Peruvian traders. I have seen no analysis of how these three competing groups pursued their business aims and to what extent they entered into special alliances or arrangements to achieve those aims.

The goals of the policies for governing the Pacific trade were clear from the outset. As much as it might seem that this is an economic issue, it was both an economic

somewhat regrettable because of much larger monograph based on his own research plus that of others might have shed light on some of the questions and issues that remain unsolved. For the early history of Peru's merchants see James Lockhart, *Spanish Peru, 1532-1560, A Colonial Society* (Madison, WI: The University of Wisconsin Press, 1968), Chapter 5.

¹⁰⁵ Robert Smith, "The Institution of the Consulado in New Spain," *Hispanic American Historical Review*, 24 (1944), 64, 67-68, 70.

an a political issue. They aimed to restrict the number of sailings, the tonnage carried and the value of the merchandise imported and the bullion exported. Managing and achieving these goals proved to be a messy business. In the simplest terms, once the Pacific routes were established with some reliability, the marketplace drove the trade irrespective of the policies. Spanish-American silver was in demand in China, and Chinese merchandise was in demand in Spanish America. As Dennis Flynn has rightly assumed, these were the conditions under which a market was created between buyers and sellers. In retrospect, of course, one could be excused for a snicker and a nod: how could any government have convinced itself that it had the power to shape and direct these transactions in accord with its own goals? The answer entails a contradiction. In the case of Spain the *modus operandi* was consistent across the empire – the state had a stake in how individuals carried out their economic pursuits. As Louise Hoberman points out, the Crown subjects probably embraced this principal even though they were unabashed about violating it. All parties understood that the principal was being violated, and from time to time the Crown, facing financial shortfalls, cracked down on the illegal commerce. This could have an immediate and profound effect on the financial position of the commercial sector. Add to that the imbalances that occurred in the supply of and the demand for Far Eastern products. As great as the demand was, the supply could overwhelm the demand. Gluts were reported as early as the 1580s and most every decade thereafter. Silk was the chief Asian import and arrived on both the Atlantic and Pacific coasts. In addition Mexico manufactured silk textiles that became a primary export to Peru. The advantage lay with imported silk by way of the Pacific because of price. Pacific traders could buy the silk, pay the costs and taxes and sell the silk for less than Mexican silk or Atlantic-imported silk and still make handsome profits. And when Pacific traders loaded as much silk as they could or they dared even if their behavior helped to push prices further down they may have suffered less than their Mexican and Atlantic counterparts. In the course of the seventeenth century, the earlier free-wielding Pacific commerce became constrained. On one side, the economic, the rate of growth in the demand for Asian goods slowed and may perhaps have reversed; on the other side, the political, the prospect of bankruptcy caused the Crown to become less indulgent of the frequent violations. As a consequence the Crown came under repeated pressure to protect the Atlantic traders, the Mexican manufacturers as well as the Philippine mercantile houses. The Crown's responses beginning in the 1580s with prohibitions against any direct trade between Manila and Lima through restrictions in trade between Mexico and Peru to suspension of all trade in the 1630s tended to favor Seville's merchants and Mexico's manufacturers although with less than positive results. Hoberman, who has studied the reactions of colonial officials to the further restrictions and decrees by the King, has argued that they may have produced the opposite effect – more contraband. The irony, according to Hoberman, was that many of these colonial groups often tried to seek remedies through administrative and judicial review only to be rebuffed. Almost all the viceroys during the first quarter of the seventeenth century informed the King that restricting trade between Mexico and Peru was virtually impossible and would lead to more harm than benefit, and when they undertook severe enforcement the opposition was indeed fierce. With one exception – restoration of the importation of silver in 1609 after it had been forbidden – the colonists failed to sway the King and his peninsular supports. Hoberman argues (although others disagree) that what the Crown missed in all of this back and forth was

that colonists may have understood better than the Crown that the Atlantic trade in Asian goods simply could not compete with the Pacific trade and they stood to gain more from supporting the latter instead of the former as would the treasury over time.¹⁰⁶ An unexpected consequence of any increased smuggling was overstocked markets.

In the 1630s a confluence of events actually led to the most serious disruptions in Pacific commerce since its inception. Not only did the Crown suspend trade between Lima and Acapulco, but also two royal officials - a new governor in the Philippines and a new investigator in Acapulco - issued orders that prevented the galleons from sailing. There is no doubt that pressure from the Seville trade cartel to rein in Pacific commerce, especially its contraband component, forced the Crown's hand, but was there more to the story? Within the official statistics private transactions in the Pacific arena, whether seen through the lens of *almojarifazgo* revenues or bullion-export taxes during the 1620s, may have fallen off from levels reached around 1600 but strong nonetheless. A comparison of private remittances in the Atlantic side versus the Pacific side indicates that the former had begun to slide as the latter had plateaued.¹⁰⁷ If one were to accept the view of Hoberman and others that contraband trade may have grown as the Crown tried to tighten the screws on Pacific commerce during the first quarter of the seventeenth century, then the official transactions supplemented by contraband transactions could easily push the total value of the Pacific commerce much higher. Without trying to attach figures to what is essentially indeterminable one can speculate that the combined legal and illegal business in buying and selling Asian goods was bobbing around 1-million-*peso* level annually. Whatever that figure, it may have fluctuated with another indeterminable figure - the consumption capacity of the Spanish-American marketplace. The communiqués, reports and commentaries that matter relating to Pacific commerce provoked in the period from 1580 to 1650 seldom spoke of scarcities in Asian goods, even when the Crown was active restricting trade, but they do take note of gluts. Like so much else with this topic, numbers would be welcome but are hard to find, and when they were cited, they were used as part of a plea for redress of grievances. It appears, however, as the second quarter of the seventeenth century began to unfold overstocking was beginning to cause some serious financial disruptions.

Let me first address the state of the economy in the Philippines. The islands continued to depend on the services of the Sangleyes for Chinese imports and on other traders such as the Portuguese for Asian goods from other countries. The Philippine economy seemingly rested on a fragile foundation, no matter how lucrative the Pacific commerce was at times. Manila had become mainly a transfer port to move Asian goods from the Far East to the New World. Little of the wealth that these transfers represented ever flowed through the local economy to help raise living standards or to cover governmental expenses. By almost any measure the colony remained poor. In their Preface to documents translated for the years 1638-1640 Blair and Robertson wrote that this "period is a troubled one; 'wars and rumors of wars', conspiracies..., storms,

¹⁰⁶ Hoberman, *Mexico's Merchant Elite*, 217-220.

¹⁰⁷ For a recent evaluation of the relations between the Cadiz Consulado and the monarchy and specifically the impact of trade outside the Carrera de Indias, see Enriqueta Vila Vilar, "El poder del Consulado sevillano y los hombres del comercio en el siglo xvii: una aproximación," in Enriqueta Vila Vilar and Allan Kuethe, *Relación de poder y comercio colonial: nuevas perspectivas* (Sevilla: Pulicaciones de la Escuela de Estudios Hispano-Americanos de Sevilla, 1999), 12-21 including footnotes 44, 46 69 and 70.

shipwrecks, and disease disquiet the colony.”¹⁰⁸ Adding to the disquiet was the appointment of a new governor, Sebastián Hurtado de Corcuera and a Chinese revolt in 1639. Corcuera had a distinguished record in the King’s diplomatic corps, and he had a reputation for being a skilled and honest administrator. He arrived in the Philippines after a journey from Lima to Acapulco and then Manila. After arriving in 1635 and without a detailed explanation he ordered the two galleons, laden with cargo and ready to depart from the harbor at Cavite to Acapulco to remain anchored.¹⁰⁹ The outcry was swift and severe from traders and shippers as well as ecclesiastical and royal officials. When Baltasar Ruiz de Escalona, the royal treasurer, wrote the King in 1638, he noted that upon assuming his duties Corcuera showed “signs of an endeavor to excel, in his honest and careful attitude toward your [King’s] royal estate.” But the refusal to permit the sailing of the galleons that Corcuera predecessor had approved had not only resulted in losses for the citizens but also for the treasury. The galleon trade was essential to maintain the *situados*, the subsidies earned from the *almojarifazgos* collected in Mexico on Philippine imports and returned to Manila. Moreover, complained the treasurer, the governor had diverted royal funds, limited though they were, to construct a church to serve the soldiers instead of allocating them to build more galleons that would enhance the commerce of the port and thereby the income of the treasury. The treasurer reported that galleons did not sail in 1635 and 1637 and it was unlikely that they would sail in 1639 because so little money had been returned to the islands to purchase the goods or to outfit the ships. The ships being dispatched in 1638 (the year of his letter) would, in his opinion, be “sailing without registry; for, as yet, the inhabitants have not registered a shred of cloth with which to lade them, as they do not know the condition of their property in Nueva España.” He calculated that 150,000 *pesos* had been spent on outfitting the current galleons, which will probably sail without cargoes and therefore yield no duty income. He further observed that in 1637 only one patache (small tender) had been dispatched from Acapulco, presumably carrying among other things the *situado*, but he had not yet arrived and may have been lost. Escalona made no mention of the year 1636, which fell between the two suspensions of the galleon sailings.¹¹⁰

Escalona made reference to 1635 and 1637 but not to 1636. Events in the Philippines became intertwined with events in Acapulco. A large contingent of troops arrived in Manila in 1636 and the commander informed the governor, who may have already known about the *visita*, that Pedro Quiroga y Mora had arrived in Acapulco to begin his work on behalf of the King and the viceroy, the latter being a friend.¹¹¹ *Visitadores* were special emissaries who often caused colonial officials many sleepless nights, and Quiroga y Mora would not be an exception. The mere fact that he would go to Acapulco elevated the fear level within the Manila mercantile community. The system in Manila was for the Sangleys and the Portuguese, who more or less handled the non-Chinese importations, consigned their goods on credit to Spanish exporters who would

¹⁰⁸ Blair and Robertson, *The Philippine Islands*, 29:9.

¹⁰⁹ Cushner, *Spain in the Philippines*, 166. Cushner offers a fairly favorable portrait of Corcuera, pp. 158-167.

¹¹⁰ Blair and Robertson, “Letter to Felipe IV from the Treasurer at Manila,” *The Philippine Islands*, 29:52-53, 58-59.

¹¹¹ Sales Colín, “Una coyuntura en el comercio transpacífico,” in Yuste, ed., *Comercio marítimo colonial*, 130.

clear the books once the bullion was sent from Acapulco and arrived in Manila. It would be incorrect to assume that all the money that the sale of the imports generated would be sent to Manila. Only enough was needed to cover the outstanding balances between importers and the exporters plus whatever the Philippine-based merchants needed for their personal or business expenses. Little of the bullion was ever invested in the islands, and that was a frequent complaint about the way in which the system had evolved. Hundreds of thousands of *pesos* passed through Manila, and few ever stayed. The reaction of the Philippine merchant community upon hearing the news about Quiroga y Mora was to try to retrieve their goods that had been loaded on the same two galleons that Corcuera had detained in 1635.¹¹² Corcuera actually inspected these galleons as they were being loaded only to discover discrepancies between the cargoes and the registries: crates of silks and fabrics on the first galleon numbered 1,000 instead of 500, as registered, and on the second galleon, once loaded they would number 1,200.¹¹³ Thus he knew the cargoes were over the limits, but apparently he encouraged the exporters to proceed with loadings and may have offered an incentive that while the goods would be registered with exactness they would be admitted by the *visitador* in the same manner as earlier cargoes. Any subsequent exports, however, might be treated differently with stricter inspections and heavier duties.¹¹⁴ How big were these cargoes? It is not known what the registry contained, and it is not known what the cargoes actually sold for. Among some *manileños* the rumors circulated that the cargoes were estimated to be worth “five million in gold” and perhaps more importantly that figure was rumored to be less than what was customarily carried on the galleons because one of the port’s chief merchants had not “put a single box abroad.”¹¹⁵ Why would Corcuera allow such large cargoes, well above the *premisos*, to sail to a port under scrutiny of the *visitador*? Whatever the registry contained these cargoes may have been more carefully registered (as part of the alleged deal) than ever before, and that fact could be used to document the extent of the contraband trade that the *visitador* was charged with investigating. And all of this took place against the backdrop of Corcuera’s prior decision to prohibit the sailings in 1635.

The plot thickens. Corcuera’s actions were puzzling because in 1635 he acted in accord with his views, based on observations during his journey from Lima through Acapulco to Manila, that contraband had grown out of control. But then the dispatch of the galleons with large illicit cargoes to Acapulco seemed a venture in folly. Corcuera’s own comments, based on what has been published thus far, were circumspect and less than full. Some contemporary accounts attempted not always with success to dispel the confusion and to complete the record. One version of this 1635 decision was that it was not the result of concerns about contrabandists but rather the result of an alliance forged

¹¹² Blair and Robertson, “Relation of the Filipinas Islands, Admiral Don Hieronimo de Bañuelos y Carrillo,” *The Philippine Islands*, 29:72.

¹¹³ Cushner, *Spain in the Philippines*, 161-162. Cushner wrote that Corcuera calculated “that if the viceroy of New Spain sent all the revenue to the Philippines, about 700,000 pesos,” the governor would be able to put the Manila treasury in the black in four years. Although Corcuera’s letter to Philip IV, which Cushner cites, may explain the calculation – what did the 700,000 *pesos* represent – Cushner’s text does not.

¹¹⁴ Blair and Robertson, “Commerce Between the Philippines and Nueva España” from Antonio Álvarez de Abreu’s *Extracto historial* published in Madrid in 1736, *The Philippine Islands*, 30:86-87.

¹¹⁵ Blair and Robertson, “Relation of the Filipinas Islands, Admiral Don Hieronimo de Bañuelos y Carrillo,” *The Philippine Islands*, 29: 72.

with Mexico City's merchants while he was in Acapulco. It was an open secret that Mexico City merchants (Consulado members to be sure) had successfully wormed their way into control (more or less) of the trade between Manila and Acapulco even though royal ordinances forbade it. It would appear that with their wealth and influence they had weaned the Sangleyes away from the Philippine merchants, and much of the commerce was carried out between the Sangleyes and the Mexicans. What the Mexicans told Corcuera during his stopover was that their warehouses were jammed with unsold merchandise and a respite from the Pacific trade would be welcome. Corcuera's prohibition after he arrived in Manila might have provided that respite. The royal admiral, Hieronimo De Bañuelos y Carrillo, who knew Corcuera and visited him in Manila, presented this version in his *Relación*, although he said parenthetically "(for I cannot believe that they were in compact with him)."¹¹⁶ Another version of what drove Corcuera to reverse his stance a year later concerned money. Since Corcuera constantly fretted over balancing the budget, he may have calculated that these huge cargoes could return as much as 700,000 *pesos* to the Philippine treasury. The rule was that all the duties collected on Philippine imports at Acapulco would be reserved for Philippine treasury. That much money would make it possible to balance the royal accounts and end the red ink. It is not known how Corcuera arrived at a 700,000-*pesos* figure, but if it were based on the 10-percent *almojarifazgo*, it could be computed from values of cargoes worth 7 million *pesos*, and 7 million was just a couple million shy of what some said the cargos inspected by the Governor were worth.¹¹⁷ So far as I have been able to determine from those who have studied Corcuera's career, he was disinclined to explain his actions. Most of his contemporaries or his later historians tend to grant him the benefit of the doubt. Given his experiences in Callao, Peru, and then Acapulco, Mexico, where he observed firsthand instances of corruption,¹¹⁸ and the deteriorating state of the Manila treasury, he may well have decided that he had no recourse but to permit a sailing in 1636.

On the Mexican side the arrival of the galleons (and perhaps other vessels) in late 1636 or early 1637 were not welcomed with open arms. Pedro de Quiroga y Moya ordered strict inspections – i. e., opening crates and counting contents – in violation of the "gentleman's agreement" to trust the manifests. (In this case the manifests may have been more detailed than ever before.) In other words the galleons were subjected to unparalleled scrutiny on the grounds that they carried more contraband than registered cargo.¹¹⁹ And given what is known about the lading of these vessels in Manila, that was

¹¹⁶ Blair and Robertson, "Relation of the Filipinas Islands, Admiral Don Hieronimo de Bañuelos y Carrillo," *The Philippine Islands*, 29:73.

¹¹⁷ Cushner, *Spain in the Philippines*, 162. I have seen the letter to the King in which this matter was discussed, and Cushner did not provide any more details about the letter. It is not clear if Corcuera was thinking about 700,000 *pesos* in terms of a single year or several years.

¹¹⁸ With respect to Acapulco, according to a letter from Corcuera to Philip IV, cited by Cushner, the harbor authorities required a Manila galleon to pay 8,000 *pesos* just to enter the port. Vessels from other ports such as Lima were also forced to pay bribes. *Spain in the Philippines*, 159.

¹¹⁹ William McCarthy makes the point that in addition to the problem of contraband itself the new Mexican viceroy was under enormous pressure to come up with money to balance the books. Cracking down on the Manila trade could, as Corcuera had calculated, increase *almojarifazgo* income, which if returned to Manila could reduce the amount of the *situado* that the treasury would have to provide. Recall that public remittances to the Philippines had been running at 500,000 to 600,000 *pesos* on average every year since

true. And what did Quiroga y Mora's inspections yield? One thing for sure – controversy. After his inspection he undertook the task of assessing the “real” value of the cargoes. By a dubious and much criticized method. Cloth purchased for 9 *pesos* per unit in Manila was valued by Quiroga y Mora at 22 *pesos* per unit in Acapulco even though “the cloth was sold in Acapulco, in his very sight, at six pesos....” Quiroga y Mora set the total value of the cargoes at 4 million *pesos*, a number, unfortunately, that did not match up with other estimates quoted earlier. The “just price” of the cargoes in Acapulco was said to be 800,000 *pesos*, although the source of that just price was not given.¹²⁰ The range of figures is enormous and unless new documentation is to be uncovered the range will not be narrowed any time soon. What is beyond dispute is that the Corcuera-authorized galleons, however large their cargoes, resulted in duties of 600,000 *pesos* against the Mexican merchants who received the cargoes. Before I proceed I want to underscore two aspects of this emerging standoff. First, cloth was being sold at a price less than the Manila price and far less than the visitor's prescribed assessment. Was there a glut of cloth, as the Mexican merchants may have so informed Corcuera and especially in the aftermath of the closing of the Acapulco-Lima commercial link, at least the legal part, that prices had to fall? If prices had fallen as much as the above figures suggest, then traders on both ends would suffer because irrespective of what the visitor assessed the commodities simply commanded less money. For the Chinese and Portuguese traders in Manila, of course, it meant that because less bullion would be exported they would only realize a part of a return on the line of credit that they had granted the Manila exporters. Second, the duties were not levied against the merchants of the Philippines but against the merchants of Mexico.¹²¹ A cynical mind could conjure up other reasons why the viceroy and the visitor picked on the Mexican Consulado, but the reason may be less sinister and more pragmatic – Mexican merchants, not Philippine merchants, had come to dominate Pacific trade. This was surely known to government officials as it was reported rather widely in various published commentaries. Was there ever a deal between Corcuera and Quiroga y Mora. Quiroga y Mora himself let it be known that had the galleons arrived in 1635 instead of 1636 they would have been treated in the manner of earlier arrivals. He may have believed that there was collusion between Corcuera and the Mexican merchants, and he was in no mood to compromise.¹²²

How disruptive was the *visita* on Pacific commerce? The galleon trade was mainly lost for several years, although Ostwald Sales Colín's research has shown that the discovered fraud intensified customs inspections but did not result in a lockdown of the port. Sales Colín discussed a list of vessels that made the crossing between 1636 and 1640. Several small vessels made the crossing in 1637 and 1638 and by 1639 or 1640, as

1610, and the income from pacific *almojarifazgo* only made up part of that outlay. McCarthy. “Between Policy and Prerogative,” *Colonial Latin American Historical Review*, 2:176.

¹²⁰ These figures are well known. The above was a translation of a section from Antonio Álvarez de Abreu's 1736 *Extracto historial* that included the above figures and the quotation from a report signed by the monarch in 1640 and printed in Blair and Robertson as ‘Commerce Between the Philippines and Nueva España,’ *The Philippine Islands*, 30:87. Recently Ostwald Sales Colín used them in “Una coyuntura en el comercio transpacífico,” in Yuste, ed., *Comercio marítimo colonial*, 131.

¹²¹ Sales Colín, “Una coyuntura en el comercio transpacífico,” in Yuste, ed., *Comercio marítimo colonial*, 138.

¹²² Blair and Robertson, “Relation of the Filipinas Islands, Admiral Don Hieronimo de Bañuelos y Carrillo,” *The Philippine Islands*, 29:73.

the crisis was being resolved the galleon trade had resumed.¹²³ There is little doubt that trade was disrupted for several years, and yet Hoberman, citing Mexican Audiencia sources, reported that cargoes from the Philippines were valued at 2 million *pesos* in 1636 (perhaps the galleons that Corcuera permitted), 6 million in 1637 (when a patache made the crossing) and 4 million in 1638 (when galleons were laded but with what was called unregistered merchandise). In the case of the 6 million *pesos* Hoberman explained that the source stated that the cargo was worth 3 million *pesos* upon leaving Manila but since these goods often sold for twice their Manila value the figure was doubled to 6 million.¹²⁴ It is not possible to reconcile these figures with other sources, and the Audiencia may simply have been mistaken in the dates that it cited. Cargoes in the millions of *pesos* may have characterized the Manila-Acapulco trade in the years leading up to 1636 but not after that date. These figures were certainly in conflict with other reports from the Philippines including the King's own review of Pacific commerce up to 1640. The King himself acknowledged that Mexican merchants, faced with duties in the amount of 600,000 *pesos* plus another 300,000 *pesos* demanded by the government, had to sell their stock at prices that not only wiped out their profit but also their principal. There was no money to return to the islands. Prominent citizens were so destitute that they petitioned the governor to leave Manila and to return to their country estates in order to cultivate the land to support themselves. The poor sought relief through enlistments in the army including petitions for overseas assignments. The King also acknowledged that a patache had been dispatched in 1637 primarily to alert the viceroy to the engulfing economic ruin in the islands and to the need for money and that a year later two galleons prepared to depart for Acapulco were never "laden" for lack of bullion.¹²⁵ By 1640 calm had been restored to the port of Acapulco. Quiroga y Mora was dead, and his strategy had been repudiated. But Chinese and other traders had not fully returned to Manila, and later the collapse of the Ming Dynasty reduced their numbers even further. Income from duties on imports into Manila told the story: the quinquennial average of 34,000 *pesos* in 1631-1635 dropped to 28,000 in 1636-1640 and continued to slide until the quinquennial average was no more than 2,000 *pesos*.¹²⁶ Contraband trade no doubt continued, since the old regime of accepting the value on the manifests had been restored in Acapulco, but level of that trade was surely affected as was the official trade by changing economic and political circumstances both inside the imperial system and outside.

The crisis of the 1630s revealed more fully than ever the gapping cracks in the foundation of the Pacific commercial policy. In a telling phrase about Pacific trade Sales Colín write "Tráfico directo, contrabando directo".¹²⁷ My main interest in this topic is not whether there was contraband – that's a given – but how big, and perhaps more

¹²³ Sales Colín, "Una coyuntura en el comercio transpacífico," in Yuste, ed., *Comercio marítimo colonial*, 140-142.

¹²⁴ Hoberman, *Mexico's Merchant Elite*, Table 21, p. 219.

¹²⁵ Blair and Robertson as "Commerce Between the Philippines and Nueva España," *The Philippine Islands*, 30:88-90.

¹²⁶ Chaunu, *Las Filipinas y el Pacífico*, Serie 12, 132-133. Apparently the quinquennial averages were computed from a complete *cargo* series from 1631 to 1640. Serie 2, 86-87.

¹²⁷ Sales Colín, "Una coyuntura en el comercio transpacífico," in Yuste, ed., *Comercio marítimo colonial*, 130.

pertinently was it consistently big? Was it consistently big enough to drain off nearly all the silver that did not enter the Atlantic trade? When William Schurz wrote his seminal *The Manila Galleon*, he came to the conclusions that the anecdotal evidence on Philippine trade was often more reliable than the official statistics. “The ship’s registers and the records of the treasury officials at Manila and Acapulco are of little value, as they generally take no account of excess cargo.” Schurz thought that those foreigners who captured galleons and then reported on their contents were trustworthy whereas those “further removed from actual contact with the trade, and apparently relying on their own imaginations or on sailors’ stories, value the cargoes of these mystery argosies at the exaggerated figures of romance.”¹²⁸ I have chosen another approach: to start with the official statistics, which are far more ample now than in the early twentieth century, and to create a baseline of commercial activity from the official statistics and then to develop an analysis of the bullion outflow to the Far East that incorporates the baseline with the other evidence, which has also multiplied since *The Manila Galleon*. There was no likelihood that bullion-outflow issues could ever be fully resolved but the differences might be narrowed. Dennis Flynn (later with Antonio Giráldez) has more than anyone else pushed the argument that the Pacific outflows were so large that economic historians need to rethink how they have interpreted the development of the colonial economies as well as the Atlantic and Pacific links. It is necessary to emphasize that the Flynn-Giráldez thesis is construed in broad, almost global, terms. Silver is treated as a commodity, and the owner of the commodity will seek to exchange it for what will give the greatest return. Rising mining costs and falling mining profits of the seventeenth century simply pushed the owner of silver into what was the most lucrative outlet – smuggling, that is, trading silver for Asian merchandise that commanded such high prices in the Spanish colonies. The drain of silver away from the Atlantic and out of the colonies into Asia could not help but affect negatively the economic well being of both Europe and the colonies. The drainage thesis is reminiscent of an earlier debate over the economic crisis of the seventeenth century. One can almost read economic crisis in the drainage argument, and a supporter of Flynn and Giráldez and the Asian link, William Schell, in a prize-winning essay, that seeks to downplay the much beleaguered crisis interpretation that the Flynn-Giráldez approach may unintentionally resurrect. In place of the earlier but somewhat discredited “Borah-Chevalier-Chaunu hypothesis...of a faltering Mexican economy, self-sufficient haciendas, declining silver production, labor shortages, and demographic disaster” that Flynn and Giráldez writings may encourage, Schell proposes a revision based on research of the last quarter century. “Miners diversified into land and agriculture, either in pursuit of profits or as retrenchment; manufacturing expanded and diversified to replace unavailable European goods. Silver production fluctuated over the century, but the general trend was up; more silver stayed in Mexico for administration and defense, but smuggling also surged. Thus a question remained: if contraband offset the decline of registered imports, then where did all the silver go? It went East.”¹²⁹ Schell offered no new evidence on the surge in smuggling or of the flow to the East, and the reinterpretation of Mexican economic history or colonial economic history for that matter remains in limbo. (In fairness to Flynn, Giráldez, Schell and others I recognize that

¹²⁸ Schurz, *Manila Galleon*, 155.

¹²⁹ William Schell, “Silver Symbiosis: ReOrienting Mexican Economic History,” *Hispanic American Historical Review*, 81:1 (2001), 98.

interpretations may differ because they have taken a longer view than I have in this essay.) Snippets of data will not provide the basis from which reinterpretations will emerge. It is almost a given in the current discussion that so much cheap silk entered the colonies that everyone should be dressed in silk. Was that ever the case, but more to the point how broad and deep was the market for silk or any other Oriental product and how much did the segmentation of the marketplace affect demand that would show up in what traders would be willing to supply?

This exercise attempts to deal with bullion-outflow issues even when solid statistical evidence is wanting. The findings may be summarized in two categories – what can be learned from the hard data and what can be learned by combining the hard data with other subjective or anecdotal evidence.

- The accounts for registered silver from 1585 and 1650 indicate that more than 800,000,000 *pesos* worth of silver poured out of the Spanish-American mines. It could be higher but by how much is anyone's guess. Sixty percent of the silver came from Peru's mines, and the colonial silver curve tends to reflect primarily the trend in Peru.
- The silver curve followed a path that is fairly well understood. Significant annual increases occurred in the late sixteenth and early seventeenth century before production began to slow, although overall production remained high. The second quarter of the seventeenth century was time of transition in mining. Peru began a contraction that continued for a century, and Mexico after stumbling for a decade began an expansion that would more or less continue until the end of the colonial era.
- During the period 1575-1650 80 to 90 percent of Spanish America's silver was exported. It was exported in two ways: in the account of the Crown – public remittances – and in the account of the individuals - private remittances. Overall private exports were twice that of public remissions. The curve of bullion exports did not diverge significantly from the silver-output curve.
- Atlantic bullion outflows far exceeded Pacific outflows by a ratio of ten to one. There was clearly a shift in the relationship from the late first quarter of the seventeenth century through the early second quarter. Atlantic remittances dropped below 90 percent and lower as Pacific outflow rose above 10 percent. There was also a shift in the ratio between public and private remittances, especially in the Pacific where the cost of governing and defending the Philippines grew steadily.
- Between 50 and 60 million *pesos* in public and private remittances can be accounted for in the official statistics with better than half of the total in private remissions. The annual average of total Pacific remittances was 800,000 to 900,000 *pesos*.
- By the end of the sixteenth century the rules governing the Atlantic trade were rather firmly in place. Establishing the rules for the Pacific trade proved to be harder and messier. Even a half century later the Crown was struggling to make the Acapulco-Manila link work in accord with its intentions. The buccaneer attitudes

- of many early traders were difficult to rein in by regulation. What eventually dampened the overseas trading in general was the end of the robust annual increases in silver output. At the same time the Crown had to find money to shore up its colonial defenses.
- Most of the Pacific silver ended up in China, which prized the *peso* and used an ample supply of raw and finished silk (primarily) at “rock-bottom” prices to secure the silver. Exchanging silver for silk and a few other highly valued Oriental goods drove trade between Europe and the Far East and its ancillary Atlantic wing for decades. Opening the Pacific routes, which were faster cheaper, was considered a threat to the power and wealth of the Atlantic monopolists, who were crucial to the Crown’s imperial ambitions.
 - But the hard data cannot complete the picture. Not only are some crucial data missing, probably never to be recovered, but also the hard data have to be squared with other information.
 - The outflow of bullion away from the Atlantic monopoly and Spain lay behind the effort to reduce and control the Pacific trade. But even in the official statistics the limits were repeatedly violated. How the cargoes were valued in Manila is clearly documented than how they were traded en Acapulco. The organizing element was the fair called into session after the cargoes were checked and unloaded although seldom inspected. The duties collected in Acapulco were assessed against the sales (or the proposed sales) and could be in the millions of *pesos*. It was assumed that the Acapulco prices would be higher, perhaps several times higher, than the Manila prices.
 - Sales in the millions posed a problem for the government. Sales that high meant that bullion exports could also be in the millions, and that was what the rules were intended to prevent. Even the official statistics on private remittances pointed to higher outflows than the laws sanctioned. It would be a mistake to assume that every *pesos* from sales ended up in bullion exports. As Mexican merchants took over more and more of the Pacific trade from the Manila *encomenderos* they would certainly have the options to reserve some bullion for use in Mexico or other places.
 - Within those registered cargoes contraband was present probably from the very earliest years. How much will never be recoverable from the Official documents, but crisis of the 1630s indicated that at times millions of *pesos* worth of merchandise could be packed into the crates to be shipped on galleons of increasing tonnage. There is little doubt that the royal officials knew the galleons carried contraband in some cases benefited from the illicit trade. It is suggested but not yet proven that as the Crown added more and more regulations the level of contraband increased noticeably, and ultimately it tested the Crown’s patience.
 - Making money from trade across the Pacific was probably never “sure thing”. The official statistics suggest that the trade fluctuated year-to-year and did not always go up. The unknown variable is the contraband trade, but other evidence, some of which emerged in the crisis of the 1630s, indicated that shippers could

face saturated markets and falling prices. Market conditions even from the Chinese side could come into play as to how this trade was handled. The data are not very extensive yet, but in this area closer scrutiny of the detailed entries of the *caja* accounts might be revealing.

- Finally, can a figure of what might have been the value of the Pacific trade across three-quarters of a century be estimated. If the official statistics exceeded 30 million *pesos* in private remittances, the official plus the contraband could certainly be double that number. Any estimate must ultimately come to terms with silver output, Far Eastern monetary changes, saturated markets and yes royal displeasure.