

In the mean time the expiration of the contracts with government for the victualling of the army and navy had put the bank in possession of these principal sources of its revenue. Its dividends were therefore increased. That of 1784, the first it made, was nine and a half, also a profit of forty-seven livres ten sols (3s. 7d.) upon each share which had been bought at its primitive value of five hundred livres (21l. 16s.) or two thousand reals. The triumph of the bank was then complete, and its enemies, at least those in Spain, suffered their spleen to evaporate in silence. As men in all countries ever pass from one extreme to another, invective was soon changed into enthusiastic panegyric.

The bank took advantage of this revolution, to increase, at different times, the shares which it had yet to dispose of\*, and thus to enable itself to increase

\* They were first raised fifteen per cent. upon their primitive value of two thousands reals, and

crease future dividends. The fermentation reached such foreign kingdoms as were then habitually addicted to stock-jobbing. In a little time the shares of the bank rose in France, Geneva and other places to eight thousand reals, or two thousand livres; and the Spaniards having less faith or more foresight than foreigners, were not wanting to encourage and gratify this inconsiderate ardor.

It was, however, but momentary, although it lasted long enough to produce pernicious revolutions in several fortunes. It were to be wished it had never existed. Some persons, influenced by a patriotic zeal, took upon them to abate its violence. In France, a wri-

fix thousand two hundred and eight were sold at two thousand three hundred reals. Soon afterwards the eagerness of foreigners increased them to two thousand five hundred reals, or six hundred and twenty-five livres, and upwards of fifteen thousand shares were sold at this price. These two augmentations produced to the subscribers a profit of twenty-two millions of reals,

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ter, known by his eloquence, but still more so by a strength of mind which induces him to speak, without reserve, such truths as he believes useful, undertook to instruct his countrymen.

The motive was laudable, but not so the execution of the work. With the energy natural to him, this author repeated and commented upon all the detractors of the bank had said, at the time of its establishment, not forgetting the abuse that had been thrown on him by whom the plan had been projected. He asserted that the bank of St. Charles could not under any point of view be considered as proper for Spain; and that it had departed from the simple and useful operations to which its founder had declared it was to be confined: that it must sooner or later lose the favour of government; that it became more and more odious to the commercial world by the monopoly it exercised; and that the subscribers could have no real confidence

fidence either in its duration or stability.

In imitation of its first enemies, he compared it to the system of Law; and maintained that the founder had even taken that system for his model.

Hence he concluded, that great commercial nations had reason to fear least their subjects, who had great capitals, should embark too much of their property in the bank of St. Charles, because they had need of all their aid to lighten the burden of their own debts; that they were not in a situation to lend great sums to foreigners, especially when it appeared that the loan must be perpetual; and finally, that individuals who exposed their fortunes in so hazardous an enterprize, acted like bad citizens as members of society, and like madmen as fathers of families.

The court of Madrid, leaving time and reason to contradict these assertions, which

which tended greatly to diminish the public confidence in an institution to which it had given its sanction, took the founder's part, and the council of Castile in June 1785, passed a decree which proscribed the publication, and thereby proved that the period announced by its author was yet at a distance.

But this proscription prevented not the work from having its effect. The enthusiasm of French stock-jobbers was abated, and since that time has not recovered its former ardour. It is not the interest even of the bank that it should again return. Such a wish can be formed only by greedy speculators, who hope to profit by momentary convulsions, to enrich themselves at the expence of the credulous. A great part of the shares of the bank first sold in foreign countries have returned to Spain. The bank itself took advantage of their reduced price, which fell to two thousand two hundred and forty reals, or five hun-

dred and sixty livres, to buy in about twenty-five thousand, which it proposes to keep, the deduction of which will increase the future dividends in the same sum for the rest of the co-proprietors.

Its last meeting (that at the beginning of the present year, when the accounts of 1787 were given in) was tumultuous. A cabal was raised against the directors of the institution, which even accused them of a want of probity. The opposition pretended that some of the directors, who at the same time are principals of commercial houses, had abused the public confidence in their management of the discounting business, by favouring their own affairs. A committee was appointed to examine their conduct, as well as all the accounts of the bank from its establishment, and to reform abuses.

The accused, free from reproaches of conscience, wait without fear the result of the examination. But M. Cabanus, whom

whom success has rendered impatient, is not yet familiarized to the assaults of intrigue, and has given in his resignation, offering at the same time to aid the directors with his advice as a simple individual. The meeting exclaimed against this hasty resolution. It even addressed the king, praying his majesty to pay no attention to it. The monarch is slow in pronouncing; but whatever may be his decision, M. Cabanus may be certain of preserving a preponderance in an establishment founded by himself, and of which, in spite of envy, he is become the principal spring. He may recollect for his consolation (*si magna licet componere parvis*) that Augustus dated the firm establishment of his authority from the day he seemed willing to abdicate the empire.

The part the bank has taken in the operations of the new Philippine company, is another circumstance which must have an influence upon the produce of its shares. M. Cabanus induced  
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it, in 1785, to add to the funds of the company the sum of twenty-one millions of reals, deducted from the dividend of 1784: this gave to each share an interest of one hundred and forty reals, or thirty-five livres, in the property of the Philippine company. Whatever may be the issue of this new institution, the association cannot be prejudicial to the bank, and may be of considerable advantage to it; and if the advantage be ever so little apparent, it is strongly to be presumed the value of the shares will be increased. On the other hand, should the contrary be the event, they will experience no sensible diminution. The bank having risked but little, can be exposed but to a moderate loss; which moreover will not fall upon the capital. In May 1785, the bank made a proposal, the admission of which will furnish a new employment to its funds. This was to undertake the completion of the canal, which, as we have before observed, is to begin at the foot of the mountains of Guadarrama, and terminate



minate at the Guadalquivir, after crossing the center of Spain. It has offered to make the necessary advances for this great undertaking upon the same conditions on which it received the contract for victualling and cloathing the troops; the proposal was accepted by government, who immediately sent M. le Maur to take the levels in various places through which the future canal is to pass. The unexpected death of that able engineer did not suspend the work he had begun; and this will furnish the bank with another means of augmenting its profits, and rendering itself advantageous to Spain without endangering the funds.

In every case, I think, with impartial judges who have nothing to gain or lose by the credit which may be given to a contrary opinion, that the placing of money in the bank of St. Charles is advantageous, and must appear safe. Not that the great dividends with which it has begun ought always to be expected; the sources whence they were drawn,

drawn, are either exhausted or diminished. It has no more profits to make upon the sale of shares; these were all disposed of at the end of the year 1785, except one thousand one hundred and six to which an appropriation has previously been assigned. The exportation of piastres will not in future be so advantageous as it was immediately after the peace. But so long as the bank preserves that exclusive privilege, and government shall confide to it the victualling and other supplies for the army and navy, the principal source of its profits\*, the sub-

\* It is true, that in 1787, the victualling, &c. which until then had been performed at a commission of ten per cent. has been converted into a contract; but at the price which government has agreed to give the bank, it is proved that the gain will be as considerable as formerly. However the first effect of the change was disadvantageous to the bank. Government gave it a retro-active effect; and as the bank had until then made its dividends according to its right of commission of ten per cent. it was obliged to diminish in proportion its last dividend, to render back that with which it had too much augmented the first. Wishing immediately to effect  
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subscribers, those at least who bought their shares at the primitive value, of two thousand reals, or five hundred livres, may reckon upon an interest of from five to six per cent.

The Spanish government is far from that verfatility which might cause it to abandon an institution, the plan of which it had brought to maturity, and which has some incontestible advantages, both

this re-imbursment, it reduced the dividend of 1787, from six and a half per cent. to five and a quarter. This debt once acquitted the dividends, will be made as usual. Several circumstances will concur in increasing them afterwards. Hitherto their distribution has always been the date and occasion of an act of beneficence. The bank, this year, appropriated the surplus of five per cent. to succour the unfortunate who had suffered some months before from the inundations in Navarre. Such an use of what it considers as a surplus, is sufficient to excuse its profits, and recommend it still more to the nation; in fact, the first prejudices of the people against it begin to be dissipated, and communities accustom themselves to see their funds, formerly unemployed, directed by the bank to an useful activity.

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for itself and a great part of its subjects. But let us suppose the worst to happen, that yielding to the representations of commercial people, and renouncing the surplus of the profit which the treasury receives from the exportation of piastres since it is confined to one company, it should determine to leave the exportation free as it was before: let us suppose also, that for the love of public good, it should accept the offers made to furnish the army and navy upon better terms than those of the bank; what would be the result? The bank reduced to the slender profits of discount, and the *realgiro*, would indeed be obliged to cease its operations; but as according to its constitution it cannot change the course of its funds; as the sum which it has placed in the hands of the Philippine company was not taken from the bank capital, but from its profits, there is every reason to presume that the capital would remain untouched and be employed to re-imburse all the proprietors of shares. Therefore these are  
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only exposed to one risk, that of government's seizing the capital in a moment of distress. But were this apprehension well-founded, there would be nothing sacred on earth; policy in defect of virtue must serve the proprietors as a safeguard; and it is not from the Spanish government that they ought to fear a measure which would be equally treacherous and imprudent, especially at a time when it is seriously engaged in repairing the wounds given to its credit in preceding reigns, and in taking advantage of it to second the general inclination of the kingdom to engage in useful enterprizes.

It will here be proper to speak of its capital in money, not as a banker, that is not in my power, but as a traveller, who wishes to give some idea to his readers of every thing relative to a country in which he has resided for a considerable time.

The evidence of some well-informed merchants

It seems, at first sight, that it must be easy to know what money circulates in Spain. She possesses all the metals which she uses in her mint. These, when converted into coin, cannot be brought from America without paying a duty. On entering Spain the money pays another, and a third is required upon sending it thence to a foreign kingdom. It should therefore seem, that the custom-house books would give a clear idea of the coin in Spain. But a great part of the money struck in the Indies passes clandestinely from America to Europe; foreign merchants also fraudulently receive a part of the value of the merchandize they have sent, although the whole be found on board Spanish vessels returning from America; and as frequent revisions of coin are neglected to be made, there are not data sufficient to arrive at certainty with respect to the quantity of money which usually circulates in the kingdom. It is therefore from loose calculation only, and upon the evidence of some well-informed merchants,

chants, that I have estimated it at eighty millions of double piaſtres, about four hundred millions of livres Tournois (above ſixteen millions and a half ſterling). It will, perhaps, be thought extraordinary that Spain, which is in poſſeſſion of moſt of the gold and ſilver mines in the world, and annually coins thirty millions of piaſtres, ſhould be reduced to ſo moderate a ſum of circulating money, eſpecially when it is recollected that in the reign of Charles V. it contained almoſt all the gold and ſilver in Europe; and, what is ſtill more valuable, poſſeſſed in the productions of its foil and induſtry, the means of ſubſiſting without the aid of any other nation.

In leſs than a century that kingdom has fallen from this ſtate of ſplendor. To what is ſo rapid and total a revolution to be attributed? To the abundance of the precious metals which have increaſed the price of commodities, and the wages of workmen; to

the decline of manufactures, which was the consequence; to the depopulation, caused by the numerous emigrations to America; the great destruction of men, occasioned by long wars at a distance from the frontiers; and the expulsion of the Moors and Jews. It may also be more particularly attributed to the ruinous wars undertaken by Philip II. against the Low Countries, and which from the year 1567, to the truce in 1612, cost upwards of two hundred millions of piastres. But every thing announces that Spain is about to rise from her ashes, and will soon be industriously employed in cultivating her soil, and animating her manufactures. Weary of pursuing a passive commerce, she will soon cease to lessen her current coin, by paying foreign industry, and sending every year the greatest part of her money to exchange the image of her monarch for that of foreign sovereigns.

The first coin, as well gold as silver, which was struck in Spanish America,  
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was irregular in its shape as much as in its impresson, which on one side was a cross, and on the other the arms of Spain. Some of it is still in circulation, but it is not received for its nominal value until it be weighed to see that it has lost nothing of its intrinsic worth.

The impresson varied until the year 1772, when a new coinage took place, in which the head of the sovereign was struck on one side, and on the other the arms of Spain round an escutcheon.

The pieces of gold are the *doblon de a ocho*, called in France *quadruple, once d'or*, or *medaille*, which when exchange is at par is worth eighty livres French (3l. 6s. 8d.)

The half *doblon de a ocho*, value forty livres.

The *doblon* of gold, worth half the preceding piece.

The half doblon of gold.

The little gold crown or *durito*, which in 1779 was the value of half the demi-doblon, but at present is worth one twentieth more, and consequently about five livres five sols (4s. 4½d.)

The silver coin consists of the great piaftre, worth about twenty reals, a quarter of the doblon of gold, that is a hundred sols, (4s. 2d.) when exchange is at par.

The half piaftre worth about five reals.

The *pezeta colunaria* or little piece of five reals, which is coined in America only, and bears on one side two pillars and on the other two globes crowned.

The common *pezeta* of four reals worth about twenty sols (10d).

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The half *pezeta* of two reals and a half.

The common half *pezeta*, which is also called *real de plata* worth about two reals of vellon.

The quarter *pezeta*, coined also in the Indies, exclusively.

The *realito* or real of vellon, worth about five fols ( $2\frac{1}{2}$ d.) \*

The copper coins are, the *doble quarto*, four of which make a real. The double *quarto* is worth about one fol three deniers ( $1\frac{1}{4}$ d.)

The *quarto*, which is half the preceding piece.

The *ochavo*, half of the *quarto*.

\* All these little pieces are diminutions of the piastre.

The *maravedi*, which is the smallest money that exists. Thirty-four *maravedis* make a real. Few of them are found even in Spain, and I imagine none have lately been coined.

No gold coin is struck in America. The silver coin from the mints there bears for its distinguishing marks, on one side the two pillars, and on the other the head of the sovereign crowned with a wreath of laurel.

There are mints at Peru, Santa Fé and Mexico. The greater number of the *piastres* which come to Europe are coined in the latter. There are but three mints in Spain, those of Madrid, Seville and Segovia: the latter coins copper money only. Besides these, there are as in France and England ideal monies, or monies of exchange, which are,

The *simple pistole* or the *doblon* worth about four simple *piastres* or fifteen *livres* (12s. 6d.) exchange at par. It is accord-

according to this ideal money that exchange is regulated between France and Spain. When it is against France, the pistole is not worth fifteen livres; but it exceeds that price when exchange is favourable.

The simple piaſtre or *peſo*, which is called *peſo ſencillo* to diſtinguiſh it from the *peſo fuerte*, great piaſtre, is worth 15 reals or about 3 livres 15 ſols (3s. 1½d.)

The ducat, worth eleven reals. This is the money in which the ſalaries of places under government are paid. It is almoſt out of uſe without the frontiers of Spain.

I ſhall not mention other kinds of ideal money, which are not known except in the provinces.

For three centuries paſt the court of Spain has been careful not to change the ſtandard of its money. It was no doubt aware that infidelities or even

variations of this kind must create uncertainty and distrust in the operations of commerce, which draws from the Spanish possessions the greatest part of the money necessary to settle its balances.

Nevertheless in 1737, the court of Madrid having observed that the great piastre had only a value proportioned to the difference which then existed between the gold and silver coin increased it to twenty reals; the equilibrium intended to be established between these two metals being again destroyed, the value of gold was no longer in proportion to its abundance. There was too great an advantage in exporting it in preference to silver. If Spain had not applied a remedy she would in the end have been wholly deprived of that metal.

Government therefore thought proper in 1779 to add a sixteenth to the imaginary value of the gold coin, without changing



changing the weight or standard. By this operation, the *quadruple* or *doblon de a ocho*, which before was worth but fifteen great piastres was increased to sixteen, and all the other gold pieces in proportion. Nations which possess precious metals give laws to others, with respect to the standard of their money, and those who do not follow them must sooner or later be the victims of their obstinacy. This just observation constantly confirmed by experience has recently determined our ministry to increase the value of gold.

There is in Spain a sovereign court which regulates and decides affairs relative to the coin, under the title of *real junta de comercio, moneda, minas, &c.* because its jurisdiction extends to whatever relates to commerce, the mines, and some other objects.

According to the new form given it in 1705, it should be composed of three counsellors of Castile, five of the Indies,

dies, two of finances, one of the tribunal *de la Contratacion*, and two intendants from France. But as in practice things are different from what they ought to be, the *Junta de Comercio*, has but one member of the council of Castile, and two of that of the Indies. All the others are members of the council of finance,

This court or junto is as independent in other respects as the other sovereign councils of the monarchy.

The council of war is more a tribunal than a permanent board of military administration; the king, indeed, commonly consults it relative to the regulations of his troops. Until the reign of Philip V. this council appointed to the superior military offices. Every disposition which uselessly renders complex the springs of government, which furnishes matter for intrigue, without affording a support to liberty, ought to be rejected by true political wisdom. Under



der the present family, the throne inherited the prerogative of conferring military rank from the council of war. The king names to all military employments, upon the presentation of the inspector, of whom, as I have before observed the minister at war is no more than the interpreter. The inspectors elude on many occasions the interposition of the council of war ; but for the sake of form, military measures taken without its concurrence, receive its sanction.

The chief functions of the council of war are to administer justice to those, who in a civil or military capacity, bring their causes before that tribunal. It is divided into two chambers, or *salas*, the *sala de Gobierno* and the *sala de Justicia*. The former is especially employed in matters of administration. It is for the most part composed of military men, and has for counsellors the most ancient captains of the body guards, and the

the oldest of the two colonels of the guards.

The *sala de Justicia* is confined to litigations, but judges not finally. If the parties are dissatisfied with its decision, they may require the other chamber to be joined to it to examine the cause anew.

All the causes of strangers are carried by appeal to the council of war ; and foreign nations who have intercourse and connexions with Spain derive great advantages from this tribunal, the equity of which is rarely prevented by national prejudices.

The highest military rank in Spain is that of *captain general* ; which is equal to that of marshal of France, and not incompatible with it ; since these honours were united in the person of marshal Berwick. This preferment is not easily obtained in Spain ; it is confined at present to two persons in the army, the  
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count de Aranda and the duke de Crillon.

Next to the captains general, rank, as in France, the lieutenants general \*, field marshals †, and brigadiers ‡ whose uniforms very much resemble those of the French general officers.

The Spanish infantry consists of forty-four regiments of two battalions each, without including those of the Spanish and Walloon guards, each containing four thousand two hundred men in six battalions. Of these forty-four regiments thirty-five are Spanish, two Italian, three Flemish, and four Swiss.

These eighty-eight battalions, each of which should contain six hundred and eighty-four men, would make the Spanish infantry amount to about sixty

\* These are forty-seven in number at present.

† Of these there are sixty-seven.

‡ Of these there are a hundred and fifty-six.

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thousand men were they complete, but this is far from being the case; and I have frequently heard it asserted, though that perhaps is exaggeration, that Spain would find a difficulty to bring into the field thirty thousand effective men, in Europe. It is however certain that her infantry is not sufficient for her great extent of possessions, since garrisons must be maintained in Africa, and in several important places in her colonies, as at the Havanah, Porto-Rico, Buenos Ayres and Vera Cruz. At the end of the year 1776 Spain had thirty-two battalions out of Europe; and in 1782, thirty-six in America alone.

The means of recruiting are very confined. The Spanish nation, brave as it is, has for some time had a dislike to the foot service. Each regiment finds a difficulty in procuring men; the colours are raised in places in which it is supposed most dupes and libertines are assembled, and thus, as in France, the regiment is increased by the disorders of society;

society; and by a happy metamorphosis those who disturb its repose, are appointed to its defence. The soldiers of our regiments, impelled by their inconstancy, to pass the frontiers, take advantage of the neck of the pyrenees to go and engage themselves to Spanish recruiters. Foreign regiments in the service of Spain are recruited at the expence of ours in particular; and as the Spaniards are far from that unsatisfied restlessness, which characterises their neighbours, and induces them to wander to every part of the globe; and as besides, the French army is much more considerable than that of Spain, all the inconvenience of the proximity of the respective garrisons is on the side of the French, and the court of Madrid is by no means desirous of concluding with that of Versailles a cartel for reciprocally giving up deserters: it was thought sufficient in 1761, that each should agree to restore the arms, horses and baggage of the soldiers which should pass from one service to the other.

Another

Another mode of recruiting the Spanish army is that of the *quintas*, a kind of drawing of militia, which however must be distinguished from that of France, though they are there both in use, one for recruiting the regular troops, the other for the provincial regiments. The ordinance of 1705 enacts, that for the first, lots shall be drawn in each village to chuse one person in five; but then the drawing of the militia shall be suspended. This undoubtedly is the etymology of the word *quintas*. As it always happens, the thing is changed and the word remains. The *quintas* do not at present require so great a number; and as the people have on some recent occasions shewn how odious it was to them, government has recourse to this expedient only in the last extremity. To employ rigour without occasion is not firmness but folly; and to avoid the exertion of authority except when a violent crisis requires extraordinary efforts is not weakness but prudence. The last time the levy of the *quintas* took place, was in 1775, when Spain was

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was preparing to make war against the Portuguese in South America ; she had not recourse to it in the last war, and the regiments employed at the sieges of Minorca and Gibraltar, were completed at the expence of those which were not in actual service.

Besides the forty-four regiments of regular infantry Spain has forty-two of militia \* distributed in the provinces of the crown of Castile. They are more or less near to each other according to the population and extent of the province. The regiments are assembled only during one month in the year, in the principal place of which they bear the name ; and then the officers and soldiers are paid ; the same regulation is observed in time of war, when they replace the regular troops in garrisons. At all other times they are dispersed in their vil-

\* Besides these there are several companies of burghers militia at Cadiz, Port St. Mary, Corogne and nine other places in Spain.