and about a hundred thousand quitals of barilla, of which 80 go to France and the rest to England. The port of Alicant, which is nothing but an open and safe road, with little depth, is the staple of all the goods coming from the Mediterranean destined for the consumption of Spain*.

Alicant has suffered much by the last war with England: her port has hardly been frequented but by neutrals, who come to load with the productions of the country. Amongst the articles exported from this town must not be forgotten a kind of cochineal called *de grana*, and which is commonly used with that of America, although inferior. It is a little insect resembling that which makes the real cochineal, and is gathered on the oak trees that grow in abundance in the environs of Bussots, some leagues distant from Alicant.

The salt called after this town is not, properly speaking, its own production: it is collected from two ponds very near one another, and without communication with the sea; they are called *La Mata* and *Torre vecchia*, and are half way from Alicant to Carthagena. The evaporation

* Alicant of late years has not received nearly so many national vessels. The two last wars have every where suspended the activity of the Spanish shipping. But no less than eight hundred Swedish vessels have entered it in a year. The customs of Alicant are amongst the most productive in Spain.

caused by the sun alone, covers the surface with a froth that is collected in the month of August in dry weather; but heavy rains often cause a failure in the produce. The ponds of *La Mata* and *Torre vecchia* are two almost inexhaustible sources of salt, which might supply all Europe with that article. The produce, which is annually from twenty to forty millions of pounds weight, is carried to Alicant, where the northern nations, particularly the English, to whom this salt is necessary for their pickling, and the Swedes, come to fetch it, and the exports amount annually to three hundred thousand barrels, each weighing about 3 cwt.

The wines of Alicant are of different kinds; the principal is that red luscious wine, the only one much known out of Spain: a small quantity of muscat white wine is also made; and lastly a wine called *Aloca*, for the common use of the country, and of which a portion is exported to Cadiz and Gibraltar. The red luscious wines when new are of a colour almost as dark as ink, and are sometimes sent to Bourdeaux, where they are used in giving colour and body to the wines of the country.

Almost all the wine called Alicant grows very near this town. The vineyards begin at half a league distance from it, in the canton called *Huerta de Alicante*, which owes its surprising fecundity to a neighbouring pond that supplies it with water. This reservoir, which belongs to the

king, is surrounded by a wall 60 feet in height, and broad enough for three waggons to go abreast: it is a remain of the works of the Moors, who have all over Spain left traces of their industry.

At Carthagena the English, the Dutch, and the Neapolitans import all kinds of merchandize, and load again with silk stuffs, wool, alkali, and barilla.

The French have the principal trade of Almeria. They carry there our manufactures, and take back lead and alkali.

From Velez, Malaga, and Marbella, wine and fruit are exported, principally by foreign vessels.

Malaga has a very considerable trade, which is all in favour of Spain, but scarcely at all profitable to its navigation. The English carry woollens and haberdashery, the Germans several articles of mercery, the Dutch, spices, cutlery, laces, &c. All that these nations, and those of the north and of Italy, import there, amounts to about a million and a half of piastres, and their exports to about two millions and a half. The Spanish themselves take so little share in this commerce, that in 1792, amongst the shoal of vessels that entered and departed from Malaga, there were scarcely sixty of its own nation.

Cadiz, the trade of which will make a separate article, proves more than any other port the inactivity of the Spanish merchant service. Scarce a tenth part of the vessels which enter belong to

Spain. For some years past, however, the Spaniards have increased their activity in this port, more than in any other.

San Lucar and Santa Maria are in this respect, on a small scale, what Cadiz is on a great one.

From the coasts of Andalusia going to the northward, we find the French, English, and Dutch in possession of the trade of Vigo, Ferrol, and particularly Corunna, and it consists almost all in importation; for their anchovies, cattle, and coarse linens, the only articles the Galicians can export, serve to pay the balance with the neighbouring provinces. Corunna owes to Charles III a little export trade with America by means of the packets, one of which goes every month to Vera Cruz by the Canaries, Porto Rico, and Cuba; one every two months for Cumana and Carthagena in America; and a third also every two months for Monte Video. By these three points the correspondence with the interior of the Spanish colonies is carried on, and a periodical communication with the mother country is thus kept up for the colonies. This establishment, the object of which is the carrying letters and passengers to the different parts of Spanish America, has of late been extended and improved. It has some secondary advantages, as it opens a mart for the productions of Galicia, and employs nearly a

thousand sailors, besides enlivening all the neighbouring country.

The packets were eight in number when the war of 1779 broke out. Several of them fell into the hands of the enemy. The same thing has happened in succeeding wars; thus rendering her communication with America very difficult.

At present there are at Corunna for this purpose 5 trading frigates, one of 390 tons and four of 120, 3 brigs and 1 corvette; also 4 vessels from 80 to 100 tons burden, and two galliots at Porto Rico.

During the combined war against us, Spain had established a provisional packet that sailed once a week for Falmouth, from whence she had a very rapid communication with England and the North. But let us continue our commercial route along the coasts of Spain.

The Asturias have eighteen ports, the names of which are hardly known, and where the Dutch exclusively engross the trade. A little before the American war, the English and the French, who had been many years driven from them, appeared there again with their linens, woollens, and haberdashery. There are however some vessels of the country which go to France and England for what this province wants; and since the establishment of the free trade with South America,

the commerce of Gijon, the most important of all these ports, has begun to revive.

The country adjacent to the Asturias is called the *Montañas de Burgos*. It is one of the cantons of Spain the least provided with resources. Government, to indemnify it for its inconveniency of situation, has permitted it to receive all the necessaries of life without paying any duty. But all sorts of merchandize being under this pretence introduced by the sea-ports on the coast, government has adopted vigilant measures to prevent the abuse of this concession. From hence the many acts of rigour, and even of malice, exercised against strangers, especially against the French, the people of Europe who, at least till the time of the rupture, seemed in this respect to have enjoyed an exclusive privilege.

Saint Andero is the principal port on this coast, which about a hundred vessels from our ports enter, carrying every article of consumption whatever. These vessels load again with wool for our manufactures, and with corn for the other provinces of Spain, even sometimes for ours.

The English take the same articles, and bring in return salt-fish, fish oil, &c. Some Hamburgh and Dutch vessels also come to St. Andero. The establishment of a free trade has also begun to reanimate the national navigation, on account of lending their flag to the Biscayans. The adjacent ports, such as *Suances, Comillas,*

Vivero, *San Vincent de la Barquera* *, carry on a little coasting trade with the small craft of the country. *Santona*, which has an excellent harbour, sends several vessels with chesnuts to Holland, and some cargoes of lemons to France.

This coast, the trade of which, as has been seen, is almost entirely in the hands of foreigners, touches that of Biscay, the most active next to Catalonia. Its principal ports, especially Bilboa, are much frequented by the French, the English, and Dutch, who bring the productions of their industry, and return with iron, wool, and anchors. The Biscayans, on their part, have an uninterrupted correspondence in their own vessels with the other ports of the peninsula, and with those of France, England, and Holland.

A few words on the trade of the Balearic islands will complete this slight essay on the Spanish commerce.

The island of Majorca, the principal of the three, although containing no more than eighty thousand inhabitants, exports oranges, almonds, oils, and wines, which she sends to Spain; brandy, which ships from the North come to fetch; a little silk that

* The two last have been of late admitted to the rank of *puertos habilitados*, a name given in Spain to such ports as have the liberty of trading with Spanish America. This concession cannot fail to draw these ports in time from their obscurity.

goes to Catalonia; some coarse woollens which are taken by the Sardinians and the Italians; and inlaid work, in which the people of Majorca excel. She takes in return, corn from the ports of France and Italy; cattle from Languedoc and Catalonia; rice and silk stuffs from the coast of Valencia. The English, the Dutch, and especially the Genoese and the French, provide her with every thing else she wants. The people of Majorca have, however, like most islanders, a taste and aptitude for navigation. Their timber is made use of at Palma, the capital of the island, and its principal port. They go themselves to Marseilles to fetch cocoa, sugar, iron, and deals; and their chebecks go for some cargoes to Cadiz. Their activity would still be greater if they had nothing to fear from the Barbary states. She has, however, received a new stimulus by the establishment of a free trade.

Minorca, not fertile and almost without industry, was supplied with every thing by foreign ships, and especially by ours, before she was conquered by Spain. The people of Minorca do not appear to me to have gained, at least in their commerce, by the change*, and would perhaps

* In fact, the Minorcans are still little affected to the Spaniards; but they were so ill treated by the English during the last war, that in the first moments they might perhaps not have been sorry if the peace had taken them from under their yoke. They have, however, to regret the freedom of their

have consoled themselves if the peace of Amiens had left them to the dominion of their ancient sovereign.

The island of *Ivica* has for its principal riches the salt which foreign vessels, particularly the Swedes, come to fetch. She exports besides a trifle, and receives her necessaries from Majorca and the Spanish coasts.

These are more proofs than necessary to show the passive part the Spaniards play in commerce; but the liberty to trade directly with the Indies has already operated, and will operate still more, a favourable change for them in this respect; which the following chapter will explain.

trade under the transient dominion of the English, and of which they have been deprived by the Spaniards.

CHAPTER VII.

Of the relation between Spain and her colonies. Establishment of a free trade. The ministry of Galvez.

AFTER the conquest of South America, the court of Madrid intrusted the administration of it to a permanent body called the *council of the Indies*, which still subsists almost with the same laws and on the same principles which circumtances at that time caused to be adopted. The organization which she gave at that period to those vast possessions belongs not to my subject. I shall say no more of it than is necessary to exhibit modern Spain with relation to her colonies.

The *council of the Indies*, as well as that of Castille, is composed of several chambers or halls, two of which have more especially the affairs of administration under their direction, and one chamber is appropriated to the decision of lawsuits. Like that of Castille, the council has its *camera*, which proposes to the king the nomination to places in Spanish America. The laws that govern the colonies also originate with

it, which having always been a permanent depositary of those on which the constitution was founded, is certainly averse to any measures which might alter it. One of its laws confined the trade of Spain with her colonies to a single port, which was at first Seville; and when the Guadalquivir became inaccessible to ships of great burden, the centre of this commerce was removed to Cadiz. It is unnecessary to repeat what every body knows of the fleet formerly sent for the supply of Mexico, and of the galleons that touched at Porto Bello. It will be sufficient to remember that they were continued till 1739, when, instead of galleons, register ships were substituted, without their sailing any more at fixed periods. But these ships, and the fleet for Mexico, continued to go from the port of Cadiz only.

The coast of the Caraccas, however, received her supply elsewhere. Philip V had charged the company of Guispuscoa, of whom we have spoken before, with it; but they enjoyed the advantages of this exclusive privilege, without any formal concession of it. A bad administration, in enriching its agents and exciting the complaints of the colonists, prepared its downfall. The loss which she experienced at the beginning of the American war, and which at that time was estimated at fifteen hundred thousand piastres, put the finishing hand to it. She felt, and prevailed in being disengaged from, the obligation of maintain-

ing guarda costas, which cost her 200,000 piastres annually, although they were of no use. She has preserved the same means of trading to the Caraccas, with great advantage, under the new regulations.

The first trial made by Philip V was followed by others. Ferdinand VI, in 1755, had granted permission to a company of merchants at Barcelona to make some expeditions to St. Domingo, Porto Rico, and Margaretta. But there were so many restrictions imposed, that the company made no use of it.

In 1763, the morning of a new day began to shine on Spanish America. The inconvenience of confining the trade of such vast colonies to a single port, and to periodical expeditions, had been frequently, but always vainly, represented to government. Two trials, at wide intervals, intimidated it. Under Charles V an attempt was made to establish a free trade, which, however, was soon after relinquished. From 1748 to 1754 some register ships had sailed from other ports than Cadiz; but numerous failures resulted from this measure, and the scheme was quickly abandoned. It was urged, that better laws, suited to the time and the nature of these expeditions, would prevent these ruinous rising speculations; that America, when her wants and her resources were better known, would not present such formidable obstacles; that the old routine exposed the colonies

to a ruinous monopoly on one hand, and on the other left an opening for contraband trade.

A tariff established in 1720 seemed calculated for the advantage of those engaged in this trade.

This tariff burdened the productions of the mother country with an export duty. A ridiculous duty, called *palméo*, was established on bales, not in proportion to the quality of the goods they contained, but to their bulk; a duty which concealed the quantity and quality of foreign manufactures that were embarked for the Indies. It imposed, in a word, a crowd of vexatious formalities on the fair trader; and the smuggler joined to the advantage of eluding them, that of defrauding the customs of from 70 to 100 per cent. going and coming. The English had in this manner so profited by smuggling, that after the peace of 1763 it was worth twenty millions of piastres to them per annum.

The Spanish government at last opened its eyes. But too often circumspect even to distrust, prudent even to tediousness, it was satisfied to try another experiment on a part of the colonies. In 1765 she permitted several of her ports in Europe to trade directly with the Spanish Antilles, and the provinces of *Campeachy*, *Saint Martha*, and *Rio de la Hacha*. A decree diminished the duties of the tariff of 1720, and dispensed with many formalities.

The Spaniards at first did not eagerly embrace

this new measure. The island of Cuba became the principal object of their timid speculations. It could, it is true, when well cultivated, supply all Europe with sugar, but in 1770 did not furnish even sufficient for the consumption of Spain only. Speculators have since become more courageous. Government has given new encouragement to the trade with the Havannah, particularly in facilitating the importation of negroes by a considerable diminution in the duty formerly paid for them on their entry into the island. The company which undertook to furnish them exclusively was nearly ruined in this enterprise; but the new regulations soon put it in their power to repair their losses. The island of Cuba from that time has prospered very sensibly. She had always suffered under the conduct of the exclusive company of the Havannah. Before 1765 she received hardly five or six vessels annually; and in 1778 more than two hundred were employed in her trade, and her crop of sugar began already to exceed the wants of Spain.

It was at this time scarcely two years that the ministry of the Indies had devolved on Galvez, a despotic and austere man, but who was not without talents and spirit. He had traversed a great part of Spanish America, knew the character, the wishes, the wants, and the resources of the colonies, and thought the time was come to free them from their heavy shackles, and to procure to most of them a free trade.

The 2d of February 1778 the free trade indeed was extended to the province of Buenos Ayres, Chili, and Peru; the 16th of October following, to the vice-royalty of Santa-Fe, and to the province of Guatimala. It embraced therefore all Spanish America except Mexico.

The decree of the 16th of October admitted to this trade the ports of Seville, Cadiz, Malaga, Almeria, Carthagena, Alicant, Tortosa, Barcelona, Saint Andero, Gijon, Corunna, Palma in the island of Majorca, and Santa Cruz in Teneriffe *. The Biscayans alone, on account of their aversion to custom-houses, are, as we have already said, excluded from this advantage.

The same regulation extended the free trade to the twenty-four ports in Spanish America, and favoured such of the ports as wanted it with a diminution of the duties.

One of the principal objects of this regulation being to encourage the exportation of the productions of the mother country, it exempted from duties for ten years, the woollens, cottons, linens, and hemp, of Spanish manufactory, hats, steel, glass, &c.

* These ports are known in Spain under the name of *puertos habilitados*. Their number has been augmented lately; but all the ports in Spain are not as yet *puertos habilitados*; i. e. *all* have not the liberty of trading directly to South America.

By the same regulation great numbers of foreign goods, such as cottons, half-beaver hats, silk stockings, and generally all liquid merchandise coming from other countries, such as wines, oils, brandy, and other articles known in Spain under the name of *caldos*, were entirely excluded from the commerce of the Indies; and to render this trade reciprocally advantageous, the regulation of 1778 exempted from one-third of the duties all vessels that were entirely loaded with national merchandise, and from all duty on exportation many Indian productions, such as cotton, sugar, cochineal, indigo, coffee, copper, bark, and all those from South America as well as from the Philippine islands, which before had not been brought to Europe; a long train of benefits which the New World promised to the Old, and which will perhaps decide the grand question, whether the discovery of America has been useful or hurtful to the human species. What compensations (if such they are) for some odious presents she has made us! how many different woods, what minerals, what fruits, what new food, what salutary balsams, what shrubs, what flowers, what medicinal plants, what objects to increase our enjoyments and extenuate our evils, and consequently to procure to man that portion of moderate happiness of which he is susceptible on this earth! Why must the possessors of these

treasures dispense them to Europe only with a sparing hand? Why must they come through a maze of custom-house chicanery, as if fate had pronounced irrevocably that the evils should come to us in torrents, and the good only in drops?

The precious metals, of which it would be difficult to decide to which of these two classes they belong, made a separate article in the regulation of 1778. Formerly gold on entering Spain paid five, and silver ten per cent. These duties have been lowered to two and five and a half.

There are certain articles from their colonies necessary to the Spaniards, who either consume or manufacture them. The exportation of them to foreigners is entirely prohibited by the regulation; such as silver in ingots, gold in any form, spun cotton, timber, &c.

America produces many more articles little known in Europe, of which the mother country should favour the exportation from her ports. The regulation which exempts them from paying duty on going out of the country extends this exemption to their exportation from Spain; such are woods, gums, plants, and drugs, which are abundant in America, and which, placed by nature out of the reach of the inhabitants of the old continent, should long ago have been made common by commerce.

All these measures would have been insufficient

if the mass of duties established in 1720 had remained. The new regulation substitutes a single one in their place, which is a fixed part of the value of the merchandize. It is accompanied with a tariff by which they are all valued, some by weight, such as iron; others by measure, such as cloth; others by the piece, such as stuffs; some by the dozen; those in short which cannot be valued in any of these ways, are rated according to the price current in the manufactory where they are made, if Spanish, or according to the prices in the port where they are embarked, if foreign.

After these several valuations, which still leave sufficient scope for arbitrary decisions, the tariff subjects national goods to a duty of three per cent., and of seven on foreign, when either the one or the other are embarked for any of the principal ports of America, such as the *Havannah*, *Carthagena*, *Buenos Ayres*, *Montevideo*, *le Callao*, *Arica*, *Guayaquil*, *Valparayso*, and *la Conception:* and this duty is no more than one and a half or four per cent. when the goods are intended for the small ports called *puertos menores*.

This regulation, wise as it appears, excited many complaints. It left, they said, much undone with respect to the encouragement of national productions. It was dictated more by financial interest than

motives for the general good. Why are foreign articles, which for a long time the home manufactories would not be able to make, such for instance as silk stockings, excluded from the trade with America? Was it not inviting the Spanish manufacturers, convinced of their inability, to concert measures with foreigners to supply the defect? And this necessary assistance, easy to be obtained in spite of prohibitions, would it not, whilst favouring their idleness, at the same time make their looms stand still?

The mortifying formalities to which the shipping for America was subjected were particularly attacked: it was stated, that it was exposed to the caprices of partiality, and to the inconveniences of delay; which joined to the evasion of a duty of seven per cent. going and coming, besides the absolute prohibition of certain articles, offered a great temptation to smuggling.

Could a trade, said the malcontents, be called *free*, that was loaded with such shackles; for every operation of which it wanted the express permission of the minister, a permission acquired by intrigue, and which the ill-will or the delay of the intermediate agents might cause to come too late? Instead of finding the advantages of liberty, you found almost in every article of this new regulation, prohibitions, menaces, and punishments.

These complaints were particularly made by the merchants at Cadiz. They alone had hitherto had any connexion with the Spanish colonies; they alone possessed large capitals for such distant expeditions, the returns of which, often long delayed, were exposed to every danger. Their competitors, said they, would at all events, to the loss of the commerce of Cadiz, expose themselves to ruinous enterprises without the fate of the colonists being ameliorated.

It was easy to discover amidst these sinister conjectures, the voice of interest. Experience has proved whether they were well founded.

The following will show the effect this regulation had the first year, on the seven principal ports that had then taken a share of the free trade.

Ships which sailed in 1778.		*Amount of home goods.*	*Amount of foreign.*		*Duty paid.*	
		reals de v.	reals.	m.	reals.	m.
Cadiz . . .	63	13,308,062	36,901,940		2,677,060	
Corunna . .	25	2,787,671	2,673,056	1	287,397	30
Barcelona . .	23	6,531,635	2,100,526	3	335,360	14
Malaga . . .	34	3,425,504	519,085		144,739	24
St. Andero .	13	765,155	3,992,295	18	306,482	18
Alicant . . .		211,969	92,340		12,948	10
Santa Cruz de Teneriffe .	9	1,206,625	.....		69,435	23
TOTAL...	170	28,636,619	46,278,342	22	3,833,424	15

Ships returned from Spanish America in 1778.

Ports to which they returned.	*Number of vessels.*	*Value of goods returned.*	*Duty they paid.*
		reals.	reals.
Cadiz	57	34,410,285	975,534
Corunna	21	27,333,132	1,725,460
Barcelona..	25	4,308,551	77,271
Malaga.....	10	989,829	4,791
Saint Andero.....	8	4,594,099	33,612
Alicant	8	1,195,827	0
Santa Cruz de Teneriffe	6	1,726,568	111,197
TOTAL.....	135	74,558,292	2,927,857

Ten years afterwards this trade was very considerably increased. Twelve ports instead of seven had embraced it. The exportation of home goods had quintupled; that of foreign merchandize trebled; and the returns from America were augmented more than nine-tenths.

It is by an exhibition of such views, better than by any reasoning, that the prosperity of a country can be judged of. The reader will compare the year 1778 with that of 1788.

View of the Spanish American trade in 1788.

Names of the ports.	*Value of home goods.* reals.	*Value of foreign goods.* reals.	*Value of the returns from America.* reals.
Seville.....	3,811,039	573,688	129,970
Cadiz.....	91,252,427	121,533,827	635,315,832
Malaga.....	12,752,045	1,347,354	11,869,524
Barcelona.....	29,688,392	2,083,317	35,446,496
Corunna.....	9,993,537	.....	81,625,588
Saint Sebastian..	364,547	3,179,534	11,355,430
Tortosa.....	864,384	14,404	245,235
Saint Andero....	5,082,866	11,277,950	26,295,925
Gijon.....	61,775	1,131,992	642,091
Alicant.....	542,576	32,600	635,110
Palma.....	598,875	.....	274,095
Canaries.....	2,210,576	1,319,624	2,863,437
TOTAL.....	158,223,039	142,494,290	804,693,733

From this view it results that in 1788 the value of the exports for Spanish America was . . . . . reals. 300,717,229

Returns to Europe amounted to 804,693,733

Therefore the returns have exceeded the exports by 503,976,204

What better proof can be given of the advantages of the American trade as well to Spaniards as foreigners? Can it be said that the regulations

of 1778, imperfect as they are, have not contributed to the welfare of the colonies? Even the finances have gained considerably.

	reals.
In 1778 the total of the duties on exports and imports amounted to	6,761,291
In 1788 they amounted to . .	55,456,949
Increase	48,695,658

Notwithstanding the evidence of the salutary effects the regulations of 1778 had produced, it was this same year, 1788, the object of severe criticism from Spaniards the most enlightened. The regulations were reprobated for having still left a great scope for contraband trade; and they attempted to prove it by a statement somewhat different from that we have made.

Before 1778, said they, the contraband was almost half the trade of Mexico, and much more than half that of Terra Firma and the province of Buenos Ayres. Therefore a great quantity of piastres struck in America went immediately to foreign nations.

It is for instance well known, that from 1767 to 1778, inclusive, there were coined	187,579,451
Of which entered Spain only .	103,889,652
The difference between imports and exports	83,689,799

have therefore been taken from America by clandestine commerce.

Well, continued these austere censors of the new regulations, the smuggling trade seems to have been still augmented since that time.

It was calculated that during the six years posterior to the establishment of the free trade, FIFTY-SIX MILLIONS THREE HUNDRED AND TWENTY-SIX THOUSAND AND TWE TY-NINE HARD PIASTRES, near the whole of the coined piastres, were exported from America, i. e. near NINE MILLIONS FOUR HUNDRED THOUSAND annually; whilst during the ten preceding years there went out by the same way no more than EIGHTY-THREE MILLIONS SIX HUNDRED AND EIGHTY-NINE THOUSAND SEVEN HUNDRED AND NINETY-NINE PIASTRES, being EIGHT MILLIONS FOUR HUNDRED THOUSAND LESS per annum.

Would not one, according to them, from this difference draw deductions unfavourable to the establishment of the free trade?

And how, continue they, should the regulations of 1778 not favour smuggling? South America has such immense coasts, that government, notwithstanding the strictest vigilance of its agents, cannot sufficiently guard them. Although this regulation has diminished a great number of expenses on direct commerce, it has left enough to enable strangers to go and sell their goods themselves to the colonists twenty and twenty-five per cent. cheaper than the Spaniards. To favour the home manufactures, it has laid a duty

of fourteen per cent. on foreign goods, which has been augmented in some ports of America with five, eight, and even ten per cent. Thus, considering the difference in money, the total of this duty is carried as high as forty-five and fifty per cent.

Two posterior alterations in the regulation have still more favoured the contraband trade:

1st. A new tariff, published in 1782, laid a duty on foreign goods on their entering into Spain, and she is obliged to take from foreigners, for her colonies, linens, the greatest part of the cloths, thread, many silk-stuffs, all the mercery and haberdashery, crystals, all sorts of coarse woollens; in short, more than two-thirds of the consumption of her colonies; all of them articles which, besides the duties they pay on entering America, depart from Europe charged with fourteen, twenty, and twenty-five per cent., according to the value set upon them at their admission into Spain.

2d. The alteration of the money has influenced the exchange, which always regulates itself by the intrinsic value of coin.

Besides, do not the colonists prefer giving their ingots to foreigners in exchange for their goods, to carrying them to the mint, which has a profit on all metals she receives, whether gold or silver? Why should not the duty of four per cent. on all money exported from Spain be an inducement to fraudulent commerce, which escapes the payment of it?

Another circumstance favours what we have advanced. It is the facility granted to Louisiana to trade with foreigners *. This colony receives directly from Europe many more articles than she consumes. It may easily be guessed how she disposes of the overplus.

Finally, the inhabitants of the Spanish islands having the liberty of trading with the American continent, profit from the vicinity of the foreign islands to receive from them many sorts of goods which they introduce into the Spanish colonies.

It might be objected to the censurers of the free trade, that most of these circumstances existed before its establishment; that it has the advantage over the old institution, of having diminished the duty on many goods; that it has in many instances lightened the fetters of the Spanish and American trade: it must, therefore, appear astonishing, and even inexplicable, that the contraband trade should have increased since the regulation of 1778. But they will undoubtedly reply, thatas the points from which the expeditions may be fitted out are multiplied, as also the places for their reception, the means of eluding the obligations imposed on the legal trade are augmented in proportion.

Besides, they do not conclude from all their ac-

* This inconvenience at least has ceased since the cession of Louisiana to France, and her sale of it to the United States.

cusations that the free trade should be abolished, but only that it has been established in such a manner as to leave much temptation to smuggling, and that we ought not to be surprised at finding it augmented rather than diminished.

In fact, it is evident that the Spaniard, even when he buys his goods from the manufacturer, cannot get them into any of the Spanish ports but at an expense from which the foreigner is exempted in his own country. The freight and the insurance he pays are more by three or four per cent. than the English, Dutch, or French pay, which however, in truth, is nearly counterbalanced by the extra expenses on foreign smuggled goods before they come into the hands of the consumer. Thus then are the goods in the hands of the smuggler at about the same price as they are in the hands of the Spanish fair trader. The first must pay the freight to the American port, the expense of unloading, and run the hazard of confiscation. But the second must at least pay a duty of fourteen per cent. on importation into Spain, seven per cent. on exportation, and another seven per cent. on entering an American port; which makes in the whole near thirty per cent. for the king's duties only, whilst the smuggler has no more expenses than three or four per cent. freight. He can insure against all danger till the goods are safely introduced into New Spain, and the province of Guatimala, for four per cent. Therefore, there remains an advantage for

him of twenty-two per cent. over the Spanish fair trader; and this without reckoning the profit that the first has on his returns, which consist of the precious productions of the country, or of metals which he exports without paying any duty.

To put the Spanish trader on a par with the foreign smuggler, government should not charge more than six per cent. on all goods sent to New Spain. Without this, how can he sell on equal terms with the French, who, since the revolution, pay no duty on exports, and who will in future be moderately rated; with the Dutch, who pay no more than one per cent. on exportation; with the Danes, who have a free port at St. Thomas's; with the English, many of whose productions go out free of duty, and who for the others pay two, four, or at most five per cent.?

For the Spanish islands and the neighbouring coasts the duties on goods ought to be still lower, in order to counterbalance the facility which their situation presents to smuggling.

To indemnify for this diminution of the finances, heavier duties might be laid on goods sent to Buenos Ayres, and still more on those for Peru; smuggling being much less easy for the first-mentioned of these colonies since the Portuguese settlement of St. Sacrament, opposite to Buenos Ayres, has been destroyed, and is still less so for Peru and Chili.

Spanish merchandise ought at most to be sub-

jected to no more duty than two per cent. This sacrifice might at first sight appear a little alarming to the royal revenues; for it seems that the truism of Swift, which he expresses in so severe a manner, that in the *arithmetic of the custom-house two and two do not make four*, is not yet known in Spain. But if, in consequence of this diminution, frightful on the first aspect, it should result that the goods now carried to the colonies in a contraband manner should henceforth take the legal road to get there, it would certainly follow that, in losing part of the customs, the country would accomplish on the other hand the annihilation of smuggling, the revival of its commerce, and even the preservation of its colonies, which are now much in danger from this clandestine and continual communication with foreign nations.

Let the Spanish government observe besides, that she provides for both the civil and military administration of the colonies; for the expenses of public works, religious institutions, and other less important concerns; that these expenditures are by no means covered by the exportation-tax of the Indians, nor even by the tax on mines; that commerce is the only advantage which Spain receives from her colonies; and if this should at last be ruined by the contraband trade, she would be obliged to abandon them for want of means to provide for the expenses attendant on their support. This would not perhaps be a very

great evil for her; but since her honour, ill or well understood, still prescribes to her to preserve them, let her avoid the rocks on which, sooner or later, this possession, more glittering than useful, must split.

If even there were means to prevent smuggling and yet preserve the present duties, still the system of alleviating the shackles must be adopted, because it would augment the consumption in Spanish America, and consequently benefit the mother country. Government knows that, in spite of her prohibitions, manufactures of coarse cloth have been established in the province of Quito; painted cloth, lace, hats, and other articles are also made in New Spain. Let the European goods reach there at a more moderate price, and these manufactories will fall to the ground of themselves. Their productions could not be disposed of even in the colonies, if the European goods got there less encumbered with duties. Let the colonies moreover have the full liberty of exporting their raw materials, and they will lose nothing by this change in the objects of their industry. Agriculture is sufficient to employ them, and to procure for them every convenience of life. With the overplus of the various and precious productions of their soil, the mother country might purchase the productions of the soil and the industry of the rest of Europe. Hence would result a commercial intercourse advantageous to both

worlds, which would strengthen the bonds of amity between the mother country and her colonies, and procure to the latter such happiness as nature seems to have intended for them. She has given them immense forests, extensive and fertile plains, and a middling population. Manufactures cannot prosper in such countries. Any thing which prevents the inhabitants from breaking up their untilled ground, and adopting every kind of cultivation suited to their soil, produces the dreadful inconvenience of shutting them up in towns, and consigning their fields to desolation.

Whatever may be the case with all these assertions, the Spanish colonies have incontestably improved since the establishment of the free trade. It even appears that from the year 1788, the time when the complaints on the increase of smuggling, which we have related, were made, the inconvenience has much lessened. The returns of 1791 were cited to me as a proof of it. In this year no less than twenty-two millions of hard piastres arrived in Spain, as well from Peru as Mexico. And it is well known that Mexico in later times furnishes, one year with another, from twenty to twenty-two millions of piastres, and Peru five or six. Total *twenty-six to twenty-eight millions* *. If from

* The following are some details, drawn from very good sources, of the produce of the American mines anterior to the revolutionary war, which has considerably weakened the connexion between Spain and her colonies.