



Spanish Mercantilist Policies

El Galeon Andalucia, a modern reconstruction of a Spanish galleon. Spain developed the galleon (the largest ship of its day) as a way to carry much of the wealthy cargo its colonies were supplying, as well as provide canon for privateers. Spain's American colonies produced some 85,000 to 100,000 tonnes of silver, much of it shipped on galleons like this.

Spanish Mercantilism

1. All Spanish American trade was only with ships from one Spanish city (Seville until 1717, then Cadiz) that would leave Spain each year, all sailing in one large fleet. At Cuba, the fleet split up—part went to Veracruz, part went to Panama. This made colonial trade easy to tax and monitor. Even the two viceroyalties of New Spain and Peru were not allowed to trade with each other.

2. The ships being in one large fleet, made it easier to protect merchant ships from pirates (they would all be protected by a naval convoy); and this also meant that there was no need to patrol the trade routes the rest of the year (why---to protect smugglers?).

3. These protective convoys were financed by a large tax of 12-14% of the value of the cargo (the *averia*) on the ships in the fleet, in addition to all the other taxes and fees imposed.

4. Latin American manufacturing was discouraged. The manufacture of silk in New Spain was banned; groves of mulberry trees were cut down, as were vineyards there. Trade with the Philippines (largely Chinese imports such as silk) was limited.

Effects of these policies:

A. **Impoverished many colonists.** There were many petitions seeking for royal permission to trade with other Spanish cities, or with other parts of the Habsburg domains, but they were unsuccessful. They said that Seville could not import all their hides, their cassia (the bark from which came cinnamon), and sugar---which forced the colonists to lower their prices to rock bottom levels.

B. **Trade was much less than it otherwise would have been.** In 1762, the British occupied Havana, the port of Cuba, during the Seven Years War that Britain fought against France and Spain. During the 11 months that they occupied Havana, some 727 ships entered the harbor; during any individual year before this time, no more than 15 Spanish ships entered the harbor.

C. **All these restrictions on trade encouraged smuggling.** One royal official in 1685 estimated that 2/3 of all the trade in and out of the port of Veracruz, New Spain, was contraband.