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**THE MEXICAN TREASURE ALLOWANCE  
AND THE FINANCING OF THE FORTS OF SAN JUAN DE PUERTO RICO**

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“The forefront and vanguard of all of my West Indies, and in respect of its consequences, the most important of these and most coveted by our enemies” [Our translation]

Philip IV

Introduction

The city of San Juan will soon be commemorating the Fifth Centennial of its settlement on the islet that closes off the northern portion of the bay originally called Puerto Rico. Throughout the early centuries of its existence, this city would evolve from a military presidio to a walled city, until becoming a virtually unassailable fortress, after the reforms promoted by Marshal Alejandro O’Reily and executed by Puerto Rican Military Engineer Tomás O’Daly.<sup>1</sup> The reinforcement of defenses on land which resulted from those reforms enabled its defenders, under the command of the Governor and Captain General, Brigadier Ramón de Castro, to successfully counter last England’s attempt to take over the Island in 1797.<sup>2</sup>

The complex of forts that have endured to the present day allows those who visit San Juan to admire this extraordinary feat of Spanish military engineering. The construction of the vast system of fortifications

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<sup>1</sup> Adolfo de Hostos, *Ciudad Murada* (1948) [hereinafter Adolfo de Hostos]. For a synthesis of the process, see Luis E. González Vales, *San Juan: de ciudad murada a ciudad habitable*, in *LA DEFENSA DE LAS CIUDADES: VERACRUZ, SAN JUAN, LA HABANA, CAMPECHE* (2005) [hereinafter González Vales, *San Juan*].

<sup>2</sup> María M. Alonso and Milagros Flores, *El Caribe en el siglo XVIII y el ataque británico a Puerto Rico en 1797* (1998); Juan Manuel Zapatero, *La Guerra en el Caribe en el siglo XVIII* (1990) [hereinafter Zapatero]. The first edition of this work was published by the Institute of Puerto Rican Culture in 1964.

and walls which encircle the old part of the city of San Juan spanned over almost four centuries. The staggering defensive work which turned San Juan into one of the most formidable strongholds of the New World, responded to certain purposes of Spain's imperial policy.

In the first part of this paper, we intend to discuss, cursorily, the elements of the geostrategy which made San Juan into one of the main components of the defensive complex developed by Spain in the Caribbean to protect its territories in the Indies. The means of financing the construction of the forts—the Mexican treasure allowance—is the main subject of this paper. The central issue is the amount of the funds transferred from the Mexican coffers during the time Puerto Rico received this allowance, which spans over more than two centuries, and the impact of these funds on the economy and development of the Island.

### Puerto Rico in the Stage of the Imperial Battles in the Caribbean: 16<sup>th</sup> to 18<sup>th</sup> Centuries

General and Military Historian Salvador M. Padilla most accurately pointed out in a paper presented at the 2<sup>nd</sup> *Congreso de Historia Militar* [Military History Congress], held in Zaragoza in 1988:

From the early days of the discovery and conquest of the New World, it fell upon Puerto Rico, due to its geographical position and condition, to discharge a major function—which is still to this day inappropriately recognized and valued by historiography—within both the framework and the junctions of

the ever-changing geostrategic landscape of the Caribbean.

[Our translation]<sup>3</sup>

Throughout its history and very early on in the 16<sup>th</sup> century, the Island would be a friction zone or collision front. Its privileged geographic location in the central north area of the Caribbean would turn Puerto Rico into a bridge or link between the Greater and the Lesser Antilles. This position, coupled with the necessary resources, would enable it to control the passages to the so-called “American Mediterranean” and the major navigation routes which sail through it.<sup>4</sup>

Even when at the onset of the 16<sup>th</sup> century the Spanish Crown attempted to implement an exclusivist policy and thus prevent other European powers from penetrating the Caribbean strip, in reality, since the third decade of said century, some powers—first France, then England and Holland—challenged the Spanish claim to ownership and on many an occasion made incursions into the Caribbean territories. The English and Dutch contraband made manifest at an early date will be an important modality in this challenge. Between 1528 and 1625, Puerto Rico sustained multiple major and minor attacks.

The irruption of Drake into the Caribbean in early 1586, with a mighty force, marks an escalation in the English presence in the area. The Spanish Crown will not have naval officers capable of facing the English armed forces with any chance of succeeding. The force available to counter Drake’s attacks was the galley detachments of Cartagena and Santo Domingo, which were by all counts inadequate. Such a disparity in forces

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<sup>3</sup> Salvador M. Padilla, *Puerto Rico en el Caribe Bélico, siglos XVI al XVIII*. A geostrategic interpretation in *Temas de Historia Militar*, Ponencias, 2do Congreso de Historia Militar, Zaragoza, p. 211 (1988) [hereinafter Padilla].

<sup>4</sup> Padilla, *supra* note 3, p. 212.

enabled the English to attack and pillage Santo Domingo, Cartagena de Indias and San Agustín in Florida.

Although at the beginning San Juan was an alternate objective, in 1595, Drake and Hawkins devised an attack against the capital city, prompted by the possibility of taking over the treasure of the Indies, stored at La Fortaleza, since the vessel which transported said treasure had suffered damages and sought refuge in San Juan to wait for the succoring fleet, under *Don Pedro Tello de Guzmán*, to move it to the peninsula, which had already reached port prior to the attack. This attempt failed and Drake had to retreat, but not before standing witness to the death of John Hawkins, on island waters, the victim of old wounds.

Three years later, in 1598, George Clifford, Earl of Cumberland, fared better when attacking the city of San Juan, which he did from the east, the land side, and successfully occupied the city and forced the surrender of El Morro by Governor Antonio de Mosquera. The invaders remained in the city for nearly one hundred days, but an epidemic which debilitated the attacking forces coupled with the imminent arrival of reinforcements, prompted the evacuation of Cumberland's army. Before leaving, the English pillaged the city and took anything of value they could find.<sup>5</sup>

The 17<sup>th</sup> century will set the stage for the establishment of permanent foreign settlements in the Lesser Antilles and the taking of Jamaica by the English in 1655, which would enable the latter to attack Spanish territories and vessels in the area from a privileged position. This century will also be characterized by the upswing of piracy on a large scale. In many cases, pirates operated with the endorsement and support of Spain's enemies—

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<sup>5</sup> Enrique T. Blanco, *Los tres ataques Británicos a la Ciudad de San Juan Bautista de Puerto Rico* (1947); Zapatero, pp. 313-319.

most notably, England and Holland. As far as the Caribbean is concerned, this is a century marked by “dismantling and internationalization.”<sup>6</sup>

The irruption of the Dutch in the Caribbean to exploit the salt mines of Araya in Venezuela will prompt significant changes in the geopolitical situation of the Caribbean. The most palpable manifestation of said presence is seen in the marked increase of contraband, which would constitute a different modality for undermining Spanish exclusivism in the region.<sup>7</sup> Another key element, due to its future repercussions, was foreign colonization in North America and Guyana.

By 1623, the Dutch had pervaded the Caribbean with their ships, giving way to the development of the large-scale commercial corsair. Corsair attacks against ships were quite frequent, followed later on by attacks on villages, cities and territories. The Dutch company operated on three settings—Brazil, the Caribbean and Africa—where they established a slave factory in 1636.

As to what concerns Puerto Rico, the most significant point of this aggressive Dutch policy for the Caribbean was the attack on San Juan in 1625 by the fleet under the command of Bowdoin Hendrick (Balduino Enrico for the Spaniards). A force of 17 ships and 2,500 men attacked San Juan and made, by surprise, a forcible entry into the bay, thus taking the city by storm. Governor Juan de Haro retreated with the troop and the citizens to the Fort of San Felipe del Morro and successfully resisted the Dutch siege.

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<sup>6</sup> Padilla, *supra* note 3, p. 219; Arturo Morales Carrión, *Puerto Rico y la lucha por la Hegemonía del Caribe: Colonialismo y Contrabando*, 16th – 18th centuries (2003) [*hereinafter* Morales Carrión]. The original version of this work was published in English in 1950. *Puerto Rico and the Non-Hispanic Caribbean: A Study in the Decline of Spanish Exclusivism*. On piracy in America and the Caribbean, see Manuel Lucena Samoral, *Piratas, bucaneros, filibusteros y corsarios en América*, Chapters III through VI (1992).

<sup>7</sup> See the excellent work of Cornelis Ch. Goslinga, *The Dutch in the Caribbean and on the Wild Coast. 1580-1680* (1970); Morales Carrión, *supra* note 6, Chapter III. On the salt mines of Araya, see Jesús Varela Marcos, *Las salinas de Araya y el origen de la Armada de Barlovento* (1984).

After a little over a month of battle, the Dutch retreated only after they had pillaged and set fire to the city.<sup>8</sup>

The need will arise for the Crown to ponder which would be the best way to meet foreign violence. The models considered were the land and the naval models. The first of the two was characterized by the establishment of a series of fortifications in the Caribbean area and in the Gulf of Mexico. The naval response consisted in establishing a convoy system protected by Spanish Navy units whose famous fleets and galleons traversed the Atlantic route on specific dates. Moreover, this strategy was followed by the deployment of naval units throughout Caribbean waters, culminating with the creation of the Windward Armada.<sup>9</sup> These two strategies were kept in effect since then, until the era of the American independence battles. Military policy was steered under these two guidelines. In his work La Defensa de las Indias, Julio Albi states that the Indies' system was based on a conjunction of naval and land elements including fleets, fortifications, garrisons and armies (completed by a magnificent information service) which allowed Spanish authorities to anticipate danger and to take the necessary actions to reduce or neutralize it.

In view of the above, militarization in Puerto Rico would grow at an accelerated pace and the Island would develop into an advanced defense bastion of the empire. There are several stages which characterize this process. In 1580, the Governor of the Island is appointed as Captain General, and even though his immediate successors were not to hold such an office, as of 1593 this practice is definitely established. From then on, the Crown would select experienced officers holding ranks as colonels or majors to

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<sup>8</sup> Fernando J. Geigel Sabat, *Balduino Enrico* (1934).

<sup>9</sup> About the Windward Armada, see Bibiano Torres Ramírez, *La Armada de Barlovento* (1981); Manuel Alvarado Morales, *La ciudad de México ante la fundación de la Armada de Barlovento* (1983).

hold office as governors. This practice was observed until the end of the Spanish rule in Puerto Rico, except for the constitutional triennium (1820-1823), during which the civil and the military governances are separated.

The next step was the establishment of the Military Presidio of San Juan in 1582, with an initial contingent force of fifty troopers under a captain who was at the same time the warden of the Fort of El Morro. The following year, he is also appointed governor.<sup>10</sup>

Governor Juan de Melgarejo's report, which contained an account of the state and fortification of the Island, served as the basis so that on April 19, 1588, Phillip II would propose what was to be done on various fortifications, as a result of the plans drafted by Juan Bautista Antonelli at the Puerto Rico Board of War. "On November 23, Tejada was being instructed, among other things, to build a fort in El Morro of San Juan 'atop the small fort that protects the port'...; to build the thick wall with its crossbeams, as proposed by Meléndez de Valdés to defend the Santo Domingo hill and the Los Frailes Cove, at the foot of that hill; to put a movable section in the water bridge; and to close off Boquerón with some old ship." [Our translation]<sup>11</sup>

Antonelli, who came twice to the Antilles—in 1586 and in 1589—drafted the fortresses of San Juan de Ulúa in Veracruz, the El Morro of Havana, and the El Morro of San Juan.<sup>12</sup> Pedro de Salazar (1591) commenced the works abiding by Antonelli's plan. The commencement of this effort to fortify San Juan to be one of the key points in the defensive strategy implemented by the Crown in the Caribbean involved the

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<sup>10</sup> Adolfo de Hostos, *supra* note 1, p. 163 et seq; Padilla, *supra* note 3, p. 222.

<sup>11</sup> Adolfo de Hostos, *supra* note 1, p. 169.

<sup>12</sup> González Vales, *supra* note 1, p. 28.

disbursement of hefty sums of money which Puerto Rico was unable to generate.

Before 1586, attempts were made in terms of allotting subsidies from Santo Domingo, Cartagena de Indias and Guatemala, but these did not last due to the fact that these jurisdictions were equally unable to generate the ever-increasing amount of resources that these works called for.<sup>13</sup> The solution resolved upon was the Mexican Treasure Allowance. When? How was it ordered and how did it operate in practice? We shall analyze these questions immediately on the second part of this paper.

### The Mexican Treasure Allowance as an Instrument for Financing the Fortifications of San Juan de Puerto Rico

Juan Marchena points out in an illustrative essay that “the mechanisms for military funding are among the most interesting, complex and obscure of the colonial economic history.” [Our translation]<sup>14</sup> In the practice, an interregional public money flux and reflux system was established which created interrelations between various areas of the continent—as was the case of Puerto Rico and Mexico. By virtue of the forgoing, an exclusively American capital circuit was instituted to redistribute resources deemed to be “an inherent part of the ‘colonies’ profitable management’ by the metropolis.” [Our translation]<sup>15</sup>

Mexico, one of the productive centers, bore the responsibility of assuming the ever-increasing expenses of turning San Juan into a defense

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<sup>13</sup> Salvador Brau, *Historia de Puerto Rico*, p. 96 (1904); (Facsimile ed. 1966). See also José F. Cruz de Arrigoitia, *El Situado Mexicano: Origen y desarrollo en Puerto Rico durante los años 1582 a 1899*, pp. 40-85 (1985) [hereinafter *El Situado Mexicano*].

<sup>14</sup> Allan J. Kuethe and Juan Marchena F., *Capital, créditos e intereses comerciales a fines del período colonial: Los costos del sistema defensivo americano, Cartagena de Indias y el sur del Caribe*, SOLDADOS DEL REY: EL EJÉRCITO BORBÓNICO EN AMÉRICA COLONIAL EN VÍSPERAS DE LA INDEPENDENCIA, p. 163 (2005).

<sup>15</sup> *Id.*, pp. 165-166.

fortification of the first order. As the importance of the Island grew within the Imperial struggle in the Caribbean, a number of expenses arose, such as payments for the garrison, the salaries of all other public officials and the high costs involved in the construction and maintenance of defensive bastions and fortifications which with the passage of time turned the Island's capital into an unassailable stronghold, capable of successfully resisting the greatest English attack ever to be conducted, as we will see presently, in 1797.

On March 16, 1538, Francisco de Herrera Melgarejo, in representation of the city, entreats [the Crown] to, among other things, “send an allowance for the garrison, since until now, the residents have assumed the expenses of supporting the soldiers.” [Our translation]<sup>16</sup> The Mexican Treasure Allowance, which was instituted in a definitive manner by virtue of a Royal Decree issued on September 18, 1584, was to remain in effect—albeit intermittently—for a time span of two hundred and twenty-five years, until the beginning of the fights for independence in New Spain. As per the established in the document, the presidios of Havana, Santo Domingo, Puerto Rico and Florida were to be paid from the Royal Coffers of Mexico. The remittances were to be sent to Havana for redistribution among their final destinations. Since the Royal Decree did not specify the amount of funds allotted to Puerto Rico, the remittance was delayed.<sup>17</sup> Two years later, another Royal Decree would redress the omission.<sup>18</sup> The initial sum was set

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<sup>16</sup> *Catálogo de Cartas y peticiones del Cabildo de San Juan Bautista de Puerto Rico en el Archivo General de Indias (AGI) (Siglos XVI-XVIII)*. Municipality of San Juan – Institute of Puerto Rican Culture, San Juan, 1968 [106] p. 97. See Jorge Crespo Armáiz, *Fortalezas y Situaodos: La geopolítica española en el Gran Caribe y sus efectos sobre el desarrollo económico y monetario de Puerto Rico (1582-1809)*, (2005) [hereinafter Crespo Armáiz].

<sup>17</sup> See Crespo Armáiz, Appendix 2, p. 115.

<sup>18</sup> *Id.*, Appendix 3, p. 117.

at two million, six hundred eighty-six thousand, two hundred and seventy-five maravedís.

Even though it is difficult to reconstruct an accurate historical series of the remittances of the treasure allowance allotted to and received in the Island from the time of authorization until the definitive discontinuation in early 19<sup>th</sup> century, due to the fragmentation in information, and in many instances, due to the lack of more accurate data, it is possible to make an attempt to do so by using a combination of sources.

### 16<sup>th</sup> Century

Based on the documentation in existence in the Archive of the Indies, José F. Cruz de Arrigoitia reconstructs for us in the above cited work the amounts of the remittances between 1587 and 1599. During the thirteen years covered in this period, the total sum in funds remitted amounts to little less than 1,850,000 reales. Note is made of the fact that of the sums remitted, almost 75 percent of the funds are allotted to the garrison for the payment of salaries, while the remaining 25 percent is allotted for the construction of fortifications. At this early date we already may appreciate that there are four years during which no sums whatsoever are received. From these years, in the year 1589, no monies are remitted due to a reorganization of the treasure allowance structure, while in 1592, the reason was that a vessel which transported the treasure allowance was shipwrecked.<sup>19</sup> During that initial period, the largest amount received in one year was 787,361 reales, which sum represents over one third of the total monies. The reason favored by Cruz de Arrigoitia is that, as it seems, Viceroyalty authorities made an effort

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<sup>19</sup> Table I. We thank Jorge Crespo Armáiz for his kindness for the reproduction of several tables included in his above cited work *Fortalezas y Situados*, *supra* note 16.

to settle their past-due accounts.<sup>20</sup> As to the funds allotted for construction, it is a noteworthy fact that between 1595 and 1598—which dates mark the first two great English attacks on Puerto Rico—the funds amounted to a total of 378,111 reales, which made up 80 percent of the sum received for that purpose. This concurs with the time in which San Felipe del Morro becomes a fortification which truly stood sentry at the entrance to the bay.

**Table I**  
**Treasure Allowances Received in Puerto Rico**  
**(1587 through 1599)**

YEAR	TREASURE ALLOWANCES		TOTAL	COMMENTS
	GARRISON	CONSTRUCTION		
1587	160,000	0	160,000	
1588	160,000	0	160,000	
1589	0	0	0	Reorganization of treasure allowance
1590	224,615	0	224,615	
1591	97,840	0	97,840	
1592	0	0	0	Shipwreck due to hurricane
1593	737,361	0	737,361	
1594	0	0	0	
1595	0	0	0	
1596	0	178,000	178,000	
1597	0	111,111	111,111	
1598	0	89,000	89,000	
1599	0	89,000	89,000	
<b>TOTALS</b>	<b>1,379,816</b>	<b>467,111</b>	<b>1,846,927</b>	<b>74.7%</b> <b>25.3%</b>

SOURCE: José F. Cruz de Arrigoitia. **El Situado Mejicano: Origen y Desarrollo en Puerto Rico durante los Años 1582 a 1599.** Numbers represent sums in reales.

### 17th Century

Spanish historians Enriqueta Vila Vilar and Ángel López Cantos published in the decade of the seventies of the recently ended 20<sup>th</sup> century two important works which rescued the Puerto Rican 17<sup>th</sup> century from

<sup>20</sup> *El Situado Mexicano*, supra note 13, p. 47; quoted in *Fortalezas y Situidos*, supra note 16, p. 44.

oblivion, for which they followed a plan established by Francisco Morales Padrón to approach Antillean history in a systematic manner.

Enriqueta Vila Vilar<sup>21</sup> worked with the first fifty years, while Ángel López Cantos<sup>22</sup> addressed the second half of that century. Using as basis the analysis of the Archives of the Royal Treasury on the Coffers of Puerto Rico conducted by Vila Vilar, we are able to identify the revenues corresponding to the Treasure Allowance for the years between 1606 and 1631, i.e. the fifty-year half covered in her book entitled *Historia de Puerto Rico*. Table II gathers the sums corresponding to each year.

Table II  
Treasure Allowances Received in Puerto Rico  
(1606 – 1631)

Received at Royal Coffers	Reales	Mrs.
1606 – 1607	282,639	
1607 – 1608	616,085	
1608 – 1609	702,705	8
1609 – 1611	1,003,206	33
1611 – 1613	1,388,967	29
1614	428,017	
1615	0	
1616	286,602	17
1617 – 1618	0	
1618 – 1619	453,273	
1620 – 1622	645,289	8
1622 – 1624	696,606	
1624 – 1625	326,775	13
1625 – 1626	348,373	8
1626 – 1628	312,499	12
“	768,441	2
1628 – 1629	405,653	5
1629 – 1630	308,449	
1630 – 1631	182,030	
<b>Total</b>	<b>9,155,613</b>	<b>14</b>

<sup>21</sup> *Historia de Puerto Rico 1600-1650* (1974).

<sup>22</sup> *Historia de Puerto Rico 1650-1700* (1975).

SOURCE: Enriqueta Vila Vilar, **Historia de Puerto Rico 1600-1650**, Escuela de Estudios Hispano-Americanos, Seville, 1974, p. 240.

The total of funds remitted was over nine million reales, a sum which is a little under five times that for the preceding period. Again, we can see that there are two years in which the treasure allowance does not arrive and during the 1625-1628 triennium, a little over 1,400,000 reales is received. These remittances arrive after the Dutch unsuccessfully attacked San Juan in 1625. Both the Dutch attack and the English attack of 1598 made manifest the vulnerability of San Juan due to the lack of adequate protection; these attacks would prompt the Crown to send Juan Bautista Antonelli, the nephew [of the military engineer] of the same name, to San Juan to build between 1632 and 1636 a **wall** for the city, which would thus become a walled city.

During the next fifty years, according to the data supplied by López Cantos in his book entitled *Historia de Puerto Rico 1650-1700*, covering the second half of the 17<sup>th</sup> century, the total sum of funds corresponding to the Treasure Allowance amounted to almost 14,650,000 reales, an increase of approximately 50 percent over the fifty years that preceded, as shown in Table III.

Table III  
**Treasure Allowances Received in Puerto Rico  
(1650 – 1700)**

Year	Reales	Year	Reales
1650	205,643	1658	
1651		1659	924,123
1652	458,228	1660	
1653	225,875	1661	778,400
1654	95,464	1662	615,625
1655	538,400	1663	
1656	4,902	1664	624,885
1657	1,076,800	1665	506,776

Table III (Continued)

Year	Reales	Year	Reales
1666		1686	
1667	543,761	1687	537,055
1668		1688	537,055
1669		1689	348,901
1670	466,760	1690	320,000
1671		1691	651,508
1672	538,400	1692	248,000
1673	538,400	1693	280,000
1674		1694	13,200
1675	538,400	1695	275,104
1676		1696	320,000
1677		1697	320,000
1678		1698	200,000
1679	538,400	1699	
1680	333,600	1700	
1681			
1682	538,400		
1683			
1684	479,504		
1685	25,228		
<b>Total</b>		<b>14,646,797</b>	

SOURCE: Ángel López Cantos. **Historia de Puerto Rico 1650 – 1700**. Escuela de Estudios Hispano-Americanos, Seville, 1975, pp. 96-98.

Vila Vilar provides us with some rather interesting information about the efforts that sometimes entailed the operation of bringing treasure allowances from Veracruz to Puerto Rico, whether through Havana or through Santo Domingo. The description of this process is worth quoting, in order to better understand the operation:

The ship chartered to transport the treasure allowance generally made three stops. First, Havana or Santo Domingo, where they were not to remain more than two days by express orders. From Havana, they departed for San Juan de Ulúa (Veracruz), and from there, they had to go by land to Mexico, where the person in charge of collecting the treasure allowance would have to conduct a number of transactions which were

usually rather troublesome. After submitting to the royal officers of Mexico what we could call his “credential papers”... he would have to procure by all means that the money was paid out in coin and not in silver sheets or ingots as they usually did. If this was not possible, he had to barter the silver he received for reales, with the intervention of the judge of the civil division... On many occasions, neither one thing nor the other was achieved, and the treasure allowance arrived to Puerto Rico in ingots. [Our translation]<sup>23</sup>

During the early years of the century, the person in charge of collecting the treasure allowance was appointed through bid. A call for bids was placed and the bid was awarded to the person able to submit the lowest price for the journey.<sup>24</sup>

The geopolitical situation of the Caribbean would undergo during the last third of the 17<sup>th</sup> century a major transformation due to the concurrence of a number of internal and external factors. Among the external factors is the veritable political and military decline of Spain and the new imperial rivalries among European powers such as England, France and Holland. In the Caribbean we can point out: (1) the efforts of the governments of France and England toward establishing government control over their colonies; (2) the aggressive commercial penetration which foreigners achieved through contraband and by the use of force, employing their possessions in the area as bases; (3) the expansion of foreign colonization and exchanges of their Caribbean possessions among them; and (4) the emergence of the Spanish

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<sup>23</sup> Enriqueta Vila Vilar, *Historia de Puerto Rico 1600-1650* (1974), pp. 194-195. Instructions given by royal officers to Juan de Gardea, person in charge of collecting the Treasure Allowance for 1604. Quoted from the General Archive of the Indies (AGI, Spanish acronym), Escribanía de Cámara 5B.

<sup>24</sup> *Id.*, p. 195.

corsair as a response to the contraband conducted by foreigners, among others.

### 18<sup>th</sup> Century

The 18<sup>th</sup> century would be characterized by the escalation of strife between the empires and then colonies, especially between England and France, with Spain sometimes siding with the English and on most occasions with the French by virtue of the family pacts between the Bourbons on both sides of the Pirinees. However, it will be the Anglo-Spanish rivalry which will be most important. The Caribbean would become the war theater for many of these conflicts. This period, which opens with the Spanish Succession War (1701-1713), was to extend to 1815, date which marks the defeat of Napoleon at Waterloo at the hands of the allied armies of the European powers, under the command of the Duke of Wellington.

In Puerto Rico, the characteristic note of said century would be the acceleration of the development processes in colonial society, on the one hand, and war as a constant. The century begins with minor attacks by the English and the Dutch, as echoes of the Spanish Succession War, and with the escalation of activity of Puerto Rican corsairs as a weapon to fight contraband. Miguel Henríquez, a mulatto and corsair financier, was to become the scourge of foreigners navigating waters nearing the Island. His corsair activities made him the richest and most powerful man in the Island during the early decades of this century and an arch-villain for the English who on multiple occasions took their complaints to Madrid.<sup>25</sup>

At the close of the century, the third and last English attack waged on Puerto Rico in 1797 by the forces under General Ralph Abercromby and Admiral Henry Harvey would bring the cycle of great aggressions against

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<sup>25</sup> Ángel López Cantos, *Miguel Enriquez: Corsario boricua del siglo XVIII* (1994).

the Island to an end. In view of the forgoing, the strategic value of Puerto Rico, far from decreasing, would increase.

We must add to the elements already described the Bourbon reformism which is made manifest from the beginning of the new dynasty with Philip V, but which was to reach its peak during the rule of King Charles III, whose reformist spirit brings about significant changes in the administration of the Indies.

The analysis of the different manifestations of war in the Caribbean would overstep the bounds of this paper. Juan Manuel Zapatero offers in his work, quoted earlier (see note 2), a masterful description of the different episodes which constitute the imperial battle in the Caribbean setting throughout the century. However, we cannot forget to mention the taking of Havana by the English in 1762, which revealed the vulnerability of Spanish defenses in the Caribbean and the Gulf of Mexico.<sup>26</sup> The Treaty of Paris of 1763, which put an end to the Seven-Year War, produced a dramatic world geostrategic change. As a consequence of the new state of affairs, Charles III initiated a series of military reforms aimed at preventing history from repeating itself. As an immediate measure, in that same year, he sent Marshal Alejandro O'Reilly to survey the military state of Cuba and to take reorganization measures geared toward placing the greatest of the Antilles in an optimal defense status.<sup>27</sup> Upon having completed his mission in Cuba, O'Reilly was ordered to go to Puerto Rico to do the same before returning to Spain. There are various documentary collections which gather the reports

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<sup>26</sup> About the 18<sup>th</sup> century in Puerto Rico, see Luis E. González Vales, *Gabriel Gutiérrez de Riva "El Terrible": Albores del siglo XVIII puertorriqueño y otros ensayos* (1990); on the taking of Havana, see Guillermo Calleja Leal and Hugo O'Donnell y Duque de Estrada, *1762 La Habana inglesa: La toma de La Habana por los ingleses* (1999); Celia María Parceró Torre, *La pérdida de La Habana y las reformas borbónicas en Cuba 1760-1773* (1998). From the perspective of recent Cuban historiography, Gustavo Placer Cervera, *Los defensores del Morro* (2003).

<sup>27</sup> Bibiano Torres Ramírez, *Alejandro O'Reilly en Las Indias*, pp. 17-52 (1969).

he sent on his mission in Puerto Rico.<sup>28</sup> Nevertheless, Bibiano Torres Ramírez has published in his work Isla de Puerto Rico (1765-1800) the most complete text of these accounts located in the General Archives of the Indies.<sup>29</sup>

Entering into the detailed analysis of the Memoria of O'Reilly overreaches the limits of this paper; it would suffice to point out the most relevant aspects of O'Reilly's accounts. In order to reform the military forces in the Island, the first thing that the Marshal did was ordering that a census of the population be taken, which turned out to be the first scientific census known of. According to this census, the population of free blacks, mixeds and whites reached a total of 39,846, while the slave population amounted to 5,037, for a grand total of 41,883 inhabitants. The number of freemen ascended to 10,968.<sup>30</sup> Once the potential of men fit for the service was known, O'Reilly proceeded to review the Fixed Batallion and declared **many soldiers and officers to be unfit**, whom he discharged, which brought the number of servicemen down to 274. He introduced order in military training and conduct by promulgating new ordinances for the posted military.<sup>31</sup> In addition, he created the Disciplined Militias and provided them with regulations based on those issued for Cuba, with the required modifications, and reorganized the Urban Militias constituted by residents between the ages of 15 and 60 not belonging to the Disciplined Militia.<sup>32</sup>

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<sup>28</sup> Alejandro Tapia y Rivera, *Biblioteca Histórica de Puerto Rico con documentos de los siglos XV, XVI, XVII y XVIII* (2nd ed. 1946). The first edition was printed in 1854; Cayetano Coll y Toste, *Boletín Histórico de Puerto Rico 1914-1927*, Vol. III, pp. 129 et seq.

<sup>29</sup> General Archive of the Indies (AGI, Spanish acronym), Santo Domingo, Dossier 2,395.

<sup>30</sup> Aida R. Caro Costas, *Antología de Lecturas de Historia de Puerto Rico (Siglos XV-XVIII)*, p. 467 (1980).

<sup>31</sup> Torres Ramírez, *Isla de Puerto Rico*, pp. 179-181.

<sup>32</sup> *Id.*, pp. 195-205.

From the point of view under study, O'Reilly also took on the responsibility of ordering the necessary improvements to existing fortifications and to prepare, jointly with Puerto Rican Military Engineer Tomás O'Daly, a plan for the fortifications which would turn San Juan into an unassailable stronghold.

The reforms conducted as of 1765 transformed the Fort of San Cristóbal—the construction of which had been initiated in 1634 with a small redoubt—into a system of fortifications which sat on an area of almost 11 hectares and which constituted one of the best examples of the land defense principles prevailing back then. The different parts of the Fort configured a complex of multiple lines of defense, batteries and bastions in various levels, making judicious use of the topography of the land, the flanks of which complemented each other. If the enemy was able to capture a line of defense, the remaining ones could continue fighting without greater difficulties.

Twenty years later, Engineer Juan Francisco Mestre, who directed the works upon the demise of O'Daly in 1781, made the Fort into the largest fortification built by the Spanish in America.<sup>33</sup> All this monumental work of military engineering was completed on time to successfully resist the onslaught of the last English attack in 1797.

These works were financed by substantial remittances of the Mexican Treasure Allowance. By employing various sources—mainly the Memorias of Pedro Tomás de Córdova—it is possible to partially reconstruct the amounts of treasure allowance received in the Island between 1766 and 1810, date in which it was definitively discontinued. The table below shows that the sums of treasure allowances for the entirety of the period amounted

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<sup>33</sup> See González Vales, *San Juan*, *supra* note 1, pp. 29-30.

to little less than 11.2 million pesos, of which 26.6 percent, or almost 3 million, were invested in fortifications.

Table IV  
Treasure Allowances Received in Puerto Rico (1766 – 1810)

Year	Total Amount		Fortifications		Ship	Comments
	Pesos	Fractions	Pesos	% of Total		
1766	371,929		100,000	26.9%		Notes were issued
1767	–		–	–		Notes were issued
1768	827,008		206,461	25.0%		Notes were issued
1769	470,001		100,000	21.3%		80,000 pesos in notes were collected
1770	432,140		100,000	23.1%		
1771	448,000		100,000	22.3%		
1772	150,000		150,000	100.0%		
1773	490,555		150,000	30.6%	Perla	
1774	476,896	4 tomines, 4 granos	150,000	31.5%	Perla	
1775	150,000		150,000	100.0%		
1776	225,000		225,000	100.0%	Caimán	
1777	225,000		225,000	100.0%		
1778	487,858		225,000	46.1%		
1779	225,000		225,000	100.0%		
1780	–		–	–		
1781	61,438		61,438	100.0%		Notes were issued
1782	–		–	–		
1783	–		–	–		Notes were issued
1784	400,000		–	–	Rosalía	
1785	261,661		–	–	Caimán	
1786	579,849	3 reales	–	–	Liebre	
1787	351,952	5 reales	–	–	Guadalupe	
1788	463,910	1 real	–	–		
1789	490,130	30 mrs	100,000	20.4%	Catalina Venus Merced	
1790	251,264		–	–	Atocha	
1791	380,876		100,000	26.2%	Minerva	
1792	188,358		100,000	53.1%	Minerva	
1793	183,579		100,000	54.5%	Minerva	
1794	100,000		100,000	100.0%		
1795	180,347	7 reales	50,229	27.8%	Gloria	
1796	100,000		100,000	100.0%		
1797	50,000		50,000	100.0%		
1798	209,000		100,000	47.8%	Anfitrite	

Table IV (Continued)

Year	Total Amount		Fortifications		Ship	Comments
	Pesos	Fractions	Pesos	% of Total		
1799	919,696	3 ½ reales	100,000	10.9%	Asia Anfitrite	
1800	–		–	–		
1801	–		–	–		
1802	398,512		–	–	Diligencia	
1803	100,000		–	–	Diligencia Desempeño Caimán	
1804	–		–	–		
1805	–		–	–		
1806	–		–	–		
1807	–		–	–		
1808	–		–	–		
1809	500,000		–	–		
1810	100,000		–	–	Águila	Possibly withheld at Havana
1811	–		–	–		
1812	–		–	–		80,000 pesos in notes were issued
1813	–		–	–		Notes issued totaled 500,000 pesos
1814	4,000		–	–	Marte	Residual amount in Havana
1815	–		–	–		
<b>Totals</b>	<b>11,253,959</b>	<b>100.00%</b>	<b>2,993,428</b>	<b>26.6%</b>		

SOURCES: Cayetano Coll y Toste, *Reseña del Estado...* (1899)  
 Pedro Tomás de Córdova, *Memorias Geográficas...* (1832)  
 Pedro Tomás de Córdova, *Memoria de todos los Ramos...* (1838)

Puerto Rico received the Mexican Treasure Allowance from 1587 to 1814, year in which it ceased definitively. During said period, which spans over 210 years, approximately, the yearly remittances suffered a number of twists and turns of fate. On occasions, the treasure allowances arrived late and on others, the ships transporting the allowances never made it. The information we have dealt with is incomplete. I have no doubt that a research study conducted at the General Archive of the Nation would shed more light on the subject. Based on the data used in the work, the total amount of funds received during the entire period surpassed 186 million reales, which, converted into pesos, amount to 23.2 million.

Table V  
**Summary of Allowances Received in Puerto Rico**

Period	Reales	Equivalence in Pesos**	Source
1587 – 1599	1,846,927	230,866	J. F. Cruz Arrigoitia
1600 – 1650	9,155,613	1,144,452	E. Vila Vilar
1650 – 1700	14,646,797	1,830,850	A. L. Cantos
1701 – 1765*	70,478,720	8,809,840	Estimate
1766 – 1814	90,031,672	11,253,959	P. T. de Córdova
<b>Totals</b>	<b>186,159,729</b>	<b>23,269,966</b>	

\* Estimate based on the annual average of the preceding and following cycles

\*\* At an exchange rate of 8 reales for 1 peso

What was the impact of that injection of external funds on the economy of Puerto Rico? We will address this matter presently, even if cursorily.

#### The Impact of the Treasure Allowance on the Economy of Puerto Rico

The establishment of the Treasure Allowance had a negative impact on the economic development of the Island. Officers in charge of government did not concern themselves or were not able to generate sufficient revenues from taxes in order to pay for all civil and ecclesiastical administration expenses. Early on in the 17<sup>th</sup> century, it was necessary to supplement the funds to support the garrison and construct fortifications with increasingly higher amounts to tend to government expenses. To illustrate, suffice it to say that in 1789, government revenues were at 186,391 pesos, whereas the treasure allowance reached 384,260 pesos; in 1790, revenues amounted to 215,967, whereas the Treasure Allowance totaled 642,817 pesos.<sup>34</sup> This data shows that over two thirds of the revenues of the Royal Treasury of Puerto Rico originated from the remittances sent

<sup>34</sup> James L. Dietz, *Historia económica de Puerto Rico*, pp. 27-28 (1989).

from New Spain. Unlike Cuba, the level of dependency on Treasure Allowance funds for nonmilitary spending in the Island was quite extreme.

In his memoirs, Alejandro Tapia y Rivera points out the fact that the dependence was emotional rather than economic when recounting that when the Treasure Allowance was delayed and finally arrived, this was cause for “much rejoicing, being it driven from the pier on exquisitely harnessed mules to the sounding of music.” [Our translation]<sup>35</sup>

In 1644, in his descriptive account of the Island, Bishop López de Haro describes the condition of extreme poverty under which the population was living.<sup>36</sup>

The city is very poor. The coin used therein is a poor man’s coin, for it is made of copper, worth 34 cuartos less. Half of what they gave over there for a real... [T]hroughout the Island, there are not 8,000 copper ducats and 20,000 silver ducats to be found in all. For it has been seven years that Your Majesty’s *treasure allowance* is lacking, and one that was being brought over, two years ago now for 60,000 pesos, was taken by the enemy. [Our translation]

The delay in or lack of treasure allowance was on many instances redressed by resorting to loans from merchants of the Commercial Guild , payable upon the arrival of the allowance or by the issue of crudely made paper currency, for which reason it was easy to counterfeit.

In an article published in the *Diario Económico de Puerto Rico* on Wednesday, March 30, 1814, Alejandro Ramírez, our first Intendant, makes

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<sup>35</sup> Alejandro Tapia y Rivera, *Mis memorias o Puerto Rico como lo encontré y como lo dejo* (1928). See Armáiz, *supra* note 16, p. 62.

<sup>36</sup> Damián López de Haro, *Primeras impresiones* (1644) in Huerga, *HISTORIA DOCUMENTAL*, Vol. XV, p. 195 (2004).

some observations concerning the treasure allowance and its effects on the economy of the Island which are so striking that they deserve to be quoted:

The status of this Island until the period under discussion was that of an establishment, which due to the fact that it had been considered only in respect of its military advantages, it had barely drawn the attention of the government on other aspects. The military force being maintained therein was provided for that purpose, and consequently, its expenses were not measured against the possibilities of the country, but rather against the importance conferred onto its conservation. It was therefore necessary to have funds from elsewhere to cover its expenses, and so it was. While the *Treasure Allowances* were constant, the obligations of the Island were easily met, and while part of the silver that was received by means thereof fostered agriculture and nourished what little commerce there was, another part went out to pay for merchandise, imported for the consumption of its inhabitants. [Our translation]<sup>37</sup>

and he states further:

In a country where developing its own riches had been neglected in the trust that *Treasure Allowances* would always fill the void left by taxes, and in which, for this reason, instead of paying with their own fruit all of the foreign merchandise which it consumed, the excess was settled with the silver; it could not but be felt the lack of that which was periodically received from Mexico...

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<sup>37</sup> *Diario Económico de Puerto Rico*, facsimile edition, introduction and arrangement by Luis E. González Vales, p. 63 (1972).

Even in times of plenty in which silver was abundant, the lack of capitals set aside for agriculture was notable—how much more so when the lack of currency was so palpable that it hindered internal circulation! [Our translation]<sup>38</sup>

In conclusion, we can assert that the Treasure Allowance served its original purposes of funding the fortifications built in San Juan and providing for the support of the garrison of the Fort. However, it created an artificial and noxious situation by putting into circulation a respectable sum of money which quickly vanished in payments for the merchandise needed for the consumption of inhabitants via legal trade or which ended up in foreign hands via contraband.

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<sup>38</sup> *Id.*, p. 64.