

SUBSIDY-LED GROWTH  
IN A FORTIFIED PORT:  
CARTAGENA DE INDIAS  
AND THE SITUADO,  
1751-1810

Adolfo Meisel  
November 16, 2000  
Cartagena de Indias

- Paper presented at the Second LACLIO meeting, Stanford University, Palo Alto, California, November 17-18, 2000. The author benefitted from comments by Haroldo Calvo, Maria Teresa Ripoll de Lemaitre, and Armando Galvis. A first draft of this paper was written while the author was a Visiting Fellow at the David Rockefeller Center for Latin American Studies of Harvard University in the fall of 1999.

## I. INTRODUCTION

This paper studies the fiscal revenues of Cartagena de Indias, the main port of the Viceroyalty of New Granada during the colonial period and one of the principal military bastions of Spain in the Caribbean in the eighteenth century.<sup>1</sup> The period analyzed extends from 1751 to 1810.

Over the last three decades one of the areas of Spanish America's colonial economic history in which more interesting work has been done is that of fiscal history. In particular, Herbert S. Klein and John J. TePaske have published the records of tax revenues and expenditures for many areas of the Spanish empire in the New World, including New Spain, Peru, Bolivia, Ecuador, Chile, and Rio de la Plata.<sup>2</sup> These records are important because, for an era in which there is very little

---

<sup>1</sup> The Viceroyalty of New Granada comprised the territory of what are now the republics of Colombia, Ecuador, and Panama. The discussion in this paper refers only to the area of the viceroyalty that corresponds to present day Colombia.

<sup>2</sup> Herbert S. Klein and John J. TePaske, Ingresos y egresos de la Real Hacienda en Nueva España, Instituto Nacional de Antropología e Historia, México, 1986, and 1988; Herbert S. Klein and John J. TePaske, The Royal Treasuries of the Spanish Empire in America, Duke University Press, Durham, North Carolina, 1982,, Vol. 1 (Peru), Vol 2 (Bolivia), Vol 3 (Chile and the Rio de la Plata); Alvaro Jara and John J. TePaske, The Royal Treasuries of the Spanish Empire in America, Duke University Press, Durham, North Carolina, 1990, Vol. 4 (Ecuador).

statistical information, the evolution and structure of tax revenues can serve as an approximation to the behavior of production and income. For example, in a recent book, Herbert S. Klein uses data on fiscal income and expenditures to trace long-term changes in the level of economic activity in Mexico, Peru, and Bolivia, from 1680 to 1809.<sup>3</sup>

Unfortunately, Klein and TePaske did not reconstruct the fiscal accounts of the Viceroyalty of New Granada. This paper is part of a larger project, undertaken to fill the gap left by Klein and TePaske, by consolidating the fiscal revenues of New Granada from 1751 to 1810.<sup>4</sup>

Here I study the revenues of Cartagena, Spain's main royal treasury in the Viceroyalty of New Granada, from the perspective of total revenues. A key feature of the viceroyalty's public finances is clearly shown: the interior provinces subsidized the Caribbean port of Cartagena with transfers that were a very large burden within one of the poorer viceroyalties of the Spanish empire. In turn, the city's

---

<sup>3</sup> Herbert S. Klein, The American Finances of the Spanish Empire, Royal Income and Expenditure in Colonial Mexico, Peru, and Bolivia, 1680-1810, University of New Mexico Press, USA, 1998, p. xi.

<sup>4</sup> As part of that project the author obtained from the Archivo General de Indias in Seville, Spain, the fiscal records for more than twenty regional treasuries operating in New Granada in the late eighteenth century. The Banco de la Republica, the Colombian Central Bank, the institution for which he works, funded the research in the Archivo de Indias during the summer of 1998. The data

economy was heavily dependent on those transfers. That is, it was a subsidy-led economy.

## II. CARTAGENA DE INDIAS IN THE SECOND HALF OF THE EIGHTEENTH CENTURY: POPULATION, DEFENSES, AND ECONOMY

The only general population census in the Viceroyalty of New Granada was undertaken in 1777. In that year, the province of Cartagena, with a population of 118.242, participated with 14.2% of the total population of the territory of what is now Colombia. The capital of Cartagena province, Cartagena de Indias, located on the Caribbean coast, was the second largest city of the Viceroyalty and its main seaport.

The population of Cartagena de Indias grew rapidly throughout most the eighteenth century due to the prosperity of the local economy, especially in the decades that preceded independence from Spain.

---

used in this paper is based on the Cartas Cuentas of Cartagena obtained from the Archivo de Indias.

In the census of 1777 the total population of Cartagena de Indias was 13.690 inhabitants. The largest group was the “freemen of all colors”, which included some free blacks, but was mainly composed of mulattoes. Whites represented 31.2 % of the city’s population and the black slaves, 18.9%.<sup>5</sup>

Among the whites the main occupations were commerce and the military, which reflects very well the character of the city: Cartagena was a fortified port.

Cartagena was a key hub for Spanish trade in the northern coast of South America, since through her port silver, from the mines of Peru and Bolivia, and gold, from New Granada, was shipped to Spain. Thus, the city was very alluring to the pirates of different nationalities, that roamed the Caribbean Sea.

In the sixteenth century the city was attacked and sacked several times by French and English buccaneers: Robert Baal (1542), Martin Cote (1559), John Hawkins (1568), Francis Drake (1586). As a result,

---

<sup>5</sup> Adolfo Meisel Roca y Maria Aguilera Díaz , “Cartagena de Indias en 1777: Un análisis

the Spanish authorities designed a defensive strategy for the city and built a system of forts along the bay (see Map).

Beginning in the early seventeenth century, heavy stone ramparts were built along most of the city's perimeter. By 1638, it was almost completely surrounded by a system of fortifications and walls.<sup>6</sup> However, throughout the rest of the colonial period the city's military defenses were constantly improved and expanded.

---

demográfico”, Boletín cultural y bibliográfico , Biblioteca Luis Angel Arango, Volumen XXXIV, No. 45, 1997, p. 31.

<sup>6</sup> Rodolfo Segovia, Las fortificaciones de Cartagena de Indias. Estrategia e historia , Carlos Valencia Editores, 1987, p. 24.

**MAP 1  
 CARTAGENA DE INDIAS  
 AND ITS BAY IN THE  
 LATE EIGHTEENTH  
 CENTURY**



Source: Juan Manuel Zapatero, *Historia de las fortificaciones de Cartagena de Indias*, 1976

The “golden period” of military constructions in Cartagena was the second half of the eighteenth century, when the Spanish Crown, concerned about the takeover of Havana by the British in 1762, constructed additional military fortifications and reinforced those that already existed.<sup>7</sup> By 1810, on the eve of independence, Cartagena had an impressive defensive system. The larger of the two entrances to the bay, Bocagrande, was sealed by an underwater wall, *la escollera*, which was built between 1762 and 1778.<sup>8</sup> As a result, to reach the bay ships had to pass through a very narrow entrance, Bocachica, which was flanked by forts on both shores, San Fernando and San Jose. In addition, an iron chain was laid between San Fernando and San Jose, to further control the entrance of enemy ships.

If an attacking fleet was able to force its way into the bay by overtaking the fortifications at Bocachica, it still had to evade or silence the crossfire of two sets of forts along the bay before reaching the city, which was completely surrounded by walls and fortifications and was

---

<sup>7</sup> Ibid. , p. 55-79.

<sup>8</sup> Juan Manuel Zapatero, Historia de las fortificaciones de Cartagena de Indias , Ediciones Cultura Hispánica, Madrid, 1979, p. 153.



guarded by the San Felipe Castle, a massive fortress that checked any land approaches southeast of the town proper.

When in 1741 a fleet of 124 vessels under the command of British Admiral Edward Vernon attacked Cartagena, the forts in Bocachica were almost completely destroyed and the invaders were able to enter the bay. The attacking forces consisted of 15,000 sailors and 8,000 foot soldiers, while only about 3,000 men defended the city. However, the invaders lost several hundred men in an unsuccessful attempt to overtake San Felipe Castle. This defeat, plus the delay of over a week trying to force their way through Bocachica, turned out to be fatal for the British, by then tropical diseases had begun to take a heavy toll on the troops. Vernon and his fleet had to retreat, having failed to take over Cartagena at a loss of more than 8,000 men.<sup>9</sup> The effectiveness of the city's military defenses was thus proven.

Cartagena was Spain's most important fortified port in the Caribbean, after Havana. For its defense it not only required an array of

fortifications, but also the continuous presence of professional troops. In the final decades of the eighteenth century the city was protected by the *Regimiento Fijo*, comprised of Spaniards and white Spanish-Americans. In the 1770's, for example, the *Regimiento Fijo* had more than 800 soldiers and officers.<sup>10</sup> Thus the military was the main occupation of local whites. The other important activity of the local economy was commerce, which was closely tied with the role of the city as New Granada's main seaport. Cartagena handled most of the Viceroyalty's imports and exports.

The economy of Cartagena in the second half of the eighteenth century was very dynamic for several reasons. First, the numerous military constructions undertaken in this period were an important source of employment and revenue for the local economy. Also, the large number of troops permanently stationed in Cartagena represented an important source of employment and income. Finally, Cartagena enjoyed a monopoly on foreign trade in the Viceroyalty of New

---

<sup>9</sup> Julián de Zulueta, "Health and Military Factors in Vernon's Failure at Cartagena", *The Mariner's Mirror*, Vol. 78, No. 2, 1992.

<sup>10</sup> Juan Marchena, *La institucion militar en Cartagena de Indias, 1700-1810*, Escuela de Estudios Hispanoamericanos, Sevilla, 1982, pp. 168-169.

Granada and all revenues from levies on imports and exports were spent locally.

In contrast with the economic vitality of Cartagena towards the end of the colonial period, its hinterland was sparsely populated, with almost no commercial agriculture for foreign markets, and with agricultural production mainly supplying the consumption needs of Cartagena and Mompox, the main Caribbean cities of New Granada. As a result, the presence of slavery in rural areas of the Province of Cartagena was very limited. For example, in 1777 slaves represented only 6.7 % of the population of the province, not including the capital.<sup>11</sup>

Thus, it should be emphasized that the economic vitality of Cartagena de Indias in the second half of the eighteenth century did not depend on conditions in its hinterland. Quite the contrary, the limited agricultural activity in its rural areas was, to a large extent, brought about by the consumption needs of the city.

---

<sup>11</sup> Meisel y Aguilera, Op. Cit. , p. 32.

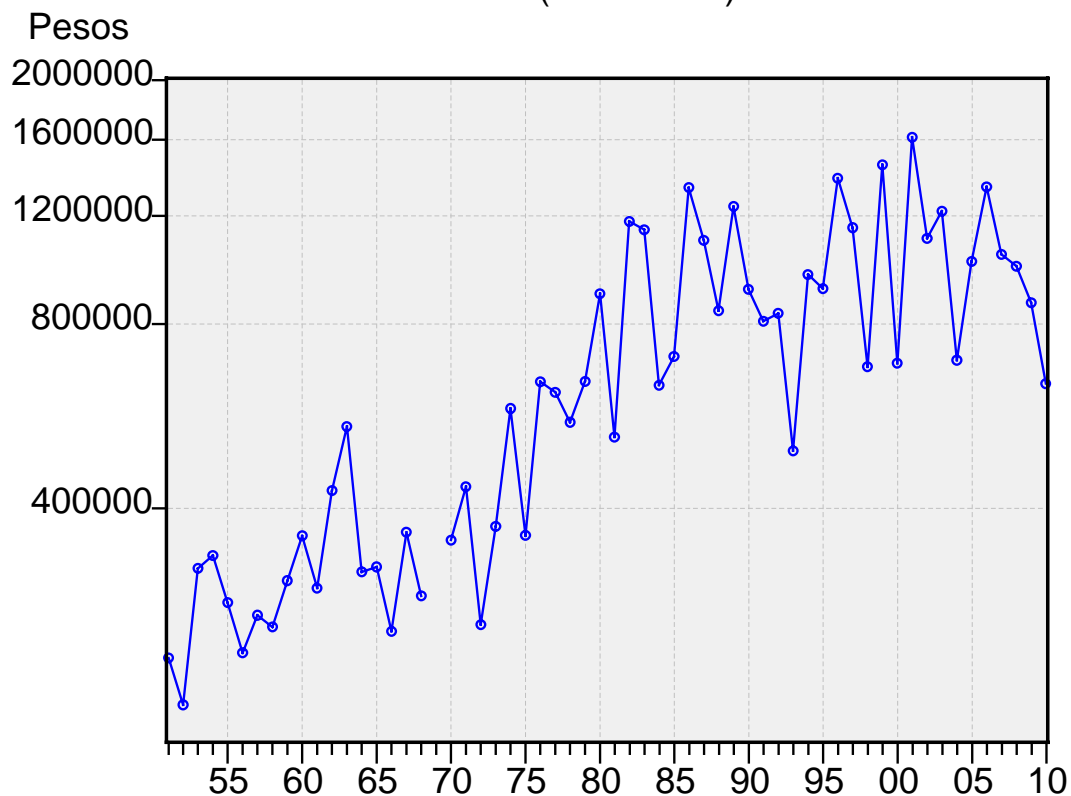
### III. TRENDS AND STRUCTURE OF THE FISCAL REVENUES OF CARTAGENA DE INDIAS, 1751-1810

Between 1751 and 1810 the net fiscal revenues of Cartagena de Indias expanded rapidly, with an average annual rate of increase over the period of 2.8 % (see Graph 1).<sup>12</sup> Over this time period three distinct phases can be observed. The first extended approximately from 1751 to 1769. During this initial period the average annual rate of increase of total net revenues was 2.1%. In the next phase, 1770-1785, net fiscal revenues grew very rapidly, at an annual rate of 6.7%. Finally, from 1786 to 1810 revenues remained relatively stagnant, albeit at historically high levels, with wide fluctuations from year to year.

---

<sup>12</sup> Since the fiscal accounts reported by the Spanish authorities included stocks and flows as well as transfers of funds destined for other royal treasuries, to obtain the net fiscal revenues I have eliminated carryovers from previous years, transfers, deposits, and uncollected debts. To a large extent on this issue I have followed the example of Herbert Klein, "Structure and Profitability of Royal Finances in the Viceroyalty of the Rio de la Plata", Hispanic American Historical Review , Vol. 53, No. 3, 1973.

GRAPH 1  
NET FISCAL REVENUES OF CARTAGENA DE INDIAS  
(1751-1851)



What factors explain the sustained increase in the fiscal revenues of Cartagena in the late colonial period ? There are five possible answers: 1) inflation 2) population growth 3) increases in per-capita income 4) increases in the degree of tax pressure and 5) increases in the subsidies received from other regions. I now analyze the possible contribution of each one of them.

There has been very little research on the behavior of prices during the colonial period in New Granada. The only price index available for the late eighteenth century shows that in the period 1753-1804 there was no tendency for prices to change over the long-run ( zero average inflation).<sup>13</sup> Thus the increase observed in the fiscal revenues of Cartagena was not a monetary phenomenon.

Since it is well known that before the industrial revolution the long-run tendency of per-capita income was to remain stagnant, I will assume in this paper that the average annual increase in Cartagena's per-capita income was zero.<sup>14</sup> Thus, we only have three other possible explanations for the increase in the city's fiscal revenues: population growth, increases in the subsidies from other regions, and an increase in the amount of tax pressure.

In the later part of the colonial period the total population of Cartagena expanded rapidly. While its population in 1777 was 13.690 inhabitants,

---

<sup>13</sup> Alberto Pardo Pardo, Geografía económica y humana de Colombia , Ediciones Tercer Mundo, Bogotá, 1972, p. 221. To calculate the trend in the price index from 1753 to 1804, the values for 1797 and 1798 were not included, since they are clearly outliers.

<sup>14</sup> Robert Lucas, "The Industrial Revolution: Past and Future", The Forum Public Policy Lecture Series , USA, 1996, p. 11.

by 1810 it had increased to 25.000.<sup>15</sup> The average annual rate of population increase between these two dates was 1.8 %. Thus, to a large extent the increase in tax revenues corresponded to the growth in population. However, tax revenues increased at an annual rate that was 1.0 % above the rate population growth. That remaining 1.0% can be explained basically by the per-capita increase of the subsidy received by Cartagena from other regions to pay for its military expenses and which was known as the *situado*.<sup>16</sup> The *situado* increased at an average annual rate of 2.7 % from 1751 to 1810, that is, 0.9 % above the rate of population growth.

The major source of outside income for Cartagena was the *situado*, which can be seen as a payment for the “exports” of military protection that the port offered. Thus, military activities constituted the economic base of the city and most of the other activities derived from this main function. As a result it can be expected that the *situado* was a determining factor in the evolution of tax revenues collected on local

---

<sup>15</sup> Manuel Ezequiel Corrales, Documentos para la historia de la provincia de Cartagena , Imprenta Raimundo Rivas, Bogota, 1883, p. 368.

<sup>16</sup> Most of the *situado* that Cartagena received came from other regions of the Viceroyalty of New Granada. However, in at least four occasions resources were transferd from Havana, during the period 1751-1810. These sums were almost certainly part of the *situado* that the Viceroyalty of New Spain sent each year to Cuba, to be distributed throughout the Spanish Caribbean.

transactions, such as those paid on the consumption of tobacco, liquor, and meat. This is confirmed by a Granger causality test, which shows that, statistically, the *situado* caused local taxes, but local taxes did not cause the *situado* (see Table 1).<sup>17</sup>

**TABLE 1  
GRANGER CAUSALITY TEST  
(1751-1810)**

Lags 1  
Observations 49

<b>Null hypothesis:</b>	<b>F-Statistic</b>	<b>Probability</b>
Local taxes does not Granger cause <i>situado</i>	1,52	0,23
<i>Situado</i> does not Granger cause local taxes	6,27	0,02

Note: For the *situado*, a three year moving average was used, since the series has sharp year to year fluctuations.

During the later half of the eighteenth century there was probably also some increase in the degree of tax pressure, especially through the taxes on liquor and tobacco, the main sources of local tax revenues, since these increased at a slightly higher rate than the subsidies ( 3.0 % annually, compared to 2.7 %).

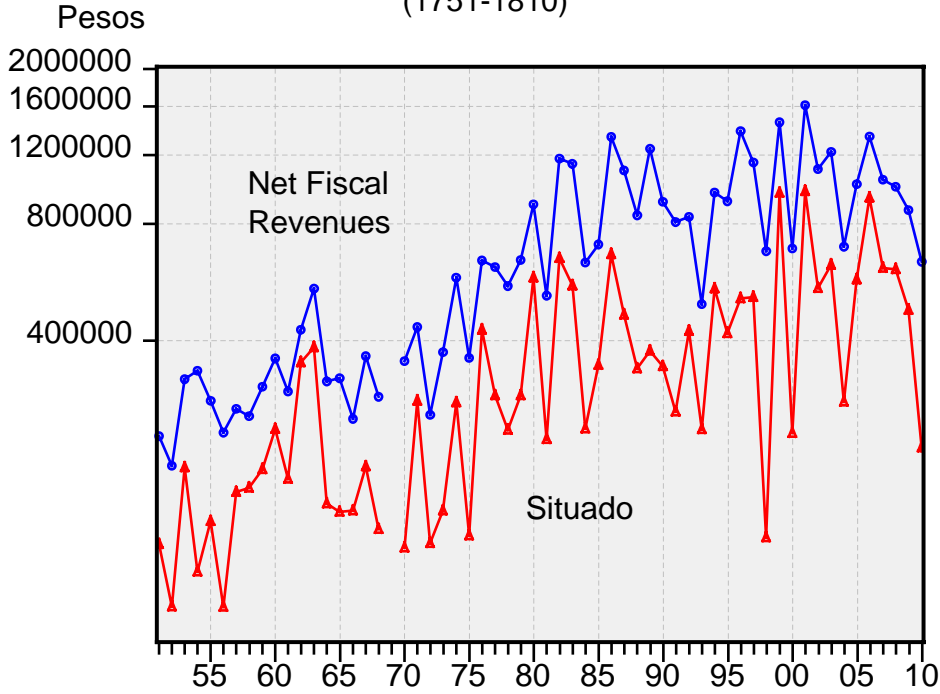
---

<sup>17</sup> It was found that the *situado* and the local taxes were cointegrated in the period 1751-1810.

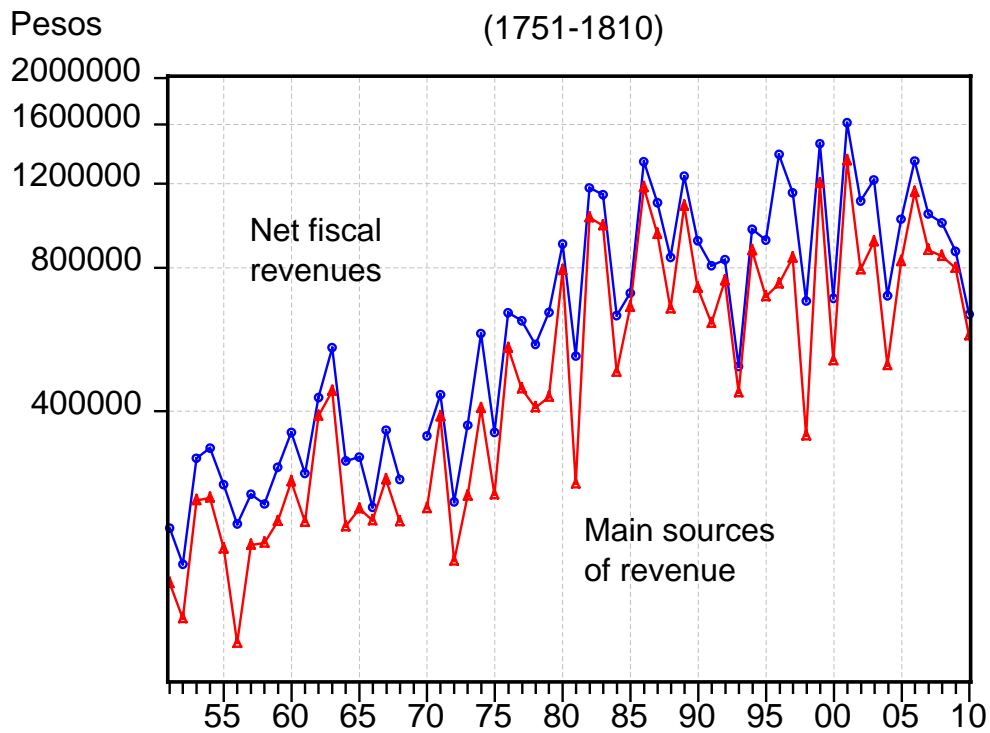


The above analysis highlights the enormous weight of the *situado* in the public finances of Cartagena. In Graph 2, it is shown that, in the later part of the eighteenth century, the overall behavior of the city's total fiscal receipts was very similar to that of the *situado*. The correlation coefficient between these two variables for the period 1751-1810 was 0.91. Furthermore, over the same period the *situado* represented on average 49.6 % of the total revenues of Cartagena's royal treasury ( see Graph 3).

GRAPH 2  
NET FISCAL REVENUES AND SITUADO RECEIVED BY CARTAGENA DE INDIAS  
(1751-1810)



GRAPH 3  
 TOTAL NET FISCAL REVENUES OF CARTAGENA DE INDIAS  
 COMPARED WITH THE MAIN REVENUES  
 (1751-1810)



Note: The main revenues were the situado and the taxes on liquor, tobacco, averia, customs, and sisa.

It is relevant to consider the *situado* received by Cartagena de Indias within the context of the royal finances of the Spanish Empire in the New World. Beginning at the end of the sixteenth century a series of intra-imperial remittances on a regular basis (*situados*) were established by the crown for the support of key military bastions. Many of these bastions were located in the Caribbean, and the transfers were assigned to pay for the salaries of troops and for the

maintenance and construction of fortifications, in amounts that local tax revenues could not match.

In the last half of the eighteenth century the city that benefited from the largest subsidies through the *situado* was Havana, which received these transfers from the Viceroyalty of New Spain. New Spain also subsidized on a regular basis military defenses in other Spanish strongholds in and around the Caribbean, such as Santo Domingo, Puerto Rico, Cumaná, and Trinidad.<sup>18</sup>

The transfers to Havana were very large. By decades, the average annual *situado* sent to Havana by New Spain for the period between 1750 and 1799 was, in silver pesos, 1.400.000, 1.900.000, 1.900.000, 5.219.000, and 2.674.000, respectively.<sup>19</sup> In per-capita terms, the transfers Havana received from New Spain for its military expenses were also quite large. Between 1751 and 1790, its annual per-capita *situado* was 41 silver pesos.<sup>20</sup>

---

<sup>18</sup> Carlos Marichal and Matilde Souto Mantecon, "Silver and Situados: New Spain and the Financing of the Spanish Empire in the Caribbean in the Eighteenth Century", Hispanic American Historical Review, 74, 4, 1994, p. 603.

<sup>19</sup> Ibid., p. 603.

<sup>20</sup> Calculations based on Allan J. Kuethe, "Guns, Subsidies, and Commercial Privilege: Some Historical Factors in the Emergence of the Cuban National Character, 1763-1815", Cuban Studies, 16, 1986, p. 130.

After Havana, the second city in the Caribbean in the value of the *situado* it obtained was Cartagena de Indias. From 1751 to 1810, Cartagena received a total amount of 20.912.677 silver pesos in *situados* from other treasuries, equivalent to an average of 19 silver pesos per capita. Though less than half of Havana's, Cartagena's per capita *situado* was a very significant factor in its economy. Since during this period the daily wage of a laborer was 1.5 reales, the annual wage must have been around 37.5 silver pesos.<sup>21</sup> Thus, in the later part of the eighteenth century, each year for every inhabitant, the city was subsidized through the *situado* in the equivalent of one-third the annual salary of an unskilled worker.

During the final decades of the eighteenth century the Spanish authorities often referred to the commercial elite of Cuba as "*los llorones cubanos*", because it was perceived that they were always wailing and moaning for more commercial privileges on behalf of military defense needs, particularly after the loss of Havana to the

---

<sup>21</sup> Hermes Tovar, Hacienda colonial y formación social , Sendai Ediciones, Barcelona, 1988, p. 173.

British in 1762.<sup>22</sup> Allan J. Kuethe argues that Cuba might well be viewed as a spoiled colony. The same could also be said of Cartagena, which for the Viceroyalty of New Granada, one of the poorer sections of the empire, represented an enormous burden in terms of the *situado*. Certainly in this period, for the rest of the Viceroyalty, Cartagena could be viewed as a spoiled city. That the interior provinces resented the subsidy they sent to “*los llorones cartageneros*” became evident as soon as the independence movement got underway and they began restricting or eliminating outright the *situado* for Cartagena.<sup>23</sup>

---

<sup>22</sup> Allan J. Kuethe, “*Los Llorones Cubanos: the socio-military basis of commercial privilege in the American trade under Charles IV*”, Jacques A. Barbier and Allan J. Kuethe, editors, The North American role in the Spanish imperial economy, Manchester University Press, Great Britain, 1984.

<sup>23</sup> By 1810 Cartagena was already feeling the economic consequences of the reduction in the *situado*, since the sums sent to the port had already been restricted by Santa Fe de Bogota, as well as Mompo. The *situado* received in 1810, 212,500 pesos, was the lowest since 1798 and only 44.2% of the amount for 1809. On November 3, 1810, Tomas de Andres Torres, President of the provisional local Junta, in a letter to the President of the Junta of New Granada, expressed his fears about the future of Cartagena’s economy in the absence of the *situado*, given that local revenues were insufficient to cover for its fiscal expenditures, Carta de Tomas de Andres Torres al Presidente de la Suprema Junta Provincial, Archivo personal de Celedonio Piñeres, Cartagena. A year later, Jose Maria Garcia de Toledo, one of the main leaders of the independence movement in Cartagena and who was executed by the Spaniards when they recovered the city in 1815, expressed his doubts about the wisdom of Cartagena having declared its independence from Spain instead of waiting to have done so jointly with the rest of the provinces of New Granada. Garcia de Toledo believed that had the Cartageneros waited to declare their independence from Spain together with the rest of New Granada, the other provinces would have felt more committed to provide the *situado*, Corrales, Op. Cit., p.369. During the short lived First Republic of Cartagena, 1811-1815, the city went through a deep financial crisis since it had to depend on the revenues of local taxes to pay for the local government’s expenses. In 1812, Manuel Rodriguez Torices, the Vicepresident of the new republic, complained that over the preceding two years Cartagena had only received 200,000 pesos of *situado*, while her annual expenditures amounted to 650,000 to 700,000 pesos, Jose Manuel Restrepo, Documentos importantes de Nueva Granada, Venezuela y Colombia, Tomo V, Impenta Nacional, Bogota, 1969, p. 64. Among the mechanisms used to finance the fiscal deficit in this period were confiscations, obligatory loans, and the issuing of paper money, for the first time in the history of New Granada.

It is significant to note that the *situado* was not only the main cause of economic growth in Cartagena. It was also the most important source of outside resources for the Caribbean Coast of New Granada. According to the merchant Jose Ignacio de Pombo, one of the better informed analysts of economic matters in the period that preceded independence from Spain, around 1805 the Viceroyalty of New Granada exported a total of 3.500.000 silver pesos : 3.000.000 in minerals and 500.000 in other primary products.<sup>24</sup> Almost all mineral exports, mostly gold, came from the provinces of Popayán, Chocó, and Antioquia. The other primary products included cocoa from Ecuador, hides from various regions in the Viceroyalty, and pearls from Panama. It is almost impossible to calculate the participation of the Caribbean Coast in the total exports of New Granada. However we know that gold exports from the region were practically zero. If all the other primary products exported had originated in the Caribbean Coast, which was obviously not true, the region's share in total exports would have been 12.5 %, still less than its share in total population.

---

<sup>24</sup> Sergio Elias Ortiz, compilador, Escritos de dos economistas coloniales , Banco de la Republica, Bogotá, 1965, p. 127.

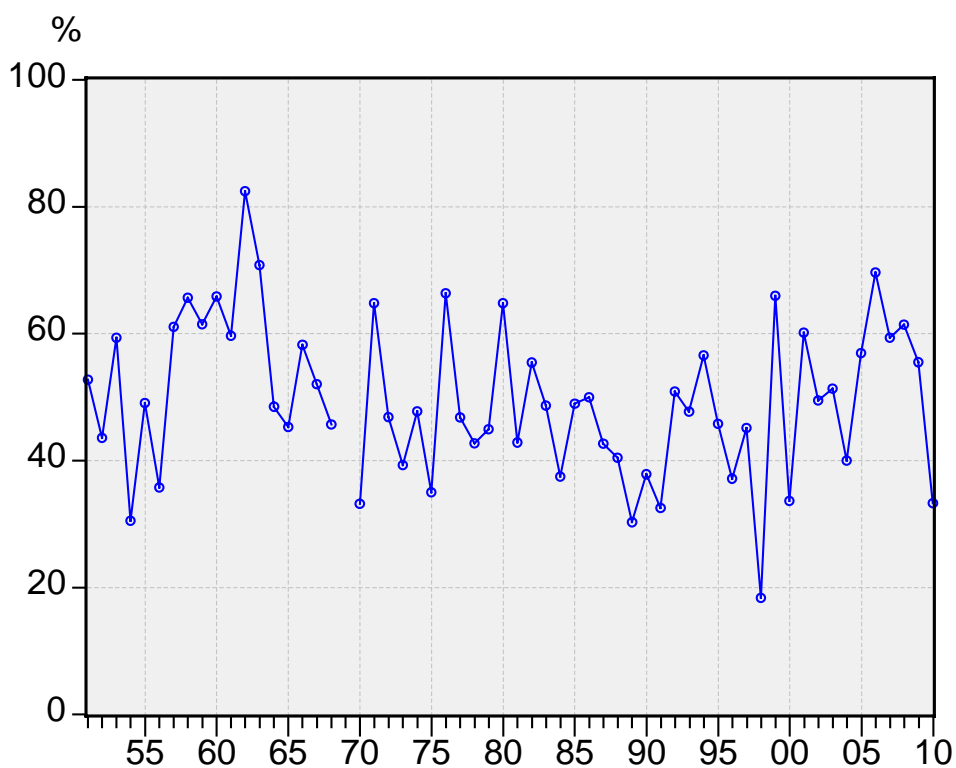
Furthermore, the *situado* assigned to Cartagena in the first decade of the nineteenth century was clearly larger than the Caribbean Coast's total yearly exports, since, on average, the city's annual *situado* in that decade was of 642.410 silver pesos. Thus, while New Granadas's exports per-capita amounted to one silver peso and six reales, the *situado* represented "exports" of two silver pesos and four reales per-capita for the region.

It is clear, then, that a key element of the economy of the provinces of the north coast of the Viceroyalty of New Granada was the *situado*, which sustained the economy of its main city. In turn, Cartagena demanded agricultural supplies from its sparsely populated hinterland.

The other main important sources of fiscal revenues for Cartagena in this period were excise taxes on liquor, tobacco, and meat (*sisá*), and duties on foreign trade (see Table 2). The correlation coefficient between the totals for these revenues plus the *situado* with the total net fiscal revenues of Cartagena was 0.97. Graph 4 shows that for most of the period 1751-1810 the variations and levels of total net fiscal

revenues and the sum of its main sources is very similar. For a few years in the 1790's, total revenues were somewhat higher than the main revenues. The reason is that in those years there were often sales of properties expropriated from the Jesuits (*temporalidades*) and the sums thus obtained were part of the revenues of the royal treasury.

GRAPH 4  
SHARE OF THE SITUADO IN THE  
TOTAL REVENUES OF CARTAGENA DE INDIAS  
(1751-1810)





As shown in Table 2, duties on foreign trade and the excise tax on tobacco and liquor were the main fiscal revenues after the *situado*.<sup>25</sup> However, it should be noted that the cost of raising taxes was not the same for all of them. For example, the duties on foreign trade required a relatively small outlay per peso collected. Between 1780 and 1788, 5.7% of revenues was spent for the collection of foreign duties.<sup>26</sup> In contrast, for the collection of liquor taxes in the period 1780-1787, expenses were 46.7% of revenues. Something similar was observed in the case of taxes on tobacco, for which 50.3% of revenues were spent in raising them in the period 1779-1782.<sup>27</sup> As a result, levies on foreign trade were, after the *situado*, by far the most important fiscal revenue for the treasury of Cartagena in the last decades of colonial rule.

---

<sup>25</sup> After the 1780's all the taxes on foreign trade were consolidated. Before that date there were several levies on foreign trade, but only the *avería*, the main tax, is presented here.

<sup>26</sup> Germán Colmenares, Relaciones e informes de los gobernantes de la Nueva Granada , Banco Popular, Bogotá, 1989, Tomo 1, Anexos.

<sup>27</sup> Ibid.

**TABLE 2**  
**REVENUES OF THE CARTAGENA TREASURY**  
**(1751-1810)**

Period	Revenues (1)	Liquor		Tobacco		Custom Taxes		Avería		Situado		Sisa		Main Taxes	
		(2)	Part. % (2/1)	(3)	Part. % (3/1)	(4)	Part. % (4/1)	(5)	Part. % (5/1)	(6)	Part. % (6/1)	(7)	Part. % (7/1)	(8)	Part. %
														(2 to 7)	(8/1)
1751-1755	1.353.433	107.832 <sup>2</sup>	7,97		-		-	137.947	10,19	632.417	46,73	172.508	12,75	1.050.704	77,63
1756-1760	1.421.287	99.542	7,00		-		-	87.720	6,17	839.229	59,05	44.818	3,15	1.071.309	75,38
1761-1765	1.903.733	116.543	6,12	30.657 <sup>3</sup>	1,61		-	144.746	7,60	1.212.175	63,67	40.871	2,15	1.544.992	81,16
1766-1770	1.259.920 <sup>1</sup>	207.957 <sup>1</sup>	16,51	92.520 <sup>2</sup>	7,34		-	94.967 <sup>4</sup>	7,54	585.947 <sup>1</sup>	46,51	27.643 <sup>1</sup>	2,19	1.009.034	80,09
1771-1775	2.008.505	261.902	13,04	174.458	8,69		-	96.614	4,81	952.548	47,43	37.444	1,86	1.522.966	75,83
1776-1780	3.355.560	355.091	10,58	292.135	8,71		-	88.721	-	1.822.747	54,32	56.331	1,68	2.615.025	77,93
1781-1785	4.180.423	401.975	9,62	316.211	7,56	645.075	15,43		-	2.014.018	48,18	48.882	1,17	3.426.161	81,96
1786-1790	5.425.626	578.622	10,66	651.652	12,01	1.097.384 <sup>4</sup>	20,23		-	2.194.629	40,45	60.437	1,11	4.582.724	84,46
1791-1795	4.013.097	208.338	5,19	503.950	12,56	697.566	17,38		-	1.885.931	46,99	71.647	1,79	3.367.432	83,91
1796-1800	5.357.909	302.958	5,65	572.256	10,68	376.413	7,03		-	2.348.929	43,84	46.581	0,87	3.647.137	68,07
1801-1805	5.647.684	248.188	4,39	572.029	10,13	487.021	8,62		-	2.997.262	53,07	60.285	1,07	4.364.785	77,28
1806-1810	4.876.211	204.162	4,19	632.423	12,97	489.898	10,05		-	3.426.845	70,28	65.202	1,34	4.818.530	98,82
Total	40.803.388	3.093.110	7,58	3.838.291	9,41	3.793.357	9,30	650.715	1,59	20.912.677	51,25	732.649	1,80	33.020.799	80,93

Notes:

<sup>1</sup> It only includes four years since information for 1769 was not found.

<sup>2</sup> It does not include 1752.

<sup>3</sup> It only includes 1764 and 1765

<sup>4</sup> It does not include 1788.

<sup>5</sup> It does not include 1774.

It should also be noted that these revenues from duties on international trade flows were to a large extent another subsidy that the rest of New Granada gave to Cartagena, since almost all exports and imports handled by Cartagena came from or had as their destination the interior of the Viceroyalty.<sup>28</sup> In a sense, then, the taxes paid by those interior provinces belonged to them. However, it was Cartagena which mainly benefited from these levies since all revenues collected from duties on foreign trade were assigned to cover the city's military expenses.

#### IV. THE STRUCTURE OF FISCAL EXPENDITURES

The main economic impact of the *situado* in Cartagena was on local expenditures. The structure of these expenditures will next be discussed briefly, using as an example the data for one year, 1795, since it seems that, from year to year, the basic pattern of expenditures underwent little change.

Table 3 shows the expenditures corresponding to 1795, a representative year. The bulk of the city's expenses were on defense and military purposes. The construction of fortifications and artillery infrastructure absorbed 11.22 % and 1.08 % of the outlays, respectively. However, the largest share of the expenses, 48.82 %, went to pay the salaries of the troops and officers. Other military expenses were the costs of the campaign to subdue the Indians of the

**TABLE 3**  
**EXPENDITURES OF THE CARTAGENA TREASURY**  
**(1795)**

	Pesos	Part. %
Salaries:		
- Treasury and Justice	23.430	3,64
- Veteran Troops	225.518	35,03
- Militias	64.014	9,94
- Military Staff	24.700	3,84
- Inquisition	6.466	1,00
- Invalids and retired personnel	9.042	1,40
Subtotal	353.170	54,86
Artillery works	6.932	1,08
Fortifications	72.232	11,22
Coast Guard	181.923	28,26
General and extraordinary	11.042	1,72
Hospitals	17.724	2,75
Darien Campaign	760	0,12
Subtotal	290.613	45,14
<b>TOTAL</b>	<b>643.783</b>	<b>100,00</b>

---

<sup>28</sup> After the independence from Spain, taxes on foreign trade stopped being a revenue of the ports through which goods were imported or exported and were included in the overall revenues of the central government.

Darien region and the maintenance of the coastguard. Total military outlays added to 89.49 % of the city's expenditures.

The backward linkages of military expenses with the local economy must have been very high, since the salaries were spent, to a large extent, on locally produced goods and services ( housing, food, personal services, shoes, clothes, furniture, amusement). As a result, at the time Cartagena had a fairly dynamic group of local artisans engaged in the production of goods for the local market. In the census of 1777, a total of 499 artisans were listed in the information available for four of the five sections in which the city was divided. Shoemakers, tailors, carpenters, and bakers comprised the largest groups.<sup>29</sup>

## V. CONCLUSIONS

The analysis of the fiscal revenues of Cartagena de Indias from 1751 to 1810 is very useful for an understanding of different aspects of the economy of the city and of the Caribbean region of the Viceroyalty of

---

<sup>29</sup> Meisel y Aguilera, Op.Cit. , p.50.

New Granada in the closing decades of the Spanish Empire in the New World.

A first conclusion is that the analysis of the evolution of Cartagena's fiscal revenues shows that the city was experiencing a period of vigorous economic expansion. That economic growth, however, was not based on the region's export base but on the enormous transfer of funds- particularly the *situado*, to subsidize its military expenditures- that the port received every year of the period 1751-1810.<sup>30</sup>

It has also been shown that Cartagena's total fiscal revenues were highly dependent on the *situado* that it received from the rest of the Viceroyalty of New Granada and other treasuries of the Spanish Empire in America.<sup>31</sup> In fact the *situado* was the engine driving the city's economy, and to a large extent also the economy of the Caribbean Coast of New Granada.

---

<sup>30</sup> For the period 1751-1810 the information on the fiscal revenues of Cartagena is available for every single year except 1769. In each of the available years the city received the *situado*.

<sup>31</sup> From the information available in the Cartas Cuentas of Cartagena it is not possible to trace the origin of the *situado*. However, in the period 1751-1810 in four occasions ( 1757, 1758, 1759, and 1760) transfers from Havana for a total value of 331.017 silver pesos were reported. This transfers from Havana were typically the redistribution through the Caribbean of the amounts assigned to the Viceroyalty of New Spain as *situado* and which were channeled via Cuba.

In the eighteenth century, Cartagena's hinterland was very sparsely populated and lacked a vigorous agricultural sector producing for export markets. Thus, the limited agricultural activity found in the region mainly supplied the consumption needs of Cartagena and Mompox, the largest markets of the northern coast.

After New Granada won its independence from Spain the economy of Cartagena collapsed and the city's population dropped year by year from the 25.000 inhabitants it had in 1810 to only 8.603 by 1870. With the disappearance of the Spanish Empire, Cartagena's key military role had ceased. Thus, there was no reason to maintain its garrisons and fortifications. And, of course, there was no longer a reason to subsidize her with enormous subsidies transferred from other regions of New Granada. That is why its economy, which had been subsidy-led in the pre-independence era, collapsed when the Spaniards left. A tragic irony for a city that fought bravely for its independence.<sup>32</sup>

---

<sup>32</sup> In 1815, a Spanish army sent from the peninsula to recapture New Granada put Cartagena under siege for 108 days and more than 2.000 of the city's inhabitants died, mostly from hunger or due to the spread of epidemics, Rodolfo Segovia Salas, "Cartagena heroica, el sacrificio que cuesta un siglo", Boletín Cultural y Bibliográfico, Vol. XVI, No. 5, 1979.