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## COMMUNICATION

### THE PHILIPPINE "SITUADO" FROM THE TREASURY OF NEW SPAIN

THE array of data upon the above subject presented by Professor Edward G. Bourne in his communication printed in the January number of the REVIEW (X, 459-461) was most interesting, and unquestionably points to the correctness of the assertion generally made by historians and other writers, to the effect that there was always a deficit in the Philippine treasury prior to the nineteenth century—an assertion which, indeed, derives weight of authority from the very fact that it is made with such uniformity by these writers. I did not wish to challenge this assertion, as I think Professor Bourne has recognized, but simply to call attention to the challenge regarding its accuracy made by Govantes, and apparently passed by Pardo de Tavera in his *Biblioteca*. Nevertheless, I am still not quite satisfied that we can feel sure of having got to the bottom of the matter.

Of the authorities cited by Professor Bourne, I do not possess, and hence, at my distance from a consulting library, do not have access to, the *Documentos Inéditos del Archivo de Indias, América y Oceanía*, nor to Concepcion, Delgado, and Le Gentil. Foreman is so loose and inaccurate throughout his writings, almost always failing to give credit and often mixing in his own assertions with the abstracted statements of early writers, especially Concepcion, that he is utterly worthless as an authority, unless checked at every step with the sources from which he has drawn. Humboldt is, of course, a writer of a different sort, and great weight must be given to whatever he said. It is to be noted, however, that Humboldt never visited the Philippines, and never wrote with a view directly to setting forth the situation of those islands, but only touched upon them in their relations with the American colonies of Spain, and especially with Mexico. Before assigning any special weight to Humboldt's statements with regard to the subsidy of the Philippine government (except for what his statements of fact are worth upon their face), we should need to know that he had made some special investigation of the peculiar relations existing between the treasury of Mexico and that of the Philippines, and particularly the regulations governing the trade between the two possessions. There is no evidence that Humboldt ever investigated this subject. He has simply taken the average amount sent from the Mexican treasury to that of the Philippines during five of the closing years of the eighteenth century, and put this sum in his tables as the annual charge upon Mexico caused by the Philippines.

If one could regard the case as entirely proved for the contention

of Professor Bourne that the import duties collected at Acapulco on the goods brought in the galleons from Manila were never covered into the treasury of Mexico, but were held as a separate credit for the Philippines, we could feel more sure of our ground in arguing from the statements of Concepcion, Humboldt, and others. But the very reading of the decree of 1606 upon this subject which is given by Professor Bourne in the communication above referred to seems to me to make it perfectly clear that the amount of these duties was to be deducted in Mexico from the sum sent for the support of Spanish enterprises dependent upon Manila as their fitting-out point. A reference to the original text of this decree (*Leyes de Indias*, lib. IX, tit. 45, ley 65) the more strongly confirms this view. The issue presented as to whether this money "was covered into" the treasury of Mexico is rather one of bookkeeping than of anything else. As between 1606, the date of this decree (which, like many of its contemporaries, may never have been effectively put in force in just the precise way in which it was meant), and the end of the eighteenth century, about which Humboldt was writing in Mexico, methods of accounting may have been modified a dozen times, and it would be unsafe to rely upon this 1606 decree as a link in any chain of argument regarding the subsidy during the two succeeding centuries. Certainly, we have the categorical statement of Hernando de los Rios Coronel (in his *Memorial y Relación*, reprinted in translation in *The Philippine Islands, 1493-1898*, XIX, 183-297), who had been for some years prior to 1621 procurator-general of the Philippine Islands, that the twelve per cent. collected on the merchandise sent to Acapulco "enters into the royal treasury of Mexico" (*ibid.*, 250). Valuing the cargoes annually so shipped at 500,000 pesos, the legal maximum, we have duties of 60,000 pesos as a credit against the amount sent from Mexico to Manila, aside from the *alcabalas* and other credits mentioned by Professor Bourne himself. The royal orders were that the cargoes should be valued and the duties collected, not at Acapulco, but at Mexico city, and the presumption as to the course followed in disposing of this money is rendered stronger by the absence of the entry upon the books of the Philippine treasury of a special item covering the amount collected for such duties at Acapulco and expended in Mexico for supplies, etc., for the Philippines.

It is to be remembered also that only in exceptional years was the cargo of these galleons limited to the amount specified by law; instead, it amounted commonly to 1,000,000 pesos and often to 2,000,000. If duties were proportionately collected, though only for a portion of the illegal excess, the credit in favor of the Philippine treasury would considerably increase. The whole trade-throttling system of Spain only indicates that it is hard to make any unqualified assertions as to the matter of the cost to Spain of her colonies or the profit reaped from them. This, of course, is the really substantial question underlying this

point in colonial bookkeeping. The Philippines were kept so far as possible tied to the apron-strings of Mexico, until the latter country struck out an independent course; and, even supposing that the ordinary view of the subsidy is in all respects correct, we have to make due allowance for the gains reaped, legally or illegally, through Mexico's monopoly of the trade passing through Manila. The abolition of the line of galleons, instead of working the ruin of Manila, increased its exportations of native goods sevenfold between 1816 and 1840, according to Sinibaldo de Mas, *Informe sobre el estado de las Islas Filipinas en 1842*, Tomo II, Comercio exterior, 27. As to the nineteenth century, there is no dispute whatever that the Philippines paid their own way and more. They supported Spain's entire naval force in the Orient, as well as her diplomatic and consular representatives, and paid a part of the pensions to the descendants of Columbus and others. To be sure, during a large part of the nineteenth century the chief source of revenue was the tobacco monopoly; but after its abolition the revenues under a scheme of government somewhat better organized, from an economical point of view, were progressively greater each year up to 1897.

In weighing this question in its broader aspects, one must take into account not only the monopolistic trade regulations, but also the fact that in all the early years of Spanish rule the money sent to Manila or raised there by taxation was in large part spent, not for the maintenance of government in the islands themselves, but for the conduct of Spanish plans for conquest elsewhere in the Orient. Manila was but the fitting-out point for such expeditions, as it was, under the old economic régime, merely a trade-depot for the products of countries other than the Philippines; and the money thus spent, though to be regarded as in a degree a means of protection to the Philippines, is in the main to be regarded as spent in behalf directly of Spain herself, and for the benefit of her home people, whether wisely or unwisely so spent. The Coronel memorial above cited (*The Philippine Islands*, XIX, 292-296) shows in the early years of the seventeenth century an annual expenditure of over 200,000 pesos in the Moluccas, which were producing practically nothing to Spain, and this sum did not include the forced labor of Philippine natives in building ships, the materials gathered for such ships, the casting of artillery, etc., in the Philippines from 1606 onward, amounting, says Coronel, if paid for at proper rates, to millions. So the figures presented by Pedro de Caldierva de Mariaca (*ibid.*, XIV, 243-269), showing an annual deficit of 135,000 in the Philippine treasury, show also that most of the expenditures were for ship-building and conquest. Obviously, to charge the Philippines with having been a drain upon Spain's resources in those early years, because they did not provide money for the conduct of plans of conquest in the East Indies generally, aside from the men, materials, soldiers, and supplies which they did furnish, in large part without pay, would be entirely unfair.

In later years, after the *encomiendas* were abolished, and the missions and all internal plans of government had to be supported by the treasury at Manila, while on the other hand the government collected the entire product of the tributes from the inhabitants, there was still, so far as the weight of authority goes, a deficit. But there were also credits of one sort and another to be taken into account. For instance, the missions in China and elsewhere in the Orient were, at least during a certain period, supported from the Philippine treasury, as later Spain's diplomatic representation in the Orient was so maintained.

Bowring, in his *Philippine Islands* (London, 1859, pp. 98-99), says that "the Philippines have made, and continue to make, large contributions to the mother country, generally in excess of the stipulated amount which is called the *situado*". Bowring, it may be, learned of the remittances to Spain from the products of the tobacco monopoly (mostly in the form of leaf-tobacco or cigarettes) during the nineteenth century, and did not mean to speak of the state of affairs prior to the nineteenth century. Still, his categorical statement will invite investigation. The matter is one, it seems to me, which cannot be regarded as closed until we have more specific data than any of the careless Spanish writers (and the early writers in Philippine history are all careless, differing only in degree in this respect) have so far given us.

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