

THE MECHANICS OF THE ALCABALAS: *Reform, Local Bargaining, and Dwindling Taxation in New Granada, 1750–1810*

ABSTRACT: This article studies the mechanics of sales taxes in the viceroyalty of New Granada (present-day Colombia, Ecuador, Panama, and western Venezuela) during the second half of the eighteenth century. Advocating a careful examination of the accounting, institutional, and fiscal practices of North Andean customs houses, it provides an extensive discussion on how tax records can be harnessed to study the scope and nature of Bourbon reforms and to measure trade flows. The article pursues three interrelated goals. First, it studies the impact of local negotiations and jurisdictional fragmentation on local rates and revenue collection, providing new insights into the concrete mechanisms of tax bargaining. Second, the study reinterprets data on the main North Andean entrepôts of trade to measure fiscal cycles, real tax pressure, and tax incidence. Proposing a new method for examining customs records, this research shows how fiscal concessions and economic cycles led to diminishing fiscal revenues. Finally, the research places the viceroyalty within the broader context of fiscal change in the Spanish Empire, arguing that the region collected fewer revenues not only because of its comparatively smaller economic activity but also because the combination of custom and reform yielded lower taxation rates and unique fiscal structures.

KEYWORDS: economic history, taxation, Bourbon reforms, Northern Andes, New Kingdom of Granada

In 1808, the magistrates (*alcaldes*) of Nóvita, a mining town in the Pacific lowlands of the Viceroyalty of New Granada, submitted a lengthy report to the governor of their province.¹ They argued that the local treasury official had tried to alter the fiscal practices observed up to then in the town by imposing sales taxes (*alcabalas*) on “maize, plantains, and other foodstuffs

This research was sponsored and supported by the Research Fund for Assistant Professors of the Universidad de los Andes (Bogotá, Colombia) and a Fulbright-Minciencias Graduate Fellowship. I would like to thank Ana María Otero-Cleves and Andrés Álvarez at the Universidad de los Andes; Daniel Gutiérrez at the Universidad Externado de Colombia; Erick Langer, John Tutino, and John McNeill at Georgetown University; and Oscar Granados at the Universidad Jorge Tadeo Lozano for their comments and suggestions. I would also like to thank the anonymous readers for *The Americas* for their recommendations.

1. The Viceroyalty of the New Kingdom of Granada encompassed the territories of present-day Colombia, Ecuador, Panama, and Venezuela. By the late 1770s, the Captaincy of Venezuela was granted executive and judicial autonomy. For simplicity, we will use the terms “New Granada” and “the Kingdom” to refer to present-day Colombia. The capital of the viceroyalty, Santafé de Bogotá, was commonly known as “Santafé.” Throughout this article, we will use the term “Bogotá” to avoid confusion for readers not familiar with the history of the region.

consumed by the poor.”² Invoking tax privileges as inhabitants of mining towns, the *alcaldes* remarked that the old decrees (*ordenanzas*) established to manage the *alcabala*, which had been enacted by the then Inspector-General (*visitador*) of the viceroyalty in 1781, “are not completely followed in this province since farming here is insufficient, and most of the foodstuffs are imported from other provinces.”³ The *alcaldes* asked the governor to restore the traditional structure of the *alcabala*, and their petition was approved. When the treasury official appealed, the viceroy ruled in favor of the petitioners. In both instances, one of the remarks of the plea had great resonance in the authorities: “The traditions are the legitimate interpreters of the law.”⁴

The attempt of Nóvita’s treasury official to expand the categories of goods subject to sales taxes was one of the last efforts of the Bourbon drive to increase fiscal revenues and centralize collection across the viceroyalty. It is a good example of how tradition prevailed over reform. The magistrates of the mining town took advantage of the well-known jurisdictional fragmentation that characterized the fiscal system of the Spanish Empire. The *alcabala*, for instance, was, in theory, an *ad valorem* sales and turnover tax payable on goods, slaves, real property, and some services. Yet in some regions and cities, the tax was charged in the form of a fixed tariff (*arancel*) established through negotiation between the *cabildos* (town councils), the *diputaciones* (trade councils), and the *cajas reales* (royal treasuries).⁵ Goods exempted in some regions were subject to duties in others.⁶ As some scholars have argued, this fragmentation shielded the system from absolutist policies but created huge coordination problems that increased transaction costs in fiscal collection and trade flows.⁷ Nonetheless, despite the Bourbons’ failures in some spheres, they successfully increased treasury revenues and changed some fiscal practices across their American dominions.⁸

2. Archivo General de la Nación (Bogotá), Colonia [hereafter AGN-C], *Alcabalas*, tomo 4, fols. 230–231.

3. AGN-C, *Alcabalas*, tomo 4, fol. 231.

4. “Las costumbres son las legítimas intérpretes de la ley.” AGN-C, *Alcabalas*, tomo 4, fols. 231–232.

5. There is not a single work on the *diputaciones de comercio* in the Northern Andes. For their institutional setting in a nutshell, see Archivo Nacional del Ecuador (Quito), [hereafter ANE], Popayán, box 318, file 19, fols. 1–10.

6. Edwin Muñoz, “Independencia y actividad económica. Tendencias cuantitativas en la renta de *alcabalas* de Santa Fe, Virreinato de la Nueva Granada, 1780–1821,” in *Consecuencias económicas de la Independencia*, Heraclio Bonilla, ed. (Bogotá: Universidad Nacional de Colombia, 2012), 17–43; Edwin Muñoz and James Torres, “La función de Santafé en los sistemas de intercambio de la Nueva Granada,” *Fronteras de la Historia* 18:1 (2013): 165–210; James Torres, “Entre el oro y la plata. Quito, el suroccidente de la Nueva Granada y el movimiento de mercancías norandino a fines del siglo XVIII,” *Colonial Latin American Review* 27:1 (2018): 114–139.

7. Regina Grafe and Alejandra Irigoin, “The Spanish Empire and Its Legacy: Fiscal Redistribution and Political Conflict in Colonial and Post-Colonial Spanish America,” *Journal of Global History* 1:2 (2006): 241–267; Grafe and Irigoin, “A Stakeholder Empire: The Political Economy of Spanish Imperial Rule in America,” *Economic History Review* 65:2 (2012): 609–651; James Torres and José Henao, “Connecting the Northern Andes and the Atlantic: The Role of Inland Ports in New Granada’s Interregional Trade (1770–1809),” *Journal of Iberian and Latin American Economic History* 39:3 (2021): 469–507.

8. See the classic approach in Carlos Marichal, *Bankruptcy of Empire: Mexican Silver and the Wars between Spain, Britain and France, 1760–1810* (Cambridge: Cambridge University Press, 2007).

In western New Granada, for instance, treasury incomes roughly tripled in the 30 years that preceded the 1810 Revolution.⁹

The interplay of tradition and reform has been at the core of the reexamination in the historiography of the Bourbon Reforms during the last two decades. By emphasizing the role of negotiations, political contestation, fiscal adaptations, and local and imperial contingencies, recent research has provided new empirical and analytical fuel to the field. The reform package, which had been traditionally studied as a mighty and unswerving drive toward centralization and absolutist power, is now studied within a more complex framework that includes the ways in which local, corporate initiatives shaped the process in conjunction with the fiscal and political demands of Atlantic warfare and competition.¹⁰ The classic discussions about the “failures” and “successes” of the new dynasty have been enriched with studies about reform cycles and concrete institutional innovations that emphasize the importance of early Bourbon policy while formally testing the synergy between the reforms on one hand, and economic growth and social organization on the other.¹¹

Despite these novel approaches, the literature is highly compartmentalized. The historiography of the alcabala, perhaps one of the most studied duties during Bourbon rule, is a case in point. The studies tend to fall into three groups. The first privileges institutional analysis, highlighting how Bourbon reformists confronted the judicial plurality that had governed trade duties for centuries. This group of studies favors the analysis of ordinances and bureaucratic reports to track changes in sales taxes. Recent researchers have analyzed how taxpayers

9. Adolfo Meisel, *Crecimiento, mestizaje y presión fiscal en el virreinato de la Nueva Granada, 1761–1800* (Cartagena: Centro de Estudios Regionales, 2011), 23–24.

10. Allan J. Kuethe and Kenneth J. Andrien, *The Spanish Atlantic World in the Eighteenth Century: War and the Bourbon Reforms, 1713–1796* (Cambridge: Cambridge University Press, 2014); Gabriel Paquette, *Enlightenment, Governance, and Reform in Spain and Its Empire, 1759–1808* (Basingstoke: Palgrave Macmillan, 2008); John Túton, *Mexico City, 1808: Power, Sovereignty and Silver in an Age of War and Revolution* (Albuquerque, University of New Mexico Press, 2018); Ernest Sánchez, *Corte de caja. La Real Hacienda de Nueva España y el primer reformismo fiscal de los Borbones (1720–1755)* (Mexico City: Instituto Mora, 2013). For overviews on different regions of the empire, see Ernest Sánchez, “Las reformas borbónicas como categoría de análisis en la historiografía institucional, económica y fiscal sobre la Nueva España,” *Historia Caribe* 11:29 (2016): 19–51; José Pinto, “El reformismo fiscal borbónico en la Nueva Granada, balances y perspectivas,” *Historia Caribe* 11:29 (2016): 53–82.

11. See Adrian Pearce, *The Origins of Bourbon Reform in Spanish South America, 1700–1763* (Basingstoke: Palgrave Macmillan, 2014) and Stanley Stein and Barbara Stein, *Edge of Crisis: War and Trade in the Spanish Atlantic 1789–1808* (Baltimore: Johns Hopkins University Press, 2009). For the classic overviews, see Jacques Barbier, “The Culmination of the Bourbon Reforms, 1787–1792,” *Hispanic American Historical Review* 57:1 (February 1977): 51–68; and David Brading, “Bourbon Spain and Its American Empire,” in *The Cambridge History of Latin America*, Vol. 1, *Colonial Latin America*, Leslie Bethell, ed. (Cambridge: Cambridge University Press, 1984), 389–439. For the Northern Andes, see Anthony McFarlane, *Colombia before Independence: Economy, Society and Politics under Bourbon Rule* (Cambridge: Cambridge University Press, 1993); and Kenneth Andrien, *The Kingdom of Quito, 1690–1830: The State and Regional Development* (Cambridge: Cambridge University Press, 1995).

interpreted changes in legislation and revenue collection through concrete studies of lawsuits.¹²

The second school, in contrast, focuses on the long tradition of violent reaction against sales taxes that went back to their introduction in the sixteenth century.¹³ In the Bourbon Era, besides provoking several local revolts, the alcabala reform was at the center of two massive rebellions that have attracted considerable attention from historians: the rebellion of the Barrios in Quito in 1765 and the Comuneros revolt in eastern New Granada in 1781.¹⁴ Scholars have studied the alcabalas in the context of these events, distilling from the files and trials that followed the insurrections important insights about the mechanics of trade taxes across the region.¹⁵

The last school privileges the analysis of alcabala ledgers and records to measure trade flows and fiscal revenues.¹⁶ The Bourbon overhaul of trade taxes was rooted in the establishment of customs houses or administrations (*aduanas* or *administraciones*) that centralized the collection of several levies. This institutional revamp left behind rich documentation that has been the main

12. Edwin Muñoz and Monserrat Fernández have crafted pathbreaking studies of the alcabala in Bogotá and Quito, respectively. See Muñoz, “Independencia y actividad económica”; and Fernández, *La alcabala en la Audiencia de Quito, 1765–1810* (Cuenca: Casa de la Cultura, 1984). See also the institutional approach of Lucy García’s unpublished undergraduate thesis, written in 1978: García, “Aspectos generales del impuesto de la alcabala en la Nueva Granada 1760–1810” (Undergraduate thesis: Universidad Nacional de Colombia, 1978). Silvia Palomeque studied the alcabala in Cuenca, the southernmost province of the viceroyalty, in “Continuidad y cambio entre la colonia y la república. Estudio de los circuitos mercantiles y de las especializaciones productivas regionales en Cuenca, Ecuador,” in *Circuitos mercantiles y mercados en Latinoamérica, siglos XVIII–XIX*, Jorge Silva and Juan Carlos Grosso, eds. (Mexico City: Instituto Mora, 1995), 235–290. For New Spain, the institutional approach is distilled in Ernest Sánchez, *Las alcabalas mexicanas (1821–1857). Los dilemas en la construcción de la Hacienda Nacional* (Mexico City: Instituto Mora, 2009) and Yovana Celaya, “La norma y la práctica en la recaudación de la alcabala: potestad fiscal y contribuyentes en el siglo XVIII Novohispano,” in *Diálogos con una trayectoria intelectual: Marcello Carmagnani*, Yovana Celaya, ed. (Mexico City: Colegio de México, 2014), 245–282. For political debates regarding the Bourbon overhaul of the alcabalas, see Allan Kuethe and Douglas Inglis, “Absolutism and Enlightened Reform: Charles III, the Establishment of the Alcabala, and Commercial Reorganization in Cuba,” *Past & Present* 109 (1985): 118–143.

13. See Bernard Lavallé, *Quito y la crisis de la alcabala, 1580–1600* (Quito: Corporación Editorial Nacional, 1997); and Javier Ocampo, *La rebelión de las alcabalas. El primer grito de rebeldía contra el impuesto a las ventas, 1592* (Tunja, Colombia: ECOE, 1995).

14. The literature is extensive. The key works on Quito are Anthony McFarlane, “The Rebellion of the Barrios: Urban Insurrection in Bourbon Quito,” in *Reform and Insurrection in Bourbon New Granada and Peru*, John Fisher and Allan Kuethe, eds. (Baton Rouge: Louisiana University Press, 1990), 197–254; Andrien, *The Kingdom of Quito*; Christiana Borchart and Segundo Moreno, “La reformas borbónicas en la Audiencia de Quito,” *Anuario Colombiano de Historia Social y de la Cultura* 22 (1995): 35–57. On New Granada, see John Phelan, *The People and the King: The Comunero Revolution in Colombia, 1781* (Madison: University of Wisconsin Press, 1978); McFarlane, *Colombia before Independence*; and Héctor Martínez, “La revolución de 1781. Campesinos, tejedores y la rent-seeking en la Nueva Granada” (PhD diss.: Universitat Pompeu Fabra, 2014).

15. In Phelan’s words, “the cornerstones of New Granada’s unwritten constitution were co-government, negotiation, and compromise.” See *The People and the King*, 34. McFarlane has analyzed Quito’s rebellion along similar lines. See “The Rebellion of the Barrios,” 214–215. Martínez has provided a fresh, revisionist approach to the Comuneros rebellion. By putting economic and social history at the center of his analysis, he successfully underscores the role of the peasantry, the rent-seeking, and extractive institutions in the origin and development of the rebellion.

16. See Muñoz, “Independencia y actividad económica”; Fernández, *La alcabala*; and Palomeque, “Continuidad y cambio.”

input to quantitative studies.¹⁷ However, the use of such sources demands caution, since the nature of trade duties and account practices varied sharply even between nearby regions. Most scholars, unfortunately, have limited themselves to processing the *sumarios generales* (annual and monthly summaries) of sales taxes to craft time series of commodity flows. In the same vein, the literature has tended to assess the role of sales taxes in the overall revenues of the royal treasuries without breaking down the figures to grasp the impact of institutional changes on the efficiency of excise collection and tax incidence.¹⁸

The analysis of trade taxes, in short, has shed light on different aspects of political, social, and economic change during the Bourbon rule. The mechanics of the alcabalas, however, remain poorly studied, with few historians of the three groups advocating for meaningful cross-fertilization. This article engages the literature by providing a tentative yet encompassing institutional history of sales taxes in the Northern Andes. It amalgamates lawsuits, ordinances, and logbooks to study how the reforms interacted with local customs and traditions to produce regional fiscal frameworks. This approach allows us to contribute to the field on at least three interrelated points. First, it provides novel insights into the concrete mechanisms of tax bargaining.¹⁹ The article shows that alcabala negotiations varied sharply across the viceroyalty, with some regions relying heavily on corporate bodies (particularly the trade and city councils) to establish tariffs, while others adopted classic ways of litigation and de facto boycotts. These mechanisms of negotiation reinforced differences in rates,

17. For New Spain, see Juan Carlos Grosso and Juan Carlos Garavaglia, *La región de Puebla y la economía novohispana. Las alcabalas en Nueva España 1776–1821* (Mexico City: Instituto Mora, 1996); Antonio Ibarra, “De la alcabala colonial a la contribución directa republicana. Cambio institucional y continuidad fiscal en una economía regional mexicana, Guadalajara, 1778–1834,” in *Las finanzas públicas en los siglos XVIII–XIX*, Luis Jauregui and José Antonio Serrano, eds. (Mexico City: Instituto Mora, 1998), 317–348; and Ibarra, “Redes de circulación y redes de negociantes en Guadalajara colonial,” in Ibarra, *Mercado e institución: corporaciones comerciales, redes de negocios y crisis colonial. Guadalajara en el siglo XVIII* (Mexico City: Bonilla Editores, 2017), 253–266. For Peru and Upper Peru, see Enrique Tandeter, “Flujos mercantiles en el Potosí colonial tardío,” in *Circuitos mercantiles y mercados en Latinoamérica, siglos XVIII–XIX*, Jorge Silva and Juan Carlos Grosso, eds. (Mexico City: Instituto Mora, 1995), 13–55; Magdalena Chocano, “Circuitos mercantiles y auge minero en la sierra central a fines de la época colonial,” *Allpanchis*, 18:21 (1983): 3–26; and María Gavira, “Producción de plata y comercio en Oruro a fines del periodo colonial. Análisis a través de fuentes fiscales,” *Revista de Indias* 31:222 (2001): 377–405. For Buenos Aires and the interior of the Viceroyalty of Río de la Plata, see Silvia Palomeque, “La circulación mercantil en las provincias del interior 1800–1810,” *Anuario IEHS* 4 (1989): 131–200; and Nicolás Biangardi, “Demanda, producción y circulación de bienes agropecuarios en la región del Río de la Plata (siglo XVIII). Balance y perspectivas,” *Taller de la Historia* 11 (2019): 137–163.

18. See for instance Oscar Rodríguez, “La Caja Real de Popayán 1738–1810,” *Anuario Colombiano de Historia Social y de la Cultura* 15 (1987): 5–36; Meisel, *Crecimiento, mestizaje y presión fiscal*; Salomón Kalmanovitz, “El PIB de la Nueva Granada en 1800,” *Revista de Economía Institucional* 8:15 (2006): 161–183; José Pinto, *Entre colonia y república. Fiscalidad en Ecuador, Colombia y Venezuela 1780–1845* (Bogotá: ICANH, 2018); and Andrien, *The Kingdom of Quito*.

19. As William Summerhill has pointed out, the emphasis on local variations has been encouraging but the “channels and outcomes” of bargaining are poorly understood. See Summerhill, “Fiscal Bargains, Political Institutions, and Economic Performance,” *Hispanic American Historical Review* 88:2 (2008): 219–230.

exemptions, and monetary arrangements that affected the Bourbon drive towards centralization, while creating little-explored conflicts between different regions regarding the impact of taxation.

Second, the article provides important corrections to the use of alcabala records to craft time series of economic activity. The article argues that only through a systematic, amalgamated comparison of the different logbooks of the customs houses is it possible to discern if the *sumarios* measured the level and direction of trade flows, or simply reflected changes in tax rules or bookkeeping practices. The article reinterprets data from the main North Andean entrepôts of trade to give some insights regarding fiscal cycles, real tax pressure, and tax incidence. The evidence suggests, in contrast to what the literature has contended, that the Bourbon revamp of the alcabalas experienced a boom-and-bust cycle in revenue collection, with incomes growing at impressive rates during the 1780s and 1790s, but contracting or plateauing during the 1800s. The article offers some hypotheses on how economic activity and tax bargaining may explain these patterns.

Finally, the article seeks to place the Northern Andes within the broader patterns of fiscal change across the Spanish Empire. It warns about the use of fiscal flows to measure the economic significance of a given area. The Northern Andes, traditionally considered a “peripheral” area in the context of the Spanish Atlantic, collected fewer revenues not only because of its comparatively lesser economic activity but also because the combination of tradition and reform yielded lower taxation rates and unique fiscal structures.²⁰ The region enjoyed the lowest alcabala rates of the empire while avoiding the cascade taxation that characterized trade flows in New Spain and other regions.

This article argues that this triad of high bargaining power, low real rates, and fiscal cycles reflected the peculiarity of North Andean political and economic structures. The polycentric connections of the region with the global economy, the bimetallic nature of its monetary structure, the fiscal competition between city councils, and the significance of inland waterways for the viceroyalty’s internal trade permeated the political interaction between taxpayers, corporate

20. By emphasizing New Granada’s polycentric connections with the world economy and its role as the largest gold producer of the Spanish Empire, new literature has challenged the “peripheral” depiction of the region. See James Torres, “Bullion and Monetary Flows in the Northern Andes: New Evidence and Insights, 1780–1800,” *Tiempo & Economía* 6:1 (2019): 13–46; Torres, “Entre el oro y la plata,” 114–117; and Nathalie Moreno Rivera, “Circulación de efectos de Castilla en el virreinato de la Nueva Granada a finales del siglo XVIII,” *Fronteras de la Historia* 18:1 (2014): 211–249. For the traditional view, following fiscal and custom records, see McFarlane, *Colombia before Independence*, 85–95; John Fisher, “The Effects of Comercio Libre on the Economies of New Granada and Peru: A Comparison,” in *Reform and Insurrection in Bourbon New Granada and Peru*, Fisher and Kuethe, eds., 147–163; and Meisel, *Crecimiento, mestizaje y presión fiscal*, 20–25.

bodies, and reformers. Thus, this analysis of the North Andean fiscal structures provides new venues to study the Bourbon reforms in the Americas and, hopefully, will elicit new comparative approaches in Latin American fiscal history.

The article proceeds as follows. First it considers the establishment of the aduanas and their reforms between the 1750s and 1790s. Then it examines, at the local level, the features of the different *ramos* (tax categories) of the customs houses and provides some forays into real tax incidence and rates. Next, the article delivers a preliminary analysis of the *sumarios* to compare the patterns of tax revenues in New Granada with those of other regions of the Spanish Empire. It concludes with some final remarks.

EARLY REFORMS IN TRADE TAXES

The Bourbon transformation of trade taxes was a long-term effort going back to the early stages of institutional change that began with the creation of the viceroyalty in 1739. Scholars have tended to underestimate the scope of these early policies, even though very few empirical studies have been undertaken on the matter.²¹ An analysis of trade taxes, however, suggests that mid-century policies, particularly the empire-wide reform led by the Marqués of Ensenada and his advocates should be taken seriously. Indeed, the revamping of sales taxes in the Northern Andes started in 1750 when the viceroy established in Bogotá the *administración de alcabalas* or, as it increasingly became known, the *aduana de la capital*.²² Besides introducing direct administration, the customs house was to centralize the collection of sales taxes and other duties such as the *camellón*, a transit tax on the commodities that entered the city that was used for the maintenance of sewers and road infrastructure by the city council.²³ Before 1750, sales taxes in the capital were farmed out to merchants who resisted the crown's takeover of the tax.²⁴ The viceroy appointed Juan Díaz de Herrera as the first administrator and endowed him with administrative

21. Allan Kuethe, "The Early Reforms of Charles III in the Viceroyalty of New Granada, 1759–1776," in *Reform and Insurrection in Bourbon New Granada and Peru*, Fisher and Kuethe, eds. (Baton Rouge: Louisiana State University Press, 1990), 19–40. See also McFarlane, *Colombia before Independence*, 249–250.

22. Relación que se forma del estado de las administraciones de este Reino, AGN-C, Alcabalas, tomo 5, fols. 963–977. On Ensenada's reforms, see Kuethe and Andrien, *The Spanish Atlantic World*, 144–145.

23. Demostración de las rentas reales y distinción de ramos del primitivo establecimiento de estas cajas de la ciudad de Santafé, AGN, Anexo 2 [hereafter AGN-A2], Real Hacienda, Cuentas de Cargo y Data, box 64, folder 2, fols. 28–35.

24. See AGN-C, Impuestos Varios, tomo 55, fol. 15. Very little is known about the tax farmers before the reform. The fact that Bogotá merchants controlled these contracts suggests that New Granada followed a similar pattern to that of New Spain. In the latter, the merchants of Mexico City had farmed out sales taxes since the seventeenth century and, according to Guillermina del Valle, the crown's taking over of the alcabalas was an important strategy to reduce their power. See Valle, *Donativos, préstamos y privilegios. Los mercaderes y mineros de la Ciudad de México durante la Guerra Anglo-Española de 1779–1783* (Mexico City: Instituto Mora, 2016), 62–65.

independence from the royal treasuries.²⁵ This independence meant, among other things, that the customs house was to have its own staff and logbooks and that only the Tribunal de Cuentas (Court of Accounts) could audit its accounts.

In 1763, the viceroy commissioned Herrera to establish administraciones in Popayán and Quito in conjunction with the establishment of the sugarcane brandy monopoly.²⁶ As stated above, the reform in Quito elicited an urban revolt that limited structural changes, making the transformation of Quito's alcabalas a "slow and difficult" affair.²⁷ There is no evidence of similar resistance to the reform in Popayán, and the administración there operated in conjunction with the liquor monopoly after 1764.²⁸ Yet, a report written in 1779, when the collection of the two types of duties was separated, pointed out that "since the establishment of this administración, revenues have been abnormally low despite the huge trade that this city undertakes with Quito and Santafé."²⁹ As in New Spain, where the process started in 1753 in Mexico City, the expansion of direct administration in New Granada was piecemeal and subject to setbacks.³⁰ Even though the results were not as expected in terms of fiscal revenue and institutional change, these administraciones set the foundation for the ensuing expansion of direct administration. After all, by 1767, the crown had successfully established customs houses in the three main North Andean entrepôts.³¹

Further policy expansions in the 1770s brought pivotal innovations. In Quito, the creation of a Court of Accounts in 1776, independent from that of Bogotá, reinforced the institutional setting of the customs houses since it reinforced their autonomy vis-à-vis the royal treasury.³² In 1775, the Bogotá audiencia took another step toward centralization by drafting a specific set of rules (*instrucciones generales de alcabalas*) to redesign trade taxes.³³ These

25. On the rise and fall of Herrera's dynasty in the management of the customs house see AGN-C, Alcabalas, tomo 19, fols. 299-318; AGN-C, Aduanas, tomo 2, fols. 226-244; and Biblioteca Nacional de Colombia [hereafter BNC], Comunerros, book 369, fols. 361-362.

26. Fernández, *La alcabala en la Audiencia*, 46-47; McFarlane, "The Rebellion of the Barrios," 201-202.

27. Fernández, *La alcabala en la Audiencia*, 47.

28. Torres, "Entre el oro y la plata," 120. Some revolts did arise in southwestern New Granada, but it seems they were directed mainly against the monopolies and not against the sales taxes. See McFarlane, "Civil Disorders," 26-27.

29. AGN-C, Alcabalas, tomo 1, fols. 251-253.

30. Ernest Sánchez, "La Hacienda reformada: la centralización de la renta de alcabalas en Nueva España (1754-1781)," in *Finanzas y política en el mundo iberoamericano. Del antiguo régimen a las naciones independientes*, Antonio Ibarra and Luis, eds. (Mexico City: Instituto Mora/ UNAM/ UAEM), 143-177.

31. In other regions, the reform was even more delayed. Potosí's customs house, for instance, was established in 1779. See Enrique Tandeter et al., "Indians in Late Colonial Markets: Sources and Numbers," in *Ethnicity, Markets, and Migration in the Andes: At the Crossroads of History and Anthropology*, Brooke Larson and Olivia Harris, eds. (Durham: Duke University Press, 1995), 196-223.

32. Andrien, *The Kingdom of Quito*, 192-193.

33. AGN-Colecciones, Enrique Ortega Ricaurte, Folletos, box 71, folder 271.

instrucciones, though never fully applied, show that local initiatives paved the way for those that were enacted by the inspectors-general in the 1780s.

The ordinances of 1775 sought to weaken tax farming, a method that was to be preserved only in towns with “little trade.” Even in those towns, officials were to encourage competitive bids and to avoid default by requiring guarantors. At the core of the instrucciones was the creation of a network of customs houses in each province with a single *administración principal* (main branch) and several *subalternas* (subaltern branches). The administrator of each branch was to be appointed as *juez de comisos* (judge of seizures), and all the disputes regarding trade taxes had to be examined by a *juez conservador de rentas* (judge of first instance). In the same vein, the high court proceeded to clarify tax exemptions and corporate privileges, two points on which contention had always proliferated. Finally, the members of the high court emphasized the need for regional revisions of the instrucciones since “the different conditions in each province make but impossible the application of these general dispositions in some matters and therefore they should be adapted to local circumstances.”³⁴

In sum, by the time the *visitadores* came to the viceroyalty in the late 1770s, local authorities had sketched the fundamentals of the reform: direct administration, aduana networking, clear tax liability, enforcement, and regional adaptations. On the ground, the overhaul had also advanced to encompass new regions. As Table 1 shows, by the late 1770s direct administration had been implemented in the three North Andean capitals (Bogotá, Quito, and Popayán), the main fluvial ports on the Magdalena River, and Cartagena. Nonetheless, most of the secondary markets and Guayaquil remained either farmed out or under the responsibility of the local treasury officials. Further research is needed to explore the mechanics of the alcabalas at the regional level during these early stages of the reform. For now, suffice it to say that the *visitadores* built upon this network of customs houses to transform trade taxes in the region radically.

ENTER THE VISITADORES

In 1778, the Bourbon overhaul of trade taxes in the viceroyalty was to experience a sweeping new phase. That year, the authorities in Madrid, led by José de Gálvez, dispatched the inspectors (*visitadores generales*) Juan Francisco Gutiérrez de Piñeres and José García León y Pizarro to Bogotá and Quito, respectively.³⁵

34. AGN-Colecciones, Enrique Ortega Ricaurte, Folletos, box 71, folder 271, fols. 46-47.

35. The best analyses of both *visitas* are those of McFarlane, *Colombia before Independence*, 211–217; Andrien, *The Kingdom of Quito*, 194–199; and Rosemarie Terán, *Los proyectos del Imperio Borbónico en la Real Audiencia de Quito* (Quito: Abya-Yala, 1988), 65–69.

TABLE 1
Alcabalas in the Northern Andes, ca 1779: Main Towns and Mechanism of Collection

City/Town	Mechanism	City/Town	Mechanism
Bogotá	Direct administration	Pamplona	Farmed out
Quito	Direct administration	Neiva	Farmed out
Popayán	Direct administration	Cali	Farmed out
Cartagena	Direct administration	Buga	Farmed out
Mompox	Administered by the local treasury	Raposo	Farmed out
Honda	Direct administration	Barbacoas	Farmed out
Tunja	Direct administration	Caloto	Farmed out
Ocaña	Administered by the local treasury	Riobamba	Farmed out
Antioquia	Administered by the local treasury	Latacunga	Farmed out
Chocó	Administered by the local treasury	Ibarra	Farmed out
Pasto	Administered by the city council	Ambato	Farmed out
Socorro	Farmed out	Guayaquil	Farmed out
San Gil	Farmed out	Alausí	Farmed out

Source: “Razón que se forma en virtud de superior decreto del Estado en que se hallan las administraciones de alcabalas de este Reino,” AGN-C, Alcabalas, tomo 5, fols. 963-977; Monserrat Fernández, *La alcabala en la Audiencia de Quito, 1765–1810* (Cuenca: Casa de la Cultura, 1984), 47-49. In Pasto, the city council administered the alcabalas under a system called *repartimiento*, or a lump-sum payment that fell upon merchants and landowners. Note: The sources given here are also the sources for Table 4.

The mission of the inspectors was to implement the intendency system, introduce direct administration in most of the branches of the royal treasuries, and to accomplish a political attack on the presence of local powers in the upper echelons of the royal bureaucracy.³⁶ The two officials were entrusted with ample political, fiscal, judicial, and military powers, which produced conflicts not only with local groups but also with the viceroy and the members of the two high courts of the vicerealty.

The achievements of the two inspectors converged and diverged in several aspects. Both were active in addressing the fiscal needs of the Anglo-Spanish War and the broader changes in international trade policies after the application of *comercio libre* in 1778. They paved the way for the expansion of revenues in most of the branches of the royal treasury in the 1780s and 1790s, consolidating the aduana network and enacting new ordinances that ruled trade taxes up to the 1830s. They failed, however, to introduce the intendency system completely and to further separate the powers of the viceroy and the audiencias. As some scholars have pointed out, these failures

36. Kuethe and Andrien, *The Spanish Atlantic World*, 247–263; David Brading, *Miners and Merchants in Bourbon Mexico 1763–1810* (Cambridge: Cambridge University Press, 1971), 35–37.

explain why structural changes in government were less deep-rooted in the Northern Andes than in other regions.³⁷

The divergences are revealing as well. According to Kenneth Andrien, León y Pizarro “succeeded in creating a strong bureaucratic state structure that helped to shape the socio-economic evolution of the kingdom [Quito] well into the early republican period.”³⁸ Scholars have explained León y Pizarro’s success by pointing out his ability to negotiate at the local level and avoid changes in tax rates.³⁹ He conceived his reforms as a trade-off between increasing fiscal revenue and institutional autonomy vis-à-vis the authorities in Bogotá. In other words, he escalated fiscal pressures but promoted the autonomy of the region in financial and administrative issues.⁴⁰ In contrast, Gutiérrez’s efforts achieved mixed results, disrupting the political equilibrium. The Comuneros revolt left Gutiérrez’s legitimacy in tatters, and it clearly delayed and in some cases halted a good portion of his policies. What was the role of the alcabala reforms in these divergent results?

The inspectors outlined their redesign of trade taxes. The *instrucciones* (ordinances) for Bogotá were issued in 1781.⁴¹ The *instrucciones* for Quito were completed in 1782.⁴² Both ordinances incorporated many of the features of the reorganization drafted by the audiencia of Bogotá in the 1770s. The Northern Andes were divided into districts or customs houses, which were provided with professional staff and infrastructure. The director was to be bestowed not only with the faculties of the *juez de comisos* but also with the jurisdictional privileges of the royal officials, ratifying the creation of a judge of appeals (*juez subdelegado de rentas*). Each customs house, in addition, was staffed with an accountant and several functionaries responsible for the collection of taxes of the specific ramos and a *resguardo*, a set of guards who were to be deployed to the main entrances of the city.

The customs houses were to monitor a network of subordinate branches by auditing their ledgers and centralizing the surpluses before their final

37. McFarlane, *Colombia before Independence*, 226–227; Terán, *Los proyectos del Imperio*, 70–73; Borchart and Moreno, “Las reformas borbónicas,” 40–42. The intendency system was applied only in Cuenca, but some features of the system were adopted in specific areas of taxation elsewhere.

38. Andrien, *The Kingdom of Quito*, 190.

39. Borchart and Moreno, “Las reformas borbónicas,” 49–50.

40. Terán, *Los proyectos del Imperio*, 72–73, 92–93.

41. Instrucción general para la recaudación del Ramo de Alcabala y Armada de Barlovento del Nuevo Reino de Granada, 1781, BNC, Fondo Suárez, 350. Hereafter, this item is cited as “New Granada’s Instructions.”

42. Instrucción y ordenanza para el régimen y forma que ha de observarse por el administrador general que de cuenta de Su Magestad se ha establecido en esta capital de Quito para la exacción y cobranza del derecho de Alcabalas, 1782, AGI, Quito, 241. Hereafter, this item is referred to as “Quito’s Instructions.” Both *visitadores* also enacted ordinances for specific aduanas. For Cartagena, see BNC, *Comuneros*, book 377. For Guayaquil, see AGI, Quito, 239.

disbursement to the royal treasury. In other words, the customs houses were to act as brokers for the flow of accounts and revenues from the local level to the central level of the treasuries. Even though tax farmers were to be replaced by the new officials, the *instrucciones* suggested the officials keep intact the current jurisdictions unless a change in the market size of a given region created the conditions for a merger or for further division.

This institutional redesign was accompanied by changes in the very core of the regulations regarding sales taxes. The new ordinances sought to update the *Recopilación de Leyes de Indias*, a set of rules enacted mostly in the seventeenth century. The inspectors recognized the importance of these laws but argued that their regulations in regard to liability, fiscal practices, and rates were outdated. Yovana Celaya's analysis of the sale tax reforms in New Spain shows that in most of the lawsuits concerning the collection of the *alcabala* after the introduction of direct administration, taxpayers followed the *instrucciones* and not the *Leyes de Indias*.⁴³ In New Granada, the pattern is similar, with the ordinances slowly resolving the judicial plurality that had regulated sales taxes before 1781.⁴⁴

The *instrucciones* proved more systematic than the *Leyes de Indias* in the regulation of tax liability. They confirmed that Indigenous peoples were exempt from sales taxes but incurred liability when dealing in European goods, thereby controlling the natives who traded goods on behalf of mestizos and Spaniards attempting to avoid taxation. Gutiérrez remarked that "this is very common in this Kingdom where Indians live mixed with the Spaniards and people of color who are subject to the tax."⁴⁵ The inspectors also discussed at length the fiscal liability of religious institutions. They kept the exemptions on goods produced for religious ceremonies and the maintenance of the Catholic clergy. However, they commanded officials to tax the private enterprises of priests. A final exemption, limited to the Quito ordinances, covered artisans, blacksmiths, shoemakers, jewelers, and other manual workers of the city. The *visitador* exempted them from paying the annual taxes (known as *menestrales*) they had been paying to keep their stores open.⁴⁶ In a city in which manufacturing and added-value activities played a vital role, this policy variation affects any attempt to measure trade flows.

43. Celaya, "La norma y la práctica," 260–261.

44. For judicial patterns, see the following lawsuits: AGN-C, *Alcabalas*, tomo 1, fols. 378–404; *Alcabalas*, tomo 1, fols. 175–236; *Alcabalas*, tomo 4, fols. 356–400; *Alcabalas*, tomo 11, fols. 349–409; and *Alcabalas*, tomo 12, fols. 967–982.

45. New Granada's Instructions, 41.

46. Quito's Instructions, 85.

The instrucciones also included a comprehensive set of clauses regulating commodity exemptions and marketplaces. Exemptions included bread, books, coins, copper weapons, and other commodities. Grains and seeds were exempted “as long as they were traded in the markets and *alhóndigas* (granaries) of the city.”⁴⁷ Again, this regulation was to be adjusted locally. Wheat flour, for instance, was exempt in Bogotá but was taxed in Popayán. The inspectors, however, were conscious that an overhaul of trade taxes was also to be accompanied by a reorganization of marketplaces. In the Northern Andes, there were no institutions such as the *alhóndigas* or *pósitos* that helped the city councils to intervene in markets by limiting the impacts of harvest cycles. The city councils instead resorted to price controls and export quotas. The evidence suggests that these policies during the late colonial period were slowly relaxed and, therefore, that market intervention became weaker in New Granada than in New Spain.⁴⁸ Yet, the fact that the inspectors repeatedly used the word *alhóndiga* and wrote several clauses on the regulation of *plazas* and *mercados semanales*, shows not only the desire to keep the wording of peninsular regulations but also the drive to regulate marketplaces.⁴⁹

TAX CATEGORIES AND RATES

One of the main innovations of the inspectors was the creation of a comprehensive set of rules to organize tax categories. In Bogotá, the alcabala encompassed the following categories: *efectos de Castilla* (European and Asian goods), *efectos de la tierra* (domestic goods), *pulperías* (goods sold in stores), *tiendas de mercaderes* (retailers of European goods), *ganaderos y hacendados* (goods sold in the haciendas and other estates), *carnicerías* (slaughterhouses), *eventual* (movable property), *administraciones subalternas* (branch offices of the customs house), *arriendos* (tax farmers), *menstrales* (artisans’ shops), *deudas corrientes y de años anteriores* (current and old debts), and other minor categories that taxed ecclesiastical loans (*censos*) and auctions (*almonedas*).⁵⁰ In Quito, similar tax ramos were adopted under different names, or merged into a single category.

47. New Granada’s Instructions, 24; Quito’s Instructions, 72–73.

48. For a recent approach to the mechanics of the *alhóndigas* and *pósitos* in New Spain, see Amilear Challú, “Grain Markets, Free Trade, and the Bourbon Reforms: The Real Pragmática of 1765 in New Spain,” *Colonial Latin American Review* 22:3 (2013): 400–421. On New Granada, see James Torres, *Minería y moneda en el Nuevo Reino de Granada. El desempeño económico en la segunda mitad del siglo XVIII*. (Bogotá, Instituto Colombiano de Antropología e Historia), 50–53.

49. In files and lawsuits regarding the deployment of the alcabalas, the authorities and the taxpayers used the word *alhóndiga* very few times. When they did, they used it mostly as a synonym of *bodega* or *almacen* (warehouse). See for instance one of the lawsuits regarding the establishment of the Mompox customs house in 1794, AGN-C, Aduanas, tomo 10, fols. 272–273.

50. In contrast to New Spain, where there was a separate category labeled *efectos de la China* to record goods of Asian provenance, in New Granada both Asian and European goods were registered in the *efectos de Castilla*.

For instance, during some years, the accountants differentiated between European, Peruvian, and domestic goods, while in other years they merged them into a single category. In Quito, the *ramo eventual* was called *ramo del viento* and the *ramo de ganaderos y hacendados* was called *cabezón general*; the latter also included a tax on the *obrajes* (textile workshops). Both ordinances, then, outlined a thorough, sector-based approach to sales taxes that improved fiscal collection, providing empirical fuel for capturing specific streams of economic activity.

The inspectors this architecture of tax categories with specific procedures of tax collection. In this regard, three main issues are worth mentioning. First, the new ordinances reinforced the practice of levying the tax at the customs house, in anticipation of sales. The taxes on both European and domestic goods were to be cleared at the customs house, giving the *alcabala* certain characteristics of transit duties. Nonetheless, in contrast to the normal practice in New Spain, the movement of goods by a single merchant from one district to another did not create liability in the Northern Andes.⁵¹ This regional transfer was subject to a second *alcabala* at the destination only if the goods were to be sold to a third party. Once the first *alcabala* had been paid at customs, the goods were supposed to be liable to a second *alcabala* or *alcabala de reventa* only on “second and subsequent sales in the same city.”⁵² Despite the attempts of some officials, merchant deputies and city councils litigated heavily to maintain the exemption, avoiding the cascade effect of sales taxes that characterized other regions of the empire.⁵³

Second, the *instrucciones* established a pivotal distinction between those taxes that were to be collected *ad valorem*, those to be collected according to a fixed schedule, and those to be collected through assessments or lump-sum levies. European goods and transactions involving movables and real estate properties fell into the first group. This change was particularly important for the taxation of European goods in Quito, where up to 1782 the *alcabala de efectos de castilla* was essentially a per-unit tax.⁵⁴ Domestic goods and the fees of the slaughterhouses fell into the second group and were thus collected on a

51. Grosso and Garavaglia, *La región de Puebla*, 28–29; Sánchez, *Las alcabalas mexicanas*, 35–39.

52. New Granada’s Instructions, 42–43; Quito’s Instructions, 97–98. In Quito, the instructions were even more adamant in this regard since they stated that “this city is the transit hub for all the domestic goods (*efectos de la tierra*) that the workshops and the towns send to Pasto, Popayán and Barbacoas.” Therefore, the officials were to be careful in not imposing the *alcabala* twice. Quito’s Instructions, 110–11.

53. See the following lawsuits: AGN-C, *Alcabalas*, tomo 1, fols. 378–404; *Alcabalas*, tomo 1, fols. 175–236; *Alcabalas*, tomo 4, fols. 356–400; *Alcabalas*, tomo 11, fols. 349–409; *Alcabalas*, tomo 12, fols. 967–982; *Alcabalas*, tomo 13, 461–463; *Alcabalas*, t. tomo 19, fols. 299–318; *Alcabalas*, tomo 22, fols. 949–995; AGN-C, *Aduanas*, tomo 20, fols. 776–807n; and AGI, Santa Fe, 803.

54. Fernández, *La alcabala en la Audiencia*, 84–85.

schedule. The *pulperías*, *cabezones*, and *hacendados* fell into the third group. The three mechanisms left plenty of room for local groups to shape rates. In addition, the ordinances preserved both the role of the city councils and guilds in the preparation of the *aranceles* and the negotiated nature of the annual payments made by storeowners and landowners. In other words, the *instrucciones* reinforced the tools for taxpayers to invoke customs and negotiations as the foundation of fiscal collection.

Finally, the inspectors implemented a system of deferred payments called *conciertos*, which involved contracts between the taxpayers and the administration to pay the tax in two or three installments.⁵⁵ Merchants who imported European goods worth more than 300 silver pesos had the right to defer the payment of the duties for up to 18 months in Bogotá and Popayán, and 12 months in Quito. Collection for categories such as *pulperías*, *tiendas de mercaderes*, and *hacendados* also followed this method. The system not only solved the liquidity problems of some taxpayers but also left behind rich documentation that, with proper methods of adjustment, can be mined to understand the market structure of the region. In sum, the *visitadores* designed a scheme that built on some of the piecemeal reforms that had been in the making since the 1750s and modernized the mechanics of tax collection in the region.

So far, this article has analyzed in parallel both *instrucciones*. Their dissimilarities, nonetheless, are revealing. One main difference is salient: tax rates. Gutiérrez sought to double rates by reviving an old tax called the *armada de barlovento*. Established in the 1640s, the *armada* was an additional sales tax of 2%. Historians have echoed the traditional narrative of the history of this tax as provided by Gutiérrez, his deputies, and its defenders. That narrative holds that the additional tax was collected regularly until 1720 when it was slowly subsumed into a single *alcabala* and ultimately “forgotten in the accounts of the royal treasury.”⁵⁶ However, the story is much more complicated than that. It seems that the *armada* was not simply forgotten or simply compounded with the *alcabala*. In some regions, the impost was linked to the establishment of the *sisa*, a consumption tax charged in Antioquia, Barbacoas, and Cartagena, and the *proyecto*, a transit tax charged in the ports on the Magdalena River.⁵⁷ This

55. New Granada's Instructions, 18–19; Quito's Instructions, 97.

56. This recount was crafted by the Court of Accounts in 1791. See AGN-C, Alcabalas, tomo 18, fols. 1003–1004. For the recount of one of Gutiérrez's supporters, written in 1789, see Joaquín de Finestrada, *El vasallo instruido en el Estado del Nuevo Reino de Granada y en sus respectivas obligaciones* [ca. 1789] (Bogotá: Universidad Nacional de Colombia, 2001), 229–230. Some historians have taken these comments at face value. See McFarlane, *Colombia before Independence*, 213–214; and Pinto, *Entre colonia y república*, 108–109.

57. For the ports on the Magdalena River, see Torres and Henao, “Connecting the Northern Andes and the Atlantic,” 489–495. For Antioquia, see AGN-C, Alcabalas, tomo 18, fols. 670–675. For Barbacoas, see AGN-C, Alcabalas, tomo 19, fols. 925–930.

fact shaped the discussion of the alcabala overhaul in these regions, where ultimately different rates were adopted.

In the ports on the Pacific, such as Tumaco and Buenaventura, Gutiérrez's attempt to revive the armada was not a novelty. The royal decree that liberalized trade between New Spain, New Granada, and Peru in 1774 clarified that the armada should be charged on this trade as a separate duty from the *almojarifazgo* (import-export duties).⁵⁸ The businessmen of the ports took advantage of Gutiérrez's difficulties and unleashed a wave of litigation that would be settled only when the crown reduced import taxes in the Pacific ports in the early 1800s.⁵⁹

Thus, the alteration of tax rates should be read in a regional context. In Quito, Pizarro chose to keep the sales taxes at 3%. This 3% comprised 2% of the alcabala and 1% of the armada. It is not clear when and why the latter was reduced to 1%. By 1780, however, there was a sense of distinction between the two taxes, even though they were charged in conjunction.⁶⁰ Pizarro, as has been shown, focused instead on applying the 3% rate to the collection of sales taxes on European goods. In the same vein, he did not alter the exemptions for key goods, even though some of them were not sanctioned by the formal norms.⁶¹ Gutiérrez, on the contrary, sought to impose the sales tax on cash crops such as cotton, which the smallholders in eastern New Granada used to produce textiles.⁶² While Pizarro was a piecemeal reformist, Gutiérrez was, in the words of a viceregal official, an envoy who "followed the orders of Gálvez blindly."⁶³

The Comuneros rebellion and other regional uprisings forced the authorities to eliminate the armada and reverse the expansion of the tax on key cash crops. The unintended consequence of the failure of this portion of the reform was that it shielded New Granada from the broader Bourbon drive to increase the rates of trade taxes. In New Spain, the alcabala reached levels of 6% to 8%. In Peru and Upper Peru, it came to 6%, and in the interior of Río de la Plata, it sat at 4%.⁶⁴ In Quito and New Granada, tax rates remained the lowest among the main regions of the Spanish Empire.

58. AGN-C, Aduanas, tomo 1, 912-924.

59. On the impact of tax cuts on fiscal revenue see AGN-C, Alcabalas, tomo 23, fols. 895-899.

60. Borchart and Moreno, "Las reformas borbónicas," 49-50.

61. Pizarro also opted for leaving the *cabezón general* "in the same terms under which the duty has been governed." See Quito's Instructions, 139-140.

62. See an analysis of Gutiérrez de Piñeres's tax burden on cotton in Martínez, "La revolución de 1781," 153-154, 257-258.

63. Francisco Silvestre, *Descripción del Reino de Santa Fe de Bogotá* [ca 1789] (Bogotá, Universidad Nacional de Colombia, 1988), 88.

64. Ibarra, "De la alcabala colonial," 320-325; Chocano, "Circuitos mercantiles," 10-12; Tandeter, "Flujos mercantiles," 16-18; Palomeque, "La circulación mercantil," 135-140.

THE GEOGRAPHY OF THE ALCABALAS

Even though local powers curbed some of the short-term goals of the Bourbon overhaul, the institutional design of the inspectors did slowly take root in the viceroyalty. This process, however, varied across regional settings, given the polycentric connections of the region with the world economy, the extensive network of inland waterways, and the bimetallic structure of the monetary system in some areas. [Table 2](#) shows characteristics of the aduana network across the viceroyalty in the early 1790s (See also [Map 1](#)). If compared with the same picture in the late 1770s, the changes are revealing. Over time, direct administration expanded to the chief entrepôts of the viceroyalty and a network of subaltern branches were finally deployed around them. In Quito, Pizarro successfully consolidated subaltern branches in Latacunga, Chimbo, Guaranda, Ambato, Riobamba, and Alausí. In addition, he shored up the reorganization of the customs house in Guayaquil by centralizing the collection of trade taxes and creating subaltern branches across the province.⁶⁵ By 1787, Ibarra, Otavalo, Cuenca, and Loja had been put under direct administration as well.⁶⁶

In New Granada, the process was slower. In 1790, the director of the customs house in Bogotá argued that this sluggish change was “a consequence of the tumults that occurred in 1781.”⁶⁷ In 1787, the administrator of Popayán similarly remarked that “the establishment of the aduana in this city was not effective because of the novelties and revolts in Socorro in 1781.”⁶⁸ Yet by 1792 the branches of the main markets of eastern New Granada were already under the fiscal orbit of Bogotá’s aduana. In the early 1800s, further reorganization took place in San Gil, Vélez, Sogamoso, and other thriving markets of the region.⁶⁹ The small markets that dotted the central provinces of the viceroyalty became more and more integrated into the network of customs houses on the eve of colonial collapse.⁷⁰ In Caribbean New Granada, a similar process unfolded, but here the research is scarcer.⁷¹

65. Fernández, *La alcabala en la Audiencia*, 46–47.

66. Fernández, *La alcabala en la Audiencia*, 48–49.

67. AGN-C, Aduanas, tomo 7, fols. 71–72.

68. Archivo Central del Cauca [hereafter ACC], Colonia, Alcabalas, Sig. 5709, fols. 9–10.

69. On San Gil, see AGN, Anexo 3 [hereafter AGN-A3], Real Hacienda Cuentas, 41-c, N45. On Vélez, see AGN-C, Alcabalas, tomo 22, fols. 19–30. On Sogamoso, see AGN-C, Alcabalas, tomo 19, fols. 727–730.

70. See Muñoz, “Independencia y actividad económica,” 22–23.

71. Torres and Henoa, “Connecting the Northern Andes,” 489–495.

TABLE 2
Alcabalas in the Northern Andes, ca 1794: Main Towns and Mechanism of Collection

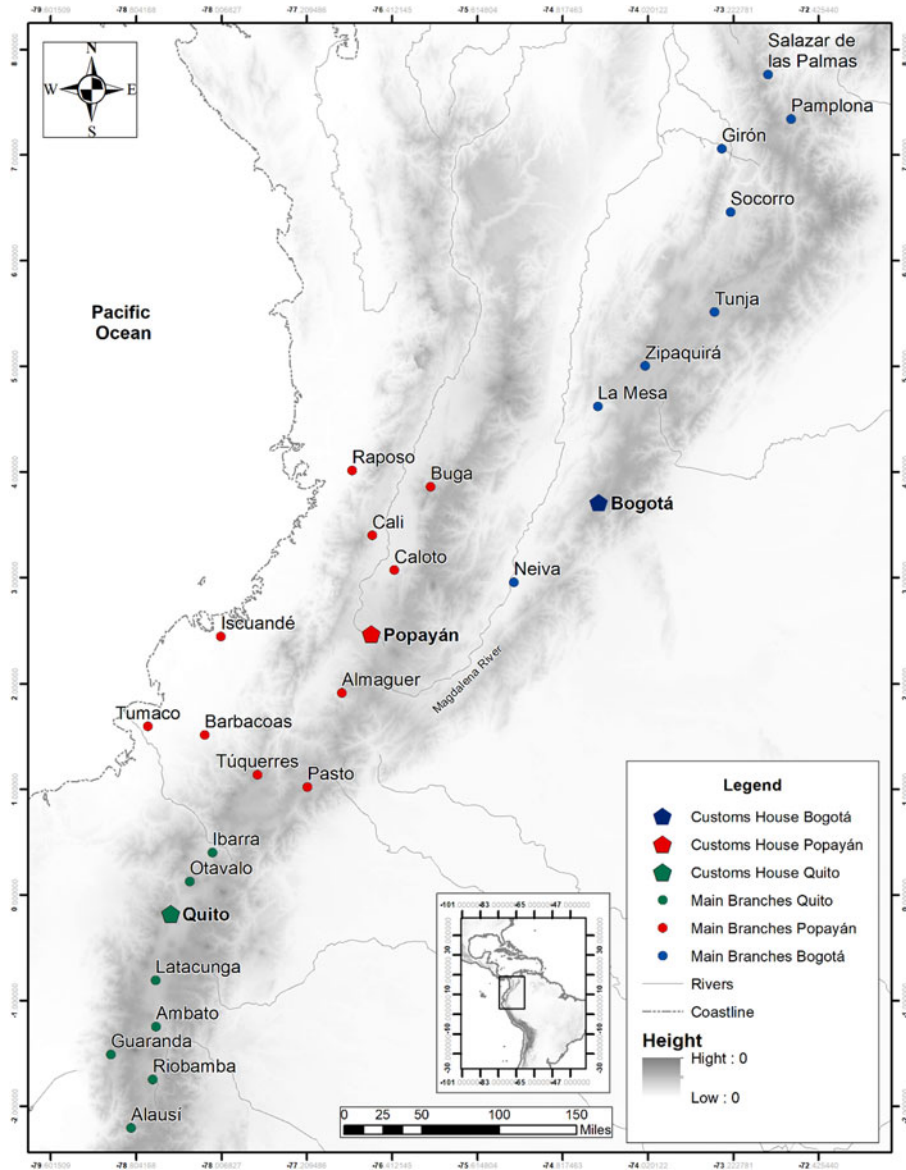
Aduana	Main Subalterns	Mechanism	
Bogotá	Tunja	Direct administration	
	Girón	Direct administration	
	Pamplona	Direct administration	
	Salazar de Las Palmas	Direct administration	
	La Mesa	Direct administration	
	Zipaquirá	Direct administration	
	Neiva	Farmed out	
	Socorro	Direct administration	
Popayán	Caloto	Direct administration	
	Raposo	Direct administration	
	Almaguer	Direct administration	
	Pasto	Direct administration	
	Los Pastos	Direct administration	
	Buga	Direct administration	
	Cali	Direct administration	
	Barbacoas	Direct administration	
	Iscuandé	Direct administration	
	Tumaco	Direct administration	
Quito	Ibarra	Direct administration	
	Riobamba	Direct administration	
	Ambato	Direct administration	
	Latacunga	Direct administration	
	Guaranda	Direct administration	
	Alausí	Direct administration	
	Other Aduanas/towns	Mechanism	
	Cartagena	Direct administration	
Mompox	Direct administration		
Honda	Direct administration		
Nóvita	Administered by the local treasury		
Citará	Administered by the local treasury		
Antioquia	Administered by the local treasury		
Cartago	Direct administration		
Ocaña	Administered by the local treasury		
Guayaquil	Direct administration		

Source: AGN-A3, Real Hacienda Cuentas, 592-c, 888-c, 1872-c, 1079-c, 1172-c, 1307-c, 1565-c, 1890-c, 1234-c, 1539-c, 2826-c, 2798-c, 1654-c, 2260-c, 1892-c, 1279-c, 2491-c; AGN, Anexo 2, Administración de Alcabalas, Cuentas Generales, box 20, folder 1; AGN, Anexo 2-Depósito, box 155, folder 4, and box 73, folder 2, and box 168, folder 1; AGI, Santa Fe, 883-884, 901-902 and 119-1121; AGI, Quito, 426-427.

In Popayán, the aduanas network was deployed in the 1790s, slowly replacing tax-farming in most of the markets of the region (see [Map 1](#)). Popayán's customs house encompassed a heterogeneous set of markets in southwestern New Granada that included the mining belts of the Pacific (Barbacoas,

MAP 1.

The Backbone of the Alcabala Network in the Northern Andes, ca 1794



Source: Own elaboration following information in Table 2.

Tumaco, Iscuandé, and Raposo), the agro-mining complexes of the Cauca Valley (Caloto, Buga, and Cali), and the agricultural regions of the southern highlands with a strong indigenous presence (Almaguer, Pasto, and

Túquerres).⁷² In the 1800s, direct administration was further expanded toward new mining frontiers such as Micay and Guapi and thriving agro-mining towns such as Quilichao.⁷³ Cartago's customs house preserved its independence vis-à-vis Popayán and Bogotá. Given its role in the viceroyalty's east-west trade, the town had had an independent royal treasury since the early stages of colonial rule, and therefore the establishment of the customs house reinforced its autonomy.⁷⁴

A special case in this new network of subaltern branches was the one deployed in Pamplona, a city that encompassed the so-called "four jurisdictions" that formed the transitional border with the Venezuelan Captaincy: Salazar de Las Palmas, San José de Cúcuta, Rosario de Cúcuta, and San Faustino. This region exported cacao to New Spain and other markets in the Atlantic via Maracaibo, providing Mexican silver for New Granada's merchants. The Pamplona administration was a subaltern of Bogotá's customs house in terms of revenue flows. In institutional terms, however, this branch was a Venezuelan "enclave," employing some of the tax rates and collection procedures of Maracaibo's customs house. This jurisdictional issue emerged repeatedly after the Maracaibo was declared *puerto menor* in 1793 and viceregal authorities authorized the importation of European goods from there, Caracas, and Guyana to Pamplona.⁷⁵ This authorization was extended to cover all markets from Bogotá to Pamplona in the early 1800s.⁷⁶ As recent research has shown, by 1805 Maracaibo had become one of the most important entrepôts of European goods for Bogotá's merchants, setting the stage for conflicts between the Andean hubs of trade and the traditional ports of coastal New Granada such as Cartagena.⁷⁷

For reasons that should be addressed in future research, the mining belts of Antioquia and Chocó remained outside the aduanas network. In those areas, sales taxes would be collected by the officials of the royal treasuries until the end of colonial rule. In Antioquia, a plausible hypothesis for this structure is that the alcabala was charged in conjunction with the duties on gold (*quintos*), with merchants declaring an amount of gold equivalent to the value of the goods imported. This arrangement, known as *alcabala presunta*, prevented any

72. Torres, "Entre el oro y la plata," 121–122.

73. On Micay and Guapi, see ACC, Sig, 7602, fols. 7–12. On Quilichao, see AGN-A3, Real Hacienda Cuentas, 2244-c.

74. Torres, "Entre el oro y la plata," 124.

75. Jason Bedolla, "Circulación de efectos de Castilla entre Maracaibo y la provincia de Pamplona (1785–1819)," *Fronteras de la Historia* 25:1 (2020): 208–232.

76. For a concise presentation of the authorization and the subsequent debate, see AGN-C, Alcabalas, tomo 6, fols. 994–1040.

77. James Torres, "Trade in a Changing World: Gold, Silver, and Commodity Flows in the Northern Andes, 1780–1840" (PhD diss.: Georgetown University, 2021); and Torres, *Minería y moneda*, 116–119.

attempt to restructure sales taxes in the region.⁷⁸ In Chocó, the reason is less clear. The role of the *corregidores* and the impact of their forced sales (*repartimiento de mercancías*) on the region's market structure probably conditioned the capacity of the officials to undertake the reform.⁷⁹ The most important Bourbon drive to transform trade in the region was the lifting of the prohibition on navigation along the Atrato River in 1783.⁸⁰ This reform not only enhanced the connection of the region with the Atlantic economy but also compelled the crown to expand the staff of the royal treasury and build proper warehouses in Citará and Nóvita, the two main towns of the province.⁸¹ Even though the sales taxes of this region were not embedded in the institutional setting of the aduanas, they clearly experienced piecemeal modifications that deserve to be further studied.

THE MECHANICS OF THE ALCABALAS

As stated in previous sections, each tax category was administered under specific regulations. Let us examine the mechanics of the two main duties. The collection of the sales taxes on goods of Asian and European provenance shifted from a per unit to an ad valorem basis in 1781. In the Northern Andes, such innovation was accepted, despite some initial opposition from import merchants.⁸² However, the practice of paying the tax at customs created protracted disputes. As soon as the new ordinances were enacted, the directors of the customs houses of Bogotá and Popayán started to charge the tax on the full spot price of foreign merchandise. The directors stated that since most of the imports were handled by merchants in Cartagena and other ports on the Atlantic, they were automatically liable to pay a second alcabala in the target market. In other words, the Cartagena importers were to pay the first tax in the port, and the merchants of the interior of the viceroyalty were to pay a second tax, since "the goods have clearly changed ownership."⁸³

78. AGN-C, Alcabalas, tomo 18, fols. 653-773.

79. On the reparto, see Torres, *Minería y moneda*, 183-184.

80. See several reports from Bogotá's high bureaucracy written in the 1770s and the 1780s. Francisco Moreno y Escandón, "Estado del Virreinato de Santafé, Nuevo Reino de Granada, año de 1772," in *Relaciones e informes de los gobernantes de la Nueva Granada*, Germán Colmenares, ed. (Bogotá: Banco Popular, 1988), 1:153-270; Antonio Caballero y Góngora, "Relación del estado del Nuevo Reino de Granada, que hace el arzobispo de Córdoba a su sucesor el excelentísimo señor don Francisco Gil y Lemus 1789," in *Relaciones e informes*, Colmenares, ed., 1:361-493.

81. On these reforms, see AGN-A3, Real Hacienda Cuentas, 2915-c, N 434.

82. For Bogotá, see BNC, Comuneros, book 369, fols. 236-244; and AGN-C Aduanas, Cartas, tomo 3, fols. 921-923. See also Finestrada, *El vasallo instruido*, 226-227. For Popayán, see ACC, Colonia, Sig 5709, fols. 2-5; and AGN-C, Real Hacienda, tomo 27, fols. 1149-1150. For Quito, see Fernández, *La alcabala en la Audiencia*, 64-65; and ANE, Alcabalas, box 11, file 5, fols. 1-11.

83. See AGN-C, Alcabalas, tomo 1, fols. 378-404; Alcabalas, tomo 1, fols. 175-236, Alcabalas, tomo 4, 356-400; Alcabalas, tomo 11, fols. 349-409; and Alcabalas, tomo 12, fols. 967-982.

The administrators echoed an argument that historians have repeated: that the businessmen from the interior were mere factors of the port merchants.⁸⁴ Yet, the evidence reveals that an increasing number of traders in Bogotá and Popayán imported goods directly from Spain and hired Cartagena merchants to forward their merchandise to the interior.⁸⁵ Thanks to the corporate powers of the trade *diputados*, interior merchants successfully filed a lawsuit against the measure. They argued that since the goods came from Spain “*de su cuenta y riesgo*” (at their own risk) and they had to pay both the first alcabala in Cartagena and another in the interior, they should be taxed only on the price difference, not on the full value of the goods. This surcharge was called the *mayor aumento*.⁸⁶

The viceroy partially settled the dispute in 1785 when he ordered that the alcabala be paid on the full value of the goods only if they were bought in Cartagena. If they were imported directly from Spain, they were also subject to the aumento. Yet, following the advice of the Court of Accounts, the viceroy mandated that the surcharge should not be collected on the price differentials but instead on a fixed 15-percent wedge between the prices of Cartagena and the markets in the interior. This last decision led to a new round of lawsuits and negotiations, and only in 1790 did the method of calculating the surcharge on market prices become a definitive norm. This process was sped up by the fact that Cartagena’s centrality waned as the Venezuelan connection and the Santa Marta-Mompox axis became more and more important for Andean importers in the early 1800s.⁸⁷

In Quito, discussions regarding taxes on imports were also prevalent, but the documentation is scarcer. In 1789, an accord among the *diputados* tangentially stated the need to standardize the method for calculating surcharges on the imports from Cartagena and Guayaquil.⁸⁸ It is not clear, however, if the ongoing procedures for payment of the tax involved price differentials or a fixed rate. Quito’s administration did have a separate logbook to measure the aumentos. Unfortunately, only one of these books is preserved, for the years 1796 and 1797, and therefore it is impossible to determine if the practice changed over time.⁸⁹ According to this logbook, the aumento was calculated

84. On this matter, see McFarlane, *Colombia before Independence*, 174–175.

85. Nathalie Moreno, “Circulación de efectos de castilla,” 220–221; James Torres, “Tasas de interés y desempeño económico: el crédito comercial en Santafé de Bogotá, 1760–1810,” *América Latina en la Historia Económica* 21:3 (2014): 15–25.

86. AGN-C, Alcabalas, tomo 12, fols. 967-982; Alcabalas, tomo 13, fols. 762-775.

87. See the decrees at AGN-C, Alcabalas, tomo 13, fols. 719-733.

88. ANE, Alcabalas, box, 11, file 5, fols. 2-7.

89. Cuaderno de avalúos de mayor aumento, ANE, Alcabalas, box 12, file 21. We differ from Adrien’s analysis of this logbook. See *The Kingdom of Quito*, 152.

according to price differentials, for goods coming from both Cartagena and Guayaquil. This practice seemed to have been in place since 1790. In that year, a Quito merchant who imported goods through Cartagena petitioned to pay all the duties in Popayán and Quito since he lacked the liquidity to pay them on spot at Cartagena. Given that he was new to this trade route (*carrera*), most merchants had refused to lend him capital, even at a high interest rate. Thus, he was to pay both the alcabala de primera venta and the aumento at the two Andean entrepôts.⁹⁰ As compensation, he offered to pay the duties in doubloons rather than silver “so the King will benefit from the premiums at which these coins are traded in this port.” It is not clear if he was authorized to undertake the transaction. Yet he was aware of the difference between the alcabala and the aumento.⁹¹

The payment of the alcabala on foreign goods gave rise to two additional concerns. First, the customs officials complained that merchants were unwilling to pay the alcabala de reventa despite the fact that most of the merchandise was being sold to retailers inside the city. In Bogotá, a comprehensive plan to tax these transactions stated that “in this city, there is not a clear distinction between the wholesalers and retailers. Both groups *varean* [to retail or sell the clothes per *vara*, a unit of length], but only the wholesalers pay the surcharge.”⁹² In Popayán, the administrators stated that taxing the resales was difficult not only because the customs house was understaffed, but also because a portion of retailing was dominated by itinerant merchants who were difficult to track.⁹³ The authorities decided that retailing inside the city would be subsumed into other tax categories such as *pulperías* and *tiendas de mercaderes*. Merchants, however, would be liable for the reventa if they distributed their merchandise to traders in other provinces. Second, the officials tried several times to reform the *conciertos* on the grounds that the 18-month window provided the perfect excuse for ultimately avoiding taxation. These attempts elicited lengthy lawsuits that resulted in keeping the structure of three installments of 6 months each, but with a pivotal modification: import merchants had to provide a guarantor to back the entire amount of the debt.⁹⁴

In sum, the task of measuring the streams of European goods in the Northern Andes through records of the alcabalas is filled with significant obstacles. In fact, if taken from the *sumarios*, the revenues of the customs house do not

90. AGN-C, Aduanas, tomo 16, fols. 330-348.

91. AGN-C, Aduanas, tomo 16, fols. 340-342.

92. AGN-C, Aduanas, Cartas, tomo 3, fols. 921-924.

93. AGN-C, Alcabalas, tomo 23, fols. 113-116; Alcabalas, tomo 8, fols. 138-153; ACC, Colonia, Sig. 7163, fols. 1-6.

94. AGN-C Aduanas, tomo 2, fols. 235-308. In Quito, there were only two installments of six months each.

reflect the real import capacity of the North Andean entrepôts but only the evolving market share of direct importers from Spain and those who depended on merchants in the Atlantic and Pacific ports. If the market share of the former happened to be stronger, the *sumarios* would clearly underestimate the value of aggregate imports, since most of the tax was charged not on the full value but on the *aumento*. In the same vein, the *sumarios* included the revenues gained from taxing the *reventas* from sales to merchants in other regions. In other words, to reliably establish both the import capacity and the value of re-exports of European goods, a pair-wise analysis must be done between the daily logbooks (*libros manuales*) and the logbooks of the *conciertos*.

The *alcabala* levied on domestic goods was payable on a schedule that was fixed through local negotiations with town and trade councils. Even though the tariffs were supposed to be regularly updated, they remained strikingly stable.⁹⁵ In addition, as this article has noted, some commodities were exempt from taxes in some markets but were liable to taxation in others. It is important to remark that, contrary to a frequent perception of historians, the city councils not only halted increases in the types of commodities liable to the tax but also obtained important fiscal concessions. In the 1800s, after a local interpretation of a royal decree that relieved salted meat and rice from the first *alcabala* in several Atlantic ports, most of the city councils battled to extend the same exemptions to the interior of the viceroyalty.⁹⁶ Some of them succeeded, and thus both goods were no longer recorded in the accounts of their customs houses.

In the same vein, viceregal authorities saw tax cuts as a mechanism to further promote the booming river trade between the Andean slopes and the Caribbean lowlands. Therefore, they supported lawsuits from the trade councils of Mompox and Honda, the two main inland ports, to reduce and eliminate some duties, despite the opposition of treasury officials. As a consequence, the fiscal burden on the river trade in the viceroyalty became lighter in the 1790s than ever before.⁹⁷ In Antioquia, import merchants achieved tax relief by convincing the courts to allow them to pay the *alcabala* in silver and not in gold dust. In fiscal terms, the province was to operate as a “land of silver.” Given the movement of the rates of exchange of silver compared to that of

95. Officials and contemporaries periodically reported the schedules to the viceregal authorities. Two of these reports, crafted in 1781 and 1794, are virtually the same. See Finestrada, *El vasallo instruido*, 225–226; and “Relación formada por la contaduría de la *alcabala* de esta ciudad de Santafé de Bogotá de los derechos reales como municipales que paga el comercio de España con expresión de los que se cobran en los frutos del país,” AGN-A2, Paquetes, box 155, folder 4. See also the logbooks in the following section of this article.

96. AGN-C, *Alcabalas*, tomo 16, fols. 3-7; AGN-C, *Alcabalas*, tomo 23, fols. 1-19. See also Torres and Henao, “Connecting the Northern Andes,” 476–477.

97. Torres and Henao, “Connecting the Northern Andes,” 480–482.

gold, and the wedges in the value between gold dust and gold coinage, the real tax rate significantly fell.⁹⁸

The complexity of the negotiations over taxation in the Northern Andes is better understood in light of an examination of nominal and real tariffs. Table 3 provides information on these variables for Quito, Popayán, and Bogotá. The nominal tariffs varied sharply in the three locations. In Bogotá, in comparison to the other two markets, the authorities imposed higher tariffs on cash crops such as cacao, rice, and sugar and its derivatives but charged lower tariffs on livestock and textiles. Curiously, Quito adopted heavier taxes on textiles, its main export commodity. Tariffs on other goods such as hogs were remarkably similar. This sectoral taxation suggests that an analysis of the local discussions about the tariffs would reveal interesting insights into corporate power within different regions. The understanding of nominal rates is also pivotal in undertaking regional, cross-sectional analyses of trade flows. For instance, a raw basic index of tariffs crafted by encompassing the four most important commodities in each market reveals that Bogotá's nominal tariffs were between 20% and 26% higher than in Quito and between 29% and 34% higher than in Popayán. These differences, naturally, affect the way in which fiscal revenues can be harnessed to compare market sizes in the three regions. In other words, if proper adjustments are not made—adjustments that should also include some caveats on the price elasticity of specific goods—the revenues from the alcabalas can lead to overestimates of the market size of Bogotá vis-à-vis Quito and Popayán.

The analysis of real or effective tariffs is revealing as well, although this is an area in which the literature is scarce. Most studies, in fact, have used the *aforos* (schedules) as proxies to understand the market value of the commodities recorded in the sales taxes. Very few attempts have been made to establish the gap between those two values.⁹⁹ Julio Djenderedjian and Juan Martirén solidly argue that in regions such as the Río de la Plata interior, in which the *aforos* were updated regularly, they can be used to derive proxies of price movements and therefore can provide a raw estimate of the value of trade flows.¹⁰⁰ Jeremy Baskes's analysis of the cochineal trade in Oaxaca has shown that “the customs officials promptly adjusted the *avalúos* to reflect actual prices.”¹⁰¹

98. AGN-C, Alcabalas, tomo 22, fols. 508-523. On the mechanics of bimetallism in the region, see Torres, *Minería y moneda*, 81-95.

99. Grosso and Garavaglia, *La región de Puebla*, 46.

100. Julio Djenderedjian and Juan Martirén, “Los *aforos* de Alcabalas como fuente útil para el estudio de los precios en el Río de la Plata,” *Folia Histórica del Nordeste* 26 (2016): 74-94.

101. Jeremy Baskes, *Indians, Merchants and Markets: A Reinterpretation of the Repartimiento and Spanish-Indian Economic Relations in Colonial Oaxaca, 1750-1821* (Stanford: Stanford University Press, 2000), 273.

TABLE 3
Alcabala Rates from Schedules Enacted in Bogotá, Popayán, and Quito, ca. 1792

City	Product	Quantity	Unit of measure	Tax (Silver Reales)	Tax as % of Avg Market Price
Bogotá	Sugar	1	Muleload	6	6*
Bogotá	Cacao	1	Muleload	16	6.5*
Bogotá	Anise	1	Hundredweight	4	
Bogotá	Hogs	1	Unit	1	
Bogotá	Coarse cottons	1	Piece	2	3
Bogotá	Rice	1	Muleload	6	6.5*
Bogotá	Cane syrup	1	Muleload	2	
Bogotá	Garbanzo Beans	1	Muleload	4	6.5*
Bogotá	Conserves	1	Muleload	6	
Bogotá	Livestock	1	Unit	1.5	
Bogotá	Tallow	1	Muleload	4	1.5
Popayán	Wheat flour	1	Muleload	2	1.6
Popayán	Sugar	1	Muleload	3	1.5
Popayán	Garbanzo Beans	1	Muleload	4	1.3
Popayán	Salt	1	Muleload	3	1.4
Popayán	Anise	1	Hundredweight	8	
Popayán	Rice	1	Muleload	2	
Popayán	Hogs	1	Unit	1	
Popayán	Conserves	1	Muleload	5	
Popayán	Cane syrup	1	Muleload	1	1.4
Popayán	Tallow	1	Muleload	4	2
Popayán	Coarse cottons	1	Piece	2	2.5
Popayán	Livestock	1	Unit	2.5	
Popayán	Cacao	1	Muleload	9	2.5
Quito	Sugar	1	Muleload	4	
Quito	Cacao	1	Muleload	4	
Quito	Anise	1	Hundredweight	4	
Quito	Hogs	1	Unit	1	
Quito	Coarse cottons	1	Piece	4	
Quito	Salt	1	Muleload	2	
Quito	Rice	1	Muleload	4	
Quito	Livestock	1	Unit	2.5	

Source: See sources for Table 2. For price data, see text. * For Bogotá (Sugar), Bogotá (Cacao), Bogotá (Rice), and Bogotá (Garbanzo Beans), averages were different from those of Popayán after performing a Student's T-test and independent samples Mann-Whitney U test with 95% confidence intervals at a significance level of < 0.05.

In the Northern Andes, the stickiness of the *aforos* creates issues similar to those faced by historians of other areas of the empire. The last column of [Table 3](#) provides some insights into this regard. Real tax rates shown there were calculated by using monthly prices of key commodities for which data is available in the price indexes of Bogotá and Popayán.¹⁰² Unfortunately, no such index is available for Quito. Average monthly prices have been calculated for the four years between 1790 and 1794, and a Student T-test has been performed to compare tax rates averages between Bogotá and Popayán. The results are straightforward. In Bogotá, domestic goods tended to be taxed more heavily than European imports. As has been shown, the *ad valorem* rate of the latter remained at 2%, while most of the rates on domestic goods were above that bound. In Popayán, in contrast, real duties on domestic goods were lower, while the capital of the viceroyalty levied heavier rates on them. The two exemptions were textiles and meat, for which the averages are not statistically different. It seems that in both markets indirect tax relief resulted from an upward movement of prices after 1790. The price index soared 30% in Bogotá from 1790 and 1810 and 15% in Popayán during the same period.¹⁰³ Therefore, the real effects of trade taxation diminished during the late colonial period.

What can explain these differences? A definitive answer, again, is beyond the scope of this article. The fact that meat and textiles shared similar burdens in both markets probably indicates the geographical scope of the markets of both goods. Bogotá, Quito, and Popayán competed to attract meat supplies by offering higher prices to producers on the Upper Magdalena River.¹⁰⁴ In the same vein, textiles from eastern New Granada and Quito competed in Popayán and the Cauca Valley markets.¹⁰⁵ Any explanation of this phenomenon should also consider the political agenda of the city councils. According to two contemporaries, Francisco Silvestre and Joaquín de Finestrada, the freedoms (*libertades*) that the towns enjoyed in fiscal terms led to unexpected results. Instead of striving for lower tariffs, some city councils imposed heavy duties, probably to better compete with the produce of nearby towns. Finestrada pointed out that “the cities of the Kingdom taxed goods that were brought

102. For price data, see Torres, *Minería y moneda*, 67–68; and Torres, “El comportamiento de los precios en una economía preindustrial: Popayán, Virreinato de Nueva Granada, 1706–1819,” *Cuadernos de Economía* 34:66 (2015): 629–680.

103. Torres, *Minería y moneda*, 69; Torres, “El comportamiento de los precios,” 652.

104. Hernán Clavijo, “La economía de la ciudad y distrito de Neiva en el siglo XVIII. La importancia de una periferia en el subsistema colonial norandino,” in *Historia comprensiva de Neiva*, Bernardo Tovar, ed. (Neiva, Colombia: Academia Huilense de Historia, 2012), 435–540; René Soulodre-La France, *Región e imperio, el Tolima Grande y las reformas borbónicas en el siglo XVIII* (Bogotá: ICANH, 2004); Robson Tyrer, “The Demographic and Economic History of the Audience of Quito: Indian Population and the Textile Industry” (PhD diss.: University of California, Berkeley, 1975).

105. Torres, “Entre el oro y la plata,” 129–130.

from outside their jurisdiction at rates well above [*en exceso de*] those of Santafé.”¹⁰⁶ Silvestre, who observed the same phenomenon, recommended the application of a flat ad valorem tax of 2% across the viceroyalty to avoid this heterogeneity that “clearly ruins our trade.”¹⁰⁷

These insights should shape the procedures used by historians to capture the magnitude and direction of domestic trade flows. One additional comment is in order. Domestic goods were not subject to the alcabala de reventa unless they were sold to a third party in another province. In arguments similar to those made in lawsuits around the alcabala on European imports, merchants claimed that this payment was already subsumed in the ramo de pulperías. This, naturally, created lengthy lawsuits, since merchants would usually move their goods to other towns if the market conditions of their own location were not favorable. Thus, a merchant having paid the tax at customs in market A, was not forced to pay it at market B. Nonetheless, given the heterogeneity of tariffs and the drive to increase revenues, officials several times attempted either to charge the reventa on these transactions, or to charge an aumento on the price differentials of both markets.¹⁰⁸ However, traders were successful in curbing both attempts. This negotiation is well reflected in records of accounting practices. The *libros manuales* recorded not only the introduction of goods but also, in side notes, informed if they were re-exported with a new outbound waybill. Here, again, the Northern Andes diverged from the patterns in operation in other regions of the Empire.

BROAD TRENDS: THE SUMARIOS GENERALES

The former sections have provided some cautionary outlines regarding the use of the annual summaries of the customs houses to grasp trade flows. A burgeoning recent literature has set out to go beyond these accounts to understand the mechanics of taxation across the Spanish Empire.¹⁰⁹ However, even the leading scholars of this revisionist wave have recognized that the study of the annual summaries is a provisional step for establishing robust pictures of fiscal revenues over time. In fact, in the very process of testing these figures, scholars

106. Finestrada, *El vasallo instruido*, 226–227.

107. Francisco Silvestre, *Relación de la provincia de Antioquia, ca. 1793* (Medellín: Secretaría de Educación y Cultura de Antioquia, 1988), 287–291.

108. This practice elicited conflicts between merchants and royal officials and created jurisdictional conflicts between the different administrators of the aduana. The authorities in Bogotá and Quito consistently ruled in favor of charging the alcabala on the pattern described above. See AGN-C, Alcabalas, tomo 6, fols. 112–115 and 461–463; Alcabalas, tomo 18, fols. 731–751; Alcabalas, tomo 21, fols. 167–185, 386–396, and 999–1023. See also AGN-C, Aduanas, tomo 10, fols. 545–568; Aduanas, tomo 19, fols. 691–706; ANE, Alcabalas, box 13, file 1, fols. 12–13; and Alcabalas, box 13, file 11, fols. 1–6.

109. The authoritative work is that of Sánchez, *Corte de caja*.

have attained important insights into the region's economic history. That is why, perhaps, the monumental treasury-based studies of Herbert Klein, John TePaske, and Álvaro Jara are still useful despite their ubiquitous use of the annual summaries.¹¹⁰ Therefore, both cross-sectional and time-series analyses of the summaries of sales taxes revenues in the three main North Andean trade hubs can provide some preliminary hypotheses on the market structure of the region. Future research should test these hypotheses once the customs records are properly deconstructed. This exercise, moreover, will provide important insights into the comparative development of the Northern Andes in the context of the Spanish Empire.

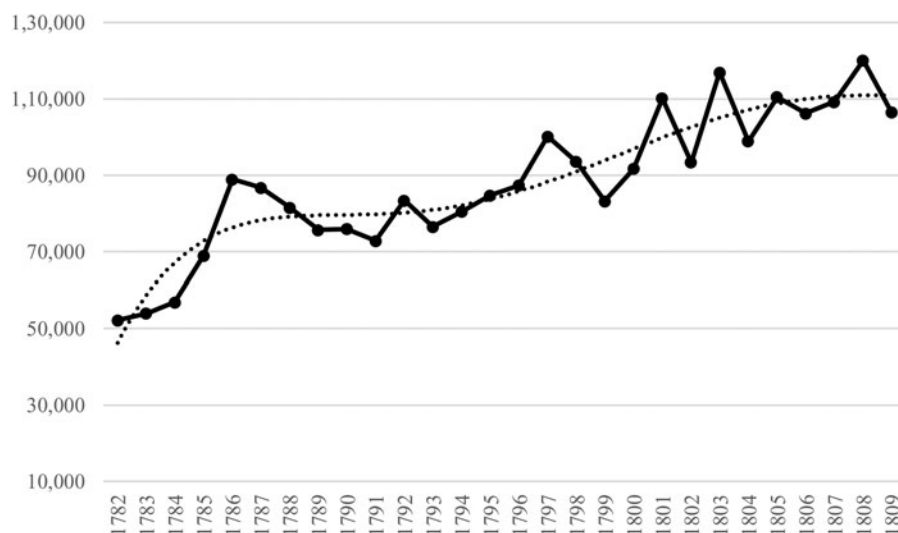
Figures 1 through 3 present the total revenues from sales taxes in the three entrepôts, as measured through the annual summaries. OLS time regressions have been estimated to permit a look at the rates at which these revenues performed per decade. The results are revealing. In Bogotá, revenues doubled, from roughly 53,000 silver pesos annually in the years 1782 to 1785, to 107,000 silver pesos in the years 1800 to 1803. In Popayán and Quito, revenues grew more modestly, from roughly 18,000 and 17,000 silver pesos respectively in 1782 to 1785, to 28,000 and 24,000 silver pesos in 1801 to 1803. By 1800, Bogotá had become the most important node in terms of the agglomeration of the revenues from trade taxes.

Figure 4 provides the results of the OLS regressions that, as has been mentioned, can be interpreted as the rates at which the revenues grew per decade. In the first decade after the reforms of the 1780s, revenues soared in Bogotá, but they grew at slower rates in the 1790s and 1800s. In Quito and Popayán, revenues grew at a significant pace during the 1780s, but in the following two decades, the slope of the linear regressions shows that they became stagnant, and even negative. In other words, by the eve of the collapse of colonial rule the incomes from trade taxes had reached a plateau. These North Andean patterns are not unique in the context of the Spanish Empire. In New Spain, fiscal revenues from trade taxes soared after the widespread expansion of the direct administration in the 1770s, plateauing until 1810.¹¹¹ For the Northern Andes, the positive slopes of the linear regressions during the 1780s may reflect the short-term increase in returns from the institutional and infrastructural transformation that followed

110. John TePaske and Herbert Klein, *The Royal Treasuries of the Spanish Empire in America*, Vol. 1, *Peru* (Durham: Duke University Press, 1982); Álvaro Jara, *El imperio español en América (1700–1820): una historia económica* (Santiago de Chile: Sudamericana, 2011).

111. Sánchez, *Las alcabalas mexicanas*, 35–36. Antonio Ibarra has undertaken a cost-benefit analysis of the establishment of direct administration in Guadalajara, tracing the takeoff of income during the 1780s and a downturn between 1791 and 1810. See “De la alcabala colonial,” 329–330.

FIGURE 1
Total Revenue of Bogotá's Alcabalas in Nominal Silver Pesos According to the
Sumarios Generales



Source: AGI, Santa Fe, 805-806; AGN-A3, Real Hacienda Cuentas, 1932-c, 2123-c, 2011-c, 1856-c, 1784-c, 1892-c, 2133-c, 2538-c, 1583-c, 1726-c, 1753-c, 2761-c, 2863-c; AGN-A2, Administración de Alcabalas, Cuentas de Cargo y Data, box 8, folders 1-2.

the reforms, while the subsequent deceleration may reflect diminishing returns in tax collection, the effect of tax exemptions, and a downturn in trade flows.¹¹²

As stated above, the region's trade and town councils achieved significant tax cuts in the late 1790s, while the literature has documented the contraction of mining and its linkages on the eve of colonial collapse.¹¹³ More data are needed to fully explain the trends distilled here. However, these numbers are a reminder that the traditional view of the Bourbon period as a successful, linear drive to exert fiscal pressures should be taken with a grain of salt.

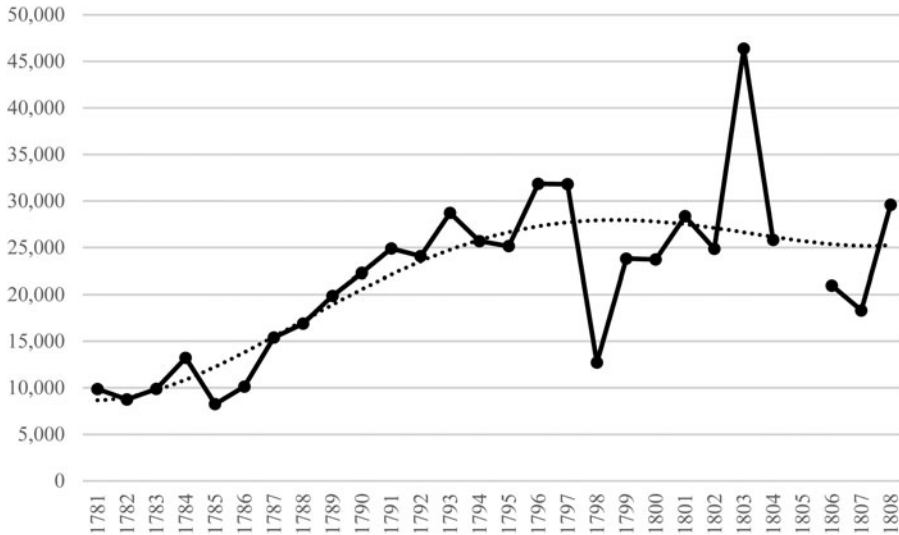
An analysis of the role of each tax category in the total revenue of the aduanas helps us to form additional hypotheses. Tables 4, 5, and 6 depict the evolving role of each ramo in the streams of revenue of the North Andean entrepôts. The data have been broken down into three trienniums that reflect the changing

112. On the debates about the economic and fiscal performance on the eve of colonial collapse, see Meisel, *Crecimiento, mestizaje y presión fiscal*, 15–22; Kalmanovitz, “El PIB de la Nueva Granada,” 163–169; Torres, *Minería y moneda*, 59–69; and Pinto, *Entre colonia y República*, 59–62.

113. On trade flows and linkages, see Torres, “Trade in a Changing World,” 225–255.

FIGURE 2

Total Revenue of Popayán's Alcabalas in Nominal Silver Pesos According to the *Sumarios Generales*



Source: AGI, Quito, 519-521; AGN-A3, Real Hacienda Cuentas, 1934-c, 522-c, 599-c, 591-c, 486-c, 552-c, 1968-c, 1683-c, 2096-c, 1291-c, 1654-c, 467-c, 598-c, 1685-c, 492-c, 563-c, 494-c, 456-c; AGN-A2, Administración de Alcabalas, Cuentas de Cargo y Data, box 17, file 3; AGN-A2D, box 19, files 2-6.

conditions of markets in the context of the Atlantic wars and environmental shocks.¹¹⁴ The first triennium depicts the structure of the late colonial economy during a period without external shocks in terms of wars or bad harvests. The 1798-1800 period captures the first shock associated with the Anglo-Spanish war and the adoption of the *comercio con neutrales*. Finally, the last triennium portrays the situation during the outbreak of war with England and important environmental shocks that caused changes in harvest cycles, as documented by environmental historians.

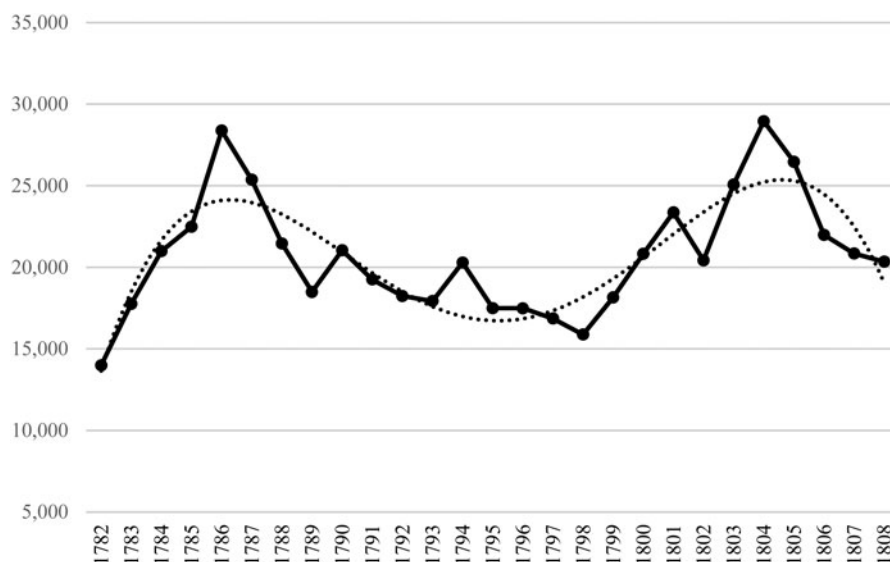
In Bogotá, as Edwin Muñoz has shown in a rigorous study, the revenues from the subaltern branches and the tax farmers at the local level determined the overall financial performance of the customs house.¹¹⁵ These numbers suggest that the network built by the authorities around Bogotá was fiscally successful as far as

114. On the history of environmental changes in the region during the late colonial period, see the analysis of Katherine Mora, "Los agricultores y ganaderos de la sabana de Bogotá frente a las fluctuaciones climáticas del siglo XVIII," *Fronteras de la Historia* 20:1 (2015): 14-42.

115. Muñoz, "Independencia y actividad económica," 26-27.

FIGURE 3

Total Revenue of Quito's Alcabalas in Nominal Silver Pesos According to the *Sumarios Generales*



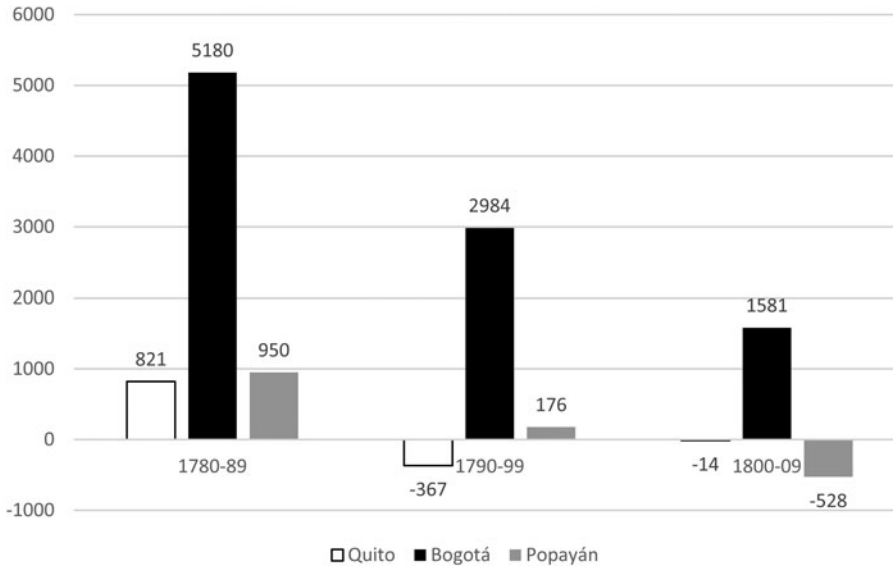
Source: AGI, Quito, 432-434; ANE, Alcabalas, box 26, book 1; box 27, books 2, 3, 5, 7; box 28, books 1, 4, 5. The revenue from the subaltern branches before 1790 has been discounted; after that year, these revenues were submitted directly to the royal treasury.

sales taxes are concerned. Yet, it is worth pointing out the survival of tax farmers, despite the crusade for the expansion of direct administration. As stated above, tax farmers were retained in those small markets in which direct administration was not regarded as profitable. The aggregate size of these small sources of revenue reflects, therefore, the importance of small markets across eastern New Granada.¹¹⁶ To analyze the fiscal importance of Bogotá as an entrepôt, the revenues from the subaltern branches and the farmers should be discounted. Once this adjustment is carried out, a multiple linear regression identifies the impact of specific ramos on the overall trend of the aduana revenues. The movement of the taxes on European goods explains up to 95% of the movement of total revenues. The coefficient that captures the same measure for domestic goods is low and not statistically significant. This pattern is partially explained by the fact that the overall trend of the revenues from domestic goods was less volatile than the revenues from taxing foreign wares.

116. Maurice Brungardt's analysis of tithe districts arrives at similar conclusions. See Brungardt, "Tithe Production and Patterns of Economic Change in Central Colombia, 1764-1833" (PhD diss.: University of Texas, 1974), 245.

FIGURE 4

Rates of Growth of Alcabala Revenues per Decade in Bogotá, Quito, and Popayán in Silver Pesos, Measured through OLS Time Regressions



Source: The sources are those given for Figures 1 through 3.

As for Quito, there is no need to discount the revenues from the subaltern branches, since they were deposited directly in the royal treasury after 1790. However, if the data on these revenues as provided by Fernández is used to create a simple counterfactual, the subaltern branches would have accounted for 25% to 30% of the global income of Quito's administration.¹¹⁷ In other words, Quito's dependence on the revenues from the subaltern branches was not as strong as in Bogotá. Popayán followed an intermediate pattern. In ways similar to the viceregal capital, the revenues drawn from subaltern branches were pivotal. Nonetheless, most of these streams came from markets in which direct administration was fully operating. In fact, after roughly 1793, tax farming disappeared from Popayán's records.

This does not mean that this practice had waned in the region. Most tax farmers at the local level simply deposited their surpluses in Popayán's subalterns. Once the revenues from other branches are discounted, it is possible through multiple linear regression to identify those tax categories that exerted a greater impact on the variation of total revenues. In Quito and Popayán, taxes on European goods

117. Fernández, *La alcabala en la Audiencia*, 111–112.

TABLE 4
The Evolving Role of Tax Categories, Shown as Percentages of the Total Alcabala Revenue in Bogotá

Including Subalterns and Tax Farmers				Excluding Subalterns and Tax Farmers			
Tax Category	1790-1793	1798-1800	1806-1808	Tax Category	1790-1793	1798-1800	1806-1808
Foráneas	29	37	31	Efectos de Castilla	34	32	46
Arriendos	37	33	41	Efectos de la Tierra	55	51	42
Efectos de Castilla	12	10	13	Fincas	4	3	4
Efectos de la Tierra	19	16	12	Censos	2	5	0.5
Fincas	1	1	1	Ganaderos	1	2	1
Censos	1	1	0.5	Carnicerías	3	4	2
Other	1	2	1.5	Other	1	3	4.5

Source: This table uses the same sources as [Table 1](#).

TABLE 5
The Evolving Role of the Tax Categories as a Percentage of the Total Alcabala Revenue in Popayán

Including Subalterns and Tax Farmers				Excluding Subalterns and Tax Farmers			
Tax Category	1792–1794	1798–1801	1806–1808	Tax Category	1792–1794	1798–1801	1806–1808
Efectos de Castilla	17	8	15	Efectos de Castilla	31	9	28
Foráneas	13	51	47	Efectos de la Tierra	47	63	51
Arriendos	31	0	0	Fincas	6	10	11
Efectos de la Tierra	27	29	27	Carnicerías	4	4	3
Fincas	3	5	6	Censos	4	5	1
Censos	2	1	0.5	Eventual	3	3	4
Eventual	2	1	2	Hacendados	2	1	0.5
Other	5	5	2.5	Revendedores	2	2	1
Total	100	100	100	Other	1	3	0.5
				Total	100	100	100

Source: This table uses the same sources as [Figure 2](#).

TABLE 6
The Evolving Role of the Tax Categories as a Percentage of the Total Alcabala Revenue in Quito

Tax Category	1790–1792	1798–1800	1806–1808
Efectos de Castilla	56	28	44
Efectos del País/Viento	25	32	27
Escrituras	11	28	23
Carnicería	6.5	8	4
Cabezón	1	0.5	1
Other	1.5	3.5	1

Source: This table uses the same sources as [Figure 3](#).

accounted for 88% and 82% of the movement of total revenues, respectively. In other words, the revenues of the customs houses of the Northern Andes were highly sensitive to the movement of international trade.

These trends reveal even more if they are put into a broader, comparative context. Grosso and Garavaglia have provided a breakdown of the revenues from the ramos that taxed European, Asian, and domestic goods in the main administrations and branches of New Spain's customs houses.¹¹⁸ According to their data, the average share of European goods in total revenues of the alcabalas stood at 35.5% in 1796, including Mexico City. This average concealed regional variations. In Durango, taxes on European goods accounted for 46% of the alcabalas, while in Valladolid they accounted for less than 20%.¹¹⁹ In the South Central Andes, the role of the revenues from European goods tended to be higher in Potosí (38–45%) and Cerro de Pasco (44–56%) but lower in Oruro (5–20%).¹²⁰ In the Northern Andes, these patterns differed from region to region. The share of the levies on European goods in Bogotá and Popayán tended to be around the same range as New Spain's average. In Quito, on the other hand, these shares tended to be even higher than those of Potosí and Cerro de Pasco.

What variables explain this pattern? The lack of serial data on prices of imports precludes the provision of any definitive answer. Some scholars have stated that prices of imports in Quito tended to be higher than in Popayán and Bogotá due to location and distributional patterns. Likewise, Bogotá taxed domestic

118. Grosso and Garavaglia, *La región de Puebla*, 68–69.

119. Grosso and Garavaglia, *La región de Puebla*, 69.

120. Tandeter et al., “Flujos mercantiles en el Potosí,” 39–40; Chocano, “Circuitos mercantiles,” 7–8; Gavira, “Producción de plata y comercio,” 400.

goods more heavily than European goods, thereby affecting the relative importance of each one in the total income of the aduanas.¹²¹

Most scholars have used the breakdown of customs revenues to state that, in aggregate terms, most of the goods transacted in the region were produced inside the economic spaces that integrated the empire. Considerable discussion has ensued on the nature and scope of this statement.¹²² In absolute terms, the impact of international trade on fiscal flows was overshadowed by the importance of the non-tradable sector. Yet, as the regressions performed above have shown, by the late colonial period, the sensitivity of fiscal revenues vis-à-vis European and Asian imports is beyond doubt. Given the fierce competition among the different circuits of trade to supply goods of global provenance to the Andean interior during the Atlantic wars, this sensitivity helps to explain why the dispute over customs revenue became a new element of the political conflict among merchants and treasurers of different regions on the eve of colonial collapse.¹²³

FINAL REMARKS

The article has delivered a broad examination of the mechanics of sales taxes in the Northern Andes during Bourbon rule. By advocating a careful examination of the accounting, institutional, and fiscal practices of the customs houses, it has provided an extensive exploration of the ways in which the customs records can be harnessed to study the scope and nature of Bourbon reforms, to measure trade flows, and to emphasize the effect of local negotiations and jurisdictional fragmentation on local rates and revenue collection. Although such an exploration is hardly a novel undertaking, the evidence studied here provides new inputs to expand the field in at least three broad ways.

First, the evidence confirms that a compromise between reform and tradition shaped the scope of fiscal innovations. The alcabala differed from region to region, and tax rates, liabilities, and exemptions were adjusted locally. The authorities were aware of this pattern, and while they tried to create uniform taxation, they also yielded to “adapt the rules to local circumstances.” The mechanisms employed by taxpayers to negotiate fiscal reform suggest, however, that corporate power proved resilient, with city councils, trade councils, and

121. See Torres, “Entre el oro y la plata,” 120–125.

122. Carlos Assadourian, *El sistema de la economía colonial* (Lima, IER, 1983), 45–51; Ruggiero Romano, *Mecanismo y elementos del sistema económico colonial americano, siglos XVI-XVIII*. (Mexico City: FCE, 2004), 151–152.

123. On the region’s polycentric connections and political conflicts over customs revenues, see Torres, “Trade in a Changing World,” 265–290.

other bodies using litigation and ad hoc methods to achieve important, yet little-explored fiscal concessions, such as the right to negotiate the schedule of the duties that fell upon domestic trade. The extent to which this structure favored or hampered economic growth is a matter of contention among specialists. In particular, the political use of local tariffs by city councils is a topic that deserves further attention. Future research should focus on the mechanics of specific ramos, not only to craft time series but also to identify the sectoral impact of taxation across colonial society.

Second, the heterogeneous nature of trade taxes in the Northern Andes demands caution in any attempt to undertake cross-section and time series analyses of the annual summaries. Even though these accounts are useful in fiscal terms, they are not a good proxy to analyze the structure and size of North Andean markets. Therefore, a combined analysis of the different logbooks of the customs house is needed to distill hard data on trade flows. This approach will allow historians to establish whether the entries of some tax categories were measuring re-exports, imports, or current or due debts, providing some insights into the size of the aggregate market and the role of some towns as distribution centers for local and foreign merchandise.

This article argues that the data extracted from the customs house provide a lower bound for the magnitude of regional trade flows. This lower bound was a function of the size of the population exempted from the tax (mainly Indigenous peoples), the market share of specific goods not liable to the alcabala, regional tax rates, price elasticities, and the technology of tax collection in each customs house. Some of these variables are not directly observable in the records. However, the robustness of the data provides solid ground for understanding some of these patterns. For instance, real tax rates were higher in Bogotá than in Quito and Popayán. Other things being equal, a cross-sectional analysis of the market sizes of the three entrepôts can be biased in favor of Bogotá if adjustments are not properly carried out.

Finally, caution should be exercised in using the fiscal capacity of the Spanish treasuries as a proxy of the economic significance of the Northern Andes. The analysis of sales taxes suggests that the region enjoyed broader fiscal prerogatives, with some sectors getting tax discounts during the very moment in which the Bourbon drive for revenues was at its peak. While former studies have interpreted this lack of taxation as a symptom of a lack of economic activity, this article has shown how the specific endowments of the region reinforced negotiations and left several streams of trade untaxed. In this vein, prevalent views that depict the Bourbon effort at increasing fiscal revenues as a successful, linear process should be revisited. The analysis of the summaries

generales suggests that the proceeds of customs houses flowed well in the 1780s and 1790s but plateaued or declined in the early 1800s. It seems that these trends reflect a contraction in some branches of trade, diminishing returns in tax collection, and, surprisingly, a drive towards lower real rates in trade taxes. The polycentric connections of the Northern Andes with the global economy, the bimetallic nature of its monetary structure, the fiscal competition among its city councils, and the importance of the region's inland waterways, conspired to create a fiscal structure the understanding of which provides new venues to study the history of the Bourbon reforms in the Americas.

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