

# *Castile's Tax System in the Seventeenth Century*

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## **Introduction**

Taxation is usually considered one of the most important aspects of Castile's economy in the early modern period. Thanks to the research carried out in the last few decades, we have a good understanding of the country's tax system in the sixteenth and eighteenth centuries<sup>1</sup>. However, taxation in the seventeenth century has traditionally been less studied, although in the last few years this has begun to change<sup>2</sup>. This is particularly remarkable because a long historiographical tradition maintains that taxation was one of the main reasons for the country's economic decline during the period<sup>3</sup>.

This article is an attempt to give a long-run view of Castilian taxation in the seventeenth century using data about collection from the country's three basic tax revenues: the *alcabala*, the *cuatro unos por ciento* and the *servicio de millones*. In the first part, we will briefly explain their main characteristics.

The study of the administrative procedures used by early modern governments to collect their taxes is one of the main topics of fiscal history, not only because of their economic importance, but for their political and social consequences. This point is considered in the second part. Finally, the third part shows a graph of the incomes the

<sup>1</sup> Carande, 1949; Kamen, 1977; Ulloa, 1977; Cuenca Esteban, 1981; Artola, 1982; Fernández De Pinedo, 1992; Pieper, 1992.

<sup>2</sup> Sánchez Belén, 1996; Gelabert, 1997; Andrés, 1999.

<sup>3</sup> Hamilton, 1938, pp. 168-79 and Elliott, 1992, pp. 260-86.

Crown received from *millones*, *cientos* and *alcabalas* during the century in order to chart the main phases in Castile's taxation. In this part we will pay attention to an aspect which is frequently ignored: the Crown obtained its tax revenues mainly in low-value copper coins, but most of this income was used to pay the expenses caused by imperial policy outside Castile. To do this, it was necessary to change the copper coins (*maravedís*) into good silver ones (*real*), so the famous devaluations of the *maravedí* in the seventeenth century caused a major financial problem for the Crown which we will try to measure.

### **1. The main characteristics of millones, cientos and alcabalas:**

The Castilian monarchy obtained its revenues from American silver and from a great number of taxes. Leaving aside American silver, whose importance is undisputable, Castilian taxation relied on indirect taxes, levied on the sale and marketing of products.

The *alcabala*, introduced in 1342, was the most important tax until 1635. It consisted of the right to 10% of the sale price of every product, although there were some exceptions. For collecting this tax the most common method had been, since 1536, the *encabezamiento general*, an agreement between the King and the *Cortes* (the Castilian national assembly made up of eighteen royal cities), where the former gave up its right to levy the *alcabala* in return for a fix amount of money paid by the kingdom annually. The amount of the *encabezamiento* was divided amongst the eighteen royal cities, and then each one of these cities distributed portions to the various towns in their districts. In the last stage, each town divided its portions amongst the guilds and surrounding villages<sup>4</sup>. The contract, which was renewed periodically, was highly advantageous for the country, because it made possible collecting the money at a lower percentage than the 10% of the sale price, (for example, 3% in Granada before 1575).

As expenditure increased during the sixteenth century, it was necessary to find new sources of tax revenue. After the famous 1588

<sup>4</sup> Artola, 1982, pp. 43-5 and Fortea, 1990, p. 214.

Armada disaster, the government had to reconstruct the naval fleet<sup>5</sup>. This led to the introduction of the first *servicio de millones*, which lasted only a few years before being reintroduced in 1601<sup>6</sup>.

The *millones* had a special characteristic: from a legal point of view, they were a contract, temporary aid the *Cortes* gave freely to the King, but they were not a royal tax. The Crown controlled the collection of the money and the way the sums obtained were spent. However, it should be noted that, as had previously happened with the *alcabala*, the *millones* became permanent in the seventeenth century, lasting until the nineteenth century liberal reforms. Moreover, the monarchy soon achieved a high degree of control over *millones* and the use of the money, so it would be more accurate to consider this tax as an ordinary tax revenue and not as a voluntary and free contribution<sup>7</sup>.

Between 1626 and 1631 two *servicios* were collected simultaneously: the *servicio de los 18 millones* and the *servicio de los 12 millones*. This trend was reinforced in the thirties. In 1632 the most important of all *servicios*, the *servicio de los 24 millones*, was introduced. Six years later the *servicio de las quiebras* (abolished in 1670) and the *servicio de los 8,000 soldados* appeared. Finally, in 1656 and 1657 the last two *servicios* were introduced: the *servicio de las carnes* and the *servicio de los tres millones*. Both of them lasted until 1685. As a result of this sequence, between 1638 and 1655 three *servicios* were collected at the same time; four in 1656; five in 1657-1669; four again after 1670, and two *servicios* after 1685<sup>8</sup>.

Apart from the above mentioned *servicios* there were two others, the *servicio de los 2.5 millones* and the *servicio de los 9 millones*, but as they were less important, our collection data do not include them.

In order to collect the revenue it was decided, in 1603, to impose a mixture of monetary charges and payments in kind on the purchase of the so-called *cuatro especies*: wine, vinegar, vegetable oil and meat. In the first three decades of the century the monetary charges consisted of

<sup>5</sup> Fortea, 1990, p. 133.

<sup>6</sup> Andrés, 1999, p. 25.

<sup>7</sup> Fernández De Pinedo, 1993, pp. 48-ss and Andrés, 1999, pp. 180-ss.

<sup>8</sup> Andrés, 1999, pp. 25-33.

1 *maravedi* per pound on the price of meat and in 1 real on the price of every pig, sheep, goat, lamb and marketed cow. As for the charges in kind, they consisted of the famous *sisas de la octava parte*. Accordingly, when a consumer bought an *arroba* (the Castilian traditional liquid measure, made up of eight *azumbres*, equivalent to about 12.5 litres of vegetable oil or 16 litres of wine, vinegar or vegetable oil) he paid eight *azumbres*, but obtained only *sever<sup>9</sup>*.

After 1632 the imposition of several *servicios*, each with its own charges, caused an increase in the charges on the *cuatro especies*. Apart from the eighth part *sisas*, the monetary duties rose markedly, as we can see in table 1:

As we will show in the third part, *millones* were the Crown's most important tax revenue during the mid-seventeenth century. However,

TABLE 1: MONETARY CHARGES ON THE "FOUR ESPECIES"					
Servicio	Wine	Vinegar	V.Oil	Meat	Cow
24 mill	24mrs		16mrs	3mr	3rs
8.000 sol.	4mrs			1mr	1rs
Carnes				4mrs	4rs
3 Mill.	32mrs	32mrs	32mrs		
TOTAL	60mrs	32mrs	48mrs	8mrs	8rs

Servicio: servicio's name. 24 mill: servicio de los 24 millones 8,000 sol: servicio de los 8,000 soldados. Carnes: servicio de las carnes. 3 Mill: servicio de los 3 millones. V. Oil: vegetable oil. Cow: includes pig, goat, lamb and sheep too. Source: Andrés Ucendo, (1999), p. 124.

during the 1630s the monarchy discovered that very often the collections did not yield the sums envisaged. To make up for these shortfalls, in 1638, the *servicio de las quiebras* was introduced, and in 1639 the Cortes granted the first *uno por ciento*, to help to collect the *servicio de los 9 millones<sup>10</sup>*.

The *cientos* had appeared for the first time between 1626 and 1631, when the Crown decided to use the sums obtained from a one

<sup>9</sup> Andrés, 1999, p. 120.

<sup>10</sup> Andrés, 1999, p. 26 and Simancas General Archive (AGS), Contadurías Generales, (CG), 1315.

per cent tax on the sale price of every product in the payment of the *servicio de los 12 millones*, so the use of the new tax in 1639 to complete the collection of one *servicio* was not new at all<sup>11</sup>. In fact, this was the aim of the second *ciento* (introduced in 1642) and of the third (introduced in 1656). The fourth and last *ciento*, introduced in 1662 to pay the creditors of the public debt (*juristas*) was the exception<sup>12</sup>.

The main purpose of the *cientos* was to complete the yields of the *servicios de millones*, but the method chosen to pay this tax was based on the *alcabala*. As its name suggests, each *ciento* consisted of a one per cent duty on the sale price of every product so, together, the four *cientos* were equivalent to a four per cent charge on the sale price of every product<sup>13</sup>.

The *alcabala*, *cientos* and *millones* provided the Castilian Crown with a large part of its revenue: nearly 55% in 1702<sup>14</sup>. Of course, there were many other taxes. The most important ones were customs duties, ordinary aid (*servicio ordinario*), religious contributions (*cruzada*, *subsidio y excusado*) and the monopolies on various products, but these were less important<sup>15</sup>.

Customs duties, for example, included a wide and heterogeneous range of tariff duties collected along the country's long coastline and at the internal borders between Castile, Portugal, Aragón and Navarra. During the sixteenth century they were very important, but in the seventeenth century they declined, and a similar trend can be found in the *servicio ordinario*. By comparison, the most profitable of all customs duties, the *almojarifazgo de Sevilla*, together with the *almojarifazgo de Indias*, yielded 221 million mrs in 1621. In the same year, the *millones* raised 726 million mrs, and the *alcabala's encabezamiento* 1,048.5 millions of mrs<sup>16</sup>.

The opposite trend is detected in the case of monopolies, whose value increased markedly in the second half of the seventeenth

<sup>11</sup> Artola, 1982, p. 98.

<sup>12</sup> Artola, 1982, p. 101; López Juana Pinilla, 1840, vol IV, pp. 463-5 and AGS, CG, leg 1358.

<sup>13</sup> Moya, 1727, p. 366 and Gallardo, 1805, p. 185.

<sup>14</sup> Kamen, 1974, p. 231.

<sup>15</sup> Artola, 1982, p. 481-2.

<sup>16</sup> Artola, 1982, p. 481-2 and Andrés, 1999, p. 245.

century. The most important were the monopolies on salt, official paper and tobacco. These three taxes provided 441 million mrs in 1656 but, once again, this amount was greatly exceeded by the amounts yielded by *cientos*, and, especially, *alcabalas* and *millones*. In the same year, *cientos* yielded 540 million mrs; *millones* 1.572 million and the *alcabala* was stable at the same level as in 1621<sup>17</sup>.

## 2. Castile's tax administration:

It has been traditionally thought that there was a close connection between taxation and the development of the state during the early modern period<sup>18</sup>. The frequent and increasingly expensive wars of the sixteenth and seventeenth centuries forced states to increase the resources to be siphoned from their societies. As taxation was one of the main ways of achieving this, historians have for long seen the study of the tax systems as a good way to analyze how European states evolved during the period<sup>19</sup>.

According to the above mentioned, some states obtained considerable success in the task of extracting fiscal resources (although in different ways) like France, England or the Dutch Republic. The French case, by example, is frequently considered the best example of a strong state, based on a powerful royal administration and ruled by absolute kings who were able to destroy the country's parliamentary assemblies at the beginning of the seventeenth century<sup>20</sup>. On the other hand, England and the Dutch Republic would be good examples of equally powerful states, but built on different bases, with less centralized administrations and strong parliaments which closely controlled their governments and tax systems<sup>21</sup>.

Nowadays, however, our view is more complex. Recent research

<sup>17</sup> BN, Ms, 6579 and Andrés, 1999, p. 246.

<sup>18</sup> Tilly, 1990 and Downing, 1988, p. 47.

<sup>19</sup> Downing, 1992, p. 211 and 239.

<sup>20</sup> North and Thomas, 1978, pp. 189-208.

<sup>21</sup> North and Thomas, 1978, chapters 10,11,12; Brewer, 1989, p. XIII-XVII; 68 and 138; t'Hart, 1993.

on French administration and taxation has stressed the combination of two different factors: the coexistence of royal government, which was probably less powerful than has traditionally been thought, with strong local powers which lasted until well into the eighteenth century<sup>22</sup>. The same mixture can be detected in French taxation. Certainly, there was what we can call the beginnings of a tax administration, specially since Colbertian times, but it should be noted that most of the tax revenues (like the indirect ones) were farmed out to individuals and financial consortia, and that there was little permanent change in the direction of greater uniformity<sup>23</sup>.

As for the Castilian case, it is easy to arrive at a similar view. Castile's seventeenth-century taxation is a good example of the development of these two opposite trends: on one hand, the trend towards a more centralised tax administration, controlled by the King, and, simultaneously, the trend towards a less uniform system, where the importance of local power groups cannot be ignored.

The first trend is clear in the case of the Crown's financial council, the *Consejo de Hacienda*. This *Consejo* had important functions. It paid the *juristas* and the King's creditors. It searched for new tax revenues and improvements in tax collection and, finally, the *Consejo* negotiated the loans the financiers gave to the King and farmed out some taxes, like customs. However, it would be misleading to see the *Consejo de Hacienda* as an institution which controlled and directed Castile's entire tax system. At the beginning of the seventeenth century this institution neither controlled nor collected all the taxes. The *alcabala*, for example, was theoretically administered by a *Cortes'* committee, the *Diputación del Reino*, and another committee, the *Comisión de Millones*, controlled the *servicios de millones*. In turn, other revenues like the substantial religious contributions, were always controlled by their own councils (*Consejo de Cruzada*) or by papal delegates working alongside the King's ministers<sup>24</sup>.

To counter this, the *Consejo* brought its members into the

<sup>22</sup> Collins, 1995, pp. 105, 195 and 240.

<sup>23</sup> Bonney, 1981, pp. 13-21.

<sup>24</sup> Domínguez Ortiz, 1960 pp. 171-81 and Dedieu and Ruíz, 1994, pp. 79-80.

administration of Castile's most important taxes. This was successfully done for the first time with regard to *alcabalas* at the end of the sixteenth century, in 1576 and 1593, so that from the beginning of the seventeenth century, this tax was actually controlled by the *Consejo*. Something similar happened in the case of *millones* and after many attempts the *Comisión de Millones* lost its former independence and was transformed into a department of the *Consejo de Hacienda*<sup>25</sup>.

The *Consejo's* desire to control the country's tax revenues is easily seen in the case of other taxes. For example, the four *cientos* were administered by this institution since their introduction in 1639, so in the second half of the century the Crown controlled the three most important taxes, and to these we should add others, like customs duties, which had been traditionally administered by the *Consejo*<sup>26</sup>.

However, as we noted earlier, although the trend towards a tighter control over taxation by the Crown's financial council was rather successful, it never totally succeeded. The pressing needs of the century made it necessary to introduce many "ad hoc" expedients (*arbitrios*) to increase royal revenue. These expedients were administered by special committees (*juntas*), so they escaped from the *Consejo's* hands, which did not control other important revenues either, like religious contributions<sup>27</sup>.

The *Consejo* faced another obstacle. Its staff was small, no more than 150 people, but Castile's population was 4.1/4.6 million people in 1631, and the country had around 15,000 towns and villages<sup>28</sup>. The *Consejo* simply could not collect the taxes directly, and it was necessary to seek the collaboration of local authorities and private financiers, so the presence of royal ministers at this important level was small, especially in the first decades of the century.

There were three main methods of collecting taxes: the *administración*, the *arriendo* and the *encabezamiento*.

<sup>25</sup> Tomás Y Valiente, 1982, p. 107 and Andrés, 1999, pp. 37-8.

<sup>26</sup> AGS, Consejo y Juntas de Hacienda (CJH), leg 793 and CG, legs 1262 y 1315.

<sup>27</sup> Domínguez Ortiz, 1960, pp. 171-78.

<sup>28</sup> Piquero, Ojeda and Fernández De Pinedo, 1993, p. 83; AGS, CG, leg 3619 y 3886.

The *administración* was only employed if it had previously been impossible to use the *encabezamiento* or the *arriendo*. In this case, the Crown directly collected the tax, but, considering the limitations of the royal administration, this method was less common than the other two. The *administración* had another problem, too, because it threatened the traditional fiscal autonomy enjoyed by local communities in Castile, so it was always very unpopular and provoked their strong opposition<sup>29</sup>.

More common were the *arriendo* and the *encabezamiento*. As we explained earlier, the second was basically a contract between the King and a city, province or the kingdom itself. In this contract, the King gave the local communities a license to collect a certain tax in return for a fixed amount of money. The local communities always liked this method, because it allowed them to collect taxes choosing their own methods, and preserving their fiscal autonomy.

The *encabezamiento* was used to collect the *alcabala* and it was widely employed for other taxes, too, like the *cientos* and *millones*. In the case of *millones* for example, it was frequently used by many villages and provinces such as Zamora between 1665 and 1700. As for *cientos*, the *encabezamiento* was equally very common during the same period, when it was employed in the provinces of Murcia, Cuenca, Soria, Avila, Soria and Zamora, and in such important cities as Segovia, Valladolid and, specially, Madrid<sup>30</sup>.

Undoubtedly, the *encabezamiento* reached its apogee with the *Encabezamiento General del Reino* of 1683-5. This was a large contract negotiated by the *Consejo de Hacienda* and the Castilian provinces to jointly collect *alcabalas*, *cientos* and *millones*. Nearly every province signed this *encabezamiento*, with the exceptions of Sevilla and Toledo. This was very advantageous for them, because the *Consejo* granted substantial fiscal reductions. In the case of *millones* and *cientos*, as an example, the size of these reductions fluctuated around 28% and 25% respectively<sup>31</sup>.

<sup>29</sup> Andrés, 1999, p. 65.

<sup>30</sup> Andrés, 1999, Pp. 85-89.

<sup>31</sup> Andrés, 1999, p. 88 and AGS, CG, legs 1280 and 1281.

The third and probably most common method of collecting fiscal taxes was tax farming (*arriendo*). As was usual in other European countries, the Crown (represented by the *Comisión de Millones* or the *Consejo de Hacienda*) farmed out the collection of a certain tax to an individual or a financial consortium. In turn, this individual or financial consortium levied the tax during a period of time and the Crown obtained a fixed revenue<sup>32</sup>.

There were two kinds of *arriendos*: the *arriendo por menor* and *por mayor*. In the first case, the Crown only farmed out the collection of a tax levied on a village or town. This type of contract had a clear disadvantage, because it meant that the *Consejo* had to negotiate with a great number of small tax farmers, and this could create administrative problems. To avoid these, during the second half of the century the use of *arriendos por mayor* was very common. In these cases, the tax farmer collected the tax paid by a whole fiscal district (*partido* or *provincia*). This simplified tax collection a lot because very often the contract included more than one tax, so in the last decades of the seventeenth century the same person (or consortium) might control a district's *alcabalas*, *cientos* and *millones*. To illustrate this, in 1686 Isidro Sánchez de Albornoz farmed out Toro's *millones* and *alcabalas*. In 1694 Lorenzo Fajardo did the same with the *cientos*, *alcabalas* and *millones* of Palencia and, lastly, in the 1690s the *millones* and *cientos* paid by Galicia were in Juan Oviedo Oñez's hands<sup>33</sup>.

The widespread use of *arriendos por mayor* shows the desire to simplify Castile's tax system. The same purpose can be seen in other fields, as in the taking over of the *Comisión de Millones* by the *Consejo de Hacienda*, but, once again, this trend never fully developed. The variety of territorial divisions employed in the collection of taxes, one of the characteristics of Castile's tax system, was one of the reasons for this. Nearly every tax had its own fiscal district. To collect *millones* there were 18 (*provincias*) divided into 69 *tesorerías* after 1632. At the beginning of the century, around 135 *partidos* were employed to levy

<sup>32</sup> Ulloa, 1977, pp. 115-7.

<sup>33</sup> Andrés, 1999, pp. 69-85 and AGS, CG, legs 1284-97.

*alcabalas*, and we would have to add the districts used in collecting the salt tax, customs, etc<sup>34</sup>.

However, there were substantial improvements in this field too. Considering the close relationship between *cientos* and *alcabalas*, in 1648 the Crown decided to change the territorial divisions employed to collect the former (AGS, CG, leg 1333). Until that date the *millones*' provinces had been used, but since then it was decided to employ the *alcabalas*' *partidos*. This greatly simplified the administration of *cientos* and *alcabalas* and it would be one of the most important causes for the joint collection of both taxes in the second half of the seventeenth century.

As we have noted earlier, the most common techniques employed to levy taxes – *arriendos* and *encabezamientos* – gave the local oligarchies and private financiers great fiscal freedom. To limit this freedom, and to increase revenue at a time when Castile's participation in the Thirty Years War had increased the Crown's fiscal needs, in 1632 the *Consejo* resorted to the dispatch of *administradores* to the provinces<sup>35</sup>.

The *Consejo* gave a special commission to each *administrador* in which he obtained what Castilian legal texts called *jurisdicción*. In a broad sense, *jurisdicción* was the power to govern and to enforce the laws. In a narrower fiscal sense, the commission licensed the *administrador* to collect the tax and to judge all cases and matters concerning its collection. Furthermore, the local authorities who were automatically subordinated to him were compelled to cooperate with the *administrador*, so his arrival usually caused serious disturbances in the provinces and cities.

As far as we know, the first *administrador* was sent in 1632 to collect the *millones* in Sevilla, and in 1634 another one was dispatched to Granada with the same task. It was not by chance. Both provinces were by far the most important in that period: they provided 35% of the *millones* collected in the thirties, and in the fifties there were *administradores* in most Castilian provinces. The dispatch of

<sup>34</sup> Artola, 1982, p. 24; De Dieu and Ruíz, 1994, p. 79; Andrés, 1999, pp. 55-60.

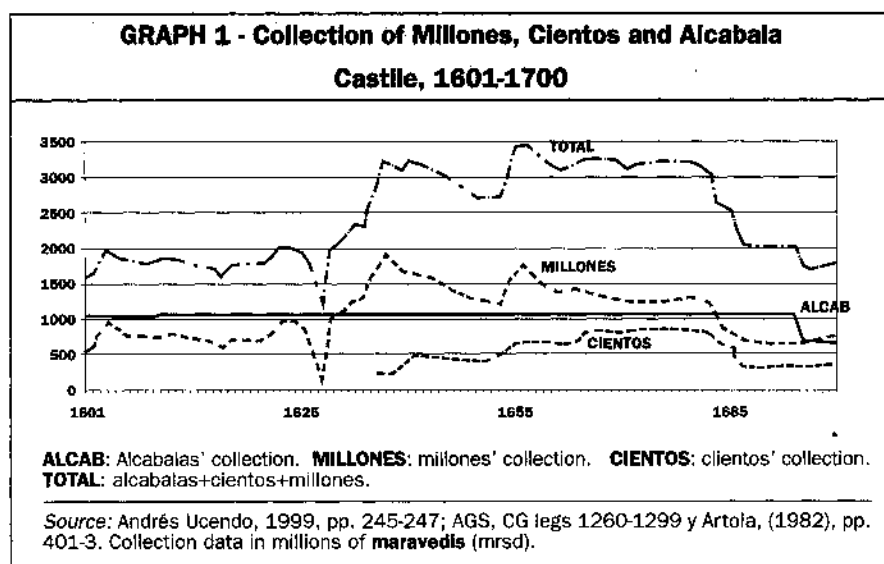
<sup>35</sup> Andrés, 1999, pp. 60-4.

*administradores* reflected the Crown's wish to control the most important taxes, avoiding the mechanisms commonly used by the kingdom's powerful urban oligarchies. However, although the function of these important figures is clear, it should be remarked that we need a more detailed study about them<sup>36</sup>.

### 3. The main phases in Castile's tax system

The study of *cientos*, *alcabalas* and *millones* gives us a good picture of Castile's tax system. If we analyze the data for these taxes, we can easily establish the basic trends in the country's taxation during the century.

Before continuing, it is important to point out that, because of the widespread use of *arriendos* and *encabezamientos*, we only know the sums the Crown collected<sup>37</sup>. It is nearly impossible to estimate what the Castilians really paid, but, in spite of this, we think that the collection data allows us a reasonably clear view of the global trends in the country taxation.



<sup>36</sup> Andrés Ucendo, 1999, pp. 60-4.

<sup>37</sup> Fernández De Pinedo, 1997, p. 66.

Graph 1 shows the collection of data regarding *millones*, *cientos* and *alcabalas*. The main trait of the *alcabala* was its stability, because the amount of the *encabezamiento* did not substantially change during the period: 1,033 million mrs in the first decade, and 1,048.5 between 1611 and 1693<sup>38</sup>.

There was more variety in the case of the *millones*. In the first three decades of the century, the average value of this tax oscillated around 780 million mrs annually. However, in 1632, it began a new period which lasted until 1682, when the yield from *millones* rose markedly. In this long phase the average value of the tax nearly achieved 1,400 million mrs annually, so it surpassed the *alcabala* and was, in fact, the Crown's most important source of tax revenue. The third and last period began in 1683, with the *Encabezamiento General del Reino*, which caused a 28% reduction in the yields from *millones*. This percentage increased after the disappearance of 3 *millones* and *carnes* in 1686, so between 1682 and 1686 *millones* decreased by about 45%.

Finally, the trend in *cientos* is clear. The value of this tax increased by nearly 100% with the introduction of the second *ciento* from 245-255 million mrs to 480-490. The third and four *cientos* caused new increases, so in 1666 yields from *cientos* reached their peak: 868 million mrs. Again, discounts introduced in the period 1682-86 caused a big fall in yields, which decreased by around 60%.

If we bring together the data on *millones*, *cientos* and *alcabalas*, we can discern three major trends, very similar to those we had previously found in the case of *millones*.

The initial period lasted during the first three decades of the century, and was characterized by its stability. However, this stability should not mislead us, because during this period the country was suffering from the effects of Castile's big demographic crisis. According to Piquero, Ojeda and Fernández de Pinedo the size of the country's population decreased by around 23% at the most and 14% as a minimum between 1590 and 1631<sup>39</sup>. As a result, the "per capita" burden

<sup>38</sup> Artola, 1982, pp. 401-3.

<sup>39</sup> Ojeda, Piquero and Fernández De Pinedo, 1991, pp. 83 *et seq.*

of *alcabalas* and *millones* increased from 283 mrs in 1591 to 455-510 mrs in 1634. Taking this into account, it is very likely that on the basis of the stability of our collection data, there really was a rise in the fiscal burden, in "per capita" terms, caused by the demographic slump<sup>40</sup>.

The second period began in 1632 with the introduction of the *servicio de los 24 millones*, and ended in 1682. In these fifty years two things should be noted. First, the *millones* were the Crown's most important tax revenue. Second, yields reached their maximum value with two peaks: in 1640-4 and, especially, in 1657-9. In both cases the rise was the result of new *servicios de millones* and *cientos*. In the 1630s, for example, Castile's participation in the Thirty Years War caused the introduction of many *servicios de millones*, and we should add that in 1639 and 1642 the first and second *cientos* appeared so the average value of *cientos*, *millones* and *alcabalas* was 3,175 million mrs in the period 1640-44. However, this high level could not be sustained for long, so yields began to fall markedly, and the decrease was reinforced by the Westphalia Treaty in 1648.

The same pattern can be seen again in the 1650s. Once more, expensive wars led to the introduction of new *servicios* and *cientos*, so the total amount from yields reached their highest value of the century in 1657 (3,458 million mrs) and in 1658 (3,472 million mrs). But, as had happened in the 1640s, it was impossible to maintain these levels indefinitely and after a few years yields began to decrease.

The third and last period lasted from 1682 until 1700. The *Encabezamiento General del Reino*, whose importance has already been pointed out, caused important reductions in the value of *millones* and *cientos*. These reductions increased in 1686, so between 1682-86 yields from *cientos*, *millones* and *alcabalas* fell by about 33%.

The main reason for these big reductions lies in the new foreign policy adopted by the Castilian monarchy after the Nimegen and Ratisbon Treaties in 1678 and 1684. Both treaties meant that the monarchy admitted its final defeat in the long fight for European hegemony, so a new and

<sup>40</sup> Thompson, 1998, p. 286.

less expensive foreign policy, which focused on the preservation of American colonies and on withdrawal from northern European problems, was adopted at the beginning of the decade.

As we remarked in the introduction, the Castilian Crown obtained its tax revenue mainly in low value copper coins (*maravedí*). These revenues were mostly employed to pay for an ambitious imperial policy outside Castile, so it was necessary to change the copper pieces into silver ones, the kind of coin used in international payments during the century. The problem was that, from a monetary perspective, Castile's currency in the seventeenth century was characterized by the frequent devaluations of the *maravedí*, and the copper/silver exchange rate worsened progressively, with the subsequent deterioration in the Crown's financial position<sup>11</sup>.

In order to analyze this problem, graph 2 shows the trend in yields from *millones*, *cientos* and *alcabalas* deflated to silver. This enables us to evaluate to what extent the purchasing power of the sums collected by the Crown lessened outside Castile as a consequence of the *maravedí*'s devaluations.

The losses were not significant during the first two decades, but their amount began to increase between 1620 and 1648, when the fall in purchasing power was 25% (in some years, as 1642, it reached 55%). However, the thirty years between 1649 and 1679 were the worst phase. In 1649-1664 the deflated value of yields was 38% behind the nominal value, and this percentage nearly reached an incredible 67% in 1665-79. This meant that the value of the money (in silver) obtained by the Crown was well below the levels reached in the first third of the century, so it is easy to understand the serious financial problems of the Castilian government during this years.

The monetary stabilization of the 1680s greatly improved the situation. As we can see, in 1680 the trend changed and the deflated value of yields clearly increased. When a new fall started in 1686, this was not due to monetary problems, but to the tax reductions granted by the monarchy in 1686.

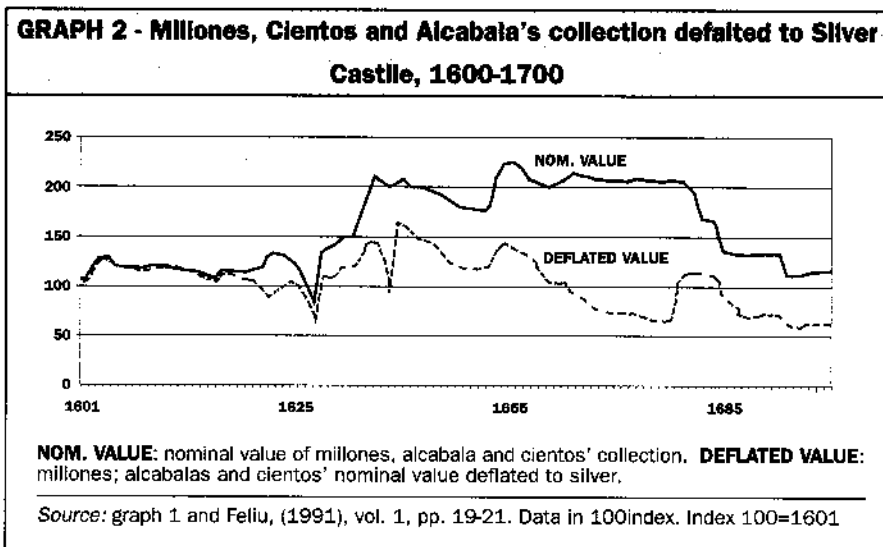
<sup>11</sup> Hamilton, 1975, pp. 79-86; Thompson, 1998, p. 286 and Andrés, 1999, pp 31-32.

## Conclusion

This article has intended to present a global view of Castile's tax system in the seventeenth century. Although it would be highly desirable to complete this view with further research from a local perspective, focused on the study of the way the cities, the villages and the financiers collected the taxes, we think that it is possible to draw some conclusions.

Castilian taxation was characterised by two opposite trends. On the one hand, the role of local communities, especially at the basic level of tax collection, was always important and it cannot be ignored, as I.A.A Thompson has recently stressed<sup>42</sup>.

On the other hand, we should not forget the Crown's efforts to control more closely the country's fiscal system. At the present stage it is difficult to know which trend predominated, but we should bear in mind that the *Consejo de Hacienda* administered the most important taxes (*alcabalas, millones and cientos*). If we consider that the monarchy's hold on tax collection at the provincial and local levels should have tightened with the *administradores*, we can conclude by



<sup>42</sup> Thompson, 1998, pp. 279-306.

saying that, in the long run, the Crown increased its control over Castile's taxation.

The coexistence of centralised and decentralised elements is not surprising. In fact, modern research has shown that it was one of the main hallmarks of Castile's monarchy in the seventeenth century. The need to finance the Habsburg's ambitious and expensive foreign policy forced it into a "fiscal partnership" with local elites and communities. However, Castile was never Poland. This informal agreement was not an open road to a monarchy controlled by the nobility, because it was based on the conviction that the Crown had the primary role and it always was clearly understood that its hegemony could not be questioned<sup>43</sup>.

It is commonly believed that the arrival of the Bourbon dynasty was characterised by administrative reforms based on the French model, such as the introduction of the *intendentes* in 1718. The *intendentes* had both judicial and fiscal functions, which included *jurisdicción* in tax collection. This figure was subject to major reforms in 1721, 1748 and 1766, but the *intendentes* always preserved their fiscal powers, very similar to those enjoyed in the seventeenth century by the *administradores*, so it would be very interesting to explore the possible connection *administradores-intendentes*<sup>44</sup>.

In the same way, we can find another sign of continuity in other fields, as in the use of big *arriendos* in the first decades of the eighteenth century. It is often said that this was due to the 1713 Orry decree, when the Crown ordered that all the taxes collected in a province should be farmed out jointly to a single person or company<sup>45</sup>. However, it is highly probable that this decree was the consequence of the widespread diffusion of the *arriendos por mayor* in the second half of the seventeenth century.

We can discern three important phases in Castilian taxation. In the first three decades of the century there was stability, but this would have masked a very likely rise in the "per capita" burden of *millones*,

<sup>43</sup> Ruíz Ibáñez, 1995, pp. 351-61 and Casey, 1999, p. 252.

<sup>44</sup> Artola, 1999, p. 592-7.

<sup>45</sup> García Lombardero, 1978, p. 68.

**APPENDIX 1: Alcabala, cientos and millones: collection data. castile, 1601-1700.**

AÑO	Mill.	Alc.	Ct.	TOT.	AÑO	Mill.	Alc.	Ct.	TOT.
1601	551	1,033		1,584	1651	1,268	1,048,5	437	2,753,5
1602	611	1,033		1,644	1652	1,249	1,048,5	435	2,732,5
1603	866	1,033		1,899	1653	1,236	1,048,5	431	2,715,5
1604	969	1,033		2,001	1654	1,196	1,048,5	457	2,701,5
1605	881	1,033		1,914	1655	1,251	1,048,5	453	2,752,5
1606	791	1,033		1,824	1656	1,572	1,048,5	540	3,160,5
1607	775	1,033		1,808	1657	1,729	1,048,5	681	3,458,5
1608	776	1,033		1,809	1658	1,748	1,048,5	676	3,472,5
1609	742	1,033		1,775	1659	1,640	1,048,5	682	3,370,5
1610	751	1,033		1,784	1660	1,479	1,048,5	682	3,209,5
1611	809	1,048,5		1,857,5	1661	1,463	1,048,5	666	3,177,5
1612	799	1,048,5		1,847,5	1662	1,398	1,048,5	656	3,102,5
1613	779	1,048,5		1,827,5	1663	1,389	1,048,5	642	3,079,5
1614	773	1,048,5		1,821,5	1664	1,420	1,048,5	649	3,117,5
1615	730	1,048,5		1,778,5	1665	1,428	1,048,5	716	3,192,5
1616	724	1,048,5		1,772,5	1666	1,376	1,048,5	868	3,292,5
1617	659	1,048,5		1,707,5	1667	1,349	1,048,5	856	3,253,5
1618	631	1,048,5		1,679,5	1668	1,350	1,048,5	849	3,247,5
1619	598	1,048,5		1,646,5	1669	1,326	1,048,5	833	3,207,5
1620	737	1,048,5		1,785,5	1670	1,325	1,048,5	848	3,221,5
1621	726	1,048,5		1,774,5	1671	1,257	1,048,5	828	3,133,5
1622	721	1,048,5		1,769,5	1672	1,259	1,048,5	836	3,143,5
1623	723	1,048,5		1,771,5	1673	1,271	1,048,5	846	3,165,5
1624	746	1,048,5		1,794,5	1674	1,294	1,048,5	854	3,196,5
1625	758	1,048,5		1,806,5	1675	1,267	1,048,5	868	3,183,5
1626	979	1,048,5		2,027,5	1676	1,259	1,048,5	859	3,166,5
1627	1,004	1,048,5		2,052,5	1677	1,262	1,048,5	857	3,167,5
1628	987	1,048,5		2,035,5	1678	1,284	1,048,5	859	3,191,5
1629	893	1,048,5		1,941,5	1679	1,289	1,048,5	846	3,183,5
1630	796	1,048,5		1,844,5	1680	1,279	1,048,5	844	3,171,5
1631	497	1,048,5		1,545,5	1681	1,252	1,048,5	824	3,124,5
1632	158	1,048,5		1,206,5	1682	1,243	1,048,5	758	3,049,5
1633	1,047	1,048,5		2,095,5	1683	905	1,048,5	616	2,569,5
1634	1,043	1,048,5		2,091,5	1684	905	1,048,5	614	2,567,5
1635	1,210	1,048,5		2,258,5	1685	868	1,048,5	588	2,504,5
1636	1,286	1,048,5		2,334,5	1686	681	1,048,5	309	2,038,5
1637	1,245	1,048,5		2,293,5	1687	688	1,048,5	321	2,057,5
1638	1,595	1,048,5		2,643,5	1688	667	1,048,5	308	2,023,5
1639	1,733	1,048,5	236	3,017,5	1689	663	1,048,5	305	2,016,5
1640	1,958	1,048,5	246	3,252,5	1690	658	1,048,5	318	2,024,5
1641	1,850	1,048,5	255	3,153,5	1691	661	1,048,5	325	2,034,5
1642	1,681	1,048,5	349	3,078,5	1692	657	1,048,5	325	2,030,5
1643	1,680	1,048,5	479	3,207,5	1693	660	1,048,5	322	2,030,5
1644	1,645	1,048,5	492	3,185,5	1694	676	684	322	1,682
1645	1,559	1,048,5	487	3,094,5	1695	683	684	332	1,699
1646	1,584	1,048,5	487	3,119,5	1696	682	684	335	1,701
1647	1,529	1,048,5	466	3,043,5	1697	733	684	339	1,755
1648	1,477	1,048,5	465	2,990,5	1698	735	684	347	1,764
1649	1,401	1,048,5	461	2,910,5	1699	735	684	358	1,777
1650	1,343	1,048,5	454	2,845,5	1700	730	684	353	1,767

Mill: millone yields. Alc: alcabala yields. Ct: ciento yields. TOTAL: millones+alcabalas+ cientos. Sources: ANDRES, (1999) pp. 245-7; AGS, legs 1260-92 y ARTOLA, (1999), pp 401-3. All collection data are expressed in millions of maravedís (mrs).

*alcabalas* and *cientos* caused by the demographic crisis. In the second phase, yields greatly increased, with two peaks: one in 1640-44 and the other in 1657-59. The third and last phase began in 1682, with the *Encabezamiento General del Reino*, and during these two decades there was a clear fall in the value of yields.

Finally, when we deflate the value of the sums collected by the monarchy in silver, we can easily see that there was a substantial decrease, especially in the period 1649-80. This created a major financial problem for the Crown, and throws light on the reasons for monetary stabilisation of the beginning of the 1680s.

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