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# **The Failure of the Spanish Crown's Fiscal Monopoly over Tobacco in Catalonia During the 18<sup>th</sup> Century**

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ABSTRACT

The incorporation of Catalonia into the Spanish tobacco fiscal monopoly offered an elevated consumer potential and theoretical support for the expansion strategies of the monopoly, but when put into practice the reality of the situation was quite different. Although the *Renta del Tabaco* aspired to create a perfect monopoly, and this led it to control all the facets of the tobacco trade, from its production up to its sale, it nonetheless failed to keep the market closed. The Catalan interests in relation to tobacco previous to the incorporation of Catalonia into the *estanco* continued to exist, and served to exploit the weak points of the monopoly. The Spanish monopoly had to face a flexible, well-structured illegal market sustained by the Catalan merchants, the international trade and, ironically, supported by the French tobacco monopoly. The very expansion policy of the monopoly, with its supplying of quality tobacco and uniform prices, actually helped to worsen the situation. The result of this struggle between two markets was that throughout the XVIII century the monopoly lost its market of Catalan smokers, and had to satisfy itself with the demand for snuffed tobacco (which was limited to few cities), while having to face an active contraband movement that flowed from Catalonia towards the rest of the Spanish monopoly.

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## THE FAILURE OF THE SPANISH CROWN'S FISCAL MONOPOLY OVER TOBACCO IN CATALONIA DURING THE XVIII CENTURY.

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### 1.- Introduction.

According to Hilton Root, the creation of fiscal monopolies during the Old Regime was the solution elaborated by the European kingdoms in response to their inability to fund themselves when exposed to competitive and open markets<sup>1</sup>. Although the majority of economic thought was quite contrary to these monopolistic practices, principally because they produced unfair prices<sup>2</sup>, the states had to give in to these systems when faced with the need to increase their fiscal revenues or otherwise assume the costs of a widespread taxation. As Adam Smith concluded, the fiscal monopolies established over the tobacco trade were much more justifiable as a means of providing a certain amount of ease in the collection of taxes over the product's consumption, than they were as being the result of the impossibility of producing tobacco on European soil<sup>3</sup>.

The fiscal monopoly system ceased to be convenient for the state when the problems with its management were factored in. The solutions proposed by the European states in response to the complications derived from the organization and operation of the monopolies were diverse. England, for instance, preferred to quickly eliminate its monopoly over the tobacco trade (1627-1640<sup>4</sup>) and instead confide in the re-exportation of tobacco from the Americas to Europe as its chief manner of obtaining financial gains. Meanwhile, France chose to abandon the cultivation of tobacco on French soil in exchange for ceding the monopoly to certain contractors or "farmers-general" (1674), due to the fact that they offered incomes greater to Exchequer and financial support for key projects of the French Crown's economic politics, such as the Indies Company<sup>5</sup>. The French Crown attempted to extend the monopoly and then take complete control, but its continued financial difficulties prevented their repeated attempts to evict those contractors from their positions. The Spanish Monarchy was somewhat more successful than their French counterparts. The strategy followed in hopes of solving the operational complications was expansive. The Spanish tobacco monopoly gradually acquired territories and markets, in the metropolis as well as in the colonies, whilst at the same time it developed administrative controls that were increasingly more and more direct<sup>6</sup>.

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<sup>1</sup> H.L. Root; *The Fountain of Privilege. Political Foundations of Markets in Old Regime France and England*, (Berkeley, 1994), p.166.

<sup>2</sup> R.de Roover; "Monopoly Theory Prior to Adam Smith: A Revision", *The Quarterly Journal of Economics*, 65, 4 (1951), p. 524.

<sup>3</sup> A. Smith, *La riqueza de las naciones*, (Madrid, 1994), p.227.

<sup>4</sup> A. Rive, Alfred, "A Brief History of Regulation and Taxation of Tobacco in England", *The William and Mary Quarterly*, 2nd Ser., Vol. 9, No. 2 (Apr., 1929), pp. 73-87, p.74.

<sup>5</sup> Price Jacob M. *France and the Chesapeake: A History of the French Tobacco Monopoly, 1674- 1791, and of Its Relationship to the British and American Tobacco Trades*, (Michigan, 1973).

<sup>6</sup> A. González Enciso, Agustín y Rafael Torres Sánchez (eds.), *Tabaco y Economía en el siglo XVIII*, (Pamplona, 1999).

In this article we wish to study the expansion strategies used by the Spanish tobacco monopoly, the *Renta del Tabaco* or tobacco *estanco*, from the point of view of one of the regions incorporated in this system: Catalonia. Catalonia presented a great potential for tobacco consumption throughout the XVIII century. Within the Kingdom of Spain, it was one of the regions with the greatest economic and demographic growth, with elevated levels of urbanization and a tremendously notable military presence within its population. This military presence was a consequence of the Catalonia defeat in the War of Spanish Succession and its choice to oppose the victor of that war, Phillip V. If this potential were indeed fulfilled, Catalonia was in position to become one of the regions with the greatest tobacco consumption under the Spanish Crown and, certainly, a key bastion for the continued expansion of the Spanish tobacco monopoly. However, repeated efforts by the tobacco monopoly to activate the potential consumption benefits of the region failed to reap the expected gains. On the contrary, the Catalan smoker was apparently able to access other sources for tobacco that were decidedly not part of the monopoly, sources which managed to develop significant demand, while the monopoly continued its policy of stocking up and marketing products that were nonetheless not consumed by their supposedly captive market. The theorized potential for tobacco consumption in Catalonia ended up rapidly turning into a series of serious problems for the Spanish tobacco monopoly. This study can be of use in evaluating the strategies of a fiscal monopoly that placed greater focus on the expansion of a captive market, rather than in the possibility of a change in the market's demand.

## 2.- The tobacco market in Catalonia during the XVII century.

During the first third of the XVIII century Catalonia was incorporated to the Spanish tobacco monopoly, as a result of the expansion of the Castilian tobacco tax *Renta del Tabaco* and unification of the peninsular kingdoms under the rule of Phillip V. Since 1636 the Castilian treasury had established the fiscal monopoly over the consumption of tobaccos. In its evolution during the XVII century, and especially since 1683, the Castilian *Renta del Tabaco* gradually accumulated a number of institutions and legislation in order to improve the control of the crown over the operation confided to a contractor. The growing economic importance of the *Renta del Tabaco* for the Spanish Exchequer encouraged Phillip V to establish (1701) a direct administration and a monopoly over sales by way of *estancos*. This opened itself to the possibility that the other kingdoms might soon establish similar *estancos*, although those would be run by regional institutions<sup>7</sup>. The strategy was simple enough: filling the peninsular territory with a series of *estancos* would avoid illegal commerce and improve the viability of the fiscal monopoly.

The reception of this expansion strategy was not very positive in Catalonia due to the fact that this Kingdom already had a significantly developed tobacco trade of its own, with interests clearly different from those of Castile. Like other peninsular kingdoms, since the mid-XVII century steps had been taken in Catalonia to establish fiscal monopolies at local and municipal levels; however, the difficulties in fully implant these monopolies were overwhelming. One example of this was the strong objections of the Catalan mercantile community to the attempts of the *Consell de Cent*

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<sup>7</sup> A. González Enciso; "La hacienda castellana y la economía en el siglo XVIII", *Estudis*, 29, (2003): pp.21-41.

(Council of the One Hundred), the city's governing body, in 1653 to limit the sale of tobaccos in the city of Barcelona<sup>8</sup>. Much as the mercantile community of Seville had done in response to the project to create the tobacco *estanco* in Castile in 1636<sup>9</sup>, the Catalan tradesmen who, according to Carrera Pujal, “managed the (tobacco) business well and counted with abundant capital”, saw the *estanco* as a threat to their flowering business of importing and selling tobaccos<sup>10</sup>.

Everything indicates that the Catalan merchants participated in the international tobacco trade since the mid-XVII century. The tobacco contacts with France seem to have already been very active. The majority of the tobacco with domestic leaves from France, *Guienne*, produced between 1647 and 1651 had as a main exportation destination the Italian ports of Genoa and Leghorn, as well as ports in Catalonia<sup>11</sup>; according to the *Dictionnaire universel de commerce* of Savary, Barcelona was, together with Havana and Portugal, one of the main distribution centers for tobacco destined for France<sup>12</sup>. It was quite common for Catalan merchants to travel to Lisbon in search of Brazilian tobacco for later distribution (legal or illegal) in Mediterranean markets<sup>13</sup>. If we consider that the Catalan merchants already had significant contact with the international tobacco trade, and to this we add the sudden emergence of the tobacco monopoly in Castile, we can begin to understand why those same merchants would be so opposed to the establishment of a similar tobacco *estancos* in Barcelona.

The Catalan merchants' opposition to the tobacco *estanco* was recorded by way of a number of complaints and efforts made in the Royal Audience of Barcelona against the monopoly, as well as by way of direct pleas before the *Consell de Cent*. In the end these efforts were worthwhile, as the counselors accepted the substitution of the *estanco* with an increase in the taxes levied upon the tobacco prices in Barcelona. In other words, the institutions involved renounced any attempts to establish any sort of monopoly over the acquisition and sale of tobacco, the costs were passed on to the consumer, and the conditions of the tobacco business were kept unchanged as a whole; in this way the possibility of importing and distributing tobacco, within and outside of Catalonia, was maintained (in precisely the same manner as England)<sup>14</sup>.

The victory of the Catalan mercantile community, in clear contrast with their Sevillian counterparts, must be understood as being a result of Catalonia's position of lesser financial dependence and greater monetary stability (in far better shape than the Castilian treasury – at the time somewhat troubled). It is also important to note the little effect that the tobacco taxes of the time initially had on Catalonia. In 1667, for example, even after a 20% rise in the price of tobacco, the Catalan tobacco trade, together with *aguardiente* (a type of liquor) accounted for only 2,9% of the taxes collected by the treasury in the city of Barcelona<sup>15</sup>. In other words, tobacco maintained a financial importance that was scarce, at best, for the Catalan treasury, and this favored the

<sup>8</sup> J. Carrera Pujal; *Historia política y económica de Cataluña*, ( Barcelona, 1947), II, p.282.

<sup>9</sup> J. M. Rodríguez Gordillo; *La creación del estanco del tabaco en España*, (Madrid, 2002), p.102.

<sup>10</sup> J. Carrera Pujal; *Historia política y económica de Cataluña*, ( Barcelona, 1947), II, p.293.

<sup>11</sup> J. M., Price; *France and the Chesapeake: A History of the French Tobacco Monopoly, 1674- 1791*, (Michigan, 1973), I, p.161.

<sup>12</sup> J. Pérez Vidal; *España en la Historia del Tabaco*, (Madrid, 1959), p.75.

<sup>13</sup> C. Martínez Shaw, (1981): *Cataluña en la carrera de Indias, 1680-1756*, (Barcelona, 1981) p.74.

<sup>14</sup> R. C. Nash, “The English and Scottish Tobacco Trades in the Seventeenth and Eighteenth Centuries: Legal and Illegal Trade”, *The Economic History Review* , 35, 3 (1982), p.355.

<sup>15</sup> J. Carrera Pujal; *Historia política y económica de Cataluña*, ( Barcelona, 1947), II, p.293.

interests of the Catalan merchants, who thought of markets and consumers not only in Catalonia.

As the tobacco tax gradually began becoming an increasingly important matter in the Catalan municipal finances, the interests of the treasury and the interests of the merchants also began to grow more and more incongruous, increasingly conflicting. Up until the beginning of the 1690s, the tobacco tax served as complimentary income, often used to compensate for descents in the fiscal pressure over wine, the true interest of the Catalan taxation<sup>16</sup>. The merchants accepted this increment in pressure while the commercial conditions for the trade (the importation and distribution within and outside of Catalonia) remained unchanged. In fact, the relations between Catalan merchants and Lisbon grew during the final decades of the XVII century and, by the same hand, the imports from France also increased, especially from 1676, when the cultivation of domestic tobacco was prohibited except in Bordeaux and Montauban, regions near the Pyrenees border, “most of which was usefully exported to Italy and Spain”<sup>17</sup>. As Gilbert Larguier concluded, the illegal commerce through Spain was especially intense in Rousillon, where “la contrebande est donc antérieure à l’établissement du monopole espagnol sur le tabac fondé en 1701 auquel on la fait généralement remonter”<sup>18</sup>. It is quite certain that the great Catalan merchant community found tobacco to have a notable growth factor<sup>19</sup>. Meanwhile, those who benefited from the tobacco tax took advantage of the fiscal growth to improve the conditions of the beneficiaries, principally by increasing the number of years in the stipulated in the contract<sup>20</sup>.

### 3.- The opposition towards the Tobacco *Estanco* in Catalonia.

The more open and dynamic character of the Catalan tobacco market in contrast to its Castilian counterpart became clear, precisely, in 1701 when the Catalan *Corts*, Parliament, decided to follow the Castilian example and humor the new Bourbon monarch by monopolizing the tobacco consumption in the Catalonia. The objections in the *Corts* of Barcelona in 1701 towards this possibility was significant, and the arguments presented illustrate the transcendence of the issue. In this assembly it was argued that the *estanco* would be an innovation difficult to apply in the Kingdom, as Catalonia was “so expansive and open that paramount care and a voluminous administration would be necessary, as this thing new and unprecedented”. Moreover, the *estanco* did not seem to be a profitable novelty, as it was predicted to produce an income of some 15 to 20,000 pounds a year, while at the time the city of Barcelona had a budget of 200,000 pounds. It was argued that, besides having few benefits, the measure would make it necessary to compensate the Catalan cities that had already established it, as they would now be losing it to Barcelona. They even went so far as to suggest that the tobacco *estanco* was, in itself, an inherently unjust system in that it was in essence a case of urban demand penalizing rural consumers. However, there was one particularly outstanding argument, and it was that of the fear that the establishment of an *estanco* would cause a decline in Catalan foreign trade and the possibilities of

<sup>16</sup> J. Carrera Pujal; *Historia política y económica de Cataluña*, Op.cit., II, p.305.

<sup>17</sup> J. M., Price; *France and the Chesapeake...*, Op.cit. I, p.146.

<sup>18</sup> G. Larguier; “Contrabande par terre et par mer en Roussillon 1715-1815”, en Denys, C. (ed) *Frontière et Criminalité 1715-1815*, (Arras, 2000), p.63.

<sup>19</sup> P. Vilar; *Catalunya dins l'Espanya moderna*, ( Barcelona, 1986), II, p.386.

<sup>20</sup> J. Carrera Pujal; *Historia política y económica de Cataluña*, Op.cit., II, pp.306-307.

introducing wares, such as tobacco, to the peninsular interior: “as much of the merchandise that is today sent on to the kingdoms of Aragon and Valencia would cease to enter the Principality”<sup>21</sup>.

The problem, therefore, was not so much the demand, nor even the treasury, but rather the fact that the tobacco *estanco* would suppose a major control over trade and create a plethora of obstacles for the commercial circuits, for which tobacco had become a key strategic product. Indeed, when those same *Corts* finally decided to establish the *estanco* for the entire Principality of Catalonia and the operation of such was auctioned, there were a number of significant offers for the privilege. The first came from a group of merchants from the city of Mataró, who offered 217,500 pounds for five years, a figure far exceeding the most optimistic of estimates but nonetheless explicable because of their “intention to divert towards their city the greater part of the tobacco traffic”<sup>22</sup>. This offer was quickly surpassed by one offered by a group of merchants from Barcelona who, although for the smaller sum of 208,803 pounds, and for two months less, formed an important cooperative headed by Josep Durán, amongst whom the notables of Catalan commerce and merchants of tobacco could be found<sup>23</sup>. The main objective of this company was the acquisition of raw tobacco and processing and repackaging of it in private mills before its distribution. The purchase of the tobacco was outside the realm of control of the institutions, and, with that, a little envied part of the tobacco business. Somehow the basic operations of the business had not changed all that much. The Catalan merchants were able to continue accessing and participating in the international tobacco market, while satisfying the Catalan demand for tobacco, and continuing to transport tobacco from Catalonia to other regions and *estancos* within the Iberian Peninsula.

In spite of that which was achieved, the Catalan mercantile community’s pressure to eliminate any sort of institutional control over the tobacco trade continued to exist, and they did not take long to resurface. In the *Corts* of Barcelona of 1706 the controversy resurfaced when it came time to debate the advantages of not renewing the *estanco*. Once again, it was alleged that the *estanco* was “causing more harm than good”, and it went so far as to propose suppressing the *estanco* and replacing it with an authentic tax levied upon all inhabitants of the Catalonia, including those belonging to the military and ecclesiastic ranks (urban and rural), as an alternative<sup>24</sup>. In other words, they were willing to propose a major fiscal pressure for all of Catalonia in exchange for the elimination of the tobacco *estancos*. It is doubtless that were one to truly consider the importance of the tobacco trade, not because of what it contributed to the Catalan treasury but rather because of what it was willing to sacrifice, one could conclude that it would be more than significant. Clearly the tobacco market in Catalonia was going in a different direction than that of its Castilian counterpart.

#### 4.- The establishment of the Tobacco Renta in Catalonia

Whilst in Catalonia the means of limiting or doing away with its own tobacco *estanco* were debated, the Spanish Crown was occupied with developing its own policy

<sup>21</sup> J. Carrera Pujal; *Historia política y económica de Cataluña*, Op.cit., II, p.314-315.

<sup>22</sup> I. Lobato Franco; *Compañías y negocios en la Cataluña preindustrial*, (Sevilla, 1995), p.196.

<sup>23</sup> I. Lobato Franco; *Compañías y negocios en la Cataluña preindustrial*, Op.cit., p.183.

<sup>24</sup> J. Carrera Pujal; *Historia política y económica de Cataluña*, Op.cit., II, p.322.

of a fiscal monopoly over tobacco based upon territorial expansion. For Phillip V, the viability and efficiency of the tobacco monopoly was dependent upon the expansion of the *Renta del Tabaco* to all of the peninsular territories. The legitimacy needed to enact these plans was delivered with the Crown of Aragon and Catalonia's insurrection against, and subsequent defeat by, Phillip V during the War of Spanish Succession.

The Pact of Genoa, signed in 1705 between England and Catalonia, by which the Catalonia formally joined the cause of the Archduke Charles of Austria and promised to support his claim to the throne, could have been the final step in transforming Catalonia into a notable player in the international tobacco market, free and completely removed from the Spanish monopoly. England's allegiance with Catalonia required the securing of several routes of communication with Barcelona. From Lisbon warships and English merchants connected directly with Barcelona in order to transport gold and commercial wares, amongst them Brazilian tobacco, for the sustaining of the allied armies; in this same manner, the English used Genoa for sending economic aid and merchandise and from 1707 they even reactivated direct commerce between London and Barcelona, in which the exportation of English textiles and the re-exportation of colonial goods (such as Virginian tobacco) was particularly outstanding<sup>25</sup>. Catalonia, therefore, not only avoided complete isolation and the dismemberment of its lucrative tobacco trade, but actually managed to strengthen its position in the international tobacco trade. In other words, Catalonia could have become a center for international redistribution for tobacco from the English colonies, something that, with the strong growth of demand in the French markets for north American tobaccos, without a doubt would have offered some fascinating opportunities to the Catalan mercantile community. It was a community that saw its alliance with Great Britain, even with the costs of dependence, as one with very important possibilities for the future.

On the Bourbon front the plans for Catalonia were quite different. By way of the chronicles of Fernando Ceballos, the director of the *Renta del Tabaco* in Catalonia, we know that Phillip V's intentions were clear from the very moment that his troops crossed the Catalan border. He was named as head of the future *Renta del Tabaco* in Catalonia in 1711, in the middle of the war and before Phillip's troops had even reached Barcelona, "to plan it...having begun back at Lérida". In other words, the *Renta del Tabaco* institution advanced in Catalan soil by the force of the Bourbon army. Along the front, on the lands conquered before the capital surrendered, Ceballos gradually established the organization of the entire administration, executive as well as judicial, necessary for the efficient function of the Renta. He created the *estancos* and designated who would run them in the cities and towns he found useful. He ordered the construction of mills and cigar factories or took advantage of those already in existence. Furthermore, just as he had done in Aragon, many of the cigar factories in Catalonia were not destroyed expressively because of the need to fulfill the demands of the army and because those tobaccos were, it was said, "of bad quality", incomparable to those one obtained by the Castilian monopoly and, in the judgment of this servant of the crown, incapable of competing. The immediate need to satisfy the army led him to organize, with attention to detail, the preparation of the leaves and the distribution of the tobaccos within the Principality. Upon arriving to the gates of Barcelona in 1711,

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<sup>25</sup> D.W. Jones; *War and economy in the age of William III and Marlborough*, (Oxford, 1988), p. 83, p.88 y p.107.



Intendant José Patiño named him, “in the field before Barcelona”, first General Administrator of the Catalan *Renta del Tabaco*<sup>26</sup>.

Phillip V's over the Catalan authorities in 1716 gave him the legitimacy needed for the Bourbon government to impose its serious reforms of the administrative structures and the Catalan government, including its treasury, Royal Decree of *Nueva Planta*, or reorganization. The Royal Treasury incorporated the majority of the taxes previously collected by the Treasury of Catalonia, and imposed a new direct tax, collected according to a census that attempted to be equal to the Castilian *Rentas Provinciales*, and as such taxes were indirect, the remaining Castilian rights and monopolies (tobacco, salt, sealed paper and general rents) were also introduced<sup>27</sup>. The Catalan institutions lost whatever margin of negotiation they had previously enjoyed, with no control over the tobacco monopoly. The Catalonia found itself fully integrated within the peninsular fiscal tobacco monopoly *Renta del Tabaco*.

### 5.- The logic behind the monopoly as system.

The war had allowed the geographic expansion of the Castilian *estanco*, but the expansion strategies of the Spanish monopoly were still quite ambitious. By numerous routes the effort to create a more perfect monopoly sought, and achieved, its objectives. One notable example is the increased administrative control. In the years immediately following the war, the *Renta del Tabaco* had managed to establish a direct administration to oversee the most important of their demarcations: Seville and Madrid. In the rest of the provinces, the operation was entrusted to *arrendadores* particular administrators, lessees, who were required to present their figures before the crown. However, during the 1720s a new effort for the extensive restructure of the administrative organization was undertaken, with the goal of ultimately eliminating all subcontracting and establishing a complete, direct administration. This objective was completed and activated in December of 1730. From that point onwards, and throughout the rest of the century, all operations of the monopoly (sales and taxation) were consigned to the hands of public servants.

Meanwhile, and almost exactly at the same time, the Spanish monopoly advanced towards achieving control over the supply of tobacco. Recognizing the French government's failure to suppress the subcontracting of the tobacco monopoly in France, or its impotence to, once its continuity was admitted, at least make sure that the tobaccos consumed were originating in French colonies, the Spanish Crown had more success in imposing its mercantilist politics<sup>28</sup>. In 1717 the Crown established an *estanco* on the island of Cuba and the exclusive sale of tobacco was consigned to the Spanish monopoly. Although some producers protested, and for some years it was necessary to cede this exclusive privilege to the Royal Company of Havana, the *Renta del Tabaco* managed to secure a privileged source for the supplying of raw tobacco. This system was maintained until the end of century, on an imperial structure that allowed the silver of New Spain to be used as an exchange for the purchase of raw materials in Cuba,

<sup>26</sup> AGS (Archivo General de Simancas), DGR, I, lg.2403.

<sup>27</sup> E. Fernández de Pinedo, Emiliano, "Los ingresos de la Hacienda Real en Cataluña (1717-1779)" (1984) p.194.

<sup>28</sup> J. M., Price; *France and the Chesapeake...* Op.cit., I, p.360.

which were later refined, exclusively, in the Royal Tobacco Factory of Seville<sup>29</sup>. This monopoly over the supply and production was complimented by the commercializing of the product, something which was also under the control of the *Renta del Tabaco*, with a fixed governmental control of the prices<sup>30</sup>. From 1740 the tariffs that applied to the public sale were made the same for the entire monopoly. From that point onwards, and until 1809, the differences in price were not determined by the type of tobacco used, but rather by the place and amount sold, “by the greater” or “by the lesser”. This allowed the increase in the direct control over, and the more efficient collection of, the taxes of the fiscal monopoly.

This nearly perfect monopoly was extended to Catalonia without the slightest problem. Catalonia, like the rest of the provinces, was incorporated to the Renta as a provincial administration. In the capital of Barcelona one found the “main administration”, where the main warehouses were also situated, from which the tobacco was distributed to the rest of Catalonia, and where the most important of the Renta officials resided. The *factoría* was also located in Barcelona, which served as the main point of distribution for the other administrations, within the peninsular interior or along the Spanish Mediterranean coastline. In 1714 Catalonia was divided into 17 administrations, which were themselves subdivided into *colectas*. The *Renta del Tabaco* preferred to impose its own administrative structure over the one inherited from the provincial forbearers, so the former territorial denomination of *veguerías* was replaced by *corregimientos* in the *Nueva Planta* decree, and these, in turn, served as a base from which the *estanco* administrations of Catalonia were determined<sup>31</sup>.

This administrative structure was very similar to those of other Spanish provinces, and was maintained for the rest of the century. The most significant innovation of the *Renta del Tabaco* in Catalonia was the notably greater dependence on the military authorities of the region. The main political authority in Catalonia, the *Intendente*, Intendant, besides being responsible over all military matters in said province, was also responsible for the administration of the Royal Treasury in Catalonia. The Accountant and Treasurer of the province, highest officials of the Treasury after the Intendant were also members of the army. The result was that the *Intendente* of Catalonia was, by proxy, also the most important official of the sub-delegation of the *Renta del Tabaco* in Catalonia. As sub-delegates of the *Renta del Tabaco*, the *intendentes* of Catalonia oversaw all matters related to tobacco, including judicial issues, as well as the coordination with the *Junta del tabaco*, or Board of Tobacco, and the Director Generals of the *Renta del Tabaco* in Madrid, especially in matters dealing with the smuggling. The control and authority of the Intendant of Catalonia over all related to tobacco in the Principality was maintained throughout the XVIII century and came to be a key issue in the projects proposed by the Board of Tobacco to modify or increase the number of administrations, in a clear attempt to escape the direct control of the all-powerful Intendant. This was the case in 1727, when the Junta successfully established sub-delegations in Mataró, Tarragona, Lérida, Vich and Puigcerda, which, after a few years of confusing existence, were permanently dismantled in 1731. The same occurred in 1740, when the creation of eight sub-delegations in Mataró, Seo de Urgel, Tarragona, Tortosa, Gerona, Lérida, Puigcerdá and

<sup>29</sup> L. Nater; “Tabaco: la carta española en la lucha por el control del comercio atlántico” Johanna Von Grafenstein, *El Caribe en los intereses imperiales, 1750-1815*, (México, 2000), p. 17.

<sup>30</sup> A. González Enciso, A. (1989): “Aspectos de la Renta del Tabaco en el reinado de Carlos III”, *Actas del Congreso Internacional sobre “Carlos III y la Ilustración”*, tomo II: (Madrid, 1989), p.266.

<sup>31</sup> AGS, DGR, I, Lg.2403.

Talarn were proposed but ultimately rejected by the Intendant, who preferred to maintain the sole sub-delegation of tobacco in Barcelona to oversee the entire Principality<sup>32</sup>.

The direct control of the Intendant over the *Renta del Tabaco* in Catalonia reduced the opposition of the Catalans to their incorporation in the monopoly and improved the possibilities of fighting any discrepancy, while also offering the Crown a privileged source of information with regards to the progress of the monopoly in Principality.

Catalonia was also unique when compared to the rest of the provinces involved in the Spanish tobacco monopoly in that a large percentage of its population was military. The continued occupation of the province by large numbers of military contingents was explained by the fears of a new uprising and by the strategic function of Catalonia as a logistic center and exit point for the most important military expeditions of the century, such as those that set off towards Italy (1717-1718, 1733-38 y 1743-48), Portugal (1761), Algeria (1775) or Minorca (1782). This concentration of armed troops was far superior to any other Spanish region. It is believed that between 20,000 y 30,000 soldiers were stationed in Catalonia during the first half of the XVIII century, although during certain stages of the war the number of troops reached the 40,000 mark. During the second half of the war these figures declined, but there were never any less than 20,000 soldiers in the Principality at any given point. If we take the number of bread rations given out to the Spanish troops in the mid-XVIII century we can conclude that approximately one in every four soldiers in Spain was stationed in Catalonia. Throughout the second half of the XVIII century the position of Catalonia as the most militarized region was ceded to Andalusia, but the Principality followed in the second position. These figures are even more relevant if we take in mind that throughout the XVIII century the population of Catalonia only accounted for the 6 to 8% of the Spanish nation<sup>33</sup>.

Catalonia, therefore, was completely incorporated into an *estanco* by the beginning of the 1730s, an *estanco* that continued to grow in its effort to expand the monopoly. Its incorporation was facilitated by the marked dependence of the tobacco monopoly's administrative structure on the main political and military authorities. All factors were in favor of the greatest possible success of the tobacco monopoly. The demand potential for the region, which now reached a period of population and economic growth, counted with the additional advantage of an elevated concentration of troops, traditionally major tobacco consumers. The tobacco demand in Catalonia could serve to confirm the lucrative possibilities of the policy of expansionism followed by the Spanish monopoly.

## 6.- The loopholes in the monopoly.

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<sup>32</sup> E. Escartín; *La intendencia de Cataluña en el siglo XVIII*, (Santandreu Editor, Barcelona, 1995), p. 127, p.256.

<sup>33</sup> R. Torres Sánchez, (2002), "El gran negocio de la época, la provisión de víveres al ejército por Franciso Mendinueta (1744-1763)", *Francisco Mendinueta: Finanzas y mecenazgo en la España del siglo XVIII*, (Pamplona, 2002) p.115.

The Spanish *Renta del Tabaco* monopoly aspired to have its administrations in control of all the tobacco trade, from the exclusive acquisition of the raw goods in Cuba or Venezuela to its refinement in Seville and Cadiz, to its later distribution and sale at a fixed price<sup>34</sup>. In order to make this monopoly effective, the Board of Tobacco devised a complex administrative structure and trusted in the positive response from consumers who were presented with a superior quality of American tobacco from the Spanish colonies and refined in Seville, the most important being snuff, *polvo*<sup>35</sup>, which the monopoly supplied in its extensive web of stores. But this quality had a price. As Price concluded, because of the state of the tobacco trade in France during the first few decades of the XVIII century, “we need not concern ourselves much with Spain. Its tobacco –whether from Venezuela (Verinas) or from Cuba – was several times more expensive than any other on the European market and was only used by the French for mixing in luxury snuffs”<sup>36</sup>. While the Spanish monopoly’s strategy is comprehensible from a mercantilist point of view, it required the renunciation of actively competing in the European markets and it placed the monopoly in a constant defensive posture, faced with the oscillations of the demands of consumers and the possibility that they could be supplied from abroad.

In this context of administrative construction, and emphasis on the offer of quality, there were some loopholes in the monopoly, which were significant in the case of Catalonia. The first steps of the monopoly in Catalonia pointed in a direction contrary to the interests of the Catalan merchant community. It was thus that the supplying of tobacco was entrusted in 1716 to two Sevillians, José Benítez and Francisco Miguel de Alcalá, who appear to have been linked to the group of Portuguese Jewish converts of Baltasar de Castro, very active in its relation with the Spanish Exchequer and *Renta del Tabaco*<sup>37</sup>. However, in the following years the supplying of tobaccos to the Barcelona’s *factoria* gradually passed into the hands of the Catalan merchant community, whose activity with the international tobacco markets in previous years no doubt facilitated the Catalan participation. The Catalan ships not only managed to carry the monopoly’s tobacco from Seville to Barcelona, but they also transported the monopoly’s tobacco between the main Spanish ports on the Mediterranean, from Barcelona to Majorca, Alicante and Valencia, and, furthermore, Catalan merchants offered the monopoly the possibility of obtaining tobacco originating from “free port of Genoa” for the *factoría* of Barcelona<sup>38</sup>.

Brazil-leaf tobacco was abundant amongst the tobacco shipments transported by Catalan merchants. This type of tobacco, originating in Brazil, was rather popular in all of Europe due to its agreeable odor, sweet taste and the simplicity in its consumption whether by way of pipes, cigars, or chewing. Its popularity was also due to the fact that the main supplier of this sort of tobacco, Portugal, maintained a policy of free market in Lisbon, as well as its stable exportation prices throughout the century, which is what attracted a plethora of merchants from all of Europe and provided the opportunity to sell

<sup>34</sup> A. González Enciso, A “Los usos financieros del tabaco; o bien, para qué servían los dineros obtenidos con la Renta del Tabaco ”, (Las Palmas, 2000) p.25.

<sup>35</sup> The tabaco snuff refined in Sevilla *polvo* was different from european tobacco snuffed J.M. Rodríguez Gordillo, *La difusión del tabaco en España*, (Sevilla, 2002), p.239

<sup>36</sup> J. M., Price; *France and the Chesapeake...* Op.cit., I, p.182.

<sup>37</sup> R. Escobedo Romero; *El monopolio fiscal del tabaco en la España del siglo XVIII*, (Pamplona, 2005), pp.457-458.

<sup>38</sup> AGS, DGR, I, lg. 2403.

a popular tobacco at a competitive price<sup>39</sup>. The demand for Brazilian tobacco quickly became a solid alternative to the snuffed tobacco sold by the Spanish monopoly.

The fiscal monopoly faced a grave problem, difficult to solve as it went against the very reasons for which the monopoly existed. On one side, it had to admit that the Spanish consumers increasingly preferred to consume Brazilian tobacco and, therefore, it had to secure a steady supply for the monopoly's points of sale. This meant the monopoly would have to compete against its own main tobacco, that of Cuba, and it meant that it would decrease demands upon the cigar factory in Seville. On the other hand, it was not in the monopoly's interest to expand the consumption of Brazilian tobacco because this would require tobacco purchases to take place outside of the Spanish Empire, which meant losing Spanish capital, as well as running the eternal risk of contraband. As the Spanish Ministry of Finance affirmed, "Brazilian tobacco is harmful to Spain as it removes silver from our Kingdom and opens the door to perpetual fraud by foreigners who seek to introduce other tobaccos into Spain"<sup>40</sup>. The monopoly had to decide between growing by servicing the tastes of its consumers or giving preference to economic policies and patronizing domestic production.

The Catalan merchants understood this reality, and they exploited Catalonia's incorporation into the Spanish tobacco monopoly as a means to extend their own commerce. The evolution was quick, and from the 1720s a variety of Catalan companies regularly offered to transport and distribute Brazilian tobacco to ports throughout Spain, on behalf of the Tobacco Renta, in order to satisfy the supply needs of the monopoly. In the following decade the Catalan dominance over the supplying of Brazilian tobacco was almost total, and it remained so until the 1740s. This rapid rise was due to various factors. One of them was the number of Catalan merchant houses interested in the exportation of spirits to Cadiz and the importation of English textiles, which they acquired during the direct purchase of Brazilian tobacco in Lisbon, and later distributed in Catalonia and throughout the entire Levantine Coast of Spain. They offered this service in order to convince the Board of Tobacco to accept their services. Some of these Catalan merchant houses, like that of Miguel Pujol or that of José Vidal y Batella of Barcelona, obtained important contracts from Madrid for the supplying of Brazilian tobacco to the main peninsular ports, including that of Cadiz, throughout the 1730s<sup>41</sup>.

In other cases, the main factor was relationship between Catalonia and Genoa<sup>42</sup>. The Genoese merchants had an intense presence in the Lisbon tobacco market, known as the *Jardin* (literally, the "Garden"), because they were the ones in charge of the supplying of Brazilian tobacco to the Italian monopolies, especially those of Sardinia and Naples<sup>43</sup>. The influx of tobacco towards Genoa, plus the exportation of domestic French tobacco, made this the main entrepôt of tobacco for the Mediterranean. Bernardo Gloria, for example, spent the decade between 1720 and 1730 developing a web of contacts that linked the markets of Lisbon and Genoa in order to better serve

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<sup>39</sup> R. Torres Sánchez "Capitalismo internacional y política estatal. Los asentistas del tabaco en la segunda mitad del siglo XVIII", *Tabaco y Economía en el siglo XVIII*, dir. A. González Enciso & R. Torres, (Pamplona, 1999), p.417.

<sup>40</sup> Miguel Múzquiz to Spanish Consul in Lisbon, 28-4-1767, AGS, SSH, lg.1997.

<sup>41</sup> AGS, DGR, I, lg.2403.

<sup>42</sup> AGS, DGR, II, lg.4692. Reports from the Spanish Consul in Genoa to Spanish Ministry of Finance.

<sup>43</sup> AGS, DGR, II, lg. 4688.

their contracts to supply Brazilian tobacco to the Spanish monopoly<sup>44</sup>. Other Catalan merchants, like Pedro Merizano, maintained strong relations with Genoese merchant houses, such as those of Bensi, Gnecco or Maffoni, in order to keep up their business of supplying provisions to the Spanish troops stationed in Catalonia or in Italy, or transferring rents from Spanish aristocrats in Italy to Spain. They used their web of contacts to secure important contracts for the purchase of Brazilian tobacco in Genoa, destined to be sold to the Spanish monopoly<sup>45</sup>.

The Catalan merchant community's interest in the tobacco trade was multifaceted, as it was not only a manner in which to accumulate "services to the king", something particularly important to a collective that was just then recovering from a war of rebellion against the crown, but also an efficient means of obtaining (with those contracts) capital or permission to legally use and export Spanish silver, essential for the effectiveness of their commerce. These tobacco contracts also offered a legal cover for smuggling of all sorts; mainly textiles<sup>46</sup>, and the illicit importation of great amounts of Brazilian and other types of tobaccos, such as those from Virginia, along the Spanish coasts, particularly the Levantine<sup>47</sup>. As was proven in the case of England, these contracts for legal trade were the main source of contraband in the domestic markets, as the allowed fraudulent accords with the port authorities and the relanding trade<sup>48</sup>. Thus, the monopoly's need to import Brazilian tobacco, which accounted for approximately a third of the tobacco sold by the Tobacco Renta in Spain<sup>49</sup>, in order to satisfy the demands of the Spanish consumers presented the perfect opportunity for the Catalan merchant community to avoid being excluded from the tobacco trade whilst providing a privileged position over the veritable source of riches that was the growing markets of contraband goods throughout all of Spain, and especially in Catalonia itself.

## 7.- The legal consumption of tobacco in Catalonia.

The monopoly began its run in Catalonia in a struggle against the black market which, as we shall see, was deeply rooted in the society and economic structure of Catalonia. The monopoly turned out to be less than perfect and left a margin for alternative suppliers. A first reflection of this struggle to attract the Catalan smoker is evident in the evolution of the numbers of tobacco consumers, recorded by the *Renta del Tabaco* of Catalonia.

<sup>44</sup> R. Fernández, "La burguesía barcelonesa en el siglo XVIII: la familia Gloria", *La economía española a finales del Antiguo Régimen*, (Madrid, 1983), pp.33-40.

<sup>45</sup> J. C. Maixé Maixe Altes, *Comercio y banca en la Cataluña del siglo XVIII. La Compañía Bensi & Merizano de Barcelona (1724-1755)*, (La Coruña, 1994) p.57.

<sup>46</sup> E. Martín Corrales; "El contrabando en el litoral catalán en la primera mitad del siglo XVIII (1720-1759)", in López Nadal, G. (dir.) *VIII Jornades d'Estudis Històrics Locals: el comerç alternatiu. Corsarime i contrabàn (ss. XV-XVIII)*, (Palma de Mallorca, 1990)

<sup>47</sup> Contracts in DGR, II, leg 4688, 4689 y 4695.

<sup>48</sup> R.C Nash; "The English and Scottish Tobacco Trades..." Op.cit., p.360.

<sup>49</sup> This accounted for 40% if one adds the Virginia tobacco. R. Torres Sánchez "Capitalismo internacional y política estatal... Op.cit., p.417.

Table nº1.- *Tabacco sold by the Renta del Tabaco in Catalonia. 1731-1799*

Decade	CATALONIA		SPAIN				CATALONIA	
	Consumed	Population	Consumed	Consumed	Population	Consumed	WITH RESPECT TO SPAIN	
	Per capita		Per capita		Per capita		Consumed	Población
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1731-39	119.550	595.624	0,201	2.827.307	8.272.289	0,342	4,23	7,20
1740-49	105.747	647.787	0,163	2.686.387	8.561.683	0,314	3,94	7,57
1750-59	125.800	693.966	0,181	2.926.691	8.937.775	0,327	4,30	7,76
1760-69	119.498	755.452	0,158	3.192.466	9.399.387	0,340	3,74	8,04
1770-79	146.526	808.966	0,181	3.666.619	9.848.384	0,372	4,00	8,21
1780-89	115.324	877.797	0,131	3.134.377	10.267.145	0,305	3,68	8,55
1790-99	97.604	928.193	0,105	2.844.883	10.752.559	0,265	3,43	8,63

Sources: (a) AGS, DGR, I, 2403 y II, 4626. Pounds consumed, annual average; (b) and (e) in A, Moreno "La evolución de la población española, 1500-1860", *Historia Moderna de España*, (Ariel, Madrid, 2004); (c) = b/a ; (d) AGS, DGR II, 4636 Pounds consumed, annual average; (f)= c/d, (g)=a/d\*100; (h)=b/e\*100.

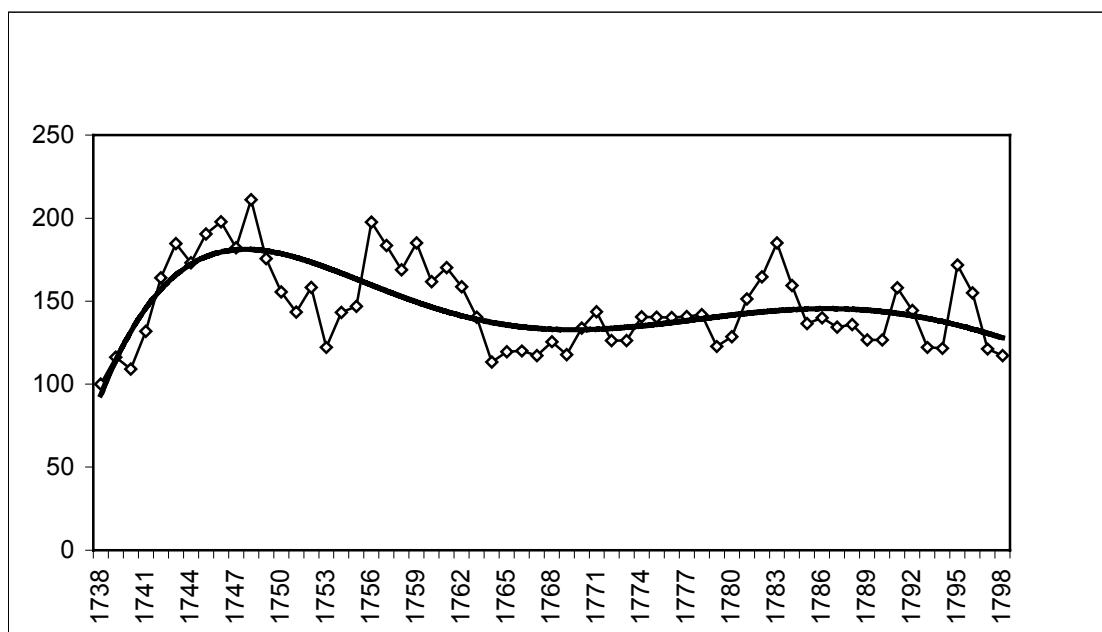
According to the accounts of the very *Renta del Tabaco*, the sale of tobacco by this monopoly in Catalonia actually declined as the XVIII century progressed. Against all expectations, the Principality's importance in the Spanish monopoly decreased, its role growing smaller with each new figure of consumption rates, which were less significant with each passing year. In the beginning of the 1730s the tobacco sold by the monopoly in the Catalan *estancos* accounted for somewhat more than 4 percent of all tobacco sold within Spain, with a maximum of 5.04 percent in 1733, while at the time Catalonia accounted for over 7 percent of the total Spanish population. This paradox continued to increase throughout the XVIII century, and particularly after the 1770s. Thenceforth, and until the end of the century, the monopoly in Catalonia had its worst results in terms of sales. While the Catalan population increased its growth rate, eventually accounting for 8 percent of the Spanish total, the legal consumption of tobacco declined and the participation of Catalonia in the total sales of the monopoly declined notably, with a minimum of 2.57 percent in 1797.

With the help of these figures we can conclude that the monopoly lost its market in Catalonia as the XVIII century progressed, and this declined actually increased to a far quicker pace from 1770 onwards. This contrasts with the conditions of Catalonia's urban, demographic, and economic growth during the last third of the XVIII century, precisely one of the most intense growth periods of the 1700's, and the Principality continued to count with a huge military presence, which encouraged the belief that there would be a strong rise in tobacco consumption in Catalonia, a belief shared by the heads of the monopoly, who expressed their bewilderment at the monopoly's inability to register in Catalonia the incomes "which correspond to its expansion as well the tastes of the natives"<sup>50</sup>. In sharp contradiction, what we find instead is that during the XVIII century the Catalans consume less tobacco than all other Spaniards: 40% less in the 1730s and a full 60% less in the final years of the century.

<sup>50</sup> José Patiño, Sevilla 27-12-1731, AGS, SSH, 1767.

Why did the monopoly lose its Catalan tobacco consumers? The most immediate answer to this question points to the prices of tobacco sold in the official stores belonging to the monopoly. The crown proclaimed several increases in the price of tobacco throughout the XVIII century, with the goal of meeting urgent financial needs and avoiding further reforms of the treasury<sup>51</sup>. There are a plethora of texts addressing the convenience of not raising the prices in order to avoid the negative effects that such measures had on the consumer, though those effects are never actually specified – we can form some conclusions by way of drawing a comparison between the evolution of the price of tobacco sold in the monopoly stores (contrasted against the consumption rates in Catalonia) and the legal consumption of tobacco in Catalonia.

Graphic nº1.- *Real price and legal consumption of tobacco in Catalonia.*



Sources: AGS, DGR, II, 4636.

This relation seems evident until about 1760. During this time the real price of tobacco double between 1737 and 1746, and the sale of tobacco were reduced by 30%. Later, on when the real price of tobacco declined between 1746 and 1754, the monopoly sales in Catalonia some notable activity, rising over 40%. The increase in sale continued with strength until 1760, even though the price of tobacco began to rise. In other words, the 1750s were the golden age of the tobacco monopoly in Catalonia. From that point onwards the relation between price and sales ceased to be balanced. The strong fall in the true price of tobacco between 1760 and 1770 did not manage to revive the former expansive stage in sales, and was even accompanied by that century's fastest decline in sales. During the last third of the century these inconsistencies continued, and a long stability in the price of tobacco was not enough to revive the sales; they continued to decline until ending the century with prices similar to those in 1737 but with 40% less in sales. According to these figures one can conclude that the price of tobacco, combined with the living conditions of the Catalans, may have in some way influenced

<sup>51</sup> A. González Enciso, "Los usos financieros del tabaco; o bien, para qué servían los dineros obtenidos con la Renta del Tabaco ", Santiago Luxan, Sergio Solbes, JJ.Laforet (editores) *El mercado del tabaco en España durante el siglo XVIII: fiscalidad y consumo*, (Las Palmas, 2000) pp.25-52.



the intensity in which monopoly tobaccos were consumed in the period prior to 1760. After this date its influence seems to have declined in a significant manner, implying that decline in sales was motivated by other factors.

Upon having analyzed the domestic tobacco market in Great Britain of the XVIII century, Robert C. Nash came to the conclusion that the British government's continued maintaining of high taxes on tobacco consumed in the interior did not (in any decisive way) affect the levels of consumption, as the consumer found other alternative suppliers to his demand, be it from changing the type of tobacco consumed to purchasing contraband tobacco goods<sup>52</sup>. In the case of the Catalan consumer, this search for alternatives was provoked by the particular policies of supply practiced by the *Renta del Tabaco* monopoly.

While the French government, faced with contractors or “farmers-general” the French tobacco monopoly who were interested in purchasing the cheaper tobaccos originating from the British colonies, was incapable of imposing the tobacco originating in its own colonies, the Spanish government had far more success with its mercantilist policy of putting its colonial tobaccos first. This success allowed the Spanish monopoly to offer a product of quality in its *estancos*, such as the Sevillian snuffed, but it also obliged the monopoly to compete against other tobaccos. The competition was especially intense with smoking tobaccos, made with tobacco leaves that originated in colonies that were not under the Spanish dominion, like Virginia or Brazil, and that were more appetizing, cheaper, more abundant and easier to consume<sup>53</sup>.

Table nº2.- *Types of tobaccos sold by the monopoly*

	CATALONIA				SPAIN			
	Snuffed		Smoked		Snuffed		Smoked	
	%	Index	%	Index	%	Index	%	Index
1731-34	40,7	69	59,3	180				
1735-39	46,3	86	53,7	177				
1740-44	64,1	100	35,9	100	67,3	100	32,7	100
1745-49	75,1	118	24,9	70	65,9	93	34,1	99
1750-55	74,5	132	25,5	16	61,9	95	38,1	120
1755-59	75,6	148	24,4	17	60,0	98	40,0	134
1760-64	80,3	161	19,7	14	58,8	101	41,2	145
1765-69	81,8	127	18,2	10	57,3	100	42,7	152
1770-74	75,8	160	24,2	18	52,4	101	47,6	189
1775-79	71,5	161	28,5	23	50,2	101	49,8	207
1780-84	70,4	114	29,6	17	48,9	82	51,1	175
1785-89	72,3	130	27,7	18	47,2	81	52,8	186
1790-94	83,0	134	17,0	10	49,3	76	50,7	161
1795-98	83,3	107	16,7	8	41,9	50	58,1	143

Sources: see table nº1.

<sup>52</sup> The British government was able to maintain this situation because at the same time it allowed the reexportation of tobacco, which offered greater incomes by way of customs. R.C Nash; “The English and Scottish Tobacco Trades ...” Op.cit, p.369.

<sup>53</sup> R. Torres Sánchez, “El Banco de San Carlos y el negocio del tabaco. Una investigación de mercado en el siglo XVIII”, (2000), Santiago Luxan, Sergio Solbes, JJ.Laforet (editores) *El mercado del tabaco en España durante el siglo XVIII: fiscalidad y consumo*, (Las Palmas, 2000) p.118.

The sales of tobacco by the monopoly have been studied as a reflection of the habits and inclinations of the consumers<sup>54</sup>. According to them, throughout the XVIII century the Spanish consumers gradually abandoned the regular use of tobacco snuff, favoring the smoked tobacco instead, in other words, exactly the opposite of what happened in France occurred. This quick change in the preferences of the consumers has been interpreted as their reaction to the prices, which encouraged them to consume cheaper tobaccos. In reality, the three price increases decreed by the government (1741, 1779, 1794) are not distinguished by the types of tobacco. The concurrence of prices can only be understood as a desire to increase the levy and that the confidence in the superiority of the Spanish colonial tobaccos sold by the *Renta* became a factor in the preferences of the consumer. The government was convinced that having the *estancos* well supplied with quality tobacco was what “most influences the increase in the values of the *Renta*”<sup>55</sup>. Even when preference shift to smoked cigars became evident, the government decided to encourage the consumption of Cuban cigars, ignoring the monopoly director’s opinions, who considered it more profitable to secure the supply of Brazilian tobacco because it was far more in demand by the consumer<sup>56</sup>.

A mercantilist policy in the supply of tobaccos, along with a conformance of prices and a bet on quality, supposed a strong dose of interventionism in market such as the Catalan one, which had other options. The evolution of the sale of tobaccos in Catalonia has shown us the possible outcome to that alternative. The smoked tobacco sold in Catalan *estancos* nearly disappeared as the XVIII progressed. In the context of a strong recession in tobacco consumption in Catalonia, and the general decline in the consumption of snuffed tobacco in Spain, it is strange that the remaining Catalan consumers would be particularly interested in buying snuffed tobacco. In the same way, it is interesting to note that the increase in the per capita consumption in tobacco is found as one examines its southern administrations and one comes away from the French border. After Barcelona, the two administrations that sold the most smoked tobacco were Tortosa and Tarragona, notably the two administrations furthest away from the French border. This phenomenon of finding higher consumption rates as the distance between the administration and the French border is increased continues down to Valencia, where smoking tobacco was the type most sold.

According to the figures corresponding to the sales of the tobacco monopoly in Catalonia, the bulk of the market was concentrated in four administrations: Barcelona, Girona, Tarragona and Tortosa. These administrations had the largest populations and a decidedly urban profile: they represented 54,1% of the population and consumed 70,3% of all tobacco sold by the *Renta* in Catalonia. The greatest sales happened in the *estancos* of Barcelona, where, with only 14,2% of the total Catalan population, the impact on the sale of tobacco was tremendous: 43,1%. This elevated concentration of activity of the monopoly in the main urban centers, and in an extraordinary way in the Catalan capital, can be explained by the very effects of urbanization on the consumption of tobacco, but also by the theory that the monopoly was not so deeply entrenched in the

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<sup>54</sup> L. Alonso, “Transformaciones en las pautas de consumo y crecimiento de la demanda en los orígenes de la industrialización: el tabaco en España, 1735-1886”, *Ler Història*, (27-28,1995), p.24. GRETA, “El consumo de tabaco en España en el siglo XVIII”, *Cuadernos de Investigación Histórica*, (19, 2002), p.324.

<sup>55</sup> AGS, SSH, Muzquiz, 16-3-1737.

<sup>56</sup> F. Gallardo, *Origen, progresos y estado de las rentas de la corona de España, su gobierno y administración*, VII (Madrid, 1808), p.366-367.

interior of the Principality (the aforementioned cities are on the coast). If this is correct, the monopoly may have even lost geographic territory to the Catalan tobacco market.

Table nº 3.- *Geography of the sale of tobaccos by the Tobacco Renta in Catalonia. 1779*

	Tobacco %	Population %	Per capita	Smoked / Total	Smoked / Snuffed
Barcelona.	43,19	14,20	0,52	43,5	27,0
Girona	9,60	19,22	0,09	4,4	12,2
Tarragona	9,56	15,16	0,11	12,5	35,0
Tortosa	7,96	5,53	0,25	14,1	47,2
Lleida	6,76	6,80	0,17	7,8	30,8
Cervera	4,55	5,05	0,15	2,8	16,6
Puigcerda	4,49	6,08	0,13	1,1	6,3
Vich	3,90	8,08	0,08	2,0	13,5
Mataro	3,72	6,76	0,09	3,9	28,0
Manresa	3,22	5,39	0,10	1,4	11,4
Villafranca	3,06	6,04	0,09	6,7	58,2
Total	100	100	0,17	100	26,8

Sources: AGS, DGR, I, lg. 2405.

We believe that all of these figures not only reflect a change in the consumption habits of Catalonia, but also indicate the existence of a market that clearly divided: on one side one finds the legal tobaccos, supplied by the monopoly (mainly snuffed tobacco, controlled strictly by the *Renta del Tabaco* in its *factorías* as well in its distribution to the *estancos* of the *Renta*<sup>57</sup>), and on the other side one finds the smoked tobacco market, partially supplied by the monopoly (where not so much refinement is required as the raw good can be smoked directly by the consumer) and, as we shall see, an important alternative supplier with abundant goods and a sturdy structure. For this reason, the unusual growth of snuffed tobacco consumption in Catalonia could be considered a reflection of the monopoly's inability to make their *estancos* attract the consumers of the ascending smoked tobacco market. The progressive loss of the sales capacity for tobacco in Catalonia indicates that the monopoly was able to attract only those seeking quality, a market which each year was more and more geographically isolated. The expansion potential that existed due to the potential for consumers in Catalonia was not exploited as it should have been by the Spanish tobacco monopoly. The monopoly's supply politics and the Royal Treasury's financial difficulties limited the monopoly's ability to easily offer a wide variety of tobaccos. The rise and uniformity of the prices, as well as the emphasis on quality, did not help in attracting the Catalan consumers, and it did nothing to respond to the growing black market, which was by this point a flexible yet elaborately structured business. Let us now turn our attention to how the illegal supplying of tobaccos to Catalonia served as a very real alternative to the Catalan tobacco consumers.

<sup>57</sup> The alternative to snuffed tobacco was French snuff, but the *Renta* attempted to compete with it by producing it in Seville from 1786 onwards.

## 8.- The illegal supply of tobaccos in Catalonia.

Before the monopoly was able to regulate the tobacco market in the Principality, the Catalans had already secured the supplying of tobacco and they played an active part in the tobacco trade, traveling directly to the most important European ports of redistribution. The difference between the tobaccos sold in the *estancos* and the stability, and even decline, of the international tobacco prices, especially those coming from Virginia and Brazil<sup>58</sup>, encouraged the Catalans to participate in the illegal tobacco trade. The monopoly's efforts to stop the introduction of contraband tobacco was a long and constant battle throughout the century, but the expectations and possibilities changed and they indicated determined phases.

Table nº 3.- *Estimates relating to the extent of tobacco contraband in Catalonia.*

Decade	Pounds of Tobacco Annual Average	Population Total	Amount Consumed Per capita	Amount Consumed Hypothesis	Contraband Hypothesis	Contraband %
1731-39	119.550	595.624	0,20	119.550	0	0,0
1740-49	105.747	647.787	0,16	130.020	24.273	18,7
1750-59	125.800	693.966	0,18	139.289	13.488	9,7
1760-69	119.498	755.452	0,16	151.630	32.131	21,2
1770-79	146.526	808.966	0,18	162.371	15.844	9,8
1780-89	115.324	877.797	0,13	176.186	60.862	34,5
1790-99	97.604	928.193	0,11	186.301	88.697	47,6

Sources: See Table nº1.

Appraising contraband is always a very difficult task, with the uncertain results<sup>59</sup>, although we can attempt to deduce a simple estimate based upon the consumption rates that were expected. In order to do this we assume that the per capita consumption was at least constant, when all the qualitative references point to a sharp increase in consumption, and consider the difference as an approximate indicator of the illegal commerce<sup>60</sup>. According to this estimate, the consumption of illegal tobacco had an elevated impact upon the Catalan tobacco market, particularly during the last third of the XVIII century. The presence of contraband tobacco escalated, but not in any uniform manner, as there were recessions in the 1750s and 1770s. The elevated success of the black market was achieved at the end of the XVIII century, when nearly half the tobacco consumed in Catalonia was purchased from sources that were not part of the monopoly.

Conclusions about the ascending success of this alternative market can be discerned in the abundant information relating to the struggles of the monopoly against such contraband. This information is principally qualitative, and biased in the interest of the protagonists and the objectives of the monopoly, but it is nonetheless useful in understanding the structure and operation of this alternative market.

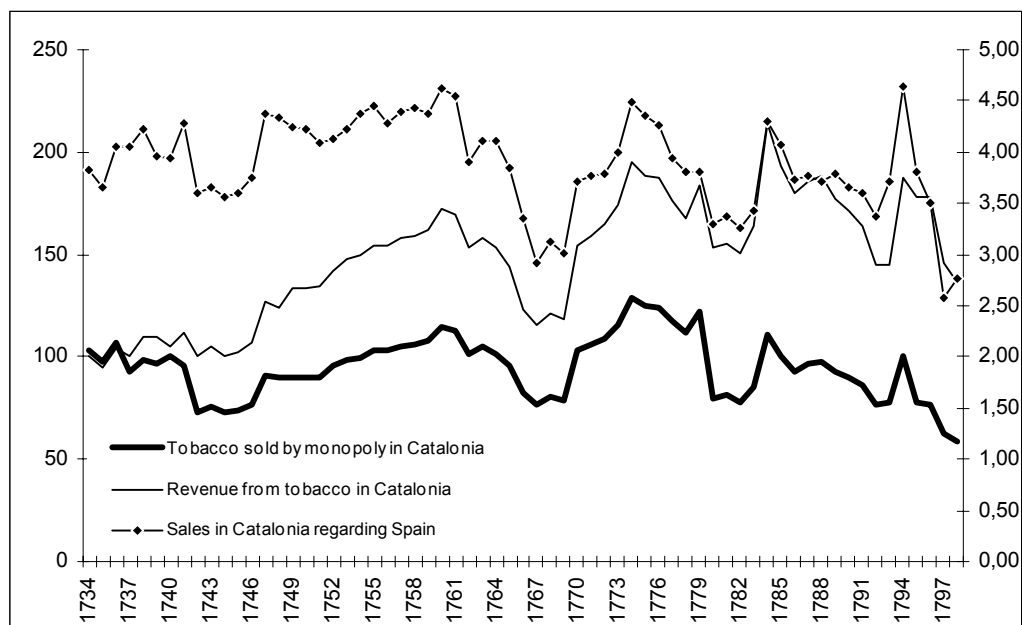
<sup>58</sup> R. Torres Sánchez "Capitalismo internacional y política estatal...", Op.cit., p.437.

<sup>59</sup> W.A.Cole: "Trends in Eighteenth-Century Smuggling", *The Economic History Review*, 10, 3 (1958), p.395.

<sup>60</sup> R. C. Nash, "The English and Scottish Tobacco Trades ..." Op.cit., p.364.

Near the end of 1731, the Secretary of Treasury, José Patiño, wrote to the heads of the monopoly demanding to know why the value of the *Renta del Tabaco* of Catalonia were descending, apparently unaffected by the efforts of the monopoly. The Renta officials were also surprised that “although elevated steps had been taken by land and by sea...there were no results in improving the values of the Renta del Tabaco”<sup>61</sup>. The crown was worried by this limitation of the tobacco monopoly in Catalonia because its revenues were necessary for the wages of the troops stationed in Catalonia, who head out from there towards Italy – for this reason Madrid had a special interest in the income of the tobacco monopoly in that region.

Graphic nº 2 Tobacco sales by the monopoly in Spain and Catalonia.



Source: AGS, DGR, I, 2405.

In the following years various reports were sent to Seville and Madrid<sup>62</sup> pointing out the difficulties that the monopoly was having in extending consumption of tobacco amongst the Catalans, something that seemed absurd considering the number of troops present in the region, the enormous population and the “well-known consumption of tobacco.” These reports coincided in informing Seville and Madrid that the main reason why their task was so difficult was because the Catalans could easily find alternative suppliers, which were obviously illegal. The reasons why that contraband existed, from the point of view of the monopoly, were varied, but they all felt that the Catalan authorities were serving as accomplices to the contrabandists: “the fraud continues in Catalonia, those principally responsible being the very Catalan authorities who, because of greed or dislike of the Spanish, decide to help them”. Concretely, they permitted the cultivation of tobacco in Catalonia, which seemed to be somewhat extensive even though the government expressly prohibited this: “the sowing of tobacco is so extensive that it threatens to ruin the *Renta*”<sup>63</sup>; and they also covered for the

<sup>61</sup> Sevilla, 27-12-1731. AGS, SSH, lg.1767.

<sup>62</sup> Marqués de Risbourg, Barcelona 8-12-1733, Antonio Sartine, Barcelona 22-10-1734, Jacobo Flon to the Marques of Torrenueva Madrid 2-3-1737. AGS, SSH, lg.1767.

<sup>63</sup> Directores Rentas Generales, Madrid 6-10-1734. AGS, SSH, lg.1767.

contrabandists, amongst whom one could openly note Catalan agents and merchants: “the mayor live with the contrabandists and the ecclesiastics clothe and protect them”<sup>64</sup>. On a more secondary level, but nonetheless importantly, the monopoly officials also alluded to the difference in prices as being the reason for the contraband problem: “the elevated cost of tobacco, all priced the same, contributes in no small way to the declining consumption”<sup>65</sup>.

During the first phase, which can be placed in the decade that lasted from 1730 to 1740, the illegal market grew in a most notable manner and the main reasons point to the complicity of the Catalan society. In the following periods, with the greater presence of the monopoly in Catalonia, there was a significant evolution in the arguments used by the *Renta* officials to explain the illegal market. They began to insist that it was caused by foreign forces, pointing to the increasing active contraband of international tobacco to Catalonia, and the focus was thus shifted to the borders, land as well as maritime.

From the end of the 1740s until the end of the 1750s the news of contraband in Catalonia declined significantly. The near disappearance of reports between Barcelona and Madrid during those years regarding the issue of the tobacco problem coincide notably with a rise of legal tobacco sales, surpassing even the national average. This was the authentic “golden age” of the monopoly in Catalonia, and it ended soon, giving way to a profound transformation of the tobacco trade. In the decade following, the 1760s, the Catalan *estancos* lost 40% of their previous sales, particularly with the smoked tobaccos, and the reports concerning the rise of contraband movements resurfaced. This new resurgence, which does not coincide with an alteration of the monopoly prices, may be related to the changes in the French monopoly. The financial headaches of the French crown led it to allow the sale of bureaucratic posts in the tobacco monopoly, something prohibited since 1694. As Price pointed out, “anyone who bought such an office intended to make more than normal profits out of it by fraud”. Furthermore, in 1751 a refinery was established in the French port of Cette, for tobacco imported from Chesapeake; “Cette became a fixture in the international tobacco trade, receiving ten or more British tobacco ships a year with two million and more pounds”<sup>66</sup>. From that point onwards, the problem with tobacco being brought in from France became a chronic one.

The heavy presence of troops in Catalonia may have served as a catalyzing element in the secular contraband. As Larguier noted, the elevated demand from the troops stationed in Catalonia activated the commercial movements from Languedoc towards Catalonia. The exportation of provisions and, above all, livestock, turned into an intense commercial flow, and it even increased throughout the century with the growing demands for provisioning from the people of Barcelona, providing an exclusive route for the shipping of contraband<sup>67</sup>.

The increase of contraband prompted the military authorities in Barcelona, as well as the monopoly officials, to begin sending continuous reports to Madrid in which

<sup>64</sup> It is considered that the authorities’ implication in the contraband efforts were a means of protest against the Bourbon monarchy – E. Martín Corrales. Eloy “El contrabando en el litoral catalán durante el reinado de Carlos III”, *Pedralbes*, pp.485-494.

<sup>65</sup> AGS, SSH, lg. 1767, Martín Jose de Bustamante a Campillo, Barcelona 13-8-1742

<sup>66</sup> J. M., Price; *France and the Chesapeake...*, Op.cit., p.366, and p.419.

<sup>67</sup> G. Larguier; “Contrabande par terre et par mer en Roussillon 1715-1815”, Op.cit., p. 62.

they alerted the capital to the existence of numerous tobacco warehouses along the French coast. The most important ones were in Bañuls, which was called the “tobacco fair”, where Catalan ships took tobacco from Genoa, frequently under the names of French merchants. Here the merchants of Roussillon’s support of the contraband is clearly evident, so much so that it actually became the average source of income for that region, which was known by the French authorities as the “contraband republic”<sup>68</sup>.

From various points throughout Roussillon, and particularly from the deposits of Bañuls, the tobacco was sold to the Catalan contrabandists who would then bring them into Catalonia on foot. The Spanish authorities suspected that the ones behind those warehouses were the French agents and merchants. As the Intendant of Catalonia, Baron de la Linde, informed the Secretary of Treasury, Miguél Múzquiz, the interest of those farmers-general of French monopoly in the warehouses and the contraband was as a means of augmenting the rates of the French monopoly, and the strategy that they used was to keep all the points of sale along the French border well supplied in order to attract the Catalan contrabandists: “this illicit comerse, in which the farmers-general are so interested, managing greater consumption, extractions from the operations, and from the tobacco storehouses of Bañuls... there is nothing more clever than the French tactic of stocking the adundant muslins and other such forbidden goods, as well as their finest tobaccos, in their towns nearest to our border, to serve as bait and as a continuous temptation for those who would think of introducing them”<sup>69</sup>. Several efforts to close these warehouses diplomatically were undertaken, and several accords between France and Spain regarding the tobacco contraband were signed, as occurred in 1765 and 1774<sup>70</sup>, but the results were practically nonexistent. This was due in part, as one Spanish official commented, to the complicity of the very French government, which allowed these dealings to occur: “as many year’s experience has shown me, they (the French government and the Commander General of the Rosellón) have attempted to impede the introduction of the goods in many ways, and they have never managed to do so, as these goods have instead been found in greater quantities, and therefore one should be alert and think only of defending one’s home”<sup>71</sup>.

If it was impossible to stop the influx of illegal tobacco by way of the French border, it was even more difficult to stop the shipments coming from Genoa, which in large part ended up in the French warehouses<sup>72</sup>. Genoa’s position as the main tobacco redistribution center in the Mediterranean was based upon its ability to supply several Italian tobacco monopolies, most importantly that of Naples, and its solid sale of not only tobacco, but also English textiles, brought from the markets of Lisbon and Amsterdam, mainly by way of Jewish merchant houses. The Catalans had always maintained a fluid trade relation with port ligur, and the tobacco was an opportunity on which they could not afford to pass. The citing of Genoa as the origin of the contraband tobacco in Catalonia is constant throughout the XVIII century, but these references are particularly intense after 1760. According the Spanish consuls in the ports of the Gulf of

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<sup>68</sup> G. Larguier; “Contrabande par terre et par mer en Roussillon 1715-1815”, Op.cit., p.68.

<sup>69</sup> Barcelona, Linde a Muzquiz, 6-4-1779, AGS, SSH, lg.1769.

<sup>70</sup> M. Deforneaux; “La contrebande roussillonnaise et les accords commerciaux francoespagnols après le Pacte de Famille, 1761-1786”, *Actes du 94e Congrès National des sociétés savantes*, (Paris, 1963), p.148.

<sup>71</sup> Figueras, Manuel Thomas Diaz a Barón de Linde, 11-12-1785, AGS, SSH, lg. 1772.

<sup>72</sup> Correspondence of the Consul to Genoa, regarding tobacco issues, 1770-1779 en AGS, DGR, II, lg. 4692.

Lyon, the tobacco contraband from Genoa was much more active during the last third of the XVIII century<sup>73</sup>.

From these reports one can deduce that there was a certain evolution in the methods used. Until the 1760s contraband from great English, French or Genoese ships that passed along the French coast, on their way to Genoa or Cette, sent small boats to unload shipments in the French and, to a lesser degree, Catalan coasts. Later on, the method most frequently used was for Catalan ships to sail directly to Genoa to pick up the shipments, and then introducing them by way in the Principality by way of the French or Catalan coastline. In this second phase, the role of the Catalan ships was distinguishable, “only Catalan ships and Genoese ports practice this illicit commerce, as no French take part, and few British”<sup>74</sup>. These Catalan ships worked alone, or in coordination with the merchants of Bañuls, Colliovre or Port Vendre, who would later purchase the majority of the tobacco. The reasons under which the Catalan ships obtained licenses from the Spanish authorities to travel to the Italian coast were varied. The most common were claims of transporting wine, and indeed the greatest activity was reported “after the fermentation of the grapes, when they traveled to Genoa to obtain the wines and return with hidden tobacco”. In the same manner, the Catalan fishing ships, called *corredoras* (runners), would go along the coast, towards Sicily, collecting coral<sup>75</sup>. The coral served for obtaining tobacco in the ports as it was an excellent means of payment. In Genoa there was a great demand for coral, mainly from English merchants who, in their own right, used it for their trade with India<sup>76</sup>. Another means of payment used by these fishing boats was to invest their fishing salaries, mainly in pounds, for the acquisition of certain contraband and, thus, avoiding the 5 or 6% loss in the exchange rate”<sup>77</sup>.

The tobacco competition was not only limited to price, as quality was also a factor, which was foreseeable for, as we recall, this was the particular strength of the Spanish monopoly. The tobaccos sent from Genoa were of a quality that surprised the Spanish authorities when they would discover a shipment: “that from Brazil and from Genoa were of the same quality than those sold in the name of His Highness, yet only great difficulty could one know...great quantities of Brazilian and Genoese tobacco, matching those of Spain”<sup>78</sup>. Moreover, a constant complaint of the Spanish authorities was that when compared with the tobacco contraband, the tobaccos sold in the Catalan *estancos* were of “a perverse quality”<sup>79</sup>.

In the last third of the XVIII century the issue of the tobacco contraband became complicated when it began to be a problem of public order<sup>80</sup>. Those responsible for the safekeeping of the monopoly began to be overwhelmed by the presence of gangs of

<sup>73</sup> Consul to Marseilles: José de Uriondo, Consul to Cette: Antonio Marqués, Consul to Marseilles: Juan de la Rosa, AGS, SSH, lg, 1769

<sup>74</sup> Baron de Linde a Miguel de Múzquiz, Barcelona, 26-6-1779, AGS, SSH, 1769.

<sup>75</sup> Castaños a Muzquiz, Barcelona 11-8-1773, AGS, SSH, 1768.

<sup>76</sup> G. Yogeve; *Diamonds and Coral. Anglo-Dutch Jews and Eighteenth Century Trade*, (Leicester, 1978), p.17.

<sup>77</sup> Antonio Marqués a Baron de la Linde, Cette 26-8-1779. AGS, SSH, 1769.

<sup>78</sup> Baron de la Linde a Miguel Muzquiz, Barcelona, 30-12-1777. AGS, SSH, 1769. Perez Vidal, referring to the powder tobacco, cites a reference to the manufacture of tobacco in Civita Vecchia “in the Spanish style”, J. Pérez Vidal, José; *España en la Historia del Tabaco*, (Madrid, 1959), p.76.

<sup>79</sup> Baron de la Linde a Miguel Muzquiz, Barcelona, 6-4-1779. AGS, SSH, 1769.

<sup>80</sup> F. J. Vicente Alguero; “La política de orden público en Cataluña en los años centrales del siglo XVIII”, *Pedralbes. Revista d'Història Moderna*, 10 (1990), p.250..



smugglers that were very large in number; “it is true that the tobacco contrabandists have truly embedded themselves in Catalonia”<sup>81</sup> Some seemed to be authentic armies, which passed before customs posts with total impunity<sup>82</sup>. What initially had probably been collaboration between the people and the local authorities had turned into a serious issue of social and public order. It is very significant that part of the Catalan society offered to actively collaborate to eliminate what Francisco de Novell, Deputy of the Kingdom by way of the Nobility of Catalonia and Majorca, called the “faeces of the Principality”. The Catalan nobility saw the opportunity to commend itself to the Crown in a matter not only of notable importance to the Royal Treasury, but also an issue of public safety, for which it offered to solve the smuggling problems “privately”. Gabriel Garriga, in name of the Guilds and the Barcelona Trade Corps, also offered to “exterminate those enemies of the nation”<sup>83</sup>.

Faced with this accumulation of issues, Madrid’s response could not have been more significant: “let the administrations and *estancos* be well stocked with tobaccos of quality and popular amongst the consumers, as this will contribute to the improvement of the Renta income”, whilst ordering an authentic militarization of the border<sup>84</sup>. In 1761, at the orders of the Marques of la Mina, Captain General of Catalonia, three infantry companies were mobilized to the border. In 1770 the Guadalajara regiment was sent. In 1772, the Count of Ricla proposed creating a permanent force of 4 battalions, but their elevated cost of maintaining dissuaded him from following through with these proposals. In 1778 the infantry squadrons of Valls, with some 400 men, were organized and sent off, to help with the safekeeping of the Tobacco Renta’s interests. There was even special care in ordering those implicated (military, judicial, municipal, reserve) to cooperate and be coordinated in the fight against contraband<sup>85</sup>.

The militarization of the border gave significant results, as from 1770 to 1779 the monopoly’s sales in Catalan *estancos* increased rapidly, by nearly 50%, reaching a century high sales point. Notably, the Brazilian tobacco, which till then had been dropping progressively, suddenly reversed its downward tendency and grew until reaching the point at which it accounted for 26.4 percent of all the tobaccos sold in Catalan *estancos*.

Such a militarization of the border was impossible to maintain for a long period of time. For one thing, there was the issue of the cost of such a mobilization. Since 1772 the *Renta del Tabaco* of Catalonia recorded the amounts spent on this measure. That same year 8,36% of all the monopoly’s income was used to pay the military fees, and the cost increased. In 1780 it reached 13,34% of the income, and by the end of the century it accounted for 16,02%, and this was probably just the tip of the iceberg of an expense that was spiraling out of control<sup>86</sup>. Meanwhile, there was the other issue of the cost of the American War of Independence<sup>87</sup>. In contrast to other conflicts, in which war

<sup>81</sup> Barcelona, 20-11-1772, AGS, SSH, lg. 1768.

<sup>82</sup> “it passed through a group 234, and well armed....a few days later it passed through a group of 155 contrabandists... Juan de Garro a Muzquiz, Rosas, 20-6-1772. AGS, SSH, lg.1769.

<sup>83</sup> Barcelona, 16-6-1770, AGS, SSH, lg.1768.

<sup>84</sup> Marqués de la Corona a Miguel Muzquiz, Madrid, 14-2-1772, AGS, SSH, lg.1768.

<sup>85</sup> The coordination instructions, and notably the instructions of the “Escuadras de los Mozos del Bayle de Valls”, 1779, AGS, SSH, lg.1769.

<sup>86</sup> AGS, DGR, I, 2403 y II, 4626.

<sup>87</sup> J. G Gigot; “Banyuls-sur-Mer et la contrebande du tabac (1780)”, CERCA, 34, (1964) p.247, y M. Deforneaux; “Le contrebande du tabac en Roussillon dans le seconde moitié du XVIIIe siècle”, *Annales du Midi*, 82, (1970), p.171..

produced a freeze-up of trade and military control of traffic and, therefore, the possibility of a rise in interior consumption, in this war the tobacco consumption once again dropped. Once again, the reason involved the French border. The Spanish government retired its troops from the border with its ally in order to station them in its many open fronts during that war, and particularly for the invasion of Minorca. With the sudden easing of security at the border, the situation quickly returned its 1760s conditions, and once again the monopoly lost consumers and, in fact, the war years caused a veritable sinking of tobacco sales in the Catalan *estancos*.

After the war, the struggle against contraband was even more complicated. The rise in the price of tobacco in Spain had only served to augment the difference in prices of those tobaccos coming from France and, above all, those from Genoa, providing the stimulus for a perseverance of the illicit trade. As if this were not enough, the tobacco contraband actually grew stronger with the ascent of silver smuggling. The same smugglers that brought *duros*, silver coin, on their trips over brought tobacco on their return voyages. The Spanish authorities reported to Madrid in 1783 that Catalan smugglers were going with silver to buy tobacco in Bañuls. In these exchanges, the Catalans were not alone. Frequently they are reported to be associated with French merchants, who the authorities call “foremen of smugglers” because “they help them, giving them provisions and other aid”<sup>88</sup>. In some cases, as the Spanish Consul to Coliouvre reported, these associations came to the point in which “the greatest smugglers that were ever known in these parts, be they involved in the tobacco and silver contraband from Catalonia to France” were partners with the director of the banking house of Perpignan that, in its own right, was connected to the banking houses of Paris<sup>89</sup>.

The contraband activities of the French Farmers-general on the Catalonian border also intensified and contributed to the continuance of the tobacco smuggling. They were under pressure from the French Crown during the 1780s, as it had reduced its permits to the French royal tobacco and salt monopolies, and had raised its tobacco supply fees<sup>90</sup>. Thus was the temptation to continue smuggling with Catalonia even greater. In 1785 the Spanish authorities discovered that not only the French contractors had the number of tobacco warehouses along the border multiplied, but such warehouses were also being established all across the Rosellón, and even in Sardinia, where there were important Brazilian tobacco deposits that were obligated to sell “to none other than the Spanish, giving comfort to the buyers who wished to travel safely throughout the Rosellón”<sup>91</sup>. The prices in these deposits were, on average, about 10 reales (rs) per pound, and the Spanish *estancos* would sell them for 40rs, although there were some notable differences according to the type of tobacco being sold: “snuff at three pesetas (12 reales) and Brazilian tobacco at 2 (8 rs)”<sup>92</sup>.

<sup>88</sup> Conde Gausa a Felix Oneille, Madrid, 3-9-1783, AGS, SSH, lg.1771.

<sup>89</sup> Coliouvre, 30-1-1785, Narciso Montaner y Badía a Conde de Gausa. AGS, SSH. lg.1772. One of the banking houses most benefitted by this transfer towards Paris, and also linked to the silver and tobacco contraband, even with some Catalan partners, was that of Greffulhe Montz, G. Antonetti; *Une maison de banque à Paris au XVIIIe siècle, Greffulhe Montz et Cie (1789-1793)*, (Cujas, 1963).

<sup>90</sup> M. Vigie, *L'Herbe a Nicot: Amateurs de Tabac, Fermiers Generaux et Contrebandiers sous l'Ancien Regime*, (Paris, 1989), p.3; J. M., Price; *France and the Chesapeake: A History of the French Tobacco Monopoly, 1674- 1791*, (Michigan, 1973), I, p.372.

<sup>91</sup> Baron de Linde, 20-10-1785, AGS, SSH. lg.1772.

<sup>92</sup> Baron de Linde to the Count of Lerena, Barcelona 15-11-1785. AGS, SSH. lg.1772.

These warehouses not only did not disappear, but they actually increased when Spain, incapable of solving the issue by diplomatic maneuvers, secretly authorized the establishing of salt warehouses along the Spanish border in order to sell exclusively to French smugglers. The rise in salt prices in France and the direct attack that this meant for the French monopoly was the detonator of an authentic warehouse war. The Intendant of Barcelona, knowing well the superiority of the Spanish salt, ordered “make greater quantities of Spanish salt available in the deposits on our side of the border, we shall make a deal to suppress them when the French complain, fearful of the effects that the superiority and affordability of the Spanish salt might have upon their incomes”<sup>93</sup>. The result of this trade battle between monopolies was that the *Renta del Tabaco* continued to sell fewer and fewer tobaccos in Catalonia. The fall was already inevitable and, significantly, it was only stopped during the war with France in 1794 the only two years in which the monopoly was able to raise the tobacco sales in a proportion superior to that of the rest of Spain.

### **Conclusions.**

The incorporation of Catalonia into the Spanish tobacco fiscal monopoly offered an elevated consumer potential and theoretical support for the expansion strategies of the monopoly, but when put into practice the reality of the situation was quite different. Although the *Renta del Tabaco* aspired to create a perfect monopoly, and this led it to control all the facets of the tobacco trade, from its production up to its sale, it nonetheless failed to keep the market closed. The Catalan interests in relation to tobacco previous to the incorporation of Catalonia into the *estanco* continued to exist, and served to exploit the weak points of the monopoly. The Spanish monopoly had to face a flexible, well-structured illegal market sustained by the Catalan merchants, the international trade and, ironically, supported by the French tobacco monopoly. The very expansion policy of the monopoly, with its supplying of quality tobacco and uniform prices, actually helped to worsen the situation. The result of this struggle between two markets was that throughout the XVIII century the monopoly lost its market of Catalan smokers, and had to satisfy itself with the demand for snuffed tobacco (which was limited to few cities), while having to face an active contraband movement that flowed from Catalonia towards the rest of the Spanish monopoly.

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<sup>93</sup> Baron de Linde to the Count of Lerena, Barcelona 16-11-1785. AGS, SSH. lg.1772.

