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THE TOBACCO MONOPOLY IN THE PHILIPPINES, 1782-1882

Edilberto C. de Jesús

1973

A Dissertation Presented to the Faculty of the
Graduate School of Yale University
in Candidacy for the Degree of
Doctor of Philosophy
The tobacco monopoly involved government control over the cultivation, manufacture, and sale of tobacco. Though not imposed without opposition, the monopoly proved instantly successful as a revenue measure, enabling the colony to dispense with the subsidy from Mexico and even to contribute to the imperial treasury. The development of foreign trade based accommodation to the monopoly as it created a demand for crops which people could grow in place of tobacco and brought in the cash with which they could buy the products of the government's tobacco shops. But in the wake of the monopoly came the problems which were to contribute to its downfall: the rise of smuggling and bandit gangs; abuses by the corps of revenue police or recaudador; corruption even among its chief administrators.

The demand for Philippine tobacco abroad, beginning in the 1830's, encouraged the government to expand tobacco production—a policy which brought prosperity to the Cagayan Valley. But as the monopoly's principal source of tobacco, Cagayan became the object of an unprecedented degree of government control. Through the mediation of the indigenous elite, the monopoly sought to mobilize the villages to produce more and better tobacco. The government attempted, in various ways, to promote the development of Cagayan: by administrative reforms to make government supervision more effective; by a more vigorous effort to reduce the pagan tribes in the surrounding highlands to Spanish rule; by programs to encourage immigration into the region.

But the monopoly's efforts to supply the foreign market foundered on Madrid's exorbitant demands for tobacco or cash contributions from the colony. Chronic political instability and fiscal bankruptcy forced the peninsular government to exploit the monopoly, not only by requisitioning its tobacco, but also by compelling it to provide sinecures. By the 1850's, the colony itself was nearly bankrupt, and the government had begun to pay tobacco farmers in promissory notes—a development which gave substance to charges that the monopoly was a system of forced labor.

By the 1870's, even ranking colonial officials were calling for the monopoly's abolition. Though still the colony's biggest source of income, it had become increasingly expensive to administer. It had shown itself unable either to solve old problems or to meet the new challenge of an expanding tobacco market. Critics also worried about the injustices to which the monopoly exposed the indigenous population. The hope that free enterprise in tobacco would yield the government greater revenue added to the pressure which, in 1882, finally resulted in the monopoly's abolition.
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2From Carta itineraria de la Isla de Luzon, 1882 in A.G.I., Mapas y Planos, Filipinas 213.

3From Wernstedt and Spencer, p. 315.

4From Wernstedt and Spencer, p. 322.

5From Wernstedt and Spencer, p. 343.

6From Carta itineraria de la Isla de Luzon, 1882.
PREFACE

"We have pushed our researches into the minutest details of Rizal's life to almost incredible lengths; but so decisive a development in our economic and social history as the Tobacco Monopoly remains, as far as our understanding of it is concerned, where the last Spanish publicists of the nineteenth century left it."¹ Since Horacio de La Costa, S. J., lamented this disproportion over ten years ago, two new full-length biographies of the national hero, as well as numerous articles, ranging from Rizal's philosophical ideas to his literary style, have added to the already-embarrassing wealth of Rizaliana. The Tobacco Monopoly, in the meantime, has successfully escaped the attention of both Filipino and foreign writers and today remains virtually untrodden territory.

This study is a somewhat tardy response to the invitation that de la Costa first issued in 1961 to look into the Tobacco Monopoly. As the initial exploration of the

subject, it has seemed more useful to undertake a survey of the monopoly's entire period (1782-1882), than to select one segment in the interest of a more intensive investigation. Choosing terminal dates that would be meaningful in terms of the monopoly's development would have presented a problem immediately, since an established framework for the study of the monopoly did not exist. It has also seemed necessary to go into the mechanics of the monopoly at some length to come to an understanding of its scope and its effects.

A grant from the Yale Council on Comparative and European Studies in the summer of 1970 financed research on materials in the Ayer Filipiniana Collection in Chicago's Newberry Library and in the New York Public Library's Arents Tobacco Collection. Foreign Area Fellowship grants from the Social Science Research Council in 1970-1971 and 1971-1972 enabled me to do research at the National Archives and the archives of the Dominican Order in the Philippines, the British Museum and the Public Records Office in England, and the Archivo General de Indias and the Archivo Histórico Nacional in Spain. A grant from the Yale History Department in March 1972 gave me an additional month in London—enough time to complete coverage of the British consular reports from Manila in the Public Records Office and, incidentally, to see England's coal miners' strike settled, the power
crisis resolved, and London lighted up at night once more. I would like to acknowledge, with thanks, the help given by the funding institutions and the staffs of the various libraries and archives I visited in the course of the research.

Researchers working on Philippine archival records need more help than usual from the archivists, because the materials are only now beginning to be organized and no adequate published guides are available. I would like, therefore, to record my appreciation for the help given by Dr. Domingo Abella and Mrs. Lina Concepción of the Philippine National Archives and Fr. Pablo Fernández, O.P., of the Dominican Archives (Archivo de la Provincia del Santísimo Rosario). Despite the disturbances--natural and otherwise--which afflicted Manila and the archives during my visit, they remained consistently cheerful and generous in attending to my requests.

The thesis trip has been long and frequently tedious, but made valuable by the people who, along the way, have shared not only their knowledge, but also their friendship. Horacio de la Costa introduced me to the discipline of history in general and the field of Philippine history in particular. Nicholas Cushner reminded me that the Tobacco Monopoly still awaited study and gave me a running start with
references to the Arents Tobacco Collection documents and
the _legajos_ on the Monopoly in the Seville archives. Edgar
Wickberg encouraged me to take an interest in ethnohistory.
The late Harry J. Benda, under whose direction this study
was begun, taught me to look at Philippine history in the
broader context of the history of Southeast Asia. I deeply
regret that I did not have the chance to thank him personal-
ly once more, first for encouraging me to come to Yale, and
then for the unfailing kindness he showed me and my family
throughout our stay in New Haven.

I would also like to thank Bernhard Dahm for taking
over the direction of the thesis and Charles Boxer and Robin
Winks for consenting to share the burden of reading the man-
uscript. I know I shall profit from their criticism as I
did from their courses.

The grant from the Social Science Research Council
provided partial support for the write-up period. As had
happened before on similar occasions, my wife Melinda picked
up the slack while the dissertation kept me desk-bound. Be-
tween caring for Noelle and Lara and holding a job, she man-
aged, quite simply, to see me through graduate school.

viii
I. TOBACCO: FROM RITUAL TO REVENUE

Tobacco occupied a central place in the sacred rituals celebrated by the indigenous peoples of the Americas. The intoxicating and narcotic properties of the plant led primitive peoples to invest it with magical powers, for under its influence, men entered upon an abnormal state during which it was possible to behold visions. As an aromatic herb, it was suitable for use as incense. Maya priests blew tobacco smoke out of a pipe-like vessel in the direction of the sun and the points of the compass.¹ Medicine men of Indian tribes in Mexico breathed smoke on the afflicted parts of persons undergoing curative treatment. The association between rain clouds and billows of smoke also gave tobacco a role in rain-making rituals.²


²J. Alden Mason, Use of Tobacco in Mexico and South America, Fields Museum of Natural History Anthropology Leaflet No. 16 (Chicago, 1924), p. 8.
The Blackfeet and the Crow, nomadic tribes roaming the western plains of North America, planted no food crops but cultivated small patches of tobacco for ceremonial use. Among the Crow, the privilege of growing tobacco belonged exclusively to those recognized as being in communion with the divine.³

But tobacco did not long remain restricted to sacred rituals. What the gods presumably deigned to accept proved irresistible to mere mortals. In its original home in the Americas and everywhere else it was later introduced, tobacco became more important as an instrument for purely personal gratification than as a sacred object.⁴ Turkish poets hailed tobacco—along with opium, coffee, and wine—as one of the four elements of the world of pleasure, one of the "four cushions of the divan of delight."⁵

The initial reception in the Old World to the product and the practice brought in from the New was unpromising. Spanish settlers in the Antilles had taken to


⁴Arents, I, 41

smoking tobacco by about the first quarter of the sixteenth century. But in Spain, the good citizens of Ayamonte hastened to the office of the Holy Inquisition to report that one Rodrigo de Jerez, recently returned from Cuba, had manifested himself with smoke pouring forth from nose and mouth, and the first man recorded to have smoked on European soil paid for the distinction with a term in prison.  

By the middle of the sixteenth century, tobacco had become respectable enough to serve as the subject of scientific investigation. Jean Nicot, the French ambassador to the Portuguese court in 1559, witnessed the first recorded medical experiment involving the use of tobacco. A relative of a page in his employ had applied a poultice made from tobacco leaves on an eroding cancer to hasten its cure. Nicot introduced the plant to the French court as a medicinal herb, and the cures it effected earned him the favor of his royal masters, Francis II and Catherine de Medici. The king himself discovered that, taken in the form of snuff, tobacco was a sovereign cure for headaches.  

6Corti; p. 50.  

7Berthold Laufer, Introduction of Tobacco into Europe, Fields Museum of Natural History Anthropology Leaflet No. 19 (Chicago, 1924), pp. 50-54.
Before long, tobacco was being prescribed for more serious afflictions, and the list of ailments tobacco supposedly could ward off or alleviate tended to become more and more comprehensive. By 1570, tobacco was being proclaimed as the "holy herb," a panacea to counter coughs, cramps, gout, diseases of women, worms, tumors, syphilis.8

Whether for pleasure or as a prophylactic, the use of tobacco swept through Europe as rapidly as any disease. In England, smoking was fashionable among all classes of society by the end of Elizabeth's reign, though tobacco was then worth its weight in silver.9 War and pestilence contributed to the spread of the habit. Smoking or chewing tobacco was recommended as a precaution against the plague, and schoolboys at Eton had to smoke a daily dose of tobacco during the 1665 epidemic.10 Tobacco was part of the baggage soldiers carried into battle, and the armies waging the religious and political wars of the first half of the seventeenth century helped popularize the plant in the countries of central and northern Europe.11

---

8 Arents, I, pp. 31-36.

9 Jerome Edmund Brooks, The Mighty Leaf: Tobacco through the Centuries (Boston, 1952), pp. 50-51.

10 Laufer, pp. 44-45.

11 Corti, p. 102.
On the other side of the globe, the establishment of Iberian bases in the Far East had opened new routes for the diffusion of tobacco. The Spaniards had begun tobacco cultivation in the Philippines in the last quarter of the sixteenth century, and both land and people proved particularly receptive to the plant. Among the pagan tribes of northern Luzon and the Muslim states of Mindanao and Sulu, where neither Spanish soldiers nor missionaries could make headway, tobacco gained easy entry. The Igorots of the Mountain Province, who had no knowledge of smoking prior to the arrival of the Spaniards, began to fashion clay, metal, and wooden pipes, using decorative patterns which showed the American Indian origins of their models. William Dampier visited Mindanao in 1686 and observed that smoking was a widespread custom, even among the women of the sultan's harem. He also reported that tobacco had become an article of foreign trade: "the Dutch come hither in sloops from Ternate and Tidore, and buy Rice, Bees-wax, and Tobacco; for there is a great deal of Tobacco grows on this Island, more than on any Island or Country in the East Indies, that I know of, Manila only excepted."  


Through Spanish Manila, as well as through the Portuguese settlements in Macao and India, tobacco made its way along the trade routes of East and Southeast Asia before the end of the seventeenth century. Korea knew the plant as Nampankoy, derived from Nanban or Southern Barbarians; as the Spaniards and Portuguese were known. In those parts of China which had contact with foreigners, the term was Tam-ba-ku. Through the Chinese, tobacco entered Mongolia, Tibet, eastern Siberia, Turkestan. By the end of the seventeenth century, tobacco had literally encircled the globe. Russia, which had awarded a monopoly on the sale of tobacco in Siberia to English merchants in 1697, had to impose the death penalty on officials involved in smuggling tobacco from China: "the tobacco, having crossed the Atlantic to England and Russia, clashed in Siberia with the tobacco [which had] traversed the Pacific to the Philippines and to China."15

The progress of tobacco was not uniformly smooth. Individual clergymen and kings attempted at various times to contain; if not to eliminate; the use of tobacco. In Mexico; Peru; Spain, and even in Rome; parishioners and

14 Brooks, p. 34.

15 Berthold Laufer, Tobacco and Its Use in Asia, Fields Museum of Natural History Anthropology Leaflet No. 18 (Chicago, 1924), pp. 16-17.
priests continued to smoke or to take snuff inside the churches even during the celebration of the sacraments, thus provoking various conciliar edicts and, in 1642, a papal bull from Urban VIII banning the use of tobacco within church precincts. Innocent X, in 1650, and Innocent XI, in 1681, found it necessary to repeat the prohibition.  

James I of England based his opposition to tobacco on physical as well as moral grounds. The inflated claims for tobacco's healing powers invited the ridicule of the king: "what greater absurditie can there bee, than to say that one cure shall serve for divers, nay contrarious sortes of diseases?" James believed indeed that tobacco caused rather than cured sickness; for smoking was "a custome lothsome to the eye, hatefull to the Nose; harmefull to the braine, dangerous to the Lungs; and in the blacke stinking fume thereof, serest resembling the horrible Stigian smoke of the pit that is bottomlesse."  

The king's weapon against tobacco was taxation: a royal decree raised import duties on tobacco 4,000 per cent from what they had been during Elizabeth's reign.  

In Asia and the Middle East, where tobacco had to bear the odium of having been introduced by

\[ \text{Arents, I, 79-81.} \]

\[ \text{James I/, A Counterblaste to Tobacco (London, 1604).} \]

\[ \text{Laufer, Introduction of Tobacco into Europe, p. 18.} \]
foreign Christian devils, punishment during times of persecution tended to be more severe, or at least more imaginary. Jahangir, Mogul emperor of Hindustan, ordered in 1619 that natives smoking tobacco should have their lips slit. At various times in China and Turkey, death by decapitation or hanging was the penalty awaiting the tobacco addict.19

Neither Church nor State succeeded in uprooting the habit, once entrenched, and spasmodic efforts towards this end only demonstrated how completely tobacco had triumphed. An ode to tobacco which first appeared in 1625 was certainly not all hyperbole:

Hail happy Plant! All Nations own thy Name
The gift of God; the best that ever came,
When painful Husbandmen all weary come,
From irksome labour to their joyful Home,
With reeking Whiffs of thee in humble Cott,
Their thoughts are easy and their Paine forgot;
With kind Refreshment and vivifick Heat,
Tobacco serves instead of other Meat.20

In the end, civil and religious leaders found it expedient to set aside whatever reservations they might have had regarding tobacco upon recognizing the not unpalatable fact that people were willing to pay for it. After the first quarter of the seventeenth century, most European countries enjoyed additional revenue from duties on domestic

19Arents, I, 71-79.

and imported tobacco or from the leasing of monopolies.\textsuperscript{21} The enterprising Venetians formulated the most comprehensive system of controls over the tobacco industry. The appalto contract the state offered for sale in 1659 guaranteed a monopoly on tobacco importation, manufacture, and trade. To make the monopoly more effective, the state limited the cultivation of tobacco to seven communes in the Brenta Valley and restricted the sale of the leaf to the holder of the appalto.\textsuperscript{22}

Spain's American colonies gave her an unrivalled supply of fine-quality tobacco which she exploited through export duties and monopolies on the purchase and sale of leaves farmed out to private business. It remained for the Bourbon bureaucrats of Charles III, pressed by the Seven Years' War to generate additional revenue for the crown, to establish a royal monopoly in Mexico. The system they implemented followed along the lines of the Venetian appalto, with the typically Bourbon twist that salaried crown officials rather than private contractors administered the monopoly.\textsuperscript{23} The government began by establishing control

\textsuperscript{21}Arents, I, 143.

\textsuperscript{22}Corti, p. 151.

over the tobacco supply. Bandos or edicts of 14 December 1764 and 18 January 1765 banned the cultivation of tobacco throughout the vice-royalty of Mexico, except in Cordoba, Orizaba, and Tesuitlán. Later bandos required dealers to declare the tobacco they had on hand for sale to the government. Tobacco planters in those regions exempted from the ban on cultivation could sell their crops only to the monopoly at prices which their representatives would negotiate with the government.24

But the monopoly got off to a shaky start. Jacinto de Espinosa, appointed director of the monopoly, wavered on the policy of total crown control over the system and offered to lease the sale of tobacco by bishoprics. A bando issued on 16 June 1765 invited bids for the contracts, offering 50 per cent profits on leaf tobacco sales and up to 100 per cent profits on snuff.25 But the monopoly was in such bad repute that Espinosa could find no takers. Government failure to enforce its own ban on private cultivation and trade, and even to pay for the stocks that

24 Herbert Ingram Priestley, José de Gálvez, Visitor-General of New Spain, 1765-1771 (Berkeley, 1916), pp. 143-144.

merchants had surrendered, had undermined confidence in the monopoly. By the time José de Gálvez, the newly-appointed inspector-general to New Spain, arrived in Mexico towards the end of August, 1765, the monopoly had earned only 29,754 pesos, while incurring expenses of 35,533 pesos and debts for salaries and tobacco contracts. 26

Rescuing the monopoly was the principal task and the major achievement of José de Gálvez in his six-year-term as inspector-general. 27 He came with ample powers from the Marques de Esquilache, director-general of the tobacco revenues of the Spanish dominions, to intervene in the affairs of the monopoly, and he did not hesitate to use them. A loan of 100,000 pesos from the Cádiz consulado or merchant guild and the promise of additional credit enabled Gálvez to liquidate the debts the monopoly had accumulated. Determined to place the entire operation under royal management, he withdrew the offer to lease the sale of tobacco, entrusting both collection and sale to appointed magistrates. On 15 October 1765, Gálvez reported to Julián de Arriaga, minister of the Indies, that the monopoly was selling 500 pesos worth of tobacco daily,

26 Priestley, pp. 145-146.

despite the fact that people had cached as much as a year's supply of tobacco in anticipation of the government takeover. When advocates of the system of leases blocked further credit from the Cádiz consulado, Gálvez raised a loan of 600,000 pesos from the residents of Vera Cruz and Mexico. Complaints that the council established to oversee the monopoly was obstructing Gálvez' efforts resulted in an order from the Marques de Esquilache decreeing its abolition. 28

Over the objections of the planters, Gálvez reduced the prices paid for leaf tobacco. He also began to bring the manufacture of tobacco under monopoly control by ordering the construction of a government factory and at the same time refusing to license any more private manufacturers. A peremptory order to stop all private manufacture was not possible because of the large number of people these enterprises employed. 29 But only two years after its opening in 1769, the Mexico fábrica employed 6,000 workers, and profits from the sale of its products were 60 per cent higher than from the sale of leaf tobacco. This impressive performance moved Gálvez to recommend the

28 Priestley, pp. 146-150.

29 Ibid., p. 152.
expansion of the first factory and the construction of a second in Puebla. Expansion, Gálvez claimed, would not only be profitable to the monopoly, but also beneficial to the people, because private manufacturers often mixed with their tobacco herbs and other foreign substances harmful to health. The job opportunities the factories would provide gave the viceroy an additional reason for accepting Gálvez' proposal.30

Only the mines of Mexico gave the government greater revenue than tobacco.31 The monopoly registered a profit of over 400,000 pesos in 1767, close to 1,250,000 pesos in 1773, and over 4,500,000 pesos in 1798. Between 1765 and 1809, gross sales amounted to 242,561,296 pesos.32 Among the people, however, the monopoly was not a popular institution. Alexander von Humboldt noted the vexations caused by the monopoly guards sent to destroy illegal plots of tobacco and the decline of areas which the free commerce in tobacco had once made prosperous.33 The suppression of the monopoly, according to von Humboldt, was one of the most desired

30Díaz Trechuelo, pp. 505-507.


32Priestley, p. 154.

33von Humboldt, II, 390-391.
reforms in the administration of the colony's fiscal sys-
tem. 34

The monopoly invited criticism even from within, des-
pite the enormous profits it yielded. Public protest against
the monopoly had led the crown to ask the viceroy in 1789
whether it was possible to abolish the monopoly without pre-
judice to the royal income. The Conde de Revillagigedo ad-
mitted that another way of raising revenue would be prefer-
able to the monopoly which was expensive to administer. But
he could offer no alternative source of income and, for all
of the crown's good intentions, abolition became a moot
point. 35

Profits from the tobacco monopoly went directly to
Spain, and the crown could ill-afford to relinquish this
lucrative source of income. 36 Maintenance of the empire was
essential to support Spain's claim to Great Power status in
Europe, but its defense was an increasingly expensive propo-
sition. 37 Spain's most prosperous colony thus had to pay

34 von Humboldt, IV, 221-222.

35 Priestley, pp. 154-155.

36 von Humboldt, IV, 221-222.

37 John Lynch, Spanish Colonial Administration, 1782-
1810: The Intendant System in the Viceroyalty of the Rio de
for the privilege of remaining Spanish. In the eighteenth century, Mexico also supplied every year over three million pesos in situados or subsidies to Spain’s far-flung colonial outposts. 38 Some of these outposts, of course, were considered essential to Mexico’s defense; this was one justification for retaining the Philippines, though it was notoriously unprofitable. 39 As part of the Spanish Empire, then, Mexico was at once “a source to be exploited as well as a zone to be defended.” 40

His performance as inspector-general to New Spain earned for José de Gálvez further honors from the Bourbon monarchy. He returned to Spain in 1772 to take his seat in the chamber of justice of the Council of the Indies to which, in 1767, he had been appointed. In 1775, he became minister of the Indies, and when the Council of the Indies was reorganized two years later, he was named governor of the chamber responsible for New Spain. He joined the Council of State in 1780 and, in 1785, received the award of a title of Castille with the designation of Marques de Sonora. 41


40 Lynch, pp. 15-16.

41 Priestley, pp. 5-10.
appointment to the Council of the Indies and to the Council of State placed José de Gálvez in an excellent position to push for the establishment of the tobacco monopoly in the Philippines.
II. THE PHILIPPINES IN THE SECOND HALF
OF THE EIGHTEENTH CENTURY

Despite a perennial shortage of men and money, the Spanish colonial enterprise in the Philippines proved remarkably durable.¹ No sooner had the Spaniards consolidated their hold on the main island of Luzon before they had to bend their efforts towards defending their conquests. During the first half of the seventeenth century, the most formidable adversaries were the Dutch rebels, carrying their war of independence against Spain into Philippine waters. Striking from advanced bases on Java, ships of the Dutch East India Company tried to maintain a blockade of Manila's communications and commerce with Mexico.

¹The best short account of the Spanish colonization of the Philippines is Horacio de la Costa's Readings in Philippine History (Manila, 1965). De la Costa draws from a wide range of original sources—travelers' accounts, government reports, missionary letters—for the documents in the collection which he threads together with an illuminating narrative. The Spanish period receives more extended treatment in Nicholas Cushner's recent monograph Spain in the Philippines: From Conquest to Revolution (Quezon City, 1971), which is solidly based on archival materials, especially those at the Archivo General de Indias in Seville.
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an effort which ended only with the treaties of Westphalia in 1648. Apart from the Dutch, the Spaniards also had to worry about marauding English privateers who were somewhat inconstant allies of Holland but steadfast enemies of Spain. Closer and more persistent aggressors were the Muslim Malays of the Sulu islands and Mindanao. Though without sufficient strength to attempt a conquest of Manila, the Moros bothered and bleed the colony with their daring raids for booty and slaves on the coastal towns of Luzon and the Visayas. Finally, the Spaniards had to cope with hostilities erupting from within the colony itself: intermittent uprisings by rebellious Indios, as they called the indigenous population, or by the Chinese.²

When they were not fighting foreign enemies or domestic dissidents, the Spaniards, likely as not, were fighting each other. The Spanish population in the Philippines never reached a very large number, and it was composed almost exclusively of either government officials and military men or missionaries. All Spaniards professed to serve

²For detailed accounts of the Dutch Wars, the Moro Wars, and the Indio and Chinese rebellions, see Horacio de la Costa’s The Jesuits in the Philippines, 1581-1768 (Cambridge, Mass., 1961). The term Indio is used throughout as a proper noun denoting the indigenous Malay population of the Philippine Islands. The term Filipino, now used to identify the ethnic or national origins of people from the Philippines, referred, during the Spanish period, to full-blooded Spaniards born in the colony.
"Both Majesties," God and the King. In the service of God and King, they had conquered the Philippines. But the agents of Church and State did not always agree on how the Two Majesties would want the colony governed. Two broad issues generated interminable jurisdictional disputes between Church and State. The first was the interpretation of the Patronato Real or Royal Patronage, the institution by which the Spanish crown exercised royal jurisdiction over the Church in the new territories in return for the protection and support it gave to missionary activities. The second issue arose from the privilege granted by various popes for the regular clergy in the colonies to accept the care of parishes. As members of religious orders, they were subject to their own superiors; as parish priests, they were subordinate to their bishops. Although the issue was one of internal church organization and discipline, the government inevitably found itself enmeshed in the resulting disputes as the contending parties called upon it to uphold their respective rights.\textsuperscript{3}

But wars, rebellions, and bitter internal controversies notwithstanding, the colony survived and, on occasions,  

\textsuperscript{3}In addition to the sources already cited, shorter accounts of the Church-State disputes are in de la Costa's Asia and the Philippines (Manila, 1967), pp. 22-48, and in his "Episcopal Jurisdiction in the Philippines in the Seventeenth Century," Philippine Studies, II, No. 2 (1954), 197-216.
even flourished. Several factors contributed to the success of the Spaniards in establishing and maintaining their rule in the Philippines. The Spaniards did not have to face the opposition of an organized state on the islands of the Visayas or Luzon. The prevailing form of social and political organization on these islands was the kinship unit called barangay, consisting of from thirty to a hundred households. With their superior weapons and aided by the rivalries and feuds among barangay chieftains, the Spaniards easily overcame the limited local resistance the natives could offer.

The absence of a "Great Tradition" also made the process of pacification easier. The Indios did not have an organized church, a strong priestly class, or a developed doctrinal creed to serve as a bulwark against the challenge of a militant Roman Catholicism. Conversion to the new religion became the first act of submission to the rule of Spain. In embracing Christianity, the Indios set themselves apart from their Muslim brothers in the south and the pagan Malays in the mountain fastnesses of northern Luzon, thus also giving the Spaniards a mandate to mobilize them against both groups. Baptism into the church

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4 The following discussion is largely based on John L. Phelan's pioneering venture into Philippine ethnohistory, The Hispanization of the Philippines: Spanish Aims and Filipino Responses, 1565-1700 (Madison, 1959), pp. 8-10; 16-25.
also constituted a common bond linking the conquered Indios with the ruling class of Spaniards. Appropriately enough, the sacrament provided the occasion for assuming Spanish names and, among the Indio nobility, for entering into a quasi-spiritual relationship with a Spanish padrino. The institution of compadrazgo by which a Spaniard became godfather to the Indio receiving baptism thus served a symbolic purpose as "a visible act of reconciliation between the conquerors and the conquered." As the new faith took root among the people, the Spaniards had less and less need to rely on force to maintain their rule. A missionary was often the only visible sign of the Spanish presence in the Philippine countryside. Under normal conditions, the colonial government needed only the priest to keep the people loyal, not only to the Catholic Church, but also to the Spanish king.

The system of political control and economic exploitation which Spain developed in the Philippines also lent stability to the colonial enterprise. Instead of dismantling the social and political organization of the barangays, the Spaniards used them as the building blocks to support the colonial structure. The chiefs retained their power and prestige over the barangays, although they no longer

5Phelan, pp. 77-78.
ruled in their own right, but as the agents of the colonial government. The principal duty of the chiefs, now styled cabezas de barangay, was to collect the tribute and to organize the corvée labor levied by the Spaniards. In return for this service, they received a percentage of what they collected and, together with their wives and eldest sons, enjoyed exemption from tribute and labor obligations. In the new as in the old order, the cabezas were the princi­pales, the leading citizens of the Indio community, distinguished by wealth, power, and pomp—they alone had the right to carry a cane of office and to bear before their names the honorific title of don.

The task of tribute collection could be onerous, as the cabeza was responsible for the debts of defaulting taxpayers and could go to prison for failure to cover the deficit. Spanish laws also deprived him of the right to own slaves, a practice accepted in pre-conquest days. On the other hand, his role as the middleman between the Indios and the Spaniards gave him many opportunities—legal and illegal—for private profit. It was not difficult, especially with the collusion of the alcaldes mayores or provincial governors to extort more goods and services from the Indios than the laws demanded, and through the late eighteenth century, the government suspected that the cabezas
were not reporting all the tribute-payers in their villages.  

Institutions and practices introduced by the Spaniards opened new possibilities for defrauding the cailanes or commoners. The Spanish concept of land as a commodity privately owned and freely alienable replaced the pre-conquest practice of holding land as a communally-owned resource. No longer bound by customary law, the principales were the best situated to appropriate for themselves the village lands the people had traditionally tilled in common. In the areas closest to Manila, the formation of large landed estates, owned mainly by the religious orders, led to the emergence of a class of landless peasants—landless not only in the sense of not owning land, but also in the sense of not having the right to the use of any land at all, except under contractual terms negotiated with the owners.  

A system of sharecropping resulted from the concentration of land among the few, with the tenants often falling into a state of permanent indebtedness and, consequently, dependence upon the landlord. Loans incurred

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Nicholas Cushner, "Land Tenure Patterns and Native Societies in the Colonial Philippines and Mexico" (Unpublished paper read at Indiana University, October, 1972.)
to meet additional imposts or to buy exemption from the heavy demand for corvée labor during the crisis of the Dutch Wars strengthened the pattern of debt peonage. 8 Thus, although the Spaniards abolished the institution of slavery, they created conditions which produced a system very nearly like it.

By retaining and even reinforcing the pre-conquest elite, the Spaniards defused the most likely source of resistance to colonial rule. At the same time, this strategy limited the disruption of native society so that it could continue to supply the goods and service the Spaniards desperately needed. It was on the Indio commoners that the burden of colonial rule rested, but the mediation of their traditional leaders doubtless eased the trauma of accommodating to an alien overlord.

The lack of easily obtainable sources of wealth, such as the mines of Mexico and Peru, spared the Indios from the worst excesses of colonial exploitation. Without the incentive of instant prosperity, few Spaniards ventured to settle in a country made doubly inhospitable by the distance from Spain and its reputedly unhealthy tropical climate. Considered solely as the crown's business investment, the colony was a dismal failure. Even the usefulness

8Phelan, pp. 113-116.
of the islands as bases for religious and political expansion in the Far East might have proven insufficient to keep the Spaniards in the Philippines, had it not been for the development of the galleon trade.⁹

Long before the arrival of the Spaniards, the islands carried on regular trade with the Chinese. Merchant ships from Southern China called regularly at ports on Luzon and other islands in the archipelago to barter their cloth, porcelain, metal implements, and colored beads for the country's cotton, bees-wax, betel nut, birds' nests, and tortoise shells. The Spanish occupation of the Philippines changed the character as well as the scale of the China traffic. The Spaniards had no need for glass beads; they wanted silks and brocades, ivories and pearls. And for these treasures, the Spaniards were willing and able to pay in silver. But since Spain had no trading station on the China coast and insufficient vessels to handle the trade themselves, Manila became the keystone of the commerce. In Manila, Chinese junks unloaded the Celestial Empire's luxury goods, primarily silks, for transhipment by waiting Spanish galleons to Acapulco, where they commanded fabulous prices. The galleons then returned to

⁹For a detailed description of the galleon trade, see William L. Schurz, The Manila Galleon.
Manila with a cargo of silver to cover the cost of the Chinese merchandise and the commissions of the two middle-men in the trade: the Chinese mariners and the Spanish colonists. 10

The galleon trade provided the Spaniards in the Philippines with a way of making a living and helped defray the cost of maintaining the colony. It was an occupation which required no more than a modest amount of capital, a measure of official influence, and a good dose of luck—fortunes could be made or lost in a single crossing. But maneuvering for government tickets to cargo space in the galleons and for a share of the Chinese goods consumed the energies of the Spaniards and confined them to the capital. The trade thus had the effect of limiting Spanish penetration into the provinces and preventing the emergence there of a rival elite group to contest the position of the principales.

But if the galleons kept the Spaniards in Manila, they brought the Chinese to the Philippines. 11 The merchants came first to deal in the Acapulco commerce.


Artisans of various crafts soon followed to service the needs of the Spanish community in Manila. By the end of the sixteenth century, Manila and environs sheltered about 20,000 Chinese. Despite the unease they felt at the presence of so large and vigorous an alien group in their midst, the Spaniards quickly came to depend upon them for a wide variety of goods and services ranging from garden vegetables to book-binding and silver-plating. The government also collected a tidy sum from the licenses required of Chinese residents, though officials often diverted part of the revenue into their own pockets. Over a six-month period in 1635, license fees brought in more than 170,000 pesos, and Governor Sebastián Hurtado de Corcuera hoped to increase collections to 200,000 pesos a year.12

Together with the galleon trade, the Chinese community in the Philippines served to insulate the Indios from the full impact of a new money economy.13 The entrepot trade focused on Manila was a virtually self-contained Sino-Spanish affair, existing side-by-side with the traditional native economy, but quite removed from its concerns. And the availability of Chinese tradesmen and shopkeepers further limited direct contact with Western-type,

12Cushner, Spain in the Philippines, p. 161.

13The argument parallels that in Wickberg, pp. 4–6.
cash-oriented economic activities. Cash undoubtedly penetrated the native économía, especially in the Central Luzon provinces; but as late as the turn of the nineteenth century, when the colonial economy had begun to change, it circulated only in limited quantities. The shortage of small change restricted the usefulness of money as a medium of exchange, so that barter served the Indios just as well. Their own cash requirements were not great. They needed money mainly to pay tribute dues and they did not need much because they paid most of the taxes in kind. The expressed preference of some officials for payment of tribute in kind reflected on the Indio's low regard for cash. During the period from the 1590's to the 1630's, when the Spaniards were establishing tribute rates, officials like Antonio de Morga and Nino de Tabora objected to accepting payment in species on the grounds that this encouraged the Indios to work only long enough to save the required amount.  

But Chinese influence extended beyond commerce. Spanish laws initially fixed the number of Chinese residents in the colony at 6,000 and quartered them in a district lying just outside the Walled City called the Parian. Incidents of alleged Chinese uprisings appeared to justify these precautions; nevertheless, the law setting a ceiling on Chinese

immigration was a dead letter from the start, while the attempt to restrict mobility was largely vitiated by the permission granted Chinese Catholics to settle outside the Parian. By the mid-eighteenth century, the Chinese had established small communities in several provinces, notably in Cavite, Laguna, Pampanga, Bataan; and Bulacan in central Luzon, and the cities of Cebú, Naga, Vigan, Arevalo, and Capiz maintained their own Pariancillos.

Since the immigrants did not bring their womenfolk with them, they had to seek their wives among the India women. The Spaniards encouraged this trend, when the Chinese partner was Catholic, as a step towards cultural assimilation. But whether with the benefit of clergy or not, the intermarriages, in due course, produced a numerous mestizo progeny. Treasury records of the mid-eighteenth century registered over 30,000 Mestizos de Sangley, children of Chinese-Indio marriages. The Mestizos were especially prominent in the central Luzon provinces of Tondo, Cavite, Bataan, Bulacan, and Pampanga, where they composed over 10 per cent of the population. In some towns, such as Binondo, Tambobong, and Pasig, they were numerous enough to govern themselves through their own municipal corporations or

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15 María Lourdes Díaz Trechuelo, "The Economic Development of the Philippines in the Second Half of the Eighteenth Century," Philippine Studies, XI, No. 2 (1963), 207. Unless otherwise noted, the term Mestizo, used as a proper noun, refers to offsprings of Chinese-Indio unions.
As the Spaniards had hoped, the Mestizos did assimilate more towards the Hispanized culture spreading among the Indio elite than towards the Sinic culture of their fathers. They were baptized in the Catholic Church, given Spanish names, and instructed in the native dialects. But they seemed to have inherited from their fathers an inclination and an aptitude for business, together, no doubt, with some capital and advantageous commercial contacts as well. The government recognized their superior abilities by charging them twenty reales a year in tribute—double the rates that the Indios paid. The watershed years of the 1760's were to give the Mestizos ample scope for the exercise of their talents.

The winds of change which blew fitfully over the Philippines in the second half of the eighteenth century carried the acrid fumes of gunpowder. An unfelicitous alliance with France pushed Spain into the Seven Years' War in 1762, when the outcome was no longer seriously in doubt. Prompt punishment for this indiscretion came in the form of a British expeditionary force despatched from Madras to


17 Eight reales = one peso.
attack and occupy Manila. The squadron sailing into Manila Bay on the afternoon of 23 September 1762 brought the government's first official intelligence that war had again overtaken the Philippines. Manuel Antonio Rojo, archbishop of Manila and acting governor and captain-general of the colony, summoned the regular troops, mobilized volunteer militia, and recruited native auxiliaries in a futile effort to defend the capital. On 6 October, troops under Brigadier General William Draper took Manila by storm, and while the leaders of the opposing armies negotiated capitulation terms, the rank and file of both sides looted the unprotected city for nearly two days. On 25 October, Rojo and his officers took an oath of temporary submission to His Britannic Majesty George III.

But the British had missed their chance at securing a firmer grip on the colony. On the eve of the final assault on Manila, Don Simón de Anda y Salazar slipped out of the Walled City with a commission from Rojo as lieutenant-governor charged with keeping the provinces loyal to Spain. The failure of the British to capture the cargo of silver landed by the galleon Filipino gave Anda

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nearly two million pesos to finance his guerrilla govern-
ment. Supported principally by the peoples of Pampanga and
Bulacan, Anda contained the British within Manila, Cavite,
Pasig, and the immediately adjacent areas until the restora-
tion of Spanish rule over the colony in April, 1764, under
terms agreed upon at the peace settlement in Paris in 1763.

Despite the short time-span of the British occupa-
tion and its narrow territorial base, the conquest had pro-
found consequences on the colonial economy and society.
The ease with which the invaders had forced the surrender
of the capital caused the Spaniards a serious loss of pres-
tige among the Indios. Bulacan and Pampanga remained
steadfastly loyal to Spain, but many towns in other prov-
zees took the opportunity provided by the British to re-
venge themselves upon their Spanish overlords. The British
did their best to encourage defection from Anda's ranks,
promising freedom of religion and exemption from tribute
and labor obligations to those who pledged allegiance to
George III. The northern Luzon provinces offered the most
fertile field for subversion. In Ilocos, Diego Silang had
launched a rebellion against Spanish rule which swept into
Pangasinan and the Cagayan Valley. But an assassin's bullet
struck down Silang as he was preparing to make common cause
with the British, and Anda's loyalists were able to snuff
out the revolt. The Chinese also proved receptive to the
British suit. Most non-Catholic Chinese had been expelled by government order in 1755. But many even among the Catholics chose to side with Protestant England against Spain. They served with the British as laborers and some 5,000 of them fought under British colors. In 1766, the Spanish government expelled from the islands all those who had turned collaborators.19

It is perhaps an exaggeration to say that the period of British rule was "a time of anarchy throughout the Philippine Islands."20 But the machinery of central government undeniably broke down during this time, and the normal concerns of the colony were all but ignored. Anda's care-taker government had enough on its hands harassing the British and suppressing Indio revolts. With a British fleet blockading the bay, commerce with Mexico came to a halt. Domestic trade also suffered disruption. Luzon's most productive provinces were in the war zone, and skirmishes between British troops and Anda's irregulars destroyed crops and cattle ranches at the same time that they distracted and decimated the labor force. The British did not have enough men to acquire and hold more territory, but


they had to take the field against Anda to prevent him from deploying a large enough force to threaten Manila and its supply lines. Anda's troops were often badly-organized and always poorly-equipped with weapons, but he managed to field a surprisingly large number of men. A force of 15,000 to 20,000 Indios, led by the "damned Padrys," engaged troops of the 79th Regiment under Captain Thomas Backhouse in Mariquina, on the road leading to Pasig, in November, 1762. Before the battle, the Indios had taken the precaution of hanging all the Chinese in the town because of reports that coolies were serving with the British detachment. Using two small field guns and two large sampans armed with swivel guns, the British force of 400 men easily scattered the make-shift army, inflicting casualties of 1,000 men killed or drowned. Later British probes into the provinces of Cavite, Laguna, and Bulacan encountered smaller but better-organized forces. Over 7,000 Indios, mainly Pampangans, and seventy Spaniards defended the town of Bulacan against Captain Sleigh in January, 1763, withdrawing only after suffering casualties of over 400 men. But the British could not hold the town and marched back to Manila in February after burning the church and rectory. The pattern of limited British forays into

21Leebrick, pp. 151-155.

22Ibid., pp. 160-162.
the interior to keep the Spaniards off-balance, while the latter, on their part, tried to draw the net tighter around the capital, persisted till the end of the war—with continuing damage to the countryside and deaths among the Indio recruits who bore the brunt of the battle.

The rise of banditry in the provinces also hampered internal trade and continued to do so even after the end of hostilities. To muster more men for the city's defense, the Spaniards had opened the jails and pressed convicts into service. The British summarily executed those they later caught pillaging the city, with Draper himself personally shooting down a looter on the spot. An eyewitness described the executed criminals as hanging from window gratings like bananas. But many of the released convicts eventually made their way to the hills where they organized cuadrillas or gangs of highwaymen and cattle-rustlers. The British believed Laguna infested with robber bands and considered it unsafe to travel from Cavite to Manila by land without armed escort.

The shock of the British invasion jarred the colony from its traditional moorings and made a restructuring of native society possible. The expulsion decrees of 1755 and

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24Leebrick, pp. 172-173.
1766 reduced the number of Chinese in the Philippines to about 1,500 and served to clear the field for Mestizo enterprise. Those in Manila moved into the retailing of imported goods and local products, and also pushed into printing, carpentry, tailoring, and other trades previously dominated by the Chinese. Mestizos in the provinces found opportunities in the business of gathering or transporting the provisions needed by Manila. Profits from commerce enabled them to serve as money-lenders and, through money-lending, to gain possession or control of land. They formed a new element in the indigenous Philippine society, a "third class" that was "neither hereditary notables nor hereditary commoners," an elite based on wealth, not on blood.  

But the three-tiered social division did not long endure. In 1786, the Spaniards ended the practice of hereditary succession to the office of cabeza de barangay, opening it to election for three-year terms by the leading members of the community. In Pampanga, and probably in other provinces as well, the Mestizos had broken into the ranks of the principalía class before the close of the eighteenth century through intermarriage with principales families and

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by election to public office.  

Native economy and society probably rebounded more quickly from the war than the colonial government, a cumbersome structure heavily dependent upon external aid. The Treaty of Paris brought peace but no relief to the treasury, which was bankrupt and in debt. The effect of the war on the colony's finances had been devastating. The British calculated a net profit of only about two million pesos from the conquest of Manila. The loss to the colony far exceeded this amount. To save Manila from pillage, the Spaniards agreed to pay a ransom of four million pesos. Rojo emptied the colony's treasury as well as that of the religious orders and the obras pías or charitable foundations and even stripped the churches of their silver and the clergy of their pectoral crosses; but he could deliver only a little over half a million pesos. This amount, however, was on top of what the city's residents had lost in the "unofficial" looting that followed upon the storming of

26 John Larkin has documented the process of Mestizo infiltration of the principia in the province of Pampanga in his Ph. D. dissertation "The Evolution of Pampangan Society: A Case Study of Social and Economic Change in the Rural Philippines" (New York University, 1966), pp. 76-89 and passim. The dissertation has been incorporated into a recently-published larger study The Pampangans: Colonial Society in a Philippine Province (Berkeley, 1972).

27 Leebrick, p. 219.
Manila. The incoming galleon Filipino, whose cargo of silver was to count as part of the city's ransom, managed to elude the British, but the crew had to put the vessel to the torch. The Acapulco-bound Santísima Trinidad was not as fortunate. Crippled by a storm and forced to turn back to Manila, she limped unsuspectingly into an ambush. The British declared the galleon a prize, placing on ship and cargo a value of four million pesos. The British returned Manila to the Spaniards in 1764, but they took with them every vessel in the harbor that could float.

Revenue for the expenses of the colonial government came mainly from the household tax paid by Indios and Mestizos. In the mid-eighteenth century, about three-fourths of the tribute was paid in kind. Additional funds came from anchorage fees, duties on foreign trade, and returns from the monopolies—on palm wine, betel nut, and, later, playing cards—which were farmed out to private entrepreneurs. The British occupation deprived the colony of much of this income. Anda even had to promise exemption from tribute to those who remained loyal to Spain to counter a similar bid from the British for Indio support. Even

28 Cushner, Documents, Nos. 53-57, pp. 125-127.

29 Schurz, pp. 338-341.

under the best of circumstances, however, income generated within the colony had not been sufficient to support the colonial establishment. For two hundred years, only the galleon trade and the Mexican situado had kept the colony afloat. Duties collected at Acapulco on the galleon’s exports reverted to the Manila treasury. As this amount seldom sufficed to cover the deficit in Manila’s budget, Mexico had to contribute to the colony’s support. The situado, representing both the remission of duties as well as the outright subsidy from the viceroyalty, could amount in one year to as much as 340,000 pesos. 31

By the mid-eighteenth century, the galleon trade and the situado had become slender reeds to lean on. During the nine months it took to make the round trip from Manila to Mexico, the galleon had to battle the sea, the weather, and, occasionally, enemy warships or pirates. The incompetence and the venality of officials reduced the revenue received by the government. In Spain, the galleon trade faced the hostility of the silk industry of Cádiz and Seville. At the same time, competition from English country traders at Canton raised the prices of the Chinese goods needed to fill the galleon, while English contraband

commerce with Spain's American colonies threatened to crowd out of the markets the cargoes which the galleons carried. The British conquest of Manila was the crowning demonstration of how appallingly easy it was to cut the colony's life-line to Mexico. The material destruction and economic dislocation caused by the war gave greater urgency to the search for new sources of revenue. But in forcing the Spaniards out of the Walled City and into the interior, where they had to live off the land, the war also gave direction to the search. Clearly, the colony could be a viable concern only if its not inconsiderable natural wealth could be exploited. This became the object of the men despatched to the Philippines by the enlightened monarchy of Charles III.

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32Estado que ha tenido las Yslas Filipinas desde su Conquista. Razón del inmenso caudal que ha pasado a ellas desde Acapulco, y motibos por que no están en el Estado floreciente de que son capaces. British Museum, Manuscripts, Additional 13,976, fols. 485-487; also B.M., Nss., Add. 17,624, fols. 27-27v.

33de la Costa, Readings, pp. 106-120. See also the series of articles on eighteenth century economic development published by María Lourdes Díaz Trechuelo in Philippine Studies: XI, No. 2 (1963), 195-231; XII, No. 2 (1964), 203-231; XIII, No. 4 (1965), 763-797; XIV, No. 1 (1966), 65-126; No. 2, 253-279. Specific projects are discussed in Díaz Trechuelo, La Compañía Real de Filipinas (Seville, 1965) and María Luisa Rodríguez Baena, La Sociedad Económica de Amigos del País de Manila en el siglo XVIII (Seville, 1966).
III. ESTABLISHMENT AND ORGANIZATION

Except for an abortive attempt to establish a monopoly in 1624, the colonial government made no effort to exploit the instant popularity of tobacco until late in the eighteenth century.¹ But among the many revenue-raising projects suggested in the aftermath of the British occupation was a tobacco monopoly. Francisco Leandro de Viana, crown attorney of the audiencia of Manila, pointed out that nearly all the Spaniards in the colony, both ecclesiastic and secular, used tobacco in the form of snuff. The market for leaf tobacco and cigars was even greater, as the Indios, according to Viana, learned to smoke before they learned to think. From such a monopoly, he anticipated returns of more than 400,000 pesos.² The actual establishment of the monopoly in the Philippines, however, came only after considerable prodding from the metropolitan government.

The success of the monopoly in Mexico and the relentless need for additional revenue prompted the crown in 1766 to order its extension to the other parts of the empire. It justified the step as the most effective way of raising money for the defense of the borders and the commerce of the empire without excessively burdening the citizens. The crown constantly reminded its subjects that the monopoly did not cover a commodity essential to life and, therefore, taxed only those who sought to indulge a fancy.  

The royal cédula or edict commanding the establishment of the monopoly reached Manila in August, 1767. Eleven months later, it drew a rather luke-warm response. After consulting with other officials, Governor José Raón reported that the colony did not think the project worth the effort. He pointed out that no tobacco factory existed in the Philippines; that the tobacco manufactured was of such poor quality that only dire necessity made it tolerable; and that the quantity produced was insufficient even to fill the needs of the city, so that despatches to New Spain frequently carried an appeal for the shipment of snuff to the islands. Since Raón was due to be relieved as governor of the Philippines, Julián de Arriaga, minister of the Indies, forwarded the

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report to the new appointee, Don Simón de Anda, for his comments.4

Whereas Raón seemed to think of the monopoly only in terms of the snuff the Spaniards consumed, Anda also looked to the control of the cigars used by the Indios. He admitted that it would be difficult to prevent smuggling, because tobacco would grow almost anywhere in the region, but he did not believe the problem insurmountable. In the meantime, he saw no obstacle to starting with snuff, even if initially—until the government could get its own factory going—the supply had to come from Mexico.5 Arriaga accepted Anda's recommendation, ordering him on 12 December 1769 to establish the monopoly as soon as he arrived in the Philippines.6 He wrote to the Marques de Croix, viceroy of New Spain, on the same day to inform him of Anda's assignment and the need for his cooperation. Until the factory authorized by the king began production, it

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4 Expediente sobre establecimiento del estanco de tawaco en Filipinas, y ordenes dadas en el asunto al Nuevo Governador Don Simón de Anda y Salazar. 12 December 1769. A.G.I. Filipinas 883. Terms like governador, secretario, real, which are abbreviated in the documents, have been spelled out in full in the citations, with brackets omitted for ease of reading.

5 Anda to Arriaga, Cassarubios del Monte, 31 August 1769. A.G.I. Filipinas 883.

6 Arriaga to Anda, Palacio, 12 December 1769. A.G.I. Filipinas 883.
was the viceroy's responsibility to send to Manila every year the quantity of tobacco it requested, deducting the cost from the subsidy that Mexico paid the colony.  

Anda assumed office in 1770. The view from Manila, Anda discovered, placed the matter of the monopoly in a different perspective. In January, 1772, he wrote Arriaga that lack of funds prevented him from establishing the monopoly in the colony. Money from Mexico had not arrived; the ship carrying the situado for two years had been forced to turn back in 1770. And the government could not raise the revenue from within the colony. Until he had the funds to buy up the available supply of tobacco, even to discuss the monopoly was an exercise in futility.

Through the rest of the decade, the crown periodical-ly inquired after the monopoly. Its interest in the project was understandable; the profits were to go, like those of the monopoly in Mexico, directly to Spain. In the Philippines, however, officials had begun to look to the monopoly as a way out of the colony's own precarious financial position. The combination of pressing need, determined


officials in Manila, and the backing of José de Gálvez in Spain paved the way for the establishment of the monopoly in the Philippines.

Royal orders of 27 July and 21 November 1776, relating to the proper management of the public finances, gave new momentum to the project. The cédulas, in fact, assumed that the monopoly was already in operation. For purely domestic considerations, Manuel Antonio de Soto, the colony's auditor, urged upon the new governor, José Basco y Vargas, the immediate establishment of the monopoly. Expenses for salaries and public works were going up. Muslim warriors from the unconquered southern islands were raiding Spanish coastal settlements with such impunity that fishermen could not even venture out into Manila Bay with security. The monopoly would raise funds for the defense of the islands. It would also aid business because it would spare the government from having to borrow the money that citizens would otherwise use as capital. To get the monopoly started, Manila would have to obtain a crown loan of 50,000 pesos. But Soto projected that the tobacco renta or tax would gross

9 Manuel Antonio de Soto to Basco, Manila, 10 September 1778. A.G.I., Filipinas 883.

over half a million pesos and net 300,000 pesos during the first year alone. The estimate, according to Soto, was conservative because it was based on tribute returns; many who did not, or would not, pay tribute—such as six-year-old-children—would pay for tobacco. But to insure the success of the monopoly, Soto suggested that Gálvez enlist the support of the clergy.

Basco agreed with Soto's recommendations. But the audiencia, which had not looked kindly upon the appointment of a mere captain in the navy as governor, dragged its feet on the matter, demanding as necessary for its deliberations, documents which no longer existed. Gálvez' intervention settled the issue in favor of the auditor and the governor. Both Soto and Basco received letters of commendation for their efforts to comply with the king's orders; the audiencia was rebuked for its failure to cooperate with Basco. Manila secured the 50,000 peso loan, and letters

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11 Soto to Gálvez, Manila, 30 December 1778. A.G.I., Filipinas 883.

12 Soto to Gálvez, Manila, 26 May 1779. A.G.I., Filipinas 883.


were duly written to the bishops and the heads of the religious orders in the Philippines, asking that they prepare the people to accept the establishment of the monopoly. To a man, they promised cooperation.\footnote{Letters to the bishops and the heads of religious orders, dated Madrid, 9 February 1780, together with their replies are in A.G.I., Filipinas 883.}

Madrid had specified that the establishment of the monopoly should be peaceful, and Basco proceeded with deliberate caution. It was his decision to limit the scope of the monopoly's operations initially to Manila and the eight central provinces of Luzon. The issue was among the first to bring Basco into collision with Ciriaco González Carvajal, the colony's first intendant.\footnote{Letters to the bishops and the heads of religious orders, dated Madrid, 9 February 1780, together with their replies are in A.G.I., Filipinas 883.} As intendant, González was in charge of the colony's finances and was, therefore, immediately responsible for the monopoly's operations. González argued that the monopoly should extend at least throughout the whole island of Luzon. A partial monopoly, he warned, would be difficult to enforce. The government could not possibly field enough men to patrol all the various jungle paths and river routes that smugglers could use to bring into the area of the monopoly tobacco legally grown in the other provinces of Luzon.
Smuggling could reach such a scale that the monopoly would not only earn less than anticipated, but might even fail altogether to cover the cost of operations. Basco rejected González' recommendation, citing the shortage of personnel, but also professing a reluctance to rush the introduction of a system never before imposed on the people and one which interfered with so deeply-ingrained a habit as the use of tobacco. 17

On 13 December 1781, Basco announced that the government was assuming exclusive control over tobacco manufacture and trade in Manila and the provinces of Tondo, Cavite, Batangas, Tayabas, Laguna de Bay, Pampanga, Bataan, and Bulacan. In the same areas, tobacco could be grown only for the use of the monopoly and only by those contracted for the purpose by the government. 18 Another edict gave

17 Testimonio del expediente ultimamente formado en virtud de Real Orden de 9 de febrero de 80 para el establecimiento de la Renta del Tabaco. A.G.I., Filipinas 886. González sent his recommendations on 16 October 1781; Basco's response came on 3 November 1781.

18 Don Joseph Basco y Bargas Balderrama, y Ribera, Cavallero del Orden de Santiago, etc. "El importante fin de atender a las precisas cargas del estado ..." Manila, 13 December 1781. Philippine National Archives, Tobacco Monopoly. The materials from the P.N.A. used in this study came from twenty-six bundles originally marked simply as Tabacos. Since the contents of the bundles had not been catalogued, the director, Dr. Domingo Abella, graciously granted permission for the writer to gather the documents pertaining to the monopoly in a separate file, in preparation for their inclusion in the archives' card catalogue. All P.N.A. materials cited, therefore, will be found under the category Tobacco Monopoly.
the people five months to sell to the government, at government prices, private stocks of leaf tobacco and six months to dispose of manufactured tobacco. On 1 March 1782, the government tobacco shops or estanquillos duly opened, sixteen years after they were first envisioned.

Both in the 13 December edict and in a follow-up letter circulated among the people some days later, Basco tried to make the innovation as palatable as possible. He pointed out that the whole of the Spanish empire, with the sole exception of the Philippines, had already accepted the monopoly as the most painless way of raising revenue for the crown. Additional income was necessary to meet the heavy cost of defending the dominions, and Basco specifically alluded to the two external threats the colony most dreaded: the British and the Moros.

The governor also sought to assuage fears that the

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19 A decree from Basco, dated Los Baños, 12 March 1782, set these deadlines. The decree, as well as other correspondence relating to the establishment of the monopoly accompanied Basco to Gálvez, No. 501, Manila, 15 May 1782. A.G.I._ Filipinas 886.


21 The following summary of Basco's arguments in support of the monopoly is drawn from a printed address to the people, dated Manila, 21 December 1781. P.N.A. Tobacco Monopoly.
monopoly was a radical and burdensome fiscal measure by linking it to the program for the economic development of the colony which he was known to champion. The monopoly was an imposition, he explained, only in the sense that not all who had previously grown tobacco would be permitted to do so. But the effects of the restriction would be beneficial. Those allowed to raise tobacco would have the guarantee of prompt and adequate payment for their crop. The rest would be able to attend to the cultivation of pepper, cotton, sugar, dyes, and other crops of greater commercial value to the colony. Development of the islands' agricultural resources would stimulate industry and end a situation which Basco regarded as scandalous—the colony's dependence on Armenians and Chinese for such basic articles as cotton textile goods.

Basco appealed to the people's patriotism and sense of justice as well as to their self-esteem. The crown bore

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22 María Luisa Rodríguez Baena, La Sociedad Económica de Amigos del País, pp. 16-36. See also Basco, Plan general económico que el actual Gobernador, Capitan General de Filipinas, y Presidente de su Real Audiencia ofrece a sus intereses públicos con deseos de su bien, y verdadera felicidad (Manila, 17 April 1779). Archivo de la Provincia del Santisimo Rosario (Quezon City). Impresos. Comunicaciones Oficiales, Documentos Civiles, I, 1779; and Estatuto de la Sociedad Economica de las Islas Filipinas (Manila, 1781), I, 1781a. Materials from the archives of the Dominican Order henceforth identified as A.P.S.R.
the cost of sending soldiers and priests to the Philippines; the colony, in gratitude, should hasten to comply with whatever the king even hinted was his pleasure. But if not out of gratitude, then out of duty. For the obligation of the sovereign to promote the material and spiritual welfare of the colony imposed on the subjects in turn the obligation to render him respect and obedience. In imposing the monopoly, the king was acting well within the rights given him by divine law and the laws of nations.

Resistance to the exercise of a right sanctioned by both divine and human law was, therefore, not only criminal, it was also sinful. This was, in essence, the message of the pastoral letter issued by Don Basilio Sancho de Santa Justa y Rufina, archbishop of Manila, whom Basco had enlisted in the campaign to sell the monopoly to the people. The political economy expressed in this lengthy letter was Basco's; he had helpfully provided the archbishop with basically the same arguments he had used in defense of the monopoly. The theology reflected Sancho de Santa Justa's strong regalist views.

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24Carta pastoral que a sus feligreses de la diocesi de Manila, y diocesi de Nueva Segovia, en sede vacante, dirige el Ilustrísimo, y Reverendísimo Señor Don Basilio Sancho de Santa Justa, y Rufina, Arzobispo Metropolitano de estas islas Filipinas . . . . (Manila, 1781).
 Appropriately enough, in a sense the archbishop surely had not intended, the pastoral letter on tobacco began with a line from Matthew, chapter iv, verse iv: "Man does not live by bread alone." The archbishop developed the theme expressed in the second part of the text: "but by every word that falls from the mouth of God." To be saved, it was necessary to obey, not God only, but also all lawfully-constituted authorities. God himself had implied this in the injunction to honor one's father and mother. The archbishop reminded the people that even pagan rulers merited obedience from the early Christians.  

Among the duties of a faithful subject was the payment of just taxes, of which the monopoly was a case in point. Those who failed in this obligation were guilty of fraud, and confessors should demand restitution as a requirement for absolution.  

One who spent his time praising the Lord in prayer gained no merit from his action, if he were at the same time perverse enough to contravene the king's direct prescriptions. Again the Indios were admonished that they had no cause to protest a monopoly on tobacco when people in Spain had to support a monopoly on salt.  

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25 *Carta pastoral*, pp. 40-41; 51.

26 Ibid., 58-59.

27 Ibid., 65-68.
for the archbishop Gálvez' commendation. 28

For those willing enough to court damnation in the next life, Basco prescribed more immediate penalties which he hoped were sufficiently severe to deter violation. A first conviction for smuggling resulted in the confiscation of the contraband tobacco and everything else seized at the time of the arrest, including the vehicle and the beasts used to transport the goods. The smuggler also paid a fine worth twice the value of the confiscated tobacco and bore the cost of prosecution. Those caught cultivating unregistered tobacco fields faced the same penalties and, in addition, the loss of the land illegally used. The fines extended not only to the author of the fraud but also to all his accomplices. Failure to pay led to a term in prison. Punishment for armed resistance to the officials of the monopoly began with 200 blows and four years in prison for commoners, and six-year-terms for nobles. But depending upon the consequences of the resistance, the state could pass a sentence of death. 29

Even as he threatened to unleash the resguardo

28Note following Basco to Gálvez, No. 458, Manila, 12 May 1782. A.G.I., Filipinas 883.

29The penalties were announced in the edict of 13 December 1781 which established the monopoly.
or the tobacco revenue police, on the rebellious, Basco sought to prevent the resguardo itself from provoking rebellion. He warned officials to wait until they had gathered sufficient evidence before embarking on a search for contraband goods in the houses of prominent people. He forbade them to conduct searches on highways and riverways; suspects had to be brought to the nearest settlement on the route leading to their destination. The resguardo was to use force sparingly, prudently, and only in self-defense. It was advised to avoid attracting public attention and to conduct investigations as inconspicuously as possible. As much as possible, the town should not even come to know of the arrests that were being made. Basco promised punishment for the abuse of authority.

While one hand brandished the stick, the other waved the carrot. Co-opting the indigenous leadership had succeeded brilliantly during the period of the conquest. By offering the traditional authorities power and prestige within the system, the Spaniards gained the support of those

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30 Testimonio de las Instrucciones originales formadas para el gobierno de la Renta del Tabaco, in Basco to Gálvez, No. 502, Manila, 15 May 1782. A.G.I., Filipinas 886. These instructions and others subsequently formulated for the monopoly were published as Instrucciones generales de la Real Renta del Tabaco en las islas Filipinas (Sampaloc, 1829). For the restrictions on the resguardo, see folios 42-45v.
with the strongest motives and the greatest means to resist their rule. Following the same strategy, Basco opened the lower levels of the monopoly's administration to natives and rich Mestizos. Apart from the income that came with it, the incentive to accept an appointment was the exemption from tribute and corvée labor granted to office-holders. Basco hoped, by conceding this privilege, not only to recruit people for the monopoly's tobacco shops, but also "to make the name of the monopoly less odious."

The combination of blandishments and threats apparently worked. On 15 May 1782, Basco wrote Gálvez to report public response to the monopoly: "I cannot express, Your Excellency, the joy it has caused me to see the resignation and the peaceful submission with which the inhabitants of these islands heard the Royal Will and accepted the establishment of the Renta without any more preparation or precautions than the simple publication of the edict and the exhortation of the prelate."

Designing the organizational framework of the monopoly


33Ibid.
was a fairly simple matter. Before leaving Spain, Simón de Anda had already secured from Galvez a copy of the instructions that governed the estanco, or monopoly, in Mexico. As drafted by Ciriaco González, the organization and the rules of the monopoly in the Philippines closely, and somewhat uncritically, copied the Mexican model. González, for instance, provided the monopoly with two directors with equal authority; the only distinction between them being the pride of place accorded the senior partner in matters of protocol. The duplication was a luxury for a colony always straining to find competent men for responsible position. The colony's first senior director, Juan Antonio Panoi, was already in his late seventies when he assumed the post. When he died in 1786, Spain finally decided that even though Mexico had two directors, Manila, with its smaller scale of operations, could manage well enough—like Buenos Aires and Peru—with just one.

As chief executive officer of the monopoly, the director's competence extended to all three phases of the

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34 Anda to Arriaga, Hecija, 20 December 1769; Arriaga to Anda, Madrid, 29 December 1769. A.G.I., Filipinas 883.

35 Instrucciones generales, fol l-lv.

monopoly's operations: colección—the purchase of tobacco leaves from contracted farmers; fábrica—the manufacture of leaves into cigars, cigarettes, and snuff; and administración—the sale of manufactured products. It was his responsibility to see to it that the monopoly always had an adequate supply of leaf and manufactured tobacco and that these stocks were handled with a minimum of waste. He had discretionary powers to suspend the implementation of directives he considered harmful to the monopoly, until he could consult the superintendent of public finance. He recruited and posted personnel, setting the bonds for those who managed either funds or tobacco, although the superintendent retained veto power over nominations, the creation of new offices; and salary increases. In the handling of funds, the director had to share his power with the treasurer and the contador general, or auditor general, who was next to him in the hierarchy. The two officials served as a check on each other, but where money was concerned, the superintendent had the final say. The director could not even obtain the release of funds for the payment of salaries without clearance from the contador and authorization from the superintendent.

37 Rafael Díaz Arenas, Memorias históricas y estadísticas de Filipinas (Manila, 1850), cuaderno 16, fol. 4.

38 Instrucciones generales, fols. 1-5.
The office of the contaduría general certified all movements of funds and tobacco, audited all accounts, and prepared the reports on the monopoly's performance. In addition, it served as the repository for all of the monopoly's records. Along with the director, the contador kept a key to the treasury and the principal warehouses. The contaduría and the treasury officials conferred every month to compare their records and keep them up to date.\(^{39}\)

Three officials manned the almacenes generales where the tobacco stocks were stored. The oficial de libros kept the key to the almacenes and recorded the entry and release of tobacco. The fiel del peso weighed and classified the tobacco as it was received. The fiel administrador was responsible for the proper storage and distribution of the supply, making sure, for instance, that the earliest shipments left the warehouses first.\(^{40}\)

Everyone—and especially the sceptics—recognized that the crucial problem for the monopoly was how to gain exclusive control of the tobacco supply. The character of the crop made the problem formidable. It grew both on upland and lowland soil, and the people had been cultivating

\(^{39}\) Instrucciones generales, fols. 5v-7v.

\(^{40}\) Ibid., fols. 10-11; 14.
it for a long time throughout the whole island of Luzon. Because it required intensive care, it thrived better when tended in small plots by individual householders than in plantation run by hired hands.\footnote{Nineteenth century Virginia and North Carolina planters using slave labor trusted a good field hand to manage no more than two to three acres of tobacco. In contrast, the same man could take care of twenty acres of corn or wheat, or eight to ten acres of cotton. Joseph C. Robert, \textit{The Tobacco Kingdom: Plantation, Market, and Factory in Virginia and North Carolina, 1800-1860} (Durham, North Carolina, 1938), p. 18.} And this was how it was grown in the Philippines—by small farmers in garden fields. The government could not hope to control the supply of tobacco simply by taking over a few large plantations. It could hardly find a grower able to deliver from his crop alone as many as fifty fardos of tobacco.\footnote{A fardo was a bale of tobacco usually containing 4,000 leaves. That the Spaniards were even hoping to find a planter able to raise fifty fardos by himself indicates their unfamiliarity with tobacco cultivation. Later in the nineteenth century, monopoly administrators were satisfied if they could collect twelve fardos from each household assigned to grow tobacco.} When the time came to contract for the tobacco supply, Basco discovered that he had to bend the principle of complete government management of the monopoly. It was not possible for the government itself to negotiate with the individual tobacco growers. Production was so decentralized that it would have involved hundreds of separate contracts. To get the monopoly
off the ground, Basco decided to accept bids from private contractors to collect the estanco’s tobacco supply.  

The first coleccion embraced the towns of Gapang, Cabanatuan, Santos, Bongabon, Palosapi, Tarlac, Magalang, and San Miguel de Mayumo in the northeastern section of what was then the province of Pampanga. Juan Tinio, a mestizo principal of Gapang, won the contract to collect for the use of the estanco all the tobacco the area could produce, estimated at between 25,000 to 30,000 fardos. The contract, as approved, was to run for three years, during which time Tinio would hold the exclusive right to serve as middleman between the government and the cultivator. Not even the alcalde could interfere with the terms of the contract or engage in any business dealing with tobacco. In his capacity as the monopoly’s supplier, Tinio was exempt from the alcalde’s jurisdiction and was responsible only to the officials of the monopoly. Collection, curing, and transport were at Tinio’s risk. But the monopoly, in turn, gave him guaranteed prices for all the tobacco he could deliver and promised immediate payment. The monopoly also provided him with 10,000 pesos to advance to the farmers, a detachment of six soldiers and a sargeant to guard the

43 Basco to Gálvez, No. 503, Manila, 15 May 1782. A.G.I., Filipinas 883. The asiento, or contract, accepted by the government accompanied this despatch.
funds and the warehouses, and authority to call on the alcalde to supply, at the prevailing rates, the labor, transport, and animals the renta might require.

For the farmers in the coleccion, the asiento awarded to Tinio meant one major change. As in the past, they could continue to grow tobacco, where others outside the coleccion could not. But in the past, they could sell their tobacco in a competitive market. They could bargain with the Mestizos, who dominated the tobacco trade, on prices as well as on other terms, for the buyers were willing to supply farmers with tools or cash advances in return for a right to their crops. 44 The monopoly restricted them to one buyer, the holder of the asiento, whose profits depended on the difference between what he received from the government and what he paid to the farmers. Since the contract fixed the rates paid by the government, the only way to raise the profit margin was to reduce costs; in practice, this usually meant cutting into the farmers' share. The equation favored the asentista, or contractor, and the farmers' complaints began to reach the governor.

In 1784, the year Tinio's contract was to expire,

44 On the role of Mestizos in the tobacco trade prior to the establishment of the monopoly, see B.M., Mss., Add. 17,624, fols. 5-6.
Basco himself, together with González and the junior director of the monopoly, visited Pampanga to investigate the colección. Farmers from the tobacco-growing towns, accompanied by their parish priests, met with Basco on March 16 and 17. The meeting persuaded Basco to allow the asiento to lapse and to place the colección under direct government administration. Under the asiento, the colección had not produced as much tobacco as expected and as needed by the renta—a failure which Basco blamed either on Tinio's incompetence or his greed. Basco hoped that the move would, at one and the same time, reduce costs for the government, increase the farmers' income, and produce more tobacco for the estanco.  

The farmers did receive better terms from the government. Gapan and Cabiao won a raise of two reales for each fardo of tobacco graded first to fifth class and four reales for each fardo of sixth class tobacco. The other towns did not get any adjustment in rates, but the government agreed to assume the cost of transporting the tobacco to the estanco's warehouses.  

45 Basco to Gálvez, No. 745, Manila, 18 June 1784. A.G.I., Ultramar 631.

46 Testimonio del expediente creado sobre tomar por cuenta de Su Majestad el asiento y acopio de tabaco en la Provincia de la Pampanga. A.G.I., Ultramar 631.
21 August 1788, approved Basco's decision and released 64,000 pesos to cover the cost of setting up in Gapan a factoría or administrative office to supervise the colección. The order also urged Basco to take every step so that farmers were treated fairly and paid well. The governor was to dismiss from office and punish those guilty of oppressing the natives, "for their misery, weakness, and simplicity merit the royal compassion."47

Protection of the natives was one of the duties entrusted to the factor administrador colector de tabacos, the official in charge of the Gapan factoría. He was to make sure that the Indios received just prices and wages, that his subordinates required no personal services from them, and that the resguardo did not abuse their authority. But his main job was to see to it that the colección produced tobacco for the monopoly. It was his responsibility to make sure that all suitable land was planted to tobacco. No other crop was to be permitted in those lands until the tobacco had been harvested. Those unwilling to grow tobacco had to rent out the lands they owned and give up royal or communal lands they controlled. The factor was also to

47Testimonio del expediente creado sobre el establecimiento de la Factoría de San Ysidro en el territorio de Gapan Provincia de la Pampanga, in González to Gálvez, No. 14, Manila, 11 June 1785. A.G.I., Ultramar 631.
check that upland areas were placed under cultivation to guard against crop failure because of lack or excess of rain.  

Security was a critical consideration. A contador and a warehouse keeper assisted the factor and the three served as a check on each other. Officials called tazmeadores inspected the fields and noted down their estimate of the number of tobacco leaves each farmer would harvest. The contador later compared the estimate with what the farmers actually turned in. He also kept track of the farmers' account with the coleccion: the advances they received; the quantity, quality, and cash value of the tobacco they delivered; and the balance of their credit or their debt to the monopoly.  

Grading the tobacco leaves was the job of the aforadores. One aforador was appointed by the factor and another elected by the farmers. To settle disputes between the two, the factor added a third member whose decision was final. Where the volume of business demanded more than two aforadores, the farmers elected as many men as the factor added.

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48 Instrucciones generales, fols. 63-67v; 74v-75.

49 Ibid., fols. 55; 68-73.

50 Ibid., 73v-74v.
With the phasing out of the asiento, the transport of leaves to Manila and of manufactured tobacco to the provinces remained one area still open to private entrepreneurs. Since government contracts for the job ran for a period of three to four years, they carried with them a certain amount of risk. A year of bumper crops might force an unlucky contractor to charter vessels at a rate higher than the government's in order to fulfill his contract. Despite the risks, however, shipowners—mainly rich Indios and Mestizos from Manila—competed for the contracts.⁵¹

Control of the manufacture of tobacco did not present as difficult a problem in Manila as it did in Mexico. At the time of the monopoly's establishment, Mexico had over 500 cigarreras selling manufactured tobacco.⁵² Manila had three, and employees laid off when these three were closed easily found placement in the factory which the monopoly opened in March, 1782.⁵³ The Dominican Order generously loaned, without charge, the rest-house it owned adjacent


⁵²Díaz Trechuelo in *Virreves de Nueva Espana*, I, 506.

to the parish church of Binondo to serve as the monopoly's first factory. In just a little over a year, the factory employed over 1,000 workers, and Basco, complaining about the cramped quarters, was asking permission to build a new one big enough to accommodate 4,000 to 5,000 workers. Gálvez denied the request, advising Basco to postpone large expenditures until the monopoly could pay for them from its own resources. Basco renewed the request the following year and succeeded in obtaining authority to construct a factory for 5,000 to 6,000 workers and, to avoid the danger of fire, stone and wood warehouses with a capacity of 60,000 fardos to replace the nipa shacks the monopoly was using. As another precaution against fire, Basco purchased the land around the warehouses and factory and had the buildings on them demolished.

Factory hands worked from six o'clock to noon in the morning and from two to six o'clock in the afternoon under

55 Basco to Gálvez, No. 589, Manila, 31 May 1783; Basco to Galvez, No. 595, Manila, 15 June 1783. A.G.I., Filipinas 883.
56 Aranjuez, 16 August 1784. A.G.I., Filipinas 883.
58 Basco to Gálvez, No. 994, Manila, 29 December 1786. A.G.I., Filipinas 886.
the supervision of a capataz or foreman. 59 Pay was according to what each worker was able to produce. Most of the workers, until the end of the monopoly, were women. Gálvez had recommended female workers in Mexico, partly because he thought the work better suited to their sex, but also because he felt that women would do the work with greater care and perfection and with less risk of fraud. 60 The capataz directed the production, making sure that the workers did not mix anything into the tobacco and that they turned out cigars of the size and shape preferred by the people. He was also responsible for a monthly accounting of the leaf and manufactured tobacco which passed through the factory.

To market the monopoly's products, the government established a territorially-based organization responsible to the dirección general, the office of the directors. The system began with one factor administrador general, a chief commissioner in Manila. With the extension of the monopoly throughout Luzon, the government added two more factorías, one based in Vigan to cover the northern provinces and another in Camarines to take charge of the Bikol region in the south. Below each commissioner were several administradores


60 Díaz Trechuelo in Virreyes de Nueva España, I, 505.
or district supervisors, whose area of responsibility generally coincided with the limits of a province. The creation of new provinces in the nineteenth century, however, left some supervisors managing operations in two provinces. By the mid-nineteenth century, the monopoly maintained fourteen administraciones or marketing districts in seventeen provinces. 61 The district supervisor usually stayed in the provincial capital, from where he directed the fielatos or branches within his jurisdiction. The fiel, or branch manager, in turn, controlled a number of estancueros, the retailers who ran the monopoly's tobacco shops. An official to take charge of the tobacco warehouses and funds helped the commissioner and the supervisor. The commissioner also had the aid of an auditor.

The basic duties of the executive officials involved in administración, from the chief commissioners down to the branch managers, were the same in nature, differing only in their accountability for a wider or narrower geographical unit. 62 Their task was to make sure that, in their respective areas, the supply of manufactured tobacco matched the demand in quantity and quality; that the demand did not falter because of fraud; and that the monopoly duly received

61 Díaz Arenas, Memorias, cuaderno 16, fols. 4-5.
62 Instrucciones generales, fols, 25-30; 33-35v.
all the profits arising from the happy coincidence of supply and demand. Commissioners were specifically enjoined to conduct an inquiry when sales in a particular province dipped below what one would expect from the size of the population, while even estanqueros were authorized to make arrests for violations of the monopoly, when immediate action was necessary to prevent the escape of the criminals.\textsuperscript{63}

Supervisors had to cover losses sustained when branch offices had to close down because they were remiss in supplying them with tobacco, or when these branches could make no sales because they could not offer the quality of tobacco the consumers desired.\textsuperscript{64}

Detailed instructions drafted for each level of the marketing operation spun a system of precautions designed to protect the government and the public from incompetent or corrupt officials. These included bonds for officeholders, periodic and unannounced investigations, detailed record-keeping, and frequent accounting reports. The rules strictly forbade fraternizing among officials. Administra- dores, fieles, and estanqueros were commanded not to offer hospitality to monopoly officials passing through their

\textsuperscript{63}Instrucciones generales, fols. 18v-19; 33v-34.

\textsuperscript{64}Ibid., fol. 29.
territory. Disobedience on this matter was enough cause to dismiss them from their posts. 65 To protect the customers, the monopoly ordered officials to post the schedule of tobacco weights and prices on the doors of warehouses and retail outlets, to check that weights were accurate, and that the weighing was visible to the public. Selling tobacco at other than monopoly prices and discriminating among buyers in the sale of fine quality tobacco were to be severely punished. 66

In 1821, the government lopped off the top branch of the marketing organization when it abolished the factorías. The move was prompted, in part, by the desire to simplify the structure and thus cut down on costs. The amount of money which passed through the hands of the commissioners had also made it difficult to find men who could post the bond that the office required. At the same time, the money was a temptation to weaker men, because the supervisors did not turn in their funds to the commissioner at the same time, and he held on to the money until all returns had been made. The interval between the first and the final returns gave the commissioner a chance to use monopoly funds for private purposes. With the abolition of the factorías, the supervisors

65 Instrucciones generales, fols. 27v-28; 34-34v.

66 Ibid., fols. 16-16v; 26-26v; 32-32v.
became directly responsible to the dirección general. An administración del casco took charge of provisioning the tobacco shops in the capital and its suburbs. 67

67 Pedro de la Peña to King, Manila, 20 June 1821. A.G.I., Ultramar 634.
IV. EXPANSION AND CONSOLIDATION

In the first ten months of operation, the monopoly sold 96,850 pesos worth of tobacco. The cash balance at the end of 1782 was less than 6,000 pesos, a sum that was almost negligible and, as Basco hastened to point out, not substantial enough to justify any reduction in the subsidy from Mexico. But the monopoly had earned enough during the year to repay the 50,000 pesos loaned by the royal treasury and another 5,000 pesos in supplies advanced from the royal storehouses. In addition, it had in stock over 11,000 far-dos of tobacco worth more than 39,000 pesos.¹

Despite the auspicious beginnings, however, Basco's optimism regarding popular acceptance of the monopoly proved premature. It took nearly a decade and the extension of the monopoly throughout Luzon before the system took root. The monopoly had to confront three immediate and inter-related

¹Basco to Gálvez, No. 589, Manila, 31 May 1783. A.G.I., Filipinas 883.
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problems: the control of the contraband trade in tobacco; the expansion of the monopoly's tobacco supply; and the improvement of the system of distribution. Failure to deal with any one of them undermined the monopoly's ability to manage the other two and thus threatened the viability of the entire system.

Developments in 1783 vindicated Basco's decision to restrict the monopoly's area of operation. Contrary to González' fears, tobacco grown outside the monopoly was not reaching into the estanco's protected market. The trouble was that tobacco grown within the colección was not reaching the estanco. Smugglers were striking at the monopoly's own supply lines, and a poor harvest in 1783 because of inadequate rainfall aggravated the supply problem.

Basco moved in two directions to remedy the shortage. He authorized the cultivation of tobacco in Bulacan for sale to the monopoly and regrouped his forces to deal with the smugglers. Basco reinforced the resguardo with a detachment of cavalry soldiers and sent the entire force to Pampanga to guard the colección. The resguardo received secret orders to ignore the small plots of tobacco that the Indios illegally cultivated near their houses for their consumption and to concentrate instead on extensive fields supplying the contraband trade. This step, as Basco knew fully well, was
more show than substance: "in a land full of rivers and canals, the roads and footpaths unknown to us because we seldom go through the provinces, every precaution is futile, and it would not be possible to pay for all the people who would be needed, even if they were available, which is not the case." But to make the resguardo a bit more visible, Basco approved forty-nine new appointments to the corps, giving the force a total complement of 100 men. Spain reluctantly approved the increase, warning Basco about the danger of burdening the renta with excessive expenses.

If he could not catch all the smugglers, Basco resolved at least to make an example of those he caught. He announced, on 22 May 1783, heavier penalties for violations of the monopoly. The edict was provoked by the disorders in the Pampanga colección and was addressed in particular to the Mestizos of Pampanga and the town of Tambobong in Bulacan, whom Basco regarded as the most incorrigible smugglers. Unwilling to abandon the trade they had dominated before the monopoly and from which they had profited so

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2 Basco to Gálvez, No. 586, Manila, 4 June 1783. A.G.I., Filipinas 883.


5 P.N.A., Tobacco Monopoly.
handsomely, they persisted in defying the law by competing for the tobacco in the colección. Basco warned the gremio de Mestizos of Pampanga and Tambobong that the continued activities of Mestizo smugglers would result in reprisals against the whole community. In the meantime, smugglers were to be punished with eight years at hard labor in the royal arsenal.

Farmers conniving with smugglers suffered the same penalty, along with the loss of their crop. The edict banned armed men from entering the tobacco towns in groups of more than two, under pain of being treated as smugglers. It threatened punishment to local officials who willingly allowed smugglers passage through their territory and promised rewards to those who cooperated in their arrests. Also to be punished as smugglers were those who bought tobacco in bulk from the monopoly and then retailed it to the public at higher prices. The monopoly's tobacco dealers were instructed to sell to each person only what he could consume in a day, releasing larger quantities only to those absolutely above suspicion. Basco promised to impose yet heavier penalties if those detailed in the edict proved ineffective in deterring violators.

The continued shortage of tobacco forced the governor to permit cultivation in parts of Tondo and Bataan in
December, 1783. At the same time, in an effort to make fraud more difficult, he issued new rules on 28 January 1784 to tighten the government's control over the coleción. Among other things, the edict ordered the construction, at government expense, of warehouses in each barrio or village of the coleción where the farmers could deposit their crops for curing and storage. Those discovered keeping tobacco elsewhere, or carrying tobacco on a road other than that which led directly from the field to the warehouse, were liable for prosecution as smugglers.

But the new control device introduced by the edict was the office of the caudillo or overseer. Chosen from among the farmers on the basis of native intelligence, integrity, diligence, and knowledge of Spanish, the caudillo was placed at the head of a group of fifty farmers. In practice, this meant a caudillo for every village. Each caudillo was given a guard to help him enforce monopoly regulations and to defend the village from smugglers. The caudillo and the guard each received from the dirección general every year two books whose pages had been numbered

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6 Basco to Gálvez, No. 746, Manila, 18 June 1784. A.G.I., Filipinas 883.

7 Don Joseph Basco y Vargas, Balderrama, y Rivera, Cavallero del Orden de Santiago, etc. "Los repetidos excesos . . . ." Manila, 28 January 1784. P.N.A. Tobacco Monopoly.
and authenticated by the monopoly's auditing office. In the first book, they entered an estimate of each farmer's probable harvest and, in the second, what the farmers actually produced. The two officials had to verify by on-site inspection claims of crop damage so that they could revise their estimate of the claimants' expected yield. Unaccounted discrepancies between entries in the two books was evidence of fraud.

At harvest time, one of the officials stayed to watch the warehouse, while the other patrolled the fields. When all the farmers had delivered their crops, the caudillo and the guard so informed the contractor, who then came to pay the farmers. After the farmers had signed the books attesting that payment had been received, the caudillo and the guard certified the books with their own signatures and surrendered them to the contractor for delivery to the auditing office. Only then could the contractor take possession of the crop.

Farmers in the colección enjoyed exemption from all corvee labor, except those required in their respective towns. As befitting their heavier responsibilities, caudillos and guards were granted exemption, not only from corvee requirements, but also from payment of tribute. The creation of the office of caudillo was thus another attempt to bring
people of influence in the local community solidly behind the monopoly.

The drive to control the Pampanga colección culminated in the decision in March, 1784, to transfer it from private to government administration. But the monopoly retained the office of caudillo in the colección, and the edict of 28 January 1784 continued to govern the areas in Bataan, Bulacan, and Tondo where the monopoly had authorized the collection of tobacco by private contractors as an emergency measure.

As Basco's two-pronged strategy of broadening the supply base and striking at the smugglers started to take effect, the monopoly began to feel the pressure to expand into the other provinces of Luzon. The pressure came from two directions. The monopoly was accumulating tobacco in excess of current needs and smugglers were beginning to tap tobacco sources beyond the monopoly's boundaries. In 1784, Basco proclaimed the extension of the monopoly to Pangasinan and Zambales, at the same time releasing 10,000 pesos for the purchase of tobacco stocks in the two provinces.⁸ Complaints from the supervisor of Batangas about the smuggling

⁸Basco to Gálvez, No. 746, Manila, 18 June 1784. A.G.I., Filipinas 883.
of tobacco from Mindoro into his province led to the establish-ment of the monopoly on the island in 1785.\(^9\) In the same year, Basco and Gonzalez travelled to Ilocos to prepare for the implementation of the monopoly there. The decision to open the monopoly in Cagayan in September, 1786, extended the ban on tobacco cultivation over the whole of northern Luzon.\(^{10}\)

Don José Mariano Cubells, the alcalde of Cagayan, voiced some doubts regarding the advisability of imposing the monopoly on his province. The people were submissive enough, and although tobacco was an important trade article, the alcalde did not believe that they would continue to grow the plant in violation of government orders. But he did fear violent clashes with the resguardo and other monopoly guards. The people were poor and would not have the money to buy tobacco. On the other hand, they had easy access to the tobacco grown by the infieles, the pagan tribes inhab-iting the surrounding mountains. To ban the infieles from cultivating tobacco was impossible, but for the Indios to get by without smoking was even more so, for, in Cagayan, tobacco was essential to life: "although all over the islands

\(^9\)González to Gálvez, No. 54, Manila, 16 December 1785. A.G.I., Ultramar 638.

\(^{10}\)González to Gálvez, No. 16, Manila, 16 June 1785. A.G.I., Ultramar 638.
tobacco generally serves as their bread and wine, in this province of Cagayan, because of its climate and its very humid condition, tobacco is the most effective medicine for the cure of all their deficiencies." The alcalde, therefore, recommended that the government allow Cagayan to supply tobacco to the other provinces.  

Joaquín de la Cuesta, the monopoly's commissioner for northern Luzon found Mariano's arguments inadequate to justify excluding Cagayan from the monopoly. Proximity to pagan tribes offered no grounds for exemption as the same was even more true of Zambales. Neither was the alleged need for tobacco, since the monopoly banned only its cultivation and not its consumption. Far from wishing to deny tobacco to the people, the government only wanted to supply them with it. De la Cuesta conceded that tobacco was an important trade article, but claimed that the province also produced grain, bees-wax, cacao, betel nut, gold, and textiles in commercial quantities. The only precaution necessary, according to the commissioner, was to make sure that the estanqueros and the monopoly guards were appointed from the Cagayan principales: "for they have much authority over the common people and do not like Indios from other provinces.

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coming to command them." But de la Cuesta stressed the necessity of maintaining the monopoly in Cagayan to prevent the smuggling of Cagayan tobacco to the other provinces, and this point carried the argument.¹²

Another way of curbing smuggling was by denying smugglers a legitimate market where they could unload their goods. Such a market would exist, the dirección general argued, as long as the Bikol provinces of Camarines and Albay in southern Luzon remained free from the monopoly. Bringing Bikol into the monopoly would also benefit the region. The tobacco crop of Albay and Camarines was low in quality and short in quantity, and the monopoly had cut them off from their tobacco sources in the rest of Luzon. The only way of assuring Bikol of an adequate and a regular supply of tobacco was through the monopoly's estanquillos. Unless the government extended the monopoly to Bikol right away, the people might begin to take up tobacco cultivation in earnest, in which case banning tobacco-growing would be more difficult later on.¹³

González agreed with the dirección general's analysis of the situation. On 14 July 1785, he informed Basco that


¹³Dirección general, 11 July 1785. A.G.I., Ultramar 638.
he had decided to extend the monopoly to Bikol and had given the directors appropriate instructions. Basco objected, not to the order itself, but to González' presumption in taking the step without his approval. González, who had assumed the post of intendant in May, 1785, claimed that as the official in charge of the public finance, he had jurisdiction over the matter and needed only to notify the governor of his decision. Basco rejected this claim, insisting that González could not legally pass the order without his explicit authorization. The governor once again stressed the need for caution when proposing to expand monopoly operations, reminding González that he himself had gone to Pangasinan and Ilocos to establish the monopoly there. Camarines and Albay were even farther away from the capital and might require different instructions. After satisfying himself that everything was in readiness, Basco ordered the monopoly to begin in Bikol in September, 1785.14

Spain approved both the decree and Basco's procedure, advising him that he was not to allow the extension of the

14 The correspondence between Basco and González debating the issue is enclosed in González to Gálvez, No. 48, Manila, 10 November 1785. A.G.I., Ultramar 638. See: González to Basco, 14 July 1785; Basco to González, 15 July 1785; González to Basco, 18 July 1785; Basco to González, 21 July 1785.
monopoly without his approval of the steps necessary for such a measure. Nor was he to permit the publication of edicts on "new and risky matters" without his authorization: "for the Captains-General are responsible, as the supreme chiefs, for the peace and tranquility of the towns which His Majesty has entrusted to them."15

By September, 1785, the government had promulgated orders establishing the monopoly in all the provinces of Luzon, although enforcement did not follow immediately. But even before the monopoly was effective throughout the entire island, its chief officials were proposing its extension to the Visayas. The dirección general assured the government that it had enough stocks in its warehouses to begin the monopoly in at least some Visayan provinces. It recommended an immediate ban on tobacco cultivation in Negros and in Iloilo, Capiz, and Antique on the island of Panay, allowing only a six-month grace period to liquidate existing stocks in private hands. It also proposed the establishment of a district office in Iloilo and a branch in each of the other provinces.16

15San Yldefonso, 21 August 1788. A.G.I., Ultramar 638.

16Dirección general to González, 22 September 1785. This report from the dirección general, as well as the correspondence cited in the succeeding notes, are enclosed in González to Gálvez, No. 66, Manila, 19 December 1785. A.G.I., Filipinas 886.
González approved the plan and passed it on to the governor for his information. Once again, the issue of jurisdiction arose. Basco demanded that a council be convened to discuss the proposal. González acquiesced under protest, still maintaining that as intendant, he had the authority to decide the question on his own. On 20 October 1785, at a meeting attended by the intendant, the crown attorney, and the monopoly's directors, auditor, and chief commissioner, Basco stated his reasons for opposing the extension of the monopoly to the Visayas.

A first consideration, for the governor, was the state of the monopoly in Luzon, which, he felt, was not yet stable enough. The government had just completed the extension of the monopoly all over the island, and Basco did not wish to jeopardize the success of on-going operations by prematurely starting on something new. Imposing a monopoly on tobacco, he pointed out, was in itself a delicate business, but "much more in these lands where the Indios regard tobacco as a prime necessity." He warned the council

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17 González to Basco, 29 September 1785.
18 Basco to González, 14 October 1785.
19 González to Basco, 14 October 1785; González to Basco, 18 October.
20 Basco's arguments are drawn from González' report to Gálvez, No. 66, Manila, 19 December 1785.
that Negros and Panay supplied the rest of the Visayas with tobacco, and a ban on cultivation there would shift the burden to Manila. Failing to get tobacco from Manila, the Visayas might seek the product from Spain's enemies—the Moros of Mindanao, Jolo, and Borneo. Negros and Panay also served as a secondary supply source for Manila itself when the Gapan harvest was low. In 1782 and 1783, they had rescued the monopoly from a severe shortage with deliveries totalling more than 20,000 fardos.

Conditions in the Visayan islands also argued against their inclusion within the monopoly. The Visayan provinces had virtually no trade to speak of and the few articles of commercial value that they brought to the market—sea-slugs, birds' nest, bees-wax, and other forest products—hardly gave them enough to live on. With the cash economy so undeveloped in the Visayas, Basco doubted whether they could support the monopoly. The lack of cash was already hampering monopoly operations even in Luzon; estanqueros had begun secretly trading tobacco for rice, chicken, and other goods to make a sale. Such barter arrangements would inevitably result, were the monopoly to be imposed on the Visayas, and from them would arise all manners of unjust, exploitative practices. The colony was already taking out of the Visayas all that they could afford to give in the way of taxes and tribute. Reduced to near-subsistence
level by the poverty of their commerce and agriculture and under perpetual siege by the Moros, they could not bear any additional impositions. To demand more would be to turn the population into a mass of paupers whom the state would be obliged to support.

The council found merit in Basco's arguments and voted against the extension of the monopoly to the Visayas. It also agreed to regulate cultivation in Capan according to the demand in Luzon to avoid overproduction. But the council's decision did not close the issue for González. The intendant submitted the question for settlement in Spain.  

González recalled the obstacles in Luzon when the monopoly was established in 1781. The provinces where the monopoly was to begin were the most populous and the most notorious for "vicious" men, and every little town, every little house, had its plot of tobacco. The same provinces had suffered most during the war against the British, from which they still had not recovered. They had but recently been the object of new impositions. With the establishment of the aduana or customs house, they had been exposed to

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abuses and injustices at the hands of customs collectors. Called upon to strengthen the colony's fortifications, they had mustered over 5,000 men, who had been badly treated and badly paid. They had submitted to a monopoly on playing cards which had deprived many people of their livelihood and to other new taxes and imposts, such as those on gold and silver production. Meanwhile, the colony had sustained substantial losses at sea; one ship bearing the subsidy from Acapulco, another ship coming from China, two more taken by the British.

A nearly bankrupt government and a population goaded to the brink of rebellion—such was the picture that González presented. And the tobacco monopoly which the government proposed to introduce into the scenario was certain to antagonize the potentially dangerous community of Néstizos who stood to lose by the change a trade worth at least 200,000 pesos a year. The Néstizos occupied the area outside the Walled City. They had been the first to organize a regiment to serve with the Spanish army, and this corps was under arms when the monopoly was imposed. But the monopoly was successfully enforced in Luzon, despite adverse conditions much worse than those which obtained in the Visayas.

Although abused by alcaldes and attacked by Moros,
the Visayan provinces, González claimed, had never posed as serious a problem to the government as Manila, Pampanga, Pangasinan, Ilocos, and Cagayan, which had at various times risen in revolt. In any case, González promised Gálvez that, to avoid friction, the establishment of the monopoly in the Visayas would be gradual and subject to the guidance of missionaries and other reliable men familiar with the area and the people. Among the benefits arising from the monopoly’s extension would be the strengthened Spanish presence in the south. More Spaniards would serve in the Visayas with the monopoly’s offices or with the resguardo, and they would improve the islands’ capacity to resist the Moros. The fear that the Visayans would turn to the Moros for tobacco was absurd, as they would not risk the danger of being captured and enslaved by their old enemies.

González accused Basco of exaggerating the poverty of the Visayas—and then proceeded to exaggeráte in the other direction. Cacao and cotton, silkworms and gold, he assured Gálvez, would give the Visayas the income with which to buy the monopoly’s tobacco. But the government had to exert pressure on the natives before they would produce. England was González’ model, the country most heavily burdened by taxes, but withal, the wealthiest and the most developed. Closer to home was Cataluña: "Is there a kingdom more burdened with taxes and duties? Nevertheless, we marvel at
her industry, her labor, her wealth." For Gálvez, then, the monopoly would provide the necessary pressure that would force the Visayans to be industrious and, consequently, rich.

Still ranking in González's mind was what he viewed as Basco's unwarranted interference in a matter entirely within his jurisdiction. González claimed that, from the beginning, he and the directors alone had been responsible for running the monopoly, without Basco having had to do anything except to affix his signature to the records, and he resented Basco's pretensions in now instructing them on how to manage the monopoly. Indeed, he attributed the opposition to the Visayas project purely to the fact that Basco had not originated the idea and had not participated in its planning.

Gálvez might have given González's complaints a more sympathetic hearing; it was he who had promoted González as intendant. But Gálvez had died before González's despatch reached Spain. The Conde de Tepa, to whom the issue was referred, ruled in Basco's favor. He approved the governor's decision to hold off the extension of the monopoly to the Visayas, but ordered him to do so as soon as circumstances permitted. When the time came, the governor was to make sure that the monopoly sold tobacco at fair prices
and that it treated the Indios accused of smuggling with moderation. The natives, in their simplicity, could grasp only material phenomena and, unable to master abstract ideas, they could not appreciate the king's prerogative to establish the monopoly. They could only see the inconveniences it caused them to be forbidden from freely using an article they needed to ward off the ailments common to a country of extreme humidity and heat. In addition, Moro attacks had reduced the population of the Visayas to a miserable state, and they should not be taxed beyond their limits. With nothing to hold them back but a wretched hovel, it would be easy for them to disappear into the hills. The Conde de Tepa thus rejected the substance of González' arguments in favor of expansion. He also reproved as intemperate the tone in which the arguments were conveyed: "it seems to this minister that the intendant argues with little reason and too much heat against the governor, characterizing his arguments as reckless and violent, and ruled by his passions and by caprice -- which expressions are contrary to moderation and the respect owing to a superior."22

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V. INDIGENOUS REACTIONS

Basco's prudence in resisting the extension of the monopoly to the Visayas again proved worthy of royal support. The management of the monopoly in the new areas in Luzon to which it had been extended did present problems to the administration, as the governor had anticipated. At the same time, tighter control over the original area of the monopoly and the heavier penalties made resistance to the monopoly more dangerous, in turn leaving opposition to the monopoly to more dangerous men.

In Bikol, the monopoly very quickly ran into trouble. The problem was to some extent the monopoly's making. It had grossly miscalculated the demand for tobacco in the region, and the tobacco shops, because they had no more stocks to sell, had to close down in 1787, only two years after they had opened. Unhappily for both the monopoly and the people, the shortage became most acute during the planting season, when the need for tobacco was most compelling. The farmers believed that tobacco sustained them against chills
and fevers, while they worked knee-deep in the mud of their fields.¹

A second problem concerned the tobacco which the people had surrendered to the government at the time of the monopoly's establishment. The government had not yet paid for the tobacco and had not even arranged for its transport to Manila. The stocks remained in storage in the provincial capital where they were beginning to spoil. The people who had delivered the tobacco feared that on top of the delay in payment, they would be made to bear the losses for the tobacco's deteriorating condition when the government finally settled their accounts.² The closing down of the tobacco shops appeared to present a solution to the problem, as the people were willing to buy back the tobacco they had sold to the monopoly but for which they had not been paid. Lacking authorization from Manila, the supervisor refused to release the tobacco, thus further inflaming popular discontent.³ It was not unreasonable, then, for provincial

¹Juan de Santa Rosa to Basco, Nueva Cáceres, 4 April 1787, in Testimonio de las cartas del Señor Obispo de Nueva Cáceres al Muy Ilustrísimo Señor Governor sobre varios puntos graves pertenecientes al Estanco del Tabaco. A.G.I., Ultramar 636. Subsequently cited as Testimonio de las cartas.

²Juan de Santa Rosa to Basco, 14 April 1787, in Testimonio de las cartas.

³Juan de Santa Rosa to King, Nueva Cáceres, 19 October 1787. A.G.I., Filipinas 1033.
officials to suspect arson when fire struck the house of the supervisor late one April evening and when a second fire broke out in its vicinity a few nights later—especially since the people refused to help put out the blaze.  

The temporary scarcity of tobacco and the government's debts to the farmers required only a little goodwill and better planning to be satisfactorily resolved. The more fundamental problem was the one Basco had feared would arise in the Visayas: shortage of cash. Within two years, according to an Indio notable, the monopoly had drained the population of the money it had been hoarding for generations. Only the districts of Faracale and Mamburao earned enough money to buy tobacco, thanks to the mining operations they maintained, and even in those areas, monopoly sales closely followed the swing of gold production.

Such was the need for tobacco that, in the other areas which lacked the opportunities for earning a cash income, the people were offering goods and services in trade,

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4. Juan de Santa Rosa to Basco, 4 April 1787; Juan de Santa Rosa to Gonzalez, 10 April 1787, in Testimonio de las cartas.


6. Juan de Santa Rosa in Testimonio de la junta.
at prices below their real value. Bishop Juan de Santa Rosa of Nueva Cáceres complained to Basco of tobacco retailers giving seven to eight cigars, or about two day's supply of tobacco, for a piece of guinara cloth which took eight days to produce. But these officials insisted that they were not guilty of defrauding anyone because the people themselves pressed for the exchange. They could also claim that they were violating the laws against barter only for the benefit of the monopoly, as the tobacco on their shelves would otherwise spoil for lack of buyers. The bishop himself urged that the monopoly permit barter arrangements to quiet popular unrest and to prevent the collapse of the monopoly in Bikol. Since the people already had the option of paying their tribute dues in kind, they should be able to do the same for tobacco.7

The bishop's complaints prompted Basco to convene the top officials of the monopoly on 4 May 1787 to discuss the Bikol operations.8 The council agreed to pay for the Bikol tobacco at the prices current at the time of delivery. As an immediate remedy for the lack of cash, it authorized the release of 8,000 pesos to purchase guinaras for consignment

7Juan de Santa Rosa to Basco, 14 April 1787, in Testimonio de los cartas.

8Basco to Juan de Santa Rosa, 2 May 1787, ibid.
to businessmen in Manila. It also commissioned an agent of the Royal Company to go to Bikol, with money loaned by the monopoly, to purchase the products of the region. The council was aware that it lacked the local information necessary for long-range solutions. It ordered, therefore, that a junta or assembly be convened in Nueva Cáceres to discuss the problems of the monopoly. In particular, the assembly was to address itself to the question of how to promote the sale of tobacco for cash. The council took the opportunity to reprimand the alcaldes and the monopoly officials in Bikol for not informing Manila of the problems which the bishop had reported. Had it been so advised, the government would have sent troops to maintain order.9

The reports coming from Bikol sounded to González a bit hysterical. The fires in and near the administrator's house caused the intendant no alarm. Fires were a frequent occurrence in the colony because of the flimsy, highly-flammable nipa and bamboo materials used in construction. Local authorities, he suggested, were exaggerating the incidents in Camarines because of their opposition to the monopoly. González believed that the monopoly had struck at the interests of both alcaldes and priests. The alcaldes,

9Basco to Juan de Santa Rosa, 12 May 1787, in Testimonio de las cartas.
along with wealthy Mestizos, had been involved in the tobacco trade. The clergy had previously received tobacco from their parishioners as gifts, but now had to buy it themselves. In addition, the monopoly had brought about a decline in the clergy's income, because the cost of sustaining the tobacco habit left the people little money to pay for church dues and services. ¹⁰

But González agreed with the bishop that the government should legalize barter. The step, by giving the people the means to obtain their tobacco, would also give them an incentive to increase production. He conceded the possibility that the monopoly might find itself overstocked with goods, especially textiles, with the glut resulting in a sharp drop in prices. He believed, however, that a ban on the entry of imported textiles would avert this situation. The ban would protect native industry, prevent the flow of money abroad, and also benefit consumers, because imported textiles were more than twice as expensive as native cloth and less durable. But again, González found himself at odds with the governor. Basco remained unalterably opposed to barter. He foresaw that the system would involve additional expenses for the government. The monopoly would have to

¹⁰González to Gálvez, No. 201, Manila, 10 June 1787. A.G.I., Ultramar 636.
spend for the construction of warehouses to store the goods received by retailers, for personnel to administer the warehouses, and for the transport of the goods to Manila—without any assurance that the goods would find a buyer. But the more important consideration in Basco's mind was the protection of the Indios. Under a system permitting barter, it would be difficult to prevent monopoly officials from exploiting the people, who were often enough willing to submit to exploitation to be able to obtain tobacco.  

The Nueva Cáceres assembly which Basco had ordered met in September, 1787, and heard testimony from the bishop, the alcaldes of Camarines and Albay, the commissioner of the monopoly in Bicol, and several native principales. The witnesses confirmed what the bishop had earlier reported to Basco. The monopoly was inflicting hardships on the people without yielding revenue for the government. In some cases, the combination of the craving for tobacco and the shortage of cash led to disastrous results. The priority given to tobacco caused people to fall behind in the payment of tribute. They then had to sell their belongings, go to prison, or take refuge among pagan tribes in the mountains.  

11González to Gálvez, Manila, 12 May 1787. A.G.I., Ultramar 636.  

12Camilio de Selis, principal of Albay, in Testimonio de la junta.
It became clear, however, that the problem which the monopoly faced in Bikol was not simply the shortage of cash; it was also the shortage of goods. Even the agents of the monopoly and the Royal Company, who had come to the area with money to spend, had difficulty finding products to spend it on. Andres de Nava, alcalde of Albay, implied that a market did exist for the region's textiles. If the guinaras were not selling in Manila, it was partly because of competition from imported cloth. But it was also because of the poor quality of the guinaras being produced. What had to be done was to improve the quality of textile production by training workers to maintain quality standards.13

Barter, therefore, would have served only as a short-term solution. The problem called for the expansion of the region's sources of income. In this connection, authorities held out high hopes for silk production. But unless the region rapidly developed its resources, the bishop predicted the total ruin of the monopoly. Already the people were giving up the use of tobacco and smoking the leaves of the papaya and other plants instead.14

13 Andres de Nava, in Testimonio de la junta.

14 Juan de Santa Rosa, ibid.
The monopoly survived in Bikol without having to resort to barter. Silkworm culture failed to meet expectations, but in abaca, the region discovered a product of great commercial value within the colony and even abroad. The unrest which the introduction of the monopoly caused in Bikol failed to ignite into any serious disturbances, other than the unsuccessful attempts at arson. The natives, according to González, did not object to the monopoly as such; all they wanted was an adequate supply of cigars in the tobacco shops and enough money in their pockets with which to buy them. Resentment against the monopoly ran deeper in the original core of eight central Luzon provinces and reached higher levels of violence. The most dramatic demonstration of this resentment occurred in Bataan in 1787.

On 8 February 1787, two units of mounted resguardo officials set out for the town of Samal on the northeastern coast of Bataan to destroy illegal tobacco fields and arrest those who tended them. But the object of the resguardo's hunt had decided to hit first. Led by some of the town's principales, the rebels intercepted the resguardo force and cut them down with arrows, killing a deputy inspector in command of the expedition, two sargeants, eleven guards, and

15González to Gálvez, Manila, 12 May 1787. A.G.I., Ultramar 636.
badly wounding three others. The boldness of the attack and its successful execution shocked the usually sluggish bureaucracy into swift and vigorous action. Within two days of the incident, Basco had persuaded the audiencia to despatch one of its judges, Don Manuel del Castillo y Negrete, against the Samal rebels with special powers to conduct trials and executions on the spot. Under del Castillo's command were several units of the resguardo and a company of grenadiers. His party also included the monopoly's chief inspector, one of its directors, a clerk, and a verdugo—the hangman.

On 13 February, del Castillo sailed a small fleet of five armed vessels across Manila Bay to the town of Orani. two days later, he entered the town of Samal and arrested two of the alleged leaders of what the Spaniards were pleased to call a mutiny. The two men were the lieutenant and

16 Manuel del Castillo y Negrete to Gálvez, Manila, 2 July 1787. A.G.I., Ultramar 636.


18 Details of del Castillo's expedition come from reports he sent to Manila between 13 February and 16 March, in Cartas del Señor Cidor Don Manuel del Castillo en la Provincia de Bataan, para su sosiego y castigo de los reos de la sedición o motín del día 8 de febrero del referido año. A.G.I., Ultramar 636. Subsequently cited as Cartas del Cidor del Castillo.
sub-lieutenant of the town's militia unit. On 26 February, del Castillo published an order forbidding the towns of Bataan from harboring fugitives or sending them aid in the mountains, under pain of death. An Indio captured while trying to sneak past del Castillo's blockading cordon with provisions for the rebels was hanged, drawn, and quartered. Before he died, he yielded the information that some forty men were still hiding in the hills, but were already suffering from hunger.

Many of the Samal rebels managed to escape to Pampanga. But del Castillo claimed that the men he had captured, killed in battle, or executed were the leaders of the uprising. The punishment imposed upon the rebels showed the fear that they had aroused among the Spaniards. The government believed that to prevent the Samal example from spreading, retribution for the offense had to be immediate, implacable, and public. Del Castillo ordered seven of his prisoners hanged in the town of Samal itself, then had their bodies quartered and the heads staked on the spot where they had committed their crime. Having thus arranged to punish the dead by the mutilation of their corpses, the Spaniards also contrived to visit punishment upon those yet unborn. The families of the rebels lost all the property they might have owned. In addition, the descendants of Andres Magtanong and Francisco Haliviran, who were regarded as the chief rebel
leaders, were ordered henceforth to indicate, when signing their names, that they belonged to the line of the traitors. This, according to del Castillo, was to preserve the good reputation of the other Magtanongs and Malivirans who had remained loyal to the king. The houses of Andres and Francisco were also ordered torn down and the ground sown with salt. The town itself was not to be spared: "the gallows erected in this town and in the capital are to remain as a permanent monument in this province to serve as a warning against the vile and contemptible crimes which have offended the majesty of the king and disturbed public tranquility, until the lords of the royal audiencia shall otherwise command." Death was the penalty for those who dared to take down either the gallows or the corpses of the men condemned to die. 19

The Spaniards quite obviously regarded the Samal incident as a challenge, not only to the monopoly, but to Spanish authority in the colony as such. The archbishop of Manila, for instance, felt it necessary to send his own commissioner to Bataan to hear testimony from the principales on the conduct of the parish priests. The archbishop wanted to make sure that the attack on the resguardo was an isolated event and not part of a larger conspiracy involving the

19 Del Castillo to Gálvez, Manila, 2 July 1787. A.G.I., Ultramar 636.
native clergy. The commissioner reported that the priests were in no way implicated in the affair and had been working to secure the submission of the people to the monopoly— findings which del Castillo later confirmed.20

The Samal attack was neither part of a widespread conspiracy, nor was it an isolated event. It was simply the most notorious of many other cases of violence which, since 1786, had begun to afflict the provinces nearest Manila. The situation had become so bad that, in early 1787, the royal botanist had to cancel scientific expeditions to the provinces to collect specimen of local flora because the roads were no longer safe for travellers.21 Provincial authorities reported that marauding gangs of smugglers and bandits were striking almost at will, sacking entire towns, and stripping even church altars for booty. But not until Samal was Basco able to extract from the audiencia the powers he felt he needed to cope with the problem, and he took advantage of the opportunity.22

20 Basilio de Santa Justa y Rufina to King, Manila, 1 June 1787. A.G.I., Ultramar 636.

21 Francisco de las Barras y de Aragón, D. Juan de Cuéllar y D. Francisco Xavier Salgado y su tiempo en Filipinas en el siglo XVIII (Publicado en la Revista Las Ciencias de Madrid, Año XVII, Num. 1), 155-157.

Aside from the force sent to Bataan, Basco organized two other units under commissioners who had the same powers given to Manuel del Castillo. He assigned Juan de Arzega, chief justice at Cavite, to clean up the provinces of Cavite and Batangas. Like del Castillo, Arzega brought his own executioner. Jose Aviles, commander of the Laguna militia, received the commission for the provinces of Tondo, Laguna, Bulacan, and Pampanga. No executioner accompanied Aviles when he departed; he drafted one from among the criminals his force apprehended.

The shortage of men available for the defense of the colony, according to Basco, made the commissions necessary. The same consideration forced him to mobilize the Bulacan and Pampanga militias, stationing them in their respective capitals under the command of their alcaldes, to provide security for the provinces as well as reserve units for the three commissioners. With some reluctance, he issued arms and ammunition to these militia units and to that of Laguna: "although to give weapons to the natives in their own towns is not the safest and most proper course, I had no other choice, after having despatched several units out of the fort."\(^{23}\)

\(^{23}\) Basco to Gálvez, No. 1019, Manila, 17 June 1787. A.G.I., Ultramar 636.
The assorted catch of smugglers, highwaymen, murderers, and livestock rustlers which Aviles collected while exercising his commission between February and April, 1787, reflected the extent to which law and order had broken down in central Luzon. Aviles left Manila with a force of seventeen men on 11 February, heading north to begin his campaign in the hills of San Mateo and Mariquina. The most important arrests in the area came on 15 February, when Aviles' forces captured Balthazar Bartolome, Mariano Soriano, and Francisco de la Cruz, alias Ytim. Bartolome was a cuadrillero, a gang-mate, of the famous bandit leader Pato, and had taken part in the raid on the town of San Jose in Pampanga. Soriano and Ytim belonged to the cuadrilla of Juan Balat and Pedro Candaso. They had robbed and murdered Pangasinan traders bringing their goods to sell in Manila. Aviles sent Bartolome and Soriano to Pasig to be hanged, drawn, quartered, and their corpses exposed on the road where they had committed their crimes. De la Cruz suffered the same fate in Bulacan.

Laguna yielded a more bountiful harvest. One of Aviles' discoveries was a field of 800,000 tobacco plants which

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24 The following account is based on Relación del juez comisionado por la Real Audiencia en el partido de Tondo, Laguna, y demas Provincias que debe recorrer, en persiguimiento de facinerosos, ladrones, y contrabandistas, que en numerosas cuadrillas armadas infestan y convueven la tierra. Manila, 4 May 1787. A.G.I., Ultramar 636.
smugglers had been tending for two years. But although his forces also rounded up the free-lance brigands and the petty smugglers, Aviles directed his efforts against the organized cuadrillas operating in the province. On 28 February, Aviles caught up with five men from Puljag's band. With a cuadrilla of thirty armed men, Puljag had launched a daring daylight raid on the town of Pila, driving people out of their houses to the refuge of the rectory. They had robbed everyone they had come across and occupied the town long enough to plunder all the houses. Aviles put up four gallows in the province to dispose of his captives. On 10 March, Aviles picked up the tracks of the bandit chief Baron Yta in the town of Santa Maria in the northwestern section of the province. The soldiers located and destroyed Baron Yta's encampment and seized some weapons, but the bandits had managed to slip away. Aviles had to content himself with punishing Christoval de San Juan, the man in the town who had raised the alarm for the bandits. De San Juan received a six-year term to serve in the royal galleys.

On 14 March, the Spaniards captured Fernando García of Pedro Bachiller's band and Juan de los Santos, a cuadri-llero of Juan Ascad. Bachiller's raid on the town of Longos had left four people dead. Ascad had led thirty-seven men in sacking the village of Santa Catharina in the town of San Pablo. Five men of Juez Ysco's cuadrilla fell to Aviles on
24 March. Juez Ysco, with fifty men under his command, was Laguna's most notorious outlaw. His cuadrilla had been responsible for an attack on Ymus and had also made a practice of pirating goods which merchants brought across Laguna de Bay. Judge Ysco, as the people referred to him, had struck such terror in the province that his orders practically had the force of law.

In Laguna alone, Aviles identified more than ten separate cuadrillas. Their activities were disrupting not only commerce but also agriculture. In a year and a half, the province had lost some 1,800 carabaos. One farmer lost thirty head in six months, thus almost overnight becoming a beggar. Cattle-rustling was bringing even large haciendas close to ruin. The hacienda of Talajala (Jala-Jala?), which had owned a spread of over 10,000 head of cattle in 1764 did not have more than 500 head at the time of Aviles' tour of the province.

Each carabao was worth from eight to twelve and more pesos a head. But the province lost more than the market value of the draught animals; it also lost their earning potential. The 1,800 carabaos stolen from the province could have produced 180,000 cavans of unhusked rice or palay, had they been available to plow additional fields.\(^{25}\) Taking only

\(^{25}\) A cavan was a unit of dry measure equivalent to 75 liters.
the minimum price of three reales per cavan, the harvest would have been worth 67,500 pesos, and even allowing two-thirds for the costs of operations, the province would still have made a clear gain of over 22,000 pesos. The effects on the individual farmers were not measurable solely in monetary terms. The loss of his carabao impaired the farmer's ability to support his family and to meet his obligations to church and state. It also robbed his children of what was often the only legacy he could bequeath to them.

Chances of recovering a stolen carabao were practically nil. Rustlers who also doubled as smugglers needed the animals themselves to haul their contraband goods. If they did not keep the animals for their own use, they either slaughtered them, drying and salting the meat for sale to the Chinese as tapa, or more often, drove them clear out of the province. The favorable market for draught animals created in one province by losses from cattle-rustling encouraged smugglers to supply it with stock stolen from the neighboring province:

the animals of one province they bring to sell to another, those of this province to the former, and while the Indio goes in search of his animal, he loses the season for the crop and stops paying his tribute; and if he finds it, he is happy and returns to his town. If not, he becomes a bagamundo. 26

To become a bagamundo or vagabond was to drop out of the civil and religious community organized and governed by the Spaniards, to live like the pagans. But as Aviles noted, this style of life, untrammelled by the restraints of church and state, was inherently attractive to the Indios. He reported coming upon many two-to-three-house-settlements scattered in the woods and inhabited by Indios for as long as ten to twenty years, though they stood no farther than a league, or about five-and-a-half kilometers, from the town. Aviles blamed official permissiveness in tolerating vagabonds as the source of the disorders in the provinces. The vagabond was a man "dangerous to the public and to the state" and, already, they were numerous enough to form whole new towns.

The transition from vagabond to smuggler and from smuggler to bandit was natural, if not inevitable. Smuggling, according to Aviles, was an enterprise that appealed to the Indios and they gathered in groups of up to 100 men for the purpose. But success as smugglers required a readiness to commit more violent crimes:

to be able to devote themselves to this life, it is necessary that they join the ranks of bandits and desperados--of these men is the company of smugglers composed. To arm and equip themselves, they plunder households, seize weapons and horses from those who keep them for their service and protection, and are as a cloud of locusts who, wherever they pass, destroy whatever they meet.
Aviles tried his best, but to contain a cloud of locusts was a difficult proposition. In total, he killed or convicted some fifty men. Twenty of them he ordered hanged, drawn, quartered, and exposed to public view. He sent another twenty-seven men for varying lengths of time to the galleys or the arsenal, many of them after first receiving a whipping while being paraded in the streets of the towns they had violated. At least another 150 suspects awaited trial in the provincial jails and that of the capital.

Basco pronounced himself content with the performance of the three commissioners. Within a few months, they had dispersed the greater part of the smuggling and bandit groups. Such was their success, according to Basco, that many of those who had previously roamed about without any fixed homes had presented themselves to be registered in the tribute lists to be able to lead a civilized and Christian life. But a great deal more needed to be done. Highwaymen attacked Cagayan traders only a league away from Manila. The Pampanga bandit Carlos Quinga waylaid Don Vicente Verzosa, the alcalde of Ilocos, while he was on his way to the capital with government money in his charge. Even Laguna, despite Aviles' efforts, remained a trouble spot. Within the space of a month bandits attacked the towns of Imus, Pila, San Pablo, Lilio.

Santa Cruz, and the capital of Pagsangjan—and were repulsed only in the last two towns. And Aviles had not even begun his tour of Pampanga and Bulacan where, according to Aviles, many more cuadrillas and much more powerful bandits operated than in any other province, "for they are the spawning ground or shelter of all, from where, it can be said, have come the seeds for the others."

It was with disappointment, then, that Basco and Aviles received the audiencia's decision in May to withdraw the commissions it had granted. Stripped of his special powers, Aviles resigned his assignment to proceed to Pampanga and Bulacan. Aviles pointed out that the bandits defying the government operated in cuadrillas of at least thirty men. They were well-supplied with weapons and ammunition and were strong enough to resist local authorities. They exerted great influence over the population, who see that they go unpunished and are, therefore, encouraged to come to terms with them and even to join them. Without the authority to try cases and execute criminals, the commissioners would get no cooperation from the people: "the Indios are very unsubtle; a prompt and public punishment is what deters them and encourages the good to pursue and capture the bad."

Delay in the execution of criminals was dangerous to the loyal Indios. Only the provincial capital maintained a jail and this was neither strong enough or well-enough
guarded to contain the desperate criminals who would fill it to overflowing. Aside from the weakness of the jail, the prisoners would also have their relatives in the province to help them escape. Once out of jail, they would take their revenge on the people who had helped in their arrest and conviction. Aviles claimed that the towns had stopped surrendering criminals to him after his special powers were revoked. The special commissions also instilled fear among the bandits. Aviles cited the case of a smuggler who had killed eleven people, six of them monopoly guards, fleeing to the Moros upon learning that a special commissioner was in the province. Aviles felt certain that if he had not held the powers of a juez comisionado, his detachment of seventeen men would have been inadequate to cope with the outlaws.
VI. IMPERIAL RESPONSE

Unlike Basco and Aviles, officials in Spain were more concerned with the causes of the disorders in central Luzon than with the punishment of offenders. The extension of the monopoly to Mindoro in 1785 had already given the Conde de Tepa occasion to review the penalties prescribed for smugglers and to pronounce them excessive. He feared that the severity of the penalties would only contribute to unrest, because they were so ruinous that smugglers would sooner take to the hills and turn outlaws than submit to arrest.¹ On the basis of his recommendation, a royal order reduced the punishment for first conviction to the loss of the contraband tobacco and fines to cover the cost of proceedings or a month in jail. A second arrest brought a two-month jail term. Armed resistance earned a minimum term of two years at hard labor, with the customary laws applying in cases where resistance led to injuries or death. The order, however, came too late to influence developments in the

¹Note following González to Gálvez, No. 54, Manila, 16 December 1785. A.G.I., Ultramar 638.
Philippines. It was not likely, in any case, that its early arrival would have made a difference. The order required the government to keep the revised penalties a secret so that smugglers would not be encouraged. ²

Reports of rising violence in central Luzon revived the question of whether it was not perhaps the monopoly itself that was at its root. Diego de Gardoqui, minister of the Indies, asserted that this was indeed the case.³ The reports showed "the great obstacles which the tobacco monopoly opposes to the development and prosperity of the Philippine Islands." Gardoqui began his argument against the tobacco monopoly with the premise that monopolies, by their very nature, were generally harmful. The damage they inflicted, however, varied from case to case and from place to place. In Europe, the tobacco monopoly did not do too much harm because tobacco was not an important crop nor a necessary commodity for the people. Prices charged on tobacco were moderate and collected with less pressure than other imposts. In addition, a more stable political order protected the population from abuses by monopoly personnel. But

² San Yldefonso, 21 August 1788. A.G.I., Ultramar 638.

³ The following summary, including passages quoted, is drawn from the statement that Gardoqui appended to Basco's despatch to Gálvez, No. 1019, Manila, 17 June 1787. A.G.I., Ultramar 636.
the conditions which made the tobacco monopoly tolerable in Europe did not prevail in the tropics. In many lands where it grew wild, tobacco ranked as one of the principal crops for commerce and served as a regular part of the people's diet. The distance of these countries from the sovereign authority weakened the force of regulatory laws and gave leeway to many abuses by officials in the monopoly's implementation.

In the Philippines, a tropical country at the farthest edges of Spain's overseas possessions, the monopoly imposed an intolerable burden. Its establishment was in defiance of the character of the country and the customs of the people. More than simply slowing down commerce, the monopoly positively undermined it by interfering with a crop suited to the soil and of universal use as a cure for chills and the other diseases endemic to the region. The backwardness of the Indios and their lack of initiative emboldened officials to exploit them, while the difficulty of redressing grievances screened abuses from the eyes of their superiors. The laws, therefore, provided no control over the natural tendency of people in power to abuse their authority.

* The dependence of the people of Luzon on waterways for transportation aggravated the problem of the monopoly's just enforcement. To guard against smugglers, the resguardo had
to station checkpoints along the riverbanks at short distances from each other, because of the many canals and tributaries to which the river opened. It was possible for travelers from a town only a league away from Manila to have their journey to the capital interrupted at five resguardo stations where they had to unload their goods for inspection. The procedure gave resguardo officials the opportunity to extort bribes from fearful travelers anxious to be spared the delays and harassment of repeated searches. It was safer to pay the bribe than to risk arrest because the guards were not above framing travelers by planting tobacco among their merchandise. The monopoly thus exacted from the people, through these forced and illegal contributions, a great deal more than the revenue which appeared in the official accounts.

The repugnance people felt for the monopoly was obvious:

they have made the greatest effort to defraud it; they have taken arms to defend themselves against the officials. Uprisings, deaths, and other misfortunes have taken place. The tobacco monopoly declines visibly from year to year at a quickening pace that presages its near collapse. It deserves on all counts to be abolished, making up for the revenue it produces through another kind of contribution which is more simple and less burdensome.

To replace the monopoly, Gardoqui proposed to raise the amount of tribute paid by Indios and Mestizos. Rates for unmarried male adults would go up from five to eight reales.
The corresponding rates for unmarried Mestizo men and women would be twenty-four and sixteen reales respectively. The tribute paid by a household would double from ten to twenty reales for Indios and from twenty to forty reales for Mestizos.

From the change, Gardoqui expected to derive more than would be lost by the abolition of the tobacco monopoly. In 1784, according to Gardoqui, the island of Luzon had a population of around 800,000 Indios and 10,000 Mestizos, from whom the government collected more than 262,000 pesos in tribute. In 1789, the tobacco monopoly netted, again according to Gardoqui, only 164,346 pesos. Had Gardoqui’s plan been in effect at the time, the government would have gained more than 89,000 pesos. Given time, the gap between tobacco and tribute earnings was bound to widen, for while the monopoly was losing ground, the population which formed the tribute base was increasing. Gardoqui conceded that the tribute was not a proportional tax because it levied the same amount on rich and poor alike, but he maintained that even the new rates were low enough to be within the reach of all. It also had the advantage of requiring no separate bureaucracy of guards and administrators to burden the treasury and oppress the Indios, so that the government received the full value of the tax and kept the good-will of the people. Gardoqui did not believe that any additional compensation
had to be given to the alcaldes who collected the tribute. Doubling the tribute, in Gardoqui's estimate, would yield enough to enable the government to dispense also with the palm wine and *bonga*, or betel nut, monopolies which were being leased to private contractors. These monopolies caused as much harm as the one on tobacco, earned little more than 50,000 pesos a year for the government, and benefitted only the contractors.

The plan which Gardoqui proposed had apparently originated from a memorial presented in Madrid by Fray Mathías Octavio, an Augustinian missionary who had returned to Spain in 1786. Gardoqui's support led to a royal order enacting the proposal into law.4

The royal command caused consternation in Manila. Previous despatches from the colony had stressed the efforts being made to ease the burden of the monopoly on the Indios. Berenguer de Marquina, who had replaced Basco as governor in 1787, had promised lenient treatment for petty smugglers. He reported having toured the jails himself during his first two months in office and ordered the release of more than eighty prisoners, after gently reprimanding them for their

4San Lorenzo, 5 October 1792. A.G.I., Ultramar 636.
offenses. A later despatch had given assurances that the complaints against the resguardo had been dealt with and the guilty ones punished or dismissed from the service. It was not fair, Marquina complained, to blame all the opposition to the monopoly on the conduct of the resguardo officials. The smugglers caused the greater harm. They persisted in their crimes despite all the efforts to stop them, because they were received and welcomed in the towns. They created the situations which compelled the resguardo to discharge its duty by punishing the guilty. The resguardo objective had always been to moderate punishment, without encouraging the repetition of offenses by excessive leniency.

In the classic way of dealing with inconvenient decrees, Rafael María de Aguilar, Marquina's successor, "obeyed" but did not execute the order abolishing the monopoly. The governor pleaded that more time was needed to study the consequences of the proposed change. The double tribute would be difficult to collect and the monopoly, once

5 Berenguer de Marquina to Antonio Valdez, Manila, 18 January 1790. A.G.I., Ultramar 638.

6 Berenguer de Marquina to Pedro de Lerena, No. 24, Manila, 2 July 1791. A.G.I., Ultramar 636.
abolished, would be difficult to restore. Between September, 1793, and June, 1794, colonial authorities in Manila debated the royal order for the abolition of the monopoly. The debate, however, was one-sided, for the opinion was overwhelmingly against the order's implementation. Among the five members of the council of government officials which met in May, 1794, to discuss the issue in May, 1794, only the crown attorney, Joaquin Alonzo de Texada, supported the royal decree.

The arguments against the order of 5 October 1792 once again raised the basic issue of the need for monopolies in the Philippines. Aguilar recalled that the monopoly on palm wine, which dated back to the seventeenth century, had been ordered abolished once before. The colony complied with the abolition order of 1725, but the disorders and public

7 Aguilar to Gardoqui, No. 9, Manila, 30 October 1793. A.G.I., Ultramar 636.

8 Records of the discussion of the abolition order in Manila are in Reales Órdenes de 5 de octubre de 1792, que tratan de la extinción de los estancos de tabaco, vino, y bonga en esta Ysla de Luzon. San Lorenzo, 5 October 1792. P.N.A., Tobaco Monopoly. Subsequently cited as Reales Órdenes de 5 de octubre. The arguments against abolition were summarized by the governor in Aguilar to Gardoqui, No. 71, Manila, 22 July 1794. A.G.I., Ultramar 636. Aguilar enclosed in this despatch the Testimonio de las reales Órdenes sobre, que se levanten los estancos del ramo de tabaco, bonga y vino. This document duplicates the records at the P.N.A. but follows a different pagination. Subsequently cited as Testimonio de las reales Órdenes.
scandals caused by the unrestricted trade in the intoxicating beverage forced Spain to authorize its restoration in 1733. The government had experienced little difficulty in its administration. Production of palm wine was for local consumption alone, and the low profit margin limited the domestic trade and gave little encouragement to smugglers. The Indios, in any case, preferred the monopoly's product to boot-leg brands; smugglers to be able to sell more cheaply, often diluted their wine with materials which were sometimes dangerous to health. The punishments announced for violations were only for effect. Offenders suffered only the loss of the wine and its container and a jail term depending upon the quantity of contraband apprehended.

The monopoly on betel nut had been in operation around the vicinity of Manila for over 150 years. In 1793, the government had to deal with complaints against the contractor in Bulacan, but this monopoly had also functioned smoothly enough. The few smugglers caught lost their goods and paid a fine of ten pesos or spent eight days in jail. The monopoly on cock-fighting helped keep a vice under control. Before the monopoly, cock-fights resulted in riots and deaths arising from disagreements among the gamblers. Through the monopoly, the government fixed the schedule of fights, provided umpires to settle disputes, banned weapons among spectators, and when necessary, supplied soldiers to
maintain order. 9

Madrid had not called for the abolition of the monopoly on cock-fighting. But by expanding the issue to include the game, Aguilar reinforced the case he was trying to establish: that monopolies performed a genuine service for the community, contributed to the cost of the colony, and permitted the government to control articles or activities which could be labelled luxuries, if not vices. The monopolies assured the Indio of tobacco or wine at a uniform price whenever he wanted it. Private dealers would not be able to promise him an adequate supply of the articles, nor would they be able to maintain the low rates at which the government sold them. 10 Stressing the long and peaceful history of the betel nut and palm wine monopolies strengthened the argument that people were not opposed to monopolies as such. The resentment that developed against the monopolies stemmed from the opposition provoked by the tobacco monopoly.

Colonial authorities freely admitted that the introduction of the tobacco monopoly had aroused popular hostility and also admitted that some of it was well-deserved. Its

9 Aguilar to Gardoqui, No. 71, Manila, 22 July 1794. A.G.I., Ultramar 636.

10 Domingo Goyenechea, alcalde of Bataan, 17 October 1793, in Aguilar to Gardoqui, No. 9, Manila, 30 October 1793. A.G.I., Ultramar 636.
establishment, as Aguilar conceded, was not accomplished without some harshness. Tobacco fields outside the colec-ción were destroyed without adequate compensation—a complaint raised against Basco during his residencia, the judicial inquiry at the end of his term as governor. Overzealous or corrupt resguardo officials added to the number of the aggrieved. The monopoly also displaced the Mestizos and others involved in the tobacco trade. Since the colony’s commerce was then practically limited to rice and tobacco, finding other sources of livelihood as profitable as tobacco was not easy. Smuggling was one alternative. It offered a way of making money and, at the same time, a way of striking back at the hated monopoly. But the gangs of smugglers also menaced the community.11

Don Bonifacio Saens de Vismanos, one of the treasury officials, dismissed the initial opposition to the monopoly as something quite predictable—for what new enterprise does not run into difficulties in the beginning.12 Other officials joined him in arguing that the decision to abolish the monopoly was based on dated information. While some complaints against the monopoly still awaited remedy, the

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11 Aguilar to Gardoqui, No. 71, Manila, 22 July 1794. A.G.I., Ultramar 636; Phelipe Cisneros de la Oliva, 27 May 1794, in Reales órdenes de 5 de octubre, fol. 31.

12 Reales órdenes de 5 de octubre, fol. 62.
major grievances which had prompted the king to order abo-
lation no longer existed. Tobacco farmers no longer suf-
fered exploitation at the hands of private contractors be-
cause they now dealt directly with the government. Discip-
line among the resguardo officials had improved because of
the vigilance of their superiors in punishing abuses.
Though expensive to maintain, the monopoly gave employment
to both Spaniards and Indios, and the resguardo corps it
called into being could serve, when necessary, as soldiers.
Enforcement of the monopoly had become less oppressive with
the reduced penalties put into effect by the king. Violence
in central Luzon had subsided: "one no longer hears now of
the deaths of Indios or of guards, the rebellions of towns,
and armed smugglers who, with banner and drum, were terroriz-
ing the areas around Manila." 13

The tobacco monopoly, according to the colonial gov-
ernment, had already reached the same degree of tranquil ac-
ceptance which the others had previously enjoyed. Even the
tiresome lament that tobacco was a staple of the Indios had
stopped; as no one had been seen to suffer or die because of
its scarcity or absence. The "amusing fiction" of the In-
dio's imperative need for tobacco, according to Aguilar, had

13 Bishop of Nueva Cáceres, Manila, 7 March 1794, in Reales Órdenes de 5 de octubre, fols. 37-38.
been widely circulated by the enemies of the monopoly to build up greater abhorrence for the institution and in the hope that the king would have compassion on the Indios and rescind its establishment. But seeing that neither the fraudulent appeal to the king's mercy, nor the resort to violence was achieving anything, the people in time got tired of opposing the monopoly. For time, as Aguilar saw it, was one of the monopoly's most effective allies—event against outlaws:

as neither the life of the vagrant nor the outlaw could last for a long time, those who before knew nothing but the cultivation and commerce of tobacco had to abandon it in the end; for time makes them forget the injury and the bitterness it had cost them to lose this trade on which their livelihood depended and made them see that a way of making a living is never lacking to the diligent and the hard-working.

In time, those displaced by the monopoly from the tobacco trade discovered that other crops, like pepper, cotton, sugar, and indigo required less labor and returned higher profits than tobacco. The trade in sugar and indigo, in particular, had encouraged the opening of new lands, given employment to many people, and earned for them the money with which to buy tobacco.14

The fact that other crops more valuable for the colony's commerce had already replaced tobacco constituted

14 Aguilar to Caroqui, No. 71, Manila, 22 July 1794. A.G.I., Ultramar 636.
another argument against abolition. Between 1792 and April, 1793, ten Spanish and twenty-seven other foreign vessels left Manila carrying thirty different products from the islands. The commercial value of sugar and indigo alone exceeded 700,000 pesos in 1793-1794. But authorities feared that a decline in foreign trade would follow the abolition of the monopoly because the people would return to planting tobacco and abandon the crops that were already finding a foreign market. Tobacco production would increase, but the crop had never been an export article.  

Abolishing the monopoly more than ten years after its introduction was, therefore, unnecessary as a political reform and harmful in its economic consequences. Why then the attack against the monopoly? Saenz de Vismanos recalled that Fray Mathías Octavio had been the parish priest of Tambobo and saw this as the clue to the friar’s campaign for the monopoly’s abolition; Fray Mathías wanted to promote the interests of the Mestizos of Tambobo who had previously dominated the tobacco trade because he had benefitted from “the generous alms for masses, fees for elaborate burials, marriages, baptisms and other rites which they ask for and get, as they are the wealthiest in the islands.” But these

\[15\] Bonifacio Saenz de Vismanos, in Reales Òrdenes de 5 de octubre, fols. 62-63.
Mestizos, according to Saenz, got their wealth by cheating the Indios, "deceiving them in the manner learned from their fathers; the Chinese, in the quality of the merchandise /and/ in the weights and measures, as happens now in the case of indigo, sugar and other products which they buy from them— with the result that these Mestizos are the leeches of the islands who suck the blood and sweat of the unhappy poor, as is demonstrated by the wealth they have accumulated."\(^{16}\)

To replace something as well-established as the monopolies with the innovation of the double tribute was to invite the unrest that the king wanted to avoid. The tribute was the heaviest burden borne by the Indio because of its character as a compulsory contribution levied on all and exacted under threat of imprisonment at hard labor. In contrast, the monopolies only taxed those with the means and the inclination to indulge in what essentially were vices to be discouraged. The bonga and wine monopolies, in addition, did not extend throughout the whole of Luzon; and their abolition would not benefit everyone who would be liable to the double tribute. The change was also discriminatory in that the weight of the double tribute would fall squarely on the Indios and Mestizos, while leaving the Spaniards and those exempt from tribute untouched; it was thus

\(^{16}\)Reales órdenes de 5 de octubre, fols. 51-53.
bound to antagonize the indigenous population.17

Abuses in the collection of tribute made it even more burdensome to the people. The greater the amount of tribute, the tighter was the cabeza's grip on the people and the more opportunities he had to exploit his position as local tribute-collector for private gain. Such already was the power of the cabeza and the rest of the principales in the towns that Domingo Goyenechea, alcalde of Bataan, did not consider it safe to present the people with a choice between the monopolies and the double tribute. He believed that the fifteen to twenty principales in the town would surely opt for the double tribute and would bring the whole town to vote likewise. Since they owned the most land, the principales could hope to control the tobacco trade themselves after the abolition of the monopoly. The overall result of the change would thus be to make the wealthy more powerful and the poor more oppressed. Abolishing the tribute and permitting the monopolies to continue, according to Goyenechea, would better accomplish the king's objective of lightening the burden on the poor Indios. The Indios would have money to buy tobacco and would gain their freedom from the despotism of the cabeza ge barangay. The cabeza, and not any monopoly imposed

17 Reales órdenes de 5 de octubre, fols. 37-38; Aguilar to Gardoqui, No. 71, Manila, 22 July 1794. A.G.I., Ultramar 636.
by the government, was the real "scourge" of the Indio. Increasing the tribute would only increase the number of Indios escaping from the towns into the hills.\textsuperscript{18} The \textit{regente}, or chief judge of the audiencia, also warned that the double tribute in the poorer provinces like Cagayan, Camarines, Albay, and Ilocos might well result in revolts which would be difficult to suppress because of the shortage of troops and the distance between them and the rebels.\textsuperscript{19}

In the last analysis, the crucial question to be resolved was whether the increase in tribute rates would produce as much income as the monopolies. The colonial government denied that it would be possible to collect the additional amount of tribute proposed without incurring additional costs. The revaluation of tribute rates would increase the work load, the responsibility, and the risks assumed by the provincial governors, who had to cover from their own resources the shortages in their collection. In justice, they should receive proportionately higher rewards. But even assuming the most favorable conditions, the treasury would still lose from the change because the people spent on the monopolies over twice the value of tribute.

\textsuperscript{18}Domingo Goyenechea, 17 October 1793, in Aguilar to Gardoqui, No. 9, Manila, 30 October 1793. A.G.I., Ultramar 636.

\textsuperscript{19}Reales \textit{órdenes} de 5 de octubre, fol. 95.
The new rates would raise collections in a province like Bataan from 3,000 to 7,500 pesos, but the government would lose the 27,000 pesos that the tobacco monopoly produced. In addition, the return of the Indios to tobacco cultivation and the consequent decline in foreign trade would lead to lower earnings from sales taxes, customs collections, and the almohardazgo, the import and export duties on trade between Spain and the colony.²⁰

The statistics furnished by the government in Manila differed rather substantially from those which had formed the basis of the royal order. Manila's access to more recent records only partially explained the discrepancies. Using 1789 data, Gardoqui had estimated profits from the monopolies at around 214,000 pesos. Aguilar countered with 1793 figures showing that the monopolies had earned over 447,000 pesos for the colony. The disparity in the reckoning of tribute returns was, on the surface, not as wide. Gardoqui had placed tribute collections at 262,000 pesos.²¹ The average in the last five years, according to Aguilar, was 229,270 pesos. But the governor claimed that Madrid had an inflated idea of what doubling the tribute would

²⁰Aguilar to Gardoqui, No. 71, Manila, 22 July 1794. A.G.I., Ultramar 636.

²¹Note following Basco to Gálvez, No. 1019, Manila, 17 June 1787. A.G.I., Ultramar 636.
bring to the treasury because it did not calculate for the costs of collection and for the losses sustained in converting tribute paid in kind to cash. Neither did it provide against tax evasion on the part of the Indios and fraud on the part of the collectors. With these expenses entered into the equation, the arithmetic of the issue clearly favored the monopolies. Doubling the tribute rates would bring gross collections up to 453,541 pesos. But the cost for collecting the prevailing rates averaged in the last five years at 133,261 pesos, thus leaving a net yield of only 324,919 pesos. Assuming then that imposing the double rates would not entail additional costs, it would still come up 122,843 pesos short of the 447,000 pesos that the monopolies had delivered in 1793. The decline in the colony's earnings would impair the government's ability to defend the islands—a crucial matter since Spain was again at war with France. Mexico would have to be required to increase its subsidy.22

Don Joaquín Alonzo de Texada, the only official in Manila to dissent from the vote against abolition, did not share his colleagues' optimism that the evils directly or indirectly caused by the monopoly had been eliminated. The

22Aguilar to Gardoqui, No. 71, Manila, 22 July 1794. A.G.I., Ultramar 636.
monopoly itself, he regarded as a "monstrous sponge" which soaked up at least 50 per cent of earnings in administration and did not deserve to continue. Alonzo also pointed out that the testimony concerning the Indio's inability to bear the burden of the double tribute came from the alcaldes, whose opposition to the royal order was understandable, for they had nothing to gain from the change except more work. He himself favored compensating the alcaldes for their heavier responsibilities, should the order be implemented.

Alonzo was confident that the Indios could pay the new rates because, unlike other officials, he did not believe that the abolition of the monopoly would slow down agricultural production for export. He attributed the development of cash crops for the foreign trade, not to the introduction of the monopoly, but to the royal order of 1789 which had opened the port of Manila to foreign vessels. The Indio's decision to concentrate on indigo and sugar was a response to the "spur of good prices." The phenomenal rise of indigo, in particular--accomplished "within the wink of an eye"--could not have resulted from the activities of Manila businessmen or from the efforts of the Royal Company alone; "this kind of miracle is made possible only by the assured gathering and competition of a crowd of buyers." The growth of agricultural exports did not depend, therefore, on whether the tobacco monopoly existed or not. As long as the
market remained open and free to buyers and sellers, the colony could look forward to the continued development of the islands' natural resources. In trying to demonstrate that the monopoly had not retarded agriculture, Aguilar had, in fact, argued much the same point: "it is a gross error to suppose and to argue that the tobacco monopoly has to, or does, affect the cultivation and commerce of indigo, sugar, pepper, cotton, and silk, because they in no way depend on it, but on the industry of the Indio." The people devoted themselves to those crops because they were aware of the high profits that the great demand for them would bring.

From Madrid, Fray Mathías Octavio also tried to refute Manila's defense of the monopoly. Much of the rebuttal, however, was only a repetition of the list of problems that had arisen in the wake of the monopoly. Like Alonzo he was not persuaded that these problems had been solved. Smuggling, he asserted, would continue to flourish, as long as it remained profitable, and with smuggling, all the other disorders springing from it. The total cost of the monopolies exceeded the amount to be produced from the new tribute rates, and it all came from the Indios. This proved,

23 Testimonio de las reales órdenes, fols. 35-36.
24 Aguilar to Gardoqui, No. 71, Manila, 22 July 1794. AGI, Ultramar 636.
according to Octavio, that the Indios could well afford to pay the double tribute. The charge that only the Mestizos would benefit from abolition and that they had, in fact, instigated the outcry against the monopoly, he dismissed as preposterous. The Mestizos had controlled only one end of the tobacco trade; the Indios who sold them the tobacco held the other end, and they also stood to gain from the monopoly's abolition: "the Indio is not such a fool that gives to a Mestizo or a Spaniard for one /peso/ what is worth two." Fray Mathias maintained that if the monopoly were ended, the Indios "would have less hatred for the Spanish Nation."25

The arguments raised by the colonial authorities against abolition were not entirely consistent with each other. They asserted that the Indios would not be able to pay the double tribute, while at the same time maintaining that double tribute would not match the amount spent by the Indios on the monopolies. The bishop of Nueva Cáceres, whose diocese was estimated to consume more than six times the value of tribute in tobacco, perceived and tried to resolve the contradiction. The Indios, he explained, would willingly spend more on monopolies than on tribute, because they received something concrete in exchange for the tax they paid

through the monopolies. When they paid tribute, on the other hand, they gained nothing except the honor of having fulfilled an obligation—the value of which was quite beyond the grasp of the Indios. But the bishop had thus shifted the issue from the ability to the willingness of the Indios to pay the double tribute. Other contradictions passed without any attempt at explanation. Officials ridiculed the myth of the Indio's addiction to tobacco and yet feared that he would unceremoniously abandon the profitable cash crops he had started to cultivate and once again begin to plant tobacco. They warned that higher tribute rates would strengthen the power of the principales over the Indios, but ignored the fact that the tobacco monopoly, which they operated through the principales, tended towards the same result. But they were defending the established order, and the burden of the proof rested on those who advocated change.

Madrid judged the colony's action in suspending the enforcement of the royal order to be well-founded and done with the king's best interest in mind. Conceding that conditions in the Philippines might have changed since Fray Mathías Octavio's departure, it decided to refrain, for the time being, from interfering with the monopolies.27

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26 Reales órdenes de 5 de octubre, fol. 40.

27 Note following Fray Mathías Octavio's memorial, Madrid, 12 July, 1795. A.G.I., Ultramar 636.
VII. PROFITS AND PROBLEMS

It was hardly surprising that the move in the 1790's to abolish the tobacco monopoly in the Philippines should fail. Caught in the struggle between England and Napoleonic France—and no longer strong enough to defend her neutrality—Spain needed all the money she could get for the war treasury. Despite many valid objections to the monopoly, its advocates could point to the fact that it was still making money. Critics could complain about inefficiencies in administration, the disproportionately high overhead, and even declining income; but the monopoly was the bird in the hand. Whether its replacement by some other scheme would result in greater returns to the government was matter for speculation. The monopoly, all its defects notwithstanding, still managed to clear a profit.

By the 1790's, the monopoly had become the colony's most productive source of revenue. More important for the bureaucrats in Spain, a royal order, dated San Yldefonso, 2 August 1781, had commanded that its profits should go directly to the imperial treasury. After only the second year
of operations, Governor Basco was able to deliver to the auditor of the frigate La Asumpción seventy-five boxes containing 150,000 pesos for shipment to Spain.  The second remittance of monopoly profits—to the amount of 300,000 pesos—came in 1786 and was made through the Royal Company of the Philippines.  In 1789, Governor Berenguer de Marquina loaned to the company 200,000 pesos of the monopoly's funds; the company needed the cash to be able to fit the frigate Concepción with enough goods to complete the cargo of tea and cinnamon it had purchased in Canton. The loan was to be repaid with the first revenues to enter the company's treasury, for remittance to the minister of finance in Madrid.  The response from the crown to this arrangement was an order setting forth the procedure for the transfer of monopoly profits to Spain. The governor was to deliver the funds to the directors of the Royal Company in return for a bill of exchange for an equal amount, drawn against the company's funds and payable in Madrid to the minister of war and finance of the Indies.

1 Basco to Gálvez, No. 696, Manila, 30 December 1783. A.G.I., Filipinas 886.


3 Berenguer de Marquina to Antonio Valdes, No. 112, Manila, 5 February 1789. A.G.I., Filipinas 886.

Spain continued to receive remittances from the monopoly until 1794. But the extraordinary expenses required to build up the islands' defenses in 1795 and 1796 forced Governor Aguilar to draw upon the revenue reserved for Spain. Before the end of the century, the funds from the monopoly had become available to meet the ordinary costs of maintaining the colony. By this time, the monopoly had contributed a total of nearly two million pesos to Spain. But the imperial treasury continued to benefit from the monopoly despite the end of direct cash contributions. Access to monopoly profits enabled the colony to balance its budget, thus relieving the empire of the burden of supporting it with a subsidy from Mexico. The situación came to an end in 1804.

Taken on a year by year basis, monopoly profits did not flow at a uniform rate. Instead of a smooth, steadily ascending curve, profit charts showed sharp drops and sudden, steep inclines. Unpredictable fluctuations in profits could


6 Contaduría general de la Real Renta del Tabaco de Manila. 26 November 1799. A.G.I., Ultramar 631.

not fail to attract the attention of ministers in Madrid and tended to feed the suspicions of those who regarded the monopoly as a dubious, unreliable enterprise. During the period of cuadrilla violence in central Luzon, profits dipped from a high of 325,701 pesos in 1787 to a low of 174,347 pesos in 1789. This drop of nearly 50 per cent in earnings in just two years gave Diego de Gardoqui reason to believe that the monopoly was on the brink of collapse and strengthened his case for its abolition.\(^8\) By the time the order for abolition reached Manila, however, the monopoly had rallied sufficiently to enable colonial officials to put up a spirited defense for its retention. Their case seemed sound, for despite the erratic movements of profits, the trend was definitely upwards. The returns of 1795 just barely missed matching the 1787 record; those of 1796 exceeded this previous high by 6,000 pesos. The nineteenth century opened auspiciously with record sales of over a million pesos and net profits of more than 620,000 pesos—not giving any hint of the years of turbulence that lay ahead.\(^9\)

The huge amounts of money flowing through the monopoly was a proximate source of its problems. A position of authority in the organization clearly promised opportunities

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\(^8\) Berenguer de Marquina to Pedro de Lerena, No. 101, Manila, 23 December 1791. A.G.I., Filipinas 886.

\(^9\) See Appendix II, pp. 290-292.
for personal gain, in terms of official recognition from Spain and through the licit and illicit use of influence. Control of the monopoly, therefore, quickly became an issue among the top officials of the colony. The convergence on the monopoly of separate lines of authority gave rise to endless arguments about jurisdiction. The director of the monopoly was the official immediately responsible for the management of the organization. But the intendant, when there was one, the treasury officials, the chief auditor, and the governor all claimed some right to intervene in monopoly affairs. The disputes between González and Basco illustrated one pairing of antagonists: the intendant against the governor. But other combinations were possible and did occur, with the coalitions of officials determined primarily by ties of friendship and personal interests. The monopoly itself was not a monolithic unit, and officials were just as likely to oppose the director as to support him. The internal rivalries that plagued the colony did not escape the notice of Madrid; the disputes between the director and the intendant in the early 1820's forced it to admit that "the authorities of the royal treasury are in continuous arguments to the great harm of the royal interests."\(^{10}\) But repeated orders to reform the monopoly administration to

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\(^{10}\) Note on Despatch No. 12 from the dirección general, 10 February 1825. A.G.I., Filipinas 888.
prevent conflicts among officials only exposed Madrid's helplessness before the problem.

The breath of scandal reached up to the top ranks of the monopoly's hierarchy. Nepotism was one of the minor charges raised in 1789 by the treasury officials and the crown attorney against Diego de Albarado Horcasitas, the monopoly's chief commissioner. According to the accusers, the commissioner used his influence to secure contracts with the wine and tobacco monopolies for friends and relatives in the first instance, but ultimately for anyone offering the highest bid. The tobacco shop he obtained for one of his beneficiaries, his mother-in-law, was allegedly an outlet for the sale of contraband wine. But Albarado also had his defenders, among whom was the colony's chief auditor, and the accusations apparently led nowhere. 11 Albarado eventually went to prison, where he ended his days, in connection with the theft of tobacco vouchers for 1794 representing over 37,000 pesos. Also implicated in the theft were a warehouse keeper, several secretaries in the administrative and auditing offices, the supervisor of Bataan, a branch manager in Bataan and in Pasig, and the chief auditor of the monopoly himself, who had the good fortune to die before the crime.

was discovered. 12

The director and the treasurer of the monopoly who saw Albarado sent to jail died, leaving unaccounted for a deficit of nearly 50,000 pesos in the treasury and between 25,000 to 30,000 pesos worth of tobacco in the warehouses. What made such frauds possible, according to one of the treasury officials, was the failure to enforce the precautions ordered by the king. A royal order, dated 21 May 1784, had commanded that the accounts of the monopoly undergo an audit in the tribunal of accounts which inspected the colony's finances. Monopoly officials claimed exemption from this audit, however, on the grounds that the royal order establishing the monopoly had already provided it with its own auditing office. Orders of 1789 and 1807 had banned monopoly officials from participation in the galleon trade and in other commercial enterprises. But these instructions were not being observed. 13

The tribunal of accounts eventually succeeded in enforcing the audit of monopoly records; a royal order of 1824 rejected the monopoly's petition that the audit of its own

12 Aguilar to the Marques de las Hormizas, No. 8, Manila, 31 July 1802. A.G.I., Ultramar 631.

13 Bonifacio Saenz de Vizmanos to king, No. 88, Manila, 8 October 1809. A.G.I., Ultramar 632.
contaduría be deemed sufficient. But the ban on private trading on the part of monopoly officials was, perhaps, unrealistic. In 1797, the director, Pedro de Galarraga, had already complained about a shortage of personnel and the difficulty of staffing offices because of the low salaries the jobs offered. The pay schedule had been fixed at the beginning of the monopoly, when it covered only Manila and the central Luzon provinces, and the employees had been assured at the time that the rates were only provisional, to be doubled as soon as the monopoly had achieved some stability. But despite the expansion of the monopoly and its huge earnings, no adjustments in salaries had taken place. It was predictable, then, that the employees should look for other means to supplement their income. The combination of manpower shortage and low pay provided opportunity and excuse to take illegally from the monopoly what it would not freely give them. When Madrid did not respond to the monopoly's repeated requests for new salary rates, the colony awarded increases on its own initiative—a move which promptly resulted in a decree revoking the raises and reprimanding the colony for infringing on a right which belonged

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14 Madrid, 9 September 1824. A.G.I., Filipinas 888.

exclusively to the king. Royal approval for salary adjustments did not come until 1810, more than a decade after they were first requested.

Monopoly officials were not the only ones unhappy about their share of the monopoly's profits. The tobacco farmers in the Gapan colección also felt that the monopoly did not adequately reward their services. Their complaints centered on the monopoly's system of grading tobacco leaves. Until 1790, the monopoly had paid for everything the farmers delivered at the rates fixed for each grade or quality of leaves. In an effort to encourage the production of higher quality tobacco, the monopoly raised prices in 1790 for leaves falling within the six classes it had established, but declared as unacceptable anything inferior to the sixth grade. The farmers complained that the higher rates for acceptable tobacco did not compensate them for the losses sustained because of the rejection of the opas—leaves which, for one reason or another, were defective, but which the monopoly had previously received. From each plant bearing five to seven leaves, farmers expected two or three opas. An errant shower before the harvest or accidents during the drying, curing, and transport of tobacco could damage several


17 Ysla de Leon, 10 November 1810. A.G.I., Ultramar 632.
more of the leaves, so that the farmers, under the new dispensation, could easily lose fully two-thirds of their crop.

The losses from the new rules had already caused serious problems in the colección. Those who depended on sharecroppers, or casamas, to plant tobacco could not find men to work for them, except those debtors they could catch and press to service. Others who had contracted to plant tobacco for the monopoly begged off, alleging illness and other excuses, even after they had done the preliminary work of clearing and plowing the fields; they had considered it preferable to give up the labor they had already invested in tobacco and turn to other occupations rather than persist in an enterprise that would leave them hardly enough to support themselves. The caudillos and the principal farmers of Gapan, therefore, petitioned for a further increase in prices to attract labor back to the tobacco fields and to discourage planters from dealing with smugglers. The administrator of the Gapan colección forwarded their request with a favorable endorsement to the dirección general in February, 1792.  

18 The thinking of Pedro de Galarraga about the colección

18 Juan Tinio, Manuel de la Cruz, Ambrocio Garcia, and others to factor administrador, in Testimonio del expediente seguido por D. Luis de Palma sobre tomar en asiento las siembras de tabaco del Partido de Gapan, 1792. A.G.I., Filipinas 887.
placed him on the side of the farmers. Albarado de Horcasitas and other officials, however, saw the Gapan petition as an opportunity to revive a project, previously proposed in 1789, to place the coleción under a private contractor once again. The plan called for the payment of tobacco according to weight, instead of according to number of leaves. Its proponents argued that a private asiento or contract would save money for the monopoly, deliver a better crop because of better supervision of the farmers, and reduce smuggling because the quantity and quality of tobacco would satisfy the consumers. Galarraga opposed the scheme in 1792, as he had opposed it in 1789, maintaining that its advocates only sought to advance private interests at the expense of the royal treasury.

The idea of receiving tobacco by weight, according to Galarraga, had already been considered by the monopoly and rejected as more conducive to fraud. The monopoly would either have to go through the time-consuming and expensive process of sorting out deliveries or risk paying more for waste matter than for tobacco leaves. By wetting the leaves before delivery, the contractor could shortchange the monopoly twice—collecting a higher sum than he deserved and selling damaged goods to the government. The director also feared disputes with the farmers in the appraising of tobacco leaves, because the farmers would not be familiar with
the criteria used by the contractor.

Apart from the question of the method of delivery, the relationship likely to develop between contractor and farmer was another of Galarraga's concerns. Twice a year, the monopoly supplied the Gapan farmers with cash advances to cover operating costs and to tide them through the next tobacco payments. A private contractor would try to avoid paying out cash, supplying farmers instead with commodities like salt, bagoong or shrimp paste, and pieces of cloth, for which he could charge exorbitant prices. The farmers would also get less from the contractor than they were getting from the government. Whatever the contractor might say about seeking to promote the royal interests, his paramount concern would be his own profit; Galarraga doubted that anyone would invest his resources to benefit the royal treasury. Since the contractor could not be presumed capable of sacrificing personal interests, it followed as a necessary corollary that any increase in monopoly revenues must be at the expense of the farmers.

Galarraga feared that the practical result of Indio discontent under the asiento would be a decline in monopoly returns. The Indios would not long tolerate the contractor's unjust practices; they would abandon tobacco and plant more profitable crops like indigo, or continue with tobacco but sell the leaves to smugglers. Farmers connived with smugglers
because they received from them better prices than the monopoly would give, and the level of smuggling directly affected the volume of sales and profits. The Bulacan asiento, the only private tobacco colección still operating, provided empirical evidence against the wisdom of awarding further contracts. The potential of the area had dropped from 20,000 to 13,000 fardos of tobacco because the low prices paid by the contractor had caused people to leave available land untilled. Even the 13,000 fardos represented an optimistic estimate because farmers salted a portion of their crop for sale to smugglers. Control of contraband tobacco was difficult because even the officials who were supposed to record each farmer's crop cooperated in concealing the fraud in return for a share in the profits. Galarraga believed that the Gapan contractor himself would be as vulnerable to the persuasive powers of the smugglers as the Bulacan officials. Smugglers could easily offer him eighteen to twenty pesos for a fardo of tobacco—about four times what the monopoly would pay—and still net a profit of ten to twenty pesos.

The record of the previous contracts awarded by the government inspired as little confidence in the efficiency of contractors as in their integrity. The establishment of the colección in Gapan had been made necessary because of the farmers' complaints against the first contractor and
his failure to deliver the tobacco required by the government. With private entrepreneurs again in control of the coleccion—especially those who enjoyed the unqualified support of powerful government officials—it would be difficult to determine personal responsibility for shortages or other problems that occurred. And even if culpability could be proven and punished, the damage to the monopoly could not be easily remedied. A contractor unable to produce the required amount of tobacco from his coleccion could make up for the lack only by seeking the extension of tobacco cultivation to other areas. This had, in fact, happened during the early years of the monopoly; the government had been compelled to allow cultivation, not only in Pampanga and Bataan, but in parts of Tondo and Bataan as well. The new areas had then proven to be major sources of contraband tobacco and the dispersal of cultivation had increased the burden on the resguardo.

The best way to defend against smuggling, according to Galarraga, was to concentrate production in an easily-controlled area. Rather than revert to the discredited system of private contractors, therefore, the monopoly should hasten to liquidate the last remaining asiento in Bulacan and, if necessary, expand cultivation in Capan. This could have been accomplished already, Galarraga declared, had it not been for the opposition of officials who hoped to profit
from the operation of the asientos.

The director prescinded from the issue of whether the Gapan farmers should get a price increase for their tobacco, although he felt that higher rates were justified. He agreed that the rejection of opas was a serious loss to the farmers because during years of poor harvest, the quantity of opas was very large in proportion to that of good tobacco. He also felt that the bonuses offered to overseers—ten, eight, and six pesos a month for those delivering 1,000 or more, 500 or more, and 600 or more fardos—should be based not on the amount harvested but on the area planted to seed. A petition to this effect had been rejected in 1792; unwise-ly, he thought, for considerations of humanity dictated that rewards should correspond to the effort, although the effort did not produce the expected results. Many times, the fault did not lie with the workers: "and if so, why deprive the unfortunate Indio of the just compensation for the arduous labor he has spent in the cultivation of his lands so that it would have produced a thousand fardos, if the inclement weather had not damaged the greater portion of his crop." 19

Galarraga successfully opposed the revival of the

asiento in Gapan and, in 1793, won another victory with the termination of the asiento in Bulacan. But the issue of tobacco appraising and rates, despite periodic adjustments made by the government, continued to plague the monopoly through the rest of its existence. The monopoly always remained one step behind meeting the expectations of the farmers, and waiting in the wings to step into the gap, whenever the opportunities arose, were the dealers in contraband.

The demand for contraband tobacco was in part due to the poor quality of cigars reaching the estanquillos. In the early years of the monopoly, this problem began with the short supply of tobacco leaves available. The factories, at one point, were cutting up even the mid-rib of the tobacco leaves and using it for filler.20 The workmanship in the factories was also in need of improvement. Factory hands were young girls who were paid according to the number of cigars they produced during the day; the rush to increase output resulted in badly-rolled cigars. One proposal to remedy the problem was to entrust the job of rolling cigars to male day-laborers.21 Another suggestion was for the monopoly

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20 Diego de Albarado Horcasitas to Calvez, Manila, 12 September 1784. A.G.I., Filipinas 883.

21 Reales órdenes de 5 de octubre, fol. 38.
to close down the factories completely and sell only leaf tobacco; consumers could then indulge their personal tastes in the preparation of cigars, while the monopoly would save on the expense of maintaining the factories and providing for their security. 22

Neither of the two proposals found support, and, in time, the women of the factories gained greater proficiency in their work. But the route from the factory to the tobacco shops was long and tortuous. The chief officials of the colony, not unexpectedly, had the choice of the best cigars at the monopoly's disposal. But the principle of allowing rank to determine the distribution of tobacco continued to operate from the top levels of government all the way down to the hired hands. By the time the cigars left Manila, scheming foremen in the factories had already salted away the quality cigars for sale to those willing to pay black market prices. As the cigars moved from the district offices to the branches and to the tobacco shops, the officials at each level reserved a quantity of the best for themselves, either for their own consumption or for sale at higher prices. The cigars offered for sale at the regular prices—if any still remained—were thus of the poorest quality, very likely from leaves which should have been burned. Such

22 Reales órdenes de 5 de octubre, fols. 32-33.
was the demand for cigars, however, that retailers could often sell even low-gradé cigars at rates higher than the authorized prices. 23

Consumer dissatisfaction with monopoly cigars stimulated the demand for smuggled tobacco. Smugglers were supplying a need which the monopoly was unable to meet, and the willingness of the community to patronize their products frustrated government efforts to enforce the monopoly. Their clientele included Spaniards as well as Indios. The demand was big enough in 1788--and the risks of arrest sufficiently remote--to permit smugglers to organize in the vicinity of Manila public markets for the display and sale of their goods. To these markets came "distinguished personages from the city, even women," who wanted better-quality tobacco than was available in the estanquillos. The brazenness with which smugglers plied their trade suggested that they enjoyed the protection of the alcaldes and even gave credence to suspicions that the alcaldes themselves were secret partners in the trade. The punishment of negligent or corrupt alcaldes and their replacement by men who would cooperate with the resguardo in prosecuting smugglers, according to Galarraga, would surely increase government receipts

from tobacco.\textsuperscript{24}

Other factors external to the monopoly affected the level of profits.\textsuperscript{25} One of these was the quantity of the tobacco harvest. A bumper crop, paradoxically enough, meant lower profits for the monopoly. The greater the number of tobacco leaves in the fields, the more difficult it was to protect them from smugglers. Not only was it easier for smugglers to secure a supply for themselves; more often than not, they also skimmed the cream of the crop, leaving the monopoly with inferior leaves and, consequently, inferior cigars to sell. Heavier competition from smugglers invariably diminished monopoly sales. In addition, an abundant crop raised operating costs, thus further cutting into the profit margin, because the monopoly had to pay more to the farmers and spend more on providing security for the harvest.

The most important variable determining monopoly sales and profits was the amount of cash circulating in the colony. Manila and Cavite were the monopoly's most consistent producers, maintaining profits even when sales were declining

\textsuperscript{24} Pedro de Galarraga to Diego de Gardoqui, No. 4, Manila, 20 June 1793. A.G.I., Filipinas 887.

\textsuperscript{25} The following account is based on Despatch No. 112 from the intendant Luis Urrejola to the Secretary of State, Manila, 2 February 1823. A.G.I., Filipinas 888.
everywhere else, because government expenditures on the bureaucracy, the garrisons, and the naval base left people with money to spend on tobacco. Until about the second decade of the nineteenth century, the amount of cash available on the islands depended on the fortunes of the galleon trade and, while it lasted, the shipment of the Mexican subsidy, although by the 1790's earnings from commercial agriculture had also become a significant factor. With the end of both the galleon trade and the situado, the colony's liquidity came to depend on its agricultural exports. Sugar in particular quickly emerged as the country's most important cash crop. The sale of tobacco in the colony varied directly with the sale of sugar abroad. Monopoly profits dropped more than 16 per cent in 1822, according to the intendant, because of the extraordinary conditions during the year, most important among them, the decline of the sugar trade. Sugar farmers had been unable to dispose of the greater portion of their crops, even at the low prices at which they offered it, because the expected foreign buyers had not come: "consequently, the flow of money generated by the sale of this branch of agriculture—without doubt the richest and the most productive of the many cultivated on the islands—has diminished exceedingly." The failure of the sugar trade hurt the monopoly in two ways: the shortage of cash lowered monopoly sales and at the same time promoted smuggling. For
while government retailers could not sell tobacco except for cash, smugglers were willing to enter into barter arrangements.

Two other unforeseen developments intervened to depress profits in 1822. An epidemic of cholera had swept through the islands at the beginning of 1821, carrying away thousands of victims, disrupting agriculture, and paralyzing commerce—thus reducing both the number of consumers and the resources for the purchase of tobacco. Also detrimental to the monopoly, according to Urrejola, was the promulgation of a royal order, dated 7 October 1820, repealing the laws which had made tobacco a special offense subject to more rigorous punishment. The application of the standard penalties for smuggling—fifteen days to a month in jail or a maximum of two months hard labor at the public works—was not sufficient, Urrejola maintained, to deter tobacco smugglers. As a consequence of the order, the resguardo had to defend the monopoly, not only against the professional smugglers, but also against ordinary people, upright citizens who previously would not have dared dream of dealing in contraband tobacco. Whole towns, their constituted officials included, contrived by one way or another to defraud the tobacco monopoly.

26 Urrejola to Secretary of State, No. 56, Manila, 26 November 1823. A.G.I., Filipinas 888.
In the absence of a credible deterrent, no army of resguardo officials, however strong, could cope with the widespread disregard of monopoly rules—and certainly not the force that the monopoly had at its command. The resguardo itself, according to Urrejola, was one reason why the monopoly was not earning as much as it should. In 1786, the resguardo mustered an authorized force of 364 men under a commander, two inspectors, two lieutenants, two sub-lieutenants, and four sargeants major. To keep pace with the expansion of the monopoly as well as the rise in population, the government had reinforced the resguardo with a variable number of guards designated as provisionales. The establishment of this unit raised resguardo strength in some years to over 900 men, with the provisionals easily outnumbering the original resguardo corps. But the increase in the rank and file had not been accompanied by a proportional increase in commissioned officers. Since one of the inspectors always had to remain in the capital while the other continually conducted tours of the monopoly's administrative districts, the burden of supervising the troops scattered over fourteen provinces fell on the two lieutenants and two sub-lieutenants, and rarely were they all fit for active duty. In practice, therefore, the resguardo guards, in the majority of cases,

27Urrejola to Secretary of State, No. 12, Manila, 2 February 1823. A.G.I., Filipinas 888.
were under the command of sargeants, many of whom could neith-
ther read nor write--with the result that "the resguardo was
nowhere respected and everywhere hated, it was managed in
the greatest disorder, and the monopoly did not gain/from
it/ any but a small part of the benefits it ought to render
and the enormous expenses it was incurring."

The most pernicious unit of the resguardo was that of
the provisionals, comprising some 400 to 500 men. Their
principal assignment was to secure the Gapan colección during
the six months between the ripening of tobacco leaves in the
fields and their delivery to the monopoly's warehouses. To
serve in the unit, an applicant had to invest at least twenty-
five to thirty pesos for the purchase of horse, riding gear,
uniform, and arms. If accepted, he earned a salary of ten
pesos a month, out of which he would have to provide for his
personal expenses and the care of his mount. But despite the
sizeable initial investment, the short term of service, and
the low pay, places in the unit were in great demand because
the assignment allowed the guards excellent opportunities to
steal a portion of the tobacco they were supposed to protect.
The capital investment, moreover, did not lose its value
after the six-month term of service was up; for the tenure
as a provisional was, in many cases, only an apprenticeship
for the more profitable career of smuggler, and both occu-
pations required the same kind of equipment. During the
six months in the colección, the prospective smuggler gained familiarity with the terrain and the network of roads and by-ways leading to the fields. He established contact with potential partners among the tobacco farmers and learned from his job the best methods of running contraband operations. Through the unit of provisional guards, the resguardo, according to Urrejola, graduated the most skillful and the most dangerous smugglers.

To arrest the further erosion of monopoly profits, Urrejola obtained the suspension of the royal order reducing penalties for tobacco smuggling and the abolition of provisionals. As in the 1780's, however, the activities of smugglers had led to a more general break-down of law and order. Conditions in Pampanga, in particular, alarmed the authorities: the province "enjoys neither peace nor security because of the many bandits, armed and in groups, who attack the towns, beat up, rob, and kill the inhabitants, and disturb the public order in a scandalous manner." But the other provinces around Manila and even the Walled City itself experienced the rising incidence of assault and battery, robbery, and murder.

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Convinced that ordinary measures would be inadequate to contain the threat to public order, the government mobilized army troops to deal with the criminals and the smugglers. The troops were to conduct themselves as on a regular campaign and were to be paid accordingly. Their area of operations was the monopoly's original nucleus of Manila and the provinces of Tondo, Cavite, Batangas, Laguna, Bulacan, Pampanga, and Bataan. The commander of the expedition could employ the services of paid spies and could require reinforcements from the local authorities. But he could not requisition anything from the population except fodder for the horses. Military tribunals were given jurisdiction over outlaws captured after resistance or arrested operating in bands of four or more men. Upon approval by the governor, in consultation with his auditor, the verdict of the tribunals was to be immediately executed. If not inconvenient, the commander should execute death sentences in Pampanga for the good effect that a public hanging would have on the people.

The government also put into effect a system of passports for internal travel in the provinces of Bulacan, Pampanga, Bataan, Cavite, and Batangas. In these provinces, no one could travel from one town to another—whether by foot

30 Superior decreto por el que se restablecen las partidas de persecución contra malhechores, y contrabandistas. Manila, 23 September 1823. A.G.I., Filipinas 888.
or on horseback, with or without merchandise—unless he carried with him a passport or license issued by the gobernadorcillo, the elected chief of the town, and bearing the visto bueno, or certification, of the parish priest. Persons caught outside the towns without the proper credentials were liable to arrest.\textsuperscript{32}

The extraordinary measures taken by the government to restore order were successful. Governor Mariano Ricafort proudly reported to Madrid in 1828 that, with the suppression of banditry, people travelled with greater security than they had enjoyed in many years.\textsuperscript{33} But that these measures were necessary as the monopoly entered its fifth decade of operations was evidence of basic weaknesses in the system which the government had not been able to solve. In the years that followed, profits continued to show a generally upward trend, despite the inevitable erratic fluctuations. But the problems which had confronted the monopoly in the management of its bureaucracy, resguardo, tobacco towns and factories continued through the rest of its existence to impede its progress and prevent it from fulfilling the promise of fabulous sums for the colonial treasury that its advocates had predicted.

\textsuperscript{32} See Superior decreto. Manila, 8 November 1823. A.G.I., Filipinas 668.

\textsuperscript{33} Ricafort to Secretario de Estado, No. 233, Manila, 10 November 1828. A.G.I., Ultramar 625.
VIII. THE TOBACCO MONOPOLY IN CAGAYAN

A survey of the first fifty years of the monopoly clarifies certain points about the origins, the nature, and the effects of this institution. As the man who presided over the birth of the system and who guided it through the crucial early years, Governor José Basco y Vargas must receive credit for the monopoly's successful establishment. But the chronology disproves any claims that Basco had originated the innovation. José de Gálvez more properly deserves this distinction. It was Gálvez who made the monopoly work in Mexico and thus paved the way for the royal order establishing it in the other parts of the empire in 1767, more than ten years before Basco set foot on the Philippines.

The chronology also disposes of the suggestion that the American war of independence against Great Britain gave Basco the motive for introducing the monopoly. According to this argument, Basco saw the possibility of a secessionist movement in Mexico similar to that launched by Britain's American colonies. To guard against such an event, Basco
sought to make the Philippines financially independent of the vice-royalty through a government monopoly on tobacco.¹ But the order establishing the monopoly in the Philippines antedated the American revolution. Moreover, the profits from the monopoly were not for the colony to spend. The original plan had called for their remittance to Spain. The termination of the Mexican subsidy was a consequence, not a final cause, of the monopoly.

As a fiscal measure, the tobacco monopoly was an instant and unqualified success—a fact respectfully recorded by contemporaries and historians, by Spaniards and non-Spaniards alike. Such was the fame of the monopoly that the Dutch on Java, according to the German scientist Feodor Jagor, paid it the supreme compliment of imitation. Jagor claimed that the Cultuur-stelsel, or cultivation system, introduced by Governor General Johannes van den Bosch on Java in the 1830's copied the model provided by the tobacco monopoly in the Philippines.² In essence, the system compelled the Javanese to cultivate in designated areas crops like sugar and coffee for delivery to the government as part or full payment of their tribute dues. Like the tobacco

²Feodor Jagor, Travels in the Philippines (London, 1875), p. 239.
monopoly, the Cultuur-stelsel was enormously successful, transforming the Dutch colony from a fiscal liability to a productive resource. The system enabled Java to contribute more than 832 million gilders to the metropolitan treasury.³

The connection drawn by Jagor between the tobacco monopoly and the Cultuur-stelsel gained acceptance from later writers and, in the process, helped obscure the real nature of the institution introduced by the Spaniards in the Philippines.⁴ Both systems were exploitative in character, but they differed in at least three respects. The Cultuur-stelsel, in the first place, exploited cheap native labor; the tobacco monopoly exploited a popular native "vice." The monopoly was more of a sumptuary tax than a system of compulsory cultivation such as the Dutch introduced on Java. The problem for the Spaniards was not how to mobilize native labor to grow tobacco, but how to limit the number of people already engaged in


⁴ "The closest parallel to the culture system know to the writer is the system of forced cultures established by the Spanish governor in the Philippines in 1780." Clive Day, "Experience of the Dutch with Tropical Labor: The Culture System," Yale Review, Vol. VIII (1899-1900), 440; "Much more successful than collecting tribute in kind was the scheme which really was a case of pressure on the peasantry and was the nearest thing to the forced culture of Java that occurred in the Philippines, namely, the tobacco monopoly..." Benito Legarda, "Foreign Trade, Economic Change, and Entrepreneurship in the Nineteenth Century Philippines" (unpub. Ph. D. diss., Harvard, 1955), p. 308.
this occupation. In the second place, the monopoly, unlike the Cultuur-stelsel, did not involve the imposition of new crops, or crops the people did not habitually cultivate. The Javanese grew sugar and coffee for the Dutch; the Indios, even before the monopoly, raised tobacco for their own consumption. Finally, the Dutch looked to the European export market and based their choice of which crops to demand from the natives accordingly. The Spaniards, in the first fifty years of the monopoly, ignored the export potential of tobacco and aimed only at controlling the domestic trade in the product.

The monopoly, then, was not as ambitious a project in the Philippines as the Cultuur-stelsel on Java. But its immediate impact registered over perhaps a broader range. The estimate that the monopoly never extended to more than 15 percent of the population surely understates the case.5 If the monopoly had been a system of forced cultivation, this figure would be more accurate, for it would certainly cover the number of people growing tobacco for the government. But the system, in fact, applied more literally, not to the areas where the crop was grown, but to the areas where it was sold. Not surprisingly, resentment against the monopoly was strongest, not among those assigned to raised tobacco, but among

5Legarda, p. 309.
those prevented from doing so.

No perfect submission to the monopoly was possible in central Luzon as long as the temptation of lucrative profits from smuggling remained. But the central provinces actually adjusted to the monopoly more easily than the rest of the island. Despite the sporadic bursts of violence in the region, it provided the monopoly with its most profitable operations. The northern and southern provinces, on the other hand, had problems for several decades even meeting their expenses. What enabled the central provinces to cope with the monopoly was their ability to shift from tobacco to the crops demanded by the export market. In the provinces not as favorably placed to profit from this market, the monopoly caused more serious dislocations. The experience of Cagayan under the monopoly more sharply delineates the impact of the system on indigenous society and trade.

In the 1780's, the province of Cagayan, on the northern end of Luzon, embraced the entire valley cupped by a ring of three mountain ranges: the Cordillera on the west, the Caraballos on the south, and the Sierra Madre on the east. Broad at the southern base and tapering towards the north, the region roughly resembled a wine flask tilted to the China Sea, into which it poured out the Cagayan River. The Rio Grande de Cagayan, as the Spaniards called it, rose
from the Caraballos and ran through the whole length of the valley. Together with its tributaries, the river provided the province with its principal transportation system. Passage from Cagayan west to the Ilocos and south to the plains of central Luzon was possible by land but was faster and less dangerous by sea.  

Cagayan had been the object of some of the earliest reconnaissance missions conducted by the Spanish conquistadores on Luzon. The Spaniards needed a port on the northern or eastern coast of the island to serve as a way-station for the Acapulco galleons. In 1572, only a year after the conquest of Manila, Juan de Salcedo, Legazpi's grandson, sailed from Vigan on the western coast of Luzon, touched upon the towns of Pamplona, Abulug, and Aparri in Cagayan, and continued on around Cape Engaño to the port of Lampon in Tayabas on the eastern coast of the island. The voyage did not lead to the establishment of permanent bases in the province, but news of Japanese wakos, or pirates, settling in Aparri brought the Spaniards rushing back to the region in 1581. With a force of 100 Spanish soldiers and a contingent of Pampango, Tagalog, and Visayan recruits, Captain Juan Pablo Carrión destroyed one of the pirate ships and drove the rest of

the Japanese wakas to the sea. The pirates had chosen their base well. Reversing Salcedo's route, Luis Pérez Dasmarinas sailed from Lampon to Vigan in 1592 in a second coastal survey of northern Luzon and turned up nothing better than the site selected by the pirates. Off the town of Aparri, the Acapulco galleons would sometimes drop anchor to load provisions for the long haul across the Pacific. 7

After disposing of the pirates, Carrion continued up the Rio Grande to a place called Lal-lo or Lalloc, where he established the city of Nueva Segovia to serve as a base for the conquest of the valley. Mission work began in earnest in 1595, when the arrival of eighteen missionaries from Spain permitted the Dominican Order to accept the spiritual administration of the province. In the same year, Nueva Segovia, already the seat of the provincial government, became one of the three bishoprics on the island of Luzon. 8

Despite the early Spanish interest in the region, however, it remained, by and large, frontier territory. 9 With their attention focused on the galleon trade, the Spaniards


8 Julián Malumbres, Historia de Cagayan (Manila, 1918), p. 357.

9 On the period of initial Spanish settlement in the valley, see Felix Keesing, The Ethnohistory of Northern Luzon (Stanford, 1962), pp. 170-179.
had little time or inclination to bother with a remote area lacking in easily exploitable sources of wealth. Nor did they have the resources to contain within Spanish-controlled settlements a people whom they found fiercely independent, passionately attached to their homes, and resolute in the worship of their gods.\textsuperscript{10} Incidents of new converts deserting, or even destroying, Spanish missions continued well into the eighteenth century. The usual motives were Spanish misrule, rigorous collection of tribute or labor dues, and the promptings of traditional spiritual leaders displaced by the new religion. In one incident in 1608, the natives used the bones of a particularly obnoxious Spanish official in the construction of the stairway of a native notable. An uprising instigated by aníteras or native shamans in 1621 halted further missionary work along the upper Cagayan River between Tuguegarao and Furao for more than a century.\textsuperscript{11}

Mountain barriers did not completely quarantine Cagayan from anti-Spanish ferment originating in other provinces. An insurrection in Pampanga in 1661 found sympathizers in the towns on the northwestern coast of Cagayan. The Spaniards hanged several principales from the towns of Pata and

\textsuperscript{10}Father Deputy Provincial of Nueva Segovia to Father Provincial, Nueva Segovia, 25 June 1624. A.P.S.R. Mss. Cagayan, XVI:1.

\textsuperscript{11}Malumbres, pp. 28-29.
Bangar, as well as an old woman of Cabilangan whom they regarded as the most guilty of the lot.\textsuperscript{12} Cagayan also joined the rebellion which Diego Silang launched in Ilocos in 1763. The towns of Tuao, Malaeaq, Piat, Tabang, Tuguegarao, Cabagan, and Tumauni on the upper Cagayan River lost thirty-three men to the gallows. In their company were Silang's emissary from Ilocos and another rebel from Pangasinan. As a security measure while the war against the British and the suppression of the Silang uprising were under way, the Spaniards exiled 217 men to the northern section of the province. When the order for their release came in 1765, only 124 of the exiles were still alive.\textsuperscript{13}

After the crushing of the Silang rebellion, Cagayan made no further attempt to overthrow the Spaniards until the revolution of 1896. But the presence of unpacified peoples in the mountains surrounding the valley continued to make evangelization a slow and hazardous enterprise. The example of the unconverted and untaxed infieles exerted a powerful pull on the young Christian communities, to whom they offered an alternative way of life or, at least, a temporary place of refuge. For this reason, the Spaniards banned

\textsuperscript{12}Malumbres, pp. 51-52.

\textsuperscript{13}Manuel Ignacio de Arsa y Urrutia, Nueva Segovia, 19 August 1763; Franco de la Torre to Alcalde of Cagayan, Manila, 18 May 1765. A.P.S.R. Mss. Cagayan, XII:2.
commerce and contact between Christians and pagans. Specific laws were necessary because the exchange of mountain products, such as bees-wax and gold, for cotton goods, salt, and iron tools formed the basis for a mutually profitable trade between the two communities. The pagan tribes represented both a temptation and a threat. Their sudden descent upon a defenceless mission was often enough to erase it from the map. Most of the catechumens melted back into the mountains, the missionaries beat a prudent retreat, herding the more steadfast of the flock to the safety of larger, more stable Christian towns.

The slow progress of evangelization kept the Christian population low in proportion to the amount of land available and, following deeply-rooted habits, the people tended to cluster in small communities distant from each other. This

14 Ordenanzas de Arzadún, No. 9. A.P.S.R. Mss. Cagayan XIII.

15 Some missionaries believed that the only way to convert the infieles and to stop their attacks on Christian settlements was to conquer them by force. Governor Fernando Valdez y Tamón was advised that provinces facing an infieles problem should launch a raid on infieles territory every year during the dry season. The expedition should consist of no less than 200 men and should last at least thirty days, unless contact with a good-sized group could be made in shorter time. Gerónimo Sanz Ortiz, Juan de Arecheñerra and others to Fernando Valdez y Tamón, Manila, 4 March 1732. A.P.S.R. Mss. Cagayan, XXIX:113, fols. 60-61.
pattern of scattered settlements strained the resources of the central government. With as many as three to four towns to cover, missionaries had to spend an inordinate amount of time travelling from one assignment to another under road and weather conditions which eventually impaired health and hampered efficiency. Providing security for isolated settlements was also more difficult and more costly. The government maintained garrisons in the province, but their range was limited and they were more useful as a raiding party to punish attacks than to prevent them. The small size of the communities made even the maintenance of local government a problem. Few of the towns had the population of 500 tributes to enable them to support the political and ecclesiastical establishments without strain. The situation was hard on the people because while normal tribute rates remained the same, the burden of supplying personal services revolved around a smaller circle.

The logical, immediate solution to the problem was the consolidation of the many small towns into a few large ones. Periodic efforts to realize this plan met with little success. Strategic considerations, in certain cases, outweighed the


acknowledged merits of retrenchment. Towns which could not justify their existence on economic grounds sometimes had to be supported because they served as way-stations where travellers, couriers, and soldiers could find shelter as well as the provisions and manpower which might be required for the onward journey. Even when not strictly necessary as a link in the communications network, each town represented territory wrested away from pagan tribes and brought under control, however tenuous that control might be. Withdrawal from any point would mean the loss of a Spanish sphere of influence and a base for further inroads into the infieles domain. A more serious obstacle to consolidation was the resistance of the people themselves to resettlement. The gobernadcrxilos, the native chiefs of towns, were especially opposed to the idea because it would mean the loss of their status and power. The government had to take account of local opinion; it could not arbitrarily push resettlement because the people, when pressed too hard, always had the option of resettling beyond its reach.

Immigration was the obvious, long-range solution to the province's low population density. But voluntary

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immigration was unlikely and compulsory resettlement beyond the government's abilities. The nearest source of surplus population was the Ilocos region on the west, and mountains inhabited by pagan tribes barred overland communications between the two areas. A more fundamental deterrent to immigration was the fact that Cagayan offered little incentive to prospective immigrants. Aside from having the reputation of being an unhealthy place, the province was also among the poorest in Luzon. Parish priests in the other provinces on the island collected stole fees for baptisms, marriages, and burials and the three reales which each tribute-payer had to contribute for the expenses of the feast days which each town celebrated. Cagayan did not have the money to pay for these charges; instead the people supplied the parishes with goods and services. They brought rice, fish, chicken, and eggs for the priests' table and served as oarsmen or porters in their travels.20

The distance of the province from Manila allowed alcaldes to exercise their authority with little effective restraint from the central government. Because the population was small and poor, alcaldes in Cagayan could not expect to earn much from the commission they received for collecting

tribute. To make the assignment pay, they had to collect from the people more than their legal obligation. An inquiry into the deplorable state of Cagayan, conducted by the missionaries in 1781 upon Basco's request, disclosed some of the ways by which alcaldes enriched themselves at the expense of the Indios. 21

What made extortion easy was the fact that Cagayan paid part of the ten reales tribute in kind, and the rates at which their commodities were received invariably lagged behind their true value in the market. The schedule of values which governed tribute payment in Cagayan at the time of Basco's investigation had not been revised in forty years. One real in 1740 was worth twenty gantas of clean or husked rice or one-and-one-half gantas of oil. In 1780, the most that one real could buy was eight gantas of husked rice or one ganta of oil, when the oil was purchased at the source. 22 After supplying the parishes and the garrisons with their share of the goods, the alcaldes retained a surplus which they then disposed of at the prevailing market price. It was not difficult to make sure that they had a surplus of goods to sell. Alcaldes simply padded the people's tribute obligation or, more deviously, used two sets of weights and measures, 


22 A ganta was a unit of measure equivalent to three liters.
the alcaldes' rates being used to fix deliveries from the people and the standard rates to fix deliveries to the government. In the case of betel nut, some alcaldes openly attempted an outright monopoly, forbidding its sale to anyone but themselves. 23

The extension of the tobacco monopoly to Cagayan confronted the people with a new and more serious problem. Among the crops produced in the province, tobacco was the most important. As in the other provinces on the islands, tobacco was an article of general use. But in Cagayan, tobacco was also the most valuable commodity for commerce. The valley offered an ideal area for the crop. It gave farmers a porous, loamy soil, well-drained and easily worked. Each year, the Cagayan River overflowed its banks, leaving a layer of alluvial silt which continually renewed the fertility of the soil. A short dry season lasting only three months also favored the tobacco plant. Favorable soil and climatic conditions enabled the province to produce a crop recognized by connoisseurs as the best grown on the island, a rating later confirmed by the monopoly's own agricultural experts.

Before the monopoly, traders from Ilocos, Pangasinan, and Zambales came to Cagayan to buy tobacco. A quantity of

Cagayan leaves also reached Manila for manufacture into snuff and cigarettes. Tobacco, even lured the pagans to bring down from the mountains gold, wax, and cacao to barter. Despite the representations of the alcalde and the missionaries, however, the government refused to exempt Cagayan from the monopoly. Security was again the dominant consideration. Monopoly officials feared that permitting cultivation in Cagayan would increase the costs of controlling the contraband trade. More important, they doubted that the additional expenses would keep the Cagayan crop out of the black market. The government hoped that Cagayan, like the central Luzon provinces, would develop other crops to take the place of tobacco in its economy.  

It soon became clear that the monopoly's hopes for Cagayan had been ill-founded; the province was not adjusting to the monopoly. The ban on tobacco cultivation in the province had deprived it of its principal cash crop without generating alternative sources of revenue. The people continued to earn money from collecting bees-wax in the forest and driving beef cattle to Manila. But both operations were time-consuming and had the added disadvantage of taking the men away from

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their families and fields. Missionaries also tended to disapprove of wax-hunting expeditions because they threw Christians into the company of pagan guides. More important, neither enterprise was particularly profitable. The total quantity of wax collected in a year did not amount to more than 3,000 pesos, and a portion of this sum had to go towards the payment of tribute.\textsuperscript{25} The cattle which eventually reached Manila tended to fetch low prices because the long journey to the capital caused them to lose weight and flavor. Fray Martínez de Zuñiga observed that the cattle arriving from Pangasinan, Ilocos, and Cagayan were thin and their meat, tasteless.\textsuperscript{26}

The decline in the amount of cash in circulation showed in the monopoly's inability to dispose of its tobacco stocks in the province. Returns from Cagayan's estanquillos were not even sufficient to cover the salaries of the supervisor and the ten guards assigned to the province, and the commissioner of Ilocos had to subsidize its operations.\textsuperscript{27}

\textsuperscript{25}Relación \textit{[71787]}. A.P.S.R. Mss. Cagayan, I:10, fols. 416v-418v.

\textsuperscript{26}He recommended to those who wanted to eat well the meat that smugglers sold in the suburbs of the capital: "it is more expensive, but fatter, more juicy, and of an excellent flavor." \textit{Estadismo}, I, 277-278.

A more unequivocal proof, since smuggling greatly affected monopoly sales, was the difficulty in collecting tribute dues from the people. It was necessary in 1789 to threaten floggings and imprisonment before the people would pay the tax, and many simply fled to the hills. The following year, the government had to suspend tribute collection altogether to save the people from total ruin. Frequent typhoons in 1789 and 1790 and plagues of rats and locusts had brought famine to the province. People were slaughtering even work animals for food, their own livestock and their neighbors'. Others were subsisting on forest leaves and roots. Along with famine came an epidemic which ravaged the province. From deaths and desertions, the government lost an estimated one thousand tribute-payers. Missionaries and alcalde alike blamed the monopoly for the miseries of the province and pleaded that tobacco cultivation in Cagayan be permitted.

The initiative taken by the provincial authorities led to a proposal, made in late 1791, that Cagayan be allowed

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28 Certifico de Fray Manuel de Nora, vicario y ministro de doctrina de Santa Rosa de Gamu y visita de San Martin de Furao, in Testimonio del expediente sobre poner siembras de tabaco en la Provincia de Cagayan. A.G.I., Ultramar 638. Subsequently cited as Testimonio.

29 Certifico de Fray Thomas Figuerola, Pueblo de San Fernando de Ylagan, 10 April 1790. Ibid.

30 Certifico de Fray Joaquin Sancho, Lallo, 7 May 1791. Ibid.
to grow tobacco to supply the provinces under the Ilocos commissioner: Cagayan, Pangasinan, Zambales, and Ilocos. Among those who supported the plan were Juan Hilarion Pastor, crown attorney of the audiencia, and Diego Albarado de Horcasitas, the monopoly's chief commissioner. Albarado himself offered to manage tobacco deliveries from Cagayan during a three-year trial period and wagered 3,000 pesos that the experiment would improve the standing of the monopoly's northern region. Hilarion Pastor urged acceptance of Albarado's offer, pointing out that the plan would not only rescue Cagayan, but also benefit the monopoly. In the seven years since the establishment of the Ilocos administration, the monopoly had lost over 50,000 pesos in the shipwreck of vessels bringing the area's tobacco supply from Manila. Supplying the administration from Cagayan would cut down on such losses. Reopening Cagayan to tobacco would also serve as a hedge in the event that the Gapan and Bulacan crops should fail. Complaints in the northern provinces against the poor quality of cigars reaching their estanquillos would also end with Cagayan leaves made available to consumers. 31

Albarado's involvement in the Cagayan proposal probably insured the opposition of Pedro de Galarraga. The director had little use for a man who had busied himself

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31 Juan Hilarion Pastor, Manila, 27 November 1792, in Testimonio.
supplying meat to the capital, while he was out in the field fighting the British, and he suspected that Albarado was simply pushing another scheme to enrich himself. But Galarraga also had the support of Melchor de la Lama, the head of the Ilocos administration. In separate but similar statements, the two counseled rejection of the proposal. Both rejected the idea that the monopoly was responsible for the depression in Cagayan, blaming this instead on the natural calamities of typhoons, floods, and epidemics which had scourged the province. They admitted that the Cagayanes had been deserting their province; a great number of them had moved to Manila to enlist as soldiers in the garrisons, ship out as seamen on trading vessels, or serve in private homes as cleaners, cooks, and coachmen. But they insisted that emigration had been going on well before the establishment of the monopoly. The Cagayanes were leaving the province because they were shiftless vagabonds by nature and highly-suited for the menial occupations which they freely entered in Manila. Apart from their natural inclination to wander away from their homes, the desire to escape tribute obligations provided sufficient motive for the flight into other provinces or into the mountains. The depopulation of which

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32 Pedro de Galarraga, 8 January 1793, in Testimonio.

33 Galarraga, 26 January 1792; Melchor de la Lama, 7 December 1792. Ibid.
the missionaries complained was the result, according to de la Lama, of the "intolerable burden of personal service" imposed on the people and the harsh treatment at the hands of their gobernadorcillos, under whom they were only "a little less than slaves." With all the compulsory labor required in public works and extorted by private persons, the people "hardly had any time to look to their own interests and attend to the fields from which they provided for their families' maintenance."

Governor Berenguer de Marquina agreed that abolishing the monopoly in Cagayan would solve, neither Cagayan's problems, nor those of the Ilocos administration. Allowing tobacco cultivation in Cagayan would not liberate the people from the tyranny of local officials. Nor would it assure higher sales in the northern provinces because the people would still have access to the tobacco grown by the pagan tribes, which were much cheaper and could be obtained by barter.34 What sustained the infieles in the contraband trade was the demand for tobacco in the valley. Before the monopoly, they had brought gold and bees-wax to barter for the tobacco, salt, and metal tools they needed. Since the introduction of the monopoly, they had taken to growing tobacco

themselves, not only for their own use, but also for trading with the lowlanders. The most effective remedy for the monopoly’s problems in northern Luzon was obviously the destruction of the tobacco fields of the mountain peoples. The feat was virtually impossible to achieve because the fields were inaccessible or well-hidden, but it remained the goal sporadically pursued by the Spaniards into the nineteenth century. The conquest of the pagan tribes, as de la Lama pointed out in 1796, would not only end smuggling; it would also provide the Spaniards with manpower to work the gold mines in the mountains and to plant crops like cacao and tobacco for the government.

The only advantages that Galarraga would admit in the plan to exempt Cagayan from the monopoly were those that would accrue to its original proponents—the alcalde and the missionaries. He believed that the provincial authorities had always resented the monopoly and had long desired its overthrow, because it had deprived them of revenue in the form of profits from the tobacco trade and donations of leaves and money from the native growers. He accused the missionaries of withholding from officials information on

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35 Antonio Llaniella y Huerta, Binondo, 26 October 1792. A.G.I., Ultramar 638. The writer had lived in Cagayan and had served as supervisor in Pangasinan and as commissioner in Ilocos.

36 Melchor de la Lama to Governor, Ilocos, 16 October 1796. Arents Tobacco Collection, 1131.
clandestine tobacco fields and contributing to unrest by constantly harping on the harmful effects of the monopoly in the province. They could have saved Cagayan from misery, according to Galarraga, had they encouraged the people to cultivate other crops, instead of simply bewailing the loss of tobacco. Other provinces, like Bataan, he pointed out, had also enjoyed a lucrative trade in tobacco before the monopoly, but within a few years after its establishment, they had managed to regain their prosperity by developing other crops to replace tobacco.37

Albarado and Hilarion Pastor came to the defense of the Cagayanos and the missionaries in an attempt to salvage the proposal.38 The flight of the population from the province, according to Hilarion Pastor, was proof, not of indolence, but of initiative; for the people left their homes in search of the opportunities for making an honest living which the monopoly had taken away from them in their own province. The strictures against the alcalde and the missionaries were also unjust because they had not asked that Cagayan be


38Albarado de Morcasitas, 19 October 1792; Juan Hilarion Pastor, 27 November 1792, in Testimonio, A.G.I., Ultramar 638.
permitted to trade freely in tobacco, but only that the province be allowed to grow tobacco either on the royal account or through a private asiento. The failure of Cagayan to adjust to the monopoly reflected neither on the abilities nor the intentions of the provincial authorities. Comparisons between Cagayan and such central Luzon provinces as Bataan were invidious. None of them had been as dependent as Cagayan on tobacco cultivation. Cagayan, moreover, did not have the ready access to the market which the provinces around Manila enjoyed and, therefore, did not profit from the opening of the country to foreign European commerce. The expense of transporting Cagayan products to Manila would add 20 per cent to the cost of the goods and price them right out of the market. Unlike Bataan, Bulacan, or Pampanga, Cagayan also lacked a class of wealthy mestizos who could invest their capital and entrepreneurial energies in developing other branches of commerce.

But in the end, what killed the proposal were not the doubts concerning its potential benefits but the fears of the harm that might overtake the monopoly with its implementation. The renewal of tobacco cultivation in Cagayan, according to de la Lama, would require an insupportable increase in the resguardo. Nor would the additional expenses prevent the smuggling of Cagayan leaves to Pangasinan, Pampanga, Tayabas, and even Manila. Insurance against a tobacco shortage
was not necessary; the monopoly had only recently restricted cultivation in Gapan. The government instead worried that exempting Cagayan from the monopoly would encourage other provinces to ask for the same privilege. The discontent that their rejection would cause might then jeopardize the monopoly's profits. 39 The government's decision was, therefore, to withhold approval of Albarado's proposal to supply the Ilocos administration with Cagayan tobacco. De la Lama had suggested that the town of San Fernando de Ilagan be permitted to grow tobacco on a trial basis as an immediate step to aid the province and as a test of whether the Ilocos administration would reap any benefits. This proposal was also rejected. But the government sanctioned the sale of Gapan leaves in Ilocos during a one-year trial period to see if this measure would cut down on the smuggling. 40

The government's decision offered no relief to Cagayan, and the province continued to languish. An opportunity to raise the issue of tobacco cultivation in the province again presented itself in 1796. Reports of the fine quality and value of Cagayan cotton had aroused the interest of Governor Rafael María de Aguilar. He wanted to know from the

39 Berenguer de Marquina to Gardoqui, No. 161, Manila, 30 June 1793. A.G.I., Ultramar 638.

40 Junta superior de hacienda, Arroceros, 17 February 1793. A.G.I., Ultramar 638.
Cagayan missionaries whether cotton and other crops like cacao could be cultivated in commercial quantities. The object of the inquiry was to give the government information on how to promote the development of Cagayan so that people would stop leaving the province.  

The results of the survey gave little grounds to hope for the sudden development of new cash crops. Governor Simón de Anda had pushed for the production of cotton in Cagayan in the 1770's, but the success had been short-lived. The people planted cotton only under government pressure, preferring to plow their lands to their subsistence crops of rice and corn. While every town still grew a little cotton, the province did not produce enough even for its own consumption. Traders from Ilocos brought the cotton goods Cagayan needed and for which the people paid in scarce silver because they no longer had tobacco to give in exchange. Cacao was at one time also abundant; alcaldes used to ship it by the boat-load to Manila. At the time of the inquiry, however, Cagayan no longer produced a surplus for export. The loss of interest in cacao cultivation was probably due to the attempts by alcaldes to corner the trade. The cultivation of indigo and silk and

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41 Aguilar to Diego Martin, O.P., Manila, 14 October 1796. A.P.S.R. MSS. Cagayan, I:10. Fray Diego Martin, provincial of the Dominican Order, passed on Aguilar's request for information to Cagayan's parish priests.
cattle-raisers, according to the missionaries, were potentially profitable enterprises, but the people lacked the capital and the skills to develop them in short order. The province, however, did have a commercially valuable crop; to revive trade in Cagayan, all the government had to do, the missionaries maintained, was to allow the planting of tobacco again. Tobacco had been "the most essential branch of agriculture" in Cagayan, the "soul" which had given being to the province. In killing the tobacco trade, the government had killed Cagayan: "the natives, abandoning their fields, go to Manila and other provinces to seek a better fortune and to leave behind the miseries of their land; and it is surely most lamentable to see the biggest province in area, endowed with excellent soil, not to say the best on the island of Luzon, reduced to the small number of 8,000 to 9,000 tributes."\footnote{Informe sobre la Provincia de Cagayan, y decadencia de ella desde que se proivió el plantio del tabaco, y estanco de este. A.P.S.R. Nss. Cagayan, I:10, fols. 404-404v.}

The response to Aguilar's inquiry did not cause the government to change its posture on the issue of tobacco cultivation in Cagayan. Poor harvests in the monopoly's tobacco-growing towns did— at least to the extent that two or three towns were given permission to grow tobacco for exclusive
sale to the government.\textsuperscript{43} Cagayan’s parish priests continued to call for help, and their lamentations prompted another appeal from Fray Agustin, bishop of Nueva Segovia.\textsuperscript{44}

Within a short time, the bishop complained, the number of tribute-payers in the province had dropped from over 20,000 to barely 8,000, the greater part of whom were women. The men were abandoning their homes and their families to look for livelihood elsewhere, and among travellers, the rumor was that the women in Cagayan were the easiest to seduce into prostitution. Aside from leading the womenfolk to sin, the monopoly was also hindering the conversion of the infieles. The bishop believed in the wisdom of the old laws banning contact between pagans and Christians, although enforcement had been lax because the alcaldes profited from the trade between the two communities. To be able to trade with the Christians, the infieles had begun to come down from the mountains to be baptized. Smuggling of tobacco by the pagan tribes had led, in the beginning, to government raids against their fields. But poor crops from the monopoly’s tobacco towns had made the government reverse its policy. Not only had it stopped efforts to destroy the crops of the infieles, it had begun to buy them. The pagans had become more prosperous than the

\textsuperscript{43}Aguilar to Miguel Cayetano Soler, Manila, 8 July 1800. A.G.I., Ultramar 631.

\textsuperscript{44}Fray Agustin\textsuperscript{A} to Governor\textsuperscript{F}, Vigan, 16 October 1800. A.G.I., Ultramar 631.
Christians, a fact which endangered the faith of the latter, as it confirmed the former in their unbelief. It would be much more preferable, the bishop argued, if the monopoly bought tobacco from the Christians of Cagayan rather than from the infieles.

Eventually, the monopoly would take the course suggested by the bishop. But Fray Agustin's letter had no immediate effect. Fifteen years of protest against the monopoly in Cagayan only demonstrated that the government placed a higher priority on the perceived requirements of the monopoly than on the needs of any single province.
IX. THE CAGAYAN COLECCIÓN

The adeptness of Bulacan's tobacco-growing towns at defrauding the monopoly saved the situation for Cagayan. Smuggling in Bulacan had reached such a scale as to prompt Governor Rafael María Aguilar to launch an official inquiry. As a first step, Aguilar's investigator, Don Pedro de la Peña, compared sales in Bulacan in the preceding five years with sales in other districts during the same period. The statistics, broken down into two-month periods, showed that sales in all the districts tended to drop during the months of May and June, the time of the tobacco harvest. But Bulacan was clearly performing below its potential. Between 1791 and 1796, the Pampanga district earned over 176,000 pesos more than Bulacan, though the two had about the same population base. From the sluggish sales in Bulacan and from the large quantity of contraband tobacco circulating in the adjoining provinces and in Manila, de la Peña calculated that one-third to two-thirds of the Bulacan crop passed into the hands of smugglers. Over the five-year period surveyed, the loss to the government in Bulacan alone amounted
to more than 200,000 pesos.  

De la Peña blamed the monopoly’s condition in Bulacan on the uncertain status of the colección and the consequent haphazard management that this uncertainty encouraged. Cultivation in Bulacan had always been on a temporary basis, and, until 1793, had been handled by private contractors. The government had taken over the colección in 1794, but because its status remained provisional, the monopoly had made no effort to enforce the same kind of regulations that governed the colección in Capan. In Capan, for instance, farmers had to cure and store their tobacco in the monopoly’s locked and guarded warehouses. Bulacan farmers kept the crop in their own homes until ready for appraisal and delivery to the monopoly. Harvesting began in January, but since tobacco leaves had to be collected individually, as each one matured, the season stretched out till June, and delivery was not completed until November. For some ten months, therefore, farmers had custody of the crop and ample opportunities to cheat the monopoly.

The field inspector’s projection of what each farmer

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1De la Peña’s reports, dated 22 August and 15 September 1796, are filed together with Copia del oficio que pasó el Señor Superintendente General de estas Yslas al Factor General Don Pedro de la Peña, en 22 de agosto de 1796, y planos propuestos para extender las siembras de tabaco a la provincia de Cagayan e Isla de Marinduque. A.G.I., Ultramar 634.
could produce became the sorely-disputed point. Farmers claimed that the inspector's estimates were too high, but a low assessment made control of smuggling almost impossible because farmers could easily conceal the surplus tobacco they produced. One ploy was to present to the officials for registration bundles which contained more than the required number of leaves. Later on, at their own convenience, farmers could select the best leaves from each bundle for sale to smugglers. Delivery of contraband tobacco often took place before the leaves were fully cured, so that even when intercepted by the resguardo, the search frequently resulted in damaging the leaves and making them unusable. In such cases, only the farmers profited; for the smugglers paid them in advance. But the odds against detection favored the smugglers. When transported in small quantities, the contraband was difficult to uncover. Tobacco travelled in baskets, in jars, as the pads of pack saddles. Anyone passing through the colección, especially during the market days, could count on bringing home a smaller or larger portion of smuggled tobacco.

An obvious solution towards cutting down smuggling from Bulacan was to construct warehouses where the farmers would have to deposit their crops. But de la Peña favored the simpler step of closing down the colección altogether and transferring cultivation to a more remote and more
easily-secured region like Cagayan. The government did not immediately implement do·la Peña’s proposal; Bulacan continued to grow tobacco for the monopoly until 1805. But in May, 1797, the government authorized cultivation in San Fernando de Ilagan in Cagayan, assigning to the province a staff of three officials and forty-four guards. The 1797 decree became the wedge with which other towns in Cagayan gradually pried themselves loose from the ban on tobacco cultivation. The process took some years to complete, despite the discretionary power given to the Cagayan administrator in 1799 to open up suitable lands to tobacco. But further progress also came to Cagayan in the way of more favorable terms conceded to the farmers. Under continuing pressure from the parish priests, the monopoly awarded price increases in March, 1800; in January, 1801; in February, 1812; in September, 1821. In 1810, farmers also obtained exemption from the labor draft for provincial projects, though they remained subject to the call for personal service required by their own towns.

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2Pedro de la Peña to King, Manila, 20 June 1821. A.G.I., Ultramar 634.

3José Ferrer, Expediente en que se trata de promover las siembras de Cagayan hasta el grado de perfección posible; formar un reglamento que fija las respectivas funciones de los empleados de aquella colección y medios que puedan ponerse en planta para evitar en lo sucesivo las vejaciones a que han expuestos los naturales de dicha provincia por varios de sus colectores ... Pieza 1ª. 1831. P.N.A., Tobacco Monopoly, fols. 60-66. Pieza 2ª., or second part, which is separately bound, consists of thirty-one folio pages, but only the first seventeen leaves have survived the insects. Subsequently cited as Ferrer, I and Ferrer II.
The constant complaints from Cagayan irked the government, but the capacity it demonstrated for producing a quality crop soon mollified the authorities. The coleccion had responded impressively to the price increase of 1821 by nearly quadrupling its harvest the following year, leaping from 3,006 to 11,238 fardos. As the government developed an interest in the export potential of tobacco, it began to show an active concern for expanding production in Cagayan. An inquiry in 1828 on how to promote the coleccion again elicited the familiar recommendation that the government direct into Cagayan immigrants from other provinces. It was obvious to officials on the spot that what limited growth in Cagayan was not lack of land but shortage of labor. By 1830, the coleccion included twenty-one towns with a total of over 9,500 tributes. In that year, Cagayan delivered, for the first time, more tobacco to the monopoly than Gapan: 47,412 fardos worth 80,392 pesos to 32,990 fardos worth 40,954 pesos. 4

Success as a government coleccion brought to Cagayan problems of a somewhat different order from those caused by the ban on cultivation. A formal complaint raised in 1830 by the cabezas and gobernadorcillo of Tuguegarao against Don José Martínez Cañas, alcalde and ex-oficio tobacco collector,

4Cf. Appendix III and Appendix IV, pp. 293-296.
brought the problems out into the open. The intendant, Don Francisco Enriquez, felt the matter serious enough to justify the appointment of Don José Ferrer as special commissioner to investigate conditions in the province. Ferrer's visit also provided the occasion for the drafting of a more comprehensive set of regulations for the management of the coleccion.

The charges against Martínez Casas boiled down to an indictment of abuse of authority, as demonstrated by unreasonable or patently unjust demands made on the tobacco farmers. One order concerned the proper packaging of tobacco for delivery to the monopoly. The process involved stringing ten to sixteen leaves on slender bamboo sticks called palillos. Ten sticks made up one mano, and thirty manos went into one fardo. The alcalde allegedly insisted on strict compliance with regulations on the proper number and size of leaves going into each palillo. Sticks found with an assortment of sizes were returned to the farmers for repackaging. A second rejection incurred the penalty of twenty-five blows. The order itself was legitimate, but the manner of enforcement made it onerous. The classification of leaves into six grades left a lot of room for arguments about what did or did not belong to a particular palillo. Farmers complained that

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5Ferrer, I, fols. 1-5.
it was impossible to please everyone of the monopoly personnel who had a hand in receiving the crop. They also felt that the aforadores or appraisers had undervalued their tobacco; they thought it remarkable that a bumper crop of some 17,000 fardos would not include one leaf worthy of being rated superior. Thus, their harvest only earned them 25,652 pesos, while 10,000 fardos in 1827 had yielded about 27,000 pesos. Finally, they reported incidents of guards forcing farmers to deliver as many as twenty-five, instead of ten, palillos to a mano, under pain of receiving the twenty-five blows.

A second group of complaints involved what the farmers considered illegally-exacted forced labor. The colección needed bearers and oarsmen to transport currency, tobacco, and other materials in and out of the towns, and the alcalde simply pressed farmers to the service. Guards reportedly made bearers keep pace with their horses, striking those unable to do so. Oarsmen sometimes had to continue rowing without any rest period in which to take their meals. An even more detested obligation—because it touched a larger number of people—was the collection of bamboo canes for the rafts needed to transport the tobacco to the monopoly’s warehouses in Lallo. Some had to travel over seventy miles to the nearest bamboo groves, and the task of gathering the cane and taking it back to the town by carabao and sled could
take as long as two to three months. They then had to construct the rafts, load on the tobacco, and negotiate the trip to the provincial capital, returning home only after ten to twelve days. For Tuguegarao's 17,000 fardos in 1830, the town required 340 rafts and 680 men to conduct them downriver. Added to the preparations required for the next tobacco season, arranging the transport of the harvest left the people little time to plant their subsistence crop of corn, and many assigned to the task were willing to pay as much as three pesos to be exempted. Tuguegarao asked for exemption from this duty and the re-appraisal in Manila by "intelligent aforadores" of the tobacco they had delivered.

Coming on the year of a record Cagayan crop, the complaints from Tuguegarao had to upset monopoly officials; the town had accounted for over a third of the 1830 harvest. Discontent among the farmers, whether founded or not, threatened a decline in production. Accordingly, one of the first steps taken by the monopoly was to order the factories to cut down on the consumption of Cagayan tobacco. The monopoly also reopened more bundles from Cagayan for inspection than it normally did but found nothing unusual. As in previous years, manos and palillos contained leaves of different grades. A complete revaluation of the Cagayan fardos, however, was out of the question. Aside from the prohibitive cost of the operation—forty laborers would be needed on the job over a
period of six to seven months—the process would expose the leaves to damage from the weather and from worms. An on-the-spot investigation was, therefore, essential, and reports from the parish priest of Tuguegarao and Cabagan confirmed the wisdom of despatching a commissioner to Cagayan. The government required the priests to be present during the payment of farmers, but many had refused to attend because they felt that the farmers had been cheated in the grading of the leaves and did not want to legitimize the fraud by their presence.

Ferrer arrived in Lallo on 23 March 1831 and held his commission for almost exactly a year. Though not immune from contemporary Spanish biases regarding Indio abilities, he was a sensible and perceptive observer, and his report provides some indication of how the monopoly had affected Cagayan. Ferrer immediately recognized the justice of Tuguegarao's complaints about having to transport their tobacco to Lallo. Within a week of his arrival, he was receiving bids for contracts to handle the transport of tobacco from the towns where it was grown to the monopoly's warehouses in the provincial capital. The alternative to contracting the job was continued reliance on corvée labor.

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6 Ferrer, I, fols. 9-14.

a practice Ferrer considered both unsatisfactory and unjust: unsatisfactory because the work interfered with preparations for the next planting season; unjust because the obligation did not fall equally upon all. The principales either enjoyed exemption from corvée labor or could buy their way out of it; the burden therefore pressed most heavily on the people less able to bear it. 8

His sympathy for the commoners, the gente pleveya, did not permit Ferrer to overlook the usefulness of the principals to the monopoly. The various arrangements for the supervision of tobacco-raising in Cagayan which the monopoly had tried had always centered on the principales. Though these had not proven particularly effective, Ferrer tended to blame the failure on the system rather than the personnel. The working unit assigned to the caudillo or overseer had either been too small to be financially worthwhile, or too big to be effectively manageable. It was also true, however, that the cabezas and gobernadorcillos detailed to the job had often lacked the requisite technical background. Only in recent years had they turned to tobacco cultivation, and many did not do the planting themselves, but had the cailanes or commoners do it for them. Nevertheless, Ferrer considered the principales best-fitted for the job of caudillo, and for the very reason others regarded them as

8 Ferrer, I, fols. 30-41.
unsuitable—because they wielded an inordinate amount of influence over the people. The principales, especially the cabezas, were "pequeños tiranos," but these petty tyrants were necessary; because without them "it would not be possible to derive the slightest profit from the town."\(^9\) What inclined Ferrer to this opinion was his view of the Cagayan Indio as a child to whom play was more important than profit, so that he needed to be alternately threatened and cajoled to persevere at hard work.\(^10\)

The pattern of settlement in the valley added to the need for supervision. Cagayan was the province, according to Ferrer, where the laws requiring Indios to live within sound of the church bells were least observed. Of Tuguegarao's 2,826 tributes; hardly 500 resided within the prescribed distance. Its villages, like those of the other towns did not really serve as population centers, because the people preferred to keep their small huts in remote places, close to the fields they were cultivating.\(^11\)

Ferrer conceded that the principales exploited the commoners and that redress was almost impossible; even when

\(^9\)Ferrer, I, fols. 73-74.

\(^10\)Ibid., fol. 67.

\(^11\)Ibid., fol. 74.
the extortions came by chance to the notice of the alcaldes or parish priest, conviction was difficult as the cailanes themselves were reluctant to press charges, and often concealed the circumstances of the case for fear of provoking reprisal from the entire class of principales. But in what sounded like a neat piece of sophistry, Ferrer justified making use of the authority that the principales already enjoyed; arguing that to choose the caudillos from outside the principalía would only add to the class of tyrants lording it over the commoners. Appointing the principales as caudillos would not add significantly to the power they already exercised over the people; pleveyos elevated above their station would be tempted to abuse their newly-won powers. But since the whole object of the office was to improve tobacco production, Ferrer also recommended that commoners who distinguished themselves by the size and quality of their crops should receive appointment as caudillos; indeed, an experienced commoner, in his view, should take precedence over an inexperienced cabeza.12

The instructions for the Cagayan colección published in 1849 reflected some of Ferrer’s recommendations in the matter of caudillo appointments. The gobernadorcillo of the town was also to serve as chief caudillo, unless poor health, inadequate knowledge of tobacco-farming, or other similar

12Ferrer, II, fols. 3-4.
impediments would prevent him from fulfilling the duties of the office. These duties included maintaining a communal seed-bed in the town to serve as a bank for those who needed seedlings and as a model plot for experimentation. His main function, however, was to keep track of the farmers in his district, to see that they observed the rules of the colección, especially those setting the schedule for the various operations involved in the growing and processing of tobacco. Ferrer had suggested the appointment of one caudillo for every 140 to 150 farmers, a ratio which the monopoly rejected as excessive. But the collector received authority to appoint in the larger towns as many associates as the gobernadorcillo needed.\(^{13}\)

In 1849, the caudillo received a fixed commission based on the size and quality of the deliveries from his town. As a further incentive to improve production, the monopoly paid a bonus of 100 pesos to each caudillo who brought in a crop of which 5 per cent consisted of top-grade tobacco.\(^{14}\) Apparently, the compensation offered by the monopoly was not enough; in any case, it did not keep the caudillos from trying to squeeze more money out of the cailanes. The

\(^{13}\) *Instrucción general para la dirección, administración e intervención de las rentas del estanco y sus colecciones, aprobada por S.M. en Real Orden del 10 de agosto de 1840* (Madrid, 1849), art. 375, p. 83; art. 464, pp. 100-101; art. 378, pp. 83-84; art. 373, pp. 82-83.

\(^{14}\) Ibid., art. 371-372, p. 82.
instructions warned the collector to watch out against abuses still practiced by the caudillos in the requisitioning from their towns of provisions for the use of the monopoly. He was to make sure that the caudillos did not demand more than necessary from the people so that they would have a surplus to sell, and that they paid the proper prices for the goods that they took.  

Extortion of the type condemned in the instructions had already drawn Ferrer's attention in 1831, and the caudillos were not the only offenders. Because the Cagayan Indios were virtually self-sufficient as far as their staples were concerned--and, therefore, had no need for markets--officials could only secure provisions by requiring the people to sell them at the prices fixed by the government. At the time of Ferrer's visit, monopoly guards were cordially hated by the people because they brought along friends and relatives on their inspection tours and requisitioned provisions for the entire retinue, paying for the cows, carabaos, and chickens they demanded not even a third of their real value. But the alcalde-collector was hardly the most ideal watchdog to set against such abuses, as he himself was not above manipulating the system for private profit. Another problem

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15 Instrucción general, 1849, art. 404, p. 89.
16 Ferrer, I, fol. 93; Ferrer, II, fol. 16v.
that Ferrer noted was the alcalde's participation in commerce. In almost every town, the alcalde had an agent—usually a principal, sometimes the gobernadorcillo himself—who sold his merchandise to the people for tobacco. The tobacco thus cheaply obtained, the alcalde then sold to the monopoly at a handsome profit. Ferrer realistically admitted that the practice was impossible entirely to eliminate.¹⁷

A recommendation which might have removed an occasion for fraud failed to win approval. Ferrer had argued that, in the absence of enough skilled appraisers, the monopoly should reduce the number of tobacco grades to three. The simplification would not only ease the burden on the appraisers; it would also cut down on disputes between them and the farmers. The monopoly apparently feared that the change suggested by Ferrer would encourage farmers to keep the best leaves for their own use or for sale in the black market, since these would fetch from the monopoly prices no better than those for inferior leaves.¹⁸ The 1849 instructions still distributed tobacco into seven grades, but in the 1850's the monopoly recognized only four classes. As in Gapan, farmers elected their own appraisers and had the right to petition

¹⁷Ferrer, I, fol. 69.
¹⁸Ibid., fol. 73.
Manila for a re-appraisal of their crop. But these precautions were not sufficient to prevent the process of grading tobacco from remaining until the last years of the monopoly; a fruitful source of discord and injustice.

Faulty packaging and fraudulent appraising were not the only reasons for the large number of leaves returned to the farmers in 1830. The pressure applied on the people to grow tobacco, according to Ferrer, was a contributing cause. Until 1830, the Cagayan Indios had been more or less free to plant or not to plant tobacco as they wished. The new alcalde and collector, José Martínez Cavías, introduced the element of compulsion. Despite the threats of punishment coming from the alcalde and the caudillos, many did not plant tobacco, and some of these were duly punished. But many others escaped punishment by presenting as their own crops what they had obtained from relatives and friends or purchased from pagans. Another large group consisted of those without experience in growing tobacco, and they ruined their crops because they were unfamiliar with the routine of tobacco cultivation. But what they had managed to harvest, however pitiful its condition, still had to go to the appraisers as proof that they had complied with the alcalde's orders.

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19. *Instrucción general, 1849*, art. 128, p. 31; art. 364, p. 81; art. 387, p. 85.

20. Ferrer, I, fol. 78.
Ferrer observed that many towns in Cagayan had to grow corn as well as tobacco. For them to neglect this staple crop was not to the monopoly's advantage, because the men would then have to secure provisions in other towns or from the pagan tribes. In their absence, the untended tobacco fields suffered from worms and weed. He believed, however, that each whole tribute or household should be able to plant forty brazas square of tobacco land without having to forego the cultivation of corn. At the rate of 6,400 plants per household and five to six leaves from each plant, Ferrer calculated that Cagayan was capable of producing every year at least 75,000 fardos. The 1849 instructions raised the minimum quota for each household to 8,000 plants in a plot of land fifty brazas by forty brazas.

The policy of using all available labor implied a policy of using all suitable land. In Cagayan, however, labor was the commodity in short supply. Ferrer reported that private ownership of land was almost unknown in the province. With the exception of Tuguegarao, the greater part of which was already under the plow, the other towns had wide areas

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21Ferrer, I, fols. 78-79. One braza is equal to about 1.6 meters; forty brazas square would be about 4,000 square meters.

22Instrucción general, 1849, art. 361, p. 80; art. 465, p. 101. Fifty brazas by forty brazas would be about 5,000 square meters.
of fertile land available. Present occupation was the only title recognized. Any unoccupied land was for the Indio to cultivate, though in previous years someone else may have tilled it. The only transfer or sale of land Ferrer observed followed upon population growth. The Cagayan Indio preferred to have his field near his home. It happened, on occasions, that the area surrounding a farmer's original homesite filled up with other settlers, leaving him little room to expand his field as the needs of his household expanded. The farmer might then decide to turn over his holdings to a neighbor, on condition that the other family, with their tools and carabaos, come to help him clear new land and build a new house. Sale of land for cash was extremely rare, and even in these cases, no deed or any instrument of transfer changed hands.  

An indication of changes introduced by the monopoly appeared in the sections of the 1849 rules recognizing the possibility of disputes concerning land ownership. The monopoly's principal concern was that such disputes did not interfere with the use of the land for tobacco. Thus, it gave the alcalde-colector the power to lease a piece of contested land to a person of his choice, who would pay a moderate rent based on the prevailing rates in the province. The money remained in the custody of the judge hearing the case, until

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23Ferrer, I, fol. 80.
the court arrived at its decision. The alcalde also received jurisdiction over privately-owned land left uncultivated. Upon determining its suitability for tobacco, he set a deadline for the owner to plant the land to the crop. Should the owner fail to meet the deadline, the alcalde turned over use of the land to the informer who called his attention to its existence. The owner did not lose his title to the property but could not regain its use, nor collect any kind of rent from the occupant until after three years. ²⁴

Designation as a government colección proved a mixed blessing for Cagayan. But, on balance, the benefits probably outweighed the inconveniences, at least until the 1860's. The most obvious effect of the new status granted to Cagayan was a surge in tobacco production, especially after 1830, the year the farmers were first required to plant tobacco. Deliveries from the Cagayan Valley exceeded 100,000 fardos in 1840; climbed up to over 250,000 fardos in 1850; topped 300,000 fardos in 1860; and surpassed 400,000 fardos in 1870. In 1872, production soared to 716,899 fardos, raising the average yield in the decade between 1865 and 1874 to 509,283 fardos. Between 1865 and the monopoly's abolition in 1882, average annual production probably hovered around the 500,000

²⁴Instrucción general, 1849, art. 337, p. 75; art. 351, pp. 77-78.
fardo level. 25

Accompanying the agricultural expansion was an unprecedented flow of money into the province. In the 1780's, Cagayan could hardly raise the 15,000 pesos it needed to cover its various obligations to church and state. 26 In 1830, the monopoly spent over 80,000 pesos in the province for the purchase of tobacco alone. Each of the 9,586 households growing tobacco for the monopoly would thus have received about eight-and-one-half pesos, or over six-and-one-half pesos after tribute and church contributions. Whether all the money ended up where it was supposed to was the crucial question. The town of Tuguegarao certainly received at least this much; the complaint of the principales was that the town should have received much more, had it not been cheated by the alcaldecollector. How much of the money received by the principales eventually reached the farmers is impossible to determine. Presumably, a substantial portion did, because people were willing to part with as much as three pesos to escape the draft for the cane-gathering expeditions. Even assuming, however, that the farmers got everything to which they were entitled, it would still have been possible for them to emerge

25 Francisco Mosquera y Garcia, Memoria sobre el tabaco de Filipinas: su producción, elaboración y distribución (Madrid, 1880), pp. 22-26; 40.

at the end of the year empty-handed and even in debt, if they had to buy their food instead of growing it themselves.

What is indisputable is that the resumption of tobacco-growing under government auspices did open up new opportunities for the province. As usual, however, the immediate beneficiaries were the Spanish officials and the native principals. The post of alcalde-colector became one of the most coveted in the colony, because of the lucrative commissions attached to it. Though the office only paid an annual salary of 6,000 pesos, an incumbent could easily make over 20,000 pesos a year.27 Cabezas and gobernadorcillos also secured an additional source of income from their new role as caudillos. Even tobacco-farming apparently became profitable enough for the principals themselves to engage in it. These were only the legitimate ways of cashing in on the new dispensation. But as Ferrer discovered, officials also resorted to more dubious means of raking in a fast profit at the expense of their subjects.

The parish priests provided some defense against alcalde oppression. The alcalde was too highly visible a personage to succeed for long in concealing large-scale graft

from the missionaries; and although he sometimes secured the connivance of one or two priests, the rest usually formed a united front against him. Ferrer regretted the fact that his investigation occurred under what seemed to him abnormal conditions; the province was divided into two parties, headed by the alcalde and the parish priests respectively. But though the two parties were not necessarily at daggers drawn all the time, the balance of power they represented was probably a permanent condition in the province. Cagayan's growth as a colección perhaps increased the tension between the two forces, as their interests did not always coincide.

The parish priests did not have as clear and immediate a stake in raising productivity as did the alcalde-colector, who received a commission from each fardo he delivered. They complained, in fact, that the alcalde's push for higher and higher yields interfered with missionary activities. The only way to increase deliveries was to open up new lands to cultivation; but the best tobacco fields stretched out in narrow strips of land running along the Cagayan River and its tributaries. Expansion of cultivation, therefore, dispersed the population in small, littoral settlements, while the

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*28Ferrer, I, fol. 94.*
Christianizing and civilizing process, as well as the king's laws required the concentration of the populace around the towns' parish churches. But though they may have won the souls of the people, the missionaries evidently lost the battle for the bodies: the pattern of scattered settlements continued to prevail in the valley until the mid-twentieth century.

Their limited number and the dispersal of the population made the missionaries less effective in curbing principales' abuse of the cailanes. Dependence on the cabezas and gobernadorcillos for manpower and provisions already inclined the missionaries to favor the principales, a tendency the latter sometimes sought to reinforce by judicious and generous gift-giving. The natural reluctance of the cailanes to

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30 Wernstedt and Spencer, p. 325.

31 Conflicto sobre elecciones en Tuguegarao y en otras ocasiones. A.P.S.R. Mss. Cagayan, XIV:28, fols. 505-518. The document presents the grievances of the plebeys against the oppression of the principales who enjoyed the support of the parish priest.
testify against their oppressors added a further protective screen behind which the principales could exercise arbitrary rule.

The ban on tobacco cultivation originally imposed by the monopoly had hurt the principales, because the flight from the province that it provoked reduced the number of their subjects. Those who remained in the province tended to fall into heavier dependence on the principales, who were better equipped to weather the depression; families left fatherless had to borrow money from the principaliia to pay their taxes. 32 But the period of the ban was probably one time when the obligations of office outweighed the benefits. It was not too much of an advantage to have even absolute power over people who had absolutely nothing to give. The lifting of the ban on tobacco-farming halted the drain of laborers and tribute-payers from the province. As people began to earn money once again, debts once again became meaningful because they could now be collected.

Cagayan's establishment as a colección did not alter the power relationships in indigenous society. The principals were the dominant elements in the Indio community before and after the province became a colección. In a sense,

32 Diego Martin, O.P., to Governor, Santa Barbara de Pangasinan, 26 May 1797, in Malumbres, pp. 93-95.
Ferrer was correct in maintaining that the appointment of principales as caudillos would not add significantly to the power they already possessed. But the monopoly's intervention in Cagayan undoubtedly strengthened the principalią--not so much because the principales obtained additional formal powers, but because the cailanes became less able to escape from them.

For the commoners, a traditional way of dealing with intolerable exploitation was to run away from it. The threat of flight had special substance in a situation where labor was already in short supply in relation to available land. The establishment of the coleccion probably raised the Indio's tolerance level at the same time that it made flight more difficult. A certain amount of alcalde and cabeza exploitation was bearable so long as the Indio retained enough to support his family and could look forward to the next harvest. Having just witnessed the Indio's willingness to leave the province, the officials themselves would have been reluctant to push against the limit. But the job security provided by the coleccion brought with it an unwelcome amount of bureaucratic attention. The meticulous record-keeping required by the monopoly deprived the Indio of the protection that obscurity provided. Caudillos kept track of where he lived, the number of able workers in his household, the size and location of his fields, the number of seedlings he planted in a given
season, the probable size and quality of his harvest. From this body of information, the principales so inclined could figure out the farmer's approximate income and thus determine what debts were collectible or what level of extortion was safe. Apart from keeping the census up to date, the caudillos also plotted the tobacco season for the farmers, setting the schedule for every phase of production, from the preparation of the seed-beds to the final delivery of the fardos. The monopoly introduced Cagayan to the most direct, sustained, and intensive pressure ever applied by the colonial government on the Indio population.

Under the system of the coleción, the farmers could not sell their tobacco to anyone but the government; in a sense, therefore, the coleción—as any type of monopoly—involved a violation of freedom. Compulsion in the cultivation of tobacco, introduced by Martínez Cañas in 1830 and maintained by the monopoly from then on, technically brought a system of forced labor to Cagayan. For the majority of the people, however, the legal obligation to plant tobacco was more a matter of form than of substance. The real compulsion came, not from the rules in the books, but from the properties of the soil. With or without the coleción, most of the people would plant tobacco, because this happened to be the only commercial crop that the province had developed. Critics of the monopoly, especially non-Spanish Europeans, tended
to exaggerate the amount of work required in growing tobacco.\textsuperscript{33} Producing a top quality crop was indeed a painstaking process, as Spanish agricultural experts tried—without too much success—to impress upon the Indios.\textsuperscript{34} But Cagayan had been growing tobacco long before the monopoly's establishment and, thanks to favorable soil and climatic conditions, Cagayan could harvest a passable crop without undue difficulty.

The minimum quota imposed on each whole tribute by the monopoly—forty brazas by fifty brazas and 8,000 plants—took into account the people's need to grow their food crops. It was to the monopoly's advantage, Ferrer insisted, that the tobacco farmers did not have to leave their towns to obtain their food. Prescribing both the size of the field and the number of plants was designed simply to prevent the farmers from packing the seedlings too closely together. From the 8,000 plants would come between 40,000 and 48,000 leaves. At

\textsuperscript{33}J. Lannoy, \textit{Iles Philippines} (Bruxelles, 1849), p. 63; Jagor, p. 325; Frederic Sawyer, \textit{The Inhabitants of the Philippines} (London, 1900), pp. 131–132.

\textsuperscript{34}Spanish agricultural manuals bewailed the Indio's ignorance or disregard of the steps required to produce a superior grade of tobacco leaves: Felipe Gobrantes, \textit{Estudios 6 cartilla sobre el cultivo del tabaco filipino} (Binondo, 1869), pp. 4–5; Rafael Zaragoza, \textit{Cartilla agraria para el cultivo y beneficio del tabaco de Filipinas} (Manila, 1871), pp. 8–10; Rafael García Lopez, \textit{Manual para el cultivo y beneficio del tabaco en Filipinas} (Madrid, 1875), pp. 42–47; 49–50; 65–67; 91; 108–109; 122.
the rate of 4,000 leaves a fardo, therefore, the monopoly’s quota only amounted to twelve fardos for each household. Between 1865 and 1874, each tobacco-growing household in the Cagayan Valley delivered an annual average of over thirty-two fardos.35

So long, therefore, as the monopoly paid promptly and in full for what it purchased, compulsory cultivation was not an onerous obligation. The quota was not unreasonable and prices, despite recurrent complaints from the farmers, were generally fair and, because of the complaints, subject to periodic revision. But after 1863, the government began to fall behind in the payments to the tobacco farmers.36 At this point, the Cagayan colección deteriorated into a genuine system of forced labor.

35 Estimated from figures given in Mosquera, pp. 22-26.

36 Minuta de la comunicación de 11 de enero de 1881 al Gobernador general participando el estado floreciente de la Hacienda y de haberse satisfecho en tabla y mano la cosecha de tabaco de 1880. P.N.A., Tobacco Monopoly. This note from the department of finance points out that the government had been behind in payments to tobacco farmers since 1863 and observes that this had been the most serious problem in the field of economic administration in the last twenty years.
X. FOREIGN TRADE: STIMULUS AND RESPONSE

A request for samples of Philippine tobacco apparently accompanied the order to establish the monopoly in the Philippines. Manila shipped three fardos of local tobacco on the homeward-bound Buen Consejo in 1767. But appraisers of the tobacco monopoly in Spain could make no judgment on the quality of the sample; the leaves had arrived in such a dry state that they were only suitable for use in powder form.¹ Later shipments to Spain, infrequently made and in small quantities, were sent at the initiative of officials in Manila, but these tentative attempts at exporting Philippine tobacco generated little interest in the peninsula.

Apart from the question of the market's responsiveness, domestic demand for tobacco pressed closely on available supply and, during the first fifty years of the monopoly, left little stocks for export. Officials worried that crop failures in the colecciones and, consequently, empty

¹Miguel de Muzquiz to Julián de Arriaga, San Yldefonso, 4 August 1767. A.G.I., Filipinas 883.
shelves in the estanquillos might provoke rebellion—because the Indios needed tobacco only a little less than rice. To forestall the possibility of a shortage, the monopoly tried to keep a minimum of 170,000 fardos of tobacco in reserve, enough to meet the colony's requirements for two years.²

The success of the Cagayan colección removed the concern about failing to meet domestic needs. The outgoing intendant, Don Francisco Enríquez, reported in 1835 that the monopoly had enough leaf tobacco in its warehouses to supply the colony for four years. Enríquez noted the general opinion in the colony that the monopoly should step up cultivation to have a surplus available for export, but the intendant himself advised caution. He believed that the export market for tobacco was limited, or at least too unpredictable to serve as a basis for the monopoly's production. The collapse of the market could cost the government all it had spent on the surplus tobacco, for without adequate storage facilities, deterioration of the leaves would quickly follow. Reinforcing the fear of expanding cultivation for the sale of tobacco abroad was the familiar anxiety that a glut in the local market would result, thus promoting the contraband

trade and cutting into monopoly revenues.³

Don Luis Urrejola, appointed to replace Enríquez, did not share the fears of his predecessor. He had been one of the most persistent advocates of the plan to supply Spain with Philippine tobacco. Madrid had already rejected his proposals to this effect twice, once in 1828 and again in 1830. Leaves sent from Manila between 1822 and 1825 had failed to impress the superintendent of the royal factories, Don Antonio Altrape, who pronounced them of poor quality. Importing manufactured tobacco, he pointed out, was not in the interest of the country, which had its own factories to support. On the other hand, he doubted the feasibility of regularly obtaining Spain's supplies of leaf tobacco from so distant a source as the Philippines and the wisdom of incurring the heavy transport costs involved which would mainly benefit foreign shipping companies.⁴

The rejection of Urrejola's proposals, as well as similar ones offered by others, did not indicate that the court

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³Entrega que hace de sus funciones, en este día, el intendente general de ejército, Superintendente Subdelegado de la Real Hacienda de las Islas Filipinas, D. Francisco Enríquez, al Ecscelestísgimo Señor D. Luis Urrejola nombrado para servir en comisión esta Intendencia por Real Decreto de 27 de mayo de 1835 (Manila, 1836).

⁴Antonio Altrape, Madrid, 28 February 1832. Archivo Histórico Nacional (Madrid), Ultramar 1266. Subsequently cited as A.H.N.
was indifferent to the prospects for developing an export market for Philippine tobacco. Madrid approvingly noted a request made by Don Tomás del Rey, newly-appointed director of the monopoly, for authority to export the colony's surplus tobacco; but it observed that the director needed no special powers to arrange for such exports, as the crown had already ruled favorably on the matter.⁵ Whether Philippine tobacco was good enough for the overseas market remained the questionable point.

A royal order, dated 13 August 1835, asked for the shipment of 400 quintales of leaf tobacco to Spain in a final test to determine the suitability of Philippine tobacco for use in the Spanish factories.⁶ The results of the experiment indicated that Manila tobacco could replace the Havana leaves used as cigar fillers or wrappers without any decline in the quality of the product. But since Cuba also belonged to Spain already, the crown asked for further tests to see whether Manila tobacco could serve in place of those imported from Virginia and Kentucky.⁷ Manila sent another 3,500 quintales of leaf tobacco in 1838, and the results established

⁵Tomás del Rey to Secretario de Estado, Madrid, 26 August 1829. A.G.I., Filipinas 888.

⁶A quintal was a measure of weight equivalent to about 101 pounds.

that Cagayan tobacco was superior to the American imports. Consumer response confirmed the judgment of the factory experts. Products made from the original 3,500 quintales and from a subsequent shipment of 27,000 quintales sold well in the estanquillos, as did 6,000 boxes of Philippine cigars.  

Popular acceptance of Philippine tobacco in the peninsula appeared to herald the beginning of a mutually profitable relationship between the colony and the mother country. Export to Spain would relieve the colony of the surplus tobacco it had been accumulating, thereby saving it the expense of storage and reducing the risks involved in holding large reserves: losses from fires, deterioration of the leaves, increased smuggling. The monopoly would also be able to profit from expanding tobacco production without having to absorb the costs of expanding factory operations, as the leaves would go directly to factories in Spain.  

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8 Memoria sobre los presupuestos . . . para 1839, p. 42.

9 Tabaco: varios escritos acerca de esta materia, Manila, 1837. A.T.C. 1397. This item contains correspondence dealing with three related topics: an unsuccessful application for a monopoly contract on the export of leaf and manufactured tobacco, made in 1836 by a Manila merchant, Don Eugenio de Otadui; the objections of other merchants in Manila—Spanish and foreign—against the grant of such a monopoly; a proposal from José Victoriano La Badía, director general of the monopoly to send 50,000 fardos of leaf tobacco to Spain from the surplus in the monopoly's warehouses. For the preceding discussion, see pp. 100-108; 114-132.
to the peninsula would open new opportunities for Spanish commercial houses. More important, by restricting the carrying trade to Spanish ships, the government would stimulate the development of the Spanish merchant marine and, in the process, strengthen communication links between Manila and Madrid. Access to the colony's tobacco fields would release the monopoly in Spain from dependence on foreign suppliers and reduce the flow of money out of the country. The royal treasury would realize immediate gains from the difference in cost between Philippine tobacco and imported Virginia and Kentucky leaves.

In 1839, the crown ordered the annual shipment to Spain of 70,000 quintales of tobacco, stipulating that three-

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10 Hernandez Varela to Luis Urrejola, Manila, 9 February 1838. A.T.C. 2846. Representing the tribunal of the merchants of Manila, Varela argued that allowing tobacco shipments to Spain to go on foreign vessels would negate the effect of excluding foreigners from bidding for contracts to handle transport operations. See also Real Tribunal de Comercio de Manila to Urrejola, Manila, 19 August 1839. A.T.C. 2857. In this document, Manila merchants attempted to demonstrate that enough Spanish ships were available to transport Philippine tobacco to Spain. The colony assured Spanish vessels of a virtual monopoly in the freight of tobacco to Spain by giving them favorable rates over their foreign competitors.

11 On the various advantages to be gained by supplying the peninsula with Philippine tobacco, see: Luis Mercader y Sartorio, Memoria sobre las ventajas del tabaco Filipino para el consumo de la península (Madrid, 1859); Manuel Buzeta y Felipé Bravo, Diccionario geográfico, estadístico, histórico de las Islas Filipinas (2 vols.; Manila, 1850-1851), I, 142-143; Ramón González Fernández, Manual del viajero en Filipinas (Manila, 1875), 303-304; Carlos Recur, Filipinas: estudios administrativos y comerciales (Madrid, 1879), pp. 63-64.
fourths of the quota consist of the first three grades of Cagayan leaf and the rest to come from Gapan. A series of royal orders in 1841 repeated the demand for Philippine tobacco, as well as the preference for the Cagayan Valley products as against those purchased in Gapan or the Visayas. But the shoe was now on the other foot. Once cautious about accepting Philippine tobacco, the crown now discovered that it could not get as much as it wanted from the colony. At the beginning of 1841, nine tobacco factories in Spain, from Seville to Barcelona, held a combined stock of over one-and-a-half million pounds of Philippine tobacco. But Intendant Juan Manuel de la Matta reported that the monopoly simply did not have enough tobacco to meet all the demands of the crown. 12

Pressure on the colony's tobacco supply also came from Spanish and foreign traders in Manila. Private export of manufactured tobacco had begun in 1830 and, in 1837, the crown permitted exports of leaf tobacco as well. 13 In recognition of the shortage of supply, Madrid reduced the Philippine quota from 70,000 to 36,000 quintales, but the colony still found it difficult to comply with the order—especially

12 Juan Manuel de la Matta to Secretario de Estado, Manila, 20 April 1842. A.H.N., Ultramar 1266.

13 Rafael Díaz Arenas, Memoria sobre el comercio y navegación de las Islas Filipinas (Cádiz 1838), p. 58.
since the crown insisted on getting top-grade Cagayan leaves. By the mid-1840's, tobacco supplies from the Philippines had become important enough for disruptions in the scheduled shipments to disturb peninsular officials. The minister of finance complained to the intendant in December, 1845, that no tobacco had reached Spain, despite a royal order in August for its shipment: "the shortage in Spain of tobacco from the islands has already been too obvious and, as each day it is more keenly felt because the lack is absolute, ... Her Majesty trusts that Your Excellency shall have already begun to send the shipments." 14 Five months later, the minister was again complaining about the lag in deliveries, which was harming the interests of the royal treasury and discrediting the government. The tobacco exported from Manila was absolutely necessary to supply the tobacco monopoly in Spain, and the minister again charged the intendant with the immediate implementation of the royal orders: "Her Majesty the Queen shall greatly regret that the public service suffer further delay, for it is no longer excusable that the consumers of the peninsula should go much longer without being able to satisfy habits or acquired necessities." 15

14 Minister de Hacienda to Intendente de Filipinas, Madrid, 11 December 1845. A.H.N., Ultramar 1266.

15 Minister de Hacienda to Intendente de Filipinas, Madrid, 13 May 1846. A.H.N., Ultramar 1266.
But even the threat of the Queen's displeasure could not produce the desired results. Deliveries from the colony continued to fall behind the requirements of the mother country. In 1851, the director of the monopolies in Spain was urging the minister of finance to obtain for him 20,000 quintales of Philippine tobacco "even though the greater part consisted of inferior grades." At the same time, he warned that the government should raise the Philippine quota back to 70,000 quintales a year or prepare to import more Kentucky and Virginia leaves. Spanish factories were receiving tobacco from the Visayas in 1853, along with the preferred Cagayan leaves, but the quantity had still not caught up with the need; and the director general was again bemoaning "the shortage of an article so essential today" and the decline in public revenue that would result if additional supplies from the Philippines were not immediately received.

The persistent and exorbitant demand in Spain for Philippine tobacco helped inhibit the development of other foreign markets. The colony had to fill the peninsular quota before it could entertain foreign bids for any surplus leaf tobacco.

16 Hilarión del Rey to Ministro de Hacienda, Madrid, 10 April 1851. A.H.N., Ultramar 1266.

17 Director general de fabricas de efectos estancados to Ministro de Hacienda, 17 March 1853. A.H.N., Ultramar 1298.
in its warehouses. As a consequence, leaf tobacco was not always available for sale. In some years, the crown demanded even more than its regular quota. In 1856, Madrid ordered the colony to send to Spain all the leaf tobacco not required by its factories. John Farren, the British consul in Manila, estimated that the order deprived merchants of about 50,000 quintales which would have been left over in that year after local needs and the Spanish quota had been met: "the necessities of the Government in Spain press disadvantageously on these Possessions; not in direct taxation, but by restricting the freedom of industry in the growth and sale of tobacco, and by drawing from hence nearly all the surplus revenue, so as to leave the Government here, without means for undertaking public works conducive to agricultural and commercial prosperity." By the 1860's, the peninsula was claiming 135,000 quintales of tobacco a year for its use.

Apart from directly requisitioning tobacco, the crown interfered with the colony's export schedules in another way. It passed off debts contracted at home to the Philippine


20 Recur, Filipinas: el comercio nacional, p. 20.
treasury which was often forced to pay in tobacco for the
bills drawn upon it. The export of leaf tobacco to Spain
which had initially seemed to offer reciprocal advantages
turned out to benefit only the mother country. The crown
collected its quota of tobacco as a contribution or tribute
from the colony. Manila earned no money from the tobacco
it could easily sell to others, collected no export duties,
and even had to bear half of the cost of shipping the tobacco
to Spain.

The poor quality of manufactured tobacco was another
obstacle to the faster growth of exports. Complaints came
even from local consumers. Fray Francisco Villacorta blamed
continued smuggling on the monopoly's failure to supply the
estanquillos with good cigars, claiming that the Indios were
being compelled to buy—for lack of anything else—what was
not tobacco but "dry, rotting sticks which neither burn nor
satisfy." Proof of sub-standard workmanship was the de-
mand abroad for cigars of "domestic manufacture." These were

21 Farren to Palmerston, No. 6, Manila, 18 February
1850. P.R.O., F.O. 72/772; Juan Sevillano and others to
Ministro de Hacienda, Manila, 7 April 1842. A.G.I., Ultra-
mar 629; Gervasio Gironella to Secretario de Estado, Manila,

22 Mosquera, p. 66.

23 Sucinta memoria que contiene el estado actual de las
Islas Filipinas, sus ricas producciones, su agricultura, in-
dustria y comercio (Valladolid, 1838), pp. 27-28.
cigars which had been bought from the monopoly and then re-rolled with the proper care so that they burned more evenly. Products of domestic manufacture fetched prices 50 to 100 percent higher than those of the government factories. But part of the dissatisfaction with the monopoly's cigars resulted also from the heavy demand on the available supply. The monopoly often had to offer fresh cigars at the public auctions, when discriminating consumers preferred those which had been aged for at least two or three years. The shortage of supply also encouraged fraud. The practice had been to apportion the quantity of cigars available for export among those who had submitted bids. Speculators took advantage of the procedure to corner the supply for resale to legitimate merchants at higher prices, forcing the government in 1845 to restrict applications to purchase tobacco to the heads of recognized commercial houses.

Spanish as well as foreign observers were generally optimistic about the export potential of tobacco, despite the problems that impeded its growth. The product had already proven itself abroad; the gold medal awarded to Cagayan tobacco at the London Universal Exposition of 1851 merely

24 Tabaco, varios escritos, pp. 82; 87-89.

25 John Bowring, A Visit to the Philippine Islands /in 1858/ (Manila, 1963), p. 149.

confirmed its high quality. But the obvious need created by the demand for Philippine tobacco in the world market was to expand the production, especially of the top-grade leaves. In 1851, Juan Bautista de Marcaida, a Manila merchant, estimated total production for export at 120,000 quintales worth one million pesos: "the town of Jerez alone produces four times more in wine, Málaga in figs and raisins, Valencia in rice and almonds, Asturias in coal, Galicia in sardines, etc., which is to say that the production of tobacco in the Philippines is insignificant, most insignificant." But the potential for growth was present, and the colony made an effort to realize it.

The Cagayan Valley grew the colony's best tobacco and therefore received special attention from the government. Missionaries had long felt that the major obstacle to the development of the valley was the continued hostility of the pagan tribes in the highlands to the west. Two hundred years after the initial contact with these tribes, the Spaniards still had not succeeded in either conquering or converting them. The government, however, had made no systematic or sustained effort to assimilate the infieles and missionary

27Montero y Vidal, III, 158.

work among the tribes received only minimal support from Manila. The growing importance of tobacco to the colony, especially after the first quarter of the nineteenth century, gave the government a new and weighty reason for establishing control over the pagan tribes.

Complaints against the highlanders began almost as soon as the monopoly started operations in northern Luzon and continued on well into the nineteenth century. Competition from smuggled tobacco grown by the infieles kept the monopoly from reaping larger profits in Ilocos and Pangasinan. Periodic raids into the mountains to destroy their fields failed to halt the contraband trade. The monopoly's decision to buy tobacco on a regular basis from the pagan tribes inhabiting the mountains of Pangasinan was a tacit admission of this failure, although the move was also justified in terms of the fine quality and low cost of infieles tobacco and the political need of binding them by ties of economic interest to the government. 29

The tribes along the upper reaches of the Cagayan River and its Magat tributary were less disposed to enter into contracts with the government, and their hostility extended to the mission towns of Paniqui which the Spaniards had established. Don. Jose Ferrer, the commissioner appointed in 1831

29 Entrega que hace de sus funciones . . . el intendente general.
to investigate conditions in Cagayan, had to excuse these towns from the quota imposed on the rest of the colección, allowing them to deliver as low as half of what other towns produced; the pagans surrounding the area were so menacing that the people could not even get to the tobacco fields except in parties of eight to ten armed men.\textsuperscript{30} The gobernadorcillo and parish priest of Carig complained in 1844 of the deprivations committed by the infieles: "our homes are frequently attacked and at night the Mayoyaos are the masters of this town, through whose streets they go forth in search of whom to slay .... some of the inhabitants have already left for other towns, fleeing from the turbulence and fear in which they live, a large number of widows appear on the tribute lists, and the number of able men is getting to be so low that it will shortly be impossible for us to fulfill the obligatory services."\textsuperscript{31} From the town of Carig alone, the pagans beheaded sixty-eight men between 1830 and 1847. Added to those collected in the other towns, the Mayoyaos bagged a total of 280 heads in the seventeen-year period.\textsuperscript{32}

The terror inspired by the pagan tribes retarded the development of Cagayan in another way. Shortage of manpower rather than suitable land fixed the limits of Cagayan's

\*\textsuperscript{30} Quoted in Francisco Gainza, O.P., \textit{Memoria sobre Nueva Vizcaya} (Manila, 1849), p. 18.
agricultural expansion. Surplus manpower was available in the Ilocos, but hostile tribes straddled the communication lines between the two regions. Beginning in the late 1820's, the government began to exert pressure on the infieles with repeated entradas or armed expeditions into the northern Luzon highlands. Don Guillermo Galvey, chief of the military force guarding against tobacco smuggling in Pangasinan and Ilocos, testified in 1836 that he had personally undertaken forty-five forays into the mountains. These campaigns, however, were too limited in scope and duration to accomplish the permanent submission of the mountain tribes. When launched as punitive raids, they were sometimes even counterproductive, as they tended to inflict as much damage on the innocent as on the guilty. What the Spaniards needed were secure, permanent bases in the highlands from which they could gradually extend their influence over the pagan tribes. The need to stabilize the frontiers and contain the infieles thus

33 Montero y Vidal, III, 560-562.

34 Juan Ferrando, O.P., y Joaquín Fonseca, O.P., Historia de los PP. Dominicos en las Islas Filipinas, y en sus misiones del Japon, China, Tung-kin y Formosa, que comprende los sucesos principales de la historia general de este archipiélag, desde el descubrimiento y conquista de estas islas por las flotas españolas (6 vols.; Madrid, 1870-1872), V, 598-605.

added strategic considerations to proposals for the administrative reorganization of the Cagayan Valley.

The argument that the valley was too vast and backward an area to be effectively administered as a single province had been raised at least as early as the 1780's. But because the government had no particular interest in Cagayan at the time and no money to spare on multiplying offices, the call for the subdivision of the province went unheeded. The new prominence of Cagayan as a monopoly co-lección revived the issue. In 1826, Don Pascual Cía explained to the governor the impossible situation confronting him as alcalde of Cagayan. His jurisdiction extended over some 13,000 households in thirty-three towns scattered over territory stretching about 330 miles, north to south. His capital was at Nueva Segovia or Lallo in the far north, and poor communications made it difficult for him to govern the southern half of the province. Nor were the people likely to present themselves at the capital; some of his towns had easier access to Manila than to Nueva Segovia. As alcalde, he was supposed to make an annual tour of the entire province to inspect the town and to conduct the

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election of their local officials. None of the alcaldes appointed to Cagayan, himself included, had ever been able to comply with this obligation. And if the alcalde could not even cope with his primary responsibilities, much less could he attend to the problems posed by the infieles. 37

Cía’s representations had no immediate effect. But in 1839, the government finally relieved the burden on the Cagayan alcalde by forming from the towns south of Tumauni the new province of Nueva Vizcaya. Not surprisingly, the government transferred the capital of Cagayan from Lallo to Tuguegarao, the biggest tobacco-producer in the province. In 1856, the government redefined the valley’s boundaries, carving out the new province of Isabela between Nueva Vizcaya and Cagayan. Isabela, with its capital at Ilagan, received jurisdiction over the tobacco-producing towns in the northern part of Nueva Vizcaya. 38

The formation of new administrative units extended beyond the Cagayan Valley. Governor Narciso Clavería sliced off the northeastern part of Ilocos Sur to form Abra in 1846. Governor Antonio María Blanco created the province of Unión between Ilocos Sur and Pangasinan in 1850. In the


38Arnaiz, pp. 16-17.
northern highlands, the government eventually established Bontoc, Benguet, and Lepanto. The objective behind the changes was clearly the closer surveillance and control of the infieles. Like Isabela and Nueva Vizcaya, the new administrative divisions were not regular provinces under alcaldes mayores but commandancias entrusted to military men. As an added bonus, the government also began collecting tobacco from the commandancies of Abra, Lepanto, and Unión.

The government recognized other impediments to immigration than fear of hostile pagans and it made an effort to eliminate them. Officials in Ilocos did not look kindly on the transfer of their tribute-payers to another province and they had to be strictly enjoined not to prevent people from immigrating. To ease the process of resettlement, as well as to encourage whole communities to emigrate, it gave groups of at least twenty households leaving together the right to elect from among themselves the cabezas and gobernadorcillos their numbers warranted. The government also made available, upon the request of the monopoly's director, commissioners to help arrange Ilocano immigration. These commissioners could advance money for the trip and for the

* 39 *Montero y Vidal, III, 76-77; 147; 166; 271; 235.

40 Mosquera, pp. 32-36.
settlement of debts up to five pesos. Since the law prohibited lending more than five pesos to Indios, the government ruled that claims of bigger loans against the immigrants need not delay their departure from the province. Immigrants who owed tribute to the province at the time of their departure had these debts commuted, as long as they did not exceed two pesos. The government underwrote the cost of passage and maintenance until arrival at the place of settlement. The alcalde-collector of the province then advanced the money needed by the immigrants for building their homes, acquiring farm tools and work animals, and supporting their families until the first harvest. The cash advances were personal loans, but the town was collectively responsible for their repayment in case of the death, flight, or bankruptcy of the borrowers. One-third of each crop went towards repaying the loan, but the Ilokanos willing to cultivate tobacco for the monopoly did not have to pay tribute for eight years. 41

Although the government looked to the Ilocos as the logical and primary source of labor for Cagayan, it also considered recruiting manpower from other areas. In 1852, it approved a plan to resettle as many as two-thirds of the 2,080 families in the Batanes, the islands off the northern

41 Instrucción general, 1849, art. 431-442, pp. 94-96. Documentos referentes a la reducción de infieles e inmigración en las provincias de Cagayan y de Isabela (Manila, 1881), p. 23.
coast of Luzon. Immigration was to be voluntary, but the
government entertained great hopes that many would cooper-ate. Conditions on the storm-battered islands had been so
miserable that the government had only recently been forced
to send them 600 cavans of rice to stave off starvation.
Terms were similar to those offered to Ilocano immigrants:
free passage, cash advances, exemption from tribute for
eight years. An effort was to be made to relocate whole
towns as a unit, so that the community would retain their
own cabezas and, if possible, the same parish priests. 42
In 1853, the intendant, José Sandino, went even farther
afield in the search for able bodies. During a visit to
the Visayas, he asked the alcalde of Cebu, Rafael Cervero
de Valdez, to promote the immigration of Boholanos to Ca-
gayan. The alcalde was sceptical about the project. The
people of Bohol did immigrate, but only to nearby islands
where usually they already had relatives. He doubted that
the Boholanos would be willing to move so far from their
homeland to a region, moreover, which spoke a different
dialect. But he promised to ask the gobernadorcillos to
encourage landless farmers to settle in Cagayan. 43

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42 Jose Sandino y Miranda to Ministro de Hacienda,
No. 1620, Manila, 13 October 1852. A.G.I., Ultramar 637.

43 Sandino to Ministro de Hacienda, No. 1761, Manila,
30 March 1853. A.G.I., Ultramar 637.
About 40 per cent of the Batanes population—872 households—agreed to relocate in Cagayan, on condition that their parish priests accompanied them. But unfavorable weather conditions cut off communications between Batanes and Cagayan, effectively sinking the Batanes resettlement program for that year. From Cebu, however, came Cervero's report, indicating that some Boholano families had already volunteered to go to Cagayan. Sandino therefore asked and obtained permission to use the 40,000 pesos made available for the Batanes project to support immigration from Bohol. 44 In May, 1854, forty-three families from Bohol arrived in Manila. But the intentions of the government were frustrated; the better part of the group consisted of people unfit for agricultural work because they were female, too old, or too young. In acknowledging the report, however, Madrid made it clear that it expected further efforts to promote immigration to Cagayan. 45

The monopoly had only a little more success collecting tobacco as gathering people from the Visayas—for reasons it only had itself to blame. Cultivation and consumption of tobacco had always remained free in the Visayas,

44 Sandino to Presidente del Consejo de Ministros, No. 37, Manila, 31 May 1853; and No. 49, Manila, 22 June 1853. A.G.I., Ultramar 637.

despite occasional attempts to place the islands under the monopoly. Trade in tobacco within the islands was similarly unrestricted, but the government banned sale of leaves outside the region except to the monopoly. Spanish traders acted as middlemen, purchasing tobacco in small lots from native growers and shipping them to Manila, where monopoly appraisers paid them according to the size and quality of the leaves.

Production in the Visayas was limited until the increased demand for tobacco in the mid-1840's raised prices from ten reales to an average of twenty-five to twenty-six reales per quintal. Deliveries from Iloilo jumped from about 10,000 quintales in 1845 to 24,000 quintales in 1847. The surge in Iloilo's tobacco production tempted the monopoly into sending its own agents to purchase tobacco directly from the growers. Government competition, however, caused private enterprise to lose interest in tobacco. Between 1849 and 1853, Iloilo exports to Manila fell from 25,000 to 18,900 quintales. In 1853, the government halted its efforts to corner the Iloilo crop. Private merchants resumed shipment of tobacco to Manila under the original system, and production began to show improvement. But merchants felt aggrieved by the monopoly's procedures in Manila. They regarded monopoly appraising of their tobacco as arbitrary and especially objected to the burning of
leaves judged unacceptable without any recompense. They also complained that even after they had delivered the tobacco to the government warehouses, they still had to assume responsibility for the shipment until the tobacco had been examined, repacked, and prepared for transport to Spain.  

In 1860, the government banned the export of tobacco by private individuals, appointing the alcaldes to collect all the surplus leaves produced in their provinces. The first year of the new system's operation saw Iloilo's crop collapse from 30,000 to 1,044 quintales. The drop was partly due to the failure of the Cagayan seeds which the monopoly had distributed to farmers. But it was also due to the people's distrust of government intervention. In 1864, the government abandoned the system, placing the sale of tobacco leaves to the monopoly on a completely voluntary basis.

The different steps taken by the government in the 1840's and the 1850's to promote the monopoly met with

46 Nicholas Loney to Farren, Iloilo, 12 April 1857. P.R.O., F.O. 72/927. Loney was the British vice-consul in Iloilo. This report and a few others were published by the Filipiniana Book Guild as an appendix to its reprint of Mac-Micking's Recollections of Manilla and the Philippines during 1848, 1849, and 1850 (Manila, 1967), pp. 209-241.  


48 Mosquera, p. 37.
varying degrees of success. At their best, however, they represented no more than hopeful beginnings which called for greater investments of time, energy, and money before any decisive break-through could be achieved. But the Spanish colonial establishment in the Philippines was running out of all three commodities. Nevertheless, in the mid-nineteenth century, the tobacco monopoly still held pride of place as the colony's most important source of revenue. Monopoly operations on Luzon gave the government over half of its total income.\footnote{Memoria sobre el estado de la Hacienda publica en las Islas Filipinas redactada de orden del Exmo. Sr. D. Juan Bravo Murillo, Ministro de Hacienda y Presidente del Consejo de Ministros por D. Andres Rodriguez de Cela y Andrade. Cefe que ha sido del negociado de dichas islas en el Ministro de Hacienda y actualmente oficial de la Dirección General de Ultramar (Madrid, 1851), fol. 9. A.H.N., Ultramar 1290.} Despite the problems that restricted its sale abroad, tobacco still ranked third, behind sugar and abaca, among the country's export products.\footnote{Legarda, pp. 218-220.} But observers among the foreign community in Manila, as well as among the Spaniards themselves, believed that tobacco could become of even greater value to the colony, if the monopoly were abolished.
XI. ABOLITION

The call for the abolition of the monopoly, gaining force from the 1850's on, came from several quarters. British consular officials, reflecting the views of the foreign merchant community in the colony, represented one lobby. Although their interests did not always coincide with those of their foreign colleagues, Spanish merchants had also begun to chafe under the restrictive system of the monopoly. As they gained confidence in their ability to compete with the foreigners, they, too, became advocates of free trade. Finally, responsible officials in the government itself saw abolition as an essential part of the radical reform needed in the colony's fiscal system. The arguments for abolition raised by these separate groups were basically the same, though the special interests of each lobby introduced variations of stress and tone in the theme.

In some ways, the establishment of the monopoly was a pragmatic, emergency measure required by crippling deficits in the government's budget. By the late eighteenth century, the pernicious tendencies inherent in the system
of monopolies as such were clearly recognized, even in Spain. Madrid could only console itself with the hope that the Philippines might yet prove an exception to the general rule that monopolies were both ineffective and harmful.\footnote{Note following Basco to Gálvez, No. 1019, Manila, 17 June 1787. A.G.I., Ultramar 636.} The tobacco monopoly, therefore, not being defensible in theory, always stood in constant need of proving its usefulness in practice. But even after fifty years of operation, it showed no sign that it could cope with the problems that had arisen soon after its inception.

Smuggling—by the infielos in northern Luzon, by professional gangs in the central provinces, by the Visayans in the south—continued to plague the monopoly. The increased demand for Philippine tobacco abroad from the 1840’s on and the poor quality of estanco cigars sold at home gave new impetus to the contraband trade. The inefficiency, if not the connivance, of officials made enforcement of the monopoly even more difficult. A government report cited as common knowledge the fact that Visayan tobacco supplied an important cigar factory in Singapore.\footnote{Informe presentado en 18 de diciembre de 1870 al Excmo. Sr. Gobernador Superior Civil de Filipinas, por la Junta de reformas económicas creada al efecto por la misma autoridad superior (Sinondo, 1871), p. 9.}

Observers differed on the quality of contraband
tobacco, but generally agreed that it was easily available. The best cigars that smugglers could produce doubtless fell below the choicest products of the factories. Such a comparison, however, had little meaning, since the best brands of government cigars were beyond the reach of the common people—because they were not likely to reach the retail shops in the first place. Moreover, contraband cigars enjoyed a decisive advantage in price, as they sold at half the rates fixed by the monopoly.\(^3\) The shortage of currency also favored the contraband trade, because it left people without money to buy tobacco from the government stores. Indeed, tobacco was taking the place of money, and the government had to pass an edict in 1837, prohibiting the practice.\(^4\) The order apparently had little effect. MacMicking observed, in the mid-nineteenth century, that because of the scarcity of copper coins, cigars had become the most important medium of exchange circulating in the colony.\(^5\) The French naturalist Alfred Marche, travelling through Luzon in 1880, on the eve of the monopoly’s abolition, reported that smuggling was still active: "in our trips we often chanced to see individuals running away through the rice-

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\(^4\) Mofitero y Vidal, II, 571-572.

\(^5\) MacMicking, p. 197.
fields or into the woods, mistaking the Europeans they met for inspectors of the administration.\footnote{6}

Expenses for the control of smuggling continued to mount. In 1824, the government had begun posting military units to support the tobacco resguardo in areas like Pangasinan and Ilocos where smuggling was notoriously difficult to control. By 1836, these auxiliary troops numbered twenty officers and 500 men, at a cost to the government of 15,000 to 16,000 pesos a year. The total cost of the tobacco resguardo in this year amounted to about 145,000 pesos, compared to just 44,000 pesos spent on security for the wine monopoly and 13,000 for the customs house. In 1838, the government combined the customs police and the tobacco and wine resguardos into one force known as the resguardo general de hacienda or as carabineros de hacienda—internal revenue or treasury police. The carabineros had an authorized force of close to 2,000 men in 1851. By the 1860's, maintaining this corps required an average outlay of over 290,000 pesos a year, as against an annual cost of about 200,000 pesos in the 1830's. Most of this amount was spent to enforce the tobacco monopoly.\footnote{7}

\footnote{7See in the series Guía oficial de Filipinas (36 vols.; Manila, 1834-1898): Guía oficial, 1851, pp. 103-104; Guía oficial, 1852, pp. 108-112. See also Díaz Arenas, Memorias históricas, cuaderno 16, fols. 7-8. The estimate of 290,000}
Increased expenditures did not make the treasury police more effective against smugglers or less rapacious in their dealings with the people. Complaints from the missionaries against abuses committed by the monopoly's auxiliary troops in Pangasinan and Ilocos reached Madrid in the 1830's. These included extortion, irregular searches of private homes, molesting women, and the murder of at least two Indios. The crown's response followed a familiar formula; it ordered the immediate withdrawal of the military units from the provinces involved, so long as this did not cause any grave inconvenience to the monopoly. The government's reply was just as predictable; the premature retreat of the troops would do incalculable damage to the colony's most important source of revenue, and the troops, therefore, had to stay. Occasionally, resguardo crimes brought down the punishment they deserved. In 1854, seven carabineros in Nueva Ecija were sentenced to death for embezzlement and

pesos a year as average cost of the resguardo in the 1860's comes from José Jimeno Agius, Memoria sobre el desestanco del tabaco en las Islas Filipinas (Binondo, 1871), pp. 7-10. According to Jimeno, expenses for the resguardo in the period 1865-1869 averaged at 5,855,840 reales vellon a year (20 reales vellon = one peso).

8Madrid, 15 September 1832, in Expediente sobre extorsiones y aún muertes causadas por el resguardo militar a los Indios de las provincias de Pangasinan, y de Ilocos. A.G.I., Ultramar 537; on resguardo abuses, see also Ferrando y Fonseca, V, 566-571.

9Enríquez to Secretario del Real y Supremo Consejo y Cámara de Indias, No. 15, Manila, 16 August 1833. A.G.I., Filipinas 903.
murder. But disciplinary action of this nature were not administered frequently enough to deter abuses. Harassment of travellers and illegally-conducted search operations continued. Such tactics were less risky than pursuing armed bands of professional smugglers and more profitable. The people had little recourse against the treasury police, who claimed an uncanny skill in discriminating between government and contraband tobacco simply from the ashes that they left.  

The failure of the resguardo to curb smuggling and the need to increase tobacco supplies forced the government to make compromises in the monopoly's enforcement. In certain cases, the adjustments made already amounted to a partial abolition of the monopoly. In the second half of the nineteenth century, government regulations on tobacco varied from region to region. In the Visayas, the people were free to grow tobacco for their own use and for trade within the islands. But the government prohibited exports and at various times tried to monopolize all of the islands' surplus tobacco. In Luzon, trade in tobacco was the exclusive prerogative of the government. But by paying an additional two

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10 Agustín de la Cavada y Mendez de Vigo, Historia geográfica, geológica, y estadística de Filipinas (2 vols.; Manila, 1876), 1, 17.

11 Informe por la Junta de de reformas económicas, pp. 5-6.
reales in tribute, the provinces of Abra, Ilocos Norte, Ilo-
cos Sur, and Unión obtained the right to grow tobacco for
their own consumption. The right was also a duty, as they
also had to grow tobacco for the monopoly. Cultivation was
compulsory in Cagayan and Isabela, but they could keep the
tobacco they needed for their use. Nueva Ecija was in the
absurd position of having to grow tobacco for the monopoly
without being able to consume any part of what they grew;
the people had to buy their tobacco from the government
stores. The monopoly applied in full force only in central
and southern Luzon, where the government banned cultivation
and trade and required consumers to purchase their tobacco
only from the estanquillos. The uneven way in which the
monopoly burdened the people was one argument raised in fa-
vor of abolition.12

In the last two decades of the monopoly, the burden
weighed most heavily on the tobacco-growing towns of the
Cagayan Valley. The deterioration of conditions in Cagayan
was a consequence of the government's steadily worsening
fiscal problems. It was clear in 1850 that the colony's

12 Informe por la Junta de reformas económicas, pp. 6-7; Manuel de Azcarraga y Palermo, Memoria sobre un
plan de fomento presentada al Excmo. Sr. Gobernador Supe-
rior Civil de Filipinas, por la Comisión de reformas ad-
ministrativas (Manila, 1870), p. 35; Juan García de Torres,
El arriendo de los tabacos filipinos (Madrid, 1881), pp. 61-63.
financial affairs were, in the words of the British consul, "tending to embarrassment." The budgetary squeeze became so tight that in 1863 the government began paying tobacco farmers in papeletas or certificates of credit instead of cash. As it took the government two to three years to redeem the papeletas, the monopoly was in a state of permanent indebtedness to the tobacco farmers. In 1871, this debt amounted to 1,600,000 pesos for the 1869 and 1870 crops.

Delays in tobacco payments hurt Cagayan and Isabela more seriously than the other colecciones because they depended on the proceeds from their crops for the purchase of their food supplies. The situation offered attractive opportunities to speculators who could afford to hold on to the papeletas until their redemption by the government. To solve the immediate need for cash or goods, farmers were willing to sell their papeletas at 20 to 50 per cent below their face value.

For the Cagayan Valley, the introduction of the

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13Farren to Palmerston, No. 6, Manila, 18 February 1850. P.R.O., F.O. 72/772.

14Jimeno, pp. 7-10; Malumbres, pp. 112-116; P. Guel, O.P., Descripción de Malaueg, 1872. A.P.S.R. Mss. Cagayan XV i.

papeletas marked a swift and stunning reversal of fortune. Until their appearance, tobacco farmers did not have too much to complain about. They had an assured market for the only commercial crop they could grow and, having all the tobacco they wanted, they were spared the worst excesses of the resguardo. Payment in papeletas reduced them to a condition which Intendant José Jimeno Agius described as worse than that of Cuban slaves. Slaveowners at least maintained their chattel in good health. The farmers of Cagayan and Isabela labored in the tobacco fields under the same compulsion as slaves, without any assurances that they would receive from the government enough to meet at least their basic needs. When drought struck northern Luzon in 1877, the Dominicans, the Augustinians, and the Recollects took the initiative in raising 50,000 pesos to lend the government so that it could avert famine in the valley.

To stimulate tobacco production and to relieve the plight of the farmers, Intendant Olegario Andrade began to

\[\text{of the volume}.\] The commercial reports of the British consuls are in the series Accounts and Papers. Subsequent citations will give the volume number of the Parliamentary Papers series for the year and will follow the pagination of the volume.

16 Jimeno, pp. 11-12.

pay cash for the 1877 crop. But the colony's finances could not sustain the effort. Payments for the 1877 crop had not been completed in 1878, and the government still owed over three million pesos to the farmers for deliveries made between 1874 and 1876. In 1879, just two years before the monopoly's abolition, the government still owed about one million pesos to the tobacco farmers.

Concern for the plight of the people under the monopoly was one reason for the growing conviction, even within the government, that it should be abolished. Spanish liberals felt that the profits obtained from the monopoly could no longer justify the miseries and injustices it visited upon the people. The concern was not entirely altruistic; it was partly based on the fear that if the government did not do away with the monopoly, the people might

18 Acting-Consul MacKenzie to Derby, Commercial No. 1, Manila, 11 January 1878. P.R.O., F.O. 72/1510.


do away with the government. Jimeno warned in 1871 that the monopoly alienated the people from the government, promoted smuggling and banditry, and, in so doing, was creating the nucleus for a possible rebel force.  

The reports of the British consuls at Manila provide some evidence that Jimeno was not simply arguing for effect. Consul Webb noted the establishment in 1865 of military courts to handle anticipated Indio revolts. Over 700,000 pesos worth of tobacco had gone up in smoke when fires hit government warehouses at Lalio that year, and the Indios, according to Webb, "attribute the destruction of their property to the Spaniards, and even to the government, to make way for the European population which is rapidly augmenting in number." Consul Ricketts reported in 1868 that brigandage, although always chronic, had risen on an extensive scale in the provinces of Nueva Ecija, Pangasinan, Tayabas, and Cavite. A band of forty men attacked the court-house of the town of Gerona in Pangasinan, seized the spare weapons of the police, and plundered the church. Another band of eighty men kidnapped the gobernadorcillo of a Pampanga town. Ricketts described the bandits as army deserters,


22 Webb to Russell, No. 12, Manila, 20 March 1865; Webb to Russell, No. 34, Manila, 4 July 1865. P.R.O., F.O. 72/1109.
defaulting cabezas de barangay, and professional robbers, a category wide enough to include tobacco smugglers. Four years later, Ricketts was sending the same report of increased banditry in central Luzon. Notice of Cagayan's plight also reached Consul Oswald Coates, as shown by a despatch he filed in 1873:

The natives of Cagayan at the North of Luzon have also great cause for complaint: Cagayan is the great Tobacco Field of the Philippines. The labour is forced, as every native is obliged to cultivate a certain amount of Tobacco Land, the produce of which if equal to the standard size and quality is received and paid for in receipts made payable by the Philippine Government, whilst the remainder is either burnt or returned to the farmer who cannot sell it in that district, and is not permitted to send it to any other. The money to pay for the Tobacco Crop of 1871 left Manila for Cagayan in 1873 and in the meantime the natives have been driven by necessity to sell their receipts at absurd and ruinous discounts to the Governor, Magistrate, or some other Government Employee. How can the Spanish Government expect that the natives are happy with them or (although I suppose they are the most patient people in the world) desirous of remaining under Spanish Rule, which so far from being as they pretend a civilized and enlightened one, renders the natives in some districts worse than slaves, in as much as that slaves are always provided with the main necessities of life, whilst on the other hand the Philippine system at present in vogue tends to deprive them of both money and food as well as liberty. 25

23 "Report by Mr. Consul Ricketts relative to the Local and General Administration, and to the Financial State of the Philippine Islands, Manila, 4 December 1868," Parliamentary Papers, 1868-1869, Vol. LX, 97.

24 "Report by Mr. Consul Ricketts on the Trade of the Philippine Archipelago for the Year 1871, Manila, 10 August 1872," Parliamentary Papers, 1872, Vol. LVIII, 713.

25 Coates to Granville, Political No. 3, Manila, 18 October 1873. P.R.O., F.O. 72/1355. Also quoted in Cushner, Spain in the Philippines, p. 203.
The outbreak of a mutiny among the native troops in the Spanish garrison at Cavite in 1872 heightened the fears of the Spanish government. Though the mutiny was provoked by local grievances over unpaid wages and tribute collection, the Spaniards saw it as part of a wider conspiracy to overthrow colonial rule.²⁶ Conservatives blamed the liberal regime of Governor Carlos María de la Torre (1869-1871) for encouraging dissent. In his defense, de la Torre attributed the uprising to a failure to deal with the people's grievances to which he had already called attention, and he cited the tobacco monopoly as one of the sources contributing to the climate of revolt.²⁷

The attitude of foreign observers towards the monopoly was no secret to the Spaniards; in person and in print, they lobbied vigorously for its abolition. Jagor wrote in his book, subsequently translated into Spanish, that among the many sources of revenue in the colonial budget opposed to justice and morality, the tobacco monopoly was the most pernicious.²⁸ An unflattering account of the monopoly, excerpted from one of Ricketts' despatches, appeared in the

²⁶ Cushner, Spain in the Philippines, pp. 220-222.

²⁷ Carlos María de la Torre, Manifiesto al país sobre los sucesos de Cavite y memoria sobre la administración y gobierno de las Islas Filipinas (Madrid, 1872), xv-xvi.

²⁸ Jagor, p. 324.
London and China Express in 1872. Ricketts had done no more than rehearse the same objections that many Spaniards had proposed against the system; that it was inefficient, relied on compulsion, and reduced the peasantry almost to a state of servitude. But the Spaniards took offense at its publication, denouncing Ricketts in the Manila paper El Diario. When the governor refused to act on a threatening letter that he had received, Ricketts requested and obtained the despatch of a man-of-war from Hong Kong for his protection.29

Foreign criticism of the monopoly, so pointedly and publicly expressed, sharpened Spanish anxieties over the security of the colony. Accounts of native discontent over Spanish maladministration in the Philippines, often accompanied by exuberant reports on the islands' economic potential, projected an image of the colony as a fruit ripe for the picking. Abolition of the monopoly would remove a source of resentment at home, improve Spain's image abroad, and reduce the risk of foreign powers intervening to despoil Spain of her possessions.30 How seriously Madrid entertained

29 Ricketts to Granville, No. 50, Manila, 14 November 1873; No. 54, Manila, 19 November 1873; No. 55, Manila, 22 November 1873. P.R.O., F.O. 72/1359.

30 Enrique Barbaza, Memoria sobre el aumento de la producción del tabaco en Filipinas, 29 April 1879. A.T.C. 3184, fols. 2-3; 5; 14. Barbaza was later a member of the council of administration of the Madrid committee of Tabacalera, the private company which virtually took over the government monopoly on tobacco in the Philippines in 1882.
these fears is difficult to say. The security of the islands had always been a problem, and the colony had survived through more perilous times. The argument that the monopoly encouraged an alliance between foreign powers and native rebels had been advanced much earlier in its history. The French traveler La Perouse noted that the Spaniards had been driven to use force to compel submission to the monopoly. Resistance had been subdued, but "there still remains ... a leaven of revolt, in which the least fermentation might produce a formidable activity, and it is not to be doubted that an enemy who might entertain projects of conquest would find an army of Indians ready to join their standard the moment they set foot on the island and furnish them with arms."31

What made the monopoly especially vulnerable to attack was its inability to produce according to the needs of the colony. In the 1820's an anonymous critic of government monopolies in general could still approve of the tobacco monopoly as "not only the most productive, but best-conducted branch of the revenue."32 In the second half of the nineteenth century, this was no longer the case. The system had progressively degenerated into a wasteful, top-

31La Perouse, I, 273; II, 314.

32Remarks on the Philippine Islands and on their capital Manila, 1819-1822 by an Englishman (Calcutta, 1828), p. 41.
heavy, cumbersome bureaucracy. Rafael Díaz Arenas, himself a former director of the monopoly, declared that Tallyrand had not drafted more constitutions for Europe than the monopoly had drafted regulations for its officials.33

The forces which doomed the system were not entirely within the control of the colonial government. Reviving the monopoly was a task which required sustained direction and support from Madrid. But Spain herself was suffering from chronic insolvency and political turbulence. Rather than lift up the colony, the mother country tended to drag it down. As conservatives and liberals alternated in power in the peninsula, the colony became a dumping ground for political exiles and political protégés alike. The practice saddled the colony with an overblown bureaucracy staffed by people whose principal concern was to get rich as quickly as possible. Fray Francisco Villacorta estimated that between 1818 and 1848 the number of officials in the colony had almost doubled, with a sharp increase in cost, but no notable improvement in service. In some years, the government had to create positions to accommodate peninsular appointees. The rapid turn-over in personnel made orderly administration and systematic planning impossible, for even with the best of intentions, a government official needed

33 *Memorias históricas*, cuaderno 16, fol. 3.
time to acquaint himself with the problems of the colony. As the government's most extensive operation, the monopoly disposed of numerous lucrative appointments in the provinces, the resguardo, and the factories, and it had to provide its share of nesting places for the carpetbaggers from Spain.34

Supporting the civil and military bureaucracies severely strained the resources of the colony. Manila had to pay, not only the salary of its officials, but also the cost of their passage to and from the colony and their pensions upon retirement from the service. In addition, Madrid also raided its treasury for money to settle crown debts and to defray expenses, such as those incurred by the Spanish diplomatic corps in China, which were properly the charge of the home government. Ricketts estimated that in 1868, when the colony was practically bankrupt, Spain had siphoned off over three-and-one-half million pesos, mainly in the form of tobacco requisitions and pensions for officials living in Spain.35 The sum would have covered the monopoly's current debts to the tobacco farmers.

34 Villacorta, pp. 57-58. See also: Jagor, p. 338; Toribio Ruiz de la Escalera y Oraá, El desestanco del tabaco en Filipinas (Bilbao, 1871), p. 26; Francisco Javier de Moya y Jiménez, Las islas Filipinas en 1882 (Madrid, 1883), pp. 84-85.

35 "Report by Mr. Consul Ricketts relative to the Local and General Administration, and to the Financial State of the Philippine Islands, Manila, 4 December 1868," Parliamentary Papers, 1868-1869, Vol. LX, 101-102.
Whatever the extenuating circumstances, the plain and pertinent fact was that the monopoly was performing to almost no one's satisfaction. Farmers were resentful, consumers dissatisfied, even the government disenchanted. The colony had failed to profit from the opportunities that opened up in the second half of the nineteenth century to the tobacco industry. The civil war in the United States had disrupted its tobacco trade and removed, for a time, a major competitor in Europe. The opening of the Suez Canal in 1869 brought the Philippines closer to the European market. California and Australia offered new areas for expansion. But the monopoly failed to respond to the challenge. It could not produce enough to satisfy the demands of the export trade. The products it offered at public biddings were sometimes of such poor quality or so excessively-priced that they found no takers. Buyers from China to California, from India to Rotterdam complained that Philippine tobacco arrived mouldy and worm-eaten; proof that it had been improperly cured and manufactured with little care. It was especially galling to the government to see inferior Asian tobacco chasing Philippine products out of the foreign market.36

36 Jimeno, pp. 12-13; Mosquera, Apendice a la memoria sobre el tabaco de Filipinas, su producción, elaboración y distribución (Madrid, 1884), pp. 5-6; Recur, Filipinas, el comercio nacional, pp. 21-22; Farren to Russell, No. 29, Manila, 3 November 1863. P.R.O., F. O. 72/1070; "Report by Mr. Vice-Consul Webb on the Trade and Commerce with Manila
In the last analysis, the crucial issue in the 1870's, as in the 1790's, was the revenue to be lost with abolition. It was clear that no plan for abolition would succeed which did not include assurances of an equivalent amount of profit for the colony. 37 In the search for a guaranteed income from tobacco, the crown considered selling the monopoly to private business. Spanish financiers, the American banking house of Morgan, and members of the court of King Leopold II of Belgium were among those who expressed an interest in taking over the monopoly. But the proposals were not satisfactory to the crown, and the opposition in the colony, led by the friar orders, was so strong that the alternative of a private monopoly was abandoned. 38


Relinquishing the colony's principal source of income, however, was not as drastic or a painful a step as it seemed. For while the monopoly contributed the biggest sum to the budget, it also accounted for the heaviest expenses. John Bowring computed the monopoly's net profits in 1859 at 37 per cent of its gross receipts. But Bowring based his calculations on the visible expenses of the monopoly alone.\(^{39}\)

After figuring in the cost of concealed expenses, such as the nearly six million pesos spent on the treasury police, Jimeno came up with figures indicating that net profits between 1865 and 1869 averaged at only 25 per cent of gross earnings.\(^{40}\)

The main problem of abolition thus resolved itself into the question of raising by other means the average annual profit of 1,500,000 pesos yielded by the monopoly. The British consuls were absolutely certain that abolition would result in a greatly expanded commerce in tobacco, so that a moderate tax on exports would easily give the government even more than the monopoly contributed.\(^{41}\) Jimeno was

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\(^{39}\) Bowring, pp. 204-205.

\(^{40}\) Jimeno, pp. 7-10.

\(^{41}\) "Report of Mr. Vice-Consul Loney on the Trade of Iloilo, island of Panay for the Year 1863, Iloilo, 10 June 1864," Parliamentary Papers, 1865, Vol. LIII, 465; 473; "Philippine Archipelago, Report by Consul Ricketts, 16 December 1872" in Ricketts to Granville, No. 50, Manila, 14 November 1763. P.R.O., F.O. 72/1355; "Report by Consul
not as optimistic. Though as staunch an advocate of abolition as anyone in the colony, he believed that its benefits would not come immediately. But improving economic conditions in Spain and the continuing deterioration of the monopoly made the risks of abolition acceptable to the liberal government of Sagasta in Madrid. A decree of 25 June 1880 abolished the ban on tobacco cultivation all over the islands, effective 1 July 1882, and the ban on private manufacture and trade, effective 1 January 1883.

The initial effects of abolition were ambiguous. Abolition, according to John Foreman, flooded tobacco shops with cigars of the worst quality. These came from two sources. The government itself was dumping into the market its


Jimeno, pp. 15-20.

Writing in 1883, the British consul in Madrid noted that Spain began in 1877 to enjoy "all the domestic conditions that could favor the growth of trade." "Report by Mr. Fame on the Foreign Trade of Spain during the Year 1882, Madrid, July 1883," Parliamentary Papers, 1883, Vol. LXXI, 621-622. Spanish exports rose from eighteen million to twenty-three million sterling pounds between 1877 and 1881. "Report by Mr. Fame on the Imports and Exports of Spain during the Year 1881, Madrid, 30 September 1882," Parliamentary Papers, 1882, Vol. LXIX, 614.

Governor Primo de Rivera to José Ramon González, O.P., Manila, 23 September 1881, transmitting Decreto del superior gobierno sobre la libertad del cultivo, elaboración y venta del tabaco en estas islas. A.P.S.R. Comunicaciones Oficiales, Doc. 141, fol. 85-86.
old stocks of inferior leaves. At the same time, the output from the cigar and cigarette factories organized during the first year of free trade fell below the standards of the monopoly's regular products. A small tax on the cigar and tobacco leaf trade, announced in late 1883, forced some of the smaller enterprises out of the business, but till late 1897, only around eight or ten factories had improved the quality of their cigars. Better brands were available at higher prices, but the cheaper cigars were of poorer quality than their monopoly equivalent, and Foreman thought that the general public had probably lost by the reform.\textsuperscript{45}

Despite Foreman's reservations, however, the tobacco industry in general appeared to thrive under a system of free enterprise. Total export trade in tobacco amounted in 1881 to 805,962 pesos. During the rest of the decade, exports averaged at over 2,680,000 pesos.\textsuperscript{46} British Consul Montagu Loftus reported in 1896 that even the smaller factories were doing quite well. But the dominant force in the tobacco industry was the Compañía General de Tabacos de Filipinas. With a capital of some three million sterling pounds, Tabacalera started business in the colony with five

\textsuperscript{45}Foreman, pp. 348-349.

\textsuperscript{46}See Appendix V, p. 297.
factories and four estates and rapidly established what amounted to a private monopoly on the tobacco trade. 47

In the Cagayan Valley, the immediate effect of abolition appeared to have been a decline in the income of tobacco farmers. As usual, the reflex response of some Spaniards was to blame this decline in the valley's productivity on the indolence of the Indios. Opponents of abolition had predicted a drop in production because the Indios allegedly would not work without compulsion. 48 And, perhaps, the Indios did relax their efforts when the monopoly finally came to a close. But forces other than the Spanish hobbyhorse of indolence were at work. Reglementation under the monopoly had been strictest in the Cagayan Valley; it was not surprising that after fifty years of controls, the cultivators should need time to adjust to the new conditions of freedom. Mosquera insisted in 1884 that it was still too early to judge the response of the Indios to abolition:

a country accustomed to any kind of economic system, in order to pass to another, not only has to break away from the conditions of the former, but also to prepare itself for the conditions of the new, especially when


48 Guía Oficial, 1886, pp. 720; 763; Mosquera, Apendice, pp. 6-7.
they are as diametrically opposed as those of monopoly and competition /desestanco/. The latter, like any system founded on the principle of freedom, requires special abilities and skills, abilities which cannot be improvised or acquired except through experience. 49

It was also natural that with the loss of their assured market, the farmers should hold back on production until they had some indication of the likely demand for their crops. Finally, the farmers had to learn the new rules introduced by private enterprise.

The end of government supervision of tobacco-growing affected the quality more than the quantity of the crops produced. With the abolition of the monopoly, the farmers also lost their right to obtain cash advances from the government or at least a postponement in the paying of tribute. The haste to get the tobacco to the market in time for the tax payments resulted in badly-cured leaves and a further deterioration in the quality of their deliveries. Private enterprise, in the meantime, had also raised the standards for grading tobacco, adding a fifth class to the four which the monopoly had maintained in the last thirty years of operation. Farmers thus failed to profit from the higher prices offered for tobacco in the period after the monopoly because the decline in quality consigned most of their crop to the poorly-paid fifth class. Fraud also played a

49 Mosquera, Apéndice, p. 24. Mosquera had served in the monopoly's central office which administered the coleccciones and the factories.
part in reducing the returns to the cultivators. Appraisers for private companies were no more immune to the temptation to manipulate the process of grading tobacco for private profit than the government personnel before them. In some cases, tobacco which should have passed for third class ended up in fifth, and the farmers received for each fardo half a peso instead of the three pesos it was worth.\textsuperscript{50} Montero y Vidal did not name the province whose people branded a monument to commemorate the abolition of the monopoly as the "monument of hunger." If the anecdote is not apocryphal, it could easily have taken place in Isabela or Cagayan.\textsuperscript{51}

In a sense, the abolition of the monopoly did not change the basic economy of the Cagayan Valley. The people continued to grow tobacco, though no longer compelled to do so by the government, because it was the region's most valuable crop. But the end of the monopoly did introduce new elements in the society of the Cagayan Valley. Agents of Tabacalera composed one new element. The company maintained warehouses in all of the tobacco-growing towns in the valley. A variable number of foreigners floated in and out of


\textsuperscript{51}Historia, III, 296.
the region. In 1885, the province of Cagayan had five Ger-
man residents buying tobacco for German firms. Of the
new groups coming into the valley, the most important were
the Chinese.

At the turn of the nineteenth century, the Chinese
were conspicuously absent in the Cagayan Valley. They
had little reason to settle in the region. The place was
remote and the people poor. Though the region had good
agricultural potential, the Chinese were not inclined to
go into agriculture, and the government controlled tobac-
co, the only commercial crop in the valley. By the 1870's,
however, the Chinese had begun to filter into Cagayan and
Isabela, attracted by the business in discounting the gov-
ernment papeletas paid to farmers. The end of the monop-
oly opened new opportunities for the Chinese. Their opera-
tions were on a much more modest scale than those of the

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51 Rafael Tejada, Memoria de la provincia de Cagayan
en la Ysla de Luzon. Tuguegarao, 1 May 1888. P.N.A., Ca-
gayan, pp. 5-15; 27; Nolasco de Medic, fol. 225.

52 Numero de almas de la provincia de Cagayan admi-
nistrada por los religiosos del sagrado orden de Predica-
dores, 29 de diciembre de 1803. A.P.S.R. Mss. Cagayan,
1:11.

53 Bonifacio Corrujedo, O.P., on Ilagan, 27 December
1878; Pedro García, O.P., on Enrile, 8 February 1877; Juan
Antonio Alonso, O.P., on Tuao, 14 February 1877. A.P.S.R.
Mss. Cagayan, Respuesta de los padres de Cagayan e Isabela
al cuestionario de 1877 y 1878.
giant enterprise of Tabacalera, but those who ventured into the tobacco trade managed to make a living by gathering the scrap tobacco which the bigger buyers disdained to take. Going into the villages, they bought tobacco or bartered for it with their own merchandise that the farmers needed. As they handled the entire enterprise themselves—from grading to purchase to transport—they were able to cut costs and raise their profits.  

By 1885, the province of Cagayan alone had a resident Chinese population of over 400. Three years later, the alcalde raised the estimate of the "ambulant Chinese colony" to around 700. This number was still fairly small, compared to an Indio population of over 125,000. But it was big enough to cause some alarm among the missionaries. Apart from the danger that the heathens posed to the morality of the Indios, Fray Agustín Calvo complained that they were displacing the natives from virtually every branch of commerce. By the 1880's, the Chinese had a firm grip on the retailing of imported goods, especially textiles, to the natives; and only one or two towns in the province did not


55 Nolasco de Medio, fols. 224v-225.

56 Tejada, p. 21

57 Calvo, fols. 211-212.
have its own Chinese store. Tuguegarao in 1886 had thirty-six Chinese shops and Gamu in Isabela had eighteen Chinese-owned tiendas de sari-sari or general merchandise stores. The alcalde also noted in 1888 that the Chinese lent money to the Indios but at very onerous terms.\textsuperscript{58}

In opening up the valley to external, even alien, influences, the abolition of the monopoly probably contributed to the process of social and political change taking place in the late 1880's. Fray Pedro Nolasco de Medio compared Cagayan under the monopoly to one large estate with the alcalde as the lord and the gobernadorcillos and cabezas as his retainers and overseers. The system conditioned the people to obey their chiefs blindly in everything, even working the fields of the principales upon command, without pay.\textsuperscript{59} But Fray Agustín Calvo noted in 1886 political attitudes quite different from those described as prevailing under the monopoly.\textsuperscript{60} The post of cabeza had become the target of adventurers. Anyone who curried favor with the alcalde and was willing to do his bidding could get himself elected to office. The result was the election of men who did not know how to govern and whom the people could not

\textsuperscript{58}Nolasco de Medio, fol. 225; Tejada, p. 28; Wickberg, \textit{The Chinese in Philippine Life}, p. 101.

\textsuperscript{59}Nolasco de Medio, fol. 236.

\textsuperscript{60}Calvo, fol. 214v.
respect. The traditional leadership, seeing that the office no longer carried any prestige, were retiring from public service of their own accord, or were losing out to those favored by the authorities:

In other times and until not many years ago, the cabeceiras in the province, which passed from fathers to sons, were, or were believed, hereditary; and the commoners regarded their respective cabezas and their families as people of a superior class, and respected, obeyed, and even loved them as their leaders and fathers. And the principales or cabezas regarded and held their cabeceiras as a thing of their own, which they tried to preserve and improve and, for the same reason, to guide and govern well. But now with the overthrow of the principales and the nomination of selected cabezas, the contrary occurs.

The priests were powerless to prevent abuses in the electoral process because the alcalde no longer asked for references on the candidates. Even the priests were losing their influence among the people, who see that they could no longer intervene to protect them from injustice. 61

The period after the monopoly was thus a time of transition, when such changes in the political climate as Fray Agustín Calvo found so disquieting could take place. Cagayan began to experience social and political ferment similar to that which provinces in central Luzon had undergone— a hundred years earlier. But it was not permitted the time to absorb the changes that came in the wake of the monopoly's abolition. At the time of Calvo's writing, only eight

61 Calvo, fols. 214v-215.
years separated Cagayan from the Philippine revolution against Spain.
XII. THE TOBACCO MONOPOLY: ECONOMIC DEVELOPMENT AND COLONIAL EXPLOITATION

A clear line cuts across the history of the monopoly almost exactly at its mid-point. During the first fifty years, the government concentrated on controlling the domestic trade in tobacco. Despite recurrent shortages during the early years, the towns comprising the Gapan colección proved generally able to supply the monopoly's requirements. During years of poor harvests in Gapan, the monopoly could always supplement its stocks by drawing on the tobacco grown in the Visayas or by pagan tribes in the mountains of northern Luzon. Overproduction was of greater concern to officials because it directly depressed profits by increasing operating costs and, because of greater smuggling, reducing sales at the government tobacco shops.

After 1830, the Cagayan Valley supplanted Gapan as the colony's principal source of tobacco. The monopoly's discovery of Cagayan coincided with the growing demand for Philippine tobacco abroad. Assured of a ready market for Philippine tobacco, the government began to aim at expanding,
not restricting production. By 1837, tobacco deliveries had risen sufficiently for the government to allow the export of leaf tobacco and through the 1840's, tobacco placed second only to sugar among the colony's export products. But demand soon outstripped supply, despite the opening of new lands to tobacco and attempts to increase Cagayan's labor force. In the 1850's, when the monopoly had begun to decline, abaca surged ahead to claim second place, but to the end of the monopoly, tobacco managed to remain a respectable third in the export rankings. Apart from the income that it brought, tobacco had a special symbolic value for the Spaniards; it was the one industry they completely dominated, and this evidence of Spanish commercial enterprise somewhat softened the jibe that the Philippines was no more than "an Anglo-Chinese colony flying the Spanish flag."

Ironically enough, as the monopoly demonstrated its capacity to become more than just a fiscal measure, it became even more obviously an instrument for exploitation. The demands of the peninsular government upon the colony and its most productive source of revenue made it impossible for the monopoly to realize tobacco's export potential, or even to undertake sorely-needed internal reforms.

1 Recur, Filipinas: estudios administrativos, p. 51.
Spain claimed as tribute most of the colony’s surplus tobacco, leaving little to foreign merchants willing to pay for their purchases in cash. The colonial power took 47.80 per cent of total exports in 1847; 85.57 per cent in 1857; 86.73 per cent in 1873.\(^2\)

The more blatant examples of colonial exploitation in the Dutch, French, and British possessions in Southeast Asia tend to project a more benevolent image of Spain as a colonial power than is perhaps warranted. The management of the monopoly during its last fifty years dispels the illusion that the character of the colonial relationship in the Philippines was any different from that which obtained elsewhere in the region. When the monopoly began to pay farmers in paper certificates in the 1860’s, colonial exploitation became more direct and more obvious. It was not unusual for the government’s debts to the farmers to exceed the monopoly’s net profits. But Spanish preoccupation with the galleon trade, the small size of the Spanish population in the colony, and the balance of power between alcaldes and parish priests in the provinces helped save the Indios from more rigorous and more oppressive exploitation.

One can discern other significant points in the

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\(^2\)Legarda, “Foreign Trade,” p. 231.
monopoly's development, though none were as basic as the change that occurred halfway in its history. But periodization depends upon point of view or perspective, and an institution which lasted as long and embraced as wide an area as the monopoly obviously meant different things in different places. Because tobacco occupied such a pivotal place in the life of the region, the Cagayan Valley proved the most sensitive to shifts in the monopoly's policies or practices.

Government administration of tobacco in Cagayan underwent four major transitions. From 1787 to 1800, the government prohibited tobacco cultivation in the valley. Persistent complaints from the missionaries that the ban was ruining the province and the need for a greater supply of tobacco persuaded authorities in the late 1790's to allow certain towns to grow the leaf for the monopoly. Between 1800 and 1830, tobacco cultivation became general throughout the province and increasing deliveries from Cagayan began to attract the attention of the government. José Ferrer's visit to the province in 1830 and the reforms he worked into the rules drafted for the Cagayan colección laid the basis for a period of relative prosperity which lasted till 1863. The use of papeletas to pay farmers marked the fourth phase of the monopoly in the Cagayan valley. During the period from 1863 to 1881, the monopoly
inflicted on the region conditions even more miserable than those caused by the initial ban on growing tobacco.

Until its abolition in 1881, the tobacco monopoly, more than any other single factor, shaped the history of the Cagayan Valley. It reinforced native resistance to the government policy requiring them to settle within sound of the church bells. It also set the pattern of population movements. Emigration from the province in the late eighteenth century was a response to the monopoly's introduction. Similarly, Ilocano immigration into the province, beginning in the 1850's, was the result of government efforts to recruit tobacco farmers for the monopoly. These efforts did not begin to yield significant results until the 1880's, but by 1903, nearly one-third of the Christian population in the valley were Ilocanos.³

Government policy towards the pagan tribes in the surrounding highlands fluctuated between accommodation and aggression, depending upon the needs of the estanquillos. In the end, the monopoly resulted in increased pressure on the infieles as economic motives reinforced the missionary concern for the reduction of the tribes to Spanish rule as a step towards their conversion. Even for the Christians, however, the monopoly meant exposure to an unaccustomed

³Keesing, p. 181.
degree of central control, as demonstrated by the rules formulated to govern the tobacco towns and by the redefinition of the region's political boundaries to allow for closer government supervision.

Perhaps some skilled and industrious tobacco farmers profited from the opportunity provided by the monopoly to break into the ranks of the principales. Their number could not have been very large. In general, the effect of the monopoly was to maintain, if not to increase, the power of the principales in the local community and the distance between them and the commoners. The government recognized the authority that the principales held over the common people and, as a matter of policy, used them to promote the interests of the monopoly.

It is possible to delineate, at least in broad outline, what happened in the Cagayan Valley because of the monopoly. It is more difficult to document what did not happen in the region because of the monopoly. Government control of its principal source of wealth probably arrested the process of social change in Cagayan. The strong Chinese push into the area after the abolition of the monopoly suggests that free enterprise in tobacco might have drawn them to the valley earlier. This assumes, of course, that the tobacco trade would have developed to the same extent even without the intervention of the government—an assumption
which is not unjustified, considering the recognition that Cagayan tobacco already enjoyed prior to the establishment of the monopoly.

Tobacco did not emerge as an export crop until the 1830's. That it could not have done so earlier is at least debatable. In the period between 1780 and 1830, it was the government itself which made tobacco exports impossible by restricting cultivation to the point where the colony had no surplus tobacco to sell abroad. But the government had to impose strict limits on production to enforce its control over the domestic trade in tobacco from which it derived its revenue.

As a fiscal measure, the monopoly achieved a genuine break-through. It enabled the government, not only to support itself without the Mexican subsidy, but even to contribute to the imperial treasury—which was the original motive for its introduction. Whether the monopoly was, at the same time, "the real break-through in Philippine economic development in the 18th century" is open to question. The idea that the monopoly contributed towards agricultural specialization and, therefore, to a more active internal commerce calls for closer scrutiny. The immediate effect of

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4 de la Costa, Asia and the Philippines, p. 70.
the monopoly, in certain cases, was to disrupt already established trade patterns. A substantial internal trade in tobacco had existed before the monopoly's imposition. Ciriacono González Carvajal estimated that the Mestizo commerce in tobacco was worth around 200,000 pesos a year. This amount probably represented only the trade in central Luzon, which was the principal focus of Mestizo activity. But in addition Cagayan sold or bartered tobacco to the peoples of Pangasinan and Ilocos, while in the south the Visayan islands supplied tobacco to the Bikol region. The monopoly actually suppressed a thriving branch of inter-regional trade.

In arguing against the proposed abolition of the monopoly in the 1790's, the government claimed that the ban on private tobacco cultivation had forced farmers to grow other crops, such as sugar and indigo, which had subsequently become important export articles. Abolishing the monopoly would free the Indios to return to their tobacco fields, with a consequent decline in the colony's agricultural exports. The indirect coercion exerted by the monopoly, according to the government, was required to keep the Indios occupied in the cultivation of export crops.

Underlying this argument was the Spanish assessment of Indio character. Like other western colonial powers in Southeast Asia, the Spaniards regarded the native population
as indolent by nature. Left to themselves, the Indios would work only long enough to acquire their basic necessities. Since profit was not a sufficient inducement to make them produce for the market, the government had to motivate the Indios by various forms of compulsion. But the Spaniards did not always act according to the assumption of Indio indolence. In practice, they seemed to recognize that the Indios did respond to economic stimuli. When the government, for instance, wanted to expand tobacco production, or merely to prevent a decline in deliveries, it would raise the prices paid to farmers and offer additional rewards for crops of exceptional size or quality. Some officials even admitted that the expansion of sugar and indigo cultivation was basically a response to market conditions.

What sparked the development of agricultural exports was the opening of the colony to foreign European vessels in 1789. This, more than the tobacco monopoly, would seem to be the crucial economic breakthrough in the eighteenth century. The lure of high profits would have pulled native labor to sugar and indigo cultivation, with or without the monopoly. Tobacco itself, had it been free from government control, would probably have developed as an export product as early as the 1790's. During its first fifty years, the monopoly contributed little to promote the colony's export trade. The evidence indeed suggests that it was the export
trade that made the monopoly viable. The export market provided alternative occupations to tobacco farmers in central Luzon and thus eased accommodation to the monopoly which had deprived them of their livelihood. Equally important, exports brought in the cash with which the population could buy the tobacco sold at the estanquillos. The government noted in the 1820's that the value of tobacco sales in the colony directly correlated with the value of other crops the colony sold abroad. Without the income from foreign trade, the monopoly would have had as little chance for success in Luzon as authorities considered it had in the Visayas.

As shown by its history in Cagayan, the specific effects of the monopoly varied from period to period. But the monopoly also created conditions which persisted until its abolition. Artificially restricting the supply of a commodity as easily grown and as widely used as tobacco inevitably provoked opposition, and smuggling was its most common form of expression. "It is a small step," says a Spanish proverb, to go from smuggler to thief." In the Philippine case, thieves and bandits came before the smugglers, though the distinction between these callings tended to blur in later years. The break-down of central government during the period of the British occupation allowed outlaw bands to form and to flourish in central Luzon. The establishment of the
monopoly gave them a new line of business to operate. But more important, it enabled them to forge links with the rural community on which it had previously preyed.

The smuggler was a special kind of outlaw, because smuggling was a special kind of crime. The laws of the monopoly, for most people, were purely penal in nature. Those who violated them became liable to government prosecution, but otherwise incurred no moral or criminal guilt in the eyes of the public. Thus, when the risks or consequences of discovery were tolerable, everyone—even those usually considered model citizens—indulged in some form of smuggling.

Resistance among the peasantry to the impositions of central government rarely attracts attention until it has erupted into a major open rebellion. The monopoly occasioned an example of peasant resistance on a minor key. Opposition to the monopoly did not have to take the form of a suicidal, frontal assault against government forces. Smuggling could be a part-time and occasional occupation. Nevertheless, it implied a judgment on the part of the subject that certain laws were unreasonable and it required a willingness to violate these laws. In a system which allowed little representation to the governed, even such selective disobedience was dangerous, and authorities regarded smuggling
as the harbinger of more violent crimes—including perhaps that of rebellion.

Monopoly officials complained that even professional smugglers received protection and support from the village people. In view of the monopoly's frequent failure to keep the estanquillos stocked with acceptable tobacco, the welcome that smugglers found in the villages was understandable. Abuses on the part of the resguardo further enhanced the image among the common people of the smugglers who dared to defy them.

The tulisanes or bandits in José Rizal's novels are romantic, idealized figures, decent men hounded into a life outside the law by the oppressions of the colonial government. Rizal projects them in terms closely approximating Eric Hobsbawm's definition of the "social bandit": "peasant outlaws whom the lord and State regard as criminals, but who remain within peasant society, and are considered by their people as heroes, as champions, avengers, fighters for justice, perhaps even leaders of liberation." Rizal also recognized that in many cases bandits themselves actually


oppressed the people. But he clearly did not intend to have the reader see such characters as Capitán Pablo, Matanglawin, and Elias simply as common criminals.

There is no need to idealize the cuadrillas of smugglers that the monopoly inadvertently called into being, though some of their leaders doubtless fell under the category of social bandits, as characterized by Hobsbawm:

As individuals, they are not so much political or social rebels, let alone revolutionaries, as peasants who refuse to submit, and in doing so stand out from their fellows, or even more simply, men who find themselves excluded from the usual career of their kind, and therefore forced into outlawry and 'crime'. En masse, they are little more than symptoms of crisis and tension in their society . . . .

But the support of the people, or at least their benevolent neutrality, probably helped sustain the tradition of banditry in central Luzon well into the nineteenth century. Hobsbawm also recognized that "some banditry has an affinity for revolution, being a phenomena of social protest, if not a precursor or potential incubator of revolt." The bandits in Rizal's books demonstrate this affinity.

---


8 Hobsbawm, pp. 19-20.

9 Ibid., p. 84.
Tobacco smuggling and banditry continued till the end of the monopoly, as did injustices in its administration. Both features of the monopoly became increasingly obvious to Spaniards and foreigners alike from the 1850's on. Declining income from the monopoly made it difficult to condone the abuses to which it exposed the people and, added to Spanish fears over the continued alienation of the Indios from the colonial government, finally resulted in its abolition.
**APPENDIX I**

**PESO REMITTANCES TO SPAIN FROM MONOPOLY EARNINGS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1783</td>
<td>150,000</td>
</tr>
<tr>
<td>1786</td>
<td>300,000</td>
</tr>
<tr>
<td>1789</td>
<td>199,090</td>
</tr>
<tr>
<td>1791</td>
<td>424,064</td>
</tr>
<tr>
<td>1792</td>
<td>224,619</td>
</tr>
<tr>
<td>1793</td>
<td>180,305</td>
</tr>
<tr>
<td>1794</td>
<td>231,604</td>
</tr>
<tr>
<td>1795</td>
<td>262,014</td>
</tr>
<tr>
<td></td>
<td>1,971,696</td>
</tr>
</tbody>
</table>

*Source: Angel de la Fuente, Contaduría General, Manila, 6 July 1802. A.G.I., Ultramar 631.*
## APPENDIX II

### TOBACCO MONOPOLY INCOME (PESOS)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Profit</th>
<th>Sales</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
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<td>1782</td>
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<td>96,850</td>
<td>52,153</td>
</tr>
<tr>
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<td>386,811</td>
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<tr>
<td>1784</td>
<td>224,680</td>
<td>366,548</td>
<td>141,868</td>
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<tr>
<td>1785</td>
<td>227,519</td>
<td>379,230</td>
<td>151,711</td>
</tr>
<tr>
<td>1786</td>
<td>286,401</td>
<td>491,975</td>
<td>205,574</td>
</tr>
<tr>
<td>1787</td>
<td>325,701</td>
<td>545,340</td>
<td>219,649</td>
</tr>
<tr>
<td>1788</td>
<td>258,743</td>
<td>455,716</td>
<td>196,973</td>
</tr>
<tr>
<td>1789</td>
<td>174,547</td>
<td>426,473</td>
<td>252,126</td>
</tr>
<tr>
<td>1790</td>
<td>257,665</td>
<td>540,587</td>
<td>282,922</td>
</tr>
<tr>
<td>1791</td>
<td>224,619</td>
<td>505,322</td>
<td>280,703</td>
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<tr>
<td>1792</td>
<td>272,668</td>
<td>547,120</td>
<td>274,453</td>
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<tr>
<td>1793</td>
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<td>570,479</td>
<td>293,802</td>
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<td>270,336</td>
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<td>322,497</td>
<td>545,027</td>
<td>222,530</td>
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<tr>
<td>1796</td>
<td>331,711</td>
<td>672,605</td>
<td>340,893</td>
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<td>389,352</td>
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<td>375,014</td>
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<tr>
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<td>948,465</td>
<td>459,297</td>
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<td>1804</td>
<td>206,676</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td>Net Profit</td>
<td>Sales</td>
<td>Expenses</td>
</tr>
<tr>
<td>------</td>
<td>------------</td>
<td>-------</td>
<td>----------</td>
</tr>
<tr>
<td>1805</td>
<td>260,622</td>
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</tr>
<tr>
<td>1806</td>
<td>486,470</td>
<td></td>
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</tr>
<tr>
<td>1807</td>
<td>707,808</td>
<td>798,279</td>
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</tr>
<tr>
<td>1808</td>
<td>546,081</td>
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</tr>
<tr>
<td>1809</td>
<td>543,734</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1810</td>
<td>513,311</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1811</td>
<td>487,365</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1812</td>
<td>330,946</td>
<td>842,816</td>
<td>511,870</td>
</tr>
<tr>
<td>1813</td>
<td>271,373</td>
<td>673,994</td>
<td>402,620</td>
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<tr>
<td>1814</td>
<td>347,711</td>
<td>825,005</td>
<td>477,294</td>
</tr>
<tr>
<td>1815</td>
<td>585,291</td>
<td>923,972</td>
<td>338,681</td>
</tr>
<tr>
<td>1816</td>
<td>473,326</td>
<td>934,028</td>
<td>460,702</td>
</tr>
<tr>
<td>1817</td>
<td>400,871</td>
<td>896,620</td>
<td>495,749</td>
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<tr>
<td>1818</td>
<td>357,288</td>
<td>833,658</td>
<td>481,370</td>
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<tr>
<td>1819</td>
<td>396,544</td>
<td>875,729</td>
<td>479,185</td>
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<td>1820</td>
<td>640,119</td>
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<tr>
<td>1821</td>
<td>638,863</td>
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<td>436,447</td>
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<tr>
<td>1822</td>
<td>532,759</td>
<td>967,221</td>
<td>434,462</td>
</tr>
<tr>
<td>1823</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1824</td>
<td>547,994</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1825</td>
<td>505,310</td>
<td></td>
<td></td>
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<tr>
<td>1826</td>
<td>677,809</td>
<td>1,187,496</td>
<td>509,687</td>
</tr>
<tr>
<td>1827</td>
<td>708,846</td>
<td>1,233,140</td>
<td>524,294</td>
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</tbody>
</table>
**TOBACCO MONOPOLY INCOME (PESOS)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Profit</th>
<th>Sales</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1828</td>
<td>598,383</td>
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<tr>
<td>1830</td>
<td>732,818</td>
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<td></td>
</tr>
<tr>
<td>1840</td>
<td>1,142,001</td>
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<td></td>
</tr>
<tr>
<td>1850</td>
<td>1,307,467</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1860</td>
<td>1,514,035</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1870</td>
<td>1,649,939</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Sources:**

Entries for 1782 to 1803 from A.G.I., Ultramar 631.
Entries for 1804 to 1811 from A.G.I., Filipinas 884.
Entries for 1812 to 1817 from A.G.I., Ultramar 633.
Entries for 1818 to 1820 from A.G.I., Filipinas 884.
Entries for 1821 to 1828 from A.G.I., Filipinas 888.

<table>
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<tr>
<th>Year</th>
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<th>Pesos</th>
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<tbody>
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<td>36,252</td>
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</tr>
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<tr>
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<td>87,615</td>
<td>123,643</td>
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<td>41,134</td>
</tr>
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<tr>
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<td>1809</td>
<td>43,928</td>
<td>88,554</td>
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<tr>
<td>1810</td>
<td>17,531</td>
<td>34,755</td>
</tr>
<tr>
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<tr>
<td>1812</td>
<td>50,328</td>
<td>102,345</td>
</tr>
<tr>
<td>1813</td>
<td>14,978</td>
<td>32,094</td>
</tr>
<tr>
<td>1814</td>
<td>9,002</td>
<td>18,160</td>
</tr>
<tr>
<td>1815</td>
<td>25,396</td>
<td>52,109</td>
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<tr>
<td>1816</td>
<td>50,235</td>
<td>104,176</td>
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<td>34,695</td>
<td>66,815</td>
</tr>
<tr>
<td>1818</td>
<td>26,394</td>
<td>57,829</td>
</tr>
<tr>
<td>1819</td>
<td>17,930</td>
<td>39,407</td>
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</table>
## APPENDIX III

### TOBACCO PRODUCTION IN GAPAÑ

<table>
<thead>
<tr>
<th>Year</th>
<th>Pardos</th>
<th>Pesos</th>
</tr>
</thead>
<tbody>
<tr>
<td>1821</td>
<td>13,787</td>
<td>29,414</td>
</tr>
<tr>
<td>1822</td>
<td>27,846</td>
<td>61,690</td>
</tr>
<tr>
<td>1823</td>
<td>31,002</td>
<td>54,149</td>
</tr>
<tr>
<td>1824</td>
<td>34,440</td>
<td>62,460</td>
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<tr>
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<td>56,136</td>
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</tr>
<tr>
<td>1828</td>
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<td>93,468</td>
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<tr>
<td>1829</td>
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<td>73,137</td>
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<tr>
<td>1850</td>
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<tr>
<td>1860</td>
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<tr>
<td>1870</td>
<td>73,941</td>
<td>106,787</td>
</tr>
<tr>
<td>1871</td>
<td>24,544</td>
<td>36,451</td>
</tr>
<tr>
<td>1872</td>
<td>12,284</td>
<td>25,542</td>
</tr>
<tr>
<td>1873</td>
<td>30,864</td>
<td>49,272</td>
</tr>
<tr>
<td>1874</td>
<td>34,342</td>
<td>63,571</td>
</tr>
<tr>
<td>1880</td>
<td>53,000 (estimate)</td>
<td></td>
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</table>

Sources: Entries to 1830 come from Gapañ annual accounts in A.G.I., Filipinas 884; those from 1850 to 1880 are the figures given for the Nueva Ecija colección, which comprised the Gapañ tobacco towns, in Mosquera, Memoria, pp. 32; 40; 48.
### APPENDIX IV

**TOBACCO PRODUCTION IN THE CAGAYAN VALLEY**

<table>
<thead>
<tr>
<th>Fardos</th>
<th>Pesos</th>
</tr>
</thead>
<tbody>
<tr>
<td>1798</td>
<td>2,145</td>
</tr>
<tr>
<td>1799</td>
<td>3,025</td>
</tr>
<tr>
<td>1802</td>
<td>1,304</td>
</tr>
<tr>
<td>1803</td>
<td>2,047</td>
</tr>
<tr>
<td>1804</td>
<td>731</td>
</tr>
<tr>
<td>1805</td>
<td>456</td>
</tr>
<tr>
<td>1806</td>
<td>4,026</td>
</tr>
<tr>
<td>1807</td>
<td>1,952</td>
</tr>
<tr>
<td>1808</td>
<td>418</td>
</tr>
<tr>
<td>1809</td>
<td>1,551</td>
</tr>
<tr>
<td>1810</td>
<td>3,739</td>
</tr>
<tr>
<td>1811</td>
<td>4,515</td>
</tr>
<tr>
<td>1812</td>
<td>9,452</td>
</tr>
<tr>
<td>1813</td>
<td>23,098</td>
</tr>
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<td>1814</td>
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<tr>
<td>1815</td>
<td>3,067</td>
</tr>
<tr>
<td>1816</td>
<td>5,746</td>
</tr>
<tr>
<td>1817</td>
<td>15,716</td>
</tr>
<tr>
<td>1818</td>
<td>27,737</td>
</tr>
<tr>
<td>1819</td>
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<td>1,582</td>
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<td></td>
<td>1,512</td>
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</table>
### Tobacco Production in the Cagayan Valley

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<th>Fardos</th>
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</tr>
</thead>
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<td>3,640</td>
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<tr>
<td>1822</td>
<td>11,238</td>
<td>20,073</td>
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<tr>
<td>1823</td>
<td>14,409</td>
<td>27,040</td>
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<tr>
<td>1824</td>
<td>15,684</td>
<td>31,519</td>
</tr>
<tr>
<td>1825</td>
<td>22,885</td>
<td>45,381</td>
</tr>
<tr>
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<td>22,411</td>
<td>51,768</td>
</tr>
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<td>13,187</td>
<td>35,785</td>
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<tr>
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<td>806,680</td>
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<tr>
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<td>483,271</td>
<td>848,495</td>
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<tr>
<td>1838</td>
<td>716,899</td>
<td>1,163,966</td>
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<td>1839</td>
<td>537,101</td>
<td>751,269</td>
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<td>551,766</td>
<td>861,890</td>
</tr>
<tr>
<td>1841</td>
<td>480,000 (estimate)</td>
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Sources: Entries to 1830 come from Cagayan annual accounts in A.G.I., Filipinas 885; figures from 1850 to 1880 drawn from Mosquera, Memoria, pp. 24-26; 40; 48.
# APPENDIX V

**TOBACCO EXPORTS, 1881-1890**  
(*PESO VALUE*)

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<tr>
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</tr>
<tr>
<td>1884</td>
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</tr>
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<td>2,744,753</td>
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<tr>
<td>1886</td>
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<td>1887</td>
<td>2,024,697</td>
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<tr>
<td>1888</td>
<td>3,318,673</td>
</tr>
<tr>
<td>1889</td>
<td>3,068,700</td>
</tr>
<tr>
<td>1900</td>
<td>3,003,690</td>
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</table>

Total exports between 1882 and 1890 -- 24,146,884 pesos.  
Average value of exports, 1882-1890 -- 2,682,987 pesos.

**Source:** Estadística general del comercio exterior de las Islas Filipinas en 1890 (Manila, 1892), 209-213.
GLOSSARY

Aforador: tobacco appraisers
Alcalde mayor: provincial governor
Asentista: holder of an asiento or contract
Asiento: contract

Audiencia: the highest court of law in the colony as well as a political-administrative council advising the governor and sometimes initiating legislation

Bando: edict or proclamation

Barangay: pre-Spanish social and political group consisting of thirty to fifty households which, under the Spaniards, became the basic administrative unit at the village level

Bonga: betel nut

Braza: a measure of length equivalent to about 1.6 meters

Cabeza de barangay: hereditary chief of a barangay or village

Cailanes: commoners

Cavan: unit of dry measure equivalent to seventy-five liters

Carabinero: a member of the internal revenue police

Caudillo: tobacco farmer appointed by the monopoly, usually from among the cabezas, to supervise tobacco cultivation in a village
Colección: a group of towns organized to grow tobacco for the monopoly; that phase of monopoly operations relating to the purchase of tobacco leaves

Contador: auditor

Cuadrilla: outlaw gang

Estanco: monopoly

Estanguero: person in charge of government tobacco retail shops

Estanguillo: government tobacco retail shop

Fábrica: factory; that phase of monopoly operations relating to the manufacture of tobacco leaves into cigars, cigarettes, and snuff

Fardo: a bale of tobacco, usually containing 4,000 leaves

Ganta: a unit of measure equivalent to three liters

Gobernadorcillo: elected chief of a town

Guinara: cloth woven from abaca fiber, produced especially in Bikol

Hacienda: department of finance; public treasury

Indio: full-blooded Malay

Infieles: pagans

Junta: council or assembly

Mestizo: offspring of Chinese and Indio union

Opas: imperfect or damaged tobacco leaves

Papeletas: certificates of credit issued by the government in payment for tobacco deliveries

Principales: the leading citizens of the Indio community; initially restricted to cabezas and former cabezas de barangay, but later also including people of means

Principala: the class of Indios prominent in the community by virtue of official position or wealth
Quintal: unit of weight equivalent to about 101 pounds

Resguardo: tobacco revenue police

Situado: sum of money sent by the viceroyalty of Mexico representing remittance of taxes collected on goods of the galleon trade at Acapulco, as well as a subsidy to help support the colony

Tazmeador: monopoly official assigned to inspect tobacco fields and record probable size of farmers' harvest

Vagamundo: one not registered in the tribute lists of any town
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II. ARCHIVAL MATERIALS

Spain

Archivo General de Indias (Seville)

The documents in the legajos numbered 883-888 and Ultramar 631-638 all pertain to the tobacco monopoly. Among other bundles opened, the following yielded materials cited in the text: Filipinas 1031; Ultramar 537; 625; 628; 629; 903.

Archivo Histórico Nacional (Madrid)

Ultramar 1266; 1290; 1298.

England

British Museum

Additional Manuscripts: 13,976; 17,624.
Public Records Office (London)

Reports of British consuls stationed in Spain and her colonies are filed under Foreign Office, 72. The following volumes in the series were cited in the text: 684; 772; 795; 904; 927; 1017; 1042; 1070; 1109; 1355; 1510.

United States

New York Public Library

Arents Tobacco Collection: 1131; 1397; 2846; 2847; 3184.

Philippines

Philippine National Archives (Manila)

Researchers no longer have access to the stacks as they used to have in the good old days when the collection was bouncing around from one temporary place of refuge to another. But a general calendar of the holdings is available and cataloguing of the collection has begun in earnest.

The calendar lists over 200 bundles under the title Tabacos. But tobacco was only one of the many topics covered by the documents in the twenty-five to thirty bundles that I opened. Most of the materials on the monopoly in these bundles related to the administration of the provincial offices charged with the sale of tobacco, requests for raises or promotions, and sales records which were of little use at the time because they were so unevenly scattered over several provinces and over a period of about sixty years. The most valuable items I found in the bundles I opened were Jose Ferrer’s report on his investigation of Cagayan in 1831, the records pertaining to the 1792 order abolishing the monopoly, and Governor Basco’s early edicts on the monopoly and its enforcement. These documents and the others I have used in this study have been set aside for cataloguing.

The calendar also lists one bundle under the title Cagayan. Unfortunately, the bundle contained only one item: a description of the province written by the alcalde Rafael Tejada in 1888.

Archivo de la Provincia del Santísimo Rosario (Quezon City)

The archives holds the records of the Dominican Order in the Philippines. Fr. Pablo Fernández, O.P., is presently
engaged in organizing, cataloguing, and microfilming these records, and some of the citations here may not correspond exactly to the form in which they appear in the final catalogue.

The archives' manuscript collection has one section containing the documents pertaining to the Cagayan Valley. Although some records reach back to the first quarter of the seventeenth century, the bulk of the materials are from the late eighteenth and nineteenth centuries. The Cagayan Valley section consists of forty-one volumes, each of which contains a variable number of documents. The following volumes were cited in the text: I; XI; XII; XIII; XIV; XV; XVI; XVIIa; XXVIII; XXIX.

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