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Challenging Spanish Imperialism: Francisco Javier de Gamboa’s Economic Ideas in Eighteenth Century Mexico

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Introduction

Francisco Xavier Gamboa, a young Mexican lawyer sent to represent the merchants guild of Mexico City in the royal capital of Madrid, finished the *Comentarios a las ordenanzas de minas* in the summer of 1761. This ambitious book analyzes the mining law of New Spain, specifically the legislation enacted in 1584 by Philip II for all Spanish dominions. Gamboa considered these laws still adequate for Mexico’s chief industry but poorly understood by lawyers and miners alike. He thus undertook to explain their underlying jurisprudence and economic rationale. Gamboa also proposed, within the framework of his legal analysis, measures to revitalize the silver mines and the Mexican economy. He made three key recommendations: loosening the royal monopoly over mercury; creating a chartered company to finance mines; and opening a second mint in his native city of Guadalajara. The idea to establish a mining finance company he tabled on behalf of his employer, the Consulado of Mexico City, which sought to manage the enterprise.

Gamboa surveyed Mexican mining from top to bottom, drawing upon his experience as a mining lawyer and his reading of legal and technical authorities. Seventy years after its publication in 1761, British miners arriving in Mexico after the 1823 legalization of foreign investment still used the *Comentarios*, translated into English in 1830, as the basic text of the industry. More to the point of this study, in the years immediately following its publication the book prompted a wave of reform in the industry. The Spanish crown, represented by José de

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1 Francisco Xavier Gamboa, *Comentarios a las ordenanzas de minas* (Madrid, 1761).
Gálvez, visitor-general to Mexico from 1765 to 1771 and Secretary of the Indies from 1776 to 1787, began to intervene energetically along the lines suggested by Gamboa. Gálvez authorized tax breaks and cuts in mercury prices to help miners rehabilitate abandoned or flooded mines. He sponsored the creation in 1777 of a miners guild, to oversee the renovation of the industry through a new legal code, based on Gamboa’s commentaries, a finance company, similar to what Gamboa had proposed, and a technical school, responding to Gamboa’s plea for the diffusion of scientific information. But from his position as judge on the Audiencia of New Spain, Gamboa emerged as the harshest critic of Gálvez’s reforms. He especially abhorred the new mining guild. He considered miners profligate and untrustworthy, incapable of the self-government the new guild gave them. Gamboa also clashed with Gálvez over the expulsion of the Jesuits, the establishment of intendants, and changes in fiscal administration. Defending the jurisdiction of the Audiencia, under threat by the assertive executive power personified by Gálvez, became Gamboa’s overriding concern. His determined opposition to Gálvez led to two spells of exile from New Spain, first to Barcelona in the early 1770s and then to Santo Domingo in 1783. But Gamboa outlasted his Spanish nemesis. He became regent of the Audiencia upon the death of Gálvez in 1787 and spearheaded the counterattack against the reform program until his death in 1794.

2 The Comentarios was translated into English, with the assistance of Lucas Alamán, by the London barrister Richard Heathfield in 1830. Commentaries on the mining ordinances of Spain (2 vols.; London, 1830). Quotations and page references in this report correspond to the English edition.

3 For the career of Gálvez in Mexico see Herbert Ingram Priestley, José de Gálvez, Visitor-General of New Spain, 1765-1771 (Berkeley, 1916).


5 D.A. Brading, Miners and Merchants in Bourbon Mexico, 1763-1810 (Cambridge, 1971) 33-92.
Historians have depicted Gamboa as the champion of the entrenched elites in New Spain, especially the rich merchants of the Consulado. According to David Brading: “Despite the legal and technical brilliance of his commentaries, Gamboa emerged as the political advocate of the great import houses and silver banks of Mexico City. Precisely at the time when the statesmen of the Bourbon dynasty were moving to undercut the position of the colonial mercantilist-monopolists, Gamboa wished to subject the entire Mexican silver mining industry to the control of the Consulado and the mercantile oligarchy.” Even his sympathetic biographer, Elías Trabulse, considered his opposition to the miners guild more petulant than principled. This generally negative assessment of Gamboa has survived the dismantling of the celebratory picture of the Gálvez reforms as a successful program to rationalize economic and political structures. Few now share Brading’s characterization of the changes pushed by Gálvez as tantamount to “Reconquest and Revolution.” Even John Lynch, who called the reforms the “second conquest of America” in 1973, admitted in 1989 that the change from the loose imperialism of the Habsburgs to Bourbon centralism was partial and protracted. Scholars now highlight continuities in policies and institutions over the course of the eighteenth century. They question the extent and effectiveness of such reforms as state aid to Mexican mining, the *comercio libre*

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6 Ibid., 162.
7 Elías Trabulse, *Francisco Xavier Gamboa: un político criollo en la ilustración mexicana* (Mexico City, 1985), 144.
decree of 1778, and the establishment of intendancies.\textsuperscript{12} To complement this revisionism historians should also examine the bureaucratic enemies of reform, those like Gamboa who challenged the underlying premise of the new imperialism and resisted its implementation from the inside. This would offer a new approach to understanding the reforms implemented by Gálvez. By examining the debates within the imperial administration, we might supercede the tired dichotomous view of the reforms as either good or bad. This report endeavors to break such ground by examining the economic thought of Gamboa, a subject which has escaped the focus of scholars.

In the \textit{Comentarios} Gamboa set out a comprehensive vision of Mexican economical development. He did not see Mexico as a subservient appendage of Spain, a mere supplier of metals and consumer of manufactured goods, a colony to be exploited by a financially ravenous Spanish crown. Rather, Mexico was viewed as a self-contained social and economic entity. He thus broke with orthodox mercantilism, which saw colonies only in light of the needs of the metropolis. His perspective came from the periphery rather than the center. He argued that mining was important not because it supplied Spain with specie but because it anchored the Mexican economy. Mining supported commerce and towns and the spread of civilization.

Gamboa saw mining in Mexico in the same light that Gerónimo de Uztáriz saw manufacturing in Spain, as the strategic industry that, if nurtured properly by the government, would guarantee national prosperity. Furthermore, an economically vibrant Mexico would assure higher revenues for the crown, without the imposition of new institutions or taxes. He argued as a loyal subject of the Spanish crown, not as a proto-nationalist. Gamboa thus presented an alternative path to imperial rejuvenation than that followed by Gálvez. Acting upon the ideas of Spanish economic writers and government officials José Campillo y Cossio and Bernardo Ward, Gálvez believed it imperative to reform institutions first, such as fiscal administration and trade, so that Spain could lever its own industrial development on the back of its American colonies. He held to the traditional mercantilist view of colonies as servants of the metropolis. Thus, even if Gálvez’s mining reforms mimicked those suggested by Gamboa, their economic rationale conflicted sharply with Gamboa’s vision of a more self-contained Mexican economy.

In this paper, I look at Gamboa’s economics first through four contextual lenses. The first is biography. Gamboa’s Basque roots, his dedication to the law and his Enlightenment education shaped his outlook. Being Basque allowed him to bridge the widening divide between creoles and peninsulares in the late-eighteenth century. Secondly, I survey the Mexican silver mining industry in the eighteenth century, the solid ground covered in the Comentarios. Although production increased throughout the century and the scale of operations increased, the industry was afflicted by poor access to capital and technology. Thirdly, I examine Spanish economic thought from the sixteenth to the eighteenth centuries, especially the concerns enunciated by

Jeremy Baskes, Indians, Merchants, and Markets: A Reinterpretation of the Repartimiento and Spanish-Indian
mercantilists such as Uztáriz. They form the backdrop of Gamboa’s thinking. Fourthly, I sketch the political environment in Spain in mid-century as he was composing his work. The cautious tone of the Comentarios responded to the complacent mood of Spanish officials on the eve of the British occupation of Havana and Manila in 1762.

The second part of the paper is devoted to Gamboa’s economic thinking as set out in the Comentarios. He wrote as a pragmatic lawyer and representative of the merchants guild of Mexico City. His vision of the Mexican economy is mostly expressed implicitly, within his analysis of laws or policy recommendations. I examine these recommendations to trace out his broader conception. He argued for the end of the Spanish monopoly over the supply of mercury because he believed that mining needed to be vertically integrated within Mexico to function properly as an economic engine. He thought transatlantic economic ties, such as the mercury supply, should be sacrificed if the result would by a stronger fiscal connection. To resolve the capital issue, he forwarded the request of the Consulado to set up a chartered company to finance mines, even though he probably saw the economic weakness of this proposal. He nevertheless fulfilled his professional responsibility to the merchants by making an ingenious argument on their behalf. The proposal closest to his heart and most illustrative of the breadth of his economic vision was the establishment of a second mint outside of Mexico City. Here he argued for the development of a market economy, through monetization, in outlying regions of Mexico. Far from being the single-minded defender of Consulado, Gamboa supported an approach to development that conceived of the economy as an interdependent whole, with the interests of

remote mining communities intimately connected to the welfare of both the merchant elite in Mexico City and the Spanish treasury.

**A Basque creole lawyer educated by the Jesuits**

Francisco Xavier Gamboa was a Basque creole, born in Guadalajara on 17 December 1717, to Antonio de Gamboa and María de la Puente Aramburu. He felt close to the Spanish-born Basque community in Mexico, including the merchants who dominated the Consulado. He joined the most prestigious Basque brotherhood in Mexico, Nuestra Señora de Aranzázu, serving as its elected director for two years in the 1770s. This organization more than any other preserved in Mexico a Basque sense of identity. On behalf of the fraternity, he drafted the charter for the Colegio de las Vizcaínas, a school for girls founded in 1754, and defended its lay control against the archbishop of Mexico. Gamboa belonged to the *Sociedad Económica de Amigos del País* in Mexico, established in 1764 by the Basque business leaders, Ambrosio de Meave, Leandro de Viana and Antonio Bassoco, in imitation of the economic society initiated by Basques in Spain. Compared to Castilians and Andalucians, Basques showed less prejudice towards commerce and manual occupations, perhaps because their elites, in the absence of land for estates, had no choice but to embrace trade and industry. Basques founded in 1728 the first

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important chartered trading company in Spain, the Real Compañía Guipuzcoana de Caracas, and eagerly searched out foreign technology and experts to assist their business enterprises, which included mining and metallurgy.\textsuperscript{19} Gamboa’s Basque ethnicity, therefore, reinforced his respect for commerce, faith in technology, and loyalty to the Consulado, all amply on display in the pages of the \textit{Comentarios}. It also provided an identity that bridged the divide between creoles and \textit{peninsulares} and may help explain how he defied the growing prejudice against creoles in the second half of the eighteenth century.

Secondly, Gamboa was a lawyer devoted to the traditional institutions of New Spain. After the death of his parents while he was still a child, Gamboa was raised by José de la Mesía de la Cerda, a judge on the Audiencia of Nueva Galicia, who sent him to Mexico City in 1733 to study at the Colegio de San Ildefonso, the foremost Jesuit school in Mexico. Gamboa graduated with a law degree and in 1740 joined the office of José Martínez, one of Mexico’s leading litigators. He quickly rose to prominence as a specialist in estate and mining matters. His successful representation of the Basque merchant, Manuel de Rivas Cacho, in a 1753 succession dispute probably led to his appointment by the Consulado as its representative in Madrid in 1755.\textsuperscript{20} He combined a successful practice with, as the \textit{Comentarios} showed, serious legal scholarship. He analyzed Mexican mining law within the broad framework of Spanish and civil law jurisprudence, citing Roman precedent as well as more recent commentators like Gaspar de Escalona y Agüero, the author of the \textit{Royal Treasury Report of Peru} in 1647, and Juan de Solórzano Pereira, whose \textit{Política Indiana} of 1648 treated the legislation of the Indies as a

systematic whole. His allegiance to the Audiencia, perhaps planted in his youth by Mesía de la Cerda and in full flower during his resistance to Gálvez, was also documented in the Comentarios. He believed that the Audiencia’s jurisdiction over mining matters should never be violated by the viceroy. He insisted that ordinary local judges under the Audiencia, the alcaldes mayores and corregidores, if properly informed, could handle complex mining litigation.

Gamboa was also a son of the Mexican Enlightenment, educated by Jesuits at San Ildefonso. They brought to Mexico the new empiricism formulated by Francis Bacon in England and popularized in Spain in the eighteenth century by the prolific Benedictine monk, Benito Feijóo. Logic was valued over speculation, science over theology, the concrete over the abstract. Gamboa shared the Enlightenment fascination with nature and faith in the scientific method of inquiry. He was appalled by the unsystematic methods used by Mexican mine surveyors, who he said ignored basic principles of geometry in laying out boundaries and designing mine shafts and tunnels. He considered very pragmatically science to be an instrument for economic growth. His prose style and legal philosophy also bear the mark of his education. He wrote lucidly about empirical facts, shunning abstract speculation. He interpreted legislation pragmatically, concerned with whether laws served desirable economic ends rather than whether they conformed to theoretical ideals. And finally he brought to the writing of the Comentarios an impressive erudition, widely recognized by his contemporaries in Mexico and

20 Trabulse, Gamboa, 29-31.
22 Gamboa, vol. I, ch. XXV.
Spain. In 1781, desperately trying to avoid exile to the Audiencia of Santo Domingo, Gamboa pleaded that he had “little more fortune than my library, one of the most complete in this kingdom, assembled at the cost of patience of forty years.”

**Arbitristas, Mercantilists, and Economic Thought in Spain**

Gamboa accepted the mercantilist conventions of his day, including the privileged role of precious metals, the desirability of state assistance for domestic industry, and the virtues of commerce. He also wrote as part of the long tradition of pamphleteering in Spain. Men of affairs, especially government officials, writing on their own account or under instruction from the sovereign, had been offering economic advice since at least the mid-sixteenth century. Their common preoccupation was reversing Spain’s seemingly inexorable slide from the glorious era of the Catholic Kings and the first Habsburgs. In the course of two hundred years their basic proposals hardly varied, with Gerónimo de Uztáriz in 1724 repeating what Luis Ortiz had recommended in 1558: tariff protection for domestic industry, tax reductions, and a strong navy. In order to appreciate Gamboa’s ideas, we must place him within the larger context of European and Spanish economic thought.

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24 Gamboa, vol. I, ch. XII.
26Archivo General de Indias, Mexico 1876, Mayorga to Gálvez, 31 July 1783; quoted in Brading, *Miners*, 69.
The arbitristas in the early-seventeenth century made up the first wave of economic writers in Spain. They confronted the difficulties caused by the influx of American precious metals, namely inflation, industrial stagnation and currency debasement, as well as the negative consequences of such government policies as the expulsion of the Moriscos in 1608, which damaged agriculture, and the expensive military commitment to Habsburg lands outside of Spain. Arbitristas offered a barrage of remedies, some eminently sensible, such as simplifying the tax structure that weighed heaviest on Castile, and others frivolous, such as sumptuary restrictions and closing down theaters. J.H. Elliott contends that the arbitristas attacked the symptoms of Spain’s decline rather than the underlying disease, which he identified as the discrepancy between state expenditures and investments in productive enterprises. They viewed Spain’s problems in essentially moral terms, considering decline proof of God’s disapproval for the abandonment of the austere Castilian virtues of the sixteenth century. But even if they lacked a systematic understanding of the economy, arbitristas like Martín González de Cellorigo, an advisor to Philip III cited by Gamboa, established a discourse of economics in Spain and first proposed policies, such as state aid for manufacturing, that subsequent economic thinkers would pick up and elaborate.

Arbitristas shared with contemporaneous English writers such as Thomas Mun ideas that would later be called mercantilist. Historians warn us not to treat mercantilism as an economic

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30 Ibid., 315.
school. It should be seen rather as a collection of economic nostrums, a “folk doctrine” according to economic historian Jacob Viner, circulated by practical men who had little time or propensity for abstract speculation.\textsuperscript{32} No one even used the term “mercantilism” before \textit{laissez-faire} critics of their ideas emerged in France and Britain in the 1760s.\textsuperscript{33} And these critics, notably Adam Smith, exaggerated anti-liberal tendencies in mercantilism in order to highlight the novelty of their own brand of economics.\textsuperscript{34} Mercantilist writers did invoke the state as the principal economic actor but also firmly held attitudes later canonized as liberal, such as the positive part played by individual self-interest.\textsuperscript{35} The most sophisticated, like Thomas Mun in the 1620s and Richard Cantillon in the 1720s, recognized long before François Quesnay in France and Smith in Scotland that the economy functioned as a interconnected dynamic system, powered by market forces.\textsuperscript{36}

What were the main ideas of these mercantilist writers? First, they emphasized the need to increase national power through the accumulation of wealth. Wealth consisted of gold and silver. Since Europe lacked sufficient precious metal mines, international trade offered the surest

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\item Robbins, \textit{LSE Lectures}, 46.
\item Smith, \textit{Wealth of Nations}, book IV, chapter I.
\item Grampp, “Appreciation,” 41.
\item Magnusson, \textit{Mercantilism}, 10-12; Thomas Mun, \textit{England's Treasure by Forraign Trade} (London, 1664). Richard Cantillon, \textit{Essay on the Nature of Commerce in General} (London, 1755). Both these works were published
\end{enumerate}
route to the accumulation of metals. Countries had to export more than they imported to guarantee monetary inflows. Not only should imports be discouraged and exports stimulated but countries should help develop domestic manufacturing. Mercantilists advised to keep the country’s raw materials at home to be processed and sold abroad as value-added goods. This would keep the population active and growing. Mercantilists also believed that colonies should support the home country’s drive to wealth and power by supplying primary products and consuming manufactured goods.\(^{37}\) Mercantilist thinking thus played up the virtues of autarchy. It conceived of international trade as a zero-sum game of winners and losers. But while mercantilists understood how markets operated and the social benefits of individual selfishness they clearly did not anticipate two other ideas central to classical liberalism: the specie-flow mechanism, first expounded by David Hume in the 1740s, which explained that trade surpluses could not be maintained indefinitely as the rise in domestic prices would make imports more attractive; and comparative advantage, David Ricardo’s debunking of the beggar-thy-neighbor trade policies advocated by most mercantilists.\(^{38}\)

Spanish economic thinkers put their own stamp on mercantilism, which reflected the differences between the long-established Spanish empire and the upstart commercial networks that concerned English and Dutch writers.\(^{39}\) We can identify five main characteristics of Spanish

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mercantilism: the obsession with national decline; the urgency to jump-start manufacturing; the desire to restructure the Indies trade; the allure of chartered companies; and the campaign to raise the prestige of merchants and artisans. We will examine each in turn in order to understand the ingredients that went into Gamboa’s distinct blend.

Spain’s rapid fall from the glorious heights achieved in the first fifty years after the discovery of America century haunted Spanish economists. They followed in the footsteps of Luis Ortiz, the comptroller of the royal finances under Charles, who in 1558 addressed a *Memorial* to Philip II urging a program of national renewal to overcome the financial mess left behind by Charles. Ortiz advocated prohibitions on exports of raw materials and imports of foreign cloth, the encouragement of artisans, the reduction of taxes, the improvement of roads and the reinforcement of the navy. Whereas English mercantilists typically wrote to promote commercial policies in their own interests, their Spanish counterparts drafted broader proposals intended to save their nation. In the eighteenth century, Spanish economists compared their country’s predicament less to the golden age of the early Habsburgs and more to the economies of France, England and Holland, all considered mercantilist success stories at the time. But they still held to the trope of decline, something that seemed to influence Gamboa’s perception of the state of silver mining in Mexico.

The stagnation of Spanish manufacturing was the most notorious sign of Spain’s fall from grace. Spanish economists recommended a number of measures to invigorate the

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production of cloth, glass, metals and other fabricated goods. Arbitristas Sancho de Moncada and González de Cellorigo first raised the issue of how sales taxes and internal duties raised the cost of domestic manufacturing, making it uncompetitive with foreign imports. All subsequent writers echoed their call for reductions in these charges. Spaniards also looked abroad for ideas. Particularly influential after the Bourbon succession was Jean Baptiste Colbert’s French industrialization program of the 1680s. The crown established the royal textile factory in Guadalajara in 1719 on the French model, exempting it from all taxes, and brought in skilled foreigners to operate the looms. Bernardo de Ulloa, in his 1740 treatise, Restablecimiento de las fábricas y comercio español, called for Spain to adopt Colbert’s industrial strategy in whole by granting special privileges for factories, restructuring external tariffs to protect manufacturing from foreign competition, improving roads and waterways, and building up the navy. Gamboa transposed the Spanish preoccupation with manufacturing to mining in Mexico.

Spanish economists, especially in the eighteenth century, coupled industrialization with reform of transatlantic trade. They believed that the American colonies could be used to lever up domestic manufacturing. According to the Nuevo sistema de gobierno econômico para la América, a 1743 manuscript attributed to José Campillo y Cossío, Secretary of the Treasury, Navy and Indies in the early 1740s: “One has to consider trade as the principal base of the rest of the interests in the Monarchy, as it is the stimulator of agriculture, the arts, the workshops and

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41 Grice-Hutchinson, Early Economic Thought, 127-130.
42 Elliott, Imperial Spain, 300.
44 Grice-Hutchinson, Early Economic Thought, 161-165.
manufacturing.” Campillo wanted to tighten Spain’s economic grip on America, squeeze out contraband, and restructure colonial markets to serve the interests of Spanish industry. All American industries competing with Spain should be prohibited. Perhaps the most explicit statement of this position came from Bernardo Ward, whose 1762 *Proyecto económico*, which incorporated Campillo’s work, strongly influenced American policy in subsequent decades.

The affairs of America are in a terrible state, even though America is the most important possession that any Monarchy has ever had; it is necessary to fix the American trade so that it supports Spanish industry, to extend it even further and to get rid of contraband. We must establish new areas of trade hitherto unexploited, turn the millions of uneducated Indians into useful vassals, enhance the mines by introducing the economies, engineering and inventions we have seen in those of Hungary, Saxony and Sweden, where many such operations flourish; we should increase the cultivation of those beautiful American products and their consumption in Europe...

Ward could have consulted Gamboa on mining, as they both composed their works in Madrid at the same time. But his emphasis on colonial submission to the needs of Spanish industry owed nothing to Gamboa. Ward, following in the footsteps of Campillo, believed the only way to restructure the Indies trade was to break the monopoly of Cadiz, to open up commerce to all

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48 Bernardo Ward, *Proyecto económico* (Madrid, 1779) XV. Quoted in Bitar Letayf, *Economistas*, 128: “Los asuntos de América están en mucho peor estado, siendo tan importantes que jamás ha tenido Monarquía alguna posesión igual; arreglar aquel comercio de modo que sirva de fomento a Nuestra industria, extenderlo mucho más y quitar el contrabando. Establecer nuevos ramos que hasta ahora no se han emprendido, de muchos millones de indios incultos hacer vasallos útiles, aumentar el beneficio de las minas introduciendo las economías, ingenios e inventos que hemos visto en las de Hungría, Sajonia y Suecia, donde florecen mucho estas maniobras; extender más la producción de aquellos preciosos frutos y su consumo en Europa...”
Spanish subjects and all Spanish ports. Gamboa made only one mention of transatlantic trade, upholding the traditional fleet system between Cadiz and Veracruz.\textsuperscript{49} Like Uztáriz, as we shall see, Gamboa looked to internal rather than external causes of economic backwardness.

Many Spanish thinkers saw the chartered company as the ideal tool to achieve the twin goals of industrialization and trade reform. While Spain had established direct state control over its colonies and delegated trade to members of the Seville and later Cadiz merchant guilds, northern European countries had pioneered chartered trading companies. In the seventeenth century at least sixty of these companies were formed, such as the mighty Dutch East Indies Company.\textsuperscript{50} Like modern corporations, chartered companies could manage large sums of capital for indefinite periods, making them highly useful in organizing long-distance trade and large-scale industry. But unlike modern companies, chartered companies operated under the patronage of the monarch, receiving valuable privileges, such as trade monopolies and tax exemptions, in return for strategic services to the nation, such as ship-building, colonization, and industry. In the seventeenth century, merchants and government officials in Spain lobbied intermittently for chartered companies. Olivares even considered establishing a company to manage the Indies fleet.\textsuperscript{51} But it was not until the early-eighteenth century that Spain belatedly jumped on the company bandwagon, especially with the founding in 1728 of the Real Compañía Guipuzcoana de Caracas (Caracas Company) to win back economic control of Venezuela, a region bypassed by the Cadiz fleets. The Company succeeded in increasing the Spanish share of trade in the

region from 3% to 50-75% and developing a lucrative plantation economy. Spain also established companies to operate textile factories, chartering six between 1746 and 1753. The Aragon Company, for example, founded in 1746, built factories to make fine woolens, linens, hats, paper and even brandy.

Finally, Spanish economic thinkers wanted to raise the stature of merchants and artisans in Spanish society. In the sixteenth century, the theologians and jurists of Salamanca rejected the traditional scholastic disdain of commerce originating with Aristotle. Martín de Azpilcueta Navarro, a canon lawyer and Charles V’s representative to the Council of Trent, even provided a justification for usury based on the doctrine of *lucram cessans*, or opportunity cost. Tomás de Mercado, a Dominican monk who had taken his vows in Mexico, wrote a spiritual manual for merchants in the 1560s, colored by a lively appreciation of the bustling commerce of his native Seville. Spanish officials as eminent as Olivares in the 1620s and Melchor de Macanaz one hundred years later, urged the king to ennoble merchants to lessen the stigma of trade. Macanaz, the President of the Finance Board under Philip V, went so far as to write in 1719, “No es buen vasallo el que no es comerciante.” The campaign in favor of trade and manual occupations intensified in the eighteenth century as a complement to the efforts to boost

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51 Ibid., 13.
manufacturing and transatlantic trade. Such a promotion was unnecessary in New Spain, however, where merchants had long been accorded social prestige, forming the elite in a society without landed aristocrats but with a hierarchy favoring the Spanish-born.

Spanish mercantilism reached its zenith with Gerónimo de Uztáriz. Born in the Basque country in 1670, Uztáriz traveled throughout Europe as a military official before returning to government service in Spain in 1707. A protégé of José Patiño, Secretary of State in the 1720s and 1730s, he enjoyed a distinguished political career, culminating in his appointment as President of the Board of Trade in 1730. In 1724 he wrote *Teórica y práctica de comercio y la marina*, the most celebrated work by a Spanish economist in the eighteenth century. It circulated privately until Uztáriz’s son published it posthumously in 1742, after Bernardo de Ulloa had already incorporated large sections in his 1740 *Restablecimiento de las fábricas*. A second edition came out in 1757, shortly after Gamboa’s arrival in Madrid. It was also translated into English in 1751 and French in 1753. Adam Smith owned a copy, the only work by a Spanish economist cited in *The Wealth of Nations*.

Uztáriz did not break new theoretical ground. He cooked up the familiar recipe of Spanish mercantilism - domestic manufacturing, international trade, naval rearmament – and

59 See especially Callahan, *Honor, Commerce*.
60 Brading, *Miners*, 105-106.
62 Castillo, *Uztáriz*, 75-76.
63 Gerónimo de Uztáriz, *Teoría y práctica de comercio y marina* (Madrid, 1757)
added a slice of Colbert. But he backed his proposals with a mass of data, not just on the Spanish economy but on conditions elsewhere in Europe. And unlike recommendations forwarded by seventeenth-century arbitristas, such as curbing luxury spending and closing schools that turned out idle aristocrats, Uztáriz’s seemed eminently pragmatic.\textsuperscript{66} In order to achieve the favorable trade balance sought by mercantilists, Uztáriz focused on tariff reform. He wanted differential duties that would impede imports of foreign manufactured goods yet encourage imports of needed raw materials.\textsuperscript{67} To introduce foreign technology into Spain, he called for the establishment of technical schools, including a Royal Academy of Science to teach astronomy. He opposed state-run factories, after investigating the Guadalajara textile plant on behalf of Patiño, but favored privileges for private operators: “Stimulating and maintaining factories with franchises and other assistance is more certain and efficient than management by the sovereign, which leads to inexcusable backwardness and waste…”\textsuperscript{68} In terms of trade with the Indies he counseled incremental reform, such as improving the regularity of fleet departures and beefing up the naval escort. Indeed, he endorsed the Cadiz monopoly and criticized chartered trading companies as too greedy for privileges and too mean in returning profits to shareholders.\textsuperscript{69} He took a liberal attitude towards the colonies, suggesting they be allowed to develop their own

\textsuperscript{66} Smith, “Spanish Mercantilism,” 3.
\textsuperscript{67} Hamilton, “A Re-examination,” 127.
\textsuperscript{68}Uztáriz, \textit{Teoría}, 333-334. Quoted in Bitar Letayf, \textit{Economistas}, 30: “El medio de fomentar y conservar las manufacturas con franquicias y otros auxilios es más seguro y eficaz que el de la administración por cuenta de los soberanos, porque en esta forma se padecen atrasos y desperdicios que se consideran inexcusables…”
\textsuperscript{69} Castillo, \textit{Uztáriz}, 98-99.
industries. Unlike Feijóo and other early-eighteenth century writers he did not blame Mexico and the American colonies for drawing away Spain’s productive population. Instead, he said the problem was Spain’s failure to establish domestic manufacturing, which drained it of money and lowered the population.

**Gamboa’s Mercantilism a la mexicana**

Gamboa did not write as an economist but as a lawyer, intimately familiar with the mining industry and commercial practice in Mexico. But he had read Spanish economic writers, citing the *arbitristas* González de Cellorigo and Alfonso de Carranza, the latter the main advocate in the 1610s for currency reform in order to staunch the flight of gold and silver from Spain. More importantly, Gamboa knew the work of Uztáriz and his leading disciple Bernardo de Ulloa. Gamboa in effect read Uztáriz from the perspective of the periphery. This was a plausible mode of interpretation because Uztáriz, unlike Campillo and Ward, did not emphasize the subservient role of colonies under mercantilism. He did not advocate a radical change to the traditional structure of transatlantic trade nor criticize the development of industries in the Indies. He provided a template on which Gamboa could construct his own vision of the Mexican economy, in which mining took the central position Uztáriz had accorded manufacturing. But Gamboa as the representative of the Consulado operated under constraint. He had to present the petition of his clients for a chartered company to finance mines. This diverted him from the path marked by Uztáriz, who had lambasted chartered companies. To make the case for the company,

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Gamboa the lawyer shone brighter than Gamboa the economist, especially in his informed discussion of issues of corporate governance. He returned at the end of the Comentarios to an explicitly economic discussion, advancing the cause of development of the hinterland through the mechanism of a second mint. This idea was closest to his heart, as a native of Nueva Galicia, and represents his most original thinking. Taking the mercantilist obsession with money, Gamboa transformed it into a market-oriented development plan for regional Mexico.

There is no indication in the Comentarios that Gamboa had read Campillo, whose Nuevo sistema only circulated in manuscript until 1789. But he would likely have been familiar with the ideas of the new imperialism. After all, Ward was composing in the same years as Gamboa his Proyecto económico, which incorporated Campillo’s thinking about the need to subjugate the colonies to the economic interests of Spain. Drawing upon the most prestigious Spanish economist of the first half of the eighteenth century, Gamboa charted out an alternative path to imperial renovation, one which did not require institutional reform or new taxes, simply a few discrete measures to stimulate the economy and thus the flow of tax receipts from Mexico to the crown. He thus entered the debate over how to restore glory to the Spanish empire. Historians hitherto have not adequately examined the thinking of men such as Gamboa who offered alternatives to the rigid mercantilism of the new imperialism.

Making a case for mining in mid-eighteenth century Spain was not easy. Spaniards had long recognized the mixed blessing of its American precious metal mines. In 1600 González de Cellorigo wrote: “Our Spain has concentrated on trade of the Indies, from which come gold and
silver, and has neglected trade with neighboring kingdoms. If all the gold and silver that has been and is being found there were to flow into it, it would still not be so rich or so powerful as it would be without them.” In the early eighteenth century, Feijóo railed against the mines: “The gold of the Indies keeps us poor: and, worse than this, it enriches our enemies. In return for our maltreatment of the Indians, we Spaniards are now the Indians of the rest of Europe. It is for foreigners that we dig our mines, for them that we bring to Cadiz our treasures.” Bernardo Ward, in orthodox mercantilist fashion, also questioned the value to Spain of mining: “The treasures that come from America do more damage than good to Spain since nineteen of twenty parts go to foreign nations, and since nations are only rich and powerful in comparison to other nations, each million that goes to another nation from Spain gives that nation a degree of superiority over Spain.”

To answer these critical voices, Gamboa had to find a new economic rationale for mining. He argued that its importance lay not in the silver and gold it produced for Spain but in the foundation it provided the Mexican economy: “Mineral districts of gold and silver give rise to towns, towns promote the civilization and settlement of the Indians; then follow consumption, industry, imports and many other consequences, of the greatest importance to religion and the

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74 “Los tesoros que vienen de América son más en perjuicio que de utilidad a España, pues diecinueve partes de veinte van a las naciones extranjeras, y como las potencias no son ricas ni poderosas sino en comparación unas de otras, cada millón que va a otra nación no vinendo otro a España, es lo mismo que dar a aquélla un grado de superioridad sobre la nuestra y bajar otro grado a ésta.” Ward, Proyecto económico, 229. Quoted in Bitar Letayf, Economistas, 135-136.
state, all which have so completely taken effect in the Indies." If Spaniards used the treasure Mexico supplied unwisely, to buy imported goods rather than invest in their own industry, that was their own problem, not a cross Mexico should bear. Here Gamboa found support in Uztáriz, who attributed Spain’s ills to internal factors, not to America. In fact, Gamboa’s panegyric of mining bears a striking resemblance to what Uztáriz said about manufacturing in Spain: “…the more our manufactories are enlarged and flourish, so much easier and happier will be the circumstances even of the peasants, and the nation in general; for as more money will circulate in the kingdom, merchandise and fruit bear a higher value, and will be more consumed…in short, the whole political body in this full health and vigor will impart to every member constant supplies of life and spirit…” Like Uztáriz, Gamboa perceived of the economy as an interdependent system, in which all sectors were reciprocally tied. By implicitly comparing Mexican mining to Spanish manufacturing, and in words reminiscent of those of Spain’s most famous economist, Gamboa hoped to convince skeptical Spanish officials to authorize action to revitalize the silver mines of New Spain.

**Ending the Spanish mercury monopoly**

Just as manufacturing should ideally consume home-grown raw materials, Gamboa argued that mining in Mexico should not have to depend on imported inputs. He thus proposed an end to the Spanish monopoly over the mercury supply. Mexican miners had found deposits of

75 “De los Minerales de Oro, y Plata vienen las poblaciones; de estas la civilidad, y reducción de los Indios; de aquí el consumo, la labranza, y los derechos, con todas las demás consecuencias, tan importantes a la Religión, y al Estado, que efectivamente se miran logradas en los vastos Reynos de las Indias”, Gamboa, vol. I, ch. III, 110.


mercury near Cuernavaca and Guadalajara but had been denied permission to mine them on at least three occasions, in 1718, 1730 and 1745. But nothing in the mining ordinances barred mercury mining in Mexico. The crown simply feared the loss of revenues if it permitted competition to Almadén. Gamboa acknowledged that crown control over mercury did benefit miners by assuring a fixed price but claimed this advantage would not be lost; the crown would still control distribution of Mexican-produced mercury. Having local suppliers would shelter silver refiners from unpredictable disruptions in transatlantic traffic. If the Almadén mine could not compete with Mexican mercury producers, then it should be closed. His desire to sever the mercury supply link with Spain is a small but telling indication of his opposition to tighter economic links across the Atlantic. He argued Spain would be best served from taxes on higher silver production than profits from the mercury monopoly.78

Gamboa knew well the crown’s sensitivity on fiscal matters. He thus never called for across-the-board reductions in mercury prices or the silver tithe. For him, supply was the issue. He later opposed the general mercury price cuts ordered by Gálvez in 1777 as unnecessary since the industry had already recovered from its mid-century doldrums.79 But he did support case-by-case reductions in both mercury prices and the silver tithe to help rehabilitate distressed mines with proven reserves. Again, his call for state aid for mining echoed Spanish prescriptions for manufacturing assistance. But Gamboa cautiously suggested that the crown order such relief only on the basis of an expert’s report, which would minimize the risk of favoritism. The goal of

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78 Gamboa, vol. I, ch. II.
such aid would not be to promote investment in new projects but to rescue existing mines that supported established towns.

Gamboa did make one radical proposal: that the crown invest directly in drainage projects. He wrote: “Considering the profit the crown derives from the duties on the silver and gold produced from the mines, which profit must diminish as the mines decay, it would certainly answer to the revenue, in districts of tried and approved richness, to assist the unfortunate miners, in providing means of drainage.”80 He suggested the crown contribute to the cost of the construction of drainage tunnels and receive, in return, a higher take of the silver production, perhaps one-fifth instead of the normal diezmo. But Gamboa did not elaborate this recommendation with his customary detail. He might have realized that this proposal was a non-starter but could help convince Spanish officials of the urgency to support miners in some other way.

Chartering a company for the Consulado

A significant part of Gamboa’s mission to Madrid was to lobby the crown for the establishment of a chartered company under the jurisdiction of the Consulado to oversee mining finance.81 He included in the Comentarios a prospectus for this company. 82 Although he earned his pay as the representative of the Consulado, deploying an ingenious argument in its favor that drew upon his understanding of business organization and investment risk, this plank fits

80 “Y considerando que son tan útiles al provecho de S.M. por los derechos, que rinde la Plata, y Oro, que se disminuirán a proporción de la decadencia de las Minas; sería importante a la misma Real Hacienda en Minerales experimentados, y conocidos el facilitar a los infelices Mineros el desague general por contraminas.” Gamboa, vol. II, ch. XXVI, 306.
81 Trabulse, Gamboa, 29-31.
uneasily into his overall economic platform. The proposal to establish a chartered company was a specific plea for a particular interest group, in contrast to his other proposals for state action to serve the general community. It rubbed against his broad reading of the jurisdiction of the Audiencia, as it required the carving out of mining debt matters for court of the Consulado. Moreover, his main economic authority, Uztáriz, opposed chartered companies on the basis that they required too many privileges. Gamboa had to frame this proposal as broadly as possible, emphasizing the benefits to mining and the economy in general of a strong, merchant-controlled finance company.

This company, to be known as the Compañía General Refaccionario de Minas, would invest in drainage projects at established mines too costly for the private Mexico City silver banks. It would thus help revitalize, according to Gamboa, older mining districts, to the benefit of the surrounding population and the royal treasury. In the detailed constitution of the company included in the Comentarios, Gamboa proposed an initial share capital of five million pesos.\(^8\) In order to carry out its valuable services to Mexico and the crown, the company should receive privileges: a seignorage fee of one real per mark of silver delivered to the mint; control over an annual duty-free supply ship; wholesale prices on mercury delivered to Veracruz; and legal jurisdiction over mining debt matters. Responding to Uztáriz’s criticism of Dutch chartered companies, Gamboa did characterize these privileges as modest compared to the vital work the

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\(^{82}\) Gamboa, vol. I, ch. VII.

\(^{83}\) He even stipulated in this constitution that the porter of the tribunal should keep the premises neat and tidy and, after securing the door, deliver the keys to the factor-general. Gamboa, vol. I, ch. VII, 251.
company would perform. He wrote: “Since then the desire of obtaining riches is inherent in mankind, there can be no cause which prevents [mines] from being worked, except the very great one of the want of capital, a deficiency which would be supplied by the establishment of a well-regulated company, under the patronage of the crown, supported by substantial capital, and cherished by the privileges ceded to it by royal authority.”

Gamboa knew the difficult ground he entered by making this proposal on behalf of his merchant clients. First, enthusiasm for chartered companies had probably passed its peak in Spain. Three chartered companies designed to promote textile manufacturing in Spain had failed in the mid-1750s and only a few more would be created after 1760. Of the American trading ventures, only the Caracas Company had earned profits for its shareholders, and that at the cost of provoking a popular uprising in 1749. Perhaps more objectionable than a chartered company per se was putting it into the hands of the Consulado. Spanish economic thinkers praised merchants’ enterprise at the same time they condemned their monopolistic practices. Consulados, although useful in bestowing social status on merchants short of ennoblement, threatened open commerce. Campillo blamed the Cadiz trade monopoly for strangling Spain’s transatlantic commerce and fostering fraud and contraband. The movement against merchant guilds had already reverberated in Mexico City. Its Consulado had been deprived by the Bourbon

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85 “Y siendo natural el deseo de adquirir riquezas, no ay otra causa, que lo estorve, sino la principal de la falta de caudales, que cessará con los de una Compañía arreglada, favorecida, y bien apoyada con la consistencias de los fondos, y con los privilegios, que se le franqueen por S.M…” Gamboa, vol. I, ch. VII, 226-227.
86 La Force, Spanish Textile Industry, 64-67.
87 Hussey, Caracas Company, 122.
88 Callahan, Commerce, Honor, 17.
state of lucrative privileges, such as the operation of the mint in 1732 and the collection of the alcabala tax in 1754, although it still monopolized transatlantic trade and the internal distribution of imports.

Gamboa argued ingeniously on behalf of the Consulado, drawing upon his sophisticated understanding of business organization. He began by discussing the pros and cons of different forms of ownership. Sole proprietors lacked the capital to operate large-scale mines while partnerships invariably broke apart over the division of profits. According to Gamboa: “Many mining districts which are not now worked, might be brought into a flourishing state, by means of the united funds and combined strength of several persons in partnership; but as it is, they remain unworked, by reason of the insufficiency of individual means on the one hand, and the disagreements of the miners on the other; there being very few partnerships which do not end unfortunately.”90 Gamboa recognized that companies, if properly organized, capitalized and managed, could overcome these problems. They could command the capital required for heavy mining investments and distribute their profits transparently according to share ownership. He also appreciated that companies tolerated risk better than partnerships since they distributed it among a large body of shareholders, none of whom would have staked their entire fortune in the enterprise. Neither he nor the law yet thought of companies as juridical persons, able without special privilege to engage in economic activities at the same level as individuals or

89 Fernández, España Siglo XVIII, 542.
90 “…Pues la virtud de los caudales, y fuerzas unidas serían capaces de poblar muchos Minerales, que no pueden convalecer por falta de medios en los particulares, por la mala avenencia de los Mineros, siendo raras las Compañías, que dexen de tener infelices éxitos…” Gamboa, vol. I, ch. VII, 186
partnerships.\textsuperscript{91} Nothing in the mining ordinances authorized companies to operate mines. What Gamboa proposed, consistent with the existing legislation, was for a chartered company to assist mine owners, whether individuals or partnerships, to undertake large-scale projects.

Entrepreneurs had tried before to set up mining finance companies in Mexico.\textsuperscript{92} But Gamboa judged the fatal flaw in the schemes, put forward by Domingo Reborato in 1743 and the respected mining engineer José Alejandro Bustamente in 1750, to be their failure to address the agency problem. Their proposals did not provide safeguards to protect shareholders from self-interested dealings by managers.\textsuperscript{93} Gamboa would have known how the Spanish textile companies failed in large part because their managers squandered the investment of shareholders on unprofitable or self-interested projects.\textsuperscript{94} In Mexico, Reborato even had the audacity to nominate himself as director-general of his company for life, a provision hardly with an eye to instill investor confidence. Bustamente’s more sophisticated plan, which had the support of the viceroy, the first Revillagigedo, envisioned a company run by miners. Nothing in Gamboa’s mind would be a greater folly than putting a finance company into the hands of profligate miners. They would quickly run it into the ground by making unwise investments.\textsuperscript{95}

In Mexico only one group of men, Gamboa concluded, had the means, ability, and honor to manage a mining finance company: “In the hands of the consulate, every shareholder, even

\textsuperscript{92} Moreno, \textit{Instituciones}, 90.
\textsuperscript{93} Micklethwait and Woolridge, \textit{Company}, 34.
\textsuperscript{94} La Force, \textit{Spanish Textile Industry}, 64-67.
\textsuperscript{95} This in effect occurred, as the finance company set up by the new miners guild collapsed in the 1780s after just two years of operation.
though not himself one of the commercial body, would be thoroughly satisfied of the security of his capital, and of the strict fidelity which would be observed in the conduct and management of this great undertaking; a fidelity which is recognized in every transaction of the consulate, whether relating to its own direction and management, or to the administration of justice in the matters placed under its exclusive jurisdiction."96 Gamboa gave three strong reasons on behalf of the Consulado. First, unlike miners and hacienda owners, merchants had the capital to establish a well-financed enterprise. Second, the merchants made up the only pool of private managerial talent in Mexico. And third, the Consulado had already demonstrated its trustworthiness, collecting the alcabala tax from 1602 to 1754, managing the mint and building at their own expense public buildings like the hospital, asylum and custom house.97 He built the Consulado up as the only institution in New Spain capable of taking on a project of the magnitude of a mining finance company in order to withstand the criticism that it already exercised too much control over the economy.

Gamboa did a good job as a lawyer arguing the case for a chartered mining finance company but a poor one as an economist. For the risk inherent in mining made a finance company untenable. Even today, banks are unwilling to back precious metal ventures. Gold and silver miners seek financing mainly in stock markets, which can better channel capital into speculative ventures. In addition, mining companies today typically diversify risk internally by

96 “Y cualquiera Accionista, aunque sea de fuera de el Comercio, estará bien satisfecho de la seguridad de su caudal, y de la singular fé en el manejo, y ejercicio de este grande negocio, como se experimenta en todos quantos trata el Consulado, así directivos, y económicos, como en la administración de Justicia en los negocios sujetos a su inspección, y jurisdicción privativa.” Gamboa, vol. I, ch. VII, 239.
97 Brading, Miners, 113
operating a number of properties, an option unavailable to miners in the eighteenth century before the advent of private joint stock companies. Gamboa did address these issues in discussing the objections to Reborato’s scheme of the silver bankers Francisco Sánchez de Tagle and Manuel Aldaco, two Basque members of the Consulado. They pointed out the difficulty in gathering together enough investors willing to back mining ventures. And if a company could be formed it would only duplicate what the silver banks already did, financing relatively low-risk mines. Pouring money into high-risk ventures was commercial suicide, they said, no matter who the manager. Gamboa dismissed the accusation against them that their criticism of Reborato’s scheme was motivated by the desire to prevent competition. But if so, why should their critique not apply equally to Gamboa’s proposal? Perhaps the Consulado could pull together enough investors but how could the new company not avoid doing what the silver bankers already did? Gamboa’s answer that the company would only invest in projects too large for the established banks looked like a recipe for disaster, or at least the making of a serious conflict of interest for members of the Consulado, such as Aldaco, who also financed mines privately. It would seem unlikely that Gamboa did not perceive the weaknesses of his proposal. Nevertheless, he was duty-bound to present it.

Monetizing the regional economy

Proof that Gamboa represented more than just the interests of Mexico City merchants was his proposal to establish a second mint in Guadalajara. 98 This idea reflected a personal concern for the welfare of regions outside of the capital, such as his native Nueva Galicia. It was

98 Gamboa, vol. II, ch. XXII.
also consistent with his larger goal of promoting the development of the periphery, not at the expense of the center but in harmony with it. In what can be read as the leitmotif of his economic thought, Gamboa said, “…it is not to the metropolis only that the attention should be directed but to the interests of the kingdom at large; and it should be an object to increase the population and consumption as well as the amount of the royal duties in the province…” The mint was his solution to Mexico’s regional development.

He again based his proposal on precedent, the 1728 plan for a new mint in Zacatecas. The crown had rejected the idea mainly because of the competition a second mint would pose to the existing Mexico City mint, then controlled by venal office holders. In 1732, however, the crown resumed direct management of the mint. A second facility therefore would no longer breach the contracts of private office holders nor, Gamboa believed, lead to the other problems identified by critics in 1728, such as hurting Mexico City commerce and threatening the international credibility of the Mexican peso. A second mint closer to the silver mines was necessary because: “…the circumstances of there being but one mint, namely, at Mexico, is attended with very injurious consequences to the crown, to trade, and to the provincial towns and their inhabitants, who have not enough money for their ordinary dealings, and who therefore are compelled to have recourse to barter, employing for that purpose bullion, which they withhold from the payment of duty.”

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100 “…aviendo una sola Casa de Moneda en México, se causa grave daño a S.M. y al Comercio, a los Pueblos, y sus habitadores, en no tener moneda para los Contratos, sujetarse a las permutaciones, y dexarse de diezmar las Platas entretenidas en ellas.” Gamboa, vol. II, ch. XXII, 228.
ending trade in unstamped silver, boosting legitimate commerce and increasing tax revenues for the crown.

Much of what Gamboa said in reference to the mint struck a mercantilist chord. Mercantilists generally believed that the more money circulating in the economy, the better.\textsuperscript{101} This might have been particularly true for Spanish economists, as Spain relied more on indirect sales taxes than northern European countries. The quicker money circulated, the more taxes the Spanish king could collect.\textsuperscript{102} Even Uztáriz, who might have known better, believed that “as more money will circulate in the kingdom, merchandise and fruit bear a higher value, and will be more consumed.”\textsuperscript{103} This ignores the quantity theory of money, first described by the Spaniard Martín de Azpilcueta Navarro in the sixteenth century.\textsuperscript{104} More money in the economy did not stimulate commerce by increasing the velocity of circulation, it simply raised prices. It also had no effect on the real availability of credit, despite the belief of some mercantilists that lower interest rates would offset inflation.\textsuperscript{105} Adam Smith was typically scathing in his condemnation of this aspect of mercantilist thinking: “Upon every account, therefore, the attention of government never was so unnecessarily employed, as when directed to watch over the preservation or increase of the quantity of money in any country.”\textsuperscript{106}

But Gamboa was arguing less for an \textit{increase} in the stock of money than its \textit{creation} in the first place, a subtle but important difference. The mining districts north of Mexico City had to

\begin{itemize}
    \item \textsuperscript{101} Blaug, \textit{Economic Theory}, 18-19.
    \item \textsuperscript{102} Grice-Hutchinson, \textit{Early Economic Thought}, 143.
    \item \textsuperscript{103} Quoted in Grice-Hutchinson, \textit{Early Economic Thought}, 163.
    \item \textsuperscript{104} Elliott, \textit{Cambridge History}, 324.
    \item \textsuperscript{105} Viner, \textit{Essays}, 264-265.
\end{itemize}
subsist on barter and illicit trading in unstamped metal because silver coin, once it was minted, tended to stay in the capital, in the safes of Mexico City merchants. This deprived the crown of its legitimate duties on silver production. But more important to Gamboa, the severe shortage of money in the outlying regions of Mexico stunted their economic and social development. They could not develop efficient markets because “…the price of all commodities must necessarily remain vague and unascertained, and their trade must always be torpid, liable to fraud, and subject to many other inconveniences…”107 Gamboa borrowed the mercantilist argument about the merits of an abundance of money and turned it into a market-oriented development plan for regional Mexico, consistent with his sympathy for the periphery and indicative of a liberal strain in his thinking, not unusual among mercantilists. He was here a long way from being the guardian of the interests of the mercantile oligarchy.

Conclusions

Although primarily intended to guide lawyers through the thicket of the mining law of New Spain, the Comentarios also expressed a particular economic vision. Gamboa refashioned the mercantilism of mid-eighteenth century Spain into a program to support the development of the periphery of the empire. He cast mining in a new light, not as the original source of wealth in the mercantilist paradigm but as a normal industry that underpinned the Mexican economy. It deserved the same attention that manufacturing received in Spain. Apply a few remedies already contemplated by law or practice, such as sourcing mercury domestically, relieving distressed

miners of tax burdens, introducing new technology and chartering a finance company, and mining would return to vigorous health, the driver of commerce, agriculture, population growth and even Christianity. He believed if Mexico were allowed to evolve towards economic self-sufficiency, the crown’s desire for more generous revenues from America would be fulfilled without the need for institutional innovation. Gamboa thus set out an alternative to the new imperialism first articulated by the Nuevo sistema of Campillo in the 1740s and then implemented by Gálvez from the mid-1760s to the mid-1780s.

By uncovering this other path, we can approach the issue of the late Bourbon Reforms from a fresh direction. Rather than conceptualize the process of late eighteenth-century political and economic change as a contest between reformers and conservatives, between the new Bourbon centralists and the defenders of the old Habsburg order, we can glimpse a dynamic debate going on among officials. For the question was not reform or status quo but what program of reform. The shock of 1762 threw official weight behind the new imperialism but this support was never unqualified. The simple fact that Gamboa became regent of the Audiencia of New Spain in 1787 at the behest of Antonio Porlier, Gálvez’s successor as secretary of the Indies, attests to the survival of alternatives within the top echelon of the bureaucracy. He represented far more than just commercial interests; he stood for a different conception of the Mexican economy and the colonial relationship.

This study has also hinted at another direction for further research. The career of Gamboa, a Basque creole, demonstrates limitations to the creole-peninsular divide as an

\[107^7 \text{“Y no debiendose atender sola la Capital, sino todo el reyno, para facilitar la poblaci{\`o}n, los consumos, y los} \]
explanation for conflict in late eighteenth century Spanish America. Spanish-born Basque merchants in Mexico City trusted this native of Mexico to represent their interests in Madrid. Granted, this was in 1755, before discrimination intensified against creoles in the upper reaches of the civil and ecclesiastical administration. But Gamboa’s subsequent career was never derailed, despite his birth status and the enmity of Gálvez. Moreover, although his economic vision entailed more autonomy for Mexico, he did not express it in terms of proto-nationalism or creole patriotism. Rather he believed greater economic self-sufficiency would strengthen the empire and add luster to the Spanish crown. Was his Basque ethnicity the secret to his ability to transcend this contentious divide? What were the transatlantic networks, ethnic as well as intellectual, that mediated between creoles and peninsulares and allowed Gamboa, an orphan from Nueva Galicia, to participate actively in the debate over imperial renovation? This report, a pioneering foray into the economic thought of this creole lawyer rather than his political career, only raises the questions.

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