

The discovery of silver in 1546 near what first became a mining camp and later the city of Zacatecas stimulated movement to the north and led to the creation of numerous agricultural haciendas to supply wheat, meat, and leather to the newly settled region. Indians recruited from the south arrived in the 1550s and 1560s to provide wage labor. In addition, miners developed mining haciendas that included refining mills, processing and storage facilities, stables, a house for the owner, rooms for workers, and a chapel. Nearby lands were used for breeding mules and growing grain. The mining boom in Zacatecas also fueled the quest for additional riches and led to discoveries of silver ore at Guanajuato (1550), Pachuca (1552), Real del Monte (1552), Sombrerete (about 1558), San Luis Potosí (1591–92), and Parral, where there was a major strike in 1631.

Spanish expansion into the Gran Chichimeca, as the unconquered region beyond central Mexico was known, provoked native hostility almost immediately. The ensuing conflict resulted in the creation of fortified towns along the Camino Real linking Zacatecas to central Mexico. After peace was achieved in the 1590s, sedentary natives from central Mexico—notably Mexicans, Tlaxcalans, Tarascans, and Otomíes—migrated northward. Moreover, the end of hostilities freed up capital that Zacatecans had designated for financing the war. Zacatecas itself was no longer a frontier town but, in the eyes of its residents, second in importance only to Mexico City among the municipalities of New Spain. In turn, it served as a base for settling lands still farther north in New Vizcaya, New León, and New Mexico.

Much of the wealth produced by silver mining ultimately passed through Mexico City, the colony's trade and financial center, which in 1560 supported a population of nearly 100,000 and was a substantial market for foodstuffs, fuel, textiles, and luxury goods. It was not only New Spain's largest market center but also the nexus of an imperial trading network that extended from the coast of the Gulf of Mexico to the Pacific Ocean, south to Guatemala, and north to scattered settlements on the distant frontier. Through Manila, starting in the 1560s, came silks, porcelains, and other goods from China. Slaves arrived from Africa and textiles, olive oil, wine, paper, glass, iron, and other merchandise reached the capital from Seville, as well as, illegally, from other European ports.

Most residents of Mexico City, however, were more concerned about access to a ready, affordable supply of locally or regionally produced food and textiles than the availability of olive oil, good wine, fine textiles, hardware, and the many luxury items that arrived by way of the transatlantic or Pacific trading systems. The introduction of sheep, cattle, and pigs soon enabled colonists to add lamb, mutton, beef, and pork to their diet. Wheat quickly took hold, and soon farms in the Valley of Mexico were marketing it. In the latter part of the 16th century, Puebla and its surrounding valleys were selling wheat to buyers in Mexico City and the

Caribbean, as well as provisioning the Atlantic trading fleet at Veracruz. A regulatory system of municipal public granaries and adequate supplies encouraged, with rare but important exceptions in 1624 and 1692, generally stable prices throughout the 17th century. Indeed, after 1600, transportation was normally the most important variable in determining the price of wheat, corn, and barley.

Wheat was a crop of the highlands, whereas the lowlands were known for their production of sugarcane. As early as 1531, the sale of sugar from properties in Morelos was an important source of income to Cortés. Within easy reach of the market and exporters of Mexico City, the sugar industry thrived in Morelos. The region remained the major producer throughout the colonial era and into the 20th century.

Although textiles were New Spain's most valuable import, few people could afford luxury fabrics. The majority of the colony's inhabitants used cloth spun domestically. Vast flocks of sheep supplied the raw wool that workshops (*obrajes*), some employing hundreds of workers in dismal conditions, turned into cheap woolen cloth. Central and southern Mexico emerged as the most important centers of wool production, with Querétaro claiming primacy in the 17th century. While the *obrajes* produced substantial amounts of cloth, individual native weavers continued their domestic textile production.

Throughout the entire colonial era and during most of the 19th century, silver was Mexico's leading export. Registered bullion production, most of it silver, increased rapidly after the Conquest. Stimulated by the introduction of the amalgamation process of separating silver from its ore in the mid-1550s, silver production exceeded 25 million pesos in the decade from 1561 to 1570 and peaked at more than 53 million pesos in the decade of 1611 to 1620 before dropping to a low of 34.6 million pesos from 1641 to 1650. It climbed to just below 60 million pesos between 1681 and 1690, declined to a low of 48.3 million pesos from 1701 to 1710, then expanded in every decade but that of the 1760s through the first decade of the 19th century. The registered total of 216.4 million pesos from 1801 to 1810 was thus about four and a half times what it had been in the first decade of the 18th century.

Because these figures represent only legally registered silver, they understate actual production by an indeterminable amount. It seems clear, however, that from the 1650s through the 1720s more bullion—and in some decades more than 50 percent more—reached Europe than was registered in the Spanish colonies. What is particularly important for Mexican history, however, is that registered Mexican silver production surpassed that of Peru in the decade of 1671 to 1680, at which time the northern viceroyalty emerged as the Spanish empire's most valuable colony.

The spread and expanded production of European plants and animals, the arrival of Spanish artisans to instruct the natives and black slaves in European crafts, the growth of silver production (especially after the introduction of the amalgamation process), and the purchase of contraband imports meant that the

colonists were progressively shedding their primitive economic dependence on Spain. Nonetheless, the trading system based primarily on the exchange of silver for imported textiles and other European and East Asian goods remained central to the Mexican economy.

Mexico's silver proved to be an ongoing source of temptation to Spain's enemies. The Crown responded first by forbidding its ships to sail alone and then by employing convoys in the 1530s. Perfected by 1564, the fleet system ideally involved annual sailings of two convoys from an Andalusian port to Veracruz and a Panamanian port, followed by a return voyage from Havana the following year. The fleet bound for New Spain would set sail in April and, after dropping off ships with goods for Central America and the Caribbean islands, reach Veracruz, 4,860 miles from Cádiz, two and a half months later.

The convoy to Veracruz sailed with regularity until the 1620s. Thereafter, the legal Atlantic trade declined until 1660, when the volume and value of the merchandise shipped began to rise. Despite the increasing volume, the number of fleet sailings declined during the second half of the 17th century, to average only five a decade. Although not formally abolished until 1789, fleets sailed irregularly in the 18th century. Mercury ships, mail ships, and individual licensed ships from the time of the War of Jenkins' Ear (1739–48) sustained Spain's trade with Mexico and ensured that silver reached Castile.

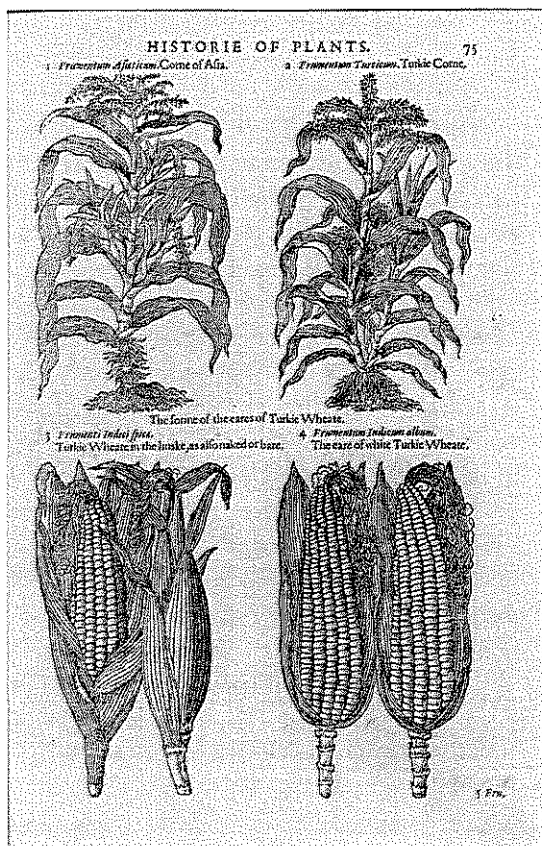
Cumbersome and irregular though it was for much of its existence, the fleet system achieved its primary objective. Protected by heavily armed ships of war, merchant vessels reached Veracruz without serious foreign peril. Armed naval ships then carried the bullion on the return trip to Spain. Only once did foreigners capture an entire fleet. Under Piet Heyn, in 1628, the Dutch surprised the silver fleet off the coast of Cuba and seized its entire cargo, worth about 10 million pesos, enough to give stockholders of the Dutch West India Company a hefty dividend and finance an invasion of Brazil in 1630. The success of the English admiral Robert Blake in destroying most of the New Spain fleet in the Canary Islands in 1657 was the only other major disaster inflicted by Spain's maritime enemies.

Regular trade between Manila in the Philippines and Mexico began in 1571 and continued until 1814. The voyage, conducted by large galleons weighing up to 2,000 tons, took only about three months from Acapulco to Manila, but typically six to nine months to return. An entrepot for goods from Asia, Manila became the center of a valuable exchange network. There merchants from New Spain traded silver from the Americas for Chinese silks, damasks, jewelry, and porcelains as well as Indian cottons, Japanese lacquerware, Indonesian spices, and Philippine cinnamon and beeswax. The strong Mexican demand for Asian goods, especially for high-quality, inexpensive silks and other textiles, threatened the previous monopoly of textiles imported from Spain. Alarmed Spanish merchants thus pressured the Crown to prohibit the burgeoning trade between New Spain and Peru, which principally involved Asian goods after the onset of the trade with Manila, and to restrict the volume and value of Mexico's trade with Manila.

Because the trade with Manila in some years equaled or exceeded the registered Atlantic trade, the Crown officially severed the trade links between Peru and Mexico in 1634. Although the prohibition of trade between New Spain and Peru reduced its volume substantially, some contraband continued: Travelers in the mid-18th century noted that residents of Lima were wearing oriental silks.

Such legal prohibitions were most effective, however, when they limited the number of sailings between Acapulco and Manila. But shippers simply laughed at the 500,000-peso restriction on outbound cargo from Acapulco. Fraud almost invariably doubled this amount; at least once in the late 1630s it was exceeded by more than tenfold. So much silver flowed to Asia that the Mexican peso became a common medium of exchange within China.

Bullion from the Americas had the greatest direct effect on Europe of all the New World's contributions during the colonial era, although historians continue to argue over its relative impact on inflation in 16th-century Europe (what some call the Price Revolution) and on the growth of European capitalism. Mexican bullion contributed to the flow of gold and especially silver. New Spain's cumulative total of these two metals did not exceed Peru's until the 1730s, by which time each viceroyalty had produced approximately a billion pesos worth of registered bullion. Contraband bullion, of course, added an indeterminate amount to these figures.



The name "turkie wheate" used in these drawings illustrates the early confusion surrounding the actual place of origin of maize. Maize was the most important staple of pre-Conquest Mexico and other New World civilizations. The Spaniards immediately recognized maize as the equivalent of their own wheat, classified it accordingly, and introduced it in Europe.

Funds sent directly by immigrants in Mexico to relatives in Spain or expended on religious buildings, activities, or charity there were also important. In fact, the House of Trade had a special office dedicated to handling probate for peninsular Spaniards who had died in the Indies and left heirs in Spain. Income-yielding assets in Mexico also routed wealth from the colony to the mother country.

Maize, chili peppers, tomatoes, cacao, vanilla, cochineal, and indigo were among Mexico's direct and indirect contributions to Europe. Original to Mexico and Central America and a staple of the Mexican diet, maize may have reached Europe with Columbus's return from his first voyage in 1493. Although maize was being grown in Spain and Portugal by 1525, most Europeans shared an attitude toward it that was expressed succinctly by John Gerard in his 1597 *The Herball or General Historie of Plants* that it "is of hard and evil digestion, a more convenient food for swine than for men." By the late 17th century, however, peasants unable to afford wheat in a number of European regions ate maize in gruels and breads.

A variety of domesticated chili peppers, another staple of the Mexican diet, also quickly reached Europe. By 1565, they were common in the colorful gardens of Spain. Tomatoes soon spread in Europe as well, but the belief that they

were poisonous initially limited their dietary significance. By the late 18th century, however, Italians, Spaniards, and Portuguese were using them in numerous dishes.

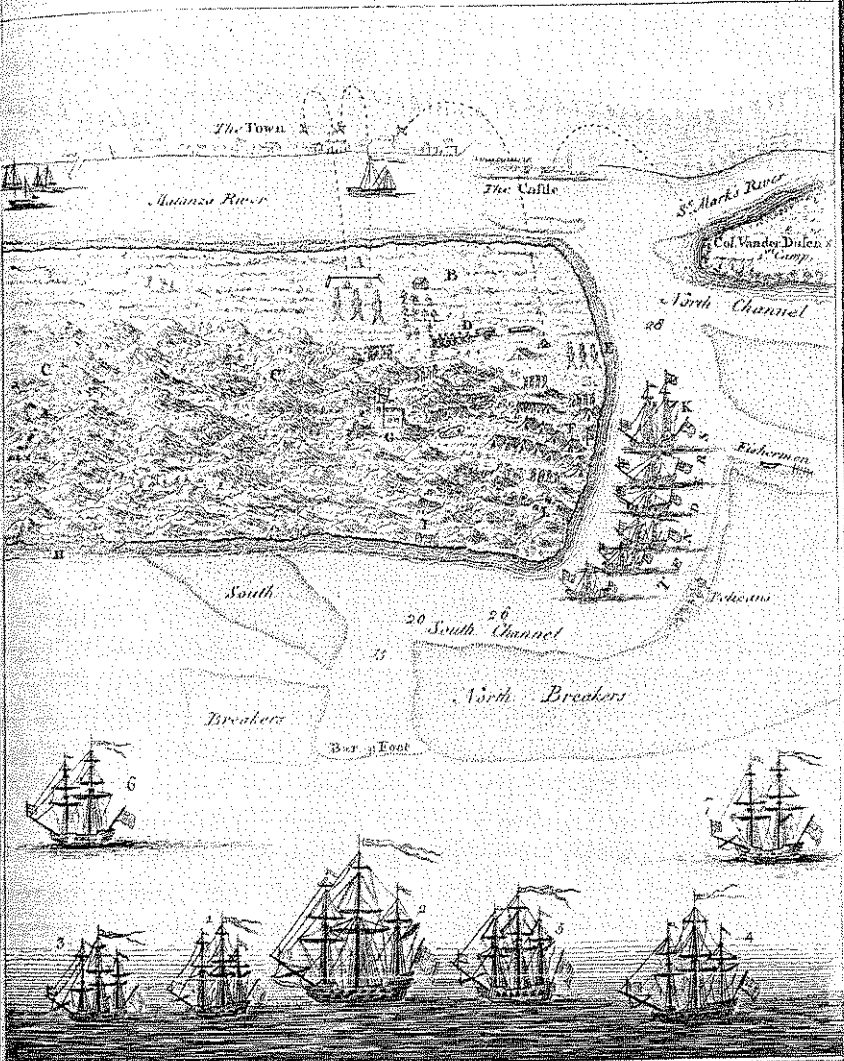
A cold beverage of cacao mixed with peppers and spices was popular among Aztec nobles. By adding vanilla, sugar, or cinnamon to it, Europeans found the resulting chocolate tasty, and consumption of it spread throughout the continent. Cacao beans, grown primarily in Central America, quickly became another commodity in the transatlantic trade. The heyday of Central American cacao was over by 1600, but other colonial sources supplied a growing European market centered in Amsterdam. By the mid-17th century hot chocolate was the favored beverage of western Europe's aristocracy. In England, Samuel Pepys was using it as a cure for hangovers in 1661. It remained popular among aristocrats and clerics until the French Revolution. Vanilla, then produced primarily in mountainous regions of Veracruz and Oaxaca, reached Spain as an additive for chocolate beverages. After its use spread to the French court in the 17th century, English corsairs considered it a valuable prize. Chocolate drinkers routinely added vanilla to their beverage until the 19th century.

New Spain was home to a variety of products that excited Europeans for their alleged medicinal qualities. A Spanish physician named Nicolas Monardes reported the supposedly therapeutic qualities of sarsaparilla as a cure for syphilis, and shortly thereafter, in 1577, the English merchant John Frampton translated Monardes's work as *Joyfull Newes Out of the New Founde Worlde*. The purgative root of Michoacán also enjoyed favor as a cure for innumerable ailments. Tobacco, too, benefited from early European enthusiasm for its reported curative powers, although New World regions other than Mexico became the major suppliers.

Cochineal, a scarlet dye produced in Oaxaca, quickly became an important export, with shipments first reaching Spain in 1526, Antwerp in 1552, and England no later than 1569. Of the 250,000 to 300,000 pounds per year sent to Spain by 1600, most was reexported to the Netherlands for use in manufacturing textiles. In the 17th and 18th centuries Flemish, Dutch, and English textile weavers constituted the major market for this dye.

Indigo reached Spain, via the fleet that served Mexico, by at least 1576. Although Mexico produced some indigo, Central America dominated the export market, and by 1600 this blue and purple dye had surpassed cacao as its most important export. Legal exports, which made up perhaps less than half of the total production, averaged 240,000 pounds a year in the early 17th century. One hundred years later, about 600,000 pounds a year passed through Veracruz. Production peaked in the second half of the 18th century in response to the expanding textile production of northern Europe.

**VIEW of the TOWN and CASTLE of ST AUGUSTINE,
and the ENGLISH CAMP before it June 20 1740. by THO^S SILVER.**



- A The English South French 105 28 & 2 small Boats
- B A Bunch from whence we played with 20 Colours
- C Eulalia Mand. which is chiefly Sand & Brakes
- D Soldiers Landing Cannon in reach of the Castle
- E 13 French 18 & a Master of 23 16 10
- F Genl Oglethorpe's Soldiers, Indians & Sailors from
- G A Look out when there was June
- H Soldiers and Soldiers Landing from the n
- I A Land Battery quiet at our Approach
- K Capl Warren Commander over the Battery having
- L The Ladies walk to Water the Shipping
- M 1. Flamborough 2. Hector 3. Squirrel
- N 4. Tartar 5. Phoenix
- O Ships 6. Moby 7. Spence
- P Employ'd in their Expedition about 200 Steamen
- Q 100 Soldiers and 500 Indians
- R Force of the Spanish was Consider'd strong
- S Castle and 4 Fortified Works, and a Madelon
- T River hindring our Shipping, Playing on them.

Account of the Siege of St Augustine and Letter from an Board's Secretary
 They are arrived near St Augustine, and are joined by the
 Flamborough, Capl Warren, the Phoenix, Capl Finckes, the Hector
 Capl Woodcock, and the Squirrel, Capl Mervin of 20 guns each. Beside
 the Spence, Sloop Capl Low, and the Wolf, Capl Sandberg.
 On the 20th Col Vander Beken with 200 Carolina Soldiers arriv'd
 to the South of the Town. On the 2nd Genl Oglethorpe came by
 sea with 300 Soldiers and 300 Indians from Georgia. On the
 2nd they were carried ashore in the Men of Wars boats under
 the cover of the small Ships Guns. They landed on the Mand
 Estatia without Opposition, and took the Look out at C.
 The 23rd Capl Warren in a Schooner and other small Boats and
 Voyagers arriv'd in their first view just out of Cannon shot and
 the 26th when the Soldiers were employ'd in landing ordnance and
 other Stores within Reach of the Enemy's Cannon, the whole Detachment
 they discover'd a surprising Spirit and Intrepidity. The same night
 the Enemy arriv'd, but did not fire.
 On the 27th the Governor's answer'd the Governor to surrender, who sent
 word they should be glad to shew the hands with him in his Castle. The thought
 of success was occasion'd by a dead bought story which was spread
 that about 2000 Englishmen were on their march, but that like
 Spaniards killing twice their number.
 The 28th but the weather oblig'd the men of these parts was not yet
 but our own had been kill'd. However the story was raised.

The English navy lay siege to the Spanish colonial town of St. Augustine, Florida, in June 1740. Though the effort failed, the battle is an example of the incessant European challenges to the far-flung Spanish empire. Following defeat in the Seven Years War, the Spanish king had to cede the colony of Florida to England in the Treaty of Paris to recover both Cuba and the Philippines.

By the latter 17th century, Spain valued New Spain more than any other colony and, indeed, more than New Spain valued the mother country. No precise date marks this shift, which resulted from New Spain's increased importance because of its territorial, economic, and demographic expansion. Slowly and irregularly at first, the Crown tried to capitalize on this growth. By the 1760s, Spain's efforts left no doubt that it wanted to accelerate New Spain's growth while simultaneously tightening its grip on the colony's ever more valuable resources.

Spain's involvement in European conflicts beginning in 1793 led to increased fiscal pressure on it and a crisis in trade with the colony at a time when Mexico's demographic expansion and inflation were bringing a deterioration of living standards for a growing number of Mexicans. The divergent political and economic interests of Spain and New Spain took on a new and ominous dimension toward the turn of the century. The abdications of Charles IV and Ferdinand VII in 1808 and the consequent political crisis abruptly began a new period in Spanish history. By then, however, New Spain's greatest prosperity was already past and soon the colony would emerge as the independent state of Mexico.

Beginning in the late 17th century, colonial settlement in New Spain spread far into the sparsely populated northern region. There, threats from Indians as well as French and English explorers, traders, and settlers in the borderlands provoked greater defensive efforts involving both missionaries and military garrisons. The Jesuits erected missions as far north as present-day Arizona. New Mexico was resettled in the 1690s following the disastrous Pueblo revolt of 1680 that forced the Spaniards to abandon Santa Fe. French threats brought the creation of a buffer zone of missions and garrisons in Texas starting in the 1710s.

The establishment of Fort San Carlos on Pensacola Bay, Florida, in 1698, despite its French occupation for two and a half years, solidified Spain's presence on the northern Gulf Coast, although French traders remained active in Louisiana. Spain's acquisition of Louisiana from the French by the Peace of Paris of 1763 furthered Spanish interest in this sparsely populated region. Successful defenses of St. Augustine against the English during the wars of the Spanish Succession and Jenkins' Ear underscored the importance of Florida to New Spain's defensive perimeter, although the eastern part of the region fell under English rule from 1763 to 1783. Missions dating from 1697 in Baja California and missions, several garrisons, and towns in Alta California beginning in 1769 extended Spain's presence into what today forms part of the southwestern United States. In short, although its settlements were few and far between in the borderlands, New Spain's territorial spread was significantly greater in the 1790s than it had been a century earlier.

The economy of New Spain expanded substantially, beginning in the 1670s, although this growth was uneven and affected specific areas of production. Figures by John Jay TePaske reveal that registered bullion production emerged from a low plateau, averaging about 3.5 million pesos annually from the 1640s

through the 1660s, and rose to an average of more than 5 million pesos a year during the next four decades. The production level of 1701-10 (48.3 million pesos) doubled (to 96.9 million pesos) by 1741-50 and more than doubled again (to 201.7 million pesos) between 1791 and 1800.

In contrast to this dramatic rise in bullion production, commercial textile production grew only modestly as a result of a preponderance of homespun production by a larger Indian population. Nevertheless, the quantity of imported cloth, both legal and illegal, increased substantially, especially as cheaper English cottons were smuggled into the colony late in the 18th century. This expanded cloth importation was but the largest part of an enhanced trade made possible both by greater bullion production and by heightened consumer demand for foreign manufactures.

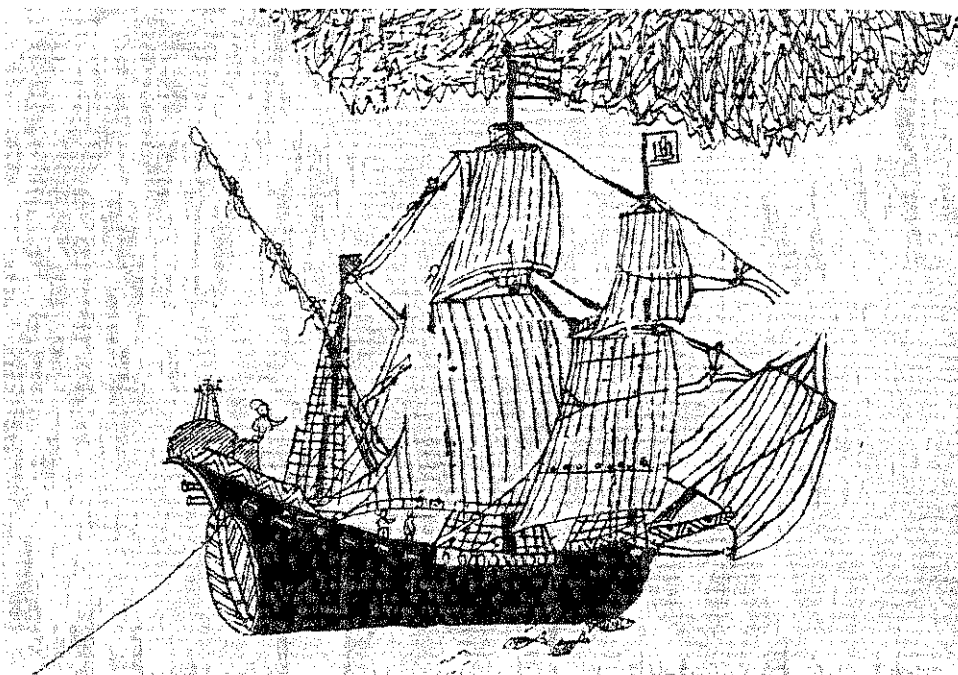
Despite fluctuations of varying severity and duration, the overall volume and value of trade undoubtedly increased after 1660. However, both the extent of the increase and the exact timing of the trade cycles of expansion and contraction are disputable. Historians have estimated the total (as distinct from the officially registered) bullion production figures as well as the unknown magnitude of contraband trade conducted both within the fleet system and by traders carrying goods directly from foreign ports and entrepôts, notably shippers embarking from Jamaica after its capture by England in 1655, but lack precise figures.

Faced with intermittent wars and an expanded contraband trade, Spain struggled to stabilize its trading system with New Spain and, in the process, ultimately moved away from its reliance on fleets. Although the fleet system functioned more regularly for New Spain after 1650 than for Peru, an average of only five fleets a decade reached Mexico from 1650 to 1699. The War of the Spanish Succession dealt a further blow to the fleet system so that between 1701 and 1707 at least 50 French ships carrying European goods arrived at Veracruz. At the end of the war, the Treaty of Utrecht authorized the English to send one ship per year with the fleet and also to transport slaves to the Indies.

The contraband trade accompanying these legal activities provoked strong Spanish countermeasures in the Caribbean and the Gulf of Mexico that ultimately fed into the outbreak known as the War of Jenkins' Ear (1739-1748). To maintain shipping during this conflict, the Crown used individual, licensed ships instead of the large, militarily vulnerable fleets. Although seven fleets ultimately sailed to Veracruz between 1717 and 1738, individual ships accounted for 80 percent of the sailings from Spain to New Spain. As a final step to opening up the Americas' colonies to free trade (*comercio libre*), begun in 1765, the Crown in 1789 authorized direct sailings from nearly all the Spanish ports to all of New Spain's. The new policy was in effect only briefly, however, for Spain's involvement in war against Britain in 1796 and the latter's blockade of Cádiz the following year quickly led to the introduction of neutral trade.

Comercio libre further stimulated New Spain's already expanding legal trade. While silver remained the leading export, agricultural and manufactured products complemented the historic reliance on bullion. Cochineal shipments registered

Fitted for war with heavy broadside armament and a larger crew than merchant ships, the Spanish galleons escorted the fleets carrying cargo such as mercury and royal orders on the voyage to Veracruz and silver and official correspondence on the return voyage to Spain. Although smaller galleons were common, by the 1570s some galleons were as large as 750 tons, and most were close to 500 tons.



in Oaxaca fell below 900,000 pesos only once between 1758 and 1791 and exceeded 2 million pesos a dozen times, 3 million pesos three times, and once ran to even 4 million pesos. Although its value was scarcely one-eighth that of New World silver, in 1786 cochineal ranked fourth among the most important American exports to reach Cádiz, surpassing gold pesos. Yucatán unmistakably benefited from *comercio libre*, with exports through Campeche at least tripling as the new policy enabled traders to send goods other than the traditional cotton cloth to markets outside New Spain. Havana proved a particularly important market for Yucatán's henequen cordage and rigging; maritime provisions such as salted meat, maize, and beans; and hides and dyewood, which it then reexported. The total value of exported agricultural and manufactured products in the late 18th century was about 6 million pesos per year, just more than a quarter of the value of bullion.