The Spanish National Budget in a century of war. The treasury impact of military spending during the eighteenth century. (Session 69: Mobilizing money and resources for war during the early modern period)

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1. The construction of new statistics of expenditure

Estimates of the volume and structure of the Spanish Treasury spending during the eighteenth century have been made for two hundred years\(^1\). The more plausible of them are six series that were published in the decades of 1970, 1980 and 1990\(^2\). Nevertheless, currently there are not acceptable statistics of expenditure for the whole eighteenth century, since the volume of expenditure for thirty years of the first half of the century have been not calculated and estimates made for the second half present generally very different results. This is due to several factors: difficulties in the use of archival materials, the diverse primary sources upon which estimates are based, not very adequate data processing and that four sets of data have been constructed at current prices and two at constant prices. Therefore, we have nowadays at our disposal several very different estimates for various periods of the 18th century, which are not comparable and it is very difficult to integrate them into a single series.

The non-existence of acceptable statistics have prevented us from knowing with a reasonable certainty the volume and structure of expenditure and the fluctuations of public spending and its causes. It also has made it difficult to determine with accuracy the aims and role of Spanish Public Finances, to analyse its economic effects, and, last but not least, to carry out international comparisons. With his research on the role of the

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\(^1\). The first estimates were made by minister and senior officials of the Exchequer, professors and lecturers as José Canga Argüelles, Espínola Subiza, José López Juana Pinilla, Peña Aguayo, Pita Pizarro, José Manuel Piernas Hurtado and Eustaquio Toledano. These estimates were published throughout the nineteenth century.

\(^2\). We are refering to the works of the following Treasury schollars: Kamen (1974), Ozanam (1978), Merino Navarro (1981a y 1987), Barbier and Klein (1985) and Pieper (1992).

\(\ast\). The author would like to thank the Universidad Complutense of Madrid (grant no PR3/04-12466) for funding the research “The role of the State in the preindustrial economy. The expenditure of the Spanish Treasury during the eighteenth century”, upon which this paper is based. The author would also like to thank John P. Reeder for correcting spelling mistakes made by the author.

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Spanish State in the preindustrial economy, author hopes to make progress in these and other aspects of expenditure of the Treasury during the eighteenth century. To achieve this objective, we have constructed a new set of statistics of the volume and structure of spending from only reliable primary sources, the accounts of the Tesorería General and the Tesorería Mayor (the central Treasuries of the Spanish Treasury) after Contaduría Mayor de Cuentas, the auditors of the Exchequer, supervised it. Having studied the fluctuations and structure of the series, we have dealt in this paper with the questions outlined below:

1. Did total expenditure, and per capita expenditure, increase during the eighteenth century? And, if so, was the growth of the economy the main factor that contributed to finance the increase in expenditure or were other factors, i.e. tax reforms, issue of National Debt, also important?

2. Did military spending, and per capita military spending, increase over the 18th century and, if so, which were the causes of the increase? Did the Army and Navy become increasingly costly institutions, representing an ever-growing burden for the Treasury?

3. What impact did the numerous wars of the eighteenth century have on the Spanish Treasury? Was military spending the only factor that increased the total expenditure or did other categories of expenses contributed the rise?

4. What percentage of the total expenditure corresponds to the Army and Navy?

5. The structure of the military spending. To what items the Army and Navy devoted their money?

6. Was the Nacional Debt a deferred military expenditure, as happened in other European countries?

7. Were Spanish expenditure patterns similar to those of other European countries?

2. The impact of the attempts to reconquer the italian territories in the increase of expenditure and the factors of its financing, 1717-1748.

Spain’s Treasury spending increased considerably over the eighteenth century. At constant prices, and on average annual rate, expenses grew by a factor of 0.45 between 1714 and 1800. In the years 1714-1720, expenses amounted to 189 millions of reales de vellón, and more than 200 millions in the next seventy years. In the last decade of the century expenditure passed the 330 millions mark, almost 76 per cent more than in 1714-1720 (see figure 1 and table 1).
TABLE 1
Expenditure in the Spanish Treasury, 1714-1800
(figures in reales of vellón)

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>EXPENDITURE¹</th>
<th>INDEX NUMBERS</th>
<th>EXPENDITURE²</th>
<th>INDEX NUMBERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1714-1720</td>
<td>230.742.501</td>
<td>100.00</td>
<td>189.024.847</td>
<td>100.00</td>
</tr>
<tr>
<td>1721-1730</td>
<td>250.518.972</td>
<td>108.57</td>
<td>203.537.445</td>
<td>107.68</td>
</tr>
<tr>
<td>1731-1740</td>
<td>294.002.178</td>
<td>127.41</td>
<td>207.081.127</td>
<td>109.55</td>
</tr>
<tr>
<td>1741-1750</td>
<td>325.175.478</td>
<td>140.92</td>
<td>225.701.194</td>
<td>119.40</td>
</tr>
<tr>
<td>1751-1760</td>
<td>370.550.973</td>
<td>160.59</td>
<td>220.803.304</td>
<td>116.81</td>
</tr>
<tr>
<td>1761-1770</td>
<td>492.866.497</td>
<td>213.60</td>
<td>241.720.187</td>
<td>127.88</td>
</tr>
<tr>
<td>1771-1780</td>
<td>504.212.521</td>
<td>218.52</td>
<td>234.370.017</td>
<td>123.99</td>
</tr>
<tr>
<td>1781-1790</td>
<td>645.828.917</td>
<td>279.89</td>
<td>260.182.726</td>
<td>137.64</td>
</tr>
<tr>
<td>1791-1800</td>
<td>1.027.559.818</td>
<td>445.33</td>
<td>333.269.307</td>
<td>176.31</td>
</tr>
</tbody>
</table>

Notes
¹ Average annual expenditure at current prices
² Average annual expenditure at constant prices
Sources: Accounts of the Tesoreros Mayores and the Tesoreros Generales
The Price Index of Reher Ballesteros (1993) in vellón currency have been used in order to deflate the expenditure.

The rise in expenditure was particularly intense in five periods of the century: 1717-1720, 1742-1746, 1759-1762, 1780-1783 and 1793-1800. In the first of them, expenses reached almost 40 millions of reales more than in previous years, an increment of 23 per cent. Less than a quarter of this increase was caused by the civil items of budget, that is to say Central Administration (7.5 per cent), Extraordinary Civil Expenses (6.5%), Pensions (5%), Royal Household and Investment (less than 1% each item). Thence, the major portion of the rise in expenses was due to military items, Army
and Navy, which cost growth 52 per cent and contributed more than three-quarters to increase of expenditure (see table 2). The increase of 1717-1720 and the others that took place in the first half of eighteenth century, were caused by the wars that ensued after Philip V (1701-1746) refused the treaties of Utrecht because by which Spain lost Gibraltar, Minorca, Milan, Naples and Sardinia. Philip V led Spanish foreign policy in an attempt to regain these territories, especially the Italian ones. So, in 1717 and 1718, Spanish troops conquered Sardinia and Sicily, but Britain, France, Austria and the Netherlands formed an alliance and threw Spain out of them, which in Treaty of The Hague (1720) renounced both islands. A new Spanish intervention in Italy brought another rise in Spain’s Treasury spending between 1742 and 1746. At this time, the War of Austrian Succession, took place triggered by the death of the emperor Charles VI was the cause of the increase. Spanish intervention started at the beginning of 1742, when the Spanish fleet debarked in the Cape of Orbetello, in Toscana. At the end of 1745, Spain had conquered, with the support of French troops, Milan, Piamonte, Parma and

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>TOTAL EXPENDITURE</th>
<th>ARMY</th>
<th>NAVY</th>
<th>ROYAL HOUSE-</th>
<th>NATIONAL DEBT</th>
<th>CENTRAL ADMINISTRATION</th>
<th>INVESTMENT</th>
<th>PENSIONS</th>
<th>EXTRAORDINARY CIVIL EXPENSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1717-1720</td>
<td>205.47</td>
<td>22.97</td>
<td>50.86</td>
<td>24.77</td>
<td>0.62</td>
<td>3.51</td>
<td>7.61</td>
<td>0.67</td>
<td>5.31</td>
</tr>
<tr>
<td>1742-1746</td>
<td>256.35</td>
<td>40.17</td>
<td>-21.26</td>
<td>83.13</td>
<td>9.98</td>
<td>13.30</td>
<td>-2.01</td>
<td>-1.31</td>
<td>4.30</td>
</tr>
<tr>
<td>1759-1762</td>
<td>301.23</td>
<td>48.12</td>
<td>27.84</td>
<td>12.25</td>
<td>15.96</td>
<td>0.25</td>
<td>-0.52</td>
<td>0.06</td>
<td>30.60</td>
</tr>
<tr>
<td>1780-1783</td>
<td>315.91</td>
<td>37.98</td>
<td>7.82</td>
<td>42.95</td>
<td>-2.81</td>
<td>21.38</td>
<td>-0.69</td>
<td>1.67</td>
<td>-1.18</td>
</tr>
<tr>
<td>1793-1800</td>
<td>347.61</td>
<td>55.07</td>
<td>51.49</td>
<td>21.67</td>
<td>-0.94</td>
<td>13.95</td>
<td>1.04</td>
<td>-5.35</td>
<td>0.88</td>
</tr>
</tbody>
</table>

1 Left row (expenditure in millions of reales of vellón at constant prices). Right row (increment in percentage of total expenditure in relation to 1714-1717, 1737-1741, 1748-1758, 1770-1779 and 1786-1790 respectively

SOURCES: See Table 1

Piacenza, but after Peace of Aachen (1748) only kept the last two territories. The financing of this war had a considerable impact on the Tesorería General of Exchequer: payments of the Tesorería during the period 1742-1746 rose 73 millions (40 per cent) in relation to previous five years. The Navy, which doubled its expenditure made up more than 80 per cent of the increase, while the Central Administration (with more than a 13 per cent of the rise), the Royal Household (almost 14 per cent) and the National Debt (10 per cent) made the rest (see table 2).

3.- For the origin and development of these wars and other in which Spain participated during the reign of Philip V, see Dominguez Ortiz (1981), pp. 49-69, and Ozanam (1996), pp. 586-593 and 625-644
What factors contributed to finance this rise in expenditure during the reign of Philip V? The considerable financial requirements of the foreign policy of Philip V could only be satisfied with a growth in tax revenue of Treasury, with the issue of National Debt, or with both things. Tax revenues grew heavily after the War of the Spanish Succession. In real terms, and on average annual rate, the revenue of the Tesoreros Generales reached 69 millions of reales of vellón in 1713 and 156 millions in 1742\(^4\), that is to say an increment of 56 per cent. Also total revenues grew, which amounted to 77 millions of reales de vellón in 1711-1713. This level was surpassed in the next decades, reaching two peaks in 1727-1729, when amounted more than 238 millions, and 1744-1747, a period in which it almost came to 276 millions. Thence, the revenue of the Spanish Treasury rose by a factor of 3.6 between 1714 and 1747 (see table 4)\(^5\).

Several factors could produce this increase. One of them was the positive evolution of the Spanish economy. The crisis of seventeenth century finished in Spain around the middle of this century, recovery beginning around 1680. But it was halted by the War of the Spanish Succession, during which took place several years of bad harvest and epidemics, especially between 1708 and 1711. After the war, the population and the yields of farming grew strongly over the next decades, especially in the peripheral regions. Owing to the increase in demand and to affordable prices of foodstuffs and land for let, the output of industry and domestic and foreign trade also grew\(^6\). Another factor that contributed to the growth of revenue was the tax reforms that modified the fiscal system of the territories of the Kingdom of Aragon and obliged it to contribute to the maintenance of the State. From 1714 several new taxes in Aragon were introduced, the equivalentes, a set of direct taxes levied on production factors in order to they were equivalent to Castilian taxes such as alcabalas, cientos and millones. If economic growth and tax reforms did no yield not enough money for funding the wars, Philip V appealed for credit and left a large sum of debts. We are referring to creditos de testamentaria, the amount of which exceeded 500 millions of reales\(^7\).

\(^4\)- Figures in García Lombardero (1978), pp. 79-83, and Fernández Albaladejo (1979), pp. 54-57,77-78 and 83
\(^5\)- This estimate is provisional. I hope to present an more accurate calculation of revenue when I finish the research project “The rol of the State in a preindustrial economy. The revenue of the Spanish Treasury during the eighteenth century”.
\(^7\)- Accounts of the Contaduría General de la Distribución [A.G.P., Administrativa, leg. 539]
3. The budget impact of military spending during the second half of the century and factors of its financing.

Another peak in Spanish Treasury spending occurred in 1759-1762 and again the increase was caused largely by a tense international situation. After the eleven years of armed peace in Europe from 1748, military operations returned the Old and New World because of the Seven Years War. Spain entered this war in 1761, during the final stages, a circumstance that Britain used to enlarge its victory. In spite of the short period of involvement of Spain in this war, its Treasury spent in 1759-1762 48 per cent more than in the preceding ten years. Two-fifths of the rise was due to the Army and Navy expenditure, which grew respectively 37 and 24 per cent. Extraordinary civil expenses doubled and contributed 30 per cent to the increase in total spending. Almost 16 per cent of this was due to the National Debt, which amount rose fivefold because Charles III (1759-1788) decided to repay the créditos de testamentaria which Philip V had left and that Ferdinand VI (1746-1759) had not paid off. A 12 per cent rise in expenditure was due to the Royal Household, the cost of which grew almost 70 per cent owing to the payment of arrears and the expenses of enthronement of Charles III8 (see table 2).

Most of these rises in expenses which took place in the first years of the 1780s were also caused by the wars that broke out during that decade. We especially are referring to the War of Independence of the United States of America, but also to the war against Algeria. The involvement of Spain in the War of Independence took place in two stages. Between 1776 and 1778 Spain supported colonists by giving them weapons, munitions and money. From 1779 to 1782, after Spain declared war on Britain, she participated in the conflicts that took place in America and Europe. In addition, the Spanish Navy bombarded Algiers several times between 1783 and 1785 to prevent Algerian raids into Spain’s southern coasts. The financing of both military conflicts contributed considerably to raising expenditure between 1780 and 1783. In this period, the Spanish Treasury spent almost 40 per cent more than in previous ten years. More than half of this increase was due to the Army and Navy, especially the latter, the cost of which grew more than two thirds because of naval nature of the majority of battles. Extraordinary civil expenses contributed 30 per cent to the rise in total expenditure, while the National Debt contributed 21 per cent. This notable contribution was caused by the first repayments of vales reales, a kind of debt issued from 1780.

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8.- For the expenditure of Spanish Royal Household, see Jurado Sánchez (2005), 151-5
which increased the amount of this budget item by a factor of 1.5 in the next three years, when it reached 9 per cent of total expenditure, more than twice as much as in 1780. Other civil expenses had scant importance in the increase of Spanish Treasury spending during 1780-1783. For example, Investments do not amount to 2 per cent, while the Royal Household, Central Administration and Pensions accounted for negative percentages (see table 2).

From 1780 on, the main part of the rise in revenues required for financing increased expenditure can not be satisfied by the growth of economy. The manufacturing and trade sectors continued growing during several years more, but agrarian output, which made up the vast majority of national income, fell. Therefore, the Spanish Treasury needed to find other sources, besides economic growth, for obtaining additional revenues with which to fund the War of the Indepence of the United States of America and the attacks on Algiers. The most important of them was the issue of a vales reales, a kind of National Debt by means of which the Tesoreros Generales raised 725 millions of reales in the three first years of 1780s.

Spain’s Treasury spending came to its height in the last years of the century. In 1793-1800, the sum paid by the Tesoreros Generales was, on average annual rate, 55 per cent greater than the sum paid in the quinquennium of 1786-1790, that is to say 123 millions of reales that treasurers paid more in the former period than in the latter. 73 per cent of this increase, 90 millions, was due to military items of budget. The Army’s spending increased more than four-fifths and made up more than half of the rise in expenditure, while the Navy, whose expenditure grew 50 per cent, made up one fifth. As regards civil expenses, it was again the Extraordinary and National Debt, the items that contributed most to the increase in total expenditure, 17 and 14 per cent respectively. As for the National Debt, it was once more the repayment of vales reales which increased considerably (70 per cent) the level of this item. The Tesorería General repaid vales reales to the value of 17 millions of reales in 1786-1794, and 83 millions in 1795-1800. Investment and the Royal Household substracted respectively from the rise in expenditure more than a 5 per cent y almost a 1 per cent (see table 2).

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9.- In 1781, for example, repayment of vales reales added up almost 86 millions of reales at current prices, a sum equivalent to three-quarters of total amount of National Debt and arrears [A.G.S., D.G.T., Inventario 16, Guión 24, leg. 49].


11.- Accounts of the Tesoreros Generales [A.G.S., D.G.T., Inventario 16, Guión 23, leg. 49]
The majority of this hefty rise in expenditure of last years of the eighteenth century was caused once more by a conflictive international situation, which on this occasion took place during the reign of Charles IV (1788-1808). His foreign policy was carried out in two stages. The main trait of first was the enmity with France because of the Revolution of 1789, which caused the Pyrenees War, in which Spain and France fought between 1793 and 1795. The second stage was characterized by a friendly relationship with France and by the rivalry with Britain, which meant war between Spain and Britain from 1797 on. As a war on land, the Pyrenees War was the main reason that the Army contributed more than half of rise in expenditure. As regards to battles against Britain, these were largely naval, which came an increase of almost a quarter of total expenditure by the Spanish Navy.

The highest volume of Spanish Treasury spending took place just when Spain’s economy entered a crisis. Since 1789 farming was going through a difficult time that resulted in several subsistence crises caused by poor harvests. This, along with an epidemic of malaria, activated the malthusian mechanism that halted population growth. The upswing of farming prices that accompanied the agrarian crisis harmed industry, as manufactured production can not go on growing if the vast majority of the population is spending its disposable income on purchasing food supplies. Trade also declined in 1790s, since a succession of wars interrupted commerce during the next three lustrum. So, the considerable increase of expenditure in the last years of eighteenth century could not be financed by additional tax revenue coming from expanding economic activity. Only by a huge issue of National Debt could the Spanish Treasury fund the rise in expenditure. The Exchequer increased notably the issue of vales reales, which amounted almost 1000 millions of reales in the second half of the 1790s, double what it was few years before.

4.- The per capita expenditure. The great weight of military expenses

If we considered jointly the five periods in which the rise in expenditure was higher, three-fifths of it was brought about by the need to finance the Army and Navy. This average annual percentage was surpassed in 1717-1720 and 1793-1800, when military spending made up respectively 75 and 73 per cent of increase in expenditure. The impact of military spending on the budget was even greater, as the National Debt, which was responsible of 13 per cent of rise in expenditure, was issued almost in its entirety to finance the Army and Navy. Therefore, we can say that the Spanish National
Debt, as occurred in other European countries, was a deferred military expense. Civil spending contributed a lot less to the increase. Only two items were important. The National Debt, if we considered it to be, at least in part, a civil item, and Extraordinary expenses, which made up a 18 per cent. The Royal Household and Central Administration contributed with small percentages, less than 5 per cent, and Pensions with less than 1 per cent, while it is significant the negative percentage of Investment (see table 3 and figure 2).

<table>
<thead>
<tr>
<th>TABLE 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONTRIBUTION OF BUDGET ITEMS TO INCREASE OF EXPENDITURE, 1717-1800</td>
</tr>
<tr>
<td>(in percentages)</td>
</tr>
<tr>
<td>PERIOD</td>
</tr>
<tr>
<td>1717-1800</td>
</tr>
<tr>
<td>Sources: See Table 1</td>
</tr>
</tbody>
</table>

Figure 2
Contribution of budget items to increase in expenditure, 1717-1800

We also can see the great burden that military items imposed on the Spanish National Budget through the study of the evolution of per capita expenditure. According to different estimates, the Spanish population grew between 37 and 50 per cent in the 18th century. In 1712-1717 it amounted to 7.5/8 millions of inhabitants and to 10.5/11.5 millions in 1797. Spain’s Treasury spending, according to new statistics presented in these pages, increased 76 per cent between 1714 and 1800. Therefore, we can say that per capita expenditure rose in the above-mentioned century. In the period 1712-1717,
the Tesorería General spent 24 reales for each one of 7.5/8 millions of the inhabitants. This sum varied little in 1752-1768 and 1787, but it had increased until more than 30 reales in 1797. So, the per capita expenditure grew almost 25 per cent between 1712 and 1797 (see table 4).

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>TREASURY SPENDING¹</th>
<th>INDEX NUMBER</th>
<th>POPULATION²</th>
<th>INDEX NUMBER</th>
<th>PER CAPITA EXPENDITURE³</th>
<th>INDEX NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>1714-1720</td>
<td>189.02</td>
<td>100.00</td>
<td>7.5/8</td>
<td>100.00/100.00</td>
<td>24.41</td>
<td>100.00</td>
</tr>
<tr>
<td>1751-1770</td>
<td>223.25</td>
<td>137.96</td>
<td>9/9.4/10</td>
<td>112.50/120.00</td>
<td>23.62</td>
<td>96.76</td>
</tr>
<tr>
<td>1781-1790</td>
<td>260.18</td>
<td>148.49</td>
<td>10.5/11</td>
<td>131.25/140.00</td>
<td>24.21</td>
<td>99.18</td>
</tr>
<tr>
<td>1791-1800</td>
<td>333.27</td>
<td>190.21</td>
<td>10.5/11/11.5</td>
<td>131.25/140.00</td>
<td>30.34</td>
<td>124.29</td>
</tr>
</tbody>
</table>

¹ Average annual in millions of reales of vellón at constant prices
² In millions of inhabitants, according to several estimates for 1712-1717, 1752-1768, 1787 y 1797
³ Average in reales of vellón

SOURCES: Accounts of the Tesorería General and the Tesorería Mayor

The Exchequer spent the greatest part of expenditure per head of population on military items of budget. In 1712-1717, 19 of 24 reales of the per capita expenditure were spent on the Army and Navy, almost four-fifths of total. This sum fell to 14 reales in 1752-68 and 1787, accounting for almost two thirds of total, while in 1797 reached again 19 reales, more than two thirds. In contrast, Treasury spent, on average, few amounts per capita in civil expenses. Less than 2 reales, on an annual average rate, in each of the following items: Royal Household, National Debt and Central Administration, and less than one real in Investment and Pensions and other transfers.

However, the trend of the per capita expenditure on civil items was to rise, while the trend for military expenses was to fall. This increase in importance of civil spending did not prevent amounts spent per capita on it being very much lower than the sums paid on military items of budget (see tables 5 and 6 and figure 3).
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TABLE 5
PER CAPITA EXPENDITURE IN ARMY, NAVY, ROYAL HOUSEHOLD AND NATIONAL DEBT, 1714-1800

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>ARMY</th>
<th>NAVY</th>
<th>ROYAL HOUSEHOLD</th>
<th>NATIONAL DEBT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1714-1720</td>
<td>130.03</td>
<td>17.34/16.25</td>
<td>16.79</td>
<td>16.32</td>
</tr>
<tr>
<td>1751-1760</td>
<td>82.58</td>
<td>9.7/8.78/8.26</td>
<td>8.74</td>
<td>51.23</td>
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<tr>
<td>1781-1790</td>
<td>85.39</td>
<td>8.13/7.76</td>
<td>7.94</td>
<td>69.78</td>
</tr>
<tr>
<td>1791-1800</td>
<td>131.44</td>
<td>12.5/11.95/11.43</td>
<td>11.96</td>
<td>78.47</td>
</tr>
</tbody>
</table>

Left row of each item (average annual expenditure in millions of reales of vellón at constant prices).
Centre row (per capita expenditure in budget items according to several estimates of population for 1712-17, 1752-68, 1787 and 1797 registered in table 4. Right row (average per capita expenditure of centre row).

SOURCES: See Table 4

TABLE 6
PER CAPITA EXPENDITURE IN CENTRAL ADMINISTRATION, INVESTMENT, PENSIONS AND EXTRAORDINARY CIVIL EXPENSES, 1714-1800

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>CENTRAL ADMINISTRATION</th>
<th>INVESTMENT</th>
<th>PENSIONS</th>
<th>EXTRAORDINARY CIVIL EXPENSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1714-1720</td>
<td>10.47</td>
<td>1.40/1.31</td>
<td>1.35</td>
<td>0.15</td>
</tr>
<tr>
<td>1751-1760</td>
<td>17.39</td>
<td>1.93/1.85/1.74</td>
<td>1.84</td>
<td>14.08</td>
</tr>
<tr>
<td>1781-1790</td>
<td>14.54</td>
<td>1.38/1.32</td>
<td>1.35</td>
<td>16.24</td>
</tr>
<tr>
<td>1791-1800</td>
<td>15.45</td>
<td>1.47/1.40/1.34</td>
<td>1.40</td>
<td>9.87</td>
</tr>
</tbody>
</table>

Left row of each item (average annual expenditure in millions of reales of vellón at constant prices).
Centre row (per capita expenditure in budget items according to estimates of expenditure and population for 1712-17, 1752-68, 1787 and 1797 registered in table 4. Right row (average per capita expenditure of centre row).

SOURCES: See Table 4

Figure 3
Per capita expenditure in Budget items, 1712-1797

5. The heavy burden of Army and Navy in the structure of expenditure

The great contribution of military spending to the increase in expenditure and the distribution of the per capita expenditure have showed the heavy burden that the Army and Navy meant on the Spanish National Budget during the eighteenth century. We also can see the great weight of military expenses by studying the structure of expenditure. Between 1714 and 1800, more than three-fifths of Spain’s Treasury
spending were allocated to finance the Army, which absorbed two fifths of expenditure, and the Navy, which consumed one fifth. Nevertheless, the trend of the budgetary weight of the Army was to fall, as shows its negative average annual rate of growth and its negative correlation with time. Between 1714 and 1740, a period of war because of the complications of international relations and the obstinacy of Philip V about reconquering the Italian territories, the amount spent on the Army, on annual average, exceeded three-fifths of Spain’s Exchequer spending and was 16 per cent higher than its average annual expenditure. In the next three decades, Army fell by more than one third, a percentage much lower than in the first decades of the century and that the average annual figure. In this fall the armed peace that took place between the end of Austrian Succession War (1748) and the beginning of Seven Years War for Spain (1761) was very influential. The Army recovered part of its lost importance in 1770s and in the last decade of century, when reached two-fifths of total expenditure (see tables 7 and 8 and figures 4 and 5).

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>ARM</th>
<th>%</th>
<th>NAV</th>
<th>%</th>
<th>ND</th>
<th>%</th>
<th>RH</th>
<th>%</th>
<th>CA</th>
<th>%</th>
<th>INV</th>
<th>%</th>
<th>PENS</th>
<th>%</th>
<th>ECE</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1714-1720</td>
<td>132.03</td>
<td>69.85</td>
<td>16.32</td>
<td>8.63</td>
<td>1.03</td>
<td>0.55</td>
<td>10.37</td>
<td>5.49</td>
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<td>5.54</td>
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<td>4.11</td>
<td>2.18</td>
<td>14.53</td>
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<td>1721-1730</td>
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<td>59.38</td>
<td>14.81</td>
<td>7.28</td>
<td>11.57</td>
<td>5.69</td>
<td>20.24</td>
<td>9.94</td>
<td>14.35</td>
<td>7.05</td>
<td>3.99</td>
<td>1.96</td>
<td>3.07</td>
<td>1.51</td>
<td>14.64</td>
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<td>1731-1740</td>
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<td>52.09</td>
<td>29.53</td>
<td>14.26</td>
<td>17.72</td>
<td>8.56</td>
<td>17.60</td>
<td>8.50</td>
<td>12.33</td>
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<td>5.22</td>
<td>2.52</td>
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<td>23.04</td>
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<td>23.66</td>
<td>10.48</td>
<td>20.19</td>
<td>8.95</td>
<td>6.27</td>
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<td>1751-1760</td>
<td>82.58</td>
<td>37.40</td>
<td>51.23</td>
<td>23.20</td>
<td>4.36</td>
<td>1.98</td>
<td>19.15</td>
<td>8.67</td>
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<td>7.88</td>
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<td>7.10</td>
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<td>44.91</td>
<td>18.58</td>
<td>11.84</td>
<td>4.90</td>
<td>22.82</td>
<td>9.44</td>
<td>15.07</td>
<td>6.23</td>
<td>12.10</td>
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<td>10.99</td>
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<td>16.04</td>
<td>6.84</td>
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<td>69.78</td>
<td>26.82</td>
<td>30.17</td>
<td>11.60</td>
<td>18.86</td>
<td>7.25</td>
<td>14.54</td>
<td>5.59</td>
<td>16.24</td>
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<td>4.71</td>
<td>1.81</td>
<td>20.48</td>
<td>7.87</td>
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<td>39.44</td>
<td>78.47</td>
<td>23.54</td>
<td>36.41</td>
<td>10.92</td>
<td>17.93</td>
<td>5.38</td>
<td>15.45</td>
<td>4.64</td>
<td>9.87</td>
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<td>5.59</td>
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<td>11.43</td>
</tr>
<tr>
<td>1714-1800</td>
<td>99.46</td>
<td>42.03</td>
<td>49.08</td>
<td>20.74</td>
<td>16.88</td>
<td>7.13</td>
<td>19.32</td>
<td>8.16</td>
<td>15.21</td>
<td>6.43</td>
<td>9.7</td>
<td>4.00</td>
<td>4.85</td>
<td>2.05</td>
<td>22.39</td>
<td>9.46</td>
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<tr>
<td>R</td>
<td>-0.15</td>
<td>1.84</td>
<td>2.17</td>
<td>0.25</td>
<td>0.16</td>
<td>1.40</td>
<td>0.85</td>
<td>0.96</td>
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</tr>
</tbody>
</table>

1Average annual in millions of reales of vellón at constant prices (left row) and percentages of total expenditure (right row)
R: Tasa acumulativa
In spite of the considerable reduction in its budgetary weight, the Army was the most expensive item of budget expenditure in every decade of the century. For this reason, Army’s spending had a significant correlation with total expenditure. It is noteworthy also the weak or negative correlations that exist between Army and civil items of budget. Army expenditure had negative correlations with Investment, Central Administration and Royal Household, and very weak correlations with Pensions and other transfers and Extraordinary Civil expenses (see table 8). This was due to the permanent situation of poverty of the Spanish Exchequer, which caused transfers of funds between the different items of budget. In view of the fact that expenditure always exceeded revenue and often large increases in expenditure, especially military, took place without the resources for financing it, rulers cut back temporarily several items of budget. Given the priority of military spending for the kings and their ministers, civil
items were usually cut during the necessary time for allocating more resources to military spending.

Figure 5. Amount of Army and Navy, 1714-1800 (in logarithms)

As we can see from the table 9 and figure 6, the 87 per cent of amount of Army was allocated to financing the Corps, the Staff and the Service Corps and Logistic. The rest was spent on extraordinary expenses, that absorbed 10.5 per cent of the total cost of the Army, and the payments of several military treasurers. The military units at the battle front came to, on average, almost 100 millions of reales, more than the half of the cost of Army, with the exception of 1790s, and more than three-fifths in 1730-1760. The increase in this period was probably caused by the increment in the number of military forces that took place from the middle of the 1730s on. For example, in 1716 infantry and cavalry had 66.000 men, and 100.000 in 1734-1748. The Infantry was the most costly corps of the Army. It cost almost 62 millions, 59 per cent of the Corps, and grew its importance between 1727 and 1800. On the contrary, the weight of the next most costly unit, the cavalry, whose cost amounted to almost 18 millions, less than 20 per cent, fell during the above-mentioned period. The budgetary weight of the Royal Guards also declined, since in 1727-1750 it represented more than 6 per cent of the

Corps and in the next decades fluctuated between 2 and 4 per cent, which was due to the decrease in the number of forces from 1740 on. The cost of artillery exhibited an upward trend, as in 1727-1760 it constituted 2 per cent of the Corps of Army and in the last four decades of eighteenth century fluctuated between 4 and 6 per cent. This trend was due to the creation of two new battalions at beginning of the reign of Charles III. As for the Army engineers, they never cost more than 1.5 millions, less than 2 per cent of the Corps. The amount dedicated to paying the high-ranking officers of Army came to more than 11 millions, about a 6 per cent, including the Staff and the generals, of which there were 180 in 1759.

The Service Corps and Logistics cost, on average annual, almost 80 millions, one third of the Army expenditure, and amounted to almost 50 per cent in the last decade of the century. 48 millions, almost three-fifths, was spent on the feeding of personnel and horses. Clothes for troops and household items reached 11 millions, 14 per cent of Service Corps. This unit was a considerable source of income for some large

| TABLE 9 |
| STRUCTURE OF ARMY’S SPENDING, 1714-1800 |
| (figures in reales of vellón) |

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>CORPS</th>
<th>%</th>
<th>SERVICE CORPS AND LOGISTICS</th>
<th>%</th>
<th>EXTRAORDINARY</th>
<th>%</th>
<th>OTHER EXPENSES</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1714-1720</td>
<td>83.199.979</td>
<td>52,39</td>
<td>39.263.931</td>
<td>24,84</td>
<td>16.413.660</td>
<td>10,55</td>
<td>19.440.586</td>
<td>12,22</td>
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<td>1721-1730</td>
<td>84.941.731</td>
<td>54,93</td>
<td>39.593.049</td>
<td>25,55</td>
<td>12.276.311</td>
<td>10,26</td>
<td>3.234.495</td>
<td>2,83</td>
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<td>1731-1740</td>
<td>94.185.454</td>
<td>60,04</td>
<td>50.673.891</td>
<td>31,86</td>
<td>12.408.004</td>
<td>8,10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1741-1750</td>
<td>67.946.198</td>
<td>64,19</td>
<td>30.228.417</td>
<td>27,41</td>
<td>8.216.392</td>
<td>8,40</td>
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<td></td>
</tr>
<tr>
<td>1751-1760</td>
<td>154.143.126</td>
<td>62,13</td>
<td>75.525.564</td>
<td>31,09</td>
<td>16.446.272</td>
<td>6,78</td>
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<td></td>
</tr>
<tr>
<td>1761-1770</td>
<td>93.080.086</td>
<td>54,66</td>
<td>62.246.963</td>
<td>36,38</td>
<td>15.084.872</td>
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<td>103.367.584</td>
<td>51,75</td>
<td>76.987.811</td>
<td>38,34</td>
<td>19.885.339</td>
<td>9,91</td>
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<td></td>
</tr>
<tr>
<td>1781-1790</td>
<td>107.055.329</td>
<td>50,04</td>
<td>75.866.642</td>
<td>35,59</td>
<td>29.707.792</td>
<td>14,37</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1791-1800</td>
<td>146.980.592</td>
<td>36,69</td>
<td>197.010.760</td>
<td>46,62</td>
<td>66.950.199</td>
<td>16,69</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SOURCE: Accounts of the Tesoreros Generales

Figure 6
Structure of Army’s spending, 1714-1800

- The Corps
- Service Corps and Logistics
- Extraordinary expenses
- Other expenses
firms and individuals whose business was to supply the Army. For example, in 1763 almost 66 per cent of its cost (16.5 millions) was paid the Cinco Gremios Mayores, one of the most important Spanish commercial companies, for bread, barley and straw that it provided for the infantry and other units. In the same year, the Compañía Guipuzcoana de Caracas received more than one million, 11 per cent of the total amount of clothes and household items provided for the Army. The fortifications absorbed 17 per cent of Logistics and their cost grew from 5 millions in 1727-1739 to 33 millions in 1790-1800. This increase probably was due to the Ensenada’s improvement program of fortifications, which started in the middle of the eighteenth century. Lastly, the average annual amount devoted to military hospitals reached almost 9 millions, a sum that represented more than 10 per cent of item.

Unlike the Army, table 7 shows that the Navy gained in budgetary importance over the eighteenth century, which has to do with its high correlation with time, the second most significant items of the budget. Its cost grew rapidly, as shown by its high cumulative growth rate. Its average annual amount came to 49 millions and was exceeded from the 1740s on, except in 1760s. In the second and third decades of the century, the Navy did not make up 9 per cent of total expenditure, but from the 1740s on it made up more than 20 per cent, except again in the 1760s, and exceeding one-fourth in the decades of 1740, 1770 and 1780, especially in the first decade, when the cost of the Navy was almost on the same level as Army. This increase made that the Navy was the second item in importance in the budget and that it reached a high correlation with total expenditure. The growth of the Spanish Navy spending was due to the building of large fleets, which was usual in Europe during the eighteenth century. This was another demonstration of the strengthening of the European States brought about by increased tax and financial revenues. In Spain, two ministers, Patiño and Ensenada, pushed forward the building up of the fleet during the first half of eighteenth century in order to Spain to be again, as in the sixteenth century, a major world power. Both meant that dockyards launched one hundred boats between 1717 and 1752. The building of the fleet was continued during the second half of the century, which meant that the Spanish Navy had more than two hundred ships at the end of the century.

13.- Account of the Tesorería General corresponding to 1763 [A.G.S., D.G.T., Inventario 16, guión 24, leg. 49]
14.- Ardant (1975), p. 198
more than in the preceding forty years\textsuperscript{15}. Owing to the building of ships during the age of Ensenada, the amount of Navy expenditure exceeded the of the Army by 70 per cent in 1744-1746 and by 25 per cent in 1747, both military items of budget almost equally expensive in the 1740s, the only decade in which this occurred.

What items constituted the Navy´s spending? The most important of them was the financing of the naval departments of Cádiz, Cartagena y El Ferrol, which, on annual average, cost more than 87 millions, about 77 per cent of the total amount of the Navy´s. The cost of this item grew, especially after Ensenada´s dockyard improvement program, exceeding four-fifths in 1740-1770 (see table 10 and figure 7). In the twenty six years of the 1763-1796 period, two-thirds of the cost of naval departments was absorbed by the Atlantic departments, reflecting it the importance of this area for Spain. The department of Cádiz represented 38 per cent of the item, while sums spent in El Ferrol amounted to up to 30 per cent and in Cartagena less than one-third. At constant prices, the cost of the three departments grew rapidly, especially Cádiz´s, which increased by a factor of 2.5 between 1763 and 1796. As for the departments of El Ferrol and Cartagena, their costs grew by an approximate factor of 2. The another item of Navy was made up the wages of employees and the supply of foodstuffs and raw materials. Its average annual amount almost came to 28 millions, more than one-fifth of the total Navy´s spending\textsuperscript{16}.

\begin{table}[h]
\centering
\begin{tabular}{|c|c|c|c|c|}
\hline
PERIOD & Naval Departments & \% & Wages and supply & \% \\
\hline
1727-39 & 24,518,641 & 61.25 & 15,508,870 & 38.74 \\
1739-50 & 70,453,481 & 86.41 & 11,077,315 & 13.59 \\
1751-60 & 76,265,497 & 88.94 & 9,477,524 & 11.06 \\
1761-70 & 74,341,409 & 82.45 & 15,819,156 & 17.55 \\
1771-80 & 90,139,050 & 70.71 & 37,342,253 & 29.29 \\
1781-90 & 133,301,965 & 77.87 & 37,870,577 & 22.12 \\
1791-1800 & 184,715,188 & 78.95 & 49,238,142 & 21.04 \\
\hline
\end{tabular}
\caption{Structure of Navy's spending, 1727-1800}
\end{table}

\textbf{TABLE 10}

\textbf{STRUCTURE OF NAVY´ SPENDING, 1727-1800}

\textbf{(figures in averages annual of reales)}

\begin{tabular}{|c|c|c|c|}
\hline
PERIOD & Naval Departments & \% & Wages and supply & \% \\
\hline
1727-39 & 24,518,641 & 61.25 & 15,508,870 & 38.74 \\
1739-50 & 70,453,481 & 86.41 & 11,077,315 & 13.59 \\
1751-60 & 76,265,497 & 88.94 & 9,477,524 & 11.06 \\
1761-70 & 74,341,409 & 82.45 & 15,819,156 & 17.55 \\
1771-80 & 90,139,050 & 70.71 & 37,342,253 & 29.29 \\
1781-90 & 133,301,965 & 77.87 & 37,870,577 & 22.12 \\
1791-1800 & 184,715,188 & 78.95 & 49,238,142 & 21.04 \\
\hline
\end{tabular}

\textbf{SOURCES: Accounts of the tesoreros generales}

\textsuperscript{16}.- Accounts of the Tesoreros Generales (A.G.S., D.G.T., Inventario 16, guión 23, leg. 49)
6. Conclusions

With the new estimates of the expenditure of the Spanish Treasury presented in this paper, we can obtain a more accurate calculations of the volumen and structure of expenditure during the eighteenth century. In addition, with these estimates we can determine exactly the weight that military spending had in the Spanish National Budget. As we can see in the preceding pages, the Army and Navy represented a heavy burden for the State. Expenditure grew by 76 per cent between 1714 and 1800, an increase of which the greatest part (more than three-fifths of it), was caused by military spending (73 per cent if we include the National Debt, which was issued in the main for financing the Army and Navy). What is more, these items absorbed about 70 per of per capita expenditure. Lastly, military spending was the main item of the structure of the budget, as 63 per cent of expenditure was allocated to financing it, or almost four-fifths if we included the National Debt. The great impact that the Army and Navy expenditure had on the Spanish National Budget was due to the top priority given by the kings and their ministers to the defense of the Empire and maintenance of Spain as a world power. The cost of this priority had to increase because of the complexity of the international situation during the eighteenth century. This complication was due to transformation of Britain into the first world power, the irruption of Russia on the European scene, the ascent of Prussia into the group of great military powers, and the expansion of Europa to east and west.  

17.- For the internatonal situation, see Mousnier y Labrousse (1981), pp. 324-350, and Domínguez Ortiz (1981), pp.49-64
This was the reason why the impact of military spending in many European countries was similar to that of Spain. In France, for example, several peaks in the volume of expenditure took place between 1726 and 1789, multiplying it, at current prices, by a factor of 3.5. The majority of this increase was caused by the financing of the wars of Succession in Spain, Poland and Austria and by Seven Years War and War of Independence of the United States. In England, the rise in expenditure was even greater. At constant prices, the sums paid by the Exchequer were multiplied by a factor of 7 between 1700 and 1801. As in Spain and France, increase in expenditure was caused, in the main, by the rise in military spending that brought the above-mentioned wars and the Napoleonic Wars. The peacetime ordinary expenditure of Austrian Treasury grew, at current prices, from 21 millions of florins (1729) to 50 millions (1784). In spite of peacetime, the financing of Army and Navy were the items that made up most of the increase. The contribution of military spending to rises in expenditure was also decisive in the Scandinavian and Baltic countries. In Poland, the Army and Navy made up 62 per cent of the increase between 1768 and 1813, a period in which Treasury spending was multiplied, at constants zlotys, by a factor of 4. In Russia, the greatest impact in the volume of expenditure occurred on the occasion of wars against Turkey (1768-1774 and 1787-1792), the building of the fleet for the Russian expansion in Crimea (from 1783) and the wars against Sweden. The Treasury of this country was also affected by these wars. That of 1741, for example, was so costly that its consequences for the budget lasted a decade. The Prussian Treasury suffered the effects of sums spent in wars that resulted directly from its transformation into a great military power. Lastly, Denmark was also forced to make great financial efforts during the Seven Years War.

England was the country where the weight of the Army, the Navy and the National Debt on the budget was greater. Military spending absorbed more than 50 per cent of expenditure, while the National Debt absorbed more than one-third. In France, the three items made up more than two-thirds of total Treasury expenditure. In Austria, half of the budget was allocated to financing the Army, making up 28 per cent of the National Debt. In Prussia, military spending absorbed four-fifths of expenditure during

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the second half of the eighteenth century. The Poland’s military spending and National Debt exceeded three-fifths of budget.

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