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Foreign businessmen and the financing of trade to the Indies in the second half of the 18th century¹

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Abstract. – This article examines the intermediary role of foreign merchants (especially French, Genoese, and Milanese businessmen) in managing European trade with the Indies through the Spanish port of Cadiz towards the end of the ancient regime, by focusing on the ways they structured their participation and the instruments they used to finance this trade. We argue that foreign merchants operated in two different institutional environments depending on the nature of their business: with their European partners, they relied upon the classical instruments of intra-European trade (such as account books, bills of exchange and commission contracts); with the cargadores, the merchants who were legally enabled to participate in the Spanish transoceanic trade, they pooled European merchant and financial capital into the American markets by massively (albeit not exclusively) resorting to sea loans. The article not only discusses the persistent use of this instrument and its profitability, but also the possible reasons for its decline in the last decades of the century.

Keywords: Spanish colonial trade, sea loan, bill of exchange.

Resumen. – Este artículo examina el papel intermediario de los comerciantes extranjeros (especialmente hombres de negocios franceses, genoveses y milaneses) en la gestión del comercio europeo con las Indias a través del puerto español de Cádiz hacia el final del Antiguo Régimen, centrándose en las formas en que estructuraron su participación y los instrumentos que utilizaron para financiar este comercio. Sostenemos que los comerciantes

¹ This work is part of the research conducted within the framework of the project "HISFIMED: La Monarquía Hispánica, la circulación de los metales preciosos y la globalización financiera en el Mediterráneo 1568-1798 (PID2021-124500NA-100)", funded by the Spanish Ministry of Science and Innovation (MCINN) and the Spanish State Research Agency (AEI). Catia Brilli authored the introduction, the conclusion, the sections on the case of Genoa and Genoese intermediaries, and fig. 1.

extranjeros operaban en dos entornos institucionales diferentes según la naturaleza de su negocio: con sus socios europeos, se basaban en los instrumentos clásicos del comercio intraeuropeo (como libros de cuentas, letras de cambio y contratos de comisión); con los cargadores, los comerciantes legalmente habilitados para participar en el comercio transoceánico español, agrupaban capital mercantil y financiero europeo destinado a los mercados americanos recurriendo de manera masiva (aunque no exclusiva) a los préstamos marítimos. El artículo no solo analiza el uso persistente de este instrumento y su rentabilidad, sino también las posibles razones de su declive en las últimas décadas del siglo.

Palabras clave: Comercio colonial español, riesgo marítimo, letra de cambio.

Introduction

This article examines the role of foreign merchants in financing Spain's colonial trade during the second half of the 18th century, focusing on the use of sea loans (*riesgo marítimo*), bills of exchange, and other financial instruments such as *facturas*, obligations, and marine insurance. While historical scholarship has largely treated the financial mechanisms underpinning Spain's tightly regulated colonial trade system as a marginal topic, two foundational studies—those of Charles Carrière² and Antonio Miguel Bernal³—stand out for their recognition of the central importance of the sea loan in funding the *Carrera de Indias* (the term used to describe the transatlantic circuits of Spanish colonial trade and their legal framework).

Carrière, in particular, characterized the sea loan as an archaic financial instrument that revealed the economic asymmetries between Spanish and foreign merchants—especially in terms of access to capital. In his view, Spanish *cargadores* (merchants formally entitled to trade with the Americas) were compelled to accept the high interest rates typical of sea loans because they lacked alternative sources of credit. This dependency enabled foreign merchants based in Cádiz to exploit their dominant position by extending credit on highly favorable terms.

² Charles Carrière, „Renouveau espagnol et prêt à la grosse aventure“: *Revue d'histoire moderne et contemporaine*, 17: 2 (1970), pp. 221-252.

³ Antonio Miguel Bernal, *La financiación de la Carrera de Indias (1492-1824)*, Sevilla: Tabapress, 1992.

By contrast, foreign merchants had access to European capital under more advantageous conditions, often through *fonds en participation* or *commandite*—financing models in which the lender shared in profits and losses rather than receiving a fixed return.

These observations led Carrière to argue that sea loans enabled European merchants to fully capitalize on Spanish colonial trade by leveraging the structural weaknesses of Spanish commercial capitalism. Bernal, for his part, also underscored the importance of sea loans in colonial trade. However, his emphasis lay on their resilience and adaptability across the early modern period up to the 1780s, rather than on their supposed archaism. He traced the decline of sea loans to the period of the Revolutionary and Napoleonic Wars, though he did not delve deeply into the causes behind either their earlier rise or subsequent fall.

Like Carrière, Bernal acknowledged the informal participation of foreign—often non-naturalized—merchants in these financial arrangements. He noted that official creditors listed in sea loan contracts frequently acted as intermediaries for foreign merchant houses based in Cádiz.⁴ However, because Bernal relied heavily on sources from the Indies' Trade Administration (the *Casa de la Contratación* and the *Consulado*), he was unable to document this dynamic directly, as it was deliberately obscured in official records.

Subsequent scholarship has expanded on this point with greater empirical detail, particularly through studies of foreign merchant communities in Cádiz, which, since 1680, was the sole legally authorized port for transatlantic trade.⁵ These works have reconstructed the

⁴ Bernal, *La financiación*, p. 450-451.

⁵ Ana Crespo Solana, „Las comunidades mercantiles y el mantenimiento de los sistemas comerciales de España, Flandes y la República holandesa, 1648-1750“: Manuel Herrero Sánchez / Ana Crespo Solana (coords.), *España y las 17 provincias de los Países Bajos: una revisión historiográfica (XVI-XVIII)*, Córdoba: Servicio de Publicaciones; Universidad de Córdoba ; Madrid: Fundación Carlos de Amberes ; Ministerio de Asuntos Exteriores, 2002, pp. 443-468; Klaus Weber, *Deutsche Kaufleute im Atlantikhandel 1680-1830. Unternehmen und Familien in Hamburg, Cádiz und Bordeaux*, München: C.H. Beck, 2004; Catia Brilli, *Genoese Trade and Migration in the Spanish Atlantic (1700-1830)*, New York: Cambridge University Press, 2016; Arnaud Bartolomei, *Les marchands français*, Madrid: Casa de Velázquez, 2017; Klemens Kaps, „Redes de negociantes milaneses en la Monarquía hispánica entre el comercio trasatlántico y el mediterráneo, 1700-

complex principal-agent networks that linked Cádiz to European commercial centers. Nonetheless, they have not fully resolved the key questions surrounding the financing of Spanish colonial trade—questions that Carrière and Bernal left partially unanswered.

This article seeks to bridge that gap by integrating insights from both the studies of Carrière and Bernal, and from recent research on foreign merchant networks. Specifically, we aim to explore three interrelated aspects. First, we examine the organizational structures through which foreign merchants procured goods in Europe and managed their commercial relationships with partners in European trading hubs. Second, we analyze how these merchants employed sea loans and other financial instruments to link European and American markets. Finally, we offer some preliminary hypotheses to explain both the persistence of sea loans in the *Carrera de Indias* and their eventual decline beginning in the 1780s.

1. The scope and features of Cadiz's European trade

Foreign merchants played a pivotal role in sustaining the *Carrera de Indias*, both by supplying European manufactured goods and by facilitating the re-exportation of colonial commodities—such as silver, cochineal, indigo, sugar, coffee, and cocoa—to Europe and beyond. This section explores the diverse ways in which foreign merchants participated in transatlantic exchange and the financial and commercial instruments they employed to manage these operations.

From the inception of the *Carrera de Indias* in the 16th century, a substantial share of Spanish exports to the Americas consisted of goods originating from across Europe. However, reliable quantitative data on this trade is scarce before the implementation of the *Comercio Libre* reform in 1778, which introduced differentiated customs duties for domestic and foreign goods shipped from Spanish ports to the Americas. For earlier periods, available information is fragmentary at best, offering only rough estimates.

One particularly revealing source is a French *mémoire* from 1686, which estimated that 95% of goods exported from Cádiz to New Spain

1815": Antonio José Rodríguez Hernández / Julio Arroyo Vozmediano / Juan Antonio Sánchez Belén (eds.), *Comercio, guerra y finanzas en una época en transición* (siglos XVII-XVIII), Valladolid: Castilla Ediciones, 2017, pp. 403-424.

were of foreign origin. France, Genoa, England, and Holland were cited as the principal suppliers.⁶ While this figure likely represents a peak, and was somewhat reduced in subsequent decades, these European regions continued to dominate the supply of consumer goods to Spanish American markets.

Between 1778 and 1796, foreign products exported from the thirteen Spanish ports newly authorized to engage in colonial trade accounted for nearly half of total exports.⁷ Even this figure likely understates the true extent of foreign participation, as many goods were fraudulently declared as domestic to avoid higher customs duties, while others—such as printed textiles—were finished in Spain but originally of foreign manufacture.⁸

Despite the resurgence of Spanish domestic production during this period, Cádiz remained the unrivaled center of colonial trade. Even after the liberalization reforms of 1778, Cádiz alone accounted for three-quarters of Spain's exports to the Americas. Here, the predominance of European goods remained particularly strong, with foreign products averaging 57% of total exports between 1782 and 1796—significantly higher than in other newly authorized ports such as Barcelona, Málaga, or A Coruña.⁹

Among the key European exporters to Cádiz in the late 18th century were the German states, France, Great Britain, Holland, and Genoa. In

⁶ Michel Morineau, *Incroyables gazettes et fabuleux métaux: les retours des trésors américains d'après les gazettes hollandaises: XVI^e-XVIII^e siècles*, London/New York/Sydney [etc.]: Cambridge University Press; Paris: Éd. de la Maison des sciences de l'homme, 1985, p. 265.

⁷ John H. Fisher, *Commercial Relations between Spain and Spanish America in the Era of Free Trade, 1778-1796*, Liverpool: Centre for Latin-American Studies, University of Liverpool, 1985. p. 46, table VI for the data referring to 1778-1796.

⁸ Josep M. Delgado Ribas, *La organización de los servicios puntuarios en un puerto preindustrial: Barcelona, 1300-1820*: Carlos Martínez Shaw (ed.), *El derecho y el mar en la España moderna*, Granada: Universidad de Granada, 1995, pp. 107-146; Id., *Dinámicas imperiales (1650-1796). España, América y Europa en el cambio institucional del sistema colonial español*, Barcelona: Bellaterra, 2007, pp. 446-447, 460, 545-547; Id., „Los números de Mickey Mouse del comercio colonial español”: Isabel Lobato Franco / José María Oliva Melgar (eds.), *El sistema comercial español en la economía mundial (siglos XVII-XVIII)*, Huelva: Universidad de Huelva, 2013, pp. 283-302: 294-301.

⁹ Fisher, *Commercial*, p. 94, table A4.

1792, Spanish trade records provide detailed figures on the volume of goods imported into the port of Cádiz (see Table 1), illustrating the continued centrality of foreign manufactures in the provisioning of Spain's colonial trade.

European countries	Value of imports (in million reales de vellón)
"Germany"	108.4
"France"	63
"England"	52.8
"Prussia"	27.6
"Holland"	14.6
"Russia"	8
"Genoa"	7.3
Others	22.6
Total	304.3

Table 1. Imports from Europe to Cadiz (1792). Source: Archives Nationales (Paris), 381/AP/14, "Plan general del valor de los Generos y efectos introducidos en España por las Potencias extranjeras en todo el año de 1792 ...".

Many regions are not fully captured in the official trade statistics due to the complex routes by which commodities were transported from inland areas to port cities. However, the geography of Cádiz's trade networks during the late 18th century can be more precisely understood through shipping records. From the 1770s onward, annual shipping lists were published in Cádiz, and from the late 1780s, more detailed data appeared in the *Diario de Vigía*. These sources identify Marseille, Genoa, Amsterdam, Hamburg, London, and Dublin as Cádiz's principal European trading partners in the final decades of the century (see Table 2).

Year	1773	1774	1777	1778	1789
Total number of ships entering Cadiz	938	989	941	809	998
Ships arriving from European ports	394	459	576	420	434
Amsterdam	24	33	25	14	16
Dublin	20	18	15	8	20
Genoa	23	22	43	37	13
Hamburg	20	23	22	12	25
London	16	21	22	13	20
Marseille	27	21	37	50	40

Table 2. Ships entering Cadiz from European harbours, 1773-1789. Source: Archivo General de Indias, Consulados, leg. 97, exp.13. Estado General de las Embarcaciones, que han entrado, y salido en esta Bahía de Cádiz, en el Año de la fecha, tanto de América, como de Europa. Cádiz, 31 de Diciembre de 1777, Nachrichten aus Cadiz und Amerika nebst 2 Beylagen, fol. 82, Österreichisches Staatsarchiv, Wien (AT-OeStA), HHStA, KA StAbt DK Spanien, Karton 109, G.Stum ad Litt. N.3 Gr Kaunitz Madrid den 19ten Januaris 1778. Estado General de las Embarcaciones, que han entrado, y salido en esta Bahía de Cadiz, en el Año de la fecha, tanto de América, como de Europa. Cádiz, y Diciembre 31 de 1778, Ibid., Karton 111/4, Nro.4, fol. 16; Arnaud Bartolomei, „Cadix et la Méditerranée à la fin du XVIII^e siècle”: Revue d’histoire maritime, 13 (2011), pp. 173-209 :202-207. Sums for ship traffic from European ports own calculation.

The geography of Cádiz’s trade saw only modest shifts following the *Comercio Libre* decree of 1778. A decade later, in 1789, the *Diario de Vigía* recorded 998 ship arrivals, of which 434 originated from European ports—nearly three times the number arriving from Spanish America and only slightly below the average observed during the 1770s.¹⁰ By the end of the 1780s, Cádiz’s principal European trading partners remained consistent: Marseille (40 ships), Hamburg (25), London and Dublin (20 each), Amsterdam (16), and Genoa (13). The

¹⁰Bartolomei, „Cadix“, pp. 202-207.

vast majority of these vessels carried *généros*—manufactured goods, primarily textiles.

A 1785 French consular report estimated that imports from French ports to Cádiz totaled 34,057,318 *livres tournois*. These shipments consisted mainly of textiles, including *lainages d'Amiens* (woollens from Amiens), *soieries de Lyon* (silks from Lyon), and *toiles de Bretagne* (linens from Brittany). Northern French ports such as Le Havre and Rouen alone accounted for 16 million *livres tournois*, while Saint-Malo, Morlaix, and Saint-Valery contributed an additional 3 to 4 million *livres tournois* each. Marseille, for its part, dispatched goods worth 5.3 million *livres tournois* to Cádiz.¹¹

Genoa, long a supplier to Spain and its colonies, specialized in high-end textile exports such as silk fabrics, velvets, and taffetas, along with gold and silver lace from Geneva; gold and silver threads; twisted silks from Genoa, Naples, and Calabria (the latter being especially prized); colorful ribbons; silk stockings from Genoa, Milan, Messina, and Naples; and fine paper.¹² Since the 16th century, Genoa had also played a significant role in re-exporting linen from the Holy Roman Empire and Switzerland—especially from Silesia and its proto-industrial hinterlands. This re-export trade expanded significantly throughout the 17th and 18th centuries. Despite the importance of silk and paper in Genoa's own exports, it remains difficult to assess their exact value due to the scale of smuggling carried out by Genoese merchants along the Spanish coast.¹³

¹¹ About the “toiles de Bretagne”, see Jean Martin, “Les toiles bretagne dans le commerce franco-espagnol de 1550 à 1830”: *Annales de Bretagne et des Pays de l'Ouest*, 119: 1 (2012), pp. 31-60 and Yves Tanguy: *Quand la toile va. L'industrie toilière bretonne du XVIe au XVIIIe siècle*, Rennes: Éd. Apogée, 1994. About, the “soieries de Lyon”, see Olivier Le Gouic, *Lyon et la mer au XVIIIe siècle. Connexions atlantiques et commerce colonial*, Rennes: Presses Universitaires de Rennes, 2011. A synthesis about French exports to Cadiz, in Bartolomei, *Les marchands*, pp. 316-319.

¹² Morineau, *Incroyables*, pp. 326-43.

¹³ Giulio Giaccherio, *Economia e società del Settecento genovese*, Genova: SAGEP, 1973, pp. 146-151; Ludwig Beutin, „Deutscher Leinwandhandel in Genua im 17. und 18 Jahrhundert“: *Vierteljahrsschrift für Sozial- und Wirtschaftsgeschichte*, 24 (1931), pp. 156-168; Peter Kriedte, *Spätféudalismus und Handelskapital. Grundlinien der europäischen Wirtschaftsgeschichte vom 16. bis zum Ausgang des 18. Jahrhunderts*, Göttingen: Vandenhoeck and Ruprecht, 1980; Heinz-Theo

Hamburg, meanwhile, emerged as an even more prominent hub for the export of goods from Central Europe to Spain over the course of the 18th century. In 1713, Hamburg's exports to Spanish ports were valued at just 0.5 million *Mark Banco*. By 1787 and 1789, this figure had surged to 9.5 and 11.4 million respectively.¹⁴ Chief among Hamburg's exports was linen, followed by Bohemian glassware and metal goods such as iron and copper.¹⁵ Linen alone accounted for between 46% and 63% of Hamburg's total exports to the Western Hemisphere during the early 18th century.¹⁶ According to estimates by the Grassi Company of Trieste, Hanseatic merchants in Cádiz sold roughly 3 million *pesos fuertes* worth of Silesian linen in 1764—nearly all of it bound for Spanish America.¹⁷

Additional evidence of Cádiz's role in European trade can be found in the history of the foreign merchant "nations" that had established themselves in the port from the 17th century onward to manage this commerce. Recent scholarship has highlighted the multiple advantages that allowed foreign merchants to secure a dominant position in Cádiz's trade—ranging from strong social networks and specialized

Niephaus, Genuas Seehandel von 1746-1848. Die Entwicklung der Handelsbeziehungen zur Iberischen Halbinsel, zu West- und Nordeuropa sowie den Überseegebieten, Köln/Wien: Böhlau, 1975, pp. 35, 62, 69, 91-96, 104, 121, 236-238; Julia Zunckel, „Esperienze e strategie commerciali di mercanti tedeschi fra Milano e Genova nell'epoca della controriforma": Albrecht Burkardt / Gilles Bertrand / Yves Krumenacker (eds.), *Commerce, voyage et expérience religieuse*, Rennes: Presses Universitaires de Rennes, 2007, pp. 231-255. Anne Sophie Overkamp, Migration und Kosmopolitismus. Mitteleuropäische Fernhändler im 18. Jahrhundert, in: *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte*, 107: 2 (2020), pp. 146-162. Anka Steffen, A cloth that binds: new perspectives on the eighteenth-century Prussian economy: *Slavery & Abolition*, 42: 1 (2021), pp. 105-129.

¹⁴ Weber, *Deutsche Kaufleute*, p. 235; Karin Newmann, „Hamburg in the European Economy, 1660-1750": *Journal of European Economic History*, 14 (1985), pp. 57-93: 59.

¹⁵ Hans Pohl, *Die Beziehungen Hamburgs zu Spanien und dem spanischen Amerika in der Zeit von 1740 bis 1806*, Wiesbaden: Franz Steiner Verlag GmbH, 1963, pp. 132-139, 152-154, 168.

¹⁶ Newmann, „Hamburg", p. 79.

¹⁷ *Kommerz Litorale Akten*, Nr. 856, fol. 481, AT-OeStA, FHKA, NHK.

commercial knowledge to institutional support from their home countries.¹⁸

These studies have also emphasized the remarkable resilience of foreign merchant communities, who maintained their influential positions even after the *Comercio Libre* reforms of 1778 and the outbreak of the French Revolutionary Wars. It was only with the Napoleonic invasion of Spain (1808) and the subsequent independence movements in Spanish America (1810–1824) that these communities began to decline and gradually disappear over the early decades of the 19th century.

Only a small number of Spanish merchants based in Cádiz succeeded in establishing direct commercial ties with European ports—for example, Francisco de Sierra.¹⁹ During the 1780s and 1790s, the principal correspondents in Cádiz for merchants from Marseille, Genoa, and Hamburg were still primarily foreign merchants or Spaniards of foreign origin.²⁰ These individuals were not mere agents or representatives of partners abroad; rather, they operated as independent entrepreneurs with extensive, diversified dealings across the entire supplier network of the *Carrera de Indias*.

A paradigmatic case is the French firm Fornier. Although based in Nîmes—a city in southern France known for its production of silk stockings, a product highly prized by Creole consumers—the

¹⁸ Didier Ozanam, „La colonie française de Cadix au XVIIIe siècle, d'après un document inédit (1777)”: *Mélanges de la Casa de Velázquez*, 4 (1968), pp. 259–348; Weber, *Deutsche Kaufleute*; Solana, *Las comunidades*; Pilar Nogués Marco, *Bullionism, Specie-point Mechanism and Bullion Flows in the Early 18th Century Europe* (Ph.D thesis, Institut d'Études Politiques de Paris, École Doctorale de Sciences Po): Paris, 2010; Brilli, *Genoese Trade*; Kaps, „Redes”; Bartolomei, *Les marchands*.

¹⁹ Jeremy Baskes, *Staying Afloat. Risk and Uncertainty in Spanish Atlantic World Trade, 1760-1820*, Stanford: SUP, 2013, p. 20.

²⁰ See e.g. the case of the French Roux house, *Archives de la Chambre de Commerce et d'Industrie de Marseille, Marseille (ACCIM)*, LIX, Fonds Roux, liasses 809-854. As for the Genoese, see Catia Brilli, „Transnacionalidad y comercio euroatlántico en la red de la familia Durazzo (siglos XVII-XVIII)”: *Tiempos Modernos*, 44 (2022), pp. 367–379, and Id., „On the Edge”, pp. 209–212. As for the trading houses of Hamburg see Weber, *Deutsche Kaufleute*, pp. 115, 135, and Giovanni Liva, „Le 'aziende Greppi' in Europa: Amburgo e Amsterdam”: *Archivio Storico Lombardo*, CXXII (1996), pp.189–238: 221, 226–228.

company's business in Cádiz was not centered on this specialty. Instead, in the second half of the 18th century, approximately 60% of the firm's imports to Cádiz consisted of linen fabrics: 55% from Silesia, 25% from Brittany, and the remainder from other European regions such as the Low Countries and Great Britain.²¹ This indicates that Fornier was not merely a local branch (*filiale*) of a French exporter but rather an autonomous enterprise with a wide network of financial links and numerous partners throughout Europe.

The records of another Languedoc firm, Rivet Neveux & Cía., similarly reveal that Silesian linen was the principal good imported.²² Likewise, Antoine Granjean, a merchant who relocated to Cádiz in the 1750s to sell Lyonnais silks, adapted over time to the shifting demands of trade by diversifying into canvases, sheets, and other staple goods.²³

The firm Favel y Lieutard, for example, took out insurance policies in the final years of the 18th century covering 278 consignments from various European commercial centers to Cádiz. Of the total value of insured goods—604,903 *pesos fuertes*—the majority originated from Hamburg and nearby Altona (359,250 *pesos*), followed by Ostend (184,118 *pesos*) and Saint-Malo (61,535 *pesos*). This sum accounted for approximately one-fifth of the reported value of linen sold by Hamburg merchants in Cádiz during that period, underscoring the high turnover and commercial vitality of the firm.

Much of the company's imports from Hamburg-Altona came from linen-producing regions along the Elbe River—such as Bohemia and Saxony—as well as from Silesia, accessed via the Oder River.²⁴ These examples collectively illustrate the deep integration of Cádiz's French

²¹ Robert Chamboredon, *Fils de soie sur le théâtre des prodiges du commerce. La maison Gilly-Fornier à Cadix au XVIII^e siècle (1748-1786)*, 3 tomes (thèse de doctorat, Université de Toulouse), 1995, p. 483.

²² "Livre de compte et de caisse de la maison de commerce Rivet et cie" (1796-an XI), ACCIM, LXIX/58, Fonds Rivet, livre 3.

²³ François Dornic, "Le commerce des Français à Cadix d'après les papiers d'Antoine Grandjean": *Annales. Économies, Sociétés et Civilisations*, 9: 3 (1954), pp. 311-327.

²⁴ Antonio Luis Lopez Martinez, "Cádiz y el comercio entre Europa y América a finales del siglo XVIII. Una aproximación a partir de las pólizas de seguros marítimos": *Jahrbuch für die Geschichte Lateinamerikas*, 47 (2010), pp. 213-246, pp. 222, 224. For the linen production in these regions and their export to Atlantic markets in the 18th century see: Steffen, Cloth.

merchant community into broader European trade networks, extending well beyond their countries of origin.

The same observations apply to the prominent Genoese merchants of Cádiz who held licenses to trade with the Indies. Their business networks extended across Europe—particularly within the Italian states—and included merchants, bankers, government officials, and other intermediaries.²⁵ A revealing example is the *Diamante*, a ship that sailed from Cádiz to Lima in 1762 carrying a cargo of goods consigned to Spanish front men (*testaferros*) on behalf of unlicensed Genoese merchants. This shipment demonstrates how even Genoese interlopers were engaged in a broad-based trade of high-value manufactured goods sourced from across Europe—including textiles and other items from France, Spain, Switzerland, England, and various Italian states—acquired directly in Cádiz.²⁶

One of the most powerful foreign trading firms in Cádiz during the final third of the 18th century was the Milanese house of Greppi Agazzino y Cía., later renamed Greppi Marliani y Cía. in 1781. In the 1770s, the firm regularly shipped Central European linen, Lombard silk, and pepper to colonial ports such as Lima, Havana, and Cartagena via Spanish merchants affiliated with the *Consulado*. In return, the company received large volumes of colonial products—primarily cacao, sugar, indigo, and cochineal—from its American correspondents. These goods were often supplemented by tobacco purchased from the Royal Tobacco Factory in Seville and then consigned to the firm's associates in Genoa, with portions also routed through the family businesses of the partners' fathers in northern Italy and Vienna. Part of the remittances was settled in silver.²⁷ This evidence shows that foreign trading

²⁵ Brilli, *Genoese Trade*; Id. „Evolución de las redes comerciales genovesas a partir del nudo gaditano. Las familias Pedemonte y Malagamba Vallarino“: Juan José Iglesias Rodríguez / Manuel Díaz Blanco / Isabel María Melero Muñoz (eds.), *En torno a la Primera Globalización: circulaciones y conexiones entre el Atlántico y el Mediterráneo (1492-1824)*, Sevilla: Universidad de Sevilla, 2022, pp. 341-363.

²⁶ Archivo Histórico Nacional, Madrid (AHN), Consejos, 21451, caja 1, ff. 48r-78.

²⁷ Klemens Kaps, „Mercantilism as private-public network: The Greppi Marliani company – a successful Habsburg Central European player in global trade (1769-1808)“: Daniele Andreozzi (ed.), *Mediterranean doubts. Trading Companies, Conflicts and Strategies in the Global Spaces*, Palermo: New Digital Press, 2017, pp. 89-111; 99-103; Id., „Zwischen Zentraleuropa und iberischem Atlantik: Mailänder Kaufleute in Cádiz im 18. Jahrhundert“: *Annales Mercaturae*, 3 (2017),

companies based in Cádiz were not confined to exporting goods from their regions of origin. Rather, they specialized in commodities from across Europe that were in high demand in the Spanish American market—particularly textiles and linens—because of the high profit margins they offered.

Moreover, European merchants (some of whom were also producers²⁸) sold these textiles and other proto-industrial products to foreign merchants in Cádiz in exchange for silver and other colonial goods. Yet these exchanges were seldom simple transactions. The commercial relationships were often highly complex. Foreign merchants in Cádiz operated in various capacities: on their own account, as part of joint ventures (*commandites*, participations) with partners from other cities or even other countries, or as commercial commissioners. Shipments of goods from Europe to Cádiz—or of colonial products from Cádiz back to Europe—were rarely straightforward sales. More often, the Cádiz-based merchant acted merely as a commissioner for the sender: receiving the goods, overseeing their sale to Spanish *cargadores*, and managing the transaction. In such cases, the commissioner did not own the merchandise but could provide the consignor with an advance payment via bills of exchange, deducting a standard interest rate of 6%—effectively functioning as a banker for the exporter and thereby facilitating the financial aspect of the transaction. The Fornier company, for instance, acted as commissioner for 80% of the goods it received from France, trading only 18% on its own behalf.²⁹

Foreign merchants in Cádiz often had partners in their countries of origin who retained an interest of one-half to one-third in each transaction. These forms of cross-participation—known as

pp. 96-106. See also Archivo Histórico Provincial de Cádiz (AHPC), PN Cádiz, 21/5109, fol. 182.

²⁸ See e.g. the case of the Durazzo Raggi company, which produced and traded silk textiles, Catia Brilli, „On the Edge of the Empire. Genoa in the Hispanic Commercial System during the Eighteenth Century“: José Ignacio Martínez Ruiz (ed.), *A Global Trading Network. The Spanish Empire and the World Economy (1580-1820)*, Seville: Universidad de Sevilla, 2018, pp. 197-218.

²⁹ Fornier frères's firm received as 3.135 million pesos sencillos of European products between october 1768 and march 1785 (2.35 million pesos fuertes), of wich 688,000 pesos sencillos (515,600 pesos fuertes) were on his own behalf, Chamboredon, Fils, p. 459.

participation, compte à demi, or compte à tiers in French, and conto a metà in Italian—were standard practice.³⁰ The Roux firm of Marseille, for example, never invested in any operation unless its Cádiz partners were directly involved in the shipment.

Thus, a significant portion of the trade between Cádiz and Europe was not based on simple barter or cash sales but operated within a broader and more intricate framework governed by two principal instruments of European commerce: account books and bills of exchange.

The account book recorded all operations between partners. Each sale or shipment appeared in the "credit" column of one partner, while purchases or receipts were noted in the "debit" column. Beyond the exchange of goods, these books captured all financial aspects of the relationship, including commissions, premiums, rents, investments in marine insurance, bottomry and sea loans, and transactions involving exchange letters. Genoese intermediaries based in Cádiz maintained

DEBITO	CREDITO
1772	1772
Aug. 28. Per provvig. di 1/2% sopra conto di 10000	Nov. 10. Per conto del Sr. Amico, come da conto, 9.446.1
in pagare al Sr. Amico	Mar. 2. Per suo interesse nel viaggio di 1/2% di 10000
Per una partita di 10000 in C. B. 10000	Michela 10000
Per una partita di 10000 in C. B. 10000	di 1/2% di 10000 di 10000, ord. L'Amico
di due pagare di 10000	e 1/2% di 10000
Aug. 10. Per 1/2% di 10000	Aprile 7. Per 1/2% di 10000
apportati in 6. forture, 10. fatto contante	di 1/2% di 10000
pagati nella città di L'Amico, come da conto	di 1/2% di 10000
particolari provvisori	di 1/2% di 10000
Per una partita di 10000	qui vendute come da conto
Impiego di 10000	Per N. B. di 10000, che interviene alla nota
Per una partita di 10000	Per N. B. di 10000, che interviene alla nota
Per una partita di 10000	Per N. B. di 10000, che interviene alla nota
Somma a Debito 10000	Somma a Credito 10000

³⁰ See e.g. the speculations between Roux frères of Marseilles and Quentin frères and Cie of Cadiz in the 1750-1760 years (ACCIM, LIX, Fonds Roux, liasse 841).

their accounts in *reales de plata* (*reales de a ocho*), carefully noting the exchange rate with the *lira fuori banco* in their correspondence. These account updates were regularly sent to their partners in the Republic of Genoa (see figure 1).

Figure 1. Giuseppe Enrile a Giacomo Filippo Durazzo, Cadice, 26 June 1772, Archivio Durazzo Giustiniani, Genoa (ADGG), 293.

The use of bills of exchange enabled commercial partners established in different countries to regularly balance their accounts and connect diverse currencies and financial markets through an international cashless payment system. At the same time, bills of exchange also served speculative purposes—though these fall outside the scope of this discussion.

In each major European commercial center, networks of merchant-bankers operated to draw, supply, or purchase the bills of exchange required or offered by individual merchants or trading companies. To facilitate these financial flows, six principal clearing hubs emerged in 18th-century Europe: Paris, London, Madrid, Amsterdam, Hamburg, and Genoa. These cities gradually supplanted the earlier dominance of the Northern Italian exchange fairs. In particular, Amsterdam—followed later by London—became the central financial node for the discounting of bills of exchange. Hamburg and Madrid, meanwhile, rose in prominence as newer hubs within the transnational financial networks of the time. Paris and Genoa retained considerable importance, although their dominance waned over the course of the century. London only fully supplanted Amsterdam as Europe's primary financial center after the conclusion of the Napoleonic Wars.³¹

³¹ Markus A. Denzel, *Handbook of World Exchange Rates, 1590-1914*, Farnham: Ashgate, 2010, pp. xxiii-liv, lxxx-lxxxiv, 199; Larry Neal, *The rise of financial Capitalism, international capital markets in the age of reason*, Cambridge: Cambridge University Press, 1990, pp. 20-21., 43-44., 151, 163-165, 223; María Guadalupe Carrasco González, *Los instrumentos del comercio colonial en el Cádiz del siglo XVII (1650-1700)*, Madrid: Banco de España – Servicio de Estudios, 1996, pp. 117-152; Arnaud Bartolomei, „Paiements commerciaux et profits bancaires: les usages de la lettre de change (Marseille-Cadix, 1780-1820)“: *Rives nord-méditerranéennes*, 28 (2007), pp. 109-127; Id., „Lettre de change et structuration de l'espace marchand. L'apport des protêts gaditans (fin XVIII^e-début XIX^e siècle)“: Wolfgang Kaiser (ed.), *La loge et le fondouk. Les dimensions spatiales des*

Bills of exchange were intimately linked to both the commodity trade and financial flows of the Atlantic world. They were often drawn in Cádiz following the arrival of the *flotas*, when an influx of silver coins enabled the settlement of outstanding accounts. As such, bills of exchange were particularly crucial for managing Cádiz's European import trade, given the structural limitations of its local financial market.³²

Cádiz became integrated into Europe's cashless payment system during the second half of the 17th century, coinciding with its emergence as the central port for Spain's colonial trade. Initially, its financial connections were centered on Amsterdam. Over the course of the 18th century, however, other cities—especially Madrid, Hamburg, and the southern French centers of Marseille, Lyon, and Montpellier—gained increasing importance. After 1783, cities along the eastern seaboard of the newly independent United States also began to play a role in Cádiz's financial circuits.³³ According to the incomplete brokerage records from Cádiz in 1796, the principal destinations for bills of exchange drawn in the city were Madrid, Hamburg, and London.³⁴ Genoese intermediaries frequently utilized Madrid, Paris, or Amsterdam to settle accounts when more favorable exchange rates could be secured.³⁵

These trade and credit arrangements enabled the system to operate without requiring large initial capital outlays. The standard term for a bill of exchange was 90 days, and the responsibility for advancing funds was typically shared between European exporters and their partners in Cádiz. While merchants required liquidity to maintain the flow of goods and payments, there was generally no need for medium- or long-term

pratiques marchandes en Méditerranée, Aix-en-Provence: Khartala-MMSH, 2014, pp. 301-317.

³² Manuel Bustos Rodríguez, *Cádiz en el sistema atlántico. La ciudad, sus comerciantes y la actividad mercantil (1650-1830)*, Madrid/Cádiz: Silex, 2005, p. 483; María Guadalupe Carrasco González, *Corredores y Comercio. La Correduría de Lonja gaditana entre 1573 y 1805*, Madrid: Consejo Superior de Corredores de Comercio de España, 1999, p. 81.

³³ Bustos Rodríguez, *Cádiz*, pp. 486-490; Denzel, *Handbook*, pp. 199-200.

³⁴ Carrasco González, *Corredores*, pp. 83-84.

³⁵ Catia Brilli, „A Matter of Practice. The Instruments of the Genoese Intrusion in the Atlantic Silver Trade (Second Half of the 18th Century)“ (Paper presented at the XIX World Economic History Congress): Paris, 2022.

credit. As a result, foreign merchants operating in Cádiz could manage their European trade with relatively modest capital, and the previously mentioned forms of association—*commandite*, *participation*—were usually sufficient to meet their financial needs.³⁶

Thanks to their widespread European connections, foreign merchants based in Cádiz had access to imported goods at relatively low cost. The cost of credit typically corresponded to the standard discount rate (around 6%), and they were usually required to advance only a portion of the total value of the goods involved—sometimes as little as half, depending on contractual terms and the number of participating partners.

However, these modest transaction costs, characteristic of intra-European trade, could not be replicated in dealings with the Americas. In the *Carrera de Indias*, the turnaround time for returns was significantly longer, and the value of required short-term credit substantially higher. Even so, the extensive networks of agents and partners available to foreign merchants in Cádiz allowed them to continue operating competitively. Their comparatively lower transaction costs gave them a distinct advantage over merchants in the newly authorized colonial trade ports after the reforms of 1778.³⁷

2. The forms and the instruments of foreign participation in the Spanish Atlantic Trade

Except in cases where foreigners were formally registered with the privileged merchant guild of the *Consulado de Cargadores a Indias*—either through naturalization granted by the *Consejo de Indias* or by being Spanish-born children of a foreign parent—they were legally prohibited from outfitting ships or taking a direct stake in commercial expeditions to the Indies.³⁸ Nevertheless, the financial instruments used to support this trade—chief among them the *sea loan* (*riesgo*

³⁶ In 1777, a French consul reported that the greatest house of the community had 200,000 pesos of capital, but other 62 houses had less than 100,000 pesos and 52 houses had less than 50,000 pesos, Ozanam, „La colonie”, p. 277.

³⁷ Delgado Ribas, *Dinámicas*, 2007, pp. 403-409, 419-446, 536.

³⁸ Margarita García Mauriño Mundi, *La pugna entre el Consulado de Cádiz y los jenízaros por las exportaciones a Indias (1720-1765)*, Sevilla: Universidad de Sevilla, 1999.

marítimo)—provided ample opportunities for foreign merchants to participate indirectly but extensively in the business of the *Carrera de Indias*.

A revealing example is found in the case of Juan Pireneo, a Spanish merchant based in Cádiz. On November 17, 1780, Pireneo declared before a notary that he had entrusted goods worth 1,120,141 *reales de plata* to several merchants operating within the *Carrera de Indias* through a variety of contracts—*facturas*, *riesgos*, and *obligaciones*. These funds were managed locally by two French merchants in Cádiz, Jean Ardois and Jean-Baptiste Bartibas, acting on behalf of Simon Lenormand, a Parisian financier and the actual owner of the capital.³⁹

This case provides insight into the range of legal and financial instruments foreign merchants employed to circumvent restrictions and finance Spain's colonial trade. The *factura* was a commission contract in which an owner entrusted goods to an agent for shipment and sale in the Americas. The *riesgo*, or sea loan, stipulated that the borrower would repay the lender only if the shipment successfully arrived at its destination—thus balancing high risk with the prospect of high returns. The *obligación*, by contrast, was a straightforward credit contract without collateral or risk-sharing clauses; repayment was due regardless of loss or damage.

Because foreigners were barred from directly engaging in the *Carrera de Indias*, they could not legally appear as signatories on *riesgo* contracts but were permitted to extend credit to a *cargador* through an *obligación*.⁴⁰

Each instrument implied a different level of risk, responsibility, and potential profit:

- In the case of *facturas*, a foreign merchant consigned goods to a Spanish agent in Cádiz, who then arranged for their shipment and sale in the Americas. The foreign investor remained responsible for the transaction until final sale, assuming the full commercial risk.
- Through sea loans, the foreign investor sold goods in Cádiz to a licensed or naturalized Spanish trader, who became the legal owner and responsible party for the shipment. The foreign merchant, in turn, awaited repayment with interest—subject to the success of the voyage.

³⁹ Declaración, 19/4518, fol. 1560, AHPC, PN, Cadiz.

⁴⁰ Carrasco González, *Los instrumentos*, pp. 87-91, 109-110.

- With *obligaciones*, the foreign merchant sold the goods in Cádiz and earned a fixed interest, with minimal exposure to risk. This was the only legal mechanism for foreign participation in colonial trade without relying on privileged Spanish intermediaries.⁴¹

Both *facturas* and sea loans, because they involved overseas shipments, required the use of a *testaferro* (strawman)—a Spanish proxy to appear on the official documentation. However, *testaferros* were not always the same individuals as the *flotistas*—the agents who traveled with the goods to the Americas.

In the case cited above, four distinct actors can be identified:

- 1- Simon Lenormand – a prominent Parisian banker and the original source of the capital.
- 2- Jean Ardois and Jean-Baptiste Bartibas – Lenormand’s representatives in Cádiz, tasked with managing the funds and arranging commercial partnerships.
- 3- Juan Pireneo – the Spanish strawman who formally signed the contracts for the transatlantic shipments.
- 4- The *cargadores* or *flotistas* – merchants such as Felipe Montes de Guevarra, Isidro de la Torre, and Manuel Gutiérrez de Palacio, who physically transported and sold the goods in America, either on their own behalf (*riesgo*) or on commission (*factura*).

This example illustrates the sophisticated and multilayered mechanisms through which foreign capital entered the Spanish colonial trade—mechanisms frequently acknowledged in the literature and diplomatic reports, yet rarely explained in detail. It also underscores that foreign merchants were not limited to sea loans; they actively used *facturas* and *obligaciones* to participate in and profit from the *Carrera de Indias*. Furthermore, the capital that converged in Cádiz often originated far beyond the city itself, collected through opaque and still little-understood channels.⁴²

Additional sources, particularly private archives of foreign merchant houses in Cádiz, reinforce the representativeness of the Juan Pireneo

⁴¹ Carrasco González, *Los instrumentos*, pp. 83-113. Id., *Corredores*, pp. 76-81.

⁴² Bernal, *La financiación*, pp. 449-461; Bustos Rodríguez, *Cádiz*, pp. 392-395, 409, 413-415; Ana Crespo Solana, *Mercaderes atlánticos: redes del comercio flamenco y holandés entre Europa y el Caribe*, Córdoba: Universidad de Córdoba, Servicio de Publicaciones, 2009, pp. 248, 251-253.

case. The firm of Gilly & Cía.—predecessor to the better-known Fornier & Cía.—offers a notable example. Historian Robert Chamboredon calculated the firm’s investments in the *Carrera de Indias* between 1748 and 1767 (see Table 3), clearly demonstrating the central role sea loans played in the broader investment strategies of foreign merchants operating from Cádiz.

Type of investment	Amount	Percentage of total
“Pacotillos” (or <i>facturas</i>)	3,640,745	41.8
“Armement”	745,459	8.9
Sub-total of direct investments	4,386,204	50.7
“Argent à la grosse” (or <i>riesgos</i>)	4,214,069	49.3
Total	8,600,274	100

Table 3. The investments of Gilly frères and Cie in the *Carrera de Indias* (in pesos de a ocho reales, 1748-1767). Source: Chamboredon, Fils, 1995, p. 332.

This was far from an isolated case. Documents preserved in the family archives of Genoa attest to the significance of sea loans in the business strategies of noble families engaged in the Spanish Atlantic trade. The Durazzo family, for instance, continued investing in the *Carrera de Indias* until the onset of the French Wars, relying primarily—and in some years exclusively—on sea loans for their ventures in Cádiz. These operations were facilitated through naturalized merchants.⁴³

Similarly, the Lombard merchant Carlo Maria Moro, based in Genoa, employed his Cádiz correspondent, Greppi Agazzino, to the same end. In 1779, Greppi issued an obligation to Colonel Pedro Moncada Marqués de Villaforte of the Spanish army, for his voyage from Cádiz to Havana. Of the 7,000 *pesos de a 128 cuartos* extended in credit, approximately one-third belonged to Moro and was administered by Greppi, while the remaining two thirds of the credit sum were provided by the Greppi Agazzino company itself.⁴⁴

⁴³ Bilanci dell’Azienda di Marcello Durazzo, 1763-1786, ADGG, 692; Libro de cambi marittimi, 1767-1793, ADGG, 687.

⁴⁴ Obligación: Don Pablo Greppi Agacino y Compañía Contra Don Pedro Moncada, AHPC, PN Cádiz, 21/5110, fol. 370. Concerning Moro and his Lombardian descent, Niephaus, Genuas, p. 295; Archivio di Stato di Genova, AS, n. 2617, N° 74.

The strategic importance of sea loans for foreign merchants is underscored by the vehement reactions of their representatives whenever the Spanish Crown or the *Consulado* attempted to regulate the practice. In 1767, for example, the French consul protested against a *Real Cédula* authorizing the *Consulado* to compel foreign merchants to register their business contracts officially. A further outcry arose in 1773, when another *Cédula* mandated that their ledgers be kept in Castilian—both measures designed to exert tighter oversight over foreign operations.⁴⁵

The tension peaked in 1769 with a *Real Cédula* that encouraged denunciations of strawman practices and sought to enforce the prohibition on foreign participation in colonial trade. The seizure of the cargo of the *Santa Lucía* on its return voyage from the Americas ignited sharp diplomatic protests. Between January 1771 and April 1772, the French consul addressed no fewer than 17 letters to the French Marine Minister concerning the matter.⁴⁶

Ultimately, a compromise was reached: foreigners were permitted to continue using intermediaries (*strawmen*) to provide financing in the *Carrera de Indias*, as demonstrated in the 1780 case of Juan Pireneo. The Spanish Crown's inability to effectively curb the involvement of foreign merchants reveals once more their indispensable role in sustaining the mechanisms of colonial trade.

Why, then, did foreign merchants hold such a central position? The answer does not lie in the sheer financial capacity of their Cádiz-based firms. With few exceptions—mainly among French, British, or Flemish houses—most lacked the means to meet the insatiable capital demands of the Spanish colonial system. Instead, the sources reveal how these merchants tapped into vast capital networks that extended across Europe.

⁴⁵ Olivier Le Gouic, „Le consulat de France à Cadix face aux réformes carolines (1765-1788)“: Arnaud Bartolomei et al. (eds.), *De l'utilité commerciale des consuls. L'institution consulaire et les marchands dans le monde méditerranéen (XVII^e-XX^e siècle)*, Rome/Madrid: Publications de l'École française de Rome, 2017, pp. 355-374.

⁴⁶ Correspondence from French consul in Cadiz to the minister of Marine, from January 7, 1772 (fol. 7) to April 24, 1772 (fol. 93). Archives Nationales (Paris), AE BI 280. Unfortunately, the sources do not specify the reasons for the ship's detention.

To mobilize the resources required for the large advances made to *cargadores*, foreign merchants in Cádiz skillfully leveraged various channels to collect funds, whether in cash or in goods. Many operated as limited partnerships (*sociétés en commandite*), with silent partners based across the continent.⁴⁷ Others received "deposits" from business partners or relatives⁴⁸, and often attracted ad hoc contributions from a wide array of individuals for specific ventures in the *Carrera de Indias*.

The case of the Gilly frères is especially illuminating. As Chamboredon documents, the firm maintained contact with 508 European correspondents regarding contracts signed in Cádiz between 1748 and 1767.⁴⁹ Among these were family members (15%), merchants established in France or elsewhere in Europe (32%), "capitalists" based largely in the French-speaking Swiss cantons—Geneva, Vevey, Lausanne, etc. (38.5%), financiers (11.3%), members of Parliament (15.3%), members of the gentry (6.4%), and even women (5.5%).⁵⁰ Thus, the foreign merchant in Cádiz was often the terminal node in a broad chain of investors—many of whom lacked formal partnerships but were nonetheless financially engaged.

This geographically and socially diverse structure is further illustrated by a *contrat à la grosse aventure* recorded in the French consulate of Cádiz in 1764⁵¹, which shows investors from French manufacturing towns (Amiens, Lyon, Nîmes, Carcassonne) and Geneva pooling capital amounting to 28,860 *pesos sencillos*. Additional insights are offered by the correspondence of the Roux firm of Marseille and by

⁴⁷ It was the case of the French firms of Fornier frères and Rivet, but also of other protestant or catholic firms (Herbert Lüthy, *La Banque protestante de la Révocation de l'édit de Nantes à la Révolution*, Paris: SEVPEN, 1959-1961; Michel Zylberberg, *Une si douce domination. Les milieux d'affaires français et l'Espagne vers 1780-1808*, Paris: Comité pour l'histoire économique et financière, 1993).

⁴⁸ See e.g. the cases of Fornier and Cía (Chamboredon, *Fils*, 1995, pp.140-141) and Greppi Marliani and Cía (Kaps, „Mercantilism", pp. 90-93).

⁴⁹ Chamboredon, *Fils*, p. 368.

⁵⁰ These are the categories found in the sources used by Robert Chamboredon, though it is likely that a certain number of "capitalists", "financiers" and "members of the gentry" were also women.

⁵¹ Arnaud Bartolomei, *Après l'Empire. Les reconfigurations du commerce atlantique du Mexique (vers 1750-vers 1840)*, mémoire inédit, Université Toulouse – Jean-Jaurès, vol. IV, 2022, pp. 41-42, (URL: <https://shs.hal.science/tel-04058778>).

court cases against French and Genoese interlopers accused of contraband in the *Indias* during the same period.⁵²

Although the Greppi Agazzino Marliani company had a solid capital base—supplemented at times by the personal fortunes of the partners' fathers, themselves financiers in Milan—it too sought external funds from various European trading centers. In the late 1780s, for instance, the Milanese company invested several sea loans using capital received from Roux in Marseille.⁵³

It is also crucial to note that not all foreign capital came from abroad. The naturalized Milanese merchant Juan Ángel Belloni, along with his Piedmontese partner Juan Domingo Morris, invested in no fewer than 18 sea loans between 1747 and 1756. Belloni typically supplied only a portion of the capital—between one-third and one-half—while the remainder came from Catalan merchants based in Barcelona, such as Ermengol Gener. This points to the existence of capital flows not only across borders but also within Spain itself, with major commercial centers like Barcelona channeling investment into Cádiz for engagement in colonial trade.⁵⁴

The correspondence of major French and Genoese investors reveals that foreign merchants in Cádiz played a pivotal role in the Atlantic financial network. Their primary task was to identify reliable borrowers—those capable of providing collateral for transatlantic sea loans—and to link them with European capitalists eager to expand their investments in the *Carrera de Indias*. The selection of a trustworthy borrower was crucial to safeguarding the investment. As Antonio Mosti, the Durazzo family's agent in Cádiz, observed, borrowers who promised extravagant premia were often transient opportunists, lacking the means to repay their debts. Sound investment strategies, therefore, prioritized modest but secure returns through well-established

⁵² AHN, Consejos, 21450, Exp. 1, Caja 1, 2, 3; Ibid., Consejos, 21451, Exp. 1, Caja 1, 2, 3, 4; Catia Brilli, „The scope and the limits of the Genoese persistence in the Atlantic economy“: Roberto Zaugg / Silvia Marzagalli (eds.), *Atlantic Italies. Economic Entanglements between Africa, the Americas, and the Mediterranean (15th-18th Centuries)*, Rome: Viella, in press.

⁵³ Bernal, *La financiación*, p. 451.

⁵⁴ Carlos Martínez Shaw, *Cataluña en la Carrera de Indias, 1680-1756*, Barcelona: Editorial Crítica, 1981, pp. 353-358.

intermediaries in Cádiz—figures with sufficient assets and reputations to guarantee their creditworthiness.⁵⁵

This evidence underscores the nature of the sea loan as a collective, transnational enterprise—one that united capital from across Europe in a shared pursuit of profit through the Spanish colonial trade. Foreign merchants based in Cádiz occupied a central position in this system: they not only funneled European capital into Spain's privileged Atlantic port but also ensured that investments were allocated under conditions that maximized both profitability and security.

In this rent-seeking structure, the well-documented legal prohibitions against foreign participation in colonial trade were not designed to exclude them from its profits. Rather, they served to enforce the mediation of the *cargadores*, the privileged Spanish merchants who held official authorization to trade with the Indies. Foreign involvement was thus not eliminated but redirected through these sanctioned intermediaries, preserving both the control and the benefits of the imperial commercial system.

The rationale of sea loans and the reasons for its decline

Two principal interpretations have been offered to explain the rationale behind the use of sea loans in Cádiz's trade with the Americas. The first, advanced by Carrière, is grounded in the archival records of the Roux firm—a prominent house within Marseille's mercantile elite. The firm's correspondence reveals two main forms of participation in the *Carrera de Indias*: the exchange of European textiles for silver and colonial commodities, and the extension of sea loans to *cargadores* in Cádiz, mediated by foreign merchants and Spanish strawmen.

Carrière emphasized a key asymmetry in these financial relationships. While the commercial ties between Roux and its Cádiz partners were built on mutual interest, with risk and profit equally shared, the dynamics between foreign merchants in Cádiz and the *cargadores* were markedly unequal. The latter, lacking access to more favorable financing arrangements—such as *commandite* partnerships or equity participation—were often compelled to borrow at

⁵⁵ Antonio Joseph Mosti, Cadice, 10 April 1772, ADGG, 292. See also Brilli, „A Matter“.

exceptionally high interest rates.⁵⁶ From this, Carrière concluded that sea loans served primarily as a tool for financially weaker merchants who could not secure cheaper capital.⁵⁷

Furthermore, Carrière observed a decline in the use of sea loans from the 1770s onward, which he attributed to a “Spanish revival” driven by Bourbon reforms. As Spanish merchants in Cádiz grew wealthier and more empowered, alternative financing methods gained traction. Thus, Carrière viewed the *prêt à la grosse aventure* as an “archaic and costly” instrument, increasingly outmoded by evolving economic conditions.

A contrasting perspective is offered by Bernal, who rejected the notion that the sea loan was a relic of the past. On the contrary, he regarded it as the financial instrument best suited to the unique conditions of the *Carrera de Indias*. While acknowledging that the sea loan was highly advantageous to lenders—who profited both from high interest rates and from favorable currency exchange differentials—Bernal argued that it was equally beneficial for borrowers.

Lenders could indeed “win twice”: first, from elevated interest rates, which did not necessarily correspond to elevated risk, given the relatively secure nature of transatlantic navigation and the availability of marine insurance; second, from the exchange rate disparity between the *peso sencillo* (accounting currency valued at 8 *reales de plata*) and the *peso fuerte* (worth 10⁵/₈ *reales* in Cádiz), in which repayment was made.⁵⁸ Furthermore, because the sea loan contract stipulated repayment in physical money⁵⁹, it guaranteed that lenders—particularly foreign merchants in Cádiz—would receive their returns in hard currency, offering them privileged access to American silver.

Apart from the potential loss due to shipwreck, the principal risk for lenders lay in the borrower’s financial reliability. This explains the

⁵⁶ Carrière, „Renouveau“, p. 244.

⁵⁷ Carrière, „Renouveau“, p. 248.

⁵⁸ Bernal, *La financiación*, p. 328.

⁵⁹ Alejandra Irigoin, „‘Trusting silver’: the contract for global trade finance in the Early Modern period“ (Paper presented at the XIX World Economic History Congress): Paris, 2022; Xabier Lamikiz, „Préstamos a riesgo de mar y redes transatlánticas en el comercio entre Cádiz y la costa del Pacífico sudamericano, 1760-1825“: *América Latina en la Historia Económica*, 30: 2 (2022), pp. 1-22; Id., „A Credit Instrument that Reignited Supreme: The Maritime Loan in Spanish Atlantic World Trade“ (Paper presented at the XIX World Economic History Congress): Paris, 2022.

critical importance of maintaining trustworthy correspondents in Cádiz, capable of identifying borrowers with adequate collateral.

Bernal further argued that the sea loan also served the interests of *cargadores*, adapting effectively to the particularities of the *Carrera de Indias*: the high demand for long-term credit and the relative “narrowness” of local financial markets.⁶⁰ As early as the 16th century, with the expansion of oceanic trade, many *cargadores* preferred to finance their ventures through maritime loans rather than risking their entire capital. When successful, these ventures yielded sufficient profits even after loan repayment and interest, making the sea loan a pragmatic solution for managing risk and liquidity.⁶¹

The notion that *cargadores* ultimately benefitted more from sea loans than their foreign financiers is not entirely new. Carrière himself, while estimating annual returns of 10–20% on the Roux firm’s investments, described the sea loan as akin to a “*placement de père de famille*”—a safe, conservative investment. Yet a more critical view is reflected in a 1772 complaint by Jacques-Arnail Fornier, the commanditary of the Fornier house in Cádiz⁶², who lamented that “from immemorial times, the Indies have ruined the foreigners and enriched the Spaniards.”⁶³ Though clearly hyperbolic, this remark likely contains a kernel of truth, especially considering that foreign merchants began to retreat from sea loans around this time.

Fornier’s observation resonates with recent scholarship by historians such as Jeremy Baskes and Xavier Lamikiz, who have emphasized the substantial advantages *cargadores* derived from the convoy system and the American fairs managed by the *Consulado de Cádiz*.⁶⁴

⁶⁰ Bernal, La financiación.

⁶¹ Antonio Miguel Bernal, „Dal Mediterraneo all’Atlantico. Il cambio marittimo e il finanziamento del commercio coloniale spagnolo (secolo XVI)”: *Storia Economica*, 1 (2013), pp. 37-88: 64.

⁶² Carrière, „Renouveau”, p. 239.

⁶³ Chamboredon, Fils, p. 455.

⁶⁴ Xabier Lamikiz, „Transatlantic Networks and Merchant Guild Rivalry in Colonial Trade with Peru, 1729-1780: a New Interpretation”: *Hispanic American Historical Review*, 91: 2 (2011), p. 299-331; Baskes, *Staying Afloat*. This is confirmed by the data published by Antonio García-Baquero González (Cádiz y el Atlántico (1717-1778), Cadiz: Diputación provincial de Cádiz, 1976, vol. 1, pp. 511-512) about the enrichment of *cargadores*.

The decline of the sea loan in Cádiz's colonial trade—long observed by French historians⁶⁵—was confirmed and substantiated by the empirical research of Manuel Ravina Martín and Antonio Miguel Bernal. Ravina's analysis of contracts preserved in the *Archivo Histórico Provincial de Cádiz* indicated a sharp contraction during the 1780s and 1790s, with lending volumes falling to just one-third of the levels recorded in the 1760s.⁶⁶ Bernal's calculations, based on systematically preserved official records post-1760, further reinforced this trend: between 1760 and 1778, a total of 22,352 contracts accounted for 117,180,487 pesos in credit. This figure dropped to 60,900,107 pesos from 1779 to 1796 (across 10,637 contracts), and declined precipitously to 6,705,337 pesos between 1797 and 1825—a period marked by the French Wars and the Wars of Independence.

This downturn in the use of maritime loans clearly unfolded in the crucial years following the *comercio libre* (free trade) reforms of 1778. But what explains this decline?

Two primary factors appear to have driven the shift. First was the transformation of the *Carrera de Indias* under the Bourbon reforms of the mid- to late-eighteenth century. As shown in the works of Jeremy Baskes and Xavier Lamikiz, these reforms dismantled the convoy and fair systems—first in Peru and later in New Spain—opened colonial trade to a wider array of peninsular and American ports, and allowed for the establishment of new *Consulados* in both Spain and Spanish America. These changes intensified competition, increased supply of European goods in the colonies, and ultimately reduced profit margins for merchants operating within the traditional circuits of the *Carrera de Indias*.⁶⁷

The second key factor was the establishment of the Banco de San Carlos in 1782. Created to manage public debt via *vales reales* (government promissory notes), facilitate crown payments to foreign recipients, and serve as the primary provider for military provisioning,

⁶⁵ Carrière, „Renouveau“; Chamboredon, Fils, 1995; Zylberberg, Une si douce.

⁶⁶ Manuel Ravina Martín, „Riesgos marítimos en la carrera de Indias“: Documentación y archivos de la colonización española, Vol. 2, Madrid: Ministerio de Cultura, Subdirección General de Archivos, 1980, pp. 103-160.

⁶⁷ Xabier Lamikiz, Trade and Trust in the Eighteenth-Century Atlantic World. Spanish Merchants and their Overseas Network, Woodbridge: Boydell Press, 2010; Baskes, Staying Afloat.

the bank played an increasingly prominent role in the financial architecture of the Spanish Empire.⁶⁸ A Cádiz branch—the *Caja de Descuento*—opened in 1784 and became an important local institution for discounting bills of exchange. It helped streamline payment flows between Cádiz and European financial centers, particularly benefiting French merchants, who could discount bills which they drew on their customers in Europe or which they collected from European suppliers at a 6% rate—lower than the prevailing 8% in Cádiz.⁶⁹

However, the *Caja de Descuento* notably did not discount bills of exchange drawn by *cargadores* on their partners in the Americas, nor those drawn by American merchants on *cargadores*.⁷⁰ Even so, other functions of the Banco de San Carlos had significant implications for the use of sea loans. As the central institution regulating silver exports throughout the monarchy, the bank also issued *vales reales*, which circulated until 1798 and increasingly served as a substitute for hard currency in commercial settlements—despite many contracts explicitly demanding payment in metallic money.

This development provoked considerable resistance. The use of *vales reales* in Cádiz trade sparked numerous disputes over bill settlements, with creditors rejecting payment in paper currency.⁷¹ The consequences were far-reaching. Barthelemy Fornier condemned the introduction of *vales reales* as a “terrible event” and an “odious affair,” expressing deep concern over their impact on exchange rates and the devaluation of company funds held in Cádiz. More alarmingly, he feared the extension of *vales reales* to the Americas, where they could be used by sea loan borrowers and agents to fulfill obligations in lieu of silver.⁷²

These fears were shared by leading Genoese intermediaries, such as José María Cambiaso, who attributed the destabilizing fluctuations in

⁶⁸ Tortella Casares, Gabriel, *Los orígenes del capitalismo en España. Banca, industria y ferrocarriles en el siglo XIX*, 3ª edición, Madrid: Tecnos 1995, pp. 21-22.

⁶⁹ Zylberberg, Une si douce, p. 292.

⁷⁰ Carrasco González, Corredores, pp. 91-95; Pedro Tedde De Lorca, *El Banco de San Carlos*, Madrid: Alianza, 1988; Gabriel Tortella Casares, *Los orígenes del capitalismo en España. Banca, industria y ferrocarriles en el siglo XIX*, Madrid: Tecnos (3ª ed.), 1995, pp. 21-27.

⁷¹ See e.g. the litigation between the firms Baccuet, Drouilhet and Hervas of Cadiz and Madrid in “Contentieux lettres de change”, ACCIM, LIX, Fonds Roux, liasse 1006.

⁷² Chamboredon, Fils, p. 579.

silver exchange rates to the growing influence of the Banco de San Carlos over European financial markets. He warned his Genoese correspondents that the bank's potential monopoly on silver imports—and its power to manipulate prices—posed a serious threat. As a precaution, he advised suspending any new “speculations” in Cádiz's trade.⁷³

Conclusion

It may be inferred that the combination of an increasingly competitive economic environment in Cádiz during the final third of the eighteenth century, together with the issuance of *vales reales* and the establishment of the Banco de San Carlos, contributed to destabilizing the fragile balance upon which currency speculation in the city was based. These changes also diminished the attractiveness of investing in the *Carrera de Indias* through sea loans, particularly for foreign merchants.

By examining the reasons for the decline in the use of sea loans, we can also discern the factors that had previously sustained their widespread use throughout the eighteenth century. The persistence of this financial instrument rested largely on the advantages it offered within the rent-seeking framework of the *Carrera de Indias*—a system marked by high transaction costs for direct trade with the Americas. The substantial profits generated by this trade enabled borrowers (*cargadores*) to absorb the high interest rates associated with sea loans, while ensuring attractive returns for lenders, especially foreign merchants established in Cádiz.

These foreign financiers leveraged their integration into European trade and financial networks to acquire valuable manufactured goods, which they lent to the *cargadores* at a premium. In return, they received American silver and colonial commodities, which they redistributed across European and global markets. Their participation in this system was further secured by a legal compromise reached with Spanish authorities and the *Consulado de Cádiz*, which allowed foreigners to finance colonial trade through the use of Spanish strawmen (*testaferros*). This arrangement offered a degree of legal certainty, as the funds officially belonged to Spaniards authorized to engage in colonial

⁷³Brilli, The scope.

commerce. Only in exceptional cases—such as the seizure attempt involving the *Santa Lucía*—was this arrangement violated, and such efforts by the Crown were typically met with protest and limited success.

In practice, the system benefitted not only foreign merchants but also the members of the *Consulado*, who gained access to much-needed capital to finance their operations. This collaboration allowed Cádiz and its elite to thrive in financial and commercial intermediation between the two shores of the Atlantic, relying on a financial and manufacturing network with branches across Europe—one with which the Spanish economy, despite the reformist initiatives of the eighteenth century, was unable to compete by developing its own endogenous resources.

As long as the colonial trade remained highly profitable, both parties had reason to preserve and rely on the sea loan mechanism. However, the reforms ushered in by the *Comercio Libre* fundamentally altered the landscape. As profits declined due to increasing competition, and as the anticipated monopolization of silver flows by the Banco de San Carlos threatened the traditional modes of silver arbitrage, the sea loan lost its practical and strategic utility. What had once been a mutually advantageous and resilient financial instrument gradually became obsolete in the face of a changing economic order.