


Private vices, public virtues: Fiscal income of the Royal Treasury of Chile at the end of the colonial period

Vicios privados, virtudes públicas: ingresos fiscales de la Real Hacienda de Chile a fines del periodo colonial

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ANALYTICAL SUMMARY

This article deals with the evolution of the income of the Royal Treasury of Chile in the last four colonial decades, a period marked by reformism and war on an imperial scale. Unlike the historiography that circumscribes the analysis to the relationship between tax revenue cycles and economic performance, this work extends this view to the consequences of consumption on tax collection, with emphasis on spending on certain contemporary “vices”. This, with the purpose of explaining how the late colonial Chilean tax system evolved, to what extent did the tax burden affect society, what was the collection result of the reform process and how much did household demand contribute to the treasury.

Reports prepared by officials of the *Contadurías Mayores* of Chile and Peru are used, which issued during the last colonial decades in order to reproduce the faithful image of the Chilean royal treasure, without the typical “impurities” of registered accounting in the three treasury offices included in this *capitanía general* (Santiago, Concepción and Valdivia).

The results show that, despite the sustained rise in fiscal income between 1770's and the end of the colonial era, the tax burden borne by the Chilean population remained low, as a result of the notable demographic recovery, based on miscegenation, and the meager contribution of indigenous tributes and specific taxes on alcohol, whose weight was considerable in the viceregal treasuries. The growth of this royal treasury, led by the values hoarded in Santiago, was determined both by the good economic performance and by the fiscal measures adopted, especially after the adoption of the *Ordenanzas de Intendentes* (1786-1787). As a consequence, the collection effectiveness derived from the reform process was based more on the multiplication of direct taxes than on the incidence of indirect ones, which shows an early progressive orientation of this treasury, in relation to the Spanish-American colonial concert and the advent of liberalism and post-independence institutional rearrangements. However, it is confirmed that the basis of Chilean fiscal financing originated in the entrenched consumption of “vices” by the population. Among them, spending on tobacco, sugar and yerba mate, whose tax burden regressively affected the most dispossessed taxpayers, represented an average of 40% of the total amount collected during the review period. This finding suggests an extended commodification of households, especially those with lower incomes. That is to say, from integrated domestic economies, through their salaried labor supply, to the monetized markets of goods and services, which contrasts, on a more general level, with the image of a “naturalized” economy or subjected to barter. The massive spending on “vices” also shows that this period was less bitter and dark than is usually considered, in terms of the living conditions of the Chilean population.

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