

A Stakeholder Empire: the political economy of Spanish imperial rule

This paper revises the traditional view of Spain as a predatory colonial state that extracted revenue from natural resources and populations in the Americas while offering little in return. Using 18th century Spanish American treasury accounts we show that local elites not only exerted important control over revenue collection as argued by (Irigoin/Grafe 2006) but also over expenditure allocation. The Spanish colonial state developed into a stakeholder model, in which local interests were deeply invested in the survival and expansion of empire. The means of co-optation were intra-colonial transfers, as well as credit relations between the state and colonial individuals and corporations, which guaranteed that much of colonial revenue was immediately fed back into the local economy, while minimizing enforcements costs. By allowing stakeholder control of both revenue and expenditure Spain managed to avoid the problems faced by France where royal control of expenditure clashed with at least partial elite control of revenue raising (Velde/Weir 1992, Hoffman/Rosenthal 1997).

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