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Colonial Copper Coinage in the Tobacco Monopoly, 1769-1837

CELESTINA P. BONCAN

In the first two centuries of Spanish rule, coinage for local trade was virtually nonexistent in the Philippines. The preoccupation with the Manila-Acapulco galleon commerce neglected the development of a vigorous internal trade capitalized by small-change coins. But within the city of Manila which thrived on a local trade, small-change coins circulated. Its *ayuntamiento* (city council) minted copper coins called *barrillas*. The coins were struck with the seal of Manila which made them legal only within the municipal radius of the city – inside the walls, the province of Tondo, the port of Cavite, and the towns and villages five leagues roundabout.¹

CUARTO COINAGE

On 19 December 1769 Charles III permitted the Philippines to mint copper coins struck with the Spanish royal coat-of-arms for colonial circulation.² The new economic thrusts of the period – increased productivity through the exploitation of agriculture, the development of industry and the propagation of commerce – automatically fostered a vigorous internal trade which needed small-change coins. For the sake of expediency and economy, the Crown chose the Ayuntamiento of Manila to mint these coins for two reasons. First, its mint, established more than a century and a

1. See "The Copper Coinages of the Cabildo of Manila" *Philippine Studies*, 33 (1985): 518-24.

2. Charles III to Governor Jose Raon, Madrid, 17 December 1769; Governor Pascual Enrile to Ferdinand VII, Manila, 10 December 1831.

half earlier for minting copper coins, still operated in the city. Secondly, it had recently minted barrillas in 1766 which met the standards of the Crown and thus could be used as patterns of the coins.

Mintage of the new coins was completed in 1771. They were called *cuartos* and came in denominations of one cuarto and one-half cuarto or one ochavo. The Superior Government pegged the exchange value of seventeen cuartos to one *real*. On 17 January 1773 the cuartos started to circulate in Manila and in the provinces of Bulacan, Pampanga, Pangasinan, Taal, Laguna de Bay, Ilocos and Cagayan. The seal of the Crown and the license for colonial circulation made the cuartos a national money.³

The Ayuntamiento commenced the mintage by convening in a plenary session to approve the plan to mint. At the same time, the council members elected a senior *regidor* (alderman) to supervise the minting operations and a *maestro fundidor y grabador* (master smelter and engraver) to carry out the minting proper. Upon his appointment, the latter proceeded to make sample coins. He first melted the copper to remove the impurities. Next, he cast it to produce metal sheets called *planchas* and then punched these to derive small round pieces of metal called *planchet* which were actually the coin blanks themselves. Next, he fashioned two sets of dies, for the obverse and reverse of the coin. By means of a hammer, he struck the dies on the planchet, thus finally producing a cuarto coin.

The maestro submitted the sample coins to the Ayuntamiento which in turn forwarded them to the Governor-General for approval. The latter did not decide alone but sought the opinions of the *Audiencia*, the Fiscal and the Consulting Attorney. Their consultative opinion was important since they checked the good quality of the coins using two standards: 1) the thickness of the coin, and 2) the stamp of the royal coat-of-arms. If the samples were rejected, the maestro made another set. If approved, he signed a contract with the Ayuntamiento to mint coins to the exact detail of the samples.⁴

Upon mintage, the Ayuntamiento submitted to the *Hacienda* a statement-of-account of the total cost of production. The

3. Real Sociedad Economica de Amigos del Pais to the Subdelegada Intendencia General de Real Hacienda, Manila, 21 January 1835.

4. Actas del Cabildo de Manila, Año de 1764, 1765.

Hacienda paid the city and deposited the minted cuartos in its exchequer. The Hacienda apportioned the coins basically for salaries of government personnel and for the purchase of miscellaneous items, both in the central and local government structure. Thus, from the national office in Manila, the cuartos filtered down to the provinces, districts, cities, towns and *barangay*. By means of trade and the natural outflow of money, the cuartos reached the general mass of the population. Here, they became the cash medium of exchange for the local trade and exchanges of the people.

THE TOBACCO MONOPOLY

In 1781, the Superior Government opened its doors to a new economic program. On 13 December of this year, Governor Jose Basco y Vargas (1778-87) announced that the government was assuming exclusive control over the tobacco trade and manufacture of Manila and the provinces of Cavite, Balayan, Tayabas, Laguna de Bay, Pampanga, Bataan and Bulacan.⁵ After two centuries of chronic bankruptcy and dependence on the commerce and the aid in money and provisions from Mexico, the tobacco monopoly offered the most expeditious measure to generate cash for the colony. The monopoly was mass-based and counted upon the numerous traditional tobacco smokers as its potential buyers. These guaranteed sales would bring money to the state coffers.

The tobacco monopoly was a business venture of the Superior Government. Like any commercial enterprise, it attempted to control certain variables to insure its success. First, there must be effective control over the cultivation, manufacture and distribution of the product. Secondly, there must be a ready market for the product. And third, there must be a convenient medium of exchange to acquire the product.

In studying this aspect of the tobacco monopoly, all earlier works focused only on the first two variables— the role of the *Direccion General de la Real Renta del Tabaco* and the popularity of tobacco as a consumer product. There was no mention of the third variable which is equally, if not more important—the role

5. Edilberto de Jesus, *The Tobacco Monopoly in the Philippines: Bureaucratic Enterprise and Colonial Change, 1766-1880*. (Quezon City: Ateneo de Manila University Press, 1980), p. 32.

of the copper cuartos in bringing tobacco to its consumers and thus insuring the financial success of the tobacco monopoly.

At the time of the establishment of the monopoly, the Superior Government found the colonial monetary circulation inadequate to facilitate the purchase of the government cigars. The Mexican silver reales were not convenient exchanges because they were few and much too large in denominations. Instead, the monopoly needed small-change coins which corresponded to the capacity of the natives to buy their daily tobacco needs.

The *Renta del Tabaco* solved this problem by adopting the cuartos. On 26 October 1782 the Renta assimilated the cuartos in its monopoly scheme.⁶ It petitioned the Hacienda for a remittance of cuartos. Its treasury received this sum and distributed it to the provincial districts, to the *estancos* (tobacco shops) in the towns, and to the *estanquillos* (tobacco stands) in the barangay.

The cuartos fitted the monopoly structure. More than the silver reales, the cuartos satisfied the peculiar monetary requirement of the monopoly. They had been in circulation for the past eight years as cash medium of exchange in the town and village circulation. Abundant and freely circulating in Manila and in the principal provinces of Luzon, the cuartos purchased tobacco for the natives at easily affordable retail prices. Aside from encouraging sales, the cuartos offered other uses. The Renta paid cuartos to those who sold tobacco leaves. For those who bought cigars in silver reales, the tobacco shops used cuartos as change money. Salaries of workers in the tobacco shops, the *resguardos* or monopoly guards, and the many others employed by the monopoly were all paid in cuartos.

The combination of the tobacco monopoly and the copper cuartos was an ideal economic program. First, one supported and complimented the other. The tobacco monopoly needed the monetary facility of the cuartos to encourage tobacco sales among the greater number of the people. The cuartos needed the economic program of the tobacco monopoly to extend their base in the local trade. Secondly, it was colonial in orientation. It developed a natural resource of the colony, employed colonial labor, invested colonial capital, used colonial money, and reaped financial benefits for the colonial administration. The result was

6. Sociedad Economica to the Hacienda, Manila, 21 January 1835.

fiscal success. In two years of operations, the monopoly was already the colony's most productive source of income. A generous share of the profits — ₱150,000 in 1783 and ₱300,000 in 1786 — was shipped to Spain.⁷ The balance paid colonial expenditures. With this income, the tobacco monopoly greatly reduced the dependence on Mexico for subsistence.

MONETARY BREAKDOWN

Economically, the extensive use of the cuartos in the tobacco monopoly scheme resulted in an upsurge in tobacco sales.⁸ Monetarily, it was not advantageous since it compromised the delicate minting process and judicious minting standards with mediocre incentives for profit.⁹

The Renta wanted more cuartos in circulation to maintain, if not increase, the inflow of money. The Superior Government vigorously supported these requests since increased tobacco sales meant more income for the state coffers.¹⁰ The propriety of increased mintages however was not merely limited to the scope of enhancing monopoly returns. The balance or equilibrium of money in circulation was also connected with other variables like the exchange value of the cuartos vis-a-vis the silver reales, the projected market price of tobacco, and the ability of the local circulation to accommodate the added number of cuartos. Without a regulatory mechanism, the tobacco monopoly, through the Superior Government, adversely manipulated the copper coinage and circulation to protect its own interests.

The Ayuntamiento accepted the added minting contracts because it profited from these commissions. For the Ayuntamiento, these contracts were business ventures with the single aim to earn profit.¹¹ To satisfy the demands of the Renta and its

7. De Jesus, *The Tobacco Monopoly*, p. 84.

8. Governor Enrile to Ferdinand VII, Manila, 10 December 1831; Superintendencia Subdelegada de Real Hacienda to Governor Pascual Enrile, Manila, 9 January 1831; Tesorería de la Real Renta de Tabaco to the Dirección General de la Real Renta de Tabaco, Manila, 11 February 1831.

9. Sociedad Economica to the Hacienda, Manila, 21 January 1835; Tesorería de Tabaco to the Dirección de Tabaco, Manila, 11 February 1831.

10. Tesorería de Tabaco to the Dirección de Tabaco, Manila, 11 January 1834; Dirección de Tabaco to the Superintendencia de Hacienda, Manila, 13 February 1834.

11. Tesorería de Tabaco to the Dirección de Tabaco, Manila, 11 February 1831; Administración General de la Real Renta de Vino to the Superintendencia de Hacienda, Manila, 30 March 1831.

own, the Ayuntamiento sacrificed minting standards. Normally, one quintal of copper produces ₱66 in cuarto coins. The Ayuntamiento however minted ₱90, for a profit of ₱24 for every *quintal*. The result was a two-fold tragedy. First, the Ayuntamiento minted thin, easily deformed, and easily worn-out coins. Secondly, there were more coins now in circulation which broke the effective balance. As a consequence, a large number of thin, inferior coins, although very legal and legitimate, circulated.¹² This anomalous minting procedure was basically facilitated by the Superior Government itself. It hastily approved the minting contracts without seeking the consultative opinion of the Audiencia, the Fiscal and the Consulting Attorney to check the quality and the proportionate quantity of the coins.

The inferior minting procedure of the Ayuntamiento resulted in the greatest evil to a cash-oriented economy — counterfeiting.¹³ Unscrupulous Sangley craftsmen in Tondo, Binondo and the Parian illicitly and clandestinely minted cuartos. The falsification of the copper coin was easily done. First, the thin and inferior legal cuartos were easy to copy.¹⁴ Secondly, copper was readily available in the city markets for an average price of ₱31, 4 reales per quintal.¹⁵ The copper linings of wooden crates or the floorings of ships were even more convenient because they already approximated the thinness of the legal cuartos.¹⁶ Thirdly, the Sangleys were excellent craftsmen with their own shops where they made coin blanks and fashioned crude dies. Upon mintage, the counterfeiter simply introduced his own cuartos into circulation.

In 1795 a large number of false cuartos started to circulate. The initial response of the people was to reject all cuartos without distinction. On 15 January of that year, Governor Rafael Maria de Aguilar (1793-1806) quickly moved to counteract the fraud and

12. Sociedad Economica to the Hacienda, Manila 21 January 1835.

13. Administracion General de Real Aduana to the Superintendencia de Hacienda, Manila, 29 October 1833; Real Tribunal de Comercio to the Superintendencia de Hacienda, Manila 28 June 1834.

14. Tesoreria de Tabaco to the Direccion de Tabaco, Manila, 11 February 1831.

15. Administracion de Aduana to the Superintendencia de Hacienda, Manila, 29 October 1833.

16. Information on wooden crates was obtained from the Administracion General de la Real Renta de Vinos to the Superintendencia de Hacienda, Manila, 30 March 1831; while that on ship flooring from the Administracion de Aduana to the Superintendencia de Hacienda, Manila, 29 October 1833; Governor Enrile to Ferdinand VII, Manila, 10 December 1831.

to regain the public's trust in the cuartos. By means of an edict, he denounced the illegal operation and ordered death and confiscation of property for all counterfeiters.¹⁷

For the Superior Government the initial monetary breakdown was only a local crisis where the false cuartos momentarily disrupted the daily market routine. It did not completely rid the money supply of false cuartos. By arbitrarily mixing the counterfeit with the legal cuartos, even the strictest scrutiny could not differentiate them. Both were of the same thinness, size, shape and signs.

Counterfeiting continued in the next three decades. Yet, there was no significant public clamor against the fraud. People did not pay great attention to distinguishing the false cuartos from the legal. The coins were of little value and served for their small purchases.¹⁸

On 10 December 1830 the Administrator of the *Casco Principal*, warned the public that false cuartos were received and used in the tobacco shops. At once, a general suspicion of all cuartos occurred. Traders did not accept the cuartos as payment for goods. Buyers did not accept them as change money. Sellers discouraged the sale of their goods in cuartos. The report of the *corregidor* of Tondo was even more alarming. People rushed to the nearest tobacco shops and exchanged all of their cuartos for cigars, even if unwanted or not needed.¹⁹ On 9 January 1831 the Renta notified the Superior Government that an excessive quantity of false cuartos was received in its shops and coffers. In the meantime, an influx of people converged daily in the tobacco shops, all demanding tobacco in exchange for their cuartos.²⁰

REMEDIAL MEASURES

In 1830-31 the long-existing counterfeiting of the *cuartos* could no longer be ignored. By affecting the tobacco monopoly, counterfeiting became a national crisis. Governor Pascual Enrile (1830-35) moved to check the further escalation of the fraud. He

17. Governor Enrile to Ferdinand VII, Manila, 10 December 1831.

18. Edict of Governor Rafael Maria de Aguilar, Manila, 15 January 1795; Consulting Attorney to Governor Enrile, Manila, 31 October 1833.

19. Governor Enrile to Ferdinand VII, Manila, 10 December 1831.

20. Superintendencia de Hacienda to Governor Enrile, Manila, 9 January 1831.

ordered the immediate arrest of all counterfeiters and the seizure of their minting machines. He ordered the registration of all contractors, metalsmiths, and engravers in Manila and the inspection of their shops. He ordered strict limitations on the sale of copper in the city and demanded the prior notification of the government for any sale. He ordered secrecy for any information regarding the arrival of the copper shipment in the Customshouse. And finally, he ordered the excise men of the *Renta del Vino* to scout the immediate areas for the location of the illegal minting shops.²¹

The Renta also had problems of its own. The growing anxiety over the cuartos was drastically affecting tobacco sales. The monopoly administrators complained that the continued rejection of the cuartos would halt the sale of tobacco. A large percentage of the cuartos already lay stagnant in the shops, and the bulk of the tobacco-smoking population did not want to buy tobacco.²²

As the best remedial measure for the moment, the Hacienda ordered the Renta to recall all cuartos in the tobacco shops to its treasury in Manila for classification into genuine or false cuartos.²³ The Renta however only picked out ten outlying tobacco districts which it suspected of harboring counterfeit cuartos. These were *Casco Principal* (Manila), Bataan, Laguna, Pasig, Tambobo, Batangas, Pampanga, Bulacan, Cavite and Biñan. To classify these cuartos, the Hacienda appointed Benito de los Reyes, a private contractor, Anacleto Buenaventura, from the foundry of cannons, and Alexandro de Castro, a captain in the artillery.²⁴

From 1831 to 1832 the Renta released monthly reports on the progress of the classification. The result was the following:

	genuine	false
11 February (1831)	₱2,962	₱2,907
30 March	9,775	7,621
3 June	3,945	2,667
1 July	3,620	1,191
3 August	1,585	1,446
1 September	2,923	1,196
2 November	1,718	684

21. Governor Enrile to Ferdinand VII, Manila 10 December 1831.

22. Superintendencia de Hacienda to Governor Enrile, Manila, 9 January 1831.

23. Superintendencia de Hacienda to Governor Enrile, Manila, 18 January 1831.

24. Governor Enrile to the Superintendencia de Hacienda, Manila, 28 July 1831.

13 December	1,686	1,076
10 January (1832)	1,530	559
4 February	2,058	1,208
9 March	1,561	614

All genuine cuartos were placed back in circulation. The false were retained in the Renta.²⁵

On 10 December 1831 Governor Enrile sent a consultation to the Crown, reporting the tragedy which had befallen the colony's copper coinage. He described the provisional measures made by the Superior Government and the Hacienda to offset counterfeiting, and thus preserve the monopoly operations. However, on account of the gravity of the situation, he asked for royal intervention on the matter.²⁶

As a consequence of the consultation of the Superior Government, Ferdinand VII issued a Royal Order on 29 March 1833.²⁷ The royal order approved the remedial measures, but ordered the Superior Government to convene as many offices and corporations as possible to discuss the most convenient measures to correct the abuses and to restore public confidence once more in the cuartos. The royal order arrived in the Philippines on 28 September, 1833. In compliance with the royal instruction, the Superior Government immediately convened the Audiencia, the Fiscal, the Consulting Attorney, the Hacienda, the Ayuntamiento of Manila, and the General Administrations of the Royal Rentals of Tobacco, Wine and the Customshouse. The consensus of the body was to mint new copper coins with a standard weight and struck by a good die.²⁸ On 13 February 1834 the Ayuntamiento completed the mintage of the new coins. The Renta del Tabaco assisted in the examination of the new coins. It found them pursuant to the new standards.

From 1834-35 the new cuartos circulated. Their renewed use in the local circulation however was shortlived for in 1836 a general

25. Tesoreria de Tabaco to the Direccion de Tabaco, Manila (various months, 1831-1832).

26. Governor Enrile to Ferdinand VII, Manila, 10 December 1831.

27. Ferdinand VII to Governor Enrile, Madrid, 29 March 1833.

28. Fiscal to Governor Enrile, Manila, 9 October 1833; Superintendencia de Hacienda to Governor Enrile, Manila, 11 October 1833; Ayuntamiento de Manila to Governor Enrile, Manila, 26 October 1833; Administracion de Aduana to the Superintendencia de Hacienda, Manila, 29 October 1833; Consulting Attorney to Governor Enrile, Manila, 31 October 1833.

change in Spanish colonial monetary policy occurred. On January 11 of that year, the Hacienda decreed the mass importation of Spanish cuartos for widespread circulation in the Philippines.²⁹ On 18 November 1837 the first shipment of peninsular coins arrived in the colony.³⁰ The arrival and consequent circulation of the Spanish cuartos was both a beginning and an end. After more than 250 years, it marked the ascendancy of the peninsular monetary system in the Philippines, and after 66 years, it marked the end of the colorful chapter of colonial copper coinage in the Philippines.

29. Acuerdos de Junta Superior de Real Hacienda, Manila, Año de 1836.

30. Libro de Liquidaciones de Real Hacienda, Manila, Año de 1835-37.