*Municipal Finances in the Kingdom of Aragon in the Sixteenth and Seventeenth Centuries**

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This paper examines the structure and management of municipal finances in the Kingdom of Aragon in the sixteenth and seventeenth centuries in order to explain the substantial transformations that occurred over this period. In the sixteenth century the town councils were able to undertake significant projects to promote public power and develop local economies. However, their inability to raise revenues in line with expenditure in the second half of the sixteenth century caused an inexorable increase in debt. This financial weakness worsened in the seventeenth century until not even the constant recourse to credit was sufficient, bankrupting the councils. The situation was further exacerbated by the pressure of royal taxation in the second quarter of the seventeenth century, forcing the municipal authorities to seek additional sources of income. So straitened, councils found themselves obliged to sell common lands and raise municipal taxes to the detriment of consumer protection and public control over the market. Thus, the eventual bankruptcy of the Aragonese councils would yield control of municipal revenues and communal property to boards of creditors, chief among them being the Church.

Introduction

There can be few issues in the economic history of Europe as important, and yet as sketchily studied, as the analysis of municipal finances during the *ancien régime*. In the case of early-modern Spain, there are various reasons why researchers have shied away from this

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topic. To begin with, most studies of town councils have focused primarily on the description of political structures, the make-up of oligarchies and relations with the monarchy during the creation of the modern state. Leaving aside a few pioneering papers, it was not until the 1970s that municipal finances began to arouse much interest, which increased gradually over the following two decades[1]. However, most of these studies are intended to supplement research into the nature of the municipal institutions, and the approach taken is all too often based on fragmentary sample data and contemporary appraisals of the state of councils' affairs. This explains the preferential focus on royal as opposed to seigniorial boroughs and on cities rather than small, rural towns. Even those studies in the field of public finance that do address municipal economic management discriminate in this way. Though various interesting papers have been published on the food supply (especially grain), royal taxation and the privatisation of common property, the approach taken usually dispenses with any strict analysis of municipal finances. Meanwhile, research efforts have all too often been diverted into different channels, given the necessity to undertake costly local studies of debatable general value, and the absence of any widely accepted working methodology that would allow the evaluation and synthesis of different lines of inquiry. Finally, many studies steer clear of the necessary task of reorganising the data, in view of the difficulties inherent in producing constant, standardised and accurate data series, not to mention the divergences between medieval or early-modern and modern accounting criteria. As a consequence, the mere description of expenditures and revenues tends to outweigh any explanation of the management of council affairs. Indeed, these problems have even led some historians to question the value of municipal ledgers as a historical source[2].

[1] For a discussion of the key bibliography concerning municipal finances in early modern Spain, see A. Passola, *La historiografía del municipio en la España Moderna*, (Lleida 1997), pp. 139-152 and A. Gutiérrez Alonso, "Ciudades y monarquía. Las finanzas de los municipios castellanos en los siglos XVI y XVII", in L. A. Ribot and L. de Rosa, (eds.), *Ciudad y mundo urbano en la Epoca Moderna*, (Madrid, 1997), pp. 187-211.

[2] Casey's arguments have had important repercussions in this regard. See J. Casey, *El reino de Valencia en el siglo XVII*, (Madrid 1983), pp. 161-162.

The price paid for this patchy approach to the issues has been the lack of any proper assessment of municipal government in the Spain of the *ancien régime*. Thus, the usual stale commonplaces about the corruption and inefficiency of municipal management and royal taxation as the prime cause of the town councils' indebtedness have come to be widely accepted, all too often in the absence of any convincing evidence. Meanwhile, having been portrayed as static, the evolution of municipal affairs has been scarcely recognised. As a result, the links tying this process not only to wider political and social change, but also to major long-run structural transformations in the pre-industrial economy have been largely ignored. In order to avoid these problems and paint a broader picture, this paper will examine the evolution of municipal finances in the Kingdom of Aragon in the sixteenth and seventeenth centuries.

To begin with, this study will discuss the structure of municipal revenues and expenditures in Aragon in the period in question. We will then go on to analyse the town councils' conduct of affairs in order to explain the causes of their permanent deficit and the recourse to credit that led to their eventual bankruptcy. In this way, we will show that the expansion of public control, to the benefit of the population in the sixteenth century, was countered by a more profit-oriented and energetic defence of their own interests on the part of the local elite in the seventeenth century, to the detriment of the ordinary townsfolk. Meanwhile, the study shows that the indebtedness of the Aragonese towns and villages preceded, and indeed conditioned, the fiscal pressure exerted by the monarchy in the seventeenth century. The financial failure of the councils occasioned a serious loss of control by both the elite and the common people over municipal revenues and common property in favour of creditors, influencing the management and partial privatisation of these assets throughout the rest of the early-modern period. Finally, the hypothesis linking the decline of the municipal finances in the seventeenth century to the progressive integration of local markets at the regional and national level is of enormous interest, and is perhaps most clearly visible in the case of grain, where local public control increasingly

gave way to trade[3]. Thus, the influence of municipal food supply policy on various facets of economic life such as the operation of the market and the evolution of prices, rents and wages is explored in an approach that has been little experimented in other regions.

1. Revenues

It is no easy task to define in general terms the sources of municipal revenues in Aragon in the sixteenth and seventeenth centuries[4] because the simple administrative system around a single treasury commonly used during the late medieval period was substantially transformed.

Increasing municipal power in the sixteenth century resulted in the creation of new offices subsidiary to the treasury. These offices were mostly connected with the food supply, which emerged from the crucible of a new consensus concerning the functioning of the public market[5]. The most representative of these institutions was the *Cámara del Trigo* or communal granary. Such wheat boards were set up not only in medium-sized towns and cities but also in small towns and villages, even in cereal-growing areas. Committees, usually of a more temporary nature, were also created to oversee major public works such as drinking water infrastructure[6]. The *Diputación*, which acted as the standing committee of the Aragonese Parliament, provided financial support for such projects by assigning income raised from customs duties, thus helping consolidate such temporary committees between the mid-sixteenth and the early

[3] For a bibliographic review of this issue, see E. Llopis and M. Jerez, "El mercado de trigo en Castilla y León, 1691-1788: arbitraje espacial e intervención", *Historia Agraria*, 25 (2001), pp. 15-18.

[4] For this issue, see J.A. Salas, "Las haciendas concejiles aragonesas en los siglos XVI y XVII. De la euforia a la quiebra" in *Poder político e instituciones en la España Moderna*, (Alicante 1992), pp. 11-66.

[5] For a discussion of this consensus concerning the public market, see J.A. Mateos, "Control público, mercado y sociedad preindustrial: las cámaras de trigo en el reino de Aragón durante los siglos XVI y XVII", *Historia Agraria*, 34 (2004), pp. 13-28.

[6] For a discussion of these committees, see J.A. Mateos, "The making of a new landscape: town councils and water in the kingdom of Aragon during the sixteenth century", *Rural History*, 9, 2 (1998), pp. 123-139.

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[6] For a discussion of these committees, see J.A. Mateos, "The making of a new landscape: town councils and water in the kingdom of Aragon during the sixteenth century", *Rural History*, 9, 2 (1998), pp. 123-139.

seventeenth century. These subsidiary institutions evolved their own administrative frameworks to suit their purposes, but they remained always under the aegis of the municipal treasury, known in this period as the *Procuraduría, Mayordomía* or *Bolsería*. In the sixteenth century this central treasury always contributed the initial funds required to set up other municipal offices and defrayed their losses by arranging loans. In this light, analysis of the central treasury, whether it was a stand-alone institution (as was frequently the case in smaller municipalities) or whether it controlled other secondary offices, is the key to revealing the main sources of municipal finances and the nature of council expenditures.

The revenues of the central treasury thus comprised the principal municipal assets or *bienes de propios*, rights and properties controlled by the council, which were keys to the municipality's affairs. Such revenues varied widely depending on local geographical and climatic conditions, and on the historical formation of the municipality[7]. Logically, the payments (known as *cequiajes* or *alfardas*) made by farmers or irrigation communes for the right to use channels under municipal control to water their fields were more substantial in irrigated than in largely non-irrigated areas. Numerous councils in the Ebro valley, where the municipal bounds were often extensive, leased pasture land, which could be a lucrative business. In general, monopolies and charges levied on retail sales of essential foodstuffs (meat, pork belly, fish, bread, wine and oil) were the core municipal revenues in the sixteenth and seventeenth centuries. Data for the towns of Saragossa, Huesca, Daroca and Albarracín reveal that such monopolies and charges provided between 65 and 85% of revenues, becoming increasingly important in the seventeenth century (see *Figure 1* and *2*)[8]. As exceptional revenues, if the Parliament voted services to the monarchy, the royal boroughs were temporarily able to

[7] For a discussion of this issue, see note 4.

[8] See note 4; J. Inglada, *Estudio de la estructura socio-económica de Huesca y su comarca en el siglo XVII*, (unpublished graduate dissertation, Zaragoza, 1987); J.A. Mateos, *Auge y decadencia de un municipio aragonés: el concejo de Daroca en los siglos XVI y XVII*, (Daroca 1997) and "La hacienda municipal de Albarracín en el siglo XVII: crisis, endeudamiento y negociación", *Teruel*, 88-89, 2 (2000-2002), pp. 171-212, and Municipal Archive of Zaragoza, account books of *Mayordomía*, 1503-1698.

levy *sisas*, a sort of in-kind tax or charge on basic foodstuffs, especially wheat and meat. After collecting these taxes on behalf of the royal treasury for three years, the municipality could apply them for its own benefit for a further three. In councils under seigniorial or ecclesiastical lordship, these additional assessments belonged to the temporal lord.

Within this general framework, the main feature of municipal revenues in Aragon in the sixteenth century was stagnation, as income failed to keep pace with the economic expansion the kingdom enjoyed in this period. The failure to keep up became more acute in the second half of the sixteenth century, when the councils' expenditures increased substantially, resulting in continual deficits and rising municipal debt. There were various key reasons for this stagnation of revenues, aside from the inertia of a municipal government that was wedded to the medieval model.

In the first place, the municipalities moderated their revenues from charges and monopolies on the main foodstuffs (see *Figure 1*). The result of a strong social consensus, this supply policy combined the medieval legacy of consumer protection demanded by the poorer sections of society with the interest of the ruling elite, as the producers or vendors of agricultural produce, in expanding the local public market and supporting domestic demand, which was no easy matter in pre-industrial economies[9]. The development of mechanisms to moderate price inflation, which affected agricultural products in particular, not only buoyed demand but also kept up purchasing power, savings and investment, especially on the part of the social groups most closely linked with production. In exchange for lower prices in the market price, the producer gained a more even pattern of demand. This, in turn, provided an incentive to grow crops, ensuring the voluntary integration of the farmer in the public market[10].

The more abundant and regular the supply of goods by the municipal administration and retail monopolies, the greater the confidence and growth generated in an expanding market. The efforts of the town and

[9] J. de Vries, *La economía de Europa en un período de crisis, 1600-1750*, (Madrid 1987), pp. 181-186.

[10] On this process, M. Aymard, "Autoconsommation et marchés: Chayanov, Labrousse ou Le Roy Ladurie?", *Annales, Economies, Societés, Civilisations*, 38/6 (1983), pp. 1392-1410.

village councils to support constant demand for foodstuffs thus encouraged agricultural output. As municipal ordinances partially regulated the prices of manufactured goods[11], the public supply policy also allowed the population to consume more manufactures, thereby fostering industry and crafts[12]. In addition, it relieved upward pressure on the wages of the labourers and artisans employed in the building trades[13], benefiting the development of agriculture, public works and other productive activities[14]. While the preservation of certain market privileges favouring local production limited the scope of the supply policy applied to wine and oil, the management of wheat, meat and fish supplies (see *Figure 1* and *2*) reveals clear efforts to benefit the consumer[15]. Thus, the communal granaries not only sold wheat at market prices, but were also prepared to sustain losses to assure supplies in dearth years. Meanwhile, the revenues obtained from monopolies like those on the sale of meat, pork belly and fish stabilised as the bids made by potential lessees came to focus on reductions in the retail price. In small towns and villages, like those of the Matarraña valley, these bids could be so low as to cover only the cost of providing the service.

[11] Where the prices of manufactured goods rose suddenly, the town councils could set the price in the public market, but they could also repeal the statutes of the guilds and allow artisans from outside to work in towns and cities, causing a lowering in the prices of local manufactures. The limited organisation of the guilds and their incomplete control of the market, favoured such public intervention in Aragon in this period. See J.A. Mateos, "Municipal politics and corporate protectionism: town councils and guilds in the kingdom of Aragon during the sixteenth and seventeenth centuries" in B. Blondé, E. Vanhaute and M. Galand (eds.), *Labour and Labour Markets between Town and Countryside (Middle Ages-Nineteenth Century)*, (Brussels 2001), pp. 185-189.

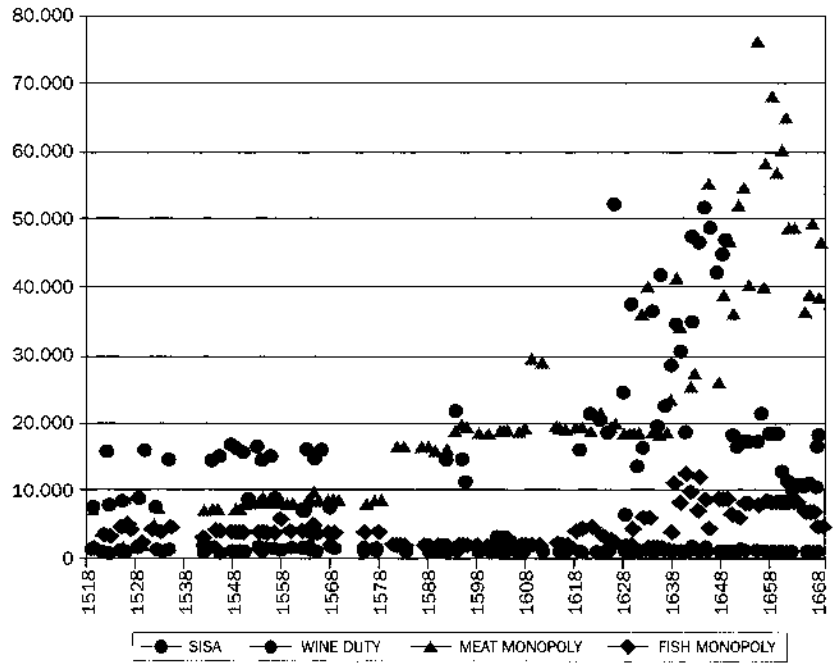
[12] For a discussion of the expansion of industry and crafts in sixteenth-century Aragon, see P. Desportes, *La industria textil en Zaragoza en el siglo XVI*, (Zaragoza 1999).

[13] Despite the absence of continuous series for wages, the wage claims of farm labourers and construction workers appear to have been moderate in sixteenth-century Aragon, with the exception of Saragossa where demand for labour was intense, as the majority of town councils delayed regulation of wages until the late sixteenth and early seventeenth century. See A. Peiró, *Jornaleros y mancebos*, (Barcelona 2002), pp. 72-78.

[14] C. Blázquez and S. Pallaruelo, *Maestros del agua*, (Zaragoza, 1999) and C. Lomba, *La Casa Consistorial en Aragón. Siglos XVI y XVII*, (Zaragoza 1989).

[15] For an appraisal of this supply policy on the prices of farm produce in sixteenth-century Aragon, see J.A. Mateos, "Control público, hacienda municipal y mercado agrario en el reino de Aragón durante los siglos XVI y XVII", *Hispania*, LXVI/223 (2006) pp. 578-582.

FIGURE 1. Evolution of the main revenues generated by the municipal treasury of Daroca (1518 - 1672) – In *sueldos*



Sources: J.A. Mateos, *Auge...*, pp. 461-62, 467-68.
Note: The sueldo was a unit of account used in Aragon in the sixteenth and seventeenth centuries. After the Castilian system of weights and purity was adopted for all issues of silver coinage in 1519 and 1528, one *sueldo* was equal to half a *real*, the main silver coin minted in Aragon in the sixteenth and seventeenth centuries.

In the second place, the act of the Aragonese Parliament, *De Prohibitione Sisarum*, approved at Saragossa in 1398 had prohibited municipalities from levying a *sisa* on basic foodstuffs without the sanction of the legislature[16]. The Parliament was convened less often under the reign of Philip II (1558-98), and as a consequence the royal boroughs had less opportunity to impose such taxes for their own use after the collection of royal levies. The force and importance of this law became clear when

[16] B. de Monsoriu, *Summa de todos los fueros y observancias del reyno de Aragon y determinaciones de micer Miguel del Molino*, (Zaragoza 1982, facsimile of the original printed in 1589), folio 156r-157r.

various royal and seigniorial boroughs sought to establish such taxes stealthily to contain their increasing indebtedness in the latter decades of the sixteenth century[17]. Aside from the opposition of the lords in lands under lay or ecclesiastical rule, who considered themselves entitled to receive the revenues from the *sisa*, the impact of these taxes on basic foodstuffs prompted frequent complaints to public institutions like the *Diputación* on the grounds of illegality, where the necessary licences were not always forthcoming.

Finally, as the population grew in the sixteenth century, it became necessary to cultivate new fields, but this did not arouse much interest in the lease or sale of municipal or communal land. Only later, between the mid-sixteenth and early-seventeenth century, did the Aragonese towns begin to collect revenues from fields cultivated illegally within their municipal bounds, after agreeing to cede to the parties concerned the usufruct in perpetuity in consideration of minimal leases[18]. The periodic assignment of the usufruct to communal land began in various municipalities towards the end of the fifteenth century and at the beginning of the sixteenth. The assignees were private parties drawn by lot by the parishes or neighbourhoods, and in exchange they were required to pay a charge in cash or in kind, although profitability was not a factor in setting the amount. The charges established in Daroca in the early 1500s were maintained throughout the rest of the sixteenth century, and leases of this kind were even abolished in Huesca in 1562, after the town council had accepted the claims of the neighbourhood representatives. Despite the sharp rise in the price of farm produce, then, appeals to tradition complicated any rise in municipal revenues from the use of communal land, favouring those who already enjoyed the usufruct.

[17] J.A. Mateos, "Información estadística y política fiscal en el reino de Aragón durante los siglos XVI y XVII" in A.M. Bernal, L. de Rosa and F. D Esposito (eds.), *El gobierno de la economía en el Imperio español*, (Sevilla-Nápoles 2000), pp. 457-458. In contrast to the situation in Aragon, the occasional imposition of the *sisa* in Catalonia and Valencia was merely a royal or seigniorial right. See D. Bernabé, *op.cit.*, pp. 28-29.

[18] J. Inglada, "Propiedad comunal y prácticas comunitarias: garantía del bienestar económico y de la paz social en la Huesca de la modernidad" in C. Frias, (ed.), *Tierra y campesinado. Huesca (siglos XI-XX)*, (Huesca 1996), pp. 86-90, 95-105 and J.A. Mateos, *Auge...*, p. 149.

In this context, the increasing indebtedness of many town councils in the early seventeenth century spurred the search for new revenue sources, which were in principle treated as temporary measures. These consisted of monopolies on products like ice, tobacco, playing cards, distilled spirits, soap, iron and coal. In some cases, these were justified in terms of luxury or the harmful nature of the products concerned, but, in fact, they affected goods the population consumed in large amounts on a daily basis[19]. Monopolies of this kind first emerged in the main towns and cities in the early 1600s, appearing in smaller towns like Albarracín only in the mid-seventeenth century. Furthermore, the monopolies spread unevenly in smaller municipalities, where there was scant demand for many of these products. Similarly, additional assessments collected from *vecinos* or lay townsmen with political rights and other inhabitants took hold in the seventeenth century to finance construction projects or the incipient permanent medical service that began to emerge in Aragonese towns from about 1620 onwards. This practice sometimes met with opposition from the clergy and the nobility, as these privileged estates enjoyed significant financial and tax dispensations[20].

Many town and village councils also created new taxes at this time, which were specifically intended to rein in municipal debt. There were numerous precedents for these contributions dating from the last three decades of the sixteenth century, in particular in towns and villages under seigniorial or ecclesiastical lordship[21]. In such cases, the councils' financial problems became muddled with the difficulties of the Aragonese high-ranking nobility, who were sliding gently towards bankruptcy in the second half of the sixteenth century as their excessive spending outstripped rising revenues coming from the lordly rents which expanding cultivation and rising farm prices had generated on the back of population growth. Struggling increasingly under the burden of debt accumulated

[19] J. Inglada, *Estudio...*, pp. 246-248; J.A. Mateos, *Auge...*, pp. 130-133, and "La hacienda...", p. 208.
[20] F. Otero, *La vila de Fraga al segle XVII*, (Calaceite 1994), vol.I, pp. 113-114; J.A. Mateos, *Auge...*, pp. 151-153, 470.
[21] A. Abadía, *La enajenación de rentas señoriales en el reino de Aragón*, (Zaragoza 1997), pp. 56-58, 195-198, 249-256, 282-283, 294.

as a result of the loans arranged at the beginning of the seventeenth century, both the elite and the commoners found themselves obliged to negotiate the adoption of fresh charges (always temporary in principle) to cancel borrowings or meet annual interest payments.

Direct taxation was always an option. One solution, imposed by the scarcity of gold and silver coinage, was the annual payment in kind of a part of the main crops, an alternative that became common in many towns and villages[22]. This occurred in numerous seigniorial and ecclesiastical boroughs beginning in the late sixteenth century, as the lords assigned their creditor's rights to impose new taxes on their vassals. In districts such as the Matarraña valley and Lower Aragon, the assignment by the ecclesiastical lords of rights over the first crops harvested allowed municipalities to raise taxes of this kind, beginning in the latter decades of the sixteenth century, and the revenues generated were applied to cancel permanent loans in the following century. More widely, the tax imposed by the municipality of Caspe in 1615 represented one fifteenth of the wool produced and of the cereals, grapes and oil harvested, plus other charges levied on the output of artisans and on silk and saffron. Smaller municipalities could establish taxes payable in cash based on an appraisal of personal property to pay annuities or cancel loans[23], as happened in the agreement made by the village of Molinos with its creditors in 1644. Both forms of direct taxation usually affected only the *vecinos* while excluding other residents, and they were often opposed by the more powerful and wealthiest members of the local community. In both cases, the exemptions enjoyed by the nobility and the clergy as 'privileged estates' and the difficulty of assessing the tax base among the common people caused tension and delay. Thus, taxes on harvests affected both landowners and tenants, while benefiting other professional or rentier groups. These problems limited the returns from and the continuity of charges of this kind, as shown by

[22] G. Colas, *La bailía de Caspe en los siglos XVI y XVII*, (Zaragoza 1979), pp. 139-140, 209-213 and J.A. Mateos, "Economía y poder local en el valle del Matarraña (siglos XVI y XVII)", in *Historia de la comarca del Matarraña* (forthcoming).

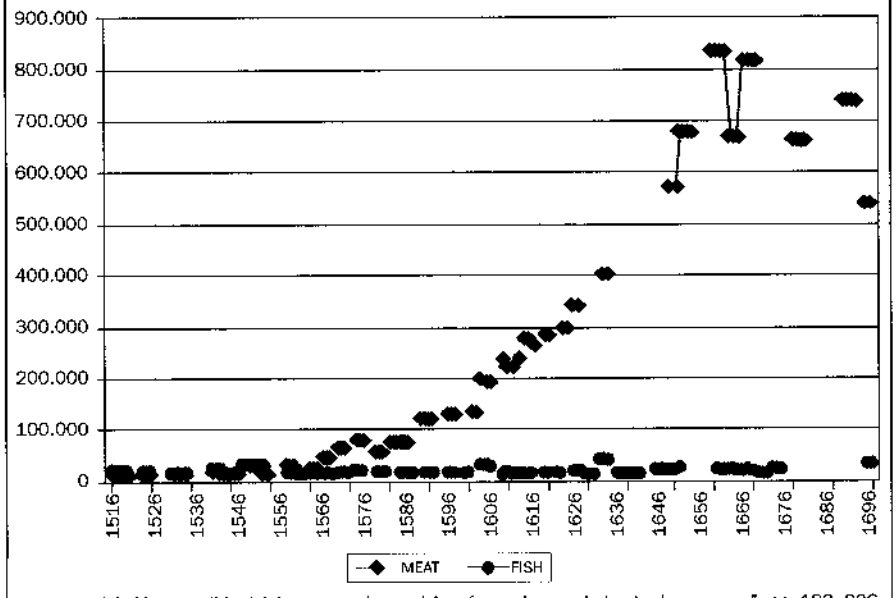
[23] P. Sanz, "La crisis de la hacienda municipal en la villa de Molinos", *Teruel*, 82, 2 (1991), pp. 69-85.

the speed with which the council of Barbastro abandoned its efforts to collect the eleventh part of all wheat, wine and oil produced by the *vecinos* in order to repay loans in the first half of the seventeenth century[24].

The second option was indirect taxation. These charges were easier to collect and were linked by tradition to royal taxes and extraordinary surcharges for works in the public interest. Various towns that had suffered the bubonic plague in the mid-seventeenth century, such as Jaca, Huesca, Saragossa and Borja, imposed *sisas* applicable to all levels of society to recover the costs of dealing with the epidemic[25]. Even so, the continuity of these *sisas* was brought to an end by royal taxes in the period 1628-52, although Calatayud and Daroca had already adopted such charges at the beginning of the seventeenth century, and in any case implementation involved serious problems. Whether the tax affected only the plebeians or included the normally exempt, privileged estates, the introduction of *sisas* required temporary sanction either by the King or by the Pope. As shown by their application in Daroca throughout the seventeenth century (see *Figure 1*), not to mention the adoption of charges of this kind in Saragossa, Calatayud and Jaca in the mid-seventeenth century to reduce debt, *sisas* took hold in towns and cities[26]. Their indirect nature attracted the interest of the municipal oligarchy, although they also aroused opposition from the nobility and the clergy, or at least demands for negotiation. Meanwhile, papal licence to raise *sisas* to cancel loans entailed the exemption of the 'privileged estates', in particular the clergy. At the same time, the impact of *sisas* on consumption aroused opposition among the more humble members of society. These conflicting interests are reflected in the agreements made in Daroca and Calatayud, where the elite made a deal with creditors to charge annual *sisas* to cancel loans by definitively assigning them the

[24] J.A., Salas, "Las haciendas...", pp. 31, 49-50.
[25] J. Maiso, *La peste aragonesa de 1648 a 1654*, (Zaragoza 1982), pp. 176-180.
[26] P. Sanz, *Política, hacienda y milicia en el Aragón de los últimos Austrias entre 1640 y 1680*, (Zaragoza 1997), pp. 180-182, 292; J.A. Mateos, *Auge...*, pp. 140-144 and "Municipio y mercado en el Aragón moderno: el abasto de carne en Zaragoza (siglos XVI y XVII)", *Espacio, Tiempo y Forma*, 4, 16 (2003), p. 212; J.A. Urzay, A. Sangüesa and I. Ibarra, *Calatayud a finales del siglo XVI y principios del XVII (1570-1610)*, (Calatayud 2002), p. 150.

FIGURE 2. Evolution of municipal revenues linked to monopolies on the sale of meat and fish in Saragossa (1516-1698) – in *sueldos*



Sources: J.A. Mateos, "Municipio y mercado en el Aragón moderno: el abasto de carne....", pp. 189, 206 and "Municipio y mercado en el Aragón moderno: el abasto de pescado en Zaragoza (siglos XVI y XVII)", *Espacio, Tiempo y Forma*, IV, 17 (2004), pp. 18, 24.

management of municipal assets in the late seventeenth and early eighteenth centuries. In contrast, the representatives of the farmers and artisans opposed the prolongation of these charges after the expiry of the licences and defended their replacement by direct taxes[27].

From the end of the sixteenth century onwards, the financial weakness of the municipalities led to the gradual abandonment of the earlier food supply policy and to a rise in the charges and monopolies on the sale of foodstuffs. Charges of this kind were particularly favoured by the municipalities because they were indirect, and the burden fell especially on bread and meat, both of which were indispensable consumer goods, allowing higher taxation. Aside from the revenue from *sisas*, the income

[27] J.A. Mateos, *Auge...*, pp. 141-144 and J. Olivo, "La evolución de la hacienda municipal de Calatayud durante el siglo XVII", *Jerónimo Zurita*, 76-77 (2002), pp. 231-232.

generated from the butchers of Daroca in 1651-72 grew by 513.40% over the period 1550-70, and in Saragossa it rose by 1,215.84% in 1651-95 compared to the amount generated between 1550 and 1594 (see *Figure 1* and *2*). Unusually, the Castilian army was billeted in Aragon, in the town of Fraga, during the Catalan war, which allowed the council to reduce its debt by almost 40% between 1644 and 1648 as a result of the heavy taxes imposed on the principal foodstuffs. Apart from dearth years (1605-06, 1614-15, 1630-31, 1651-52), which made it necessary to increase wheat supplies and renounce any profit, the tax burden on foodstuffs allowed towns like Barbastro, Daroca, Saragossa, Calatayud, Fraga and Albarracín to transfer cash from the communal granary, the oil board and the slaughterhouses to the central treasury to keep the permanent deficit in check[28]. These transfers increased from the late sixteenth and early seventeenth centuries onwards, as did municipal indebtedness. While this alternative did not prevent eventual bankruptcy, it did force the councils to abandon the sixteenth-century policy of supporting demand and trying to moderate any rise in food prices. Thus, the stocks marketed by the granaries, oil boards and slaughterhouses declined, especially as demand from the population for basic foodstuffs fell in the second half of the seventeenth century due to demographic and economic decline.

The need to increase revenues and to reduce price inflation obliged many town councils to switch from leasing the main food monopolies to running them directly towards the end of the sixteenth century and at the beginning of the seventeenth. This practice increased between 1620 and 1650 until the return to monopoly leasing in the second half of the seventeenth century, due to falling prices for agricultural products[29].

[28] J.A. Salas, *La población de Barbastro en los siglos XVI y XVII*, (Zaragoza 1982), pp. 82-85; F. Otero, *op.cit*, vol I, p. 153, J.A. Mateos, *Auge...*, pp. 183-86, 293-99, 313-23, "Municipio y mercado en el Aragón moderno: el abasto de trigo en Zaragoza (siglos XVI y XVII)", *Espacio, Tiempo y Forma*, 4, 15 (2002) pp. 44-49, "Municipio y mercado en el Aragón moderno: el abasto de carne...", pp. 189, 199-201, "La hacienda...", pp. 188-190 and "Municipio y mercado en Aragón durante el siglo XVII: la Cámara del Trigo de Albarracín (1650-1710)", *Teruel*, 90, 2 (2003-2005), pp. 68-70.

[29] Ibid. and G. Colas and J.A. Salas "Repercusiones económicas y sociales en Zaragoza del pago de la sisa de 1626", *Estudios*, 78 (1978), pp. 151-168.

Municipal management of the communal granaries and slaughterhouses facilitated the collection of *sisas* on grain and meat to cover the steep tax demands of the monarchy between 1628 and 1652. Even so, the municipal treasuries continued to benefit to some degree from high taxes on wheat and meat after the end of royal services and levies and the return to the lease system throughout the second half of the seventeenth century. The *sisas* and charges set on meat, wheat, wine and oil as a temporary royal tribute in the period from 1628 to 1652 were, therefore, continued in order to pay for minor donations and services to the monarchy and were sometimes consolidated as permanent council revenues[30]. The administration of charges and monopolies also allowed the council oligarchies to impose taxes without having to negotiate with higher institutions, creditors or other social groups. Like the lessees of the main food monopolies, the administrators of communal granaries, slaughterhouses and oil boards built stronger links with the ruling elite in order to maximise benefits for the municipal treasury[31].

Though the worst effects were mitigated by the fall in agricultural prices beginning in the mid-seventeenth century, the increased tax burden on foodstuffs had serious consequences. Because the taxes were applied in a period of demographic and economic decline, they dampened consumer demand, lowered living standards and curbed the capacity for saving for a majority of the population[32]. This polarised social groups and increased dependency, especially in towns and cities in the second half of the seventeenth century. When the local elite realigned their interests with the export of raw materials and councils stopped supporting domestic demand for farm produce, the voluntary integration of the peasants in the public market began to fray. Meanwhile, the clergy, wealthy citizens and knights increased their landholdings by purchases and donations at the same time as landowners and merchants were busy

[30] P. Sanz, *Política*... pp. 131, 182, 293-296.
[31] J.A. Mateos, *Auge*..., pp. 282, 318-319, 336; "Municipio y mercado en el Aragón moderno: el abasto de carne en Zaragoza", pp. 194-195, 206-207 and "Municipio y mercado en Aragón...", pp. 65-66.
[32] See note 21 and J.A. Salas, *La población*..., pp. 71-128.

extracting surpluses from the indebted peasantry, who lacked the means of production[33]. In particular, the rising cost of food in the main towns, such as Saragossa, drove agricultural labourers and the artisans of the building trades to demand higher wages between 1625 and 1675. These demands were further encouraged by the scarcity of labour[34]. Meanwhile, the rising prices of essential goods also increased the cost of industrial and artisan production, which in any case struggled to keep pace with foreign imports[35]. Despite the protectionist measures approved by the Parliaments of 1626, 1645-46 and 1677-78 (temporary ban on textile imports and higher customs duties)[36] and the barriers erected by the guilds in local markets[37], the better quality and lower prices of French manufactures allowed these imports to penetrate the Aragonese market at a time of slack demand and declining purchasing power among the population. The combination of falling demand and rising production costs resulting from this supply policy discouraged investment in farming and industry on the part of the wealthier strata of society, who preferred to enjoy the rents earned from their landholdings, properties and loans. As a result, the towns and cities of Aragon became more markedly agrarian in character, although their small size moderated the demographic decline suffered in the seventeenth century, and they declined as centres of trade, production and services.

[33] As examples, see J.I. Gómez Zorraquino, *La burguesía mercantil en Aragón de los siglos XVI y XVII (1516-1652)*, (Zaragoza 1987), pp. 59-64 and *Zaragoza y el capital comercial: la burguesía mercantil en el Aragón de la segunda mitad del siglo XVII*, (Zaragoza, 1987), pp. 86-88.

[34] J.A. Salas, *La población...*, pp. 304-306; J.A. Mateos, *Auge...*, pp. 373-374; A. Peiró, *op.cit*, pp. 72-78.

[35] G. Redondo, *Las corporaciones de artesanos de Zaragoza en el siglo XVII*, (Zaragoza 1982) and J.A. Mateos, "Municipal politics...", pp. 189-192.

[36] These ineffective laws were repealed by the Aragonese Parliament of 1684-86. For a detailed analysis of this commercial legislation, see G. Redondo, 'Las relaciones comerciales Aragón-Francia en la Edad Moderna: datos para su estudio en el siglo XVII', *Estudios*, 85-86 (1985), pp. 127-149.

[37] The Aragonese town councils supported this protectionist legislation in view of the steep fall in the output of industry and trade, particularly in the second half of the seventeenth century. However, they continued to apply the measures adopted in the sixteenth century to constrain the power of the guilds over the market and to improve the local supply of manufactures. See J.A. Mateos, "Municipal politics...", pp. 189-195.

Finally, let us consider the impact of indebtedness on municipal and communal property[38]. In the seventeenth century, numerous municipalities approved the sale of some of their land, though never large areas or land given over to common use, applying the proceeds specifically to reduce their debt. Another option was to fence off and lease new pasture land, a practice that cost the council of Albarracín serious conflict with the community that grouped the surrounding villages in the first half of the century. The assignment by the councils of all or part of municipal assets to creditors under the arrangements made at the end of the sixteenth century and thereafter was extensively used to guarantee the payment of annuities and redeem loans. It is no accident that the agreement of 1639 made by the village of Alagón, under which its creditors took over the management of municipal assets, guaranteed that the longstanding custom of distributing by lot communal farmland among the *vecinos* as members of the local community would continue. The arrangement that transferred management of all the municipal assets of the town of Calatayud to creditors in 1683 required the council to sell the ownership (or *direct* title) of various lands, the usufruct (or *useful* title) of which had already been assigned to certain private parties in perpetuity in consideration of an annual fixed payment of wheat.

The process by which the common land was privatised involved two stages, and it is more clearly defined in the royal boroughs, which were not affected by the bankruptcy of the high-ranking nobility[39]. The plots of communal land shared out by lot and cultivated by the *vecinos* (known as *suertes* or *quiñones*) began to suffer the consequences of municipal indebtedness in the second half of the seventeenth century. At the same time as the representatives of the neighbourhoods and parishes lost control over the distribution of plots, stricter council collection of cash or in-kind charges helped ensure that the wealthier farmers were able to hold on to these fields, which were then gradually acquired by the *rentier* citizens

[38] J.A. Salas, "Las haciendas...", pp. 28, 39; J.A. Mateos, *Auge...*, p. 149 and "La hacienda...", pp. 184-185. A copy dated 1669 of the arrangement signed by the council of Alagón is conserved in the Municipal Archive of Saragossa, *Serie Facticia*, Box 136, document 17.
[39] J. Inglada, "Propiedad...", pp. 90-95 and J.A. Mateos, *Auge...*, pp. 429-432.

and knights. In some towns, like Daroca in the period 1668-70, the oligarchy sold the perpetual usufruct on the plots before assigning control over municipal assets to the board of creditors in 1673. While the poorer artisans and farmers represented in the council could obtain the assignment of traditionally communal plots, the difficulty of paying the annual charge often resulted in the transfer of the usufruct to the local elite, either by sale or donation. Even so, it was only eventual bankruptcy at the end of the seventeenth and beginning of the eighteenth century, combined with the debt incurred in the War of Spanish Succession (1705-15), that decided many royal boroughs to sell the ownership of their communal assets, a practice that was approved by the Bourbon authorities, as the proceeds were applied to pay military contributions. In 1711 the village of Calamocha sold the *direct* title of the lots that had already been assigned under perpetual usufructs, and in 1714 it sold the remaining *suertes* that were still distributed by lot among the *vecinos*. In 1711 colonists were guaranteed the right to enjoy the usufruct while they continued to pay the charge established by the new owners of the plots, but the beneficiaries of both this transaction and the sale of 1714 were medium-sized landowners who were members of the municipal oligarchy, most of them knights. This restructuring of farmland ownership went largely unnoticed due to demographic stagnation in the second half of the seventeenth century, but it sharpened social polarisation in the eighteenth as the population began to grow again and the demand for land increased. The effect may be observed in the consolidation of a significant class of labourers in the main towns and cities of Aragon at this time[40].

2. Expenditure and the Recourse to Borrowing

2.1. Evolution of expenditure To begin with, it is no easy task to trace trends in municipal expenditure in Aragonese municipalities in the sixteenth and seventeenth centuries, because of the diversity of situations affecting

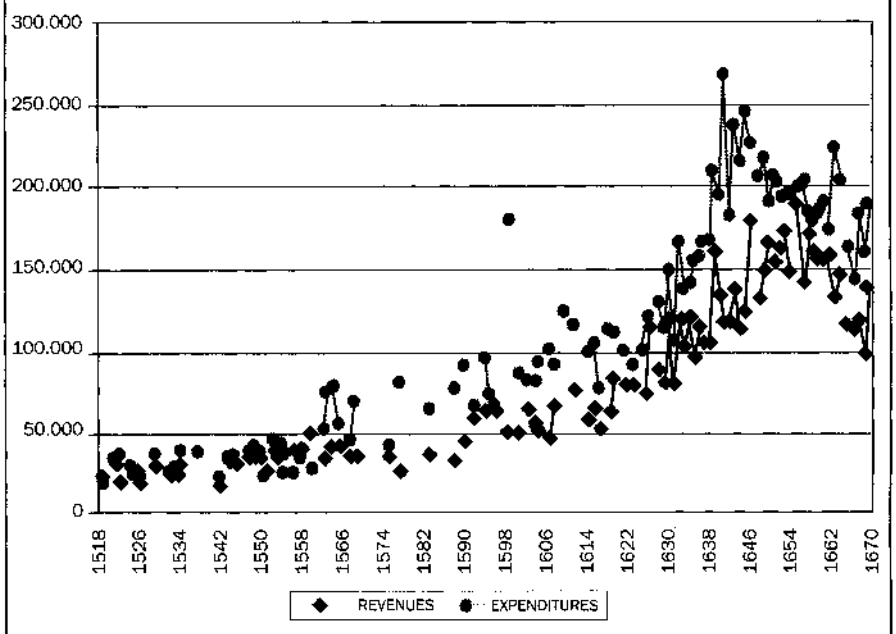
[40] For an estimation of the population of labourers in Aragon in the eighteenth century, see A. Peiró, *op. cit.*, pp. 40-43, 54.

different towns, many of them unheard of until this time. Based on the numerous studies carried out, the pattern set by the main towns and cities was only partially followed by the smaller towns and villages. However, the general outline given here will, it is hoped, provide a coherent interpretation of the management of councils' affairs and the reasons for their financial failure over the course of the seventeenth century.

In the first place, the economic and demographic growth of the kingdom in the sixteenth century significantly changed municipal policy in the late middle ages, as the sphere of public power and control expanded. Thus, the councils greatly increased municipal expenditure, especially after 1550, undertaking projects to support economic development, improve the living conditions of the population and consolidate their own symbolic and legal power[41]. New irrigation schemes were created and existing infrastructure was extended, while systems were built to supply drinking water in villages, towns and cities. An ambitious supply policy benefiting the consumer and intended to support domestic demand reduced revenues from retail monopolies and increased costs, especially in the years of dearth that occurred in the latter decades of the sixteenth century. As a public manifestation of their power, the municipalities partially subsidised the construction and repair of churches and convents, as well as financing numerous new council chambers and civic buildings. Along with funding the main local religious festivals, the councils celebrated royal visits to towns and cities with particular splendour, as well as funeral rites in honour of members of the Hapsburg royal family. In contrast to the stagnation of expenditure on charity projects and the maintenance of municipal and communal assets, the lengthy lawsuits on which the municipalities constantly embarked generated costs. In the closing decades of the sixteenth century, and at certain other periods, these costs were increased by the need to pursue bandits and other criminal elements in numerous municipalities.

[41]The most detailed analyses of councils' expenditure in Aragon in the sixteenth and seventeenth centuries is to be found in J.A. Mateos, *Auge...*, pp. 205-250 and "La hacienda...", pp. 190-205.

FIGURE 3. Municipal revenues and expenditure in Daroca (1518-1672) – *in sueldos*



Source: J.A. Mateos, *Auge...*, p. 448.

In contrast to this rising municipal expenditure, the impact of royal taxation on the councils declined over the course of the sixteenth century[42]. Thus, the taxes granted by the Aragonese Parliament of 1510 to the monarchy were set at a total of 200,000 *libras* for a period of three years. Of this total, 44,000 *libras* (22%) were paid by the *Diputación*, which contracted loans, and the remaining 156,000 *libras* (78%) by the municipalities, which raised either *sisas* or other taxes at their own discretion to cover the sums due. From the end of the fifteenth century, the amount payable by each municipality was fixed, based on the number of tax units or hearths according to the census of 1495 and on the application of a different tax rate per unit for cities, towns with over one hundred hearths and villages with less than one hundred. The triennial

[42] J.A. Mateos, "Información...", pp. 454-464.

payment granted in 1510 was renewed by successive Parliaments held until the end of the sixteenth century, sometimes accompanied by extraordinary subsidies that were never more than 100,000 *libras*. Only in 1585 did Parliament agree to pay 400,000 *libras* and a further 700,000 in 1592, in the latter case as a result of severe pressure after the monarchy had quashed the Aragonese rebellion against royal power in 1591. In both cases, the increase in the ordinary payment established in 1510 did not affect the municipalities and was defrayed exclusively by the *Diputación*, which again contracted loans for this purpose. Likewise, the declining frequency with which Parliament was convened in the second half of the sixteenth century (1554, 1565, 1585 and 1592) reduced the monarchy's ability to obtain subsidies from the kingdom just at a time when the Aragonese economy was enjoying a period of prosperity.

Despite this moderate level of royal taxation, exemplified by the case of Daroca shown in *Figure 3*, the gradual increase in council expenditure from the mid-sixteenth century onwards resulted in constant deficits, as any rise in revenues was constrained not only by the small populations of most municipalities, but also by a certain unwillingness to raise charges resulting from the application of common law rules and the management systems inherited from the late medieval period. Meanwhile, economic growth created euphoria and a feeling of confidence in the future, encouraging many town councils to ignore the mismatch between revenues and expenditure in this period, and to resort to borrowing in order to finance the ambitious projects undertaken in the second half of the sixteenth century. Not without some exaggeration, the town of Caspe estimated the cost of constructing the Cibán channel and the associated irrigation system between 1550 and 1580 at 120,000 *libras*, which it financed with loans[43]. The identity between the lenders and the municipal oligarchy of wealthy citizens and knights fostered this process and blocked any effort to seek funding further afield to lower the interest rate, set at 5% throughout the sixteenth century, although credit was widely available. As the cases of Daroca shown in *Figure 3* demonstrates, the consequence of the mismatch between revenues and

[43] G. Colás, *op. cit.*, pp. 138-140, 228.

expenditures was serious financial distress for many town councils in the early seventeenth century[44]. In 1611 Caspe owed 180,000 *libras* on loans contracted and Barbastro 116,000 *libras* around 1620. These debts multiplied in the first half of the sixteenth century as a result not only of the intense fiscal pressure from the monarchy in the period 1628-52 but also of municipal indebtedness, which forced the councils to arrange new loans in order to pay the interest on the existing debt. Despite raising taxes to cancel their loans, Caspe's liabilities had swelled to 200,000 *libras* and Barbastro's to 150,000 by the mid-seventeenth century. Meanwhile, the city of Saragossa had a debt of 682,000 *libras* in 1641, but just ten years later this had increased by 66.66% to 1,136,623 *libras*[45].

In this precarious situation, royal taxation in Aragon between 1628 and 1652 merely worsened municipal indebtedness. As a result of the bellicose policy favoured by the Count-Duke of Olivares, Philip IV's favourite or *valido*, the monarchy sought to gain greater participation from the Crown of Aragon and other territories of the Spanish empire through the planned *Unión de Armas*[46]. The request made to the Aragonese Parliament in 1626 for the grant of an enormous war chest was immediately supported by the clergy, and the high-ranking and low-ranking nobility, who were interested in obtaining royal favour and offices in the state administration. The stiff resistance put up by the town councils in Parliament was eventually broken by extortion and bribes, although they did succeed in reducing the tax by some 40%[47]. Nevertheless, the sum of 2,160,000 *libras* approved in 1626, payable in annual instalments of 144,000 *libras* in just fifteen years (1628-42), was more than the total taxes voted by the Aragonese Parliament between 1518 and 1585. Unfortunately, fresh

[44] G. Colás and J.A. Salas, *Aragón bajo los Austrias*, (Zaragoza 1977) pp. 162-163.
[45] G. Redondo, "El siglo XVII zaragozano: crisis en la hacienda municipal", *Estudios*, 77 (1977), p. 118. To facilitate understanding of the figures given above, note that the *libra* was a monetary unit of account equal to twenty silver *sueldos* or ten *reales* used in Aragon in the early modern period.
[46] For a discussion of this policy, see J.H. Elliott, *La rebelión de los catalanes (1598-1640)*, (Madrid 1982).
[47] G. Colas and J.A. Salas, "Las Cortes de 1626: el voto del servicio y su pago", *Estudios*, 75 (1975), pp. 87-139.

charges were to be laid on Aragon, not only with the outbreak of war between France and Spain in 1635 but also as a result of the 1640 uprising against Philip IV in Catalonia and the invasion of western Aragon by a joint French and Catalan army in 1641. The principles of loyalty to the monarchy and the defence of the territory facilitated the acquiescence of the kingdom's elite, who, without the approval of Parliament, agreed at the extraordinary councils held in 1641 to share among the municipalities the levies and the cost of maintaining the troops[48]. Between 1640 and 1646 alone, the expenses incurred were more than 6,000,000 *libras*, according to the estimates of the representatives of the high-ranking nobility at the Parliament of 1645-46. With the incentive of fresh royal favours and offices for the Aragonese elite, this Parliament extended the annual tax of 144.000 *libras* for a further three years.

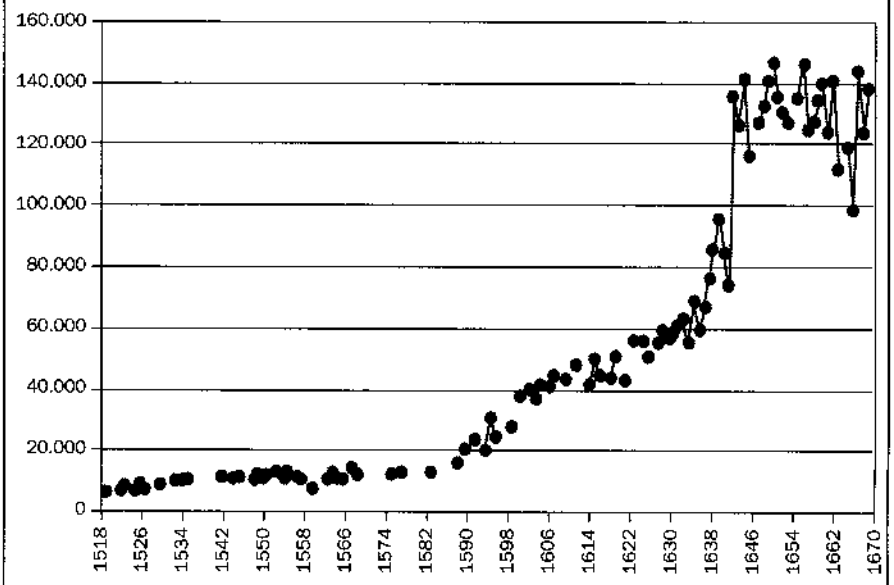
However, Parliament was not unaware of the weakness of the municipal finances and decided to increase the revenues of the *Diputación*, to which a large part of the royal taxation would be transferred. Customs duties were raised from 10% to 20% of the value of all goods exported and imported, and an additional 5% was added to textiles exported, applicable for the 15-year term of the services[49]. As a result, the municipalities had to pay only 58.95% of the annual charge between 1628 and 1638. In the period 1639-42, however, the municipal share rose to as much as 84.19%, because the *Diputación* was exhausted by the loans it had already arranged and the fall in its customs revenues after the border with France was closed by the monarchy in 1635[50]. After the outbreak of war in Catalonia, the Parliament of 1646 boosted the revenues of the *Diputación*. The duty on textile production established in 1626 was repealed and customs duties were raised to 13% of the value of goods exported or imported. As it had done with the tax of 1626, the *Diputación* also handed over to the monarchy the annual surpluses generated, as a contribution to the Catalan war (1640-52).

[48] E. Solano, *Poder monárquico y estado pactista (1626-1652)*, (Zaragoza 1987) and P. Sanz, *Política...*,

[49] G. Redondo, "Las relaciones comerciales...", pp. 127-128.

[50] Own work based on G. Colas and J.A. Salas, "Las Cortes...", pp. 114-115.

FIGURE 4. Interest on loans paid by the Procaduría General of Daroca (1518-1672) – In *sueldos*



Source: J.A. Mateos, *Auge...*, p. 472.

Unfortunately, the taxes earmarked to pay the services voted by the Parliament of 1626 were not distributed among the municipalities on the basis of their population, as the obsolete census of 1495 was used (with some minor changes) to decide how the burden would be shared until a new census could be prepared on the instructions of the Parliament in 1646-50[51]. Despite the financial sacrifices made by the *Diputación,* it is clear that the burden on the municipalities was very considerable, especially the military contributions imposed after the outbreak of war in Catalonia in 1640[52]. At a cost of 866,967 *sueldos*, royal taxes and war contributions paid by the council of Daroca in the period 1628-52 accounted for 52.63% of the expenditure of its *Procuraduría*

[51] J.A. Mateos, "Información...", pp. 454-464.
[52] J.A. Mateos, *Auge...*, pp. 205-213, 477-480; G. Colás, *op. cit.*, pp. 225-229; P. Sanz, *Política...*, p. 258.

General or central treasury after payment of the salaries earned by municipal officials and the interest on outstanding loans. In a report to the *Diputación* in 1655, the town of Caspe estimated that its contribution to the Catalan war had amounted to at least 70,200 *libras* and had resulted in debts of 30,000. With the exception of Saragossa, which paid its entire contribution in cash, the Aragonese municipalities were short of legal silver coinage to cover the full cost of the service of 1626 and defrayed part of the amount in cereals (wheat, barley and rye), wool, oil, hemp, cloth and gunpowder. In small towns especially, in-kind payments of military contributions and royal donations became common in the latter half of the seventeenth century.

The burden of royal taxation and debt forced the municipalities to seek loans continually, a recourse that merely increased their indebtedness. This process can be seen at work in the rates of interest paid on loans contracted by the *Procuraduría General* of Daroca between 1518 and 1702 (see *Figure 4*)[53]. These payments accounted for 29.86% of expenditure in 1518-57 and 23.05% in 1558-1600. In the period 1602-27, however, this had increased to 45.61%, and in 1628-52 it was 47.86%, rising inexorably to 69.43% in 1653-72. After the council had succeeded in reducing the interest rate from 5% or 4.54% to 3.12% in 1670-72, interest payments still accounted for 65.02% of expenditure between 1678 and 1701. The effects of this process are supported by individual studies of the municipal treasuries[54]. Barbastro at the end of the sixteenth century is an extreme case. Interest payments to lenders generated 53.5% of expenditure by the treasury or *Bolsería* in 1587, 66% in 1598 and 72% in 1607. The practice of charging a part of these costs to the community of the surrounding villages did not prevent the *Mayordomía* of Albarracín from applying 62.27% of expenditure to debt servicing in 1621-54. As the only real city and capital of the kingdom, Saragossa came out better due to the significant increase in its revenues in the seventeenth century.

[53] J.A. Mateos, *Auge...*, pp. 186-189, 200-204, 473.

[54] J.A. Salas, "Las haciendas...", p. 30; P. Sanz, *Política...*, p. 362; J.A. Mateos, "La hacienda...", p. 195.

However, interest on loans accounted for 45.39% of the ordinary expenses of the *Mayordomía* in 1640-51, rising to 64.91% in 1661-75. Even when the interest rate was cut to 3.12% in 1686, debt servicing still accounted for 58.83% of expenditure in 1697.

In the early seventeenth century the financial difficulties of the town and village councils suggested to the ruling elite that the time had come to rein in the constant recourse to borrowing and seek to lighten the burden by repaying loans, or at least reducing the interest charges. These measures met with a range of obstacles, however. Taxes earmarked for the cancellation of loans were appropriated by the councils to pay the service of 1626 and contributions to the war in Catalonia, and were only partially and belatedly applied to their original purpose. A common strategy among the municipal oligarchies to maintain their rents was to prioritise the repayment of claims owned by outsiders. Where these were numerous, and the necessary funds could be found, municipal debt sometimes shrank swiftly. Where the municipal oligarchy held most of the permanent loans, however, towns were usually slow to cancel the outstanding balance either by raising new taxes or by arranging fresh financing at lower interest rates. The negotiation of interest rate cuts with creditors was sometimes postponed until bankruptcy was inevitable, or the oligarchy had succeeded in transferring its loans to other social groups. Despite the frequent imposition of *sisas* for this purpose in the seventeenth century, the decision adopted by the councils of Calatayud and Daroca in the sixteenth century to reduce to 4.54% the interest paid on new loans to and cancel existing debt paying 5% would seem to have been taken slowly and to have been largely ineffective[55].

The increasing indebtedness of the municipalities eventually resulted in a change in the social make-up of creditors in the seventeenth century[56].

[55] J.A. Mateos, *Auge...*, pp. 173-174, 253-256 and J. Olivo, *op. cit.*, p. 224.

[56] J. Inglada, *Estudio...*, pp. 72, 97; A. Berenguer, *Censal mort. Historia de la deuda pública del concejo de Fraga (siglos XIV-XVIII)*, (Huesca 1998), pp. 112-116; J. Olivo, *op.cit.* pp. 230-231; P. Rújula y H. Lafoz, *Historia de Borja*, (Zaragoza 1995), pp. 185-189; J.A. Mateos, *Auge...*, pp. 253-256, "La hacienda...", pp. 210-211 and "Economía..." (forthcoming).

It was a common practice in medium-sized towns like Huesca, Calatayud or Daroca, and in smaller towns and villages like Fraga, Borja, Albarracín, Calaceite or Mazaleón, for the loans held by wealthy citizens and the minor nobility to be transferred to the clergy, either by sale or as donations, as the Church was more willing to accept the lower interest rates imposed by the councils in their efforts to stave off bankruptcy. In the midst of the Counter-Reformation, many such permanent loans were bequeathed by both the laity and ecclesiastics to finance funeral masses and other pious works out of the income generated. Such bequests might be applied to provide dowries for orphaned girls, assist widows or pay grants to students, usually benefiting family, retainers and members of the local community. The royal boroughs were relatively sound financially compared to seigniorial and ecclesiastical towns and villages, as is clear from sixteenth- and above all seventeenth-century wills, which often specify the obligation to secure the legacy against credits and loans in a *just and safe royal borough* in order to guarantee the payment of interest. The assignment of these loans to the clergy was controlled by the municipal oligarchies through repayments and the negotiation of interest rates and this, in turn, conditioned the evolution of municipal finances in the second half of the seventeenth century until bankruptcy became inevitable.

Among the diverse consequences of rising municipal indebtedness was the need to restructure local public expenditure in the seventeenth century in order to reduce the outstanding balance, as the example of Daroca in *Table 1* below shows. This diminished municipal initiatives in the area of public works and irrigation systems, partly because of the difficulty of reaching a social consensus at a time of economic decline and partly out of the need to make concessions to the privileged classes to carry out such projects. Given their importance as public assets, the amounts earmarked for the care of municipal property and common lands were maintained as far as possible. Expenditure on charitable works and education did not increase as the population became poorer, because the councils prioritised private initiatives and the efforts of the ecclesiastical institutions in these areas. Aside from feeding convicted criminals, municipal charity was confined to action in times of dearth to prevent famine and maintain social order. Under the influence of

TABLE 1. Distribution of the ordinary expenses of the *Procuraduría General* of Daroca (1518-1672)

Period	Justice	Ceremonials	Charity	Own Assets	Building works
1518-1557	41%	12.16%	14.73%	16.81%	6.02%
1558-1600	31.69%	20.78%	8.53%	25.85%	10.52%
1602-1627	37.13%	19.16%	7.19%	22.53%	8.61%
1628-1652	32.13%	24.56%	10.15%	20.21%	5.90%
1653-1672	27.26%	25.88%	12.89%	23.76%	3.63%

Source: J.A. Mateos, Auge..., pp. 477-480.
Note: For ease of comparison, this distribution of expenses excludes wages and interest payments on loans, services to the monarchy and military contributions. In appraising the figures, note that a substantial part of the public works undertaken in Aragon in the sixteenth century was planned and executed by subsidiary administrations and therefore does not figure among the outlays of the central municipal treasury.

baroque culture, in contrast, the cost of festivals, funerals and other ceremonial occasions remained high and even increased compared to the sixteenth century. This was especially true of ceremonies held in towns and cities in praise of the Hapsburg dynasty. Efforts to cut the cost of lawsuits were slow to take effect and only partially successful. Though moderate, the wages paid to the holders of the main municipal offices were cut, at least temporarily, basically as a symbolic gesture in the negotiations with creditors to obtain a reduction in interest rates[57]. Overall, then, the reduction in expenditure made, at the cost of cutting the services provided by the town councils to the population, were largely insufficient to contain the feedback effect inherent in municipal indebtedness.

The contraction of the supply policy, together with rising municipal taxes on the main foodstuffs, limited council control over transactions as dealing outside the public market proliferated. This process was encouraged by the efforts of the privileged estates to increase the number of royal concessions to operate bakeries, ovens and slaughterhouses, and by popular feeling, as tax fraud spread in the face of imposts that ran counter to the

[57] E. Jarque and J.A. Salas, "La quiebra de la hacienda municipal de Barbastro a fines del siglo XVII", *Somontano*, 1 (1990), p. 105; J.A. Mateos, *Auge...*, pp. 192-193 and "La hacienda...", p. 209; J. Olivo, *op.cit*, pp. 234-235.

law and tradition[58]. Aside from efforts to rein in the worst abuses caused by private privilege and to retain some public control over the quality and price of basic foodstuffs, the councils gradually ceded the initiative in the markets under their supervision to private parties as their power to intervene waned. Thus, they increasingly allowed bakers and the owners of ovens to buy wheat in the market, either through commission agents who would purchase stocks in the district or directly from merchants and the mule drivers who organised the transport of the grain. In the last quarter of the seventeenth century the council of Saragossa permitted its inhabitants to sell wheat from their homes and granaries at somewhat less than the prevailing price in the public grain market. Meanwhile, the declining activity of the communal granaries increased the interest of councils (e.g. Fraga, Barbastro, Daroca and Albarracín) in regulating or taxing brokerage charged on private transactions in the market[59]. Though they did not repeal the monopoly, the councils also allowed wholesale trading in fresh and salt fish by merchants and townspeople, given the scarcity of public supplies, and they increased the quantity of meat the population could supply itself, particularly in cattle-raising areas[60].

Coinciding with the restructuring of agriculture brought on by the demographic and economic decline of the kingdom in the seventeenth century, the greater tolerance of private initiative also helped reshape the operation of the markets. As a result of increasing competition due to the decline in domestic demand for raw materials and rising demand abroad, especially in the neighbouring regions of Valencia and Catalonia, the agrarian specialisation already evident in the towns and villages in the sixteenth century intensified after the mid-seventeenth century as both strove to consolidate comparative advantages in trade[61]. Despite municipal protection of local production through preferential treatment

[58] Salas, *La población*...pp. 83-85 and "Las haciendas...", pp. 28, 39; J.A. Mateos, *Auge*..., pp. 320-323 and "Municipio y mercado en el Aragón moderno: el abasto de carne...", pp. 208-213.
[59] F. Otero, *op. cit.*, vol.I, pp. 35-36, J.A. Salas, *La población*..., pp. 97, 102-103 and J.A. Mateos, *Auge*..., p. 297; "Municipio y mercado en el Aragón moderno: el abasto de trigo...", p. 49 and "Municipio y mercado en Aragón...", pp. 72-75.
[60] As examples, see J.A. Mateos, *Auge*..., pp. 330-332 and "Economía..." (forthcoming).
[61] J.A. Mateos, "Control público, hacienda municipal...", pp. 559-562.

in the public market, this process was particularly visible in the case of easily-traded goods like wine and oil. The regional market thus gradually became more fluid and efficient, but it could not prevent the economic and social impacts of scarcity on the population in dearth years and the general deterioration of the public supply system.

The loss of public control affected the wheat market above all. The creation of communal granaries or wheat boards in the sixteenth century had allowed more regular control over these transactions, but the progressive rise in stocks increased the exposure of these institutions to changes in the price of grain. Though loans were arranged, the system reached its limit in the latter decades of the century, when sharp price fluctuations resulted in swingeing losses for the granaries. Sales fell in the first half of the seventeenth century, except in years of severe scarcity, and profits on the sale of wheat to the bakers rose, though these became ever smaller as they were increasingly permitted to buy wheat freely on their own behalf[62]. The fall in grain prices and less frequent dearth consolidated this reform in the second half of the century. This policy was completed by the sale of grain to the *vecinos* on credit and by loans of seed stock to farmers in years of scarcity, as well as forced distributions to the population to allow the renewal of granary stocks[63]. While the main purpose was clearly to preserve the social order, the granaries' moderate defence of the producer was reinforced as the councils encouraged the private foundation of agricultural credit institutions known as *Montes de Piedad*, which provided seeds for local farmers. Similar institutions were also created using municipal funds.

The outcome of this restructuring of the food-supply policy, more clearly evident in the case of wheat than in the markets for less tightly controlled products, was to create a more open agricultural market from the mid-seventeenth century onwards as municipal finances deteriorated further. Meanwhile, the kingdom's economy became increasingly oriented to the production and export of raw materials (wool, wheat, oil and meat)

[62] J.A. Mateos, "Control público, mercado...", pp. 27-32.
[63] *Ibid.*

to France, Valencia and Catalonia[64]. Both the bankruptcy of Aragonese mercantile capital at the end of the sixteenth century and the beginning of the seventeenth century[65], and the decline in local industrial and craft output in the second half of the seventeenth century fostered the domination of French merchants and manufactures at this time[66], consolidating specialisation in raw materials. As the Aragonese market gradually integrated with the economy of north-eastern Spain, regional and inter-regional trade became ever more fluid and complementary in a process that lasted well into the eighteenth century. This slow process was favoured by measures taken at the level of the state, such as the removal of internal customs in the Crowns of Castile and Aragon in 1717 following the War of the Spanish Succession[67], not to mention the elimination of duties (1749-57) and market price setting by the public authorities (1765), which both affected grain transactions[68]. Constrained by the limitations inherent in pre-industrial economies, these commercial transformations were finally consolidated just after the crisis of the *ancien régime* and the arrival of the liberal revolutions in the nineteenth century.

Finally, municipal decline reduced the pressure of royal taxes in the second half of the seventeenth century, especially after the ravages of the bubonic plague in Aragon between 1648 and 1654[69] With the exception of Saragossa, which continued to grant frequent loans and donations to the Crown, the requests for contributions made to the councils in successive wars between Spain and France (1635-59, 1667-68, 1674-78, 1683-84 and 1689-97) and the failed attempt to recover Portugal for the Spanish Empire (1660-68) met with a frosty response[70]. The Aragonese Parliament of 1677-78 accepted this situation when it voted an annual subsidy of 56,412 *libras* with a term of twenty years. This was cut by 40% by the Parliament of 1684-

[64] For a discussion of this issue, see J. Torras "La economía aragonesa en la transición al capitalismo. Un ensayo", in *Tres estudios de Historia económica de Aragón*, (Zaragoza 1982), pp. 9-32.
[65] For this issue, see J.I. Gómez Zorraquino, *La burguesía mercantil...* and *Zaragoza...*
[66] G. Redondo, *Las corporaciones...* and "Las relaciones comerciales..." pp. 137-141.
[67] See note 56.
[68] For a detailed analysis of this legislation, see C. de Castro, *El pan de Madrid: el abasto de las ciudades españolas en el Antiguo Régimen*, (Madrid 1987), p. 116.
[69] J. Maiso, *op. cit.*, p. 177.
[70] P. Sanz, *Política...*, pp. 60-63, 176-186, 223-235, 277-298.

86, given the difficulty of collecting the sums required[71]. To obtain this money, the 1677-78 Parliament opted rather to raise the customs duties of the *Diputación* than to seek municipal contributions directly. The existing duties were doubled from 10% to 20% of the value of goods imported and exported, and a 5% tax was imposed on the price of textiles manufactured in the kingdom. This caused considerable harm to trade and industrial output, and the Parliament of 1684-86 decided to cancel the rise in duties and remove all the tolls created in the kingdom since the medieval period in order to facilitate trade. To make up for this, Parliament created new monopolies on tobacco and salt, not only to defray the service agreed but to compensate the royal treasury with an annual sum of 6,000 *libras* and to pay other indemnities to persons affected by the end of the tolls[72].

2.2. The Negotiation of Municipal Debt A kind of property-backed loan known as the *censo consignativo* was commonly used in the Kingdom of Aragon in the late middle ages and early modern period, as it was in the rest of the Iberian Peninsula, and indeed in Western Europe[73]. These loans were always made in cash and were guaranteed by liens on property. The term was indefinite and repayment of the principal was at the discretion of the borrower. A variant of this kind of loan, the *censal muerto* or simply *censal*, was used in Catalonia in the mid-thirteenth century and it spread to the other lands of the Crown of Aragon in the fourteenth century as an alternative to seeking credit from Jewish money lenders[74].

[71] E. Solano, *op. cit.*, pp. 33-34 and P. Sanz, *Política...*, pp. 329-341.

[72] P. Sanz, "Pugna política y poderes municipales. Las Universidades de las Cortes aragonesas de 1677-78", *Jerónimo Zurita*, 72 (1997), p. 234.

[73] A. García Sanz, "El censal", *Boletín de la Sociedad Castellonense de Cultura*, XXXVII (1961), pp. 281-310; B. Escandell, "La investigación de los contratos de préstamo hipotecario (censos). Aportación a la metodología de series documentales", in *Actas de las Primeras Jornadas de Metodología aplicada a las Ciencias históricas*, (Santiago 1975), pp. 751-762; B. Clavero, "Prohibición de la usura y constitución de rentas", *Moneda y Crédito*, 143 (1980), pp. 107-131.

[74] M. Turull, *La configuració jurídica del municipi baix-medieval. Règim municipal i fiscalitat a Cervera entre 1182 i 1430*, (Barcelona 1990), pp. 464, 484-485; J. Morelló, "El sistema fiscal dels municipis catalans: l exemple del Camp de Tarragona" in M. Sánchez and A. Furió, (eds.) *Colloqui Corona, municipis i fiscalitat a la Baixa Edat Mitjana*, (Lleida 1995), pp. 299-302; J. Sáiz Serrano "De la peita al censal. Finanzas municipales y clases dirigentes en Valencia en los siglos XIV y XV", in M. Sánchez y A. Furió, (eds.) *op. cit*, pp. 324-326.

These loans were known as permanent loans (*censal al quitar*), as no fixed term was established for cancellation of the principal, which facilitated the sale of the claim by the lender or its transfer as a legacy or dowry. As the supply of capital increased, in the fourteenth century permanent *censal* loans of this kind gained ground over another variant based on a lifetime term (the *censo violario*), which paid higher interest and involved a supplementary repayment charge. Better suited to the financial needs of both private parties and institutions, the *censal* loan spread rapidly to become the main credit formula used in the Crown of Aragon in the fifteenth, sixteenth and seventeenth centuries. The borrower's acceptance of the obligation to pay annual interest on the principal was known as the *sale* of the loan, or *cargamiento de censal*. Repayment of the principal to the lender or *censalista* resulted in the extinction or redemption of the loan (*luición*). Finally, the rents or annuities (*pensiones*) generated by the interest were paid on the stipulated maturities and might fall due one or more times per year.

In the case of significant changes in economic circumstances or money market conditions, public institutions and *censalistas* could negotiate amendments to the prevailing terms. This possibility is documented in the case of town councils in Aragon, Catalonia and Valencia in the late middle ages, either to restructure the municipal finances or to reduce the interest paid[75]. The reign of Ferdinand the Catholic (1479-1516) was a propitious period for arrangements of this kind in Aragon, as various royal boroughs sought to reduce the debt incurred as a result of war in Catalonia (1462-72) in order to facilitate the expansion of municipal power. The council of Daroca cancelled its *censal* loans between 1484 and 1508, and Fraga followed suit in 1506, making an agreement with its creditors that reduced the interest on the loans contracted after the Teruel Parliament (1427-28) to 5%, and the interest on those contracted before the Parliament to 2.5%. This measure cut the annuities payable by 40%.

[75] *Ibid.* and A. Berenguer, *op. cit.*, pp. 63-66. For Daroca, see Municipal Archive of Daroca, municipal minute books, 1484-1508. These books include the accounting of the *Procuraduría General*.

These arrangements became increasingly common in seigniorial boroughs in the second half of the sixteenth century as a result of the bankruptcy of the high-ranking nobility[76] and the attachment of their estates by creditors. Many towns and villages under lay lordship were affected, as the agreements made with the *censalistas* provided for new taxes by vassals in cash or in kind to settle the debts of the nobility. Similar arrangements were also made by ecclesiastical lordships that found themselves in difficulty, although they were less common. Thus, the financial distress of the abbey of Rueda accelerated the formalization of agreements with *censalistas* by the heavily indebted councils of Codo, Lagata and Escatrón in 1591 and 1592.

The agreements assessed each council's annual revenues. After the elimination of some superfluous expenses, the fixed costs necessary to maintain the local political and legal administration, defray alms-giving and the expenditure required for traditional festivals and ceremonies and ensure the upkeep of municipal and communal assets were estimated. A theoretical surplus was calculated in this way, and the annual allocation for interest payments on loans was established, giving priority to amounts in arrears. Arrangements of this kind allowed for the possibility of grace periods and partial cancellation in the payment of annuities, as well as of temporary cuts in the interest rate. By way of compensation for the *censalistas*, they also provided for new taxes payable in cash or in kind to repay debts or cancel loans, and the revenues from certain municipal assets would be earmarked for interest payments. The agreements were made for a specified period and could be reviewed in the event of non-performance, which usually increased the creditors' control over the management of public affairs in the municipality. The inability of the councils to redeem their debts gradually brought about the complete attachment of municipal assets by the *censalistas* in the late-seventeenth and early-eighteenth centuries.

[76] A. Abadía, *Señorío y crédito en Aragón en el siglo XVI*, (Zaragoza 1993), pp. 222-227 and *La enajenación...*, pp. 143-146.

The expulsion of the Aragonese *Moriscos*, Muslim people of Moorish origin who had already been forced to convert to Christianity in 1526, ordered in 1610 by Philip III made the difficult situation of the seigniorial boroughs even more acute, as these were the townships most severely affected by the decision. In 1610, the *Moriscos* accounted for 18.85% of the kingdom's population and numbered around 14,000 families living in some 127 towns and villages. The resulting demographic loss not only reduced the rents received by the lords, but also municipal revenues, which depended largely on monopolies and charges on basic foodstuffs. This precarious financial situation accelerated arrangements between these councils and their creditors. Obligations in respect of the municipal and seigniorial debt were also included, together with the rents payable for the cultivation of fields and other rights of the lord, in the charters agreed between the lay nobility and new colonists who settled in these towns and villages, becoming vassals[77]. In exchange for the right to receive a fixed cash charge from these new settlers, various lay lords found themselves obliged in these agreements to take on the *censal* loans arranged by the council before the expulsion of the *Moriscos*, in order to guarantee settlement in municipalities that had suffered depopulation and the receipt of the stipulated seigniorial rents.

Indeed, the magnitude of the problems resulting from the expulsion forced the intervention of the monarchy. Thus a special council, the *Junta de Concordias*, comprising members of the *Real Audiencia*, the supreme court of justice created in the late medieval period, was set up in 1612 to mediate through the agency of royal commissioners in disputes between creditors and nobles affected by the expulsion edicts. The powers of this council included the rents extracted from towns and villages under lay lordship[78]. The agreements reached provided for the partial assignment

[77] A. Atienza, G. Colás and F. Serrano, *El señorío de Aragón (1610-1640). Cartas de población*, (Zaragoza 1998) vol.I.

[78] A. Abadia *La enajenación...*, pp. 400, 406-411 and P. Savall and S. Penen, *Fueros, observancias y Actos de la Corte del reino de Aragón*, (Zaragoza 1866), vol.I, pp. 469-472. The reduction in the interest on *censal* loans charged against the estates of the nobility is discussed in J. I. Gómez Zorraquino, *La burguesía...*, pp. 203-210 and *Zaragoza...*, pp. 31-35.

of these rents to the *censalistas*, as the nobility were often the guarantors of loans issued to *Morisco* councils, as well as cuts in interest of up to 25, 33.33 or even 50% of the original rate. These arrangements, which were periodically revised, set the pattern for the management of noble estates for the rest of the early modern period. Dissatisfied with the results, the Parliament of 1626 not only ceased the activities of the *Junta de Concordias* and the royal commissioners, but set new conditions for the negotiation of debt repayments by lords and creditors in towns and villages that had previously been inhabited by *Moriscos*. In contrast to Catalonia, this decision appears to have reduced the influence of the *Real Audiencia* of Aragon as an institution representing royal power in negotiation processes affecting municipal debt in the kingdom while the authority of the Council of Aragon, an administrative and judicial institution that helped the monarchy to govern the Spanish realms of the Crown of Aragon from the Court, seems to have increased.

Faced with the enormous increase in royal taxes sought by Philip IV at the 1626 Parliament, various municipalities demanded that the amount be reduced in view of their indebtedness. To prove their case, some municipalities added that the remedy applied to maintain the activities of the council had been to reduce the interest paid to creditors – by 33.33% in the case of Bolea and by 50% in Loarre[79]. The Parliament of 1626 expressed its approval for this solution by setting the maximum interest applicable to municipal loans at 5%[80]. Intended to suppress the allegedly usurious interest rates that some councils had been forced to accept as a result of short-term crises, the moderate ceiling established reveals the continued unwillingness of the kingdom's elite to reduce radically the rents they obtained from the *censal* loans. Nevertheless, the evidence suggests that many of the smaller municipalities in financial straits applied more substantial interest rate cuts to their loans in the first half of the seventeenth century. When the council of Tamarite de Litera sought to

[79] G. Colás and J.A. Salas "Las Cortes…", pp. 109-110.
[80] P. Savall and S. Penen *op. cit*, vol.I, pp. 469-472. A similar process occurred in Castile and Valencia, beginning in the early seventeenth century.

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justify the need for an arrangement with creditors resident in Saragossa in 1638, its representatives cited various cases (Albelda, San Esteban, Binaced, Quinto and Monzón) where the refusal of the *censalistas* to lower the interest rate had led to an even more drastic cut in their annuities (to half or less than their original worth) when the municipal finances collapsed under the increasing weight of *censal* debt[81].

In this situation, many town and village councils took advantage of the frequent visits made by Philip IV to Aragon during the Catalan war (1640-52) to seek royal support for the formalisation of arrangements with creditors. Their petitions, which were addressed to the King or to the Council of Aragon, refer to the heavy services granted to the monarchy in the second quarter of the seventeenth century and, in some cases, to the ravages of the bubonic plague between 1648 and 1654. The agreements reached had varying terms and were generally in line with those outlined above. As a result of this political solution, agreements multiplied in the towns and villages of Aragon between the late 1630s and the early 1650s[82]. The Parliament of 1645-46 reacted to the spread of this process, belatedly ordering a reduction of the interest rate on existing *censal* loans encumbering the councils and the *Diputación* to 4.54%, although this was not enough to redress the financial balance of the municipalities or other Aragonese public institutions[83]. Indeed, the Parliament of 1677-78 resolved to lighten the burden of its own *censal* debt in order to help with the payment of royal services by cutting the interest rate payable to lenders from the 4.54% set in 1645-46 to 4.16% without any requirement to seek the consent of the creditors[84].

The process of negotiation of municipal debt eventually reached the main towns and cities, which had been little affected by the expulsion of the *Moriscos* and enjoyed greater economic resources than smaller

[81] See Municipal Archive of Zaragoza, municipal minute books, 1638, folio 299r.
[82] J. I. Gómez Zorraquino *Zaragoza...*, pp. 33-35; P. Sanz, *Política...*, pp. 86, 132-133; G. Colás, *op. cit.*, pp. 139-141.
[83] P. Savall and S. Penen *op. cit*, vol.I, p. 490
[84] P. Sanz, "Pugna...", pp. 229, 231.

municipalities, in the second half of the seventeenth century[85]. In principle, the councils negotiated cuts in interest rates from the original 5% or 4.54% to allow them to meet their annual payments in exchange for partial supervision of their conduct of affairs by the representatives of the *censalistas*. Borja succeeded in reducing the interest paid to 4% in this way in 1650, Barbastro to 3.75% in 1657, Calatayud to 3.03% in 1666, Saragossa to 4.54% in 1668, Daroca to 3.12% in 1670-72 and Albarracín to 3.84% in 1673. However, their financial weakness made new agreements necessary at the end of the century, which generally set the interest paid to creditors at around 3% and provided for the complete attachment of municipal assets by the *censalistas*. Daroca signed in 1673, Calatayud in 1683, Saragossa in 1686, and Barbastro and Borja in 1691. Even so, some Aragonese towns managed to delay such arrangements until the end of the War of Succession. These included Alcañíz, which signed in 1717, Tarazona in 1720, Huesca in 1724 and Fraga in 1728.

As a final solution, these arrangements conferred the management of the municipal finances upon administrators known as *conservadores*, who were appointed by the *censalistas*. The creditors in turn gave assurances to the councils that they would maintain the local political and legal administration, and the municipal and communal assets[86]. These administrators sought to moderate municipal expenditures as far as possible in order to cancel the loans and pay off the interest. However, the relentless rise in the debt generated by the loans meant that this austerity regime could not redress the financial situation of the municipalities, which remained distressed and weak in the first half of the eighteenth century. Furthermore, the efforts of the administrators gave rise to constant disputes between the councils and the creditors, because of the restrictions they

[85] G. Redondo, "El siglo..."; E. Jarque and J.A. Salas, "La quiebra..."; P. Rújula and H. Lafoz *op. cit.*, pp. 185-189; P. Sanz, *Política...*, p. 131; J.A. Mateos, *Auge...*, pp. 203-204 and, "La hacienda...", pp. 206-212; A. Berenguer *op. cit.*, pp. 134-145 and J. Olivo, *op. cit.*, pp. 221, 231-232. The agreements of Alcañiz, Tarazona and Huesca, in the Provincial Historical Archive of Zaragoza, Real Acuerdo, file *Concordias*, 1736, and district of Tarazona, 1733-34, file 4 and district of Huesca, 1745, file 13.

[86] See the preceding note.

placed on municipal control. In the following century, the main holder of municipal debt in the seventeenth century, the clergy, came to exercise a dominant position in the boards of creditors. The Church was financially and socially powerful, and its influence over the conduct of municipal affairs not only constrained the actions of the local public authorities but affected the economic policy of the Bourbon state itself, for example when it tried to reform the tax system and liberalise the grain market.

In this situation, the constant litigation between the municipalities and the *censalistas* over the management of municipal assets, collective rights over common land and control of the market eventually led the monarchy to intervene in the eighteenth century. After the penury of the War of the Spanish Succession (1705-15), many of the Aragonese councils petitioned the King to sign or amend their arrangements with creditors between 1716 and 1740[87]. The *Royal Audiencia* of Aragon was reformed by the new Bourbon dynasty in 1707 and 1711 to bring it into line with the system of supreme courts used in Castile. During the reigns of Philip V (1700-46) and Ferdinand VI (1746-59), meanwhile, the *Audiencia* brought these and other economic disputes before the Council of Castile, which absorbed all the powers of its Aragonese counterpart, abolished by royal order in 1714. In view of the decline of the local authorities, a decree of Philip V cancelled all agreements between the municipalities and their creditors in Aragon and instructed that new arrangements be made. Finally, in the reign of Charles III, the Royal Council of Castile took control over the management of municipal assets and taxes in Aragon via the office of the comptroller, the *Contaduría General*, which was created for that purpose.

3. Conclusions

In the first place, we may note the profound asymmetry in the administration of municipal finances in Aragon in the sixteenth and seventeenth centuries. In contrast to the buoyant economic and

[87] Provincial Historical Archive of Zaragoza, Real Acuerdo, file *Concordias*. For a discussion of the measures taken by the Bourbon monarchy in this area, see A. Berenguer, *op.cit.*, pp. 139-145.

demographic growth of the kingdom in the sixteenth century, municipal revenues stagnated and soon became insufficient to cover the councils' increasing expenditures in the second half of the century, resulting in a permanent deficit. Revenues consisted basically of taxes on basic foodstuffs (*sisas*, monopolies and other charges), and the possibility of increases was constrained not only by the common law, but also by the municipalities' desire to support local consumption in order to boost agricultural output, strengthen the public market, hold down wages and encourage savings and investment in order to foster economic expansion. As the debt swelled, the local elite restructured the conduct of municipal affairs in the seventeenth century in line with their own interests, which were increasingly linked to the export of raw materials, and were to the detriment of the common people. This may be observed in the rejection of any new taxes on the part of the privileged estates, as well as the elite's interest in applying indirect taxes and acquiring municipal and communal assets. The rising pressure of municipal taxes on food, particularly in the main towns, not only depressed demand, but also drove up wages and production costs, as well as reducing savings and investment. This harmed economic activity in general, and particularly production, trade and services in towns and cities. Meanwhile, the sale of land and the end of the councils' policy of supporting local demand encouraged the spread of coercive practices to extract surpluses from the peasantry and an increase in the properties held by the wealthier segments of society, intensifying economic and social inequality for the rest of the early modern period. Despite the social costs it entailed, the increase in revenues was limited by the pressure of royal taxation in the period 1628-52 and by the impoverishment of the population, proving insufficient to cover municipal deficits.

Despite their moderate resources, the councils gradually increased their expenditure in line with the expansion of their responsibilities in the sixteenth century. Major projects were undertaken in the area of supply infrastructure, irrigation and drinking-water supply to foster economic expansion and in the public interest, not to mention the costs incurred in litigation, festivals and ceremonies, and religious and civil building as a physical and symbolic expression of the councils' power. Given the stagnation of revenues and growing expenditure in the second half of the

sixteenth century, the councils, confident in the future, turned to the buoyant credit market to finance this ambitious public policy. This decision, of course, benefited the local rentier elite, but it also led to a permanent recourse to borrowing that gradually eroded the municipal finances. Despite efforts to contain spending on the food supply, charity initiatives and education to the detriment of the population in the seventeenth century, the reduction was not enough. Expenditure continued to increase faster than revenues, largely because of the formidable increase in municipal debt generated by the loans already arranged. The end result was the bankruptcy of the Aragonese municipalities, eventually affecting the main royal boroughs at the end of the seventeenth century and the beginning of the eighteenth. Among other consequences, the bankruptcy of the municipalities forced the monarchy itself to moderate and reassess its tax policy in the kingdom in the second half of the seventeenth century. It also resulted in efficiency gains in the Aragonese market, which gradually integrated at the regional and state level in the seventeenth and eighteenth centuries as public control over transactions was relaxed.

Finally, the indebtedness resulting from their conduct of affairs led many Aragonese municipalities to negotiate payment of their obligations with creditors, beginning in the late sixteenth century. The bankruptcy of the leading noble houses made this situation all the more acute, and the crisis caused in the councils under lay lordship by the expulsion of the *Moriscos* in 1610 eventually forced the monarchy and the Aragonese Parliament to mediate in the problem posed by the municipal deficit on more than one occasion over the course of the seventeenth century. The political solution of formalising arrangements with creditors spread widely until it affected all the main towns and cities in the second half of the century. Meanwhile, a succession of amendments to these agreements eventually reduced the interest rates applied to municipal debt, but at the same time consecrated progressive control by the *censalistas* over municipal and communal assets. The social condition of these creditors was also affected by this process, as the local elite of wealthy townsmen and petty nobles transferred their loans to the clergy by sale or bequest. Meanwhile, the Church was more willing to accept the interest-rate cuts established in the arrangements with creditors, and gradually came to exercise a dominant position on the boards of

creditors, which wielded significant influence over the municipal administration. As a consequence, the eventual bankruptcy of the councils not only reduced their local political and economic control but enhanced the power of the ecclesiastical estate to the detriment of other public institutions for the rest of the early modern period. Finally, the austerity regime imposed by the creditors failed to recover the municipalities' finances quickly, and at the same time it gave rise to frequent litigation with the local oligarchies over the management of municipal assets, the collective use of common lands and the organisation of the local market, resulting in further intervention by the Bourbon monarchy in the eighteenth century.

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