MINISTRY OF EDUCATION AND TRAINING
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THE PROCESS OF COMMERCIAL ACTIVITY OF SPAIN IN THE LATIN AMERICAN COLONIES (16th – EARLY 19th CENTURY)

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INTRODUCTION

1. Reasons for selecting topics

The history of Western Europe from late Middle Ages witnessed many great changes whose influence went beyond the border of Europe, spreading over the whole world for a long time. During XV - XVI centuries, with the process of primitive capital accumulation, financial demands, materials and markets became more and more urgent. To meet that demand, European countries had conducted many expeditions across the ocean with the aim to find the sea route to the East, to new lands. From trading, exchanges, missionaries, western people switched to invasion policy, turning discovered lands into their colonies.

In this period of Western Europe history, Spain had left many important marks. As a feudal country of medium development, but with favorable conditions, Spain, together with Portugal became the pioneers in geographical discoveries and colonial plunder, becoming the first colonial empires. The invasion process of the Spanish colonists in America started shortly after Columbus discovered the sea route to this new continent. During the first half of the sixteenth century, Spain was one of the most powerful countries in Europe at the time. Colonial system of the Spanish empire spread across Central America, South America, a large part of southern United States, the Iberian Peninsula (including Portugal), southern Italy, Sicily, some of which belongs to modern day Germany, Belgium, Luxemburg, Netherlands, the colony in the Philippine Islands and Marian Islands. Spain was the first empire known as *the land whereon the sun never sets*. Historians called this period the "*exploration era*" with the European countries hunting colonies, opening the trade centers. Along with the metal sources, herbs, luxury items brought back from the colonies, the Spanish explorer and Europe had brought home a lot of knowledge, changing the way Europeans perspective of the world.

The sixteenth century was the golden era of Spain in terms of economic, politic and military, dominating western Europe. The economy growth of Spain in the first half of the sixteenth century - was seen as a prominent phenomenon of world history. However, the mighty economic and political growth of the Spanish in the sixteenth century was but a brief period in the history of Western Europe. In the final years of the sixteenth century, Spain began to show signs of financial exhaustion. Two centuries later, Spain mired in costly wars to maintain the integrity of the vast territory, defending the Catholic faith. These wars had eroded manpower and material resources of the Spanish empire. Gradually, Spain could not maintain even the “empire shell" on the outside, losing territory and trade monopoly into the hands of other empires. Both the development and the rapid weakening of Spain were historical issues that had caused much excitement for researchers.

While economic development in the country was somewhat bland, the economy picture in the Spanish colonies, especially the American colonies was much more vivid and fascinating. In the economy picture of Spain in the sixteenth and seventeen centuries, commerce was the most prominent field. Together with Portugal, Spain had become a "*business empire*" in the first half of the sixteenth century. The feudal government in Spain also pursued mercantilism, but in fact had no effective mercantilist policies. Mercantilism was the first economic theory of bourgeoisie, explaining the theories of primitive cultivation of capitalism. But in each country, mercantilism was applied in a different way, leading to different economic policies. Therefore, when studying the commercial activity of Spain in its Latin America colonies, we have the factual standing grounds to back up the theories, empowering the theories. The difference of mercantilism in Spain was one of the reasons to the rapid collapse of the Spanish economy empire. Also, research on this issue would provide us with specific and typical measures of the primitive cultivation of capitalism.

The commercial activities of Spain in the Latin American colonies tied in with the transition in power between the Habsburgs and Bourbons clans. In certain historical periods, the Spanish emperor used different trade policies: the kings from Hapsburg's clan persist with protective measures on commercial monopoly, while the kings from Bourbons clan promoted free trade. What had led to the change in trade policy in Spain colonies and how did this change affect commercial development? What economical consequences had commercial activities of Spain in its main colonies Latin American led to in both the country and its colonies? That is the main issues to be addressed in the thesis.

As such, when studying the commercial activity of Spain in the Latin America colony, we would achieve a better understanding of the characteristics of Spanish colonialism. At the same time, the topic also explained the more notable issues of early modern age history.

The above problem has attracted the attention of many world history researchers. However, in Vietnam, the number of archived works on the history of Spain and Latin America is relatively low. Therefore, we have decided to choose the research topic of the thesis: ***"The process of commercial activities of Spain in the Latin American colonies (sixteen century - early nineteenth century)".***

2. Research purposes

The aim of the thesis is to study the commercial activities of Spain in the Latin American colonies during the sixteenth century - early nineteenth century period, regarding this as a *"case approach"* from which to understand more about Spanish mercantilism, and why with the same application of the theory, the fate of the Western European economic empires was so diverse. Basing on the source document,

from a historical perspective, the author aims to clarify some comments on the commercial activities of Spain in Latin America and their impacts on Spain's economy and society as well as its colonies. At the same time, the thesis concludes the impacts of these commercial activities on their global counterparts during the primitive cultivation of capitalism.

3. Research subjects and tasks

3.1. Research subjects

The thesis focuses on the study of the commercial activities of Spain in the Latin America colonies.

3.2. Research Tasks

To achieve this purpose, the thesis focuses on the following key tasks:

- Analyzing the premise and historical context of the commercial activities of Spain in the Latin America colonies

- Studying the commercial activities of Spain in Latin America during two phrases: monopoly trade phrase (1516 - 1765) and free trade phrase (1765 – early of nineteenth century)

- Summarizing the commercial activities of Spain in Latin America and its impacts on the country, its colonies, and the world trade in general.

4. Research scope

Dimensionally, the thesis focuses on the commercial activities of Spain in the Latin America colonies. Latin America was defined by the territory spanning from Mexico (Central America) to the tip of Patagonia in South America. It was directly affected, mainly by colonial Spain and Portugal - two Latin speaking countries. As such, historians called it the Latin American region to distinguish it from the North American region. Additionally, the thesis also extends the research scope on the country - i.e. Spain, and at the same time compares it to its colonies such as Philippines and some other countries such as Portugal, England, and France on the relevant aspects.

Chronically, the thesis research focuses on the period from the sixteenth century, when the Habsburgs dynasty was established, to the early nineteenth century, when the Bourbons dynasty ended (1833). In fact, until the end of the eighteenth century, Spain almost lost the role in the colony. Therefore, the thesis focused on commercial activity of Spain in the Latin American colonies over 3 centuries XVI, XVII and XVIII. However, the thesis will also be linked to the history of Spanish and Latin American history before and after the sixteenth century to the eighteenth century with the recognition and comparison.

Contextually, the thesis focuses on the study of the development process as well as the slowdown of commercial activities in Latin America from Spain in terms of history. So do not go deep into the thesis studies the economics aspects of the trade.

In each stage of development of commercial activities, the thesis just considers some salient aspects such as trade size, how to organize trade. From this perspective, the thesis outlines the development or deterioration of the commercial activities of Spain in the Latin America colonies.

5. Data sources and methodology

5.1. Resources

To carry out the purpose and duties of the subject, the thesis focused on exploiting and using the resources mainly of the following:

** Original Documentary:*

- The letter and report sent Spanish king of the colonial officer in colonial rule; recordings presence of some priests, monks, merchants in Latin America during this period. This is the original document is printed in the works, such as:

+ Don George Juan, Don Antonio de Ulloa, was translated from Spanish to English (1758), *"A voyage to South-America: describing at large the Spanish Cities, Towns, Provinces, & c. hothouse extensive continent. Interspersed throughout with reflections on the Genius, Customs, Manners, and Trade of the inhabitant, together with the natural history of the Country, and an Account of Their Gold and Silver Mines, undertaken by Command of His Majesty the King of Spain "(*A Travels to South America: describing the city, town, province of Spain ... in continental expansion. Through the scattered reflection characteristics, customs and ways of population and trade, along with the natural history of the country, and a report of the gold and silver mines, is done at the behest of the King of Spain), (2 volumes), Volume 1, London. This book sets the record for the trip to Cartage, Portobello, Panama, Guayaquil, Caracole, Quito and trade in these lands.

+ George Folsom (translated), (1843), *"The dispatches of Hernando Cortes, the conqueror of Mexico, addressed to the Emperor Charles V",* written during the invasion, including the narration of the events of the invasion process. This book was translated into English from Spanish. The book gathers many of Cortes letter sent to Emperor Charles V Spain, described the land he has set foot in the process of invading Mexico.

+ "*The Spanish empire in America"* (1747) (Spanish Empire in the Americas), a collection of writings of a British merchant, including the trade statistics for the past Spain flights Galleon, flota, smuggling with the British, the Netherlands, France, Denmark and Portugal.

+ Thomas Townsend, (translated), (1753*), "The history of the Conquest of Mexico by the Spaniards",* translated from the original Spanish by Don Antonio De Solis, Secretary and chroniclers of the Catholic dynasty, volume II. In this book there are very meticulous notes about the conflicts of Cortes with Montezuma - Aztec emperor of Mexico and the invasion of Cortes.

+ J. Baily, Lieutenant RM (Translation), (1823), *"A statistical and Commercial history of the Kingdom of Guatemala, in Spanish America: containing Important particulars relative to its productions, manufactures, Customs, & c. & C. & C. An Account of its with by the Spaniards Conquest, and A Narrative of the Principal events down to the Present Time: from original records in the archives; actual observation; and other authentic sources"* written by Don Domingo Jaurros, a native of New Guatemala.

+ "*Letters and People of the Spanish Indies sixteenth century"*, translated and edited by James Lockhart and Enrique Otte, Cambridge University Press, London, 1976. This book is a collection of letters from the Spaniards sent from Latin America to Spain in the sixteenth century. Which refers to the problem: Invasion Peru, Mexico - successes and failures; The economy in the colony (The system settings Encomienda, mining, trade along the Atlantic coast) ... These are valuable materials serving research contents of the thesis.

- *Free Trade Agreement* was enacted under King Charles III (1759 - 1788), compiled by B. Torres Ramire and J. Ortiz de la Tabla, the Spanish (1979): *"Reglamento libre para el Comercio 1778"(*Seville: Escuela de Estudios Hispanioamericanos)

- Additionally, there are some Treaties signed between Spain and other European countries such as Britain, France, which has a number of provisions relating to commercial activities of these countries: the Treaty Utrecht in 1713, the Treaty of Madrid in 1750, the Treaty of Paris in 1763, ...

* *Reference:* The study has been published by scholars at home and abroad related to the problem of the thesis, including monographs, articles in professional journals, thesis's…

5.2. Research Methods

The method is mainly used in the implementation process is the subject of historical research methods and methods of logic. In particular, the documentary approach; Data classification; processing, material critique; Data mining the origin ... is author used the priority thesis.

The thesis also uses other research methods, such as analysis, synthesis, statistics, compare, build schema, chart ... to solve the tasks of research that topic posed.

6. Contribution of the Thesis

As studies had first system from the perspective of Vietnam on the commercial activity of Spain in the Latin American colonies from the sixteenth century to the early nineteenth century, contributed thesis as follows:

- Reconstruction and analyze the fundamental issues of the commercial activities of the Spanish empire in Latin American colonies in the sixteenth century, the seventeenth, eighteenth and early nineteenth century.

- Assess the role of Latin American colonial empire for Spain and the Philippines vary with colony under consideration of mercantilist doctrine. This clarifies the roles and interaction between colonial colonialism through commercial activities

- Additional material for researching and teaching about the history of Spanish, Latin American history and the history of early modern Western Europe.

7. The structure of the thesis

Additionally the introduction, conclusion and list of references and appendices, the thesis consists of 4 chapters:

Chapter 1: Overview of the study

Chapter 2: The historical background for the establishment of commercial activity of Spain in Latin America

Chapter 3: The process of developing commercial activity of Spain in the Latin American colonies (XVI century - early nineteenth century)

Chapter 4: Some comments on the commercial activity of Spain in the Latin American colonies (XVI century - early nineteenth century)

CHAPTER 1: OVERVIEW OF THE STUDY

1.1. The study of foreign scholars

On the conquest and colonial exploration, special mention commercial activity of Spain to the American colonies, there are many research projects as:

"The Economical aspects of Spanish Imperialism in America, 1492 - 1810" (1997) written by John. R. Fisher. In this book, the author has analyzed the economic aspects of the expanding empire Spain from 1492 to 1550, particularly focusing on the author to reproduce the commercial network in Spain under Local Habsburgs and the Bourbons under. This book provides a lot of valuable material to complete the thesis.

Book *"Historia economica y social de Mexico (1521 - 1854)"* (History of the society and economy of Mexico) written by Agustín Cue Cánovas (1963) had devoted Chapter VII to talk about trade in New Spain (New Spain) , which is quite profound analysis of trade reforms of Charles III XVIII century.

The piece *"Spain in America 1450 - 1580"* (Spain in the Americas from 1450 to 1580), Edward Gaylord Bourne published by Harper & Brothers in 1904, reprinted by Barnes & Noble, Inc., 1962, mentioned commercial and industrial background in colonial (1495-1821). This is a book written meticulously with a lot of valuable data. Especially in Chapter XX "The transmission of European culture (1493 - 1821)" the author has analyzed the positive influence of European culture on Native American culture since colonial Spain to invade and dominate.

The book *"The Rise of the Spanish Empire in the Old World and in the New"* (The prosperity of the Spanish Empire in the Old World and the New World) with 4

volumes I, II, III, IV, manufacturing the New York, 1962 was a very detailed introduction of political developments in Spain in the period was a powerful empire in Europe and the New World.

Work *"economic history of the country (outside the USSR) - the feudal era"* of F. Ia. Polianxki spent many pages in-depth analysis of the economic consequences of the geographical discoveries, including the advent of the colonial empire. In particular, the author has devoted chapter IX to go deep understanding "of economic history in Spain in the sixteenth century - XVII". In this chapter, while analyzing the causes of the development of the Spanish economy in the sixteenth century - XVII, the author emphasizes the colonial expansion in America's colonial Spain. Also, the author has identified and analyzed the colony forms of exploitation of colonial Spain. We can say, this is the book provides a lot of data, valuable material for the writer when solving the problems in his thesis.

Author of *"The Cambridge Economic History of Latin America"* (Latin American Economic History), vol I: Colonial period and the beginning of the nineteenth century (2008), compiled by the authors, Victor Bulmer - Thomas, John H. Coatsworth, Roberto Cortés Conde. In this book, the author has analyzed deeply the economic base of Europe and America before the discovery of the geography and colonial aggression; economic structures of Latin American colonial period. This reference is very valuable for providing more specific data on the economic development of Latin American colonies of Spain.

"The Cambridge history of Latin America" (History of Latin America), including 2 sets of Leslie Bethell (2008) Essential American painting before the invasion of European colonization, the invasion of the Spanish and settled in America, relations between Spain and the Americas in the sixteenth and seventeenth centuries. Especially in the first book, the author has devoted chapter 10 and 11 to talk about the Atlantic trade from 1492 to 1720 (MJ Macleod: Spain and America: the Atlantic trade, 1492-1720) and the colonial expansion of trade under the Bourbons (DA Brading: Bourbon Spain and its American Empire). In Book 2, the author focuses on analyzing the economic impact of social and colonial exploitation of the colonial Spain and Portugal

"Influence of sea power against history, 1660 - 1783" Alfred Thayer Mahan's (Pham Nguyen Truong translation), 1st edition, Knowledge Publishing House, 2012 has taken the interesting interpretation and presentation s organic relationship between naval power with the rise and demise of the trading powers in the world, including Spain. These commentaries had suggested to the author's thesis some point when explaining the rapid decline of the Spanish economy, compared with other powers such as the Netherlands and Britain.

The book *"The Golden Age of Spain, 1516 - 1659"* by Antonio Dominguez Ortiz (1971) writes in great detail about the flourishing period of the Spanish economy started Hapsburgs reign. Antonio Dominguez Ortiz is one of the greatest historians of Spain. The term "The Golden Age" which he himself was very much yet historians agree and use for periods of splendor, the pinnacle of the Spanish empire. He is also author of the book "Spain - three thousand years of history" has been translated into Vietnamese, World Publishers, 2009. In this work, he was briefed about the country's history Spain from a source to date. In it, the authors analyzed quite deeply political context Spain in the seventeenth century (Chapter VI) and history of Spanish America (Chapter VII). The author takes a lot of judgment in nature suggest very interesting to read about the history of Spain.

Gone *"Spanish Imperial Politics and Trade"* by G.J. Walker (1979), London: Macmillan gave the thesis author of systematic understanding of the relationship between the development of the Spanish trade with its politics. The author of this book was considered political factor is the most fundamental reason to explain the rise and decline very quickly by maritime trade empire Spain a glorious

In addition to writing the book focuses on trade issues of Spain in the Latin America colonies as above, there are a lot of meticulous research book on the history of Spain, which has mentioned many levels different to the colonial period and the policy of colonization. In these works, the trade between Spain and Latin America not to be split into separate object of study, but only placed in the overall economy and colonial Spain. These include works such as:

Book *"A history of Spain from the beginnings to the present day"* (History of Spain from the beginning until today), Rafael Altamira, translated by Muna Lee, (5th edition), D. Van Nostrand Company , Inc., Princeton, New Jersey, 1962, outlined the history of Spain from the beginning to the modern era, which refers to the discovery of America, the purpose of the Spaniards in the Americas , the colonial government of Spain, the migration to the Americas and the cultural policy which Spain has applied for the continent.

Book *"Imperial Spain 1469 - 1716"* (Spanish Empire from 1469 to 1716) by J.H Elliott, published in Great Britain, Hazell Watson & Viney Ltd, 1963, has introduced the whole history of the Spanish Empire from 1469 (from the throne of two kingdoms Aragón and Castilla Christianity was incorporated by wedding between the king Ferdinando II of Aragón and Isabel I of Castilla queen) until 1716, when the war on birthright throne (1701-1714) ended with the costs that Spain has lost status Location is a major power in Europe. In this book, J.H Elliot spent a lot of pages to analyzing the political transformation of Spain in more than two centuries as a powerful empire, from which we will see interaction between these political change that for the economic development of Spain in Latin America colony.

The works *"Spain - A modern history"* (History of Modern Spain), Rhea Marsh Smith, (1965) and "A history of Spain" (History of Spain), Charles E. Chapman, Ph.D. (???) . The Free Press, New York, Collier - Macmillan Limited, London, 1966 Essential entire history of Spain according to chronicles, in which deep analysis of the situation of Spain under the reign of Charles I (1516 - 1556), Philip II (1556-1598), a century of decline (1598-1700), the economic situation, politics, society and culture of Spain in the eighteenth century.

About Latin American history, we also had access to more sophisticated work study as *"Latin America"* (Latin America), William Lytle Schurz, published in the US, in 1949; *"A history of Latin America from the Beginnings to the Present"* (Latin American history from the early days until now) of Hubert Herring, (second edition), 1967, New York; *"Readings printed Latin - 1492 to the present American civilization"* (Read the history of civilization Americas from 1492 to present), Houghton Mifflin Company, 1967, compiled by Benjamin Keen; *"Latin America history, culture, people"* (Latin America - history, culture, people) by Lawrence J. Pauline, Cambridge Book Company, Inc., 1968; *"Past and present America"* (America - past and present), Robert A. Divine, T.H. Breen, George M. Fredrickson, R. Hal Williams, and Randy Roberts, Scott, Foresman / Little, Brown, 1990; *"Modern Latin America"* (contemporary Latin America), Thomas E. Skidmore, Peter H. Smith, Oxford University Press, 1992; *"The Cambridge Encyclopedia of America and the Caribbean"* (Encyclopedia of the Americas and the Caribbean) of the authors: Simon Collier, Thomas E. Skidmore, ..., 1992; *"A history of Latin America, Volume I: Ancient America to 1910"* (History of Latin America, vol 1: Americas from ancient times until 1910), 5th edition, Benjamin Keen, Houghton Mifflin Company, Boston, Toronto, 1996; *"European background of American history: 1300 - 1600"* (the European context of American history: 1300-1600), Edward Potts Cheyney, Harper & Brothers, 1904.

Among these are a number of notable books, such as:

"A history of Latin America from the Beginnings to the Present" (Latin American history from the early days until now), published in 1967. The book consists of 11 chapters, of which Latin American history of pre-colonial period and the colonial period mentioned in the first 2 chapters. In Chapter I, Hubert Herring introduced: the entire history of Latin America from the beginning until 1958; the ancient civilization of the Indian natives as Maya, Aztecs, Incas; Iberia's history before the colonial period (especially in this section, the authors give the reader certain knowledge about Spain's policy toward America during the invasion).

In chapter 2: "The Iberian New World", the author analyzes the focus of Christopher Columbus explored and the invasion of the Caribbean, the invasion of Mexico, Chile, the exploitation of the Spaniards in basin Amazon river, the Rio de la

Plata. In chapter 12, Hubert Herring generalize the development of the Portuguese empire in Brazil from 1500 to 1800 and the competition with other colonial countries such as Britain, France and the Netherlands. The author also analyzes the influence of Spanish culture to American culture in Chapter 11 in the following aspects: education, music, art,... Although no in-depth analysis, but the city Innovations are introduced helped author to write with a more comprehensive view when assessing the consequences of the Spanish invasion of Latin America colonies.

Book *"A history of Latin America, Volume I: Ancient America to 1910"* (History of Latin America, vol 1: Americas from ancient times until 1910), Benjamin Keen mentions the development of the US economy Latin in the colonial period (Chapter 4), especially the development of agriculture, mining industry and trade of Spanish in Latin America colony.

In addition, the thesis also refer to the research related to the subject content published on specialized magazines like "*Imperial" Free Trade "and the Hispanic Economy, 1778 - 1796"* (Empire "itself free trade "and the economy of Spain, 1778 - 1796), John Fisher, Journal of Latin American Studies, No. 13/1981*; "The Economic Condition in the Sixteenth Century of Spain"* (the economic conditions of Spain in the sixteenth century) - Bernard Moses, Journal of Political Economy, No. 4/1893 ...; *"The Link That kept the Philippines Spanish: Mexican Merchant Interest in the Manila Trade, 1571 - 1815"* (The link is located in the Philippines hold of Spain: The Benefits of commercial trade in Manila Mexico, 1571-1815) , Journal of World History, (1988) by Katherine Bjork; Flynn and Giraldez (1995), *"Born with a" Silver Spoon ": The Origin of the World Trade Print 1571",* Journal of World History 6; *"Commercial Relations Between Spain and Spanish America in the Era of Free Trade, 1778 - 1796",* (Trade relations between Spain and its American colonies during the Free Trade, from 1778 to 1796), all by John R. Fisher (1985), Liverpool: Institute of Latin American Studies ...

1.2. The research work of scholars in the country

While issues of Spanish history, Latin American history was foreign scholars study meticulously, then in our country, it was a space with very little work. No one does his own research works on the history of Spain, on the history of Latin America, even without specialized work that refers to the development of Spain's trade in Latin America during colony. We only had access to some brief work like *"History Americas and Oceania - Simplified weak"* (Do Duc Thinh and Kieu Manh Pg eds), (2009) overview American history (divided by region North America, Central America, South America from time to time in each region), Oceania history. In it, the authors had presented a brief history of pre-Columbian South American stage and during the colonial period. Or work *"Learn the empire and some ancient kingdoms of the world",* Do Duc Thinh - Hoang Dinh Truc (ed), 2011, introduced the history of

the empire and some state shares contemporary world sorted by continents and time sequence, which has set aside a certain number of pages to introduce the Spanish empire in a best profile. Work *"Latin America indomitable struggle"* by Le Kim (1964) had presented an overview of the colonial yoke of Spain and Portugal in Latin America, while speaking to the "bowl TB epidemic "lasted over 200 years (from 1503 to 1720), then the "large estates" (latiphundia) replaced from 1720 onwards and life on the plantations and mines of thousands of slaves, work authors go deeper into the slave revolt of Indians, blacks, then the struggles of progressive white people against colonial rule Spain, Portugal.

Some studies by other Vietnamese had focused on analyzing the consequences of colonialism in general and Spain in particular people for the devastation of the indigenous civilization resident Indians on American continent. However, the positive impact of the colonial policies of Spain for himself Spanish economy and the economy of the colonies in the Middle - South America and create exchanges, contact between the civilizations of the continent is no more of works mentioned. In *"The discovery of the culture of the Indians on the American continent"* the author Pham Hong Viet, Nguyen Thi Hue has devoted several pages to evaluate the effects of culture on Native American European culture emigrated to the new continent.

The *textbook "History of medieval world (Book II, Volume 1)"* by Luong Ninh - Dang Duc An, textbook *"World History Middle Ages"* by Nguyen Gia Phu authors, Nguyen Van Anh, Do Dinh The company, Tran Van La while analyzing the consequences of the geographic discoveries centuries XV - XVI offers a brief introduction about the establishment of colonial empires and policy Spanish colonial exploitation of Western America Spain, but not in-depth analysis of each specific policies as well as the consequences of these policies for the colonies.

There had been several studies on the colonial policy of Spain in Latin America, such as: *"The process of colonial conquest of Spain in the American States,"* the authors Luong Thi Thoa, Journal World USA Today, No. 10/2003; *"Colonial policy of Spain against resident Indians on the American continent and its consequences (centuries XV - XVI),"* Luong Thi Thoa, Journal of Historical Studies, No. 6/2003; *"Some of the positive effects of colonial Spain in Central and South America" (*Luong Thi Thoa - Pham Thi Thanh Huyen), Journal of Historical Studies, No. 4 (396) / 2009. The few indications of the local paper showed a gap in research on the history of a very young continent - it is America, the history of an empire has been the European hegemony, world hegemony - that is, the colonial empire of Spain.

1.3. These problems had been studied and the problems posed to the thesis

In summary, through these works point to new research approach, the first step may draw the following remarks:

Firstly, in Vietnam, the problem *"The commercial activity of Spain in the Latin American colonies (XVI century – early nineteenth century"* has not been mentioned in any research-intensive publication.

Second, overseas, the problem of the thesis has been mentioned a lot in the private study of the history of Spain, on the history of Latin America, in some research monographs on history economic Spain and Latin America during the colonial period. The structures mentioned the following aspects:

- The basis for Spain to conduct geographical discovery and colonial exploitation
- The political changes affecting the dominance of Spain in Latin America colony
- Activities trade, exchange between Spain and Latin American colonies
- The impact of the mining colony of Spain in general to economic changes - social - cultural in both colonial and metropolitan.

However, we can say, no specific projects yet a comprehensive study, the system of commercial activity of Spain in Latin America during the colonial period. The problem has not been studied in-depth system and is:

- The changes in trade policy of Habsburgs and Bourbons dynasty.
- The development vicissitudes of commercial activity of Spain in Latin America from the sixteenth century to the early nineteenth century and its causes
- Characteristics of the commercial activities of Spain in the Latin America colonies and the impact of this process to the economic and social situation of the country and the colonies.

The above works is very important to suggest topics, and is the valuable material in the process of implementation of the subject. From these studies, the thesis wants to reproduce a comprehensive picture of the development of trade in Latin American Spanish in colonial times (sixteenth century– early nineteenth century), which will draw a Some commented on the process of this development and its implications for Latin American colonies and for myself Spanish empire.

CHAPTER 2: THE HISTORICAL BACKGROUND FOR THE ESTABLISHMENT OF THE COMMERCIAL ACTIVITIES SPAIN IN LATIN AMERICA

2.1. International Context

2.1.1. Geographic discoveries and the establishment of the colonial system of West European colonialism

Geographic discoveries were events of great historical significance for Europe and the world. Many profound changes in economy, politics, society in Europe as well as in other continents since the sixteenth century took place under the direct influence or indirectly by the major initiative of this geographic .

Portugal and Spain are the two countries pioneer in the discovery of new lands, new markets; and also Portugal and Spain are the two countries opening for the conquest of new lands, dominate the market for them. Portugal dominated the coast in some areas of Africa, set up some injured prostitute in Malacca, Maccao, India ... and occupy the whole of Brazil; Spain also accounted for most of the countries in Central and South America, the Philippines archipelago.

After Portugal and Spain, a series of other countries such as England, France, Holland ... also conduct expansion process to search for their own markets. John Cabot (1450 - 1499), Italian explorer working for the British monarch Henry VII, that brought the first English colony in North America (Newfoundland in Canada in 1497), Walter Ralegh occupied lands in North American, named Virginia to give British Virgin Queen Elisabeth, Henry Hudson also founded the British colony in Canada (Hudson Strait region). During this time, the British East India Company also promote trade and colonial India. But France's colonial activities take place later than the UK but also achieved a lot of achievements. In North America, the French captured the Quebec, Montreal (Canada), Martinique, Antilles Islands. In Africa, the French occupied the coastal regions of Africa and Madagascar.

2.1.2. The development of the international trade system and mercantilism

After three centuries acted as a center of industry and commerce, the largest maritime trade of feudal Europe, from the fourth decade of the sixteenth century, the Mediterranean has lost that position and cede *"address You glory "*for the Atlantic coast. Atlantic became the center of world maritime trade during the rising of Western European capitalism. With the discovery of the Americas has created a *"triangular trade"* Atlantic famous in medieval, that trade route connecting three continents Europe - Africa - America. Since then, the countries that are adjacent to these centers began to play an important role, the lead in international relations in Western Europe. It is the country Portugal, Spain, Holland, France, England.

Mercantilism is the economic thought first of the bourgeoisie, was born first in the UK, around the 1450, developed to the XVII century, then degenerated. It was born in the context of the feudal mode of production, disintegration and mode of capitalist production infancy.

The system of mercantilism included the following four basic points:

- First, the appreciation of the currency role
- Second, the notion of social career
- Third, explain the source of commercial profit.
- Fourth, mercantilism is to enhance the role of the state

The development stage, these delegates represent:

- Early (also called stage monetary doctrine - *"cash balance")* between XV - between XVI

Examples: Stanford (British), Xcanfuri (Italian)

- In the post (also known as the doctrine of the balance of trade): the end XVI - XVIII

Examples: Thomas Mun, traders British East India Company's directors, AntonsoSerra (XVII), Italian economist, Antoine Montchretien (1575-1621)

2.2. Spanish Background

2.2.1. The changes in political, economic - Hispanic society in the fifteenth century

2.2.1.1. Politic

In 1469, the two largest countries on the peninsula, Castile and Aragon Pirene was conducted based on the consolidated territory the marriage between King Ferdinand of Aragon and Queen Isabella Castille origin. This event marked a turning point in the history of the Iberian Peninsula, while creating the premise, the basis for the strong rise of the Spanish in the next century. Later, the Catholic monarch has consolidated his power by freeing the city's Muslim kingdom of Granada in 1492 and the Spanish tyranny was established over the entire territory and initially steadily strengthened. Spanish territory includes most united-states on the peninsula of Pirene, except Portugal. The unity on politics and religion continue furthering the desire gold and silver - the symbol of power and wealth during the commercial revolution.

2.2.1.2. Economy - Society

Economy: In the inevitable trend of development of the productive forces of feudal Western Europe, Spain's economy started from late Middle Ages there were also certain changes, changes which occurred significantly in the field of trade, especially the introduction of the commercial city along the Atlantic Ocean.

In social terms, the walks in the fifteenth century Spain are eager to find new lands, new markets, hoping for a better life. Therefore, these forces are actively engaged in the movement geographic discoveries and colonial conquest by the Spanish government organizations.

Medieval Spain where soon acquire cultural achievements, advances in science and technology of the world. That helped the Spaniard to conduct geographic discoveries risky promises success for the conquest of their world from the fifteenth century.

2.2.2. The process of establishing the system of Spanish colonies in Latin America

2.2.2.1. The situation in Latin America before the invasion of Spain

Overall, up to the fifteenth century, the majority of American citizens still lived in regime clans, tribes. There are two more regional development, which is the Central Andes (South America) - the country where the Inca, Maya and the highlands of Mexico (the country of the Aztecs). Here appeared the first state form earlier than other areas in the Americas, and also where the formation of the ancient civilization of mankind. Economic activity is largely of Indian agriculture and industry, trade just

stop at the simple exchange of goods. Thus, the economic status is easily broken and drastic changes when there is penetration, domination and exploitation of colonial Spain.

2.2.2.2. The process of establishing the system of Spanish colonies in Latin America

The consolidated autocracy in Spain took place in the context of the commerce Spain in particular and Europe in general falls into severe crisis. Expanding territorial aspirations of the Iberia also reflects the common aspiration of people in Europe in the late Middle Ages. A further drive to promote Iberian searching the sea to the west Africans was religious.

The process of colonial aggression Spain in America can be divided into three phases:

The first stage (the end of the century XV century XVI): Simultaneously with the search for a new sea route to travel to various regions in the Americas, the Spanish colonial occupation of the West Indies archipelago.

The second stage (in the 20s of the XVI century): colonial Spain take Cuba as base to invade Mexico is key, then occupied other parts of Central America.

The third phase (years 30-40 of century XVI): in this phase, the Spanish invaded Peru is primarily, then continue to conquer a large area of land in South America.

By the mid-sixteenth century, the invasion to America's colonial Spain has basically completed. Except Brazilian Portuguese, the entire region of South America is located in the map of the colonial empires of Spain.

2.2.3. These trading activities beginning of the Spanish during the colonial aggression in Latin America

Simultaneously with the process of invasion is the trade exchange with simple forms and inequality. The nature of these exchanges is looting. The purpose of the Spanish invaders was plundered a lot of gold, silver, wealth and the aromas you, carry plenty of profits to the state. However, the looting could not last forever like that. Aboriginal increasingly not easily take the gold paid for the Spaniards, they were fighting against piracy action. Therefore, Spain has conducted trade exchange with the local population, but the nature of this trade was plundered and exploited because it is based on an exchange no parity.

Until the end of the first decade of the sixteenth century, trade between Spain and the Americas were serious imbalances. Exports from Spain to the Americas mainly consisted of basic commodities (wheat, oil, wine, tools, weapons, livestock, seeds and building materials). Those are the essentials to build early life for the settlers in the new land. Meanwhile, imports from the Americas to Spain are things of higher value, such as gold, silver and rare tropical agricultural products.

CHAPTER 3: THE STAGE DEVELOPMENT ACTIVITIES OF SPAINISH TRADE IN LATIN AMERICA (THE CENTURY XVI - EARLY NINETEENTH CENTURY)

3.1. Exclusive commercial phase (1516 - 1765)

3.1.1. The dominant factors proprietary trading activities of Spain in Latin America

3.1.1.1. The vicissitudes of Spanish economic and political in the sixteenth century - XVII

** Economic:*

The exploitation and trade in a vast colonial system and rich as America has stimulated the economy in developing countries. Sixteenth century, Spain became a powerful empire in Europe. The domestic economic sector, mainly industrial and commercial developments have significantly more than the previous period. Industry in developing countries led to the expansion of foreign trade. On the one hand, Spanish exports from the country to colonial and transporting goods and treasures from the Americas about. On the other hand, Spain also serves intermediate goods supply America for Europe with very high interest rates. The port city of Spain became the largest trading centers European stature: Seville, Cadiz, Malaga, Valencia, ...

However, in the late sixteenth century, Spain began to have signs of financial exhaustion. Under the reign of Philip II (1556 - 1598), Spain fell into recession.

** Politic*

At the beginning of the sixteenth century, the Catholic monarch Spain achieved many accomplishments in politics and religion. Spain has more than 50 year time period is an empire covering large areas in Europe and America, even its sphere of influence across the Pacific.

In contrast to the surprising growth of the Spanish in the sixteenth century, the seventeenth century witnessed the beginning of a recession. Europe in the seventeenth century, unlike in the previous century, was marked by the rapid recovery of France, the strong rise of the UK, the Netherlands. Meanwhile, Spain has failed to hold its position in the last century.

3.1.1.2. Spain's position in the power relationships between Western powers

During this period, other European countries like Britain, France, the Netherlands also are "busy" with the internal affairs, should Spain not faced big competition. These are very favorable conditions for Spain can establish and maintain a system to its proprietary trading

3.1.2. The establishment of exclusive trading system

* Establishment of the Chamber of Commerce - House of Trade, the Spanish called Casa de Contratacion).

* Construction of the fortress in the town of importance in colonial America

* Construction treasure fleet system (treasure fleets): This is considered a key measure to protect commercial monopoly of imperial Habsburgs.

* Develop and maintain monopoly port system

* Maintain trade agreements (asiento)

3.1.3. Commercial activity of Spain in Latin America in the exclusive stage

For nearly two centuries of rule, the reign of Habsburg's line established extensive commercial network of Spain in the colonial Americas and Asia Pacific. As the empire *"the sun never sets"*, should Spain also became major trading powers in the world during the first half XVI century.

* *Scale of trade:* very large, reflecting in large trading range, quantities and types of product.

The main trade items

- Exports from Spain to the Americas: mostly agricultural products, handicraft products and supplies needed for the initial settlement. But after 1550, large quantities of food exports from Spain decreased during the colonialist settlers in the New World had to adapt better to the food of the Americas. Additionally, much hacienda (plantation, farm) viticulture, olive was established to provide drinks and food for migrants European origin.

- Imports from the Americas to Spain:

Spain imported from America a lot of agricultural products and local products, including the yen spent, the indigo (are required in large numbers to meet the needs of the textile industry across Europe), sugar , pearl, paper, amber, tobacco, chocolate, spices, pharmaceutical plants, wheat, barley, coffee, sugar, cocoa beans and tobacco ...

In two centuries XVI, XVII and gold predominate in the total value of goods imported from the Americas to Spain

* *How to organize trade*

For nearly two centuries, the Habsburgs dynasty built proprietary trading system. Therefore, to protect that monopoly, Spain had organized teams of armed merchant ships, even warships escort.

* *The result of proprietary trading period*

Trade of the Spanish Habsburgs reign (1516 - 1700) is institutionalized and strengthened increasingly firm with the goal of protecting America from the military offensive of the foreign intruders. Although this objective is basically guaranteed, but the rigidity of the system of trade during this period was also one of the factors that degrade gradually trade between Spain and the Americas. Obviously the exclusive commercial policies royal Habsburgs did not succeed. Spain is not able to control smuggling and piracy increasingly serious happening on all trade routes in Latin America.

3.2. Free trade period (1765 - early nineteenth century)

3.2.1. These factors govern free trade activities of Spain in Latin America

3.2.1.1. The growth of the Western European powers

While Spain increasingly weakening the conservative monarchy, the other Western European countries are firmly committed to the struggle throne hegemony. Right from the beginning of the eighteenth century, European politics has become extremely active with the fierce power struggle between the largest European powers: England and France.

3.2.1.2. The weakening of Spain

* *Politic:* Towards the end of the reign of Habsburgs, the Spanish empire under Charles mighty capital V (1516 - 1556) and Philip II (1556 - 1598) is increasingly becoming a "metropolitan" exhausted. Shortly after being established, Dynasty Bourbons were constantly confronted with the war going on, opening the War of the Spanish succession (1700-1713). After the war for succession, Spain continued to be involved in war Britain - Spain .; 7-year war (1756-1763) ...

* *The decline in the competitiveness of Spain in international trade:*

While the Spanish monarchy more and weaken the feudal other countries, notably France and the UK is on track to thrive. This is shown in the balance of forces in the war that these countries participate. At the same time, the increase in smuggling activity in the Americas is also an aspect to see the growing threat of the UK, France, Netherlands, for the Spanish royal court.

3.2.1.3. The economic development of Latin American colonies

Whether focusing on resource extraction purposes in colonial mainly, but colonial Spain has created new elements diversifying the economy of the Indian native previously mainly producing Agriculture. These factors have led to the colonial economy growing trends "in itself", reducing economic dependence on the "mother country". The structure of colonial society has changed much. Along with the decline of the native Indian population is growing rapidly and people Criollo Peninsular. This leads to the demand of colonial goods before many other well, even *"mother country"* can not afford. So even promoting economic development colonial and reflecting the "impotence" of proprietary trading systems of Spain.

3.2.2. The establishment of a free trade system (1765 - 1789)

Step first crucial decision given in the decree October 16, 1765: Open the main ports of Spain in the Caribbean (Cuba, Santo Domingo, Puerto Rico, Margarita and Trinidad) to trade directly with 9 Port of Spain (Alicante, Barcelona, Cádiz, Cartagena, Gijón, La Coruña, Santander and Seville.

From 1765 to 1778, Imperial Spain has extended the system of free trade to more distant territories, but this process takes place very slowly because it met hampered by conservative groups and partly Exclusive benefits of trade has brought.

1788, Charles III announced *"Regulations on trade liberalization"* (Reglamento para el Comercio libre) is known, regarding it as fundamental measures to restore trade in the Americas.

3.2.3. Commercial activity of Spain in Latin America during the period of freedom

** Scale trafficking*

Spain's market gradually shrunk after the military defeat and the signing of the peace treaty, the treaty. The loss of their sovereignty in Europe and the collapse of the colonial system in America has vast gradually ending career of the Spanish empire. The scope of commercial activities is therefore also very much narrowed.

The main trade items

American goods imported into Spain in the late eighteenth century very rich.

** How to organize trade*

XVIII century, Spain lost gradually its trade monopoly in America to compete with strong opponents like England, France, Netherlands.

** The result of the free trade period*

In 1788, according to the report sent to the new king Charles IV (1788-1808), production has increased income tripled and doubled Royal. Spain's trade with the Latin American colonies had prospered after Reglamento be declared and implemented. However, the reforms declared "free trade" by Emperor Charles III (1759 - 1788) took place too slowly. Therefore, it did not bring much benefit to production and trading of Spain. However, it contributes to strengthen empower colony stimulating intense desire to be independent and had a greater freedom for economic colonies.

CHAPTER 4: SOME COMMENTS ABOUT THE OPERATION OF TRADE OF SPAIN IN LATIN AMERICA COLONIAL (CENTURY XVI - EARLY NINETEENTH CENTURY)

4.1. The long-term survival and sided nature of proprietary trading system

Spain has to implement protectionist policies proprietary trading begins reign of Philip II Habsburg’s family, which is from mid-sixteenth century. This system was maintained unchanged until mid-eighteenth century.

During the reign of Philip II (1556 - 1598), the transport of goods and trade exchanges between Spain and America actually works very efficiently. However it is also gradually revealed many disadvantages:

Firstly, although the Spanish government tries to establish two train systems operate smoothly, but in reality difficult to achieve the ideal perfection of such systems.

Second: the cost for escort trains and the increasingly high protection. Third: the main economic problem of commercial systems is the Spanish Habsburgs just not

capable of producing enough goods and has no capacity to meet even the minimum needs of the American market.

Fourthly, the Spanish authorities often had to cope with the attacks of pirates.

Fifth: The wealth of Spain due to the wealth brought back from the Americas had caused inflation.

4.2. The shift from proprietary trade to free trade as a consequence of the weakening of economic, political, Spanish

4.3. Different roles of colonial Latin America and the Philippines in the trade system of Spain

The Philippines is not a colony of the profit which is a strategically important colony. However, America was a colony brought huge profits.

4.4. The similarities and differences between the commercial activity of Spain and of some other empires (Portuguese, English, French ...)

4.5. The impact of the commercial activity of Spain in the Latin American colonies (sixteenth century – early nineteenth century)

4.5.1. For Spain

- Economic

The trade brought huge profits to the mother country Spain. However, gold and silver from the Americas flowed massively in Spain is one of the factors that had caused severe inflation and the "price revolution" in Spain and Europe.

- Politically: Hold the hand of wealth, gold, silver massive loot of colonialism, despotic administration Spain has real economic power to dominate political life in Western Europe XVI century. But the mighty economic and political growth of the Spanish in the sixteenth century is only a brief period in the history of Western Europe. A consequence of exhaustion in economics in the seventeenth, the eighteenth century is the political hegemony of Spain would collapse.

4.5.2. For Latin America

Economically proprietary trading system is sustained is invisible economic factor driving America increasingly certain autonomy, particularly from mid-seventeenth century, when the dependence on economic mechanism of metropolitan Spain decreased along with the weakening of the economy Iberian Peninsula.

Socially: commercial activities of Spain in America resonate with the immigration of whites and blacks has changed the fundamental appearance of the entire continent.

4.5.3. For Europe and the world

From the new continent, gold and silver were plundered Europe brought about rapid growth. Means of payment of precious metals increased, while the quantity of goods produced does not increase proportionally. So prices soared an average of 3 times. Historians call this phenomenon the "price revolution". That reality has a huge

impact to the economic situation - the European society. It creates the necessary elements of the process of "primitive accumulation of capital", which is the capital and labor.

With the first expedition of the Portuguese to the African coast during the fifteenth century, then the expeditions of the Spaniards to the Caribbean and the Western Hemisphere have decided to shift from the background Economic introverted Europe into the global economy really. Range trading is expanded across the globe, not only in the coastal trade as before, Europe and Asia who have come into contact with each other on the trade route across the Pacific, Atlantic and the Indian Ocean.

The discovery of the New World made a profound change economic relations and global politics, when the Europeans became the strong competition with each other in international business network. America discovered accidentally from Europe has opened up a new era in the history of world trade.

CONCLUDE

1. In the fifteenth and sixteenth century, Spain's national movement pioneer for world explorers and colonial expansionism in Europe, as well as a pioneer in opening up trade routes through college Street. With the trade across the Atlantic to America, across the Pacific to the Philippines, Spain has become one of the leading powerful nations of Europe in the sixteenth century and the first half of the seventeenth century. That position was created by commercial development and colonial possessions. Spain has peaked under the reign of King first two Habsburgs dynasty was Charles I (1516 - 1556) and Philip II (1556-1598).

At the XVI and XVII century, Spain began to face difficulties. In early sixteenth century, Barbary pirates aggressive under the aegis of the Ottoman Empire raided the coastal regions of Spain, with conspiracy to set up the new Muslim lands. This time, the war between Spain and France also often broke out in Italy that a few other places. Next, the religious reform movement in Europe has caused the country to fall into the quagmire of religious wars.

The war for the right to inherit the throne of Spain broke out in the early years of the eighteenth century (1701 - 1714) with the costs that Spain has lost its position as a major power in the region. Bourbons dynasty took over. Bourbons first king Philip V was reunification under a centralized administration, eliminating a lot of perks, privileges of the local aristocracy. XVIII century witnessed a gradual recovery and prosperity has returned to Spain under the reign of Bourbons. The ideas of Enlightenment were to take effect. At the end of the eighteenth century, the rapid growth of trade with reforms of Charles III. Exclusive trade system under the Habsburgs were partially lifted, instead of the "*free trade"* is applied to the ports in

Spain and in Latin America. The policy shift from *“proprietary trading”* to “*free trade*” as a consequence, also reflects a slowdown in the economy - politics in Spain. From where had the resources and confidence to build proprietary trading system, Spain has gradually lost its strength: weak navy, not enhanced, the domestic economy is decline and stagnation, not enough goods to meet the needs of the country and the colonies, led to rampant commodity ... The government tyranny Spain just standing pat lo keep the image as a colonial empire Great, protect their Catholic faith is not compromised before Protestant and Jewish teachings. Therefore, gold and silver that Spain had been from the Americas are squandered on the war (which mostly fail Spain) and pay for expensive goods to foreign buyers. At some point, the government Bourbons also realize the cost of commercial monopoly, it is the dying of domestic production, they issued a cautious policy of *"free trade"* to salvage the control of the Royal Spanish colonies in Latin America, thereby partially restored the national economy. These policies had created a thriving economic brief Spain XVIII century. But after Charles III (1759 - 1788) died, the policy of *"free trade"* that he issued no longer be carried out more efficiently. Spain continued to slide faster in recession. Movement fighting for independence in the Latin American colonies early nineteenth century only last mission: overthrow Spanish rule which had no power, influence anything. Spain was unable to sustain its position as maritime trading powers of Europe for a long time; navies shortcomings had left the country to cede that position to other empires like Netherlands (XVII) and the UK (eighteenth century).

2. Economic theory of post-medieval period: mercantilism - neo-monetary gold and silver are the factors affecting the commercial policy of the Spanish in the Americas territory. But Spain adopted a rigid ideology of *"mercantilism needles"* in the economy, with the misguided view that increasingly accumulate more gold and silver, the country becomes more affluent. Because this idea that commercial activity of Spain in Latin America largely plunder and exploitation of precious metal resources, brought the country, at the same time, the Spanish government to minimize imports to ensure domestic money not leaking. Meanwhile, the money that Spain did not earn is used for the purposes of investment, remanufactured industry, agriculture in the country, but mainly poured into costly wars. In addition, there are other factors such as Spain to protect yourself against the other European countries, had isolated themselves from the colony of foreigners to be able to maintain the colony under control of Spain, and especially the program to protect the interests of Spanish merchants. Economic policy "selfish" has led to pirates and smugglers, the germ causes more damage to the economy of the 'mother country'. On the other hand, we also know that the goods were shipped to the Americas not only goods but also Spain goods produced in other European and Spain only as hub transfer of these products.

But the benefits of commercial activities of the New World fell into the hands of the Netherlands and the UK, rather than fall into the hands of Spain.

Commercial activities of Spain face many obstacles related to proprietary trading regime. These are: the management of Casa de Contratacion, regulations prohibit the exchange between the colonies, to ban certain commodities, the fleet system was established between the sixteenth century, high and complex tax regime magazine, smuggling activities, the poor safety at sea and in port by the continuous attacks of pirates, piracy, especially after the defeat of the Invincible Army - Armada Invincible - King Philip II before the British – Netherland Navy (1588) ... monopoly policy of the Spanish colonies in America instead of enriching it to make Spain more poverty and it was important influencing factors to the economic downturn since the end of the sixteenth century. At the same time, policies also hinder the development of trade in the colony, causing commercial activities illegal lasted until 1810 just ended.

In early eighteenth century, the system ships fell into deterioration. It is the poor management of the repair ships were causing slow flight, and on the go. In the eighteenth century, Charles the Third, the highest representative of totalitarianism Enlightenment in Spain was crowned. This emperor has taken measures to reform the current trading system had caused shortages and rising commodity ongoing significant price. Consumers complain that they suffer higher rates to cover higher transport costs and for the enrichment of those monopolies in the Iberian Peninsula and the colonies. The results that this system achieved the degradation of the business of both Spain and the colonies, foreigners obtained huge profits from various activities including illegal trafficking and robbery sea. The minister warned that if this system destructive to the colony, it also works the same for Spain and it was imperative that must end economic policy *"stupid"* and go against the interests of Spanish. The reform signed by Charles III on trade is considered to have a stimulating effect on economic development Spain. However, the timing of the reform by the end of the eighteenth century led to the process of reform to slow gradually in nature, *"exploration"*, *"test"*. The place late and the *"conservative"* of the reform that does not change the appearance of the Spanish trade at the time, which was severely degraded by prolonged exclusive mode causes. However, the reform of Charles III again was a catalyst for stimulating the economy colonial development towards autonomy. This creates the necessary preconditions for the independence struggle of the Latin American colonies in the nineteenth century.

3. The policy which shifted from *"proprietary trading"* to *"free trade"* of Spain was in the overall trend of the trade of Western European colonial countries. However, in Spain, this process had many differences. Spain had the ambition, and the fact that the system had built *"proprietary trading"* to express the power of

autocratic monarchy centralized. In the first half of the sixteenth century, this system had brought Spanish-commerce powerhouse position in Europe and the world. But then, in the general trend of historical movement, despotic feudalism Spain increasingly aware of the backwardness, conservatism, not sensitive to the changes of the international situation. Proprietary trading system of Spain has maintained for so long (nearly three centuries), revealed many shortcomings. "The owner of monetarism" Spain has failed to keep up the transformation of "*mercantilism"* in the world, so it creates stagnation, weak economy in Spain. Therefore, until the second half XVIII century, the Spanish government finally to declare that *"free trade"*. But the purpose of this policy is not out of ambition to strengthen the influence of the *"mother country"* to commercial colonies. In other words, Spain was forced to perform *"free trade"*, while the strength of the country was too exhausted and old before a dynamic Latin American and other Western European countries compete strongly. The shift from *"proprietary trading"* to *"free trade"* is not a result of the economic development of Spain, but it is a result of both economic recession and political of this country. So, despite the reforms of Charles III trade is like *"breath of fresh air"* for the development of trade Spain XVIII century, but the belated and feeble it was not enough to salvage injured Trade in particular, the Spanish economy in general from collapse. As light flashed finally could not bring a brighter picture for the history of Spain, the collapse of the once mighty empire is an inevitable thing.

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