The Loss of New Orleans, The Loss of Empire:
Spanish Trade Policies in the Mississippi Valley,
1762-1803

by

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Abstract: Many factors led to the eventual withdrawal of the Spanish Empire from the Western Hemisphere. Specifically, New Orleans and the effect of trade policies played a huge role in limiting the Spanish presence in the Mississippi Valley. By examining Spanish official and unofficial trade practices on the Mississippi, it is possible to identify the importance of New Orleans maritime trade in establishing Spanish authority over the region. Questioning the lack of research on the matter, this paper proffers that not only was New Orleans vital to Spanish affairs in North America, but also a contributing factor in the empire’s eventual collapse. Many possible reasons for failure in New Orleans are examined including Spain’s detrimental trade policies, English and French intervention, settler unrest, and the U.S. dynamic.
During the eighteenth century the great powers in Europe competed to solidify claims in the New World. England, France, and Spain all sought permanency and increased wealth from overseas colonies. As the political maneuvering to acquire and protect settlements escalated, decisions on colonial expenditures and ideas on foreign policy produced immediate effects and helped determine the respective countries influence on global affairs. Securing trade routes and ports proved vital not only in the colonies survival, but also for home nations’ economy and status. The ports of Havana and New Orleans serve as prime examples, demonstrating the significant impact of stagnation, overextension, and conflicting interests on the Spanish Empire. What then were the major causes and consequences of trade, or the lack thereof, between these two ports during the simultaneous Spanish occupation years of 1762-1803?

In attempting to compare historical data, it is imperative to establish a common thread. The eighteenth century is laced by a central theme: the reliance on maritime assets to obtain imperial objectives. Trade, in all its forms, was dominated by the shipping industry. Maintenance of an overseas empire, as in the case of Spain, required enormous efforts to supply, defend, and regulate. It is no coincidence that the majority of outposts, settlements, and cities in any empire were near docks, harbors, or ports. Eighteenth-century life revolved around rivers, lakes, and oceans. For this reason, comparative maritime history strikes closest to the essence of this time period.

Traditional Spanish imperial histories concern themselves largely with exploration and exploitation in Latin America and the Caribbean. Volumes of scholarly work recite the role of the Spanish fleets in facilitating the movement of troops, goods, and wealth throughout the
Without the armadas and flotillas, it is possible that Spanish would not be as widespread a language in the Western hemisphere. The importance of maritime resources cannot be overlooked. However, even with the mass of work focusing on New World maritime trade, the ties between New Orleans and Havana have not received the attention they deserve. Why not?

There seem to be only two possibilities that can sufficiently answer the question. First, the question has quite simply been lost in the crowd of details associated with the Spanish Empire. I find this very unlikely, as scholars have thoroughly picked apart most every aspect of Spanish participation in the New World. Second, perhaps there was no connection of any substantial quantity to require an investigation. If that is the case, then the possibility of New Orleans and Havana working independently within the empire is of primary interest. Why would trade not flourish between these two strategically and economically important port cities considering their close proximity and status? To understand the problem faced it is important to know the factors behind the settlement of the two colonies.

Throughout the eighteenth century, France, England, and Spain fought bitterly on European soil, on the high seas, and behind the closed doors of diplomatic proceedings, in efforts to bolster their respective claims. At one time or another, one, two, or all three of the powers controlled Havana or New Orleans. This concept of multi-national influence and dominance plays a momentous role in the development of New Orleans in particular. Havana on the other hand remained under Spanish control since its inception, spending a mere six months under rule by the English, yet with far-reaching consequences. Let us look first at the founding and function of Havana in the Spanish Empire.

Havana, settled in 1519 by Diego de Velazquez, is the epitome of colonial port cities in the Caribbean. During this time period, Spain was just beginning her conquests in the region,
and needed a secure port from which to launch further expeditions. Spanish officials justified imperial expansion on four grounds: to spread its religion; to reinforce national unity and identity through a national mission; to enhance Spain’s international power; and to compete with Portugal for trade, territory, and glory. The latter two points serve well in explaining Spanish motives in the New World; simply exchange England and France for Portugal. In order to carry out this mission, Spain chose Havana as the hub for all Caribbean activities. The city’s location was adjacent to a superb harbor at the entrance to the Gulf of Mexico and with easy access to the Gulf Stream. Wealth and power concentrated naturally in the city because of its dual role as Cuba’s capital (1592) and as the focus of the colonial trading system.

When the crown organized the flota system in 1561, Havana transformed into the meeting point for all the ships returning to Europe from the New World. Havana was not just a service center for maritime escapades; it was a prominent colonial trading post. A recent study by Alejandro de la Fuente and Ceasar Garcia del Pino states prominently that after the institution of the flotilla, “the city thus became a linking center of three different and inter-related commercial circuits: Atlantic, inter-colonial, and internal within Cuba. Havana was indeed …[a] very mercantile town”.1 Because of the above-mentioned reasons, it seems logical to think that inter-colonial trade with New Orleans would be a forgone conclusion. When dealing with matters of empire, logic often fades into the background.

De la Fuente and Del Pino identify three factors that limited the effectiveness of the inter-colonial trade. First, privateering. Reports estimate that 250 ships were lost in the early years of the Caribbean colonial system.2 Second, the small size of colonial markets further inhibited the chance of prosperous trade. Thirdly, restrictions enacted by the crown to guarantee demand for

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goods aboard the main fleets served to further repress any attempts at inter-colonial trade. These self-imposed measures will figure prominently later in the New Orleans colony. Despite the maladies, Havana grew rapidly and established herself as the “key to the New World”. By the time New Orleans enters the picture, Havana is a well-established and high-ranking member of the Spanish colonial system.

The establishment of New Orleans as an integral part of the Spanish Empire is quite a different story. While the Spanish spent 200 years stripping the Americas of resources, the English and French labored on the East Coast and north into latter day Canada. The French claimed the entire river basin from the Appalachians to the Rockies, naming it Louisiana in 1682. In an effort to sidestep geological and environmental problems in the Mississippi Delta, the French founded Baton Rouge and a string of forts along the Gulf of Biloxi, Dauphin Island and Mobile. The route from Baton Rouge to the Gulf proved to be too long and out-of-the-way. French settlers soon realized that forts along the Gulf Coast were incapable of controlling traffic on the Mississippi. A garrison town near the mouth of the river seemed the logical answer. After finding a shorter route to the Gulf through Lake Pontchartrain, the French finally established New Orleans in 1718. New Orleans would become a beacon to all travelers and create an economic “island” in the middle of the swamp. The city had no connections to the surrounding lands of the Louisiana Territory, yet maintained a worldly clientele due to its position near the Gulf of Mexico. New Orleans would serve to control the wealth of the North American interior for the French, just as Havana worked to control the flow of goods for the Spanish, or so it was planned.

2 Fuente, 101.
3 Ibid., 95.
At the same time the English established colonies up and down the East Coast and pushed hard to expand. Upon winning the Seven Years War (1756-1763) the English received Canada, West Florida, and Louisiana, north of Lake Pontchartrain. Also at this time, the English returned Havana to Spain after six months of control. Damage to the city was minimal compared to the damage done by the English opening up the once closed port to the British Caribbean colonial system. The remainder of Louisiana, including New Orleans fell under Spanish control. A secret cession in 1762 turned New Orleans over to the Spanish, but the two powers waited until the end of the war to make it official. France admitted failure in colonizing Louisiana and deemed it a financial liability. France wanted to pull out, Spain wanted in. It seems that the Spanish wanted the territory as early as 1760. Spain recognized Louisiana for its strategic value. They wished to create a barrier, or buffer zone, against the English encroachment. By controlling New Orleans, they could in fact stymie the British trade in the lower Mississippi Valley. In theory, the power of the Spanish Empire should have no trouble in assimilating the newly acquired territory. However, French culture had determined the nature of the port for 45 years. The die had been cast and Spain would have to try and counter the cultural heritage of the inhabitants, along with numerous other challenges, to fully integrate New Orleans.

The following will deal mainly with the Spanish presence in New Orleans and the troubles encountered. Havana will receive little mention due to the surprising fact that in the realm of trade, that great port of the Caribbean had little effect on its northern brother. The purpose then is to determine why. Why did New Orleans slip from the grasp of the Spanish

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Empire after it was quite literally laid before its feet? Why did maritime trade, the lifeblood the empire, not flourish between the key to the Caribbean and the key to the Mississippi Valley?

The colonists in New Orleans did not learn of their fate until late in 1764. When Spain was slow to take over, the disheartened colonists took hope in the possibility of France maintaining control. Hopes faded when in March 1766 Don Antonio de Ulloa arrived with a small group of officials and one hundred troops. Ulloa had orders to remove any English trade in the region and isolate the port from English shipping. The English merchants were firmly established in New Orleans, and Ulloa for all intents and purposes, needed them to supply the port with staple provisions such as flour and pork. The supply of sufficient edible food stores would prove to be a habitual problem for the city. Indeed, New Orleans suffered food shortages in 1772, 1779, 1781, 1788, 1792, and 1794. One English observer states that the provisions were in some cases not only for local consumption, but “transport to Havana.” This does not support ideas of great convoys of ships bound for Havana, but simply extra cargo on administrative detail ships shuttling information back and forth. Further hindering Ulloa was the fact that the Treaty of Paris in 1763 not only gave the English West Florida, but also free passage on the Mississippi. How then was Spain to cut off English trade if the British controlled the Floridas, had a right to traverse the Mississippi, and seemed to be responsible early on for literally feeding New Orleans? Despite these hardships, Spain would flex her muscle against her bitter enemy in efforts to wrest away control of New Orleans.

The first major step taken by Ulloa was to require all British vessels to first check in all cargoes at Belize before being permitted to trade in New Orleans. Without a permit, nothing

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7 Eccles, 229.
8 John Francis McDermott, The Spanish in the Mississippi Valley 1762-1804 (Urbana: University of Illinois Press, 1974), 140.
could be sold. The second step, formulated in Spain in March of 1768, opened nine ports of the Spanish homeland to Louisiana exports. Unfortunately, these newly opened ports had no market for Louisiana goods, and the imports favored by the colonists were not of Spanish origin. Spain had the right idea, just the wrong ports. The third step, also in 1768, came in the form of a decree in which the Spanish government cut off all foreign vessels from trade with New Orleans. Fear gripped the colonists, as no Spanish trade ships had ever docked in New Orleans. Soon after, Ulloa was effectively removed from the territory and forced back to Havana by angry colonists. This act of insolence triggered Spanish officials to revert to their strongest asset, brute force.

Before the Spanish could act, the wheels of intrigue were rolling in the French departments. High ranking French officials recommended naming New Orleans a free port, whereby the buffer zone remained intact while the cost of administration could be spared both France and Spain. The most devious part of the plan assumed that after New Orleans was granted independence, the British colonies would demand like treatment. France was forced to abandon the plan as Spanish officials pressed forward in efforts to recapture its unruly new colony. The most efficient Spanish era in New Orleans was about to begin. In 1769, Lt. Gen. Don Alejandro O’Reilly sailed from Havana in 21 vessels with 2,056 troops. Here we see an example of the “trade” between Havana and New Orleans. Upon arrival, the administration was taken over, rebels rounded up, a trial held, and those found guilty executed. O’Reilly, unlike Ulloa, possessed the military presence necessary to enforce trade regulations. Reporting to superiors concerning the English presence, O’Reilly states,

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“I can safely assert that they pocketed nine-tenths of the money spent here. I drove off all the English traders and the other individuals of that Nation whom I found in this town, and I shall admit none of their vessels.”

However, O’Reilly found it necessary to strike deals with certain English merchants to supply New Orleans with flour to avoid food shortages. Something else needed to be done if the colony was ever to escape reliance on English commerce.

Three months after arriving in New Orleans, O’Reilly turned over the governorship to Colonel Luis de Unzaga. Before leaving, O’Reilly made the most significant effort to date concerning Havana and New Orleans trade. In a report to the Spanish government, he proposed direct free trade between the two colonies. Products of Louisiana had no market in Spain, yet some were needed in Havana, such as timber. In turn, Havana could ship manufactured goods north. To top it off, he suggested that the ships be seen as regular Spanish ships and propagate commerce without duties. This is indeed exactly what the struggling New Orleans needed. Trade with an established, nearby port would most certainly improve the dismal economic situation, and help integrate New Orleans into the Spanish colonial economic structure.

Unfortunately, O’Reilly swiftly eliminated any benefits from this endeavor by prohibiting export of tobacco to Havana. The inferior Louisiana leaf was seen as a threat to the Cuban market and summarily banned. Ventures into the trade were out-and-out failures. Traders suffered losses on both ends of the 580 nautical mile journey. The Cubans were slow to assimilate the new source of goods and could not supply the French and English items desired by New Orleans. It will never be known if the inclusion of tobacco in the inter-colonial trade might have made a difference. As it were, the most proper endeavor in Havana-New Orleans trade failed because of administrative decision-making, lethargic response by established markets, and general

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11 Eccles, 230.
12 Clark, 169.
13 Coker, 29.
resentment on part of the colonists in New Orleans. It seems the citizens of Louisiana had chosen their culture and were bent on remaining French subjects with English ties. Spain would need time and vast resources to mold the new colony into one of her own; neither of which the empire could afford.

In late 1775 and early 1776, France saw her secret desires come to fruition. The English seaboard colonies were in open revolt. Pressure fell onto Governor Unzaga to act. He saw the British and Anglo-American settlements on the east bank of the Mississippi as a menace to Spanish control, “fearing commerce in peace, armies in war”.[15] The fledgling United States was of course desirous of some manner of trade with the Spanish, most pertinent being the need for powder. Spanish officials wanted nothing more than to see the English fail, yet they were cautious to support a rebellion by colonists, fearing a like occurrence in their own provinces. The idea of England being removed from North America, coupled with the support of the French ultimately swayed the Spanish into covertly supplying the rebels.[16] Initially, Unzaga was reluctant to allow such trade to take place. With governmental approval, Unzaga warmed to the idea, seeing a way to further eradicate English trade. In 1777, a ship reached the Ohio River with a fresh cargo of gunpowder, having traversed the Mississippi “with a Spanish pass, [flying] a Spanish flag”.[17]

Unzaga, who wanted to retire, was promoted to Captain-General of Caracas and replaced in New Orleans by Don Bernard de Galvez. The new governor was witness to the first regular commercial trade between the ports of the United States and New Orleans. Oliver Pollack, a

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14 Clark, 176-177.
16 Kathryn Abbey, “Efforts of Spain to Maintain Sources of Information in the British Colonies Before 1779,” *Mississippi Valley Historical Review* 15 (Jun., 1928): 56. This is an excellent, although dated, paper concerning the role of “information gatherers” employed by the Spanish government during the American Revolution. It also mentions the role New Orleans played in the said subterfuge.
17 Coker, 36.
native of Baltimore and the man responsible for flour and pork imports during the Ulloa and O’Reilly terms, was appointed agent and charged with acquiring military supplies for the Ohio and Illinois frontiers. Now that Spain had taken a side, what good, if any, would come of trade with an upstart grouping of former English colonists? Could this new source of trade stabilize conditions in New Orleans, or would it fail as miserably as the first attempt with Havana? Worse yet, this new trade might facilitate an insurgence of Anglo-Americans into the weakest link of the Spanish empire.

From 1776 through 1778 the English lost more and more ground in the Mississippi Valley trade. The French conveniently picked up the slack and by 1779 the English disappeared from the river altogether. It was the first major sign of Spanish imperial efforts to claim the Louisiana territory finding success. Spanish officials realized that if New Orleans could not provide direct benefits to the empire, it could still act as a buffer against foreign invasion. Acknowledging the failure of Havana-New Orleans inter-colonial trade, Spanish officials saw French trade as the only alternative. Measures were implemented to sustain trade with French ports. A royal cedula of 1782 legalized trade between New Orleans and any French port for ten years in efforts to further diminish reliance on English or even American shipping. Here we have the first Spanish acceptance of defeat in attempting to assimilate New Orleans into the established colonial trade system. Spain conceded trade with Havana as a failure, but did that mean the inevitable loss of New Orleans, or simply demote the troublesome colony from key to the Mississippi Valley to frontier fort city? Another possibility is even with Havana-New Orleans inter-colonial trade, other factors would lead to the loss of the colony no matter the

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Spanish efforts. It is on this latter assumption that the evidence finds the best fit. The most
damaging of factors, in a most ironic twist, will prove to be the very thing Spain invites into her
once closed empire.

The treaty of 1783 established the United States as an independent country in the world
arena. To think that the Spanish involvement in the American Revolution stemmed from
sympathy was far from the mark. In 1784 Spain closed off the Mississippi River to all foreign
traffic including the United States. This matter would plague diplomatic proceedings for more
than a decade. The acquisition of the Floridas after the war created another huge dilemma for
Spain. Instead of the English, the aggressive, upstart Americans were now knocking at the door.
Due to oversights in treaties, both Spain and the U.S. had legal claims to the territory between
the 31st and 32nd parallels. The only bright spot for the empire was that the frontier was
completed, the “Gulf of Mexico was a Spanish lake”\textsuperscript{20} This accomplishment came with great
pains. Whatever the Spanish tried, little could be done to slow the flow of Anglo-American
settlers moving ever southward and westward.

Events in Europe found their way to North America when in 1793 the French Revolution
set about a strange turn of events. The longtime ally of Spain now proved to be a threat to the
homeland, and a longtime enemy became a strange bedfellow. Spain and England united in a
campaign to save their monarchies. After ten years of French integration during the cedula, New
Orleans now had to cope with losing its number one trade partner. With the English assets in the
western hemisphere severely limited, the only available trade partner was the United States. The
royal order of 1793 permitted the Anglo-Americans trade extensively along the Mississippi if
they first made dock at one of two other Spanish ports and paid heavy duties. Although New

\textsuperscript{19} Clark, 224.
\textsuperscript{20} Arthur Preston Whitaker, \textit{The Spanish American Frontier 1783-1795} (Gloucester: Peter Smith, 1962), 3.
Orleans desperately needed the trade, the Mississippi was still “closed” to American shippers. An article within the royal order denied trade between New Orleans or the Florida ports with any other Spanish-American colony. This is truly another example of short-sighted administrating, as the article wiped out the already limited lumber trade between Havana and New Orleans. This policy effectively cut one of the few remaining economic ties between the two crucial port cities.

The year 1795 would prove to be a most pivotal year in the downward spiral of Spanish affairs in Louisiana. The Treaty of Basel with France ended the hostilities there and reopened the wounds with England. With renewed fears over British aggression, Spain found herself searching for an ally on the continent. France, in a most intriguing occurrence for the Spanish, began negotiations to recover the Louisiana territory. Now that France was making a bid for control, Spain was forced to ally with the one remaining power on the continent with sufficient maritime assets to facilitate the Mississippi Valley trade: the United States. During late 1795, the Treaty of San Lorenzo el Real (Pinckney’s Treaty) guaranteed the free navigation of the Mississippi River for the United States. In addition, a deposit in New Orleans was established for U.S. trade activities. The final blow to Spanish leverage came when they agreed to the 31st parallel as the boundary line. Spain’s always-fragile grip on the Louisiana Territory was beginning to slip further and further into the hands of the Americans. These concessions demonstrate the Spanish lack of ability to control the events in the Mississippi Valley.

Spain’s last-ditch effort to save her Mississippi Valley frontier revolved around a policy of counter-colonization. Instead of pouring more silver and precious resources into the region to hold back the swarm of American settlers, Spain invited the aspiring colonists and their money

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into the once closed empire. Once in the territory, they would swear allegiance to the empire and become Spanish citizens, or so Spanish officials hoped. Thomas Jefferson, upon hearing of the new policy, said,

“I wish that one hundred thousand of our inhabitants would accept the invitation. It will be means of delivering peacefully to us what otherwise might cost us war. Spain [is] inviting the Goths to settle at the gates of Rome.”

Despite his wishes, few Americans were willing to lose their newly inherited freedoms. The frontiersmen, long accustomed to acting on their own without government intervention, would simply press harder and further into Louisiana territory. Spain was powerless to stop them.

Realizing the complete failure of counter-colonization, Spain cast about her empire for suitable settlers and could find none. Unable to establish trade on her terms, the Americans swarming the border, and the French desirous of a retrocession, Spain’s inability to colonize the Mississippi Valley proved to be the final straw. The final years of Spanish occupation would be years of hollow administration and powerless control.

Weary of English threats and prodded by French officials, Spain entered into an alliance with the new Republic of France against England. The Treaty of San Ildefonso in 1796 would prove devastating, as England was still a naval warfare giant capable of stopping even the Caribbean colonial trade. Due to the havoc caused by English naval vessels, Spain was forced to decree all Indies ports open to neutral ships in 1797. Between 1796 and 1802, U.S. exports to Spanish America skyrocketed, “from 400,000 dollars to 8,000,000 dollars”, establishing the U.S. as a maritime trading power in the Western Hemisphere. In effect, Spanish control of the Mississippi Valley and the Indies trade was lost in a matter of two years. The coming years

would not only mark an end of a century, but an end to Spanish aspirations in Louisiana. The
Goths were inside the gates; invited to be subjects, destined to rule.

The opening of the American deposit in New Orleans saved the economy and
demonstrated an overwhelming reliance on U.S. shipping. In 1802, American ships made up
two-thirds of the yearly total. For whatever reason, to favor France, to save honor, to spite the
American menace, or simply carry out the only known course of action, Spain closed the U.S.
deposit and barred American ships from the Mississippi once again. Trade was being shifted
back to French ports. The possibility arises that the negotiations to retrocede Louisiana were
proceeding at this juncture. Indeed, Dranguet Jr. and Heleniak state that in 1800, the secret
Treaty of San Ildefonso forced Spain to retrocede Louisiana to France in exchange for Tuscany
in northern Italy. Although two years would pass before the official announcement, and another
year before a physical change, Spain had indeed lost the Mississippi Valley long before
Napoleon made his presence known.

Spain failed at New Orleans for many reasons. The colonists already established did not
want the Spanish system in their territory. France sympathized with her people there, and from
almost the very beginning sought to regain control. British interference wrecked havoc on an
already strained Spanish empire. Squabbles between the European superpowers always had a
direct effect on the colonies. Spain’s failure to integrate New Orleans with Havana and the inter-
colonial trade system, the consistent yearly losses in revenue, and the unstoppable tide of
American migration, doomed the Iberian imperialists to an overwhelming defeat. The key to the
Mississippi Valley would become the key to the United States’ explosive rise to the top.

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25 Whitaker, The Mississippi Question 1795-1803, He raises an important question here as to whether or
not France might have resumed economic dominance in the Louisiana territory, much like the British in America, if
peace would have prevailed. Given the dynamics of the American migration, I disagree. Spain was the last chance
for a European power to control the Mississippi Valley, 137.
Throughout these years of turbulence for New Orleans, Havana continued in her role as military instillation and mercantile center. Her maritime exploits helped Spain control the flow of goods from Central and South America, and later the United States, throughout the Caribbean and onto Spain. The reasoning for excluding a closer analysis of Havana’s trade with New Orleans is because, for its entire official, military, and sometimes flour and lumber based trade, it could in no way change the outcome of Spain’s experience in the Mississippi Valley. Indeed, it was New Orleans that would have the greatest effect on the empire, being a precursor and instigator of events leading to Spain’s eventual withdrawal from the Western Hemisphere.\(^27\) A recent study by Marichal and Souto suggests that financial and commercial relations between New Spain and the Caribbean require greater analysis, especially the area of Louisiana and the Floridas. The findings of this paper concur and suggest a closer look at the role of New Orleans in the fall of the Spanish Empire including the minuscule amount of maritime activity with Havana as a contributing factor.

\(^{26}\) Dranguet Jr., 12.

\(^{27}\) For more on the role of Havana in the Spanish-Caribbean colonial economic system see: *Atlantic Port Cities*, Franklin W. Knight and Peggy K. Liss, eds., 1991. Another important work researching the economic trends of Spanish colonial markets is: *Trends and Cycles in U.S. Trade with Spain and the Spanish Empire*, Javier Cuenca Esteban, 1984.
Bibliography


