DEMAND FOR CUBAN TOBACCO
AS SEEN THROUGH CUBAN EXPORTS

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Working Paper 01/2013
Demand for Cuban Tobacco as seen through Cuban Exports

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¿Qué pueblo fuma peor Tabaco en Europa?
España

¿Qué nación lo posee mejor en el mundo?
España

Miguel Rodríguez-Ferrer, *El tabaco habano*, 1851, p. 6

Abstract

During the nineteenth century Spain did not import the majority of Cuban tobacco, nor was most of it consumed in Spain. Spain neither consumed nor re-exported Cuban tobacco. Cuban tobacco, due to its high quality, was too expensive to be able to compete with tobacco of lesser quality which was, therefore, cheaper. The Spanish tax office preferred to take in huge amounts of money by taxing consumption in general rather than promoting Cuban tobacco. For this reason, Spain imported tobacco of mediocre and poor quality and taxed it through the government-licensed tobacconists. However, Cuban tobacco was successful as it could be exported freely in exchange for lower customs duties, thus allowing an increase in production as well as the possibility of reaching, on the international market, prices matching its quality.

This paper attempts to discern how Spain grew in its colonies the world’s best tobacco but did not consume it nor re-exported it. The analysis of Cuban tobacco exports reveals the most relevant aspects that influenced the consolidation of these circumstances.

Keyword: Tobacco, Commerce, Fiscal System, Cuban Economic History, Consumption, Spain

Jel Codes: H20, L66, L81, N46, N56

1. Introduction

When tobacco was discovered in The New World it was being chewed. Its use spread little by little through sailors arriving in Europe and was associated with the working classes. However, its use increased throughout the 17th century in the form of snuff, associated with the European elites, especially the French. This use was maintained throughout the 18th century, with the modes of

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1 Author acknowledge financial support Ministerio de Ciencia e Innovación from HAR 2008-04978/His and the project CEAL-Santander-UAM “Science, Technology and Industrial Property in Historical Perspective (1750-1914)” and also the project Niveles de vida y desigualdad: aproximación social y regional en la España preindustrial HAR 2008-04978/His. A previous version of this paper was presented at the Primer Congreso de la Asociacion de Historia Económica del Caribe, in Sta Marta (Colombia) in 2011.

2 El Instructor o repertorio de Historia, Bellas Letras y Artes, Tomo II, Londres, 1835, p.370.

usage multiplying, such as smoking the powdered form in a pipe, mainly in the northern European countries such as Germany\textsuperscript{4}. Although it is known that cigars and cigarettes were being manufactured, that production did not become relevant until the beginning of the 19th century\textsuperscript{5}. The cigarette was associated with the lower classes and was consumed by most Spanish smokers, since it was much more economical than the cigar. The cigar, and especially the Cuban cigar, was always in the hands of those with greater purchasing power. These distinctions in classes of tobacco consumption would mark Cuban exports throughout the 19th century\textsuperscript{6}. In general and due to the high market price, Spain was not a great consumer of Cuban tobacco but did obtain a large income through taxation.

While tobacco was almost exclusively exported to Spain and its American empire, the Factory and leaf tobacco dominated. With free trade, customs became a way to control the volume of production and to raise taxes, and pipe tobacco and cigarettes were added to the production of leaf tobacco.

2. Sources

One of the most reliable sources used in reconstructing Cuba's foreign trade was the statistics dealing with trade balances. From the 18th century on there are many references to commercial traffic not only in the Havana port but all of Cuba documented by several authors\textsuperscript{7}. Some of those testimonies come from the Royal Consulate of Havana, the Economic Society Memoranda, and the Development Committee reports.

The Monarchy's interest in monitoring in great detail Cuban foreign trade dates at least since the Royal resolution of 18th April 1794, in which a Secretary of Commerce was created in order to know the exact volume of trade. There are data referring to the first commercial balance sheet sent from Cuba for November and December 1795, as well as those of February, April and October 1796;

\textsuperscript{4} El Instructor o repertorio de Historia, Bellas Letras y Artes, Tomo II, Londres, 1835, p.369.


\textsuperscript{6} With respect to the technology employed, there have been several opinions. Fernando Ortiz defines this type of tobacco as that which was used for chewing or smoking in a pipe. However, Levi Marrero identifies it with the Havana cigar. Francisco Ortiz, Contrapunteo cubano del tabaco y el azúcar, La Habana, Ciencias Sociales ed., 1991, p. 22; Levi Marrero, Cuba: economía y sociedad. Del monopolio hacia la libertad comercial (1701-1763), 1977, p. 131.

however, not much information was found due to the lack of practice of those in charge. We have complete data as to both imports and exports throughout 1794 published in the Foreigner's Guide\(^8\) and we have only been able to locate manuscripts dating from 1803 and 1807 with reference to the Havana port. For data between 1826 and 1864 we have worked with three different types of balance sheets corresponding to the island of Cuba globally. Although the official statistics are limited as they do not include contraband or customs fraud, the data can be used, however cautiously, to study the development of Cuban foreign trade as a whole. It is possible that the assessment of products has been manipulated since there was a tax system based on primarily on import and export rights. The price of certain exported goods was underestimated in order to pay less for export rights\(^9\).

Exports from Cuba were made up of two large groups during the first 60 years of the 19\(^{th}\) century: agricultural goods from Cuba and the re-exporting of precious metals, of certain colonial goods and of certain manufactures (See Figure 1).

**Figure 1. Exports from Cuba, excluding precious metals**

![Graph showing exports from Cuba](chart)

Source: Balanzas de comercio de la isla de Cuba.

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\(^8\) *Guía de Forasteros de la isla de Cuba*, La Habana, 1796, pp. 129-163.

\(^9\) For more information see Nadia Fdez de Pinedo, *Comercio exterior y fiscalidad: Cuba (1794-1860)*, Bilbao, UPV, 2002.
Re-exportation of manufactured products included textiles, especially US raw cotton being shipped to Spain, US and Jamaican cloth, and fine linen, silk and wool. Also documented was the re-exportation of such varied manufactures as dying goods such as logwood, quinine and cochineal, soap, paper, hardware tools, jewelry or furs as well as other products. However, the predominance of foodstuffs reached 80% up until the decade of the 1840’s, later becoming practically the island’s sole export (92.4% between 1851-1855 and 96.6% in 1864). Within this wide selection of products, Cuban colonial products stand out, with the exception of tea and in part cocoa, never dropping below 60% throughout the period studied.

Figure 2. Exportation of “colonial” products exported and re-exported by Cuba

Source: Balanzas de comercio de la isla de Cuba.

The main product was sugar, which never dropped below 60% of all exports throughout the period (Figure 2), followed by molasses, which remained stable and coffee, which increased from the early 20’s to the 40’s, its strongest period. Tobacco takes third place throughout the first quarter of the 19th century, but increases its presence during the 30's, dropping off in the 50's and recovering again in the 60's thanks to cigarette exportation. We will analyze in detail tobacco exportation during the first half of the 19th century.
Figure 3. Total exportations, exportations of colonial products and tobacco in royal pesos

3. Tobacco as tax income

The sale of tobacco was controlled very early on in the metropolis and later in the colonies. Although the cultivation of tobacco was prohibited in 1606 in all of Cuba, the continent and the other islands for a period of ten years, the law of 1614 allows its cultivation in exchange for its posterior exportation exclusively to the port of Seville\(^\text{10}\). Need for revenues were a constant problem in Spain in order to finance the enormous military expenses, in 1636 the monarchy began to tax the sale of tobacco in Castile. Hence, the final price of the product not only included production and distribution costs but also high tax. Sometimes the crown rented the monopoly to others, and at other times, it administered this taxation through its own functionaries, as happened between 1702 and 1731\(^\text{11}\).

The Spanish monarchy not only installed a sales monopoly in Spain, but also in some of their colonies such as Cuba, more or less successfully\(^\text{12}\). The accountant Manuel García Palacios, special envoy to Cuba in 1708, decided to send all the tobacco on the island to the city, financed by public


\(^\text{11}\) Report by Don Francisco Arango al Sr. D. Rafael Gómez Roubad, General Superindendent Director of tobacco in Cuba, on the problems and possible solution of the sector, written in 1805 (La Habana, 1812), p. 1.

funds as well as funds from Mexico. In order to pay for the tobacco bought by the royal officials or suppliers from the producers, the royal tax office resorted to taxes paid in New Spain in such a way that, as Marichal has pointed out, through Cuban tobacco, transfers of Mexican revenues destined for Spain, but were not counted as taxes levied in the American colonies by the royal tax office. The cost of the tobacco acquired in Cuba by the royal tax office was paid by fiscal revenues from Mexico and transferred to Cuba, a practice known as being situados. Transport was often carried out by war ships destined for India. When, through a series of manipulations in the royal factories the tobacco was sold in Spain, the monarchy not only took in additional levies, but also most of the revenue from Mexico used to pay the Cuban tobacco producers.

When the Mexican situado stopped arriving in 1806, and the relative buying monopoly ended in Cuba in 1817, part of the taxes levied in Cuba would be used to pay the tobacco suppliers, who in turn supplied part of the tobacco controlled by the monopoly still being maintained in Spain. In addition to the figures which appear in the accounts of the Cuban tax office as having been sent to Spain, another sum must be added. The Cuban tax money arriving in Spain was levied on tobacco acquired in Cuba through Cuban contractors who supplied the royal factories, without appearing in the tax office accounts in Spain as income from the colonies. Additionally, Spain continued to import Cuban tobacco paid for with revenues received, while also taxing local production and the posterior exportation of that tobacco and thus increased Cuban tax office revenues. In this manner tobacco produced revenues in Cuba, through customs duties locally and through the monopoly on sales in Spain. It was indeed a very lucrative business, which did not in any way obligate Spain to consume all Cuban tobacco produced.

4. Exportations of Cuban tobacco, 1761-1863

For a detailed analysis of the sources used to study the production of tobacco, see Luxán. In this study, we will use two basic sources in order to analyze tobacco exports, more than production, which we consider to be the most illustrative.
First, the purchases made by the royal factory between 1761 and 1812 roughly coincided with the commercial monopoly between Spain and its colonies and second, the trade balance sheets of Cuba itself.

**Figure 4. Exportations of the General Tobacco Factory of Havana 1761-1810, by five-year periods**


The first factory to supply the Seville factory was founded in Cuba in 1711. It was then closed after transferring the contract to Antonio Tallapiedra on the 17th of August, 1734 in Cadiz, and years later to Francisco Sánchez, Marquis of Casa-Madrid. According to a factory report dated in 1775, the average annual export of tobacco from Cuba between 1765 and 1770 was 2,666,365 lbs. to Spain and


the Canary Islands, and 307, 545 lbs. to the rest of the Spanish empire in the New World\textsuperscript{17}. From 1740 to 1760, the Royal Company of Havana was in charge of shipping tobacco to Spain\textsuperscript{18}. However, the tobacco shipped from Cuba was not sufficient to supply the Spanish demand for it, and tobacco was also imported from Brazil. Rodríguez Campomanes calculated that, during the decade of 1760, Spain consumed at least 1,000,000 lbs. of tobacco from that colony\textsuperscript{19}. The Company's poor results the transfer of the import privilege to three dealers in Cadiz for ten years. Thus the monopoly on tobacco was in the hands of the monarchy until the government-licensed tobacconist's was abolished in 1817. The demand for leaf tobacco and pipe tobacco were most in demand according to the balance sheets, although it should be mentioned that 31% of all shipments to Spain in 1803 were cigars, being exactly 77,142 lbs., and in 1804 it was 19.2 % or 105,893 lbs. of cigars\textsuperscript{20}.

Between 1761 and 1812, records were kept in the Factory; however, they only reflect the leaf and pipe tobacco exported to Spain. As shown in Figure 4, the heyday of exports of tobacco to Spain took place during 1771-1775, with a total of almost 5.5 million lbs. being shipped. This tendency decreased during the five-year period of 1786-1790, when 4 million lbs. were exported. There was a slight recovery in the following years, the figures never again reflected those registered from 1771 until the decade of the 30's of the 19th century. This decline was directly related to the collapse of Haiti as the supplier of sugar on the world market, and the subsequent increase in sugar production in Cuba, to the detriment of tobacco, obviously affected by these circumstances. The struggle of workers and landowners to increase production of sugar damaged tobacco production. Additionally, numerous armed struggles, especially after 1797, made transport difficult, further complicating exportation of tobacco. Between 1761 and 1812, 60% of all pipe tobacco and 93% of all leaf tobacco was exported to Spain by the Factory.

From 1761 to 1812, the Factory took in 6,759,088 arrobas 24.5 lbs. and exported 5,735,586 arrobas 22 lbs. In its report, the Factory attributes the difference of more than one million arrobas to several causes. In the first place, the occupation of Havana by the English. Apparently they expropriated 76,767 arrobas 21 lbs. From 1791 to 1792 the Spanish monarchy had 342,707 arrobas 16 lbs. burned, as they were rotting in the storerooms. Added to this were 67,339 arrobas due to

\textsuperscript{17} Guillermo Céspedes del Castillo, \textit{El tabaco en Nueva España}, Madrid, 1992, p. 62.

\textsuperscript{18} “Extracto de veinte y cinco memorias sobre tabaco presentadas a la Real Sociedad Patriótica de La Habana en sus Juntas Generales del año 1804”, Memorias de la Real Sociedad Económica de la Habana, Memoria nº 5, p.367.


deterioration caused by the process of converting the tobacco from leaf to pipe tobacco, as well as other processes. The remaining half million was lost during the transport and process of loading and unloading the product in the outlying branches of the General Factory of Havana, as well as several fires which broke out in some of the storerooms. In any case, the data offered by the Factory is more reliable than that of the Trade Balance Sheets, which shows a lower figure. This could have occurred since the Factory accounted for all the "king's tobacco", including both leaf tobacco and the final product, while the only took into account a fraction of the actual exportations. The Trade Balance Sheets of 1794 and 1803 to 1807 show a similar tendency, but with a much lower figure for the exportation of leaf tobacco.

**Figure 5. Total exportations of tobacco in royal pesos (1803-1864)**

Source: Balanzas de comercio de la isla de Cuba.

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21 J. Gonzalez Padrana, and Braulio De Vivanco, “Estado de la entrada y salida anual de tabaco en la Factoría General de La Habana”, La Habana, 1812.


23 Complains were constant in war times. “Si consideramos la siembra y el cultivo del Tabaco, como segundo en el orden de la agricultura colonial, es preciso considerar al propio tiempo el desmedro y abatimiento a que ha venido por falta de auxilios oportunos a los labradores y por la imposibilidad de pagarles sus cosechas al tiempo de entregarlas en tabla real y mano propia pq las consignaciones señaladas a este objeto no hayan sido realizadas”. *Estado General de introducciones y extracciones de caudales, frutos, efectos y negros bozales y otros artículos en que se demuestra el comercio de este puerto con los demás que se indican y para un resumen general se manifiesta su giro en todo el año próximo pasado*, La Habana, 21 marzo 1807. B.N. Madrid.
From 1817 on, the cultivation, manufacture, sale and exportation of tobacco was liberalized in Cuba in exchange for payment of 10% of the crop in kind. This was later modified and then abolished on the 25th of January 1827 and substituted for a 6% tax on production, according to the following mechanism: the Dirección General de Rentas (General Income Office) established agreements with Spanish entrepreneurs for a given amount to the Spanish monopoly.

Tobacco began to be relevant after 1820, before which very little consideration was given to it in comparison with other exportations from the island. Still, it cannot be said that Spanish demand for tobacco was the direct cause of the increase. The quantities being discussed, around 1,500,000 lbs. during the 1820's, were far below that being consumed in Spain as well as far below Cuban production itself.

**Figure 6. Exportations of leaf, processed, powdered and pipe tobacco and snuff in lbs. and cigarette packs (1803-1861)**

Source: From 1794, 1803 to 1807, data is from the Factory with respect to processed tobacco since each type of tobacco is detailed: snuff, pipe and powdered tobacco and cigarettes for all other years the data comes from the Balanzas de comercio de la isla de Cuba.

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The data previous to 1827 comes from the trade balance sheets of the port of Havana; therefore, the figures given are below the actual exports from Cuba. From 1826 on, the Trade Balance Sheets include the entire island. As with any statistical source, some possible problems arise, which, at the same time, do not invalidate that source. Up until 1840, the only distinction made was between leaf tobacco and processed tobacco, while from that date on, with respect to all exports, a clear distinction was made between pipe tobacco, cigarettes and other processed tobacco. That does not mean that previously no other tobacco was exported except leaf and processed tobacco, but rather this indicates that it was simply not specified in the trade balance sheets, and very probably the other categories were included in these two broad categories. In fact, in the Havana trade balance sheets of 1794 and from 1803 to 1807, powdered tobacco and cigarettes appear separately. Another explanation is also possible; observing the figures corresponding to 1840 and 1841, we can observe that there is no decrease in the figures due to a greater diversification in types of tobacco as would be suspected, but rather there was a progressive increase in exportations of each of those types. It could be that the trade balance sheets of the 30's, since they were less detailed, tended to group snuff, pipe tobacco and cigars in the category "other products" and only described in detail the products of greater volume. Another problem to be faced is the fact that measurements were not standardized, such as in the case of cigarettes, which were counted in packs, while all other products were recorded in pounds. In any case, the figures demonstrate a clear increase in cigarettes and pipe tobacco from the 40's onward, emphasizing the finished or partially finished product over raw materials.

It is after 1829 that tobacco exports clearly increase. The fact that there is a certain fluctuations in the figures given up until the end of the 30's could have been due to difficulties in communications cause by conflicts with what are now the Spanish ex-colonies. The figures for Cuban tobacco exports to Spain appear to be between 2 and 2.5 million lbs. during the decade of the 1840's. This progressive increase was interrupted during the 40's due to a drought and a hurricane which occurred and affected results for 1844 and 1845. Another substantial decrease in exportation figures in 1848 and 1849 can be attributed to the European economic crisis and the severe drought of those years.

After these ups and downs, the demand for leaf tobacco increased gradually until 1858, while that of processed tobacco did not take off until 1848, after which it demonstrated spectacular growth.

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26 See also de Memoria de la Real Sociedad Económica, 1836 and 1839. Adding indoors and extra-walls Havana, there were about 306 tobacco factories and 21 cigar factories.

27 Except in 1844-45 “ya q es preciso recordar los perjuicios q experimentó la riqueza pública en 1844, por efectos de la seca que agostó los campos, y el huracán de Octubre q exterminó cuantos cultivos habían perdonoado aquella, y cuyas consecuencias deben ser más sensibles en 1845. Así se comprenderá la causa de esa menor exportación que dejo señalada…”, Sebastián Bonany, La Habana 23th July 1845. Balanza de Comercio de la isla de Cuba, 1844.

28 Balanza de la Isla de Cuba para el año 1849, La Habana 1850.
throughout the following decade\textsuperscript{29}. From 1854 onwards, the exportation of cigarettes packs increased, while powdered tobacco and snuff practically disappeared. This increase in exportations had a positive effect on finances, since most Cuban tax office revenues were indirect and based largely on customs duties\textsuperscript{30}.

However, during the 1860's we see the beginnings of a decline related directly to the US law of 3rd March 1857 which increased customs duties and produced as a result the emigration of Cuban producers and cigar rollers to the US\textsuperscript{31}. This occurrence, together with the US Civil War, which also affected tobacco exports, especially with respect to leaf tobacco, being the main product in demand by the US, greatly reduced exports. Added to this was the decreasing demand between 1859 and 1870 from Germany and France, which also affected the overall decrease in figures\textsuperscript{32}.

Observing the data shown in Figure 6, we can deduce that Cuban tobacco exportations gradually increased from the 30's on, fluctuating dramatically until reaching their high point in 1859.

5. The demand from Spain

This increase in Cuban tobacco exportations contrasts sharply with importations from Spain. According to the reports received from the French consul in Santiago de Cuba based on a survey carried out in 1827 on tobacco consumption, 20% of the production was consumed in Cuba itself, another 20% was exported to the US, 10% to France, 25% to Spain, and the remaining 25% to all other countries\textsuperscript{33}. The demand for tobacco in Spain was covered with cheap US and later Philippine tobacco\textsuperscript{34}. This leads us to believe that, as with sugar, there was not a huge demand on the part of Spain for Cuban tobacco. The Spanish tobacco monopoly was supplied by several sources with raw materials, such as Cuba and Philippines, but also Kentucky and Virginia. Moreover, the tobacco

\textsuperscript{29} ANC. Junta de Fomento. Legajo 96, exp. 4031 “Memoria sobre el cultivo del tabaco presentada por Juan Antonio Pérez de Ordaz (1849).

\textsuperscript{30} For a synthesis on the relationship between Metropolis (Spain) and Colony (Cuba) see Piqueras, J.A., “La siempre fiel isla de Cuba o la lealtad interesada”, in Historia Mexicana, Vol. 58, No. 1, 2008, pp. 427-486.

\textsuperscript{31} The Central Guild of Havana Tobacco noted that “en 1862 existían, en la Habana, 149 fábricas de cigarros puros con marca. En el presente año solo hay 79!”. Informe del Comité permanente del Gremio Central del Tabaco en la Habana al Congreso solicitando la exención del pago de contribución municipal a las fábricas de tabacos puros y de cigarros de papel, La Habana, 1881, p. 2. See also Imilcy Balboa, Los brazos necesarios. Inmigración, colonización y trabajo libre en Cuba, 1878-1898, Fundación Instituto de Historia Social, 2000.


\textsuperscript{33} A.E., Paris, CCC. Santiago de Cuba, Vol. 2, f. 300.

\textsuperscript{34} Bravo Murillo, “Proyecto de ley de Presupuestos para 1853 que VM se había dignado autorizar al Gobierno para presentar a las Cortes”, Madrid, 2th of December 1852, p.27 and Jimeno Agius, Población y comercio de las Islas Filipinas, Madrid, San Gregorio, 1884.
imported by the US from Cuba was destined precisely to manufacture cigars in Virginia, Kentucky and Maryland. As shown in the report by Lorenzo Calvo y Mateo, the Spanish consumer was obligated to buy the "72% of this foreign product of the worst quality, while only being able to consume the 27% of Cuban tobacco of unquestionably superior quality. This was a contributing factor in the contraband tobacco coming through Gibraltar\textsuperscript{35}.

Figure 7. Quantities in lbs. and prices of tobacco according to origin imported by Spain in 1839

<table>
<thead>
<tr>
<th>Origin and type of tobacco</th>
<th>Amounts in Pounds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Havana cigars made in Cuba or 4000 packs (cajas) a 250 rs. each</td>
<td>26,000</td>
</tr>
<tr>
<td>Havana leaf from Vuelta de Abajo or 1.020 rs/quintal</td>
<td>55,000</td>
</tr>
<tr>
<td>Havana leaf from Vuelta de Arriba or 500 rs/quintal</td>
<td>885,000</td>
</tr>
<tr>
<td>Virginia and Kentucky leaf or 300 rs /quintal</td>
<td>4,678,000</td>
</tr>
</tbody>
</table>

Source: Demonstration of the damages the government-licensed tobacconist's causes to Spain and means to avoid this with a treasury increase, written to Congress and the public by Lorenzo Calvo y Mateo, Madrid, 1840, p. 10.

If we compare Calvo's report with the information which appears in the Commercial Review and the current prices of 1859, 1866 and 1867\textsuperscript{36} with respect to tobacco exports from the port of Havana, we can include that, in effect, Spain was not a major consumer of Cuban tobacco; on the contrary, Cuba exported far greater quantities of tobacco to Spain's main competitor\textsuperscript{37}. Dependence on the US market was gradually increasing, as was the case with sugar.

\textsuperscript{35} Parliamentary Papers (PP), Account & Papers, Vol. XLVII (1844), Commercial Tariffs, Commercial legislation and tariffs of Spain.

\textsuperscript{36} Revista comercial y precios corrientes, Vol. 43 y Vol. 49.

\textsuperscript{37} "Vuelta Abajo, in Cuba’s western most province of westernmost province of Pinar del Río became knowns the tobacco meca for the Havana cigar, which in turn became the centre around which revolved a nineteenth-century world cigar tobacco enemy chose key retail outlets were London, Amsterdam, Bremen and New York”, Stubbs (2007), p. 3. According to the Central Guilds of Havana Tobacco in the 80’s “la sombra del tabaco de Vuelta Abajo, ha tomado incremento el cultivo de esta hoja en toda la Isla, contándose cerca de 3,000 vegas en los Partidos y sobre 4,000 en Vuelta Arriba, antes de la insurrección. Y los tabacos de Partidos y de Vuelta Arriba, aunque inferiores á los de la Vuelta Abajo, son, sin embargo, mejores que cuantos otros se cosechan en los demás paises del orbe”. Informe del Comité permanente del Gremio Central del Tabaco en la Habana al Congreso solicitando la exención del pago de contribución municipal a las fábricas de tabacos puros y de cigarros de papel, La Habana, 1881, p. 3.
The reasons for which greater quantities of US tobacco than Cuban tobacco were imported by Spain were the price, the customs policies and the quality\(^{38}\). Tobacco from Havana was so expensive that its consumption was limited to the upper classes. The tariff which controlled the import duties favored the US\(^{39}\). Taking into account the fact that US tobacco was cheaper, it was perfectly logical that it would be in greater demand. The royal tax office raised the customs duties, thus increasing the price of the tobacco and encouraging contraband all along the Spanish coastline, on the French border and via Gibraltar, at the same time limiting the consumption of quality tobacco to a relatively small but rich social group. The US, in spite of having an inferior quality of tobacco leaf, was able to take greater advantage of their product\(^ {40}\).

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\(^{38}\) El Instructor o repertorio de Historia, Bellas Letras y Artes, Tomo II, Londres 1835, p.370 and Memoria sobre el tabaco de la Isla de Cuba: en la que se indican algunas mejoras de que es susceptible su cultivo y preparación, Habana, 1852, p. 4.

\(^{39}\) “Dictamen fiscal relativo a los tabacos”, La Habana, 9th January 1844.

\(^{40}\) Lorenzo Calvo y Mateo “Demostración de los perjuicios que causa a la España un estanco del tabaco y medios de evitarle con aumento del tesoro público,” Madrid, 1840, pp. 7-11 and Náter “The Spanish Empire and Cuban Tobacco during the Seventeenth and Eighteenth Centuries”, in P.A. Coclanis (ed.), The Atlantic Economy during the seventeenth and eighteenth centuries, Columbia, University of South Carolina, 2005, pp. 256-257.
the second half of the 19th century, Spanish demand for Cuban tobacco remained steady. Inevitably it was the demand by other countries which increased Cuban tobacco exportation.

**Figure 8. Consumption of this product in Europe, deducted from the income statements and products are that yields the treasury**

<table>
<thead>
<tr>
<th>Country</th>
<th>British Pounds</th>
<th>Pesos fuertes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>429,600</td>
<td>64,000</td>
</tr>
<tr>
<td>Holland</td>
<td>3,960,000</td>
<td>5,200</td>
</tr>
<tr>
<td>Belgium</td>
<td>4,800,000</td>
<td>12,000</td>
</tr>
<tr>
<td>British Empire</td>
<td>21,600,000</td>
<td>17,275,000</td>
</tr>
<tr>
<td>France</td>
<td>12,000,000</td>
<td>5,500,000</td>
</tr>
<tr>
<td>Spain</td>
<td>5,600,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Portugal</td>
<td>435,600</td>
<td>540,000</td>
</tr>
<tr>
<td>Italy</td>
<td>2,946,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Germany (without Austria)</td>
<td>45,600,000</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Austria &amp; its domains</td>
<td>4,800,000</td>
<td>3,400,000</td>
</tr>
<tr>
<td>Sweden &amp; Norway</td>
<td>2,160,000</td>
<td>70,000</td>
</tr>
<tr>
<td>Denmark</td>
<td>1,320,000</td>
<td>5,620</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>103,651,200</strong></td>
<td><strong>35,071,820</strong></td>
</tr>
</tbody>
</table>

Source: Merchants Magazine, New York in Rodríguez Ferrer (1851, p. 154)
6. Conclusions

Spain did not import the greater part of Cuban tobacco, nor was most of the tobacco consumed in Spain from Cuba. Spain neither consumed nor re-exported Cuban tobacco. Cuban tobacco, due to its high quality, was too expensive to be able to compete with tobacco of lesser quality which was, therefore, cheaper. The Spanish tax office preferred to take in huge amounts of money by taxing consumption in general, than to promote Cuban tobacco, which only a few of the richest consumers could afford. For this reason, Spain imported tobacco of mediocre and poor quality and taxed it through the government-licensed tobacconist's. However, Cuban tobacco was successful due to the possibility afforded it to export freely in exchange for lower customs duties, which allowed for an increase in production as well as the possibility of obtaining on the international market prices which corresponded to its quality. The authorities reached the conclusion that if its exports were not heavily taxed, then Cuban exports would increase, and thereby they could increase their income based on customs and currency while favoring suppliers and landowners and their colonial products. Most Cuban products paid export duties of 6% for products going to a foreign country and 2% for products going to Spain in 1824. From that date on, these duties were gradually decreased in order to favor commerce. Spain eventually became more aware of the fiscal interests underlying customs duties. By increasing exportations, customs duties also supplied enough income to take care of taxation needs in Cuba as well as supplying a certain amount of money to Spain. Fiscal interests took precedence over the increasing dependence of Cuba on the US market and its long-term implications.

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