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MONTSERRAT CACHERO/PAULA  
RODRÍGUEZ-MODROÑO

## An Empire of Networks

The Political Economy of the Habsburgs  
in the Caribbean (1492–1556)

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**Keywords** Privileges, 16th century, Empires, Latin America

**Abstract** This article presents an analysis of privileges as one of the instruments used for the colonization of the New World. Based on an original dataset comprising more than five hundred prerogatives granted by the Spanish Crown, this article applies network analysis to reconstruct and map the concession of privileges by the Habsburg monarchy during the first half of the 16<sup>th</sup> century. In a high uncertainty scenario, we depict privileges as a necessary cost assumed by the monarchy to solve the principal-agent problem by building up a structure to facilitate information flow, enabling the remote governance of overseas territories.

## 1. Introduction\*

In 1499, seven years after giving Christopher Columbus their blessing for his first journey, the Catholic Monarchs divested the Admiral of his position as viceroy and governor of the territories gained for the Spanish Crown in America. The decision authorized the personal selection of agents with political duties in America, and ended with the traditional system of selling public offices.<sup>1</sup> The new policy allowed the monarchy to control the recruitment process for local rulers and establish personal ties with them. But what was the real intention of the Crown? Why did the monarchs assume the cost of granting privileges? Why change the rules of the game?

In economic terms, their arrival and settlement in America implied a principal-agent problem for the monarchy. Long distances and communication problems drastically increased uncertainty and promoted opportunism. Additionally, the dimensions of the territories they ruled, as well as the constant changes in their borders, problematized controlling the population. In this scenario, the emergence of network structures to bond the center to the peripheries facilitated the control of overseas territories and moderated the complex principal-agent relationships. As Julia Adams states, “the capacity of principals in Europe to control their agents in the colonies depended on specific structural relationships that bound them together”.<sup>2</sup> We argue that the Spanish Crown used privileges to build this network structure. By awarding extraordinary privileges to previously selected agents, the king ensured loyalty and facilitated information flow.<sup>3</sup>

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- 1 The selling of public offices was a common practice in Castile from the Middle Ages, see F. Tomás y Valiente, *Gobierno e Instituciones en la España del Antiguo Régimen* (Madrid: Alianza, 1980); A. Domínguez *Instituciones y sociedad en la España de los Austrias*, (Barcelona: Ariel, 1985).
- 2 See J. Adams “Principals and Agents, Colonialists and Company Men: The Decay of Colonial Control in the Dutch East Indies,” *American Sociological Review*, 61:1, 12–28, 1996, p. 12.
- 3 Eager for information, the monarchy required periodic reports from their agents overseas, see, for instance, A. Cañeque, A. *The King’s Living Image: The Culture and Politics of Vice-*



The flexible government structure could potentially be used to monitor behavior, punish deviations, and enforce the rules. The model was based on bargaining with local and regional authorities, and has been characterized as Stakeholder Empire. According to Regina Grafe, this system was transferred from early modern Europe where government was conceived as “a persistent negotiation between corporate powers, elite groups and the monarch and his council”.<sup>4</sup> In the same vein, while analyzing the Ottomans, Karen Barkey stresses the importance of flexible arrangements between the center and the different peripheries.<sup>5</sup>

The Spanish Crown adopted a one-to-one policy to develop such structures. The underlying idea was to build strong bilateral ties with the center, while discouraging cooperation among individuals on the periphery. To reinforce this conception the monarchy allowed overlapping jurisdictions and duties to compete with one another, generating frequent conflicts, with the goal of preventing individuals from becoming too powerful. The strategy followed by Spanish rulers obviously produced coordination problems and disputes, which were resolved through a system of constant reporting.<sup>6</sup>

Within small groups, internal norms impose cooperation and reciprocity, creating social capital, which increases the value of transferring information. Putnam has described bonding social capital as being inward looking, reinforcing exclusive identities and promoting homogeneity. When network relationships expand to larger populations, bonding social capital is not enough, and a strong institutional framework is required to facilitate the transfer of information and decrease potential risks.<sup>7</sup>

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*regal Power in Colonial Mexico*, (New York and London: Routledge, 2004); A. Alvar Ezquerro. *La Emperatriz*, (Madrid: Alianza, 2012); I. Jiménez Zamora. “La actuación política de la emperatriz Isabel (1528–1538)”, *Espacio, Tiempo y Forma*, Vol. 29, 163–185, 2016.

4 R. Grafe. *Distant Tyranny: Markets, Power, and Backwardness in Spain, 1650–1800*, (Princeton: Princeton University Press, 2012), p. 2.

5 The author is especially concerned about the mechanisms of negotiation and the autonomy of intermediaries in this process, see K. Barkey. *Empire of Difference. The Ottomans in Comparative Perspective*, (New York: Cambridge University Press, 2008).

6 K. Ward. *Networks of Empire: Forced Migration in the Dutch East India Company*, (New York: Cambridge University Press, 2009); E. Gellner. “Trust, Cohesion, and the Social Order,” in Diego Gambetta (ed.), *Trust: Making and Breaking Cooperative Relations*, 142–57, (Oxford: Oxford University Press, 1988); C. Haring. *The Spanish Empire in America*, (Oxford: Oxford University Press, 1947); M. A. Irigoien and R. Grafe. “Bounded Leviathan: or why North and Weingast are only right on the right half,” *MPRA Paper No. 39722*, 2012; B. Yun. *Las redes del Imperio: élites sociales en la articulación de la monarquía hispánica, 1492–1714*, (Madrid: Marcial Pons, 2009).

7 R. D. Putnam. *Bowling Alone: The Collapse and Revival of American Community*, (New York: Simon and Schusters, 2000); A. Greif. “History Lessons: The Birth of Impersonal Exchange: The Community Responsibility System and Impartial Justice,” *Journal of Eco-*

In emerging markets and new economies like those of 16th century America, information can be transferred across large networks that are simultaneously cohesive and wide-reaching.<sup>8</sup> What the Spaniards established in early America was a network structure that fostered the exchange of information between the court and the overseas territories, and helped the Crown to maintain its power over them. These information channels, which sometimes overlapped with trading and migration networks, shaped the remote governance of the West Indies.

We examine the process of building up a network to govern the New World through the granting of individual privileges. Privileges were defined in 16th century legislation as political or economic favors granted by the Crown to one or more individuals and established by royal decrees. From a political perspective, the idea of privileges derives from the concept of sovereignty, or the monarchy's "property rights over a territory". In this sense, only the Crown has the possibility to transfer specific rights to its vassals. With this act, the central state left considerable authority in the hands of privilege holders in America.<sup>9</sup> By applying network analysis to original historical data concerning 547 privileges, we represent and measure the structure built upon the delegation of political power.

Additionally, the privileges assignment system opened up a market for suitors hoping to occupy political positions and obtain economic favors. The market was not exclusive to the aristocracy, and many different profiles were gathered within it. Members of the economic and political elites in Castile coexisted with priests, civil servants, and soldiers. Using attributes, we confirm that as the colonization process evolved, the initial group of old *conquistadores* was progressively replaced by those who came later – essentially bankers and agents with direct access to funding.

We attempt to model large-scale policies and institutions of the past, such as networks – including those of the empires. Additionally, we incorporate the con-

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*omic Perspectives*, 20:2, 221–236, 2006; L. G. Zucker. "Production of trust: Institutional sources of economic structure, 1840–1920," *Research in Organizational Behaviour*, 8, 3–III, 1986.

- 8 D. C. North. "Institutions, Transaction Costs, and the Rise of Merchant Empires," in James D Tracy (ed.), *The Political Economy of Merchant Empires*, (Cambridge: Cambridge University Press, 1991); H. Hillman and B. L. Aven. "Fragmented Networks and Entrepreneurship in Late Imperial Russia" *American Journal of Sociology*, 117:2, 484–538, 2011; E. Erikson and S. Samila. "Networks, Institutions, and Uncertainty: Information Exchange in Early-Modern Markets," *The Journal of Economic History*, 78:4, 1034–1067, 2018.
- 9 L. Epstein. *Freedom and Growth: The Rise of States and Markets in Europe, 1300–1750*, (New York: Routledge, 2000); V. Sandoval Parra *Manera de galardón. Merced pecuniaria y extranjería en el siglo XVII*, (Madrid: Marcial Pons, 2014); C. Tilly. *Coercion, Capital and European States, A.D. 990–1992* (Cambridge, MA: Wiley-Blackwell, 1993).

cepts of time and territory into the analysis to shed light on the development of the Spanish Empire in the New World from a different approach.<sup>10</sup>

The article is organized as follows. The first section describes and typifies the privileges included in the database. Section two explains the process of creating the network of privileges, while section three identifies the principal agents through an analysis of the network structure and its metrics. Section four applies dynamic network analysis to the study of the creation of sub-networks in the main overseas territories. The last section contains the conclusions of the analysis.

## 2. Searching for privileges

The *Cedularios* are collections of royal decrees and legal dispositions adopted by the Spanish Monarchy. They contain the legislation pertaining to the governance of territories on the other side of the Atlantic from 1492 until the independence of the Spanish colonies in America. Within the dispositions, we can find confirmation of privileges, together with information about political conflicts, indigenous populations, taxes, and even the process of evangelization.<sup>11</sup>

We have built a dataset with information about privileges extracted from the *Cedularios*. This data covers a wide range of territories. More specifically, we analyze privileges granted for Hispaniola, Venezuela, Santa Marta, Cartagena, Margarita, Cumana, Cubagua and Nueva Andalucía (the provinces of Paria and Marañón), as shown on the map (see Appendix).<sup>12</sup>

The geographical area selected comprises the Caribbean along with a long coastline known as Terra Firma, stretching from Cartagena de Indias to the Brazilian border. During the first stage of the Spanish expansion, legal dispositions

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10 J. Preiser-Kapeller. "Networks and the Resilience and Fall of Empires: a Macro-Comparison of the Imperium Romanum and Imperial China," *Geographie* 36, 2018; M. L. Smith. "Territories, Corridors, and Networks: A Biological Model for the Premodern State," *Complexity*, 12: 4, 28–35, 2007.

11 Although the royal decrees were sent to the colonies, the scribes at the court used to keep copies of all documents. Many of those copies have been preserved at the Archivo General de Indias (hereafter AGI) in Seville, as shown in the appendix. For some territories, however, the *cedularios* have been partially transcribed and printed. These sets of royal decrees are a rich source of information to reconstruct the political life of some specific areas.

12 Note that we have excluded Mexico and Peru because the colonization process in these territories followed a different institutional model. From the beginning, Mexico and Peru were considered viceroalties, while the rest of territories analyzed in this paper were defined by the monarchy as provinces.

referred mostly to Hispaniola (Santo Domingo), San Juan (Puerto Rico) and Cuba; however, every expedition brought new political divisions, and with them new norms regulating the recently added territories.

The period under analysis spans from 1492 to 1556, the year in which Charles V abdicated. During this initial stage of the colonization process, the monarchy was concerned with the need to control the selection of individuals who would occupy political positions in the New World, even at the local level. Nevertheless, this policy seems to have changed under Phillip II's rule when financial difficulties forced the king to approve the sale of public positions in America. The new system allowed the consolidation of a political elite in the overseas territories and implied the end of the civil servant recruitment policy. In the records analyzed, we found information on more than 500 privileges, involving 239 individuals. This dataset is unique, and provides a clear picture of the distribution of political and economic power in America.<sup>13</sup>

The *Cedularios* include individual privileges and special contracts called *capitulaciones*. Individual privileges were personal favors commonly referring to tax exemptions, trading licenses or political positions. *Capitulaciones*, meanwhile, were contracts for the colonization of a specific area signed by the Crown and one or more individuals. Through these documents, the monarchy transferred the power to explore, conquer, and populate the territory in exchange for a percentage of the economic profit generated from the enterprise. Although the *capitulaciones* were similar from a legal perspective, the records reveal a different treatment. Some contracts are very simple, while others included exceptional prerogatives.<sup>14</sup>

We have homogenized the information gathered from the *cedularios*, including both individual privileges and information from *capitulaciones*. Table 1 shows the proportions of general and specific privileges. The decades between 1520 and 1540 correspond with the greatest period of expansion. This was the period during which the exploration of Terra Firma took place, and when the *capitulaciones*

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- 13 We find similar analyses in the works by Mauricio Drelichman Joachim Voth, which are based on a sample of 434 contracts referring exclusively to Castile. Their analyses draw attention to privileges and public debt. See M. Drelichman, M. "All that glitters: Precious metals, rent seeking and the decline of Spain," *European Review of Economic History*, 9, 313–336, 2005; M. Drelichman and J. Voth. *Lending to the Borrower from Hell Debt, Taxes, and Default in the Age of Philip II*, (Princeton: Princeton University Press, 2014).
- 14 The law affirmed that the exploitation of the territory was a royal prerogative, which could be transferred to loyal subjects. Theoretically, only the monarchy could grant such prerogatives; however, the signing could be delegated to regents and members of the Consejo Real. In the period between Columbus' travels and the end of the 16th century, 74 *capitulaciones* were signed, A. Muro. "Las capitulaciones de descubrimiento, conquista y población," *Anuario Mexicano de Historia del Derecho*, 1, 147–152, 1989.).

Period	General	Specific	Total
1500–1519	30	12	42
1520–1529	97	107	217
1530–1539	157	113	262
1540–1559	28	13	41
Total	302	245	547

**Tab. 1** Metrics General and Specific Privileges, 1500–1559, data from *Cedularios*.

for Santa Marta, Venezuela, Cartagena, Puerto Rico, Cubagua, and Paria were granted. After 1540, the number of expeditions in the geographical area analyzed decreased, since most of the territory had already been explored.<sup>15</sup>

The privileges analyzed can be grouped into three different categories: licenses, benefits, and monopolies. Licenses refer to personal permits to attempt an activity that was initially forbidden, and thus represent exceptions to the law. Trading licenses, permits to follow alternative navigation routes, and specific provisions to regulate mobility are included in this category. The second category, that of benefits, refers to special gifts granted by the Crown, mostly tax exemptions or special subsidies. Finally, monopolies imply the exclusive right to carry out an economic activity in a specific area. These exclusive rights are associated with the exploitation of natural resources and precious metals, but also salt, pearls, gems and plants. In exchange for the exclusivity awarded to its vassals, the Crown received one fifth of the monetary value per year, or what was called *quinto real*. Royal officials were responsible for controlling the entire process.<sup>16</sup>

Monopolies in trade were also granted, though not very frequently. For instance, when the colonization of Venezuela was entrusted to the Welser company, its agents did not allow any other trader to introduce merchandise into their

15 During the last years of Charles V's reign, the Spanish Crown was more interested in the expansion across Peru and Mexico, especially after the discovery of Cerro Rico in Potosí (1545) and of the silver mines in Zacatecas (1546). See P. Bakewell. *Minería y sociedad en el México colonial: Zacatecas 1546–1700*, (Mexico City: Fondo de Cultura Económica, 1975); D. Brading. *Mineros y comerciantes en el México borbónico (1763–1810)*, (Mexico City: Fondo de Cultura Económica, 1976); J. Lacueva. *La plata del rey y sus vasallos. Minería y metalurgia en México (siglos XVI y XVII)*, (Seville: Universidad de Sevilla, 2010); J. Tepaske and H. Klein. *The Royal Treasuries of the Spanish Empire in America*, I, (Durham: Duke University Press, 1982).

16 J. F. Pardo Molero and M. Lomas Cortés. *Oficiales reales los ministros de la Monarquía Católica (siglos XVI–XVII)*, (Valencia: Universitat de Valencia, 2012).

province. The provisioning of the population was thus an exclusive prerogative of the company.<sup>17</sup>

It seems that, during the first few decades, most of the privileges were granted in the form of licenses, which responds to the fact that the initial regulation in America was shaped by nominative exceptions. Most of the licenses referred to the slave trade, especially following the discovery of gold mines and the development of pearl fisheries and sugar factories, which fostered demand. Although merchants and entrepreneurs constantly called for an increment in licenses, exceptions in this regard were tightly regulated.<sup>18</sup>

The last decade of the period was somehow different. With the conquest almost completed, the priority since the 1540s was to guarantee the settlement process. The recruitment of civil servants and the attraction of colonists were followed by the implementation of a benefit-granting policy. Land distribution and tax exemptions were among the most common rewards. The prerogatives, however, came with conditions. For instance, the concession of land implied the obligation of living on it for a minimum period, generally four years, and fiscal benefits were granted only once.

Despite the interesting information contained within the *Cedularios*, the dataset has some limitations. We are aware that the information is not homogenous – while some privileges include all sorts of details about the assignee, others offer simply names and professions. The geographical areas are also not always clear. We should take into consideration that over time, with the development of the settlement process, borders and jurisdictions became clearer. Besides, the data do not show relevant information such as conflicts among authorities, information flows, or the difficulties faced by local rulers governing the new territories. For this reason we consider that our analysis should be seen as complementary to those using information from letters or political trials. We offer an overview of the process of creating a structure which could potentially be used for remote governing.

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- 17 Despite the company's efficiency in ensuring a regular supply, the population of Venezuela complained persistently to the Court, especially about the company's pricing policy, see J. Friede. *Los Welser en la conquista de Venezuela*, (Caracas: Ediciones Edime, 1961); H. Kellenbenz. 1978, "Fustanes de Weissenhorn en las ferias de Castilla," *Cuadernos de Investigación Histórica*, 2, 317–334; D. Ramos Pérez. "El negocio negrero de los Welser y sus habilidades monopolistas," *Revista de Historia de América*, LXXXI, 7–81, 1976.
- 18 E. Vila Villar. *Hispanoamérica y el comercio de esclavos*, (Seville: Universidad de Sevilla, 2015).

### 3. Creating a network of privileges

The period between Columbus' arrival in America and the coronation of Charles V as Holy Roman Emperor was tumultuous. In less than three decades, the Spaniards were ruled by four different kings and several regents. This volatile political scene was characteristic of an itinerant court, with sovereigns permanently travelling from one city to another and soldiers, bankers, noblemen and civil servants turning up every day to negotiate privileges.<sup>19</sup>

The collection of letters that Diego de Ordás wrote to his nephew in Mexico described his negotiation process with the Crown. Ordás was Hernán Cortés' lieutenant in the campaign to conquer the territory of the Aztec Empire and, after his Mexican venture, he moved to the court to negotiate a new *capitulación*. In order to obtain the privilege, Ordás had to travel with the court for nearly two years. In August 1529, as a result of the negotiation, the councilors, on behalf of the king signed a privilege for Diego de Ordás to become governor of Río de la Plata. However, when the sovereign returned from Italy, the situation had changed and Charles V himself put Diego de Ordás in charge of colonizing the area around the estuary of the Amazon river.<sup>20</sup>

The literature has highlighted the role played by members of the Council of Castile and Council of Indies in the decision-making processes involving the concession of privileges.<sup>21</sup> It was their duty to advise the monarchs about all sorts of resolutions, and privileges were no exception. Although from a legal perspective they had no authority to act independently of the sovereigns, councilors could speak in favor of or against potential suitors.

In this study, we examine the concession of privileges by the Spanish court during the first half of the 16th century. We have individually coded all the privileges that address crucial information from grantees, such as names, professions, and their destination in America. We attempt to map how the Crown solved the

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19 The court moved from the traditional capital of Castile in Burgos to the new imperial capital in Toledo, and from Valladolid to Granada. Councilors, aristocrats, bishops, and high-ranking officials speaking Flemish, French, German or Italian travelled with it.

20 Ordás' nephew was responsible for the administration of Ordás' patrimony in Mexico, and he periodically sent his uncle money and luxury presents, such as slaves, feathers, or mirrors. See E. Otte, "Nueve cartas de Diego de Ordás," *Historia Mexicana*, XIV:2, 321–338, 1964.

21 In 1519, the Consejo de Indias (Council of the Indies) was created as an excision of the Consejo de Castilla (Council of Castile) to decide on the government of the colonies, including the granting of privileges. A. Brendecke, *Imperio e Información: Funciones Del Saber en el Dominio Colonial Español*, (Madrid: Iberoamericana Vervuert, 2016); E. Schäfer, *El Consejo Real y Supremo de las Indias su historia, organización y labor administrativa hasta la terminación de la Casa de Austria*, (Madrid: Crítica, 2010).

principal-agent problem by recruiting local rulers, royal officers and judges for the colonies. In exchange for the concession of such privileges, the agents from the network were constantly required to report back about issues that were crucial to the government, such as conflicts or revenues. In 1524, for instance, the emperor himself wrote in a letter to the judges in Santo Domingo: ‘Because I wish to be informed and know about everything that has been done in those places, you should write to the Royal Council reporting the truth about what happens’.<sup>22</sup>

Our methodology is twofold: first, we use networks to map privileges, identifying different profiles of recipients; second, we interpret the political decisions of central rulers using historical records and personal information about suitors. We consider that the reconstruction of these initial networks for the remote governance of Spanish colonies in America requires the application of formal instruments from network analysis. In the first stage, the macrostructure will show the potential and limitations of individual behavior. In the second stage, we will shift down to a microlevel to examine the specific actions of different agents within the structure. In doing so we follow Düring and Stark, who affirm that to understand the individuals’ motivation to make their way through the macro-network, the analysis requires a qualitative approach and the use of personal data gathered from archives or the literature.

The information drawn from the *Cedularios* allows us to map the network of privileges, where nodes are agents receiving or granting privileges and edges represent the prerogative received. Note that edges are the core of the analysis, since they shape the network. The adjacency matrix, containing 239 agents, is directed and non-binary, with agents as nodes and links representing the number of privileges. Note that our interest is to analyze the structure based on the privilege holders and, for this reason, our study focuses on the individuals receiving privileges, and not those who acted on behalf of the monarchy to grant prerogatives.

The analysis incorporates crucial data about the agents in the form of attributes concerning their professions and the territories in which they operated, in order to better discern the different types of suitors and how the configuration of the network evolved. Civil servants, both royal officials and members of the local administration, are the most relevant group, accounting for 66.5% of the total. The monarchy awarded a wide range of prerogatives to those servants who moved to America to ensure a constant flow of information. The presence of merchants in the New World is also relevant, as traders saw the New World as a way to expand their commercial networks. Finally, the sample shows that soldiers, priests,

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22 The original letter is fully transcribed in *Documentos Inéditos para la Historia de Colombia*, I, doc. 32, 122.



and artisans were also present in the court, usually negotiating to gain positions on local councils in the West Indies. Attributes for the links are also introduced in the analysis. More specifically, we consider the type of privilege negotiated, its start and end dates, and the territory covered by the privilege.

#### 4. Network structure and main agents

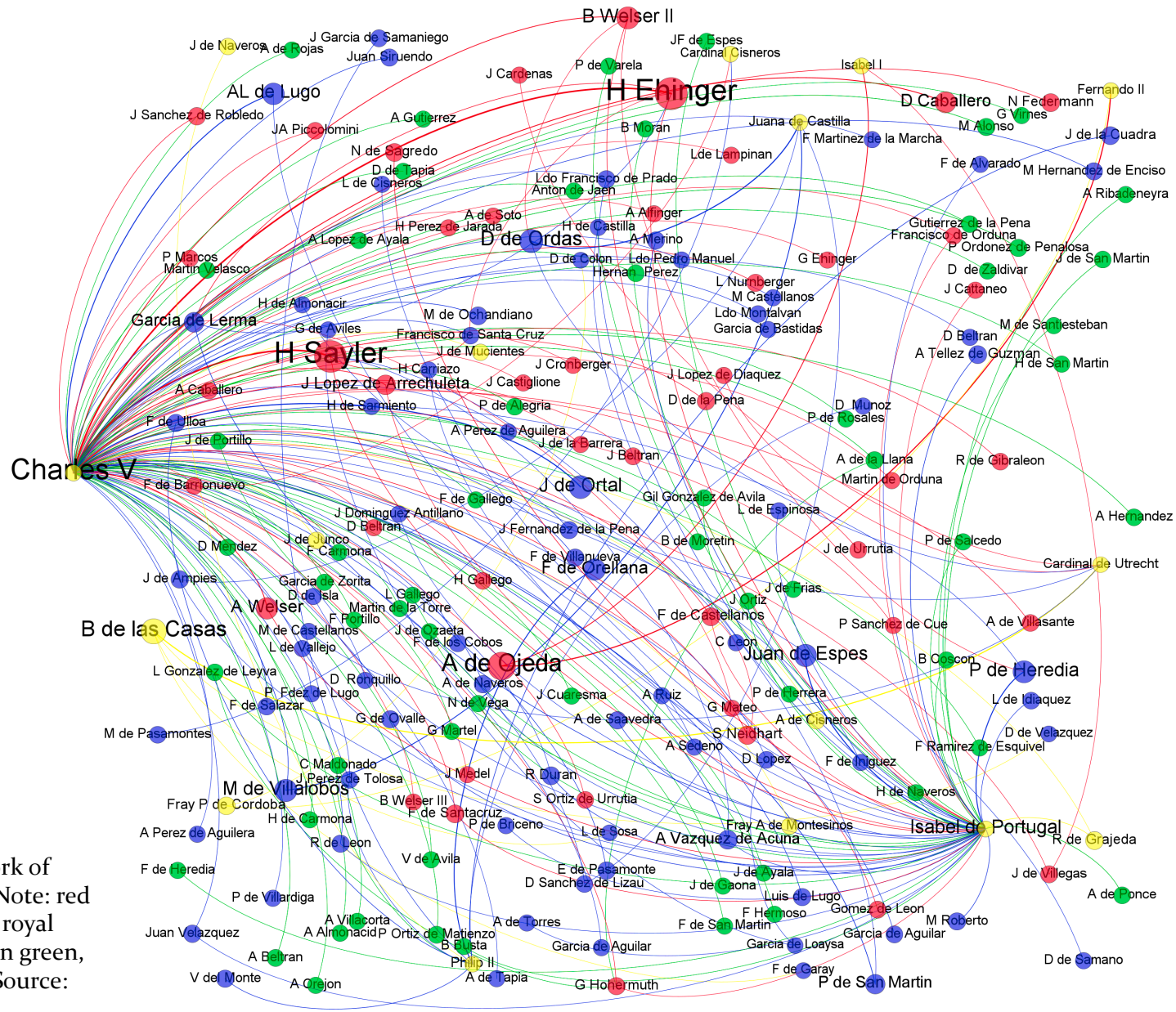
The information gathered from the cedularios and codified in the adjacency matrix is depicted in Figure 1. The graph represents the directed, weighted network of privileges granted between 1500 and 1559. The nodes have been colored according to the agents' professions: merchants in red, royal officers in blue, local servants in green, and other actors in yellow.<sup>23</sup> This last group includes representatives of the Crown and the Church, together with members of the Army. We consider that secretaries and regents played an important role as intermediaries and, for this reason, they have been represented separate from the monarchs. Individuals signing privileges in the original records are considered as distinct nodes, although they represented the king's authority.

In order to better visualize the agents who received more privileges in the network, the sizes of the different nodes are depicted as a function of their weighted indegree. Labels have been resized according to the weighted degree or the number of direct connections. As layout algorithms, we have applied Fruchterman Reingold, expansion, and Noverlap layouts to spread out the clustered results and thus avoid the overlapping of nodes and edges. Since we are interested in analyzing the configurations of the network of privileges through different agents, the lines (edges) take the color of the target, i.e., that of the profession held by the recipient of the privilege, while their width represents the weights, in this case the number of privileges granted.

The different colored lines in the graph present a heterogeneous picture, in contrast with the traditional image of a space of negotiation designed for the elites; in fact, sometimes it was just the opposite. In figure 1, we can observe that civil servants were quite active in the negotiation of privileges. Not only royal officials (blue colored), but also members of local institutions (in green) often received exceptional prerogatives, such as trading licenses or fiscal exemptions. Likewise, merchants frequently benefitted from the concession of privileges. Although their main interest was to negotiate exclusive rights in the form of

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23 We have classified civil servants into two different categories according to the division between Royal Officers and local officers. While Royal Officers depended directly on the Crown, local officials were members of the city council and represented the interest of a specific territory.



**Fig. 1** Weighted Network of Privileges, 1500–1559. Note: red for merchants, blue for royal officials, local officials in green, other nodes in yellow. Source: Data from *Cedularios*.

monopolies, they were also granted privileges for the exploration of territories, and even political positions.<sup>24</sup>

Distant clusters usually represent the activity of councilors and regents signing privileges in the absence of the emperor. Cardinal Adrian of Utrecht, Alonso Manrique de Lara, the bishop of Seville, and even Philip II (when he was still a prince) often signed privileges on behalf of the king. The nodes linking the isolated groups with the central clusters are agents who received privileges from different authorities. This was the case with Juan de la Cuadra, who in 1544 was appointed accountant in Nueva Andalucía by the young prince Phillip, on the same day that the capitulación in favor of Francisco de Orellana for the colonization of the same territory was formalized. Through the designation of Juan de la Cuadra, the monarchy aimed at restricting the political power of the new governor. It was necessary to export representatives of the Crown to create a strong local power that could counteract that of governors and viceroys, who were part of the so-called polycentric state model in America. By overlapping duties at different political levels, the Crown enforced surveillance. On many occasions, local institutions such as town councils prosecuted higher governmental institutions like the Audiencias (courts administering royal justice), or even the governors.<sup>25</sup>

However, receiving a privilege was not a guarantee of success, and at times the story ended in failure. Finding partners to fund an armada to travel to America, for instance, was a difficult mission. This was indeed one of the most frequent causes of failure. Between the court and America there was a mandatory intermediate stop in Seville, where future *conquistadores* tried hard to attract investors for their enterprises. Many candidates who succeeded at the court failed in the market. Martín Hernández de Enciso, for instance, had to renounce his privilege two years after signing his contract with the Crown. In a letter dated 1528, the king himself affirmed that ‘the capitulación with Enciso had no effect’.

The case of Diego Caballero, an accountant in Hispaniola, was different. In 1525, he signed a contract to explore the Caribbean coastline between Cabo San Román and Cabo de la Vela. This was essentially a commercial agreement that granted exclusivity to trade within the area for a two-year period. By then, Cabal-

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24 We can quote the case of the famous Nuño de Guzmán. When he was at the court in 1551, he was prosecuted and condemned by the king himself to pay 16 ducats (AGI, Section: Indifferent, 424, Book 22, p. 372).

25 P. Cardim. *Polycentric Monarchies. How did Early Modern Spain and Portugal Achieve and Maintain a Global Hegemony*, (Eastbourne: Sussex Academic Press, 2012); M. Herrero and C. Brilli. *Italian Merchants in the Early-Modern Spanish Monarchy. Business Relations, Identities and Political Resources*, (London/New York: Routledge, 2017); T. Herzog. *Defining Nations: Immigrants and Citizens in Early Modern Spain and Spanish America*, (New Haven: Yale University Press, 2003).

lero was fairly involved in the pearl fishery business and directly connected with the slave trade. It was thus his inactivity in the allotted territory that forced the Spanish Crown to look for an alternative candidate.

The main metrics of the network have been calculated to distinguish the most important agents receiving the privileges, and their relationship with the sovereigns. As a first approach, we have calculated centrality algorithms that measure weighted indegree and harmonic closeness centrality. These metrics respectively track the individuals who were more popular and held the most information, or could rapidly connect with the wider network. Table 2 lists the nodes with the highest 25 values of weighted indegree, harmonic closeness, and authority. The weighted indegree shows us the agents receiving more privileges. Closeness centrality is a proxy for the relevance of a given node in a network; in this case, agents with a higher closeness score had better opportunities for success since they could reach other privileges' grantees quicker. Finally, the third metric used is rank prestige. The prestige of a node in the network depends on the importance of the actors that it is connected to. The names in the table have been colored according to the profession of the agent, to highlight the distribution of privileges to different types of agents.

At the top of the ranking of these two metrics, we find agents who were directly or indirectly connected with the Welser company. With its main headquarters in Augsburg, the Welser family was involved in all sorts of commercial activities since the Middle Ages. Together with the Fuggers, the Welsers financially contributed to the coronation of Charles V as sovereign of the Holy Roman Empire.<sup>26</sup> When, in year 1528, Heinrich Ehinger and Hieronymus Sayler, agents of the Welser company, signed a contract for the colonization of Venezuela, it was not a compensation for the Welsers' previous support, but the result of a strategic decision.<sup>27</sup> The Welsers had enough capital to recruit and pay soldiers, hire workers, provide equipment and weapons, cover allowances during the journey, and guarantee the required supply during the settlement. The company owned ships, production centers and financial networks all over Europe. Besides, the Welsers had offices with frontline managers in strategic locations such as Seville, Lisbon, and Santo Domingo; from those cities, they received direct information regarding the

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26 J. Friede. *Los Welser en la conquista de Venezuela*, (Caracas: Ediciones Edime, 1961); J. Humbert. *La ocupación alemana de Venezuela en el siglo XVI. Periodo llamado de los Welser (1528–1556)*, (Caracas: Academia Nacional de la Historia, 1983); M. Häberlein. *The Fuggers of Augsburg Pursuing Wealth and Honor in Renaissance Germany*, (Virginia: University of Virginia Press, 2012).

27 Agents from the Welser company in charge of the colonization process played a double role in the network. The Welsers' governors received, and at the same time granted, privileges. In other words, some of the Welser's representative acted as both principals and agents.

Weighted indegree		Harmonic centrality		Rank prestige	
Heinrich Ehinger	33	Hieronymus Sayler	1	Heinrich Ehinger	4
Hieronymus Sayler	33	Diego de Ordas	1	Bartholomaeus Welser II	4
Alonso de Ojeda	24	Pedro de Heredia	1	Garcia de Lerma	4
Bartolome de las Casas	19	Garcia de Lerma	1	Alonso Vazquez de Acuna	3
Diego de Ordas	15	Francisco de Castellanos	1	Pedro de San Martin	3
Jeronimo de Ortal	14	Georg Hohermuth	1	Gaspar Mateo	3
Bartholomaeus Welser II	13	Philip II	1	Sebastien Neidhart	2
Pedro de Heredia	13	Isabel I	1	Luis Gonzalez de Leyva	2
Marcelo de Villalobos	13	Cardinal Cisneros	1	Alonso de la Llana	2
Juan de Espes	13	Fernando II	1	Hieronymus Sayler	1
Alonso Luis de Lugo	12	Garcia de Loaysa	1	Bartolome de las Casas	0
Anton Welser	11	Diego de Velazquez	1	Juan de Ampies	0
Francisco de Orellana	11	Francisco de Garay	1	Anton Welser	0
Diego Caballero	10	Lope de Sosa	1	Francisco de Orduna	0
Juan Lopez de Arrechuleta	8	Diego de Colon	1	Georg Hohermuth	0

Note: Colored in light red are merchants, in blue royal officials, green for local officials, and yellow for other (Crown, Church, Army).

**Tab. 2** Agents in the Market for Privileges by Level of Metrics.

expeditions or economic resources in the New World. Germán Arciniegas affirms that news from America sent by Welser's agents had more credibility in the Spanish court than the reports of royal officials.<sup>28</sup>

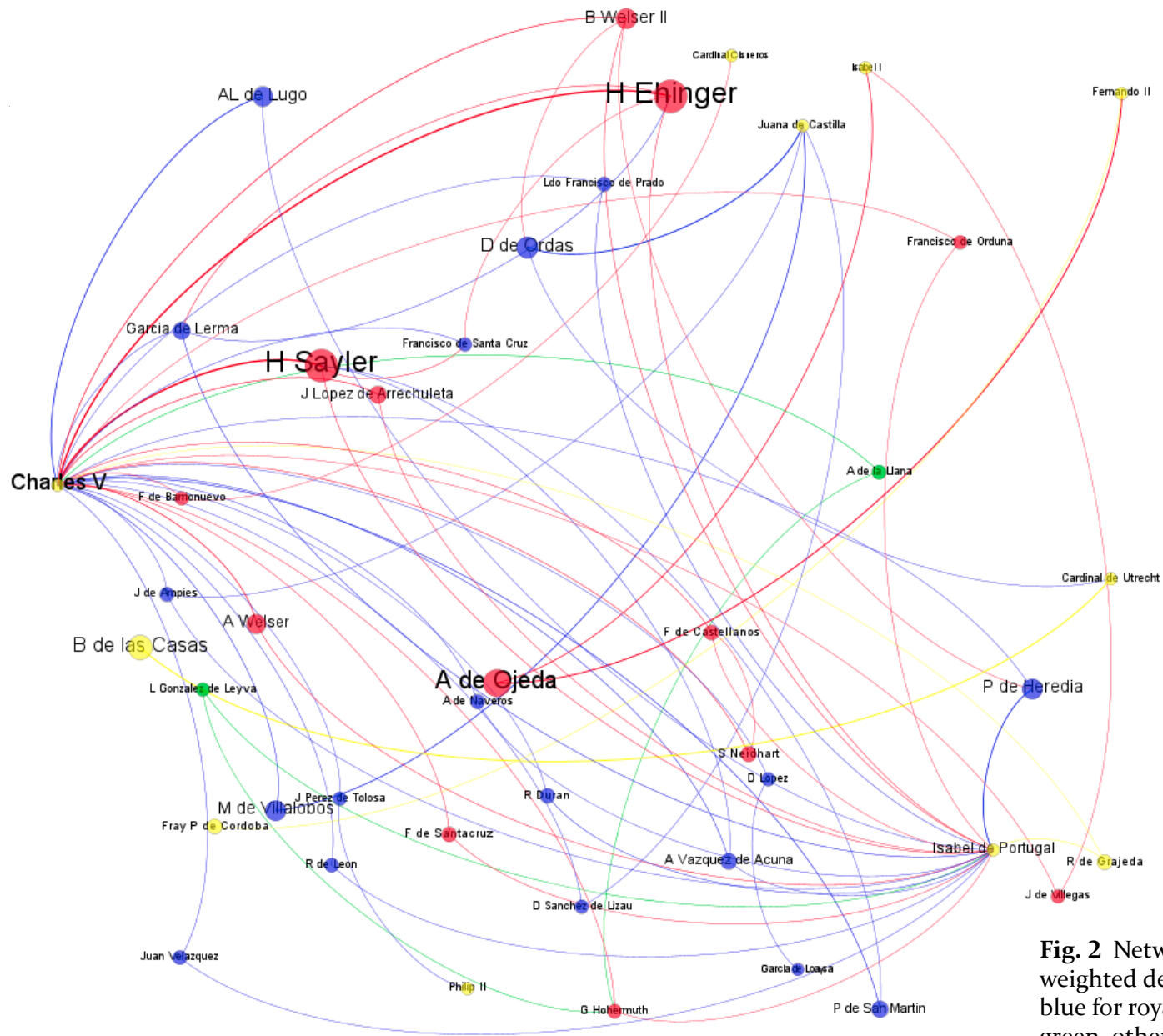
However, it was not only merchants that occupied the top positions – royal officials also received many privileges and occupied a central position in the creation of the network for the empire. Diego de Ordas, Pedro de Heredia, and García de Lerma also appear as central agents. Garcia de Lerma was a banker from Burgos who was initially involved in the slave trade with America, but decided to expand, presenting himself to the monarchy as the perfect candidate to be the governor of Santa Marta. Nevertheless, his lack of financial and economic infrastructure forced him to look for a partner. García de Lerma saw in the Welser company his

28 G. Arciniegas, G. *Los alemanes en la conquista de América*, (Buenos Aires: Losada, 1941), p. 89.

one-way ticket to America. He convinced the emperor to involve the company in the American venture, and as a result of the negotiation three contracts were signed: one for Santa Marta with García de Lerma, another for Venezuela with the company's agents, and a third between García de Lerma and the Welsers.

Alonso Vázquez de Acuña, treasurer of Venezuela, was also one of the top agents in terms of "authority". His position within the network corresponds to his ability to negotiate privileges simultaneously with the monarchy and the Welsers, as governors of Venezuela. Before departing to the New World, Vázquez de Acuña was appointed a royal official by the king. The role of treasurers in America was essentially to inspect the governors' actions and ensure that they deposited the Crown's part of the profit obtained from the plunder. Although the king's designation of Vázquez de Acuña was prior to the signing of the capitulación with the Welsers, the company's agents ratified him in his position once they occupied Venezuela, with the intention of forging an alliance with a representative of the monarchy. Vázquez de Acuña, however, remained loyal to the Crown and informed about any suspicious activities undertaken by the new governors.

Figure 2 displays only the nodes with a weighted degree of at least 2 in order to limit the visualization to the main nodes. Again, the size of each node is a function of the weighted indegree, which shows the most important agents in terms of the privileges they received, while the color of the agents and the lines show the profession of the recipient. We can see that merchants and royal officers were the main players in the network. The high or medium positions in the rankings are occupied by royal officials and relevant bureaucrats who, after a first experience in America, decided to negotiate privileges for the colonization of new areas. This was the case with Marcelo de Villalobos, a judge in the Audiencia of Santo Domingo since 1512, who in 1525 received the assignment to colonize the island of Margarita. The treasurer Jerónimo de Ortal signed a contract to govern an area of Colombia known as Marañón. Alonso Vázquez de Acuña, treasurer in Venezuela, and Juan López de Arrechuleta, accountant in Cubagua, received exclusive trading privileges. Only a few local officials appear in this central network: Alonso de la Llana y Luis Gonzalez de Leyva.



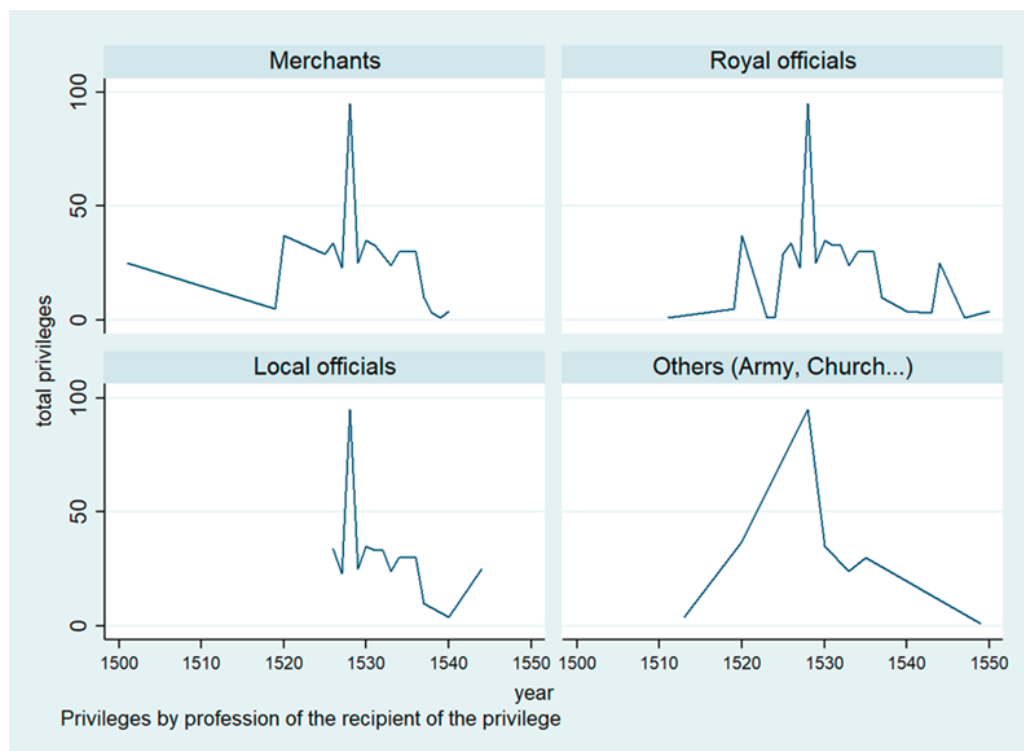
**Fig. 2** Network of privileges with highest weighted degree. Note: red for merchants, blue for royal officials, local officials in green, other nodes in yellow. Source: Data from *Cedularios*.



## 5. Network dynamics

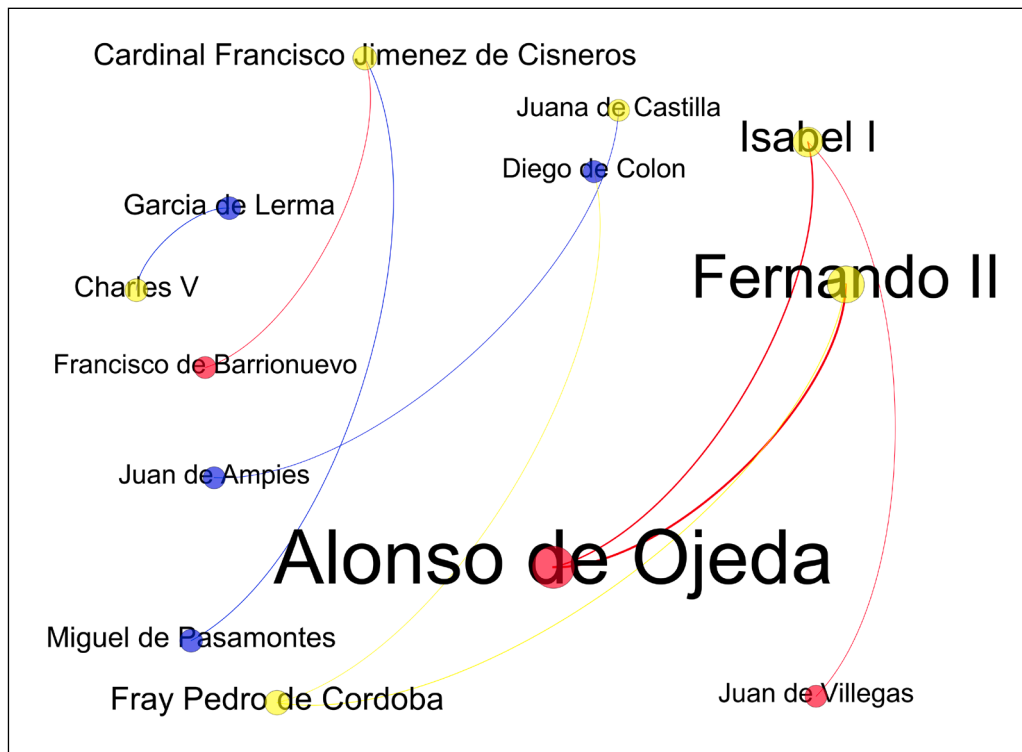
We analyze the dynamics of the network by studying its evolution over the first half of the sixteenth century, looking in depth at the main agents and their typology (by profession) along two main dimensions: time (the year of the privilege) and the territory covered by the privilege. Figure 3 displays the evolution of the privileges granted by the profession of the recipients for every decade. In general terms, the distribution of frequencies shows an increment during the central decades due to the boost in the number of expeditions. We also find in the different graphs an evolution in agents' profiles, as merchants and past soldiers, who were the main protagonists during the first few decades, began to lose weight in favor of royal and local officers.

The agents who received the most privileges at the beginning were bankers, merchants, and the army. Figures 4 to 7 represent the networks of agents and privileges granted in each period, and Table 3 ranks the agents with the highest prestige in the different subnetworks, in both a longitudinal and cross-sectional analysis of the granting of privileges. The group of past conquistadores, mostly soldiers and adventurers such as Bartolomé de las Casas, Juan de Ampíes



**Fig. 3** Evolution of the Subnetworks by Profession of Recipient of Privileges.  
Source: Data from *Cedularios*.

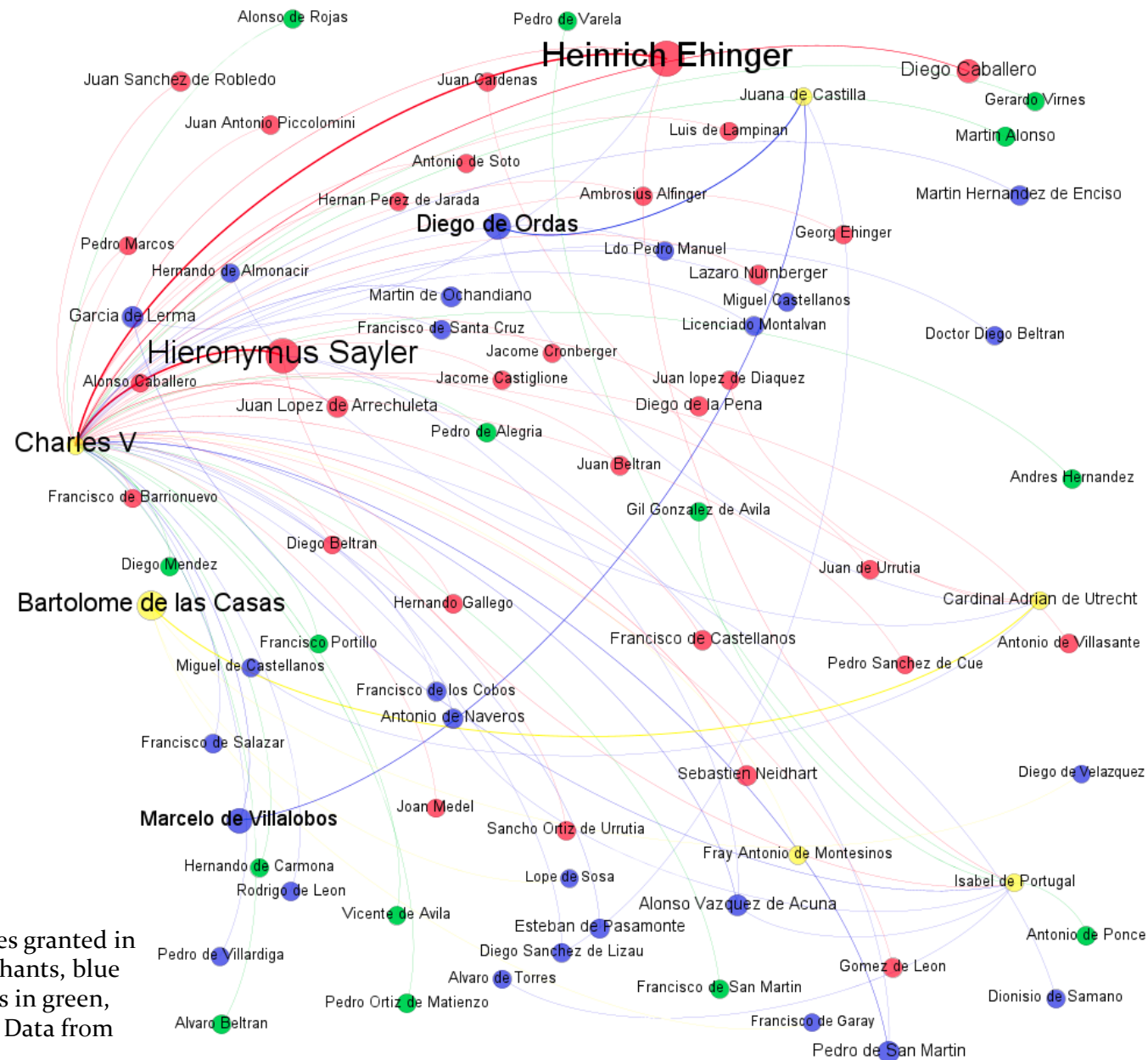




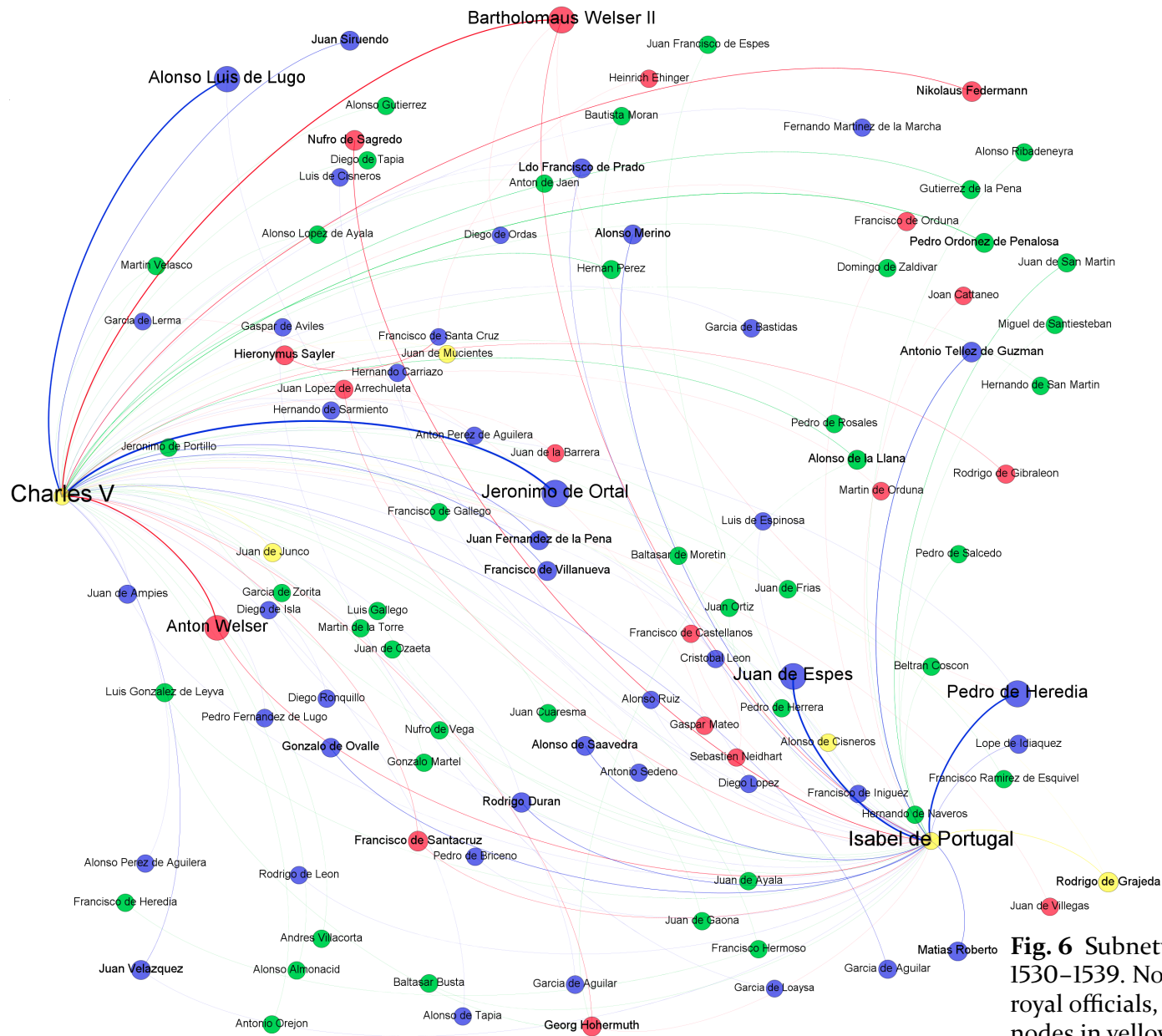
**Fig. 4** Subnetwork of Privileges granted in 1500–1519. Source: Data from *Cedularios*.

or Alonso de Ojeda, were granted privileges for the pacification and colonization of the territories at the beginning of the process.<sup>29</sup> Although de las Casas became famous for his defense of the American native population, he was a conquistador who participated in several expeditions and was even rewarded with lands and Indian vassals for his services. A few years later, he renounced his privileges and started a crusade in defense of the indigenous people, for which, in 1516, he was granted the title of Defensor de Indios (Protector of Indians). From that moment onwards, he became very close to the regents, Cardinal Cisneros, and Cardinal Adrian of Utrecht. In our dataset, De las Casas appears as signatory of an agreement with the Crown, settled in 1520, for the colonization of Paria, a territory in the Venezuelan coastline near the island of Margarita. The regent Cardinal Adrian of Utrecht was in charge of signing such privileges. Having Bartolomé de las Casas governing the area was a strategy to limit the indigenous slave trade,

29 R. S. Burt. *Structural Holes: The social structure of competition*, (Cambridge: Cambridge University Press, 1992); M. Granovetter. "The Strength of Weak Ties," *American Journal of Sociology*, 78:6, 1360–80, 1973.



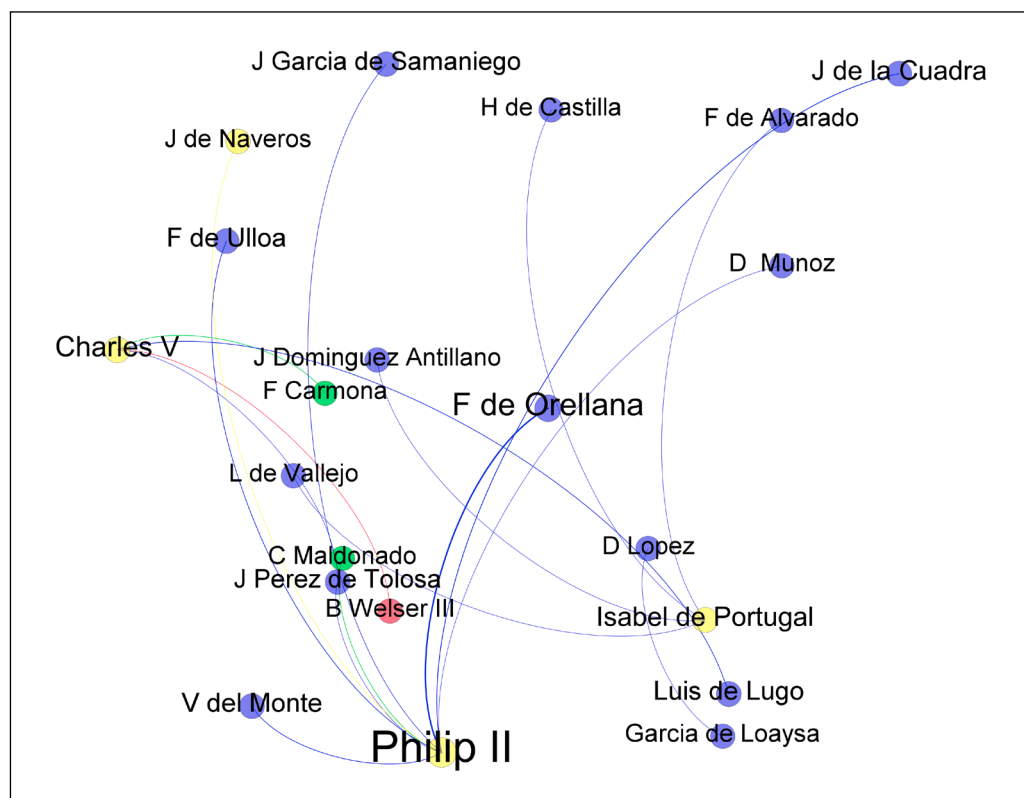
**Fig. 5** Subnetwork of Privileges granted in 1520–1529. Note: red for merchants, blue for royal officials, local officials in green, other nodes in yellow. Source: Data from *Cedularios*.



**Fig. 6** Subnetwork of Privileges granted in 1530–1539. Note: red for merchants, blue for royal officials, local officials in green, other nodes in yellow. Source: Data from *Cedularios*.

which the Crown found difficult to control. With the protection of the indigenous population becoming a top priority, the demand for workers was fulfilled with African slaves. Not surprisingly, Africans proved to be much more profitable for the Crown, especially considering the price of the license to introduce slaves in the territories.

Alonso de Ojeda and Diego de Ordás shared similar profiles. As mentioned previously, Diego de Ordás was Hernán Cortés' lieutenant in the conquest of Mexico, while Ojeda was a partner of Amerigo Vespucci in the exploration of the Caribbean. In 1520, after his Mexican venture, Diego de Ordás moved to the court and signed an agreement to pacify and colonize the estuary of the Amazon river. Alonso de Ojeda was appointed governor of Coquivacoa after his expedition with Vespucci in 1501. The Catholic Monarchs saw in Ojeda an opportunity to constrain Columbus' political power, and they did not hesitate to send a loyal servant to expand Castilian borders beyond the territories awarded to the discoverer



**Fig. 7** Subnetwork of Privileges granted in 1540–1555. Source: Data from *Cedularios*.

of America. To accomplish such a mission, Alonso de Ojeda set sail to the New World in 1502 with the intention of exploring the Colombian coast.<sup>30</sup>

The group of past conquistadores was replaced after only a couple of decades. There was an economic reason for this change of strategy – colonizing America was an expensive business, and some of the old conquistadores lacked the resources to accomplish such a mission. Within the new group, there were bankers, individuals who had the support of a strong financial network, and relevant members of the Castilian bureaucracy with direct access to funding. By putting limits on the privileges of the past conquistadores, the monarchy imposed its supremacy and reinforced its links with well-connected individuals. Merchants, bankers, and bureaucrats were placed in local and regional administrations, constraining bottom-up political power, and had to send detailed reports about their actions.

Also introducing the territories in the dynamic analysis of the network, Figures 8–11 depict the networks of the four main colonies. During the first decade of the 16<sup>th</sup> century, only twenty-five privileges were granted, mostly in the territories of Terra Firma and Coquivacoa. By contrast, during the following decade, privileges multiplied at an annual rate of 8%, expanding its territorial scope to Santo Domingo, Paria, Marañón, Cuba, Jamaica, Castilla del Oro and Cubagua. However, the main increment occurred during the period 1521–1530, when privileges augmented by 22.9% each year and the networks expanded to Venezuela. In the following decade, from 1531 to 1540, privileges increased by only 2.4% each year; however, in general terms this period concentrates 54% of the total. It was thus the period of greatest territorial expansion, with the consolidation of networks in Santa Marta and Nueva Andalucía. The last decade saw a reduction in the number of privileges granted, which declined by 17% annually.

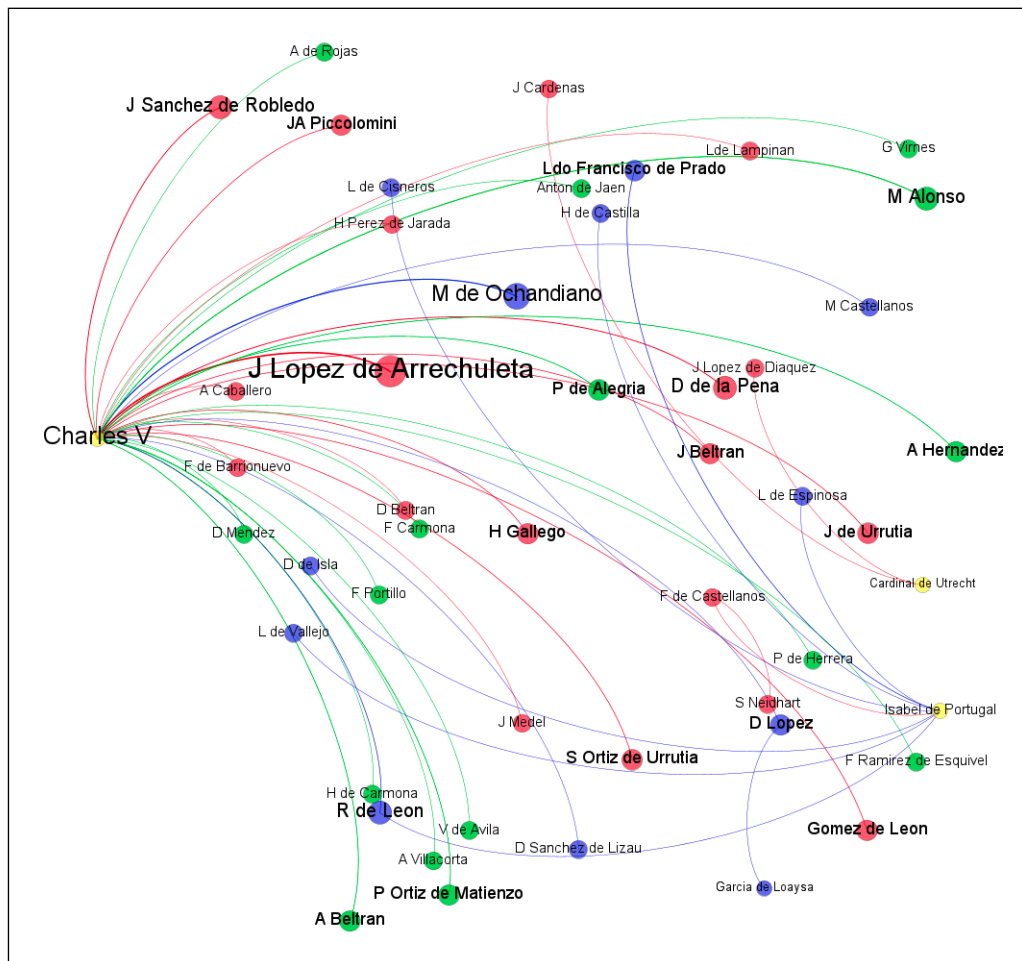
The network in Venezuela was more complex in terms of the number and type of agents, with 31% of all privileges and the highest average degree. Although the composition of the graph is heterogeneous (Figure 8), the Welsers' dominance explains why merchants and bankers were receiving more privileges. Most of the red nodes were agents and commercial partners of the company. The Welsers' condition as governors allowed them to receive and grant privileges while creating a more complex network. For instance, when Ambrosius Alfinger was appointed governor of Venezuela, he designated Francisco de Santa Cruz and Pedro de San Martín as councilors. Their appointment was a payment for their loyalty and service to the company, as both of them had accompanied the governor on expeditions in search of natural resources. The Crown was aware of this situation and, for the purpose of constraining the Welsers' power, local and royal officials

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30 A. Gutiérrez Escudero. "Las capitulaciones de descubrimiento y rescate: La Nueva Andalucía," *Araucaria*, 11:21, 257–276, 2009.





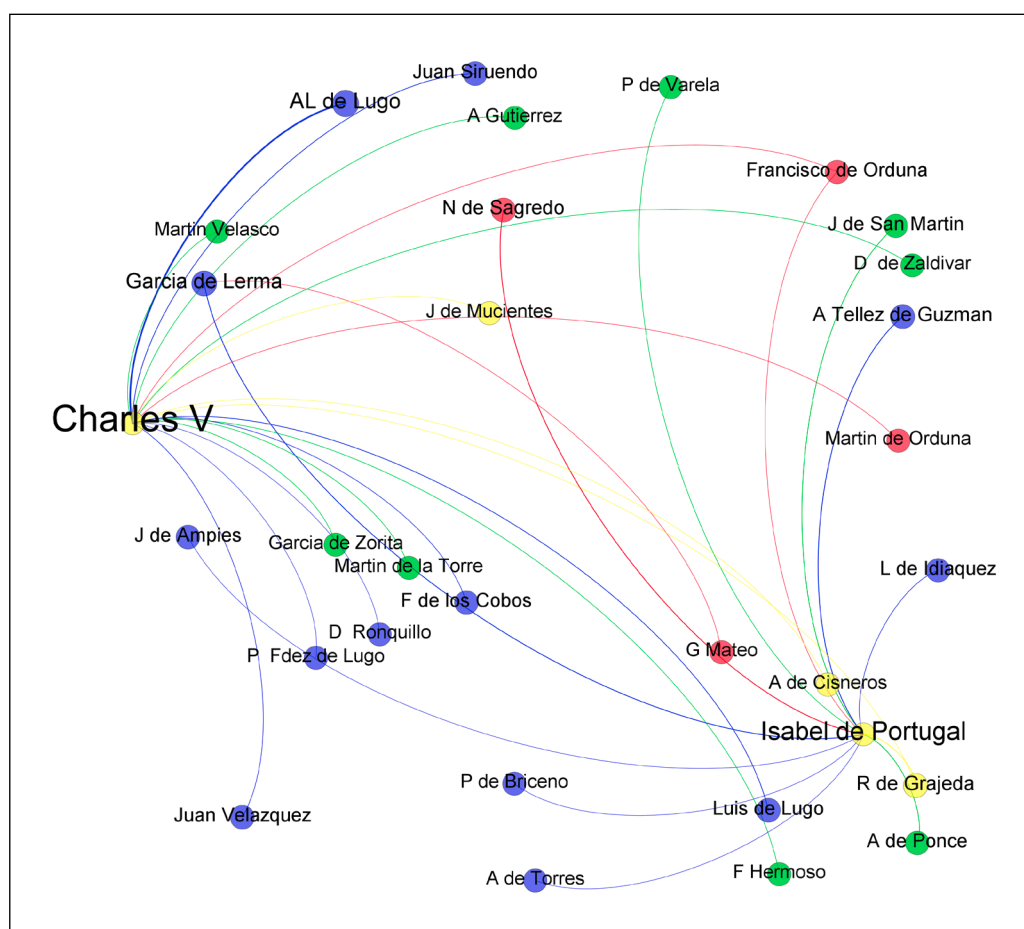


**Fig. 9** Subnetwork of Privileges in Cubagua. Note: red for merchants, blue for royal officials, local officials in green, other nodes in yellow. Source: Data from *Cedularios*.

Santa Marta most of the privileges were individual, and were mostly granted to royal officials.

Finally, the network in Nueva Andalucía was the smallest of the four, with almost 10% of the privileges (Figure II), and is the network with the highest density<sup>32</sup>.

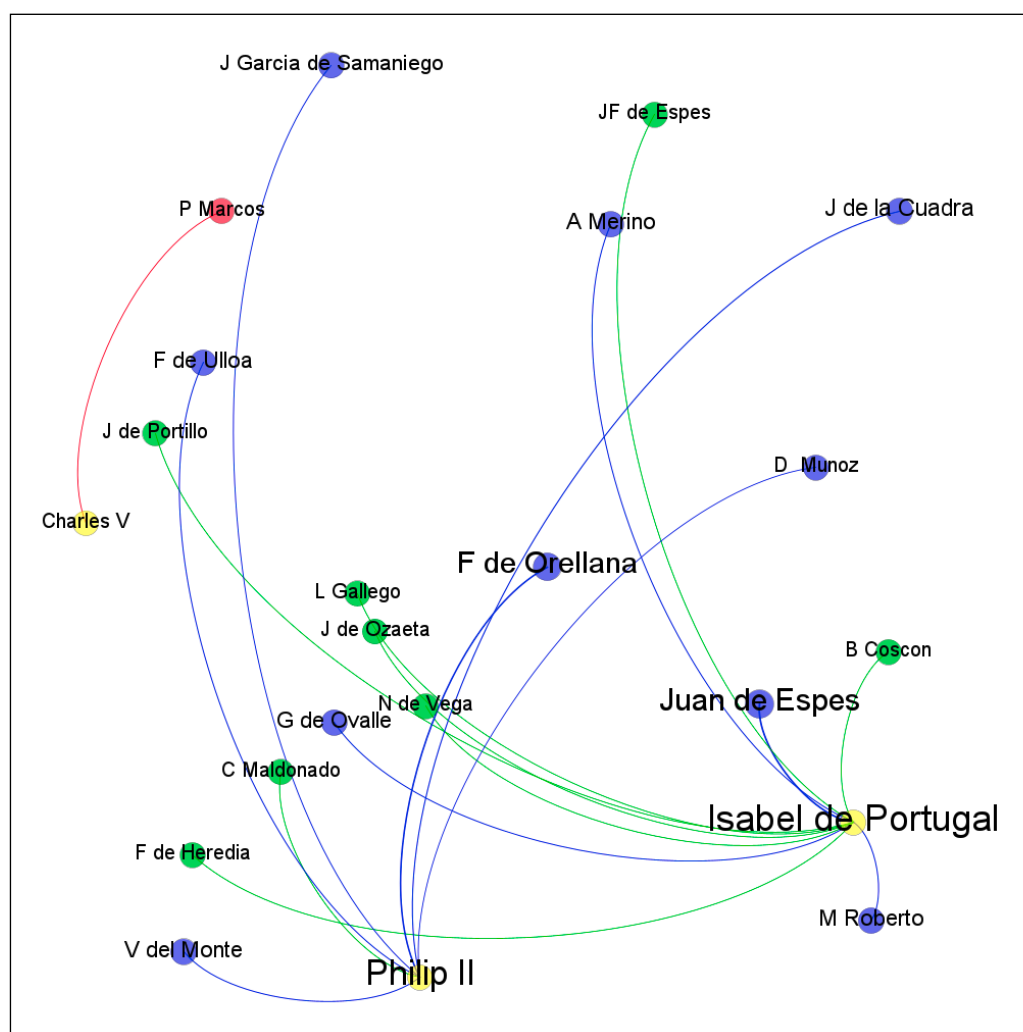
32 Graph density is a measure of how tightly interconnected a network is, calculated by examining the proportion of edges in relation to the possible number of connections.



**Fig. 10** Subnetwork of Privileges in Santa Marta. Note: red for merchants, blue for royal officials, local officials in green, other nodes in yellow. Source: Data from *Cedularios*.

The personal designation of political authorities in the different territories allowed the Crown to contrast the information received. Indeed, we often find letters sent by the central authorities in Spain to the colonies that begin with the sentence: ‘We have been informed about...’. Thus, by sending different agents to the same territory, the central authorities in the court could control the actions of the civil servants in America as well as monitoring their agents. Although all the authorities were investigated, the monarchy was especially strict with judges. The judge Villalobos, for instance, who was a member of the Audiencia of Panama, wrote a letter to the emperor in 1542. His message was in fact a response to a prior letter by Charles V demanding information about two specific lawsuits. The relevance of this letter is that the judge literally affirmed within it: ‘Your Majesty should give this information no credit at all’. It seems that Tomás de Berlanga, bishop of Panama, had reported against the members of the Supreme Court





**Fig. 11** Subnetwork of Privileges in Nueva Andalucía. Note: red for merchants, blue for royal officials, local officials in green, other nodes in yellow. Source: Data from *Cedularios*.

and the king himself was crosschecking information from both sides. Álvaro de Carvajal, member of the Audiencia of Guatemala, also reported to the king and mentioned prior information that was false. He affirmed that ‘it is the evil intention of people against their governors [...] they just try to damage the judge who punished them by asking Your Highness or your Royal Council to give him no credit’.

The results presented herein show how the Spanish monarchy managed to govern their colonies and maintain their central power by awarding economic prerogatives and appointing political authorities. The granting of privileges to dif-

1500–19	1520–29	1530–39	1540–55	Venezuela	Cubagua	Santa Marta	Nueva Andalucia
Alonso de Ojeda	Garcia de Lerma	Bartholomaus Welser II	Juan Perez de Tolosa	Alonso Vazquez de Acuna	Sebastien Neidhart	Gaspar Mateo	Juan de Espes
Fray Pedro de Cordoba	Alonso Vazquez de Acuna	Gaspar Mateo	Francisco de Orellana	Pedro de San Martin	Rodrigo de Leon	Rodrigo de Grajeda	Gonzalo de Ovalle
Garcia de Lerma	Heinrich Ehinger	Alonso de la Llana	Juan de la Cuadra	Alonso de la Llana	Diego Lopez	Francisco de Orduna	Alonso Merino
Miguel de Pasamontes	Pedro de San Martin	Luis Gonzalez de Leyva	Vizencio del Monte	Luis Gonzalez de Leyva	Francisco de Barrionuevo	Alonso Luis de Lugo	Matias Roberto
Francisco de Barrionuevo	Hieronymus Sayler	Sebastien Neidhart	Francisco de Ulloa	Hieronymus Sayler	Juan lopez de Diaquez	Juan Siruendo	Francisco de Orellana
Juan de Villegas	Antonio de Naveros	Hieronymus Sayler	Juan Garcia de Samaniego	Heinrich Ehinger	Juan Cardenas	Luis de Lugo	Vizencio del Monte
Juan de Ampies	Marcelo de Villalobos	Heinrich Ehinger	Diego Munoz	Bartholomaus Welser II	Juan Lopez de Arrechuleta	Francisco de los Cobos	Juan de la Cuadra
Heinrich Ehinger	Diego Sanchez de Lizau	Pedro de Heredia	Cristobal Maldonado	Georg Hohermuth	Hernando Gallego	Juan Velazquez	Diego Munoz
Bartolome de las Casas	Diego Caballero	Georg Hohermuth	Juan de Naveros	Anton Welser	Martin de Ochandiano	Martin de Orduna	Juan Garcia de Samaniego
Bartholomaus Welser II	Juan Lopez de Arrechuleta	Alonso Luis de Lugo	Luis de Lugo	Francisco de Santacruz	Sancho Ortiz de Urrutia	Pedro Fernandez de Lugo	Francisco de Ulloa

Note: Colored in light red are merchants, in blue royal officials, green for local officials, and yellow for other (Crown, Church, Army).

**Tab. 3** Ten highest nodes by rank prestige in the different subnetworks.

ferent economic agents evolved from a few agents, mostly bankers and the army, to appoint royal officials in the first place, and later to local officials (Table 3). By fragmenting the political power in America, the Spanish Crown ensured they would receive news from highly different sources. Indeed, the monarchs maintained constant correspondence with the political authorities in America, at all levels of the administrative system. In a letter that Queen Isabella of Portugal wrote to the viceroy Antonio de Mendoza in 1527, she confirmed the flow of information when she affirmed: 'I read your letter responding to what I had previously written concerning Nueva España'.

## 6. Conclusions

Privileges have been traditionally considered a synonym for political weakness. A sovereign who conferred prerogatives in exchange for financial and personal favors was not only vulnerable, but corrupt. From an economic perspective, privileges are a source of inequality, creating lobbies and perpetuating inefficient institutions. In this respect, the Spanish Empire has been a recurrent example of such practices. Drelichman has, for instance, pointed to the central role of the privilege structure in explaining 'Spanish backwardness'. Kennedy also blamed the monarchy's willingness to bend property rights for encouraging the most skilled human capital to engage in rent-seeking activities rather than in productive undertakings.

Nevertheless, this paper draws a different picture. The Spanish Crown used privileges to apply a recruitment policy for local authorities in America. The system allowed them to create a network infrastructure which eventually facilitated the exchange of information with the colonies. Using networks, we map the process of the early development of the Spanish Empire in the Indies. Our results highlight how this tactic increased the diversification of agent profiles in different regions, and increased the power of local officers. Contrary to the traditional model of an absolutist state, the Spaniards opted for the so-called polycentric model, in which the sovereign had the power to decide and legislate, but local authorities had the competence to implement such decisions. The concentration of power at the local level fostered the exploitation of natural and other resources, fueled commercial transactions, and protected investments, thus contributing to the dynamics of economic exchange. The structure, far from being a barrier, may explain the territorial, commercial and financial expansion of the Spanish Empire in the West Indies.<sup>33</sup>

Within the framework of the polycentric state, granting privileges was a necessary evil. The large number of privileges initially awarded to the *conquistadores*

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33 J. H. Elliot. "A Europe of Composite Monarchies," *Past & Present*, 137, 48–71, 1992.

was compensated by the development of a large network structure that maintained the balance of powers. As Ots Capdequí emphasized, America had to be re-conquered immediately after its conquest. Indeed, the power given to the *conquistadores* through the *capitulaciones* was constrained by the authority of the empire's civil servants.<sup>34</sup> The judges in the different courts, royal officials, and local councilors were essential in helping the sovereigns maintain the balance of power in the colonies. As Padgett and McLean stated, political institutions are relevant for the development of markets not just because of the rule of law.<sup>35</sup> The granting of privileges to new local authorities added public transparency and efficiency to the operation of 'private gossip' and induced the overlay of multiple social roles. The information flow, together with the institutionalization of periodical audits, limited the aspirations of those who intended to profit from the bottom-up political hierarchy. The monarchy assumed the cost of granting all sorts of prerogatives to develop an efficient model for the remote governance of America.

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34 J. M. Ots Capdequí. *España en América. Las Instituciones Coloniales*, (Bogotá: Universidad Nacional de Colombia, 1952).

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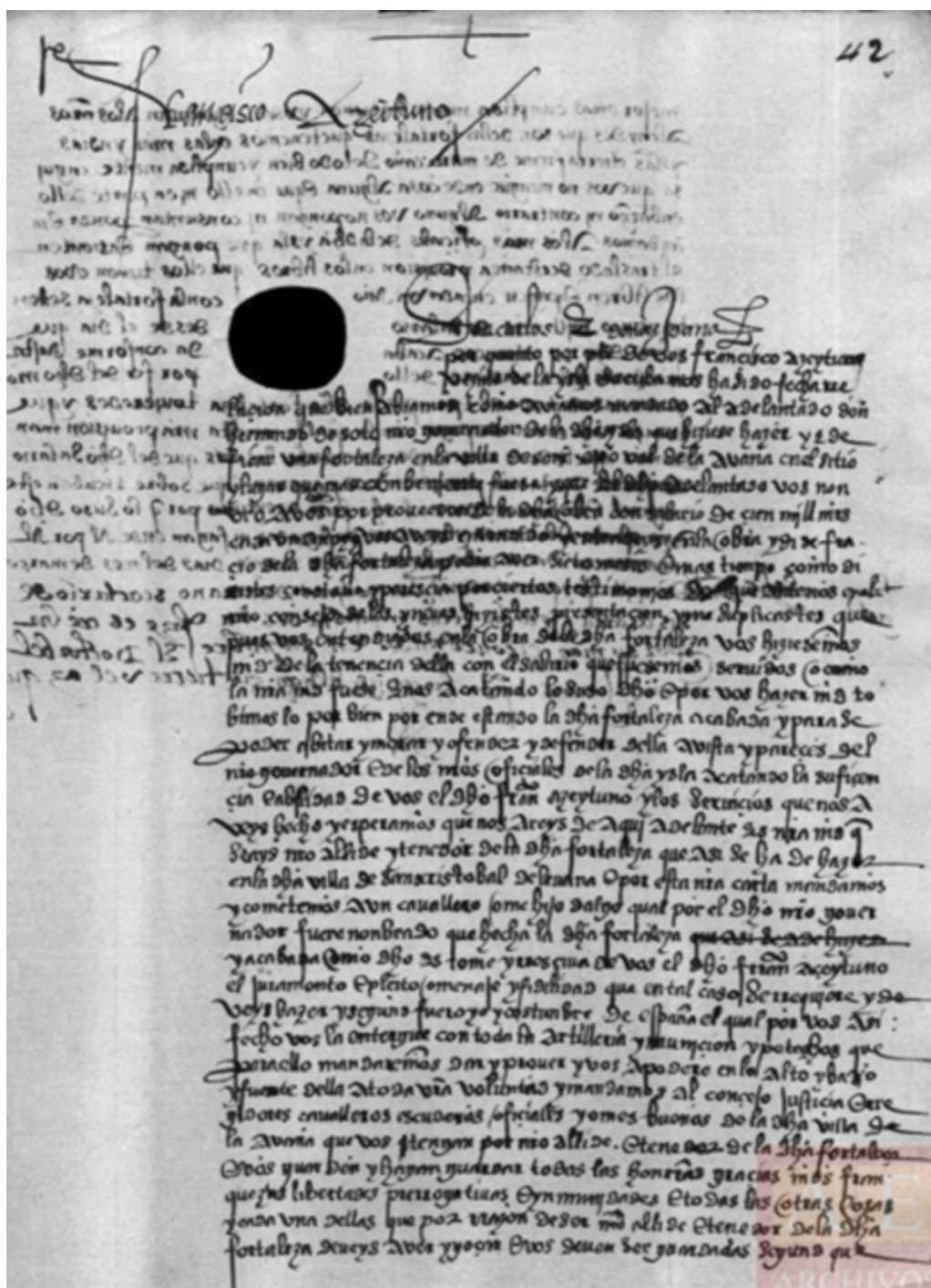
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**Append. 1** The Caribbean Coast, Map of Alonso de Santa Cruz (1505–1567), Spanish National Library, Madrid.





**Append. 2** Royal Decree to Francisco Aceituno with official appointment as Warden of the Fortress of San Cristobal de la Habana (12/03/1540), Archivo General de Indias, Patronato, 278, N. 2, R. 42 available at [http://pares.mcu.es/ParesBusquedas/servlets/Control\\_servlet?accion=4&txt\\_accion\\_origen=2&txt\\_id\\_desc\\_ud=128595](http://pares.mcu.es/ParesBusquedas/servlets/Control_servlet?accion=4&txt_accion_origen=2&txt_id_desc_ud=128595)