

# THE COMMERCIAL AND FISCAL POLICY OF PERU IN THE TRANSITION FROM COLONY TO REPUBLIC

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## **Abstract**

This work is about consulates, traders, funding of colonial wars, as well as the independence ones. The merchant guilds in Latin America received the name of "Consulates" which were run by prominent merchants whose object was to resolve the legal conflicts that arose between the different traders. But they also accomplished other important functions related to the colonial and republican state. The existent relationship between the wars, the merchant guilds, the consulates and the finances were very close as these trade guilds financed the Spanish Crown to sustain the armies, both in the colony and in the republic, for extended periods of armed conflicts. These commercial institutions disappeared with independence unlike Peru that lasted until after the Pacific War. In this paper I want to highlight how far in Peru remained the traditional practices in financial management and credit control by maintaining a corporation, as it was the Consulate of Commerce throughout the nineteenth century. The first part will summarize the action of this corporation in Peru and its participation in the management of the finances during the colony and then the specific case of Peru.

## **First Part**

During the wars of the eighteenth century, before the economic requirements of the Crown, were the trading consulates, especially those established in Mexico and Lima who contributed the large loans in exchange for tax benefits. The wars were the woven warp where the actions of American consulates driven by the Spanish crown in the search of the necessary resources to fight. Thus, the rise and demise of the consular institutions coincided with the rise and fall of the Spanish empire in the America and the closure of the Bourbon reformist policies. It was during Charles III's kingdom in the mid-eighteenth century when these institutions lost bargaining power by transferring to the traditional charging sales tax to the Royal State.

However they continued giving money in advance to the Crown through loans and gifts for the increasing rate of expenditure of European wars in receiving in exchange interesting customs exemptions. Although the consulate trades, were private institutions, guilds that had as a main object to resolve commercial disputes more quickly, they took care of the collection of real rights, especially the import tax, the sales tax and malfunctions of providing cash, sometimes without interest, to address military issues. The collection of donations allowed the traders to get some commercial franchises, as for example to obviate the payment of fees when certain goods to the country. They also took care of the army maintenance, and the mercury monopoly that the Crown

used to give to these merchant organisms which is an evidence of a "indirect administration" (Suárez 2001, 259). that the Crown applied under its directive, normal practice of the absolutism of the. The Consulates also accomplished other advocacy functions and sometimes they raised the consultations for the constructions of roads and other works that would benefit their businesses like it happened in Lima when the application for opening the road to Callao. In New Spain, as for example, they participated in the reconstruction of the road that connected the capital with the Veracruz port (Valle Pavón 2002, 527).

The Consulates were involved in obtaining a lower price of mercury, since they believed that the promotion of mining should be maintained by any means because it increased trades and enriched the Royal Treasury (Salas Parrón 1995, 80). Also was important the support given to defend the ports against pirates, a situation that was repeated in exceptional times, not only with money but also with personal services to the defense of the territory. It was the case of the Consulate of Lima that contributed 20,000 pesos in 1709 to meet the expenses of war against the issuing of English privateers on the coasts of the South Sea. It also participated in raising money to support the prison of Callao and put other militias in place on other ports of the coast (Moreyra 1950; 1956, 123-124).

The Consulate of Lima also received "principals", which means to receive private money deposited by credit for the prestige that it had and the security given by the institution. They took also of the Royal Treasury, capital revenue with guaranteed of the rents that they administered. In the "meeting" notebooks we also found further applications on "funny gifts" which were occasionally given in advanced by the Consulate, later to accelerate the creation of a new tax whose fundraisers would allowed to recover that advancement. The Metropolitan State had no capacity to take the management of their expenses and so many functions were delegated to other organisms. For all these, traders were looking through this system of benefits to the Crown to obtain privileges in trade policy, since trade remained illegal benefits in raising taxes (Suárez 2001, 302) The most important taxes on goods to its input and output ports were the fault and almojarifazgo. To these were added, the sales tax and other special contributions as the union of arms and armholes (Rodríguez 1960, 163-184).

The members of this corporation represented a very closed elite in the eighteenth century was losing bargaining ground by losing the Consulate of Lima in 1725 the right of collection of the sales tax. However this did not reduce the order of advances from the Crown, on the contrary, the needs were increasing throughout the century due to the wars already mentioned so these corporations continued to deliver donations or loans, but without the supported of the sales tax collection but with the fault.

It was during the mid-century when the situation changed and affected more to the merchant guilds \_due to Bourbon reforms implemented in commerce with the intent to reduce smuggling. Thus it was suspended for some time the fleets and galleons system with fixed dates. What is evident in the meetings held during this period was that the main contributions were made to support the

militias as well as the armed vessels for the defense of the kingdom, which would be covered by the amount of damage. What was feared was the arrival of pirates to the coasts of Peru, although the Pacific was more sheltered than the Atlantic and Caribbean.

The consulates rebelled against these changes because they lost spaces for negotiation and control of trade in their jurisdiction. But while new hispanics were able to impose the system of fleets and galleons again Peruvians had to be content with using the new route of Cape Horn and accept the new regime, beyond their complaints generated greater trade flexibility. The wars of the mid-eighteenth century especially the 7 years war (1756-1763) showed the critical situation of the royal treasury, and led to another major trade reform affecting to the Consulates. It was the application of the rules for free trade in the Caribbean in 1765 and then in 1778 for the entire American area except New Spain where it was implemented in 1789. The regulations impose a number of changes with the intention of increasing the exchange and the collection of taxes. The Consulates traders raised their complaints as they had done before, however, there was a simplification of taxes and the foreign trade was taxed only two: the import tax and the sales tax. In addition, loans were forced or funny and delivered to the Crown and increasing as the century progressed and international wars, no without receiving commercial franchises and economic interest. The most important contribution of the consulate of Lima was sending a million and a half of hard pesos for defense of the Viceroyalty of Río de la Plata because of its confrontation with the Portuguese in 1780, a situation that demanded a tax increase on gold and silver for payment. For the Spanish Crown there was a division of functions, if the Consulate of New Spain had to resort to the defense of the Caribbean, the Lima's Consulate had to deal with the defense of their positions south and the Río de la Plata. That was the reason that drove the creation of the viceroyalty in 1777.

The support of the Crown traders managed to benefit them not only counting on a franchise but with privileges that could only access a very distinguished elite of merchants who met leaders of the corporation functions. Such was the case in 1779 who requested the reduction of the sales tax paid to Ship Chargers and San Pedro Alcántara Achilles, only 6% leaving ½% charge corresponding to almojarifazgo. The complaints of Lima merchants to the conflicts generated by this opening ports comes from 1788, the date on which the Consulate said simply that

When trade in Spain and Indias was improving rapidly of that sad lethargy that were until shortly before mid-century when only own vassals were some real substance of foreign figureheads ... doing business in straightness with domestic and foreign factories that were raised and strengthened many Spanish homes ... those trade were dismayed that the novelty of this project. 'This led to' well filled effects and fruits Indies domains with excess incredible (AGI, Lima, 1546).

This led to "Effects are well filled and Indian fruits domains with incredible excess".

According to the opinion of the Consulate of Lima, which had benefited over all this was foreign factories sent their surplus to Indies. The report went on to point that in 1786 had come to Callao ten

records and if "your Majesty does not put his hand in such a sorry state general commerce of Spain and the Indies will suffer his final ruin" (AGI, Lima 1546, 1788).

In another report in 1790, the Court of Lima Consulate, expressed the damage produced by the application of the rules of free trade. The report was made in response to the suggestion of the Council of the Indies to obtain more information on the scarcity or abundance of effects as well as price and arrival of vessels. Similarly, traders like Mexicans, Peruvians referred to market saturation and imports were considered excessive in relation to the misery of the population and therefore requested that they return to Lima the trade monopoly of the Pacific. According to the Lima merchants, the annual import was extremely high and therefore, should be reduced to the consumption capacity of the population. Because of this situation, there were losses in the years 86 and 87 "that was necessary expenderlos at a lower price than they had ... and that these losses are estimated at about ten million pesos" (Deustua 1989, 39-41). According to the Lima merchants, the annual import was extremely high and therefore, should be reduced to the consumption capacity of the population. Because of this situation, there were losses in the years 86 and 87 "that was necessary to sell them at a lower price than they had ... and that these losses are estimated at about ten million pesos" (Deustua 1989, 39-41).

Despite the complaints of traders, free trade provided benefits no previously obtained, for example, the transfer of large amounts of hull that was virtually monopolized by the Botica of Madrid and allowed the enrichment of many traders as was the case of Jose Antonio Lavalle and Bruno Antonio Polanco, who also won the award of using the royal stores for conditioning, a situation which was then extended to all the trade (Mazzeo 1994, 142-143). Also released the cocoa trade between Guayaquil and New Spain where previously was limited to sending 8-10.000. This led to each year situation that must have taken many traders linked to the consulate (AMRE, 1791).

As part of the innovations provided by the Bourbons in the late eighteenth century is creating new Trade Consulates enabled ports in accordance with Article 53 of Regulation Free Trade October 12, 1778. This provision was governed according to Indian laws to Castilian and with the help of the Economic Society of Friends of the Country and other bodies in each province is occupied "the promotion of agriculture and oceanic navigation". This way, opened a new era in which new consulates were established in Spain and in America (Barney 2000, 599). These new institutions responded well to strong growth in commercial elites in peripheral areas of former viceroys of Peru and New Spain. But the international situation, the new warfare. Notable is that the provision of the establishment of new corporations was put into effect 17 years after its legislation when the international situation warranted more resources tariff. Thus appeared the new consulates and Guadalajara and Veracruz south Buenos Aires and Valparaiso in 1795 and 1796 respectively. The new war with England forced the Spanish Crown to obtain higher revenues in the ports authorized by the rules of free trade. The new corporations then subtracted to control spaces of the old corporations courts. But the one that was lost because of Peru, with reforms viceroyalties was divided into three

and two captaincies. The old power centers Lima Mexico, sought alternatives to maintain their privileges. Mexico by controlling the money supply or restriction in providing donations as leverage to the crown. Lima found new allies in the viceroys mainly Abascal (1806-1816) and therefore did not need to push to maintain their privileges, because the consulate was the best ally in the fight against the separatists. However, increased competition was between the Consulate and the merchants of Lima Viceroyalty of Rio de la Plata.

## **Competition of interest with the port of Buenos**

The competition between the port of Buenos Aires and Callao dates back to the seventeenth century. Buenos Aires enjoyed certain privileges that allowed the entry of vessels off the record, even coming from Portugal via Brazil, where iron from Vizcaya entered. This situation was exploited by the British agents whose South Sea Company in 1722 organized an exhibition in Buenos Aires, with very good results and their goods were sold in Upper Peru. This prompted the complaint of Peruvian merchants who wanted to sell in that area the goods obtained in Portobelo. He even came to think about moving the fair to Buenos Aires (Segreti 1987, 42-4). In the late eighteenth century, the Consulate in Lima, even subsidizing the cost of the new Viceroyalty war. In 1780 he gave a loan to cover the costs that caused the fight against the Portuguese. To repay this loan was increased, then the tax on gold and silver (1  $\frac{3}{4}$ % in silver and in gold  $\frac{1}{2}$ %) which was to be charged on all ports of the Viceroyalty of Peru including Buenos Aires and Montevideo. In 1797 a new loan traders fell on Buenos Aires and the Crown requested all funds that could meet the 5% interest, which would be free of all liens by the Royal Treasury (Tyars 1962, 236). We had to capitalize on these new commercial elites and attract to himself the face of new economic needs of the Crown.

Another conflict was generated against interregional trade, which also opposed Consulate Lima. On one hand the rules of free trade in 1778 allowed trade between the various viceroys. A royal decree given in 1785 extended the fruit trade from the ports of Callao and Guayaquil to the ports of Acapulco and San Blas in New Spain. According to this legislation certain merchants in 1792, Xavier Maria Aguirre and Jacinto Bejarano proposed enter traffic from the port of Acapulco, sending sugar into the kingdom of Chile, but the Consulate in Lima opposed, considering it "impracticable" and claimed that according to the decision issued in 1774, such trade was prohibited. The Consulate of Lima was opposed even to those provisions because its members did not want interference from other regions in a trade that had long controlled. Disagreed with that sugar was exported to Chile Acapulco because it said: would bring "harm to the estates of northern Peru and with them many families, pious foundations, primogeniture, would be annihilated as sugar mills and farmers of the region would be harmed several million" (MRE, LTC 13).

The consulates traders were also affected by trade neutral. This led the Crown because of the new war situation, when 1797 was blocked the port of Cadiz, ensured continuity of trade flows and remission of Spain, which were made by British private companies. Also other craft had a cheaper

freight so many traders, despite their complaints through the Consulate, benefited in trade. There are explicit references in private letters in which prefer the use of such vessels (Mazzeo 2012). Traffic with neutral, driven by the new war situation, benefited in part to the mercantile elites Atlantic ports that were more likely to entry of such vessels as Veracruz and Buenos Aires, to the detriment of the Consulates of Lima and Mexico City. The decision to negotiate with neutral established in 1797 and applied throughout the American sphere from Havana to Buenos Aires via Lima and Veracruz was repealed by Royal Decree of April 1799. But this repeal was not taken into account because the positive benefits were many who continued to practice. This situation helped the imperious necessity they were in both Spain and the colonies, forcing the authorities to continue to grant special licenses which specified that, as the only requirement, goods must be of "fair trade" carried in vessels of neutral countries or Spanish. This situation became more complex with the Treaty of Friendship, Limits and Navigation signed between Spain and the United States since 1795, resulting in the entry of a multitude of whalers frequenting the ports of Chile and Callao. Although Lima Consulate suspected it was actually English privateers, as they could not distinguish between them. For that reason the Consulate wanted to keep the sole Callao port of entry because there would be controlled documents would verify if the boat and actually came from Boston that was the only one allowed. The purchase of inputs in Pacific ports by whalers was so intense that prices also soared in Lima (Parrón 1995, 462-471).

The port of Buenos Aires was one of the beneficiaries of the income of neutral ships, and the viceroy of Peru complained that that port is delivered many licenses to trade with neutrals. The new situation further benefited unrelated traders to trade with Cadiz for whom the arrival of neutral vessels especially since 1797, was substantially overwhelming. There were also numerous abuses since when the license was not secured lock argued countless enemy ships in American ports and Spaniards, or performing forced arrivals breakdowns, lack of food or water for the crew. Sometimes also used double patenting, as was the case of the brig captured by Spanish privateers in 1806 and board which found two patents, one Spanish and one Portuguese, along with the ship's papers which proved that both the ship and products were of foreign origin (Malamud 1987, 303). In the case of Peru, during the Abascal, this was adamant not to license for entry of neutrals, as it believed the situation was opposite to the laws of India.

The Consulate of Lima was somehow protected by Abascal, as was his chief financial ally. The Viceroy and the corporation opposed to traffic with the English and kept the same position on joint trade with neutrals. In New Spain instead of free trade traders supported Veracruz Consulate neutral trade and the Consulate of Mexico closed ranks against this opening face, thus, the viceroy Revillagigedo, who considered that the Mexican merchants were accustomed to big profits. Trade with neutrals in Peru did not have the impact that occurred in other American areas, because requests to trade with foreign countries were not very successful, especially at the time of Viceroy Abascal, prominent figure who opposed any attempt negotiation.

## The Consulate and the Independence war

During the period between 1806 and ruled Abascal 1816 the Consulate of Peru was the main ally to defend the interests of traders, opposing free trade, not allows the entry of foreign vessels and obtained a series of loans to defend the viceroyalty. In this period the Court of Commerce of Lima was a staunch defender of royal authority and Abascal's best friend to get the resources to sustain the war against insurgents. Viceroy's letter to the Consulate, 1816, thanking him for the assistance he had provided in cash is very eloquent on the subject. Referring to his performance says:

the government of Lima has saved and protected many people of that, and other agencies, which will unquestionably take the admiration and respect of future generations but the Viceroy, who did not want to ever disappoint merit that you have carved the lent his aid in the risky business that is crowning the beneficent Providence, anticipates protest now, in the face of the whole world, that the Royal Court of the Consulate should most its triumphs and glories (AGN, TC-GO 3, caja 21, 1816).

Borrowings are followed delivering Consulate Lima and thereby contributed to the maintenance of the army. In 1796 he gave an annual grant of 25,000 pesos besides giving as a gift to the Crown 160,137 pesos Furthermore the English invasion of the port of Buenos Aires in 1806, sued another loan of a million and a half pesos individuals trade in Lima for the defense of the place invaded, and it made a voluntary oblation 25,189.5 pesos.

Other gifts and services to the king from 1777 to 1814, made by the Consulate of Lima described the relationship: in donations had been given more than 2 million pesos, the main interest taken to arrive at 5 million, plus the sum 1 million by classes that administered. Until 1805 deliveries had reached 3,363,776 pesos and in the next 10 years ie 1815 the figure had doubled to 6,001,280 pesos. A little insignificant amount considering that the annual export of coined silver hovered in the 4 million 400 thousand pesos)

During the government of Viceroy Pezuela, the continuer of Absascal, borrowings were increased due to the war situation in America and the war against insurgents in Peru. Established a permanent board of Excise for recovery of loans. The viceroy expressed that needed to cover expenses for the maintenance of hosts approximately 117,000 hard pesos monthly for five months, which was not met by the conditions of trade. In 1819 was prorated among all individuals who were enrolled in the Court a quota of 80,000 pesos per month payable in five months. The only way to resolve these loans was creating new taxes and paying the corresponding interest rate of 6% per annum as stated on occasion. Since 1805 was the law of war Grant was the 1 ½% on silver and gold that was mined by the Callao to meet the needs of the Crown. In 1815 appeared the Excise Law that was to charge a pesosfor every bushel of wheat and tallow quintal that was introduced by sea. The Consulate of Commerce was the one responsible for the collection thereof. Other taxes that were created in 1817 were replacements Law consisted of 1% on all genres, fruits and effects that are transported from port to port of America, 2% on silver and 1% on gold. At that time the Court had resolved the



expenses of the army of Upper Peru, sent several items to Buenos Aires for war against "insurgents", and more for the recovery of Quito in 1812. Other funds were to suppress insurrection and Matthew Pumacahua Angulo brothers in 1814 in Cusco and to stop the spread of the rebellion in Arequipa addition to arming the frigate and brig Pezuela Veloz. In 1818 they added two more taxes on gold and silver, these were the right Weapon, 1 ¼% on everything that contributed the privateer, to pay the loan of 1 million pesos that year requested, the Corsairs right, -charged on and paid everything right Ordinance, which in 1818 was increased by ½% (Smith 1948). The Consulate of Lima not only was responsible for the collection of such taxes to cover the loans given to the King, but also, since 1819 took over the charge of 5% of the urban and rural land Lima, Huancavelica and Trujillo (Pezuela 1947). The consulate was not only the new tax collector set to trade as one might think but it was also the administrator of the same corporation. Thus passed again to be the major fund-colonial government funds. And several times, unable to deliver the required amounts Viceroy withdrew funds from one item to cover another.

The war, in Spain and in Amercia, required raising forced loans, which were settled with new taxes created for this purpose. It mattered little that the tax was covering him, either grant, privateer, ordinance, or patriotic. The Consulate could do so because he had no sanctioning body of his movements, which was collected and in turn paid, was carrying accounts for traders and knew who he was and who paid. He thus became an institution that handled the finances of the colony.

What they received in return for these loans that traders did through the consulate? Instead of returning the money they were granted various privileges to merchants or benefits in the purchase and sale of goods or are exempted from paying certain taxes. Proof of this is the royal decree of 1819, which empowered the Viceroy of Lima to "make trade concessions" when necessary due to the delivery of resources to maintain the army and the Royal Navy. Thus in 1820 a Royal Decree of His Majesty's Court exonerated the Consulate-for services rendered to the crown-payment of 1% in gold and silver records of the frigates Preciosa, Castile, and San Juan Bautista Tagle. Since 1820 the situation was further complicated Peru in September San Martin landed in Paracas prompting the meeting of a new Board in the Court, in which traders gather demanded 500,000 pesos to get their expulsion. In that same month began Miraflores Conferences between representatives of San Martin and the Viceroy Pezuela no agreement was reached. Gradually go coastal region declaring independence, while the saw is adamant in favor of the royalists.

By July 1820 the maintenance of military force and brooked no further delay having been ordered to be distributed among the wealthiest individuals trade 160,000 pesos of loans, it was decided to reinstate them, thus bring forth the amortization of works pious and selling Temporalidades farms. However, these resources were not enough to cover the debt and in view of this, the Viceroy Pezuela Consulate sent a note informing that:

"Troop has not rations today, for some that the soldier does not receive the two are real for seasoning of their ranches" and if they continued as painful hardships faced complete dissolution of

the army (AGN GO3 1426, 1820). Therefore it was necessary for the Consulate deliver, as a loan and expense reimbursement, flow deposits it held in reserve to meet the trials that were pending.

In January 1821 a crisis within the army, deposed the Viceroy Pezuela and was replaced by General La Serna. This act of military insurrection brought against Pezuela many mistakes, including the loss of the frigate Esmeralda, desertion Numancia battalion and have tolerated trade with foreigners. In these circumstances, the new viceroy, La Serna, decided to evacuate Lima on July 6, 1821. At first settled in the central highlands, in Huancayo, where he remained until the end of that year, as was "invited" by the Royal Audiencia of Cuzco to establish his government in the imperial city. Thus, the ancient capital of the Incas, began to take precedence versus paradoxically Lima-city built by the Spanish, now held by the "insurgents". They met, then an old aspiration of becoming a metropolis of Cusco Peru, as local elites sought regional rebellion 1814-1816 (Glave 2001, 85). La Serna ruled in Cusco until 9 December 1824 when there was the Battle of Ayacucho. Thus there were two states in Peru that worked in tandem, one whose political center was colonial Cusco and one Republican in Lima. La Serna was a tough defender of the Spanish monopoly, but the situation in Peru did not improve with the change of Viceroy, so he was forced to demand loans for war. While San Martín to enter Lima one of the first steps taken was to request a loan of 150,000 pesos, the members of the Consulate. This institution had been dissolved and in its place was built the Chamber of Commerce, the March 6, 1822. By a decree, signed by the Marquis of Torre Tagle, and Bernardo Monteagudo (Secretary of State of San Martín). From that time, the Court would be called Chamber of Commerce of Peru, the prior would be named president and consuls would serve as vowels (Dancuart 1903, 242).

But the House would fulfill the same function as the old consulate to be the collecting of forced loans to the independent government of Lima. Traders felt frightened, like all people, and it was not easy to adapt to changing times, but were faced with the request of the new government and quotas were contributed by the same traders who had previously supported the colonial government. However, despite the contributions of the new state Republican traders, as most were Spanish properties were confiscated by the Court of kidnappings, which began operations in 1822 under the direction of Bernardo Monteagudo. It was the case of Manuel Gorbea, who had collaborated with the requested quotas, however, confiscated their property including 7,000 pesos that were consistent with his sister Maria Dolores for the purchase of a house in the street of Silversmiths, and therefore asked the Court to declare as exempt this capital lacked jurisdiction. Matias Elizalde also confiscated their farms, shops and houses accessory Street San Francisco neighborhood alleys that were leased. So did Juan Bautista de Lavalle, despite being native, who confiscated the In this context appeared new Republican state lenders, many foreigners were installed in the country. The Spanish had naturalized to stay in the country. In 1823 it was ruled that the House every two months to submit a list of 24 retailers, "probity notoriously" who had to go to Customs and together with the "views" should set the wholesale price of the goods that arrived from Europe and Chile, and all manner of ironmongery. Those selected were the same as paid to the

government from which we can name Estanislao Lynch and Manuel Arias for effects from Europe; Felix Balega for ironmongery; Felipe Reboledo for the effects coming from Chile. This means that somehow traders would take care of customs to the extent that it was they who established the new tariffs on imports and in turn they had to pay these fees. Clearly, the war had left many institutions without the colonial bureaucratic apparatus which should involve the same traders who were those who knew the system and they could set the price of imported goods. They were the importers and in turn, that established the tariffs of the goods they introduced.

## **Second part. Los consulates and the republican state**

The independence did not produce a radical change from tax revenues, while giving priority to the collection of direct tax to replace the old colonial tribute. This tax was repealed at first but then was restored in 1826 with Bolivar, and to extend it to the castes, as had been proposed in 1815 and Abascal (Contreras 2004, 53; Walker 2004, 239). It also continued the practice of establishing Bourbon in one person, the sub prefect, who had his collection was imbued with broad powers and a coercive power to collect the tax, which with the addition of caste, peaked at over million pesos in 1830. The new Republican state inherited the collection of "own" ie those contributions collected by state administrators comprising the almojarifazgo, loans, storage, among many others (Contreras 2001, 200). One important change was the repeal of the sales tax by eliminating internal customs whose purpose was to encourage the domestic market. His replacement was implemented tax patents directed to artisans, while landowners and paid the tax on rural and urban. However, the level of income did not exceed five million pesos annually which showed the persistence of a weak central state that depended mainly on the customs tax. Another of the items of which the state was obtained funds of funds Census, Secular Inquisition and which, according to estimates from Morales and Ugalde, Minister of Finance of the Republic in 1827, reached the sum of 6,000,000 pesos (Contreras 2001, 220). In this process, what was the fate of the Consulate of Lima? In 1825, as established by Congress, but was again restored the powers assigned only as a court of first instance and was exonerated from the revenues or income falling public debt management by the Sinking Fund (Dancuart 1902, 265). The following year, in 1826, during the government of Andrés de Santa Cruz, under the administration of the Minister of Finance José de Larrea y Loredó, turned to eliminate he was considered an "anti-constitutional authority", and commercial businesses were determined to through proprietary judges at first instance according to the established trading Ordinances that time. In the same decree specified that the Sinking Fund conduction assume management of Census and pious works, as well as all accounts concerning monasteries, foundations, fraternities, and sororities convents (Dancuart 1902, 91). Thus there was no legal representation of trade until the Constitution of 1828 determined that Commerce had special courts. It was only in 1829 under President Agustín Gamarra a law ordered the reinstatement of the Consulate of Commerce established in the capitals of the departments and places of trade grew annually elected three deputies who act in the reconciliations and contentious court would deal with

the respective above. But, economically dependent of the provincial capital of the Consulate of the Republic (Dancuart 1902, 265, 279 and 141 T. TI II). When installed the Consulate of Commerce definitively in 1829 acknowledged the same institution that was not:

"Mere mercantile court for administering various branches but for which required skillful employees. It was necessary, then, to have all the file papers and account books and cash that were in custody in the case of repayment" (OL 198.749, 1830).

The Sinking Fund, also called Consolidation Fund created in 1825, was administered by the National Credit Board (Quiroz 1993, 51). Must have own unique income designed to protect the public credit so all funds belonging to the National Census, land and property confiscated, the assets and income of the defunct Inquisition, the sale and composition of the securities of all the lands belonging to the State were to serve for the payment of domestic and external debt (Dancuart 1902, 92 T.II). But the critical situation of the country, where the delay was agriculture and hardship that afflicted debtors made cash funds that reach only to pay salaries and the old debt was almost bad, so I did know the Finance Minister Jose Maria Pando in 1830. The executive then was forced to use "leniency regarding indigence" and when you could replace income that had distracted her and provide it with new excise taxes would certainly be a useful facility to adequately carry debt public. Thus the consolidation box was virtually dormant until mid-nineteenth century took new functions (Quiroz 1993, 51). When you reinstalled the Consulate of Commerce took over the administration of the Fund and renamed Amortization eventually Excise box. In order to carry out their functions, should receive 1% of the tax that was levied on all goods that went into the country, money which would pay the salaries of the employees. This tax was originally called "consular law" but later called "right of discretion". This collection was not performed regularly, for this reason the consulate complained repeatedly to the Minister of Finance, it was unfair that an institution had its own resources (because the tax was levied since colonial times) could not do meet the payment of fees which more than one occasion remained pending for six months.

According to the Court consular law could reach around 30,000 pesos in the capital alone, not counting the trade paid in other departments was therefore essential that all contribute to such payment republic as it stated in a letter to the ministry of Finance in 1832 (AGN OL 216.537, 1832). Following this situation from 1834 it was decided that the Consulate withdraw that amount from the box which administered Excise. The bouquet of Excise was created March 20, 1834 to repay the amounts traders who had taken as loan to start the military campaign. This box functioned as a government bank loan (AGN OL 233.564, 1834). From left accounting of excise duty payment for the Consulate-consisting of a corporal and two soldiers, were bought supplies for the army, covering allocations for the battalion of Commerce, was paid the costumes of the soldiers and also interest paid on the loans made to state traders. Thus the Consulate became an intermediate between the Ministry of Finance and Excise box. Were established, then this type boxes in various departments where the prefects and sub-prefects colectaban the amounts established by law the forced loan

requested by the government. Consulate Monthly directed the Minister of Finance, a list of lenders, which are owed in pesos, charged and pending. During the following years of conflict between the various warlords, conflicts with the Peruvian-Bolivian Confederation, the Court not only went unscathed Consulate during that time but also its links with the state became more narrow. Clear proof was the regulation that was released in late 1839 on the role of the Court in the management of the Fund Excise ie public debt management. According to these rules, created by Ramón Castilla as finance minister of Gamarra, the Consulate through the bouquet of Excise revenues paid on borrowings, amortized capital and deducted customs promissory notes which were paid to individuals the advancement of money that the State did. On the other hand, if the general treasury needed money could go to that class. For that reason it was necessary to always have cash to pay the interest on the loans received. If we look at the traders who continued to provide through the Box Means, during the Republican era we see that many names are repeated. In the government loans made between 1836 and 1839 reappear same lenders to 1823, as Felix Balega, Manuel Portillo, Francisco Quiros, Juan Francisco de Izcue, son of Francisco Javier de Izcue the former speaker of the Chamber of Commerce in 1823. They resulted in the formation of domestic credit. All voters joined the board of the Consulate Court in 1834 both in 1839 as well as participating in the Welfare Board, the agency also led by merchants. Of the 57 people who participated in the loan of 1836, there were 23 voters in several Boards of Trade of the Consulate Court, José María Sotomayor and Juan de Dios and Calderon were prior consul of the Consulate Court during the nineteenth century. Loans sometimes reached the value of a prior salary was 2,500 pesos a consul or the 2,000 pesos annually, negligible amounts. Therefore we believe that the commercial elite of Lima, far from disintegrating as commonly believed, remained in seclusion for a while until he returned to compose through the recreation of the institution that represented, ie the Court of Commerce.

## Conclusions

In the case of Peru, the administration of public debt and government borrowing, through the Consulate Court shows one of the most significant stays over the colonial period. Tenure is evident also in the maintenance of the collection of the tax become personal contribution in restoring tobaccoists as a mechanism to increase tax revenues and in the advancement by traders whose loans were fruitless with customs stamps. The Consulate also acted like a bank loan to receive principal interest taxes, as it had in the colonial era. The Excise box created with the intention to redeem the state loans drove a strong approximately 200,000 pesos per month.

The Consulate of Trade thus became an intermediary organization between the state and commercial lending groups. When reinstated, said corporation, traders obtained the protection they needed and the State Administration of fiscal resources required to maintain them. The Consulate acted as protector of local merchants face competition hammer house that sold at very low prices distort the market, and demanded the closure of these houses. But the state also protected against traders who did not pay their customs duties through coercion and seizure of their property.

During the Republic the Court of the Consulate of Commerce, it was a simple merchant guild but turned broad functions of public administration. Since municipal functions to manage care of Lent festivities until administrative functions as directed on the box and took charge of Excise payment of the proceeds of forced loans, and financial functions at key positions to receive interest, activity that developed Also in the colonial era. Faced with new powers, such as the management of public debt, acted like a pendulum between the group and the Peruvian commercial accommodating policies and the laws of every government from 1824 to 1840.

Breaking the balance by the colonial crisis, the new states did not have institutions that could deal with loan requests. In Peru the Consulate covered the deficit by maintaining a corporation of the old regime that worked for the purposes of the new republican state.

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## Biography

Is historian formed at the University of Buenos Aires and Master in History from the Pontifical Catholic University of Peru, where he is a professor and PhD in Social Sciences from the College of Michoacán-Mexico. He has researched the mercantile elite Lima during the eighteenth century, the Court of Commerce of Lima and Peru's independence war. Has also investigated the army during the independence of Peru.

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