

Economic Impact of Commercial Capital on Credit Transactions: Buenos Aires in the Early Seventeenth Century

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Understanding the role of commercial capital on credit fluctuations is perhaps the most crucial, for it was responsible for the early emergence of a colonial mercantile bourgeoisie. The colonial historical writings (Acosta, Sarmiento de Gamboa, Matienzo, Herrera and Solórzano y Pereyra) however, centered their discourse exclusively on the legitimacy of Spanish colonialism.¹ Later on, Jesuit historians pointed out the usefulness of Spanish colonialism for the Indian masses and its contribution to the cultural and economic westernization of the continent.² In general, in this early historiographical literature the Spanish culture, the Spanish state, and the Roman Catholic Church, was what led and dominated the discourse, and not commercial capital.

Influenced by the commercial boom of the 1780s and especially by the free trade act on slaves of the 1790s, local enlightened intellectuals (Azara) anathemized Hapsburg mercantilist policies, essentially those regulations like the one of Alfaro in 1611, that prevented Buenos Aires in the early seventeenth century from incorporating into the world trade, as well as praised the role played at that particular time by external market-oriented merchants.³ In an opposite mood, the main historian during the revolutionary period (1810-20), Deán Gregorio Funes, strongly following the Jesuit historians of the eighteenth century, angrily reacted against Azara, and attacked the external market-oriented merchants of the early seventeenth century Buenos Aires.⁴

Later on, M. R. Trelles, the main colonial historian representative of the right wing of the romantic school, borrowing heavily from Azara, and being influenced by the commercial boom of the 1860s, characterized early seventeenth century Buenos Aires as a market place where Peruvian and Brazilian merchants met each other, and where local merchants got only the crumbs of the system.⁵ On the other hand, the writers of the positivist school, while acknowledging the existence of a sort of class struggle in seventeenth century Buenos Aires, denied the centrality of cycles and crises. For instance, Juan A. García, the main representative of the positivist trend, strongly reacting against Trelles, believed that Buenos Aires merchants early in the seventeenth century did not merely observed how Peruvian and Brazilian merchants bargained, but heavily profited from the intermediate trade.⁶

The sharp ups and downs experienced by the Argentine economy during the late nineteenth century forced a new trend of progressive intellectuals and historians to heed the material base of Argentine society. In following this school of thought Ricardo Levene, the main representative of the New Historical School, used an evolutionary perspective and the spheres of distribution as the criteria for characterization of colonial economic structures rather than intracolony struggle or spheres of production. However, despite Levene's knowledge of the history of trade he entirely ignored the role played by commercial cycles.⁷ Later on, left-wing liberals and liberal marxists, following a diffusionist approach, considered that the presence of commercial capital and "free competition" under the loose control of an Iberian mercantilism, gradually dissolve feudal and natural economies.⁸ On the contrary, the new left school of thought (dependency theory) considered that the penetration of commercial

capital reinforced on one side a feudal and natural economy and on the other side strengthened enclave economies.

In addition, according to more recent authors neither the liberal and marxist schools of thought nor the dependency approach succeeded in correctly characterizing the impact of commercial cycles on colonial economies. According to Carlos S. Assadourian the ups and downs of commercial cycles rather than dissolving feudal economies successfully crushed and raised the function of certain cities as redistributive market places for imports and exports, without altering their existent mode of production.⁹ Finally, unlike Borah and Chaunu, who assigned the cause of the seventeenth century commercial crises in New Spain to the population scarcity, Lynch (1969) suggested that the decline in trade was due mainly to the growing self-sufficiency of the colony.

However, despite their concern for commercial cycles, historians of both schools of thought fail to explain the reason for the existence of widespread cyclical fluctuations. In order to understand the role played by commercial capital on trade cycles I am going to study in this article how a new group of interest of external market-oriented merchants took advantage of periods of international peace and weak protectionist policies, when indirect external constraints (smuggling) prevailed, to impose large credit transactions. On the other hand, I am going to analyze how, in periods of direct external constraints (threats of foreign invasions), as the silver supply rose, cash transactions and purchase credit became more common than sale credit transactions. These assertions will be verified by analyzing the rate of credit fluctuations with respect to the amounts of imports, the correlation of credit transactions with ships harbored and sold, slave imports, and cart shipments; and the yearly rate of credit to cash in mercantile transactions.

Buenos Aires commercial cycles were influenced by external and internal factors. Among the former was the European demand for untaxed silver and the Brazilian demand for flour. Among the latter were the different intensities of silver and foodstuffs production, the degree to which indirect external constraints (smuggling activities) were confronted by the colonial state, and the amount of manpower available for transporting goods. These economic and political factors were reinforced from time to time by interruptions, such as disagreements between the merchants in Lisbon and Seville, world economic crises, custom policies, epidemics, political violence, and Indian rebellions.

The paradox of colonial Latin America was that in ports of exit, such as Buenos Aires, which drained more illegal silver than any other, each time there was peace and overseas trade ran smoothly, there was a shortage of hard coin. Yet each time there was an interruption of foreign trade, the port city was fully supplied with silver. According to mercantilist thought, an outflow of silver is comparable to a decrease in a factor of production and, via increase of the interest rate, has a greatly depressing effect on the economy of the supplier. The opposite effect occurs in the country experiencing an inflow of silver. But Buenos Aires, as the whole of Spanish America, did not undergo an increase in absolute amount of silver in circulation during the seventeenth century, because of the permanent outflow to other metropolitan countries.¹⁰

Interruptions of foreign trade resulted always from metropolitan competition. During the dynastic union between Portugal and Spain (1580-1640), both the Seville and Lisbon bourgeoisies, commercially dependent upon France, England, and the Lower Countries, competitively fought for hegemony in the colonial trade. Cartagena and Buenos Aires, alternatively, became the battlefield where this hegemony was contended. Whenever the slave trade was legally conducted through Cartagena, a commercial depression was felt in Buenos Aires. When this happened, those economic sectors in Buenos Aires not linked with the slave trade tried to seize power as well as to foster economic activities (protectionism and monopoly). Conversely, whenever disagreements between the Seville and Lisbon merchants occurred, Buenos Aires was chosen, illegally, as the main colonial

entrepot, interruption of foreign trade ended, the rate of interest and the cost of living rose almost spontaneously, unemployment diminished, and those sectors linked to internal market activities lost power to the "free trade" antimonopolistic interests.

Periods of war and peace, or the fluctuations of the European balance of power, determined to a great extent the pattern of mercantile development. Whenever maritime war broke out between Spain and Portugal or between France and England, sale credit collapsed, *situados* (subsidies) for military purposes were provided, Buenos Aires lost its role as an entrepot, and the bloc in power (intra-colonial alliance) eroded. Any time there were direct external threats of foreign military invasions to Buenos Aires, *socorros* (troops) were sent to the port from the northern provinces of Santa Fé, Córdoba, Tucumán, and Paraguay.¹¹ Colonial merchants, as a result of strong falls in the rate of interest caused by direct external constraints (threats of foreign invasions) encouraged mortgage credit. When peace was reached between both metropolitan powers, indirect external constraints (smuggling activities) were reactivated, sale credit was resumed, mortgage credit forgotten, and the ratio of borrowers to lenders accelerated. Buenos Aires again became a colonial entrepot and the mercantile class alliance was reconstituted. Also, internal constraints (Indian wars and rebellions) were not foreign to the existence of Buenos Aires settlers. While the Araucanian wars in Chile and the threat of foreign invasions had a positive impact upon the Buenos Aires agrarian economy, the Calchaquí and Pampa Indians' rebellions caused respectively a collapse of cattle shipments to Upper Perú and of cattle hunting in the Pampa.

However, the main interruptions were caused by direct external constraints (maritime wars and threats of foreign invasions) and strong repressive customs policies. Once wars were declared, the sea-risk rates around the world almost immediately doubled. It was not worth sending a ship to the colonies at such rates. More and more merchants were obliged to insure their ships only partially, or only the ship and not the cargo, or even to forego insurance altogether and rely on speed and luck to protect their investment. Prices of merchandise quickly reflected this fact. Anytime news of Spain's declaration of war reached Buenos Aires, or any other Spanish American port, merchants proceeded to buy up all the Spanish metropolitan products remaining in the port as a speculative venture anticipating great demand and exorbitant prices.¹² European merchandise became extremely scarce and silver was hoarded in huge amounts. Speculators in Spanish and foreign merchandise in Buenos Aires tried to maintain and, if possible, increase the price rise in the merchandise market or, in other words, overpriced imports and underpriced exports. Merchandise was kept from the market the longest time possible with the goal of making price increase. But to be able to hold merchandise, the use of credit was necessary, which in turn resulted in an increase in the rate of interest.¹³

From 1593 to 1640, the expansion of sale credit was mainly determined by the nature of the slave trade, both in Angola and in the sea passage, and the degree of external and internal constraints (foreign invasions and protectionist policies). On the one hand whenever the supply of slaves in the African slave fairs was diminishing, the Atlantic slave trade lessened. Likewise, whenever a disagreement between Seville and Lisbon merchants occurred, I conclude that Buenos Aires must have been chosen as the destination of the slave smuggling and, consequently, both cash and credit transactions expanded.¹⁴ When an agreement was reached in the metropolitan center, the legal slave trade went through Cartagena and thus undermined sale credit in Buenos Aires. On the other hand, whenever protectionist policies were weakened by "free trade" measures, commercial activities expanded. Contrarily, whenever protectionist policies were enforced with repressive measures, the slave trade contracted.

Credit might have expanded in the first cycle of this period from 1593 to 1598. Although we have no notarial evidence for this period, the commercial correspondence between two merchants in the 1590s reveal that the presence of Portuguese merchants coming from Brazil through Buenos Aires

undermined the function of Santiago de Chile as a redistributive market place for Tucumán imports.¹⁵ Corroborating this period, the records of the Casa de Contratación in Seville declare that a total of 1,020 slaves from the *asiento* of Pedro Gómez Reinel, a monopolistic Portuguese merchant, were specifically registered for Buenos Aires.¹⁶ The merchant Manuel Machado acted as a commercial agent or consignatory of this *asentista* in Buenos Aires. In 1599, Gómez Reinel was brought to trial for fraud and resigned the *asiento* in favor of the crown, causing a profound collapse in credit transactions.¹⁷

When Hernandarias assumed the governorship of Buenos Aires in 1603, he began to prosecute illegal trade. While in 1592, 22 vessels arrived in Buenos Aires, in 1603, Hernandarias wrote to the king in a boasting style that only 12 vessels had arrived.¹⁸ The logical result must have been a deep weakening of the credit system. Two years later, in 1605, due to the *asiento* treaty signed by the crown with the *asentista* Gonzalo Vázquez Coutinho, credit transactions expanded. Total credit jumped from \$6,565 in 1603, to \$43,693 in 1605, and \$43,480 in 1606, totalling \$91,000 (see Table 1). Imports of merchandise rose from \$9,398 in 1603, to \$34,812 in 1604, and \$51,695 in 1605, totalling \$96,000 for the three-year period (see Table 2). Between 1603 and 1605, about 2,600 slaves worth \$182,000 were imported.¹⁹ Contrasting the total credit figure with the amount of joint imports reveals that 27 percent of all imports were advanced on credit while 73 percent must have necessarily been paid for in cash, I presume, with illegal silver.

As a result of this expansion of credit transactions, other economic activities were affected. Table 3 suggests a direct correlation between the increase of ships harbored, ships that were sold, slave imports, and credit shipments for the years 1604-07. Out of 34 ships that entered Buenos Aires in that period, eight ships worth \$6,500 were sold in the ship market. Those ships unloaded 2,993 slaves worth \$200,000. Most of the slaves were then shipped directly to Upper Peru and Chile. Although 375 slaves changed owners in Buenos Aires, these also were bought for the purpose of introducing them into Upper Peru and Chile. Some of the slaves who had been purchased in Buenos Aires were shipped to Upper Peru in 90 carts by Antonio de Avila, Gerónimo Luis de Cabrera, and Alonso Díaz Caballero, all residents of the city of Córdoba.²⁰ The expansion cycle in credit transactions reached a crisis in 1607 when the Junta de Negros (Board of Slaves) in Seville decided to withdraw the *asiento* from Gonzalo Vázquez for not having fulfilled the bonds he promised.²¹ Trade with interior provinces was also affected by the Real Cédula de Ampudia issued by the King in 1606 prohibiting the export of wheat and flour from Tucumán province to Buenos Aires.²² As a result of this prohibition, Buenos Aires replaced Córdoba as a redistributive market place for Tucumán imports. Finally, trade was heavily hurt by Indian rebellions. In 1607 a fleet of vessels traveling to Paraguay was attacked by Charrúa Indians.²³

On the other hand, as a result of the Spanish crown's refusal in 1611 to renew the slave *asiento* with the Portuguese *asentista*, Gonzalo Vázquez Coutinho,²⁴ I conclude that a great portion of the slave trade which previously had passed legally through Cartagena began to be channeled illegally through Buenos Aires. On the other hand, slave fairs in Angola in 1614, according to Angola's governor Bento Banha Cardoso, were flourishing.²⁵ As Table 1 illustrates, sale credit in Buenos Aires jumped accordingly, rising from \$5,762 in 1610, to \$36,836 in 1613, totalling \$137,000 in the years 1610-1613. Consequently, purchase credit to buy slaves in Africa increased again in 1613-15 (see Table 5). Similarly, imports grew from \$20,541 in 1610, to \$161,711 in 1611, totalling \$635,000 in the years 1610-15 (Table 2). Most of the credit advanced was for the sale of slaves: \$27,604, or 76 percent of the sale credit, transferred in 1613, and \$47,259, or 80 percent of sale credit, transferred in 1614, was for slaves. The preceding figures suggest that sale credit decreased with respect to the period 1603-06, diminishing eight percentage points, from 27 percent in the period 1603-06 to 19 percent in 1610-15. Twelve out of 68 ships arriving in Buenos Aires from 1610 until 1615 were sold. Owners posted bond for 2,782 slaves, 67 carts were shipped, and 80 Indians were hired (see Table 3). These figures further corroborate the direct correlation between the increase of ships harbored, the sale of ships, slave imports, cart shipments, and Indian contracts.

Traders who carried slaves to Upper Peru indebted themselves to pay fiscal duties for 2.782 slaves. As a result of their sales, slave-traders earned, during this period, around \$1.700.000. Their huge profits ended abruptly, however, in 1615 when an agreement with the Portuguese Fernández d'Elbas for a new *asiento* was concluded.²⁶ The legal slave trade again passed through Cartagena while in Buenos Aires Governor Hernandarias took office for the third time and began to prosecute Portuguese smugglers. The number of ships arriving diminished from twelve in 1615 to three in 1616. Imports fell dramatically, decreasing from \$134.392 in 1615 to \$42.067 in 1616 (see Table 2). Sale credit declined even more, dropping from \$41.484 in 1615 to \$2.875 in 1616 (see Table 1). But even if an agreement between both Lisbon and Seville had not been concluded or Hernandarias had not assumed power, Buenos Aires slave imports must have abruptly decreased because in 1616 sea-risk rates skyrocketed due to the capture of sixteen Portuguese vessels by the Dutch.²⁷ Moreover, even if sea-risk rates had not increased so drastically, Buenos Aires slave imports must have drastically lessened because in 1617, according to the new Portuguese governor of Angola, Luis Méndes de Vasconcelos, slave fairs in Angola "...had almost ceased to function for lack of slaves",²⁸ presumably due to the successful competition that the Dutch were able to build up through military means.

For a second time, beginning in 1618, Buenos Aires was allowed to engage in its own kind of limited trade. Due to the enormous pressure exerted on the crown by the slave trade interests, in 1618, Philip III gave Buenos Aires a governorship autonomous from Paraguay, permitted the Portuguese *asentista* Fernández d'Elbas to ship to Buenos Aires 450 slaves over a three-year term, and authorized a special permit whereby over a three-year period two ships would sail annually from Seville to Buenos Aires, laden with European merchandise not exceeding two tons each.²⁹ Simultaneously, Hernandarias had to retire from office and Diego de Góngora succeeded him. With the advent of Góngora as governor in 1618, smuggling resumed. The number of vessels harbored in Buenos Aires rose from one in 1618 to ten in 1619. Imports and credit increased. According to Table 1, sale and purchase credit expanded from \$4.010 in 1617 to \$26.546 in 1619 and totalled \$181.000 for the years 1617-19. These figures indicate that 80 percent of the imports were obtained with cash and only 20 percent on credit.

As soon as the Spaniards discovered that the Twelve Years Truce (1609-21) had failed to halt Dutch smuggling with its American colonies, trade conflict with Holland gave way to the outbreak of the Thirty Years War (1621-48) between Spain and the Lower Countries. With the outbreak of the Thirty Years War in the 1620s, the Atlantic slave trade was thrown into chaos. It is very difficult to follow the underground maneuvering among the governor, the Cabildo, and native and alien merchants in these years. Each had a different interest. Although silver production in Upper Peru in 1620-21 did not increase, Lima's public silver remittances to Spain got sharply reduced (around 50%).³⁰ Of course, all the blame falls on Buenos Aires behavior (Table 5). From 1621 until Lima decided, as a result of increasing Dutch smuggling, to intervene in the Buenos Aires' governorship in 1624, Buenos Aires' legal and illegal commercial activity reached its highest point in the seventeenth century. The amount of legal imports into Buenos Aires was approximately 3.4 percent of the annual silver output registered in Potosi (half the amount of the royal silver remittances that Peru sent directly to Spain through the Portobello fleet) (see Table 5). But the total amount of imports (including illegal imports) might have reached, at its highest (1600-25), as much as 25 percent and as little as 15 percent of Potosi's total silver production.³¹ This is the reason why the Upper Peruvian mining market held a direct influence even on the amount and nature of the merchandise imported through ports like Buenos Aires located at such a long distance from the silver mines.

During the years 1619-24, a bitter struggle ensued in Potosi between Basques, usually mineowners, and Vicuñas, frequently nonmining entrepreneurs. This struggle entailed such bloodshed that African slaves were required for the rank and file of the private armies. Because of this high demand for slaves, we see again in Buenos Aires a very close correlation between slaves imported and

bonded, ships harbored and sold, carts shipped to the Upper lands, and Indians hired. Out of 60 ships that entered in this period, 23 ships were sold, 4,366 slaves were imported, 60 carts were shipped, and 370 Indians were hired (see Table 3). Imports, according to Table 2, rose from \$31,574 in 1618 to \$136,115 in 1619 and totalled \$863,000 for the period 1619-24.

Slaves accounted for most of the merchandise advanced on credit. Between 1621 and 1624, 472 slaves worth \$87,000 were marketed and 82 slaves worth \$15,000 were transferred (see Tables 1 and 2). The rest of the merchandise advanced on credit consisted of foodstuffs such as Portuguese wine and Brazilian sugar, textiles for clothing and iron for the refineries in Perú.

As a result of the Spanish crown conferring upon the Portuguese Manuel Rodríguez Lamego in 1624 a new *asiento* for the slave trade, which, as always, passed through Cartagena, ships arriving in Buenos Aires fell from 18 in 1623 to 2 in 1624.³² Sale credit declined as well, decreasing by half, from \$26,647 in 1623 to \$14,143 in 1624, before reaching the nadir in 1625 with \$2,293, an amount less than one-tenth of the 1623 figure. Imports suffered, too, dropping from \$108,028 in 1623 to \$8,105 in 1624 (see Tables 1 and 2). As one of the outcomes of this temporary commercial crisis the economic role of certain market places of the interior provinces experienced a drastic change. In 1625, Santiago de Chile recovered from Córdoba's hands the function lost in 1593 as a redistributive market place for Tucuman imports.³³

Very soon, in 1625, once the recapture of Bahía had been effected and Pérez de Salazar had left office, returning to Charcas after two years of service, the new governor Francisco de Céspedes, plotted with Antonio de Olivera Cadornega, assistant manager of the *asentista* Manuel Rodríguez Lamego, allowing Portuguese slave smugglers to engage again in illegal trade.³⁴ From 1626 until 1632, 44 ships and 1,814 slaves worth \$253,960 reached Buenos Aires, Governor Céspedes supported the trade on the grounds that the general prohibition from exporting silver caused great damage to the River Plate provinces. Without permission to export silver, the people of Buenos Aires could not sustain themselves even if they traded with Seville.³⁵

Once the South Atlantic sea was transitorily clear of the Dutch threat, the Caribbean sea became the focal point of maritime conflict. In 1628, the entire Spanish galleon fleet was seized by the Dutch, causing also maritime insurance rates to skyrocket. As a result of this added expenditure in shipping costs, slave-traders began to prefer the maritime routes of the South Atlantic to those of the Caribbean sea.

As soon as a new *asiento* was assigned by the crown to the brother of Philip IV, the Infante Fernando, archbishop of Toledo, in 1631, the slave trade resurrected. Immediately the archbishop sold the *asiento* to a Genoese merchant, Nicolás Salvago.³⁶ This sale was contracted with the peculiarity that, as a result of maritime hostilities caused by the Thirty Years War, instead of being obliged to carry the slaves to Cartagena across the Caribbean sea, they were to be shipped to Buenos Aires across the South Atlantic sea, a much more secure sea route.

At about the same time, a change took place in Buenos Aires because of the political erosion experienced by Governor Céspedes due to his nepotist behavior, which jeopardized the hegemony of the bloc in power. A new governor, General Pedro Estéban Dávila, assumed office. Dávila was a warrior corrupted by the miseries of the Thirty Years War. As a result of this political and economic shift, political relations with the remnants of the Confederado faction (composed essentially of smugglers) improved radically, consolidating the bloc in power.³⁷ The use of credit in Buenos Aires increased and the importation of slaves from West Africa and immigration of Indian manpower from the interior provinces revived. Imports rose from \$19,579 in 1629 to \$31,598 in 1630, totalling \$213,000 in the whole period (see Table 2). The volume of sale credit jumped from \$2,570 in 1628 to

\$46.683 in 1631, totalling \$158.000 for the period 1631-37 (see Table 1). Likewise, purchase credit towards slaves from Africa also expanded in the 1630s. In Buenos Aires during this decade, seven shipowners borrowed a total of \$65.000 for this purpose (see Table 4). Also in this period, as Table 3 shows, a very strict correlation existed between slaves imported and bonded, carts shipped, and Indians hired. During these years, a total of 1.432 slaves were imported, 32 carts were shipped to Chile and Upper Peru, and 348 Indians were hired to carry them.

The expansion cycle in credit transactions reached another crisis in 1634 after Pernambuco was temporarily taken over by the Dutch. As Table 2 illustrates, imports of slaves fell drastically, decreasing from \$28.826 to \$7.240, or 75%. Sale credit in Buenos Aires also declined at a similar rate, dropping from \$49.204 in 1633 to \$12.536 in 1634 (see Table 1).

During Dávila's governorship, because of a much more homogeneous policy that did not attempt to break the bloc in power, smuggling and corruption of public officers reached unbelievable levels. Assuming that the financial policy followed in the past by merchants coming from Upper Peru and Chile was continued, the conclusion is unavoidable that the crown suffered from tremendous fraud. If, according to my previous calculations, shown in Tables 1 and 2, 20 percent of the merchandise imported was bought on credit, almost one million pesos worth of merchandise must have been imported. However, customs officers declared only \$213.000. The 33 percent customs tax on the remaining \$787.000 were defrayed. Later, in 1639, in order to avoid custom fraud, the Visitador Juan de Palacios, sent by the Real Audiencia of Charcas, issued an agreement to reduce the tax price of each slave of more than 15 years of age from \$70 to \$57.6, in order to increase royal revenues.³⁸ Palacios' decision to decrease the slave tax stimulated slave trade.

Since a large number of licenses remained available from the last *asiento* run by the archbishop of Toledo a couple of transactions around those licenses took place in Spain. These licenses were first acquired by Martín Alfonso de Atayde who, at the same time, sold them in 1638 to Nicolás Salvago.³⁹ As a result of the trade unleashed by these licenses in the period 1640-42, the value of the slaves imported reached \$64.338, sale credit reached \$175.275, and the amount of slaves for whom royal duties had been paid rose to \$1.660.

However, in spite of this commercial boom, trade routes for the slave trade during the 1630s and early 1640s shifted due to the great Calchaquí rebellion.⁴⁰ Merchants like Cristóbal de Ahumada, Manuel Gómez, Juan Jofré de Arce, Francisco Núñez de Villoldo, Felipe Ramírez de Arellano and León Toro Macote engaged in the long distance slave trade to Lima across the Andes.⁴¹

This long prosperous situation was reversed in 1642 when Governor Gerónimo Luis de Cabrera, the son-in-law of Hernandarias, took office and began, due to Portugal's war of independence against Spanish domination, to persecute Portuguese merchants. As a result, imports plummeted from \$49.750 worth of merchandise in 1641 to \$1.853 in 1642. Sale credit fell from \$94.445 in 1640 to \$14.582 in 1641. The number of carts chartered fell from 24 in 1640 to 7 in 1641. Slave imports and Indian contracts also experienced depression. In 1641, the last prosperous year of this cycle, slaves legally imported amounted to 175 and Indians under contract numbered 21 (see Table 2).

The following period of commercial crises, however, was not a steady stagnated period. In 1648 and 1649, although silver production in the Upper Peruvian mines experienced a sudden and brief recovery, thanks to an increase in mercury (azogue) imports, Lima's public silver remittances to Spain were cut by half. In effect, while silver taxes paid at the Caja Real de Potosí rose from \$551.034 pesos ensayados de 450 maravedís in 1647 to \$694.659 pesos in 1648, and \$661.200 pesos in 1649, or a short-term increase of 25%, Lima's public silver remittances to Spain decrease from \$1.800.000 pesos in 1647 to \$956.000 pesos in 1648.⁴²

This sudden increase in silver production plus the continued frauds at the Potosí mint, and the increasing smuggling of silver through Buenos Aires generated in the latter a short-term inflationary process. In 1652, the assayer of the Potosí mint was found guilty of defrauding the government of over \$472,000 pesos.⁴³ Due to these vast frauds, the viceroy of Lima, the count of Salvatierra, ordered in September of 1652 the enforcement of the Royal Order of October 1650, which had established a silver recoinage worth 7 1/2 reales per peso and simultaneously a silver recoinage worth six reales per peso.⁴⁴ To consumers, this regulation meant a loss equivalent to 25 percent of the purchasing power of money. It was in effect for eight months, from September of 1652, and during that time was responsible for an incredible fraud practiced by Buenos Aires Governor Lariz. Lariz, according to Levene, by hiding the viceregal *pragmática* (order), was able to profit from the difference between both coins.⁴⁵ Finally, as creditors refused to accept debased coins in payment for past debts, the President of the La Plata Audiencia was obliged to enforce the circulation of the new silver coins.⁴⁶ As an immediate outcome of these inflationary policies, savings in Buenos Aires shifted from an uncertain but high interest rate field like personal loans to a more secure but low interest rate field like rural mortgage credit. Suddenly, as a result of a 25 percent increase in rent arising from the application of the Royal *Pragmática* in 1652, the total amount of money lent through mortgages reached \$5,507.⁴⁷

The net effect of the activities of mint officials engaged in fraud was also to render imports from Northwest Europe unaffected by debasement much more costly in terms of this inferior coinage. The merchant exporting to the area who hoped to return to his country with similar earnings had to collect more of the debased coinage than he had before the fraud. Merchants exporting to Buenos Aires were forced to raise their prices. The reduction in Buenos Aires' purchasing power was inevitably accompanied by a reduction in demand. Likewise, as a result of the forced circulation of the new coin, a wave of bankruptcies flooded Seville, Madrid, and Toledo in 1655, to the detriment of a great many weak merchants who had been hoarding the fraudulent coin.⁴⁸ Of the three silver masters who declared bankruptcy in Seville in 1655, two sought refuge in Lisbon and the other was imprisoned in Seville. The most famous case was the bankruptcy of Domingo de Ipeñarrieta, the silver master of General Mencos's fleet.⁴⁹

Summarizing, we recognized, in the first part of the century, six periods of expansion, followed by five short crises. The first two periods of expansion took place when *asiento* contracts for the slave trade were signed by the Spanish king and the antismuggling repressive measures were removed. This occurred in 1593-98 and 1605-06. The third period of expansion (1613-15) resulted not only from the failure of Lisbon's and Seville's merchants to reach an agreement on the *asiento* business but also from the fact that Buenos Aires government was run by external market-oriented interests. The last three periods of expansion occurred because of *asientos* and *registros* contracted specifically to carry slaves and European merchandise into Buenos Aires. They covered the years 1619-23, 1631-36, and 1640-42. Economic crises occurred in Buenos Aires whenever both Seville's and Lisbon's mercantile bourgeoisies reached an agreement to conduct the slave trade through Cartagena or hard protectionist policies were enforced by Buenos Aires colonial authorities, as in 1608-10, 1615-18, and 1624-30, or whenever the African sources that provided with slaves were exhausted, or when *asientos* contracted specifically to transport slaves to Buenos Aires expired, as in 1637-39, or when direct external constraints jeopardized South-Atlantic routes, as in 1616, 1634 and 1637.

Footnotes

¹ Arrom, 1978, 369-385; Carbia, 1934, 2nd part, chapter IV; Levillier, 1919; Otero, 1950, 11-136, Bonifaz, 1948; Ayala y Delgado, 1946, y 1947; Malagón, 1965; and Carilla, n.104-105, pp. 435-451.

² On the Jesuits scholars Lozano, Guevara, and Charlevoix, see Cardozo, 1959, 285-300, 306-314, 323-329. About Jesuit historians, see Furlong, 1933; and Carbia, 1940, chapter II.

³ Azara, 1847. About Azara, see Gutiérrez, 1869, 191-221.

⁴ Funes 1816-1817.

⁵ Trelles, Manuel R., Registro Estadístico del Estado de Buenos Aires.

⁶ García, 1900, chapter XI, p.170.

⁷ Levene, 1952, chapter XI.

⁸ Canabrava, 1944; and Astesano, 1949, 64-65.

⁹ Assadourian, 1970, 72 and 75.

¹⁰ Schumpeter, 1954, 314.

¹¹ Molina, 1948, 117-118; Cervera, 1907, I, 352; Peña, 1916, 9, 12 y 44; y Garretón, 1933.

¹² Hamnet, 1971, 117.

¹³ Hilferding, 1960, 301.

¹⁴ Bowser, 1974, 35.

¹⁵ Assadourian, 1983, 72.

¹⁶ Vila Vilar, 1973, 585.

¹⁷ Otte, and Ruiz-Burruecos, 1963, 3-31; and Lapeyre, 1967.

¹⁸ Coni, 1941, 94.

¹⁹ Vila Vilar, 1973, 587.

²⁰ Archivo General de la Nación (AGN), v.2, f.2031v.; 3013v., and 3011v.; and v.3, f.17, 116, 154, 268v., 272, 502v., and 515v.

²¹ Vila Vilar, 1973, 568.

²² Gelman, 1983.

²³ Acuerdos, Municip., I, 203, 395 and 398.

²⁴ Bowser, 1974, 35.

²⁵ Birmingham, 1966, 83.

²⁶ Bowser, 1974, 36.

²⁷ Canabrava, 1944, 150.

²⁸ Birmingham, 1966, 85.

²⁹ Scheuss de Studer, 1958, 93.

³⁰ see Table 5; and Bakewell, 1975, Table 1.

³¹ Lynch, 1969; Cross, 1978, 154.

³² Bowser, 1974, 33.

³³ Assadourian, 1970, 75.

³⁴ Canabrava, 1944, 147. Antonio de Olivera Cadornega became afterwards the chronicler of Angola history, he wrote in 1680 the *Historia Geral das guerras angolanas*.

³⁵ Levene, 1962, 177.

³⁶ Scheuss de Studer, 1958, 95.

³⁷ Peña, 1916.

³⁸ Acuerdo para el manifiesto de esclavos que hizo el visitador Juan de Palacio en 5 de mayo de 1639, Documento n.52, Registro Estadístico del Estado de Buenos Aires, 1866, t.II, p.56.

³⁹ Scheuss de Studer, 1958, 97.

⁴⁰ For the Gran Alzamiento (Great Rebellion), see Montes, 1959, 81-159; and Fortuny, 1966.

⁴¹ Data Bank.

⁴² See Table 5 and Bakewell, 1975, Table 1.

⁴³ Lohmann Villena, 1976, 579-639.

⁴⁴ AGN, v.33, f.333v.; and v.30, f.394.

⁴⁵ Levene, 1927, 178; and Peña, 1911, 59-61.

⁴⁶ García, 1900.

⁴⁷ Saguier, 1982, Table 36.

⁴⁸ Silva, 1965, 143.

⁴⁹ Domínguez Ortíz, 1979, 813.