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Pedro Pérez Herrero, Plata y libranzas: la articulación comercial del México borbónico

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Plata y libranzas: la articulación comercial del México borbónico. By Pedro Pérez Herrero. (Mexico: El Colegio de México, 1988. 362 pp. Charts, appendixes, notes, bibliography, index. Price not available.)

This meticulously researched book is divided into two distinct parts. The first section discusses the evolution of *libranzas* (bills of exchange) and, more generally, of banking houses within the context of the economic environment and theological constraints of sixteenth-century Seville, while the second analyzes the use of *libranzas* in Bourbon Mexico and shows their importance for the economic power of merchants.

The evolution of *libranzas* took place in the interstices of the scholastic theory of usury, and since credit arrangements earning interest were considered a sin, confession manuals constituted a valuable source to study this topic. The ability of human beings to imagine variations of old sins cannot be understated, and when sin is coupled with profit one can expect veritable flourishes. In fact, while theologians worried about how many angels danced on the head of a pin, merchants worried about how many ways could be found to bypass usury regulations.

The merchants' thought processes were about as subtle and convoluted as those of theologians, although far more profitable. Insurance, wage

advances, and, more relevant for this book, *libranzas*, were manipulated to hide lending practices producing interest. As a result of this game, *libranzas* ought to be seen not only as an instrument to facilitate exchange, but also as part of a credit package. The author relates this story by taking pleasure in displays of erudition that do not necessarily detract from clarity. Occasional charts help the reader understand the complex credit arrangements, although at times additional charts would be helpful.

By the eighteenth century, when the discussion had moved to New Spain, many interest-earning practices had found their way into the economic system and the use of *libranzas* was regulated. Their use is better understood in the context of the colonial commercial system. Merchants needed scarce coinage to be able to buy European goods arriving at Veracruz in the fleet, and since coins were hoarded by merchants, other media such as *libranzas* and large amounts of uncoined silver had to be used in internal trade to fulfill some of the roles of money. Around the middle of the seventeenth century the use of uncoined silver was common practice, just the kind of fiscal evasion that the Bourbon reforms were designed to stop in the eighteenth century.

After a long and intricate process in which the edge of every regulation was blunted by the ingenuity of merchants, colonial administrators succeeded in minimizing the use of uncoined silver for transactions. Not coincidentally, by the 1780s the use of *libranzas* had significantly increased. To explain this increase, Pérez Herrero argues that since the Bourbon reforms weakened the ability of New Spain merchants to monopolize international trade, they turned to a credit market, often by means of *libranzas*, and as a result, "mining fell in the web of merchant capital and merchants situated in the sphere of circulation obtained abundant profits while miners faced all the expenses and uncertainties of production" (p. 117) (reviewer's translation). They were by and large successful: "If the Bourbon reforms had begun to dismantle their power, the use of *libranzas*, together with other mechanisms described, returned them to their central role in the economy of New Spain" (p. 253). This book makes it clear that the credit and money markets included much more than church credit and coined silver and that, in fact, they were part of a complex system whose importance for the colonial economy is increasingly apparent.

While making his argument, the author provides insightful discussions of the sources and, taking issue with quantitative historians, highlights the dangers involved in using seemingly hard data to make calculations from this period. As a corollary of his discussion of the sources, Pérez Herrero enters the debate around late eighteenth-century economic growth which he considers to have been, at best, doubtful, for some of the statistics most commonly used by historians were compiled by people with a political agenda.

Pérez Herrero asserts in the introduction that a monograph on *libranzas* did not exist and that it was necessary; he amply proves his case with first-rate scholarship. His interpretation is rooted in Marx's theory of value, yet those who think in terms of markets and, in particular, those who take an institutional approach, will find in this book a rich mine of material about the colonial economy.

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