

Serving the King: Control and administration of the Royal Treasury of Lima in the late seventeenth century.

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Scholars have traditionally considered the seventeenth-century as the period of greatest decline of the Spanish empire. They identify signs of crisis in Spain's industry, agriculture, administration and society. The regime of Charles II, the last Habsburg king of Spain, and even the person of the monarch serve to support the idea of decadence.¹ In contrast, the Bourbon dynasty that ascended to the Spanish throne after the death of Charles II is commonly represented as promoter of reforms and consolidator of the absolute monarchy in Spain and its economic revival.² Nonetheless, there is evidence that the government of the last Hapsburg increased the control of the colonial treasury, its royal administrators, and the remittances of bullion to the peninsula. The present paper, supported by the History Project and the Institute for New Economic Thinking, contributes to revise the misleading conception of the last decades of the Spanish Habsburg administration.

In the Spanish empire, the fiscal system of the Habsburgs became burdensome for both the Crown and the population. The sale of *juros*, excessive public debt, paralyzed production, and limited national capital, characterize the critical condition of the Spanish economy. The government recognized these issues, yet it was unable to implement a far-reaching program to

¹ Earl Hamilton, "Revisions in Economic History: VIII. The Decline of Spain," *The Economic History Review* 8, No. 2 (May, 1938), 169; Hamilton, *War and prices in Spain, 1651 – 1800* (Cambridge: Harvard University Press, 1947); Vicente Palacio Atard, *Derrota, Agotamiento, Decadencia, en la España de siglo XVII* (Madrid: Ediciones Rialp S. A., 1956).

² Jaime Carrera Pujal, *Historia de la Economía Española*, vol. 2 (Barcelona: Bosch Casa Editorial, 1944); Jaime Vines Vives, *An Economic History of Spain* translated by Frances M. López – Morillas (Princeton, Princeton University Press, 1969).

alleviate and improve this condition in the long – term.³ According to this image, Spain had fallen victim of a large debt owned to foreign and peninsular interests.

Despite the various internal and external problems the Spanish government had to deal with, Charles II's administration had a high flexibility and negotiating capacity that shows it was not as incompetent as scholars have traditionally believed. Among constant periods of war, natural disaster, and economic bankruptcy, the Habsburg administration developed certain positive elements that allowed the permanence of the empire. Some administrative measures were the creation of the first Junta de Gobierno, and the replacement of the *valido* for the post of the prime minister.⁴ These innovations and strategies developed during the late seventeenth century have passed almost inadvertently in the historiography.

The impact of natural disasters on historical processes has largely been overlooked. Only in recent decades, the study of natural disasters by scholars of different academic fields has increased.⁵ According to the Peruvian historiography, the earthquake of 1687 is the second most

³ Alberto Marcos Martín, '¿Fue la fiscalidad regia un factor de crisis en la Castilla del siglo XVII?' In *La crisis de la Monarquía de Felipe IV* coordinated by Geoffrey Parker (Barcelona, 2006): 250 – 253. Geoffrey Parker, 'Epilogue.' In *La crisis de la Monarquía de Felipe IV* (Barcelona, 2006): 401, 402.

⁴ Luis Ribot, *El Arte de Gobernar. Estudios sobre la España de los Austrias* (Madrid: Alianza Editorial, 2006), 14, 151, 152, 267 – 272.

⁵ For the expansion in the study of natural disaster see David Alexander, "The Study of Natural Disasters, 1977–97: Some Reflections on a Changing Field of Knowledge," *Disasters* 21.4 (Dec 1997): 284 - 304. Andrew C. Isenberg, "Introduction. New Directions in Urban Environmental History," *The Nature of Cities*, ed. Andrew C. Isenberg (Rochester: University of Rochester Press, 2006), xi. Allen H. Barton, *Communities in Disaster. A Sociological Analysis of Collective Stress Situations* (Garden City, New York: Doubleday & Company, 1969). William Kern, "Introduction," in *The Economics of Natural and Unnatural Disasters*, ed. William Kern (Kalamazoo: W.E Upjohn Institute for Employment Research, 2010), 1. Jack Hirshleifer, *Economic Behavior in Adversity* (Chicago: The University of Chicago Press, 1987). Many researchers have considered these events as laboratories to explore and evaluate social, economic and political patterns of human societies that emerge when traditional conditions of life and activities are disrupted. Sorkin, *Economic Aspects of Natural Hazards*, 2 – 4. Richard Stuart Olson, "Towards a

severe in intensity during the time of Spanish dominance. The City of the Kings, present Lima, was the capital of the viceroyalty of Peru. It was the administrative center of the Spanish government in the southern part of the America, and hosted a large population of a varied social composition.⁶ Its geographic position makes it, even today, prone to periodical seismic events that have disruptive effects depending on the intensity of such natural phenomenon. When the quake hit in 1687, in a matter of a few hours, the city was in ruins, and its administration halted.

Even though the colonial administration in Lima was unable to perform its normal activities for several months after the disastrous event, the royal treasury of Lima drastically increased its remittances to Castile when the *armada* departed the port of Callao in 1690. It was not only that the amount sent in the *armada* of 1685 increased in 225%, but also the amount collected in the royal treasury rose in 65%.⁷ Since the earthquake affected mainly Lima and its port, Callao, it is possible that the royal treasuries at the interior of the viceroyalty continued working normally. In other words, the production of these internal *cajas reales* may compensate the provisional pause of the capital's treasury.

Despite the financial burden created by the new expenditures related to the devastation, periodic remittances were mandatorily sent to Spain. It was the viceroy's main responsibility to periodically send money to support the king's diverse enterprises overseas. The duke realized that

Politics of Disasters: Losses, Values, Agendas, and Blame,” *International Journal of Mass Emergencies and Disasters* 18 (August 2000): 268, provides a division of five phases for earthquakes: pre-impact, impact, response, recovery and reconstruction. The recovery phase is the period when the fulfillment of basic needs is the prime objective. The reconstruction phase relates to the indefinite length period (days, weeks, months, years) when community rebuilds for a long-term. See also Allen H. Barton, *Communities in Disaster*; and Jack Hirshleifer, *Economic Behavior in Adversity*.

⁶ Juan Günther Doering and Guillermo Lohmann Villena, *Lima* (Madrid: Colecciones MAPFRE, 1992), 121 – 127.

⁷ TePaske, John and Herbert S. Klein, *The royal treasuries of the Spanish Empire in America*, Vol. 1. (Durham: Duke University Press, 1982): 337, 338.

the king had other priorities that did not allow him to financially relieve his loyal subjects in Lima from tax burden. Aware of the demands of the Crown, the viceroy had to start the reconstruction of the city with the royal treasure in critical condition. According to Kenneth Andrien, the duke improved the fiscal administration of the viceroyalty during the period of his administration.⁸ In the quest for knowing about this administrative improvement, archival research uncovered other measures that the Spanish administration implemented to regulated and supervised its personnel and administrative system.

The last decades of the seventeenth century witnessed a long audit, *visita*, which sought to examine the condition of Lima's treasure or *caja real*, and the performance of their administrators. The mother queen appointed the first auditor, Don Alvaro de Ibarra, as the most senior *oidor* (judge) of the *Real Audiencia*, in 1673. This first phase of the audit did not progress because Don Sebastián de Navarrete, *Contador*, *Veedor*, and *Juez* (accountant, supervisor, and judge) of the Real Audiencia protested (*recusó*) the legality of Ibarra's procedures.⁹ During these years the *visita* progressed relatively slow, but the new auditor performed important tasks that were useful for the next *visitador*.

Since 1676, when he received his appointment until his death in 1679, he gathered testimonies of several witnesses regarding the management of the royal officers of the Caja Real.¹⁰ Assisted by Don Juan de Sayceta y Cucho, *Contador Mayor* of the Tribunal de Cuentas,

⁸ Kenneth Andrien, *Crisis and decadencia. El Virreinato del Perú en el siglo XVII* (Lima: Instituto de Estudios Peruanos, 2011), 241, 242.

⁹ Translation of the Royal decree that commissioned the Audit. Lima, March 3rd 1683. Archivo General de Indias (hereafter AGI), Lima, 289, f. 1 – 13.

¹⁰ Copies of the interrogatories to the witnesses, Lima, June 16th 1677 – April 20th 1679. AGI, Lima, 289, f. 18 v – 272 r. These accounts include the testimonies of 62 witnesses, who are royal officers in other government branches, and neighbors of the city. All testimonies, but 2 were recorded in 1677.

Villavicencio made an inventory of the Caja Real.¹¹ Sayceta and Villavicencio's detailed investigation led to a long judicial process against the administrators of the Caja Real de Lima who were charge with suspicious practices or omissions.¹² From December 10th 1677 until May 28th 1678, when the Viceroy Count of Castellar ordered to submit the currency available to send in the armada of that year, the visitador collected 54,476 pesos de a 8.

A few months later, the appointment of a new viceroy and the death of the visitador brought another twist to the inspection of Lima's treasury. The visitador continued working until the first months of 1679 when his health decayed. His death in September of that year represented another halt to the visita process. A year after the death of Villavicencio, in 1680, the king ordered Don Juan de Peñalosa, oidor of the Real Audiencia, to continue the investigation of Lima's treasure. The royal decree of Peñalosa's appointment as auditor specified he should resume the inspection along with Don Juan de Sayceta. It also ordered the imprisonment of the Don Sebastian de Navarrete, accountant of the treasury, and his banishment to New Spain.¹³ The burdensome task of inspecting the treasury of Lima probably motivated Peñalosa to look for an exemption from his new post.¹⁴ In the meantime, there was not any progress in the visita during the government of the Archbishop-Viceroy.

The arriving of a new Viceroy, the Duke of La Palata, improved the work in the cajas reales of the viceroyalty, and reactivated the audit process with positive effects. The duke realized the work of keeping up to date the account of the cajas reales was difficult, and the cumulus of the

¹¹ Inventory of the Treasury made by the Señor Don Agustin de Villavicencio. AGI, Lima, 290, f. 110v-167r. This account details the amount of gold bars, silver, sealed paper from various years, record books, and different goods such as clothes, fabric, etc.

¹² Letter of Villavicencio to the king. Lima, August 4th 1678. AGI, Contaduria 1780B, f. 1 r.

¹³ Copy of the Royal Decree that commissioned the visita. Lima, March 3rd 1683. AGI, Lima, 289, f. 11r-12r.

¹⁴ Letter of Peñalosa to the Viceroy Duque de la Palata. Lima, February 14th 1683. AGI, Lima, 288, N.2, s/f.

unrecorded debts obstructed their collection, increasing the amount of such obligations.¹⁵ He appointed two *ordenadores* to assist the accountants of the Tribunal de Cuentas in the ordering of the delinquent accounts.¹⁶ After organizing the activities of the Tribunal de Cuentas, the viceroy promoted the continuance of the audit of Lima's treasury. He also compelled Peñalosa to assume the duties of his post as *visitador*.¹⁷

Peñalosa requested another sworn statement from the royal officers of Lima treasury. This account, presented in March 31st 1683, became the most used account to measure the reporting and collecting activities of these administrators. In the following years, from 1683 until 1690, when the process against the officers of Lima's treasury received a sentence, Peñalosa requested other reports from such administrators to know about the progress of the collection of debts.¹⁸ These reports demonstrate the increasing effort of the royal officers to collect the delayed obligations to the Crown, to avoid a sanction from the Tribunal de Cuentas.

Despite the increment of the economic responsibility of the royal administrators, they continued collecting debts and maintaining their accounts up to date. The report they presented just ten days before the earthquake of 1687 shows the debts to the royal treasury had diminished in the three categories, in a period of 18 months. The earthquake came to obstruct the work of the royal officials. Their report of 1690 shows they were unable to collect any quantity until September of 1688, almost a whole year after the natural disaster.

¹⁵ Copy of the Inquire to the Tribunal de Cuentas made by the Duke of the Palata. Lima, October 26th 1682. AGI, Lima, 288, f. 5v.

¹⁶ Copy of the paper where the viceroy express the best manner of collecting of the Royal Treasury. Lima, December 8th 1682. AGI, Lima, 288, f. 2v.

¹⁷ Letter of Juan de Peñalosa oidor of Lima to His Majesty about the condition of the visita. Lima, November 4th 1683. AGI, Lima, 288, f. 2r.

¹⁸ These certifications are available in AGI, Lima, 290, and 291.

Certainly, the colonial government of Lima, as other parts of the Spanish Empire, had several royal officers that did not accomplish the duties of their posts, sometimes for ignorance and others on purpose. Nonetheless, the administration of Charles II, the last of the Spanish Hapsburg rulers, was not an inept regime that passively accepted the misconduct or errors of their representatives in the colonies. The visita to the Cajas Reales of Lima in the late seventeenth century evidence the Spanish government had the energy and capacity to bring their officers under control and order. The notable decrease of the total debts of the Caja Real of Lima shows the competence of the royal officers, who were able to collect the obligation owned to the Crown, although they were probable motivated by the closer supervision of the viceroy and the visitador. The regime of the last Hapsburg was strong enough to mitigate what precedent administrations had created. In this case, the main accomplishment of the visita was to reduce an extensive debt that remounted to several decades of mismanagement in Lima's treasury. Compared to such previous administrations, the last Habsburg regime of the Spanish empire looks distant from decadence.

Research for this paper was carried out with the support of a grant from the History Project, an initiative of the Joint Centre for History and Economics, supported by the Institute for New Economic Thinking (INET).