

Book Reviews

LUQUE, Juvenal, 2012, *Funcionarios y remuneraciones. Salarios de la Caja Real de Lima en los siglos XVII y XVIII*, Lima, Banco Central de Reserva del Perú e Instituto de Estudios Peruanos. 381 pp.

This book is based on the Master's thesis of Juvenal Luque, professor at the Escuela de Historia of the Universidad Nacional Mayor de San Marcos, and is part of a major economic history series published by Peru's Central Reserve Bank (BCR) and the Instituto de Estudios Peruanos (IEP). It deals with an issue that has received little attention from specialists: the types of accounting procedures used by the colonial bureaucracy and their mechanisms.

The author correctly points out that there existed a «colonial arithmetic», the knowledge of which is indispensable to understanding the history of the viceregal administration. The most important contribution of this book is demonstrating the manner in which the salaries of officials were calculated and paid (in different coinages, gold and silver in paste, maravedis, pesos of nine or eight reales, pesos ensayados, etc.), subject to what today we would call an «exchange rate» set by the colonial administration. This practice was due to the low monetization of the colonial economy, which had difficulty in paying salaries, establishing forms of payment by diverse means, and adjusting payments according to equivalencies at any particular time. Prof. Luque's explanation demonstrates that fluctuations in the exchange rate of salaries, increases or decreases, hid processes of monetary devaluation or revaluation that appear completely invisible to today's researchers.

These mechanisms are especially important because of what they reveal about the monetary system. The lack of regulated, effective and extensive monetization becomes apparent in the area that one would think would be least affected by it: the salaries of officials, including the viceroy. If this occurred in the high echelons of the bureaucracy,

it is possible to surmise that on the local level, the scarcity of currency was much more severe. The author employs abundant documentation, gathered over many years, to illustrate the relationships between salaries, mining production cycles, monetization, and the needs of the colonial administration. Prof. Luque's description of the consolidation of the real as a form of payment in the second half of the XVIII century, which was reflected in the establishment of modes of salary payments, turns out to be very important because of the relationship of this process to the Bourbon reforms, the increased government regulation of monetary circulation and, as a result, the creation of a more solid base for economic growth.

Nevertheless, this book contains some aspects that are worth discussing. First, the social context as described by the author, including the characteristics of elites and other social groups, is very rigid and does not take into consideration the most recent studies of the colonial social structure, the importance of skin color, and various other factors that structured the colonial universe. The rigidity of this vision does not permit an understanding of the economic mechanisms that sustained social relations; nor is there an in-depth discussion of the forms through which colonial dominance was articulated through relations that were top-down and vice versa.

The second matter that needs to be analyzed is perhaps the most worrisome. From my perspective, the author uses the concept of «transaction cost» too loosely in this study (p. 240). According to the author, the cost of exchanging the salary currency resulted in a balance, positive or negative, which was adjusted with other forms of payment, even including bits of silver or reales, with «an exchange rate established by government authorities»¹ (ibid.). Prof. Luque considers that this can be included under «transaction costs» as defined in the economics literature within the neoinstitutional tradition. In the first place, this concept is linked to freedom of commerce; that is, it was conceived as a tool for understanding why, starting with the 19th century, world commerce increased substantially. Thus, specialists have demonstrated that technological innovations, the stabilization of states, and the extension of property rights, among other factors, contributed to the first great period of globalization (1870-1914). During this expansion in commerce, the liberalization of other factors such as capital, labor, etc., was gradually achieved.

Thus, the «transaction cost» that as has been put forward by researchers is not an isolated concept; it owes its existence to a particular interpretation of economic growth and the role that states played in this process. Second, it is true that there is nothing that prevents

1. Translation by *Apuntes*.

a concept created for one era from being applied to another. In the final analysis, such things always happen when writing history. Nevertheless, there are some precautions that should be taken in this case. There are two options for the adjustment of salary payments in the case of a chronic absence of currency: either the beneficiary is owed or the beneficiary owes the administration – no other option exists. The concept under discussion cannot be applied because of a question of logic: it does not reduce the cost of any transaction that has the market as its object nor does it evolve over time. For example, when railroads were invented, they were an alternative to traditional forms of transporting merchandise destined for the market, and one that clearly reduced costs in comparison to other options. In the cases studied in this book, as the author himself notes, he is dealing with an exchange rate that he was able to establish with considerable accuracy.

That this indicator has been established is of no small importance. Before this study was published, perhaps many specialists did not take into account the value of the salary at the moment it was paid by the administration, although this study does not determine the **real value** of salaries in terms of their purchase capacity. The author only provides a couple of tables (pp. 145–149) in which he attempts to establish the purchase capacity of salaries but, because he does not clearly provide the specific dates for which the figures are valid and since there is no consistent price list, it is difficult to draw additional conclusions from the data presented. In order to determine the value of the salaries, one needs to have data on a series of prices over time so as to prepare a curve and not a table.

Finally, the book offers a detailed transcription of numerous documents that are a testimony to the author's extensive and patient work in archives. At a time when historians give more importance to documents with a «narrative», work on this type of numerical evidence and, to a certain degree, dry data, is more than refreshing. Prof. Luque's book demonstrates that it is possible to understand transcendental aspects of the colonial world through small fragments whose usefulness only becomes visible through accumulation and systematic work.

Jesús Cosamalón
Pontificia Universidad Católica del Perú, Lima