The year 2013 started with the bitter news of the death of one of the most important Peruvian historians of the still young 21st century. Alfonso Quiroz Norris had been fighting an aggressive form of cancer for three years and when he died, he was only 56 years old. Alfonso was a professor at Baruch College in New York City, where he had had a successful career since the 1980s and, married to a Peruvian, he often came to Lima to work in archives, visit friends, and give talks.

It took me several months to adjust to the idea that this dear colleague and friend would no longer be among us, that we would no longer enjoy his special sense of humor or his powerful intellect which affected us almost like a physical touch. Because his view of Peruvian history was as caustic as it was penetrating and despite his usually somber appreciations regarding our past, there always emerged from his works some redeemable personage or explicit counsel regarding what could be accomplished. This feature transformed the initial hopelessness felt by those of us who read his works and listened to him speak, leaving us able to perceive in them a sense of confidence and hope about future possibilities for Peru.

During more than thirty years of academic work, Quiroz consistently focused on research topics related to Peruvian finances between the Bourbon period and the mid 20th century. Nevertheless, his life in the United States led him to develop an interest in other subjects as well, including the history of Cuba during this same period. He had lived for a while with his father in Puerto Rico and perhaps this led him to become interested in these colonies in the Caribbean which continued in Spanish hands until the end of the 19th century, before undergoing processes of independence which were complicated by the imposing proximity of the United States. His interest in Cuba led to several publications, memorable expositions, and draft papers which my lack of knowledge on the subject oblige me to leave aside in this essay and instead concentrate on his body of work about Peru.
His most solid contributions to Peruvian history are his books about the finances of the country during the aforementioned periods. He published three books that cover different historical periods and then capped them with one more volume that constitutes a compendium and a reflection on the legacy of finance for the development of a Latin American country. The first volumes are entitled: *Deudas olvidadas: instrumentos de crédito en la economía colonial peruana, 1750-1820*; *La deuda defraudada: consolidación de 1850 y dominio económico en el Perú*; and *Banqueros en conflicto: estructura financiera y economía peruana, 1884-1930*.

Alfonso himself referred to these books as his «trilogy on Peruvian debt», since all three have as their starting point the successive debates regarding the payment of significant public debts: first, the debt of the colonial state to private individuals (and also of individuals to the state); second, the internal debt carried forward from 1826 to 1850 as a result of the fiscal poverty that existed during the first period after independence; and third, the public debt after the war with Chile, which amounted to the equivalent of fifty yearly national budgets. In 1993, Alfonso published *Domestic and Foreign Finance in Modern Peru, 1850-1950*, in which he summarized and analyzed the material in his three previous books.

**Historians and finance** have not been usual bedfellows in Peru where Clio’s children have tended to distract themselves with subjects that – at least at first glance – were more pressing, such as indigenous rebellions, the history of the struggle for Peruvian independence, the war with Chile or, more recently, the history of political ideas or political leaders. The study of finance requires a familiarity with numbers and mercantile combinations and a certain empathy with economic rationality, all elements that do not usually distinguish those inclined to become historians. But Alfonso, in contrast, enjoyed the appearance of exactness and objectivity transmitted by economic science from the time he was young. When other aspiring historians emerged from the obligatory basic mathematics course sweating and forswearing the subject, Alfonso took several additional elective courses in mathematics and economics because, he said, they trained his mind. It was obvious that he enjoyed them almost like a hobby. Without being conscious of it, I think he was preparing himself for the mission of transmitting to readers outside his field the idea that finance is fundamental for economic development and, thus, for the evolution of any human community.

The field of finance analyzes the use of money in societies. This may exist in very small quantities in a particular society but operations carried out with it can lead to its increasing much more than in another society where there is a great deal of money but few operations are carried out. With money, properties and goods are purchased, and inputs are acquired to produce other goods or to move goods from one place to another in order to sell them; with money, structures are built to serve as housing or, in the case of infrastructure, to enable people and goods to circulate more easily and rapidly and enable people to fabricate goods more easily. When money can flow easily and with a degree of security from hands that are either inactive or accustomed to being cautious to hands that are more restless and inclined to innovate and take risks, economic growth is more feasible and probable. Whether this actually comes about depends on many political, social, and cultural factors. For example, the way that the state obtains its income, pays its debts and contracts for large public works programs is a powerful determinant of the efficacy of its finances. The lesson history teaches us is that, in the final analysis, the state has the principal responsibility for the positive or negative state of a nation's finances. But at the same time, finance plays an active role in international bodies that invest money and buy goods within a country as well as in the relations maintained within families and between social sectors.

There is no subject more appropriate for study by the historian than finances. In no way is it a topic that one «plunders» from history in order to drag it into other areas such as economics or government administration. This is what Alfonso Quiroz set out to do and he accomplished it admirably. In his book about colonial finances, *Deudas olvidadas*, he described the complicated practices that existed in Peru at the time of Túpac Amaru for the purpose of dodging laws that, by defending corporations, created obstacles to the circulation of funds. Nevertheless, the colonial state itself, by implementing Bourbon policies, initiated the modernization of the corporative framework. This should have liberalized the economy, creating more propitious conditions for growth. However, this project was cut short with the defeat of royalist forces on the battlefields of Junín and Ayacucho.

What followed, according to Alfonso, was worse because instead of the reformist liberalizing project initiated by the Bourbons gathering momentum after the inevitable upheaval that followed the battle for independence, the reforms that had been implemented were dismantled and both the capital that the local financial elite had lent to the viceregal state and the capital loaned by the state were lost. The reasoning was that the debt should not be paid because it was incurred by the defeated and ignominious viceregal state. This made sense to the politicians at the time but had dreadful consequences for the progress
of the new nation. The decision to wipe the slate clean and start all over sent a very unfortunate signal from the new Republic.\(^5\)

When, years later, the money from the guano trade began to flood in and provided Peruvians with some measure of consolation for their misfortunes, the state, now independent but pressured by employees and property owners – who had gone unpaid for many years – reached an agreement with them to share the windfall from guano by employing mechanisms for payment of the internal debt. This was the purpose of the consolidation law of 1850, the subject of Alfonso’s *La deuda defraudada*. This was actually his first book and was based on the Bachelor’s thesis he wrote with Heraclio Bonilla as his thesis advisor. Its title illustrates the final result of the 1850 project: if there had been any hope that the beneficiaries of the debt payments would then use the monies for investments to benefit the common good and provide employment for the Afro-Peruvians and Indians – now liberated from slavery and the payment of tribute – this hope was dashed. This was not necessarily the fault of the beneficiaries themselves. According to Alfonso, they were not patriots but they were economically rational: they thought that investing in industry would not be profitable because of the lack of qualified workers, communications infrastructure, and a market for industrial goods. If one analyzes what became of characters as quixotic as the Catalans, Nadal and Garmendia, who created industries in Peru in the era of guano, one would have to agree that the well-established businessmen who decided to take their money abroad or became lenders instead of investing directly were more astute.

By 1870, it looked like the guano era was over. It was thought that it would be possible to replace government income from guano with the state’s saltpeter monopoly, but the disorderly growth of the apparatus of the state over the preceding 20 years and the ruinous investments made with gigantic loans contracted in London or Paris led to a financial crisis of enormous proportions, starting in 1875. Peru’s defeat in the saltpeter war ended up burying any hope for a solution within the old framework. A long night ensued. A new dawn would require reforms and new and energetic approaches from Peruvians.

This was the subject of *Banqueros en conflicto*, a book that (chronologically) closed Alfonso’s trilogy about Peruvian finances. The message of this book, in contrast to the previous two,

was highly positive: a Peruvian economic elite had emerged that used its imagination perseverance and entrepreneurial talent to reactivate the export sector of the economy by 1900. After the Ancon Peace Treaty, Peru lost its appeal to foreign investors: if they came to Peru's coast, it was more likely to collect debts than to make loans. Nevertheless, an entrepreneurial elite coalesced, struggling with their own meager resources but having learned to use cooperation, to create economic groups, and to employ strategies that allowed them to enter into international commerce. These entrepreneurs also learned to negotiate with successive governments and knew how to become government officials themselves, thus putting an end to the era of the caudillos who grabbed the presidency on horseback, brandishing rifles.

In these books, Alfonso tells us about banks, moneylenders, laws, entrepreneurs, and taxes but most of all about the struggle of a society to achieve progress and leave behind its presumed destiny to remain a colony that specialized in providing metals to the metropolis. He puts great emphasis on the efforts of the Peruvian agro-export elite to achieve financial autonomy and the way that this elite had to maneuver among the powerful forces of international capital and the state, which was more often an ally of the former than of the elite. Peruvian finances were, in fact, terribly and horribly impacted by the fraud committed by the state over the decades, including, for example, the fiscal notes in 1870, the funds of old-age pensioners in the mid 20th century, the agrarian debt bonds of the 1970s or the hyperinflation at the end of the last century. On the other hand, the demands of international creditors were normally satisfied, starting with the Spaniards who, by threatening armed action, collected on supposed Peruvian debts to the royal treasury in 1865.

While one group of Peruvians attempted to gain state support for their efforts to produce more and better goods, others tried to make sure that, at the very least, the state did not get in their way too much or wring too much out of them. In addition, a third group, more shrewd and practical, slyly extracted gains from the state under the table. Alfonso dedicated what turned out to be his last book to this phenomenon: Corrupt Circles: A History of Unbound Graft in Peru. In this book, he used the enormous mass of documental information that he accumulated during 25 years in archives and libraries to reveal the mechanisms by which a perverse portion of our countrymen made fortunes at the expense of the public treasury and, thereby, at the expense of all Peruvians. Alfonso did not want to publish the Spanish edition of this last book during his lifetime though it deservedly would have brought him much fame and publicity. Instead, it fell to us, his colleagues, to go before the public to comment on the book and also, in a certain way, to enjoy the fruits of his labor.

One evening, after a few drinks, Alfonso baptized those of us who studied with him or in the following years as the «generation of the crisis» because we finished college during the worst years in the history of the republic, when economic, social and political crises threatened to turn Peru into a failed state. It was in part because of these conditions that many of us emigrated, but it was also because Peruvian national universities did not offer positions for graduates and private universities were inaccessible due to a kind of cacique system in which access to positions was based on loyalties rather than merit. Nevertheless, various scholars who went into exile, including Alfonso, maintained a link with their homeland and helped to reinvigorate its academia.

In this endeavor, our task was, to a certain extent, to empirically corroborate the intuitions of the previous generation of scholars who declaimed in a more essayistic and free manner; and when some of their ideas could not be corroborated, our task was to correct or destroy the myths. In this task, Alfonso was a titan and debated as an equal with such renowned scholars as Heraclio Bonilla, Julio Cotler and Rosemary Thorp. Unfortunately, when it was his turn to take the place of these intellectual stars and to harvest the fruits of his immense thirty years of labor, death caught up with him. Borrowing from an expression commonly used in those colonial sources that our dear Alfonso loved to consult: reading what he left enlightens us but also increases our affliction, because it leads us to imagine what he could have produced if life had afforded him thirty more years of work, which, if life were more rational and just, it could well have done.

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