Economic Diversification and Promotion Projects in Chile, Tucuman and Tarija (18th Century)

Diversificación económica y proyectos de fomento en Chile, Tucumán y Tarija (siglo XVIII)

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Abstract. This paper analyzes the diversification and initiatives of economic and productive promotion in the 18th century developed by traders in three areas of South America, which are the Kingdom of Chile, the Governorate of Tucuman and the Tarija district. Through case studies, the researchers identify, describe and provide details of the diverse economic activities: commercial, agricultural, mining and proto-industrial, promoted by economic mercantile agents at the end of the colonial period, based on commercial correspondence private, inventories of goods, testimonies, civil and criminal trials. The results show that, despite the importance placed on the development of initiatives to promote production by certain political-bureaucratic sectors, the scope was relative, among other things due to the dynamics of the markets, the financing system and rational calculation of the profit.
Key words: merchants; entrepreneurs; colonialism.

Resumen. El presente trabajo analiza las diversificaciones económicas y las iniciativas de fomento desarrollado en tres áreas de América del Sur, como son el Reino de Chile, la Gobernación del Tucumán y el Distrito de Tarija. Por medio de estudios de caso, se identifican, describen y detallan las diversas actividades económicas: comercial, agrícola, minera y protoindustrial, promovidas por agentes económicos mercantiles a finales del periodo colonial, utilizando como base correspondencia comercial privada, inventarios de mercancías, testimonios, juicios civiles y penales. Los resultados muestran que, pese a la importancia puesta al desarrollo de iniciativas de fomento productivo por parte de ciertos sectores político-burocráticos, los alcances fueron relativos, entre otras cosas por las dinámicas de los mercados, el sistema de financiamiento y el cálculo racional del beneficio.

Palabras clave: mercaderes; empresarios; colonialismo.

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INTRODUCTION

This paper deals with a historical analysis not often made in American historiography, which has preferably concentrated studies within distant areas such as Rio de la Plata and New Spain; New Spain, Peru and Guayaquil (Bernard, 2016; Mazzeo, 2012; Soler, 2010). These are closely situated regional South American areas, which create commercial and productive nodes, circuits and centers of interregional articulation (Assadourian, 1983, 1973; Cavieres, 1996; Conti & Gutiérrez, 2009; Palomeque, 2006; Tandeter, 1992). Research has not paid the same attention to indistinct spaces regarding common convergence comparison such as spatialization and commercial diversification in relation to attention to agents and institutions of power that supported them.

Therefore, this article analyzes a Peruvian space of routes and internal mercantile zones that integrated the Upper Peru, Tucuman, Cuyo and Chile in the 18th century. These are related to historiographically well-known nodes in La Paz, Arequipa, Potosí, and the ports of Callao, Buenos Aires, and other minor regional ones such as Cobija (Conti, 2008; Irigoin & Schmit, 2003; Jumar, 2010; Valle & Ibarra, 2017). Analyzing the economic diversifications and promotion initiatives developed in three integrated areas such as the Kingdom of Chile, the Governance of Tucuman in the Viceroyalty of Rio de la Plata, and the Tarija District in the south of the Audiencia de Charcas. Through case studies and empirical examples, this paper analyzes individualized and casuistic actions operating within a transcendent universalism, very typical of the indigenous world. Therefore, structural and global elements of the observed spaces are considered, maintaining ba-
sic economic diversifications as level of analysis. Consequently, the different agricultural, mining and proto-industrial developments are visualized, recognizing the limitations and the artisanal level of the moment conceived within the typical conception of promotion of that century.

However, as this is a document of highly empirical research, in the first part it is relevant to conduct an analysis regarding the problem of sources. Applying the method of data crossing between different contexts, possible because the spaces were within the same jurisdiction in the Viceroyalty of Peru and in the same time horizon of the 18th century. In this way, the different kinds of sources are described, diverse regarding quantity, quality and agency (private and state). The second part is focused on the empirical studies considering the local and regional contexts. Named as inter-influential spaces, special attention will be paid to the regional processes and dynamics, the socio-commercial forms of organization, economic diversification, entrepreneurship and initiatives towards promotion. Finally, the research treats some aspects related to the privileges and the benefits granted by the Crown to the related merchants.

**Methodology and the studied areas**

**Sources and the historical comparison**

The main sources of information correspond to documents of the same temporal background and three particular spaces. Those documents are of different quality and agency, and they do not only allow a specific analysis of each case, but also help to find convergencies, divergences and differences between cases. As they are so diverse, the corpus gives the possibility to complement what is missing in some of them with others (Burke, 2007), aspects not always considered by the national historiographies. In the three cases, the focus is on the analysis of commercial diversification and the economic projects of promotion, considering feasible to interpret the particular developments in broader contexts from where they emerged (Mörner, 1994).

In fact, the viability of analysis permitted to reevaluate the relevance of the common aspects by reviewing factual and concrete elements. On the one hand, the links of the three regions within the mercantile circulation and, on the other, the particular conditions of each of them; being labeled as colonial border areas, in the sense of relative state control, smuggling practices, coexistence with rebel indigenous agencies, and new colonization (Cruz, 2001, 2007). Historiographical contributions on interregional connections reinforced the first of those elements. Consequently, it highlights the regional connection between the Kingdom of Chile and the smuggling port of Buenos Aires through Mendoza, and from there to the north through San Juan towards the Governorate of Tucuman, to introduce from there the economy of Tucuman towards the Andean space (Lacoste, 2007; Soler, 2016a, 2016b). The cities of Salta, San Miguel de Tucuman and Cordoba served as strategic nodes, facilitating the circulation of silver from Potosi, the Atlantic exit route through Buenos Aires, more and more frequently chosen towards the European markets (Zamora, 2010). The complex commercial circuit also included different mining centers distributed in Peru, Upper Peru and Chile to the south and New Granada to the north (Assadourian, 1983).

These integrative sceneries for the promotion initiatives created wide expectations, especially since it was feasible to circulate and cover regional and local markets. Here it is also important to mention the manufacture of Chilean cooper stills to distill liquors. Proto-industrially manufactured, these artifacts were put into operation on productive farms, as testified by inventories of a sugar plantation in the district of Jujuy.
In addition to the commercial relations between the areas, the other important element in the empirical connection is the particular condition of the colonial borders, due to the particular relationship that merchants established with the State in a context of colonization and war with indigenous societies. The reason is that they were connected to each other, constituting parts of the imperial military system (with squares and forts for external and internal defense) with functioning structures of the same defensive system. The space was so well integrated that it is not surprising that despite the distances of about 2,400 km, there were cases of transferring prisoners between Tucuman and Chile. This can be followed in a document dated 1781 and found in the National Archive of Jujuy, which mentions the banishment of a convicted for homicide who was taken from the Governorate of Tucuman to the prison of Valdivia.

It is clear that all three cases (Chile, Tucuman and Tarija) belonged to different geographical and ecological regions and different colonial jurisdictional constituencies (a kingdom, a government and a city), a fact that in principle would hinder a comparison and makes it difficult to compare cases (Mörner, 1994). However, they also have in common a synchronic character since they were located in the Bourbon juncture of the 18th century, within the reformist process that was developed on a continental scale in the Kingdoms of the West Indies of the Hispanic Empire (Brading, 1990).

The studied areas

The commercial areas are marked by the connections between Chilean ports linked to Peruvian ports and those of Buenos Aires, and internally with Upper and Lower Peru, Tucuman and Paraguay, among other reasons, because of the supply of products for the Arauco war (Gascón, 2000). This integration was consolidated in the 18th century with an active commercial dynamic between Chile and the Cuyo districts of Mendoza and San Juan, and the Tucuman district of Salta and Jujuy near Potosi and Charcas, setting up wide markets linked to the main port complexes connected to overseas (see map 1).

These spaces of inter-influence, although they do not admit jurisdictional restrictions, they maintain developments and own characteristics, having their unity in the particular frame of references. The agricultural tradition with wheat cultivation and exploitation of smaller cattle as the most constant activities on the farms has marked Chile historically. In turn, due to the dependence on the regional demand, they have suffered productive fluctuations. With a traditional landowner structure, the income of the main farms came to exceed thirty thousand pesos per year (Mellafe & Salinas, 1988). While the mining activity reached its peak at the end of the colonial period (Venegas, 2008), a state that coincides with a domestic economy pushed by the issuance of money, a result of the monetary policy of the Bourbons, capitalizing certain sectors (Quiroz, 2012). Moreover, the relationship between import-export prices mainly from the trade with Peru favored the economic dynamics, because with the same export value foreign goods were bought (Larraín, 1992). On the other hand, there is the field of activity of landowners, miners and merchants, held back by commercial monopoly groups located in strategic ports such as Callao and Buenos Aires.

Regarding the reference framework of Tucuman, it can be emphasized that it corresponds to a province that ethnically and geographically preexisted the foundation of Hispanic cities in the second half of the 16th century, and continued the denomination, under the Governorate of Tucuman and then the Mayoralty Salta of Tucuman. With a configuration as a region, it was well
known because of its important role in the agricultural and livestock economy of the neighboring farms of Tucuman, Salta and Jujuy (Bolsi, 2012; López de Albornoz, 2003). Its production was orientated to the internal markets, especially to the neighboring miners of Potosi. The orientation towards these markets also demanded the textile development, and therefore, the exploitation of the indigo plant to provide color to the textile manufactures, establishing different production spaces and offices for its transformation. In this context of agricultural production and textiles, a new type of landowners, workers and industrialists arose performing as merchant-entrepreneurs.

Tarija, on the other hand, in its role as a city located in the colonial border region, since its foundation in 1574 developed economically from agriculture and livestock farming, especially due to its proximity to the mining district of Potosi (Gil, 2008; Julien, Angelis & Bass, 1997). Historically, this city was incorporated in 1783 to the Mayoralty of Potosi, flourishing from the coactive work of indigenous, mestizo and other actors on farms and vineyards (Barnadas, 2002;
Cruz, 2014; Klein, 1982) Due to pre-existing advantages both climate and labor, wine producers settled in Tarija since the 17th century in Tarija (Presta, 1998). From there, that economic activity was successfully promoted. They projected themselves successfully in the 18th century, supplying wine to the neighboring mining markets of the north and the south (Cruz, 2014; Santamaría, 2001) (see map 2).

**Development of colonial enterprises**

**Economic diversification and entrepreneurial projects**

In this case-studies, the diversified actions of the agents are closely related to an economy pushed by the mining markets, developing their economic specialization on the basis of metalliferous exploitation and production as well as agriculture, where trade was one of the main speculative purposes. In this context of regional specialization, the first agent referred to Chile is Salvador Trucios Ruiz de Alcedo, a captain of the infantry regiment of the King who resided in Santiago de Chile. Without losing his military distinction, he retired and focused on trade activities, but also became a judge of the Commerce of Santiago. In his role as proxy of the company Ustariz and San Guines (a company with operation center in Cadiz), he participated in the exploitation of copper, gold and silver in Chile. Competing with the outsiders who arrived to the kingdom: “[...]
eight subjects arrived from the Kingdoms of Peru highly instructed in the benefits of the silver mines, I contemplate that this village is amusing with the disputes of the beneficiaries about who takes out more, exchanging silver for money”.

He financed the exploitation of mines with funds on behalf of third parties and his own, an activity that gave him the opportunity to control metal fluxes. He even served as an intermediary to trade metals from Potosí and La Paz for Buenos Aires, which were sent by his brother Joaquin, a rich merchant settled in La Paz. At the same time of the mining foundries, together with other individuals, he forged copper to make experiments in the manufacture of stills, copper pots and handicraft products.

On the other hand, these economic activities demanded him to do experiments in order to improve the exploitation of metals applying diverse techniques, tools and processes for silver work.

Regarding the farming operation, he also experimented with leather tanning, manufacturing sheepskin saddle blankets (pellones) and fine leather made of goatskin (corobanes) to commercialize them in Lima and Buenos Aires. These undertakings resulted from specific demands, arising from the idea of placing them in the commercial circulation, but it did not work out in the same way with the manufacture of soles and shoes, which the peasants made for themselves (Soler, 2016a).

Examples of these labor and productive structures are the use of black slaves for the handicraft work of shoemaking with the provision of tools and the captive market of the workers themselves and their families.

In Chile, projects that would match with the idea of agricultural promotion; engineering and construction; the industrialization of new and existing products (Villalobos, 2009), those would be discussed after the creation of the Mercantile Consulate in 1795. There was a need to promote the industry and agriculture. In this context, it is important to point out the promotion of flax cultivation, the manufacture of fabrics and the creation of a technical education academy (Mazzeo, 2012).

1 Carta de Juan Bautista de Sierra Alta, 1777. Fondo Salvador Trucios, Serena, vol. 5, f. 4, Archivo Nacional de Chile.
The second agent for the Tucuman area is Francisco Gavino Arias, who held the title of Colonel, but also served as colonizer, chronicler, interim governor and innovative entrepreneur. Along with his colonial operations and with the support of the Crown, he started the indigo exploitation on his farm called San Francisco de Vista Alegre, located in the city of Salta. The purpose was to supply the entire region to the south of Charcas with its extractive industry. This enterprise was successful because of his personal merits as colonizer, as well as civil and military servant, with military campaigns of conquest and colonization on the border of the Chaco. As he was appreciated for his services to the Crown, he obtained exclusive rights for the indigo exploitation for a period of ten years, assuring the exploitation with permission to introduce slaves and doing business throughout the governorate.

Gabino Arias’ business proposal included the sowing and cultivation of indigo and the proper processing because the latter would depend on its quality: to obtain indigo of better quality than that picked up in that kingdom, this involved processing it in a proper way so that he would say: “el añil no solo [es útil] para [producir] el tinte azul sino también para muchos medios colores, y generalmente para todo color fino” (Soler & Cruz, 2016, p. 165).

The third agent of reference for the area of Tarija is Juan José Fernández Campero y Herrera who obtained the title of Marquis of the Valle del Tojo between the end of the 17th century and first decades of the 18th century. He served the government and its encomiendas for Indians (González,
2003; Madrazo, 1990), combining roles of landowner, merchant and winemaker of Tarija and the Puna of Jujuy (Cruz, 2014; Santamaría, 2001). He started with the position as encomendero of the Indians of Casabindo and Cochino near the Puna of Jujuy, a place where he had also acquired land for the breeding cattle and mules. He was involved in the regional trade and goods traffic from and to the mining markets of Potosí (Santamaría, 2001). The Marquis acquired and received land from his wife in the best-irrigated valleys of Tarija, establishing a vineyard with 27153 strains of different types. With wine, spirits and vinegar, Fernández Campero y Herrera became a local and regional merchant, and with that, he paid the Collas, workers-shepherds who lived in the villages and settlements in the Puna of Jujuy. He supplied the neighboring mining markets to Tarija, and hypothetically, he was involved in the smuggling market of the port of Buenos Aires due to the silver payment he received from the sale of wine in the mining markets.

Initiatives of promotion: demands and commercialization

An initiative of agricultural, livestock, mining and proto-industrial promotion begun due to the demands of the market and the feasibility of sustainability under the protection of trading companies. However, it was the demand the most important motivator of any trading activity. There were organized networks that involved actors of different levels (relatives, suppliers of goods, processors of products and other merchants) with specific roles. The above-mentioned empirical cases show the dominant form of work was focused on the primary sector, coexisting the production of raw material with certain transformation in proto-industrial workshops located on the same farms. Those were initiatives of promotion of different types, for example, tanneries, trapiches, mills and forges, among others. The small workshops, obrajes, and offices adapted on the farms corresponded to own undertakings, often without any professional or technical support.

In the illustrative case of Salvador Trucios, the prevalent feature of its extractive and productive innovation projections was that they were carried out on a par with his trading activities. In this sense, he represents those merchant-entrepreneurs with capacity of transformation who wanted to regulate the productive process and to transform raw materials in order to include them within the range of traded products. The main interest was commercial speculating using the concept of being producers only when the market conditions and opportunities demanded it. It is important to mention, from the beginning Trucios realized the low lucrative and transformative prospects of certain raw materials for the regional commercial circulation, drawing attention to the productive and trading competitiveness of leather, wine and spirit coming from Lima and Buenos Aires.

In the case of Tucuman, analyzed through the manufacturer and indigo trader Francisco Gavino Arias, the high regional demand favored the productive activities. However, the local market of Salta firstly introduced the dye as a unique and innovative endeavor in the region, afterwards –according to testimonies– the Royal Treasury authorized Gavino Arias a monopoly of the dye. Gavino Arias wanted to cover the whole demand for dyes of the domestic textile manufacturers of Tucuman, which traditionally comprised a wide territory, from the Puna –in the north– to the mountain ranges –in the south (Garavaglia, 1986). Gavino not only operated from north to south, but also to the east. Due to the role as a military colonizer on the border of the Chaco of the cities of Tucuman, he evaluated these places in situ, and especially recognized the possibilities to establish an indigenous market for the neo-parishioners of the Chaco missions, which he logically considered to supply. In this context, the success of his endeavor as a trader-entrepreneur was based on the innovation and the ability to sustain himself, using two key strategies. The first
was to ask the Crown for a special exclusivity license for ten years for the indigo production and commercialization throughout the Tucuman Governorate. The second, was centered on requiring the authorities of the Viceroyalty of Rio de la Plata to import three hundred slaves (men and women), which were authorized by the Viceroy Vertiz and brought in through the port of Montevideo (Teruel & Gil, 1996, pp. 197-222).

In the case of Tarija, analyzed through the Marquis of Valle de Tojo (Fernández Campero y Herrera), firstly, there is to highlight the viticulture development in response to the high demand from the mining centers. The Marquis established three types of productive-operation strategies, all of them related to labor, commercial and social activities. In the local context, a labor system was established which consisted in moving workers between agricultural and livestock enterprises in the Puna, and those of wine in Tarija. They also came to meet the seasonal demand of the harvest, yanaconas, slaves, tendarunas alquillos, forasteros, arrenderos and peons of diverse type and ethnic origin. As an example, there are the Casabindo and Cochínoca Indians, which among other activities dedicated their work to raise cattle. Indian workers provided the demand for labor needed in the vineyards of Tarija. Most of them were yanaconas, tendarunas and alquillos among others (Presta, 1998, pp. 41-48).

The labor regime established by Fernández Campero y Herrera on the local level gave rise to a regional one. In fact, the labor of the Puna of Jujuy was linked to the valleys of Tarija, and strategically, the shepherds and peasants of the Puna. The production of different kinds of spirit allowed him to have a product with high regional demand for the neighboring mining centers; according to the documents, he supplied the mining market of López. Summing up, he ensured the workforce for the wine production meeting the demand from the markets of the neighboring cities and established himself commercially. Moreover, optimize local-regional commercial control; Fernández Campero y Herrera tried to strengthen the relationships with religious orders. Thanks to the resources generated by his businesses, he made contributions and donations to the Jesuits and Franciscans.

Benefits of the established power: individual strategies and interests

As it has been demonstrated for different cases of the indigenous world, the diffuse limits between the mercantile and bureaucratic frontiers made the effectiveness of monitoring systems by the Crown more complex. The control and supervision ended up being negotiation practices and agreements, reproduced and shared, depending on the power of the subjects involved and the interests to defend. In practice, the benefits of an established power can be seen in the case of Trucios, as a Judge of Commerce he was allowed to participate in trials that compromised his personal interests, incompatible to purposes related to legal control and justice in trade. At least, Francisco Javier Larraín and Martín Larraín provided this information in documents on the settlement of accounts, in which the plaintiffs express invalidity and grievance regarding judgements made by the Judge Referee.

In the case of Juan José Fernández Campero y Herrera, the benefits and privileges are related to the title Noble de Marqués, bought by “[…] 15000 silver pesos escudos delivered in cash in Court” (Madrazo, 1990, p. 43), and to border services to the Empire. The privileges were visible when he faced a justice problem in 1712, when the governor of Tucuman Esteban de Urizar y
Arespagochaga accused the mentioned marquis of smuggling silver, a serious accusation, however, he could defend his title as well as the military and religious merits. Thus, he kept on supporting the missions and military campaigns on the Chaco border.

Regarding the rural producer of Tucuman, Francisco Gavino Arias, the privileges and benefits are related to his service to the Crown, the participation in conquering and colonizing expeditions in the territory of the Chaco border and the bank of the Bermejo River, areas where he developed colonial policies and welfare-orientated ones in a “peaceful way” for the Indians (Santa-maría, 1995). As a colonizer of a trading border, strategically he played many roles in exploration, colonization, commercialization, as civil servant, chronicler, and through the hagiographical historiography, he became famous as evangelizer of Indians (Acevedo, 1967; Cornejo, 1945).

CONCLUSION

This article showed that, although the analyzed phenomenon correspond to homologous structures organizational models of a trading system, these contain particular elements in scenarios that at first glance seem common.

Regarding the case studies, to understand why each of the subjects chose to develop certain projects of promotion it meant to determine the situation and the context. It was shown that the development of local-regional specializations linked to the influence of certain political-bureaucratic sectors did not mean deterministic and clientelistic relationships of innovative agents with the state. Traders in their role of entrepreneurs sought the speculations to be beneficial for their interests (Bohorquez, 2017). It is inferred that the market and the speculative rationalities of individuals, who were proclaimed by the Bourbon reformism (which pretended to sustain the Imperial mercantile system), decided in their own way to start or to take the risk of a promotion project.

In the Chilean case, and considering that specific period, the prevalence of the tertiary market sector came before the secondary market and the transformation of raw materials. The Kingdom of Chile was mainly a commercial broker, a consignee of goods, semi-transforming raw materials that were also produced regionally. The empirical research shows Trucios’s decision to act as intermediary for trade houses, an exercise he developed in the context of a limited market dynamics. The innovations and undertakings were often diluted between experiments and future prediction of what would come in other South American spaces to mark the development of the manufacturing and industrial sector. It was difficult for the Chilean society of that time to sustain proposals of exploitation and production for the market.

Whereas, in the case of Tucuman and Tarija, considering the indigo production and the wine sector, the relations of the subjects with the Crown constituted a good opportunity to think about the economic diversification and the support of its operation, highlighting the exclusive licenses for business exploitation and the introduction of black slaves as safe labor. This study emphasizes through the empirical cases the possibility of sustaining productive projects through both the workforce and the demanding markets. Perhaps this explains the long tradition of winegrowing activities in the Tucuman area. The findings accentuate the idea of how these promotional innovations ended up as a prelude to the development of secondary sectors, commodity transformers and future regional specializations.

In conclusion, and emphasizing the three considered areas: Chile, Tucuman and Tarija, which represent the crossing of commercialization borders. The idea of the activities was not to obtain or establish a clientelistic relationship and receive subsidies from the Colonial State (Cerutti &
Vellinga, 1989; Florescano, 1985; Oliveira, 2015, pp. 681-710), but to seek development and promotion, in contexts in which the progress probabilities depended on multiple structural factors both local and imperial. Those factors that are mainly visible in the case studies, as they constitute benchmarks qualifying the conventional and universal within the Indian world.

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Archives

AGI Archivo General de Indias, Sevilla, España.
AHH-AMVT Archivo Histórico de Jujuy, Archivo del Marquesado del Valle de Tojo, Argentina.
AHS Archivo Histórico de la Provincia de Salta, Joaquín Castellanos, Argentina.
ANCH Archivo Nacional de Chile, Fondo Salvador Trucios, Santiago de Chile.
AHPPA Archivo Histórico de la Provincia de Buenos Aires.
AJD Archivo de la Diócesis de Jujuy, Argentina.
AHJ-ARR Archivo Histórico de Jujuy, Fondo Ricardo Rojas, Argentina.