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A review of Andrés Álvarez and Juan Santiago Correa's (eds.)
"Ideas y políticas económicas en Colombia durante el primer siglo
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A REVIEW OF
ANDRÉS ÁLVAREZ AND JUAN SANTIAGO CORREA'S (EDS.)
*IDEAS Y POLÍTICAS ECONÓMICAS EN COLOMBIA DURANTE EL
PRIMER SIGLO REPUBLICANO*
(EDICIONES UNIANDES)

BY
ERICH PINZÓN-FUCHS

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CENTER FOR THE
HISTORY OF POLITICAL ECONOMY
AT DUKE UNIVERSITY

A review of

Andrés Álvarez and Juan Santiago Correa's (eds.)
Ideas y políticas económicas en Colombia durante el primer siglo republicano
(Ediciones Uniandes)*

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Abstract

A review of Andrés Álvarez and Juan Santiago Correa's book on the history of political and economic ideas in Colombia during the first century of the republic.

Keywords: History of economics in Colombia, Colombian economic history, monetary history, institutional design.

JEL Codes: B1, E00, H1, N16

In his famous 1815 *Letter of Jamaica*, and after three centuries of Spanish plundering and yoke, of indigenous extermination and of African slavery, of political restrictions, social barriers and economic privation, Simón Bolívar finally declared that “the destiny of America [had] been irrevocably decided; the tie that bound her to Spain [had] been severed” (Bolívar 1815, 13). More than thirteen years of war against Spain had been necessary for the *criollos* (creole revolutionaries) to aspire to a free republic with democratic and liberal institutions that would found the Great Colombia, unifying the territories of today’s Colombia, Ecuador, Panama and Venezuela. Given the cultural, geographical, political, and economic heterogeneity of this vast territory, however, the foundation of a republic would not come about “through divine miracle,” but through “sensible action and well-organized effort” (29). Using a complex lens that encompasses not only economic and political history, but also the history of economic and political ideas during the first century of the Colombian republic (1810-1920), Álvarez and Correa’s *Ideas y políticas económicas en Colombia durante el primer siglo republicano* studies how the new liberated *criollos* not only conceived and discussed about ideas, but also embarked in “sensible action” performing “well-organized efforts” to found a strong and democratic state out of the bankrupted and fragmented, but optimistic former colonies of northern South America.

The book shows that this was not a simple task. The *criollos* confronted not only the immediate material problems and the political disorders left after the war for independence, but also “the annals of every period of history,” which revealed, as Bolívar (1815) put it, that while “most free nations [in the world had been] subjected to the yoke [...] very few subject nations [had recovered] their freedom” (23). And yet, despite the convictions of history, “South Americans [...] manifested [their] inclination to establish liberal and even perfect institutions, [aspiring] to the highest possible degree of happiness [...] invariably achieved in

civil societies founded on the principles of justice, liberty, and equality” (*ibid.*). The book, stands for a suitable compilation of eight articles, which, brought together in two parts, discuss some of these important efforts to found liberal institutions that were, nevertheless, far from being perfect. The emphasis is on the design and implementation of a political, a fiscal and a monetary system that would bring liberty to the citizens of the new republic, and order and stability to the new government, opening, in addition, a place for Colombia in the world economy.

Yet, following the enthusiasm and optimism for independence, a whole century (or two) of social, institutional and political disorder derived, characterized by the (sometimes violent) confrontation of national and regional liberal and conservative forces, pushing away the dreams of liberty, stability and economic takeoff. The *criollos*, hence, understood that pure intellectual, theoretical and abstract discussions of ideas were of no help in their laudable task. They realized, instead, that pragmatic thinking and action would provide solutions to the concrete problems imposed by the foundation of a new republic. Indeed, the book suggests that the ideas and actions of the *criollos* are to be found in the republican institutions they designed and established. Unlike other intellectuals in the world, the *criollos* rarely produced majestic treatises in political economy, philosophy or other branches of knowledge (except for literature); yet, as is the case in the rest of the world, the ideas of the Colombian scientific and intellectual communities are evidenced in the products of their actions, which, in this case, are the resulting institutions of the new republic. The *criollos*, however, should not be seen only as intellectuals, politicians, journalists and writers eager to build political and social liberal institutions; they should also be seen as merchants, traders and bankers, seeking to construct their own commercial institutions and markets.

Following this line of thought, and given the close connection between the intellectual and commercial *criollos* with the political power, the first part of the book studies the relation

between the state and the market in the formation of Colombian liberal economic thought. Jimena Hurtado (chapter 1) offers a fascinating and refreshing account of a well-known Colombian *criollo* and intellectual: Ezequiel Rojas (1803-1873). Through a detailed scrutiny of the programs proposed by Rojas for the study of *Political Economy* (1844) and of *Social Economy* (1866) in Colombian republican universities and schools, Hurtado presents Rojas not only as an original intellectual and educator of political ideas, but also as a disseminator of economic ideas. Inscribed in the French sensualistic tradition, Rojas's economic thinking represents a break with both the scholastic tradition inherited from the colonial times, and the English classical school of political economy. To Rojas, neither divine revelation nor natural law, were necessary to understand society. Reason, instead, should be capable not only of ordering the observed facts, but also of molding society according to the necessities and desires of sensible human beings (50). Because of his adoption of J. Bentham's utilitarianism, A. Destutt de Tracy's ideology, and J. B. Say's political economy, Hurtado introduces Rojas as the representative of the sensualistic tradition in Colombia.

Chapter 2 evidences Rojas's influence in the Colombian political and economic spheres, focusing on the contributions of one of his former students: Salvador Camacho Roldán (1827-1900). In this chapter, Miguel Urrutia focuses on Camacho Roldán's empirical work and on his interest in studying the Colombian economy through statistics, in order to make concrete propositions to accelerate the advancement of the material conditions of the country (71). Providing a good example of the pragmatic thinking and action of the *criollos*, this chapter allows the reader to get an image of the Colombian society of the time through a comparison of Camacho Roldán's data with contemporary data reconstructions. This, of course, is significant, but given the nature and the purpose of the book, the reader might get the impression that this is only a partial way of understanding the use of statistics, and that further scrutiny in this direction would be of great value. As Alain Desrosières (1998) showed,

statistics not only describe the world, but they have also the function of “making up things that hold.” This is certainly of paramount importance for the construction of any state (as Desrosières shows for the cases of Germany, Britain, France, and the United States) as well as for the construction of the Colombian state. Concrete political action upon certain phenomena, needs of the intervention of the statisticians, in order to turn concepts like “poverty,” “wealth” or “production,” into measurable objects and into “objective phenomena.” Social objects, like states, which are in the process of being constructed must be *convened*, *measured* and then *quantified*. This is not to say that the concept of the state is entirely a social construction, but as Desrosières invites us to think, social phenomena are simultaneously real and convened. There is an entire political, social and economic process behind the construction of a state, of course; but there is also a process underpinned by science, which helps the construction become objective and hold. Camacho Roldán’s empirical work is definitely an invitation to study the production of statistics in Colombia from this perspective.

Chapter 3 provides a stimulating discussion of the construction of the fiscal system in Colombia. In particular, Roberto Junguito discusses the comings and goings of the implementation of the income tax throughout the first century of the republic. Using an international comparison of the implementation of the income tax in countries like France, Germany, England and the United States, Junguito places Colombia in a privileged and *avant-garde* position in terms of economic ideas to modernize the obsolete colonial fiscal system. Yet, the reality of implementing revolutionary ideas is, as always, a different story. As early as 1821 during the Congress of Cúcuta, the income tax was established in the Greatcolombian constitution. Given the societal structure inherited from the colonial times, however, the landowning oligarchy exerted a fierce opposition to this tax, considering it an “oppressive, despotic, and anti-political” institution that caused harm to the private property of every

citizen (106). With the subsequent civil wars and the political disorder of the republic as active players, Junguito shows that the history of the income tax in Colombia was characterized by a series of swings of implementations and suppressions. Keeping always in mind questions about the optimal size and form of the state, the first part of the book finishes with the discussion of the idea of constituting a federal state in Colombia. Edwin López and Salomón Kalmanowitz (chapter 4) show the incarnation of the early opposition between Bolívar and Francisco de Paula Santander in the discussion around the configuration of a federal or a centralized state. The heterogeneity and fragmentation referred to by Bolívar (1815) is important here to understand the further economic and political development of the republic. López and Kalmanowitz show how the instauration of a federal system favored regional elites through the allowance of a free banking system, the establishment of regional currencies and armies, and the provocation of countless civil wars, which resulted, ultimately, in the splitting of the Great Colombia into three different countries (Colombia, Ecuador and Venezuela).

The second part of the book focuses on the organization of the monetary and financial system in the nascent republic. Andrés Álvarez (chapter 5) masterfully shows that the construction of a monetary system cannot be understood independently of the political order. This chapter challenges traditional Colombian monetary history in its claim that a free banking system based on spontaneous private emission existed, which was not only operational but also successful. Instead, Álvarez proposes a hypothesis that might not only shed light into the Colombian case, but that might be also relevant for the history of other countries. Álvarez claims that “societies, which do not count with the political and economic conditions to sustain a strong national state, go first through a process of concentration of the local power as a previous condition to finally build a national monetary system” (156). Following the same line of reasoning, chapter 6 provides an important contribution to the

demystification of the idea that free and private banking dominated the intellectual scene in nineteenth century Colombia. In his discussion of the creation of national banks (*bancos nacionales*), Juan Carlos Acosta puts some flesh on the meager historiography of the early Colombian banking system, which, almost exclusively, concentrates on the free banking alternative proposed and implemented by the radicals and by the regional elites. Acosta, on the contrary, shows the affluence of ideas, discussions and projects pointing to the creation of an organized banking system with an important participation of the state. Apart from increasing the money supply and from reducing the high interest rates in Colombia, the national banks pursued the important objective of resolving the problem of public debt. To do so, *criollos* like Ezequiel Rojas and Tomás Cipriano de Mosquera, considered that “national credit (*crédito nacional*) had to be established.” Establishing national credit consisted in commissioning the national banks with the task of “institutionalizing confidence,” so that national and foreign investors would continue to lend money to the Colombian government. In this chapter, Acosta provides us with an example that “monetary thinking” in Colombia does not mean “elaborated theoretical constructions, or complex systems of ideas” (185). Rather, Colombian monetary thinking is impressed in the history of its institutions and of the political practices and actions of the *criollos*. This approach goes well in line with the most recent practices in history of sciences after the *naturalistic turn*, which promotes the study of scientists’ practices. In this particular case, Acosta studies the *criollos*’ propositions and actions as politicians, and the shape of the institutions resulting from these actions, in order to understand their practices and ideas.

Another important episode in the establishment of a Colombian banking system was the creation of the *Banco Nacional* (National Bank) in 1870 with the arrival to power of the conservative government and the period known as *La Regeneración* (The Regeneration). In some ways, the *Banco Nacional* can be considered as the predecessor of today’s central bank

or *Banco de la República*. As noted by Santiago Correa (chapter 7), besides its economic functions, the National Bank fulfilled an important political function, constituting an instrument of political centralization of power towards the national state (229). Through the study of the transformation of the Colombian monetary system and its relation to the changing political regimes, Correa argues that the debates on the creation of monetary institutions did not take place at the economic theoretical level, but rather that these debates continued to be sustained around the nature and character of the state itself. Correa considers that “monetary policy [is] an expression of the symbolic construction of the state, and, in consequence, of the national economy” (222). Finally, by making clear that “all the banks founded in this period were constituted by merchants who diversified their productive activities to other sectors of the economy” (225), this chapter shows the commercial and financial interest of the *criollos*, so important to understand the development of their ideas and their actions as politicians. Somehow disconnected from the emphasis of the rest of the book on the Colombian case, the last chapter discusses the work of a foreign expert and money doctor: Edwin Walter Kemmerer (1875-1945). Unlike the rest of the chapters, Rebeca Gómez-Betancourt and Paul Drake’s discussion about Kemmerer does not address a particular problem situated in the nascent republic, but mainly focuses on Kemmerer’s work outside the Colombian context, mentioning only briefly that his influence in Colombia can be understood as an indirect but effective “political instrument” of the United States in Latin America (253). Gómez-Betancourt and Drake claim that Kemmerer should be understood not only as a money doctor, but also as an important theoretician. Yet, the relation between Kemmerer’s theoretical contribution of a monetary system adaptable for smaller economies (the *Gold Exchange Standard*) and his visit to Colombia resulting in the creation of the *Banco de la República*, are, unfortunately, not clearly specified or discussed in the chapter.

Beautifully edited and accessible to a large audience of economists, historians, political scientists, social scientists and the general public, this book is definitely a worthwhile read. Given its easy and accessible style, the reader with sufficient bases in Spanish should not find major difficulties in following the fascinating storyline. The book, too, evidences the renovated interest in the history and methodology of economics in Latin America (embodied, as well, in the recent creation of the Latin American Society for the History of Economics – ALAHPE), consisting in the overcoming of the traditional comparison of central and peripheral ideas, and combining a history of economics perspective based on the study of scientific practices and political action with elements of economic, political and social history. This way of studying the history of economics allows for the discovery of originality in the ideas and practical contributions of Latin American authors.

Because of its scope and length, the book had to omit aspects of Colombian history that might have been relevant to the narrative: the maintenance of slavery for more than thirty-four years after the declaration of independence; the contributions to political ideas and practices provided by social movements representing, for instance, the native peoples, the peasants and the enslaved communities; the economic, political and social implications of the separation of the Great Colombia; the role of the construction of a statistical system, etc. These omissions, however, should not be seen as a weakness of the book, but as an invitation to join the editors' (and the reviewer's) hope that this book will constitute the first piece of a collection that should continue to consolidate the history of economics in Colombia, focusing, this time, not only on historical, but also on methodological aspects of both the nineteenth and the twentieth centuries.

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