Libranzas in Colonial Latin America

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This article concerns use of the Latin American postal system during the Spanish colonial era to support economic development. Our interest is primarily in the “libranza,” a simple financial instrument used to transfer money, as well as various alternative means to achieve the same purpose. A “giro” or postal money order is the currently used form of the earlier Latin American libranza.

Setting the Stage

In the years following the Conquest, the Spanish colonial empire in the Americas eventually stretched from Cape Horn on the south, crossed the equator, and extended northward to include the southern states of the current-day United States of America. This was a huge territory. The various groups of Native American people had been essentially subjugated, and in the process the Conquistadores had uncovered great wealth in minerals and other natural resources which were available for exploitation. This exploitation, for both shipment of the resulting products back to Europe, or for use in the colonies themselves, continued until independence occurred in the early 19th century. The wealth consisted of gold, silver, tin and mercury, among other metals; lumber from tropical hardwood forests; as well as agricultural commodities, including chocolate and cattle raised for leather hides.

The development of these resources required improvement of the harbors, construction of roads, bridges, buildings, churches and warehouses. While much of the labor required for these infrastructure purposes came from the so-called forced labor of the Native Americans, or “Mita” system, money was required for the purchase of supplies and equipment and for more specialized labor. Additional money was required for the opening of mines and other productive facilities, the shipping of products, and as payment for the soldiers to maintain good order.

Human resources contributed to this development process. From Spain came administrators, priests, additional soldiers for further pacification duties, as well as younger sons of the more wealthy families, and trades people, many of whom were literate and had a number of essential skills. They became the cadre for this economic growth.

To assist in improving communications and facilitating administrative control, a sophisticated method of communication between Spain and the colonies, and within the colonies as well, was established by the Correo Mayor postal system. The maritime mails between Spain and the colonies was the realm of the Correo Mayor de Indias, controlled by the Galindez de Carvajal family. The land-based system of individual Correo Mayores was in effect by 1580 in Nueva España and by 1600 in Peru, and eventually covered most of Latin America. By 1800, after the Spanish Crown had taken over and operated these privately operated postal systems, there were over 200 Estafetas (post offices) in Latin America.

The location and type of economic growth in Latin America was closely monitored in Spain by the annual review of statistics dealing with the sale and use of Papel Sellado. This revenue paper was used to tax as well as to memorialize and legalize all important commercial transactions, commencing in 1640 in the Americas.

The Real Hacienda (Royal Treasury) established sub-treasuries in a number of locations, where taxes were received, governmental payments were disbursed, and coins were minted. Coinage became the principal (and in the beginning, the only) means of financial exchange.

But a major problem remained. There were no banks. How were the required payments for economic development to be handled? Soldiers and administrators had to be paid. The
Church had to fund its operations. The opening and running of a mine or the stocking of an Estancia was expensive. And the King’s treasury received a percentage of most revenues. There were also multitudes of smaller, private business transactions, which required the payment of money. A bag or a leather chest containing coins was very heavy, distances between major cities were extensive, the highways at best were primitive, and bandits were on the roads. This made the long-distance transfer of coinage problematical at best. A simple alternative was required.

The alternative settled upon was the libranza.¹ In Anglo-American legal terminology this was a bill of exchange or a written order for payment. In its most simple form the Latin American libranza was a letter from a person in one city authorizing his correspondent in a second city to pay a sum of money to a third party (see Figure 1).

Fig. 1: Private manuscript libranza in the form of a folded letter from Popoyan (now in Colombia) to Quito (now in Ecuador), dated October 21, 1748, for the transfer of 100 Pesos. Courtesy of Dieter Bortfeldt.
For the sake of completeness we should note that, as time passed, fiscal difficulties arose and controversies abounded among Colonial administrators concerning the use and abuse of libranzas used for governmental purposes.

**Details of the Libranza System**

There were three principal types of these financial instruments. The first, in the form of Cartas de Pago, were requests to a Royal official for payment to be made according to the writer’s instructions. These instruments, carried from place to place by Indian messengers prior to the establishment of an organized postal system in Latin America, were in use as early as 1577. The second were requests for payment to be made by a private individual to another, being perhaps the earliest antecedents to an organized private banking system. These requests, in the form of letters, were carried by the Correo Mayor system as early as the 1740s. The third and final were requests, both official and private, made after 1768 through the auspices of the Real Renta de Correos (the post office). That entity supplied forms to request funds, carried the requests from place to place, and paid out the sums of money required.

It is interesting to note that each version of request broadened the network of available money suppliers: the Carta de Pago to all governmental sub-treasuries; the private letter libranzas to a wide network of wealthy individuals; and finally, the requests through postal channels which made available post offices throughout Latin America.

Each of these requests will be considered in turn.

**Carta de Pago letters**

While the dispatch of this document, dated September 18, 1592, addressed to Diego Gil de Avis, Depositario General (a financial official) in La Ciudad de los Reyes (Lima) occurred eight years prior to the establishment of the inland Correo Mayor postal system in Peru, there is ample evidence to indicate that official correspondence was carried there on a regular basis by Chasquis (messengers) from place to place. This Carta de

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*Fig. 2: Manuscript Carta de Pago addressed to Lima (now in Peru) from the small village of Todos Santos, dated September 18, 1592, probably carried by Chasqui (private messenger). Courtesy of Aldo Salvatecci.*
Pago (Figure 2) was a request by Don Sebastian de Chiguaman, Cacique (mayor) of the village of Todos Santos, for the sum of 54 Pesos, to be paid to 32 Indians in his village for services rendered, and was made before a Notary (minor judicial official). The payment actually occurred in Todos Santos on October 16, 1592. We have also reviewed a similar Peruvian Carta de Pago, dated July 9, 1590.

**Private Libranza letters**

We have examined seven manuscript libranza letters sent from Popayan to Quito between 1748 and 1750. At that time a branch of the Caja Real (Royal treasury) was located in Popayan (Colombia). This office collected taxes, remitted government funds, and minted coinage. These libranzas were all originated by the same individual in Popayan (Joachín Sánchez Ramírez de Arellano), and all are addressed to the same person in Quito (Antonio Bueno Hurtado). The recipients of the funds in Quito, in each case, were different individuals. In no case did the sums of money transmitted exceed 100 Pesos. It is believed that this variety of libranza was prepared and sent by wealthy Hacenderos (estate owners) who had commercial or family ties in other cities and were willing, presumably for a fee, to pay third persons. What the charges were for this service are not known. The fact is, however, that these libranzas were in each case sent through the Correo Mayor mail system which, by 1717, served the Audiencia of Ecuador. The manuscript “2” rate marking is noted on the cover to Figure 3, as is the manuscript “libranza” indicator. Why the sender chose to indicate the contents of the letter is not known.4

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**Post Office Libranzas for Official Payments**

The libranza in Figure 4 on the next page was sent from the Real Renta de Correos (post office) of Havana (Cuba) to New Orleans (Louisiana) on August 6, 1797, in the sum of 1,969 ½ Reales. Signed by the postmaster of Havana, Joseph Ventura Fuertes, it provided money to a military officer, Francisco Bouligny, presumably for the payment of army salaries and expenses.

A similar libranza has been noted from the treasurer (Pedro Martin Tanco) of the post office at Havana (Cuba), dated February 6, 1788 to San Augustín (Florida), for another military officer, in the sum of 400 silver Reales. This libranza presumably was also for the payment of army salaries and expenses.

The monthly expense report of the San Augustín post office for December, 1798 lists a different libranza in the sum of 400 Reales among total expenditures of 597 Reales. One
might wonder how a small estafeta would have available coinage for the payment of such a large sum. An examination of the proceeds of this office indicates that there in fact was enough coinage on hand to make the requested payments.

Post Office Libranzas for Private Payments

Depending on size and location, the typical Latin American post office by the year 1800 might be able to offer the usual estafeta services (carriage of letters and registered mail); the carriage of impresos (printed matter) and encomedias (parcels); and services such as apartados (post office boxes) and embarcaciones (ship registers). Some offices also offered libranza services.

The Real Renta de Correos (post office) was using printed forms for the transfer of money by the 1790s. The form in Figure 9, dated January 21, 1794, was used by the post office at Popayan (Colombia) to transfer 1,000 Pesos in doubloons to the recipient, Jose Manuel Mosquera, in Quito (Ecuador) through the Quito post office. As indicated by the form, ten Reales were charged for the indemnity and 6 Reales for the postage.²
Fig. 9: Printed libranza mailed from Popoyan (now in Colombia) to Quito (now in Ecuador), dated January 21, 1794, for the transfer of 100 Pesos. Courtesy of the author.

A manuscript version of libranza, validated with the postmark of the remitting post office, was dated February 4, 1797. This libranza (Figure 10) was mailed from Pucará (Peru) to Cuzco (Peru) and transferred the sum of 98 Pesos. It displays at the lower left corner the signed receipt of the payee, the Reverend Father Mariano Solorzano.

Fig. 10: Manuscript libranza from Pucará (now in Peru) to Cuzco (now in Peru), dated February 4, 1797, for the transfer of 98 Pesos. Courtesy of Aldo Salvatteci.

By way of comparison, postal money orders were first used in France in 1817, in England by 1838, and in the United States of America in 1864.

**Post Office Carriage of Coinage**

Under the Tarifa General of May 12, 1777 packages containing silver bullion and gold or silver coinage would be carried in the mails, and charged for at one percent of the intrinsic value, plus the applicable postage.

**Some Conclusions**

To the best of our knowledge, this is the first article to consider the libranza as a part of the postal history of colonial Latin America. For this reason there is no meaningful bibliography of previous research to cite. Obviously, also, this is merely an overview of the subject, and
additional research remains to be done. Our thanks for assistance and encouragement go
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Notes

1 Depending on when and where, such documents are also referred to as “Cartas de Pago.” These
more complicated documents can involve the acquittance or discharge of the debt, and may contain
the statement of its conditions and obligations. They are often made before a notary in the presence
of witnesses, entered into account books, and subject to audits at various levels of government.

2 The earliest mention we have encountered was the payment by a Cathedral of 40 Pesos in February
12, 1577. See Lewis Hanke, Readings in Latin American History. Selected Articles from the Hispanic

3 See, for example, Capítulo Cuatro de las Capitulaciones of the Viceroy of Peru, el Conde del Villar,
who served between 1585 and 1590.

4 The web site of the Banco Central del Ecuador also notes that various early folded letters are inscribed
in the front with the word “Libranza.”

5 Another printed libranza form, from Popoyan to Novita and dated September 7, 1814, was lot 4496
of the Fernando Camino auction sale. Soler y Llach. Marcas Postales del Periodo Colonial Español

6 Tarifa General que se devera observar para la Recaudacion de las partes de Cartas, Pliegos y
Encomiendas de la nueva Carrera de Santa Fe y Cartagena, por San Bartholome a la Provincia
de Antioquia, y de esta para la Capital de Santa Fe y aquella Plaza, con expresion de destinos y
Clases de Cartas y Encomiendas, y sus respectivos portes, approved May 12, 1777.

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