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The Church and Its Economic Involvement In Colonial Latin America

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Introduction

A study of colonial Latin American history brings one to the inescapable conclusion that economics played a staggering role in the daily life of Latin American citizens, as well as in the sculpting of the colonial society. Because of its tremendous prominence and influence during this era, it seems likely to infer that the Church was also involved in the economy of colonial Latin America. But to what extent? And in what ways? Understanding the role of the Church in the economy of colonial Latin America does not simply give insight into Church policies; it provides clarity, depth, and color to our understanding of the culture, society, and economy of the time. This paper explores the Church's economic role, examining the part the Church as an institution played in the economy, and what effect that involvement had. And on a more foundational economic level, this paper assesses what colonial Americans expected of the Church, what the Church expected of the people, and what happened when these economic expectations were not met.

Church Immersion

The first step in answering this question is to determine, on a broad level, just how immersed the Church was in the economy. During the colonial period, the Spanish Church was able “to create a vast material base that ultimately reached into every corner of the newly converted Indies.”¹ This “material base” included many assets, like the large, desirable, Church-owned apartment blocks found in many colonial cities.² The Society of Jesus, a Catholic religious order, was particularly good at entrepreneurial activity, supporting itself “through both

¹Arnold Bauer, *The Church in the Economy of Spanish America: Censos and Depósitos in the Eighteenth and Nineteenth Centuries*. (Durham, North Carolina: Duke University Press, 1983). 707

²Mark A. Burkholder and Lyman L. Johnson, *Colonial Latin America*. (New York, New York: Oxford University Press) 251

alms and farms, ranches, sugar mills, and other money-making endeavors.”³ Presumably their sugar-milling and property management prowess was substantial, because it was the successful sugar estates and other properties that funded Jesuit schools.⁴ Additionally, because many individuals without heirs willed their estates to the Church upon death, the Church amassed an “enormous” amount of wealth throughout the colonial world.⁵ Even people who wanted to make a donation to the Church, but could not afford to, would sometimes place “perpetual liens” on their property to gift to the Church—a practice that added substantially to the extensive capital of the Church.⁶ Other sources of wealth for the Church included fees charged for religious services, and a tithe that “channeled some 5 to 10 percent of agricultural production to the secular church.”⁷

With all that money, the Church was well positioned to further involve itself in the economy by acting as an investor. In many cases, the Church invested heavily in loans to property owners, on which it collected a five percent interest.⁸ Investment in property was also prolific: by 1813, for example, the Church owned “47 percent of all urban property in the viceregal capital” of Mexico City (a prominence that was common throughout the empire).⁹

It is worth noting that beyond simply being an institution that amassed and distributed wealth, the Church also *consumed* wealth. The “substantial amounts of capital [that] were used to establish and maintain the colonial Church,” (its clergy, buildings, schools, etc.) undoubtedly

³John F. Schwaller, “Catholic Church in Latin America,” *Encyclopedia of Latin America: Amerindians through Foreign Globalization*, vol. 1

<http://www.fofweb.com/NuHistory/LowerFrame.asp?ItemID=WE49&iPin=ELAI0050&SingleRecord=True>

⁴Jeffrey Klaiber, “The Jesuits in Latin America: Legacy and Current Emphases,” *International Bulletin Of Missionary Research* 28, no. 2, April 2004: 63.

⁵Burkholder and Johnson, *Colonial Latin America*, 279.

⁶Bauer, 719.

⁷Bauer, 709.

⁸Bauer, 719-20.

⁹Bauer, 721.

helped prevent economic stagnancy by causing tremendous capital circulation.¹⁰ Interestingly, much of the Church's money in some regions was actually collected as a part of the *repartimiento* tribute—a tribute that also covered assorted administration expenses and provided cash flow for *encomenderos*, dependents of the Crown, and/or “the Crown itself.”¹¹ This arrangement, which lumped secular and spiritual economics into the same package, further integrated the Church into the colonial economic sphere, and provided it with the coercive power of the government for wealth collection—a benefit unavailable to most other economic entities. With such a substantial and far-reaching asset foundation, and such varied fiscal involvement in the colonial economy, it is clear to see that the Church was embedded into Latin America in a very material way.

People acting on behalf of the church further deepened its involvement. Secular clergy, for instance, got involved in the economy by taking up various jobs to “supplement their church salaries.”¹² These jobs included work connected with the Church, such as professorship at Church universities, or work with the Inquisition, as well as completely secular pursuits like trading livestock, clothing, and cacao.¹³ Many priests focused their attention on entrepreneurship and the extraction of unpaid labor from the Natives, using their evangelism more as pretense for their presence and prominence in the colonial empire, while keeping Native well-being a secondary concern. Apparently other church officials also got involved in business pursuits, including high-ranking ones like the Bishop of Cuzco who sold tremendous amounts of cocoa at

¹⁰Burkholder and Johnson, 187.

¹¹Steven Stern, *Peru's Indian Peoples and the Challenge of Spanish Conquest*. (Madison, Wisconsin: The University of Wisconsin Press, 1993), 81-82.

¹²*Encyclopedia of Latin America: Amerindians through Foreign Colonization*, s.b. “secular clergy in Latin America.”

¹³*Ibid.*

a great profit (even though cocoa was “officially frowned upon by the church”).¹⁴ Clearly, both church members and the Church itself were highly involved in the colonial economy.

Indirect Financial Involvement

Beyond regular, ground-level involvement, the Church had an even larger effect: it used its prominence, power, and immersion to influence economic practices and regulations in colonial Latin America. On a broad scale, implementation of the Church’s missionary ideology gave sanction for the destructive treatment of the colonial workforce. Because “the Spaniard of 1500 saw no essential contradiction between destroying a man’s body and saving his soul,” (Christendom provided the “moral legitimation” necessary for colonial leaders “to carry out their political and *economic* goals”), many strong and valuable individuals were killed by abuse or mistreatment under the pretense of evangelism.¹⁵ This was possible in part because *encomenderos*, economically powerful individuals who were granted native land and tribute, acted as Catholic evangelists (they could extract labor from the Indians with a degree of impunity, since they were simultaneously Christianizing them).¹⁶ However, in many cases, the Church was indirectly involved in the economy in more positive ways.

A prime example of this influence is found in the story of Father Montoya’s work with the Indians in Guairá. In his writings on his experience there, he tells of how the Indians were forced to harvest and process a particular herb, and of how “the work on this herb has consumed the lives of many thousands of Indians.” He goes on to say that these natives were forced to carry heavy burdens that outweighed their own bodies, and were often “left dead by their loads.”

¹⁴Stern, 46, 37.

¹⁵Lesley Byrd Simpson, “Spanish Utopia,” *Problems in Latin American Civilization*, John Francis Bannon, (Boston: D.C. Heath and Company, 1966), 14; Anthony Gill, “A Brief History of Church-State Relations,” *Rendering Unto Caesar: The Catholic Church and the State in Latin America*, (Chicago: The Chicago University Press, 1998), 20.

¹⁶Simpson, 14.

Montoya was horrified by this abuse, and advocated on behalf of the Indians to higher authorities. As a result, “to remedy these evils [the exploitation of the Indians], his Catholic Majesty dispatched Doctor Don Francisco de Alfaro, a judge . . . who prohibited forcing the Indians to harvest the herb.” The judge even went so far as to prohibit the Indians from “voluntarily” harvesting the herb. Although these rules were enforced with “severe penalties,” Montoya writes that “they [were] not obeyed.”¹⁷ While it is interesting that these particular regulations seem to have been largely ineffective (a fact easily attributable to the remoteness of Guairá), it is more interesting that the Church was able to so effectively influence the creation of the regulations in the first place. Doing so put it in a position of surprising economic and political power for a church. The fact that the Church was so apparently comfortable in this position (Montoya’s writing lacks any kind of explanation for the Church’s intervention, simply stating it like a generally accepted fact) is also surprising.

Another example of the Church’s positive, indirect economic involvement (from a Native standpoint), is found in the Dominicans, a Catholic order that worked hard to abolish the *encomienda*—the backbone of the colonial Latin American economy.¹⁸ In fact, the strongest voice in support of the Indians’ cause both in Latin America and Europe was a Dominican friar (later Bishop) named Bartolome de las Casas who wrote of “the evil . . . the injuries, the losses, and misfortunes” resulting from the tyrannical burden of the Conquistadors’ cruelty.¹⁹ The Franciscans, another religious order, attacked the *repartimiento*, an economic system similar to

¹⁷C.J. McNaspy, trans. “Father Antonia Ruiz goes to the mission; the so-called Paraguayan herb,” (St. Louis: The Institute of Jesuit Sources, 1993), 1st ser., 40-41, from *The Spiritual Conquest Accomplished By The Religious Of The Society Of Jesus* p. 41, http://www.fordham.edu/images/undergraduate/lalsi/ruiz_de_montoya-the_spiritual_conquest-selected_chapters.pdf

¹⁸Gill, 20.

¹⁹Fray Bartolome de las Casas, *Problems in Latin American Civilization*, 36-37.

the *encomienda*, and ultimately brought about its increased regulation.²⁰ Clearly, the Church had a substantial degree of influence in the economy of the time, at least in areas where economics intersected moral concerns.

Economic Church-Laymen Interaction

As might be reasonably inferred by the preceding examples, the Church did often work to protect natives, physically and economically. In fact, many priests were heavily involved in charitable work.²¹ The Church of colonial Latin America saw the poor as “fellow Christians,” and urged church members to lend financial support.²² Individuals who were unemployed and suffering from poverty looked to the Church for help.²³ In situations where *caciques* (local government officials) were abusing their power, community members did the same—priests could help prevent these abuses by refusing to publicly bless the *caciques*, negatively affecting their authority and public image.²⁴

Interestingly enough, the Church was somewhat inconsistent in its interactions with laymen. There were times when the priests and *caciques* “united in the economic abuse of the community.”²⁵ And though it was fairly kind toward natives, the Church was not as friendly toward the Blacks. In fact, “the Catholic Church owned more [African] slaves than any other institution, business, or family in the Americas,” and “never opposed the institution of slavery itself.”²⁶ And though the Crown (not the Church) ultimately passed laws prohibiting Indian

²⁰Richard Stafford Poole, *Problems in Latin American Civilization*, 66.

²¹“Secular clergy in Latin America,” *Encyclopedia of Latin America*.

²²Burkholder and Johnson, 207.

²³*Ibid.*

²⁴Elizabeth Penry, “Letters of Insurrection: The Rebellion of the Communities,” *Colonial Lives*, ed. Richard Boyer and Geoffrey Spurling (New York: Oxford University Press, 2000), 202.

²⁵*Ibid.*

²⁶Burkholder and Johnson, 148.

slavery, no such laws were passed on behalf of the Blacks.²⁷ A letter written by the governor of Bahia plainly illustrates this sentiment. In this letter, the Governor writes of a certain monk who “convinced himself, or was persuaded that slavery was illegitimate and contrary to religion, or at least, being sometimes legitimate and other times illegitimate, the distinction ought to be made between slaves captured in just and unjust wars.” Although the perspective of this monk seems logical through the lens of our modern viewpoint, the Governor was concerned. He blamed this strange theology on a “lack of greater talents and theological learning, and . . . an extraordinary conscience,” reporting that “to avoid the spread of this pernicious doctrine, the Archbishop immediately ordered him to suspend his [the monk’s] confessions, requesting that I deport him.”²⁸ Such deliberate action in support of slavery demonstrates that, at a very fundamental, economic level, the Church was intimately tied to slavery (see Appendix 1). Although the Church was clearly sporadic in its aid and advocacy on behalf of laymen, it is clear that, in the very least, the Church’s apparently arbitrary (or selfishly motivated) involvement in economic issues worked out better for some than others, but had a large effect on all.

Church Friction

While the Church did do some significant advocating on behalf of many people, it also caused some economic friction. A large source of this economic friction was the priests. Priests were expected to “give and take,” providing religious service in return for fees. However, a series of primary documents from 1573 show us that at least one priest (and likely many more) abused this model by “demanding excess fees for the performance of sacraments such as marriage, by employing without pay dozens of men and women in each *cah* as his personal

²⁷Burkholder and Johnson, 133.

²⁸The governor of the province of Bahia to the Portuguese secretary of state for the Overseas Council, 18 June, 1794 as found in *Religion in Latin America: A Documentary History*, Lee M. Penyak, Walter J. Petry, eds., 128-29.

servants.”²⁹ The priest in these documents, Andres Mexia, was denounced by the “principal men” of a Mesoamerican *cah* as being exceedingly negligent and selfish. In their petition against Andres, the “principal men” write that “he [Andres] is not in the habit of giving us what is owed . . . We ask nothing of him . . . Our father the padre, he doesn’t remember us, although we lead good lives. This is the reason that I, along with the principal men, have written, so that the goodness of our hearts regarding our father the padre be known.”³⁰ Other documents go on to condemn Mexia for his immorality, further driving home the point that he was not meeting even the basic economic expectations upheld for a priest.

Beyond the simple, immoral negligence typified by Mexia, there was the wholesale, selfish corruption of countless others. In Spanish America, it was common to sell bureaucratic appointments “to the highest bidder,” not necessarily the most capable or worthy.³¹ This selfishness, though not *necessarily* as common, found its place among churchmen. Many engaged in all manner of financial misappropriation and scheming, using their positions to secure “material advantages for themselves and their families.”³² Such behavior, accomplished with the leverage of the Church’s power, created even more economic conflict in the Church’s name.

Conclusion

From any angle, it is clear to see that the Catholic Church was a prominent player in the colonial Latin American economy. Any judgment on the overall effect of this prominence, however, is merely speculative. The Church’s extensive immersion in the economy—from property ownership to moneylending to wealth consumption—undoubtedly played a huge role in

²⁹Matthew Restall, “The Telling of Tales: A Spanish Priest and His Maya Parishioners,” *Colonial Lives*, ed. Richard Boyer and Geoffrey Spurling, (New York: Oxford University Press, 2000), 22.

³⁰Matthew Restall trans., “The Telling of Tales: A Spanish Priest and His Maya Parishioners,” *Colonial Lives*, ed. Richard Boyer and Geoffrey Spurling, (New York: Oxford University Press, 2000), 24.

³¹Burkholder and Johnson, 196.

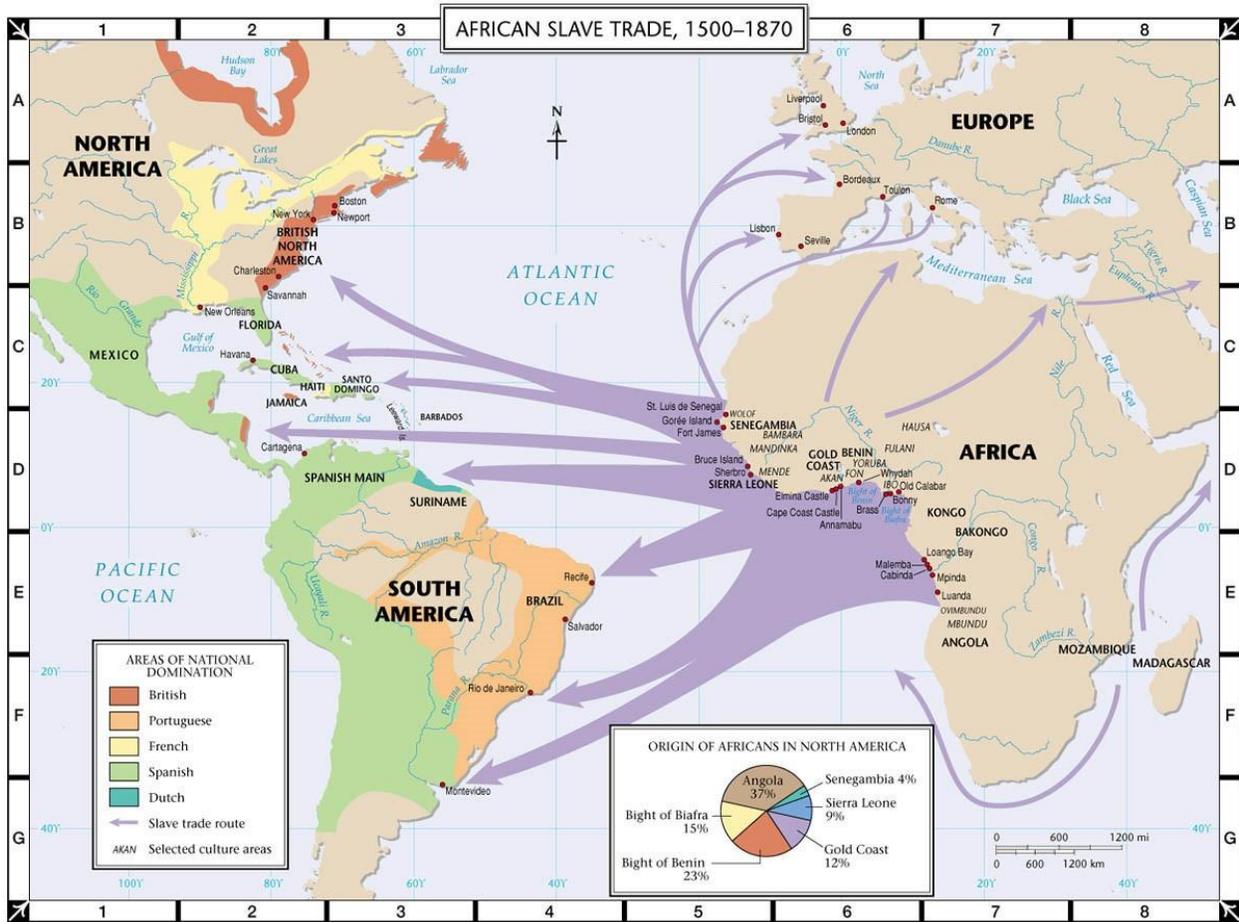
³² *Ibid.*

establishing a fluid economy. Its protection of the natives, and its charity work (which included the establishment of convents and universities), also seem to have been positive economic contributions. Its heavy use of slaves was arguably more harmful (at least to the slaves), and yet it was this huge labor force that allowed Latin America to be established as we know it today. Obviously, the corruption and selfishness exhibited by certain religious offices and priests led to the misappropriation of funds, and the unfair distribution of wealth.

Though there were certainly positive and negative elements to the Church's economic involvement, these do not cancel to create a situation of neutrality. Rather, they combine to magnify the scope of the of the Church's involvement. While the actual overall harm or benefit of the Church's role in the colonial Latin American economy is hard to determine, studying that role has made it plain that religious involvement stimulates and disrupts the economy in ways that no individual or business could. Because of this automatic imbalance of power, Church involvement is detrimental to a free market economy, and harms the potential of pure Capitalism.

This is not a paper written to extoll certain political ideologies. Nevertheless, given the prominence of libertarian and capitalist ideals in historical and present-day society, this study does shed light on how the economic roles of a religious institution may erode and disrupt such philosophies. From this perspective at least, the prominence of the Catholic Church's involvement in the economy of colonial Latin America is a lesson worth keeping in mind.

Appendix 1



A map illustrating the source of African Slaves for colonial Latin America; the economy of the Church relied heavily upon these slaves. (From http://wps.pearsoncustom.com/wps/media/objects/2428/2487068/atlas/Resources/ah1_m009.jpg)

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