

# The Accounting Actions of the Liberator in the Face of the Economic Crisis of the Republican Project of the Great Colombia (1827–1830)

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*This text outlines the executive decisions of “El Libertador” Simón Bolívar, based on accounting as he managed the redirection of the Republican Treasury, seeking a point of equilibrium between costs and income that would allow delaying the imminent transfer of financial control of Gran Colombia to the hands of international creditors. This a theoretical reflection on an ignored side of “El Libertador” as an accountant, scheduler, and manager of public finances, these emerged booths among the products of historical-educational research on the accounting system adopted by the authorities in charge of the republican destinies of Gran Colombia. The points of attention, on which Bolivar’s accounting actions are revealed, are condensed in the inability of the republican project to develop an accounting policy that envisioned the way to meet the needs of information and control required by the treasury and, in the ideological polarization between the departments of New Granada, Venezuela and Ecuador that prevented the implementation of any feasibility plan to avoid the trauma of the dissolution of the republic.*

*Keywords: Gran Colombia, El Libertador, Simón Bolívar, accounting policy, accounting planning, accounting regulation*

## INTRODUCTION

At the time of the republican project of Gran Colombia, the problem of national public accounting was aggravated by the fact that it was created to organize the Treasury of the newly constituted Republic, which was in a ruinous financial situation.

The accounting system that, at that time, appeared most frequently was the debit and date system. According to Hernández Estévez (2007, p.223), no specific manual on this model has been found, and the documents that are known to mention it are texts inserted in broader objective books. It becomes evident, however, the great importance given to the audit of accounts in the corporate and business affairs of the time, given the pecuniary and penal implications that the violation of regulations entailed for officials and operators (Villaluenga, 2013, p.128).

At the time, the subject of the science of administration had not yet been raised even as a discipline of study. Politics and administration formed a whole monolithic field in whose matter what was said and done was posed as alignment to political liberalism or absolutist realism (Alarcón, 2013, p.185).

Seen through the eyes of today’s accounting practice, it could be said that it was a system of subsequent accounting control, susceptible to compliance using the Auditor’s review of the financial reports emanating from the General Treasury and the other Treasuries of the organization’s branches. This simplification of public management to the achievement of some financial variables reduced the Accounting Planning

processes to the search for solutions to the functioning of territorial governments, in their individuality and conditioned the accounting information to highlight the patrimonial aspects, as well as limiting the practice of control to some visions of the local government alien to a national policy (Pérez-Grau, 2014, p.131).

It could be said that in republican Colombia there was accounting planning but this planning was blind, developed without a policy, without the macroeconomic vision of what is wanted in the short, medium, and long term, synthesized in a conceptual framework built on the information gathered related to the internal and external levels of the environment of the organizations (Nation, companies, families, communities), not even with the microeconomic vision capable of supporting a work methodology to meet the information and control needs of the nation in terms of plans and accounts by production sectors (Quirós and Bustamante, 2011, p. 178).

### Risk Scenario

From its beginnings, the emerging Gran Colombia decided on a centralist organizational formula and in its Constitution of the Republic of Colombia (August 30, 1821) adopted a republican, popular government, with the division of powers (executive, legislative, and judicial) (Restrepo, 2010, p. 52). The Congress of Cucuta went much further than the Angostura union statute that had maintained the three territories of Venezuela, New Granada, and, eventually Ecuador (Azua and Guayaquil), as separate entities, under the immediate command of regional Vice-Presidents. The first of the departments was now divided in the provinces of Orinoco, Venezuela, and Zulia, and the second in Boyacá, Cundinamarca, Cauca, and Magdalena. The provinces were formed by cantons and by parishes, all subject to the central authorities.

Taking into account the prostration of the post-war project and the need to establish a modernizing fiscal order of institutions and social freedom, it could hardly be said that the officials did not have the governmental preparation or the merits to occupy these positions, however, it is necessary to continue delving into the subject to try to discover the administrative and structural factors that ultimately prevented the proper implementation of these reforms that promised to fully meet the demands of development posed by the new country.

The reports of the Secretary of Finance of 1825 and 1826 before the Senate announced the scenario of the financial crisis that the country was gradually entering. At the end of 1825, the official warned: “If the (reform) of (August 3) of 1824, which regulates the administration of the Treasury in all its branches, had been fully implemented, I mean, if all the subordinate employees, the heads of the offices had committed themselves to zealously carry out the orders given to them and fulfill the orders that were communicated to them, this report could have been made earlier and would have been more accurate (Del Castillo, 1826, p.46)” (Del Castillo, 1826, p.46).

In the following budget, “I have calculated very low the revenues if the proposed reforms are adopted...but it should not be expected that they will be realized without the proposed improvements and reforms...” (Del Castillo, 1826, p.47).

**TABLE 1  
REVENUE BUDGET FOR THE YEAR 1826**

Import	\$ 2.500.000	The sum of the front	
Export	600.000	Liquors	100.000
Tons	40.000	Tithes	300.000
Consumption	200.000	Mail	100.000
Tobacco	4.000.000	Venduta	10.445
Urao	10.000	Several small bouquets	204.472
Rapé and tobacco powder	25.000	Land	4.477
Salt mines	300.000	Fines	2.402
Mints	180.000	Personal contribution	500.000

Gold and silver quintos	50.000	Household ditto	600.000
Foundry	4.302	Territorial	2.000.000
Brush	2.799	<b>Total amount</b>	<b>11.794.576</b>
Mine products	679		
Sealed paper	60.000	J.M. DEL CASTILLO	
Sum on return		Bogotá, December 25, 1825	

Estimated revenue schedule for the national treasury for the coming year, if the improvements proposed in the report to Congress are adopted.

SOURCE: Exposition of the Secretary of the Treasury presented to Congress in 1826, p.110

In the end, the report revealed: "...This void must be filled as it is the object of your deliberations (gentlemen of Congress) and to it, your efforts must be directed in the present session (Del Castillo, 1826, p.48)".

**TABLE 2**  
**EXPENSE BUDGET FOR THE YEAR 1826**

<b>Department of Foreign Affairs</b>		<b>\$ 295.762 07 17</b>
<b>Department of the Interior</b>		<b>621.431 01 00</b>
<b>Department of War</b>		<b>6.803.296 01 00</b>
<b>Department of the Navy</b>		<b>4.809.077 04 17</b>
<b>Treasury Department</b>		
Expenses of this department	358.142 07 06	2.958.142 07 06
Debt interest	1.800.000 00	
Redemption fund (1%)		300.000 00
<b>Total Sum</b>		<b>15.487.709 03 04</b>
Bogotá, December 25, 1825		

Summary of one year's expenditure budget in each of the departments of the Republic's administration

SOURCE: Exposition of the Secretary of Finance presented to Congress in 1826, p.109

As it is known, General Bolivar had preferred to assume his military vocation and went to organize the Liberation Campaign of the South and delegated to Vice President General Francisco de Paula Santander the direction of the Republican project. It was due to the political and economic crisis in which the republic was plunged that "El Libertador" was forced to return to the country, on November 14, 1826, to regain power and it is this presidential protagonism that is the subject of this work.

For three consecutive years, there had been a strong movement in Congress to completely abolish the novel direct tax on income and capital introduced by Law 30 of 1821 and to restore the roadblock in its place. For this reason, the Vice President was frequently forced to request special powers from Congress to reduce the assessed value when there was evidence of a lower production than the presumptive one (Bushnell, 1985, p. 108).

In administrative and structural terms, the first law mostly related to the accounting actions that General Simón Bolívar had to face upon his return as President of the Republic, is the Law of May 4, 1825, with which the Congress tried to help the Executive in the task of saving the direct contribution, extending the exemption and the order for the collectors to elaborate a detailed cadaster of all the real estate. In principle, this new fiscal effort seemed to advance among the departments of central Colombia, but the political movements that disrupted the order among the Venezuelans affected all branches of the administration, dealing a mortal blow to the national revenues and the credit of the Republic (Pinto, 2013, p.18).

The second law linked to the accounting actions of "El Libertador" is the Law of February 22, 1826, through which the Public Credit Account was recognized and founded. It cannot be denied that one of the reasons for having accelerated the creation of Gran Colombia since 1819 was the possibility of obtaining

credits. The problem of the debt, its continuous growth, the unfortunate negotiations that increase it, and the attempts to cancel it is a subject that torments “El Libertador” almost permanently (Villaveces, 2007, p.14).

In a report sent by Santos Michelena, Consul General of Colombia in England dated December 31, 1826, he finally clarifies that the official indebtedness of the country with English lenders amounted to the sum of 3,549,293 and 15 and  $\frac{3}{4}$  pounds sterling (Barriga, 2010, p.675). But the capital that arrived in Colombia amounted to 2,724,885 pounds (Pinto, 2010, p.101) and was never destined for agricultural or industrial promotion activities, as the illustrious Secretary of the Treasury had proposed, but were dedicated to the payment of the domestic debt to national creditors, the maintenance of the expenses of the Army and Congress and the operation of the Treasuries (Pinto, 2010, p.101).

The third is the Law of March 13, 1826, which revised the export duties, reducing them to a basic levy of 4%, called export duty. Imported goods would be taxed according to the origin of the ship, its flag, and merchant class, ad valorem (Bushnell, 1985, p.197).

The fourth is the Law of April 18, 1826, which defines the National Armed Force and establishes the attribution of the Congress to annually fix the size of the permanent army (López, 1992, p.30). This law was based on the fact that the state of war was maintained until 1925 and, in addition, that military expenditures decreased significantly due to the end of the Southern Campaign, although it was necessary to keep them still magnified in the Central and Eastern regions to prevent conflict situations in the face of regional political movements and citizen unrest.

### **Solutions Not Implemented**

Upon his return from the southern campaign, “El Libertador” in Bogota resumed the presidency of the Republic and deployed a frenetic activity to redirect the behavior of the Treasury and reduce the fraud that he had considered excessive, but with the dual strategy of conciliation and threat.

#### *Actions on Disturbances to the Economic Dynamics of Society (What Is Power For?)*

- On November 23rd, 1826, Bolivar promulgated his first decree to remove all the obstacles that the collection of taxes had had up to that day, decrees rigorous penalties for the officials that do not fulfill their functions, orders imprisonment against delinquent taxpayers and auctions against their goods.... and lifted the death penalty legalized by the decree of February 21, 1822 for National Treasury employees involved in fraud or embezzlement of public interests, changing it to prison sentences of up to 10 years... (López Garavito, 1992, p. 43).
- On January 28, 1827, already in Venezuela, Bolivar was ready to apply without contemplation the decrees he promulgated before leaving Colombia, and thus... S.E. expects not only to dismiss those who do not deserve their assignments but to provide those in the military who have aptitude... (Blanco y Azpúrua, 1978, T.XI: 103).
- On March 7, 1827, in Caracas, he decreed: “Art. 1° No one will be declared entitled to military credit or national reward without proving this entitlement with lists of review or with certification from the chiefs themselves... (Barret et al., 1961, T.II: 96-97).
- On May 23, 1827, Bolivar summarizes the complete anarchy that had caused the allocation of military debts, through the report that his secretary José Rafael Revenga presented to the Minister of Finance: “The disorder that I indicate in it extended as it was natural to the concession and payment of military credits. They have been given in full to people who ceased to exist before the assigned period began, but this has surprised less to the Liberator than to see that they have been granted to people who have never served in the military or who only as walkers or for guarding their properties have ever girded themselves with the sword. We still do not have the statements of declared assets that have already been requested from all the commissions; more frightening is the increased amount of what after the distribution of all the national goods that were in the lowlands has been borrowed by the law of July 23rd of the 13th year to satisfy assets; even more frightening is the number of claims that still exist despite this.

You estimate from here, how many will not have been given unduly; and you add to this guilty liberty the lack of diligence in taking care of the confiscated or only seized properties, and that which there has been in seizing and even in discovering those that the law condemns. Hence it is that there is hardly any depositary who wants to be satisfied with the property that had been designated for payment for the price he received it; hence it is that so often it is urged to exchange some properties for others; hence it is also that to find out concealments it has been ordered to form a list of all the properties that belonged to the enemy or to those who emigrated with him or that these possessed” (Blanco and Azpúrua, 1978, T.XI: 285).

- The treasury of these departments did not exist for the Republic; all the contributions were collected, but they disappeared even before they were collected. Very little is owed for direct contributions, but very rarely has the collector rendered accounts, nor has he published what each one owed, or what he had collected (no one presented any accounting!). The coastal customs no longer produced almost nothing for the State. The tobacco revenue whose products formerly reached these provinces more than one million and two hundred thousand pesos now barely produced a quarter. In the places where the leasing of the salt mines was carried out, they left them arbitrarily taxed for the future (exemption from taxes on future income!). The Patent Law had been published, but it had not been taken a step further. The law of mortgages and registries was not published; the law of assistance to public credit was only partially published, nor was the law regulating stamped paper. The latter was sold according to the previous law, but there were those who almost publicly sold it at a lower price. In reality, there was no court of auditors; so the administration of the treasury was in truth only a shadow behind which were hidden the indifference to the common good, the lack of dedication to work, and most of the time many more serious faults” (Blanco y Azpúrua, 1978, T.XI: 285).

All the offices had their work in arrears and some for many years the only thing that was taken care of in the main offices was to prepare monthly statements that neither contained what they should, nor in any way proved security, accuracy, or rectitude, except in the correspondence of the items that were recorded. Errors were not corrected, nor were the commissions of the subaltern collectors’ offices; any voucher was considered as good; the business was treated as the property of those who managed it; in some parts, the tobacco income did not produce what was necessary for its support, and in others what was destined to promote the plantations was consumed in salaries; the contraband tobacco was smuggled in consignments of 40 and 50 loads; in some provinces there was not a single tobacconist, and in others, the tobacco could be smuggled from old to new; in some provinces, there was not a single tobacconist’s shop and in others from old to new. Some offices had been converted into trading exchanges, and the shameful traffic of orders and payments was so notorious that no creditor entered them except in fear of the deduction that would be proposed to obtain the reimbursement of the rest; the books are full of orders or vouchers endorsed in favor of the guardians of the revenue, negotiated by them and paid in preference to everything else. There have been provincial treasuries to which a lady was supposed to make monthly supplements for eight or ten thousand pesos in cash and for which she was released on others; there have been those where salaries were not paid if the salaried person did not consent to receive them in goods and those at the price put on them by the seller; It was not uncommon to see an administrator send to the game batches of thirty or forty ounces of gold, some of them have retired opulent after a few months; and there have even been subalterns who having entered to serve deprived of what was necessary, have acquired within a year more than 50,000 pesos of wealth. 000 pesos of wealth” (Blanco y Azpúrua, 1978, T.XI: 286).

The analysis of the legislation on control leads to the conclusion that the Grancolombiano was a hybrid system, on the one hand, consisting of a prior control by the departmental accounting offices to examine, gloss, and finalize the accounts and report the results of each trial to the General Directorate of Finance and National Revenue and, on the other hand, an export control by the Secretariat of Finance in charge of supervising the liquidation of budgets, the execution of contracts and the evaluation of the annual operating plans.

The problem that Bolívar found was not the lack of control, but the lack of efficiency in the selection processes of qualified personnel and of interpersonal patriotic trust among citizens generated by the use of

practices such as bribery and the existence of hierarchical relationships of clientelism in the high spheres of political action.

Regarding Bolívar's attempt to control corruption in the State, it is evident that with the experience lived in his authorized dictatorship in Peru, "El Libertador" had already understood the equal or greater capacity of dissuasion that the social sanction could have for the corrupt agent compared to the criminal sanction, hence his lifting of capital punishment and the beginning of prevention, based on a normative order that in parallel imposes sanctions on those who incur in conducts that contravene the interests of the Public Administration.

In addition, Bolívar began to face another new reality, that of not having a compact absolute majority in the legislative body, while at the same time, there was a dependent and poorly paid judiciary, which led to increasing levels of corruption (Oriol, 2008, p.10).

#### *Bolívar's Actions to Complement Economic Management With Tax Control (How to Promote Risk and Experimentation)*

On November 25, 1826, Bolívar marched with the elite of his troops to Venezuela. On his march through Boyacá to Venezuela, he heard nothing but complaints against the new tax and the desire to return to the original indirect taxes.

- On December 7, 1826, he instructed the Vice President to decree the suspension of direct taxation and the collection of patents and reestablished the old commercial tax of 15% on traded goods (Martínez, 2008, p.158).

Bolívar arrives in Venezuela; the great fiscal counter-reform continues:

- In the first place, on December 24, 1826, he continued the great fiscal counter-reform by decreeing the protectionist measure of prohibiting the exportation of horses, mares, donkeys, and mules... (Blanco and Azpurúa, 1978, Vol. XI, pp. 65-66).
- On March 9, 1827, it issued a regulation imposing a system of tariffs for maritime customs, distinguishing them according to the categories of goods to be imported, and eliminating the ad valorem duty (according to value) ... (Barret et al., 1961, T.II: 156-182).
- On April 25, 1827, through his secretary, Revenga ordered that merchandise for export or consumption should pay the tax only once, and not as many times as it is sold or exchanged, according to his previous decree of March 9... (Blanco y Azpurúa, 1978, T.XI: 249-250).
- On March 14, 1828, once again in Bogota, Bolívar reestablished the monopoly of liquor and the distillation tax. On July 28, 1828, he issued the decree for the media annates and the annuity.

Here, Bolívar's actions in trying to reduce the disturbances of economic activity through combined measures of fiscal policy and foreign trade, aimed at avoiding unemployment and price escalation, are remarkable. The Liberator knew that growth, price stability, and employment levels do not occur automatically and that the stabilizing function of the State must be exercised despite the high risk of provoking adverse situations due to interventions that some economic sectors would label as bad.

Furthermore, Bolívar, a follower of Montesquieu, shared the criterion that the funds distributed by the market among citizens should be redistributed more equitably by the State, but also that the distribution related to the search for equity usually has costs in terms of efficiency in the allocation of resources.

#### *Actions on the Incoherence Between the Legislative and the Executive (What to Do With Accounting Knowledge?)*

- On January 16, 1827, he decreed the suspension of salaries of employees and military personnel not on active duty... (Barret et al., 1961, Volume II, pp.83-84).
- On January 17, 1827, already installed in Caracas, he ordered the suspension of all the expenses foreseen to be made in the customs and that a report be drawn up on what was produced the previous year for each item of revenue, compared with the initial estimates and the reasons for which the expected collection had not been obtained (Blanco and Azpurúa, 1978, T.XI: 100)
- January 19 decrees a pay cut for the military.

- The extensive report *La Hacienda Pública de Venezuela 1828-1830* is full of pathetic reports on the economic situation of the moment and, in particular, of reports on the uneven progress of the tobacco project. It is interesting, that this report was summarized by his secretary Revenga, to whom Bolívar entrusts the realization of entrepreneurship:
- “The Republic has to pay annually in London four hundred and seventy-two thousand and five hundred pounds sterling, out of all that has fallen since January 1826, and of freights commissions, and other expenses. To satisfy this sum with the proceeds of the tobacco to be exported, he needs to remit much more than sixty thousand quintals. It is not to be expected that such a large quantity will soon and conveniently find a market, much less if it is all of the same kind. But lacking other means to increase the values, and to carry out the remittances, I have already taken those conducive to discover all the markets that can be convenient, as much to the curse of Barinas, as to others that are similar to that of Cuba” (Revenga, 1984: 66).

On April 14, 1829, Revenga addressed the Secretary of Revenue, J. Castillo y Rada, insisting on the dedication of the tobacco income to the payment of the debt: "The Liberator intends to promote the tobacco plantations, and to this end, he ordered since last January that nothing be extracted from his coffers: and this income will be vigorously promoted. The law of registrations and mortgages will be put into effect, and together with the product of all of them, the savings allowed by the severe economy to which it tends, and the greater products that must be expected, simplified administration, better-staffed employees, and more closely and effectively supervised; the Republic will have enough to face its foreign debt, or it will have to declare itself incapable of paying it" (Blanco y Azpúrua, 1978, T.XI: 223).

"At the moment when the first large shipment was about to be shipped from Angostura, an order from President José Antonio Páez prevented it and ordered it to be placed at the disposal of the Revenue Department and to be auctioned within eight days. The untimely auction favors the English firm Ackers and Huizi, which acquires the tobacco at a low price and can resell it with great advantage abroad. The undertaking is confused with one of Bolívar's last hopes, and will also constitute one of his last disappointments" (Britto, 1966. p.383).

In another desperate move “El Libertador” tries to cancel debt and attract European immigration:

- On February 1, 1830, while the Liberator was in Bogotá, he decreed the order to admit the titles of the consolidated debt, as payment of portions of four million bushels of uncultivated lands that the nation put up for sale, based on the following considerations:

“1° That these four million acres (2,560,000 Ha.) were placed by the legislature at the disposal of the executive to encourage foreign immigration, which so far has not been possible despite the contracts and concessions made; 2° That foreigners being largely the holders of Colombian vouchers, if they acquired the property in the territory of the Republic they would also become more interested in its prosperity and better citizens, and 3° Finally, that the government wishes to satisfy all its credits for the benefit of the Republic, although due to the immense debt that today weighs on it, it is impossible for the moment to cover it religiously with interest as it would like to do” (Barnola et al., 1964, T.III: 383-384).

Attempts at colonization had begun since the laws of 1823 and 1826 which respectively destined three million (1,920,000 ha.) and one million acres (640,000 ha.) to the promotion of immigration, preferably of farmers and artisans, and of course Europeans, that is to say, “whites” (Acosta, 1983: 56). Bolívar's insistence on this sale or lease of wastelands was guided by the idea of amortizing the foreign debt, trying to interest the foreign bondholders of the same, almost all English, in the purchase, but without any tangible result. Again, this executive policy will not be successful either.

In these actions, the main concern that always tormented Bolívar becomes visible: the state of the debt. In these terms, it was key for “El Libertador” to continue to carefully monitor the financial state of the country to quickly identify the critical state and, if things did not improve, to be able to use new instruments

with which it would be possible to face the debt.

Upon his return, the first thing he did was to accept the state of accretion he had reached and he was determined not to let it continue to increase. He knew that these credits backed by laws of the republic had the collateral effect of denying possibilities of negotiating new payment agreements, which led him to think of the last resort available to those without the capacity to pay: declaring economic insolvency to obtain the creditor's obligation to accept a renegotiation before the execution of embargoes or the transfer of financial control of the republic.

The suspension of payments ordered on many fronts must be seen as a conciliatory figure, it is caused by the provisional or relative insolvency of the debtor, through which an agreement between the creditors and the debtor is sought to reestablish a normality in the payments. In more legal terms, the suspension of payments should be seen as a preliminary stage of bankruptcy, which is oriented by the legal protection granted to the debtor in financial difficulty, trying to avoid the accumulation of seizures and individual executions by the creditors (García and García, 2000, p.130).

In a situation of insolvency, the debtor requesting a suspension of payments must have completed the debt recognition procedure and, in exchange for protection, must present a viability plan, which consists of a rational, real, and possible offer of commitment to adopt the necessary measures to resolve the crisis.

The way to respond to the bankruptcy decisions that the claims of the creditors or the law provide, in order not to be dragged directly to the seizure and subsequent auction of the assets, in themselves, do not represent a solution to the crisis but their validity arises according to the strategy deployed to use the legal resources such as obtaining the legal protection that confers the stage of prior arrangements of any bankruptcy process only granted after the request for restructuring of the debtor accompanied by the corresponding financial therapy that supports it.

#### *Bolívar's Actions on Financial Regulation (Why Criticize Before Deciding?)*

- On February 13, 1827, Bolívar promulgated a decree in which he placed both the first and second marine departments of Venezuela under the orders of a single commander, "consulting economy in public expenses" (Barret et al., 1981, T.II: 91-92). The same day he writes from Caracas to General Mariano Montilla thanking him for the aid in men, supplies, and money provided for the march on Caracas, and expresses: "Honestly, I do not know how to maintain the troops that exist in these departments. For the same reason, I occupy myself almost exclusively in improving the system of finances to increase the income and diminish the fraud, which has been excessive" (Blanco y Azpúrua, 1978, T.II: 551-552).
- On March 6, 1827, he addressed General Urdaneta ordering him to reduce the Albion battalion to 200 men. The same measure has been taken with all the other corps... "Keeping the cadre with its chiefs and officers, it will be easy to fill it again, as long as there were dangers that do not exist now" (Lecuna, 1947, T.II: 572-573).
- In the same sense, on March 9, 1827, he addressed Admiral Padilla, to whom he stated: "... I have determined to reduce as much as possible the forces that garrison these ports, and I still believe that the same will be done in all of Colombia" (Lecuna, 1947, T.II: 576).
- On March 11, 1827, he communicated to the intendant of the Department of Venezuela: "...the condition of the officers is miserable: this regret is greatly increased by the observation that the vices that the administration has suffered, at the same time that they have subjected the servants of the fatherland to the greatest shortage, have endangered the collection of what is owed to the treasury" (Blanco y Azpúrua, 1978, T.XI: 170-171).
- From Bogota, on August 27, 1828, "El Libertador" Simón Bolívar feverishly tried, for a few months, to rebuild the authority that was crumbling, and declared a dictatorship. He eliminated the position of Vice President, held by Santander, who resigned on September 7 and issued decrees of economic emergency.
- He eliminated Bentham's teaching from education and dissolved the Masonic organizations to appease the belligerent opposition of the Catholic followers. With decree 15 of October 1828, he



reestablished the indigenous tribute after many consultations with the justification that it placed the indigenous population in an inferior tax position (Restrepo, 2010, p. 79).

Due to his long experience, Bolivar knew the principle of budgetary equilibrium and was also attached to the need to minimize exceptions to the law. The Liberator knew the strict relationship between expenditures-evasion-contribution and the costs necessary for the fulfillment of the purposes of satisfying the needs of the citizens.

He also knew that after the Magna Carta, the most important law was the budget law because it served as an authorization and mutual commitment between the taxpayer and the Executive Branch as to what the Executive Branch should spend and what it should not spend and to what needs it should apply the resources voted.

As can be deduced, the priority of the budget proposal is based on effectiveness, efficiency, and economy, both in obtaining public resources and in the destination of expenditures. Effectiveness and efficiency of spending require predetermination in the budget and determination in accounting. Both must provide the necessary reports for legal compliance and financial and non-financial controls by the superior authorities of the specific internal and external control bodies.

#### *Actions on the Fragmentation Between the Political and the Social (Why the Reflection to Reconcile?)*

- On January 3, 1827, already in Venezuelan lands, he received in Puerto Cabello the decree of Paez that recognized his authority, annulled the convocation of a separatist congress, and admitted that of a Grancolombian convention “that would deal with the reforms demanded by the people to decide the fate of the Republic”.
- The following day, in Valencia, the Liberator persuades Paez to abandon his uprising against Gran Colombia, in exchange for being recognized as the civil and military chief of Venezuela. The Liberator and Paez embrace in Valencia and there the dissidence ends, but Bolivar and Santander will continue in disagreements.
- On January 23, 1827, he orders General Paez, in his capacity as superior chief of Venezuela, to order the payment of all the amounts owed to the Treasury within eight days... (Blanco y Azpúrua, 1978, T.XI: 101- 102).
- On March 28, 1827, before the outbreak of yet another popular rebellion, Bolivar informed General Rafael Urdaneta: “The misery in which the country is, forced me to take some troops out of this department... I have given orders to shoot all the rebels and four who have come here are being shot today. On the part of Barcelona... the real cause is that they had asked them for the arms and ammunition that were in their hands, which they were to bring to the capital... General Mariño has come to Barcelona to appease these people and so he offers it without difficulty... General Paez has gone to the plains to appease these people, who were half alarmed as a consequence of the reforms... I have shown myself inexorable in these circumstances concerning everything... the little that is done will be enough to give energy to the government since for many years there has been nothing but indulgences here, and my rigor will have a good effect. I have formed a permanent council to judge all military crimes, and I commend the sentences to be carried out. It is not credible the relaxation in which everything is. We need a cruel energy to tone the government” (Lecuna, 1947, T.II: 597-601).
- On April 2, 1827, he instructed General Bartolomé Salom: “Give orders to the commander of Puerto Cabello to have the pants enlarged, which, because they are too small, are of no use to the troops: tell him to buy some of the same material and put a piece of it in the form of a belt or strip” (Lecuna, 1947, T.II: 599).
- Bolivar’s dictatorship, assumed on August 27, 1828, while he was still in Venezuelan territory, could not consolidate the union between Venezuela, Ecuador, and Colombia, nor maintain order.
- On March 20, 1830, he convened a constituent assembly to reconcile the differences that were created and avoid dissolution. This assembly was called the Admirable Congress due to the

prestige and ideological diversity of the people who would attend, but despite this, it could not achieve the union of the regions around the world of Bogota.

- Frustrated and ill, Bolivar decided to abandon power on May 4, 1830, leaving Domingo Caicedo as interim president.

The period 1827-1830 represents the denouement of the republican crisis. Here, Bolivar seems to be someone who speaks to the deaf. Inertia paralyzes everything in a people “who pay no one and pay nothing”. Mutinies frequently break out, essentially caused by the miserable condition of the troops. Without resources, it is not possible to avoid them (Britto, 1966, p. 376).

During the war, the confrontation for political interests between the departments of New Granada, Venezuela, and Ecuador was tinged by the rejection of centralism and other elements of economic and logistical nature of governance, but it is from 1827 when the ideological polarization between the regional caudillos becomes tangible, whose political struggles and regional interests were instrumentalized by the unequal responsibility for the distribution of the bureaucracy and for the maintenance of the army whose maintenance could not be solved with national tax revenues.

As a result of all these actions of accounting administration, Bolivar himself was as burdened with debts as the republics he had created. Both personal and public assets were exhausted in the tremendous emancipation effort. Perhaps the awareness of the terrible situation is what forced him to exclaim, in his farewell message to the Constituent Congress: “Citizens! I blush when I say it: independence is the only good we have acquired at the expense of others... But it opens the door for us to reconquer them under your sovereign auspices, with all the splendor of glory and freedom” (Lecuna, 1947, T.III: 817).

## **Epilogue**

The epilogue of Bolivar’s heroic deed could be sensed since August 7, 1827, when the Congress issued the Law where a great National Convention was called for March 2, 1828, in the city of Ocaña, where the discrepancies between the two leaders would intensify even more. Bolivar returned to Bogota at the beginning of 1828, finding strong resistance in the political circles that were grouped around General Santander.

On May 6, 1830, the Constituent Congress was installed in Valencia, which confirmed José Antonio Páez as president of Venezuela. It is when Bolivar left Bogota on May 8, to his destination in Santa Marta, where he died a few months later. The military discontent and the struggle of the liberal groups led to the dictatorship of General Rafael Urdaneta until a strong coalition of leaders from Granada forced him to resign and again with the so-called Junta de Apulo that took place on April 28, 1831, the legitimate government of Vice President Caicedo was reestablished (Márquez, Franco and Murillo, 2013, p.6).

To formalize the dissolution of Gran Colombia, the Granadina Convention of 1831 was convened, which accepted the resignation of Vice President Caicedo on October 15, 1831, and while the incumbent president (Dr. Joaquín Mosquera) was out of the country, he elected General Obando as President and Dr. José Ignacio de Márquez as Vice President (Restrepo, 2010, p. 140).

## **CONCLUSIONS**

The critical situations faced by El Libertador in the manner of accountants when they warn managers to take remedial measures are diverse. Some of them were produced in an unappealable way and others were relentless, regardless of the balanced development model it wanted to have implemented.

Among the main political reasons that led to the collapse of the republican project, historians usually mention the following:

1. The legislative and executive units failed to integrate the conception of an accounting policy that could avoid the fragmentation of the economic management and fiscal control of the Republic.
2. The political will required to undertake the fiscal reforms demanded by the liberal doctrine was not generated
3. They did not inspire in the population and public officials the confidence in the government

team, the belonging to the project of the nation under construction, the patriotic commitment to serve the nation to guarantee the new generations a country and a dignified way of life.

On those several occasions when the Secretary of Finance of the Republic of Colombia reported on situations of financial difficulty, which he explained as a consequence of various factors such as poor management by officials, lack of reaction, or late or inadequate reaction to alarm signals, the existence of social factors often not taken into account by legislators, poorly valued economic factors, among others... It was not valid even to assume that there was not enough room for managerial maneuver. However, for whatever reason, in all cases, insolvency situations, from the moment they are detected, must be addressed to provide an urgent solution (Pinto, 2012, p.15).

Bolívar's corrective actions in accounting matters in Venezuelan territory began to be seen on January 16, 1827. The following day, in an attempt to harmonize expenses with income, he decrees the suspension of all payments foreseen in the customs and demands the drafting of a report on the total amount of drawings to be canceled to order their cancellation by the amounts paid out. It also requests reports on what was produced in the previous year for each revenue item, compared to the initial estimates, and the reasons why the expected collection had not been obtained (Blanco and Aspuruá, 1978, Volume XI, p.100).

What General Bolívar could have deduced from the finding was, in the first place, that the financial deterioration of the organizational project had not occurred suddenly, but that it had been taking shape in a staggered and progressive manner, slowly leading the organization to critical situations. Secondly, the opposition to centralism invoked the "inefficiency of the democratic and federal form for the nascent states" whose criollos were plagued by "the vices that are contracted under the leadership of a nation like the Spanish, which has excelled only in fierceness, ambition, revenge, and greed" (Aranda 2015, p.7). Thirdly, El Libertador had been well aware of the existence of secular resistance to fiscal control due to specific historical realities existing since colonial times, linked to authoritarianism and totalitarianism, which gradually created a sort of anti-fiscal control culture that is still being fought to this day. Some rulers let the governmental authoritarianism and the passivity of the accounting officers to avoid having to improvise the definition of rules, which made them waste the opportunity to educate the taxpayers and deny the opportunity to the accountants to act as experts of the fair value of the goods. Fourthly, Bolívar knew how poorly the arrival of new taxes was received by the people of Neogranada (Campos, 2012, p.5).

In any case, the effort that Bolívar dedicated in his last acts of government to the same problem that had tormented him for so long should be recognized, and thus, he still dedicated himself to other projects to free Gran Colombia from the heavy burden of the debt (Britto, 1966. p.415).

Finally, when trying to express, to an audience of non-accountants, the results of a reflection on this series of accounting administrative episodes faced by "El Libertador", it could be said that the correction of all the evils that led Gran Colombia to failure would only have been possible if there had been an Accounting Policy articulated from the decision-making scenarios that allowed the identification of needs, interests, and actors that corresponded to them to intervene in the agendas of economic and social development (Pérez-Grau, 2017, p.108). A true national accounting policy would make it possible to obtain recognition of both the need for the administrative system to address corruption, unpredictability, inefficiency, and waste and many of the unmet basic needs (education, health, housing, security, etc.), from a more structural and complex perspective of controls and information systems, instead of the conjunctural and pragmatic approaches of local governments (Machado, 2005, p.59).

Based on these ideas, the accounting policy needs to be articulated with the State's policy on Economic and Social Development, which recognizes the existence of multiple conflicting interests that must be negotiated and resolved within a democratic framework. It was a matter of assuming the commitment to the institutionalization of Accounting Planning, in such a way that information, control, and accountability systems could have been built, which would have favored the integration of the legislative and executive units.

The accounting policy represents the decision-making power of a nation that incites the generation of reformist political wills. The design of an accounting policy implies asking the different agents linked to the construction of the future of the Nation what it wants in accounting matters, and this question can be resolved when the authorities in charge of administering the nation have resolved what they want as a nation

in financial, economic, administrative, social and political matters. The accounting policy is what makes it possible to define what needs to be done in accounting matters to support and achieve that harmony, that economic and social, financial, administrative, and political development. Once the adoption of an accounting policy has been resolved, the accounting development planning exercises follow quickly, supported by the accounting regulation of national plans and structures.

Now, directing the message of reflection to a public of professional public accountants, it should be said that the materialization of an articulation between the social and economic processes of development is achieved through the regulation of a public accounting policy that goes beyond the merely financial to be oriented to the fulfillment of accounting plans and accounts by production sectors, which results in feelings of trust and belonging to the project of nation.

In this sense, the republican project urgently required a substantial modification of the structure of the accounting model put into practice by the autonomous definition imposed by government agents, based on a concept of maintenance of financial capital, where the fundamental issue was the excess or difference between the accounting equity at the end of the period compared to that at the beginning, i.e. the increase in wealth, and, rather, to migrate towards more socioeconomic conceptions that would preferably seek the maintenance of operating capital, consisting of accounting performance targets converging with the surplus of funds required for the increase in physical productive capacity, due to the characteristics of the Republic with low possibilities of developing a capital market and an infinity of primary sectors without conditions to finance themselves to emerge in the scenario of competitiveness. In the Great Republican Colombia, the accounting policy as such, never existed.

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