

I believe that the preceding facts show beyond all doubt that unless there is a material change in the present conditions of Mexico, there need be no fear of competition in the United States from Mexican manufactures or agricultural or mining products obtained by us with cheap labor.

One reason why Mexican products were so high was that before they reached the markets they had to pay the local duty called *alcabala*, levied in coming into the cities. Unfortunately, the internal commerce of Mexico was not free, as in the United States, where such freedom has contributed very much, in my opinion, to the marvellous prosperity of the people. Our Constitution of 1857 prescribed the abolition, from the first of July, 1858, of the interior duties and custom-houses throughout the country, but it was not until recently that this measure could be carried out. Since the first of July, 1895, commerce in Mexico is as free as in the United States, the interior duties and custom-houses having been abolished.

Use of Modern Implements and Machinery by Mexicans.—I have often heard the remark made by public men of the United States, also contained in Mr. Foster's report of October 9, 1878, to Mr. Carlisle Mason, President of the Manufacturers' Association of Chicago, that the Mexicans were generally opposed to the use of agricultural implements, and I considered this an error arising from want of sufficient knowledge of the Mexican laborer.¹ As the Mexican people have not

Fourth.—The rate of wages depends mainly upon what workmen produce, varying with efficiency of labor and cost of material and expense.

Mr. Richards asserts that prices are subject to general principles which tend to make them uniform, and that it would not be possible to have high wages in a country while others paid low ones, because labor from the latter countries would flow to the former and establish the proper level, and he further states that if the rate of wages is lower in some countries, it is because workmen produce there less than in others.

Long before I read Mr. Richards's book, I had come to adopt views similar to his, although they did not occur to me exactly in the same manner in which he presents them in his book.

¹ Mr. Foster's report was communicated to Mr. Evarts, Secretary of State of the United States, on October 9, 1878, and published among "Papers relating to Foreign Relations of the United States, Transmitted to Congress with the Annual Message of the President of December 2, 1878," pp. 636-654. This report, which in my opinion contains several serious mistakes concerning Mexico, compelled me to write, as Secretary of the Treasury of that country, an official and full answer to the same, dated January 15, 1879, addressed to our Department of State, for the purpose of rectifying Mr. Foster's mistakes, and explaining points which were not made sufficiently clear in his report. My answer, entitled "Report of the Secretary of Finance of the United States of Mexico of the 15th of January, 1879, on the Actual Condition of Mexico, and the Increase of Commerce with the United States, Rectifying the Report of the Hon. John W. Foster, Envoy Extraordinary and Minister Plenipotentiary of the United States in Mexico, the 9th of October, 1878, to Mr. Carlisle Mason, President of the Manufacturers' Association of the City of Chicago, in the State of Illinois, of the United States of America," was published in English in New York in 1890, in a book in quarto of 325 pages, and was freely circulated in this country.

used machinery or implements for hundreds of years, not only because most of them have been invented or applied only recently, but because the cheapness of labor there made them unnecessary in many cases, it is natural that they should not have shown a preference for their use. Some have, besides, the fear, natural in ignorant men, that the use of machinery might diminish the number of hands employed on the farms or in industries, and that therefore a great many of them might be left without employment. But this is a natural feeling, prevailing not only in Mexico, but in every other country. Whenever the Mexican people have seen, however, that the use of machinery or implements diminishes their labor, not only without destroying, but, on the contrary, rather increasing their wages, they have shown themselves as willing to use them as any people in the world, and so far as their ability to handle them is concerned, they are second to none. A proof of this is the fact that we have now in Mexico quite a large number of cotton and woollen mills and other manufacturing plants using improved machinery and worked entirely by Mexican hands. A Mexican laborer may not be so expert as one from this country in attending to several looms at the same time, but he is quite competent to attend to a few, and in the course of time his ability will be developed, and he will be able to do whatever anyone else can do.

One of the reasons why agricultural machinery has not been more used in Mexico is a very simple one, which I know by personal experience, as I myself was engaged in agricultural pursuits for some years. I believe it is a fact well known to farmers and also to manufacturers in this country that agricultural machines and implements have to vary according to the conditions of the soil, that is, not only in accordance with the heaviness or lightness of the soil, but with the topographical position of the ground. It must be considered whether it is level, undulating, or hilly; whether stumps remain in the ground or whether it has been cultivated for some time, and so is entirely free from them; whether stones are or are not mixed with the vegetable earth; and implements which work well in soil possessing certain conditions, may be utterly useless in other ground having different conditions, requiring perhaps only some slight changes to adapt them to a different soil. When an order is sent to the United States for agricultural implements or machinery, sufficient care is not taken to explain the conditions of the ground, and the manufacturer may send—and does so frequently—articles which are utterly useless when they arrive at their destination. I myself found that my invoices of machinery and agricultural implements were often entirely useless, doubtless because they were not adapted to the condition of the soil to which they were applied.

Another objection to the extensive use of agricultural machinery

and implements in Mexico—which is also serious, but easily overcome—is that not everywhere are there shops to repair them or replace broken pieces; therefore, when a spring, a screw, or any other part of a machine, no matter how insignificant it may be, is broken or out of order, the whole machine is thrown away because it is no longer of any use, so causing the loss of a large amount of money; and when these reasons are taken into consideration, and especially when the lack of acquaintance of the Mexican laborers with such machines and implements and the lowness of their wages are considered, it will not appear surprising that they are not much used in that country. But the field there is a very large one, and one whose importance increases every day, and I have no doubt that the time will come, especially if due care is taken by manufacturers in this country to understand the special needs of each locality in supplying them with machines and implements manufactured in this country, when that trade will be very valuable, and it is already becoming so.

It will be seen that these difficulties could not be appreciated by a tourist who only spends a few days or weeks in Mexico, and comes back saying that the Mexicans are utterly incompetent and unwilling to handle agricultural machinery and implements, or implements of any kind; or by United States representatives living in cities where they have no opportunity to come into close contact with the farming element, and only report what they may hear and occasionally see in their excursions from those cities.

Mexican Wages and Silver.—The impression generally prevails in this country that Mexican wages are reduced to one-half of their old amount in consequence of the depreciation of silver, reasoning that if wages were twenty-five cents a day, for instance, when silver was on a par with gold at the ratio of 16 to 1, now that it has declined about one hundred per cent., wages of twenty-five cents in silver are equivalent to about twelve and a half cents in gold, and that wages not having increased in the same proportion that silver has depreciated, the result must be that they have been reduced to one-half. This is a mistaken conclusion.¹ In an article which I published in the *North*

¹ This assertion is confirmed by the following statement in Mr. Crittenden's report on the currency, prices and condition of labor in Mexico, dated September 1st, 1896, and sent to the State Department and published in the *Special Consular Report*, vol. xiii., Part I, already referred to:

"Wages of unskilled labor has been almost unaffected by the premium on gold. The great stimulation of all enterprises, the building of thousands of miles of railroads, the establishment of numerous factories, and the bringing under cultivation of thousands of acres of land, has given employment to a vast number of men. This, of course, has had its effect in raising wages and bettering the condition of the laboring classes, at the same time reducing the revolutionary spirit that heretofore had great sway in this country. It has been a most difficult matter to make this roving class of

American Review, of June, 1895, I explained the results of the silver standard in Mexico, and showed that the purchasing power of the silver dollar remains there the same as it was when silver was on a par with gold, in so far as Mexican commodities and services are concerned, and that prices have only increased somewhat for imported articles, or for such Mexican products as have their prices regulated in foreign markets. I refer, therefore, the reader to that article, which will be found in this volume, and here I will only say that within the boundaries of Mexico there has been no such thing as a depreciation in silver, as silver has maintained its old level with regard to commodities. It purchases as much now as it did before its decline in value relative to gold began. It pays for as much labor as before, and in the hands of the laborer it purchases as much of the necessaries of life. It is only in connection with imports that the premium on gold or the decline in silver has caused an advance in price.¹ But the laboring population purchase little that is imported, and so whether imported goods cost more or not is of little or no consequence to persons of that class. In many cases even the price of imported articles has not enhanced, notwithstanding the depreciation of silver.²

people, by whom this country is largely populated, think and believe that prosperity and plenty only come with peace; now that they understand, with but few exceptions they are thoroughly contented."

¹ Mr. Crittenden says on the subject in the report just quoted as follows:

"Their value has in no way been affected by the rise and fall of silver. As to imported luxuries and fineries, they are, when the difference in the price of silver is taken into consideration, more expensive now than in 1873. The increased railroad facilities and cheapness of transportation have been more than offset by increased duties, stamp tax, rent, and clerk hire. However, the consumption and use of imported articles is limited almost entirely to the rich and travelled natives and foreigners. Finally, it can be generally proven that the cost of living and wearing apparel of the native was as low, and in many cases lower, in 1873 than at the present time."

² This assertion appears fully corroborated by the following interview of ex-Consul Crittenden, published by the *Star*, Kansas City, Mo., May 2, 1895:

"People who go from Kansas City to Old Mexico almost invariably buy supplies of clothing there and come back to tell how much cheaper goods can be bought in the City of Mexico than in any American city. This has occurred so often that Consul-General Crittenden, who is at home on a brief leave of absence, was asked yesterday for an explanation:

"Such a condition exists," he said, "but the explanation is yet to be found. The Mexican dollar is worth about fifty-two cents in American money, but I can buy just as good gloves for \$1.50, Mexican money, in Old Mexico, as I can buy anywhere in America for \$1.50, American money. On one of my trips here I wore a very good suit of clothes, made to order in a very satisfactory manner, which cost me just \$12 in the Mexican capital. You can get an elegant suit of clothes made to order there, in the best style, for \$35, Mexican money. Shoes that cost \$5 a pair here, bring \$3 a pair there, no matter whether they were made in Paris or in Mexico. A very

Very many believe that the low rate of wages in Mexico is due to the depreciation of silver, and those professing this opinion are very much mistaken, because when, thirty years ago, silver was at a par and even at a premium with gold at the ratio of 16 to 1, the wages in Mexico were lower than they are now, and the Mexican laborer was not so well off as he is to-day.

To make a proper investigation about the condition of the Mexican laborers in connection with the money standard, it would be necessary to extend that investigation to gold countries such as Spain, Italy, Germany, Turkey, etc., etc., so as to see to what extent the money standard affects the prosperity of the working classes. I think that the standard of money has very little to do with the condition of labor. The silver standard has nothing to do with their reward; they would earn no more, in proportion, were the country on a gold basis. In fact, tens of thousands of them would be out of employment by reason of the impossibility of competing with the workers of gold-standard countries.

Under the operation of the gold standard farm labor received three times as much in one part of the Union as it did in another part, as is shown by the above-quoted publication of the Agricultural Department, entitled, "Wages of Farm Labor of the United States." The

large proportion of the shoes sold in that country come from France. They seem to be as good as ours, although I do not like the fit quite so well, and I usually buy my shoes here. What seems remarkable to me is that goods of American manufacture sell for less in Mexico than in the United States. My wife does most of the buying, and from her I learn that she can buy the finest silk underwear—she bought some for me recently—for 25 per cent. less in Mexico than in this country. I understand, too, that the Jaeger underwear is much cheaper there than in American cities. I don't pretend to account for it. The goods are made in New York and they pay a high duty, certainly not less than 25 per cent. ad valorem, in the Mexican ports of entry.

"My wife gets the very finest Irish linen for fifty cents a yard in Old Mexico. In fact, we buy everything in the clothing line, except shoes, in Mexico, in preference to buying here, as goods are so much cheaper there.

"The Mexicans are very fond of jewelry, and get it very much cheaper than we do. There are jewelry stores in the City of Mexico finer than any that I ever saw in an American city. Last winter one of the Lucases of St. Louis—James Lucas, I believe—made a trip around the world, and finally reached the City of Mexico. His daughter was with him. While in Paris the young woman saw a very fine gold watch, which she wanted. The price there was \$225 in American money, and her father decided not to buy it. When they reached Mexico she saw an exact duplicate of the watch she had seen in Paris, and again asked her father to buy it. They inquired the price and found that it was \$225 in Mexican money, or just half the price asked by the Paris jeweler. Mr. Lucas offered his check for it and referred the jeweler to me. Now, why such a piece of jewelry should be sold in Mexico for half the price asked in Paris I don't know, nor can I explain why American-made goods should sell for less there than in St. Louis or Kansas City, but it is a fact. The Mexicans are shrewd buyers, for one thing, and our jobbers and merchants desire big profits. That is the only explanation of the matter that I know."

fact that wages paid in each State were ascertained by averages, shows that the difference between the best-paid labor and the poorest-paid labor is still greater. That report also shows that in the United States Caucasian farm labor receives more than three times as much as the same labor receives in Germany, although both countries have a gold standard and a protective tariff. Between 1816 and 1834 England had a gold standard and the United States had a double standard, with silver as the money in common use, and laboring men were better off here than in England. Turkey is one of the gold-standard nations, and Japan, until recently, coined silver at a ratio almost identical to that of the United States, and yet the progress of Japan was really remarkable. All this shows that silver is not the cause of the low wages of Mexico.

Transportation in Mexico.—In the paper entitled "Geographical and Statistical Notes on Mexico" (pages 9, 53, and 154), I have dwelt upon the impediments to commerce and the consequent reduction in proportion caused by the high cost of transportation in Mexico, before railroads were built, in consequence of the broken surface of that country, and upon the results of such conditions which prevented any article from being profitably exported, unless raised near the coast or unless it had a very high price and small bulk, like precious metals, these facts reducing the exports of Mexico practically to the precious metals, indigo, cochineal, and similar articles of high price and small bulk. The final consequence of such a condition of things was, therefore, to reduce the production to the amount necessary for local consumption, and as a consequence of this to establish different prices for the same article, varying according to the distances it had to be transported, establishing in this manner a monopoly to the local production for local consumption.

Merchandise could not be transported from one place to another at any distance in Mexico without increasing the cost very largely. Sugar, for instance, which in some localities was produced at the cost of one cent a pound, was sold in others at twenty-five cents a pound. Such a condition of things reduced the consumption and consequently the production within very narrow limits, and very often a year's abundant crops was a calamity to the farmers, as the abundance of products without an increase of consumption caused a great fall in prices. Under such circumstances the wages paid to the field laborers had necessarily to be low; and although they now begin to improve with the greater demand for labor brought about by the construction of railroads, and the consequent development of the country's natural resources, they are yet far from being what is to be desired, and what I am sure they will be before long.

Even now, when Mexico had, on October 31, 1897, in operation 6,731.30 miles of railways, and when the depreciation in the value of

silver has established a bounty of over one hundred per cent. on the exportation of commodities, the proportion during the fiscal year ended June 30, 1896, was \$64,838,596 of precious metals, and \$40,178,306 of commodities, the precious metals amounting to sixty-one per cent. of the total exports, and the total amount exported from Mexico during the last fiscal year ended June 30, 1897, was \$111,346,494.

Cost of Living in Mexico.—It is time now to speak of the prices of Mexican commodities and to compare them with such as are produced here. Our Department of Public Works has been for some time collecting data concerning the prices of agricultural products in Mexico, and during the visit I made to the capital of the Republic, in 1891, I obtained a *résumé* of such data, which I give below, reducing the weights and measures used in Mexico to the same standard as those used in this country, and stating the price of each article in each country.

It has been very difficult to make this table, for the complete accuracy of which I cannot vouch, notwithstanding that I have used much care and availed myself of all the means within my reach to make it as complete as possible; but the difficulty of obtaining the average price of certain articles in both countries is very great, and also the reduction to a common standard of the weights and measures used in each. So far as commodities in the United States are concerned, I have taken as the basis for fixing their price the data contained in No. 12 of the Statistical Abstract of the United States for the year 1889, prepared by the Bureau of Statistics, under the direction of the Secretary of the Treasury, and sent by him to the House of Representatives on the 4th of December of the same year. In regard to such commodities as were not embraced in that document, I have used the data contained in the thirty-second annual report of the Chamber of Commerce of the City of New York for the fiscal year 1889-90, and in the report of the Produce Exchange of New York for the same period, and such other data as I have been able to obtain from reliable sources.

PRICES OF WEARING APPAREL IN 1896.

ARTICLES.	MEXICAN CURRENCY.	UNITED STATES CURRENCY.
Flannel (54 inches wide).....per vara ¹ ..	\$1.00	\$0.51
Gingham (26 inches wide).....do.....	\$0.20 to .25	\$0.10 to .13
Ordinary cassimere (52 inches wide).....do.....	1.75	.90
Prints and calicoes (33 inches wide).....do.....	.18 $\frac{3}{4}$.10
Complete suit of woollen clothes, the cheapest.....	10.00	5.10
Bleaching blouses.....	1.50	.77
Pantaloons, cheap.....	1.50	.77
Woollen hats.....	1.50 to 25.00	.77 to 12.75
Straw hats.....	.50	.26

¹ Vara equals 33 inches.

AVERAGE PRICES OF COMMODITIES IN MEXICO AND THE UNITED STATES IN 1891.

ARTICLES.	PRICES IN MEXICO.	PRICES IN THE UNITED STATES.
Bacon.....	50c. per lb.	20c. per lb.
Beeves.....	8c. per lb. gross weight.	4 $\frac{1}{2}$ per lb. gross weight.
Coal.....	\$16 per ton.	\$3.18 per ton.
Coffee.....	22c. per lb.	19c. per lb.
Corn.....	2c. per lb.	$\frac{1}{4}$ c. per lb., or 43c. per bushel of 56 lbs.
Cotton prints.....	10 $\frac{1}{2}$ c. per yard.	3 $\frac{1}{2}$ c. per yard.
Cottons.....	19c. per lb.	10c. per lb.
Flour.....	5c. per lb.	1 $\frac{1}{4}$ c. per lb., or \$2.75 per bbl. of 196 lbs.
Ham.....	50c. per lb.	18c. per lb.
Hogs (alive).....	9c. per lb. gross weight.	3 $\frac{1}{2}$ c. per lb. gross weight.
Iron, pig.....	\$32 per ton.	\$19 per ton.
Lard.....	18c. per lb.	8 $\frac{1}{4}$ c. per lb.
Meats:		
Beef.....	12c. per lb.	7c. per lb.
Mutton.....	14c. per lb.	8 $\frac{1}{4}$ c. per lb.
Pork.....	11c. per lb.	5 $\frac{1}{2}$ c. per lb.
Paper, printing.....	15c. per lb.	5c. per lb.
Prints.....	8 $\frac{1}{2}$ c. per yard.	6 $\frac{1}{4}$ c. per yard.
Rice.....	7c. per lb.	5c. per lb.
Salt.....	7c. per lb.	4c. per lb.
Sheep.....	9c. per lb. gross weight.	5c. per lb. gross weight.
Sugar.....	21c. per lb.	5c. per lb.
Tallow.....	15c. per lb.	4 $\frac{1}{2}$ c. per lb.
Tobacco.....	24c. per lb.	6 $\frac{1}{4}$ c. per lb.
Wheat.....	3c. per lb.	1 $\frac{1}{8}$ c. per lb., or 83c. per bushel of 60 lbs.
Whiskey.....	\$16 a cask of 20.0787 galls., or 80c. per gall.; 36c. per gall. in bond.	

RETAIL PRICES OF FOOD PRODUCTS IN THE CITY OF MEXICO.

ARTICLES.	MEXICAN CURRENCY.	UNITED STATES CURRENCY.
Jerked beef.....per pound..	\$0.65	\$0.33
Salt fish.....do.....	.45	.23
Salt pork.....do.....	\$0.32 to .40	\$0.16 $\frac{1}{2}$ to .21
Hams, native.....do.....	.33	.17 $\frac{1}{2}$
Hams, imported.....do.....	.55	.28
Eggs.....per dozen..	.25	.13 $\frac{1}{4}$
Flour, native.....per pound..	.07	.03
Flour, American.....do.....	.15	.08
Wheat.....per bushel..	1.50 to 1.80	.76 to .91
Corn.....do.....	1.00 to 1.40	.51 to .71
Corn meal, American.....per pound..	.15	.08
Beans, American.....do.....	.09	.04 $\frac{1}{2}$
Beans, Mexican.....do.....	.07	.03 $\frac{1}{2}$
Butter, native.....do.....	.35 to .50	.18 to .26
Butter, American.....do.....	.60 to .75	.31 to .37 $\frac{1}{2}$
Sugar, native (uncut).....do.....	.08 to .10	.04 $\frac{1}{4}$ to .05