

## CHAPTER XLVIII

## FINANCIAL AND BUSINESS OUTLOOK

**M**EXICO is literally a money-making country, as she digs from the bowels of the earth a raw product which, when conveniently put into masses of uniform weight and appearance and stamped with her trade-mark, becomes the most widely circulated and demanded medium of exchange the world has ever known.

Although the ancient Aztecs do not appear to have had regularly stamped coin, their commerce was not exclusively confined to an exchange of commodities. They had certain values of different articles which took the place of money, and of which Clavigero enumerates five kinds. One of these was the cacao bean, which was counted by *xiquipillis*, or lots of eight thousand, or in sacks of twenty-four thousand each. For articles of common daily necessity their usual money was scraps of cotton cloth called *patolcuachtli*. Expensive objects were bought with grains of gold carried in quills, and for cheaper articles copper pieces cut in the form of a T were used.

After the conquest the first mint was established in 1538 in Mexico by Don Antonio de Mendoza, the first viceroy. The coinage of colonial times was subdivided into four kinds. The first was *moneda macuquina*, irregular polygonal coin stamped by hand, with a cross, two lions, and two columns on one side and the name of the reigning Spanish sovereign on the other. These were used from 1538 to 1731. Then there was the *moneda columnaria*, or pillar coin, used from 1732 to 1771; the *moneda de busto*, or bust coin, in usage from 1772 to 1821; and the coinage struck during the war of 1821 and 1822. After this war there were two distinct categories,—the imperial and the republican.

The total issue of macuquina coins was seven hundred and sixty million seven hundred and sixty-five thousand four hundred and six dollars; of pillar coins, four hundred and sixty-one million five hundred and eighteen thousand two hundred and twenty-five dollars; of bust coins, nine hundred and twenty-nine million two hundred and ninety-eight thousand three hundred and twenty-seven dollars; making the total colonial coinage two billion one hundred and fifty-one million five hundred and eighty-one thousand nine hundred and fifty-eight dollars. The total coinage of money in Mexico now amounts to considerably over three billions of dollars.

The monetary unit of Mexico is the *peso* (piastre) of silver, 902.7 fine and weighing 27.073 grammes. In all Mexican mints any gold which the silver contains under a certain proportion is left in, so that we find the dollars of the states of Guadalajara and Durango to contain two per cent. of gold and those of Oaxaca four per cent. of gold.

Of coins there are the *águila*, or eagle, of twenty dollars, and the *onza de oro*, or gold ounce, of sixteen dollars, besides fractional gold pieces. Then there are the *peso*, the *toston*, or fifty centavos, the *peseta*, corresponding to the American "quarter," and, as further binary divisions, the *real*, *medio*, and *cuartilla*. Since the decimal system has been adopted the other small silver



ORGANOS, THE LARGE CACTUS PLANT, OAXACA.



pieces have disappeared. In all commercial transactions the dollar is designated by the same mark as in the United States.

The exportation of the Mexican dollar to Oriental countries is a regular commercial operation. The demand for this kind of money in London is constant, and has no serious influence on its value. While Mexico cannot in one sense be compared as a silver producer with some other countries,—as, for instance, with the United States or with Bolivia,—these last export their silver in the shape of ingots; but Mexico sends out hers in the form of a manufactured article,—the dollar,—for which there is a market in which no one will dispute with her the supremacy.

It is very strange that the hold which this Mexican eagle dollar has had in the Orient has never been loosened by any rival. In 1772 Spain struck a Spanish pillar dollar, avowedly moulded on the Mexican eagle in weight and fineness. At one time it commanded in China over eight per cent. premium. In 1887 the Spanish government decided to demonetize it, and then received from all parts of the world twenty-two millions of those dollars, for which it paid gold, although intrinsically the coin is not worth eighty cents in gold. Hong-Kong had so put it upon the market in 1886, and the Chinese government undertook to aid it by receiving it for customs duties, but neither merchants nor the Chinese themselves liked it, and, although it was a better executed coin than the Mexican dollar, it was quoted at a discount.

The design on one side of the Mexican coins, representing an eagle resting on a cactus, with a snake in its beak, is a picture-story of an Aztec legend that runs thus: In the early part of the fourteenth century, while the prowess of the Aztecs was at a low ebb and they wandered among the salt marshes and reeds of the valley, a commission came down from heaven to Tenoch, one of their chiefs, to the effect that when they should see a cactus growing upon a rock, and on the cactus an eagle perched devouring a snake, then and there they should build a temple to the god of war, who in turn would ever after guard and protect them, and elevate their country to the dignity of a great nation. And it came to pass, one day in the year A.D. 1325, on the banks of the lake Texcoco they beheld a sight just as prophesied, and Tenoch camped on the spot and immediately began the erection of a temple, as commanded, and called it Tenochtitlan. On that spot to-day stands the beautiful city of Mexico, and the legend is perpetuated in the memory of the people by the illustration on the national currency.

It is by the establishment of banks that Europe and America can give the country the capital necessary for developing her agriculture and industries. The flourishing condition of Mexican banks is proverbial. Of the five great ones only the "National Pawn-Shop" has ever failed, and that is now in a flourishing condition.

The Banco de Londres y México, or London and Mexican Bank, was originally established in 1864 as a branch of a London bank doing business with South America. Notwithstanding the political events of the period, good results were obtained, but were not published separately from the general accounts presented at the shareholders' meeting, although the fact was recognized in the report of the directors. When the banking law was decreed by the Mexican government it became necessary to reorganize the bank and domicile in the republic, and, several local capitalists having expressed the wish to join interests with the bank, a contract for the sale of a portion of the holding, to be represented by a separate issue of shares, was entered into and approved by the government, and a new law decreed granting the bank valuable privileges.

The commercial situation may be summed up in these words,—lack of active capital. This has always been the case, and even while American and English capital now goes into the country, the insufficiency of capital is still manifest. After the war for independence internal difficulties, civil war, and two foreign wars prevented the national capital from being put into

active circulation. Every one, as in the East, hoarded his cash. No one wished to invest, and the country vegetated in a state of uncertainty for the upper classes and complete misery for the lower ones. Then, after peace was established, people got used to prosperity in a quiet sort of way and did not wish to start anything new. They have not yet got quite over that state of affairs.

A statement in regard to the amount of business done by and with Mexico should prove highly acceptable in this connection, as should, also, a series of hints and suggestions to business men throughout the world relative to opening or enlarging commercial relations with her merchants and people.

The material and pecuniary progress of Mexico since 1877 cannot be better demonstrated than by the figures which show that the producing industries and business of the country have been more than doubled since that date.

In 1877, when General Porfirio Diaz first became the guiding genius and shaped the destiny of the republic, the exports were twenty-nine million two hundred and eighty-five thousand six hundred and fifty-nine dollars; since that time they have more than trebled, showing that the administrations which have governed the country since 1877, and which have followed the policy initiated by General Diaz in that year, have wonderfully developed the productive industries of the country, and, as a natural consequence, the pecuniary interests of the nation have grown in proportion to the prosperity of its producing industries and business.

As yet, this great republic, prominent as she is in mining and agriculture, has not distinguished herself as a manufacturer, finding, heretofore, that it paid better to purchase the manufactures of other countries and pay for them in her almost limitless productions of the ground. Yet a change is coming. The principal manufactures in the country now are, in the order of their importance: cotton, nearly four million pieces of goods being produced annually, valued at fourteen million dollars; wool; paper; earthenware; metals; brewing, principally in Monterey and Toluca; canned fruit is being produced from a factory at the port of Todos Santos.

Iron-foundries are numerous, and, by reason of the excellent quality of the Mexican ore, give very good results. However, the more important pieces having been for some time already cast, and the demand being limited, the production is confined to car-wheels and to ordinary merchant iron.

There are in Mexico several shops where they make cane-mills, turbine-wheels, etc. Foreign establishments, however, compete with these to the disadvantage of the local concerns.



HUSKING COFFEE.