

MEDIA OF EXCHANGE IN 16TH CENTURY NEW SPAIN AND THE SPANISH RESPONSE

THERE were many kinds of money in use in New Spain from the time of the conquest to the opening of the mint in Mexico City in 1537. Some was Spanish; other was Indian and dated back centuries before the arrival of the Spaniards. After the conquest, Spanish coins were the official media of exchange,¹ but there were very few in New Spain.

Once the mint was in operation, Spanish coins became the first legal tender in the New World—begun 256 years before the first authorized coin was struck at Philadelphia.² Furthermore, these “Mexican” coins served as a medium of exchange the world over. The *real* circulated freely in the Orient; many specimens bear “chop-marks” indicating the official validation of each individual bank through which they passed.

In fact, the Spanish *real* became the standard of the currency of the United States and circulated with official sanction until 1857.³ One *real* was equal to twelve and one-half cents and was called a bit. A quarter of a dollar or twenty-five cents was equal to two bits, hence the present day expression.

Professors Aiton and Wheeler have written that the native civilization had no substitute to offer.⁴ It is true that there was no single substitute, but many articles were used in trade and exchange. It is an economic truism that money can be anything that stands for a thing offered or a thing desired, and Webster’s dictionary defines it as anything customarily used as a medium of exchange and measure of value. By that definition, the Indians did possess a kind of money, or rather several kinds.

Pre-Hispanic trade in New Spain was carried on with gold and other metals, cacao, sea-shells⁵ and mother-of-pearl. Textiles (linen and cotton), feathers, and maize were also used.⁶ Francisco Javier Clavigero lists gold as third most important medium of exchange after cacao and cotton cloth, and followed by tin and copper planchets. Gold was traded in the form of

¹ Vicente Riva Palacio (ed), *México a través de los siglos* 5 vols. (Mexico, 1887-1889), II, 242.

² R. S. Yeoman, *A Guide Book of United States Coins* (Whitman Publishing Company: Racine, Wisconsin, 1970), p. 8.

³ *Ibid.*, p. 5.

⁴ Arthur Scott Aiton and Benjamin W. Wheeler, “The First American Mint,” *Hispanic American Historical Review*, Vol. I, 199.

⁵ “Shells from the Caribbean have been traded from hand to hand as far as the central United States; pottery vases from Salvador were carried to distant Tepic in Mexico; gold ornaments from Panama appeared as votive offerings in the Sacred Well of Chichen Itza in Yucatán.” George C. Vaillant, *Aztecs of Mexico: Origin, Rise, and Fall of the Aztec Nation* (New York, 1944), p. 131.

⁶ Bernardino de Sahagún, *Historia general de las cosas de Nueva España*, 5 vols. (Mexico, 1938), III, Libro X, cap. XVIII, 54.

unmarked disks, bits, and dust or grains. Gold dust was carried for sale and trade in white goose quills. Bernal Díaz recorded:

Before I left the market, I saw many more merchants, who brought gold for sale in grains, just as it is taken out of the mines. The gold was placed in their white quills of geese, so that the gold can be seen, and according to the length and thickness of the quills they arrange their accounts—how much gold for how many mantles or gourdfuls of cacao, or how many slaves, or whatever else they exchange.⁷

Pearls were a frequently used method of payment in many contracts, or in the payment of fines.⁸ Metal pieces of particular shape were used in many places as currency. Copper was traded in a form variously described as axe blades,⁹ or as thin crescent-shaped, or T-shaped copper blades.¹⁰ Torquemada recorded that copper money, “in the Greek form T (tau)” was used. These were “thin planchets, some thinner than others, measuring three to four finger-breadths, and containing much gold.”¹¹ According to Carlos Bustamante the copper pieces were known as *tajaderas* (small knives).¹² Dr. A. F. Pradeau declares that the scarcity of coins of small denominations was responsible for the introduction of the *tajaderas* or “hoe-money” as a substitute, long after the conquest, and that it was not used before the mint was established in Mexico City.¹³ Cortés recorded tin money as small pieces of tin, “a sort of very thin coin, and pursuing my investigations in the said province (Taxco) and even in others, I found that tin was used as money.”¹⁴ Prescott describes the tin “coin as cut in the form of a T, or stamped with a symbol representing a T.”¹⁵

Members of Columbus’ first voyage observed what seemed to them to be a form of gold money. Fray Bartolomé de las Casas recorded that on the island of Fernandina (Cuba), Columbus was greeted by natives wearing

⁷ Bernal Díaz del Castillo, *Historia verdadera de la conquista de la Nueva España*. 2 vols. (Mexico, 1942), p. 167.

⁸ Manuel Luengo Muñoz, “Sumaria noción del poder adquisitivo de la moneda en Indias durante el siglo XVI.” *Anuario de estudios americanos*, vol. VII (Sevilla, 1951), 340.

⁹ “Certain articles form a rough and ready currency in commerce . . . and copper axe blades were employed in certain localities, such as Oaxaca.” Joyce, *Archaeology*, pp. 128-129.

¹⁰ Frederick A. Peterson, *Ancient Mexico: An Introduction to the Pre-Hispanic cultures*. (New York, 1956), p. 179.

¹¹ Juan de Torquemada, *Monarchía Indiana* 3 vols. (Madrid, 1723), II, 560.

¹² Alberto Francisco Pradeau, *Numismatic History of Mexico From the Pre-Columbina Epoch to 1823* (Los Angeles, 1938), p. 17.

¹³ Alberto Francisco Pradeau, “Hoe Money,” *Numismatic Vo. XLVII* (1934). “One important factor to consider is not a single historian, nor Cortés himself, has made reference to this so-called ‘hoe money’ being in circulation previous to 1548, and it was not until 28 years after the establishment of the mint in Mexico City, that the existence of this medium of exchange was made known.”

¹⁴ Francisco Antonio Lorenzana y Butrón, *Historia de Nueva España*. (Mexico, 1770), p. 581.

¹⁵ William Hickling Prescott, *History of the Conquest of Mexico*. 3 vols. (Philadelphia, 1873), I, 118 and 408.

¹⁶ Bartolomé de Las Casas, *Apologética historia de las Indias*. M. Serrano y Sanz, ed. (Madrid, 1909), pp. 299 and 311.

gold objects hanging from their nose, about half the size of a *castellano* which seemed to have some letters on it.¹⁶ Antonio de Herrera described an Indian who “carried a gold ring in his nose with certain marks which appeared to be letters.”¹⁷ Las Casas later wrote that the Indians who met Columbus in canoes on his fourth voyage to the islands of Guiana carried many cacao beans which they took for money in New Spain and in Yucatán.¹⁸

More than anything else, cacao was the commodity most generally used as a medium of exchange and a standard of value in New Spain. Though it is sometimes said of the Aztecs that barter was the usual means of exchange,¹⁹ it is well to remember that the transition from pure barter to a money system occurred prior to the oldest known historical period (about 4000 B.C.).²⁰

Barter disappeared because people became willing to accept something as a medium of exchange. Simply by dividing the actions of barter into buying and selling, which can be, and are, independent of each other, the coincidence of desire as to quality, quantity, value, time, and place can be eliminated. Cacao, with a set value, acted as a medium of exchange, whether described as the “nearest approach to the function of currency,”²¹ or as “a sort of inferior coin.”²²

Cacao was used as money throughout the new lands, and recognized as such by the conquistadors. Herrera wrote of Guatemala, “There is much cacao, which is great wealth and correct money for all New Spain and many other lands.”²³ Friar Diego de Landa wrote that in Yucatán there was “cacao which was their money,”²⁴ and las Casas reported its use in the islands of Guiana.²⁵ Cortés in his second letter to the king from New Spain wrote:

. . . and two thousand square feet of cacao, a fruit resembling our almonds which they sell crushed, and of which they have such stores that they are

¹⁷ José Toribio Medina, *Monedas coloniales hispano-americanas*. (Santiago, Chile, 1919), p. 1.

¹⁸ Las Casas, *Historia*, p. 110.

¹⁹ Valliant, *Aztecs*, p. 226.

²⁰ H. F. Lutz, “Money and Loans in Ancient Babylonia,” *University of California Chronicle*, Vol. XXVI (1924), p. 9. Neolithic man traded in cattle, and shell money seems also to have been in evidence. Harry Elmer Barnes, *An Economic History of the Western World*. (New York, 1937), p. 9.

²¹ Valliant, *Aztecs*, p. 226.

²² Alexander de Humboldt, *Political Essay on the Kingdom of New Spain*. 4 vols. (London, 1822), II, 26.

²³ Pedro Mártir de Anglería, *Décadas del Nuevo Mundo. Colección de fuentes para la historia de América*. (Buenos Aires, 1944) 4 vols. III, lib. V, cap. xi.

²⁴ *Relación le las encomiendas de indios becbas en Nueva España a los conquistadores y pobladores de ella, año de 1564*. France V. Scholes and Eleanor B. Adams, eds. (Mexico, 1955), chapter XXIII.

²⁵ *Documentos para la historia económica de México*. 21 vols. in 17. 4th series (Mexico, 1853-1857) II, 110.

used as money throughout the land to buy all necessities in the public market and elsewhere.²⁶

In Peru, cacao continued as a medium of exchange until Antonio de Mendoza, as viceroy, established a mint.²⁷ Las Casas described Tabasco as “a happy land and well supplied with cacao, which are the beans which are used for a smooth drink and for money in all of New Spain and for 800 leagues around.”²⁸ Licenciado Alonso Zuazo, in 1521, called it “a money between those who buy and sell which is called *cacahuatl*, the fruit from certain precious trees, from which they make a drink for great lords, which they say to be a very smooth thing.”²⁹ Gómara wrote that the drink made from cacao was “the best and not intoxicating.”³⁰ It was the double use of cacao that gave it great value.³¹ Peter Martyr called it “fortunate money, that man is able to use also in an agreeable drink.” Its possessors are kept from the infernal disease of avarice because “what they don’t use they drink.”³²

The value of cacao fluctuated with its supply and the Spanish set official rates to standardize its value. Valle-Arizpe has stated that whenever a value was established it never remained fixed,³³ but Simpson gives its value in Spanish money as 80 to 100 to the *real*, 640 to 800 to the *peso de oro común*, 30 to 38 pesos to the *carga* of 24,000 cacaos.³⁴

Herrera recorded that cacao beans were “valued at 200 to a *real* among the Indians,”³⁵ and that Moctezuma’s warehouses contained more than 40,000 *cargas* of beans.³⁶ Medina gives the purchasing power of cacao as four for a crab apple, ten for a rabbit pelt, and 100 for a slave.³⁷ Cacao also bought slaves in Yucatán according to Diego de Landa, and he wrote that “those who used cacao beans as jewels in the fiestas were lords.”³⁸ Pedro

²⁶ Francis Augustus MacNutt, *Letters of Cortés*. (New York, 1908) p. 79.

²⁷ Gustavo Adolfo Otero, *La vida social del coloniaje*. (New York, 1955), p. 35.

²⁸ *Documentos para la historia económica de México*. 21 vols. in 17. III, p. 429.

²⁹ *Colección de documentos inéditos, relativos al descubrimiento, conquista y organización de las antiguas posesiones españolas de América y Oceanía, sacados de los archivos del reino y muy especialmente del de Indias*. 42 vols. I, p. 361. (Herein cited as *CDIAI*)

³⁰ Medina, *Las Monedas*, p. 178.

³¹ Artemio de Valle-Arizpe, *Historia de la ciudad de México según los relatos de sus cronistas*. (Mexico, 1946), p. 177. “Although corruptible and cumbersome, it had at least the advantage of being able to serve as food.”

³² Pedro Mártir de Anglería, *Décadas del Nuevo Mundo*. V, liv. IV, cap.i. See, also, Sahagún, *Historia General*, II, pp. 216-217.

³³ Valle-Arizpe, *Historia*, p. 177.

³⁴ Lesley Byrd Simpson, *The Encomienda in New Spain* (Berkeley, 1913) p. 188.

³⁵ Pedro Mártir de Anglería, *Décadas del Nuevo Mundo*. IV, Lib. VIII, cap. ix.

³⁶ *Ibid.*, II, Lib. IX, cap.iii.

³⁷ Medina, *Las Monedas*, p. 3.

³⁸ Alfred M. Tozzer, “Landa’s relación de las cosas de Yucatán.” *Papers of the Peabody Museum of American Archaeology and Ethnology*. Vol. XVIII (Harvard University, 1941), chapter XXIII.

Acosta wrote that cacao beans were used in both small and large transactions "without any contradiction,"³⁹ and both he and Pedro Cabo reported that they were given as alms to the poor.⁴⁰

Cacao beans were sold by count, a process both difficult and liable to fraud. The beans were counted according to the Aztec base of twenty. Four hundred cacaos (20 times 20) made up a *zontle*, and 20 *zontles* or 8000 beans, was a *xiquipilli*.⁴¹ On April 28, 1527, the *Cabildo* of Mexico City prohibited the selling of cacao by count, except if the seller had license from the *Cabildo*,⁴² and again on November 18, 1527, it ordered that "henceforth no person may venture to sell cacao by count, except by measure stamped with the seal of the city."⁴³

On October 24, 1536, another rule by the *Cabildo* of Mexico City ordered cacao sold by measure and "in no other way."⁴⁴ After that date cacao beans were sold or exchanged by heaped measure, and each measure bore the seal of the municipality where the exchange occurred.⁴⁵

Viceroy Velasco, on June 17, 1555, ordered that one hundred forty cacao beans were to be valued at one Spanish *real* (a *real* worth approximately 12½¢).⁴⁶ Indian carriers (*tamenés*) had been paid one hundred cacaos a day since 1532.⁴⁷

Cacao continued to use as money to the end of the colonial period,⁴⁸ even, according to Riva Palacio, until the first years of the nineteenth century.⁴⁹ Ships from Campeche, Tabasco, Maracaibo, and elsewhere were still carrying cacao to Vera Cruz, and mule trains took cacao from Guayaquil by way of Acapulco to Mexico City.⁵⁰ Markets throughout the colonial period dealt in simple barter, cacao, and metallic coins simultaneously.⁵¹

The Indians were remarkably ingenious in falsifying the cacao bean, as

³⁹ Joseph de Acosta, *Historia natural y moral de las Indias*. (Seville, 1590), p. 241.

⁴⁰ *Documentos para la historia de México*. Nueva colección. Publicado por Joaquín García Icazbalceta. 2nd ed. 3 vols. (Mexico, 1954) II, 63.

⁴¹ According to Riva Palacio, one *xiquipilli* had 24,000 grains. *México*, p. 248. However, according to Valle-Arizpe, "three *xiquipillis* is a load, equal to 24,000 grains." *Historia*, p. 176.

⁴² Valle-Arizpe, *Historia*, p. 176.

⁴³ José María Antequera, *Historia de la legislación española, desde los tiempos más remotas hasta nuestras días*. 2nd ed. (Madrid, 1884) p. 107.

⁴⁴ Valle-Arizpe, *Historia*, p. 176.

⁴⁵ Pradeau, *Numismatic History*, p. 12.

⁴⁶ *Ibid.*

⁴⁷ Simpson, *Encomienda*, p. 99.

⁴⁸ Francisco Javier Clavigero, *Historia de México*. 4 vols. Colección de escritores mexicanos (Mexico, 1945) IV, p. 280.

⁴⁹ Riva Palacio, *México*, II, p. 248.

⁵⁰ *Epistolario de Nueva España 1505-1818*. Francisco del Paso y Troncoso, ed. 16 vols. (Mexico, 1939-1942) VIII, 102.

⁵¹ Charles Gibson, *The Aztecs Under Spanish Rule*. (Stanford, California, 1964), p. 358.

they were later to counterfeit the Spanish coins minted in Mexico City. Cacao husks were filled with a chalk-like substance and the false bean was difficult to recognize. Containers were filled with cacao husks, with a top covering of real beans. So expert were some of the counterfeit beans that Viceroy Mendoza sent examples to the king in 1537.

Real Hacienda (Treasury) was advised by the king in 1568 that tributes sold in public market, particularly cacao, maize, and cotton, should be carefully and accurately accounted for.⁵² Cacao continued a tribute item throughout the sixteenth century, and such a payment as that to Joseph de Santa María, Cacique of Panohuayán, of 3000 cacaos weekly was not uncommon.⁵³

Cacao beans were best used in small transactions and they filled the ever-present need for small coins. Vásquez de Espinosa suggested they be used to replace the minted coins of 4 and 2 *reales* in New Spain and Spain itself.

. . . it would be a very useful thing to introduce this in Spain in place of the vellon coppers. This would obviate the inconveniences and losses arising from the malice and covetousness of foreigners, who use these coins to withdraw silver from Spain, which cacao beans cannot be counterfeited and are to be found in no other kingdoms than those of His Majesty. In this way the inhabitants of the Indies and of Spain would be relieved and benefited.⁵⁴

The confusion in Spanish currency went back to its mixed inheritance, beginning with the Roman Empire. However, at the beginning of the sixteenth century, the three most important coins of Spain were the *excelente* of Valencia, the *principat* of Catalonia, and the *excelente* of Granada or Castillian ducat.⁵⁵ The ducat was equivalent to 375 *maravedís*, which value it kept for at least two centuries.⁵⁶ These coins, circulating throughout the Spanish mainland, all with the same value, constituted "the first unified monetary system of Spain."⁵⁷

A problem carried to New Spain eventually was the diversity of coins, not only Spanish, but foreign, and according to Charles Chapman all this "tended to interfere with commerce."⁵⁸ The coins originally carried to

⁵² Fabián de Fonseca and Carlos de Urrutia, *Historia general del real hacienda*. 6 vols. (Mexico, 1845-1853) I, p. 417.

⁵³ Gibson, *The Aztecs*, p. 161.

⁵⁴ Antonio Vásquez de Espinosa, *Compendium and Description of the West Indies*. Translated by Upson Clark (Smithsonian Institution Publication, Washington, D.C., September 1, 1942), p. 164. It is surprising that in the course of Espinosa's extensive travels in the New World, he was apparently unaware of the practice of counterfeiting cacao beans.

⁵⁵ Jaime Vicens Vives, *Manual de historia económica de España* (Barcelona, 1955), p. 281.

⁵⁶ Earl J. Hamilton, *American Treasure and the Price Revolution in Spain: 1501-1650*. (Cambridge, Massachusetts, 1934), p. 55. After 1537, it was divorced from all actual coins.

⁵⁷ Vives, *Manual*, p. 282.

⁵⁸ Charles Edward Chapman, *Colonial Hispanic America: A History*. (New York, 1904), p. 331. ". . . the variety of uncertainty of coins and of weights and measures, the debasement of coins by the

New Spain by the conquistadors and settlers included the *castellano* (50th part of a gold mark), the *doblón* (doubloon), the *ducado* (ducat), and the *escudo de oro* or *corona* (gold and silver coin), the *dobla* (a gold coin), and the *blanca* which contained four and four-fifths *maravedís*.⁵⁹ In spite of the variety of coins in Spain there were not enough in Spain itself, much less an excess for use in the New World.⁶⁰

From the conquest of New Spain to the opening of the Mexican mint, the monetary system followed the complicated pattern of the West Indies, combining barter, a limited quantity of coins, and various articles used as currency. The Catholic Kings had early intended to establish a mint in the West Indies. In instructions to Columbus, the king ordered him to take dies, personnel, and other materials needed to establish a mint, and to coin *excelentes* of Granada,⁶¹ although the mint was not established until many years later.

For the first five years, the only money on Española was that brought by the merchants and consisted mainly of gold bars and pesos. The need was great for small coins, and in response to many and urgent requests by the settlers on Española, the Crown in 1505 ordered one-half million silver *reales* struck and sent to that Island. To cover the cost of sending the money, the Crown set the value of the *reales* at 44 *maravedís* instead of 34 at which they were valued in Spain.⁶² Another one-half million *reales* were ordered struck from *vellon* and sent to Española. In 1506, the king wrote to Governor Ovando that he sent two million *reales* to Española.⁶³ It was intended that the coins were to be exchanged for gold, but, actually a large part went to pay the shipping costs and administrative expenses. In 1510, an additional million was added to that already sent.⁶⁴

Before the establishment of the Mexico City mint, Spanish coinage circulating in New Spain was nearly as confusing as that in Spain. It was also inadequate. Treasury documents carry a profusion of terms, such as

kings, and the prevalence of counterfeiting (despite the penalty imposed—burning to death), tended to interfere with commerce.” p. 176.

⁵⁹ Riva Palacio, *México*, III. 242. “The *maravedí* was of Moorish origin and remained as a monetary unit until modern times in Castile . . .” *Enciclopedia*, XXXVI, p. 101.

⁶⁰ F. A. Kirkpatrick, *The Spanish Conquistadores*. (New York, 1962) p. 351. “Payments are often made by cutting off pieces from a gold chain.”

⁶¹ Martín Fernández de Navarette, *Colección de viajes y descubrimientos que hicieron por mar los españoles desde del siglo XV, con varios documentos inéditos concernientes á la historia castellana y los establecimientos españoles en Indias, coordinada é ilustrada por Don Martín Fernández de Navarette*. (Madrid, 1825-1837) 7 vols. II, p. 184.

⁶² Muñoz, *Las Monedas*, p. 334. José de Medina estimated that 12,301 and a half silver *reales* and 3,915 and a half marks of silver were sent. *Monedas Coloniales*, p. 34.

⁶³ *Colección de documentos inéditos, relativos al descubrimiento, conquista y organización de las antiguas posesiones españolas de ultramar*. 25 vols. V, 114. (Hereinafter cited as *CDIU*)

⁶⁴ *CDIU*, V, 96.

oro de minas, oro común, oro de ley, and oro de ley perfecta. To facilitate exchange, the merchants of New Spain had gold melted into disks and stamped with the weight.⁶⁵ These may have been the pieces which Antonio de Herrera claimed Cortés was having coined in 1522, although Bernardino Vázquez de Tapia declared, in sworn testimony against Cortés, that coins had been stamped with the King's arms.⁶⁶ In 1522, Antonio de Herrera also wrote that officials were stamping silk, bread, and glass in such a way that it was to pass as money.⁶⁷

In 1523, Charles V was told by *procuradores* (solicitors) returned from New Spain that the drain of gold and silver was impoverishing the land and cutting the king's revenue drastically.⁶⁸

The king sent Luis Ponce de León to New Spain in 1525 to study the possibilities of establishing a mint at Mexico City. Ponce de León carried a few new coins for models if a mint should be established,⁶⁹ and dies marked with the royal arms to stamp the gold disks.⁷⁰ Bernal Díaz recorded that the gold disks, by order of Cortés, had been marked with 3 carats greater fineness than they actually contained, and the debased coins came to be known as *tepuzque*—the Indian word for copper.⁷¹ Ponce de León died soon after his arrival in New Spain, and no report on the question of the mint was sent.

In the same month, residents of New Spain urged the king to establish a mint,⁷² and other requests followed. In 1528, the king ordered Nuño de Guzmán, president of the Audiencia of New Spain, to investigate the need for such a mint.⁷³ In his orders to the Audiencia, in 1528, the king wrote:

The settlers. . . if they have a mint, would have more contact with the Indians, because, once the mint was in operation, the incentive to discover other metals would increase, and commerce and peace would follow, and the Indians would be attracted to the faith.⁷⁴

The Audiencia of New Spain wrote to the queen, on March 30, 1531,

⁶⁵ Pradeau, *Numismatic History*, p. 21.

⁶⁶ Medina, *Monedas Coloniales*, pp. 33.

⁶⁷ Pedro Mártir de Anglería, *Décadas del Nuevo Mundo*, III, lib. IV, cap. iii.

⁶⁸ *Ibid.*

⁶⁹ Medina, *Monedas Coloniales*, p. 14.

⁷⁰ José de Benítez, *Historia gráfica de la Nueva España*. (Mexico, 1929), p. 92.

⁷¹ Bernal Díaz, *Historia*, pp. 159-161. Circulation continued well into the reign of Philip II. Pradeau, *Numismatic History*, p. 21.

⁷² *Epistolario de Nueva España*, I, 85.

⁷³ Vasco de Puga, *Provisones, cédulas, instrucciones de su magestad, ordenanzas de difuntos y audiencia para la buena expedición de los negocios y administración de justicia y gobernación de esta Nueva España, y para el buen tratamiento y conservación de los indios desde el año de 1525 hasta este presente de 63*. 3 vols. 2nd ed. (Mexico, 1878), I, 74-75.

⁷⁴ Pedro Mártir de Anglería, *Décadas del Nuevo Mundo*, IV, Lib. IV, cap. x.

urging the establishment of a mint to produce coins of small denomination for trade.⁷⁵ In the same year, Juan de Salmerón, *oidor* of the Audiencia of New Spain, wrote to the Council of the Indies insisting that the need for a mint was great, and that dies could be made by craftsmen already in New Spain. He declared that the scarcity of money was a great inconvenience because of the “inability to place a price on things, principally on those that the Indians sell.”⁷⁶ Salmerón explained that prices were in constant flux because the Indians raised the price without restraint.⁷⁷

Two things delayed the establishment of the mint in Mexico City. One was that the Crown was indecisive and unsure of the need or value of one, and secondly, there was deep antagonism on the part of the settlers toward the first Audiencia of New Spain. Because of this antagonism, the Crown came to consider the creation of a viceroyalty of New Spain.⁷⁸

Before the first viceroy, Antonio de Mendoza was finally appointed, the king had received many opinions on the advisability of setting up a mint.⁷⁹ In their letter to the queen, in March, 1531, the Audiencia of New Spain assured her that it would be an answer to the problem of excessive prices and would avoid the necessity of giving gold to the Indians.⁸⁰ The Audiencia sent another request on April 19, 1532, reminding the queen of its earlier request and urging continued need for a mint.⁸¹ Sebastián Ramírez de Fuenleal, President of the Second Audiencia of New Spain, wrote to the king that coins were needed in New Spain.⁸²

Before the mint was finally established, four years passed (1536), the need for coins became even more severe in New Spain. As the scarcity of coins was intensified with growth in population and extension of trade, the *Cabildo* of Mexico City resolved on a remedial measure, April 16, 1526. They declared that the citizens of New Spain might have their *tepuzque* gold converted at the smelter into smaller pieces of one, two, and four *tomines*, (monetary weight: 12 grains or 0.575 grams) or into one, two, and four *peso de oro* pieces.⁸³ A *tomín* equalled one-eighth of a peso. The service provided by the smelter cost two gold pesos for each hundred pesos worth

⁷⁵ *Epistolario de Nueva España*, II, 41-42.

⁷⁶ *CDIAI*, XIII, 193-194.

⁷⁷ *CDIAI*, II, 431.

⁷⁸ Arthur Scott Aiton, *Antonio de Mendoza, First Viceroy of New Spain*. (Durham, North Carolina, 1927), pp. 21-22.

⁷⁹ Riva Palacio, *México*, II, 242.

⁸⁰ *Epistolario de Nueva España*, II, 41-42.

⁸¹ *Ibid.*, 118.

⁸² *CDIAI*, XIII, 217-218.

⁸³ *Actas de cabildo de la ciudad de México*. 77 vols. (Mexico, 1884-1905) I, p. 14. *Tepuzque* gold disks were received by the merchants at different prices. Viceroy Mendoza in response to the many complaints, ordered on July 15, 1536, that the *Tomín de tepuzque* (12 grains) would have the same value as a silver *real*. *Diccionario universal*, V, p. 907.

of smelting. The smelter was ordered to change two-thirds of all gold submitted into units smaller than the peso and one-third into pieces of greater value.⁸⁴ Within four months, 2951 pesos worth had been smelted—a profit to the Crown of five hundred ninety pesos.⁸⁵ This practice of cutting gold up into smaller units, however, failed to meet the need for coins in New Spain, any more than it had earlier in the West Indies, or in Cuba.⁸⁶ Treasury officials had the difficult job of trying to maintain the people's confidence in themselves in spite of a very unsatisfactory medium of exchange. They were further burdened by the necessity of examining the slugs in circulation in the company of a silversmith to stamp every coin so examined which complied with the law.⁸⁷

The Council of the Indies proposed, on November 8, 1533, that until a mint was established in New Spain, gold and silver be weighed by ounces and exchanged in the market.⁸⁸ Bullion continued in exchange, however, even as bulky and unwieldy as it was. Before the mint, gold presented a wide range of quality. In New Spain, the *oro común* of fifteen carats was valued at 300 maravedís, the peso at one-fiftieth of a mark. In March, 1530, the *peso de oro* had had a value of 450 *maravedís*.⁸⁹

It became apparent to the Crown that the only hope of standardizing the monetary system in New Spain, to bring order out of disorder, lay in establishing a mint. It would then be possible to put a stop to the circulation of unauthorized gold which brought no profit to the Crown. A further advantage was expected in strengthening royal authority in New Spain.⁹⁰

The new mint in Mexico City, its establishment and functioning should have profited from past experiences—and errors—in Spain, but it did not. From the beginning, it had many difficulties.

Viceroy Mendoza carried with him to New Spain the king's order to investigate the need for a mint, and his instructions stated that only silver and copper should be coined if a mint were established. The *cédula* of May 11, 1535, issued by the queen, in her son's name, ordered that money be coined in silver and *vellon* (a common alloy of silver and copper). According to her instructions to the viceroy no gold was to be coined and copper was to be minted at his discretion and according to his design.

⁸⁴ *Ibid.*, I, 69.

⁸⁵ *Ibid.*, I, 69.

⁸⁶ *CDIAI*, II, 431 and 450.

⁸⁷ Riva Palacio, *México*, II, p. 242.

⁸⁸ *CDIAI*, XII, p. 141.

⁸⁹ In March, 1530, the *peso de oro* had a value of 150 *maravedís*.

⁹⁰ Muñoz, *Las monedas*, p. 346. Scholes claims that the *peso de oro de minas* was not an actual coin but a standard unit of monetary value. . . having a value of about five or six dollars. *The Spanish Conqueror*, p. 11.

The cédula was specific as to the apportionment of coins, which was according to regulations for the peninsular mints. "The money so minted shall be as follows: one-half minted into single *reales*; one-fourth minted into two and three *reales*, and the other fourth into one-half and one-quarter *reales*."⁹¹

As to the division of the mark of silver into *reales*, there is some discrepancy between authorities as to whether 57 or 68 *reales* were ordered. There is a certain ambiguity in the queen's cédula. It states that regulations governing Peninsular mints required 67 *reales* to the mark, of which one is retained by the mint. Because of the added expenses, the mint in Mexico City "may produce and take from each mark of silver that is thus coined three *reales* instead of one *real* which can be made and taken from each mark of silver in. . . Castile."⁹² Some historians have taken this to mean that the mint in Mexico City was to take two extra *reales* out of 67, others that the mark was to be minted with an extra *real*. According to Pradeau, there were 68 *reales* of which one went to the Crown and two to the mint.⁹³ A cédula of 1535 ordered that "officials of the mint. . . set a price on each mark of silver which is worked at three *reales*, two *reales* for the costs of labor and one *real* for seigniorage."⁹⁴

A number of special regulations were necessary for the new mint at Mexico City. It was directed that coins minted in New Spain were to be legal tender for all transactions and debts in the Indies and in Spain itself and that they were to pass freely between all Spanish lands. The coins were to be of the same fineness of silver as those of Castile (11 *dineros*, 4 grains)⁹⁵ and were to circulate at the same value of 34 *maravedís*.⁹⁶

The official value of the *real* was one of the original difficulties the Crown met in connection with the mint. Coins from Spain circulated in New Spain at the value of 44 *maravedís*, the added amount due to the cost of shipping and incidence of loss. There was consternation in New Spain at the queen's order of devaluation, and a decree of May 31 1535, gave them two months before the new rate became effective.⁹⁷ At 44 *maravedís*, the *reales* had been accepted as equal to one *tomín* of *tepuzque* gold⁹⁸ (gold mixed with copper) which circulated in New Spain, but the residents were unwilling to accept the new 34 *maravedís* coin as equal to the

⁹¹ Puga, *Provisiones*, I, 364-365. See, also CDIAI, X, 265.

⁹² Medina, *Monedas Coloniales*, p. 135.

⁹³ Pradeau, *Numismatic History*, p. 23. According to Haring, "Three reals went to the staff." *Spanish Empire*, p. 308. Aiton and Wheeler wrote, "Instead of the 3 *reals*. . . authorized by the royal instructions, two were assigned to the workers as fees (*derechos*)." *American Mint*, p. 213.

⁹⁴ *Recopilación de leyes de los reynos de las Indias*. 4 vols. (Madrid, 1681), 2-23-8. Repeated again in 1565.

⁹⁵ *Ibid.*, 5-21-2.

⁹⁶ Puga, *Provisiones*, I, 107.

⁹⁷ *Ibid.*, I, 366.

⁹⁸ *Ibid.*, I, 388-389.

imported *real*. On July 15, 1536, Viceroy Mendoza tried to stabilize the relationship of the metals, with the order that one *real* of 34 *maravedís* equalled one *tomín* of *tepuzque* gold.⁹⁹ The queen recognized two years later that the silver coins were still being discounted, ordered another period of grace until the end of the 1538.¹⁰⁰

The end of the year, however, did not end the difficulty. Fray Juan de Zumárraga wrote on April 17, 1540, protesting to the king that the increase in ecclesiastical salaries was not what it appeared because of the devaluated *real*. He declared that the salaries of the priests were paid in pesos of low value while the royal officials were paid in pesos of higher values. "We all ought to be paid in pesos of equal denominations."¹⁰¹

This difficulty was alleviated in May, 1544, when the king ordered that all silver coins struck at the Mexico City mint were to be of the same fineness, value, and weight,¹⁰² and the Audiencia of New Spain assured him on March 17, 1545, that his instructions were being followed.¹⁰³ By 1551, the official rate was finally and actually in effect.¹⁰⁴

The first support of the mint came from the royal fifth on the metals taken from the mines in New Spain. The king gave one thousand marks of silver for the original expenses;¹⁰⁵ later costs were to be met by the 2 *real* fee. The mint officials were also assigned the tributes from the town of Xiquipilco for their support and personal service.¹⁰⁶

The physical housing of the mint was a continuing problem. Its first location was in the palace built for Cortés for which he was paid 500 pesos yearly, and which, by 1545, was already inadequate, insecure, and mistrusted by those who were obliged to deposit metals.¹⁰⁷ In the words of one witness, it was "very much in ruins."¹⁰⁸ Despite the "ruinous state" of the building, the mint was not moved to new quarters in the National Palace until 1569, and even then, conditions were less than adequate.¹⁰⁹ All mint activity was confined to the building. No one outside the mint was allowed to strike coins, and the treasury officials were forbidden to buy or sell bullion.

⁹⁹ *Ibid.*

¹⁰⁰ *CDIU*, X, 401-402.

¹⁰¹ *Documentos inéditos del siglo XVI para la historia de México*. Mariano Cuevas, ed. (Mexico, 1907), p. 98.

¹⁰² *Recopilación*, 4-23-9.

¹⁰³ *Epistolario de Nueva España*, IV, 195-196.

¹⁰⁴ William T. Meek, *The Exchange Media of Colonial Mexico*. (New York, 1948), p. 36.

¹⁰⁵ Fonseca and Urrutia, *Real Hacienda*, I, 111.

¹⁰⁶ Pradeau, *Casa de Moneda*, p. 20. The assignment was made for two years and then renewed.

¹⁰⁷ The building had been confiscated by the Council of the Indies before 1531. Nesmith, *The Coinage*, p. 9. See, also, Pradeau, *Casa de Moneda*, p. 28.

¹⁰⁸ *CDIAI*, III, 254.

¹⁰⁹ *Ibid.*

Early regulations for the mint also specified that only silver bearing the royal stamp, indicating that the fifth had been paid, might be minted, with death and confiscation as the penalty. In 1537, Viceroy Mendoza recommended to the king without avail that silver bullion be sent first to the mint, to have the fifth extracted there.¹¹⁰ The order remained in force until 1565.¹¹¹

Another problem was in the confusion concerning the mint officials. Viceroy Mendoza had been instructed by the king to appoint officials needed for the operation of the mint, and had done so, but within two years, royal appointees arrived from Spain. The viceroy wrote to the king, protesting the superseding of men who had done the work of establishing the mint. Understandably, he asked the king to assume the responsibility of appointing future officials to the mint, with the caution that "His Majesty should know that there is not enough room for the same number of appointments as are made in the mints of Castile."¹¹²

Although they were appointed by the king, the officials, at that time, were not royal officers. The mints were leased to private individuals, in whose services they worked.¹¹³ In 1552, however, the Crown began gradually to withdraw some of the authority from the lessees of the mint. In that year the chief smelter and assay master were made royal officers,¹¹⁴ and by 1565, all major offices had been declared vendible.¹¹⁵

The officials were, in any case, closely regulated by law, under penalty of "loss of office, of silver, and of their own goods." A royal cédula of 1550 ordered that officials of the mint were not to contract for fine silver, nor take the fifth, nor put in the mint anything other than silver for coinage without "first notifying the other officials and executing the various laws pertaining to such procedure."¹¹⁶ The order was repeated in 1563.¹¹⁷

The first coins were probably struck early in 1536, in the designated denominations.¹¹⁸ The two and three *real* pieces, however, were confusing and difficult to distinguish, and Viceroy Mendoza soon discontinued the three *real*, and ordered a four *real* piece struck instead.¹¹⁹

¹¹⁰ *Ibid.*, II, 191.

¹¹¹ Fonseca and Urrutia, *Real Hacienda*, I, 113.

¹¹² *CDIAI*, II, 126-128.

¹¹³ Humboldt, *Essay*, II, 675-676.

¹¹⁴ *Recopilación*, 4-23-14.

¹¹⁵ Pradeau, *Numismatic History*, p. 27. See, also, *Recopilación*, 4-23-15.

¹¹⁶ Arthur Scott Aiton Collection. Transcripts from Spanish and Mexican Archives. Clements Library (University of Michigan). King to Audiencia, Leg. 1089.

¹¹⁷ *Recopilación*, 4-23-15.

¹¹⁸ Aiton and Wheeler, *American Mint*, p. 205.

¹¹⁹ Pradeau cites a letter from Mendoza which states that the three *real* piece was never minted (*Casa de Moneda*), but it apparently was coined for a short period at least. During the investigation of Tello de Sandoval in 1545, to investigate Cortés' charges against Mendoza, the treasurer of the mint testified that no three *real* piece had been struck in the four years of his tenure, but other witnesses testified that it had been minted for a few years. Medina, *Monedas Coloniales*, pp. 59-63. See, also, Riva Palacio, *México*, II, 244.

On November 18, 1537, the king's *cédula* expressed approval that the three *real* piece was not being coined and approved the four *real* coin.¹²⁰ At the same time, he authorized the minting of an eight *real* piece if the viceroy believed it advisable.¹²¹

Undoubtedly because of this authorization, it has been stated that minting of the eight *real* coin was begun in 1537,¹²² although it was probably not struck until 1556.¹²³ In spite of the earlier requests by the Cortes,¹²⁴ they were apparently less needed after production of the four *real* piece.

There was another difficulty with the *quartilla*, the tiny one-quarter *real*. They were immediately unpopular because of their small size, and the Indians melted them down into bars or used them for making bracelets.¹²⁵ Their production was discontinued in 1540, and on November 12 the viceroy ordered that coinage would be one-third in pieces of four *reales*, one-third in pieces of two *reales*, and one-third in pieces of one *real* and one-half *real*.¹²⁶

Minting of copper or *vellon*, authorized by the *cédula* of 1535, was prohibited in 1538.¹²⁷ The first copper coins were ordered by Viceroy Mendoza on June 28, 1542, in pieces of two and four *maravedís*, and 12,000 marks of copper were used.¹²⁸ The Indians, however, did not consider copper of value and resisted the new coins. Special legislation of July 5, 1547, and August 20, 1550, imposed fines and whipping to enforce its acceptance, but the Indians simply threw them into the lake.¹²⁹

In 1545, the mint struck a smaller coin of one *maravedí*, and continued to mint copper coins until 1551 or 1552. They were finally prohibited in 1565.¹³⁰ The Indians never accepted them, but continued to throw them away, or melted the alloy for the silver content. In two years, they disposed of 200,000 pesos worth.¹³¹

Increased commercial activity increased the need for coins of small denominations. As the need was not met by the despised *vellon* coins, the queen ordered the minting of silver coins in denominations of one-half,

¹²⁰ *CDIU*, III, 385.

¹²¹ Puga, *Provisiones*, I, 405.

¹²² Muñoz, *Las monedas*, p. 347.

¹²³ Aiton and Wheeler, *American Mint*, p. 215.

¹²⁴ Hamilton, *American Treasure*, pp. 53-54.

¹²⁵ Riva Palacio, *México*, II, 248.

¹²⁶ *Documentos para la historia de México*. Nueva colección. Publicado por Joaquín García Icazbalceta. 2nd ed. 3 vols. (Mexico, 1954) I, 131.

¹²⁷ *CDIU*, V, 114.

¹²⁸ Francisco de Orozco y Jiménez, *Colección de documentos históricos, inéditos ó muy raros, referentes al arzobispado de Guadalajara*. 6 vols. (Guadalajara, 1922-1927), V, 913.

¹²⁹ Pradeau, *Numismatic History*, p. 30.

¹³⁰ *Recopilación*, 4-23-3.

¹³¹ Torquemada, *Monarchia indiana*, I, 614.

one-quarter, and one-sixteenth *reales*.¹³² In spite of this order, in August, 1555, the *Cabildo* of Mexico City reported that the only money in circulation was above the one-half *real*.¹³³

Out of necessity, the residents of New Spain were forced to use other means of exchange. Some of the more convenient media of the Aztecs had never disappeared. The cacao bean was still important in exchange in 1560, at a rate of 40 to a *real*.¹³⁴

Francisco López Tenoria in 1548 wrote to the Council of the Indies describing the coins in the shape of the Greek T which had long been used by the Indians.

In this and neighboring provinces, the natives use these metallic pieces in great quantities, and with their circulation both Spaniards and aborigines suffer considerable mulcting. This can be remedied if the natives are restrained from manufacturing them, and the medium of exchange shall then be what Your Majesty has ordered minted, to circulate in New Spain.¹³⁵

In larger business transactions, traders resorted to unmarked bullion, against royal orders. Exchange of unmarked silver was prohibited in 1550 and again in 1561, but it was not eliminated within the century.¹³⁶

The need for money drew an assortment of foreign and regional coins, so that diversity of coins was also a problem in spite of the scarcity. Luis de León wrote to the king in 1553 that lack of order in New Spain was due to too much freedom and to the "different coins circulating there."¹³⁷ In Mexico City, the merchants used tokens called *tlacos* as change.¹³⁸

Besides the overall shortage was the added problem of distribution, as coins were largely concentrated in the bigger cities and near the mines. In an effort to encourage their circulation, the king ordered that coins be used to purchase bullion and gold dust from districts which lacked coins.¹³⁹

The shortage of coins continued and worsened however. No matter how many were produced in the mint of Mexico City (over twenty-five million pesos of silver were coined under Mendoza), it was impossible to retain enough of the coins.¹⁴⁰ Demands by the Crown, personal remit-

¹³² *Cedulario indiana*, III, 230. See, also, *Diccionario universal ilustrada*, V, 914.

¹³³ *Actas de Cabildo*, VI, 181.

¹³⁴ Henrich Berlin, *Fragmentos desconocidos de Códice de Yanbuítlán y otras investigaciones Mixtecas*. (Mexico, 1947), p. 41.

¹³⁵ Medina, *Las monedas*, p. 6.

¹³⁶ *Recopilación*, 4-14-2.

¹³⁷ Luis de León Romana to King, April 20, 1553. Arthur Scott Aiton Collection. See, also Archivo General de Indias, Audiencia de México, Leg. 168.

¹³⁸ Haring, *Spanish Empire*, p. 311.

¹³⁹ *Recopilación*, 4-14-2.

¹⁴⁰ According to Orozco y Berra, more than twenty-two million pesos of silver were coined under Mendoza. *Apuntes para la historia de la moneda y acuñación en México, desde antes de la conquista*. (Mexico, 1880), 4 vols. II, 122.

tances, and the one-way balance of trade combined to drain money and precious metals from New Spain.

Every fleet returning to Spain took with it so much silver that the commerce of New Spain was left, each time, in a state of chaos. Prices dropped to ruinous lows; merchants and store owners had no money to buy supplies, and miners could not buy necessary equipment.

In 1556 an attempt was made to retain more silver in New Spain. A cédula of October 29 provided that one-half of all silver mined in New Spain was to remain there to help commerce. The other half was to be spent on merchandise brought from Spain.¹⁴¹ In 1558, however, the Audiencia of New Spain wrote that taking money from the land had been very prejudicial to its welfare. It urged that "it would be better to limit the amount to 50,000 marks rather than the 91,000 marks of the year before."¹⁴² In the same year, the king limited coinage to forty or fifty thousand marks a year.¹⁴³ Treasury officials complained to the king that tributes had to be sold, if they could be sold at all, at low prices because of the scarcity of money, and that mines were shutting down because the owners could not buy necessary materials.¹⁴⁴ In March, 1560, the Audiencia of New Spain wrote again, in desperation, to the king, saying:

Your Majesty commanded this royal audiencia to deal with this problem of taking all the silver away from New Spain. It is our studied opinion, that in each year at least twenty to thirty thousand marks of silver be worked, and that only a small amount be taken away . . . because it is difficult to control this sort of thing as well as preventing fraudulent practices. . .¹⁴⁵

The *Cabildo* of Mexico City sent a petition to the king on October 31, 1561 asking that no silver *reales* be allowed to leave New Spain. They also requested a value of 40 *maravedís* per *real* instead of 34 *maravedís*, which they hoped would keep more of the coins in New Spain.¹⁴⁶

The *Cabildo* continued to send petitions to the king in 1562, pleading that more money be left in the country.¹⁴⁷ In 1563, Pedro de Ledesma wrote that it would not be necessary to limit, nor to tax, the coinage as has been suggested if 40,000 marks of silver were worked into different coins.¹⁴⁸ Francisco de Morales in a letter to the king on October 1, 1563 declared that all the silver minted in New Spain was going to Spain.¹⁴⁹

¹⁴¹ Puga, *Provisiones*, II, 281.

¹⁴² Audiencia to King, June 22, 1558. Arthur Scott Aiton Collection.

¹⁴³ Medina, *Las monedas*, p. 42.

¹⁴⁴ *Epistolario de Nueva España*, XIV, 16-17.

¹⁴⁵ Audiencia to King, March 22, 1560. Arthur Scott Aiton Collection.

¹⁴⁶ *Actas de Cabildo*, VI, 492.

¹⁴⁷ *Epistolario de Nueva España*, IX, 237.

¹⁴⁸ Pedro de Ledesma to King, May 23, 1563. Arthur Scott Aiton Collection.

¹⁴⁹ Francisco de Morales to King, October 1, 1563. Arthur Scott Aiton Collection.

Of all the difficulties relating to the unit, the only one which was resolved before 1570 was the revaluation of the silver *real* in New Spain. Every other problem presented by the mint was still in existence 40 years later, and even to the end of the century in some cases. Fraud and counterfeiting were anticipated and provided for before the mint was opened,¹⁵⁰ but Viceroy Mendoza wrote that within twenty days, the Indians had counterfeited the new silver coins (coins of 50 centavos).¹⁵¹

In 1563, Francisco de Morales wrote to the king that 100,000 ducats in Mexico alone were robbed from the king's fifth.¹⁵² In 1565, the king repeated orders that the Audiencia and justices should watch for the "crimes of falsifying money, which the coiners commit."¹⁵³

The physical disadvantages of the mint building were not relieved until 1569, and then far from completely. The shortages of coins in New Spain never ceased; Spain's need for gold and silver was too great. The same scarcity was still being pleaded in 1573,¹⁵⁴ and was just as acute as when the mint was established for the express purpose of relieving it.

Neither locks nor legislation, of course, could, nor did, prevent abuses by nearly everyone, treasury officials included. The words, "de que nuestra hazienda suele recibir fraude" appear with indicative frequency in the cédulas sent to the colonies. The Archbishop of Seville was warned by the king in January, 1526 that the right of asylum in Spanish churches would not be respected in the case of crimes committed in the American trade.¹⁵⁵

Whatever its flaws or weaknesses, however, the Mexican mint, created to bring order out of chaos, to supply the coins necessary both in New Spain and Spain, and never completely successful in either, was nevertheless an impressive achievement. Considering the demands upon it, the extent of its activities and responsibilities, and the nature of its problems, it was amazingly successful. Through continuous and continually changing efforts to meet its requirements, the wavering balance was—with almost incredible endurance—maintained for three hundred years.

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¹⁵⁰ In 1535, the king had ordered the Audiencia of New Spain to be alert to prevent counterfeiting of money. *CDIAI*, XII, 267.

¹⁵¹ "I wrote to Your Majesty how I feared the slyness and ingenuity of the natives in falsifying the money among themselves." Riva Palacio, *México*, II, 244.

¹⁵² October 1, 1563. Arthur Scott Aiton Collection.

¹⁵³ *Recopilación*, 4-23-7.

¹⁵⁴ Medina, *Las monedas*, p. 43.

¹⁵⁵ *Colección de documentos inéditos, para la historia de España*. Martín Fernández Navarrete et al., eds. 113 vols. Vol. III, 216.