

MEXICO'S PAPER MONEY

SOME PECULIAR FACTS ABOUT THE UNKNOWN SECOND ISSUE (1823)

by EDUARDO ROSOVSKY

"*Viva México! Viva la Independencia! Viva Iturbide!*" These were the joyous exclamations heard throughout the old Capital of New Spain, on that bright day of 27th September, 1821, in which the Liberating Army, headed by its *Primer Jefe* (First Leader) General Agustín de Iturbide, was triumphantly entering Mexico City after three centuries of Spanish domination and eleven years of constant and heroic struggle for independence.

Acclaimed by the people as the Consummator of Independence movement initiated by Father Miguel Hidalgo in the small town of Dolores (Guanajuato) on the 16th day of September, 1810, Iturbide was proclaimed on 18th May, 1821, by el *Supremo Consejo* (the National Assembly in power) as "Emperor of Mexico, Agustín the First, by the Grace of God", and later, on 21st July of the same year was crowned in pomp, with the enthusiasm of his followers: the conservative circles, the army and the populace.

The new Government had to immediately face a grave problem—a catastrophic financial situation which the country was in, as a result of a constant drain of the mineral resources by the dominant colonial regimen, as well as for the high military expenses through the long years of fight for freedom and the shutting down or destruction of many mines, all of which made for an incredible scarcity of precious metals, so sorely needed for coinage. These factors forced el *Ministro de Hacienda* (the Minister of Finance) Antonio de Medina, to request the authority of *Supremo Consejo* for the issuance of *PROVISIONAL* paper money with *promise of payment*. . . .



Fig. I

In effect, on 20th December, 1822, a Decree was issued by which authorisation was granted for *cédulas* (schedules, bills or certificates), totalling *four million pesos* to be emitted, to be broken down as follows: two million *cédulas* for ONE peso; five hundred thousand, for TWO pesos and one hundred thousand, for TEN pesos. (Fig. I.) It was stipulated that they were to include the name of *EL IMPERIO MEXICANO*, and to be printed on only one side, with the understanding that they would circulate for one year, starting 1st January, 1823, and ending 31st December of the same year.

In addition, foreseeing the possibility of strong opposition in public opinion, it was decreed that there be an obligation to include bills in all payments made to the government for taxes, excises, duties, etc., for 33% of the total amount payable. It was strictly forbidden that Finance officials as well as those of Treasury and Customs, receive full payment only in metal money (as was the case, it is understandable, regarding payment in full in paper money . . .), so that the public was obliged to use the non convertible bills, and this now acquired the characteristics of *forced circulation*.

In all fairness, it must be noted that this *first* paper money was received reluctantly and, lack of confidence in it was so marked, that some historians have affirmed that it was one of the reasons—and not a minor one—for the fall of the Empire.

The Decree also called for the form by which paper money would be gradually retired from circulation: all bills which were paid at Government offices in operation throughout the country, had to be cancelled in the presence of the payee, by diagonally cutting the signature on the far left, which was that of *Ministro de Hacienda*, so that these bills could not go back into circulation, thus avoiding frauds. In addition, they were to be periodically turned over to the Ministry of Finance for concentration and control. These same offices were required to take back and render useless the paper money with a mark of indelible ink crossing on which-ever forged bills came into their hands.

This paper money was printed on large sheets in blocks of eight—four on one side with a blank reverse and four on the other, also with a blank reverse, on white paper *medio florete* quality, each sheet with the watermark “J H P ROMUGOSA”, possibly of Spanish or Italian manufacture, and purchased at a wholesale store named “El Comercio de México”. Each bill measured approximately 10.5 by 16 cms.

This paper money was hand-numbered in ink and circulated throughout that immense Empire which had been *Nueva España* (New Spain), including its vast territories to the North, covering California, Arizona, Texas and New Mexico and, to the South, Central America, particularly Guatemala and Nicaragua. Bills with a *special seal*, not numbered, circulated throughout the south of what is now the Mexican Republic and all of the Central

American countries. On them, respectively, were printed: *GUATEMALA* (Capitanía General de Guatemala) and *LEON*, Fig. II. (Departamento de León—today Nicaragua), giving these countries honour and condition in accord with its historical, political and economic importance and converting these bills, at the same time, into the *first paper money* of said countries: Mexico, Guatemala and Nicaragua, and the *first use of monetary sign of "pesos"* to circulate in this part of the Continent.



Fig. II

In fact, the amount authorised was not issued in its entirety, as per the Decree, as there were printed only 797 thousand ONE peso bills, 184 thousand TWO peso bills and 37 thousand TEN peso bills, for a grand total of \$1,535,000 pesos.

It was necessary to suspend the issue as, on 19th March, 1823, Iturbide was forced to abdicate and, eventually, to leave the country. The *first Mexican Republic* was born under a provisional government of a triumverate. On 11th April of the same year, Congress decreed an emission of bills on *PAPAL BULLS* paper "... only with the purpose of exchanging them for those of the



Fig. III

previous issue, and which were to be recalled from circulation immediately" and also "... in view of the fact that they were being forged in great quantity". This Decree evoked that of 20th December, 1822 and was based on it, leaving in effect all of the principal clauses, so that we may assume that for this and other reasons which we shall see later, on this second occasion, the total authorised amount of paper money issued *did come* to \$4,000,000 pesos. (Fig. III.)

It is interesting to notice that, in view of the sad experience derived from the so disliked *Iturbides*, rather than "to combat forgeries", what was sought was a way whereby the people would be motivated into accepting the new bills and, in order to carry this out, they relied on their profound religious sentiment. As the bills were printed on *Papal Bulls*, this money was considerably larger, so as not to cut the *Bull* in four parts. These bills on *Papal Bulls* measured approximately 22 by 32 cms which is the size—and even longer—than a standard letter form used in our time.

It is apparent that the government carried out what it had set out to do, as there soon followed a series of decrees which added to the circulation of paper money in commerce and private transactions. On Thursday, 29th May, 1823, "*La Gaceta del Gobierno Supremo de México*" published by order of Ministry of Finance: "The Sovereign Constitutional Congress of Mexico, in session today, has decreed: . . . 8. Since the publication of this Decree, circulation of paper money in payment of contracts and for use of private parties, shall be absolutely free". This is how the *Post-Iturbides* continued to circulate *freely*—they later became also convertible—until the course of the year 1824. . . .

The differences between both issues are quite noticeable: *the size: Iturbides* measure about *one fourth* of the *Post-Iturbides*. *The text:* on the first ones, it is stated that "The Mexican Empire . . . promises . . . pay this amount of . . . as per the Decree of 20th December, 1822, on this matter. México, 1st January, 1823". Signed: Minister of Finance: Medina; Treasurer General: A. Batres; Accountant General: R. Mangino. On the Republic bills, the text stated: "The Treasuries of the Nation . . . shall pay . . . substituting this new paper precisely and only for the exchange of those presented with the former seal, manufacture of which has ceased by Decree of the Sovereign Congress on 11th April, last. México, 5th May, 1823." Only the signature of the Minister of Finance is changed, and the new one is that of Arrillaga; the Treasurer and Accountant continue to be the same.

The seal which appears on the *Iturbides*, a crowned eagle within an oval, is almost identical in the three values issued; but the same does not happen in the eagle *without* a crown, as in *each* denomination there is a different seal, in shape as well as size, in the *Post-Iturbides*. *The paper* used in the *second* issue is of lesser quality.

Perhaps the most interesting difference which makes the *second* issue *maybe* the only one of its kind in the world is that—while

the *Iturbides* do not have a reverse and are always blank—the *Post-Iturbides* by contrast, have *Papal Bulls* printed over the years with different texts and same contents; it may be said that it is an *obverse* of what is ordinarily a *reverse* side. (Fig. IV.) Actually, these Papal documents, very old in their own right, were sold to the people in years preceding their use as paper money, for the price of “two *reales* of common minted silver” and were used by the buyer as a *remission of sins* or “Indulgence”—which is what they were—so as to be able to eat “*meat, eggs and dairy products*” on days of ritual fast.



Fig. IV

Has any of our colleagues and readers, by any chance, ever had knowledge of the existence of paper money with those, or similar characteristics in any other part of the world?