

NÚMERO 317

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Myth and Reality of Company Stores  
during the Porfiriato: The *tiendas de raya*  
of Orizaba's Textile Mills

JULIO 2005



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## Resumen

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*El objetivo de este trabajo es empezar a clarificar cómo el mito de las tiendas de raya fue formado a través del estudio de dos fábricas de textiles establecidas en la última década del siglo XIX en el Valle de Orizaba: Río Blanco y Santa Rosa, y los pueblos que se desarrollaron a partir de ellas. El análisis muestra que la visión prevaleciente de en las tiendas de la compañía en las fábricas de textiles durante el Porfiriato es bastante imprecisa. La evidencia encontrada muestra que a los trabajadores no se les pagaba solamente en vales, sino que recibían una parte importante de su salario en dinero. Aunque sí existían abusos, y algunas compañías encontraron formas de asegurar un cierto grado de monopolio en sus tiendas, en general, era bastante difícil para ellas mantener el poder de monopolio sobre sus trabajadores. Este estudio explica que la leyenda negra de las tiendas de las compañías durante el Porfiriato estaban en gran medida formadas por el trágico episodio ocurrido el 7 de enero de 1907 y la cobertura que los periódicos dieron a ese evento.*

## Abstract

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*The purpose of this paper is to begin to elucidate how the myth of the tiendas de raya was formed through the study of two textile mills established in last decade of the 19th century in the Orizaba valley: Río Blanco and Santa Rosa and the company towns that rose with them. The analysis shows that the prevailing view of company stores in the Orizaba textile mills during the Porfiriato is very inaccurate. Evidence found indicates that workers were not fully paid in script, but received an important share of their wage in money. Although abuses were made, and some companies found ways to secure certain degree of monopoly for their stores, in general it was very hard for them to hold monopoly power over workers. This paper explains that the black legend of Porfirian company stores was in a large extent formed by the tragic episode of January 7, 1907 and the newspapers' coverage of such event.*



## Introduction

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The *tiendas de raya* or company stores are one of the most strongly condemned institutions of the Porfiriato. Historians have described them as devices used by employers to exploit the labor force. According to a long held view they were monopolists that sold products of low quality to workers at higher prices than those that would have existed in a competitive market. They held their monopoly power, the legend goes, because wages were paid in company script, called *vales*, which could only be exchanged at the company store and/or because it was explicitly prohibited for workers to buy elsewhere. Through the company stores, workers would incur heavy debts that bound them endlessly to the hacienda or company. Thus, company stores were an essential part of the debt-peonage labor system.<sup>1</sup>

In her famous study on the Mexican textile industry, Dawn Keremitsis considers them an institution of paternalistic control that contributed at keeping workers indebted, and thus became a symbol of exploitation. According to her, "in general, the factories paid by the week, mostly in *vales* only redeemable at the company store. The combination of low wages, great deductions, discount on *vales* and high prices, meant that in general, workers were always indebted and could not break with the company store".<sup>2</sup>

The massacre of January 7 and 8 1907, known in Mexican history as the "Río Blanco Strike" put company stores in the Orizaba valley on the national front stage as one of the main causes of workers discontent because stores were the main target of workers' attacks. This event was crucial in shaping the bad reputation of company stores during the Porfiriato. Thereafter, they became a symbol of both the injustices that prevailed during the period and workers' opposition to it--a preamble to the Mexican Revolution.

Several studies of haciendas carried out during the 1960s and 1970s have qualified the traditional view on the *tiendas de raya*.<sup>3</sup> This historiography suggests that *tiendas de raya* differed strongly in Mexico depending on the

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<sup>1</sup> For a description of *tiendas de raya* in the rural sector see Frank Tannenbaum, *Mexican Agrarian Revolution* (New York, 1929), 117-119 and Andrés Molina Enriquez, *Los Grandes Problemas Nacionales*, (Mexico City, [1909] 1978), 172. Rodney D. Anderson, *Outcasts in their Own Land. Mexican Industrial Workers 1906-11*, (DeKalb, 1976), 59-60, Moisés González Navarro, "El Porfiriato: La Vida Social" in Cosío Villegas, Daniel (coord.), *Historia Moderna de México* (Mexico City, 1965), 281- 285; Dawn Keremitsis, *La Industria Textil Mexicana en el Siglo XIX* *Sepsetentas*, 61 (Mexico City, 1973), 202-203 and John Kenneth, Turner, *México Bárbaro*, (Mexico City: Editorial Epoca, 1998) 171, describe company store practices in the textile industry.

<sup>2</sup> Keremitsis, *La Industria Textil*, 214

<sup>3</sup> See for example: Arturo Warman, *...Y Venimos a Contradecir*, (Mexico City, 1976), 73; Herbert Nickel, *Morfología Social de la Hacienda Mexicana*, (Mexico City, 1996[1978]), 166-168, 306-307, 416-417, 184, 198, 218-240; Susana Glantz, *El Ejido Colectivo de Nueva Italia* (Mexico City, 1974), 82-84; Jan Bazant, *Cinco Haciendas Mexicanas. Tres siglos de vida rural en San Luis Potosí (1600-1910)*, (Mexico City, 1975), 131 and 139; and Edith Coutourier, *La Hacienda de Hueyapan, 1550-1936*, (Mexico City, 1976) 190-192, and Hans Günther Mertens, *Atlíxco y las Haciendas durante el Porfiriato*, (Puebla, 1988), 198-199.

particular region we are dealing with, just as labor conditions did.<sup>4</sup> The studies of Coutourier, Bazant, Warman, Glantz, Mertens, and Nickel of haciendas in central Mexico indicate “that *vales* played no role and that the company store had not the exploitative function it is attributed to it”.<sup>5</sup> According to Nickel “the assessment of the *tienda* as an instrument of exploitation of the peones by the hacendados needs revision.”<sup>6</sup> More empirical data would be needed to permit a well-founded general judgment on this issue. “The data available, however, point out that *tiendas* had frequently been run by leaseholders and not by the hacienda administration, that *tiendas* did not habitually sell overpriced goods, and that in some areas they were absolutely necessary to supply hacienda personnel with goods.”<sup>7</sup>

There have not been in-depth studies of the *tiendas de raya* of textile mills that gave them the historical relevance they gained thereafter. It is the purpose of this paper to shed some light over the company stores of the Orizaba region, and to begin to elucidate how the myth of the *tiendas de raya* was formed. Part I gives an overview on the Orizaba textile mills and their company towns. Part II describes how their company stores were created and how they worked, analyzes the degree of monopoly power they held, their role as sources of credit, and the degree at which workers were actually indebted. Part III deals with the “Río Blanco strike”, the reasons of workers to burn company stores and the end of company stores in the Orizaba region. Part IV studies the creation and evolution of the myth of the *tiendas de raya* and its roots in the “Río Blanco strike”.

This paper focuses on the study of two textile mills established in last decade of the 19th century in the Orizaba valley: Río Blanco and Santa Rosa and the company towns that rose with them. The greatest richness of the archival material available for Santa Rosa allows for a deeper study, however enough information from Río Blanco exists to allow us to extend some of the analysis to it. Yet in order to give a broader view of them, I complement and contrast the evidence from the Orizaba valley with information obtained from other regions and sectors.

## ***I. The Orizaba Textile Mills and their Company Towns.***

The abundance of water streams in the Orizaba Valley, together with its location between the port of Veracruz and Mexico City, made it from early on an ideal region for the establishment of factories. During the late 1830s

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<sup>4</sup> On working conditions during the Porfiriato see Friedrich Katz, *La Servidumbre Agraria en México en la Época Porfiriana*. (México City: Era, 1976).

<sup>5</sup> Nickel, *Morfología Social*, 167.

<sup>6</sup> Herbert Nickel, “The Food Supply of Hacienda Labourers in Puebla-Tlaxcala during the Porfiriato: A First Approximation”, in R. Buve, *Haciendas in Central Mexico from Late colonial Times to the Revolution*, 118.

<sup>7</sup> Nickel, “The Food supply of Hacienda Labourers...”, 118.

several textile mills established in Mexico, sponsored by an industrial policy carried out by the Ministry of Interior and Foreign Affairs, Lucas Alamán. The largest of these mills, Cocolapan, was founded in 1837 in the nearby of the city of Orizaba. The political turmoil that followed slowed down industrial development for several decades, but by the 1870s a new era of rapid growth began. In 1873 the Ferrocarril Mexicano that connected Mexico City and Veracruz passing through Orizaba gave the region an additional economic advantage. Soon after, two additional mills were established in the region San Lorenzo in 1881 and Cerritos in 1882, both located in Nogales, an old colonial small town not distant from Orizaba.<sup>8</sup>

The spread of the railways and the telegraph through the nation expanded markets and called for an increase in the scale and a modernization of textile mills, which now could sell their product in larger areas. French immigrants from the valley of Barcelonnette had been building for decades during the 19<sup>th</sup> century throughout the nation a commercial network dedicated mostly to the sale of cloth, centered in a few big wholesale stores in Mexico City, that later became the countries' largest department stores.<sup>9</sup>

In the early 1880s, the owners of these later stores saw the moment ripe to expand their business and take an incursion into the production of textiles. They grouped together in different parties that founded seven joint stock corporations decided to modernize textile production. This was the case of the Compañía Industrial de Orizaba S.A. (CIDOSA) founded in 1889, and the Compañía Industrial Veracruzana S. A. (CIVSA) founded in 1896. CIDOSA acquired and modernized Cocolapan, Cerritos, and San Lorenzo and built a new and bigger mill, the Río Blanco mill in the district of Tenango. CIVSA, on its part, built the mill of Santa Rosa in the nearby district of Necoxtla. These companies would become the two largest producers of cotton textiles in Mexico.

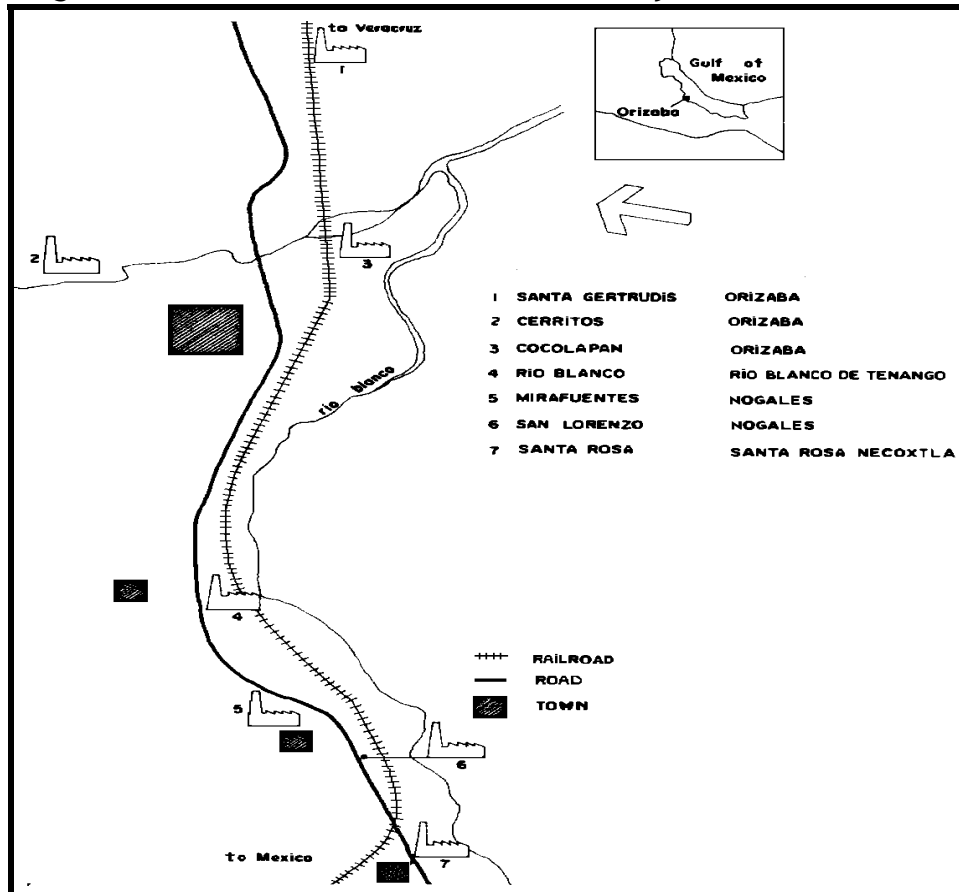
In the decade or so following the establishment of the factories, mill towns in the Orizaba valley developed from being mere settlements in the surrounding of mills, to real towns. This process took place most clearly in Santa Rosa, where the mill opened in 1898, and Río Blanco where the factory was inaugurated in 1892. Before, the lands of Necoxtla and Tenango, where these mills were built, had been used, if at all, alone for agricultural purpose.

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<sup>8</sup> Aurora Gómez Galvarriato and Bernardo García Díaz, "La Manchester de México" in Cámara de la Industria Textil de Puebla y Tlaxcala, *Historia e Imágenes de la Industria Textil Mexicana*, (Mexico City, 2000), 123-137

<sup>9</sup> Aurora Gómez Galvarriato, "The Impact of Revolution: Business and Labor in the Mexican Textile Industry, Orizaba, Veracruz 1900-1930", Ph.D. dissertation, Harvard University, 1999, 39-92

Figure 1. Textile Mills at the Orizaba Valley



Source: García, *Un Pueblo Textil del Porfiriato: Santa Rosa Veracruz*, 32.

When the Río Blanco and Santa Rosa mill were founded, manufacturing workers were not readily available in the Orizaba Valley, so they had to be attracted to the region from other places. CIVSA archives allow us to give a deeper look at how this process took place. In 1899, at the annual shareholders meeting, the CIVSA board reported that production in that year had been scarce, “because, among other things, they had faced great difficulties in finding workers capable of running the machinery.”<sup>10</sup> Yet they were gradually able to hire enough workers. By the end of 1906 there were 2137 workers in Santa Rosa, 2841 in Río Blanco, 105 in Cocolapan, 935 in San Lorenzo and 120 in Cerritos.<sup>11</sup>

Since the many workers that the mill required were not available within the region, the company looked for them over a wide area, mostly across Mexico’s central plateau. Immigration was so important that the population

<sup>10</sup> Archivo de la Compañía Industrial Veracruzana (henceforth CV), Ciudad Mendoza, Veracruz, Actas de la Asamblea General (henceforth AAG), July 29 1899.

<sup>11</sup> *El Correo Español*, January 12, 1907, 2.



growth of the region was far above that of the nation; in Santa Rosa, for instance, population increased by 37% between 1900 and 1910, compared to 11% in the whole country.<sup>12</sup> A deeper look at the formation of the company town of Santa Rosa, of which we have greater information, allows us to understand the main characteristics of such process.

### *Santa Rosa: the Town*

Before the construction of the Santa Rosa mill, the narrow valley that the town of Santa Rosa (now Ciudad Mendoza) was later to occupy was basically empty. The closest neighbors were the Hacienda de San Isidro del Encinar in the northwest, and the town of Nogales in the northeast, that could be reached only after crossing the gully of Maltrata; the rest were steep mountains.<sup>13</sup> It formed part of the municipality of Necoxtla, whose government (*cabecera*) sat in the small Indian town of Necoxtla, up in the hills that surrounded the Santa Rosa valley.

From its inception the Compañía Industrial Veracruzana, S.A. (CIVSA) began negotiations with the State government in order to make a new municipality in the region where the factory was located, pledging to construct all the necessary buildings.<sup>14</sup> At first, the government wanted to change the municipal border lines in order for CIVSA to belong to the closer municipality of Nogales. This was an idea the CIVSA board disliked, since they knew the Nogales municipal government was controlled by CIDOSA.<sup>15</sup> On April 25, 1898, the government of the municipality of Necoxtla was moved to Santa Rosa despite the Necoxtla Indians' protest.<sup>16</sup>

The factory was crucial to the urban development of the area not only since it attracted population to settle in the region, but also because of its direct involvement in providing the main public services in the area. The municipal palace of Santa Rosa was built on CIVSA's budget and under its supervision.<sup>17</sup> The factory also financed the construction of the Catholic church, a project whose completion took many years,<sup>18</sup> and gave \$12 pesos weekly for the support of the priest.<sup>19</sup>

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<sup>12</sup> Population data taken from Mexico, Dirección General de Estadística, *Third Census of Population*, 1910.

<sup>13</sup> Bernardo García Díaz, *Un Pueblo Fabril del Porfiriato: Santa Rosa Veracruz*, (Ciudad Mendoza: FOMECA, 1997), 34.

<sup>14</sup> CV, Actas del Consejo (henceforth AC), July 4, 1898.

<sup>15</sup> CV, AC, July 4, 1898.

<sup>16</sup> García, *Un Pueblo*, 69.

<sup>17</sup> CV, AC, September 5, 1898 and January 15, 1900.

<sup>18</sup> CV, AC, February 6, 1899, September 18 1899, February 16, 1903, April 15, 1907, July 11, 1911, April 29, 1913, and March 23, 1920. In February 1903, CIVSA donated the necessary material for the roof of the priest's house. In April 1907, CIVSA gave construction material for the church worth \$1000 pesos. In July 1911 CIVSA donated the iron framework for the church's roof. In April 1913 CIVSA advanced the \$12 pesos weekly donation of

CIVSA also invested important sums in connecting Santa Rosa to the rest of the country. In 1897, it signed a contract with the local tramway company so that the tramway line that previously ended in Nogales came all the way to Santa Rosa.<sup>20</sup> In 1899, CIVSA made a deal with the Minister of Communications in order to install a telegraph office in Santa Rosa.<sup>21</sup> In 1897, CIVSA built a branch line of the railroad in Santa Rosa and platforms for the loading and unloading charge of materials close to the so-called “Crucero de Santa Cruz.”<sup>22</sup> Then it gave the land and built the town railroad station, in agreement with the Ferrocarril Mexicano, and paid the wages of the employees in charge of it.<sup>23</sup> The station was inaugurated on June 27, 1907.

The lack of urban development in the sites where the factories were built obliged the companies to include dwellings for workers and higher employees in the mills’ construction projects. The Santa Rosa factory construction plans included living quarters for workers from the outset. In June 1897, the CIVSA board decided to build eighteen rows of brick houses, following Miguel Angel de Quevedo’s plans.<sup>24</sup> In February 1898, twenty more houses located in three rows were built, this time they were made out of wood.<sup>25</sup>

Most CIVSA workers lived in Santa Rosa.<sup>26</sup> However only a minority of them lived in company housing. In 1900, only 155 workers (out of 1441) appeared on the payrolls paying rents for company housing. These dwellings were only enough to house 11.4% of the factory’s workers. Most workers lived in self-made houses of a lower quality than those provided by the mill, or in rented houses, often *patios de vecindad* (tenement houses) owned by private landlords.<sup>27</sup> Housing conditions of CIDOSA workers appear to have been similar to those of CIVSA. In 1909, Graham Clark reported that “at Río Blanco the operatives live in rows of long wooden barracks, which are kept neatly painted and are furnished with water and light by the mill.”<sup>28</sup>

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two years to the church in order to help it pave its floor. In March 1920 CIVSA donated \$1000 pesos for the completion of the church works.

<sup>19</sup> CV, AC, December 24, 1907.

<sup>20</sup> CV, AC, June 7, 1897.

<sup>21</sup> Expenses for the installation of the telegraph lines were covered by the federal government, but CIVSA built its offices. CIVSA also pledged to pay the telegraphist and messenger monthly salaries, of \$79.85 pesos, whenever the telegraph office incomes were not high enough to cover this and to give them housing. CV, AAG, 1899, March 15, 1900.

<sup>22</sup> CV, AC, May 22, 1897.

<sup>23</sup> CV, AAG, 1906, April 2, 1907; CV, AC, October 24, 1906.

<sup>24</sup> CV, AC, June 7, 1897.

<sup>25</sup> CV, AC, February 21, 1898.

<sup>26</sup> In 1907, 97.3% of the 558 workers for whom information is available lived there. CV, Lista de Trabajadores.

<sup>27</sup> For example, M. Diez y Cia, the owner of the “Río Blanco” and “El Fenix” stores, owned several wooden living quarters for workers close to Santa Rosa from 1907 to 1922. CV, AC, July 25 1922.

<sup>28</sup> U.S., Department of Commerce and Labor, Bureau of Manufactures, [W.A., Graham Clark,], *op.cit.*, 26.

## **II. The Company Stores**

All textile mills in the Orizaba valley had a company store, and they became the source of great conflicts between employers and workers. However their establishment did not seem to have obeyed solely the greed of the former. In 1897, when the Santa Rosa mill was still under construction, the CIVSA board decided that there was an urgent need to establish a provisional store since there were no commercial facilities in the surrounding area. The store was necessary, claimed the CIVSA board of directors, so that workers "do not lack what they need or waste time by having to go to find it as far away as Orizaba."<sup>29</sup> The region, which gradually urbanized and came to be populated with several stores, seems to have had no store at all at that time.

By the end of the 19th century, it seems that other than the store at Nogales that served the San Lorenzo factory owned by CIDOSA, there were no stores except in Orizaba, eleven kilometers away from Santa Rosa. Moreover the San Lorenzo store was not allowed to sell to Santa Rosa workers.<sup>30</sup> By 1898, Santa Rosa was connected to the tramway line that previously had only gone from Nogales to Orizaba.<sup>31</sup> Even then, it must have taken at least an hour to get there. Besides, it must have been expensive in terms of workers' budgets.

In 1897, before the mill started operating, CIVSA's board of directors consulted some Orizaba storekeepers, Messrs. Cabrand and Caffarel and Mr. Gilberto Fuentes to see whether they would establish such a store, "by their own means and without commitment on the part of the company."<sup>32</sup> It seems that company stores were good business. As early as December 1896, Caffarel asked CIVSA to grant the company store's concession to Messrs. Donnadiou and Caffarel of Nogales. The CIVSA board of directors, however, decided to postpone the decision because there were several bidders for it.<sup>33</sup>

It is uncertain whether this provisional store was ever established. We know that the CIVSA company store did not open until 1899. In April 1897, CIVSA began the construction of the store at the corner of the roads to Nogales and Necoxtla.<sup>34</sup> By early January 1899, construction of the store was nearly completed. The CIVSA board of directors decided to lease it to Messrs. Faure and Dithurbide.<sup>35</sup> Nonetheless, something went amiss and at the end of

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<sup>29</sup> CV, AC, January 2 1897.

<sup>30</sup> Río Blanco is closer to Santa Rosa than Orizaba, but the company store there must have had the same restrictions as that of Nogales since both were owned by CIDOSA.

<sup>31</sup> This tramway line was built by Jiménez partly with a credit from CIVSA (\$5000) which he paid back through freights. CV, AC, April 21, 1897.

<sup>32</sup> CV, AC, April 21, 1897.

<sup>33</sup> CV, AC, December 11, 1896.

<sup>34</sup> CV, AC, April 21, 1897 and April 11, 1898.

<sup>35</sup> CV, AC, January 2, 1899.

the month they decided to rent it to Gilberto Fuentes.<sup>36</sup> The store was leased to the Fuentes family for several decades; by 1907 a José Fuentes was paying the store's rent.<sup>37</sup>

Río Blanco's company store was leased to Victor Garcín, a Barcelonnette who had been in the region for some decades since 1897 he was already an important land owner in the Orizaba valley. In that year CIVSA bought land from him to build a water channel.<sup>38</sup> Eduardo Garcín, his brother, was CIDOSA's manager in 1903 and a member of the CIDOSA board in the General Assembly minutes of 1905 and 1906.<sup>39</sup> However Garcín's store was not merely a company store. He seems to have run the largest store in the area, occupying a whole block. The letters he sent to CIDOSA bore the following legend in fancy stationery:

Large Grocery and Clothes Store.  
Wholesale and Retail.  
V́ctor Garcín, Río Blanco, Veracruz.  
"Centro Comercial" branch in Nogales, Ferrocarril Central Mexicano.  
Agency of the famous "Moctezuma" beer, the exquisite "Buen Tono"  
cigarettes and the supreme "Alianza and Esperanza" soaps.  
Complete assortment of national and foreign groceries.  
Speciality in cloth from the "Río Blanco" factory.<sup>40</sup>

This suggests that his business was not only selling directly to workers but also to several stores in the region. In several letters between CIDOSA and Víctor Garcín he appears not as a concessionaire of the company store but as a customer.<sup>41</sup> Most letters found in CIDOSA's archive addressed to Víctor Garcín refer to packages CIDOSA sent to Garcín's customers elsewhere, such as F. de la Vega in León, Guanajuato. CIDOSA sent Garcín's orders directly to his clients charging Garcín's account.<sup>42</sup> Besides Río Blanco's company store Garcín owned two other stores: "El Centro Comercial" at Nogales, and "El Modelo" at Santa Rosa, and nine *pulquerías* (bars where *pulque* a spirited

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<sup>36</sup> CV, AC, January 23, 1899.

<sup>37</sup> Until the end of October 1918, José Fuentes continued to appear as the lessee of the store. CV, Caja Santa Rosa, 1900-1918.

<sup>38</sup> CV, AC, February 25, 1897, October 25, 1897;

<sup>39</sup> The fact that Eduardo Garcín no longer appears as a board member in the General Assembly of 1907, was perhaps caused by the January 7 events. Archivo de la Compañía Industrial de Orizaba (henceforth CD), Asamblea General Ordinaria, 1905: March 23 1906, 1906: March 22 1907 and 1907: April 3 1908; Banamex Archive, R.G. Dunn & Co. private reports from August 28 1899 to January 11 1904, 97.

<sup>40</sup> CD, Correspondence (henceforth CR), letter from Víctor Garcín, Grandes Almacenes...to Río Blanco (henceforth RB), October 23 and November 23 1906.

<sup>41</sup> CD, CR, Garcín-RB and RB-Garcín, several letters, January-June 1906.

<sup>42</sup> CD, CR, April 9 1906.

drink made of agave, was sold) which also held billiard tables. Some newspaper articles claimed that pulque was also sold at the company store.<sup>43</sup>

According to the prevailing view, company stores were opened because they yielded a double benefit to their owners. First, through company stores employers were able to extract extra benefits from the already low wages. Second, by keeping workers indebted, they could prevent their work force from moving into other jobs that could offer them better conditions.<sup>44</sup>

The discussion of CIVSA's board of directors on the establishment of its company store provides a different reason. Apparently their purpose was to provide workers with a nearby place to buy their needs. CIVSA's reasons for establishing a company store must have been shared by other enterprises. Mines and haciendas were by their own nature generally located in vacant areas with a very low population density. In Mexico manufacturing companies were also generally located outside of urban areas. Given the dearness of coal in the country, compared to other nations, steam power was relatively very expensive. Thus factories usually located near water streams away from cities or towns, as CIVSA and CIDOSA did. These made company towns a much more prevailing feature of Mexico's settlement patterns than was the case in the United States or Europe. When haciendas, mines, or mills first established in a region, their population was initially too small for an independent store or housing area to be profitable, thus company provision of stores and housing was considered a necessity.<sup>45</sup>

However CIVSA's case suggests that company's also considered the advantages that a monopoly in the distribution of goods to their workers could provide them. As it has been said, by 1897 the CIVSA board reported that if workers were not allowed to buy at the Nogales company store they had to go as far away as Orizaba.<sup>46</sup> The very fact that company stores were forbidden to sell to workers other than their own indicates that non competitive practices were followed.

One reason for a firm to forbid its company store from selling to anyone else, would be that it was subsidizing the store and wanted the subsidy to benefit its own workers.<sup>47</sup> A description of the Río Blanco mill given by a newspaper from Orizaba in 1895 claimed that the company had a "big store, where workers found what they need to live and dress at a lower price than

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<sup>43</sup> García, *Un Pueblo Fabril*, 136, and *El Diario*, January 16, 1907, .3.

<sup>44</sup> The importance of debt to secure a permanent labor force is explained in Katz, *La Servidumbre Agraria*, 38.

<sup>45</sup> Price Fishback, "Did Coal Miners Owe their Souls to the Company Store" Theory and Evidence from the Early 1900s" in *The Journal of Economic History*, December 1986, 1014.

<sup>46</sup> Río Blanco is closer to Santa Rosa than Orizaba, but the company store there must have had the same restrictions as that of Nogales since both were owned by CIDOSA.

<sup>47</sup> This seems to have been the case in the hacienda of Nueva Italia in Michoacán where the company store was apparently established to sell goods to workers at "reasonable prices" in order to force independent merchants to compete with the store and sell their merchandise at lower prices. Glantz, *El Ejido Colectivo de Nueva Italia*, 82-83.

elsewhere.”<sup>48</sup> However we should not give much credit to this article since it also praised Río Blanco’s accountant and the controversial mayor of Tenango, who were harshly criticized in other articles.<sup>49</sup>

Other explanation, which seems more plausible, is that monopolies maximized the value of the concessions’ rents that the textile companies could charge for their stores. CIDOSA owned four companies in the Orizaba valley, and there were other companies established there: the Moctezuma beer factory, the Mirafuentes textile mill and the Santa Gertrudis jute mill. If these companies allowed their company stores to sell their products openly to the market, they would compete among themselves, their benefits would be lower and so would the concession that could be charged for them. This would seem to suggest that there was in fact a monopoly rent, of which companies were aware, and tried to preserve.

### *How did Company Stores Actually Work?*

From what we can learn from the Compañía Industrial Veracruzana (CIVSA) and the Compañía Industrial de Orizaba (CIDOSA) records, we know that company stores were not run directly by the employer but operated under concessions granted to third parties. The employer was responsible for deducting workers’ debts to the store from their weekly wages. In compensation for this duty, the employer received a percentage of what the workers spent at the store.

CIVSA leased the company store to Mr. Gilberto Fuentes, and it opened its doors in 1899.<sup>50</sup> CIVSA charged him a monthly rent of \$150 pesos, and 5% commission on the charges the company made on the payrolls; commission that the company took out of the workers’ earnings.<sup>51</sup> As it has been said, by 1907 the store was still run by the same family.

Company stores have been charged with maintaining a monopoly through issuing script (*vales*), which only they could redeem. It has commonly been believed that workers were paid mostly in script. In fact, in the Orizaba textile mills, workers were paid most of their wages in silver coins as we know from the weekly letters that came and went from Mexico City to the mills demanding large amounts of coins to pay weekly wages, or reporting on their remittance or arrival.<sup>52</sup> Karl Kaerger’s description of workers’ conditions in plantations in Mexico’s south, also indicate that workers were paid in coins,

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<sup>48</sup> *El Cosmopolita*, March 31, 1895, front page.

<sup>49</sup> *El Cosmopolita*, November 26, 1893, front page.

<sup>50</sup> CV, AC, January 23, 1899.

<sup>51</sup> CV, AC., January 2, 1899.

<sup>52</sup> CD, CR, A. Reynaud to Río Blanco, several letters. From August to December 1906, 18 letters report that the office in Mexico City sent by express \$3000 pesos in “tostones” for the weekly payroll, (*rayas*). From January 1907 to March 1908 29 letters reported they sent \$5000 pesos weekly also mostly in “tostones” and CV, CR, MX-SR, August 30 1910.

not in script.<sup>53</sup> With very few exceptions, the use of *vales* appears to have been used only when circulating money was scarce, as happened in isolated regions during colonial times and the second half of the 19<sup>th</sup> century.<sup>54</sup>

In the Orizaba valley script, or *vales*, were an advance on wages due the following payday. It was negotiable at the company store at its full value if it was traded for merchandise, or at 70% or 80% of its value if it was exchanged for money. This was the case not only at CIDOSA and CIVSA, but also at the textile mill of Metepec, in Atlixco Puebla.<sup>55</sup> On the following Saturday, the amount advanced to workers in script during the week was deducted from their wages and paid to the company store, after deducting 5% commission. This general procedure appears to have been common to company stores throughout the world at the time. This was exactly the way company stores in U.S. coal mines operated in the early 1900s.<sup>56</sup>

Numerous accounts tell that company stores deducted a certain percentage of the value of these *vales*. According to Dawn Keremitsis, this discount was between 10% and 12% of their nominal value. According to *La Voz de México* the discount was 25%. At the Magdalena and Santa Teresa mills located in Mexico City dorroundings this rate seems to have been 18% per weeek.<sup>57</sup> It is not clear whether these accounts refer to the discount made when exchanging script for money, or when purchasing at the store with script, although the former seems more plausible. We should understand this discount as the interest rate the company store charged for the credit it gave, minus the 5% it paid in commission to the mill.

It is possible that in some textile mills workers were fully paid in script, yet I have yet not found solid evidence of such a case. Several newspaper articles from the period denounced that companies paid workers exclusively in script. A newspaper article, for example, explained that in the Tlaxcala textile mills of La Elena, La Trinidad and San Manuel, "tokens and tickets are

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<sup>53</sup> Karl Kaerger, *Landwirtschaft und Kolonisation im Spanischen Sedamerika*, in Katz, op.cit., pp 59-60 and 77-80.

<sup>54</sup> Nickel, *Morfología Social*, 167. Among the exceptions are Renan Irigoyen's numismatic study that indicates that several henequen plantations in Yucatan minted their own copper, nickel and brass coins from 1872 to 1910 that served as form of payment to hacienda workers. Renan Irigoyen, *Ensayos Henequeneros* (Mérida, 1975), 80-83. The collection of Mexican tokens in the Royal Museum of Berlin includes several coins minted by Haciendas during the 18<sup>th</sup> and 19<sup>th</sup> centuries. According to Miguel Muñoz the article that describes this collection (Friedrich Freiherr von Schrötter, *Mexikanische Haniendamarken*) made the mistake of assuming that all of them were hacienda tokens. Whereas some of them, such as that of the hacienda Santa Elena Tumbador, was in fact a coin minted by the Hacienda to pay its workers (in its back the coin said *una tarea*, a share of work), most of them were crafted by independent stores that used them as fraction money, to give change to their clients in order to surmount the great scarcity of fraction money during the period. Miguel Muñoz, *Tlacos y Pilonas, la Moneda del Pueblo de México* (Mexico City, 1976, 133-134, 263-268).

<sup>55</sup> El Paladín, "Se pretende probar que no han existido vales de tienda," May 16, 1907; and El Paladín, "El Paladín en Metepec", November 22, 1908.

<sup>56</sup> See Fishback, "Did Coal Miners Owe Their Souls to the Company Store?", 1022-1023.

<sup>57</sup> Keremitsis, *La Industria Textil*, 202-203; *La Voz de México* January 11, 1907, front page; and Katz, *La Servidumbre Agraria*, 114.

the money which the unfortunate worker is paid with”<sup>58</sup> Yet it is difficult to trust these accounts given that it also common to find articles that indicate that in CIVSA, CIDOSA, and Metepec, workers were paid only in script, while hard evidence tells this was not true.<sup>59</sup> Further work is necessary to set this issue straight.

### *Store Prices and Monopoly Power*

How much higher were the prices set in company stores? Unfortunately there is no information on prices at CIVSA and CIDOSA stores to compare them with other prices. Narrative accounts suggest that these stores offered lower quality products for higher prices than those that prevailed in a competitive market, as the letter sent to Porfirio Díaz by the “*mejicanos que sufren*” suggests:

*As a consequence of the monopoly in the factories they sell the basic articles at very high prices, badly weighed and badly measured such as 800 grams for a kilo, and in liters, though sealed, they put little pieces of wood inside. This makes workers miserable. This is the practice of Garcín in the factories.*<sup>60</sup>

According to Dawn Keremitsis, these stores charged 10% to 15% more than elsewhere. John Kenneth Turner argued in his famous book *Barbarous Mexico* that the Río Blanco company store charged from 25% to 75% more than stores in Orizaba, but workers were forbidden to buy at any other store (something that we know was not true).<sup>61</sup>

Other sources, similarly refer to company stores as charging higher prices for lower quality products. In 1900, a newspaper article denounced that the Mazapil mining company in the state of Zacatecas forced its workers to buy rotten corn at 20 reales.<sup>62</sup> In 1908 another newspaper article complained that the company store of La Trinidad textile mill in Tlaxcala offered first necessity products full of rat detritus, and meat from sick animals, at very high prices.<sup>63</sup> The textile mills of La Elena, and La Estrella in Tlaxcala,

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<sup>58</sup> El Paladín “Siguen las tiendas de raya. Los industriales no cumplen con lo convenido ante el Presidente de la República”, August 30, 1908.

<sup>59</sup> An article at *El Hijo del Ahuizote*, April 5, 1903, for example, said that the Santa Rosa workers were paid with cardboard or tokens, so that they buy at the company store. Newspaper articles that appeared in the following days of the January 7 and 8 massacre, generally agreed that workers in Río Blanco were paid only in script. See for example *Diario del Hogar*, “Obreros Sublevados en Río Blanco y Nogales Incendian una Casa de Comercio”, January 9 1907. Another article denounced that in the Metepec textile mill workers were paid in script, *El Paladín* “El monopolio y sus víctimas...”, October 15 1908.

<sup>60</sup> Porfirio Díaz Archive (henceforth GPDC) XXXII, 101, letter from “Mejicanos que sufren” to Porfirio Díaz and Executive Palace, January 10 1907.

<sup>61</sup> Keremitsis, *La Industria Textil*, 202-203 and Turner, *México Bárbaro*, 171.

<sup>62</sup> *El Hijo del Ahuizote*, January 28 1900.

<sup>63</sup> *El Paladín* “Un enemigo de la Unión de los Obreros. Deplorable Situación”, May 30 1908.



according to another article, obliged workers to buy the same faulty cloth, for which production workers had not received any payment precisely because it was considered defective.<sup>64</sup> Workers also complained of the bad service company stores gave them. According to an account, in the company store of El Torreón in Texmelucan, Puebla, when a woman demanded to be attended after having waited thirty minutes, the salesperson answered with despotism: "shut your mouth or I will send you to jail, I will serve you when I feel like it".<sup>65</sup>

However, other evidence suggests that prices charged by company stores were not necessarily above those that could be found in independent markets. This was the case of the company store of a sugar plantation in Minatitlán Veracruz, "Plantación Oaxaqueña" property of the "Tabasco Plantation Company S.A.". A price comparison made in 1914 by an inspector from the Department of Labor, contrasting the plantation's company store prices with those of the market of the town of Santa Lucrecia (see Table 1) shows that prices in the company store were basically the same as those charged in the nearby independent market. The inspector of the department of labor explained that "the company store faces the competition of peddlers that (...) stand at the bank of the river and control with their prices the monopoly that [the company store] tries to establish, limiting the immoderate rise in its prices".<sup>66</sup>

**Table 1.** Prices at the Company Store of the "Plantación Oaxaqueña" and the Santa Lucrecia Market.

|                         | At the Plantation | At the Market | Difference |
|-------------------------|-------------------|---------------|------------|
| Corn (kg.)              | \$0.12            | \$0.12        | \$0.00     |
| Beans (kg.)             | \$0.20            | \$0.26        | -\$0.06    |
| Meat (kg.)              | \$0.50            | \$0.50        | \$0.00     |
| Chickpea (kg.)          | \$0.30            | \$0.40        | -\$0.10    |
| Fat (kg.)               | \$0.80            | \$0.80        | \$0.00     |
| Shirt and Pants (piece) | \$1.25            | \$1.25        | \$0.00     |
| Palm hat (piece)        | \$0.25            | \$0.25        | \$0.00     |
| Coarse Cloth (meter)    | \$0.28            | \$0.25        | \$0.03     |

Source: *Boletín del Departamento del Trabajo*, 1914, 837.

In Karl Kaerger famous description of Mexico's agriculture, he explains that a plantation (*finca*) he visited in Chiapas made a profit of 100% on the meat and 80% on the beans it sold to its workers. Yet he also tells that given that the plantation set the price of corn at 50 cents for the whole season, regardless to the price in the market, it lost 1.25 pesos per sack of corn it sold

<sup>64</sup> *El Paladín* "Siguen las tiendas de raya. Los industriales no cumplen con lo convenido ante el Presidente de la República", August 30 1908.

<sup>65</sup> *El Paladín*, "Lo que vi, observé y me informaron", March 12, 1908.

<sup>66</sup> *Boletín del Departamento del Trabajo*, 1914, p.838.

to its workers. Given that corn was the most important item in the workers' diet, losses in corn sales compensated the profits the company store made on the sale of other items, so at the end it went even.<sup>67</sup> Nickel also found that the haciendas he studied sold corn to their workers at a fixed rate below market price. This, however, was not carried out by the company store but directly by the hacienda.<sup>68</sup>

How much more company stores charged for their products depended on the degree of monopoly power they held, something that the workers who wrote to Díaz seem to have understood. In those companies where workers were not paid with script, but as an advance on their wages, stores never held a total monopoly over workers. The question is therefore how many stores were available to workers and the degree of competition among them.

Prices must have been higher in isolated or recently populated regions where company stores faced no competition. Very isolated mines or haciendas, may have never held a population density large enough to attract independent commerce. Yet it was common that these places at least attracted peddlers.<sup>69</sup> Other company towns gradually grew into small cities with all the necessary amenities. In these towns, independent housing and stores gradually placed competition to the company's facilities. This was generally the evolution of company towns established by manufacturing companies, given that the need to locate in the proximity of a water stream gradually placed several mills along the same river, and thus increased the population density of the region. This was the case of the Río Blanco river in the Orizaba valley, but also of the Atoyac river in Puebla, or the Magdalena river in the vicinity of Mexico city, to name some examples.

As it has been said, there were few alternatives to company stores in the Orizaba Valley by the turn of the century. However, as urbanization progressed in the region, the monopoly power of these stores diminished. By 1907 commercial facilities at Santa Rosa appeared very different from what they had been a decade earlier. In addition to the company store there was "El Modelo," the store sacked and burned in the January 1907 episode.<sup>70</sup> Next to "El Modelo" was a Singer sewing machine agency. By 1907 there was at least other store in Santa Rosa owned by the Ortega family, and there were also several traveling salesmen that came to Santa Rosa from Orizaba with boxes full of merchandise known in the town as the "Italians" and

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<sup>67</sup> Kaerger, *Landwirtschaft und Kolonisation*, 80.

<sup>68</sup> Nickel, "The Food Supply of Hacienda Labourers...", 122-133. Nickel points out that in the haciendas he studied and had the chance to examine the bookkeeping "the distribution and accounting of rations and clothing were not carried out by the *tienda*. Also, the debt books of the workers and employees were kept by the hacienda administration and were in no traceable way connected with the conduct of business of the *tienda*" Nickel, "The Food Supply of Hacienda Labourers...", 118.

<sup>69</sup> This was the case for example of the "Plantación Oaxaqueña" in Minatitlán Veracruz.

<sup>70</sup> It is not clear that he also owned "El Modelo" store at Santa Rosa. At least until November 1906 his stationery did not say so. What seems clear is that he owned the block in which "El Modelo" and "Singer" were located, so it appears that he was an important regional landlord as well as a merchant.

“Hungarians.”<sup>71</sup> According to Bernardo García, by 1910 there were over twenty general stores in Santa Rosa, two stores that sold shawls (*rebocerías*), two bakeries, and a drugstore.<sup>72</sup> There was at least another store in Nogales in 1907 besides El Centro Comercial, “El Puerto de Veracruz” owned by Spaniards.<sup>73</sup>

A newspaper article indicates that Río Blanco tried to preserve the monopoly power of its company store by not allowing the establishment of any other store in the real estate the company owned which, was according to an account, three times as big as the factory needed. This meant an area of at least three kilometers away from the factory. According to that article a Spaniard named Manuel Lama had bought a small piece of land in a centric part of what later was going to be the town of Río Blanco, before the company established. He later established there a *pulquería*. Apparently, the company tried in several instances to buy his land offering each time a higher bid. Manuel Lama resisted for six years, but at the end sold at a very high price, selling the meter square at 4 pesos, a price that was high even for Mexico City.<sup>74</sup>

It has not been possible to verify the truth of this account. Yet, it is clear that by 1907 other stores had opened in Río Blanco. However this may not have threatened García’s monopoly power, since he used his influence as a wholesale merchant to curtail competition. In May 1907, workers wrote to *El Paladín* that in Río Blanco, two stores, “El Gallo Real” and “El Puerto de Veracruz” had opened in the town, but that both bought their merchandise from García. As these stores began to take customers away from García, workers complained, he managed to close them against the will of their owners.<sup>75</sup> Nonetheless, from *El Paladín* itself we know that there were at least three other stores in Río Blanco in 1908: “El Infierninto,” “El Chin-Chun-Chan,” and “Mi Tienda”.<sup>76</sup>

Other accounts indicate that in some places companies tried to enforce their monopoly power by keeping peddlers and nearby independents from delivering goods to workers. According to a worker’s account for example, the textile mill of Soria in Guanajuato, was surrounded by a big wall and the doorman forbade the introduction of merchandise, in order to force workers to buy at the company store, which charged very high prices.<sup>77</sup> A visitor of the

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<sup>71</sup> García, *Un Pueblo Fabril*, 67.

<sup>72</sup> The owners of the general stores were Víctor García, José Fuentes, Camerino Z. Mendoza, Carlos Aguilar, Manuel Fuentes, Rutilio Espinoza, Aurelio González, Andrés Villegas, Gilberto Fuentes and José Lozano. Archivo Municipal de Ciudad Mendoza, actas relativas a varios asuntos de la administración pública, 12 de enero de 1907, Santa Rosa, Veracruz and Padrón para el cobro del derecho de patente, diciembre de 1908, Santa Rosa, Veracruz in García, *Un Pueblo Fabril*, 68.

<sup>73</sup> García, *Un Pueblo Fabril*, 145.

<sup>74</sup> *El Diario*, January 16, 1907, p.3

<sup>75</sup> *El Paladín*, May 16, 1907.

<sup>76</sup> *El Paladín*, February 13, April 5, and May 7, 1908.

<sup>77</sup> *El Paladín*, “Una tienda de raya gravosa...” January 28, 1908.

textile mills of San Felix, La Asturiana, San Juan and El Molino de Guadalupe, in Texmelucan Puebla, described that peddlers in the mills' neighborhood were allowed to sell vegetables, but forbidden to sell beans, corn, or meat and were imprisoned if they disobeyed this regulation.<sup>78</sup> Another worker's letter to *El Paladín* denounced that at the Metepec textile mill, goods brought for sale within the factories' premises were confiscated and a fine of between five and ten pesos was charged to the person who tried to make the sale.<sup>79</sup> At La Trinidad in Tlaxcala, workers' complained that they were forbidden to raise chicken, whereas it was apparently a common practice in other mills.<sup>80</sup> Other companies were accused of dismissing those workers that did not buy at the company store. This was apparently the case in a cement factory in Tula Hidalgo in 1909, and in the textile mill La Colmena in the State of Mexico in 1912.<sup>81</sup>

However, as Price Fishback indicates, even in the case where companies had been able to maintain a local-store monopoly in a nonunion area, there were limits on the prices they could charge. These limits were imposed by competition among firms to attract laborers to their towns. According to him, if the labor market had been perfectly competitive with homogeneous workers and zero transaction, transportation, and information costs, each worker would have received an employment package with value equal to the value of his marginal product. In this situation if a store charged higher prices it would have to compensate with higher wages.<sup>82</sup>

Given that transaction, transportation and information costs were certainly not zero, we should expect an important deviation from this situation. However, competition in the labor market set certain limit to workers' exploitation. It may be argued that the Porfirian labor markets must have been far from competitive given the existence of debt-peonage. Yet evidence suggests that even haciendas in central Mexico-- the most populated region-- faced difficulties in order to retain their workers. This was the case of the Hacienda del Rosario in Tlaxcala in 1906. A letter from the manager to the hacienda owner explains that workers had demanded that the hacienda sold them corn at reduced prices, as other haciendas did. The manager had to comply to their request since, as he wrote, workers were determined to leave El Rosario otherwise, given that the Hacienda de Miniahuapan had increased wages and was paying its workers' personal taxes.<sup>83</sup> In the textile industry

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<sup>78</sup> *El Paladín*, "Lo que ví, observé y me informaron..", March 12 1908.

<sup>79</sup> *El Paladín*, "El monopolio y sus víctimas.." October 15, 1908.

<sup>80</sup> *El Paladín*, "Un enemigo de la unión de los obreros" June 7, 1908.

<sup>81</sup> *El Paladín*, "Siguen los Vales...", June 10, 1909 and "La huelga en la fábrica La Colmena..." November 12, 1912.

<sup>82</sup> Price V. Fishback, "Did Coal Miners "Owe Their Souls to the Company Store"? Theory and Evidence from the Early 1900s, *The Journal of Economic History*, Vol. 46, No. 4, Sep-Dec, 1986.

<sup>83</sup> Archive of the Universidad Iberoamericana at Torreón, Coahuila, Private Archive of the Hacienda del Rosario, Letter from Trinidad Matos, Administrador de la Hacienda del Rosario al Sr. Dn. José Solórzano Mata, April 11 1906.

there is strong evidence that suggests a lot of mobility of workers between different mills. In 1907 for instance at least 41% of Santa Rosa workers came from cities and towns that had textile mills at the turn of the century, such as Etlá Oaxaca or Tlalpan, Mexico.<sup>84</sup> Workers' job tenure was short, in early 1907, for instance, the average number of years workers had been in Santa Rosa was only four, a figure that doubled by 1923.<sup>85</sup>

Competition in the labor market must have been one of the reasons behind the reforms carried out at the Cananea Consolidated Copper Company's store in 1908. In an article published at the workers' newspaper *El Paladín* the company proudly announced that it had reduced prices at its store by 15% to 30%, that everything the store sold was of superior quality, measured and weighted correctly, and that "it gave its clients the privilege of returning or exchanging any item that did not fully satisfied them". It had improved its sale system and hired new competent salespersons, the article went, so that clients did not have to wait to be served. The article concluded that: "it is the desire of the President of the company that (...) [all items] sold at our business are provided at the lowest possible price..."<sup>86</sup> It is important to note that in 1906 a parallel incident to that of Río Blanco had taken place in Cananea when government forces killed several workers in order to crush a strike. It seems this company was making an effort to provide a better image of itself to workers and to the society in general.

### *Company Stores as Sources of Credit.*

Although many independent stores in the Orizaba valley sold on credit, company stores had an advantage over them because the factory guaranteed their credits. However, they faced an additional cost on credits: a 5% commission charged by the factory for deducting workers' debts directly.

This indicates that the risk reduction that stores gained from having a contract with the company was worth at least 5% of workers' debts. This advantage might have given them an extra monopoly power, particularly in times of great economic hardship. Yet, company stores were not the only ones able to guarantee their credits. Certain merchants in the region found other mechanisms to secure payment of debts. For example, the town councilor Cornelio Mendoza owned a general store in Santa Rosa that gave weekly credits to workers. If, at the end of the week, they did not pay their debt, he put them in prison and fined them, taking advantage of his position in the municipal government. Workers complained about this practice as being

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<sup>84</sup> Aurora Gómez Galvarriato, "The Impact of Revolution", 194.

<sup>85</sup> Aurora Gómez Galvarriato, "The Impact of Revolution", 209-210.

<sup>86</sup> *El Paladín*, "Cómo debe tratarse a los obreros...", November 12, 1908.

totally illegal, given that Article 17 of the Constitution explicitly stated that no one could be imprisoned for debts of a civil nature.<sup>87</sup>

In 1908 company stores seized to operate as such in the Orizaba valley, as a consequence of the 1907 massacre. Yet this did not put an end to the extraordinary interests workers were charged for credit. In April 1908, workers wrote to *El Paladín* that a small store called “Mi Tienda” owned by Delfino Espíndola, a Río Blanco employee nicknamed “El Torero,” was yielding him good profits through its “excellent and legal credit operations, charging 12% weekly interest rates or the loss of the article pawned.”<sup>88</sup> This interest rate does not seem lower than what company stores used to charge, nor do these rates seem to have been exceptional. Another letter to *El Paladín* stated that “La Bella Concha” in Santa Rosa charged 20% weekly interest rates in mid 1907 against articles pawned.<sup>89</sup> In mid 1908 workers denounced to *El Paladín* that money lenders in Santa Rosa charged a 12% weekly interest rate.<sup>90</sup>

Moreover the end of company stores did not put an end to practices that discriminated against workers who did not buy in them. A letter to *El Paladín* said that the Río Blanco employee “El Torero” was trying to open a pawn shop “not content with the big profits he obtains from “Mi Tienda” and from the speculation he undertakes within the factory premises.”<sup>91</sup> This letter charged that this employee favored those workers that had business with him, and discriminated against those who did not. It concluded “the factory, workers, and, the neighboring stores, are seriously damaged by this employee who infringes at his will the regulations that cost more than a little blood on January 7 of the previous year.”<sup>92</sup> It referred to one of the articles of the factory’s regulations that forbade employees from carrying business inside the factory and from receiving money in exchange for protection.

Evidence suggests that workers might not have been better off when company stores disappeared since company stores faced a lower risk than other stores on the credit they gave workers. They could therefore charge lower interest rates than other stores. The 5% commission that firms charged company stores raised the cost of credit they offered workers. Yet it seems that this rate was lower than the risk they would have faced without having a contract with the companies to secure their credits. Otherwise it would not have been profitable to run a company store, on the terms described above, where no absolute monopoly power existed. When stores did not have

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<sup>87</sup> *El Paladín*, May 31, 1906.

<sup>88</sup> *El Paladín*, April 8, 1908.

<sup>89</sup> *El Paladín*, July 14, 1907.

<sup>90</sup> *El Paladín*, June 15, 1908.

<sup>91</sup> *El Paladín*, June 15, 1908.

<sup>92</sup> *El Paladín*, June 15, 1908.

workers' wages as guaranteed collateral to their debts, stores asked workers to pawn articles to give them credit.

Yet workers' repudiation of company stores, expressed in the several articles they wrote to *El Paladín*, suggest that company stores did not make them better off either. This suggests that all the possible gains that resulted from the reduction of risk that company stores as a credit system generated were pocketed by the company store concessionaires and by the firms (through rents and commissions), without distributing them to the workers.

### *Did Workers "Owe their Soul" to Company Stores?*

Data from CIVSA payrolls furnish some interesting insights on the relationship between workers and the company store. First of all, the fact that both the percentage of workers indebted to the company store, on average only 15.6% of workers, and the percentage discounted from their wages to pay debts, on average of only 26% of wages, were far below 100% indicates that, even in 1900, workers purchased supplies at alternative locations.<sup>93</sup> (See Table 2).

Lower-income workers had a larger share of their wage deducted to pay their debts to the company store than workers with higher incomes. As Table 2 shows in some cases, such as February 1904 and 1905 it could be more than half their wage. However, the percentage of poorer workers indebted to the company store was almost half that of those with higher incomes.<sup>94</sup> The share of wages deducted from poorer workers is higher because their income was lower, not because they owed more to the store. In February 1905, for instance, workers who earned less than \$3 pesos had an average of 57% of their wages deducted, which amounted to \$1.20 pesos on average. Not a very different figure from the \$1.28 pesos on average owed by workers who earned between \$3 and \$6 pesos, although that accounted only 27% of their wages. Those who earned more than \$6 pesos, owed \$2.47 on average, a figure almost twice that of the other two wage ranges. This, however, accounted for only 28.6% of their weekly wages.

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<sup>93</sup> Some of their income might have been saved or sent to their families in their home towns, but it must have been only a small percentage of their earnings since they were barely enough to live on. Unfortunately we have no information on their savings.

<sup>94</sup> This can be explained if the company store specialized in products bought by the majority of workers in the middle-income range.

**Table 2. CIVSA Workers' Expenditure at the Company Store.**

| <b>Percentage of workers who used the company store, by wage level.</b> |                 |                           |                |        |
|---|-----------------|---------------------------|----------------|--------|
|   | Income          |                           |                | Total  |
|   | Below \$3 pesos | Between \$3 and \$6 pesos | Over \$6 pesos |        |
| 1900  | 7.40%           | 23.20%                    | 18.00%         | 16.83% |
| 1901  | 6.80%           | 15.50%                    | 16.70%         | 14.18% |
| 1902  | 6.08%           | 13.73%                    | 13.60%         | 12.12% |
| 1903  | 12.50%          | 21.40%                    | 18.30%         | 18.41% |
| 1904  | 8.90%           | 19.50%                    | 15.40%         | 15.57% |
| 1905  | 9.80%           | 14.30%                    | 20.80%         | 16.42% |
| 1906  | 6.80%           | 16.20%                    | 17.70%         | 15.53% |
| 1907  | 9.62%           | 11.36%                    | 8.82%          | 10.08% |
| 1908  | 3.32%           | 24.17%                    | 22.72%         | 20.10% |
| Avg 1900-1906   | 8.33%           | 17.69%                    | 17.21%         | 15.58% |

| <b>Percentage of wages deducted to pay debts to company store, by wage level.</b> |                 |                           |                |        |
|---|-----------------|---------------------------|----------------|--------|
|   | Income          |                           |                | Total  |
|   | Below \$3 pesos | Between \$3 and \$6 pesos | Over \$6 pesos |        |
| 1900  | 38.30%          | 21.80%                    | 13.90%         | 18.65% |
| 1901  | 38.00%          | 27.10%                    | 18.80%         | 22.38% |
| 1902  | 39.02%          | 30.75%                    | 16.59%         | 22.02% |
| 1903  | 39.80%          | 34.00%                    | 23.90%         | 28.39% |
| 1904  | 51.90%          | 34.74%                    | 29.60%         | 33.50% |
| 1905  | 57.30%          | 26.80%                    | 28.20%         | 28.59% |
| 1906  | 47.30%          | 33.00%                    | 27.40%         | 29.55% |
| 1907  | 47.33%          | 22.91%                    | 9.64%          | 29.33% |
| 1908  | 41.98%          | 20.36%                    | 10.05%         | 11.42% |
| Avg 1900-1906   | 44.52%          | 29.74%                    | 22.63%         | 26.15% |

Source: CIVSA Payrolls, Week 6, 1900-1908. The wages reported here are weekly wages.

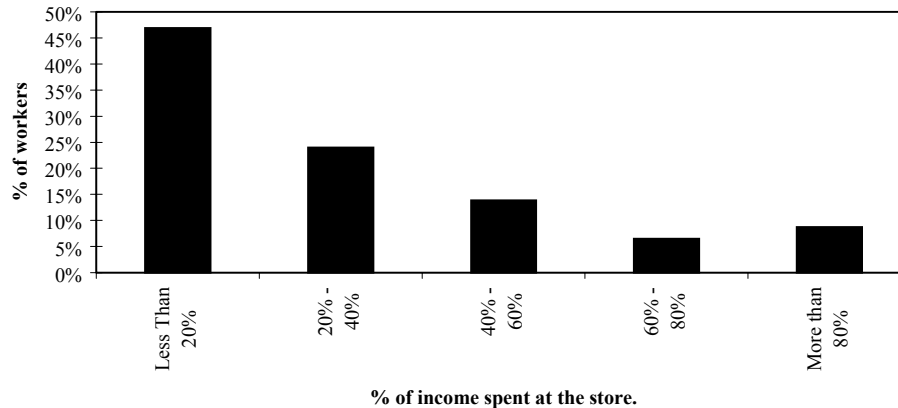
One could say that company stores were very important for low-income workers who used them since, for example, at CIVSA in February 1905, as has been shown, they spent 57.3% there. However, only 9.8% of low-income workers had debts to the store. On average, 8% of those workers who earned less than \$3 pesos per week, 18% of those who earned between \$3 and \$6 pesos, and 17% of those who earned more than \$6 pesos used the company store credit between 1900 and 1906. The share of their income that was deducted by CIVSA from their weekly wages from those who bought at the store was 44%, 30%, and 23% respectively.

It is impossible to know the size of workers' debts to the company store from the data available. However, we know that in February 1905, 45% of workers with debts to the store paid less than 20% of their weekly income, more than 70% paid less than 40% of their wages, and 10% paid more than 80% of that income (see Figure 1). This suggests that most workers had debts to



the store that were paid back within the week. If workers had carried debts over from week to week we have expected that a significant share of their income would have been deducted, since there does not seem to have been a company regulation establishing a maximum amount that could be deducted from wages.<sup>95</sup>

Figure 1. Store Expenditures as a Percentage of Wages, 1905.



Source. CIVSA Payrolls, Week 6, 1905.

Although it was impossible to build similar figures for CIDOSA due to lack of access to the company's payrolls, the following evidence tells that worker's indebtedness to the Río Blanco company store must have resembled that of CIVSA workers. At least once a week a large check was paid by CIDOSA to Garcín. In the fall of 1905, these checks were paid once a week, all for about the same sum of around \$885 pesos. In the spring of 1906, these checks were for between \$850 and \$950.<sup>96</sup> This could have been the money the company was deducting from the payrolls for the debt to the store (redeeming the script) and giving to Garcín.<sup>97</sup> If this is true, then around 30% of the payroll was paid in the form of *vales* to Garcín (\$870/\$3000) in the spring of 1906.<sup>98</sup>

These results are similar to those found by Herbert Nickel in the haciendas of Puebla and Tlaxcala, showing that "the debts that assured the permanence of workers in the premises were not the product of credits obtained in the store, but of advances given to them in holidays or to cover the expenses of

<sup>95</sup> On February 1905, four workers (out of the 356 who had debts with the store) had more than 97% of their wage deducted. Interestingly, all these were workers whose weekly wages were over \$6 pesos.

<sup>96</sup> CD, Checkbook stubs for the second semester of 1905 and for the first semester of 1906. For example, checkstubs 3509, 3510, 3564, 3472, 3610.

<sup>97</sup> Garcín may also have been renting CIDOSA some premises, although in that case it would be strange that the payment was made weekly.

<sup>98</sup> This is an upper bound estimate since it assumes that the sum paid to Garcín included only the payment for the debt carried by workers at the Río Blanco store. If it included also purchases on credit at the Nogales store then the percentage would have been smaller.

family parties, medicines, or the loss of tools and working animals, or as bails”.<sup>99</sup> A similar situation was found by Hans Günther Mertens in his study of several haciendas in Atlixco, Puebla. In those haciendas debt-peonage existed but company stores were not the mechanism to indebt workers.<sup>100</sup> In the textile mills studied there exists no evidence of any other means that could have been used to indebt workers. CIVSA and CIDOSA’s accounting books and correspondence do not show that workers carried other type of debts with the companies besides those to the company stores.

### **III. The Río Blanco Strike and Workers' Attacks on Company**

The tragic events began when workers assaulted a store, near the Río Blanco mill, run by the Barcelonnette Victor Garcín.<sup>101</sup> The so-called “Río Blanco strike,” was not, as Rodney Anderson has explained, a strike but the end of a company lockout conceived by textile industrialists in order to eliminate workers’ support for a strike in Puebla organized by the Gran Círculo de Obreros Libres, against the establishment of factory regulations that workers disliked.<sup>102</sup> Ultimately what industrialists wanted, in agreement with Porfirio Díaz, was to destroy the Gran Círculo de Obreros Libres, a very powerful workers’ organization, created in Río Blanco in April 1906, with the objective, according to its articles of incorporation, of organizing workers against capitalism and against the dictatorship of Porfirio Díaz.<sup>103</sup> The CGOL founded locals at every mill in the Orizaba Valley.<sup>104</sup> It then expanded into the rest of the country, aided by the acquaintances that migrant workers from Orizaba had left behind in their previous jobs.<sup>105</sup> By the end of 1906, it had branch

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<sup>99</sup> Nickel, *Morfología Social*, 168, and 297-298.

<sup>100</sup> Hans Günther Mertens, *Atlixco y las Haciendas*, 210-245.

<sup>101</sup> Patrice Gouy, *Pérégrinations des “Barcelonnettes” au Mexique*, (Grenoble, 1980), 63.

<sup>102</sup> Rodney Anderson, *Outcasts in their Own Land. Mexican Industrial Workers 1906-11* (Delkab, 1976), 154. Its framing as the end of a strike was carried out from the beginning by all the newspapers that reported on the event in the following days such as *El Imparcial*, *El Diario*, *El Tiempo*, *La Voz de México*, and *El Correo Español*. This idea was then taken over by the historiography. In fact the conflict had started by a strike in Puebla and Tlaxcala, starting on December 4, 1906, due to workers’ opposition to the factory rules that the Centro Industrial Mexicano tried to impose, but on December 24, 1906 the strike had turned into a companies’ lockout imposed on most textile mills in the nation, including those in the Orizaba valley.

<sup>103</sup> See Aurora Gómez Galvarriato “The Impact of Revolution”, 220-249 and Bernardo García, *Un Pueblo Fabril del Porfiriato*, 138-156.

<sup>104</sup> It seems that the GCOL operated both as a confederation and a union. Where labor organizations already existed, such as the “Liga de Obreros Estevan de Antuñano,” they became affiliated to the GCOL, and where they did not exist, the GCOL created them. It is only in the second instance that these organizations would be called “locals” or “branches.” Since in the Orizaba Valley labor organizations at each mill seem to have been created by the CGOL, I call them “locals,” but further research would be needed to prove this assumption. On August 26 1906 its Río Blanco branch announced its official establishment. *El Paladín*, August 26 1906.

<sup>105</sup> García, *Un Pueblo*, 109.

organizations in the states of Puebla, Jalisco, Oaxaca, Tlaxcala, Mexico, the Federal District, Querétaro, and Hidalgo, in addition to Veracruz.<sup>106</sup>

On January 7, 1907 workers were supposed to go back to work since the mill owners and the GCOL leadership had accepted President Porfirio Díaz arbitration decision (*laudo*) that settled the conflict. Yet it was uncertain what workers from the Orizaba valley would do since an important part of them had expressed their dissatisfaction to the agreement when it was presented to them on the meeting held the previous day.

On the morning of January 7, only a small percentage of workers entered work, while crowds of them joined at the mills' gates. Meanwhile, some women asked for some food on credit at the nearby Río Blanco company store and its employees rudely denied it to them. The women in outrage asked the workers assembled at factory gates for their support. Soon a quarrel started and the crowd started sacking the store. Then an employee of the store shot and killed one worker. This was all that was needed to ignite the anger of the workers and their families, after having spent more than twenty days without pay because of the industrialists' lockout, and dissatisfied with Díaz' arbitration decision. They burned down Río Blanco's company store and then marched to Nogales and Santa Rosa sacking and burning several stores and pawnshops in the factories' surroundings.

Workers' attacks particularly targeted those stores belonging to Víctor Garcín, such as the Río Blanco company store, the "Centro Comercial," at Nogales in front of the San Lorenzo mill, and "El Modelo," at Santa Rosa.<sup>107</sup> Other stores that were burnt included "El Puerto de Veracruz" at Nogales, owned by some Spaniards and the "Singer" sewing machines agency in Santa Rosa, as fire spread from "El Modelo" to the whole block, owned by Garcín. Pawn shops such as those of Rafael Mateos and Lauro Machorro in Santa Rosa were also sacked.<sup>108</sup>

The repression of these acts ended in a massacre where military forces<sup>109</sup> killed between fifty and seventy workers (a conservative estimate) and imprisoned more than two hundred.<sup>110</sup> According to a newspaper report of a

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<sup>106</sup> Marjory R. Clark, *Organized Labor in Mexico* (Durham, 1934), 12-13 and Anderson, *Outcasts in their Own Land*, 128-150.

<sup>107</sup> According to Bernardo García, who cites evidence from the Archivo Municipal de Ciudad Mendoza, legajo suelto, "Memorándum de los acontecimientos habidos en la cabecera de la municipalidad de Santa Rosa." García, *Un Pueblo Fabril*, 145. The CIVSA list of workers tells, for example, that weavers, Enrique Manzano (age 29), Mauro Manzano (age 16), and José Ríos (age 20) were taken to Quintana Roo. CV, list of workers, 1907.

<sup>108</sup> *El Imparcial*, January 9, 1907, Front Page.

<sup>109</sup> It is interesting to note that the federal troops that arrived in the morning of January 8, were under the command of General Rosalino Martínez, then undersecretary of war. Gen. Rosalino Martínez seems to have been Porfirio Díaz's expert in popular repressions. He had been in charge of crushing the Papantla Indian rebellion of 1896 and had ruthlessly fought the Maya in Yucatán. Emilio Kouri, *The Business of the Land*, Ph.D. dissertation, Harvard University, 1996, 355.

<sup>110</sup> This is Rodney Anderson's estimate, Anderson, *Outcasts in their Own Land*. John Kenneth Turner wrote that between 200 and 800 people were killed. Turner, *México Bárbaro*, 174. Francisco Bulnes in a defense of Porfirio Díaz wrote in 1920 that it was commonly believed that 300 workers were killed but questioned the sources for

total of 6,138 workers that labored at CIVSA and CIDOSA in the days previous to the lockout, only 4,818 came back to work after January 9, 1907. This means that more than a 1,320 workers fled the region, or were killed or imprisoned.<sup>111</sup>

It has generally been assumed that the stores burned down on January 7 1907 were all company stores.<sup>112</sup> From CIVSA company documents we know that “El Modelo,” the store burned down in Santa Rosa, was not a company store. The company store of Santa Rosa, leased at that time to José Fuentes, was neither looted nor burned down.

However, Garcín’s Río Blanco store was in fact a *tienda de raya*. The minutes of the CIDOSA General Assembly held in March 1907, reported that workers “burned down the store of Río Blanco, which building belonged to our Company.”<sup>113</sup> A week after it was burned down, the company’s board decided “to rebuild the store exactly as it had been previously.”<sup>114</sup> Most probably his “Centro Comercial” store at Nogales was also a company store since the Cerritos and San Lorenzo factories in that town also belonged to CIDOSA, but no hard evidence has yet been found on the subject.

Why did the workers’ riot of January 7 1907 almost exclusively target stores, particularly Garcín’s businesses? The day of the workers’ riots, they had not been paid since December 18 when the factories started a lockout and families suffered hunger.<sup>115</sup> In the twenty-one days workers went unpaid, which included Christmas, a bitter relationship must have developed between workers, stores, and pawnshops. While stores were vulnerable spots, factories were impregnable fortresses.

Since workers from the Orizaba region had been supporting Puebla workers on strike for the first two weeks of December, the *Gran Círculo de Obreros Libres* of Orizaba must have had few funds saved for the lockout. Workers from other regions could not give them support as industrialists consciously planned the lockout to be general in order to prevent gestures of solidarity. Given their low wages, most families did not have enough savings to outlive the lockout. The situation for most workers must have been desperate.

In December 1906, *El Cosmopolita*, a newspaper from Orizaba, reported that many textile workers were fleeing the region, indentured (*enganchados*)

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such figure. “Who counted them?” he asked. Francisco Bulnes, *El Verdadero Díaz y la Revolución* (Mexico City, 1920), 61.

<sup>111</sup> El Correo Español, January 12, 1909, 2

<sup>112</sup> Anderson, *Outcasts in their Own Land*, 156-158.

<sup>113</sup> CD, Asamblea General Ordinaria (AAG), 22 de Marzo de 1907. Ejercicio de 1906.

<sup>114</sup> CD, CR, letter from A. Reynaud to Río Blanco, January 14 1907.

<sup>115</sup> Factory managers were aware of this situation, when the CIVSA board ordered the reopening of the mill the following Monday they wrote: “since we assume that workers are at the bottom of their resources it would be good that from Tuesday you gave them some advances of one or two “*piastres*” or more for food, according to your appraisal”. CV CR, MX-SR, January 4, 1907. (In Barcelonnette slang *piastres* were pesos, see Patrice Gouy, *Pégrinations des “Barcelonnettes” au Mexique*, (Grenoble, 1980).

to work on the haciendas of Tierra Blanca and those along the Pacific railroad, while others had gone back to their villages. The article reported that between two and three hundred were leaving within the next few days to the town of Zongolica, where labor was needed to cultivate vast areas of virgin land. Workers were obtaining money from any possible source in order to be able to leave the Orizaba region. The newspaper said: "Many workers who had bought sewing machines on credit, had returned them to the agencies they had got them from, and with the money they got back, as well as from that of articles pawned or sold, they have undertaken the exodus."<sup>116</sup>

The newspaper, unconsciously predicting the terrible events that were to take place in a week, explained that "the merchants of Santa Rosa, Río Blanco and Nogales, that before the lockout had been bringing many basic products into the region, were not doing so anymore, only selling what they had on stock." Stores, it explained, "had stopped lending workers the merchandise they had previously allowed them to pay for in short terms of between a week and a fortnight."<sup>117</sup>

Workers asked merchants, and the population in general, for donations of food. Precisely on January 7, a petition of this kind appeared in the *Tipografía del Comercio*, asking for bread for their "adored children" who "suffer the terrible consequences of the caprice of industrialists who have become executioners of the worker."<sup>118</sup> Apparently, most merchants made some donations. In a letter sent to *El Diario*, Garcín argued that on the Friday before the massacre he was visited by a workers' commission that asked for cereals and other foodstuffs, and that given that his business was more important than the rest, and since all the other merchants had given a contribution, he decided to give 20% more than the largest contribution.<sup>119</sup> It is impossible to know whether this was true, but in any case, it was not enough to meet workers' needs or to suppress their anger.

Garcín was the most important merchant in the region, and it seems that his business had developed a difficult relationship with workers both before and during the lockout. The fact that one of his employees killed a worker opened Pandora's box. This might be the reason why his stores were the main target of workers' attacks. It seems that although stores in the region acted in ways that could be blamed for the riots, they also became easy scapegoats that could be pointed out by the media in order to relieve industrialists' unfair lockout and the government's role in it of their responsibility.

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<sup>116</sup> *El Cosmopolita*, December 30, 1906, 2.

<sup>117</sup> *El Cosmopolita*, December 30, 1906, 2.

<sup>118</sup> AGN, Fondo de Gobernación, 817/8, "Señores Comerciantes, Propietarios y Compatriotas en General." A merchant, Ramón Villagómez was the commissioner in charge of collecting the donations from the merchants of Orizaba. Donations were also received in the printing offices of "La Unión Obrera", a workers' journal.

<sup>119</sup> *El Diario*, January 11 1907.

### *The End of Company Stores in the Valley of Orizaba.*

As attention focused on the company stores, due to the January 7 and 8 massacres, on January 12, the CIVSA board instructed the factory manager to dissolve any obligation the company had with the store, and to stop charging the 5% commission on workers' expenses. In June 1908, CIVSA stopped deducting workers' debts to the store from the payroll. Thereafter its company store had no special advantage over the other stores established in the area. The rent the company charged Fuentes for the store was reduced to \$120.00 pesos per month instead of the previous \$150 in August 1910.<sup>120</sup>

After the riots, Garcín sold his property to his former partner, the Spaniard Manuel Diez, and left the region.<sup>121</sup> Diez, who also owned a store called "El Fenix," reopened the store in Río Blanco in June 1908. Interestingly, "El Fenix" is still a chain of small supermarkets in the region today. An account written by a worker on the reopening asked workers to be alert, because although the store was not going to be a *tienda de raya*, the previous experience had cost them dearly.<sup>122</sup>

The board of directors of the textile mill of Metepec decided to put an end to the company store script (*vales*) in November 1908, after a series of articles in the newspaper *El Paladín* condemned their use.<sup>123</sup> Apparently after the "Río Blanco strike" Porfirio Díaz had promised to eradicate the vale system.<sup>124</sup> However, this practice continued to exist for many years in several parts of the country. It was only where workers organized and denounced the practice to newspapers that the vale system ended.

### *"Germinal" and the Birth of a Myth*

On the days following the massacre of Río Blanco a heated debate began over the causes of the terrible episode. The not very impartial newspaper *El Imparcial* rapidly put the blame of the tragedy on the leaders of the labor movement and the publishers of radical newspapers who, according to it, had deceived the uneducated workers and instigated violence in order to pursue their own selfish interests. *El Imparcial* argued that the workers had become criminals and it demanded for them "not in the name of the employers and of

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<sup>120</sup> CV, CR, Mexico City offices to Santa Rosa offices, August 30 1910.

<sup>121</sup> CV, AC, April 8 1907. CIVSA wanted to buy land near the Santa Rosa mill from him valued at \$50,000 pesos, but when they made the offer it had already been sold to Manuel Diez and Co. S.C.

<sup>122</sup> CV, AC, May 24, 1908.

<sup>123</sup> *El Paladín* "Si hay vales. Los directores de la Compañía Industrial de Metepec resuelven quitar los vales" November 29, 1908.

<sup>124</sup> *El Paladín* "Siguen los vales", June 10, 1909.

those directly affected by the violence, but in the name of society as a whole (...) the most severe punishment.”<sup>125</sup>

The industrialist were not to blame for the events: “the brief conflict between workers and employers—that arose from a disagreement over issues regarding the interior administration of the factories—had been solved on ‘the basis’ that had been approved by the representatives of the workers on strike.”<sup>126</sup> Something proved by the fact that the Puebla workers had peacefully resumed work, as the newspaper explained.

Porfirio Díaz should not be blamed either: “as an arbiter to resolve the differences, he received on several occasions the workers’ representatives and listened, with his usual attention, to their aspirations”<sup>127</sup> which were incorporated in the new factory regulations that were favorable to the workers, and that meant, *El Imparcial* claimed that “the workers had won the strike”.<sup>128</sup> The only blame the government had, if any, according to *El Imparcial* was not having suppressed earlier the radical newspapers, such as “La Revolución Social” and “La Unión Obrera” that disseminated subversive socialist doctrines and planted the seed of rebellion in the workers’ minds.<sup>129</sup> Other newspapers took a similar stance. According to *El Tiempo* the workers leaders who opposed Díaz arbitrage decision had become “the Judas (...), present in every strike, who pursue their self profit without considering the grave damage that their criminal acts could carry to others”.<sup>130</sup> This perspective completely justified the brutal military repression that had been taking place in Orizaba.

*El Diario*, the journal that gave a widest coverage to the event, offered a different explanation of the tragedy that provided some justification to the workers’ acts, without having to blame the industrialists or Porfirio Díaz. The blame relied on Víctor Garcín, the greedy owner of the Río Blanco company store, and more generally on the existence of company stores. This allowed the newspaper to remain within the limits of what was allowed to say in the Porfirian “free-press”, and at the same time, enabled it to defend a more moderate policy against the workers. *El Diario* openly criticized those newspapers that without any evidence had put the blame on “agitators” that they could not even name. What those newspapers had written, *El Diario* claimed, could only be the result of either a “systematic spirit of distorting

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<sup>125</sup> *El Imparcial*, January 8, 1907, “Los Huelguistas se Convierten en Criminales”, front page.

<sup>126</sup> *El Imparcial*, January 10, 1907, “Propaganda Peligrosa. Quiénes son los falsos amigos de los obreros”, front page,

<sup>127</sup> *El Imparcial*, January 10, 1907, “Propaganda Peligrosa. Quiénes son los falsos amigos de los obreros”, front page,

<sup>128</sup> *El Imparcial*, January 10, 1907, “Propaganda Peligrosa. Quiénes son los falsos amigos de los obreros”, front page,

<sup>129</sup> *El Imparcial*, January 10, 1907, “Los Sucesos de Río Blanco”, and “Propaganda Peligrosa. Quiénes son los falsos amigos de los obreros”, front page,

<sup>130</sup> *El Tiempo*, January 9, 1907 “Obreros Amotinados” front page.. *La Voz de México* ¿?, *El Correo Español*.

the truth or the hope of receiving payment from those (..) who had vested interests in distorting it”<sup>131</sup>

According to *El Diario* the deplorable events of Río Blanco and Nogales could have been precluded if Víctor Garcín had read “The Germinal” a novel by Emile Zolá published in 1885 that narrates a similar episode in which a greedy storekeeper that monopolized commerce in a mine in France caused great violence in a strike and generated workers’ outrage by not giving them the needed bread.<sup>132</sup>

The article claimed that more than a violent strike what happened in the Orizaba valley was a vengeance against Víctor Garcín, given that the attacks were targeted towards his stores. “As to the mediate cause of the violent protest, that is the strike, we are convinced that it should not be considered but in second place.”<sup>133</sup> In the same vein as *El Imparcial* it argued that if it had been the cause of the malaise of workers, then certainly the strikers of Tlaxcala and Puebla would also have committed disorder. Another article on the same issue of the newspaper explained that the riot started because Garcín, “who had the trust of commerce in Río Blanco, Nogales and Santa Rosa, denied giving workers 30 of the 5000 cargass of corn that he had”.<sup>134</sup> A day later the newspaper published that its reporters had tried to interview Víctor Garcín on the previous afternoon, but that he refused to talk to them. The article made a detailed description of his rich house and dress, and was accompanied by a cartoon of Garcín (see Figure 2).<sup>135</sup>

At the end this view prevailed, and gradually other newspapers started incorporating it in their articles. Even *El Imparcial* that at first depicted Víctor Garcín as an innocent victim whose employers had only deployed a defensive attitude against the mob, began to put some responsibility on him for monopolizing trade in the region, and for denying aid to the strikers in its articles of the following days.<sup>136</sup> It even revised Garcín’s losses from one million pesos, claimed in its first articles, to \$200,000.<sup>137</sup> The triumph of this perspective ended up shaping the way company stores were viewed by society then, and by the historiography later on.

On January 15 *El Diario* published an article stating that it was urgent that the system of company stores was modified. The article expanded on the

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<sup>131</sup> *El Diario*, January 9, 1907, “El Por qué del Motín de Río Blanco. Sobran las Inculpaciones Gratuitas”, front page. Apparently *El Diario* knew what it was talking about, since Carlo de Fonaro, a Spanish who had been a journalist of the newspaper at the time, later explained in his book *México tal cual es*, that *El Diario* had received a proposal by Garcín of \$5000 pesos in order to rehabilitate his image. Carlo de Fonaro, *México tal cual es* (New York, 1909), 54-56 cited in Moisés González Navarro, “La Huelga de Río Blanco” in *Historia Mexicana*, VI- 4, April-June 1957, 525.

<sup>132</sup> *El Diario*, January 10, 1907, Front Page “El Por qué del Motín en Río Blanco”

<sup>133</sup> *El Diario*, January 10, 1907, Front Page “El Por qué del Motín en Río Blanco”

<sup>134</sup> *El Diario*, January 10, 1907, Front Page, “Más Datos de lo Ocurrido en los Motines de Obreros en Orizaba”

<sup>135</sup> *El Diario*, January 11, 1907

<sup>136</sup> *El Imparcial*, January 8, 1907, “Los Obreros de Río Blanco se Amotinan”, front page.

<sup>137</sup> *El Imparcial*, January 9, 1907, “Los Sucesos de Río Blanco” front and second pages.



resemblance of what happened in the valley of Orizaba with what Zolá narrates for “Le Voreux” in France. It said that while the law forbade payment through tokens and that there had been several cases where violations to this rule had been punished, it was easy to make a mockery of these regulations through the company stores.

The article explained that the companies did not pay in-kind to workers, through the company stores. “What happens is that since the companies own large extensions of land surrounding the factories, and since the housing of workers is located in those premises, by not allowing the establishment of stores in those sites, they in fact establish a monopoly in favor of the merchant they want to favor, who generally is associated with some of the principle partners of the company”.<sup>138</sup> This situation forced workers to buy their needs at higher prices because otherwise they would travel very long distances to buy them.

But the worst damage caused by company stores, according to the article, was that they gave credit to workers bailed on their wages through the system of vales. This was terrible since credit “was very dangerous when given to individuals not very reflective and of a light temperament, as frequently are our workers.”<sup>139</sup> Thus, the largest share of wages never went to the workers but entered directly to the company stores who charged higher prices on the “advanced” merchandise and high discounts (of between 12% and 25% per week) on vales as interest rate. Even worst was the fact that the debts that workers held with company stores were mostly due to buying alcoholic drinks, the most profitable part of their business. The article urged for new legislation that prohibited the issue of vales by private establishments, and the regulation of company stores.<sup>140</sup>

*La Semana Mercantil* a business journal took a similar stance blaming the tiendas de raya for the violence that took place in January 7 at Orizaba. “The conflict between the interests of the industrial and the worker were not the movil of the conflict” claimed the journal, but the abuses inflicted upon workers by the company stores. “The company stores [...] are harmful to workers [...] by negotiating the vales of credit [...] they open the way for squandering and vice, and these same evils are the foundation of their prosperity and profits.”<sup>141</sup> “In the agricultural properties [...] their abuses reach inconmensurable levels. A great number of haciendas have their workers almost as slaves and the chain that ties one of its extremes is the tienda de raya.”<sup>142</sup> While company stores could not be forbidden, since that would have gone against the freedom of trade *La Semana Mercantil* proposed that the

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<sup>138</sup> *El Diario*, January 15, 1907, “Es Muy Urgente que se Modifique el Sistema de Tiendas de Raya” ,Front Page.

<sup>139</sup> *El Diario*, January 15, 1907, “Es Muy Urgente que se Modifique el Sistema de Tiendas de Raya” ,Front Page.

<sup>140</sup> *El Diario*, January 15, 1907, “Es Muy Urgente que se Modifique el Sistema de Tiendas de Raya” ,Front Page.

<sup>141</sup> *La Semana Mercantil*, January 21, 1907 “Los Sucesos de Río Blanco II”, 1-2.

<sup>142</sup> *La Semana Mercantil*, January 21, 1907 “Los Sucesos de Río Blanco”, 1-2.

payment of wages in vales should be proscribed in order to prevent that the repetition of deplorable events such as those that took place in the factories nearby Orizaba.<sup>143</sup>

The interpretation newspapers made of the tragic events of Río Blanco placed the *tiendas de raya* at the top of the list of the problems affecting workers; a problem that needed to be solved in order to avoid similar violence. Before that, no newspaper article had ever dealt with the subject, as a wide search on most of the Porfirian publications suggests. Before the Río Blanco episode the problematic nature of the *tienda de raya*, had only been addressed by Wistano Luis Orozco in his book *Legislación y Jurisprudencia sobre terrenos baldíos*, published in 1895, where he considered them part of the system that made the working conditions of agricultural laborers very similar to those that prevailed in colonial times. “The *tienda de raya*, he wrote, “always pays wages in despicable merchandise; and the four pesos and rations, the monthly wage of the worker, was converted into a series of notations that the worker neither does nor can understand”.<sup>144</sup>

The newspaper and journal articles that appeared during a month or so after the “Río Blanco Strike,” as the episode was later called, became the most important source for its study, and what those articles said about the *tiendas de raya*, which was many times contradictory, became also the basis of what later was going to be written about them.

This is the case of John Kenneth Turner’s chapter on the Río Blanco strike and of working conditions in that mill in his famous book “Barbarous Mexico”, published in 1910. Turner’s description of events on January 7, 1907 is clearly based on *El Diario’s* article of January 9, 1907. Turner wrote that workers asked some corn and beans to the company store in order to support their families during the first week of work but that the store keeper laughed at their petition and said “to these dogs we will not give even water”, a phrase almost literally taken from the article.<sup>145</sup> This made a woman Margarita Martínez call the people to take the provisions needed by force and that is how all started.<sup>146</sup>

In his book, Turner made an interesting description of Río Blanco’s working conditions. Although he seems to have visited Río Blanco, his article is full of inexact information, such as his claim that there were 6000 workers at the factory Río Blanco (the correct number is between 2500 and 3000 depending on the date. The figure is correct if we add to the Río Blanco workers those working in other CIDOSA mills and those of Santa Rosa). On the

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<sup>143</sup> *La Semana Mercantil*, January 28, 1907 “Las Tiendas de Raya”, 1-2.

<sup>144</sup> Wistano Luis Orozco, *Legislación y Jurisprudencia sobre terrenos baldíos*, Vol II, pp. 1096-1097 cited in Andrés Molina Enriquez, *Los Grandes Problemas Nacionales*, 172. Translation taken from Frank Tannenbaum, *Mexican Agrarian Revolution*, note 38.

<sup>145</sup> The sole difference is that *El Diario* said “hungry” instead of “dogs”. *El Diario*, January 9.1907.

<sup>146</sup> Turner, *México Bárbaro*, 173

tiendas de raya he wrote that workers were paid in vales for the company store instead of coins, and that by the means of the company store the firm recuperated all the money that it paid to its workers. He said that the company charged between 25% and 75% higher prices than those at which merchandise could be acquired in Orizaba, but that workers were forbidden to buy elsewhere.<sup>147</sup>

Marjorie Clark in her book *Organized Labor in Mexico* published in 1934 refers to *El Imparcial*, and to a 1927 article of the *Pro Paria*, the Orizaba valley union's journal as her source to address the events of January 7, 1907 which she considered "has become the symbol of martyrdom to the labor cause".<sup>148</sup> In 1929 Frank Tannenbaum's influential book on the Mexican Agrarian Revolution explained that free commerce was excluded from the hacienda and the tienda de raya (the truck store) was the chief and frequently only source of supply" and that "in a good many haciendas, purchase at the tienda de Raya was compulsory"<sup>149</sup> His source was Santiesteban's manual for administrators of Haciendas published in 1903 which gave indications on how to operate a company store, but did not include any factual evidence on how they actually worked.<sup>150</sup>

In 1942 Gustavo Casasola published the *Historia Gráfica de la Revolución Mexicana*, in an effort to organize and explain the photographs that his father had taken and collected from the Porfiriato and the Mexican Revolution. It is difficult to tell what were the sources he used for his writings since he provided no references to them. However it is easy to trace back to the newspaper articles of the days after the incident many of the facts he provides, some of which were later denied by articles of the same newspapers in the following days.

His account of the "Events of Río Blanco" is full of inaccuracies, mistaking the dates, the motives, and exaggerating the attacks to property caused by workers, to create a more dramatic and scenographic narrative than reality would have permitted. He wrote that the workers of the factories of Río Blanco, Santa Rosa, and Nogales, had declared a strike in support to their fellow workers in the textile mills of Puebla, and to demand "a reasonable increase in their wages; an improvement in their living conditions; a humane distribution of working hours; better hygienic conditions, and, specially the abolition of the hateful tiendas de 'raya' in which as a result of the system of 'vales' up to 10% and 12% of their wages were discounted"<sup>151</sup> Surrounded by the invaluable photographs that the book made accesible to the general

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<sup>147</sup> Turner, *México Bárbaro*, 171

<sup>148</sup> Marjorie R. Clark, *Organized Labor* (Durham, 1934), 11-13. She refers to Pánfilo Méndez in *Pro Paria*, January 7, 1927 and *El Imparcial*, January 5, 1907.

<sup>149</sup> Frank Tannenbaum, *Mexican Agrarian Revolution* (New York 1929), 117-119.

<sup>150</sup> J. B. Santiesteban, *Indicador particular del administrador de hacienda* (Puebla, 1903).

<sup>151</sup> Gustavo Casasola, *Historia Gráfica de la Revolución Mexicana* (Mexico, 1967), 93

audience, this account became one of the widest read versions of the “Río Blanco strike”.

Even academics mistook Casasola’s description for the truth. Charles Cumberland wrote in his book on the Mexican Revolution published in 1952 an account of the Río Blanco events that reproduces all the factual errors that Casasola had made. He wrote that “in Puebla, and Tlaxcala, then in Veracruz, the workers struck and asked Díaz to act as arbiter in their demands for higher wages, shorter hours, abolition of the *tiendas de raya*, and safer working conditions”. He cited Casasola’s *Historia Gráfica* published in 1942 as the source of such contention, which was clearly false. Then also citing Jesús Flores Romero and Marjorie Clark (who did not write anything like that) he made the following description of January 7 events:

*In a tumultuous meeting on the night of January 7, 1907, the men of the Río Blanco mill in Veracruz flatly refused to accept the President’s decision; they felt that they had been cheated through dishonest representation. Infuriated by the terms of the judgment, and probably aroused by Magonistas in the regions, the strikers with wanton abandon attacked the mills, the owner’s homes, the stores, and their own company-owned houses in an orgy of rapine and pillage.*<sup>152</sup>

Not only he mistook the date hour of the event, but he also wrongly claimed that they burnt the mills, the owner’s homes and their own company owned-houses which is false but was claimed at first by some newspaper articles, a rumor later denied. Interestingly he wrote in a footnote that “the *tienda de raya* was a company store in which the workers were forced to buy by virtue of the type of payment they received. The high prices in these stores often cheated the men of from 10 to 12 percent of their wages”.<sup>153</sup>

Moisés González Navarro’s 1957 article on the “Strike of Río Blanco” and what he wrote on the event in his volume of the *Historia Moderna de México* is also based mostly on the newspaper articles written close to the event, or on pieces, such as that of John Kenneth Turner, which were based on such documents. However he takes a critical stand point to the interpretation made by those articles criticizing for example *El Imparcial* for not blaming the arrogance and cruelty of the industrials that left 100,000 people without eating, but only blaming Garcín for having called workers “hungry” and not given them some corn.<sup>154</sup>

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<sup>152</sup> Charles Curtis Cumberland, *Mexican Revolution. Genesis under Madero* (Austin, 1952), 18 He cites Clark, 13; Casasola, *Historia gráfica de la Revolución Mexicana*, (Mexico City, 1942) Vol, 83-85 and Jesús Romero Flores, *Anales Históricos de la Revolución Mexicana* (Mexico City, 1939), 60-73.

<sup>153</sup> Cumberland, *Mexican Revolution*, note 72, 18

<sup>154</sup> Moisés González Navarro, “La Huelga de Río Blanco”, 510-533, and Moisés González Navarro, *El Porfiriato, Vida Social en Daniel Cosío Villegas, Historia Moderna de México*, 335.

Similarly Dawn Keremitsis supports her description of the *tiendas de raya* on the mills on what the *Semana Mercantil* reported on them. Yet, she was suspicious of the *Semana Mercantil's* framing of the problem, she wrote that: "businessmen and their commercial publications found it easier to blame the company sore of the malaise of workers, than to accept that the fundamental problems were the wages and long working days. The violent attacks on the stores in times of trouble seemed to them that confirmed their hypothesis".<sup>155</sup>

More recent studies of the "Río Blanco strike", such as Bernardo García's and Rodney Anderson's books have complemented the information given by newspapers with documents found in other archives, particularly that of Porfirio Díaz. However the explanation of the events that resulted in the January 1907 massacre as a great demonstration of workers' hate for company stores, seems to have prevailed. Bernardo García Díaz wrote that "workers wanted to burn all that they rejected and hated particularly those establishments that incarnated injustice in their eyes: the company stores."<sup>156</sup> Rodney Anderson's account remarks,

*With one important exception, the only buildings deliberately burned that day were the company stores of the textile mills in the area. Forced to buy at the company stores because of their location or because wages were paid partly in discounted script, the workers were often in debt to them and universally believed that they paid high prices for inferior goods.*<sup>157</sup>

### *The Tienda de Raya as a National Problem.*

The "Río Blanco strike" was fundamental to make *tiendas de raya* become one of the "great national problems". Francisco I. Madero dedicated, several pages of his book *La Sucesión Presidencial de 1910*, published in 1908 to the Río Blanco strike. He gave a very accurate account of events, starting from the formation of the Gran Círculo de Obreros Libres and puts the blame of the massacre not on García's company store but on the fact that industrials closed the mills in order to suppress the support that textile workers were giving to the strikers in Puebla and Tlaxcala. According to him, Díaz could have stopped that course of action which he considered illegitimate if he had demanded industrials to provide better living conditions to their workers, higher wages, hygienic housing, "and not allowing that they [workers] are exploited in the company stores, or with unjustified fines or with any other pretext".<sup>158</sup> He

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<sup>155</sup> Keremitsis, *La Industria Textil*, 214

<sup>156</sup> García, *Un Pueblo Fabril*, 149.

<sup>157</sup> Anderson, *Outcasts in their Own Land*, 159.

<sup>158</sup> Francisco I. Madero, *La Sucesión Presidencial en 1910*, (Mexico City, 1999[1908]), 204

considered that all the nation was aware “of this first fight between labor and capital” and that its sympathy was for workers. He wrote that according to the general opinion strikers were treated with excessive rigor, and that it would have been more humane that Díaz had forbid Orizaba industrials to close their factories.<sup>159</sup>

In 1909 Andrés Molina Enriquez, dealt with the *tiendas de raya* citing Orozco and indicating that Article 430 of the Penal Code of the Federal District prohibited that wages were paid in tokens or anything different from currency. This prevention he said “has the objective of stopping the scandalous abuse that is carried out in some haciendas, factories and workshops, of paying in tokens or script to force workers to buy there what the need, giving them merchandise of bad quality at very high prices.”<sup>160</sup> He considered that a similar regulation should be established for the whole nation.

Interestingly, he seems to have taken the same position as *El Diario*'s article of January 15, 1907 in regards to the effect that giving credit had on workers, which according to him favored workers' “lack of foresight and spendthrift attitude, stimulating their vices and tolerating their dissolute customs”<sup>161</sup> However it is clear in his book that he considered that the main cause of peons' indebtedness was the credit lent directly to them by the hacendados in order to pay for religious festivities, funerals, etc., and the *tienda de raya*.<sup>162</sup>

The project of law presented by de la Barra in October 1911 to establish the Office of Labor (*Departamento del Trabajo*) expressed that in several haciendas “the *tienda de raya* continues abating real wages with their exorbitant prices; it continues hoarding consumption goods selling, free of any inspection, adulterated goods or of a terrible quality, and most importantly, destroying the energies of the race with the frank and harmful sale of alcoholic beverages”.<sup>163</sup> According to him a similar situation was faced by mine workers and particularly by those working in the textile mills “where the worker is at the mercy of the same *tiendas de raya*”.<sup>164</sup>

In Luis Cabrera famous speech given in the chamber of deputies in December 1912, he also considered *tiendas de raya* as an important problem. He expressed that “the *tienda de raya* was not a simple abuse of the hacendados; but an economic need of the system of management of a hacienda”. He considered it part of the system of perpetual indebtedness and

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<sup>159</sup> Madero, *La Sucesión Presidencial*, 199-206.

<sup>160</sup> Andrés Molina Enriquez, *Los Grandes Problemas Nacionales* (Mexico City, 1978 [1909], 171.

<sup>161</sup> Molina Enriquez, “*Los Grandes Problemas...*” 171.

<sup>162</sup> Molina Enriquez, “*Los Grandes Problemas...*” 170-172.

<sup>163</sup> *El Economista Mexicano*, October 7, 1911, 4

<sup>164</sup> *El Economista Mexicano*, October 7, 1911, 4

"the economic death of our poor classes."<sup>165</sup> He said that he was not going to make a digression on how to suppress them since Mr. Ramírez Martínez y and Mr. Nieto had already sent an initiative to do it.<sup>166</sup>

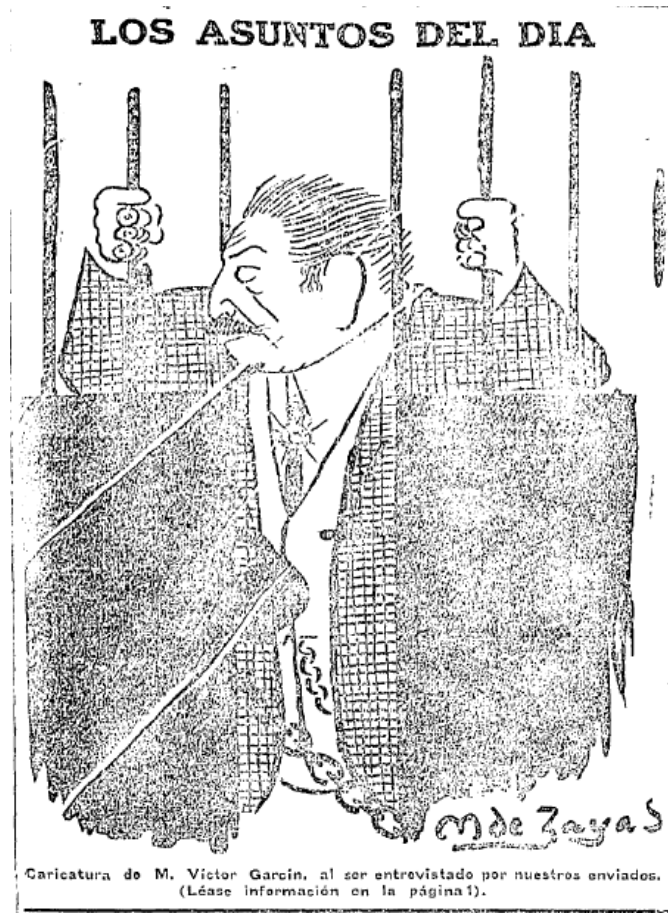


Figure 2. Cartoon on Víctor Garcín published by *El Diario* on January 9, 1907, p.2.

Company stores were explicitly prohibited by almost all the labor legislation passed by the revolutionary governments. Their prohibition was first included in the factory regulations resulting from the Textile Workers' and Industrialists' Convention of July 1912. Article 21 stated that "commercial monopolies in all their forms were forbidden, notwithstanding whether they had their origin in the factory owner or in one of his favorites."<sup>167</sup>

<sup>165</sup> Luis Cabrera, "La Reconstitución de los Ejidos de los Pueblos como Medio de Suprimir la Esclavitud del Jornalero Mexicano" en Luis Cabrera, *Obras Completas* (Mexico City, 1972), 153.

<sup>166</sup> Luis Cabrera, "La Reconstitución de los Ejidos", 152.

<sup>167</sup> Archivo General de la Nación, Departamento del Trabajo, 15/11.

Subsequently Article 14 of Cándido Aguilar's decree No. 11 of October 19, 1914 forbade any business, industrial or agricultural, from establishing *tiendas de raya*, demanding freedom of trade.<sup>168</sup> Article 123 of the 1917 Constitution established that wages ought to be paid in current money and not in script (*vales*), coupons (*fichas*) or merchandise. Finally, the Veracruz Labor Law contained several articles related to company stores. It stated that companies were only allowed to claim workers' debts for less than one month of their wages and never over 25% of their wage (Articles 14 and 15). It prohibited companies from forcing workers to buy at specific stores or places, and from charging any interest on the credits the companies gave them (Article 34).<sup>169</sup>

However, as we have seen, these practices had disappeared in the Orizaba valley textile mills long before any of this legislation was enacted. Nonetheless, in other places, such as the Hacienda de Santa Teresa in Coahuila we continue to find evidence on the existence of company stores as late as 1919.<sup>170</sup>

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<sup>168</sup> Gobierno de Veracruz, *Colección de Leyes y Decretos*, 1914-1915, 26

<sup>169</sup> Gobierno de Veracruz, *Colección de Leyes y Decretos*, 1918, 189, 194.

<sup>170</sup> Archivo de la Universidad Iberoamericana, Torreón Coahuila, Archivo Privado de la Hacienda de Santa Teresa. Payrolls.



## Conclusions

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This paper suggest that the prevailing view of company stores in the Orizaba textile mills during the Porfiriato is very inaccurate. Evidence found indicates that workers were not fully paid in script, but received an important share of their wage in money. Although abuses were made, and some companies found ways to secure certain degree of monopoly for their stores, in general it was very hard for them to hold monopoly power over workers. This was particularly the case in those places, such as the tows of the Orizaba valley, where urban development gave way to the establishment of independent stores, but even in isolated places, evidence suggest that peddlers were common.

The company stores analyzed here show that they were hardly a means to keep workers permanently indebted, and thus to generate a system of *debt-peonage*. This was certainly not the case at CIVSA where on average only 16% of workers used the company store and those who used it carried on average a debt of only 26% of their wage.

Company stores were an efficient source of credit for workers given that they reduced the risk of providing credit to them, and could have been better credit alternatives to other sources of credit such as pawn shops. Yet it seems that the gains they could make, by facing a lower risk than alternative sources of credit, were not channeled to workers but pocketed by the firms and the company store concessionaires.

This paper explains that the black legend of Porfirian company stores was in a large extent formed by Orizaba valley workers' riots of January 7, 1907 where several company stores were sacked and burned, and dozens of workers killed. It seems that although stores in the region acted in ways that could be blamed for the riots, the reasons for the riots went beyond the existence of company stores. They obeyed to a more complex confrontation between workers and employers and the attempt of government and industrialists to crush a rising labor movement which they considered contrary to their interests. Company stores became easy scapegoats that could be pointed out by the media in order to relieve industrialists' unfair lockout and the government's role in it of their responsibility.

This study shows that most historiography on the "Río Blanco Strike" and on the *tiendas de raya* was based on very few sources. Most of which can be traced back to newspaper articles written in the days following January 7, 1907. This has been crucial to the formation of the myth of *tiendas de raya*, that has only recently began to be questioned by studies that have searched for evidence on the actual functioning of *tiendas de raya* in haciendas and factories, such as those carried out by Nickel, Coutourier, Irigoyen, Bazant, Warman, Glantz and Günter Mertens, and by this study. Research based on

hacienda and company documents shows that it is very difficult to support the view on *tiendas de raya* portrayed by the previous historiography. Yet the creation of the *tienda de raya* myth was very important for the enactment of laws and regulations by the Revolutionary regimes, that gradually put an end not only to *tiendas de raya*, but also to the other maneuvers carried out by haciendas by which many workers were actually tied to them by debt.

Finally, what can be concluded from this paper is that the main problem workers faced during the Porfiriato was not the existence of company stores, but their low incomes and the lack of formal credit institutions available to them. This is a meaningful issue because whereas company stores ceased to exist in Orizaba by 1908, and throughout the country after the Porfiriato, underdeveloped credit markets for low-income people remains an insurmountable problem faced by poor Mexicans every day, making them easy prey for usurers.

This paper does not attempt to give a final word on Mexican company stores but to show what the evidence found on them indicates. Yet evidence from many other company stores would be necessary to provide a more complete picture of their functioning and of their role in worker's living conditions. However this would be possible only through a collective effort. If this study is capable of raising the interest in this important historical question it would have fully fulfilled its objective.

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