

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

**Aurora Gómez-Galvarriato (CIDE)**  
[aurora.gomez@cide.edu](mailto:aurora.gomez@cide.edu)

Phone: (5255) 57-27-98-00 ext. 2715  
Carretera México-Toluca 3655  
Col. Lomas de Santa Fé, C.P. 01210  
México, D.F.

To be Presented in the XIV International Economic History Congress,  
21 to 25 August 2006, Helsinki, Finland

**SESSION 56**

**“The Economics of Latin American Labor”**

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

### **Introduction**

The *tiendas de raya* (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 "Rio 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'

---

1. For a description of *tiendas de raya* in the rural sector see Frank Tannenbaum, *Mexican Agrarian Revolution* (New York: The Macmillian Company, 1929), 117-19 and Andrés Molina Enriquez, *Los Grandes Problemas Nacionales*, (Mexico City: Era, [1909] 1978), 172; Rodney D. Anderson, *Outcasts in their Own Land. Mexican Industrial Workers 1906-11*, (Dekalb: Norther Illinois Univ. Press, 1976), 59-60; Moisés González Navarro, “El Porfiriato: La Vida Social” in *Historia Moderna de México*, ed. Daniel Cosío Villegas (Mexico City: Hermes, 1965), 281-85; Dawn Keremitsis, *La Industria Textil Mexicana en el Siglo XIX* (Mexico City: Septentas 61, 1973), 202-3 and John Kenneth Turner, *México Bárbaro*, (Mexico City: Editorial Epoca, 1998), 171, describe company store practices in the textile industry.

2. Keremitsis, *La Industria Textil*, 214.

---

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 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

---

3. See for example: Arturo Warman, *...Y Venimos a Contradecir* (Mexico City: SEP, 1976), 73; Herbert Nickel, *Morfología Social de la Hacienda Mexicana* (Mexico City: FCE, 1996[1978]), 166-68, 306-07, 416-17, 184, 198, 218-40; Susana Glantz, *El Ejido Colectivo de Nueva Italia* (Mexico City: SEP/NAH, 1974), 82-4; Jan Bazant, *Cinco Haciendas Mexicanas. Tres siglos de vida rural en San Luis Potosí 1600-1910* (Mexico City: El Colegio de México, 1975), 131 and 139; and Edith Coutourier, *La Hacienda de Hueyapan, 1550-1936*, (Mexico City: Sepsetentas, 1976), 190-92, and Hans Günther Mertens, *Atlixco y las Haciendas durante el Porfiriato* (Puebla, Universidad Autónoma de Puebla, 1988), 198-99.

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

5. Nickel, *Morfología Social*, 167.

6. Herbert Nickel, "The Food Supply of Hacienda Labourers in Puebla-Tlaxcala during the Porfiriato: A First Approximation", in *Haciendas in Central Mexico from Late colonial Times to the Revolution*, ed. R. Buve (Amsterdam: CEDLA Incidentele Publicaties, 1984), 118.

7. Nickel, "The Food Supply of Hacienda Labourers...", 118.

---

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”. Finally the conclusions derived from this study are provided.

This paper focuses on the study of two textile mills established in last decade of the nineteenth-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, this work complements and contrasts 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 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 nineteenth-century throughout the nation a

---

8. Aurora Gómez-Galvarriato and Bernardo García Díaz, “La Manchester de México” in *Historia e Imágenes de la Industria Textil Mexicana*, (Mexico City: Cámara de la Industria Textil de Puebla y Tlaxcala 2000), 123-37.

---

commercial network dedicated mostly to the sale of cloth, centered in a few big wholesale stores in Mexico City.<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.

[INSERT FIGURE 1]

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.<sup>10</sup> By the end of 1906 there were 2,137 workers in Santa Rosa, 2,841 in Río Blanco, 105 in Cocolapan, 935 in San Lorenzo and 120 in Cerritos.<sup>11</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.

---

9. Aurora Gómez-Galvarriato, "The Impact of Revolution: Business and Labor in the Mexican Textile Industry, Orizaba, Veracruz 1900-1930" (Ph.D. diss., Harvard Univ., 1999), 39-92

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

11. El Correo Español, 12 Jan. 1907, p. 2.

---

### *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; the rest were steep mountains.<sup>12</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 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>13</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>14</sup> The factory also financed the construction of the Catholic Church.<sup>15</sup>

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>16</sup> In 1899, CIVSA made a deal with the Minister of Communications in order to install a telegraph office in Santa Rosa.<sup>17</sup> In 1897, CIVSA built a branch line of the railroad in Santa Rosa,<sup>18</sup> then it built the town's railroad station, inaugurated on June 27, 1907.<sup>19</sup>

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. In June 1897, the CIVSA board decided to build eighteen rows of

---

12. Bernardo García Díaz, *Un Pueblo Fabril del Porfiriato: Santa Rosa Veracruz* (Ciudad Mendoza: FOMECA, 1997), 34.

13. CV, Actas del Consejo (henceforth AC), July 4, 1898.

14. CV, AC, September 5, 1898 and January 15, 1900.

15. CV, AC, February 6, 1899, September 18 1899, February 16, 1903, April 15, 1907, July 11, 1911, April 29, 1913, and March 23, 1920.

16. CV, AC, June 7, 1897.

17. CV, AAG, 1899, March 15, 1900.

18. CV, AC, May 22, 1897.

19. CV, AAG, 1906, April 2, 1907; CV, AC, October 24, 1906.

---

brick houses, following Miguel Angel de Quevedo's plans.<sup>20</sup> In February 1898, twenty more houses located in three rows were built, this time they were made out of wood.<sup>21</sup>

Most CIVSA workers lived in Santa Rosa.<sup>22</sup> However only a minority of them lived in company housing. In 1900, only 11.4 percent of the factory workers appeared on the payrolls paying rents for company housing. 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>23</sup> Housing conditions of CIDOSA workers appear to have been similar to those of CIVSA. In 1909, Graham Clark reported, "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>24</sup>

## 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>25</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 nineteenth-century 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

---

20. CV, AC, June 7, 1897.

21. CV, AC, February 21, 1898.

22. In 1907, 97.3% of the 558 workers for whom information is available lived there. CV, Lista de Trabajadores.

23. For example, M. Diez y Cia, the owner of the "Rio 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.

24. U.S., Department of Commerce and Labor, Bureau of Manufactures, [W.A., Graham Clark,], *op.cit.*, 26.

25. CV, AC, January 2 1897.

---

store was not allowed to sell to Santa Rosa workers.<sup>26</sup> By 1898, Santa Rosa was connected to the tramway line that previously had only gone from Nogales to Orizaba. 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>27</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>28</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>29</sup> By early January 1899, construction of the store was nearly completed. The CIVSA board of directors decided to lease it to Gilberto Fuentes,<sup>30</sup> and the store remained leased to the Fuentes family for several decades; by 1907, a José Fuentes was paying the store's rent.<sup>31</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 landowner in the Orizaba valley, since in that year CIVSA bought land from him to build a water channel.<sup>32</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>33</sup> However Garcín's store was not merely a company store. He seems to have run the largest store in

---

26. 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.

27. CV, AC, April 21, 1897.

28. CV, AC, December 11, 1896.

29. CV, AC, April 21, 1897 and April 11, 1898.

30. CV, AC, January 23, 1899.

31. Until the end of October 1918, José Fuentes continued to appear as the lessee of the store. CV, Caja Santa Rosa, 1900-1918.

32. CV, AC, February 25, 1897 and October 25, 1897;

33. 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, p. 97.

---

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, Ŕo 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.  
Specialty in cloth from the “Ŕo Blanco” factory.<sup>34</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 V́ctor Garcín he appears not as a concessionaire of the company store but as a customer.<sup>35</sup> Most letters found in CIDOSA’s archive addressed to V́ctor Garcín refer to packages CIDOSA sent to Garcín’s customers elsewhere, CIDOSA sent Garcín’s orders directly to his clients charging Garcín’s account.<sup>36</sup> Besides Ŕo 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 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>37</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.<sup>38</sup> Second, by keeping workers indebted, they could prevent their work force from moving into other jobs that could offer them better conditions.<sup>39</sup>

---

34. CD, Correspondence (henceforth CR), letter from V́ctor Garcín, Grandes Almacenes...to Ŕo Blanco (henceforth RB), October 23 and November 23 1906.

35. CD, CR, Garcín-RB and RB-Garcín, several letters, January-June 1906.

36. CD, CR, April 9, 1906.

37. García, *Un Pueblo Fabril...*, 136, and *El Diario*, 16 Jan. 1907, p. 3.

38. Some evidence to this contention is a newspaper article that announced the establishment of a new mining company in the state of Durango, the “Negociación Minera del Carmen y Anexas S.A.”. Aimed at possible buyers of shares the article attempted to show that it would be a very profitable business. After explaining how rich the mines were it indicated “it is possible to install a tienda de raya for the payment of workers, which is a second mine, since that renders very good profit.” *El Tiempo*, “El Mineral de Tapia Estado de Durango”, March 3, 1907, 2

39. The importance of debt to secure a permanent labor force is explained in Katz, *La Servidumbre Agraria*, 38.

---

The discussion of CIVSA's board of directors on the establishment of its company store offered 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>40</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 since workers were not allowed to buy at the Nogales company store they had to go as far away as Orizaba. The very fact that company stores were forbidden to sell to workers other than their own indicates that noncompetitive 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>41</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

---

40. Price Fishback, "Did Coal Miners Owe their Souls to the Company Store? Theory and Evidence from the Early 1900s," *The Journal of Economic History*, Dec. 1986, 1014.

41. This seems to have been the case in the hacienda of Nueva Italia in Michoacán. Glantz, *El Ejido Colectivo de Nueva Italia*, 82-3.

---

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 CIVSA and the 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 charged his leaser, Mr. Gilberto Fuentes a monthly rent of \$150 pesos, and 5 percent commission on the charges the company made on the payrolls.<sup>42</sup>

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>43</sup> Karl Kaerger's description of workers' conditions in plantations in Mexico's south, also indicate that workers were paid in coins, not in script.<sup>44</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 nineteenth-century century.<sup>45</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

---

42. CV, AC,, January 2, 1899.

43. 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.

44. Karl Kaerger, *Landwirtschaft und Kolonisation im Spanischen Sedamerika*, in Katz, *La servidumbre agraria en México*, 59-60 and 77-80.

45. Nickel, *Morfología Social*, 167. Among the exceptions are Renan Irigoyen's numismatic study that indicates that several henequen haciendas in Yucatan minted their own coins from 1872 to 1910 that served as form of payment to hacienda workers. Renan Irigoyen, *Ensayos Henequeneros* (Mérida: Cordemex, 1975), 80-3. However, some formerly considered hacienda tokens appear now to have been minted by independent stores that used them as fraction money. Miguel Muñoz, *Tlacos y Pilonos, la Moneda del Pueblo de México* (Mexico City: Fomento Cultural Banamex, 1976), 133-34, 263-68.

---

merchandise, or at 70 percent or 80 percent 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>46</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 percent 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>47</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 percent and 12 percent of their nominal value. According to an article in *La Voz de México* the discount was 25 percent. At the Magdalena and Santa Teresa mills located in Mexico City surroundings this rate seems to have been 18 percent per week.<sup>48</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 percent it paid in commission to the mill.

It is possible that in some textile mills workers were fully paid in script, since several newspaper articles denounced this practice, yet no study has yet found evidence in hacienda or company records of such a case. A newspaper article, for example, explained that in the Tlaxcala textile mills of La Elena, La Trinidad and San Manuel, “tokens and tickets are the money which the unfortunate worker is paid with”<sup>49</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>50</sup> Further work is necessary to set this issue straight.

---

46. El Paladín, “Se pretende probar que no han existido *vales de tienda*,” 16 May 1907; and El Paladín, “El Paladín en Metepec,” 22 Nov. 1908.

47. Fishback, “Did Coal Miners Owe Their Souls to the Company Store?,” 1022-23.

48. Keremitsis, *La Industria Textil*, 202-3; *La Voz de México*, 11 Jan. 1907, front page; and Katz, *La Servidumbre Agraria*, 114.

49. El Paladín “Siguen las tiendas de raya. Los industriales no cumplen con lo convenido ante el Presidente de la República”, 30 Aug. 1908.

50. An article at El Hijo del Ahuizote, 5 Apr. 1903, for example, said that the Santa Rosa workers were paid with cardboards 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

## ***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 weighted 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>51</sup>

According to Dawn Keremitsis, these stores charged 10 percent to 15 percent more than elsewhere. John Kenneth Turner argued in his famous book *Barbarous Mexico* that the Río Blanco company store charged from 25 percent to 75 percent more than stores in Orizaba, but workers were forbidden to buy at any other store (something that we know was not true).<sup>52</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>53</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>54</sup> The textile mills of La Elena, and La Estrella in Tlaxcala, 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>55</sup> Workers also complained of the bad service company stores gave them.<sup>56</sup>

---

una Casa de Comercio”, 9 Jan. 1907. Another article denounced that in the Metepec textile mill workers were paid in script, El Paladín “El monopolio y sus víctimas”, 15 Oct. 1908.

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

52. Keremitsis, *La Industria Textil*, 202-3 and Turner, *México Bárbaro*, 171.

53. El Hijo del Ahuizote, 28 Jan. 1900.

54. El Paladín “Un enemigo de la Unión de los Obreros. Deplorable Situación”, 30 May 1908.

55. El Paladín “Siguen las tiendas de raya. Los industriales no cumplen con lo convenido ante el Presidente de la República”, 30 Aug. 1908.

56. El Paladín, “Lo que vi, observé y me informaron”, 12 Mar. 1908.

---

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>57</sup>

[INSERT TABLE 1]

In Karl Kaerger’s famous description of Mexico’s agriculture, he explained that a plantation (*finca*) he visited in Chiapas made a profit of 100 percent on the meat and 80 percent 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 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>58</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 stores but directly by the hacienda.<sup>59</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

---

57. Boletín del Departamento del Trabajo, 1914, p.838.

58. Kaerger, *Landwirtschaft und Kolonisation*, 80.

59. Nickel, “The Food Supply of Hacienda Labourers”, 122-33. 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.

---

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>60</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>61</sup> 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 "Hungarians."<sup>62</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. There was at least another store in Nogales in 1907 besides "El Centro Comercial", "El Puerto de Veracruz" owned by Spaniards.<sup>63</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

---

60. This was the case for example of the "Plantación Oaxaqueña" in Minatitlán Veracruz.

61. 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.

62. García, *Un Pueblo Fabril...*, 67.

63. García, *Un Pueblo Fabril...*, 145.

---

the company owned which, was according to an account, three times bigger than the factory needed; 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, and later opened 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 he sold at the very high price of four pesos per meter square, a price that was high even for Mexico City.<sup>64</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 Garcín's monopoly power, since apparently 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 Garcín. As these stores began to take customers away from Garcín, workers complained, he managed to close them against the will of their owners.<sup>65</sup> Nonetheless, from *El Paladín* itself we know that there were at least three other stores in Río Blanco in 1908: "El Infiernito," "El Chin-Chun-Chan," and "Mi Tienda".<sup>66</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>67</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>68</sup> Other companies were accused of dismissing those workers that did not buy at the company

---

64. *El Diario*, 16 Jan. 1907, p. .3.

65. *El Paladín*, 16 May 1907.

66. *El Paladín*, 13 Feb., 5 Apr., and 7 May 1908.

67. *El Paladín*, "Una tienda de raya gravosa..." 28 Jan. 1908.

68. *El Paladín*, "El monopolio y sus víctimas.." 15 Oct. 1908.

---

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>69</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>70</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 he had to reduce the corn prices charged to its workers since they were determined to leave El Rosario otherwise, given that the Hacienda de Miniahuapan had increased wages and was paying its workers' personal taxes.<sup>71</sup> In the textile industry there is strong evidence that suggests great mobility of workers between different mills. In 1907 for instance at least 41 percent 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>72</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>73</sup>

---

69. El Paladín, "Siguen los Vales...", 10 June 1909 and "La huelga en la fábrica La Colmena..." 12 Nov. 1912.

70. 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*, 46, no. 4 (1986).

71. Archive of the Universidad Iberoamericana, 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, 11Apr. 1906.

72. Gómez-Galvarriato, "The Impact of Revolution", 194.

---

### *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 percent 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 percent 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 totally illegal, given that Article 17 of the Constitution explicitly stated that no one could be imprisoned for debts of a civil nature.<sup>74</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 percent weekly interest rates or the loss of the article pawned."<sup>75</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 percent weekly interest rates in mid 1907 against articles pawned.<sup>76</sup> In mid 1908 workers denounced to *El Paladín* that money lenders in Santa Rosa charged a 12 percent weekly interest rate.<sup>77</sup>

---

73. Gómez-Galvarriato, "The Impact of Revolution", 209-10.

74. *El Paladín*, 31 May 1906.

75. *El Paladín*, 8 Apr. 1908.

76. *El Paladín*, 14 July 1907.

77. *El Paladín*, 15 June 1908.

---

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>78</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>79</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 percent 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 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 indicates 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.

---

78. *El Paladín*, 15 June 1908.

79. *El Paladín*, 15 June 1908.

---

### ***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 percent of workers, and the percentage discounted from their wages to pay debts, on average of only 26 percent of wages, were far below 100 percent indicates that, even in 1900, workers purchased supplies at alternative locations. (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. However, the percentage of poorer workers indebted to the company store was almost half that of those with higher incomes.<sup>80</sup> The share of wages deducted from poorer workers is higher because their income was lower, not because they owed more to the store.

[INSERT TABLE 2]

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 percent there. However, only 9.8 percent of low-income workers had debts to the store. On average, 8 percent of those workers who earned less than \$3 pesos per week, 18 percent of those who earned between \$3 and \$6 pesos, and 17 percent 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 percent, 30 percent, and 23 percent 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 percent of workers with debts to the store paid less than 20 percent of their weekly income, more than 70 percent paid less than 40 percent of their wages, and only 10 percent paid more than 80 percent of that income (see figure 2). 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

---

80. This can be explained if the company store specialized in products bought by the majority of workers in the middle-income range.

---

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>81</sup>

[INSERT FIGURE 2]

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>82</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>83</sup> If this is true, then around 30 percent of the payroll was paid in the form of vales to Garcín (\$870 / \$3000) in the spring of 1906.

Herbert Nickel's study of the haciendas of Puebla and Tlaxcala, show 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 family parties, medicines, or the loss of tools and working animals, or as bails".<sup>84</sup> Hans Günther Mertens found something similar 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>85</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.

---

81. 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.

82. CD, Checkbook stubs for the second semester of 1905 and for the first semester of 1906. For example, check stubs 3509, 3510, 3564, 3472, 3610.

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

84. Nickel, *Morfología Social*, 168, and 297-98.

85. Mertens, *Atlixco y las Haciendas*, 210-45.

---

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

As it is the case with most episodes in which government forces massacre civilians, it is virtually impossible to know the true story of what happened. Countless of different versions of the events are built from the beginning by different actors, with varied intentions, making it difficult to tell truth from false, as Gabriel García Márquez wrote about his inquiries on the massacre of the banana plantations of Aracataca.<sup>86</sup> Unable to find the true number of workers killed, he raised it to 3000 in one of his novels in order to give it epical proportions. After some time, in a ceremony commemorating the event he realized that 3000, the number he had invented, had become the official figure; “real life ended making me justice” he wrote.

Studying the “Río Blanco strike” raises similar problems. We are victims of the same faulty sources others historians have been. Our only advantage is that more recently historians have being able to explore other sources, such the municipal, state, and federal government archives, the Porfirio Díaz archive, and the companies archives, that allow to build a somewhat better idea of the event.

Even the way the episode has been known in the historiography is faulty, since the so-called “Río Blanco strike,” was not, as Rodney Anderson has explained, a strike but the end of a company lockout.<sup>87</sup> Its framing as a strike was carried out from the beginning by all the newspapers that reported on the event in the days following January 7, and was then taken over by the historiography. In fact the conflict started with a strike in Puebla and Tlaxcala, starting on December 4, 1906, organized by the Gran Círculo de Obreros Libres, against the establishment of factory regulations that workers disliked. However 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, conceived by textile industrialists in order to eliminate workers’ support for the strike in Puebla and Tlaxcala. 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

---

86. Gabriel García Márquez, *Vivir para contarla*, (Mexico City: Diana, 2002),79-80.

87. Rodney Anderson, *Outcasts in their Own Land. Mexican Industrial Workers 1906-11*, 154.

---

Blanco in April 1906, with the objective.<sup>88</sup> The CGOL founded locals at every mill in the Orizaba valley. It then expanded into the rest of the country. By the end of 1906, it had branch organizations in the states of Puebla, Jalisco, Oaxaca, Tlaxcala, Mexico, the Federal District, Querétaro, and Hidalgo, in addition to Veracruz.<sup>89</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. 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>90</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

---

88. Gómez-Galvarriato "The Impact of Revolution", 220-49; and García, *Un Pueblo Fabril del Porfiriato*, 138-56.

89. Marjory R. Clark, *Organized Labor in Mexico* (Durham: The Univ. of North Carolina Press, 1934), 12-13 and Anderson, *Outcasts in their Own Land*, 128-50.

90. 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 the weavers, Enrique Manzano (age 29), Mauro Manzano (age 16), and José Ríos (age 20) were taken to Quintana Roo. CV, list of workers, 1907.

---

Santa Rosa were also sacked.<sup>91</sup> Workers also burned down the house of José Morales, the president of the CGOL who they felt had betrayed them.<sup>92</sup>

The repression of these acts ended in a massacre where military forces killed between fifty and seventy workers (a conservative estimate) and imprisoned more than two hundred.<sup>93</sup> According to a newspaper report of a 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 thousand workers fled the region, or were killed or imprisoned.<sup>94</sup>

It has generally been assumed that the stores burned down on January 7, 1907 were all company stores.<sup>95</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>96</sup> A week after it was burned down, the company’s board decided “to rebuild the store exactly as it had been previously.”<sup>97</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>98</sup> In

---

91. El Imparcial, 9 Jan. 1907, Front Page.

92. García, *Un Pueblo...*, 149.

93. 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 such figure. “Who counted them?” he asked. Francisco Bulnes, *El Verdadero Díaz y la Revolución* (Mexico City: Eusebio Gómez de la Puente Editor, 1920), 61.

94. El Correo Español, 12 Jan. 1909, p. 2.

95. Anderson, *Outcasts in their Own Land.*, 156-58.

96. CD, Asamblea General Ordinaria (AAG), 22 Mar. 1907, *Ejercicio* of 1906.

97. CD, CR, letter from A. Reynaud to Río Blanco, January 14, 1907.

98. 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.

---

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*) 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>99</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>100</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

---

99. *El Cosmopolita*, 30 Dec. 1906, p. 2.

100. *El Cosmopolita*, 30 Dec. 1906, p. 2.

---

caprice of industrialists who have become executioners of the worker.”<sup>101</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 percent more than the largest contribution.<sup>102</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.

### ***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 percent 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 pesos per month instead of the previous \$ 150 in August 1910.<sup>103</sup>

After the riots, Garcín sold his property to his former partner, the Spaniard Manuel Diez, and left the region.<sup>104</sup> Diez, who also owned a store called “El Fenix,” reopened the

---

101. AGN, Fondo de Gobernación, 817/8, “Señores Comerciantes, Proprietarios 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.

102. *El Diario*, January 11, 1907.

103. CV, CR, Mexico City offices to Santa Rosa offices, August 30, 1910.

104. 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.

---

store in Río Blanco in June 1908.<sup>105</sup> 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>106</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>107</sup> Apparently after the "Río Blanco strike" Porfirio Díaz had promised to eradicate the vale system.<sup>108</sup> However, this practice continued to exist for many years in several parts of the country.

#### IV. “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*<sup>109</sup> 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 those directly affected by the violence, but in the name of society as a whole (...) the most severe punishment.”<sup>110</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

---

105. García, *Un Pueblo...*, 109. Interestingly, “El Fenix” is still a chain of small supermarkets in the region today.

106. CV, AC, May 24, 1908.

107. *El Paladín* “Si hay vales. Los directores de la Compañía Industrial de Metepec resuelven quitar los vales” November 29, 1908.

108. *El Paladín* “Siguen los vales”, June 10, 1909.

109. *El Imparcial* was heavily subsidized by the government. Carlo de Fornaro, *México tal cual es* (New York, 1909), 107-121.

---

110. *El Imparcial*, “Los Huelguistas se Convierten en Criminales”, January 8, 1907, front page.

the representatives of the workers on strike.”<sup>111</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” 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>112</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 seeds of rebellion in the workers’ minds.<sup>113</sup> Other newspapers took a similar stance. According to *El Tiempo* the workers’ leaders who opposed Díaz arbitration 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>114</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

---

111. *El Imparcial*, “Propaganda Peligrosa. Quiénes son los falsos amigos de los obreros”, January 10, 1907, front page.

112. *El Imparcial*, “Propaganda Peligrosa. Quiénes son los falsos amigos de los obreros”, January 10, 1907, front page.

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

114. *El Tiempo*, “Obreros Amotinados”, January 9, 1907, front page. *La Voz de México*, *El Correo Español*.

---

“systematic spirit of distorting the truth or the hope of receiving payment from those (...) who had vested interests in distorting it.”<sup>115</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 Zola 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>116</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>117</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 5,000 cargass of corn that he had”.<sup>118</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 3).<sup>119</sup>

At the end *El Diario*’s 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>120</sup> It even revised Garcín’s

---

115. *El Diario*, “El Por qué del Motín de Río Blanco. Sobran las Inculpaciones Gratuitas”, January 9, 1907, front page. Apparently, *El Diario* new 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. Fornaro, *México tal cual es*, 54-56 cited in Moisés González Navarro, “La Huelga de Río Blanco” in *Historia Mexicana*, VI- 4, April-June 1957, 525.

116. *El Diario*, “El porqué del Motín en Río Blanco”, January 10, 1907, front page.

117. *El Diario*, “El Por qué del Motín en Río Blanco”, January 10, 1907, front page.

118. *El Diario*, “Más Datos de lo Ocurrido en los Motines de Obreros en Orizaba”, January 10, 1907, front page.

119. *El Diario*, January 11, 1907.

120. *El Imparcial*, “Los Obreros de Río Blanco se Amotinan”, January 8, 1907, front page.

---

losses from one million pesos, claimed in its first articles, to \$200,000.<sup>121</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 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 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 our workers frequently are.”<sup>122</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 percent and 25 percent 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>123</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 mobile 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>124</sup> While company stores could not be forbidden, since that would have gone against the freedom of trade *La Semana Mercantil* proposed that the payment of wages in

---

121. *El Imparcial*, “Los Sucesos de Río Blanco”, January 9, 1907, front and second pages.

122. *El Diario*, “Es Muy Urgente que se Modifique el Sistema de Tiendas de Raya”, January 15, 1907, front page.

123. *El Diario*, “Es Muy Urgente que se Modifique el Sistema de Tiendas de Raya”, January 15, 1907, front page.

124. *La Semana Mercantil*, “Los Sucesos de Río Blanco II”, January 21, 1907, pp. 1-2.

---

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>125</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 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>126</sup> The program of the Liberal Party signed in July 1906 included in one of its articles that employers should be forbidden to pay wages in any form that was not currency and that *tiendas de raya* should be suppressed.<sup>127</sup> This tells that *tiendas de raya* were already considered detrimental to workers, yet this demand was included among many others, and was not given particular relevance. It was only after the “Río Blanco” strike that they gained the priority that the labor movement and the Revolutionary governments gave them.

The newspaper and journal articles that appeared during a month or so after the “Río Blanco Strike,” as the episode was 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

---

125. *La Semana Mercantil*, “Las Tiendas de Raya”, January 28, 1907, pp. 1-2.

126. Wistano Luis Orozco, *Legislación y Jurisprudencia sobre terrenos baldíos*, Vol II, pp. 1096-97 cited in Andrés Molina Enriquez, *Los Grandes Problemas Nacionales*, 172. Translation taken from Frank Tannenbaum, *Mexican Agrarian Revolution*, note 38.

127. Liberal Party Program, reprinted in Felipe Remolina Roqueñi, *El Artículo 123* (Mexico, 1974), LXIV-LXVI.

---

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>128</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 6,000 workers at the factory Río Blanco (the correct number is between 2,500 and 3,000 depending on the date). On the *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 percent and 75 percent higher prices than those at which merchandise could be acquired in Orizaba, but that workers were forbidden to buy elsewhere.<sup>129</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>130</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>131</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>132</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 January 7, 1907

---

128. The sole difference is that *El Diario* said “hungry” instead of “dogs”. *El Diario*, January 9, 1907.

129. Turner, *México Bárbaro*, 171.

130. Marjorie R. Clark, *Organized Labor*, 11-3. She refers to Pánfilo Méndez in *Pro Paria*, January 7, 1927 and *El Imparcial*, January 5, 1907.

131. Frank Tannenbaum, *Mexican Agrarian Revolution*, 117-19.

---

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.<sup>133</sup> Surrounded by the invaluable photographs that the book made accessible to the general 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. Citing Casasola, 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 (...) Infuriated by the terms of the judgment (...), 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>134</sup>

Not only he mistook the 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>135</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

---

132. J. B. Santiesteban, *Indicador particular del administrador de hacienda* (Puebla: Universidad Autónoma de Puebla, 1903).

133. Gustavo Casasola, *Historia Gráfica de la Revolución Mexicana* (Mexico City: Trillas, 1967), 93.

134. Charles Curtis Cumberland, *Mexican Revolution. Genesis under Madero* (Austin: University of Texas Press, 1952), 18. He cites Clark, *Organized labor in Mexico*, 13; Casasola, *Historia gráfica de la Revolución Mexicana*, VolI, 83-5 and Jesús Romero Flores, *Anales Históricos de la Revolución Mexicana* (Mexico City: Ediciones Encuadernables, 1939), 60-73.

135. Cumberland, *Mexican Revolution*, note 72, 18.

---

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>136</sup>

Similarly Dawn Keremitsis supports her description of the *tiendas de raya* on the mills on what *La Semana Mercantil* reported on them. Yet, she was suspicious of *La Semana Mercantil*'s framing of the problem, she wrote that: “businessmen and their commercial publications found it easier to blame the company store 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>137</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>138</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>139</sup>

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

The “Río Blanco strike” was fundamental to making *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

---

136. Moisés González Navarro, “La Huelga de Río Blanco”, 510-33, and Moisés González Navarro, *El Porfiriato, Vida Social en Historia Moderna de México*, ed. Daniel Cosío Villegas, 335.

137. Keremitsis, *La Industria Textil*, 214

138. García, *Un Pueblo Fabril*, 149.

139. Anderson, *Outcasts in their Own Land*, 159.

---

accurate account of events, starting from the formation of the Gran Círculo de Obreros Libres and put the blame of the massacre not on Garcín'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>140</sup> He 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>141</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>142</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* and *La Semana Mercantil* 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>143</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 not only the *tienda de raya*.<sup>144</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*

---

140. Francisco I. Madero, *La Sucesión Presidencial en 1910* (Mexico City: Secretaría de Gobernación, 1999[1908]), 204.

141. Madero, *La Sucesión Presidencial*, 199-206.

142. Andrés Molina Enriquez, *Los Grandes Problemas Nacionales* (Mexico City: Era, 1978 [1909]), 171.

143. Molina Enriquez, *Los Grandes Problemas...*, 171.

144. Molina Enriquez, *Los Grandes Problemas...*, 170-2.

---

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>145</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>146</sup>

In Luis Cabrera famous speech given in the chamber of deputies in December 1912, he also considered the tiendas de raya 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 an hacienda”. He considered it part of the system of perpetual indebtedness and “the economic death of our poor classes”.<sup>147</sup>

[INSERT FIGURE 3]

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.<sup>148</sup> Between 1914 and 1916 the Revolutionary governments of the states of Mexico, Veracruz, Chiapas, Aguascalientes, Jalisco, and Coahuila, issued decrees that forbade any business, industrial or agricultural, from establishing tiendas de raya, demanding freedom of trade, and that forbade payment of wages in vales or merchandise.<sup>149</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. The Labor Laws passed by the different

---

145. *El Economista Mexicano*, October 7, 1911, p. 4.

146. *El Economista Mexicano*, October 7, 1911, p. 4.

147. Luis Cabrera, “La Reconstitucion de los Ejidos de los Pueblos como Medio de Suprimir la Esclavitud del Jornalero Mexicano” en *Obras Completas*, ed. Luis Cabrera, (Mexico City: Oasis, 1972), 153.

148. Archivo General de la Nación, Departamento del Trabajo, 15/11.

149. Decree of General Francisco Murgía of September 2, 1914, of the State of Mexico. Decree No. 11 of Cándido Aguilar of October 29, 1914 of the state of Veracruz. *Ley de Obreros of José Agustín Castro* of October 31, 1914 of the state of Chiapas. *Ley sobre Jornaleros y Arrendatarios del Campo* Martin Triana of November 21, 1915 of the state of Aguascalientes. *Ley del Trabajo de Manuel Aguirre Berlanga* of January 1, 1916 of the state of Jalisco. *Ley del Trabajo de Espinosa Mireles* of October 27, 1916 of the state of Coahuila. Reprinted in Remolia, *El Artículo 123*, 65-137.

---

states, such as the Veracruz Labor Law contained several articles related to company stores.<sup>150</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>151</sup>

## Conclusions

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 towns 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 percent of workers used the company store and those who used it carried on average a debt of only 26 percent 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

---

150. Gobierno de Veracruz, *Colección de Leyes y Decretos*, 1918, p. 189, 194.

151. Archivo de la Universidad Iberoamericana, Torreón Coahuila, Archivo Privado de la Hacienda de Santa Teresa. Payrolls.

---

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.

This paper does not attempt to be 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.

---

## Bibliography

### Archives:

- Archivo de la Compañía Industrial de Orizaba S.A. (CD).  
Archivo de la Compañía Industrial Veracruzana S.A. (CV).  
Archivo General de la Nación (AGN), Departamento del Trabajo (DT).  
Archivo Municipal de Ciudad Mendoza.  
Private Archive of the Hacienda del Rosario, at the Universidad Iberoamericana, Torreón, Coahuila.  
Archive of Porfío Díaz (GPDC) at the Universidad Iberoamericana, Mexico City.

### Newspapers:

- Boletín del Departamento del Trabajo, 1914.  
El Correo Español, 1907, 1909.  
El Cosmopolita, 1893, 1895, 1906.  
El Diario, 1907.  
El Diario del Hogar, 1907.  
El Economista Mexicano, 1911.  
El Hijo del Ahuizote, 1900, 1903.  
El Imparcial, 1907.  
El Paladín, 1906, 1907, 1908, 1909, 1912.  
La Semana Mercantil, 1907.  
La Voz de México, 1907.

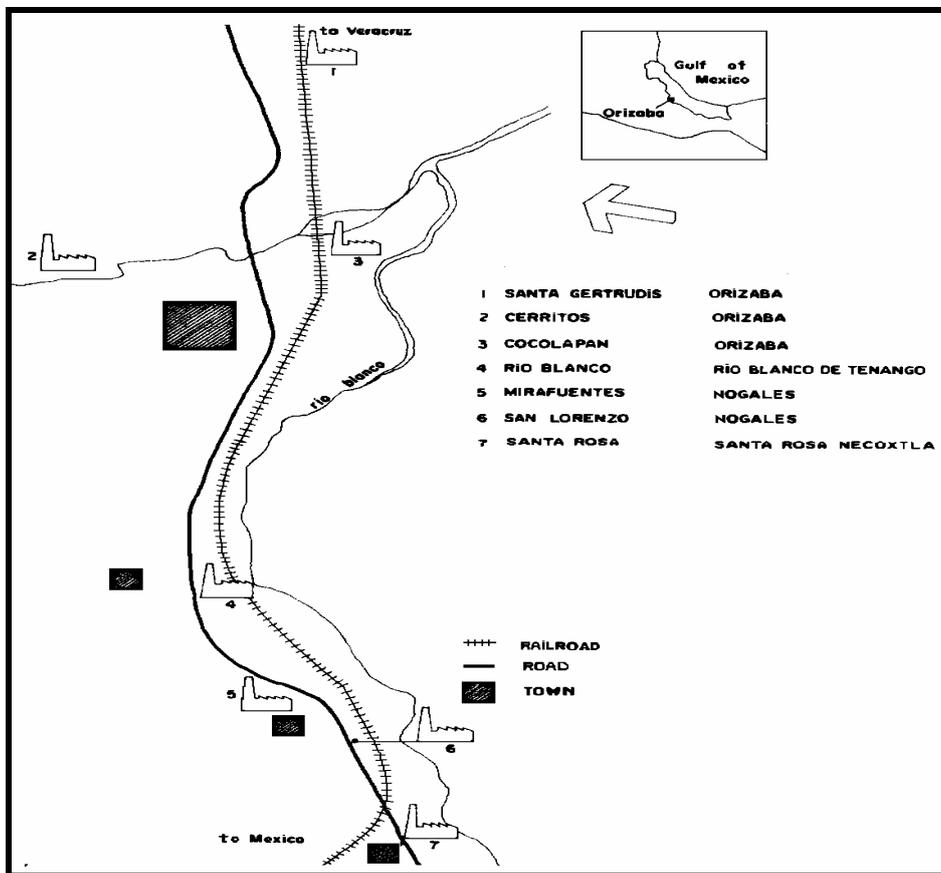
### Books and Articles:

- Anderson, Rodney D. *Outcasts in their Own Land. Mexican Industrial Workers 1906-11* (DeKalb: Northern Illinois University Press, 1976), 59-60.  
Barrera Fuentes, Florencio. *Historia de la Revolución Mexicana, La etapa Precursora* (Mexico City: Talleres Gráficos de la Nación, 1955).  
Bazant, Juan. *Cinco Haciendas Mexicanas, Tres siglos de vida rural en San Luis Potosí 1600-1910* (Mexico City: El Colegio de México, 1979).  
Bulnes, Francisco. *El verdadero Díaz y la Revolución* (Mexico City: Eusebio Gómez de la Puente Editor, 1920).  
Cabrera, Luis. "La Reconstitucion de los Ejidos de los Pueblos como Medio de Suprimir la Esclavitud del Jornalero Mexicano" in *Obras Completas*, ed. Luis Cabrera (Mexico City: Ediciones Oasis, 1972), 153.  
Casasola, Gustavo. *Historia gráfica de la Revolución Mexicana 1900-1960* (Mexico City: Editorial Trillas, 1967).  
Clark, Marjory R. *Organized Labor in Mexico* (Durham: The University of North Carolina Press, 1934).  
Couturier, Edith B. *Hacienda de Hueyapan 1550-1936* (Mexico City: Sepsetentas, 1976).  
Cumberland, Charles Curtis. *Mexican Revolution. Genesis under Madero* (Austin: University of Texas Press, 1952).  
Fishback, Price V. "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.  
Fornaro, Carlo, *México Tal Cual Es* (New York: International Publishing Co., 1909).  
García, Bernardo. *Un Pueblo Fabril del Porfiriato, Santa Rosa, Veracruz* (Ciudad Mendoza: FOMECA, 1997).
-

- García Márquez, Gabriel. *Vivir para Contarla* (Mexico City: Diana, 2002).
- Glantz, Susana. *El ejido colectivo de Nueva Italia* (Mexico City: Sep/NAH, 1974).
- Gobierno de Veracruz. *Colección de Leyes y Decretos*, 1918.
- Gómez Galvarriato, Aurora 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: Cámara de la Industria Textil de Puebla y Tlaxcala, 2000), 123-137.
- Gómez Galvarriato, Aurora. “The Impact of Revolution: Business and Labor in the Mexican Textile Industry, Orizaba, Veracruz 1900-1930” (Ph.D. diss., Harvard Univ., 1999).
- González Navarro, Moisés. “El Porfiriato: La Vida Social” in *Historia Moderna de México* ed. Daniel Cosío Villegas (Mexico City: Ed. Hermes, 1965), 281- 285.
- González Navarro, Moisés. “La Huelga de Río Blanco” in *Historia Mexicana*, April-June 1957, pp.510-533.
- González Navarro, Moisés. *Las huelgas textiles en el Porfiriato* (Puebla: Ed. H.M. Cojico Jr., 1970).
- Gouy, Patrice. *Pérégrinations des “Barcelonnettes” au Mexique* (Grenoble: Presses Universitaires de Grenoble, 1980).
- Irigoyen, Renán. *Ensayos henequeneros* (Mérida: Ed. Cordemex, 1975).
- Katz, Friedrich. *La Servidumbre Agraria en México en la Epoca Porfiriana* (Mexico City: Era, 1976).
- Keremitsis, Dawn. *La Industria Textil Mexicana en el Siglo XIX* (Mexico City: Sepsetentas 61, 1973).
- Kouri, Emilio. “The Business of the Land” (Ph.D. diss., Harvard University, 1996).
- List Arzubide, Germán y Armando. *La huelga de Río Blanco* (Mexico City: SEP, 1935).
- Madero, Francisco I. *La Sucesión Presidencial en 1910* (Mexico City: Secretaría de Gobernación, 1999[1908]).
- Martens, Gunter. *Alixco y las haciendas durante el Porfiriato* (Puebla: Universidad Autónoma de Puebla, 1983).
- Mexico, Dirección General de Estadística, Tercer Censo de Población, 1910.
- Molina Enriquez, Andrés. *Los Grandes Problemas Nacionales* (Mexico City: Era, [1909] 1978).
- Muñoz, Miguel. *Tlacos y pilones, la moneda del pueblo* (Mexico City: Fomento Cultural Banamex, 1976).
- Nickel, Herbert. *Morfología Social de la Hacienda Mexicana* (Mexico City: FCE, 1996[1978]).
- Nickel, Herbert. “The food supply of Hacienda labourers in Puebla-Tlaxcala during the Porfiriato: a first approximation” in *Haciendas in central Mexico from Colonial times to the Revolution*, ed. R. Buve (Amsterdam: CEDLA Incidentele Publicaties 28, 1984).
- Orozco, Wistano Luis. *Legislación y Jurisprudencia sobre terrenos baldíos*, Vol II, (Mexico City: El Tiempo, 1895).
- Remoloina Roqueñi, Felipe. *El Artículo 123* (Mexico City: Ediciones del V Congreso Iberoamericano de Derecho del Trabajo y de Seguridad Social, 1974).
- Romero Flores, Jesús. *Anales Históricas de la Revolución Mexicana* (Mexico City: Ediciones Encuadernables, 1939).
- Santiesteban, J.B. *Indicador particular del administrador de hacienda* (Puebla: Imprenta Artística, 1903).
- Tannenbaum, Frank. *Mexican Agrarian Revolution* (New York: The Macmillian Company, 1929).
- Turner, John Kenneth. *México Bárbaro* (Mexico City: Editorial Epoca, 1998).
- U.S., Department of Commerce and Labor, Bureau of Manufactures.
- Warman, Arturo. ... *Y Venimos a Contradecir* (Mexico City: SEP, 1976)
-

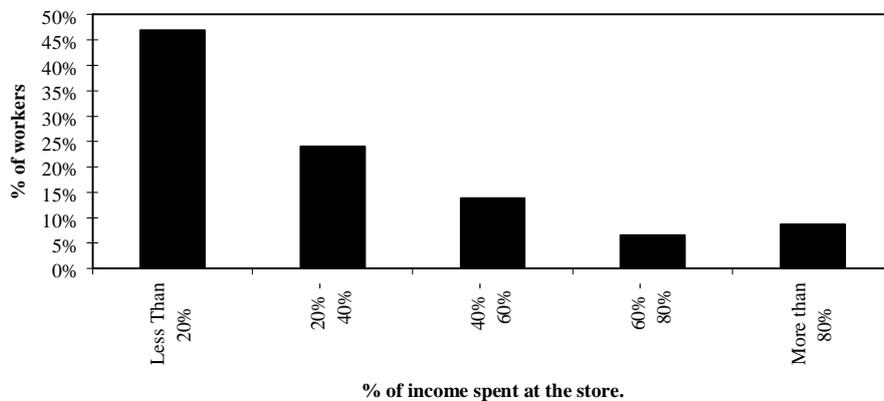
## Figures and Tables

Figure 1: Textile Mills at the Orizaba Valley



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

Figure 2: Store Expenditures as a Percentage of Wages, 1905.



Source. CIVSA Payrolls, Week 6, 1905.

Figure 3: Cartoon on Víctor Garcín published by El Diario on January 9, 1907, p.2.

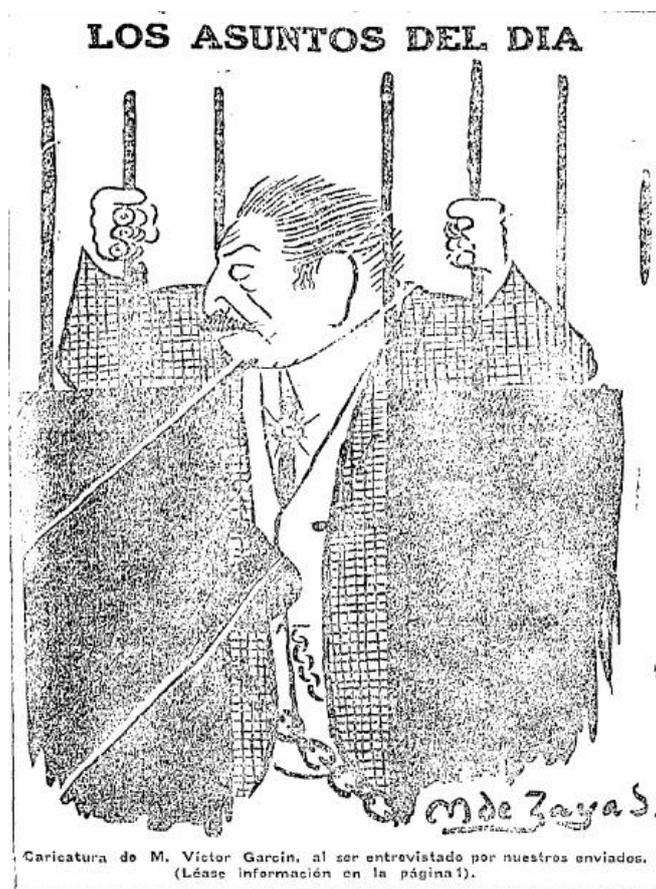


Table 1: Prices at the Company Store of the “Plantación Oaxaqueña” and the Santa Lucrecia Market.

	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, p. 837.

Table 2: CIVSA Workers’ Expenditure at the Company Store.

<b>Percentage of workers who used the company store, by wage level.</b>				
	Income			
	Below \$3 pesos	Between \$3 and \$6 pesos	Over \$6 pesos	Total
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			
	Below \$3 pesos	Between \$3 and \$6 pesos	Over \$6 pesos	Total
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.