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An Appetite for Small Change:
Cacao Beans and Pieces of Eight in New Spain

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Abstract:
In the 18th century, silver "pieces of eight," mined and minted in New Spain under the authority of the Spanish crown, had become a universal currency in global transoceanic trade. However, enormous global demand for silver ensured that within New Spain itself, pesos were more likely to be exported than circulated locally. Instead, two alternative monies—cacao beans (the ancient currency of Mesoamerican trade) and tlacos (early modern shop tokens)—figured as "small change." This article examines how the deployment of cacao beans as a food currency facilitated the interface of heterogeneous spheres of social and economic exchange in colonial New Spain. The economic importance of cacao to this first truly global economy thus goes far beyond its eventual consumption as a luxury commodity by European and Asian elites. Indeed, examining the use of cacao beans as "small change' in New Spain helps to illuminate both the dual nature of money and its historical evolution as an institution of and beyond the reach of the state.

Keywords:
Cacao, monetary history, New Spain

By the 18th century, silver "pieces of eight," mined and minted in New Spain under the authority of the Spanish crown, had become a universal currency in transoceanic trade. A "river of silver" – coins functioning simultaneously as tokens and commodities—connected the Americas to India and China by way of terrestrial and maritime routes. Enormous global demand for silver ensured that within New Spain itself, pesos were more likely to be exported than circulated locally. Instead, two alternative monies—cacao beans (the ancient currency of Mesoamerican trade) and *tlacos* (early modern shop tokens)—figured as "small change."

Ilarione da Bergamo, an Italian friar, traveled to New Spain from 1761 to 1768 collecting alms for the Franciscan mission to Tibet. A careful observer, da Bergamo later published a book on his journeys entitled *Miscellaneous Topics and Disasters*. He describes the different types of silver coins minted in New Spain aside from the ubiquitous pesos of eight reals: "they coin half, quarter, eight, and half-eighth pesos, which are the only coins used in the realm, all of the very finest silver. […] The lowest coinage of those lands is the half-real, or half of an eight of a peso." However, even these small denominations were too valuable for use in everyday transactions. Da Bergamo noted a strong appetite for small change and described the creative means colonial subjects invented to satisfy it:

> Because they cannot divide it up and there are no copper coins, they have devised the method of further dividing this into four parts, using certain small pieces of round wood, like counters in the game of backgammon—pieces they call *clacos* [i.e. *tlacos*]. In every store they have a number of these clacos, all of them with the store's special mark. Whenever a customer goes to a store like this with his own *clacos*, the storekeeper is obliged to accept them. They have, as well, another method of dividing the real or the half-real—with cacao beans, sixty and even eighty of which they offer for a real. But this number increases and diminishes depending on whether there is a greater or lesser abundance of cacao in the city, and consequently its price

> remains relatively high. With these beans they can make purchases in any store and in the plazas, where everyone accepts them in exchange for coins, but always at a rate more favorable to the seller[1].

Cacao, like silver, was both a commodity and token, but had limited use as a long-term store of value due to spoilage. The relation of equivalence between pieces of eight and cacao fluctuated depending on the prices of both. Tlacos substituted for cacao when prices for the latter rose. While this hybrid system was not immune to imperial interventions aimed at stabilizing the value of silver coinage, it operated with remarkable efficiency for three centuries. Moving exchange rates and the use of non-official monetary devices such as the cacao bean enabled flexibility in everyday exchanges, saving transaction costs and avoiding the indirect tax represented by Spanish seigniorage. We argue that examining how "small change" facilitated the interface of heterogeneous spheres of social and economic exchange in New Spain can illuminate the dual nature of money as both commodity and token, as well as its historical evolution as an institution of, as well as beyond the reach of, the state.

The social life of cacao as a commodity—first employed in elite Mesoamerican rituals of commensality and later enjoyed by Europeans as a luxury good—reveals the relationships between changing tastes and economic values. American plants played a crucial role in the creation of the first truly global economy. Some, like maize and sweet potatoes, facilitated the expansion of European empires by providing abundant cheap calories for the poor and enslaved on multiple continents[2]. Others, like tobacco and cacao, became expensive luxury commodities whose taxable trade simultaneously benefitted merchants and the Crown[3]. The case

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[1] Robert R. Miller and William J. Orr, eds. *Daily life in Colonial Mexico: the journey of Friar Ilarione da Bergamo, 1761-1768*. Vol. 78. (University of Oklahoma Press, 2000), 132.

[2] Arturo Warman, *Corn & capitalism: how a botanical bastard grew to global dominance* (Chapel Hill: University of North Carolina Press, 2003); Joseph C. Miller, *Way of Death. Merchant Capitalism and the Angolan Slave Trade 1730-1830* (Madison: The University of Wisconsin Press, 1988).

[3] Marcy Norton, *Sacred gifts, profane pleasures: A history of tobacco and chocolate in the Atlantic World* (New York: Cornell University Press, 2008); Sophie D. Coe and Michael D. Coe, *The True History of Chocolate* (London: Thames & Hudson, 2000).

of cacao is particularly interesting, since its eventual consumption as an elite delicacy in Europe did not diminish its long-established dual role in Mesoamerica as both commodity and currency. If anything, the creative deployment of cacao as "small change" within the dynamic and hybrid monetary system of New Spain enhanced its value to colonial subjects. Food history has traditionally focused on changes in taste – consumption habits and dispositions---as key determinants of the value of such commodities. Rather than focus on changing tastes, however, we begin by highlighting the simultaneous use of food products as currency and consumable in a comparative historical context, showing how their deployment within hybrid exchange systems parallels some aspects of the contemporary dynamism in global monetary regimes. Next, we describe how Aztec and Mayan trading and accounting practices based on cacao were adapted during the colonial period by indigenous merchants and everyday people to enable the creation of a hybrid system of exchange. We go on to demonstrate how, by the eighteenth century, this system facilitated both local commerce and an export economy of both plant products and precious metals. Finally, we argue that the simultaneous use of cacao as food and currency sheds light on the double-sided nature of money and the complexity of the systems of exchange upon which the first global economy was built.

Food as Currency in Global Economic History

The beginnings of this global economy in the 16th century and its growth and expansion through the 18th century have much to teach us about contemporary dynamism in international monetary regimes. Now, as then, both global and domestic economies operate through different forms of money (coins, paper money, debt instruments, etc.) that exist in an inherently unstable relationship with one another. The three main functions of money (medium of exchange, deposit of value, and unit of account) may coincide in a particular form or remain independent. According to theorist Keith Hart, this contemporary dynamism results from the fact that "the state monopoly of money has been subjected to pressure from both above and below, from the international sphere of banking and commerce as well as from internal devolution of control over liquidity within the national economy" (1986: 639). He argues that the monetary instability of today's global economy must be understood in the context of money's dual nature. "Money has two sides, symbolized as heads and tails. It is the product of social organization from the top down ('states') and from the bottom up ('markets'). It is thus both a token of authority and a commodity with a price." (Hart, 1986) We concur with the utility of this two-sided view of money and with the insight that each of the sides depends upon the other in a large number of historical instances. However, a flexible relationship between forms of money is not in itself remarkable, nor is it merely the result of modern innovation or political instability. The coexistence of multiple currencies and debt instruments in a single exchange system is a point of historical fact in many world regions, especially during periods of imperial expansion and growth in inter-regional trade.

Hart's analysis relegates non-metal money to the deep collective human past ('stateless societies') or the emerging future (639). He ignores cases such as China's early experiments with paper money during the 10th (private notes) and 11th centuries (public notes) or the phenomenon of shop tokens, issued for instance by tea shops in 18th century Britain. More importantly, comestibles and stimulant substances have served as a medium of exchange and unit of account in a number of regions and historical periods throughout global history. The relevant foods range from rice in the Philippines and India, to butter in medieval Norway, sugar in 17th century Barbados, tea money in southern Siberia and Mongolia from the 17th to the early 20th century, and salt in nineteenth century Ethiopia and Benin[4].

Many of these food currencies were used as small change in hybrid metallic/non-metallic monetary systems on the fringes of empires, and some constituted important long-distance trade goods in and of themselves. In the case of both tea and cacao, preparation techniques were also developed to enhance their

[4] Paul Einzig, *Primitive Money. In its Ethnological Historical and Economic Aspects*. 2nd. Ed. (Oxford: Pergamon Press, 1966).

utility as a store of value. Beginning in the medieval Tang and Song dynasties, tea and other commodities became imperial monopolies, subject to taxation but also admissible as payment of tribute. By the 17th century, a "tea road" linking eastern China and Western Russia through Central Asia developed[5]. Tea and cacao were both valued as commodities based upon quality and region of origin, and were both were processed into standardized, transportable forms.

> For centuries, the preferred method of packaging tea for transport was in the form of compressed cakes or bricks—this allowed greater value to be packed into a smaller volume. The earliest Dai method of preserving and packing tea was in bamboo. Leaves were tamped into a bamboo section; the tea emerged as a hard thick cylinder when the bamboo was cracked open. These ingenious bricks were sold for centuries to Tibetans and other non-Chinese. The tea along the Tibetan plateau was well established by the 10th century; Chinggis Khan's court imported tea to the Mongolian capital at Karakorum in the 13th century; by the time the Tea Road through Mongolia and Russia began in earnest in the late 17th century, tea in hard-pressed brick form had become a necessity across the steppe[6].

These bricks were pressed into uniform sizes for accounting purposes, and individual bricks were divisible into 60 smaller units. They served as a unit of account, medium of exchange, and also a store of value. Cacao and tea both circulated in long-distance trade as commodities, and their standardization (cacao by weight and tea by brick size) facilitated their exchange as tokens in commercial transactions for which metal or paper money was either unavailable or prohibitively expensive.

If we wish to understand the dynamic relationship among forms of money in a particular historical context, a focus on the forms themselves may become

[5] Martha Avery, *The Tea Road. China and Russia meet across the steppe* (Beijing: China Intercontinental Press, 2003).
[6] Ibid., 14.

misleading. To contemporary sensibilities, food currencies may appear exotic. Rather, it is essential to examine the principle of equivalency that enables different forms of currency to interact with one another and the historical processes through which that equivalency is forged and modified, both from above and from below. These relationships become visible when we examine the appetite for small change in New Spain, especially the use of cacao.

Cacao and Hybrid Monetary Systems in the New World

In 1497 the Catholic Kings, Isabel of Castile and Ferdinand of Aragon, issued a decree establishing the imperial monetary system of gold, silver, and copper coins that would endure for centuries. Of particular importance was the silver piece of eight (*peso de ocho reales*) and the *vellón* or copper money. From 1599 on, Spain's 'small change' was in the form of this latter coinage. Silver and gold coins of different denominations were related by two monies of account, the *maravedí* and the ducat (375 *maravedís*). Compared with the Iberian Peninsula, however, the Spanish American territories lacked a unified monetary system. Romano argues that the absence of small change served to enhance Spain's economic, political, and social control over its New World subjects by manipulating their monetary relations with the metropolis[7].

The use of coins in the Americas was prevalent only along the more important trade routes and in large cities. In areas distant from the mining fields, local products (*monedas de la tierra*) such as *hierba mate*, bundles of tobacco leaves or lengths of cotton cloth became the effective means of exchange with which to pay tribute and other transactions. Cacao beans had been used as currency by the Aztecs, and continued to play that role in New Spain. Among themselves, merchants used a number of credit instruments that were settled by paying with silver bars, gold ingots and nuggets, and wedges of unfinished refined silver. The seeming diversity of monetary regimes in

[7] Romano Rugerio, *Moneda, seudomonedas y circulación monetaria en las economías de México* (México: El Colegio de México, 1998), 133-136.

Spanish America masked a *de facto* basic monetary unit provided by the peso of 8 reals, a coin containing 25.56 g. of almost pure silver. The sheer volume of these pesos made them globally acceptable. Antonio-Miguel Bernal observed that the Spanish crown "created for the era the most efficient and complex framework concerning monetary policy known until then […] and that Spain was, for almost three uninterrupted centuries the minting house of the world" (379-380). The principles of equivalency upon which this hybrid system rested were not imposed from above, but rather forged through dynamic interaction between existing trade and tribute systems, and the growing importance of the Spanish silver real as universal trade currency.

Even before Aztec lords achieved hegemony over central Mexico, cacao was well established as currency, with the properties of both a token and a commodity. Its circulation as such enabled the creation of the extensive trading system upon which the central Valley of Mexico depended. Coe and Coe argue that the value of cacao as a commodity originated with its use as a stimulant in elite rituals among both Maya and Aztec rulers and merchants. Indeed, the chemical properties of cacao (*Theobroma cacao*) are often cited as the principal motive in its domestication. Discussing the physiological properties of cacao, the same authors observe that the alkaloids present in chocolate "have physiological consequences on the animals that ingest them. Human animals pursue at least some of them with passion" which explains why this plant was domesticated in the New World and was promoted "to a position near the center of the Aztec state ideology, and then, continued with the conquest of Spain and other European countries by cacao." Cacao eventually also crossed the Pacific to the Philippines, where the Spanish colonizers and Muslim potentates of the southern sultanates drank chocolate[8].

Remains of vessels with cacao residue recovered in archeological excavations indicate that its consumption as beverage began in the Maya lowlands. Such vessels were in use between 1000 B.C.E. and 250 C.E. During the same period, hierarchical

[8] Sophie D. Coe and Michael D. Coe, *The True History of Chocolate* (London: Thames & Hudson, 2000), 31.

states and urban centers with local markets and long-distance trade emerged to link distant areas. Such social processes required a uniform unit of exchange and cacao beans fulfilled the need. Aztec, Maya, and other peoples used cacao beans for commercial transactions. "By the time of the Conquest, the use of cacao as money was widespread in Mesoamerica, from Central Mexico to Yucatan, and south as far as Nicaragua[9]". However, cacao was not grown everywhere in Mesoamerica. The plant requires significant labor and agricultural knowledge. A small broad-leafed under-story tree, it needs shade and minimal fluctuation in climate. Cacao also requires time, as young trees only become productive by the third or fourth year[10]. In the history of cacao the crucial area is the Chontalpa, a territory in eastern Tabasco. There, the Chontal Maya worked highly productive cacao plantations that allowed them to engage in long-distance trade. There was a coastal circuit around the Yucatán Peninsula that extended its reach to the Gulf of Honduras: "the commodity (and money) that fueled this trading machine was cacao[11]". According to Millon (1955), "The almost universal demand for cacao in ancient Mesoamerica played a major role in the development of trade" in this early period[12]. Later, the acquisition of cacao became a central aim in the military strategy of the Aztecs. Ahuitzotl (1486-1502) extended the Aztec territory to encompass the central region of Mexico, large areas of the states of Guerrero, Veracruz, Puebla, Oaxaca, some portions of Chiapas reaching the border with Guatemala[13]. Diego Duran wrote in *The History of the Indies of New Spain* (1588) about the campaigns of Ahuitzotl. The people of the province of Teloloapan, today Guerrero, were suspected of preparing a rebellion and were punished with heavy tribute demands. Every eighty days four hundred loads of cacao

[9] William R. Fowler, "Cacao Production, Tribute, and Wealth in Sixteenth-Century Izalcos, El Salvador," in *Chocolate in Mesoamerica. A Cultural History of Cacao*, Cameron L. McNeil, ed. (Gainesville: University Press of Florida, 2006, pp. 307-321), 307-308.
[10] Sophie D. Coe and Michael D. Coe, *Op. Cit.*, 19-20.
[11] Ibid., 55.
[12] René F. Millon, *When Money Grew on Trees. A Study of Cacao in Ancient Mesoamerica*, (PhD dissertation, Columbia University, 1955), 217.
[13] Miguel León-Portilla, *Aztecas-Mexicas. Desarrollo de una civilización originaria* (Madrid: Algaba Ediciones, 2005), 119.

(10 tons) were to be paid, as Ahuitzotl "was extremely fond of the cacao, cotton, and all kinds of fruit from orchards that existed in that region[14]. After the destruction of the regions of Alauiztlan and Oztoman—"all their fruit, cacao, and cotton plantations were deserted, their fields made barren"—colonists were sent with the admonition that the ambassadors and envoys from Tenochtitlan, "were to be treated especially well when they went to collect the cacao harvest that was to be set aside for the royal crown of Mexico. The cacao was to be sown collectively, each group contributing whatever labor it could, according to the number of its people. The cacao was to be sent to the capital city in lieu of tribute[15]."

In 1499 Ahuitzotl conquered the province of Xoconochco, located 965 kilometers from Tenochtitlán on the border with Guatemala. To avoid the fate of other conquered places, in the words of Durán: "The people of Xoconochco however surrendered and offered allegiance to México-Tenochtitlán before the Aztecs could carry out all this destruction, all this disaster that had been their plan[16]". The war was "instigated and abetted by the *pochteca,* the long-distance merchants, the Aztec war machine had extended the empire to its farthest frontier, and ensured a steady flow of premium cacao and other elite goods into the imperial storehouses[17]". The tribute levied was 200 loads of cacao (5 tons) every six months[18]. The load, *carga* in Spanish, had three indigenous units called *xiquipilli* of 8, 000 cacao beans totaling 24, 000 cacao beans per load. This policy of territorial expansion allowed the Aztecs to control important areas of cacao production in Tabasco, northern Oaxaca, Veracruz, southern Chiapas, Guatemala and Honduras with some areas of Nicaragua and El Salvador.

[14] Diego Duran, *The History of the Indies of New Spain* (Norman & London: University of Oklahoma Press, 1994), 342.
[15] Ibid., 347.
[16] Ibid., 380.
[17] Ibid., 71.
[18] René F. Millon, *When Money Grew on Trees, Op. Cit.*, 194.

The *pochteca* played a crucial role in the Aztec economy: "The entire city of Tenochtitlan depended on the activities of its professional merchants[19]". They followed two main trade routes, one leading to the Xicalanco in the coast of Mexico to acquire the cacao from Chontalpa and products from Yucatan, Honduras and the Caribbean Islands, and the other one reaching the coast of the Pacific in Chiapas to acquire quetzal feathers, jade, precious metals and cacao from Xoconusco[20]. In addition to long-distance trade, the city of Tenochtitlan had an extremely large and well-organized market that amazed the Spanish conquerors. The monetary units employed in economic transactions were quite diverse. The diligent historian Francesco Saverio Clavigero mentioned five kinds of "real money" in his *History of Mexico*:

> Their commerce was not only carried on by way of exchange, as many authors report, but likewise by means of real purchase and sale. They had five kinds of real money, though it was not coined, which served them as a price to purchase whatever they wanted. The first was a certain species of cacao, different from that which they used in their daily drink, which was in constant circulation through the hands of traders, as our money is amongst us. They counted the cacao by Xiquepilli, (this as we have before observed, was equal to eight thousand), and to save the trouble of counting them when the merchandise was of great value, they reckoned them by sacks, every sack having been reckoned to contain three xiquipilli, or twenty-four thousand nuts. The second kind of money was certain small cloths of cotton, which they called patolcuahtli, as being solely destined for the purchase of merchandises, which were immediately necessary. The third species of money was gold in dust, contained in goose-quills, which, by being transparent, showed the precious metal which filled

[19] Brian M. Fagan, *The Aztecs* (New York: W.H. Freeman, 1984), 204.
[20] Miguel León-Portilla, *Op. Cit.,* 145.

> them, and in proportion to their size were of greater or less value. The fourth, which most resembled coined money, was made of pieces of copper in the form of a T, and was employed in purchases of little value. The fifth, of which mention is made by Cortes, in his last letter to the emperor Charles V, consisted of thin pieces of tin[21].

The *Pochtecayotl* (the art of trading), a document translated from the Nahuatl by Angel María Garibay and the *Florentine Codex* of Bernardino de Sahagún give the prices of three different kinds of "small cloths of cotton" (*patolcuahtli*) with the price of one hundred, eighty and sixty-five cacao beans[22]. Evidently, even the number systems and methods of accounting among both the Mayans and Aztecs related to cacao.

Such an important currency and commodity couldn't escape chicanery. Indigenous informants of Sahagún reported the elaborated procedures to deceive cacao buyers:

> The bad cacao seller, [the bad] cacao dealer, the deluder counterfeits cacao. He sells cacao beans which are placed in [hot] ashes, toasted, made full in the fire; he counterfeits by making fresh cacao beans whitish; he places them in [hot] ashes—stirs them into [hot] ashes; then he treats them with chalk, with chalky earth, with [wet] hearth; he stirs them into [wet] earth. [With] amaranth dough, wax, avocado pits [broken into pieces which are then shaped like cacao beans] he counterfeits cacao; he covers this over with cacao bean hulls; he places this in the cacao bean shells. The whitish, the fresh cacao beans he intermixes, mingles, throws in, introduces, ruins with the shrunken, the chili-seed-like, the broken, the hollow, and the tiny. Indeed he casts, he

[21] Francesco S. Clavigero, *The History of Mexico*. 2 Vols (New York & London: Garland Publishing, 1979), 386-387.
[22] Angel M. Garibay, *Vida Económica de Tenochtitlan. 1. Pocthecayotl (arte de traficar)* (México: Universidad Nacional Autónoma de México, 1995), 125; Bernardino de Sahagún, *Florentine Codex. General History of the Things of New Spain. Book 9- The Merchants* (Santa Fe: The School of American Research and The University of Utah, 1959), 48.

throws in with them wild cacao [*Theobroma bicolor*] beans to deceive the people[23].

The cacao of Xoconusco was thus always an exotic, expensive product with a dual nature.

The Hybrid System after the Conquest

The first recorded encounter between Europeans and cacao occurred on August 15, 1502 when Christopher Columbus ordered the capture of a large Mayan trading canoe. In addition to cotton garments, war clubs, bells and small axes made out of copper, they carried "many of these almonds which in New Spain are used for money. They seemed to hold these almonds at a great price; for when they were brought on board ship together with their goods, I observed that when any of these almonds fell, they all stooped to pick it up, as if an eye had fallen[24]". Although Columbus's crew were the first to see cacao beans, Juan de Grijalva's men were the first to drink chocolate in 1518. They reached San Juan de Ulua, an island off the coast of Veracruz. It was there that the Aztecs first encountered the Spaniards and an exchange of food and drinks from the Old and New Worlds took place with some intoxicating consequences.

On April 21, 1519 Hernán Cortés arrived to the same place. As soon as Moctezuma received news about the arrival of the expedition he send large quantities of provisions "and cacao that had been ground to make a beverage[25]". Soon the Spaniards "found out that the beans could be used to buy things, and to pay the wages of their native laborers, such as the all-important porters[26]". Consequently, before the capital of the Aztecs was destroyed, Hernán Cortés requested land from

[23] Quoted in Sophie D. Coe and Michael D. Coe, *The True History of Chocolate* (London: Thames & Hudson, 2000), 99.
[24] Quoted in Sophie D. Coe and Michael D. Coe, *The True History of Chocolate* (London: Thames & Hudson, 2000), 106-107.
[25] Diego Duran, *Op. Cit.*, 509.
[26] Sophie D. Coe and Michael D. Coe, *Op. Cit.,* 97.

Moctezuma to establish a plantation in what is now the state of Oaxaca. He reported in a letter to the Spanish king how the sovereign of the Aztecs,

> Set about it immediately, and within two months sixty *fanegas* of maize and ten of beans had been sown, and two thousand plants of cacao, which bears a fruit somewhat like almonds… it is so valued that it is used instead of money all over the country resembling our almonds which they sell crushed, and which they have such stores that they are used as money throughout the land to buy all necessities in the public markets and elsewhere[27].

In a short time the new arrivals became acutely aware of the dual uses of cacao and all of the requirements to grow it successfully. The Spanish were quick to adopt cacao as currency, whereas its regular consumption among colonists and on the continent would not become widespread until the 17th century.

The value of cacao depended in part upon its point of origin, but population losses in the centuries following the Conquest changed the commercial map. During the first decades, cacao arrived from Xoconusco, Colima and southern Mexico. Major population decline during the 1540's displaced the importation sources to Guatemala and El Salvador. The three major waves of epidemic disease from 1552 to 1577 made the increased "intensification" of production impossible to sustain and the Izalcos cacao plantations collapsed[28]. In the early seventeenth century the areas exporting to Mexico were in Venezuela (Caracas and Maracaibo), Guayaquil in Ecuador, and Cartagena of Indies (Colombia)[29]. Ulloa reported that during the eighteenth century, the consumption of cacao was considerable, and that there was only a small amount of cacao grown in Mexico, which explains the need to buy it from elsewhere. The

[27] Hernán Cortés, *Conquest. Dispatches of Cortes from the New World* (New York: Grosset & Dunlap, 1962), 79.
[28] William R. Fowler, "Cacao Production, Tribute, and Wealth in Sixteenth-Century Izalcos, El Salvador," in *Chocolate in Mesoamerica. A Cultural History of Cacao,* Cameron L. McNeil, ed. (Gainesville: University Press of Florida, 2006, pp. 307-321), 320.
[29] Charles Gibson, *The Aztecs Under Spanish Rule. A History of the Indians of the Valley of Mexico 1519-1810* (Stanford: Stanford University Press, 1995), 348.

legendary Xoconusco produce was very expensive, and for the most part was exported to Spain[30]. Xoconusco's population figures for the Colonial period indicated that they "were at their lowest levels early in the eighteenth century." Tribute paid in cargas of cacao fell dramatically during the same period and there were fewer cacao trees[31].

In the middle of the seventeenth century Thomas Gage observed: "Chocolate being this day used not only over all the West Indies, but also in Spain, Italy, and Flanders, with approbation of many learned doctors in physic[32]". Notwithstanding, the endorsement by "doctors in physic", the product was not uniformly appreciated. When Dutch or English pirates expecting silver or gold encountered "a ship laden with cacao, in anger and wrath" not only dumped the bags of cacao overboard, but adding insult to injury called it "in bad Spanish *cagarruta de carnero* or sheep dung in good English. It is one of the necessariest commodities in the Indies, and nothing enricheth Chiapa in particular more than it, whither are brought from Mexico and other parts the rich bags of patacones only for this *cagarruta de carnero*[33]". Indeed, as Norton points out, the changing taste for chocolate in Spain itself did not merely reflect social hierarchies, but rather revealed a series of contradictions within the upper classes. Discourses around the benefits and ills of chocolate consumption indexed moral concerns about social proximity to American peoples and natures[34]. What is certain is that the increasingly widespread consumption of chocolate as a luxury commodity abroad did not diminish its utility to residents of New Spain as store of value, unit of account, and medium of exchange.

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[30] Antonio Ulloa, *Descripción Geográfico-Física de una parte de Nueva España*, en Francisco de Solano *Antonio de Ulloa y la Nueva España* (Mexico: Universidad Nacional Autónoma de Mexico, 1979), 29-30.
[31] Janine Gasco, "Soconusco Cacao Farmers Past and Present. Continuity and Change in an Ancient Way of Life," in *Chocolate in Mesoamerica. A Cultural History of Cacao*, Cameron L. McNeil (Gainesville: University Press of Florida, 2006), pp. 322-350, 329.
[32] Thomas Gage, *Travels in the New World* (Norman: University of Oklahoma Press, 1958), p. 151.
[33] Ibid., p. 158.
[34] Norton, Marcy, "Tasting empire: chocolate and the European internalization of Mesoamerican aesthetics." *American Historical Review,* 111.3 (2006): 660-691.

During the colonial period, the Nahuas adopted the Spanish currency system without effort because their society had long participated in both local and long-distance trade employing a variety of different currencies. In New Spain, large transactions required silver reals and pesos, but cacao beans were used for smaller exchanges. The equivalence of cacao beans with the silver real depended on the prices of both as commodities. This means that while cacao beans served as tokens, their value was not fixed by royal fiat. Charles Gibson provided equivalencies between 1 real of silver and cacao beans noting that "the ratios of cacao beans to reals declined from 200 to 1 and 180 to 1 in the middle of the 16th century to 150 to 1, 100 to 1, and 80 to 1 in the late 16th century. Rates of 140 to 1, 120 to 1, 60 to 1, and 50 to 1 were reported in the 17th century and 80 to 1 at the end of the colonial period[35]". Motolinia already perceived two of the factors affecting the price of cacao: distance from the production area and size of the crop, "where it is gathered a carga is worth five or six pesos de oro; when it is carried inland, the value increases, rising and falling according to the year's crop, because in a good year it multiplies greatly. Heavy frosts cause the yield to be small, the plant being very tender[36]". Charles Gibson gave the equivalency between one real of silver and cacao beans: "The ratios of cacao beans to reales declined from 200 to 1 and 180 to 1 in the middle sixteenth century to 150 to 1, 100 to 1, and 80 to 1 in the late sixteenth century. Rates of 140 to 1, 120 to 1, 80 to 1, 60 to 1, and 50 to 1 were reported in the seventeenth century and 80 to 1 at the end of the colonial period[37]". In addition to this data, some spotty information exists from various sources about exchange rates between cacao beans and other currencies. In the sixteenth century the Italian "*Anonymous Conqueror*" wrote that a cacao bean was "the value of half a *marchetto* of our money" and Gemelli Carreri in the last years of the seventeenth century, compared 1, 5 "*carlino*" of Naples to sixty or eighty cacao beans depending upon if "the price of cacao is high or low[38]".

[35] Charles Gibson, *Op. Cit.*, 358.
[36] Motolinia, Third Treatise. Chapter VIII, 275.
[37] Charles Gibson, *Op. Cit.,* 358.
[38] "Anonymous Conqueror," 40 & Carreri, Capítulo III, Vol. 1, 48.

New Spain, like the other Spanish colonies in the Americas, had no copper coinage due to the opposition of local populations, who sought to avoid monetary manipulations perpetrated by the Crown to finance wars. Acosta asserts that "although it is true that in some islands in the Indies, such as Santo Domingo and Puerto Rico, they use copper money, the coins have value only in those islands, for there is little silver there and, although much gold exists, there is no one to refine it[39]". While some copper coins were minted in the mid-sixteenth century in New Spain, they were quite unpopular. The Indians were fined and submitted to corporal punishment, but they refused to accept copper coinage, which had to be discontinued in 1565. Charles Gibson mentioned that, "Indians are reported to have been skeptical of the value of copper coins and to have thrown them away in the lake, but at most this can have been only a momentary and aberrant response[40]". It was no aberration.

The American territories contributed heavily in taxes and other exactions to the military machine of the Spanish Empire. A good example of the relationship between these exactions and the role of cacao took place when Don Lope Diez de Armendáriz, Marques de Cadereita was viceroy in Mexico from 1635 to 1640. He was required to raise "funds in the order of 500,000 pesos per annum" to build and maintain a fleet. The quarrels and misfortunes of the previous years had sown discontent among the Creoles—descendants of Spaniards born in Mexico. To avoid further conflict and to ingratiate himself with the merchants and other financial powers, the Marques appointed a committee of viceregal authorities to consider their demands. Among the many requests, one of them "asked that a cacao exchange be established in Mexico City in order to stabilize the market and reduce the scope for racketeering in that basic commodity[41]". Cacao as currency was uppermost in the minds and interests of the Mexican elites.

[39] José de Acosta, *Natural and Moral History of the Indies* (Durham – London: Duke University Press, 2002), 166.
[40] Charles Gibson, *Op. Cit.,* 358.
[41] Jonathan Israel, *Race, Class, and Politics in Colonial Mexico 1610-1670* (Oxford:Oxford University Press, 1975), 194-195.

Shop tokens—*tlacos*—supplemented other official forms of currency. The first documentary evidence we have of its use dates to the mid- 18th century[42]. This private money was made of copper, crystal, and leather, wood and in some cases soap, and carried the names of the shop and its owner[43]. On October 24, 1767, Charles III ordered the Viceroy of New Spain "to prohibit tlacos and collect those outstanding" and to consult colonial authorities "as to the desirability of coining vellón for New Spain." The Consulado, that is the merchant guild, insisted, "that the coinage of vellón in New Spain would injure the king, the businessmen, the general public, the Indians, and the poor whites." Vellón was not introduced[44]. Instead, the Crown resorted to collecting the copper currency and re-issuing it at a higher nominal value. This strategy backfired, immediately producing a silver premium and thus raising prices. Such monetary manipulations caused economic upheavals and general misery in the colonies. In 1789 a royal decree ordered the coining of fractionary silver currency, but the decree was never obeyed due to lack of political will and opposition from merchants, who exacted a 20% surcharge from customers who wished to exchanged tlacos for silver currency needed for import-export transactions[45].

The American subjects of the Spanish Empire were willing to contribute to the common enterprise but wanted as much control as possible over the monetary system to avoid the outrageous economic distortions produced by the Crown's *vellón* manipulations. They had an abundance of silver and gold and local arrangements adopted from indigenous institutions provided the small change. A historian of colonial America wrote that "there was a chronic scarcity of coins in the markets of the Indies because it was constantly drained; when the fleets leave Portobelo or Veracruz, it is more difficult to find coins in Mexico or Lima than to find the proverbial needle in a haystack[46]". The price and profits of silver and gold were

[42] Romano Ruggiero, *Op. Cit.*, 175.
[43] Romero de Terreros, *Op. Cit.,* 4-5.
[44] Earl Hamilton, *El tesoro americano y la revolución de los precios en España, 1501-1650* (Barcelona: Ariel, 1969), 72-73.
[45] Romano Rugiero, *Op. Cit.*, 141-145.
[46] Céspedes del Castillo, Vol. III, 458.

determined by global demand, likewise eventually the cacao beans, and the aim of Peruvian and Mexican miners and cacao merchants was to sell silver and beans as much as possible. That explains their frequent use of credit and "fictional currency" like tlacos instead of valuable merchandise like precious metals or cacao. The hybrid monetary system developed during the colonial period allowed both of them to perform their economic roles, employing the most expensive monies only when strictly needed. In effect, this system provided a means to work around the strict Spanish "monopoly on liquidity[47]".

The use of mainly fictional currency had much in common with Spanish practice in the Indies, in which pesos often represented an instrument of evaluation, a means of reckoning shares of investment, or an almost totally abstract credit amount likely to be traded from one person to another for months and years, all in the name of getting along without rare cash. In both systems, standards of value existed and were normally applied in all kinds of business transactions even though the amount of currency in circulation was far from sufficient to proceed on a cash basis[48].

The Spanish Kings were, of course, tempted to alter the amount of silver in the pieces of eight. Tomás de Cardona proposed to Philip III a 25% devaluation of silver coinage, a policy impossible to implement due to strong opposition explained in economic treaties and reform plans that considered silver "the sinew of commerce[49]". Richard von Glahn has noted how sensitive the Chinese and global markets were to any changes in the silver peso. Thus, in 1772, when new pesos of 8reals were coined with a slight reduced fineness—of 90.2 % rather than the standard 91.6%--Chinese merchants rejected the new peso. After years of negotiation, in 1779 Chinese and European merchants at Guangzhou (Canton), the port to which European traders were confined from 1757 to 1844, agreed upon a new exchange

[47] Romano Rugiero, *Op. Cit.,* 193.
[48] J.H. Stewart Lockhart, "Report on New Territory", *Enclosed in Lockhart to Chamberlain*, October 8 (1898), 179.
[49] Hamilton, *Op. Cit.*, 81.

rate that reflected the lower intrinsic value of the new coin[50]. Such was the reputation of the Spanish Imperial coins that "long after merchants had adopted the Mexican republic dollar as their official monetary standard (1853 in Hong Kong, and 1857 in Shanghai), the Carolus dollar and its Chinese imitations continued to prevail in retail trade, down to the early years of the twentieth century[51]".

Discussion

If we wish to understand what is distinct about the present we need to compare it to historical cases that show what happens when monetary systems overlap and interact, especially in the context of imperial frameworks. The value of the silver peso—which rested upon both the purity of its contents and its universal exchangeability—was the basis for establishing principles of equivalency among different currencies in hybrid monetary systems created by the expansion of imperial trade. The peso was a token of the power of (and foreign confidence in) the Spanish crown. However, its value was contingent upon both the commodity value of silver and the fact that it was a unit of account and the accepted form of payment in global trade and government taxes, not only in Spain and the Americas but also in China[52]. Very few silver pesos actually circulated in the Americas, but nonetheless this form of money served as a unit of account and a store of value, facilitating equivalency among diverse forms of small change. The value of these, including tlacos and cacao, fluctuated in relation to one another and to the peso.

In the case of New Spain—the largest producer of silver of the world—practical pressures from below and the logics of exchange derived from earlier states gave rise to complex monetary arrangements. The Aztec merchants, or *pochteca,* played an important role in establishing this hybrid system, by continuing to use the

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[50] Richard Von Glahn, "Foreign Silver Coins and Market Culture in nineteenth Century China*",* in *Complementarity among Monies and Revision of Asian Monetary History*. Tokyo: University of Tokyo, 2006, 93

[51] Richard Von Glahn, "Foreign Silver Coins and Market Culture in nineteenth Century China*", Op. Cit.,* 108.

[52] See Arturo Giráldez, "Cacao Beans in Colonial Mexico: Small Change in a Global Economy" in *Money in the Pre-Industrial World: Bullion, Debasements and Coin Substitutes*, John H. Munro, ed (London: Pickering & Chatto, 2012).

cacao bean as currency even after the Conquest. Its continued acceptance by merchants and laborers led to its adoption by the Spanish, and both cacao plantations and acceptance of cacao as tribute become importance sources of revenue for colonists and the Crown alike.

The Spanish imperial state differed from its Aztec and Maya predecessors in the extent of its global trade networks. This meant that colonial subjects participated in the manufacturing of an international silver currency, while employing other monies for domestic transactions. Although the peso functioned as a unit of account, cacao beans and shop tokens were the actual instruments for settling domestic obligations. Townspeople often avoided using silver pesos both because their denominations were too large and because they were worth more intact in foreign exchange than broken into smaller denominations for domestic use. While tlacos were tokens pure and simple, cacao beans were also perishable commodities. The values of the tlacos relied upon the solvency and honor of the shopkeeper and the willingness of yet others to accept them as payment for unrelated goods and services. The value of cacao was dependent upon the time of year and the quality of the crop, in addition to supply and demand. It was a commodity, but also a token, established during the period of Aztec hegemony when cacao beans served as official currency for tribute payment and long-distance trade, combining the functions of unit of account, store of value and medium of exchange. Significantly, the token aspect of cacao was not set from above by the Spanish crown, but rather emerged through commerce itself. This hybrid system was not merely convenient; it enabled colonial subjects to evade seigniorage and attempts at currency manipulation associated with the use of smaller copper coins in other parts of the Spanish empire.

American plants like maize enabled the creation of first truly global economy in part because they provided abundant cheap calories. In the case of cacao, a new suite of luxury tastes became part of social rituals in the colonies and on the Iberian Peninsula and beyond. However, the economic importance of cacao during this dynamic period from the 16th to 18th century is primarily tied to its use as currency within New Spain itself. As small change for everyday transactions and tribute obligations, the circulation of cacao enabled the interconnected growth of commerce within New Spain and between the Old and New Worlds. Like the tea money of Central Asia during the same period, cacao beans functioned as both commodities and tokens. Hence, this seemingly exotic food currency not only illustrates the double-sided nature of money in general, but also sheds light on the dynamic interactions through which hybrid monetary systems coalesce to facilitate the growth of new global economies. Examining New Spain's appetite for small change thus reveals important aspects of the historical evolution of money as an institution of, and beyond the reach of, the state.

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