Sugar Cane and Coffee in Puerto Rico, I

The Rôle of Privilege and Monopoly in the Expropriation of the Jibaro

Ye friends to truth, ye statesmen, who survey
The rich man's joys increase, the poor's decay,
'Tis yours to judge how wide the limits stand
Between a splendid and a happy land.[1]
OLIVER GOLDSMITH

By RAYMOND E. CRIST

I

WHEN COLUMBUS DISCOVERED a few tropical islands in the Western Hemisphere instead of a new route to the fabulous riches of the East Indies, he lost favor with the King and Queen of Spain. Ere long, however, the tiny islands of the Western Indies assumed great strategic importance when Cortez and Pizarro sent back to their sovereigns their amazing reports of conquest in the wonder Empires of the *Aztecs* and the *Incas* on the continents beyond. For the constantly warring states of northwestern Europe, also beckoned by glittering visions of gold, began to expand to the further side of the Atlantic. To gain a foothold in the Caribbean—in those days when might frankly made right—was no easy task: the weakness of France, England and Holland was evidenced in the very small crumbs of islands they were able to snatch from the rich Spanish table. These insignificant islands—they were as petty cash to the Spaniards, who controlled the rich mines on "the Main"—were colonized and fortified as outlying possessions of the several mother countries. The history of the Antilles became an accurate reflection, in miniature, of the internecine wars of Europe. On these lovely tropical shores, the greed, the injustices, the dis-

[1] From "A Deserted Village."

eases and the fierce religious hatreds of Europe were brought to a focus.

So great was the lure of gold and adventure on the continent that the Spaniards actually encountered serious difficulty in maintaining on their islands garrisons of sufficient numbers to defend them against the enemy countries. We need not raise a smug eyebrow at such a manifestation of greed, for if the California of the Gold Rush days had been as accessible to English colonists in the seventeenth century as was Mexico to the West Indian Spaniards in the sixteenth century, the lands of the English colonies on the Atlantic Seaboard might well have been passed over in neglect. Because the Island Spaniards were blinded by the gold beyond, fertile regions, which, by modern standards, were richly endowed with natural resources, for centuries were not made to produce enough to pay the expenses of government.

The result was that the Philippines, Cuba and Puerto Rico —at times even Venezuela, Florida, and Louisiana—were subsidized from the treasury of New Spain in amounts varying from three to four million dollars a year. Meanwhile, the English, French and Dutch, lacking immediate access to the gold and silver mines, developed divers other techniques for conquering fortune: their buccaneers lay in wait for the great Plate Fleets of the Spaniards and plundered their bulging cargoes; they captured Negroes in Africa and sold them to the Conquistadores for use on the plantations that were springing up all over the new Spanish possessions. However deplorable, it is a matter of historical record that relatively few sought out the Caribbean Islands—Spanish, English, French or Dutch—inspired by a motive higher than the desire to extract the greatest possible wealth in the shortest possible time. Among the Islands, Puerto Rico fared no better than the rest.

II

VERY EARLY in the history of Puerto Rico, once it was clear that little gold could be uncovered on the island, the attention of the crown officials was directed to the possibility of deriving wealth from the production of sugar. The Treasurer, Auditor and Commissioner of Puerto Rico, in a communication to the Crown dated June 25, 1529, states that "in order to enrich the island, and to give (industry) a start thereon, four or five sugar mills are necessary, but since this is a costly enterprise the private citizen does not dare to undertake it."[2] The evidence shows that government subvention was not slow to follow.

These islands, which were early known as 'sugar islands', were by nature adapted to any form of tropical agriculture. Yet even in the beginning little diversification of crops was practiced. Because it offered the quickest way to wealth by agriculture, cane growing was the common choice. Sugar was still in Europe a medicament bought by the ounce from the apothecary. Its high value in the European market, and the relative cheapness of its production in the Indies, once the slave trade was efficiently organized, made its cultivation an extremely profitable business.

Many efforts were therefore made to safeguard the sugar plantations. By Royal Cédula, dated January 15, 1529, no sugar plantation, or anything necessary in its operation, including slaves, could be forcibly sold to satisfy debts, unless the King was the debtor. Albeit acts of God were operative then as now, man-made regulations kept the business going. In 1615 all the sugar mills in Puerto Rico were destroyed by hurricane; four new ones were built with government funds in 1620.

In the Spanish Empire the left hand was not always aware

[2] Fco. López Dominguez, "Origen y Desarrollo de la Industria Azucarera en Puerto Rico", *Revista de Agricultura de Puerto Rico*, Año X, No. II, p. 49.

of what the right hand was doing. Many sugar plantation owners, wishing to sell their properties and liquidate their debts in order to go to Mexico or Peru, were forbidden to do so by a decision of the Audiencia of January 20, 1534. Yet, at the same time, extremely high duties were levied on Puerto Rican sugar in the port of Seville, where all home-coming boats from the New World were required to land. To these high duties were added the tithes of the church, and thus were consumed large quantities of capital which might otherwise have been reinvested in the sugar industry.

With these aids and handicaps, the industry held its own in the two centuries from 1600 to 1800 without much prospect of becoming big or flourishing. Actually, a somewhat larger quantity of sugar was produced on the island of Puerto Rico during the second half of the sixteenth century, than during the second half of the eighteenth century. Taxes and regulations of Church and State would early have sounded the death knell of the industry, if they had been vigorously carried out, but the motto, *se obedece pero no se cumple* (compliance without obedience), was skillfully practised in the colonies. In Puerto Rico contraband commerce with foreigners assumed large proportions. Witness the statement of O'Reilly in his report to the King in 1765: "This illegal commerce, which in other regions of America has occasioned so much damage to the King and to the commerce of Spain, has been very beneficial to Puerto Rico."[3] And the capital derived from this source was no small item in the development of the sugar industry. In the early nineteenth century, during the revolts of Spain's colonies in the New World, in the course of which many Spanish sympathizers escaped to Puerto Rico, French and English planters from neighboring islands and from Louisiana took advantage of the Cédula de Gracias which granted foreigners the privilege

[3] Fco. López Dominguez, *loc. cit.*, p. 55.

of settling in the Spanish Empire. They came to Puerto Rico with their wealth, their slaves, and their experience in tropical agriculture. The influx of capital was especially timely. After the other colonies achieved their independence from Spain, Puerto Rico no longer received from the Viceroyalty of Mexico the money which, for some two centuries, Spain had taken from the richer colony and allocated (*situado*) to the impoverished garrison of Puerto Rico, and which had served to cover the costs of the civil administration of the island.

In 1880, in order to improve the situation of the planters in Puerto Rico, Governor Eulogio Despujol in an official letter to the Ministry of Overseas Affairs made the following recommendation:

> The ports of the United States of America, constituting, by virtue of their proximity, the natural market for the products of the Antilles, should, in our commercial interest and in order to promote and facilitate the entrance of our products, be open (to us) by treaty, and although political interests demand that commercial relations between the peninsula and its provinces be maintained and reenforced, it is convenient, as well as most urgently necessary, that the most valuable products of Puerto Rico, such as sugar, tobacco and coffee, should have steady markets close at hand for their best development.[4]

The order in which the principal crops are listed is significant: because of its long tradition, sugar comes first, although in the previous year, 1879, the value of the coffee exports exceeded that of the sugar exports. And the value of the coffee exports steadily increased until by 1896 it was three times as great as that of sugar.

Sugar production, in spite of all efforts, had steadily declined—from 115,700 tons in 1872 to 64,000 tons in 1897—and for valid economic reasons: during the ten years preceding 1898, the price of sugar in Puerto Rico had fluctuated between 1.7 and 2 cents a pound.

[4] Quoted by Fco. López Dominguez, *loc. cit.*, p. 169.

III

THE SUGAR INDUSTRY, favored and promoted at its beginning in the sixteenth century, encountered its first serious competition from the modest, undemanding plants of *Coffea arabica L.*, introduced into Puerto Rico in 1736. They did not, like cane, require the best alluvial soil; the virgin, clayish soils of the gentle mountain slopes, rich in organic matter, were an ideal edaphic environment. The climate of the trade-wind tropics, tempered by elevation, exactly suited the coffee plant. By 1760 coffee had become a crop of importance for Puerto Rico, and in 1770 the export production was 700,000 pounds. Coffee production was officially encouraged, and methods of cultivation and of processing the berries were studied, with the result that as production increased quality improved. Again an important though short-lived influence was the government: in 1768 a royal decree exempted coffee, for a period of five years, from the payment of duty on entrance into Spain. The stimulus thus given to the coffee producers was so great that for the last thirty years of the eighteenth century export production of coffee averaged almost a million pounds a year. Except for this initial help, the coffee industry was left to develop without government favors. The influx, during the revolutionary wars, of people from the Canary islands, from Santo Domingo, and even from the Mainland of South America, proved a boon to the industry, because many brought with them—particularly from Santo Domingo—a practiced technique in the processing of coffee. An additional factor in the economic and cultural success of the coffee plantation in Puerto Rico was that it was not unduly large; it required much care but relatively little capital.

By the middle of the nineteenth century the production of "high-flavor" coffee for export exceeded 10,000,000 pounds

a year. Puerto Rican coffee was much prized in the European markets, which absorbed almost 60,000,000 pounds in the fiscal year 1895–96, when the total area in that crop was almost 200,000 acres, or over 40 per cent of the total land under cultivation on the island. The industry naturally supported a large percentage of the population of Puerto Rico, although at a relatively low standard of living as will be seen.

Coffee growing was carried on to a large extent by free labor, because the techniques demanded a certain amount of skill, and the relative smallness of the unit made the keeping of slaves unprofitable. Returns were adequate but not exorbitant. The golden age of the coffee planter was the latter part of the nineteenth century, when coffee was the main agricultural export crop and the chief source of income for half the population. As sugar proved less and less able to meet competitive conditions, coffee came forward as the predominant plantation industry, and encroached, as sugar cane had once done—and was soon to do again—upon land otherwise devoted to food crops and stock raising. Coffee planters were the favored ones of Puerto Rico; their credit was good—too good in many cases—for a few poor years meant that their farms were heavily mortgaged. But good years meant high incomes, new homes, new plantings of coffee trees, trips to Europe for the old folks, and perhaps school in Spain for the eldest son. With the coming of American sovereignty in 1898, part of the market for Puerto Rican coffee in Spain was lost, and a devastating hurricane in 1899 spelled ruin for the crop of that year and the three years that followed. Many coffee growers were temporarily reduced to poverty, but the plantations were forthwith replanted, and by 1903 large-scale exportation was resumed.

IV

IN THE FALL of 1898 the Americans took over an island that was, economically, a mixture of mountain-slope subsistence farming and small-scale plantation agriculture, producing coffee, sugar, and tobacco for an almost non-existent domestic market and an indifferent foreign market. In 1899, of 40,000 plantations, 93 per cent were operated by their owners, *i.e.* coffee growers, largely resident, who were overseers of a vast submerged amorphous mass of poorly paid, poorly fed, poorly clad *jíbaros,* suffering from hookworm, malaria, liver flukes and malnutrition.[5] Sugar in Puerto Rico, with no friend at the court of the international moneyed interests, had failed to keep pace with the technical revolution which had transformed the industry in the last quarter of the century, and the Wilson tariff of 1894, which removed a U. S. tariff preference on the sugar of the Spanish colonies, made Puerto Rican sugar growers give up the struggle. To such a low ebb had the sugar industry fallen that, at the time of the American intervention, Mr. O. P. Austin, Chief of the Treasury Bureau of Statistics at Washington, could report from personal observation that in Puerto Rico "the attractiveness of the sugar plantations as investments is reduced by the fact that many plantations have of late been abandoned as such and turned into cattle ranges."[6]

But, after the Occupation, in 1899, Congress authorized an 85 per cent reduction in the tariff on sugar from Puerto Rico, and, as a result, the harvest of that year—some 40,000 tons from 71,778 *cuerdas*[6a]—although small, because the hurricane had destroyed about one-third of the crop, was exceptionally profitable to the producers. Sugar sold for about twice what it had been selling for before, and the planters whiffed a bull market. By 1908 there were already 145,433 *cuerdas* in

[5] Vividly described by Dr. Bailey K. Ashford in "A Soldier in Science."
[6] Frederick A. Ober, "Puerto Rico and Its Resources," New York, 1899, p. 265.
[6a] A *cuerda* is equal to approximately one acre.

cane, with a production for export of 277,000 tons of sugar. The era of sugar prosperity had begun.

The United States tariff is designed to protect such products as are grown or manufactured on the mainland. Consequently, with the change in sovereignty, Puerto Rican growers of tobacco and sugar cane, which are produced in the United States, profited from the American tariff. But coffee was left in the cold; it was not grown on the mainland, and it therefore had to compete in the international market with such large scale producers as Brazil. Local Puerto Rican growers of sugar cane soon had Americans—individuals or corporations—as neighbors in the lucrative sugar business, and these mainland interests were vocal and powerful in Washington; they could fix in advance the price of sugar, irrespective of what the world price might be. The coffee grower had no friends at court; unlike the sugar producer, he never knew what he would get for his crop, the price of which depended on the vagaries of the international market, itself a reflection of a war in Europe, a bumper crop in Brazil, new tariffs here, rumors of war there. Thus Puerto Rican coffee became a stepchild, exposed on the doorstep to the buffets of international competition, whereas sugar, admitted into the mainland family, loudly demanded and immediately received special treatment and special privileges and at once became a spoiled child. Verily, unto every one that hath shall be given, and he shall have abundance; but from him that hath not shall be taken away even that which he hath.

Land values increased rapidly once the island was tied to the continental market and modern methods of commerce and industry were introduced. When the small plantation owner saw the increase in the price of land, he thought it was in his own best interest to sell to representatives of the large landholding companies for what seemed a fantastic price.

The original landholder usually moved to town and became part of the meager middle class; his *peones,* or workers, now bereft of even that scant security commonly found in a patriarchal society, became wage earners, uprooted and landless, at the beck and call of an employer in the struggle for existence —their shadowy birthright sold for a lean mess of pottage. The people were as effectively pushed off the land in this pay-as-you-go process of peaceful penetration as the English peasants had been by the Enclosure Acts, the enforcement of which often meant eviction at the hands of the police. And the results in both cases were the same: the returns benefited only the few, while the many, now landless and displaced, formed a great reservoir of cheap labor. In England, however, some of the landless proletariat gradually emigrated, some were slowly absorbed in the industrial revolution, but in Puerto Rico the process of uprooting the peasantry has been so rapid that chaotic conditions have inevitably resulted, and in consequence adjustments have been painful.

The poet Goldsmith, in "A Deserted Village," depicted the frightful conditions in Ireland where he had lived as a boy during the time when the Irish peasants were being driven from their land because it had been given in great landed estates to English noblemen. The palatial homes of the rich, the fantastic prices of everything, including the food of the poor, the beautiful island where physically 'every aspect pleases,' yet where the people were submerged in poverty and misery, these contrasts were vividly portrayed by the poet as he surveyed the desolate scene in Ireland:

> Thus fares the land by luxury betrayed;
> In nature's simplest charms at first arrayed;—
> But verging to decline, its splendors rise,
> Its vistas strike, its palaces surprise;
> While, scourged by famine, from the smiling land
> The mournful peasant leads his humble band;

And while he sinks, without one arm to save,
The country blooms—a garden and a grave!

Jonathan Swift, appalled at the wretchedness and destitution of the Irish, brought to such an estate by English overlords, wrote a pamphlet entitled "A Modest Proposal for Preventing the Children of Poor People in Ireland from being a Burden to their Parents or Country." This tremendous piece of irony, in which the author proposes, as calmly as a modern business man might suggest importing hams from Poland, that the children should be turned into articles of food, is a fearful expression of burning indignation against intolerable wrongs.

Theodore Roosevelt, Jr., when Governor of Puerto Rico, in 1930, stated more succinctly but no less cogently, "The island seethes with misery."

Let us analyze briefly the process whereby during the past half century, conditions in Puerto Rico have gradually approximated in gravity those of Ireland of two centuries ago: the Congress of the United States, moved partly by the current campaign against land speculation at home, on May 1, 1900, passed a resolution to the effect that no corporation could own more than 500 acres in Puerto Rico. But, since the resolution fixed no penalties for those who violated it, it was not respected. By 1930, violators of the 500-acre law—367 out of a total of 58,371 landholders—controlled almost one-third of all farmland, whereas farms of less than 20 acres, comprising 72 per cent of existing farms, occupied only 12.4 per cent of all farmland. The period from 1900 to 1930 was the golden age for the sugar companies, when according to the *Report on the Sugar Industry in Relation to the Social and Economic System of Puerto Rico*, "sugar was everything and everything was sugar."[7] In the course of fifty years the industry has absorbed most of the fertile alluvial land of the

[7] Senate Document No. 1 of the first 1941 Session of the Puerto Rican Legislature.

Island; the control of large landholdings could not have been maintained without control of the railroads, which the sugar industry accordingly built; excellent black-top motor roads, the construction costs of which were contributed in the beginning out of insular funds, but increasingly—since the early Thirties—by the general taxpayer of the United States in the form of federal funds, have naturally been of greater use to the modernized sugar industry than to the neglected coffee industry; exports of sugar products to the mainland have paid for the major necessities of life which have been bought in growing quantities in the continental United States; finally, as brought out in the Report just quoted, compiled in 1941, "the estimated sugar-cane wealth of the island is 36 per cent of all taxable wealth. Yet the sugar industry paid (in 1940) only 23 per cent of all revenues of the Government, while all other taxpaying groups, whose taxable wealth was estimated at 64 per cent of the total, contributed 75 per cent of all revenues of the government,"[8] although, according to the same source, slightly more than half of sugar's income over a period of years was derived from tariff benefits.

(Continued)

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[8] *Loc. cit.*