The Development of Capitalist Agriculture and State Formation in the Dominican Republic, 1870-1924

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Abstract
This article looks at the development of the sugar industry and the traditional export sectors of Dominican agriculture in relationship to state formation. It seeks to show that early on their development the pioneers of the sugar industry helped lay the basis for the emergence of a local bourgeoisie and that the traditional export sectors failed to raise above small-scale production and its consequences. The integration of the Dominican economy into the international capitalist system inhibited the development of these two sectors in Dominican society, a pattern that was reflected in the formation of a weak state.

In examining the formation of the state, this investigation establishes a distinction between political regime and the state. Following Fernando Henrique Cardoso, political regime is defined as the "formal rules that link the main political institutions (legislature to the executive, executive to the judiciary, and party system to them all), as well as the issue of the political nature of the ties between citizens and rulers." In highly abstract terms, the "notion of state refers to the basic alliance, the basic ‘pact of domination,’ and the orms which guarantee their dominance over the subordinate strata." In the words of Oscar Oszlak, "the state is a social relationship, a political medium through which a system of social domination is articulated." Thus, this study focuses on the relationship between class and state, that is, how class forces shaped themselves in relation to the early development of the capitalist state, and not on the political regime.

Keywords
agriculture, sugar industry, Dominican Republic, economy

Disciplines
Sociology | Work, Economy and Organizations

Comments
Presented at the 13th Annual Conference of the Middle Atlantic Council of Latin American Studies, University of Maryland, April 1992.

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Emelio Betances

Introduction

This article looks at the development of the sugar industry and the traditional export sectors of Dominican agriculture in relationship to state formation. It seeks to show that early on in their development the pioneers of the sugar industry helped lay the basis for the emergence of a local bourgeoisie and that the traditional export sectors failed to raise above small-scale production and its consequences. The integration of the Dominican economy into the international capitalist system inhibited the development of these two sectors in Dominican society, a pattern that was reflected in the formation of a weak state.

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Periodization in the Development of the Sugar Industry

Two important periods can be observed in the development of the sugar industry in the Dominican Republic. The first period comprised the years 1874 to 1916. Leading specialists on the Dominican sugar industry characterize this period as the time of "take off" in the transition to capitalism because of the emergence of large-scale capitalist plantations, that broke with prior agricultural structures in the southeastern region of the country (Báez, 1978, 1986; Cassá, 1986; Gómez, 1977; Del Castillo, 1979; Hoetink, 1982; Lozano, 1976 and others). In these years a class of indigenous sugar businessmen slowly began to form.
The second period stretches from 1916 to 1925, when large conglomerates took over sugar production and commerce, thus incorporating part of the Dominican economy into international capitalist systems controlled by North Americans. This period coincides with the United States military occupation of the country, which helped consolidate foreign control of the Dominican sugar industry.

Though the first modern mill was founded (1870) in Puerto Plata in the northern region by Charles Lyonaz, a Cuban, the sugar business would flourish in the southern and eastern regions of the country. In those areas were found extensive and low-priced meadow lands as well as a surviving tradition of sugar production dating to colonial times. In 1874, the Cuban Joaquín Delgado founded Esperanza, a successful modern mill in San Pedro de Macorís in the southeastern region. Juan Amezcuzara, another Cuban, founded Angélina two years later. The creation of mills continued and, by 1882, there were already 34 cane plantations. Cubans were joined by Italians, Puerto Ricans, North Americans and others. They comprised a group of foreign resident sugar pioneers who integrated into the creole social structure and helped to lay the basis for the emergence of a local bourgeoisie.

In its early years the sugar business remained small scale, based essentially on individual ownership. Nonetheless, one may observe already a tendency towards land concentration. In 1881, for example, the San Isidro Mill had 4,290 tareas (a tarea is equal to 0.15 acres) in cultivation and 3,790 to be cultivated, a clear indication of prospects for growth. San Isidro also operated as a central (a milling center), receiving cane from 13 colonos or tenants, who worked 4,290 tareas altogether. In 1879, Porvenir had 3,600 cultivated tareas, and, while records do not indicate what quantity was to be cultivated, an additional 1,200 tareas belonged to the mill, possibly as pasture. Interestingly, Porvenir received cane from 21 colonos or tenants, who worked a total of 2,400 tareas (Cassá, 1979:130-131; Gómez, 1979:58-59; Báez, 1986:150; Sánchez, 1893).

Despite sustained growth, declining sugar prices in the world market during the initial “take off” period of the industry obstructed the healthy advance of a sugar bourgeoisie. Two significant acute declines in world prices affected the industry. The first was the sharp fall of prices in 1881. The collapse was caused by overproduction due both to the rapid expansion of cane sugar during several years of favorable sugar prices and to the growth of cheaper European beet sugar. Worldwide cane sugar production grew, for example, from 2,140,000 tons in 1876 to 3,538,000 tons just two years later. Moreover, in the latter year production of all types of sugar reached 5,123,000 tons. In the crisis period from 1881-1889, thirteen of the important early mills folded. Most of these were in Azua, Samana, Puerto Plata, and Santo Domingo. Mills valued in the hundreds of thousands of dollars were sold at a pitance. The Oca Mill, valued at $150,000, was sold for $21,000. The Constancia, worth $80,000 brought only $7000, and La Angelina, purchased only three years earlier for $174,000, for $30,000 (Ortiz, 1975:348-52).

The second crisis hit in the mid-1890s. Various factors combined to hold prices down, including the formation of trusts in the United States. The most important cause of the plummeting of world price of sugar was a record European beet sugar crop. In 1894, Europe produced some 6.6 million tons (1.9 million German, 0.8 million French, 0.9 million Austro-Hungarian, and 3.0 million for the rest of Europe) compared to only 3.4 million tons the previous year, causing a new glut in the market and a consequent fall in prices (Ortiz, 1975:356). The world crisis, however, did not cause a decline of the new industry in the Dominican Republic. Despite the downturn for some mill owners, provoking bankruptcies and closing, on the whole it led to heightened competition and expansion by foreign corporate capital. Eleven mills disappeared and about a dozen passed to new owners (Lozano, 1976:106). But in others, low technology and individual capital, the main features of the first period of the industry, gave way to more modern technology and centralized organization.

The formation of a local sugar bourgeoisie based on foreign resident planters faced important trade obstacles. Sugar producers urged the Dominican government to negotiate a reciprocity treaty with the United States like the one enjoyed by Cuba, however they failed to achieve this. The U.S. military government in Santo Domingo (1916-1924) also tried unsuccessfully to get a reciprocity treaty.

Dominican sugar exports to the United States declined steadily and by 1910, only 2% of Dominican sugar went to that market. For a time, Canada had replaced the United States as the main importer of Dominican sugar. Dominican sugar had entered the Canadian market in small amounts until 1909. In 1910, Dominican sugar reached a sixth of total Canadian sugar imports. From 1913 to the late 1920s, raw Dominican sugar constituted up to 20% of total Canadian sugar imports. However, Canada steadily began to rely on domestic beet supplies, and by 1936 it imported no sugar from the Dominican Republic.

The greatest incentive to Dominican sugar producers, however, came with the passage of the Underwood bill in October 3, 1913. This bill provided for a substantial reduction in the United States tariff, to go into effect in 1914, and promised free entry by 1916 (Muto, 1976:43-4). The Underwood bill came too late to help foreign resident sugar planters because repeated crises had caused the disappearance of a significant number of sugar mills. Of course, many of the pioneers of the sugar industry were replaced by new corporate owners while property was further concentrated into fewer hands. Property concentration had reached unprecedented levels by 1907. These economic changes had a ruinous impact on the pioneers of the sugar industry.
Political affairs also had been unfavorable to the sugar pioneers. The dictatorship of Ulises Heureaux, which had supported Dominican sugar development by investing in public works projects and lowering taxes on sugar export, had entered into a crisis as a result of erroneous inflationary policies. Heureaux could not hold on to power any longer and his regime came to an end with his assassination in July of 1899.

The United States had not been very involved in Dominican politics during the Heureaux period; however, investments in sugar by United States citizens and the financial connections of the San Domingo Improvement Company with President Heureaux since 1893, gave the United States an important role in Dominican Republic's internal political affairs. By 1905, the United States was already exercising full control of Dominican finances and an American had been appointed to administer Dominican customs houses.

Under these new circumstances the Dominican state intervened in the economy to prepare the general conditions for capital accumulation. This time, however, the pioneers of the sugar industry were no longer around to take advantage of the new agrarian laws which the Dominican Legislature promoted. The agrarian laws in 1911 and 1912, which fostered modern private property and gave incentive to sugar production, were meant for North American capital and the quasi-Dominican General Industrial Company.

The sugar companies were concerned about the obstacles the terrenos comuneros (communal lands) represented to the expansion of sugar fields. Prior to the Ramón Cáceres administration (1906-1911), Dominican peasants had been fighting eviction by foreign sugar companies. The sugar producers, unable to break the communal land-tenant system, supported a new law, which facilitated appropriation of peasant lands. In an attempt to introduce modern private property relations into the existing forms of agricultural landholding, the government promulgated the law of Agricultural Grants. In effect, the 1911 law aspired to divide the communal lands. Under the law all landowners now needed legal titles. The law did not specify that the lands had to be surveyed, however, and it contained no sanctions. As a result, an immense number of forged titles appeared as a means of expropriating the peasants' communal lands, which titles had not previously been required (Lozano, 1976:154, Moya Pons, 1986:541-544).

In addition, the law allowed import and installation of industrial equipment at low or no duty, gave tax exemptions, and removed duties on products for export for a period of eight years. It legalized foreign landownership and failed to establish any kind of control on the purchase of lands for production of sugar and other export products.

In 1912 the Dominican Congress promulgated a more comprehensive land title law called the Law of Inscription of Rural Land Titles. This law required that all rural land be registered within a year. This was another attempt to bring land titles up to date. However, as with the 1911 law, forging titles became a big business and an effective way of dislodging peasants from their lands.

Although these laws provided equal opportunities for national and foreign investors, it goes without saying that the law benefited the sugar companies most. Traditional export sectors (café, coffee and tobacco) did not need significant investments to raise and harvest their crops, nor did they have sufficient capital to introduce a technology that competed with sugar. As noted below, traditional export sectors were unable to exert much influence on national politics.

Though this initial state intervention in agriculture through the new land title laws was not entirely successful, it does point to a modern state which helped create the general conditions for capital accumulation. With the expansion of the industry and commerce in the 1880s, the Dominican state acquired a degree of definition and determination to be a self-standing entity. This process, of course, was filled with contradictions because the Dominican state emerged in the framework of an international economy that obstructed its development as a sovereign nation-state. Thus, when the state intervened in the economy to promote the development of modern private property, it acted to implement the development of measures that fostered foreign corporate capital, but at the price of subordinating its local base of support. Under these circumstances, neither the pioneers of the industry nor the traditional exporters were able to take advantage of the new agrarian laws. These groups were marginalized from the most dynamic and capitalist sectors of the economy. Thus, prospects for the development of strong national government based on sugar planters were practically non-existent in the first decade of 20th century.

Consolidation of Foreign Sugar Corporations (1916-1924)

Two qualitatively different periods can be observed in the process of consolidation of the foreign sugar corporations. In the first period (1916-1921), stimulated by high prices, the sugar firms used land extensively, whereas in the second period (1921-1924), land was used intensively, the latter requiring higher technology and, of course, higher capital investments (Lozano, 1976:163). During these two brief periods part of the Dominican economy was incorporated into the international capitalist system. This process, of course, contributed to alienating local elites even further from the main sector of the economy.

In a short time sugar firms increased their control over landownership to unprecedented levels, but they did not change the way the land was used. Lozano argues that it was from 1917 to 1919 that the sugar latifundia was
definitively established. "The land area devoted to the production of sugar in the Dominican Republic today is a little over three million acres. In 1926 the lands controlled by the sugar mills increased to 2,826,979 tareas" (1976:158). However, the use of land by sugar mills had only undergone a quantitative change. The mills still held large areas of non-cultivated lands, as was true during the formative period of the industry. In 1924, only 760,856 tareas were cultivated, whereas 1,429,759 were non-cultivated. Farming operations increased to 510,947 tareas. The dynamic potential of the sugar industry is reflected by the large quantity of land that was not cultivated. These non-cultivated areas were kept in case there was a sudden increase in world sugar demands.

Extensive use of land from 1916 to 1921 produced unprecedented export levels. Sugar export figures after 1916 further illustrate the magnitude of the changes that took place in the industry. Exports did not reach 92,908,120 kilograms (1 kilogram equals 2.2 American pounds) until 1916. After 1911 there was a steady increase, reaching 122,642,514 kilograms in 1916 and 183,616,637 kilograms in 1921. 1921 was the peak year for price as well as volume. Volume is not the only measure of the industry's success. The following year, while exports were 171,541,537 kilograms the value in U.S. dollars had dropped to $9,338,354; whereas in the previous year it had been $14,338,354.

These fluctuations in the sugar market prices are basically explained by the post World War I economic depression. The effects of this depression on the Dominican economic was catastrophic. In 1920 a quintal of sugar cost $22.5 U.S. dollars, whereas in 1921 prices had gone below $2.00. Nonetheless, for a brief period the increase in world sugar prices brought some prosperity to the industry, which had a moderate multiplying effect in the South-East region of the country. This period became known as "La Danza de los MilONES" or The Dance of Millions.

Falling prices after World War I, however, had an extraordinary impact on the new sugar producers. Once again, a concentration of many mills in fewer hands took place. The way the Hatton Brothers and the Bass family lost their sugar estates can illustrate this point. The Hatton brothers had inherited the San Isidro estate and soon started to expand it, but they bought too much machinery. Soon they became overly indebted and their property went to the Bartram brothers, butter dealers from New York. The Bartram brothers later added the Consuelo estate, which the Bass family had also overexpanded and encumbered with debts (Baez, 1978:37-38).

Another case of a take over by a large monopoly is that of the Barahona Company, which was bought up by the Cuban Dominican Sugar Corporation. The directors of the latter company thought they could irrigate the lands around the town of Barahona in the southern part of the Dominican Republic. Surveys had made it clear that irrigation of these lands was an engineering impossibility, but even so, H. J. Pulliam, secretary, treasurer and a director of the Kelly firm, which owned the Ansonia estate in Azua, went ahead with the plans. Like the Hatton Brothers and the Bass family, the Barahona Company, subsidiary of the Kelly firm, ran up large debts.

By 1925, foreign corporations controlled sugar production. The South Porto Rico Sugar Company, owner of Central Romana, and the Cuban-Dominican, which built Central Barahona and which later acquired five other mills, were the largest corporations. These two owned 11 of the 21 mills grinding in 1925. Melvin Knight has indicated that

A glance at the directorate of the South Porto Rico Sugar Company and the Cuban Dominican suggests that they are quite separate baronies in Sugardom. Mr. Shatt, chairman of the South Porto Rico Board of Directors, is President of the American Colonial Bank in San Juan, Porto Rico. Mr. Dillingham, President of the South Porto Rico is also of the above bank. Mr. Welty, another Director of the sugar concern, is a member of Mr. Shatt's firm in New York, and Mr. Horace Havemeyer is also a director of both, besides being a member of Havemeyer & Elder, Inc., and thus a representative of the vague central organization of Sugardom. One director is on the boards of nine different electric power concerns. Two others sit at the director's table of various big insurance companies (Knight, 1928:137).

A third and smaller group, the Vicini Family, survived the crisis. This group was the only sugar corporation left of those that pioneered the industry. Other sugar corporations, such as, Santa Fe, Portovenir, Boca Chica and San Luis survived for a short while but later came to be affiliated to the Cuban Dominican. Central Romana was the largest milling center. It held 144,418 acres and had a value assessed at $9,761,349.07. To get an idea of the size of South Porto Rico Sugar Company, one may contrast: Central Romana with Italia, Azuano and Ocoa, which combined, come up to only $1,699,152.90. In the Dominican Republic, there was no longer room for individual capitalism; monopoly had taken over and the most dynamic sector of the Dominican economy was incorporated into the international capitalist system.

This process of consolidation of the corporate sugar industry parallels the developments of the 1890s in that an economic crisis did not lead to regression but rather to expansion through restructuring of property ownership and land exploitation. Even in times of crisis, the sugar industry tended to
expand. Wilfredo Lozano found that in 1925 investments in the industry had increased to $20,331,830.7 even though, with respect to the period of 1916-1920, no new land had been acquired. Investments had gone into higher levels of technology and had thus made sugar a relatively capital intensive industry. The apparently contradictory behavior of the sugar industry is explained by the fact that economic crisis in the sugar industry does not give rise to a low level of productive investment and low levels of production. It works in the opposite sense. This is due to the singular nature of the investments and to the high levels of capital necessary. This way the owner of a mill increases productive investments in periods of crisis, hoping to get a better crop, thus compensating for the quantitative losses caused by a decrease in prices. In the same manner, when prices are high, productive levels are increased, thus taking advantage of inflation. This represents a challenge to reach the equilibrium point in the market. In both cases we face a spiral from which escape is not possible unless productivity and price levels do not reach an equilibrium point (Lozano, 1976:160-161).

Last, but not least, the United States military government in the country helped incorporate part of the Dominican economy into the world capitalist system. In 1920, the military government in the Dominican Republic took steps to expand on the previous efforts to legalize land ownership. In July 1920, the military government issued Ley de Registro de Tierras (Law of Land Registration) as Executive Order No. 511. This law built on the 1911 and 1912 laws on land ownership. Bruce Calder has written that

the twin goals of the Ley de Registro were to 'register without delay all lands located within the territory of the Dominican Republic' and to bring about 'the demarcation, survey, and partition of the terrenos comuneros.' To facilitate these matters, the law provided for a cadastral survey of the republic, a new system of land registration, and a new court, the Tribunal de Tierras, which would adjudicate cases involving land and administer the other aspects of the law (Calder, 1984:107).

The Ley de Registro served to legalize weathered titles held by the sugar companies and to continue the expropriation that Dominican peasants had been suffering since the 1890s. Nevertheless, the implementation of the Law of Land Registration faced two sorts of problems. The United States military government did not have enough money to implement land survey and, more importantly, it had to face peasant resistance. Marlin Clausner has indicated that there was "resistance from small farmers who feared that the purpose of the survey was to take their land, but the attitude of nearly all landowners was friendly" (Clausner, 1973:158). The friendly attitude of landowners to the military government and resistance by small farmers suggests the class nature of the law. Though the space provided for this article does not allow for a thorough examination of this topic, it is worth noting that a guerrilla movement gradually evolved to resist the military occupation of the country, particularly in the eastern region where peasants were often violently evicted from their lands by the sugar corporations.

Timber Latifundia

Simultaneously with the consolidation of the corporate sugar industry, a timber latifundia controlled by North American investors rapidly evolved. To explain the large quantity of land held by these investors requires a short digression. Knight reports that on paper the lands dedicated to timber production in 1926 reached over three million acres. There were three important companies: Orme Mohogany, with approximately half a million acres; Compania Enriquillo, which claimed between 400,000 and 500,000 acres in the southwestern part of the Republic, and the Habanero Lumber Company. The latter company had vast holdings in the province of Azua under vaguer titles (Knight, 1928:151-2).

While it is true that the timber companies did not have effective possession of all the areas they claimed, they did not anticipate grave problems in establishing title because the United States military government in the country was more than willing to legalize their land holdings. The 1920 Census reports that timber companies held approximately 6 million acres. The same census reports that in 1920 cultivated and non-cultivated timber lands amounted to 17,276,901 acres with only 8,649,158 under cultivation. The Dominican Republic had become a nation of large lumber and sugar latifundia largely in the hands of United States concerns. The foreign residents who pioneered the Dominican sugar industry were forced out and thus ended the likelihood for the development of a strong bourgeoisie based on sugar planters.

The foreign control of the most dynamic and capitalist sector of the Dominican economy had immense implications for the development of a local bourgeoisie. It may be recalled that toward the latter third of the nineteenth century a local bourgeoisie based on sugar planting was slowly forming and exerting considerable influence on the dictatorship of Ulises Heureaux. The
political loyalties and economic interest of foreign resident that created sugar industry differed from the interests of foreign corporate owners. The former had steadily integrated into the creole social structure by joining prominent local families, reinvesting in the local economy and participating in national politics. The large foreign corporations that owned sugar business in the Dominican Republic expatriated their profits to the United States and were not interested in becoming a part of the creole social structure. These new developments completely undermined the formation of a local bourgeoisie and the emergence of national sovereign state.

The socio-economic weakness of the local bourgeoisie provided the occasion for the continued U.S. intrusion into the country. In 1916 the United States occupied the Dominican Republic militarily to set up a strong national government because it perceived that the local political elites were incapable of self-rule. Various authors argue that this occupation (1916-1924) laid the groundwork for the development of national political and administrative institutions, but frustrated the development of a sovereign national-state (Brea, 1983; Oviedo and Catrain 1981; Espinal, 1987). This study suggests that U.S. sugar corporations and bankers had already thwarted the development of a sovereign national-state before the military occupation of 1916-1924.

Main Traditional Export Crops: Tobacco, Cacao and Coffee

While sugar was mostly controlled by foreign corporate capital, traditional production for export remained in the hands of local agrarian petty bourgeoisie; that is to say a class of small-scale farmers who were unable to accumulate enough capital to invest in large-scale production.

Petty commodity production best depicts Dominican Commercial export agriculture throughout the nineteenth and early twentieth century. Tobacco is an exemplary case. Until the 1870s tobacco had been the fastest growing sector of the Dominican economy, but various factors combined to slow its expansion. First, the quality of Dominican tobacco whose main producers were planters of Cibao, a northern region, traditionally had not been good. This was a cause of continuous complaint by German merchants. More important, however, was that an expensive credit system and the general ignorance of these producers in the northern region about tobacco culture, inhibited efforts to improve the crop's quality. Second, local producers were dependent on the German market and thus susceptible to European price manipulation. Third, despite the construction of railroads that penetrated the heart of the Cibao region, tobacco was still produced on small plots (Baud, 1987:135-149).

The political stability forced by the Heureaux regime (1882-1899) contributed to tobacco’s prosperity in spite of the problems the industry had been confronting since the 1870s. During the first three decades of the twentieth century, tobacco producers used railroads to export their leaves, but they continued to depend on the German markets since their product faced a United States tariff and competition from superior Cuban produce. Thus, when the German market was closed during the First World War, Dominican producers faced disaster. Merchants sought to sell tobacco in the Spanish market, but a solution could be found only when the United States agreed to purchase and tranship the crop to Europe. In 1919 and 1920, the United States military government in Santo Domingo bought the tobacco crop, hoping to sell it when prices increased. Since the military government had been facing an effective political opposition since 1913, this measure may have been adopted to gain political support. Tobacco prices did not increase as expected, however, and the military government had to make up the loss.

Low prices in the world tobacco market after the 1870s caused many Dominican producers to switch to cacao. Except the years 1909-1911, when there was a relative increase, tobacco exports remained flat. Twenty years of zero increase in production put tobacco in third place among Dominican exports by 1913. Since tobacco faced seemingly insoluble problems, Cibao producers began to raise cacao in response to demand in the world market. Like tobacco, cacao was not demanding in terms of technique and capital investment, except that it took several years before trees produced. However, mature trees would bear fruit for sixty to one hundred years (Pulliam, 1910:637-8). While cacao had been produced in the Dominican Republic for internal consumption, production for export did not begin until the 1880s. Exports progressed somewhat slowly throughout the 1880s, increasing from 2,420 quintals in 1880 to 11,777 in 1889. This amount almost doubled by 1892 (21,460) and the following year saw a record crop of 41,546 quintals exported.

Cacao producers benefited from good prices in the international market, better transportation facilities and, in contrast to sugar, duty-free entry duty into the United States. Not only did cacao export increase progressively and significantly, but it compared favorably with sugar in terms of value in United States dollars. During the early 1900s, sugar was not far ahead of cacao in export value. In 1906, the country received $2,262,912 for cacao export and $2,392,406 for sugar. Though it happened only once, it is worth noting that in 1928 cacao surpassed sugar in value reaching $4,265,074 to sugar $3,092,429. After 1913, however, sugar became the main crop by any criteria.

Despite sustained increase in cacao exports after 1910, internal structural impediments and international competition prevented a transition from petty commodity production to large-scale capitalist production. Dominican farmers were unable to take advantage of favorable world cacao market prices to save and then to invest in order to expand and improve production technology. After
1910, the world cacao market changed. Dominican cacao had to compete with cheaper produce from Brazil and the Gold Coast of Africa. Paul Muto attributes this behavior to the fact that those with money to invest did not grow cacao. "Cacao growing remained the province of Dominican farmers who did not have access to large amounts of capital and other Dominicans failed to invest in the crop. For the most part, cacao suffered no great decline; it simply ceased to expand...In the postwar period, expansion was negligible" (Muto, 1976:51). In addition, transportation was still a major limitation. Away from rail lines, roads consisted of mud trails, which made transportation costly. "To transport a quintal of cacao from the town of Yamasa down to Santo Domingo (about 100 kilometers) cost one dollar. The same quintal could then be sent from any port in the Dominican Republic to New York for 25 cents" (Bray, 1983:65-66). Thus, the "bottle-neck" represented by transportation, monthly interest rates ranging from 2 to 6%, and international market competition partly explain why local cacao farmers were unable to transform themselves into an agrarian bourgeoisie. Otto Schoenrich, visiting the country during the United States military occupation, thought that cacao was a "crop for the poor" because the land and labor necessary were limited (Schoenrich, 1918).

While tobacco and cacao were mainly a Cibao crop, coffee was produced all over the country. Before the 1880s, coffee had been a traditional crop in Bani and San Jose de Ocoa in the southern region. Most coffee was shipped through the port of Santo Domingo. Favorable world market prices led many of Cibao's farmers to produce coffee in the late 1880s. This coffee was shipped through the port of Puerto Plata. Later on, when the Sánchez rail lines were completed, coffee was also exported from eastern Cibao. Since the Monte Cristi port also shared in coffee export, the most important Dominican ports all exported coffee. Coffee exports remained insignificant through 1887. In the years 1888-1893, exports increased rapidly from 2,279 quintals to 31,041. By the mid-1890s an oversupply of coffee in the world market brought prices down considerably, discouraging local producers (Ortiz, 1975:383).

Coffee exports grew slowly through the first 25 years of the twentieth century. In 1906 production for export was 1,325,785 kilogrammes, while in 1925 it had not surpassed 2,666,313 kilogrammes. In the 1920s, however, coffee slightly surpassed tobacco, marking it second to cacao among Dominican exports. Coffee continued to be produced all over the country, though Cibao continued to dedicate itself mainly to the declining crops of tobacco and cacao.

Like cacao and tobacco, coffee remained a product of small producers. Del Castillo and Cordero examined 200 contracts signed in Bani by producers and merchants between 1903 and 1907. Bani was one of the main coffee producing centers of the country - what San Pedro de Macoris was to sugar. They found that all the plantations examined produced below 50 quintals. The average for all plantations was 20 quintals. In Altamira (located on the mountain range that separates Santiago and Puerto Plata) a list of coffee and cacao plantations, corresponding to 1890, indicates that 75% of the plantations did not reach 50 tares in size. In addition, land was underused. In 1890, El Seibo had 799 coffee and cacao plantations with 11,963 tares of land, but these producers only cultivated 2,428, that is, 20% of the total amount. A similar situation was found in Higuey. From a list of 531 coffee and cacao plantations which together held 6,408 tares, only 939, or 15% were cultivated (Del Castillo and Cordero, 1982:100).

Existing knowledge about the structure of large-scale landholdings dedicated to non-export (cattle and mixed crops, such as bananas, yucca, etc.) commercial agriculture in the northern Cibao region is not enough to allow for a fair comparison with the leading export sectors. Even so, David Bray (1983:59-61) found an "Honorable Mention" list of twenty-eight of the most "illustrious and progressive" farmers, which can give some insight into the structure of landownership in nonexport commercial agriculture. This inventory was published in the 1903 edition of the Gazeta Oficial de Santo Domingo. Of the 28 farmers mentioned on the record, 21 were Dominicans and 7 were foreigners, which included two Belgians, two Italians, two Cubans and the United Fruit Company of the United States. The fact that 75% of this sector was controlled by Dominicans sharply contrasts these landowners with the southeastern region, where foreign corporate concerns dominated the sugar industry. However, the fact that 50% of the landowners on the roll were primarily engaged in raising cattle and various other mixed crops points to their conservative nature and thus to their incapacity to invest in production for export, which at the beginning of the twentieth century was the nation's principal avenue to wealth. Bray indicates that only four of those on the list showed any concern for technological innovation. While eight were involved in cacao production, on the average their holdings did not exceed seventy hectares.

Haters (cattle ranchers) were much larger, with some running to over twenty-thousand tares. Boin and Serrulla Ramia (1981:45) report the existence of sizable hatos in the Cibao, near the city of Santo Domingo and, of course, near the eastern sugar plantations, which used cattle to haul cane from the fields to the mills. They suggest that a sizable group of hateros was slow in forming. However, the existence of scattered cattle ranches in the extensive Cibao region is not enough to consider this group an embryo of an agrarian bourgeoisie.

This study suggests that the parts of the export sector, represented by tobacco, cacao and coffee were engaged in petty commodity production. These relatively small producers, however, lacked technology and means of transportation to expand their production. Moreover, difficulties with credit and
financing as well as a fragmented system of producing for export crops precluded them from expanding even when world prices were high. These obstacles amounted to structural impediments that prevented their transition from petty commodity production to large-scale capitalist agriculture and inhibited the formation of an agrarian bourgeoisie that could foster the development of a modern capitalist state.

Class Structure and State Formation

The investigation of the development of the sugar industry and the main traditional agricultural export sectors at the turn of the twentieth century reveals that the incorporation of the Dominican economy into the international capitalist system obstructed the development of a national bourgeoisie. It also shows that the denationalization of the leading export crop, sugar, by North American sugar corporations suppressed the growth promise of a local bourgeoisie based on sugar production. In addition, the fluctuations of the world sugar market, trade barriers in the United States and the continued indebtedness of sugar planters to North American creditors inhibited the growth of local sugar business.

Investments in the sugar industry initiated a transition to modern capitalist agriculture in the southeastern region of the country. Traditional export sectors, however, remained as a petty agrarian bourgeoisie. Despite the introduction of railroads into the heart of the Cibao region, small tobacco, cacao and coffee producers were unable to escape the structural impediments represented by the fragmented system of producing export crops, insufficient credit, poor infrastructure, lack of technology and serious international competition. However, unlike the sugar industry, traditional export agriculture remained in the hands of local producers, who did not master sufficient social and political strength to influence national political development decisively.

Neither the pioneers of the sugar industry nor the traditional export sectors could play a leading role in the formation of the modern state at the turn of the twentieth century. Marginalized from the fastest growing sector of the economy, local political elites perceived the state as a means to give themselves a solid economic base. However, the continued U.S. intrusion in Dominican political affairs at the beginning of the century also blocked their fast access to government largesse. This situation forced local political elites into a subordinate role in relation to the process of the formation of the modern state.

This subordinate status of local political elites had major political implications for the development of the modern Dominican state. Firstly, the state was largely the product of foreign intervention. Secondly, the political and administrative institutions that evolved out of the military intervention became the instruments used by local elites to give themselves a solid economic base. In fact, Rafael Leónidas Trujillo (1930-1961), used these institutions to promote the development of a Trujilloist bourgeoisie, one, of course, which he controlled and directed. Third, the modern state was an entity which inhibited the growth and prosperity of the vast majority of the population because its leaders sought to exclude them from the political process of state and nation building. And, last, but not least, the type of society and state, which this process generated was authoritarian and undemocratic. The effects of this process is still reflected in the structure of the state and civil society.

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