

## TOWARD DEPENDENCY AND REVOLUTION:

The Political Economy of Cuba between Wars, 1878–1895

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Historiographical advances in recent decades have emphasized increasingly the twentieth-century sources of American hegemony in Cuba. Two specific periods have served as the focus of these arguments: the years of the military occupation (1899–1902) and the decades of the Plattist republic, namely those years when Cuba was linked to the United States by virtue of the Permanent and Reciprocity treaties (1903–34).<sup>1</sup> During these years, Cuban dependency certainly deepened and the character of the island acquired its definitive features as a client state. These twentieth-century developments, however, originated in nineteenth-century antecedents that contributed decisively to shaping events after 1895.

Cuba emerged from the Ten Years' War (1868–78) with its economy on the verge of collapse, and nowhere were the adverse effects of the insurrection more keenly felt than in the sugar sector. Indeed, the Ten Years' War profoundly disrupted Cuban sugar production. Estates operating before the war on marginal profits and planters who lacked either the capital or the foresight to modernize their mills were among the earliest casualties of the decade of separatist conflict. By 1878, over three-quarters of the mills in central Cuba had disappeared, and in some districts of the east (the main theatre of military operations), sugar production almost completely collapsed (see table 1).<sup>2</sup>

Those estates fortunate enough to escape the ravages of the Ten Years' War survived only to find capital scarce and credit dear. Prevailing rates of interest that fluctuated typically between 12 and 18 percent (with highs often as much as 30 percent) foreclosed any possibility that local-credit transactions would contribute significantly to the economic recovery of post-Zanjón Cuba.<sup>3</sup>

The Ten Years' War and the attendant destruction of Cuban estates set the stage for the next series of afflictions to descend upon Cuban planters. The disruption of Cuban cane production between 1868 and 1878 combined with the subsequent decline of sugar exports to

TABLE 1

Number of mills by province	1868	1878
Sancti Spíritus	41	3
Trinidad	49	16
Santa Clara	86	39
Cienfuegos	107	77
Guines	87	33
Puerto Príncipe	100	1
Bayamo	24	0
Manzanillo	26	2
Holguín	64	4
Santiago	100	1

encourage the expansion of sugar cultivation elsewhere, leading eventually to the development of new sources of international competition. In the United States, new varieties of cane were introduced in Louisiana while experimentation with beet sugar in the west and southwest expanded under the encouragement of state and federal governments. In 1876 sugar from Hawaii began to enter the United States duty free. Responding also to the opportunity created by faltering Cuban production were European beet-sugar growers who, protected and underwritten by government subsidies, made enormous strides between the late 1870s and early 1880s. Within a decade, France, Austria, and Germany had become the largest suppliers of sugar for the world market. Beet sugar in 1853 had comprised only 14 percent of the total world production, but by 1884, represented 53 percent.<sup>4</sup> Even Spain responded to the lure of beet-sugar profits. In 1882, two beet factories commenced operation in Granada and Córdoba and two more opened ten years later in Zaragosa and Aranjuez. Spanish beet production increased from thirty-five thousand tons in 1883 to four hundred thousand in 1895.<sup>5</sup>

Consequently, when the Ten Years' War ended, Cuban planters' woes did not. Problems of a new sort then beset Cuban producers. As planters prepared to resume production after Zanjón, they discovered that they not only faced new competition and the loss of old markets, but that the value of their product had declined precipitously. In 1884 the price of sugar plummeted to an unprecedented low when it dropped from eleven cents a pound to a new low of eight.

Planters' difficulties with world-market conditions were further exacerbated by Spanish colonial policies. The abolition of slavery and the expiration of the *patronato* between 1880 and 1888 further added to planters' problems and expenses.<sup>6</sup> Public spending had increased during the 1870s to finance the war, and an increase in the circulation of paper money in the 1880s brought on the first of a series of devastatingly

inflationary spirals. After Zanjón, moreover, Madrid transferred the war debt directly to Cuban producers and consumers. Just as sugar prices collapsed, Spain levied a series of harsh taxes on Cuban planters. Heavy taxes assessed against agriculture and livestock, municipal taxes on land, sales and transportation taxes, duties on imported equipment and food all threatened the planters with ruin. Cuban planters at once were hit with declining sugar prices, increased taxes, mounting debts, and shrinking markets. "Out of the twelve or thirteen hundred planters on the island," the American consul in Havana reported in early 1884, "not a dozen are said to be solvent."<sup>7</sup>

Cuban planters thus emerged from the Ten Years' War with damaged estates, stalled production, depleted capital and credit, and were soon to be producing a commodity with a shrinking market and declining prices. In 1883 the American vice-consul in Matanzas wrote of "the impoverished condition of sugar" in central Cuba:

Through want of frugality and foresight and with enormous taxation, added to the competition of other sugar countries, the planter, to meet all demands, has discounted his crops at such ruinous rates of interest, piling mortgage upon mortgage, that to-day he finds himself irrevocably involved in debts equal to at least one year's excellent crop and in some instances much more. In the event of a poor crop, he would not have enough money either to pay current expenses or even to commence grinding his cane when the harvest begins, and no one to loan it to him.<sup>8</sup>

Adversity after Zanjón affected not just the planters, but all Cubans. Members of the creole gentry who had opposed Spain during the Ten Years' War paid dearly for their separatist affiliation. The war provided *peninsulares* and their supporters with the opportunity to enlarge their property and expand their power at the expense of the creoles. Landowners who enrolled in separatist ranks or were suspected of separatist sympathies lost their property through a series of punitive expropriation decrees.<sup>9</sup>

Nor were creole separatists the only Cubans to lose their property. Many small planters had resumed production after the war on a precarious footing. Heavily in debt, without capital to modernize and the resources to renovate their mills, and engaged in marginal production, small planters teetered on the brink of disaster. The end came in the mid-1880s, when the combination of rising taxes, increased operating costs, declining sugar prices, and mounting debt forced small planters to abandon sugar production. Property changed hands at accelerating rates as planters desperately sought to stave off insolvency. As early as 1883, the American consular agent in Cienfuegos reported that all the mills in his jurisdiction had changed ownership at least once as a result of debt and foreclosures.<sup>10</sup> There New England financier Edwin Atkins foreclosed on the mortgage of the Soledad estate in 1884, and by the end of the

decade, the Atkins family had secured a half-dozen estates in central Cuba.<sup>11</sup>

Farmers and peasants too suffered a loss of property. The wartime practice of relocating rural families into urban centers left the countryside depopulated and the cities overcrowded. Few farmers succeeded in reclaiming their lands. Many farms had been destroyed during the war and others were seized outright by unscrupulous landowners. Dispossessed of their lands, rural families remained crowded in the cities, there joining an impoverished displaced population dependent on begging and public charity for survival.

The bleak picture of post-Zanjón Cuba was confirmed by foreign visitors. J. A. Froude visited Havana in the mid-1880s and described the legions of beggars crowding the capital's streets. Squalor and distress were everywhere manifest, he concluded.<sup>12</sup> The same conditions greeted Richard Davey during his visit to Havana. "Never," Davey wrote ". . . have I seen such terrible beggars as those of Cuba. They haunt you everywhere, gathering round the church doors, whining for alms, insulting you if you refuse them and pestering you as you go home at night, never leaving you till you either bestow money on them, or escape within your own or some other friendly door."<sup>13</sup> Not long after, another tourist named Maturin M. Ballou traveled across the island from east to west. In Santiago de Cuba, Ballou found the local gas monopoly "on the verge of bankruptcy, like nearly everything else of a business character in Cuba." In Cienfuegos, Ballou met a local sugar planter facing a crisis. The planter was preparing to spread his molasses on canefields as fertilizer rather, he informed Ballou, "than send it to a distant market and receive only what it cost." The planter further stated that he would allow "thousands of acres of sugar cane to rot in the fields this season as it would cost more to cut, grind, pack, and send it to market than could be realized for the manufactured article." "Mercantile credit may be said to be dead," Ballou noted upon his arrival in Havana, "and business nearly at a standstill." As he prepared to leave Cuba, he observed that "financial ruin stares all in the face."<sup>14</sup>

By the mid-1880s, Cuba was in the throes of a severe depression. Business houses closed, banks collapsed, and seven of the island's largest trading companies failed. Credit that had been dear after Zanjón was almost nonexistent a decade later. In October 1883, the Bank of Santa Catalina closed. In March 1884, the major savings institution in Havana, the Caja de Ahorros, suspended payments, ostensibly because of the suicide of the bank's president. "It is more probable," the American Consul in Havana speculated tersely, "that the Director committed suicide because the bank was unable to meet its engagements."<sup>15</sup> Two weeks later, the Caja de Ahorros went into liquidation. In the same month, panic runs on the Banco Industrial and the Banco de Comercio

forced both institutions to close, and two months later, the Banco Industrial went into liquidation. The crisis also affected provincial institutions. In March 1884, the prestigious house of Rodríguez in Sagua la Grande and its correspondents in Havana, Miyares and Company, failed. Government revenues declined and municipal authorities in Havana fell hopelessly behind in meeting municipal payrolls. The central office of the Spanish-American Light and Power Company in New York threatened to suspend gas service for Havana streetlights if the city did not speedily settle its debt of some four hundred thousand dollars. In the first three months of 1884, business failures totaled some seven million dollars. "The entire population is reduced . . . to blank despondency and universal ruin," the American consul reported in 1884.<sup>16</sup>

At the same time, the destruction of Cuban agriculture and livestock during the Ten Years' War and the subsequent depopulation of the countryside crippled domestic food production. The number of cattle had doubled in absolute terms from one million head in 1827 to about two million in 1894, but in approximately the same period, however, the population had quadrupled. The availability of fresh milk and meat declined; goats and sheep decreased from some eighty-three thousand head in 1846 to seventy-eight thousand in 1894. There were 50 percent more hogs in 1827 than in 1894, and the 1827 ratio of three pigs per person had been inverted by 1894 to three persons per pig.<sup>17</sup> As Cuban dependency on imported foodstuffs increased, so did prices. Jobs were few and competition fierce. The crisis in the sugar industry and business failures contributed still further to unemployment. Against this bleak economic backdrop, the abolition of slavery was accomplished. Some two hundred thousand former slaves joined Cuban society as free wage-earners at a time when the economy was stagnating, prices were rising, and wages were decreasing. The decline of the standard of living for slaves after emancipation was both immediate and dramatic.<sup>18</sup> By the time emancipation was completed in 1888, unemployment had reached desperate proportions. Thousands of rural workers migrated to the already overcrowded cities in search of jobs, only to join the swollen ranks of the urban unemployed. Vagrancy and mendicancy became major social problems by the end of the decade. In late 1888, Spanish authorities passed a severe antivagrancy law, pledging to rid the city of all but the gainfully employed.<sup>19</sup>

The decline in the number of sugar mills after Zanjón signified not only the disappearance of inefficient *centrales*, but the passing of an age. The small mills' demise contributed at once to the development of a new regimen of property organization and the rise of a new system of production. Smaller sugar enterprises that lacked capital and, therefore, the ability to keep pace with technological and production advances,

passed ultimately into the control of larger estates. Planters unable to meet the growing capital requirements of sugar manufacturing abandoned the industrial end of sugar production altogether and devoted themselves exclusively to farming. The prevailing system wherein the grower milled his own cane gave way to specialization in which the large mill-owners concentrated on the manufacturing of sugar and the farmers tended to the planting and harvesting of cane. Many formerly independent planters survived the crisis of the 1880s only to find themselves *colonos* who were subservient to the larger and more successful *centrales*. The *colono* was reduced to dependence on the mill, frequently in debt, and typically lacked an alternative marketplace for his product.<sup>20</sup> The disappearance of mills after the Ten Years' War compounded the *colono's* plight because fewer *centrales* meant both the collapse of the planter class and fewer potential buyers for sugar cane.

As the number of mills decreased, the size of the surviving estates increased. The Ten Years' War and the economic crisis of the mid-1880s provided a powerful boost to new concentrations of land and the expansion of the sugar *latifundia*. Not since the first third of the nineteenth century had Cuban estates expanded so aggressively and speedily as they did in the decade after Zanjón. Military operations during the war had destroyed farms and estates, leaving damaged property that became cheap land. Farms vacated by the relocation of rural families and property of owners killed in the war provided further opportunities for alert landowners to expand their holdings. The expropriation of separatists' property and the failure of small estates after Zanjón also made available lands that could be and were acquired by larger estates.

During the war years, these expansions had been haphazard and fortuitous, more a response to opportunity than the result of organization, but this situation changed by the mid-1880s. Mobilized by international sugar developments, planters undertook far-reaching and systematic changes that foretold a profound transformation of the sugar system. Profitable marketing of sugar under the prevailing low prices required greater efficiency. By the mid-1880s, production strategies shifted from expanding the number of sugar mills to increasing the production capacity of existing *centrales*. New credit and investment capital, largely from the United States, provided larger enterprises with the resources to expand. Improved varieties of cane, innovations in processing techniques, and technological advances became available to Cuban planters by the 1880s, providing them with the opportunity to respond aggressively to new conditions. New machinery for extracting maximum sugar from improved strains of cane and for grinding efficiently the increased volume of harvested cane was introduced in Cuba. New vacuum pans and centrifugal equipment were installed to distill and crystalize more sugar from improved strains of cane. These devel-

opments, in turn, increased pressures on supporting production capabilities such as fuel and transportation. Railroad facilities consequently expanded and so did wharf and pier construction. Most of all, land and more land was needed to take optimum advantage of the new technology that was transforming sugar production in Cuba.

In the eastern provinces, sugar production revived around the new corporate latifundia. In Puerto Príncipe, surviving sugar estates absorbed local cattle ranches. Three centrales—"Senado," "Congreso," and "Lugareño"—dominated sugar production by 1891. On the north Oriente coast, a joint Spanish-French venture bought enormous tracts of land around Nipe Bay. To the south around Manzanillo, new land concentrations revived the moribund local sugar industry. In two years, three newly organized centrales—"Dos Amigos" (1884), "Niquero" (1884), and "Isabel" (1886)—converted vast tracts of land to sugar production.

In central Cuba too latifundia expanded at the expense of other agricultural units. In the region of Remedios in Las Villas province, the trend toward land concentration proceeded swiftly. In Yaguajay, the new central "Narciso" (1891) absorbed older and less efficient centrales, including "Soberano," "Oceano," "Encarnación," "Aurora," "Urbaza," and "Luisiana." In the rich sugar zones of Matanzas-Cárdenas-Colón, sugar estates expanded at a frenetic pace. The sugar revolution of the 1880s transformed the region around Sagua la Grande. Technological improvements and cultivation of new land increased the production of Sagua's six major centrales by 50 percent. Nowhere, however, did land concentration expand as quickly as in Cienfuegos, where some thirteen new centrales were organized between 1884 and 1891. These new mills, which were destined to dominate Cuban sugar production for the next quarter century, included "Constancia," "Soledad," "San Lino," "San Agustín," "Lequeito," "Caracas," "Hormiguero," "Parque Alto," and "Cieneguita."<sup>21</sup>

By the end of the 1880s, the Cuban sugar system had revived under the aegis of the corporate latifundia. This economic recovery was not, however, without far-reaching consequences in that it was the first in a series of developments that would culminate at the end of the nineteenth century in the collapse of the Cuban bourgeoisie. The floundering Cuban sugar system had survived the 1880s largely as a result of new sources of capital from the United States and new local organization. Recovery had been made possible by access to American markets, and the consequent price of solvency was dependency. The old planter elite thus had survived the crisis of the 1880s, but only at the cost of its traditional supremacy over sugar production. Indeed, the privileged position of the planter elite in Cuban society grew increasingly tenuous

as its subservience to American interests increased. The landed aristocracy guaranteed its solvency by exchanging titles of property for ownership of stocks in American corporations and trading positions as landowners for seats on corporate boards. Planters henceforth would function as junior partners of American capital and instruments of American economic penetration of Cuba. Their well-being depended directly on the success of foreign capital in extending control over the island's strategic production sectors, a pursuit that would engage the active collaboration of the newly displaced bourgeoisie.

The transfer of property was accompanied by a transformation of nationality. In the decades following the Ten Years' War, scores of Cuban planters found it convenient to acquire American citizenship. Class interests transcended nationality because in symbolic and tangible ways, American citizenship offered planters a hedge against local instability and protection against the threat of indigenous revolutionary movements. Cuban planters used their new American nationality as a means of defending their economic interests and enlisting the support of the United States government in the defense of privilege and property. Through naturalization, planters acquired a powerful foreign ally, a protector to be summoned on those occasions when local government demonstrated inefficiency or indifference to the needs of property. Equally important, as American citizens, planters could demand reparation and receive indemnification for property losses incurred by local political disorders. Cubans thus began the habit, which proved enduring, of appealing to Washington to intercede on their behalf in the resolution of local conflicts. These developments further internationalized Cuban politics and provided the United States with one more entree into the internal affairs of the island. In the closing decades of the nineteenth century, the planters' change of nationality transformed their national allegiances and placed them under the patronage of American interests.<sup>22</sup>

By 1900 the reorganization of the Cuban economy was nothing less than spectacular. Some 94 percent of Cuban sugar products found their way to American markets. The implications of this change were far-reaching, as American Consul Ramon O. Williams suggested:

The Island is now entirely dependent upon the market of the United States in which to sell its sugar cane products; also the existence of the sugar plantations, the railroads used in transporting the products of the plantations to the shipping ports of the island, the export and import trades of Cuba based thereon, each including hundreds of minor industries, such as the agricultural and mechanical trades, store-houses, wharves, lighters, stevedores, brokers, clerks and bankers, real estate owners, and shop-keepers of all kinds, and holders of the public debt, are now all directly related to the market of the United States, to the extent of 94 percent for their employment.<sup>23</sup>

The availability of American credit, even on an unlimited scale, would have been insufficient to revive the languishing sugar estates

without preferential access to the American market. In 1890 the new McKinley Tariff Act placed Cuban raw sugar on the free list. Article III (the Aldrich Amendment) of the new tariff law, however, required the president of the United States to impose high duties on primary products, including sugar and molasses, from countries that denied American exports reciprocal concessions.

These developments in the United States presented Cuban producers with the opportunity they had long awaited and they did not hesitate. The effect of the Aldrich Amendment in Havana was immediate. A series of public meetings throughout 1890 and 1891 ended with Cuban appeals to Spanish authorities to negotiate a reciprocal trade agreement with the United States. Petitions from all regions of the island were forwarded to the Spanish Cortes and protests flooded the Council of Ministers.<sup>24</sup> In late 1890, representatives of key economic sectors of Cuba organized to demand Spanish tariff concessions to American products. Known as the *Movimiento Económico*, the coalition was led by the *Círculo de Hacendados y Agricultores* who represented the most powerful producers of sugar and also included the Commerce League, the Association of Cigar Manufacturing, the Chamber of Commerce, and the Economic Society of Cuba. In July 1891, the Central Committee for Economic Propaganda of the movement issued its "Manifiesto Económico," a lengthy denunciation of past Spanish economic policies that concluded with a demand for a treaty with the United States to provide Cuban sugar with preferential access to American markets.<sup>25</sup> Never had Cuban producers aligned themselves against Spanish policies with such purposeful unanimity. By protesting one of the more onerous features of the colonial system, the *Movimiento Económico* thus served to identify interests that were peculiarly Cuban and demand concessions that primarily benefited Cuba. The first hairline fracture of the post-Zanjón consensus had appeared. "Public opinion here among the laboring, agricultural, proprietary, and manufacturing classes," Consul Ramon O. Williams wrote from Havana a month earlier, "sides generally with the Board of Planters." Williams added:

This state of things shows that the present ties connecting Cuba with Spain are based more on historic custom than on economic necessity, for while the United States, the great consumer of Cuban products, facilitates the commercial development of this colony through the legislative abolition of import duties on its sugars, the Mother Country difficults that development by increasing their cost of producing, diminishing, in like ratio, their competitive power with the similar products of other countries in its only market, the United States, and exposing the colony, withal, from the loss of industries, to future social dangers.<sup>26</sup>

Within the year, Spain responded to the clamor from Cuba and relaxed its long-standing protectionist trade policies. In June 1891, under the auspices of the McKinley Tariff Act, Washington and Madrid negotiated the Foster-Cánovas agreement whereby Cuba and Puerto

Rico received the full benefits of the 1890 bill in exchange for Spanish tariff concessions to United States exports.

The results of reciprocal trade arrangements between Cuba and the United States were dramatically rapid. Sugar production revived in spectacular fashion from some 632,000 tons in 1890 to nearly 976,000 tons in 1892 and reached the one-million-ton mark for the first time in 1894.

Great as the impact of the McKinley tariff was on Cuban sugar production, the long-range effects of reciprocal trade went far beyond the sugar sector. By 1893 the value of Cuban imports from the United States accounted for over a third of total American exports to Central and South America (twenty-four out of sixty-two million dollars). Cuban exports to the United States between 1890 and 1893 increased from fifty-four to seventy-nine million dollars. Indeed, imports from Cuba in 1893 represented more than half the total Central and South American imports to the United States (seventy-nine out of one hundred eleven million dollars). In 1893 Cuban exports to the United States were some twelve times larger than its exports to Spain (seventy-nine million dollars to the United States and six million to Spain). By 1894 the United States received almost 90 percent of Cuba's total exports (ninety-eight out of one hundred sixteen million dollars) and provided 40 percent of its imports (thirty-nine out of ninety-seven million dollars). Spain, on the other hand, accounted for some ten million dollars of Cuban exports while providing the island with thirty-four million dollars of its imports.<sup>27</sup>

These trade statistics underscored the direction of Cuba's new economic orbit. In only two years, the Cuban economy had taken a giant stride in increasing its dependence on the capital, imports, and markets of the United States. Colonial political grievances receded quietly into the background as Spain's trade and commercial policies conformed to the demands of the major economic groups on the island. Pressure on the cost of living eased as the reduction of duties lowered prices on foreign imports. The sugar system, which occupied a central and strategic relationship with all other sectors of trade and commerce, prospered and expanded, and so did the entire economy.

Celebration of prosperity proved premature, however, for within three years, Cuba's boom ended as quickly as it had begun, and with less warning. In 1894 the United States rescinded its tariff concession to Cuban exports. By establishing a new duty of 40 percent ad valorem on all sugar entering the United States, the Wilson-Gorman Tariff Act of 1894 dismantled the cornerstone of previous reciprocal trade arrangements between Washington and Madrid. In that same year, the Foster-Cánovas agreement expired, and Spanish authorities responded swiftly

to the 1894 United States tariff legislation by cancelling duty concessions extended earlier to American imports. An impenetrable protectionist wall reappeared around the island in mid-1894, reviving in Cuba memories of the worst features of Spanish commercial exclusivism.

Cuba's sudden disengagement from its brief privileged participation in international trade had jolting consequences on the island. Cuba lost preferential access to the only market large enough to absorb the island's sugar and insulate Cuba from the uncertainties of world competition. The restoration of Spanish tariffs also raised the specter that the United States would retaliate by banning Cuban sugar from American markets altogether.

Profits declined immediately and production followed. Sugar exports valued at sixty-four million dollars in 1893 plummeted to forty-five million in 1895 and thirteen million a year later. The one-million-ton sugar harvest of 1894 collapsed to two hundred and twenty-five thousand tons in 1896. No less daunting to sugar producers was the grim prospect that after 1894, planters would lose preferential access to the equipment, machines, and spare parts around which the sugar industry had reorganized after the 1880s. In Santiago de Cuba, new duties added to American materials after mid-1894 raised the prices on all imports (see table 2).<sup>28</sup>

TABLE 2

	1891–1893	1894
Iron bridge material	free	\$48.00 per ton
Iron or steel rails	free	20.00 per ton
Iron or steel tools	free	25.00 per ton
Machinery	free	15.00–60.00 per ton

The loss of preferential access to American markets, moreover, occurred simultaneously with a sudden drop in world sugar prices. For the first time in the history of Cuban sugar production, the price of sugar dropped below two cents a pound.

Reaction in Cuba to Spain's retaliatory levies was immediate. For the second time in four years, Cuban producers joined together to oppose Spanish policy. In November 1894, the *Círculo de Hacendados y Agricultores* convened in an extraordinary session to protest Madrid's tariff policies. In the largest meeting of its history, the *Círculo* petitioned the Ministry of Colonies to rescind duties assessed against American products entering the island. After adjournment, the planter elite took to the streets and converged on the governor's palace for a public meeting that one Havana newspaper described as a "peaceful protest."<sup>29</sup>

Several weeks later, the Centro de Propietarios in Santiago de Cuba met and seconded the Círculo's protest.

Beyond the immediate consequences of the retaliatory duties decreed by Madrid, many Cubans feared that Spain's actions threatened to lead to an all-out tariff war in which the principal casualty would be Cuba's access to United States markets. Loss of the American market, Cubans predicted soberly, would precipitate the complete collapse of not only the Cuban sugar system, but the entire island economy. "Has the government stopped to reflect on what would be the situation of the Island of Cuba without an open market in either the Metropolis or Europe, without the market of the United States?" the Havana daily *Diario de la Marina* asked editorially. "What future would await us?" it pondered. The loss of markets accounting for 90 percent of the island's exports, the *Diario* warned, would signal the complete and immediate ruin of the Cuban economy.<sup>30</sup>

The impact of the crisis of 1894 indeed went far beyond the sugar system, leaving no facet of Cuban society unaffected. Merchants, traders, and retailers who had replaced their traditional commercial ties to Spanish suppliers in the metropolis with contacts in the United States faced ruin. Unemployment rose, commodity goods decreased, prices increased. The price of foodstuffs imported from the United States, which fed large sectors of the urban population, soared. The cost of government duties were passed directly on to consumers, boosting prices to unprecedented heights. The restoration of colonial custom duties thus meant that all Cubans henceforth would pay higher prices for vital food imports (see table 3).<sup>31</sup>

TABLE 3

	1893-1894	1894-1895
Wheat	\$ .30 per 100 kilos	\$3.95 per 100 kilos
Flour	1.00 per 100 kilos	4.75 per 100 kilos
Corn	.25 per 100 kilos	3.95 per 100 kilos
Meal	.25 per 100 kilos	4.75 per 100 kilos

As costs increased, the availability of the higher-priced goods decreased because American imports dropped and shipping declined. By October 1894, half of the American steamers serving Santiago had been withdrawn from service.<sup>32</sup>

The implications of the events of late 1894 were apparent to all Cubans whose memories of the crisis of 1884 had not been dimmed by the passage of a decade. A unanimous outcry of indignation arose across the island against Spain. "The worst of all is that we have to go against

our government and take sides with the Yankees," *La Lucha* complained. "We need, in effect, American flour entering Cuba under reasonable conditions and Cuban sugar entering American ports under similar conditions. . . . It is out of order for us to be the ones to launch a tariff war, for our sugar has no market other than the United States. Every one of our tariff measures should have the dual purpose of facilitating the entrance of American goods into our ports and doing nothing to encourage our neighbor from impeding the importation of our sugar."<sup>33</sup>

Frustrated by their inability to influence policy decisions in Madrid, planters, merchants, and businessmen in Cuba decided to enlist the assistance of the United States. Cubans appealed directly, but privately, to Americans to intercede on their behalf with Spanish authorities in Washington. American consular agents in Cuba were approached on several occasions by planters soliciting Washington's support in their struggle against Spanish colonial policy.<sup>34</sup> This turn of events had portentous implications. As *La Lucha* perceived, Cubans "are slowly accustoming themselves to think that their capital is not in Madrid, but in Washington. And once such a belief takes hold, the effects of such a short-sighted [tariff] policy will be such that appeals to patriotism will no longer be able to alter the course of events."<sup>35</sup>

Cuba's sense of economic deprivation underscored a growing awareness of its political powerlessness. As Cubans grew dependent on trade with the United States, they increasingly became subject to the vagaries of the international marketplace and the economic policies of two metropolitan centers—one political, the other economic. The well-being of the island increasingly depended on forces over which the Cubans had little control. Throughout the crisis, Cubans found themselves reduced to the role of passive onlookers forced to witness a momentous economic drama involving the very solvency of the Cuban economy and yet powerless to control the forces shaping their lives. "The residents and commercial interests here," the American consul in Santiago reported, "are protesting loud and strong against being thus summarily cut-off from their natural commercial allies, and this action on the part of the home government adds greatly to the feeling of unrest that pervades all classes."<sup>36</sup>

Once again the questions of Cuba's status and the nature of its relationship with Spain resurfaced as topics of public discussion. An enormous sense of uncertainty settled over the island. Prosperity required the expansion of trade, and that in turn required the loosening of Spanish control over the Cuban economy. The brief cycle of prosperity that had resulted from close economic ties with the United States made the prospect of returning to the regimen of Spanish exclusivism inconceivable. Planters, merchants, and traders had visited the promised land and there had gazed covetously at an economic destiny in which Spain

had no visible role. Spain's arbitrary and unwelcomed intrusion into Cuban affairs in 1894 reminded Cubans rudely of the economic liabilities attending continued political association with Madrid. Because Cuba had experienced in palpable form the fruits of close economic collaboration with the United States in the 1890s, future possibilities seemed infinite.

The year 1895 began on a note of despair and frustration. Madrid had turned a deaf ear to Cuban appeals. "We are tired here of protesting against the exorbitant levies used to keep Yankee foods out of Cuba," *La Lucha* lamented in Havana. "Also in vain have been our efforts against the imposition of prohibitive duties on American goods. We have not been heard in Madrid; because we are miserable and long-suffering colonists, our clamors are undeserving of the attention of those who govern and misgovern."<sup>37</sup>

Spain's economic policies offered definite, if not final, corroboration of the insolvency of the Spanish colonial system. The events of the 1890s soon shattered the planters' confidence in Madrid and forced local elites in Cuba to reconsider the efficacy of continued political ties with Spain.<sup>38</sup> On the eve of the "Grito de Baire," the planter elite upon whose support Spain had traditionally relied was experiencing a crisis of confidence. To be sure, it did not lead immediately to a planter conversion to the separatist faith. On the contrary, the clamor against Spanish economic policies was muted in the short run by the rumblings of colonial insurrection because revolution threatened the property interests of planter elites as much as it did the political authority of Spain. These overriding concerns forced planters in 1895 to retreat into the safety of the metropolitan fold, where they would remain unless Spain defaulted on the last rationale remaining for European colonialism: security of property and privilege.

The forces propelling Cuba into a neocolonial relationship with the United States in the twentieth century were at work well before the old colonial ties with Spain disintegrated in the nineteenth. Indeed, these forces contributed directly to weakening the Iberian imperial connection. In many ways, the denouement of the war for independence in 1898 resolved the nineteenth-century anomaly in which Cuba was economically dependent on the United States while politically attached to Spain. Economic developments in the nineteenth century all but guaranteed that Cuban independence from Spain would be followed by Cuban dependency on the United States. American capital and credit had secured a strategic hold over the sugar sector. The machinery and equipment that modernized the industry in the 1880s and 1890s also established a technical dependency on the United States for spare parts.

Most important, the United States offered the only market capable of absorbing Cuban sugar. Consequently, the establishment of the Cuban Republic in 1902 under the aegis of the Platt Amendment and the Reciprocity Treaty served to give institutional form in the twentieth century to the practices of the nineteenth.

## NOTES

1. See Robert F. Smith, *The United States and Cuba: Business and Diplomacy, 1917–1960* (New Haven: 1960); David F. Healy, *The United States in Cuba, 1898–1902* (Madison, 1963); Philip S. Foner, *The Spanish-Cuban-American War and the Birth of American Imperialism, 1895–1902*, 2 vols. (New York, 1972); Jules Robert Benjamin, *The United States and Cuba: Hegemony and Dependent Development, 1880–1934* (Pittsburgh, 1977); Robin Blackburn, "Prologue to the Cuban Revolution," *New Left Review* 21 (Oct. 1963):52–91; and James L. Hitchman, "U.S. Control over Cuban Sugar Production, 1898–1902," *Journal of Inter-American Studies and World Affairs* 12(Jan. 1970):90–106.
2. H. E. Friedlander, *Historia económica de Cuba* (Havana, 1944), p. 432; José R. Alvarez Díaz et al., *A Study on Cuba* (Coral Gables, 1965), pp. 91–92; Ramiro Guerra y Sánchez, *Sugar and Society in the Caribbean* (New Haven, 1964), p. 63; Ramiro Guerra y Sánchez et al., *Historia de la nación cubana*, 10 vols. (Havana, 1952), 7:153.
3. Alvarez Díaz, *A Study on Cuba*, p. 93.
4. Leland Hamilton Jenks, *Our Cuban Colony* (New York, 1928), p. 27.
5. Hugh Thomas, *Cuba, The Pursuit of Freedom* (New York, 1971), p. 272.
6. For the impact of abolition on sugar production, see Arthur F. Corwin, *Spain and the Abolition of Slavery in Cuba, 1817–1886* (Austin, 1969), pp. 293–313.
7. Adam Badeau, "Report on the Present Condition of Cuba," 7 February 1884, Despatches from United States Consuls in Havana, 1783–1906, Record Group 59, General Records of the Department of State, National Archives, Washington, D.C. (Hereafter cited as Despatches/Havana.)
8. David Vickers to Assistant Secretary of State John Davis, 24 October 1883, Despatches from United States Consuls in Matanzas, 1820–1889, Record Group 59, General Records of the Department of State, National Archives, Washington, D.C.
9. Guerra y Sánchez, *Historia de la nación cubana* 7:155, 163; Friedlander, *Historia económica de Cuba*, p. 422.
10. William P. Pierce to Assistant Secretary of State John Davis, 10 August 1883, Despatches from United States Consuls in Cienfuegos, 1876–1906, Record Group 59, General Records of the Department of State, National Archives, Washington, D.C.
11. See Edwin F. Atkins, *Sixty Years in Cuba* (Cambridge, Mass., 1926), pp. 48–137.
12. John Anthony Froude, *The English in the West Indies* (London, 1888), pp. 301, 304, 306.
13. Richard Davey, *Cuba, Past and Present* (New York, 1898), p. 137.
14. Maturin M. Ballou, *Due South, or Cuba Past and Present* (Boston, 1885), p. 39, 43, 45, 49, 51, 168.
15. Adam Badeau to Department of State, 6 March 1884, Despatches/Havana.
16. Adam Badeau, "Report on the Present Condition of Cuba," 7 February 1884, Despatches/Havana.
17. Alvarez Díaz, *A Study of Cuba*, p. 71; Thomas, *Cuba, The Pursuit of Freedom*, p. 285.
18. See Esteban Montejo, *Diary of a Runaway Slave*, edited by Miguel Barnet, translated by Jocasta Innes (London, 1968), pp. 63–73. See also Davey, *Cuba, Past and Present*, pp. 177, 208.
19. *Diario de la Marina*, 24 de noviembre de 1888, enclosure in Ramon O. Williams to George L. Rives, 24 November 1888, Despatches/Havana.
20. Guerra y Sánchez, *Sugar and Society in the Caribbean*, pp. 61–67.
21. See Guerra y Sánchez, *Historia de la nación cubana* 7:192–94; and Friedlander, *Historia económica de Cuba*, pp. 436–38.
22. By the early 1890s, ranking members of the planter elite who had acquired American citizenship included: Juan Pedro Baró, Perfecto Lacosta, Andrés Terry, Arturo Av-

- erhoff, Francisco J. Cazares, Francisco D. Duque, Carlos Manuel García y Ruiz, Alberto V. de Goicuría, José González, Domingo González y Alfonso, Cristobal N. Madán, Antonio A. Martínez, Federico P. Montes, Luis Felipe Morejón y Márquez, Joaquín Pérez Cruz, Manuel A. Recio, José Rafael de los Reyes y García, Juan Rosell, Francisco Soria y Díaz, Manuel de la Torres, José Ignacio Toscano, Manuel de la Vega, and José Antonio Yznaga.
23. Ramon O. Williams to Assistant Secretary of State James N. Porter, 28 December 1886, Despatches/Havana.
  24. See *La Unión Constitucional*, 23 de junio de 1891, enclosure in Ramon O. Williams to William F. Wharton, 23 June 1891, Despatches/Havana; and *Boletín de la Cámara Oficial de Comercio, Industria y Navegación de La Habana*, 30 de junio de 1891, enclosure in Ramon O. Williams to William F. Wharton, 18 June 1891, Despatches/Havana.
  25. "El manifiesto económico," *La Discusión*, 22 julio 1891, enclosure in Ramon O. Williams to William F. Wharton, 28 July 1891, Despatches/Havana.
  26. Ramon O. Williams to William F. Wharton, 23 June 1891, Despatches/Havana.
  27. Alvarez Díaz, *A Study on Cuba*, pp. 133–36; and Thomas, *Cuba, The Pursuit of Freedom*, p. 289.
  28. Pulaski F. Hyatt to Department of State, 12 October 1894, Despatches from United States Consuls in Santiago de Cuba, 1799–1906, Record Group 59, General Records of the Department of State, National Archives, Washington, D.C. (Hereafter cited as Despatches/Santiago de Cuba.)
  29. *La Lucha*, 1 de diciembre de 1894, p. 1.
  30. *Diario de la Marina*, 19 de diciembre de 1894, p. 2. See also Lawrence R. Nichols, "Domestic History of Cuba during the Insurrection, 1895–1898" (M.A. thesis, Duke University, 1951), pp. 29–30, 32.
  31. Ramon O. Williams to Assistant Secretary of State Edwin F. Uhl, 5 January 1895, Despatches/Havana.
  32. Pulaski F. Hyatt to Department of State, 12 October 1894, Despatches/Santiago de Cuba.
  33. *La Lucha*, 19 de diciembre de 1894, p. 2.
  34. See Ramon O. Williams to Assistant Secretary of State Edwin F. Uhl, 3 January 1895, Despatches/Havana; and Joseph Hance to Assistant Secretary of State Edwin F. Uhl, 9 October 1894, Despatches from United States Consuls in Cardenas, 1843–1849, 1879–1898, Record Group 59, General Records of the Department of State, National Archives, Washington, D.C.
  35. *La Lucha*, 3 de enero de 1895, p. 2.
  36. Pulaski F. Hyatt to Department of State, 12 October 1894, Despatches/Santiago de Cuba.
  37. *La Lucha*, 3 de enero de 1895, p. 2.
  38. See Julio E. LeRiverend Brusone, "Raíces del 24 de febrero: la economía y la sociedad de 1878 a 1895," *Cuba socialista* 5(Feb. 1965):1–17; and Paul Estrade, "Cuba en 1895: las tres vías de la burguesía insular," *Casa de las Américas* 13(Sept.-Oct. 1972):55–65.