

## Introduction

The established historiography on early twentieth-century Puerto Rico is nearly unanimous on one aspect of the impact of US rule in the aftermath of the 1898 invasion: large-scale, absentee-owned sugar-manufacturing corporations acquired extensive landed estates at the expense of Puerto Rican farmers who lost their land and were gradually converted into a labor force to serve these US-based sugar companies. This narrative has been repeated over and over again in nearly every major work on Puerto Rican history and serves as a point of departure for examining a wide range of other themes that have sought to assess the impact of US colonial control over the island. The development of rural landlessness, social stratification, extreme forms of inequality in the countryside, and economic dependence were all closely connected to the accumulation of large plantations by US-owned corporations, or so the story goes.

In our ongoing research and writing about Puerto Rican and Caribbean history, we both found major problems with this widely accepted narrative. In *Coffee and the Growth of Agrarian Capitalism in Nineteenth-Century Puerto Rico*, Laird found that Puerto Rico's coffee boom of the second half of the nineteenth century was accompanied by the development of land concentration, rural landlessness, and the emergence of an incipient rural working class long before US troops disembarked in Guánica Harbor in 1898.<sup>1</sup> There was hardly an independent yeoman peasantry in the western *cordillera central* where the coffee economy was centered. In fact, by 1898, most families living in the coffee

<sup>1</sup> Laird W. Bergad, *Coffee and the Growth of Agrarian Capitalism in Nineteenth-Century Puerto Rico* (Princeton, NJ: Princeton University Press, 1983).

*municipios* did not own their own farms, although many had usufruct rights over small subsistence plots as renters or *agregados* and under other forms of tenancy. A process of rural differentiation had produced land concentration at one pole and landlessness at the other, as a dominant sector of coffee *hacendados* ruled over a large, rural mass of dispossessed farm workers who had access to some usufruct rights but no property titles to land.

César, in *American Sugar Kingdom: The Plantation Economy of the Spanish Caribbean, 1898–1934*, examined the sugar industry of Puerto Rico in the first three decades of the twentieth century as part of a wider study encompassing Cuba and the Dominican Republic.<sup>2</sup> He analyzed the concentration of capital in the US sugar-refining industry and the rapid penetration of the sugar refiners into the newly acquired US possessions after the 1898 intervention in the Cuban War for Independence. The refiners sought to establish vertically integrated sources of raw material for their sugar refineries on the east coast of the United States. What was known as the “Sugar Trust” in the early twentieth century was indeed a formidable economic actor. A network of oligopolistic sugar refiners and bankers associated with them extended their economic power into Cuba, the Dominican Republic, and Puerto Rico, buying mills in some zones, establishing dozens of new sugar mills in others, and integrating them into their supply chain to provide US consumers with refined sugar at their tables. These very sugar refiners had also opened a large market for independent producers of sugarcane on the islands, the *colonos* who delivered cane to be ground at the mills of US-owned sugar companies.

However, in a seeming paradox, on the island most directly controlled by the United States, Puerto Rico, Puerto Rican owners of sugar mills fared better than in nominally independent Cuba and the Dominican Republic. In fact, despite the leading role absentee capital played in the island’s sugar industry, more sugar was collectively produced by Puerto Rican mills in the early twentieth century than by the US-owned sector, and without question Puerto Rican *centralistas* and *colonos* grew most of the cane processed by US- and locally owned mills as independent sugarcane producers on farms of all sizes.<sup>3</sup>

<sup>2</sup> César J. Ayala, *American Sugar Kingdom: The Plantation Economy of the Spanish Caribbean, 1898–1934* (Chapel Hill: University of North Carolina Press, 1999).

<sup>3</sup> César J. Ayala and Rafael Bernabe, *Puerto Rico in the American Century: A History since 1898* (Chapel Hill: University of North Carolina Press, 2007), p. 39. Harvey S. Perloff, *Puerto Rico’s Economic Future: A Study in Planned Development* (Chicago: University of Chicago Press, 1950), pp. 74–5.

Our research jointly led to conclusions that clearly contradicted the prevailing interpretations of the impact of US rule on rural Puerto Rico. This book was born out of the skepticism generated by the conflict between the well-established narratives and our own research into the coffee sector of Puerto Rico in the last decades of the nineteenth century and the sugar economy of the coastal plains in the first three decades of the twentieth century. We set out to question the established interpretations by seeking new and systematic empirical evidence on the most important issue in any rural society: land tenure structures and ownership patterns and how these changed over time. We also have carefully reexamined the data sources used to arrive at the prevailing conclusions on early twentieth-century Puerto Rican history.

To address the central question of changing landownership patterns, we examine ten municipal districts in Puerto Rico that include the largest sugar-growing districts on the coast, the coffee highlands in the western part of the island, and the emerging tobacco-producing municipalities of the eastern highlands. We constructed a database from previously unused tax records found in the Archivo General de Puerto Rico for all farms in these *municipios* for the years 1905, 1915, 1925, and 1935. Our database includes 73,256 properties. For each property listed, we transcribed the most important data: the sex of the owner, the land area owned, the assessed land value, the value of improvements to the property, and the value of other assets such as vehicles and animals.

These data were entered into computer data files that were rigorously analyzed with two objectives: first, to generate statistical profiles of each district's agrarian structures and how they changed between 1905 and 1935; second, to compare the quantitative profiles of these districts with data derived from the US census records for 1899, the decennial censuses for 1910, 1920, and 1930, and the special census carried out by the Puerto Rico Reconstruction Administration (PRRA) in 1935. Previous scholars have extensively used these published census records to arrive at the prevailing interpretations of early twentieth-century Puerto Rican history. Thus, we have been able to examine primary-source documentation on property ownership in different crop zones using farm-by-farm records and not only the tabulated data from census reports.

These crop zones should not be conceptualized as differing from each other merely by the principal product generated for export markets. The regions of Puerto Rico, despite their location on such a small island, had specific histories, institutions, and patterns of development linked to their particular dominant economic activities. For example, in the coffee

highlands, it was common for landowners to grant usufruct rights to resident workers known as *agregados* in order to retain a labor force that would pick coffee at harvest time. Workers in the coffee highlands may not have had access to property titles, but they often had usufruct rights to land for food production so that the cost of reproduction of rural households did not depend entirely on wages. In the sugar-producing coastal plains of Puerto Rico in the early twentieth century, it was not economically viable for landowners to grant subsistence plots to their workers. Thus, the rural households depended almost entirely on the wages of cane cutters and other workers serving the sugar complex. An entirely different pattern emerged in the tobacco zones, where tobacco leaf production was in the hands of small-scale farmers who often devoted as much or more land to subsistence crops as to tobacco. Vast social and economic differences between crop zones are part of the rich history of the island and were transformed after the establishment of US control in 1898. Thus, what we are comparing are not just “crop zones” but rather entire socioeconomic systems in three principal regions that we chose according to the main export crop. Landownership patterns were very different in each zone, and this fact alone challenges prevailing interpretations of early twentieth-century Puerto Rican socioeconomic history that have revolved around sweeping generalizations as if the island’s rural society were somehow homogenous.

In order to reconstruct demographic patterns, sex ratios, and family sizes, we also used recently available data derived from the Integrated Public Use Microdata Series (IPUMS) series for Puerto Rico for 1910, 1920, and 1930.<sup>4</sup> We have used these data to examine patterns of internal migration and especially to determine whether this consisted primarily of male migrant workers to the economically growing sugar zones. We also use these data to examine the evolving demographic structures of the tobacco, coffee, and sugar regions that are the objects of study. The analyzed population data from the IPUMS records have produced conclusions that are mostly at odds with the established historiography.

The census of 1899 was carried out a few months after the US invasion of July 1898, and it provides a graphic portrait of the existing pattern of

<sup>4</sup> These samples were originally produced at the University of Wisconsin by a team led by Alberto Palloni, Halliman W. Winsborough, and Francisco Scarano for 1910 and 1920. For a description, see <https://usa.ipums.org/usa/sampdesc.shtml#us1910h>. See Steven Ruggles, Katie Genadek, Ronald Goeken, Josiah Grover, and Matthew Sobek. Integrated Public Use Microdata Series: Version 7.0 [data set]. Minneapolis: University of Minnesota, 2017. <https://doi.org/10.18128/DOI0.V7.0>

land tenure at the end of the Spanish colonial period. This source is also important because it measured the distribution of agrarian property before the United States granted free trade to Puerto Rico in 1902. The opening of the US market via free trade was a major hallmark in the economic history of the island because it resulted in the explosive growth of the sugar and tobacco industries. Sugar and tobacco producers in Puerto Rico had access to the enormous US market after 1902 without having to pay import tariffs as was the case with their Cuban and Dominican competitors. Our analysis of the published census sources for 1910, 1920, and 1930 has led to an interpretation of the rural history of the island that contradicts the inherited narrative produced by generations of scholars. This revolves around the erroneous claim in much of the historical literature that US capital investments in the sugar economy led to the disappearance of between 30,000 and 50,000 small-scale landowners by the 1930s who were supposedly displaced by these absentee sugar corporations. This did not occur, according to all of the systematic data we have examined.

When we analyzed the decennial census reports carefully and read the methodologies used for data collection, we quickly realized why the published data did in fact indicate a decline in the number of small farms on the island between 1910 and 1920. Beginning in 1920, the census takers were instructed not to count farms of less than three acres in size that produced less than \$100 in value. The supposed disappearance of a rural, small-scale landowning class in the early twentieth century, a “legion of proprietors,” did not occur. The farms were still there, but they were not counted.

Additionally, and this is critical for our reinterpretation of Puerto Rican history in the early twentieth century, the War Department census of 1899 indicates conclusively that there was not an extensive class of landowning small farmers on the island before 1898, a staple of nearly all interpretations of the impact of US control over the island. Utilizing data from the 1899, 1910, 1920, 1930, and 1935 census records, we were able to compute rates of rural landlessness by municipal district. These indicate that well before the expansion of the sugar industry after 1898, most rural households in Puerto Rico did not own land and that rates of landlessness did not change significantly between 1899 and 1935. Analyzed data from our tax record database confirm these fundamental conclusions.

One of our objectives is to create a nuanced analysis of changing land-ownership and land use patterns in rural Puerto Rico after the US takeover and how this impacted the economy and the society. Although

urbanization advanced in the first four decades of US rule, in 1940, two-thirds of the population still lived and worked in rural zones. A fundamental question we ask in this book is to what extent was the agrarian structure of Puerto Rico in the early twentieth century a product of US colonialism after 1898? Or were some of the basic structures of Puerto Rican rural society, such as extreme landlessness as well as land concentration, the products of Spanish colonial rule rather than a new creation emerging after 1898? Did US colonial control result in the development of different patterns of property ownership, or did it solidify established structures? This book is in a sense a search for the continuities and discontinuities in rural Puerto Rico in the transition from colonialism under one empire, Spain, to colonialism under another, the United States.

One of the important features of the US empire in Puerto Rico is that it has been liberal, by which we mean that it has behaved with the utmost respect for the private property of individuals and has additionally protected individual rights to speech and assembly. The respect for the private property of the colonized meant that the existing partition of property at the time of the US occupation of 1898 acquired tremendous importance in the subsequent economic development of the island. This is unlike other empires. The Japanese, for example, carried out an agrarian “reform” in Taiwan after they invaded that island in 1895 and turned it into a sugar colony in which they abolished the rights of certain classes of landowners while preserving those of others.<sup>5</sup> The United States did nothing of the sort in Puerto Rico. With the exception of taxation, which conditioned the ownership of property on the ability to pay a property tax, no massive expropriation of local landowners took place. Thus, the preexisting distribution of property acquired immense importance for the development of rural society after 1898.

The doors of the US market were opened in 1902 with the extension of free trade to Puerto Rico, which allowed local producers to ship their products to the United States without having to pay tariffs. Well-placed property owners – local sugar *centralistas* and sugarcane *colonos*, as well as tobacco farmers – derived extraordinary economic benefits from unrestricted access to the US market. As we see in what follows, many

<sup>5</sup> Chih-ming Ka, *Japanese Colonialism in Taiwan: Land Tenure, Development, and Dependency, 1895–1945*. Transitions: Asia and Asian America (Boulder, CO: Westview Press, 1995); Marco Antonio Guzmán, “Imposing Capitalism: Japanese and American Colonialism in Taiwan, the Philippines, and Cuba, 1890s–1920s,” PhD Dissertation, University of California–Los Angeles, 2015.

small farmers acquired land to take advantage of this opening and this, in part, resulted in an increase in the number of farm owners in many regions, especially the tobacco-growing districts. This is contrary to the established narrative of the disappearance of the small farmer.

The penetration of foreign capital in both the sugar and tobacco economies was clearly related to free access to the US market. But we are not focused exclusively on the role of foreign capital in this book. What most interests us is how the great changes of the early twentieth century impacted Puerto Rican rural society. We have found, and document throughout this book, that rather than loss of land, economic growth and unrestricted access to the US market actually resulted in the expansion in the number of Puerto Rican farm owners on the island. Additionally, despite vigorous population growth and the lack of an agrarian frontier, the percentage of all rural families owning land was only slightly smaller in 1935 than before the US invasion of 1898. Rather than increasing significantly under US colonial rule, rural landlessness rose marginally in the first decades of the twentieth century. According to our calculations, 72 percent of total rural families owned no land in 1899; 75 percent in 1935. These data radically contradict the established narrative, which revolves around the large-scale dispossession of land by absentee capital and the supposed disappearance of the small-scale Puerto Rican landowning class. Most rural Puerto Ricans did not own rural properties, or were landless, long before the US occupation of 1898.

Of extraordinary importance during the first four decades of the US presence in Puerto Rico was the so-called 500 Acre Law. The Organic Act for Puerto Rico of 1900, also known as the Foraker Act, contained a provision limiting corporate ownership of land to 500 acres.<sup>6</sup> This law was promoted by protectionist beet sugar interests in the continental United States that wanted to prevent the expansion of the Sugar Trust to the colonies to limit the competition of tropical cane sugar production with their domestically produced beet sugar. A similar provision, limiting ownership of land to 1,024 hectares (2,530 acres), was introduced in the Philippines.<sup>7</sup> Reformists in Puerto Rico repeatedly tried to have the 500 Acre Law implemented, but the sugar companies effectively blocked the

<sup>6</sup> Rexford G. Tugwell, *Investigation into Administrative Responsibilities under the Five Hundred Acre Limitation on Land Holdings in the Organic Act for Puerto Rico* (San Juan: Bureau of Supplies, Printing and Transportation, 1941).

<sup>7</sup> Theodore Friend, "The Philippine Sugar Industry and the Politics of Independence, 1929–1935," *Journal of Asian Studies* 22:2 (1963), pp. 179–92, at p. 179; Guzmán, "Imposing Capitalism," p. 133.

application of the law in the courts. In 1940, however, the US Supreme Court decided in the case of *Rubert Hermanos* that the insular government was authorized to implement the federal law, and this became the foundation of a very modest agrarian reform carried out by the Partido Popular Democrático (Popular Democratic Party) (PPD) during the 1940s.<sup>8</sup>

The 500 Acre Law has framed nearly all discussions about rural inequality in Puerto Rico, especially during the Great Depression of the 1930s. The percentage of land controlled by farms of more than 500 acres supposedly increased in the sugar zones, and the growth of the sugar companies exacerbated the trend toward concentration. Yet, in our farm-by-farm sample of ten sugar-producing *municipios*, the percentage of land in the hands of owners controlling more than 500 acres increased marginally from 24 percent in 1905 to 26 percent in 1935, after aggregating for multiple farm ownership. There were, however, extraordinary differences by region. According to the 1935 PRRA census, farms of more than 500 acres controlled 47.5 percent of the land in the sugar-producing zones. In the coffee zones, the share was 7.7 percent, and in the tobacco districts, it was 5.6 percent.

One issue remains a puzzle, to be studied by other scholars with methods different from our own: the persistence of the myth of the disappeared farmer, a myth captured by the Spanish phrase *la desaparecida legión de propietarios*. Like all cultural beliefs, persistently held views, even if erroneous, must have some foundation in reality. We imagine that the deterioration of usufruct rights, not property rights, accounts for the “memory” of loss of land as commercial farming advanced in the sugar regions. Plots held in usufruct under the existing arrangements at the beginning of the twentieth century were converted to cane agriculture in coastal Puerto Rico, and the resident labor force progressively lost access to land used for subsistence crops. Food acquisition became progressively dependent on wages, once again especially in the sugar zones.

However, the processes that unfolded in the sugar zones are emphatically not the sole paradigm for understanding the evolution of Puerto Rican rural society in the early twentieth century, despite the transformations that took place. Comparing the acreage planted in each crop in 1935, coffee and tobacco represented 46 percent, or almost half of the area planted in export crops. When the land dedicated to food production

<sup>8</sup> *People of Puerto Rico v. Rubert Hnos, Inc.*, 309 US 543 (1940).



is added, more than half of the land was not dedicated to sugarcane. Yet the “memory” of land possession under usufruct arrangements in the sugar zones prior to 1898 was somehow converted into a generalized “memory” of loss of land as property after 1898 in all regions. When combined with the instability of tenure of small farmers, who sometimes faced loss of property and proletarianization, we have no difficulty in imagining that a collective memory of generalized loss of property was established. We leave it to others better suited to the study of culture to examine the evolution of these myths. On our part, we will be satisfied if the reader who finishes this book accepts that well-distributed landownership before the onset of US colonialism, and the advancing elimination of the small farmer from the rural landscape, were indeed myths.

This book also raises some broader questions about the impact on local societies of US expansionism in the Caribbean after 1898. There is no question that this marked the beginning of US imperialism in the region, although this could possibly be dated to the expansion westward of the United States into indigenous lands throughout the nineteenth century or to the military invasion of Mexico in 1847.<sup>9</sup> Puerto Rico was annexed to the United States by the Foraker Act, which established a civil government controlled by Washington. The Insular Cases decided between 1901 and 1905 by the US Supreme Court, which declared Puerto Rico to be an unincorporated territory of the United States, created colonial structures of government that were radically different from those of the territories established on the continent.<sup>10</sup> Cuba and the Dominican Republic, formal independent nations, were beholden to the United States through a variety of legal and extralegal measures that were not as transparent as was the case of colonial Puerto Rico.

<sup>9</sup> See Stephen Kinzer, *True Flag: Theodore Roosevelt, Mark Twain, and the Birth of American Empire* (New York: Henry Holt and Company, 2017).

<sup>10</sup> See Lyman Jay Gould, *La Ley Foraker: Raíces de la política colonial de los Estados Unidos* (San Juan: Editorial Universitaria, Universidad de Puerto Rico, 1969). The Insular Cases decided by the US Supreme Court between 1901 and 1905 distinguished between continental and overseas possessions seized by the United States as either territories destined for statehood, or unincorporated territories with no legal right to petition for entrance into the United States. See Gustavo A. Gelpí, “The Insular Cases: A Comparative Historical Study of Puerto Rico, Hawai’i, and the Philippines,” *Federal Lawyer* (March–April 2011), pp. 22–5, 74. Also see Lisa María Pérez, “Citizenship Denied: The ‘Insular Cases’ and the Fourteenth Amendment,” *Virginia Law Review* 94:4 (June 2008), pp. 1029–81. See also Christina Duffy Burnett and Burke Marshall, eds., *Foreign in a Domestic Sense: Puerto Rico, American Expansion, and the Constitution* (Durham, NC: Duke University Press, 2001).

These colonial or neocolonial structures of political power, and the economic penetration by US corporations into local sugar and tobacco economies, as well as in banking, shipping, consumer goods, and a wide array of other activities, have been the focus of much research and writing. Most works have quite correctly emphasized the controlling power over economics and politics exercised by the United States. However, missing from much of the literature is how the new imperialism impacted local populations in their daily lives. United States investments and access to US consumer markets on an unparalleled scale after 1898 created dynamically expanding economies in the early twentieth-century Caribbean and after. Although these favored foreign capital and elite social classes on each island, economic growth and urbanization on each island also created a wide variety of opportunities for local populations to participate in market economies on a previously unparalleled scale. Puerto Ricans, Cubans, and Dominicans did not roll over and play dead in the face of the new political and economic realities emerging after 1898. Rather they actively sought opportunities to improve their lives, upward social mobility, and better prospects for future generations, irrespective of colonial or neocolonial political control.

Variations in the impact of imperial intervention on each island were not solely the product of differences in imperially imposed structures, colonial or neocolonial governments, or differential access to the US market because of tariff structures for agricultural products.<sup>11</sup> One of the central findings of this study is that preestablished class structures were critical in determining the path of economic development after 1898.

The case of Puerto Rico differs from those of Cuba and the Dominican Republic in two important respects. First, Puerto Rico was much more densely populated than both Cuba and the Dominican Republic, and by 1898, the frontier for agrarian colonization had already closed. Second, the availability of a dispossessed rural population ready for hire as wage workers was much more extensive in Puerto Rico because of the processes of land alienation among the rural population that took place during the nineteenth century. In the coffee highlands of Puerto Rico, a class of coffee *hacendados* had taken control of vast amounts of land, and there was

<sup>11</sup> Exporters of products from the Dominican Republic paid the same tariffs upon entrance to the US market as exporters from any other independent nation. Exporters from Cuba paid 80 percent of the tariffs applied to independent countries (i.e., Cuba had a 20 percent tariff reduction) due to a reciprocity agreement, after 1903. Exporters of products from Puerto Rico paid no tariffs whatsoever after 1902.