UNIT 3 II. RESOURCE ENDOWMENT AND THE IMPACT ON SOCIAL AND ECONOMIC FORMATIONS

Structure

3.1 INTRODUCTION

As soon as Christopher Columbus had reported the discovery of new lands in 1492, the Spanish crown had claimed the right to settle and govern the Hispaniola and Cuba where Columbus had landed and all other lands that might be further found. Pope Alexander VI, as the chief representative of God on earth, had confirmed the royal claim. Under the Treaty of Tordesillas of 1494, both Spain and Portugal had also agreed to the division of lands, which were yet to be discovered. By 1700, Spain had vast settlements as far north as San Francisco and Texas and extended in the south to the tip of the South American continent. The empire in the Americas—*las Indias* (the Indias), as the Spanish called their possessions—was truly vast: some 9000 miles from the north to the south. To run such mammoth territories, Spain had appointed two viceroys in 1835—the viceroyalty of New Spain which was based in today's Mexico City, covered the whole of present-day Mexico, the southern states of California, Arizona, New Mexico, Texas and a substantial part of Florida in US, the whole of Central America and the Spanish islands of the Caribbean. The first viceroy arrived in Lima in 1544 and the viceroyalty of Lima covered everything from Panama in the north to Tierra del Fuego in the south, excluding of course the Portuguese America. In 1700, the viceroyalty of New Granada (roughly modern day Colombia) was created and in 1739, Rio de la Plata (roughly modern day Argentina) became the fourth viceroyalty. To assist the viceroys and carry their authority in distant regions, the Spanish crown had also created *audiencias* (councils); and by 1570, there were ten *audiencias* exercising real executive powers in areas far away from the seats of the viceroyalties. Below the *audiencias* in the administrative hierarchy were the local governors administering vast frontier areas or towns and villages.

3.2 LAND AND LABOUR

The job of the various royal functionaries was to enforce the royal laws, collect taxes and send reports to the crown. Portuguese had also created a near similar system based in Bahia, and then around the middle of the 18th Century, shifted the seat of royal authority to Rio de Janeiro.

The entire administrative set-up—highly bureaucratic and centralised—was created to extract as large a wealth as possible for the crowns in Spain and Portugal. The abundant availability of silver and other precious metals had made Spaniards go far and wide, setting mining towns wherever silver and other metals were found. Highlands of Mexico and Bolivia were especially rich in silver; and red and blue dyes, chocolate beans, hides, sugar, and some spices all were exported in great quantities to Spain. Portuguese had found a wood that yielded red dye; subsequently, the Portuguese America had generated wealth in cycles from sugar, gold and diamonds, and chocolate and rice.

To exploit these resources, the colonial administration needed labour. Abundant native Indian labour was available; and since both government officials and theologians had declared the Indians to be inferior to the Europeans, the idea that natives should work for their conquerors had gained wide acceptance. Indian labour was an important resource particularly in the viceroyalties of New Spain and Lima. There evolved a system to exploit the Indian labour. The Indians were confined to special villages and their labour commandeered for use by the Spanish officials and conquistadors. Millions were uprooted from their villages and sent to work in the distant mines both in Mexico and Peru. Indians were deprived of their lands and water sources, which the Spaniards occupied. They were also compelled to grow unfamiliar crops, which were not suitable to the irrigation system developed by the natives. Spaniards also introduced livestock farming in populated areas. Excessive and inefficient exploitation of the Indian labour, combined with the outbreak of epidemics, led to the decimation of the Indian population. The Indian population which had numbered some 20 to 28 million in New Spain in 1519 had fallen to a mere 1,075 million around 1605. The Indians in the Caribbean, numbering about 300,000 in 1492 were practically wiped out.

Despite the demographic disaster, Indians were still available in large numbers both in Mexico and Peru. But where their number had precipitously declined or where they were largely exterminated as in the Caribbean, it led to the introduction of slavery. This is how the African slaves came to be introduced in Latin America. Portuguese were the first European nation to make slave-raids on the west coast of Africa around the beginning of the 16th Century. Papal Bull of 1454 had given the Portuguese a permit to 'attack, subject and reduce to perpetual slavery the Saracens, Pagans, and other enemies of Christ southward from Capes Bojador and Non, including all the coast of Guinea'. Portugal was soon joined by other European powers. Particularly in the 18th and 19th centuries, vast numbers of slaves were introduced in the Caribbean islands as sugar plantation economy developed. It is to be noted that both sources of labour viz., the Indians and the African slaves were considered racially inferior to the whites. The only difference was that at least in the case of the Indians, they were considered subjects of the crown, and royal decrees had prohibited enslavement of the Indians though Indians were initially also enslaved. It is estimated that during the whole period of Atlantic slave trade, lasting from, say, 1451 to 1870, about 10 million slaves were exported across the Atlantic. Spanish America received some 1.6 million, Brazil 3.6 million, British colonies and ex-colonies some 2 million and the French Caribbean about some 1.6 million slaves. It is to be noted that slave trade had reached its peak from the late 17th Century as a result of expanding demand for sugar and other tropical cash crops in Europe. Notable here is also the point that given the cheap and abundant supply of slaves and the Indian labour, land and mine owners were never inclined to introduce new and efficient technologies and improve the management on the plantations and the mines. As a result, entire communities of slaves continued to perish, working under very harsh and inhospitable conditions. After killing millions of Indians during the 16th Century, the colonial system would eat up millions of slaves from the 17th Century onwards. Slavery was a highly globalised, competitive and profitable enterprise. Great Britain and practically every other European country was involved in it. With the cost of a slave only about twice the cost of cattle, slave traders and the slave-based plantations in Brazil and Caribbean benefited immensely. But it was Great Britain that earned the most from the chattel slavery and profits slaves generated in its Caribbean plantations.

In Mexico and Peru, both the land and the labour were available in abundance. The *Conquistadores* and subsequent settlers had abundant land and mines granted to them by the Spanish crown. To work on the lands, a system of forced labour was introduced. The *conquistadores* were rewarded by the crown with *encomiendas* (entrustment), which were essentially the right to exact tribute in the form of goods, money, and most important of all, labour from the 'entrusted' Indians. Hernan Cortes, the conqueror of Mexico had officially the right to exact tribute from 23000 tributaries; and in fact many more thousands. It should be noted that the Spanish crown had made land grants to the *conquistadores* separately from the *encomienda;* and the two were not legally tied to each other. The objective behind such a policy was not to allow the emergence of a feudal aristocracy, which could challenge the authority of the crown. The crown itself had also needed the Indian labour to work on mines and public works. For this, the system of *repartamiento* (division) was introduced. Spanish officials had the right to assign Indians to 'public' works programmes, which also included working on private estates and mines. Once it was known that Indians are dying of overwork and that their communities and livelihood have been destroyed, Spanish crown created a new officialdom in the form of *corregidores*. *Corregidores* were to safeguard the Indians against exploitation; but the *corregidores* intensified the exploitation of the Indians by selling them goods at high prices and buying the Indian products at cheap rates. Given the geographical distance, crown orders were observed more in breach. Moreover, Spanish officials were confined to the major cities and urban centres; in the countryside, these were estate owners who were the law unto themselves.

Such use of land and labour had given birth very early to new economic elite. These were the Americans born of Spanish ancestry, called *criollos,* who owned lands and mine concessions. They were joined by the European immigrant merchants; and together, they became a powerful economic and social elite. Under the crown instructions, Indians had retained a large part of their lands; but in reality, many of them had lost their lands and became peons—bound under debt bondage to estate owners.

By 17th Century, most Indian lands had gravitated to the large estates; or Indians had abandoned their lands seeking the 'protection' of powerful landowners as peons. Most Indian villages had become the reserves of bonded labour, working for the large estates. Thus, the typical Latin American institution of semi-feudal large landholding, called *hacienda*, with its necessary complement of Indian peonage or hereditary debt-bondage grew up. More so in Peru, where the control of colonial authorities was slack, almost from the beginning, the *conquistadores* could combine the ownership of land with the control of the Indian labour. Thus, the crown could not prevent the formation of a feudal aristocracy in Latin America.

In the 18th Century, the Bourbon monarchs of Spain attempted to assert crown authority and stimulate both production and trade in Spanish America. They introduced some changes such as allowing trade between the viceroyalty of New Spain and Lima. With the partial recovery of Indian population and rising demand for products and metals from an industrialising Europe, both production and trade of agricultural products, metals and minerals increased. This naturally benefited even more the *criollo* landowners, merchants and miners, who around the end of the century, had also began entertaining new European ideas of free trade and political independence. As you know, the wars of independence in Latin America except in Mexico were a conservative phenomenon, led by the *criollo* elites who had felt that free trade will free them from crown control and enhance their profits. Only in Mexico, the call for independence had included a struggle for a more just social order when Indians rose up in revolt demanding freedom and land.

Independence brought the system of free trade. The continent disintegrated into several republics, all dominated and controlled by the conservative landowners and merchants with their authority legitimised by the church. With little relationship with each other, the independent republics were linked to the system of global free trade, which Great Britain had been spearheading. British trade and investments increased enormously all over Spanish America in the 19th Century; and the conservative elites were happy playing second fiddle to the British mercantile interest. It is important to note that the ascendance of 'Liberal' ideas of free trade accentuated the exploitation of Indians and led to the wholesale expropriation of their lands. The massive concentration of lands in the *haciendas* was a prominent feature of the 19th Century economy and society in Mexico and elsewhere.

3.3 LAND AND THE INDIAN COMMUNITIES IN MEXICO

Let us examine the issue of land and labour in the specific context of Mexico. Land concentration became particularly accentuated after the independence. Indeed, long before independence, rural Mexico was dominated by *haciendas*. This particular form of land ownership had some prominent characteristics: (i) large areas were under the ownership of a single landlord. Seldom were *haciendas* less than a thousand hectares in size, and some reached into the hundreds of thousands. (ii) There was relative self-sufficiency. Crops grown on the *hacienda* provided for all food needs, and efforts were also made to produce all the tools, building materials and other ingredients of agricultural operations. (iii) *Hacienda* always had a permanent resident labour force. The tie between the peon and the *hacienda* during the 19th Century increasingly took the form of debt-peonage. Loans would often be advanced by the *hacienda* store, called *tienda de raya*, with the clear purpose of tying the peasant to the *hacienda* so that his labour would be available for work when required. Debt peonage was more common in the north where labour was scarce than in central Mexico where Indian labour was available in abundance. In some regions, a share cropping system developed. In still others, including henequen plantations in Yucatan, tobacco production in Valle Nacional and coffee production in Chiapas, forced labour was also employed by the end of the 19th Century. Whatever the form, the result was always an extremely cheap and permanent labour supply which, given the nature of seasonal work, was also underemployed. (iv) Most *hacendados* (*hacienda* owners) were absentee owners and lived in Mexico City or Europe. (v) Most *haciendas* were poorly managed, producing little but assured income for the owners. They were semi-feudal, and some times, semi-capitalist kind of ventures. It was often said that 'hacienda is not a business'. Lands were held for social prestige; and by denying land to those who worked on it, political control and domination was exercised by the *hacendados*. (vi) Semi-feudal character of *haciendas*, absentee ownership, permanent and underemployed labour which was available in abundance all meant that *haciendas* lacked both investments and the introduction of new technologies. It is amazing to see both in land and mines, primitive—some time, pre-Columbian—methods and implements continued to be used.

In the 19th Century Mexico, beside the *hacienda,* there had existed two other traditional forms of landholdings: the *rancho* and the Indian communal villages. The average *rancho* was about a hundred hectare in size, and worked by the owner and his family, and some times with few sharecroppers and hired labourers. As compared, the system of Indian communal landholdings (*ejidos*), which had predated the conquest, had somehow survived, though in greatly reduced numbers. *Conquistadores* and their progenies had gained control over most of the productive land; and Indians were subjected to the *encomienda;* still, many Indian communities had managed to keep possession of some land adjacent to their villages. The Spanish crown had provided that each Indian village was to retain control of lands sufficient for its adequate support. Minimum requirements included a town site and an *ejido* (communal farm) varying in size but always encompassing an area of at least one square league. *Ejidos* included the agricultural land of the village, the woodland, and the pastureland. These lands were all inalienable and administered by a town council. These Indian communities and their holdings had, in the 19th Century, constituted an important aspect of the Mexican agrarian system. These villages were surprisingly even more self-sufficient than the *haciendas;* and remained by and large isolated from the market economy. It is to be noted here that only those large plantations that produced export crops and those *haciendas*, which supplied the agricultural needs of the cities had entered the domestic and international commercial economy.

Nineteenth Century saw the triumph of Liberal ideas of free trade and the introduction of market mechanisms into the agricultural sector. How to make Mexico a modern capitalist economy; and its population individualistic, enterprising and driven by profit motive? These Liberal ideas and goals brought new destructions for the Indians. Among others, they, as a racial category, were thought of as an impediment to Mexico's modernisation. Mix them or, if possible, simply exterminate them physically and 'Whiten' the country through European immigration was a suggested and accepted policy solution in the latter half of the 19th Century. Indian communal farming was deemed as one of the root causes of economic backwardness; it was suggested to break up these farms and convert Mexico into a class of individual capitalist farmers. Liberal ideas and policies shattered the tenuous balance that had developed between the *haciendas* and the Indian villages. Beginning with the Reform Laws of 1855-57 until the overthrow of the dictatorship of Porfirio Diaz in 1910, far-reaching changes were introduced in the landholding system. The net outcome of these changes was further concentration of land into the hands of the *hacendados*. For one, the Catholic church, owner of perhaps as much as two-fifth of the nation's wealth, and the financial and spiritual mentor of the conservative elites, was divested of its landholdings by the laws of 1857. Confiscation of Church properties became the core of the great private *haciendas.* Added to this, communal lands of the Indians were also broken up and confiscated. The famous Lerdo Law of 1856 had denied both civil and ecclesial corporations the right to hold real estate, and the law was interpreted to mean that all Indian communal properties were to be granted in severalty to village members. As stated earlier, the Liberals had hoped to create a class of individual capitalist farmers out of the Indians. No Indian or a rural middle class ever emerged. Only the *hacendados* took advantage of the breaking up of Indian lands to further expand and concentrate their holdings. The dictator, Porfirio Diaz (1867-1910) especially implemented these laws harshly. It has been estimated that well over two million acres of communal land were allotted in severalty during his tenure, and literally all of it ended up in the hands of landowners and land companies—many of which were, by then, owned by the US nationals. Porfirio Diaz had also introduced a system of survey, subdivision and settlement of public lands. By 1890s, about 20 per cent of the entire geographical area of Mexico had passed into the hands of the land survey companies. One person in Baja California was owner of a *hacienda*, which was spread over 12 million acres of land. Expansion of cash crops such as sugar and cotton for exports had further led to the take over of Indian communal landholdings. Together with the land companies, the *hacendados* had owned over half of the nation's territory on the eve of the 1910 Revolution.

At the end of the 19th Century, land tenure system had undergone major changes in Mexico. Some 20 per cent of the total area of Mexico was in private hands. Nearly all the communal farms had been destroyed, parcelled out, or simply gobbled up by the large landowners. By 1910, close to 90 per cent of the rural families held no land, and most of them were tied to the *haciendas* through the debt bondage system. Perhaps only about 15 per cent of the surviving Indian communal villages still possessed some lands though in greatly reduced size. At no time in history had more Mexicans been landless than on the eve of 1910 Revolution. There was hardly a rural middle class. The *ranchos*, which stood in the middle of the agricultural system, numbered less than fifty thousand and were mostly subsistence-oriented.

Concentration of land in fewer hands was never intended to raise production through modernisation. Production especially of staples had fallen; and on the eve of the Revolution, vast numbers of poor peasants were in fact on the verge of starvation. The question of land redistribution and treatment of the Indians was finally forced onto the centre stage of the Mexican politics by the Revolution of 1910. Led by the famous peasant revolutionary Emiliano Zapata, Indians had risen up in revolt demanding 'Land and Liberty'. Heavily armed peasant mobilisation had finally forced the inclusion of land redistribution into the Constitution of 1917. It was President Lazaro Cardenas (1934-40) who launched one of the most extensive land redistribution programme in Latin America, distributing more than 10 per cent of Mexico's entire territory during his tenure. Under him, land redistribution, both in name and substance, took the form of *ejidos*. Under the *ejido* form of tenure, land was granted to a village rather than to individuals. While the pastures and woodlands were generally held in common, cropland was in most cases worked individually. Some *ejidos* also took the form of collective and few of cooperative farming of the cropland. Though land continued to be distributed after 1940 on a small scale, Mexico could never resolve the problem of landlessness, given the actual possession of land to the title holder, and developing agricultural and rural infrastructure.

A contrary trend emerged as agricultural modernisation intensified after 1940, and actual re-concentration of land took place. The removal of land redistribution clause in 1991 and the termination of whatever state support mechanism that had existed has brought new concentration of land and the rise of foreign owned industrial complexes in a pattern reminiscent of the 19th Century. In those Latin American countries, which had not seen any worthwhile land redistribution programmes in the past, the situation has remained more or less same of subsistence farming struggling to live under the expanding large landholdings. There is no doubt that it is the pattern of landholding which remains at the heart of economic inequalities and inequituous distribution of wealth, a hierarchical social order, and political culture of dependence and clientelism in Latin America.

3.4 PLANTATION ECONOMIES: CUBA AND GUYANA/ TRINIDAD

3.4.1 Cuba

Columbus had landed in Cuba during his first expedition itself in 1492. From then on, it had become the staging post for the expeditions that went to conquer Mexico, Central America and part of South America too. Lacking mineral wealth or a large native labour force, Cuba offered little incentive for settlement. About fifty thousand Indians at the time of discovery had perished under the Spanish *encomienda* system leaving no trace behind of their culture. For more than two hundred years, the small population of Cuba was geared to provide servicing to the Spanish fleets. It had to have a sound maritime infrastructure. Its geographic location and resource endowment had made the country rely on foreign commerce for its prosperity. Colonial administration and institutions were weak, as compared to Mexico or Peru. Catholic Church held sway over the faith and wealth of the island. Overall, the colony remained until the end of the 17th Century, virtually stagnated, challenged by pirates, ravaged by hurricanes, plagued by diseases and depopulated by the magnetic pull of Mexico and Peru.

Cuba's importance began changing around the middle of the 18th Century only with the development of sugar plantation economy and the emergence of a powerful and very cohesive planters class—called *sucarocracia*. The timing of the rise of plantation economy was very important. It coincided with the industrial revolution in England, which led to the introduction of steam engine in the refining process of sugar. Its geographic location ideally suited the American and trans-Atlantic trade routes and its climatic conditions were just perfect for a plantation economy to emerge. Other factors of production namely labour came in the form of African slaves. By the time slavery came to an end in the middle of the 19th Century, some 375,000 black slaves had been brought to Cuba. Foreign investment and the rapid introduction of modern technology and management soon converted Cuba into the sugar bowl of the world. The rise of British naval power and British design to monopolise the international trade in sugar endowed Cuba with even more importance.

Cuba would retain, what Liberal economists call, the comparative advantage in sugar; and sugar has decided its economy, society and polity for the past 250 years. It is important to understand the insertion of Cuba into the global system of commerce. Its entire economy and society had become geared to the production, processing and export of sugar; with the country importing all its needs ranging from foodstuffs, textiles, machinery and other capital goods. The combination of sugar, slavery and the plantation economy shaped the colonial social structure. The planters class had comprised of people born in Spain (*peninsulares*), although on the eastern part, a small farming class of Cuba born *criollos* cultivated coffee, tobacco etc. When wars of independence began in Spanish America, Cuba remained firmly under Spanish rule. The planters were prospering and general population was also contended. Moreover, the planters feared that any movement for independence might lead to slave rebellion, as had happened earlier in Haiti. The benefits of free trade were felt more strongly during the English occupation of Havana in 1862-63, as new markets were found and the economy was further integrated with the international commercial network. Feeling pressures from both Great Britain and the rising power of an industrialising US, Spain had further liberalised the trading system, which brought new investments and technology to the sugar economy.

In 1868, finally a war for independence began, led by the independent, small, white farming class of eastern Cuba but it was put down brutally and the remaining non-sugar sector of the economy was devastated. Sugar plantation, as a result, expanded now over the eastern part as well; and new foreign investment and technology poured into the island. Towards the end of the 19th Century, there was a clear preponderance of foreign owned industrial complexes, which, among others, limited opportunities for local management and participation. A growing world-wide demand for sugar allowed producers to plan with economies of scale in mind, and the industry benefited from new markets, principally in the US. A growing dependence on the US market for trade, investment, technology, and industrial inputs characterised the US-Cuba relations in the 1880s and 1890s, even while Spain remained, so to say, the colonial country. In 1896, US investments in Cuba were estimated at 50 million US dollars, concentrated in mining and sugar holdings. Trade between the two countries was valued at $27 million in 1897, and the composition of that trade showed that the US exported to Cuba manufactured and industrial goods and imported sugar, molasses, tobacco, and a few non-manufactured products. In other words, the island depended totally on the US for export of sugar; and its associated industries like railways, warehouses, port facilities and their financial and labour support structures, all depended directly on the US market.

Thus the growing penetration of a weak economy dominated by a growing advanced capitalist industrial power shaped a different kind of nationalism in Cuba. Once again, when the forces for independence gathered momentum, this time under Jose Marti, there was a new and a more compelling sense of unity and national purpose. Jose Marti had forged a more mature vision of political emancipation and nationalism based on self-determination. He had understood the conservative, anti-democratic character of independence of Latin America where despite seventy years of independence, laws and institutions and practices of colonialism had survived. In a clear case of a ‘class colour society’, where the White sugar aristocracy dominated the black and mulatto wage labour, Jose Marti and his Cuban Revolutionary Party had offered a programme of decolonisation of Cuba. In this respect, Marti had also foretold of the rise of anti-colonial national movements in Asia and Africa.

Jose Marti became the martyr in the cause of freedom. Cuba lay on the maritime commercial route of the US; and pursuing its ‘manifest destiny’ in the region, the rising power of US would not allow to let go its control over Cuba. US militarily intervened in 1898, smothered the nationalist movement, ousted the colonial Spain from Cuba and Puerto Rico, and US military remained in control of the island until 1902.

Sugar apart, the strategic importance of Cuba—lying just 80 miles of the coast of Florida—had made the island a subject of domestic political debate too. In the three years of US military occupation, the nation’s infrastructure including finance, administration, and health and education were all built anew, undeniably much to the benefit of the country. In 1901, the US Congress passed the Platt Amendment to be included into the Cuban constitution. Cuba became a US protectorate rather than a sovereign nation because the amendment granted territorial concessions to the US, placed financial restrictions on the Cuban government, and allowed US to intervene in Cuba’s internal affairs. Cuba’s foreign economic relations were also put on a new keel with the Reciprocity Treaty of 1903, which granted preferential treatment to Cuban sugar in the US market and reduced tariffs on US exports to Cuba. US investments in Cuba's sugar industry, cattle industry, public services, utilities, and other properties had reached US 200 dollars by 1909—nearly 50 per cent of all foreign investment in Cuba. The Platt Amendment and the Reciprocity Treaty had established that the country was not only at the centre of global trade in sugar, but also a target of US hegemony in the region. Platt Amendment was revoked only in 1933. Cuban nationalism, defeated but not dead, perceived these developments as neocolonialism that have been imposed to protect the US interests in the island. The revolution of 1959 led by Fidel Castro was in a powerful historical continuity the next logical step that radicalised the anti-colonial nationalism into socialism.

Coming back to the features of Cuban plantation economy, it had, from an early date, exhibited all the main features of modern capitalist economy. For one, the marketisation of its economy had been early and rapid. Unlike Mexico and the rest of Latin America, the subsistence sector was always very small, and practically all the social classes were integrated into the market economy. By 1899, over two-third of the rural labour force was engaged in the cultivation of sugar and other cash crops. Secondly, the plantation was a response to the international demand for sugar; and the international decisions to modernise the economy. There had developed a specialised agricultural production system based on intensive exploitation of land and labour, using the latest machinery and milling technology. Unlike Mexico and an the rest of Latin America, there was no scope for the rise and persistence of the semi-feudal *haciendas*. Thirdly, given the importance of sugar, foreign capital had very soon ousted the propertied rural middle class and established large-scale production, and corporate and absentee ownership. American protectorate also had worked to bind more closely the agricultural sector with the high finance: the US bankers had a finger in commerce and manufacturing. Fourthly, the great part of island's agricultural production was organised along monopolistic lines. Output restrictions, pegged prices, and other forms of monopolistic control had blanketed sugar, tobacco, rice, potato, and coffee farming. Lastly, in the key sugar sector, mill owners, growers, and wage workers all had powerful organisations. Outputs, wages, prices and the distribution of sugar earnings were determined by the mill owners or growers cartels; or some times by a three-cornered bargaining relationship on the level of national politics. There were employers' and producers' associations in sugar, tobacco and public utilities that exercised monopoly control in their respective fields. As for the labour movement, Cuba had, compared to the size of the labour, one of the largest federations in the world. The central federation exercised unusual powers over its affiliates ensuring productivity and low wages under the command of a corrupt 'labour aristocracy'. In short, the economic institutions we are accustomed to associate with the high income capitalist countries overlaid the island's market system. It should be stressed that monopoly practices in Cuba's product and labour markets sprang up in the soil of a market economy. Cuba's economic institutions were capitalist institutions, historically specific to Cuba and monopolistic in character. For this reason, they placed limits on the pace of Cuba's economic development by inhibiting the improvement of agricultural yields, wasting land, barring the wide introduction of a mixed, scientific agriculture, placing ceiling on labour productivity and, in general, on the ability of the economy to mobilise and utilise domestic and foreign capital efficiently.

3.4.2 Guyana and Trinidad

The same sugar had brought African slaves to other Caribbean islands including to Guyana and Trinidad & Tobago. With Spain occupied with its expansion and riches of Mexico and Peru, Caribbean Sea was an open and inviting target for all other European powers. The English seized Jamaica in 1679 and by early 19th Century, both Guyana and Trinidad & Tobago were also under British colonial rule. Sugar plantations, however, in Guyana and Trinidad were not as competitive as those of Cuba or northeastern Brazil.

British sugar colonies evolved as single product economies. With sugar ruling the roost, the society and the colonial administration including slavery was designed to keep the sugar plantations profitable for the White class of absentee planters. While sugar sweetened the taste buds of Europeans, the demand for European products in the Caribbean also had stimulated the Industrial Revolution. By the middle of 19th Century, sugar produced in the British sugar colonies was facing stiff competition from the cheap sugar produced in Cuba, Brazil and southern US. Mechanisation of sugar industry in Cuba and Brazil had made sugar from Guyana and Trinidad more expensive. Continuing plantations with African slave labour was no more profitable; one way out of the difficulties was the abolition of slavery. Instead of modernising the sugar industry and seeking diversification of the economy, the planters' class resorted to the import of indentured labour from various parts of the world including finally and most importantly from India. The Indian indentured labour taken to the Caribbean formed part of a larger colonial scheme which involved export of Indian labour to several plantation colonies in the tropics. Between 1834 and 1917, approximately 1,250,000 labourers were sent from India to far away places in the South Pacific, Africa, and the Caribbean. Guyana received 238,909 indentured Indians while Trinidad received 143,939. Jamaica imported about 36,412, while St. Lucia, St. Vincent, Grenada, and St. Kitts got about 10,360; and Surinam accounted for 34,304 Indian labourers, and several thousand ended up in the French colonies of Guadeloupe, Martinique and French Guiana. The West Indies, as a whole, comprising of the British, Dutch and French possessions in the Caribbean together received 519,438 indentured Indians between 1834 and 1917.

The 'East Indian' indentured labour was cheap and available in abundance. It was found crucial for the maintenance of an otherwise uncompetitive plantations and their profitability in the age of free trade in sugar. The indentured labour from India was eminently suitable for work in the tropical climate and was well versed with the sugar culture. Its supply from India was also hassle-free, as British subjects could be moved from one to another British colony under British laws and supervision, without any external hindrance.

As has been noted above, the large plantation economies of Guyana, Jamaica, Trinidad and the Dutch Surinam received most of the Indian indentured labour. There the plantations were larger in number; many had been abandoned; further lands were available both for settlement and cultivation; and there had existed some potential for agricultural diversification. Here, the introduction of large indentured Indian labour took place for nearly eight decades until the agitation by the Indian national movement under the leadership of Mahatma Gandhi brought an end to it in 1917.

The system of indentureship was no different from slavery. It was a modified system of slavery, with many of the laws such as the five-year bondage, vagrancy etc., which were in fact the residual laws of slavery system, continued to be enforced. Both economic and non-economic controls were applied to keep the system of indentureship going. The indentured immigrants were required to sign a contract containing terms and conditions of indentureship before they would leave India. For the period of indentureship, they were not free. They had no choice in their assignment to different estates. Once on plantations, they could not leave their employers before the expiry of the contract, could not demand higher wages or refuse their assigned works, or live off the plantations. Once the contract expired, they were 'free' but had to complete the 'industrial residence' or, alternatively, re-indenture themselves. Majority of them had no option but to re-indenture themselves. Those who would complete the period of 'industrial residence' were still not free to seek a return passage. In 1895, a new rule had made those seeking return passage contribute one fourth of the cost of return passage, implying thereby that not many could return. Those who chose to remain in the colony and work independently were required to pay a special tax. The land policy of the colonial administration also had made it impossible for the Indians who where set free to buy small plots. Only large parcels measuring no less than 100 acres were to be sold at prices, which were beyond the means of the free labour.

The colonial and planters had their interest in maintaining Indian labour under the system of indentureship. The entire system was designed to keep the labour isolated and immobile on the plantations. Indentured Indians were not to leave the plantations without written passes from the estate managers. Free Indians were required to carry their 'certificates of industrial residence' all the time. They could be challenged and their papers checked by a policeman, an agent of the immigration department or owners and staff of an estate through which they were passing. An indentured could be arrested for merely being on the highway without a written permission on charges of vagrancy or unlawful absence. Anyone who remained absent from work for three days or more would be charged with the serious offence of desertion, and jailed for a maximum period of two months. Other offences inviting imprisonment were willful disobedience in doing the assigned work or performing the work deceptively. Those who would harbour the deserted immigrants, or deserted indentured, when caught, would be punished even more severely. The system was designed to essentially keep a large surplus pool of subordinated labour at the disposal of the sugar planters; and towards this end, both political/administrative and economic measures were adopted.

While such a treatment was meted out to the indentured and freed Indians, more indentured were continuously brought into the colonies. To stay profitable in the global free trade in sugar, plantation economies had to have a continuous supply of low-cost and low-waged labour. In fact, whenever international prices of sugar would fall, more indentured labour would be imported. This was an ingenuous way to continuously depress the wages and maintain competition among wage earners for employment.

The economic competition in a context of scarcity of employment, low wages and land tenure system also sowed the seeds of racial and ethnic hostility between the Africans and the Indians. Equally important, the plantation economy shaped the formation of social classes and occupational groups along racial and ethnic lines. Indentureship had nearly devastated the free villages set up by the emancipated slaves, and had driven the blacks towards towns in a state of pecuniary. The Indian indentured labour and their descendants remained insular and immobile on the sugar plantations. The indenture-expired free Indians also remained confined to their small agricultural plots and seasonal jobs on the plantations.

Towards the end of the 19th Century, agricultural diversification took place with the rise of cash crops of banana, cocoa etc and the discovery of bauxite and petroleum. The chasm between the two racial groups widened further as mineral-industrial sector created more opportunities of employment and higher wages than were available in the agricultural sector and also settled the two communities along urban-rural divide. The policies of colonial administration also clearly favoured the formation of social classes and groups along ethnic lines. Writing about British Guiana, Cheddi Jagan notes that during colonial period, "social hierarchy was built on 'colour'…the Whiter the colour of the skin, the higher the social status. At the top were White planters; in the middle were the 'men of colour'…. The Indians, although, 'brown' in colour, were not accommodated within the social hierarchy. They were regarded as outcasts, and despised by the creole society as 'coolies', as being culturally different and economically subservient. They were generally illiterate and stuck to Hinduism and Islam despite the efforts of Christian missionaries to proselytise them."

In short, the logic and deliberations of the political economy of plantation societies fomented racial divisions and cemented them along the urban-rural and industrial-agricultural divide. Plantation societies were hierarchical and assigned the lowest position to the Indians, which, in the dominant perception of the creole society, also corresponded to their low economic status and their menial labour in agriculture. Plantation societies thus evolved as segmented societies where ethnic and racial divisions were fed upon occupational, residential and economic divisions. In the 20th Century, when trade unions and political parties were formed, they also mirrored the racial and ethnic divisions of these societies. The grant of independence in the 1960s further intensified the racial and ethnic divisions between the blacks and the Indians.

3.5 SUMMARY

In the case of Mexico, it was the availability of the Indian labour that played a significant role in the shaping of the economy and society during the colonial rule. Though the Spanish Crown had intended to separate the holding of land from rights over the indigenous labour, it could not succeed. Large landholding called *hacienda* emerged and became very prominent in the 19th Century.

While *hacienda* was a semi-feudal institution, plantation economy emerged in response to the growing global demand for sugar. In the case of Cuba, the rise of sugar plantation contributed to the emergence of a modern capitalist economy that attracted large investment including foreign investment and new technology. Precisely for the same reason, the sugar plantation economy in Guyana and Trinidad could not. Be that as it may, rise of plantation economy was responsible for the introduction of slavery and in the case of many Caribbean islands, the introduction of indentured labour from India.

3.6 EXERCISES

1. Write a short note on *hacienda*.

2. Discuss the treatment of Indian labour in Mexico during the colonial rule.

3. What is a plantation economy? Discuss the main features of plantation economy in Cuba.

4. Explain the system of indentured labour in Guyana and Trinidad.