

## **Trade Competition and American Decolonization\***

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## Trade Competition and American Decolonization, 1893-1959

Colonialism and its consequences remain central subjects of scholarly interest in comparative politics, history, sociology, development economics, and related fields. Despite the colonialism's economic origins and its political consequences, however, decolonization has received comparatively little attention from within the field of modern international political economy. This is unfortunate because decolonization is inherently both a political and an economic phenomenon. It implies the transfer of sovereignty from an existing state to a new state and, as a consequence, the transformation of trade and investment relations within a market into trade and investment relations between states.

This paper uses the United States insular territories in the early twentieth century to explore how economic relations in the late colonial period shaped decolonization. The argument is motivated by a puzzling empirical disjuncture in the literatures on Philippines independence, on one hand, and Hawaiian and Puerto Rican annexation, on the other. Most accounts of Philippine independence hold that efforts of the U.S. sugar industry played a decisive role in securing congressional support for decolonization. Facing competition from inexpensive Philippine cane sugar which competed directly with domestically-produced beet sugar, the sugar lobby organized a pro-independence legislative coalition which paired independence for the Philippines with tariffs on Philippines' exports. At the same time, the sugar industry was a decisive *integrationist* force in Puerto Rico (see e.g. Hanson 1955; Gatell 1958; Ayala and Bernabe 2007: 52-66, 95-116) and a key player in the annexation of Hawai'i<sup>1</sup> (see e.g. Vandercook 1939; Kent 1993; Osorio 2002: 145-209), although in both cases the precise role of

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<sup>1</sup> In this paper, I write "Hawai'i" to refer to the archipelago prior to annexation. "Hawaii" refers to the republic (1893-98), the insular possession (1898-1959), and the state.

“big sugar” is a subject of debate. As I will demonstrate, by the 1930s Hawaii and Puerto exported similar amounts of cane sugar to the continental U.S. as did the Philippines. Also like the Philippines, both Puerto Rico and Hawaii were widely considered “fundamentally different” from common visions of the United States as a Caucasian and Protestant country, and each overseas territory was strategically important to the U.S. as an aspiring global military power. Any explanation for the independence of the Philippines based on import competition, anti-colonial civic ideals, or racial animus should predict independence for Hawaii and Puerto Rico as well.

My argument places Philippine decolonization in a comparative perspective. Two factors set the Philippines apart from Puerto Rico and Hawaii: the industrial organization of cane production and the territories’ broader export profiles. Philippine cane sugar was produced on relatively small, dispersed, and Filipino-owned plantations, whereas it was produced by a smaller number of large, U.S.-owned plantations and mills in Puerto Rico and Hawaii. This industrial structure facilitated political organization and mobilization by American sugar interests in Puerto Rico and Hawaii, whereas in the Philippines a similarly organized and politically influential pressure group keen on retaining access to U.S. markets was absent from the independence debates. Moreover, sugar beet producers in the United States had natural allies in agricultural sectors that faced stiff competition from the Philippines’ other main export crop: copra. Coconut oil, refined from copra, is a superior substitute for vegetable oils like cottonseed oil in baked goods, margarine, soaps, and other products. The monocrop export economies of Hawaii and Puerto Rico produced no other products that competed on a broad scale with any U.S. products.

The congressional coalition supporting Philippine independence as implemented in 1934 emerged as a consequence of this interaction between the territory’s industrial structure and

export profile. The comparative cases of the colonial economies in Puerto Rico, Hawaii, and the Philippines demonstrate that the protectionist voices which emerged in favor of Philippine independence extended beyond the sugar lobby to other agricultural sectors, in particular to the cotton lobby, and had no parallels in the cases of Hawaii and Puerto Rico. The pro-integration voices which advocated for the continued incorporation of Hawaii and Puerto Rico in the United States, moreover, were facilitated by their concentration in the hands of a small number of American sugar firms; to be precise, four firms in Puerto Rico, and five in Hawaii. A statistical analysis of Senate votes in the Hare-Hawes-Cutting Act of 1933 lends further support to this argument.

My approach to U.S. decolonization of the Philippines (and its absence in Hawaii and Puerto Rico) has broader theoretical implications. A focus on the structure and organization of agricultural sectors across different American overseas territories provides a new perspective on the primacy of economic interests in explaining the contours of European, American, and Japanese colonialism. I present a political explanation for variation in the success of independence movements across colonies during the 1930s that focuses on the differences in trade and investment relations between the metropole (in this case, the continental United States) and its colonial possessions. For Philippine specialists, I provide new evidence on the economic origins of independence that is consistent with the conventional wisdom on this topic, but which refines it in light of similar failed independence movements in other U.S. colonies. For Americanists, I offer a footnote to the political economy of American expansion that helps to explain the shape of the United States today, and join a recent conversation begun by scholars of colonial Latin America and the Pacific about “empire” in modern American political history (see most recently McCoy and Scarano 2009).

Finally, at a more abstract level, this paper illustrates some of the pitfalls of disciplinary and subfield divides, both in political science and in area studies. A comparative perspective on the United States' decolonization of the Philippines reveals a small but important puzzle that for disciplinary reasons—Philippines specialists are “comparativists,” or employed in Asian studies departments, while Hawaii and Puerto Rico specialists are “Americanists,” or employed in ethnic studies departments—has gone unnoticed. As a topic which lies at the intersection of international political economy, comparative politics, and American political development, moreover, the case of Philippine independence is a particularly fruitful venue for conversations across subfields of contemporary political science (see Milner 1998).

I begin by outlining the problem of trade competition during the late colonial period in general terms. Focusing on ownership and export structure, I argue that trade competition is most likely to spur decolonization when a colony's own citizens control a diverse export sector. Next, I place Philippine independence in comparative perspective, arguing that it differs from most other cases of post-colonial independence both in its timing and in the manner through which independence was secured. I then review two standard families of explanations for the decision to grant the Philippines independence in 1934, arguing that they cannot—without substantial refinement—explain the failure of the United States to grant independence the Hawaii and Puerto Rico during this same period. I next provide a snapshot of the economic structure of the three territories, and illustrate my theory at work: the interaction of ownership structure and export profile explains the differences between independence outcomes in the Philippines versus Hawaii and Puerto Rico. The subsequent section provides a statistical test of a key implication of

my argument using Senate votes for the Hare-Hawes-Cutting Act in December of 1932.<sup>2</sup> The final section concludes.

### **Trade Competition and Late Colonialism**

The idea of trade competition as motivation for decolonization runs counter to the standard analysis of colonialism as an economic phenomenon motivated by the metropole's desire to *acquire* resources, either resources for export to the metropole or captured markets for the metropole's own exports. By this logic, colonial exports should not have competed with products produced in the metropole because no reasonable colonizer would have acquired such territories. The classic examples of colonial expansion as a mercantile enterprise, especially in the seventeenth and eighteenth centuries, are emblematic of this pattern. The Indies, for example, were valuable to the Dutch, Portuguese, and others because these territories produced spices, oils, and other products that were in high demand in Europe and which could not be grown or produced there or anywhere else.

In the later stages of colonialism, however, the extensive acquisition of foreign territories for purposes of imperial expansion and advances in technology, manufacturing, and agriculture created new kinds of competition between products produced in the metropole and the colony. British and Canadian grain competed in the British consumer market, as did French cloth produced in Rouen and Pondicherry. Technological change also meant that new agricultural products and manufactured goods became substitutes for existing ones. The invention of hydrogenization in the late nineteenth century, for example, meant that vegetable oils could now be used to produce margarine, which in turn made them possible substitutes for butter.<sup>3</sup> As

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<sup>2</sup> President Hoover vetoed the bill and Congress quickly overrode the veto, both in January 1933, so I follow standard convention and refer to it as the Hare-Hawes-Cutting Act of 1933.

<sup>3</sup> See Shields (2010) for an overview of the industrial development of vegetable oil.

colonies became sources of products that competed with products produced in the metropole, this raised the domestic political costs of holding colonies. Trade competition created domestic opposition to colonialism on distributional grounds. As will be shown below in the U.S. case, pro-independence interests were often quite explicit that their central goal with decolonization was to facilitate the imposition of tariff barriers on the former colonies, for the protection of import-competing industries in the metropole.

It is possible to characterize the politics of maintaining any particular colony as varying along two dimensions: (1) the extent to which that colony's exports compete with goods produced in the metropole, and (2) the extent to which domestic interests in the metropole have a direct stake in the fate colony's export industries. All else equal, colonies that have diverse export profiles should face broader opposition to their exports in the metropole, and therefore more support for independence, because their exports compete with multiple products produced in the metropole. This assumes, of course, that their goods are substitutes or competitors for these metropolitan goods. The costs of independence, on the other hand, fall to the producers of those export-competitive goods in the colony. They are most likely to be effective *opponents* of decolonization when their industries are concentrated, facilitating collective action in the metropole and political and economic dominance in the colony. They are also more likely to be effective opponents of decolonization when they are citizens of the metropole who can lobby their government directly and strike political bargains with other interest groups in the metropole.

A summary of these theoretical expectations can be found in Figure 1.

\*\*\* Figure 1 here \*\*\*

The configuration of export profile and ownership structure which makes decolonization most likely is when local producers own or control the export industries, and there are multiple export goods from the colony that compete with metropolitan goods. Here, opposition to colonial trade is high, and exporters' political power in the metropole is low. By contrast, where a small number of firms from the metropole control a single export industry, their political power is high, and the breadth of opposition to imports from the colony is low. Here, decolonization is least likely. Two other intermediate cases are possible: diverse exports but high metropolitan ownership of export industries, and a single locally-owned export industry. In these cases, decolonization is likely to be contested, albeit in different ways, and it is difficult to predict *ex ante* the final outcome.

The foregoing argument is straightforward, but abstract. Panel B of Figure 1 summarizes the argument that I make in the following sections in concrete terms. In the Philippines, Filipinos owned and controlled the majority of the export industries (primarily sugar cane and coconut products). Together, sugar cane and coconut products competed with agricultural commodities in a wide swath of the American South, Midwest, and West. Puerto Rico, and to an even greater extent Hawaii, exported only one competitive product (sugar), and sugar production in these territories remained in the hands of Americans. This variation is central to my explanation for how trade competition fostered Philippine independence.

### **Philippine Decolonization in Context**

The United States' decision to grant independence to the Philippines during the Great Depression differs from other cases of decolonization. Most obviously, the decision to grant Philippine independence was unique in its *method*: it came through a vote in the United States Congress, the Tydings-McDuffie Act of 1934, that was not the result of any militarized pro-



independence movement in the Philippines or of any other externally-motivated pressure. In this way, it differs from the typical examples of decolonization in the twentieth century and earlier, which were the results of armed insurgency (the United States, Algeria, Indochina, Indonesia, Brazil, Haiti, Spanish America, Portuguese Africa), through defeat in war (Korea, Taiwan, German East Africa), through sustained popular mobilization in the colony (India), or as a consequence of a decisions of colonial powers to abandon all of their colonies (Malaysia, Papua New Guinea). The closest parallels to the voluntarily decolonization of the Philippines by the United States appear to be the former British territories which are today Australia, New Zealand, and Canada, which unlike the Philippines approximated “Little Europes” at the time of independence due to the political disenfranchisement and near extinction of their indigenous populations.

The decision to grant Philippine independence was also unique in its *context*: there is no other case in which the United States has surrendered territory to another state except for as a mutual settlement with another colonial power.<sup>4</sup> In fact, at the time of independence, the received wisdom of security communities in the United States and elsewhere was that colonial holdings were vital for national security—much like the American naval base at Pearl Harbor was a strategic outpost in the Pacific, so too was Subic Bay on the island of Luzon. At the same time that the United States granted independence to the Philippines, it reasserted its authority over its other overseas holdings (Alaska, Hawaii, and Puerto Rico) despite discussions in the United States about whether the people who lived there could “be Americans.” Arguments about “Oriental/Asiatic heritage” in the Philippines and its incompatibility with a Caucasian United States were insufficient to win independence for Hawaii. Likewise, arguments about the

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<sup>4</sup> These are cases like Cuba, and what was once Oregon Country but is today part of Canada. Very small parcels of territory in the Southwest have been ceded to Mexico due to changes in the course of the Rio Grande.

Philippines' "Latin Catholic heritage" and its incompatibility with a white Protestant American society were insufficient to justify granting independence to Puerto Rico.

The puzzle, then, is that the United States could have held onto the Philippines as a colony, but chose not to, despite strong incentives to hold overseas colonies and the absence of any sanction for doing so. At the same time, the United States redoubled its efforts to hold onto other colonies, some of which we know today as states.

*Conventional Explanations: Values, Race, and Sugar*

There are two conventional explanations that emerge from Philippine studies for why the United States chose to abandon its colonial enterprise in the Philippines. The first focuses on what are held to be American political, ideological, or cultural values. The belief that the United States should straddle the North American continent was widely held by white Americans by the early 1800s, but the idea of the U.S. as a global power that held overseas territories never so occupied the popular imagination. This is the case even though the United States has a long history as a sea power and a trading state in Asia (Fichter 2011). Some influential opinions in the U.S. considered colonialism to be contrary to American values of liberty and freedom. Francis Burton Harrison, the Governor-General of the Philippines from 1913-1921, put it this way:

There is no room in the United States Constitution for colonies; officially speaking, we have none. Alaska and Hawaii are territories; Porto [sic] Rico and the Philippines dependencies, or insular possessions.... There are few traditions of colonial service in the United States (Harrison 1922: 7).

Indeed, from the very beginning of the United States presence in the Philippines, opposition to a continued colonial presence there was a stated goal of the Democratic Party as early as 1900 (see "Democratic Party Platform of 1900"). Reflecting the Progressive Era's political and economic

reforms, the Jones Act of 1916 granted “eventual” independence to the Philippines, but left uncertain the timeline under which this would take place.

A related, albeit somewhat darker, perspective on the incompatibility of Philippine colonization with American ideals can be found in the belief that “Oriental” or “Asiatic” Filipinos were simply unsuitable as citizens of a (presumably Caucasian) American nation. C.M. Goethe of the Immigration Study Commission warned of “‘jungle folk’ whose ‘primitive moral code accentuates the race problem’ [and] endanger[s] ‘our American seed stock.’” (Kramer 2006: 407). Such voices were present in the independence debate. As Tyner (1999) documents, opponents of Filipino migration into the United States such as California Senator Samuel Shortridge frequently expressed their sentiments in the crude eugenicist language commonly used in the 1930s.

Speaking generally, we belong to the Caucasian branch of the human family. They of the Orient to another and different branch of the human family; and, for reasons which I need not go into, these two branches of the human family are not assimilable...we now have enough-too many-race questions in the United States. We have the Negro race question...the Chinese problem...[and] the Japanese problem...If we do not stop Philippine migration, there will be hundreds of thousands and millions of them here (quoted in Tyner 1999: 66).

The link from the specific opposition to Filipino migration to the continental United States to general support for Philippine independence was easy to draw. At a time in which U.S. laws heavily restricted immigration from Asia under the Asian Exclusion Act, independence would recast Filipinos as immigrants rather than internal migrants, thereby permitting their exclusion. Whether justified as a function of American civic ideals and the triumph of progressivism, or alternatively as a consequence of American racism, these families of explanations both attribute Philippine independence to a general sentiment in the United States that it was un-American to hold the Philippines as a colony.

A second conventional explanation turns to the interests of American agricultural producers in the context of the Great Depression (Friend 1963). Trade protectionism expanded dramatically during the 1930s as the industrial economies increasingly resorted to trade restrictions in order to protect domestic producers. The United States—where agriculture was a main source of national income and where the Senate gives disproportionate voice to large agricultural states—implemented a wide range of agricultural tariffs alongside the Tariff Act of 1930 (Eichengreen 1989). However, agricultural tariffs did not extend to the Philippines, which since 1913 had been included within the U.S. tariff umbrella.

The Philippines' largest export by value to the continental United States was sugar, produced from sugar cane. In the continental U.S., sugar cane only thrives in the deep South, so the overwhelming majority of domestically produced sugar is produced from sugar beets.<sup>5</sup> Producing sugar from beets is more expensive and less efficient than producing sugar with cane, and even with transportation costs, Philippine cane sugar competed effectively with U.S.-produced cane sugar. As a consequence, agricultural interests associated with the organized U.S. sugar lobby, combining sugar refiners with sugar beet and cane producers, were some of the strongest advocates for independence. The idea was that independence would make feasible import tariffs on competitive Filipino sugar. As Friend (1963: 180) argues, "If Philippine competition could not be curtailed within American tariff walls, why not put it without?"

This second explanation of the origins of Philippine independence comports well with parts of the historical record, for there is clear evidence that the domestic sugar lobby advocated consistently for independence throughout the early part of the 1930s (see, for example, the parade of agricultural lobbies arguing for Philippine independence in Independence Hearings

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<sup>5</sup> Sugar produced from Louisiana sugar cane also cost roughly 45% more than sugar from Cuban, Hawaiian, or Puerto Rican sugar, averaging around four cents per pound in the 1910s versus 2.7 and 2.8 cents per pound for Hawaiian and Puerto Rican sugar, respectively (United States Department of Commerce 1917: 30).

1930). However, this second explanation sits awkwardly with the observation that at the same time, the United States held two other overseas territories that produced substantial amounts of sugar cane for export to the continental United States: Puerto Rico and Hawaii. The second explanation focuses on import competition from sugar producing territories, and would therefore predict that sugar interests would follow a general strategy of promoting the independence of *any* territory that produced large amounts of inexpensive sugar for export to the United States. Yet this did not come to pass, and in fact, scholars of Hawaiian and Puerto Rican history consider the sugar lobby to have been instrumental in keeping these two territories *within* the United States. This is all the more interesting given the prevalence of arguments made during the first part of the twentieth century about the incompatibility of Hawaiians and Puerto Ricans with the American culture which quite closely parallel those made about Filipinos, and which were similarly used to advocate in favor of granting these two territories the same independence that the Philippines won.

#### *Hawaii and Puerto Rico as Comparison Cases*

Comparing Hawaii and Puerto Rico to the Philippines is, in fact, a useful exercise even beyond the narrow focus on sugar exports. Figure 2 compares on sugar production and export in the three territories.

\*\*\* Figure 2 here \*\*\*

All three produced large amounts of sugar from cane; in “raw sugar equivalent,” the three together produced far more sugar than did the continental United States (see Panel A). More striking is the observation that the three territories each also produced roughly the same total *amount* of sugar (all of which was from sugar cane; see Panel B). Taken together, in fact, sugar produced in these three territories comprised a substantial proportion of the total U.S. sugar

supply in 1931-33; only Cuba produced more sugar for export to the continental U.S. (Panel C).<sup>6</sup> As I will note below, Cuban sugar played an important role in cementing the pro-Philippine-independence alliance between U.S. producers of sugar beets and sugar cane (both in Louisiana and in the territories).

Other similarities between the three territories further underscore the value of comparison. A list of plausible explanations for the decision to grant the Philippines independence appears in Table 1, along with a summary of how the three territories compare.

\*\*\* Table 1 here \*\*\*

Import competition from sugar was high for each territory, as noted above. Additionally, the ethnic or racial core of each country was understood to be non-Caucasian or non-Anglo Saxon.<sup>7</sup> In none of the other two territories, moreover, was there a long history of U.S. colonial control, although it is certainly true that there was a much longer history of direct American agricultural interest in Hawaii and Puerto Rico than in the Philippines. In short, the standard explanations for the Philippines' independence cannot explain why independence was not also granted to Hawaii or Puerto Rico.

One alternative argument for why the Philippines became independent is that it was less militarily or geo-strategically valuable than were the other two possessions. This position is hard to sustain in light of the fact that even upon Philippines independence, the United States maintained two large military installations on Luzon, Clark Air Base and Naval Station Subic Bay. Alfred Thayer Mahan, the influential American naval theorist of the turn of the twentieth

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<sup>6</sup> The politics of sugar in U.S.-Cuba relations is obviously a related subject, but Cuba is excluded from this analysis because—U.S. interventions and investments in the island notwithstanding—Cuba gained its independence in 1902. For commentary on the U.S. sugar beet industry and its role in Cuban independence, see Pérez (1998).

<sup>7</sup> The literature on race and colonialism is vast. On race, “blood,” and Hawaiian political history under U.S. rule, see Kauanui (2008). On race and colonialism in U.S.-Puerto Rican relations, see Malavet (2004). On race in the Philippines under U.S. rule, see Kramer (2006).

century, himself viewed Hawaii and the Philippines along similar terms: as valuable bases for projecting U.S. military power into the Pacific. While Mahan was himself conflicted on the issue of whether overseas colonial possessions were necessary to sustain these naval stations (LaFeber 1962), it was certainly conceivable to arrange for Pearl Harbor to be retained as a military installation while granting independence to the remainder of the Hawaiian islands, as was eventually implemented in the Philippines. Every argument that justified the United States holding the entire Hawaiian archipelago—rather than just Pearl Harbor—due to its military value would also justify holding all of the Philippines. A similar argument may be made about U.S. military bases in Puerto Rico, including Roosevelt Roads Naval Station near Ceiba and the Vieques training ground. In sum, military or geo-strategic concerns alone cannot explain why the Philippines earned independence while Hawaii and Puerto Rico did not.

It is also possible that the Philippines were more difficult to “hold” because the local demand for self-determination there was greater there than in Hawaii or Puerto Rico. This position is also difficult to entertain. Although the annexation of the Philippines was a bloody struggle, it was successful in the narrow sense that armed opposition was largely extinguished by around 1902, some limited guerilla resistance in Luzon and more extensive resistance in Mindanao notwithstanding (see Karnow 1989: 177-95). It was *militarily possible* to continue to hold the Philippines as a territory. Political opposition to the United States’ presence continued until the Second World War, but was paralleled by opposition to the U.S. by large portions of the Hawaiian and Puerto Rican populace as well. The political process that transferred sovereignty over the Hawaiian islands from the indigenous Hawaiian monarchy to the United States was illegitimate, and local demands for self-determination continued for decades and remain present

today (see, notably, Silva 2004). Puerto Rican nationalism, too, has long been a potent force, and was especially so in the 1930s and 1940s (Quintero-Rivera 1986).

A slightly different perspective on the “costs” of independence is that while there was no real local demand for *statehood or inclusion* in the Philippines, such a demand was real in both Hawaii and Puerto Rico. As I will argue below, in the early part of the twentieth century these demands came from a relatively narrow and unrepresentative political elite in both territories whose interests were tied directly to the sugar industry.

### **Ownership Structures and Export Profiles**

Sugar interests were instrumental for the Philippines’ independence, but they were not decisive. My argument differs in that it builds a broader picture of the Filipino import goods threatening agricultural producers and of the structure of the sugar industries in these three territories. Hawaiian and Puerto Rican sugar plantations were dominated by U.S. firms with close ties to the domestic sugar lobby, whereas the local Spanish-Chinese-Filipino mestizo elite remained paramount in the Philippines’ sugar industry, and cane farming remained primarily in the hands of unorganized rural smallholders. Moreover, whereas Puerto Rico’s economy was dominated by sugar alone, and Hawaii’s by sugar and pineapples, the Philippine export economy depended on sugar but also, critically, coconut oil and copra (Borja 1927). Hawaiian pineapples had no competitors in the U.S. mainland, but Philippine coconut products competed directly with producers of vegetable and animal oils. It was the conjunction of local ownership of sugar plantations in the Philippines and the export of *other* goods that competed with agricultural products produced on the mainland which created a broad coalition for Philippine independence, one never feasible for Puerto Rico or Hawaii.



*Colonial Economies: Sugar Ownership and Industrial Concentration*

Philippine sugar production under U.S. rule was both highly dispersed and for the most part locally controlled. From “The Brief of the Philippine Delegation for Independence for the Philippine Islands” submitted by Manuel Roxas as part of his testimony before the Senate Committee on Territories and Insular Possessions, we discover that in terms of both the number of farms and the acreage land under cane cultivation, the vast majority was held by Filipinos (Independence Hearings 1930: 240). American ownership of *Centrals*—factories for cane milling and refining—was higher, but still did not reach 50% of the total (see Figure 3).

\*\*\* Figure 3 here \*\*\*

As might be expected, *centralistas* were more likely to favor the continuation of U.S. rule than were *hacenderos*, who tended to support independence (Larkin 1993: 170-1). John Switzer, President of the Philippine-American Chamber of Commerce in New York City, likewise testified that “the cane in the Philippines is grown almost exclusively by small [Filipino] farmers” (Independence Hearings 1930: 411). For Switzer, a vocal opponent of Philippine independence, this testimony was designed to support his argument that sugar cane from the Philippines was not actually a threat to the continental U.S. sugar industry, because smallholders would be unable to increase their production much further than they already had. His observations nevertheless illustrate that both pro- and anti-independence interests were cognizant of the fact that the Philippines’ sugar industry was dominated by local interests, and divided among thousands of *hacenderos* and dozens of *centralistas* with no centralized organization or representation.

The contrast between local ownership in the Philippines and American ownership in Hawaii and Puerto Rico could not be starker. In Puerto Rico, the ratio of American to local

ownership of sugar production was almost exactly the opposite of that in the Philippines (see Figure 3): U.S. firms owned or controlled 68% of sugar lands in Puerto Rico. In the case of Hawaii, the *entire* sugar industry—100% of all Hawaiian sugar produced, refined, and sold on the market in the United States—was controlled by Caucasian (*haole*) firms which, while incorporated in Hawaii, were firmly oriented towards the United States. This domination of the Hawaiian sugar industry by U.S. interests predated and helped to drive U.S. annexation of Hawai‘i (Kame‘eleihiwa 1994; Osorio 2002: 145-209): American citizens comprised 126 out of 288 total investors in the Hawaiian sugar industry in 1894, during the period of the short-lived Republic of Hawaii. The majority of the remainder were British or German citizens, who likewise oriented themselves towards the United States. Hawaiians or “part-Hawaiians” numbered only thirty-one (Weigle 1947: 45).

These comparative data illustrate the difference in the ownership profiles of the Philippine, Hawaiian, and Puerto Rican sugar industries in the early twentieth century. Just as important as the domination of the Hawaiian and Puerto Rican sugar industries, however, was the *concentration* of these industries in a small number of large firms. In Puerto Rico, the number was four: by 1929 the U.S.-owned or -controlled sugar industry was divided among just four firms, each incorporated in the United States and controlled primarily by American citizens (Diffie and Diffie 1931: 52). These firms were of remarkably equal size, each controlling roughly one quarter of the total land under cane production (see Figure 4).

\*\*\* Figure 4 here \*\*\*

In Hawaii, the organization of the sugar industry differed somewhat from Puerto Rico. The geography of the Hawaiian islands required that sugar plantations remain comparatively small and geographically fragmented. Yet in terms of industrial control, Hawaii parallels Puerto

Rico: five firms, known to Hawaiians as the “Big Five,” controlled 37 out of 40 sugar plantations as of 1939, and produced together 96% of all sugar in produced in the territory (see Figure 4). Each founded by children of American missionaries and controlled by their *haole* descendants, the Big Five shared many of the same executives and management personnel due to extensive crossholding and interlocking ownership and control (see Figure 5 for an illustration). In the area of sugar production, refining, marketing, and sales, they were even more unified. Each of the Big Five acted as an “agent” for the plantations under its control, and together, they formed the Hawaiian Sugar Planters’ Association, which

...provides a convenient medium for unifying and implementing the policies of the factors. It is governed by five trustees, each representing one of the five factors...they also appoint the other administrative officers. The Association is financed by the plantation members on the basis of the sugar tonnage each produces....All [sugar] is marketed under an agreement whereby all sugar producers in the Hawaiian Sugar Planters’ Association use the same marketing organization and receive the same price per ton. Thus the integration of the Hawaiian sugar industry has been carried to its ultimate step in the refining and marketing of the product to the mainland (Shoemaker 1940: 29, 31).

This orientation towards the continental United States as the sole market for Hawaiian sugar is helps to explain why the Big Five in Hawaii were such vocal advocates for Hawaiian statehood.

Besides creating powerful interest groups that favored statehood in Hawaii and Puerto Rico, the concentration of the dominant industry of each territory in the hands of a small number of large U.S.-owned firms shaped politics in the territories—although in the Hawaiian case, trade relations with the U.S. and the interests of *haole* planters had shaped domestic politics prior to annexation as well (see Croix and Grandy 1997; Abdelal and Kirshner 1999: 123-33). In Hawaii, the Big Five’s domination of the territorial economy and government was no less than total (see e.g. Kent 1993: 69-94). Writes Freeman, as of 1929,

Five commercial firms in Hawaii manage 42 out of 51 plantations and mills and dominate business in the territory. They serve as agents for steamship lines, sell

insurance, maintain retail and wholesale stores, and in fact transact the great bulk of the important business of the islands... There is no state in the Union where business is so dominated as it is in Hawaii by these five business groups (Freeman 1929: 267).

With American-style political institutions being created from scratch in the territory, the Big Five's economic domination translated into political domination as well:

Control over the basic economic institutions of Hawaiian society reaffirmed the elite's political position. Political and economic hegemony *within* Hawaii provided the Island oligarchy with a base from which to deal with elites in Washington, New York, and San Francisco (Kent 1993: 78).

Analysts of Puerto Rican politics reached much the same conclusion. According to Bergad (1978: 81),

By the depression, absentee corporations controlled the bulk of sugar production along with the most important supportive economic activities such as banking, transportation, communications, public utilities, and most important of all—government.

This sentiment was echoed widely:

Not only were the various U.S. appointed governors concerned with protecting U.S. interests, which meant sugar, but sugar permeated the island's political life. The political parties which received financial donations from sugar and its associated interests could survive; the rest could not... The insular legislature came to be composed quite largely of Puerto Rican sugar lawyers who were understandably loath to disturb the island's principal industry and their own sources of income (Hanson 1955: 31).

It is for this reason that the "politics of sugar" in the Philippine territory is the story of conflict and collusion among farmers, *hacenderos*, and *centralistas* in the nascent Filipino oligarchy (see e.g. Anderson 1988), whereas the "politics of sugar" in Hawaii and Puerto Rico is the story of sugar barons whose interests were utterly divorced from those of most Hawaiians and Puerto

Ricans, and who ignored local demands for representation and self-government in a nearly single-minded pursuit of access to continental U.S. markets.<sup>8</sup>

### *Colonial Economies: Export Profiles*

My discussion thus far has contrasted the ownership structure and industrial concentration of the sugar industries in the Philippines versus Hawaii and Puerto Rico. The other key difference that separates the Philippines' colonial economy from the others is its broader export profiles. Here the contrast is between sugar's dominance of Hawaiian and Puerto Rican exports, and the relatively diversified Philippine export sector.

All three insular possessions are located in humid tropical climates, which explains why sugar cane flourishes in all three. Other agricultural products that flourish in these zones include tobacco, coffee, palm, rubber, and abaca (also known as Manila hemp, and of these, the only product endemic to the Philippines; see Spencer 1951). Due to the historical development of the rural sectors of Hawaii and Puerto Rico, however, sugar came to dominate these territories' economies. Tobacco and coffee exports comprised small fractions of Puerto Rican exports in the first half of the twentieth century (Bergad 1978; Quintero-Rivera 1986), but the former had no competitor in the continental United States and the latter was too small and of insufficient quality to compete with tobacco produces in the Southeast. Hawaii's other export crop of significance was pineapples: the territory produce over 90% of pineapples produced globally by the end of the 1920s (Freeman 1929: 269). In both Hawaii and Puerto Rico, then, while sugar was not the

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<sup>8</sup> By the 1930s analysts of Puerto Rican sugar industry were noting that industrial concentration and foreign ownership, in particular, had become fodder for political action (Gayer et al. 1938: 303-4). In Hawai'i, Kanaka Maoli ("native" or "indigenous") opposition to U.S. annexation noted the political control of the Republic of Hawaii—whose government passed the enabling legislation—by "white" and "alien" interests (Kaho'okano et al. 1897).

only crop grown for export, it was the only crop whose export threatened producers in the continental United States.

Not so in the Philippines. Aside from sugar, the Philippines produced substantial amounts of copra, coconut oil, and abaca for export, in addition to tobacco in smaller amounts (see Figure 6).

\*\*\* Figure 6 here \*\*\*

From the perspective of U.S. agriculture, coconut products—coconuts, copra, and coconut oil—were the main threat aside from sugar.<sup>9</sup> The dominance of the Philippine export economy by two products that competed with U.S. agricultural products would prove critical in cementing the agricultural coalition that supported Philippine independence.

#### *Agricultural Interests and the Debate over Philippine Independence*

There is no better illustration of the importance of agricultural interests in the Philippines' independence than the testimony before the Senate Committee on Territories and Insular Possessions (Independence Hearings 1930; Independence for the Philippine Islands 1932). The statement of Frederic Brenckman, Washington Representative of the National Grange, illustrates the pro-independence position of continental U.S. agriculture.

A great part of the territory of the United States is well adapted to the growing of sugar beets. We already have the industry established in some 20 States, and there are sugar-beet factories in 19 or 20 States, and there are other States where sugar beets could be grown to advantage, provided we could compete economically. But we realize that it would be futile to try to give the American producers of sugar-cane and beets protection so long as we allow unlimited quantitative of sugar to be imported free of duty from the Philippine Islands... It is impossible to give protection to the cotton farmer. But a by-product of that industry is the cottonseed oil industry. We have a duty of 3 cents a pound on cottonseed oil, but that duty is nullified and that protection amounts to practically nothing when we

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<sup>9</sup> Abaca, which was at the time primarily used to make rope, had few substitutes. Prior to the Second World War, the Philippines produced approximately 95% of the world's abaca, and the United States purchased approximately 40% of the Philippines' abaca crop (Spencer 1951: 105).

put coconut oil from the Philippines on the free list... We also want to see the producers of butter in this country have the protection to which they are entitled.” (quoted in Independence Hearings 1930: 111).

Other testimony included a resolution issued by the Texas Cottonseed Crushers’ Association:

A great proportion of these foreign vegetable oils are represented in coconut oil and dried copra, from which coconut oil is produced, imported from the Philippine islands tariff free... where applied to the Philippines we urge either a preferential rate of 25 per cent in their favor or a limitation of imports of coconut oil to 300,000,00 pounds annually, or if neither is possible, that the Philippine Islands be given their independence (quoted in Independence Hearings 1930: 109).

These statements and the many others like them illustrate quite clearly the *joint* pressure of sugar, cotton, and dairy interests in advocating for Philippine independence.

That many agricultural interests advocated for Philippine independence is well-known to scholars of the independence process, although far more emphasis has been placed on the role of sugar than on other agricultural sectors. Critical for the argument in this paper, however, is the discussion by many anti-independence groups of the disjuncture between the treatment of Philippines’ sugar exports as compared to the sugar exports of Hawaii and Puerto Rico.

Recalling my argument, this distinction focuses on the absence of an anti-independence lobby in the Philippines that was as (1) concentrated and (2) U.S.-dominated as that found in the other two insular possessions. The Philippine-American Chamber of Commerce in New York City, which opposed Philippine independence, released a brief entitled *The Philippine Question* which laid this point bare:

The reasoning of the “sugar barons,” notwithstanding its questionable motives and its inherent unsoundness, seems to have been swallowed whole by the domestic beet-sugar interests and by their representatives in Congress... the inconsistency and lack of principle of the attempt to shut out Philippine sugar is shown by the fact that although Porto Rican sugar is in exactly the same category as Philippine sugar, no effort is made to shut out the Porto Rican sugar... there is no great aggregation of American capital in the Philippines like there is in Porto Rico, Hawaii, and in Cuba... The Philippines are weak and relatively defenseless,

and therefore were singled out for attack” (quoted in Independence Hearings 1930: 105-6).

The observation that Americans had not swept through the Philippine islands, dispossessing the local population of its land and creating large plantations of the type found in the Caribbean, was seen as reflecting particularly well on the U.S. territorial government and local administrators.

Brenckman of the National Grange noted that

while they seem to have taken proper safeguards to see that the land in the islands is not monopolized by a few big land owners, nevertheless, there is danger that if we hold the islands for economic exploitation...gradually a few large land owners will have the best land in the Philippines” (quoted in Independence Hearings 1930: 113).

In his view, concentrating landownership in a small number of large firms was dangerous, and continued U.S. possession would promote the growth of such large firms—presumably owned or controlled by American interests. While Brenckman never addresses this point explicitly, it can be inferred from his testimony that the National Grange would fear such an agglomeration of U.S. capital in the Philippines.

Coconut products were a topic of particular debate during the hearings. Testimony was divided between pro-independence agricultural lobbies warning of the competitive threat of coconut oil, and anti-independence U.S.-based producer groups who denied that such a threat existed because tropical oils were not proper substitutes for domestic vegetable oils. A memorandum submitted by James D. Craig of Spencer, Kellogg & Sons—owners of a linseed oil plant in Buffalo and a coconut oil refinery in Manila, and which stridently opposed Philippine independence for (evidently) commercial reasons—argues that

The chemical characteristics possessed by the other American-produced vegetable oils—cottonseed, peanut, and corn oils—make them of much greater value for use in other fields, particularly in the fields of cooking fats—shortening, cooking oils, and salad oils—a field in which coconut oil is entirely unsuited (quoted in Independence Hearings 1930: 163).



Howard Kellogg, the firm's president, emphasized the industrial uses for tropical oils, including as a lathering agent in soap and as a source of glycerin for explosives "in times of national emergencies":

An import duty into the United States on coconut oil from the Philippines would destroy the coconut oil crushing industry...there is not a single feature in connection with the present freedom of trade between the United States and the Philippines in coconut oil and copra that is to the disadvantage of the United States, its agricultural producers, or its consumers" (quoted in Independence Hearings 1930: 145-8).

It is impossible to ascertain whether the arguments by Craig and others about the substitutability of coconut oil for domestic vegetable oils were genuine or not, but even if they had been genuine, subsequent developments in the American diet have revealed that coconut oil and other tropical oils are in fact well-suited for use in cooking, in particular as a shortening. There is, moreover, clear evidence that the excise tax shifted the behavior of vegetable oil purchasers in short order. In 1933 coconut oil comprised 75.2% of the oils used in the production of margarine, but this figure fell to 57.4% in 1934, whereas the use of cottonseed oil increased from 9% to 25.4% in the same period (Rice 1935: 160). This represents precisely the shift in consumption away from coconut oil towards domestically-produced vegetable and animal oils that the excise tax sought to achieve, although in the opinion of one contemporary analyst, coconut oil was so superior to its substitutes in other uses as to render it basically irreplaceable (Rice 1935: 161).

One question that remains concerns the alliance between U.S. sugar beet producers and the representatives of Puerto Rican and Hawaiian sugar industries. Why would U.S. beet sugar cooperate with some producers of cane sugar against others? The answer can be found in the

negotiations over sugar tariffs with a third pressure group: Cuban sugar interests. Argued Switzer of the Philippine-American Chamber of Commerce,

What does domestic sugar most want and get out of this collusion? A higher duty on sugar. Even if it must give Cuba higher preferential, the higher full duty rate and close harmony with Cuba in marketing the crop would insure a higher price for itself and Cuban sugar (quoted in Independence Hearings 1930: 419).

The implication from Switzer's testimony is that Cuban sugar stood to profit even with a higher tariff so long as its market share grew after the imposition of tariffs on sugar from the Philippines. Beet sugar, too, would benefit from higher tariffs on Cuban sugar. Further supporting this line of reasoning is evidence presented by Switzer that Cuban sugar interests were attempting to propose tariffs on Hawaiian and Puerto Rican sugar exports to the continental U.S.<sup>10</sup> While the economics of these arguments may or not be sound, the actors involved clearly believed that it was in the interests of sugar beet producers to ally with a subset of sugar cane interests to advocate for the independence of the Philippines, whose sugar cane interests were not domiciled in the continental United States and were highly fragmented anyway.<sup>11</sup>

In the end, pro-independence groups were victorious, and the Senate passed the Hawes-Cutting Act in December of 1932. President Hoover vetoed the bill in early January of 1933, arguing that its rapid implementation would be too damaging to the Philippines' economy,

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<sup>10</sup> Switzer's testimony referred to hearings before the Lobby Investigation Committee in 1929 which revealed that Herbert C. Lakin, President of the Cuba Company, had suggested to Czarnikow-Rionda Co., another Cuban sugar company, to lobby in favor of tariffs on sugar cane from other insular territories. "My notion is that we could secretly put some such plan up to Smoot, Petriken, and Carlton, and get them to thinking in terms of protection against not only the Philippines, but also Hawaii and Porto Rico" (quoted in Independence Hearings 1930: 435). See also "The Sugar Lobby and the American President," *The Literary Digest*, January 4, 1930.

<sup>11</sup> One open question that remains is why opposition to import competition from Philippine agricultural exports would lead domestic U.S. agricultural interests to favor *independence* rather than simply *renewed tariffs* on Philippine exports. This was legally possible: Philippine exports had only gained free access to the continental U.S. as a result of the Payne-Aldrich Tariff Act of 1909 and the Underwood-Simmons Tariff Act of 1913 (see Conroy Franco 1997: 43-4), so new regulations might have simply reinstated tariffs or quotas without independence. Indeed, the Texas Cottonseed Crushers' Association was explicit in its indifference to Philippine independence *per se*, as quoted above; tariffs also would have sufficed. The main virtue of granting the Philippines independence was that unlike tariffs, independence would be irreversible once implemented.

but the veto was quickly overridden by a Congress fearful of mounting pressures on domestic agriculture (Herring 1933: 410-1). The Tydings-McDuffie Act of 1934 formally provided for Philippine independence, but this was only a slight modification of the Hare-Hawes-Cutting Act, which had been rejected by the Philippine Senate.<sup>12</sup> Consistent with agricultural demands, restrictions on Philippine imports soon followed. In May 1934, a quota and a processing tax were placed on Philippine sugar exports to the United States. Also in May, the Internal Revenue Act of 1934 placed an excise tax on coconut oil refined from copra within the United States, alongside an equivalent tariff on coconut oil imports (Hester 1943: 81-3).

### **Votes for Independence: A Quantitative Analysis**

One implication of my argument is that Senators from sugar beet producing states *as well as* dairy and cotton producing states should be more likely to support Philippine independence than others. This claim is amenable to quantitative analysis, which I provide in this section.

Before proceeding, one important limitation of this quantitative approach warrants discussion. It is not possible to study the pattern of votes for Hawaiian or Puerto Rican independence, for no such vote was ever held (because none would have passed).<sup>13</sup> The challenge that this presents to my research design is selection bias: it is conceivable that had a vote been taken, Senators from cotton- or dairy-producing would have also voted for Hawaiian or Puerto Rican independence. Such a voting pattern would be inconsistent with my argument, but we cannot observe these data because these votes remain purely counterfactual. Even though the absence of a vote for Hawaiian and Puerto Rican independence is *itself* consistent with my

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<sup>12</sup> The Philippine Senate's opposition to the Hare-Hawes-Cutting Act focused on what it considered the heavy economic toll that new trade restrictions would place on the Philippines (Hester 1943: 73-4).

<sup>13</sup> Puerto Rico came close: the Tydings Bill of 1936 would have allowed Puerto Rico to hold a plebiscite for independence. Critically, as written, Puerto Rican independence would have come with sharp increases in tariffs on Puerto Rican sugar. For a discussion, see Gatell (1958).

argument, this means that my test of the argument that Senators vote according to their states' agricultural profiles is an incomplete test of my broader argument. The results here are consistent with that argument, but must be interpreted together with the case study evidence about colonial economies' ownership structures and export profiles, for which qualitative tools are the best available.

The unit of analysis is each Senator's vote in the Hare-Hawes-Cutting Act of 1933. My main independent variables of interest are cotton production (COTTON), sugar beet production (SUGAR BEETS), and milk production (MILK). As an initial exploration, four maps of agricultural production by state appear in Figure 7. Together, these illustrate powerfully the importance of sugar's coalition with other agricultural groups.

\*\*\* Figure 7 here \*\*\*

The geographic concentration of agricultural production is not surprising, but it is distinctive in the maps. Sugar beet production was concentrated in the Midwest and the West, with no production at all in the South and the East. Cotton production, on the other hand, was concentrated in the South. Sugar cane was produced primarily in Louisiana, with some limited production in Florida and Texas.<sup>14</sup> Milk production is more geographically dispersed than the other two, but again concentrated in the South. Taken together, the maps suggest that a coalition of sugar producing states alone would be unlikely to muster enough votes for Philippine independence. Adding cotton-producing states (and, to a lesser extent, dairy states) to the coalition provides the votes necessary to generate majority in favor of independence.

Additional factors may have shaped independence votes. To capture for the possibility that Senators are representing anti-Filipino nativist sentiment, I control for the percentage of each

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<sup>14</sup> All three states voted unanimously for Philippine independence. Although this observation is consistent with my argument, because sugar cane production predicts independence votes perfectly, I do not include sugar cane production as an explanatory variable in the regression models.

state's population which is of Filipino origin (FILIPINOS). I control as well for partisanship (DEMOCRAT) in the preferred specification. Data sources and summary statistics are presented in Table 2.

\*\*\* Table 2 here \*\*\*

Because Senators are nested within states, I estimate the determinants of votes for independence via a mixed effects probit regression (McCulloch 1994; Hedeker 2005; Bailey and Alimadhi 2007), allowing for random state effects. Data on agricultural production at the Congressional district level are unavailable for the 1920s and 1930s, so a similar analysis of House votes is not possible.<sup>15</sup> Fortunately, Senators should be sensitive to agricultural interests aggregated to the state level, for which rich data are available.

The main results appear in Table 3.

\*\*\* Table 3 here \*\*\*

The results for Model 1 (the preferred specification) are broadly consistent with my argument: Senators from cotton and sugar beet-producing states are more likely to have voted for Philippine independence, although the coefficient on the former is not statistically significant at conventional levels. There is no evidence that states that produce more dairy are more likely to vote for independence.

There is also a clear relationship between partisanship and independence votes. But because the Democratic Party had such a stronghold in the cotton producing states, it may be misleading to imagine that partisanship has an independent effect on independence votes. States with large agricultural lobbies may have been more likely to have elected Democrats to the Senate. This is clearly true in the South, where the majority of cotton-producing states are found.

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<sup>15</sup> County-level data are spotty, it is difficult to aggregate these into Congressional districts because county borders often straddle districts.

In sum, it is plausible to view partisanship itself as a consequence of a state’s agricultural interests—or more fundamentally of a “political economy of cotton” that unites the Southern states (Bensel 1987)—rather than an independent driver of Senate votes. This is the justification for Model 2, which drops DEMOCRAT and finds that the results for both cotton production and sugar beet production are both strengthened (the results for dairy production remain unchanged).

To interpret the results of the mixed effects probit regressions, I rely on simulation methods to construct graphical representations of several quantities of interest (King et al. 2000). For models with binary dependent variables such as this one, the quantities of interest include the percentage of simulations in which a Senator votes for independence given values of  $\mathbf{X}$  (the *predicted probability* of each outcome), the probability that a state’s delegation return votes for independence for given values of  $\mathbf{X}$  (the *expected values* of the dependent variable model given  $\mathbf{X}$ ), and first differences in the expected values for given values of  $\mathbf{X}$  and  $\mathbf{X1}$ . I calculate these below to illustrate the substantive effects of cotton production, sugar beet production, and partisanship on votes for independence, using Model 1. The results appear in Figure 8.

\*\*\* Figure 8 here \*\*\*

Begin first with cotton production, the first column of Figure 8. The top plot captures the predicted probability that a Republican Senator voted for independence in a state at the 25<sup>th</sup> percentile in cotton production, with all other variables held at their means. The middle density plot shows the distribution of expected values across the simulations. The bottom density plot shows that moving from the 25<sup>th</sup> percentile to the 75<sup>th</sup> percentile of cotton production (with all other independent variables unchanged) increased the expected probability of voting for independence by a substantial margin. The second column of Figure 8 makes a similar point, with respect to sugar beet production. These graphical results are consistent with the argument

that agricultural interests—both sugar and others—were instrumental in producing a Senate coalition in favor of Philippine independence. Finally, the third column of Figure 8 confirms that Democratic Senators were more likely to vote for independence than were Republican Senators (in these simulations, all other independent variables are held at their means).

## Conclusion

Decolonization is a political process that transforms economic relations between a former colony and the metropole. This paper has argued that economic considerations shaped U.S. decolonization, focusing on two cases of “non-decolonization” as contrasting cases for Philippine independence. Doing so illustrates the precise logic of how trade competition produces a political movement for decolonization in the metropole: it is not simply import competition, but *broad* import competition *across* sectors that can increase the breadth of the coalition supporting independence. Ownership of the export industry by citizens or representatives of the metropole, on the other hand, increases the political power of coalition opposition decolonization, especially in cases where that export industry is concentrated in a small number of enterprises. One particularly satisfying result of this approach is that it can explain why the same industry—sugar—advocated for annexation in Hawaii and opposed independence for Puerto Rico, while proving critical for decolonization in the Philippines.<sup>16</sup>

An economic approach to U.S. decolonization should not be seen as the only factor that shaped the process and eventual outcome of decolonization—or its failure—in the United States’ insular territories. The benefits of close attention to imperialism, racism, culture, and debates about the United States’ civilizing mission are clear, much as Frieden (1994) has argued with

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<sup>16</sup> My argument is *not* that the interests of “big sugar” fully explain the decision to annex Hawaii and Puerto Rico in the first place. Rather, I focus here exclusively on the absence of a protectionist pro-independence lobby in these territories three decades later.

reference to colonialism and military expansion. However, a comparison of Hawaii, the Philippines, and Puerto Rico does have the benefit of holding constant, more or less, many of these confounding factors, all of which point towards decolonization. In doing so, this comparison sheds light on the precise economic logic that can explain variation in independence outcomes across cases.

The implications of this argument travel beyond the U.S. case. A focus on the United States holds constant the metropole's economic structure while allowing the economic structure of the colonies to vary. A promising area for future research would be to explore differences in the incentives of colonial powers to hold colonies based on their metropolises' economic structures. The United States is among the world's most diverse economies, and might for this reason face more acute trade competition than did other colonial powers. Metropole-colony pairs such as the Netherlands-Indonesia, Belgium-Congo, and Portugal-Angola each featured small European colonial powers that faced little trade competition with the respective colony, technological changes in the late colonial era notwithstanding. This may have some leverage in explaining the tenacity with which these states fought to retain their colonies.



**Table 1: Explanations for Independence**

<b>Explanation</b>	<b>Philippines</b>	<b>Hawaii</b>	<b>Puerto Rico</b>
Sugar Exports	High	High	High
Perceived Ethnic / Racial Core	“Asiatic” / “Oriental”	“Asiatic” / “Oriental”	“Puerto Rican” <sup>c</sup>
Dominant Religion	Catholicism	Asian or indigenous religions <sup>b</sup>	Catholicism
Time as U.S. Possession	Since 1898	Since 1898	Since 1898
Military / Geo-Strategic Importance	High	High	High
Local demand for independence	High	High	High
Local elites’ demand for independence	High	Low	Low
Other competitive exports	Coconut products	n/a	n/a
U.S. share of sugar industry <sup>a</sup>	< 10%	100%	68%
Sugar industry concentration <sup>a</sup>	Dispersed	“Big Five”	Four Firms

<sup>a</sup> See text for a complete discussion of ownership and concentration in the three territories.

<sup>b</sup> The Republic of Hawaii census in 1896 found that 50% of “Hawaiian” or “part-Hawaiian” respondents declared no religion. These may be followers of indigenous Hawaiian, Chinese, or Japanese beliefs or religious traditions. Of the remainder, nearly half (24.2% of the total population) were Roman Catholics. The 1905 census of the Hawaiian territory, which compiled figures on religion for non-Hawaiians as well, found that only 6.2% of all residents of Hawaii were self-described Protestants (figures quoted in Schmitt 1973: 44).

<sup>c</sup> See, for example, the explicit comparison of Filipinos and Puerto Ricans as each a fundamentally different people than Anglo-Saxon Americans in *Balzac v. Porto Rico* (1922: 311): “Congress has thought that a people like the Filipinos, or the Porto Ricans, trained to a complete judicial system which knows no juries, living in compact and ancient communities, with definitely formed customs and political conceptions, should be permitted themselves to determine how far they wish to adopt this institution of Anglo-Saxon origin.”

**Table 2: Variable Definitions and Summary Statistics****Panel A: Definitions**

<b>Variable</b>	<b>Definition</b>	<b>Source</b>
INDEPENDENCE	Vote for independence	Voteview (Poole 2012)
COTTON	$\ln(1 + \text{thousands of tons of cotton produced, 1924-1932 average})$	USDA (2012)
SUGAR BEETS	$\ln(1 + \text{thousands of tons of sugar beets produced, 1924-1932 average})$	USDA (2012)
MILK	$\ln(\text{millions of pounds of milk produced, 1930})$	USDA (2012)
FILIPINOS	$\ln(\text{number of Filipinos per hundred thousand citizens, 1930})$	Census Bureau (2012)
DEMOCRAT	Senator's party	Voteview (Poole 2012)

**Panel B: Summary Stats**

<b>Variable</b>	<b>Min</b>	<b>Mean</b>	<b>Max</b>	<b>St. Dev.</b>
INDEPENDENCE	0	0.72	1	.45
COTTON	0	2.37	9.62	3.32
SUGAR BEETS	0	1.19	5.30	1.62
MILK	4.66	7.08	9.29	1.13
FILIPINOS	-1.67	1.59	6.29	1.86
DEMOCRAT	0	.50	1	.50

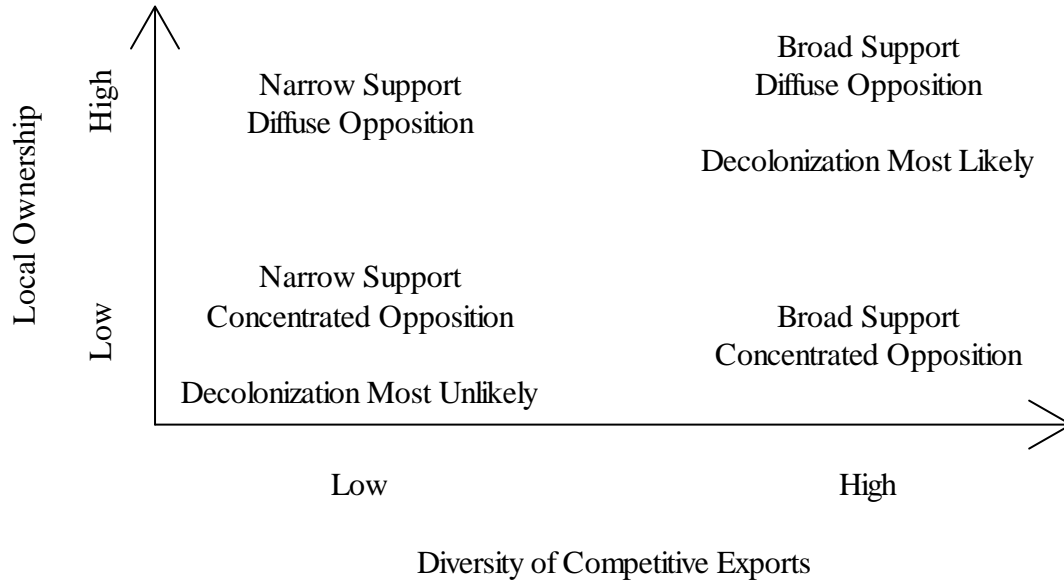
**Table 3: Votes for Philippine Independence**

Variable	Model 1			Model 2		
	Estimate	S.E.	Z-score	Estimate	S.E.	Z-score
<i>Fixed Effects</i>						
(INTERCEPT)	0.65	1.27	0.51	0.46	1.04	0.44
DEMOCRAT	2.29	0.66	3.49			
COTTON	0.21	0.14	1.49	0.33	0.09	3.52
SUGAR BEETS	0.34	0.14	2.36	0.22	0.11	1.94
MILK	-0.19	0.18	-1.06	-0.09	0.15	-0.64
FILIPINOS	-0.01	0.13	-0.07	0.03	0.10	0.31
<i>Random Effects</i>						
STATE (INTERCEPT)	0.16	0.40		0.03	0.18	

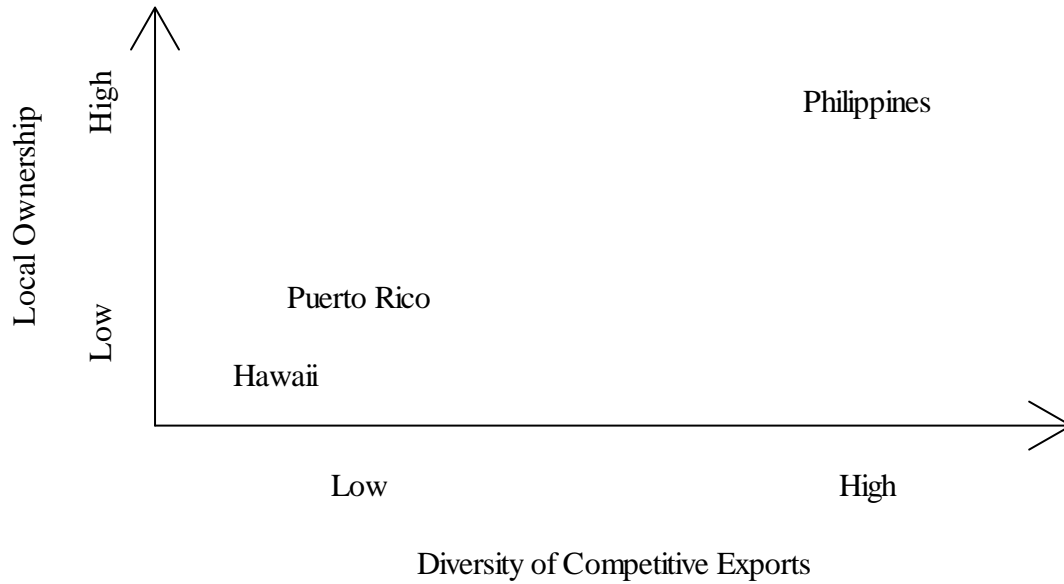
Each model is a mixed-effects probit regression (estimated via Bailey and Alimadhi 2007). The dependent variable is a Senator's vote for independence. Independent variables are described in Table 2. Each model has 94 observations and 48 clusters.

**Figure 1: Ownership, Exports, and Support for Decolonization**

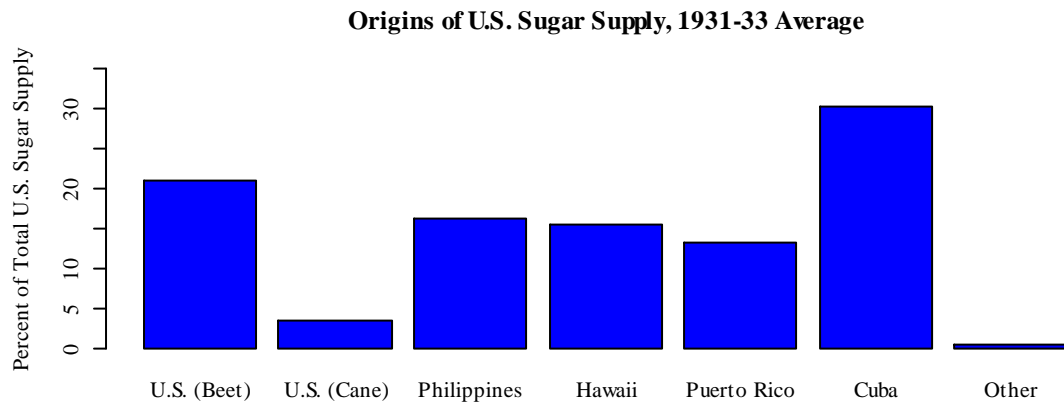
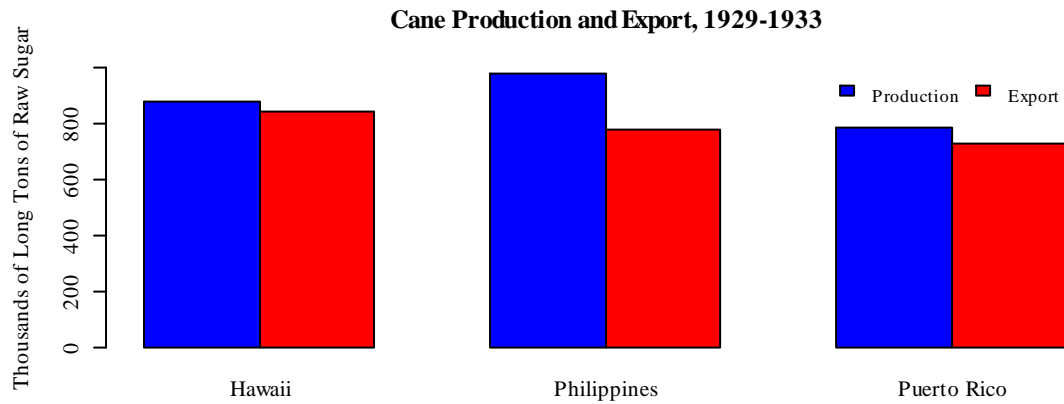
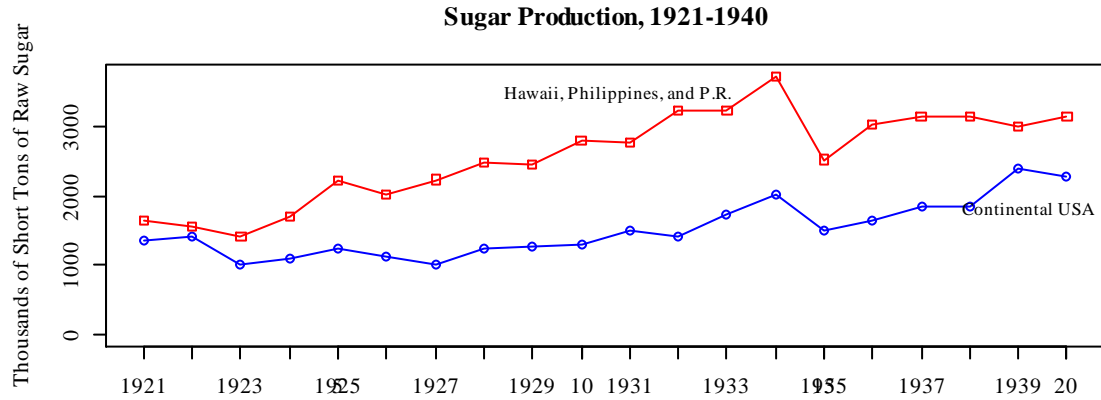
**Panel A: Support and Opposition to Decolonization**



**Panel B: Three Cases**

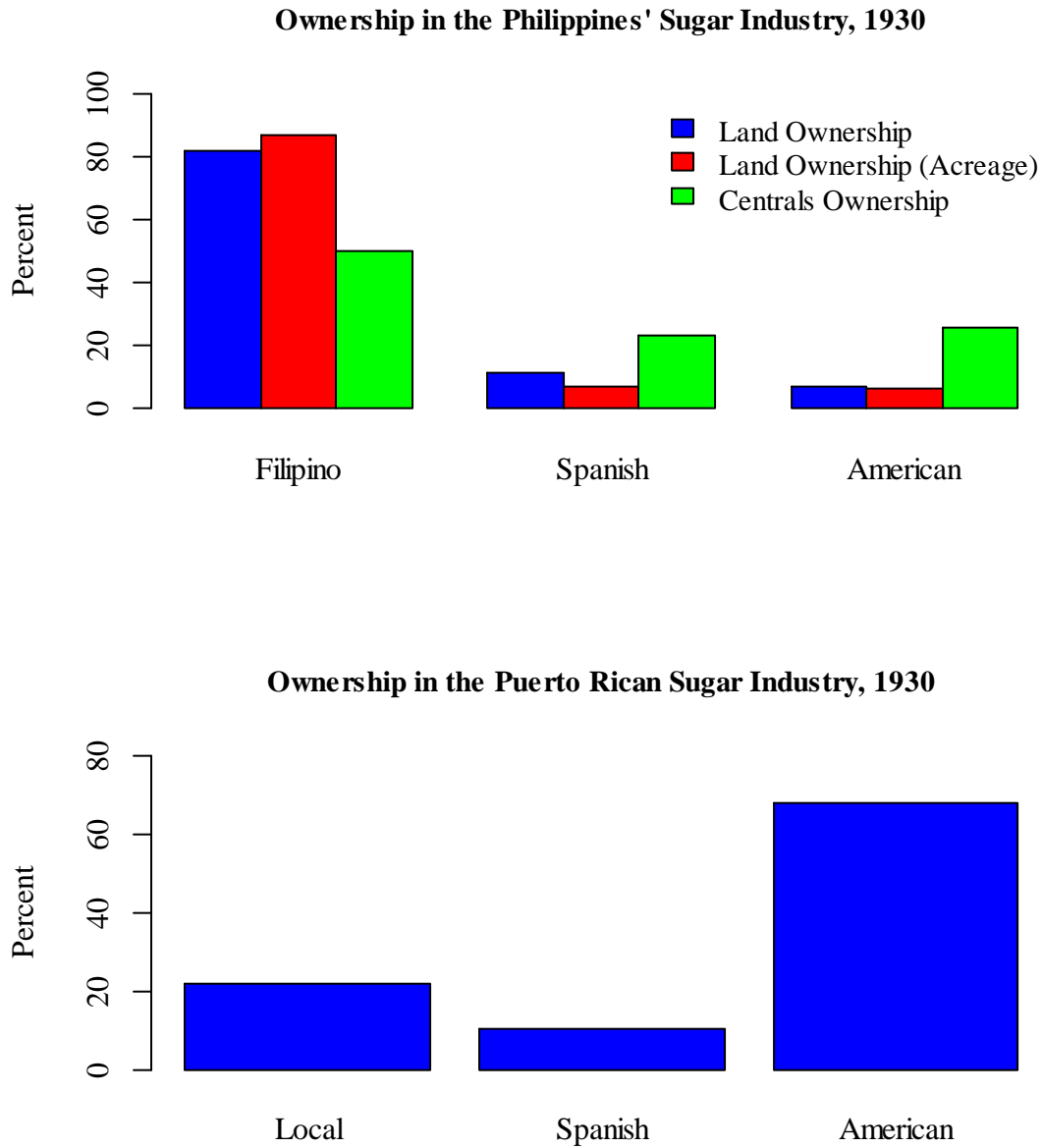


**Figure 2: Statistics on Sugar Production and Export**



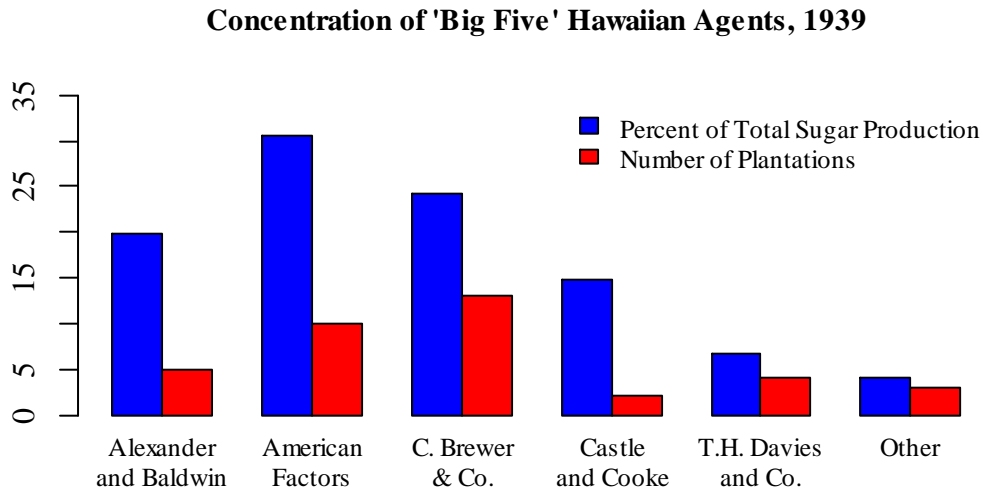
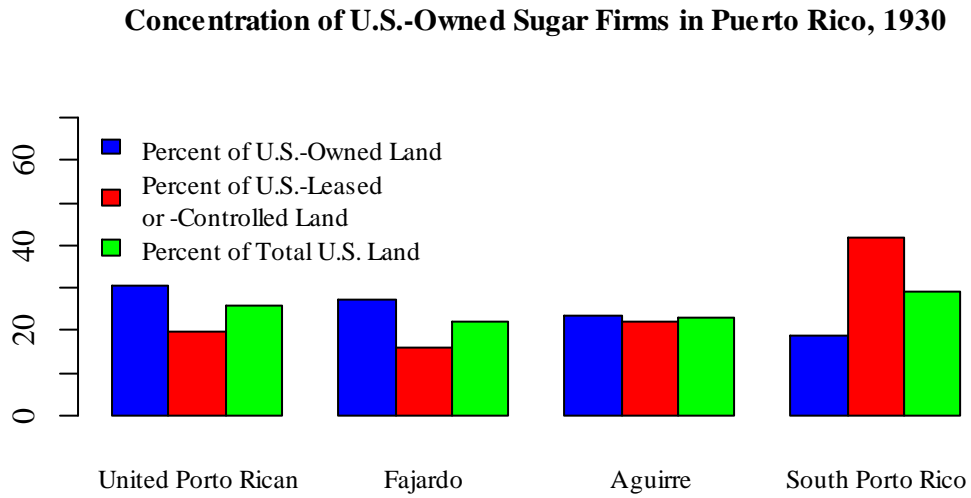
The data for the top figure are from Stocking and Watkins (2004: 27). The data for the middle figure are from Institute of Pacific Relations (1933: 5). The data for the bottom figure are from Farley (1935: 177). “Other” includes the U.S. Virgin Islands and all other foreign sources.

**Figure 3: Sugar Industry Ownership, by Nationality**



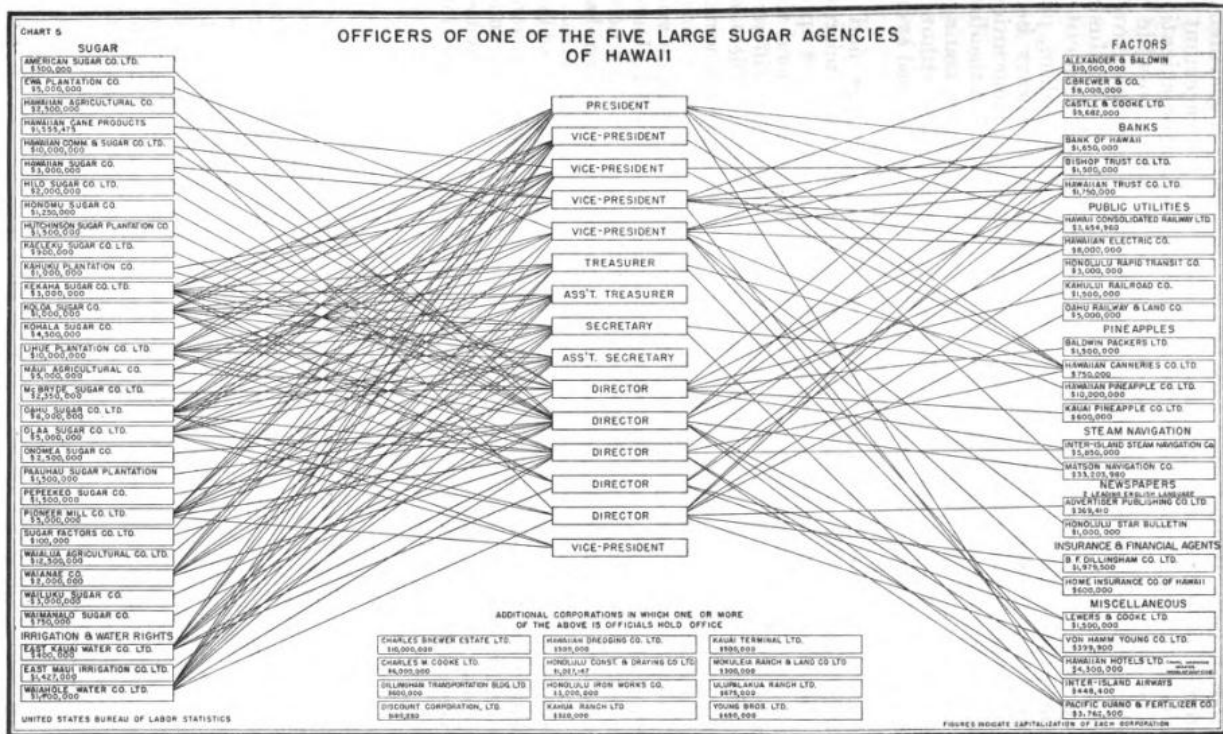
The figures for the Philippines are from the “Brief of the Philippine Delegation for Independence for the Philippine Islands” (quoted in Independence Hearings 1930: 240). The figures for Puerto Rico are from Diffie and Diffie (1931: 52).

**Figure 4: Concentration**



The figures for Puerto Rico are from Diffie and Diffie (1931: 52). The figures for Hawaii are from Shoemaker (1940: 27-8).

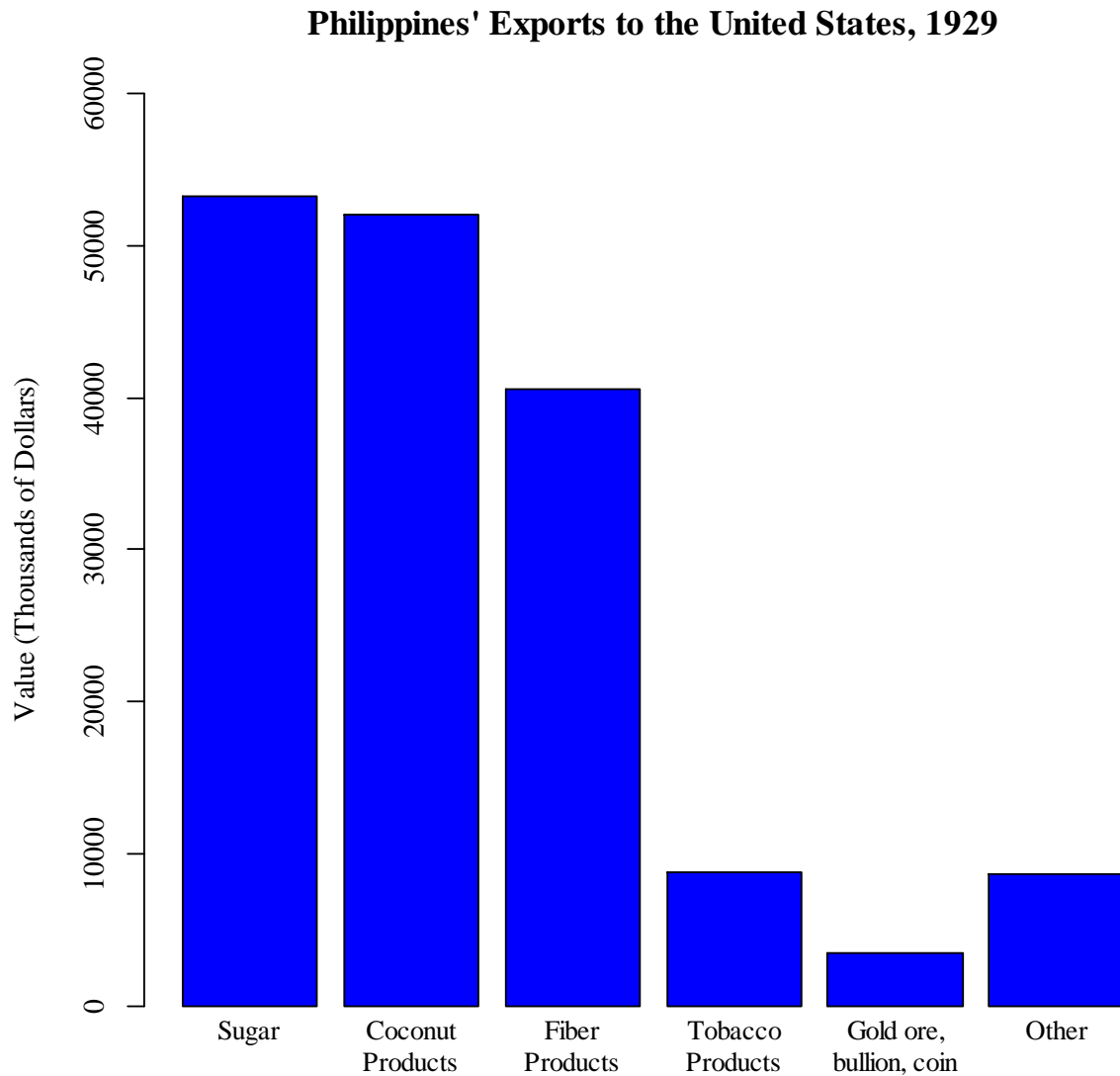
Figure 5: Interlocking Ownership and Control in the Hawaiian “Big Five”



Source: Shoemaker (1940: 147)



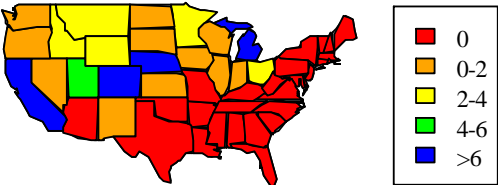
**Figure 6: Exports from the Philippines**



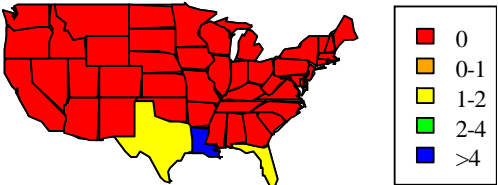
These figures are calculated from Smith (1933: 305). “Coconut products” includes coconut oil, desiccated coconuts, copra, and copra meal. “Fiber products” includes abaca, maguey (a kind of agava), cordage, and other products manufactured from them. “Tobacco products” includes both cigars and tobacco leaf.

**Figure 7: Agricultural Production by State, 1924-1932**

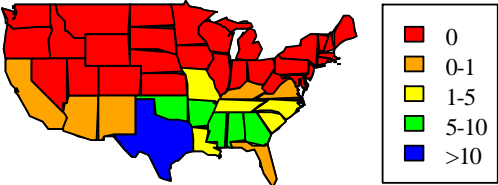
**Sugar Beets (Ten thousands of acres harvested)**



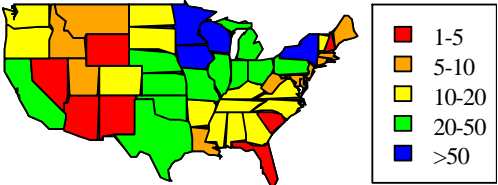
**Sugar Cane (Thousands of acres harvested)**



**Cottonseed (Hundred thousands of tons produced)**

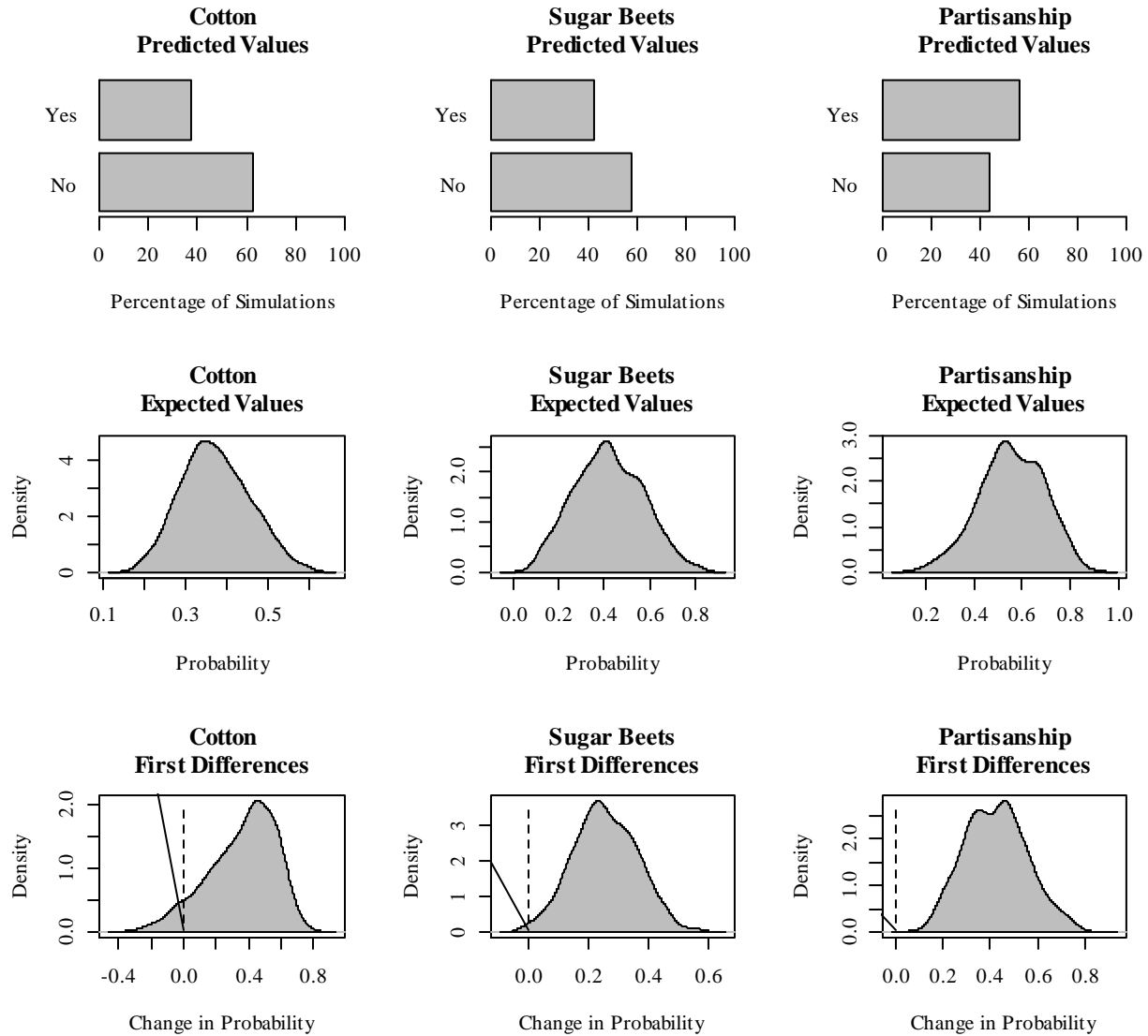


**Milk (Hundreds millions of pounds produced)**



Data are author’s calculations (see Panel A of Table 2 for sources).

**Figure 8: Partisanship, Agriculture, and Votes for Independence**



This figure summarizes the relationship between partisanship, cotton production, sugar beet production, and votes for independence in the Hare-Hawes-Cutting Act as estimated in Model 1 in Table 3. Each quantity of interest is derived from 10,000 simulations from Model 1. *Predicted values* are the predicted vote for independence at given values of the independent variables:  $Y|\mathbf{X}$ . *Expected values* are the probability that a Senator voted for independence at given values of the independent variables:  $\Pr(Y=1|\mathbf{X})$ . First differences are the changes in the probability of a vote for independence for  $\mathbf{X}$  versus  $\mathbf{X1}$ :  $\Pr(Y=1|\mathbf{X}) - \Pr(Y=1|\mathbf{X1})$ ; values of  $\mathbf{X}$  and  $\mathbf{X1}$  for each simulation are described in the text).

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