Trade Competition and American Decolonization

Thomas B. Pepinsky

Department of Government
Cornell University
pepinsky@cornell.edu

November 9, 2012
Motivations

Philippine independence in comparative perspective

1. The role of sugar. Why? How?
2. The “inevitability” of decolonization
3. Decolonization in a time of empire
Trade, Production, and Late Colonialism

Early colonialism $\Rightarrow$ Extraction and market capture
Trade, Production, and Late Colonialism

Early colonialism $\Rightarrow$ Extraction and market capture

Late colonialism $\Rightarrow$

Imperial expansion $+$ technological change $+$ agr. development

$= \text{competition between metropoles and colonies}$
Trade, Production, and Late Colonialism

Politics ⇒ supporters versus opponents of decolonization
Trade, Production, and Late Colonialism

Politics ⇒ supporters versus opponents of decolonization

More support for decolonization if

1. Diverse colonial exports
2. Easy substitution for domestic products
Politics $\Rightarrow$ supporters versus opponents of decolonization

More support for decolonization if

1. Diverse colonial exports
2. Easy substitution for domestic products

More opposition to decolonization if

1. Colonial producers are “represented” in the metropole
2. Colonial producers overcome collective action problems
Expectations

Support for and Opposition to Decolonization

- Broad Support
- Diffuse Opposition
- Narrow Support
- Concentrated Opposition

Local Ownership

Low

Diversity of Competitive Exports

Low

High

Decolonization Most Likely

Decolonization Most Unlikely
Today's Three Cases

Diversity of Competitive Exports

Local Ownership

Low

Puerto Rico

High

Philippines

Low

Hawaii

High

Diversity of Competitive Exports
## Comparing the Philippines, Hawaii, and Puerto Rico

<table>
<thead>
<tr>
<th></th>
<th>Philippines</th>
<th>Hawaii</th>
<th>Puerto Rico</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar Exports</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Ethnic-Racial Core</td>
<td>“Asiatic”</td>
<td>“Asiatic”</td>
<td>“Latin”</td>
</tr>
<tr>
<td>Dominant Religion</td>
<td>Catholicism</td>
<td>“Indigenous”</td>
<td>Catholicism</td>
</tr>
<tr>
<td>Time as U.S. Terr.</td>
<td>Since 1898</td>
<td>Since 1898 (...)</td>
<td>Since 1898</td>
</tr>
<tr>
<td>Strategic Importance</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Independence demand</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>U.S. Share of Sugar</td>
<td>c. 10%</td>
<td>100%</td>
<td>68%</td>
</tr>
<tr>
<td>Industrial conc.</td>
<td>Dispersed</td>
<td>“Big Five”</td>
<td>Four Firms</td>
</tr>
<tr>
<td>Other exports</td>
<td>Coconuts</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>
Sugar Production

Cane Production and Export, 1929–1933

Thousands of Long Tons of Raw Sugar

Production
Export

Hawaii
Philippines
Puerto Rico

Pepinsky (Cornell)
Ownership

Philippines' Sugar Industry, 1930

Percent

Land Ownership
Land Ownership (Acreage)
Centrals Ownership

Filipino
Spanish
American

Ownership
Philippines' Sugar Industry, 1930

Percent

Land Ownership
Land Ownership (Acreage)
Centrals Ownership

Filipino
Spanish
American
Ownership

Puerto Rican Sugar Industry, 1930

Percent

0 20 40 60 80 100

Local
Spanish
American
Concentration

Puerto Rico, 1930

- Percent of U.S.–Owned Land
- Percent of U.S.–Leased
- or –Controlled Land
- Percent of Total U.S. Land

United Porto Rican
Fajardo
Aguirre
South Porto Rico
Puerto Rico: Access in Washington and control in San Juan

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.

– Bergad 1978: 81

Not only were the various U.S. appointed governors concerned with protecting U.S. interests, which meant sugar, but sugar permeated the islands 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 islands principal industry and their own sources of income.

– Hanson 1955: 31
Hawaii: the Hawaiian Sugar Planters’ Association

The Hawaiian Sugar Planters’ Association 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

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
Exports

Philippines’ Exports to the United States, 1929

Value (Thousands of Dollars)

<table>
<thead>
<tr>
<th>Product</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar</td>
<td>60000</td>
</tr>
<tr>
<td>Coconut Products</td>
<td>50000</td>
</tr>
<tr>
<td>Fiber Products</td>
<td>30000</td>
</tr>
<tr>
<td>Tobacco Products</td>
<td>20000</td>
</tr>
<tr>
<td>Gold ore, bullion, coin</td>
<td>5000</td>
</tr>
<tr>
<td>Other</td>
<td>1000</td>
</tr>
</tbody>
</table>

Pepinsky (Cornell)
Voting for Philippine Independence

Narrative evidence of support for Philippine independence from

1. Sugar beets
2. Other U.S. sugar cane
3. Cotton
4. Dairy
5. Agriculture in general

NB: of course, also unions, racists, progressives too

Further empirics: mixed-effect probit regression of Senate votes for Hare-Hawes-Cutting Act of 1933 as function of partisanship, agricultural profiles, Filipino population, state-level effects
Main Results

Cotton
Predicted Values

Sugar Beets
Predicted Values

Partisanship
Predicted Values

Cotton
First Differences

Sugar Beets
First Differences

Partisanship
First Differences

Models and simulations via Zelig (Imai, King, Lau)
Conclusions and Implications

1. Not trade itself, but organization and structure
Conclusions and Implications

1. Not trade itself, but organization and structure
2. Variation across colonial powers?
   - Corn Laws and grain exports from the Little Europes?
   - What did Belgium and Portugal make?
Conclusions and Implications

1. Not trade itself, but organization and structure
2. Variation across colonial powers?
   - Corn Laws and grain exports from the Little Europes?
   - What did Belgium and Portugal make?
3. Disciplinary and subdisciplinary divides
   - Milner 1998
   - area studies vs. ethnic studies vs. polisci
### Extras: Regression Results

<table>
<thead>
<tr>
<th></th>
<th>Model 1</th>
<th></th>
<th></th>
<th>Model 2</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coef</td>
<td>S.E.</td>
<td>Z</td>
<td>Coef</td>
<td>S.E.</td>
<td>Z</td>
</tr>
<tr>
<td><strong>Fixed Effects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Intercept)</td>
<td>0.65</td>
<td>1.27</td>
<td>0.51</td>
<td>0.46</td>
<td>1.04</td>
<td>0.44</td>
</tr>
<tr>
<td>Democrat</td>
<td>2.29</td>
<td>0.66</td>
<td>3.49</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cotton</td>
<td>0.21</td>
<td>0.14</td>
<td>1.49</td>
<td>0.33</td>
<td>0.09</td>
<td>3.52</td>
</tr>
<tr>
<td>Sugarbeets</td>
<td>0.34</td>
<td>0.14</td>
<td>2.36</td>
<td>0.22</td>
<td>0.11</td>
<td>1.94</td>
</tr>
<tr>
<td>Milk</td>
<td>-0.19</td>
<td>0.18</td>
<td>-1.06</td>
<td>-0.09</td>
<td>0.15</td>
<td>-0.64</td>
</tr>
<tr>
<td>Pct. Filipino</td>
<td>-0.01</td>
<td>0.13</td>
<td>-0.07</td>
<td>0.03</td>
<td>0.10</td>
<td>0.31</td>
</tr>
<tr>
<td><strong>Random Effects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>0.16</td>
<td>0.40</td>
<td></td>
<td>0.03</td>
<td>0.18</td>
<td></td>
</tr>
<tr>
<td>Observations</td>
<td>94</td>
<td></td>
<td>94</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Groups</td>
<td>48</td>
<td></td>
<td>48</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Each model is estimated via mixed effects probit regression (Bailey and Alimadhi 2007). Cotton, Sugarbeets, Milk, and Pct. Filipino are expressed in logs.
Extras: The E Word

Pepinsky:
Ownership → lobbying → independence

Joint Determination:
Likelihood of independence → lobbying → independence

ownership
Sugar Production, 1921–1940

Thousands of Short Tons of Raw Sugar

1921 1924 1927 1930 1933 1936 1939
0 1000 2000 3000 4000

Continental USA

Hawaii, Philippines, and Puerto Rico
Extras: Concentration Illustrated