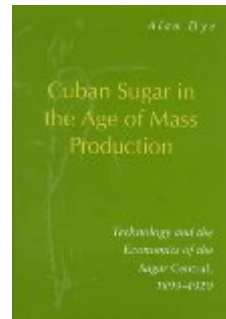


Alan Dye. *Cuban Sugar in the Age of Mass Production: Technology and the Economics of the Sugar Central, 1899-1929.* Stanford: Stanford University Press, 1998. 343 pp. \$55.00, cloth, ISBN 978-0-8047-2819-5.



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The history of Cuba is the history of sugar, or so it might seem to a reasonable observer. Indeed, so much has been written about sugar, about Cuba, and about sugar in Cuba that you might wonder what remains to be said. The answer, after reading Alan Dye's study of Cuban sugar in the age of mass production, is "plenty." The period of Dye's focus, 1899 through 1929, is commonly called Cuba's "second" sugar revolution as opposed to the "first" revolution that occurred between about 1825 and 1845 or so. Dye brings the elegant simplicity of mainstream economic analysis to bear on a subject that has rarely been treated so dispassionately. If you do not know much about Cuban history, you may find it odd to learn that simply thinking about Cuba (or much of the rest of Latin America) in neoclassical terms is in itself a big deal. But that it is. There was a time, not so long ago, I might add, that to question whether all Cuba's ills were really the result of capitalism, imperialism and racism was to question the basis and legitimacy of the Revolution itself. Dye knows this and picks his way carefully through the minefield (and politics) of Cuban historiography. The result is an impressive economic

history, with as much stress on history as on economics.

The first three chapters of the book give an accurate and informed account of the Cuban sugar industry between 1763 and 1898, when the lines of Cuba's subsequent economic development were set. This was the age of the sugar plantation, of African slavery, of the rapid spread of sugar into the island's fertile central plains, and of the ingenio, which Dye defines as "a self-contained plantation/mill complex, vertically integrated and centrally managed." The production of sugar grew by leaps and bounds, coming to dominate the island's economy, or at least it did in the west, if not in the backward, peasant-dominated east. Anyone unfamiliar with the history of Cuban sugar before 1898 can read these chapters with profit. My only criticism is that the discussion seems heavily in the thrall of Manuel Moreno Fraginals, Ramiro Guerra y Sanchez, Fe Iglesias, and Leland Jenks. There has subsequently been more than a little empirical work on Cuba (and quite relevantly, on Puerto Rico as well) that would nicely buttress Dye's conclusions but which escapes his attention.

Still, this is not a major failing. Dye's principal contribution begins with Chapter Four and it is on this basis that his work should be judged.

The first thing to recognize is that Cuba faced a problem that had bedeviled the sugar industry everywhere, namely, a long term decline in the price of sugar. In an effort to remain competitive, producers in Cuba discarded the model of the plantation complex that had been the bulwark of the industry everywhere since the sixteenth century. They turned, instead, to the continuous-process technology that yielded important economies of scale, namely, the large, modernized, heavily mechanized central with its attendant corps of cane farmers or colonos. The technology came to Cuba after the conclusion of the Spanish-American-Cuban War and was disproportionately deployed by investors from the United States who had taken over the Cuban protectorate from Spain. Logically, the new centrales embodied the best technology available and in so doing gained a reputation for imposing efficiency on Cuban rivals who would not or simply could not compete. Dye argues that this reflected not so much capital market imperfections or credit rationing as it did the desire of the Cubans to continue producing sugar from plants that may have been obsolescent, but which, in view of the high price of sugar down to 1920, were not yet obsolete. When prices suffered their inevitable fall, the Cubans found themselves squeezed out by the Yanquis, whose success the Cubans attributed to political clout and economic endogamy. This makes for a good story and Dye tells it very well.

The only qualification I might add is that, while economically enticing, Cuba offered investors from the United States other advantages. Before 1910, most direct investment from the United States in Latin America went to Mexico but that investment rested on the political stability imposed by the gerontocracy of the regime of Porfirio Diaz. When the lid blew off Mexico in 1910 and Diaz decamped to Paris, the gringos jumped

ship as well, but they got off in Cuba. I believe Cleona Lewis's work on "American" investment overseas substantiates this. Cuba, with its complaisant political system (the United States was given the right to intervene in the island's affairs in 1901 by the infamous Platt amendment to the Cuban constitution), was a lot better than revolutionary Mexico and even better than, say, the Philippines, which were as willing to fight the United States as they were to fight Spain. Cuba offered diversions and the quiet life that Mexico no longer did. Dye's book is also interesting on other grounds. Observing, as did Leland Jenks, that sugar mills in Cuba continued to expand in the 1920s even as the war-induced spike in prices (known in Cuba as the "dance of the millions") collapsed thereafter, Dye proposes, in Chapter Five, that adjustment costs rather than "irrational exuberance" are the explanation. Many of the newer mills that entered the market when prices were high were unable to expand rapidly enough to avail themselves of economies of scale before prices fell. Skilled supervision, social overhead capital, even well-organized domestic cane supplies were not readily available to new entrants into the industry at anything less than prohibitive cost. So, as is sometimes said in Latin America, the new mills "made haste slowly," expanding production to optimal levels even after the initial stimulus to entry would seem to have dissipated. Rational exuberance, in other words. Dye cautions his readers that they might wish to skip over his estimation of adjustment costs. I can see where my colleagues in Latin American history might not want to go where Dye leads, but I was repeatedly struck by the clarity and cleverness of his exposition.

In Chapter Six, Dye tackles the issue of regional specialization. Historically, the sugar industry had spread from west to east and for most of the nineteenth century; the western half of the island was the most "modern." The pattern changed dramatically in the twentieth century when the bulk of new investment flowed to eastern provinces

like Camaguey and Oriente. Dye's explanation for this phenomenon makes sense. Western Cuba was least malleable in institutional terms, since prospective investors faced independent cane farmers and a railway network adapted to patterns of production dating back to the 1830s. The east was relatively virgin territory. There the new industry could have railways shaped to its own requirements and could control cane farming by reserving large tracts of land for its own use. Eastern Cuba thus offered advantages to the latecomer that were unavailable in the west. For the modern-minded, this analysis is formally specified and tested using a fixed-effects regression model in Chapter Seven, wherein Dye draws the inevitable conclusion that history matters: "The difference of the relative costs of cane in the east and the west was truly a consequence of the different histories of the two parts of the island" (p. 238). Chapter Eight reflects on the importance of factor endowments for choice of technique.

It would be difficult for me to overstate the value of this book but even so, there are some blemishes. The text repeats itself in more than a few places and the repetition sometimes occurs within the compass of a couple of pages. This is just poor copy-editing. There are also places where I thought Dye was making things unnecessarily difficult, particularly for nonspecialist readers. Why does degree of difficulty matter? Well, here is a book that should be required reading for all Latin American historians and not just for economic historians or the Methodologically and Theoretically Correct. It may well be that the Revolution in 1959 was not the result of some Big Dialectic working its way through Cuban history, but Dye explains, in measured tones, how one historical option after another was foreclosed to Cuba and why its problems have consequently seemed so intractable. This may be an enlightening example of "path dependence" but to Latin American historians of a certain age, it recalls the discussions of "colonial heritage" that generated so much excitement thirty years ago. The fact that

Dye ends up where he does strongly suggests that there is no right or wrong way to do history, just more or less fruitful and relevant ways of doing it. Good history is good history, and Alan Dye's book is good history indeed.

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