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## FINANCE CAPITAL VS. MANAGERIAL CONTROL IN A COLONIAL SPHERE: UNITED STATES AGRIBUSINESS CORPORATIONS IN PUERTO RICO, 1898-1934.

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Observers of Puerto Rican society in the period 1898-1934 have remarked that the monocultural export economy was dominated by large corporations. These corporations were absentee owned. The structure of ownership of these corporations, however, has not been studied. How was United States capital organized in this colonial territory? Were the firms small and independent, or were they interlocked with each other and linked to oligopolistic structures in the United States? Were they controlled by managers, as managerial theory would have us believe? Or were they under proprietary control, and if so, how was this proprietary control organized? Were they linked to one another, related to banking capital, or vertically integrated? This paper seeks to answer some of these questions by looking at the history and interlocking directorate structure of the four large concerns which controlled approximately 60 percent of the sugar production of Puerto Rico before the Great Depression of the 1930s. The managerialist paradigm, which holds that

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the emergence of the modern corporation signified the emergence of manager control over the assets of capitalist enterprises, is incapable of explaining the expansion of metropolitan capital into the colonial economy of Puerto Rico. Instead, the evidence shows that a wide structure of proprietary control existed, and that it encompassed the sugar-refining industry of the United States, large New York banks, and colonial plantations in Puerto Rico, Cuba, and the Dominican Republic. The findings confirm the analysis of Zeitlin (1974) and support the notion that the theory of managerial control is based on paucity of information about real centers of proprietary control.

Between the Spanish-American War of 1898 and the Great Depression of the 1930s, the United States carved out a colonial sphere in the Spanish speaking islands of the Caribbean. Military occupations of Cuba and Puerto Rico in 1898, and the occupation of the Dominican Republic in 1916-24, opened the way for massive U.S. investments in sugar plantations. The combined sugar production of the three islands, which stood at 429,000 metric tons in 1900, more than doubled in two years. In 1902 the islands produced 1,013,000 metric tons of sugar. Output then doubled again between 1902 and 1910, reaching 2,270,000 tons of sugar. Between 1910 and 1918, production doubled again to 4,120,000 tons of sugar. Production continued to increase until 1925 (6,261,000 tons) and fell thereafter due to a series of restrictive policies aimed at reducing overproduction and restoring prices. The expansion of sugar production accentuated Cuba's dependence on that export crop, replaced coffee as the main export of Puerto Rico, and elevated sugar to first rank among the Dominican Republic's export crops. The islands became classical colonial monocultural export economies.

The development of a monocultural sugar-plantation economy in Puerto Rico forms part of a wider process which encompasses Cuba and the Dominican Republic, where United States military interventions also paved the way for the expansion of U.S. capital. But Puerto Rico's special status as a formal colony of the United States gave metropolitan capital advantages and guarantees of stability which it did not enjoy elsewhere. Because Puerto Rico became a U.S. possession, its exports were admitted free of duty into the United States. This gave sugar enterprises an advantage over enterprises in Cuba, whose products had to pay partial duties to enter the U.S. market, and over the Dominican Republic, which enjoyed no special tariff advantage.<sup>1</sup> The fact that Puerto Rico was a formal colony of the United States ruled by a presidentially appointed U.S. governor created an investment climate where U.S. investors had guarantees of political stability they could not dream of in Cuba or the Dominican Republic.<sup>2</sup> The *50th Anniversary Report* of the South Porto Rico Sugar Company, the largest U.S. corporation in the island between the Spanish American War and the Great Depression, acknowledged the special advantages of colonial rule and free trade.

Before the Spanish American War [...] there had been too much risk involved to interest American investors. The conditions changed when the American Army landed on July 25,

1898, at Guánica Bay, near where the company's Guánica factory now stands. With Puerto Rico (then spelled Porto Rico) under the wing of the American government, and in a preferred position under its tariff system, opportunities in the island appeared more attractive [South Porto Rico Sugar Company, 1951, p.2].

United States settlers did not descend upon the densely populated island of Puerto Rico. Unlike the South after the Civil War, no carpet-baggers descended upon the island either. Instead, highly organized capital came to reap the profits of colonial enterprise. The sugar companies operating in Puerto Rico were vertically integrated concerns controlled by the sugar refining industry of the United States. The sugar corporations operating in Cuba and the Dominican Republic had a similar structure of ownership and management and formed part of a larger sphere of investment of U.S. corporations—what Eric Williams (1984, pp. 428-442) called "the American Sugar Kingdom in the Caribbean."

United States expansion as an imperialist power in the Caribbean took place in a period in which economic concentration had advanced precipitously, producing qualitative changes in the structure of capitalist property. The modern corporation replaced family owned enterprise and the basic unit of production in metropolitan capitalist societies in the last three decades of the nineteenth-century. The joint stock company permitted the centralization of capital to put in motion the technologies of the second industrial revolution, which transformed one industrial branch after another, featuring steel production, electricity, internal combustion engines, refrigeration, electric lighting and much else. Standard Oil became a model of organization for the new enterprises. After Standard Oil, horizontal consolidation advanced in one industry after another, leading to the formation of "industrial trusts." Hilferding's famous study of finance capital (1981) is replete with examples of the U.S. sugar refining industry and the American Sugar Refining Company.

The examination of boards of directors of the colonial corporations operating in Puerto Rico requires knowledge of interlocking directors, but more importantly, knowledge of the history of the directors themselves. Much interlocking directorate analysis is based on inquiries about *formal* relations. If director *x* of company *a* is also a director of company *b*, we say that there is an interlock between company *a* and company *b*. However, this analysis can be very misleading in that all interlocks are not equally meaningful. As Paul Sweezy has pointed out, anyone starting on the premise that all interlocks are equally meaningful would have no problem showing that all the largest corporations of the United States constitute one single "interest group" (Sweezy, 1953a).

## I. THE OLIGOPOLISTIC NETWORK OF REFINERS

The Sugar Trust was the second modern corporation in the United States, after Standard Oil. From 1887, the highly consolidated sugar refining industry

functioned as a monopoly, the American Sugar Refining Company. After 1900, the industry acquired an oligopolistic structure. A few gigantic enterprises, heavily interlocked with one another and owning each other's stock, controlled the market for refined sugar of the United States. After the Spanish American War, the principal sectors of what continued to be called the "Sugar Trust" were the American Sugar Refining Company and the National Sugar Refining Company [Eichner, 1969; Mullins, 1964; Vogt, 1908; Zerbe, 1969]. In 1904, John Moody listed the sugar refining industry as one of the "Seven Greater Industrial Trusts" of the United States (Moody, 1904, p. 453).

Sugar plantations in Puerto Rico, known as *centrales*, produced the raw material for the sugar refineries of the United States. The presence of sugar refiners and of directors from banks allied with the refining companies in the board of directors of sugar companies in Puerto Rico is evidence of vertical control of the refining industry over the *centrales* of Puerto Rico (Ayala 1990, pp. 188-289). Because the *centrales* and the refineries were owned by the same interests, the raw sugar produced by the former was sold to the latter at administered transfer prices, allowing the corporations to shift profits out of the island to escape taxation through bookkeeping devices. Four large sugar corporations came to dominate the economic life of the island by the early 1930s. The Aguirre, Fajardo, South Porto Rico and United Porto Rico companies produced approximately 60 percent of the sugar of the island by the late 1920s.

## II. THE AGUIRRE SUGAR COMPANY

As an imperialist, you may not be surprised that I wish to be in the front row of colonial expansion! In short, I am very anxious to go to Porto Rico. J.D.H. Luce, founder of the Aguirre Sugar Company, to U.S. Senator Henry Cabot Lodge, July 15, 1898 [quoted in McAvoy, 1988: p. 99].

If we take a purely formal approach to interlocking directorates, we may discover, for example, that James Howell Post, a director of the Aguirre Sugar Company, was also a director of the Barahona Sugar Company in the Dominican Republic, of the Fajardo Sugar Company in Puerto Rico, and of the Cuban American Sugar Company in Cuba. However, if we know that James Howell Post was president of the National Sugar Refining Company of New Jersey, that he was a director of National City Bank and of the American Colonial Bank of Porto Rico, and if we also know his previous role in the sugar refining industry, the formal interlock acquires a special significance. The interlock now acquires meaning in a network that is hierarchical. For this reason, I have examined the most important interlocks and directors in the Puerto Rican corporations, such as James Howell Post, Horace Havemeyer, son of the founder of the Sugar Trust, and Thomas Howell, vice-president of the National Sugar Refining Company. Knowledge of their previous role in the sugar refining industry of the United States is the key to

understanding their significance in the expanded network of sugar refiners which includes the sugar producing *centrales* of the Cuba, the Dominican Republic, and Puerto Rico.

The Central Aguirre Sugar Company was established by a group of pioneering capitalists unrelated to the sugar refining industry. Within five years of its foundation, sugar refiners purchased the majority interest in the Aguirre Sugar Company. The company was founded by capitalists from Boston and taken over by sugar refiners from New York in 1905. The former represented colonial frontiersmen who embarked on the adventure of colonial expansion in search of windfall profits. The latter represented the organized power of the oligopolistic establishment of sugar refiners who had spent a decade integrating horizontally and who turned to vertical integration with plantations in the Caribbean as a means of increasing control over the supply of raw sugar, the essential raw material of the refining industry.

The founders of Aguirre were Henry De Ford, Francis Dumaresq, William Sturgis Hooper Lothrop, and John Dandridge Henley Luce. The four men sailed to Puerto Rico shortly after the U.S. military invasion in 1898. They established a partnership, De Ford and Company, a banking firm, in which each held a quarter share. Both J.D. H. Luce and W.H. S. Lothrop had received training in the banking business in the well known Boston banking House of Kidder, Peabody and Company (Aguirre Sugar Company, 1949, p. 15). Both had served in the foreign banking department of that bank, (McAvoy, 1982, p. 2). The other two partners, De Ford and Dumaresq, were sugar brokers in Boston since 1886. The intervention of his brother in law Henry Cabot Lodge (Senator from Massachusetts) with President McKinley, allowed J.D.H. Luce to secure for De Ford and Company the position of fiscal agent of the government of the U.S. military occupation in Puerto Rico. In its formative phase, the Aguirre Sugar Company relied on the colonial state (McAvoy, 1982, p. 4).

De Ford and Company continued to be the exclusive agent for the government until June, 1899, when its share was reduced to 50 percent. In 1903 it ceased altogether as depository for government funds, and moved into the sugar cane business. In February 1899 it bought the 2,000 acre Aguirre estate on the South of the island and leased for 10 years the Carmen (937 acres), Josefa (1,300 acres), and Amadeo (231 acres) estates, with option to buy. At the same time, the newly founded corporation contracted with the Esperanza, Margarita, and Caños estates for the grinding of their sugar cane. In addition, De Ford and company bought the franchise for a railroad line between Ponce and Guayama from the French Railroad Company. In July, 1899, a partnership, known as Central Aguirre Syndicate, was formed with initial capital of \$525,000, a sum which was increased to \$2,000,000 in 1903 (Aguirre Sugar Company, 1949, p. 16). Of the original partners in De Ford and Company, Dumaresq returned to Boston in 1901 and died there a year after, De Ford moved on, "for reasons not known," and Lothrop died in Ponce in 1905 during an appendectomy. Only Luce survived the

initial years. After the death of Lothrop, Luce entered into a partnership with Charles Lemuel Crehore, his classmate from Harvard, and the Central Aguirre syndicate began to be managed by the firm of Luce, Crehore and Company. Within a few years, however, the pioneering capitalists from New England were replaced by much more organized capitalists linked to sugar refining in the United States.

In 1905 the company was organized as a "trust" incorporated in Massachusetts. Seven of the directors of the new corporation were from Boston, but three, including the vice-president John Farr, were from New York. The other two were James Howell Post and Frederick D. Mollenhauer, the president and vice-president of the National Sugar Refining Company, respectively. When Mollenhauer retired in 1911 from the National Sugar Refining Company, his replacement, Thomas Howell, took his post in the board of Aguirre. Seven years after the founding of Aguirre by Boston interests, the company was taken over by the New York refining interests associated with the National Sugar Refining Company.<sup>3</sup>

The Boston interests had the numerical advantage in the board, due to the origins of the corporation, but the New York capitalists linked to the sugar refining business had strategic leverage over them. The board of Aguirre was composed of three central men from the National Sugar Refining Company, plus a periphery of Boston capitalists who were there because the company had originally been founded by Boston interests. After the 1905 reorganization, the interests from Boston came to occupy a position of secondary importance, even though J.D.H. Luce, one of the founders, was retained as president (McAvoy, 1982, p. 7).

A director who sits in the board of two corporations may or may not represent institutional linkages between enterprises. The replacement of broken ties in an interlocking structure is generally a meaningful sign of formal relations between enterprises (Palmer, 1983). When Thomas Howell replaced Frederick Mollenhauer as vice-president of the National Sugar Refining Company, he also took over his seat in the board of directors of the Aguirre sugar company. Both Mollenhauer and Howell represented a vertical linkage between the Aguirre Sugar Company, an enterprise producing raw sugar in the Caribbean, and the National Sugar Refining Company, a corporation which owned sugar refineries in the United States. The sugar refiners held a number of directorships in the Aguirre company, and when a refiner retired from the Board of Aguirre he was replaced by another from the same sugar refining company. However, when the pioneering president of the Aguirre corporation, who did not represent the larger interests of the "Sugar Trust," died in 1921, he was not replaced by another capitalist representing the same corporate affiliations. Luce had remained in Aguirre as president even after the company was taken over by the New York refiners of the National Sugar Refining Company. Luce's only son, Stephen Bleeker Luce, wrote to his uncle, Henry Cabot Lodge, that he felt he should occupy his father's position in

the Aguirre Company. His uncle advised him against it and explained that Aguirre was no longer controlled in Boston.

Your father built up [Aguirre] and made it successful for himself and for everyone connected with it. He was, of course, retained as president because his knowledge and experience were invaluable, but you must bear in mind that the company was not controlled by your father or the interests he represented. The company is owned and controlled in New York and has been for some time ... You and the people you care about are minority stockholders—just how large a minority I do not know, but a very decided minority (quoted in McAvoy, 1982, p. 10).

The positions of Luce and his son were not analogous to the position of the sugar refiners in the board of Aguirre. There were, to be sure, capitalists from Boston in the Board of Aguirre with linkages to the sugar-refining establishment of the United States.<sup>4</sup> Charles Francis Adams of the Aguirre Sugar Company was one of the 11 directors of the American Sugar Refining Company, the largest sugar refining corporation in the United States. A descendant of an old Boston family, Adams had access to the highest circles of power in the United States. In 1921, he was director of a multitude of corporations. In 1929-31, he was Secretary of the Navy (*National Cyclopaedia of American Biography*, vol 53: pp. 11-12). However, although linked to the sugar business, Adams made a career as a politician instead of a businessman. What makes the directorships of the sugar refiners from New York in the Aguirre company especially meaningful is the larger structure of corporate affiliations to which they belonged. The most important linkages of Aguirre with the sugar-refining establishment are James Howell Post and Thomas H. Howell, of B.H. Howell Son & Company and the National Sugar Refining Company. An analysis of their positions in 1921 clarifies their situation in the Aguirre company by showing the extent of their involvement in the sugar industry of the Dominican Republic and Cuba as well as in Puerto Rico. Post and Howell outranked all other directors in that they were central and nodal in the network of interlocks between banks, sugar refining companies, and colonial sugar plantations.

The sugar industry experienced a frenzied expansion during World War I, due to the destruction of the European beet crops and the consequent rise in the world market price of that commodity during the conflict. United States investors bought and built sugar mills in Cuba (Jenks, 1929, pp. 176-177) and the Dominican Republic (Knight, 1928) at an unprecedented pace. U.S. banks financed the expansion of the sugar industry during the war in a context of soaring sugar prices, especially in Cuba: "The actual production has increased over 50 percent during the war period, and Cuba now produces about 25 percent of the world's sugar as against an average of about 11 percent in the decade preceding the war" (National City Bank of New York, 1919, p. 3). In 1921, the structure of the complex system of refineries in the United States and the vertically integrated plantations in the Caribbean had taken definitive form. James H. Post was president and Thomas Howell vice-president of the National Sugar Refining

Table 1. Directorships of National Sugar Refining Company Officers in the Caribbean Sugar Industry, 1921

Company	Thomas A. Howell	James Howell Post	John Farr
National Sugar Refining Company	VP + D	P + D	
Cuban American Sugar Company (1)	VP + D	VP + T + D	D
Tinguaro Sugar Company			D
Chaparra Sugar Company	D	First VP + T + D	D
Unidad Sugar Company			D
Cuban Sugar Refining Co.			D
Colonial Sugars Company	VP + T + D	First VP + T + D	P + D
Chaparra Railroad Company			D
West India Finance Corporation (2)	P + D	D	
Barahona Sugar Company	VP + D		
Aguirre Sugar Company (3)	D	D	VP + D
Ponce and Guayama Railroad Company			D
Atlantic Fruit Company	D		
Central Alta Cedro	P + D		
Central Cupey Sugar Company	P + D		
Compania Azucarera Dominicana C. por A.	P + D		
Fajardo Sugar Company (4)	D	D	
Guantanamo Sugar Company		P + D	
Holly Sugar Corporation	VP + D	D	
New Niquero Sugar Company	D	P + D	
Palma Soroano Sugar Company	VP + D		
Santa Ana Sugar Company	P + D		
Santos Company	D	P + D	
Sugar Planters Corp.	D		
U.S. Casualty Company		D	VP + D
U.S. Industrial Alcohol Company	D		

Notes: P = President; VP = Vice-President; T = Treasurer; D = Director.

<sup>1</sup>CASC was a holding company which controlled the Mercedita, Tinguaro, Chaparra, Unidad, San Manuel, Cuban Sugar Refining, Colonial Sugars and Chaparra Railroad companies.

<sup>2</sup>WISFC was a holding company which controlled the Consuelo, Barahona, Quissqueya, San Isidro, Las Pajas, San Marcos, San Carlos, Santa Fe, Porvenir and Ansonia sugar mills in the Dominican Republic.

<sup>3</sup>Aguirre Sugar Company owned the Aguirre, Cortada, and Machete mills in Puerto Rico.

<sup>4</sup>Fajardo Sugar Company owned the Fajardo and Canovanas mills in Puerto Rico.

Source: Directory of Directors in the City of New York, 1921.

Company. Both had been originally members of the firm of B.H. Howell Son & Company, which together with the McCahan, Bunker and Mollenhauer refineries, consolidated and formed the National Sugar Refining Company in 1900. The merger of the previously independent refining interests into the National Sugar Refining Company was caused by low prices in the refined sugar market at a time when two giant corporations in the industry, the American Sugar Refining Company and Arbuckle Brothers, were engaging in a price war. In 1921, the American Sugar Refining Company still held important interests in the National Sugar Refining Company. In 1922, the court decision which ended prolonged antitrust litigation against the sugar refining monopoly (the Sugar Trust) allowed the American Sugar Refining Company to retain a 25 percent interest in the National Sugar Refining Company. In the complex history of the Sugar Trust, the American Sugar Refining Company, established in 1887, achieved literally a monopoly of sugar refining in the United States in 1890. The increase in price induced investments in sugar refining, and the American Sugar Refining Company had to engage in price wars and eventually merged with competing interests, notably Claus Spreckels, the California sugar refiner who controlled plantations in Hawaii, and Arbuckle Brothers, a firm of coffee roasters. After 1900, the process of horizontal consolidation in the sugar industry gave way to a process of vertical expansion of the refiners into the newly acquired colonial regions of the United States—Cuba, Puerto Rico, the Philippines, the Dominican Republic. Changes in the structure of the sugar market led the sugar-refining oligopolists, who had spent a decade fighting and consolidating with each other, to initiate a process of vertical integration through the acquisition of colonial plantations.

The directors from the sugar refineries in the board of Aguirre held many other positions in sugar companies in the Caribbean. Corporations created innovative organizational forms through which capital sought to avoid government prosecution against monopolies through the Sherman Anti-Trust Act. The New Jersey holding company, pioneered by Standard Oil and the American Sugar Refining Company, came into existence. By the time the expansion of the U.S. refining interests in the Caribbean took place, these organizational forms were in place. Unraveling the extent of involvement of U.S. refiners in the plantations in the Caribbean thus requires assembling information about a multiplicity of enterprises which were, at least on paper, independent of one another.

#### The Web of interlocking Directorates

James Howell Post and Thomas Howell were, respectively, treasurer and vice-president of one of the largest U.S. corporations in Cuba, the Cuban American Sugar Company. Post was first vice-president, treasurer and director of the Chaparra sugar company, which owned 200,000 acres of cane land in Cuba; first vice president and treasurer of the Colonial Sugars Company, which owned

55,000 acres of cane lands in Cuba and a refinery at Granmercy, Louisiana; first vice president and treasurer of the Fajardo Sugar Company in Puerto Rico; president and director of the Guantánamo Sugar Company, which owned three estates in Cuba with a total of 55,000 acres of land (Welliver, 1910: p. 386); president and director of the New Niquero Sugar Company in Cuba; and Director of the West India Sugar Finance Corporation, which operated in the Dominican Republic and in Cuba. In addition, Post was a director of the Holly Sugar Corporation, of the American Colonial Bank of Porto Rico, and of the American Hawaiian Steamship Company. Post was a director of the National Bank of New York.

Thomas A. Howell held almost as many directorships as Post in 1921: director of the Atlantic Fruit Company; vice-president of the Barahona Company (Dominican Republic); vice president of the Central Alto Cedro (Cuba); president of the Central Cupey Sugar Company (Cuba); president and director of the Chaparra Sugar Company (Cuba); vice-president of the Colonial Sugars Company (Cuba); vice-president of the Compañía Azucarera Dominica C por A (Dominican Republic); vice-president of the Cuban American Sugar Company; director of the Fajardo Sugar Company (Puerto Rico); president of the Holly Sugar Corporation; director of the New Niquero Sugar Company (Cuba); director of the Palma Soriano Sugar Company (Cuba); president of the Santa Ana Sugar Company (Cuba); and president of the West India Sugar Finance Corporation (Cuba and the Dominican Republic). In addition, Howell was a director of the Sugar Planters Corporation, of the U.S. Industrial Alcohol Company, and of the Second National Bank of the City of New York.

The presence of Post and Howell, from the National Sugar Refining Company and B.H. Howell, in the board of Aguirre, shows the link with the refining industry in the United States. Although there were other interests in Aguirre, the presence of these two men is of special significance and shows the predominance of the refining interests. This predominance does not lie either with their role in the actual management of the Aguirre estates or in their holding executive positions in these corporations. Day to day management of the Aguirre Sugar Company was performed by subordinates of these two great sugar barons. The importance of Post and Howell derives from their central position in a web of interlocking directorates comprehending the refining industry, the sugar estates in the Caribbean, and the banks, especially the National City Bank. Their presence in the board of Aguirre is key to the role of Aguirre in relation to the oligopolistic network of sugar refiners.

Other individuals associated with the National Sugar Refining Company and B.H. Howell can be found in Aguirre. The most important after Post and Howell is John Farr, publisher of the *Manual of Sugar Companies*. Farr was vice-president and director of the Central Aguirre Sugar Company. He held also many directorships in which the National Sugar Refining Company was represented. Farr was a director of the Chaparra Railroad Company and of the Chaparra Sugar

Company (a subsidiary of the Cuban American Sugar Company in Cuba); president of the Colonial Sugars Company (Cuba) and director of the Cuban Sugar Refining Company, the Cuban American Sugar Company, of the Ponce and Guayama Railroad (a subsidiary of Aguirre in Puerto Rico). Linking plantations and refineries, Farr was further a director of the of the Tinguaro and Unidad Sugar companies (subsidiaries of the Cuban American Sugar Company). He was, in addition, vice-president of the Porto Rico sales corporation. His business address was the same as that of Post, Thomas Howell, the Cuban American Sugar Company, and B.H. Howell Son and Company. They all worked around the corner from Wall Street in 129 Front Street, New York.

Farr was vice-president of the Aguirre Sugar Company side by side with the president, John Dandridge Henry Luce, a representative of the founding Boston interests. An analysis of the board of Aguirre thus presents the following paradox: though most of the directors were from Boston and were associated with the founders of the company, the real power inside Aguirre was the National Sugar Refining Company. Despite appearances to the contrary, Aguirre was a vertically integrated subsidiary of the National Sugar Refining Company of New York.

### III. THE FAJARDO SUGAR COMPANY

The process of horizontal consolidation of sugar refining companies in the last decade of the nineteenth century entailed organizational transformations of the merged firms and new roles for the capitalists involved. The transition from the family owned enterprise of the nineteenth-century to the corporation of the twentieth signified new roles, and new limitations imposed on previously independent entrepreneurs. When the "Sugar Trust" was formed, sugar refiners merged their properties and received trust certificates roughly in proportion to their share of the refined sugar market. The loss of independence, and their subordination to the "captain of industry" in sugar refining, Henry O. Havemeyer, were compensated by the increased profits generated by restriction of output and increased prices. Correlative behavior in larger institutions replaced the competitive dynamics of an earlier era. In addition, the previously independent refiners were able to participate in the process of vertical expansion into the Caribbean.

Albert and George R. Bunker were directors of the Fajardo Sugar Company. Like the Mollenhauers, they had been independent sugar refiners who had integrated into the oligopolistic network. The Bunkers had sold their refinery, the Delaware Sugar House, to the Sugar Trust in 1892. They participated in the organization of the National Sugar Refining Company of Yonkers, which, together with the Mollenhauer Refinery and the New York Sugar Refining Company merged in 1900 to form the National Sugar Refining Company of New

Jersey. Both the Mollenhauer and the National of Yonkers had been set up with capital from the firm of B.H. Howell and Son (James Howell Post-Thomas Howell). When they all merged, in 1900, the merger was promoted by Post but actually financed by Havemeyer. George R. and Albert Bunker eventually came to occupy positions in the B.H. Howell—National Sugar—Cuban American—West India Sugar—Aguirre Fajardo complex of refineries and plantations.

Albert Bunker was vice-president of the Fajardo Development Company and the Fajardo Sugar Company. George R. Bunker was secretary of the National Sugar Refining Company, and his business address was, like Post, the Cuban American, 129 Front St, New York. Fully integrated into the sugar empire of the National Sugar Refining Company, the previously independent refiner was now a linchpin in the corporate web of vertical connections of the sugar business. He was vice-president of the Guantánamo Sugar Company, and a director of the Chaparra, Colonial, and Cuban American sugar companies in Cuba. His presence in the Fajardo Sugar Company is further evidence of vertical integration with the National Sugar Refining Company. Like the Aguirre, the Fajardo Sugar Company could count among its directors both James Howell Post and Thomas A. Howell, whose interests in the sugar world we need not repeat here. The other important directors in the board of Fajardo were the Bunkers, previously independent refiners who became members of the barony of the National Sugar Refining Company in the Caribbean.

Despite the overwhelming presence of refiners, *The Fiftieth Anniversary Report* of the Fajardo Sugar Company attributes its foundation to Charles P. Armstrong of New York and Jorge Bird Arias of Fajardo, Puerto Rico. (Fajardo Sugar Company, 1955, p. 3). The Fajardo Company was incorporated in New York in 1905, at about the same time that Aguirre was taken over by New York sugar refiners. A year after its foundation, the Cuban American Sugar Company was reorganized with the participation of the central capitalists of the sugar refining duopoly: Henry Havemeyer of the American Sugar Refining Company and James Howell Post of the National Sugar Refining Company. The community of interest between the National and American refining companies was confirmed in the process of colonial expansion. Havemeyer emerged as the owner 12 percent of the value of all the shares issued in the new company (Eichner, 1969: p. 309).

James Bliss Coombs, the president of Fajardo Sugar, was an attorney with the firm of L.W. and P. Armstrong, 106 Wall Street. Unlike the very large capitalists such as Post and Howell, Coombs' directorships are limited to the Fajardo Sugar Company (president), the Fajardo Development Company (president) and the West India Sugar Finance Corporation (treasurer). All of these enterprises were linked to the National Sugar Refining Company through interlocking directors. Lorenzo D. and Frederick S. Armstrong, of the same firm as Coombs, were directors in the Fajardo Sugar Company. Lorenzo was a director of the Cuban American Sugar Company. Frederick was vice-president of the West India Sugar

Table 2. Interlocking Directors and Officers of the Aguirre, Cuban American and Fajardo Sugar Companies, 1921,

	Company		
Directors	Aguirre S.C.	Cuban American S.C.	Fajardo S.C.
James A. Post	D	VP + T	D
Thomas A. Howell B. Hunting Howell	D	VP + D D	D
John Farr	VP + D	D	
Frederick D. Mollenhauer J. Adolph Mollenhauer	D(1905-1911)	D	
Lorenzo D. Armstrong Frederick S. Armstrong		D	Second VP D
George R. Bunker Albert Bunker		D	D VP

Note: P = President; VP = Vice-president; T = Treasurer.

Number of Directors of the Cuban American S.C.: 13

Number of Directors Represented in Puerto Rico: 7.

B.H. Howell Son and Company:

James Howell Post, President and Director

Thomas A. Howell

B. Hunting Howell

National Sugar Refining Company:

James Howell Post, President and Director

Thomas A. Howell, Vice President and Director

George R. Bunker, Secretary and Director

Source: Directory of Directors in the City of New York, 1921.

Finance Corporation, which owned multiple plantations in Cuba and the Dominican Republic, a director of the Atlantic Sugar Refineries Company (Montreal), and Treasurer of the Fajardo Sugar Company. The Armstrongs and Coombs were part of a larger system encompassing the National Sugar Refining Company in the United States, the Cuban American Sugar Company, the West

Table 3. Directorates of James Howell Post, 1921

Director of the National City Bank of New York and the National City Safe Deposit Company	Director of the American Colonial Bank of Porto Rico	
Other Director of Holly S.C. and American Hawaiian Steamship Co.	James Howell Post President and Director of the National Sugar Refining Company of New Jersey.	Cuba (other than Cuban-American) President of New Niquero Sugar Company President of Santos Company President of Guantanamo Sugar Company
Cuba Vice President, Treasurer and Director of the Cuban American Sugar Company, which controls: 1) Chaparra S.C. 2) San Manuel S.C. 3) Delicias S.C. 4) Tinguaro S.C. 5) Nueva Luisa S.C. 6) Unidad S.C. 7) Cuban Sugar Refinery at Cardenas 8) Constancia S.C. 9) Grammercy Refinery, Louisiana	Puerto Rico Director of Aguirre S.C. Director of Fajardo S.C.	Dominican Republic Director of West India Sugar Finance Corporation, which owns the following mills in the Dominican Republic: 1) Consuelo 2) Barahona 3) Quisqueya 4) San Isidro 5) Las Pajas 6) San Marcos 7) San Carlos 8) Santa Fe 9) Porvenir 10) Ansonia
	United Porto Rico S.C. Eastern Sugar Associates (owned by City Bank after 1934)	

Source: Directory of Directors in the City of New York, 1921.

India Sugar Finance Corporation (Cuba and Dominican Republic) and the Fajardo and Aguirre companies in Puerto Rico.

#### The National Sugar Refining Company in Puerto Rico

Of the original group which formed the National Sugar Refining Company of New Jersey, Post and Howell were on the boards of both Aguirre and Fajardo sugar companies. These two outstanding investors fit Soref's (1980) operational definition of a "finance capitalist" and confirm his findings. According to Soref, capitalists who sit in the boards of directors of industrial enterprises and in the

boards of banks typically occupy central positions in the business networks and have a greater number of interlocks. In accordance with Soref's findings, Post held multiple positions in plantations in the Caribbean, in sugar refining firms in the United States, in the American Colonial Bank of Porto Rico, and in the National City Bank of New York. Howell was represented in the same industrial corporations and in the Second National Bank of the City of New York. The prominent role of the National City Bank in the sugar business further accentuates the importance of Post as a finance capitalist in the web of interlocks. National City Bank was built into an important financial institution by Moses Taylor, a merchant who made a fortune selling slave-grown Cuban sugar in the United States.<sup>5</sup> Even after the Taylor interests lost ground to the Rockefellers and Stillmans, the bank remained an important source of credit to producers of sugar in Cuba. By 1904, both Henry Havemeyer of the American Sugar Refining Company, and James H. Post of National Sugar, sat in its board of directors (Cleveland and Huertas, 1985, p. 41). National City Bank remained an important source of credit for the sugar plantations in the Caribbean until the 1930s. When the European beet crops recovered after the end of the First World War, and the price of sugar came tumbling down, National City Bank nearly collapsed as a result of overexposure to sugar loans. Its president, James Stillman, had to resign as a result (Cleveland and Huertas, 1985, p. 107). In 1926, a new U.S. corporation, the United Porto Rico Sugar Company, entered the sugar business. In 1934 National City Bank purchased it and subsequently reorganized it as the Eastern Sugar Associates (Diffie & Diffie, 1931, p. 49; Matthews, 1975, pp. 164-165; Farr & Company, 1948, pp. 46-51).

#### IV. THE SOUTH PORTO RICO SUGAR COMPANY

Paul Sweezy has pointed to the need of knowing not only the formal aspects of interlocking directorates, but also "the relationships on which interlocking directorates are based." This requires knowing the history, orientation, and tradition of the enterprises and individuals involved. The House of Morgan had a particular pattern of bank control over industry which was unique in the investment banking world: "the directorship of a Morgan partner is a fact of first importance in determining the orientation of a corporation" (Sweezy, 1953, pp. 161-164). This form of fusion of banking and industrial capital, in which banking capital dominates, has been the object of studies in the United States due to its importance as an organizational form. Sweezy concluded [1953b] that this pattern of bank control over industry was weakened during the Great Depression of the 1930s. There is a long debate about the theory of "bank control"<sup>6</sup> and its evolution, but there is no question that in the 1920s House of Morgan institutions controlled the industrial operations they financed. The prominent presence of the president and the vice-president of the largest commercial bank of the United States on the board of the

South Porto Rico Sugar Company is indeed "a fact of first importance." Seward Prosser, president of the Bankers Trust, entered the board of the South Porto Rico Company in 1918. When he left the board in 1922, he was replaced by the vice-president of the Bankers Trust, Albert A. Tilney, who remained in the board of the company until 1937.<sup>7</sup>

The Guánica Central of the South Porto Rico Sugar Company was for a while the largest sugar mill in the world, until U.S. investors built even larger ones in Cuba. With a capacity to produce 100,000 tons of sugar, the Guánica mill surpassed the combined production of all the sugar mills existing in Puerto Rico before the U.S. occupation of 1898. The mill was established by capitalists from the firm of Muller, Schall & Company, a group of bankers in New York who knew about the opportunity for development in the island from two sources. Edmund Pavenstedt, one of its partners, had managed his father's sugar plantation there from 1885 to 1890. Muller and Schall did business with Puerto Rican firms, including Fritz, Lundt, and Company the largest sugar exporting firm of Puerto Rico at the turn of the century (South Porto Rico Sugar Company, 1951, p. 2). Karl H. Lundt was the German consul in San Juan and Henry C. Fritz was the German vice-consul in Ponce. Muller and Schall had linkages in Puerto Rico, therefore, through Pavenstedt the planter and Fritz and Lundt the merchant-bankers. In 1899 Muller and Schall established the American Colonial Bank of Porto Rico, "in conjunction with Porto Ricans with an authorized capital of one million dollars," with William Schall as its president. The U.S. Secretary of War promptly appointed the firm to share U.S. government deposits with De Ford and Company, the predecessor of the Aguirre Company (McAvoy, 1982, p.12).

Like DeFord and Company, therefore, Muller and Schall first established itself on the island by doing the banking business of the occupation army. When Puerto Rican sugar was granted tariff-free entrance to the United States, Muller and Schall moved towards investment in sugar. The *Fiftieth Anniversary Report* explicitly acknowledges the importance of direct U.S. colonial rule over Puerto Rico to the investors who established the South Porto Rico Company.

The South Porto Rico S.C. was incorporated in New Jersey in 1900. The *San Juan News* featured articles speculating about the possible origins of the firms interested in buying up the properties then being inspected in Guánica.

The *San Juan News* reported on May 2nd (1901) that John Heerdegen, an expert on sugar lands allegedly in the employ of the American Sugar Refining Company, had arrived in the fall of 1900 to inspect various plantations. After his departure, Dillingham<sup>8</sup> had followed up in the name of the Guánica Land Company, seeing options on several recommended properties. Fritze and Cabrera were also said to be middlemen for the Sugar Trust, purchasing for it three haciendas at Santa Isabel. Furthermore, the correspondent had been "reliably informed" that an associate of the American Sugar Refining Company was a large stockholder in the "Deford Estate of Aguirre" and that if this were true, "then the entire coast will be controlled by the Trust and every port where sugar in any quantity can be shipped will be in their hands (McAvoy, 1982, p. 14).

Whether or not the Sugar Trust was directly involved in the *founding* of South Porto Rico is an open question. In the analysis of U.S. corporations in the Caribbean, it is necessary to distinguish between corporate *appearances*, at a time when the oligopolistic network of sugar refiners was being accosted by anti-trust litigation, and the *reality* of a gigantic, centralized industry spurred by United States imperial expansion.

The founders of the South Porto Rico were organized around a number of German American capitalists, with the firm of Muller and Schall as the center.<sup>9</sup> The German-American group of capitalists occupied six of the 10 seats in the board of directors of the South Porto Rico when it was founded. But somehow by 1921 the company had experienced a transformation similar to that of the Aguirre Sugar Company.

Two factors combined to produce a drastic change in the ownership and management of the South Porto Rico company: anti-German chauvinism during World War I and the expansion of the House of Morgan into sugar production in Cuba, the Dominican Republic, and Puerto Rico. Gustav Kulenkampff, a director of the South Porto Rico Company, was arrested in May 1918 as an "enemy alien." Kulenkampff and another director, Edmund Pavenstedt, resigned from the board of the South Porto Rico in the face of anti-German prejudice. One partner of the firm of Muller and Schall, Frederick Muller-Schall, was also made a scapegoat during the war and resigned from that firm (McAvoy, 1982, p. 17). The changes caused by anti-German chauvinism were compounded by the entrance of prominent bankers from the House of Morgan to the board of the South Porto Rico during World War I. Horace Havemeyer, son of the founder of the Sugar Trust, joined the board in 1916 representing, in the words of Melvyn Knight (Knight, 1928, p. 137), the "vague central organization of Sugardom" and the Bankers Trust. The Cuba Cane Company and the Punta Alegre Company, both promoted by the House of Morgan, were formed during the World War (Cuba Cane Sugar Corporation, 1919; Allen, 1926). The expansion was the product of the high prices of the World War. The conjuncture of the World War of 1914-1919 favored the expansion of the U.S. corporations and reinforced the role of high finance in the South Porto Rico Sugar Company (Guaranty Trust Company of New York, 1916; National City Bank of New York, 1919; Allen, 1926; Ayala, 1990, pp. 338-344). The South Porto Rico built Central Romana during World War I in the Dominican Republic. Today, Central Romana is still the largest sugar mill in Hispaniola.

The relation between the Bankers Trust and the South Porto Rico is similar to that between the Aguirre and Fajardo sugar companies and National City Bank. Horace Havemeyer, son of the founder of the Sugar Trust, was a director of the South Porto Rico, a refiner of first importance, and a director of the Bankers Trust. His presence points to a community of interest between banking- and industrial-refining capital in the board of the South Porto Rico Sugar Company. The refining interests of the B.H. Howell-National Sugar complex were affiliated, in a similar pattern of "community of interest," to the National City Bank.

The president of the Bankers Trust was in addition a director of the Dominican subsidiary of the South Porto Rico Sugar Company, the Central Romana. Horace Havemeyer of the South Porto Rico and the Bankers Trust, was a director of the Cuba Cane Sugar Corporation. The Cuba Cane Corporation was established in New York in late 1915, with capital resources from the House of Morgan and allied banks. Prominent in the corporation were Mr. Manuel Rionda, of the firm of Czarnikov Rionda, J.W. Seligman Brothers, Alfred Jaretsky, and Charles Sabin of Guaranty Trust Company. In January of 1916, Manuel Rionda went to Cuba with financial resources drawn from J.W. Seligman Brothers and purchased *in one month* seventeen plantations at a cost of \$48,120,000 (Cuba Cane Sugar Corporation, 1919, p.2; McAvoy Weissman, 1989). The sheer size of the enterprise, and the fact that it was created by bankers who purchased already existing mills, instead of industrialists who built them, is one of the reasons why the boom of the World War has been considered a period of takeover of the Cuban economy by "Wall Street" (Jenks, 1929, pp. 176-177). In the expectation of increasing prices for sugar as a result of the European War, the House of Morgan decided to establish its own production of raw sugar in Cuba.<sup>10</sup> The South Porto Rico was associated to the sector of the sugar refining industry allied with the House of Morgan, through Havemeyer and the American Sugar Refining Company and the officers of the Bankers Trust.

#### Transfer Prices and the Tax Case of the Guánica Central

Vertical integration allowed the sugar companies to transfer profits from their colonial operations to the metropolitan refineries. Sales of raw sugar from the colonial plantations to the metropolitan refineries were really transactions by refiners selling raw sugar to themselves at administered prices not ruled by the market. In a series of litigations against the sugar companies, the Treasurer of Puerto Rico attempted to establish the fact of vertical integration and the existence of transfer price mechanisms. The sugars of Puerto Rico were not sold at the price of the open market in New York, but were delivered to U.S. corporations at lower prices established by contract before the harvest season. As a result of this, the profits registered by the sugar *centrales* in Puerto Rico were inferior to the actual profits based on the price of sugar in the market in New York. This implied a diminution of the taxes the corporations had to pay locally. The conflict between the Treasury of Puerto Rico and the sugar companies became acute during the period of high sugar prices occasioned by World War I, before the precipitous fall in sugar prices of 1921, and led to discoveries about the patterns of vertical integration.

It is true that Russell & Co. as a civil partnership and the South Porto Rico Sugar Co. of Puerto Rico were corporations of Porto Rico and the South Porto Rico Sugar Company of N.J. a corporation of the U.S. but *they in finality obey a single direction and government.*

Showing the financial connection, it appeared from the evidence that the N.J. corporation possesses 29,990 shares of the 30,000 issued by the Porto Rican corporation, and the total property of Russell & Co., something over \$2,000,000, is mortgaged to the N.J. corporation, which advanced the mortgage to purchase it.

[...] From the testimony it appeared that the South Porto Rico Sugar Company of Porto Rico sold, *in advance*, in November 1919, at 9 cents a pound to the South Porto Rico Sugar Co. of New Jersey all the sugar that it might produce through the crop year of 1920. This sale is set forth in a private contract effected in the City of San Juan the 30th of November, 1919, signed by Mr. Frazier and Mr. Maxwell.

The Treasurer (of Puerto Rico, C.A.) objects to the contract because it is not officially registered and because there was a *clear affirmative interest between the two signers*. The contrary is claimed by their opponents. The sugar sold under this contract for \$9,661,766.35. The Treasurer has increased the receipts of the selling corporation by \$5,698,195.61, which represents the difference between the price of the market of N.Y. at the time of shipment of sugar and the price appearing in the contract.<sup>11</sup>

In the litigations the Treasurer of Puerto Rico, Manuel V. Domenech, attempted to establish the existence of a *community of interest* between refineries and centrales. Domenech initiated three simultaneous court suits against the local company, against the parent company in New Jersey, and against Horace Havemeyer. The opinion of the Boston Circuit Court of Appeals, where the case finally arrived, is additionally revealing. The court did not find legal cause against the corporations because they were formally "independent" of one another. However, the court decision admitted the following:

The partnership (Russell & Company) owns the sugar land, grows the cane, and sells it to the Porto Rican corporation (the mill); which in turn sells the raw sugar to the New Jersey Company which puts it on the market. The New Jersey corporation owns all the stock of the Porto Rican corporation except qualifying shares of directors. The majority of the shares of the New Jersey corporation belong to Russell & Company. *It is obvious and conceded that there is identity of interest between the two corporations* (Domenech vs. South Porto Rico Sugar Company, 1931: p. 5, emphasis added).

When the South Porto Rico Sugar Company sold in New York the sugar produced in Guánica, the sale represented a transfer of raw materials between enterprises owned by the same group of investors. Instead of a market price, the transactions took place under administered transfer prices. The legal fiction of interdependence between the enterprises allowed the corporations to declare reduced profits and to pay reduced taxes in Puerto Rico.

## V. CONCLUSION

Managerial theory would have us believe that the emergence of the modern corporation created a split between property and control inside the modern corporation. Property owners become passive stock owners collecting rents; managers

administer the corporations, which they now control. Power of decision-making is separated from the ownership of property. Capitalist private property, which in the classical conception of Adam Smith signified the unity of ownership and control in the person of the capitalist, is supposedly blast asunder by the emergence of the modern corporation. The unity between the two functions of capital—ownership and management—is broken. Managers, divested from the constraints of property, become the arbiters between stockholders, workers, and consumers (Berle and Means, 1932).

In a devastating critique of the managerial thesis, Zeitlin (1974) has argued that management control of the corporations, and the so called “managerial revolution,” are really pseudofacts supported by capitalist secrecy. Managerial theorists have classified corporations as “manager controlled” whenever a property-based controlling interest has not been located. The analysis of colonial corporations, and of the wider phenomenon of imperialism, unveils some of the false premises which constitute the foundations of managerial theory.

First, managerial theory is based on the premise that the legal entity of the corporation coincides with the real boundaries of capitalist power. The actual capitalist enterprise is assumed to be the legal corporation. Second, once these smaller units are accepted as the basic units of capital, the appearance of management control is reinforced. Third, when these smaller manager-controlled units become established as the real economic actors, the phenomenon of imperialism becomes unintelligible. It would be impossible, for instance, to understand the place of the South Porto Rico Sugar Company, taking Mr. French T. Maxwell, general manager of the corporation in Puerto Rico, as our point of departure. One would inevitably “discover” an independent enterprise competing in a market. It would be difficult to explain why this profit maximizing enterprise sold its sugar in New York at 9 cents when the going price was 18.

In reality, the proper unit of capital may be much larger than a corporation. This larger entity can be a cluster of enterprises functioning as a complex, in which the assets are legally broken down into smaller units to hide the actual fact of economic concentration, vertical integration, and monopoly power. Managerial theory cannot provide an adequate analysis of these wider structures of power, because only property can provide the cohesion necessary to the functioning of a larger complex of legally “independent” enterprises. The phenomenon of vertical integration in the Puerto Rican sugar industry is an excellent example of this problem. The recognition of property interests, including banks, in the functioning of the corporations, helps to bridge the theoretical gaps between *economic* analysis of the corporations and *social* analysis of the dominant class. Property links the economic “behavior” of abstract enterprises in a market to capitalist class domination.

In 1933, the collapse of the price of sugar during the Great Depression led to revolutionary upheaval in Cuba (Aguilar, 1972). During the sugar harvest of 1933-34, Puerto Rican sugar workers went on a general strike [Taller de

Formación Política, 1984]. Immiseration during the Great Depression devastated the island of Puerto Rico. In a 1941 study, Esteban Bird analyzed the food budget of a Puerto Rican cane cutter during the Great Depression, and compared it to the cost of feeding a hog in a midwestern farm of the United States. The big investors in the sugar companies—Post, Havemeyer, Howell, Prosser—never set foot on the island. Perhaps it was these broader, yet invisible interests, which were in the mind of Pedro Albizu Campos, the anti-imperialist leader of the 1934 general strike, when he pronounced himself unequivocally on the sugar companies: “*todo azucarero es enemigo de Puerto Rico.*”

## NOTES

1. On May 1, 1900, the U.S. Congress imposed a duty of 15 percent of the normal rate on goods exchanged between Puerto Rico and the United States. On July 25, 1900, in accordance with the provisions of the Foraker Law, a presidential decree placed Puerto Rico fully within the United States tariff system. After 1901, trade between the United States and Puerto Rico was free of duty [Medina Mercado, 1987, p. 14; Smith, 1938].

2. In Cuba, United States rule had to contend with the remnants of the Partido Revolucionario Cubano and the revolutionary polity which had gathered around the cry of Cuba Libre since 1895. The Magoon Intervention of 1906, the uprising of the Partido Independiente de Color in 1912, and the “Liberal” revolution of 1917 are important events which challenged the stability of Cuba under the Platt Amendment. In the Dominican Republic, the U.S. occupation of 1916 elicited a decentralized guerilla response which made very difficult the continuation of a U.S. presence in that island. By comparison with these two examples, colonial Puerto Rico was a haven of stability for U.S. capital. For Cuba see Pérez [1987] and for the Dominican Republic Calder [1980 and 1984].

3. The other Boston representatives in the board of directors were Charles Francis Adams, 2nd; Louis Bacon; George Wigglesworth, Robert Frederick Herrick, Robert Treat Paine 2nd. Adams was nephew by marriage of Luce. Bacon was the brother in law of Sturgis Lothrop and presumably replaced him to oversee family investments. Wigglesworth was president of the Amoskeag textile mills and chairman of the board of the New England Trust Company. Herrick was a rising corporation lawyer, director of the First National Bank of Boston and of the United Fruit Company. Paine was, among other things, on the board of General Electric [McAvoy, 1982, p. 6].

George Cabot Lee was a member of the investment banking firm of Lee, Higginson and Company until 1940. Charles Grey Bancroft was first vice-president and treasurer of the United Shoe Machinery Corporation, and thereafter president of the International Trust Company until it merged with the First National Bank of Boston. Robert T. Paine II left the board of Aguirre in 1916 and was replaced by New York real estate man Charles G. Meyer.

Unless otherwise stated, information about company directors is from Directory of Directors Company [1921]. This directory lists individuals in alphabetical order. Therefore, I have avoided citing page numbers.

4. The *Fiftieth Anniversary Report* of the Aguirre Sugar Company provides the following list of directors: Charles Francis Adams (1905-); Louis Bacon (1905-1937); Charles L. Crehore (1905-1925); John Farr (1905-1933); Robert F. Herrick (1905-1942);

J.D.H. Luce (1905-1921); Robert T. Paine, 2nd (1905-1916); James H. Post, (1905-1938); George Wigglesworth, (1905-1930); George C. Lee (1910- ); Thomas A. Howell (1911-1930); Charles G. Meyer, (1916- ); Charles G. Bancroft (1919-1944) ; Charles L. Carpenter (1919-1929); Charles Hartzell (1919-1928); J. Brooks Keyes, (1921- ).

I have added after each name the years for which they were members of the board of Aguirre. If no end-year appears, this means that the individuals were still directors of the company as of 1949, the year of the *Fiftieth Anniversary Report*.

5. "Biographical Sketch of Moses Taylor," The New York Public Library, Moses Taylor Collection.

6. The theory of bank control states that finance capital is a fusion between bank and industrial capital in which bank capital dominates. Its exponents do not state that it is the necessary form of the relation between banking and industrial capital, but that this specific form has predominated at certain times in the United States [Bullock, 1903; Moody, 1904; Youngman, 1907; Brandeis, 1914; Corey, 1930].

Rochester (1937), puts forward the more nuanced position that finance capital is a fusion of banking and industrial capital which does not necessarily entail bank domination.

In addition to Sweezy (1953a & 1953b), originally published in the late thirties and early forties, the following are important to the debate: Perlo (1957), Chevalier (1970), Sweezy, (1972), Menshikov (1973), Mariolis, [1975], Kotz (1978).

Fitch and Oppenheimer (1970) defended the theory of bank control and sparked a debate on the topic. Positions against the theory of bank control are Sweezy (1972), and Herman (1973 and 1981). Kotz (1978) is a defense of the theory of bank control written by a disciple of Fitch.

7. The Bankers Trust and the Guaranty Trust were the commercial banks of the Morgan group, which in addition consisted of J.P. Morgan and Co., Drexel and Co., as investment banks, and the Prudential and New York Life insurance companies (Corey, 1930; Perlo, 1957; Menshikov, 1973: pp. 228-258).

8. Frank A. Dillingham, subsequently president of the South Porto Rico. Dillingham was a member of the law firm of Rounds and Dillingham (later Rounds, Hatch, Dillingham & Debevoise) who represented the Muller and Schall interests [McAvoy, 1982: p. 13; Directory of Directors Company, 1921].

9. Of the founders of the South Porto Rico William Schall was a partner of the house of Muller & Schall, and president of the recently founded American Colonial Bank of Porto Rico; Frank Dillingham was a member of the legal firm which represented Muller and Schall; Percy Chubb was founder and president of the Federal Insurance Company and head of Chubb and Son, maritime underwriters, firms in which Schall was a director; Fritze was the German vice-consul in Ponce and partner of banking firms associated with Muller and Schall (Fritze and Lundt, Banco Crédito y Ahorro Ponceño); Rudolph Keppler was a German who migrated to the United States as a boy, joined the New York Stock exchange in 1875, and became its president from 1898 to 1902; Edmund Pavenstedt was a partner in Muller & Schall and had managed his father's plantation in Puerto Rico in the 1880s. The other founders were Julius A. Stursberg, W.C. Cushman, C.M. Russell, and John E. Berwind. Stursberg was involved in insurance companies and various other ventures, Cushman and Russell are of unknown origin, and John E. Berwind was a Pennsylvania coal magnate whose fortune in 1924 was estimated at \$150,000,000. Berwind is the outstanding capitalist of the group, but he does not appear to be the center of it. In addition to numerous coal companies, Berwind was president of the Puerto Rico Coal Company, vice-president

of the Havana Coal Company, and director of the New York and Porto Rico Steamship Company.

10. Manuel Rionda to Lagemann, December 27, 1915, Braga Brothers Collection (University of Florida at Gainesville), Record Group II, ser. 2; Ayala, 1990: pp. 210-212; McAvoy-Weissman, 1989: p. 5.

11. National Archives of the United States, Record Group 350, File 27229/6. Insular Bureau, War Department, "The Tax Case of the Guanica Central," January 2, 1926.

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