

SUGAR AND ECONOMIC TRANSFORMATION IN THE B.W.I. 1834-1900

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SUGAR AND ECONOMIC TRANSFORMATION IN THE B.W.I. 1834-1900

The Relationship between Fluctuations in the Sugar Industry and
Diversification of the Economy in the British West Indies, 1834-
1900.

By

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CHAPTER I

INTRODUCTION

During the period between Slave Emancipation in 1834, and the publication of the Report of the Royal West Indian Commission in 1897¹, important changes took place in the economies of the British West Indian Islands. A predominantly monetary economy replaced the pre-Emancipation system of exchange, in which money had not played a substantial role. The planters continued to barter their production for imports forwarded by English merchants, but after 1834 labour had to be paid for in cash and expressed its consumption demand in monetary form. This labour which was required by the planters was now subject to market supply and demand since in most islands there were alternatives to work on the plantation.

Land was no longer the virtually free good it had been in the 18th. century. The British Government gradually adopted free trading policies and reduced tariffs on foreign agricultural products. This, together with competition from British East Indian colonies, eliminated the former West Indian monopoly of the British sugar market. Planters, faced with lower prices and higher costs, were forced to consider the location of their estates in economic terms and to abandon marginal cultivation. Diminishing returns to agriculture, already apparent in the 18th. century, became acute.

At the same time the economy was no longer limited to two sectors: plantation agriculture for export and subsistence cultivation. But it broadened out into a four sector pattern consisting of plantation agriculture for export, peasant agriculture for export, self-employed agriculture for internal exchange, and a distribution sector. Some small industrial establishments and an increasing government sector were also noticeable during the period under consideration. The expansion of the government sector was gradual in most of the islands, except in Jamaica where it was sudden after 1865. But its increasing importance

1. Parliamentary Papers LI 1898.

was fiercely opposed by the planters who were committed to a policy of 'retrenchment' as the answer to all economic adversity.

A further change was that the organisation and distribution of credit was no longer exclusively in metropolitan hands. British and Canadian houses dominated commercial banking but local savings banks extended the savings mechanism to groups other than the planters. Finally by the end of the century export trade was no longer entirely based on the home country but had been partially opened to the United States and Canada.

Certain features of the 18th. century West Indian economy subsisted up to the end of the 19th. century however. The most important of these was the extremely open nature of the economy. Although they did become somewhat less dependent on the agricultural staples: sugar and bananas, the British West Indian islands continued to derive a substantial proportion of their income from a very limited range of primary exports, and to import nearly all manufactured capital and consumer goods. Partly because of this overwhelming importance of international trade government revenue continued to come very largely from tariffs and export dues. There was still a significant leakage of profits abroad due to estate encumbrances, mortgaged profits, absentee owners, luxury imports and the commercial banking system. These factors will be discussed later. The administration in the islands remained under the control of the estate owners and their representatives and employees, although the Colonial office intervened frequently to disallow bills passed in those islands which had representative government, particularly in Jamaica until 1865, and in Barbados. The franchise was limited and favoured one particular group, the planting interest. The elected Assemblies always tried to balance their budgets, often at the expense of vital services, and they were very reluctant to spend money on economic infrastructure.

The 56 years during which the changes mentioned in the first paragraphs took place were a period of crisis and decline for sugar. One must remember that

in 1807 slave trading had been legally abolished in British territories. Thus slaves had already become 'scarce' before the period studied here begins. In 1834 Slavery itself was abolished but most of the ex-slaves were unable to choose either their occupation or their employer until 1838 when the transition period, called 'Apprenticeship', ended. In 1846 the British Parliament passed a Sugar Duties Equalisation Act. Although its consequences were not fully felt until 1854 its effect was to end the monopoly hitherto enjoyed by imperial territories in the British market. During the 1880s, particularly in 1884, competition from subsidised continental beet sugar became intense. Thus 1834, 1846 and 1880 are the central dates in the history of the sugar industry's decline. The two new elements; the introduction of a labour market and foreign competition, should normally have led to a reduction of costs or to the disappearance of an uncompetitive industry. But in the British West Indies, as we shall see, they mainly led to the abandonment of marginal land, to sterile labour conflicts and to furious political activity between the West Indies and Westminster.

The end of Apprenticeship in 1838 presented great possibilities for a change in West Indian society. Previously it had been legally, as well as economically, divided into two mutually exclusive groups; on the one hand the planters and their free employees, attorneys, overseers, book-keepers etc. and on the other hand the slaves, the non-free plantation and domestic workers. Obviously there were certain inhabitants who were neither planters nor slaves, but in general all free West Indians could be socially and economically classed with the planting interest. The case of free coloured men in the British West Indies will be considered later but before 1838 they were only potentially a threat to the homogeneity of the free planting group. After 1838 the situation was different. With the disappearance of slavery the lower class was no longer a homogeneous group to be put to work at will by the planters. Ex-apprentices could, and on a large scale did, change employers or abandon their former

occupations. They could withdraw from the plantation economy almost entirely and practise a self-subsistence form of agriculture on distant plots of unclaimed land. They could try to make their fortunes as merchants in the town, or they could adopt any one of a variety of trades, regardless of the needs of their former masters.

The novelty of the situation can be summed by the new possibility of social and economic mobility after 1838. Before this, although slaves had frequently earned money from the sale of the produce of their provision grounds, the social structure of West Indian society had precluded any real social or economic mobility. With the disappearance of the legal distinction between the two distinct opposing groups went the end of an economy divided into two sectors only; plantation agriculture for export and subsistence cultivation on provision grounds. There was now the possibility of developing other sectors such as peasant agriculture for export, services and distribution, and local manufacture of consumption, and eventually of capital, goods. An economy thus diversified would no longer be a mere plantation outpost of the metropolis. John Stuart Mill described this 'outpost situation' when he said -

"The West Indies are the place where England finds it convenient to carry on the production of sugar. All the capital employed is English capital; almost all the industry is carried on for English uses; there is little production of anything except the staple commodities, and these are sent to England, not to be exchanged for things to be exported to the colony and consumed by its inhabitants, but to be sold in England for the benefit of the proprietors there. The trade with the West Indies is therefore hardly to be considered as external trade....."²

After 1838 there was the possibility of ending this situation and developing a society with an autonomous economic life.

A vast transformation was necessary to diversify a purely plantation economy. An essential character of such a transformation would obviously be the emergence of a middle class. This is why so much attention will be directed in this essay to the possibilities and the frustrations facing those who would

2. MILL J.S. Principles of Political Economy 1848. New impression Longmans 1926 p. 686.

normally aspire to a middle class position. The successful emergence of a middle class could be taken both as a cause and as a symptom of a far-reaching change in the direction of economic diversification.

'Middle Class' is understood in the context of the 19th. century British West Indies as a group of creoles engaged in industry, commerce or agriculture, who are not dependent on metropolitan capital and commercial links, whose activity has the usual multiplier effects on the local economy since their profits are not expatriated, and who are not directly employees of the planting interest or of the government. In the agricultural sector small holders with more than ten acres, who are self-supporting would form part of this group.

In 1900 a strong and prosperous middle class was still lacking in the British West Indies. Diversification of the plantation economy was far from complete. Yet important changes had taken place since 1834. And during the same period the sugar industry was experiencing fluctuations. Even in Jamaica, where its decline was the most severe, the trend was not constant and regular. This essay is concerned with the relationship between the structural changes taking place in the economy, as typified by the emergence of a middle class, and the comparative prosperity or depression of sugar.

Two general remarks are necessary to avoid misunderstanding. Firstly sugar remained a staple, except in Jamaica where it was largely replaced by bananas. By definition therefore employment, wages, consumption, import duties and even government revenue, were a positive function of the sugar income. Thus Douglas Hall says that the general prosperity was a function of the prosperity of sugar.³ One notes that while sugar was doing comparatively well in Jamaica, from 1838 to 1846, there was a high level of wages and of demand.

In the second place the planters did everything, or nearly everything, they could to prevent the change from a plantation economy taking place. This

3. HALL Douglas. Free Jamaica 1834-65 Yale University Press 1959.

can be illustrated from Sewell, Underhill and others.^{4, 5} Their reactions to the threatened change took the forms of political pressure, legislative activity, economic pressure and intimidation, and even a subsidy to European peasant immigrants. This last was meant to exclude former slaves from production for the local market, and force them back to the estates. Therefore it is not a question of whether or not the dominant class consciously helped or hindered the rise of a middle class; it is established that they tried to prevent it. The phenomenon simply appeared to them as a reduction in the already scarce labour supply. In this context there are numerous examples of restrictive, and even of vindictive, measures taken to harass the small holder, whether he tried to grow provisions or export crops.

The question discussed in this essay thus leaves on one side the planters' policy as regards economic diversification and the emergence of a middle class. It is concerned with whether diversification was easier and more rapid during periods of sugar prosperity or during periods when sugar was under pressure. That is to ask whether the pressure on sugar did not do more to stimulate initiative outside the staple industry than did its prosperity. Was sugar a 'growth industry' in the 19th. century British West Indies or not?

One way of looking at this problem would be to compare the views of Governor Darling of Jamaica in 1861 with those of Robert Osborn in 1864. The following extract from the governor's report shows that for him, by and large, emancipation was a moral but not an economic good. He is genuinely gratified by the rise of an independent peasantry, but he believes that the economy of the country as a whole has suffered:

'The proportion of those who are settling themselves industriously on their holdings and rising rapidly in the social scale, while commanding the respect of all classes of the community, and some of

4. SEWELL W.G. The Ordeal of Free Labour in the British West Indies. New York 1861.

5. UNDERHILL Edward. The West Indies London 1862.

them are themselves the employers of hired labour, paid for either in money or in kind, is, I am happy to think, not only steadily increasing, but at the present moment is far more extensive than was anticipated by those who are cognizant of all that took place in the colony in the earlier days of negro freedom.

There can be no doubt that an independent, respectable, and, I believe, trustworthy, middle class is rapidly forming ----- Jamaica at this moment represents, as I believe, at once the strongest proof of the complete success of the great measure of emancipation as relates to the capacity of the emancipated race for freedom, and the most unfortunate instance of a descent in the scale of agricultural and commercial importance as a colonial community.' ⁶

On the other hand Robert Osborn, an important coloured member of the Kingston 'town' circle, who had expressed similar views in 1849 when speaking to the St. Andrews Anti-Slave-Trade Meeting ⁷, by 1864 had become convinced that the decline of sugar was a blow to a particular group, which was more than compensated for by the benefits reaped by the rest of the population:

'We pay our debts when they become due; we meet the public exigencies by our yearly income; and there is now more substantial wealth in the colony than there was twenty years ago for whatever a man possesses is his own. If it be said that the condition of the white inhabitants is, generally speaking worse now than it was forty years ago, I admit it, and the abandonment of so many estates proves this fact; but this very circumstance has been productive of the prosperity of other classes.' ⁸

These two quotations show that Slave Emancipation, and of course the end of Apprenticeship, were regarded as crushing blows to the sugar industry. This is in fact a simplified view as the industry had been declining since 1807, but the decline had been veiled by the Napoleonic War boom. The following chapter treats the sequence of this decline. The different conclusions of Governor Darling and of Robert Osborn are more important than the excessive importance which they attribute to the year 1834. Their disagreement over the consequences of sugar depression for the rest of the economy sets the scene for the discussion of this essay.

6. Parliamentary Reports. Part I 1861.

7. 19th. June 1849. Quoted by Philip CURTIN, 'The Two Jamaicas' 1955.

8. Speech in the Assembly, 3rd Nov. 1864.

CHAPTER II

THE SUGAR INDUSTRY IN THE BRITISH WEST INDIES

The importance accorded to the industry by contemporaries

In the eyes of the planters, and for a long time in those of the Colonial Office and of most articulate West Indians of all classes, there could be no doubt of the overwhelming importance to the economy of sugar produced on plantations. (The Colonial Office did change its outlook as regards the pre-eminence of plantation sugar during this period. The contrast between the 'Queen's Advice' of the early 1860s, mentioned below, and that contained in the recommendations of the 1897 Royal Commission Report, is striking. Faced with changes in the Jamaican economy and influenced by more enlightened governors, the Colonial Office seems to have reversed its conclusions. By 1897 the establishment of a prosperous independent peasantry was considered the best guarantee of economic and social stability and development.)

Four examples may serve here as illustrations of the importance accorded to sugar. In the first place the opinion of Robert Osborn, who was not himself a planter, which can be found in his earlier speech mentioned above. This was almost identical to the second example which follows, that of an extract from a statement made by the Hanover planters in Jamaica, who were alarmed in 1839 by the growth of small holdings:

'The general prosperity of colonial agriculture it is manifest must rise and fall in direct proportion to the facility of cultivating sugar estates, and the quantity of their produce actually exported; as upon the returns of such produce solely rests the means of providing any internal monetary circulation.' ⁹

The third example is a quotation from the 'Colonial Standard', a Jamaica newspaper, of 1865:

9. Quoted by CURTIN 'The Two Jamaicas' p.118.

'Above all let the people understand that without the produce of the large properties we should have scarcely any export trade, and consequently no contact with the outside world sufficient to keep us in the march of civilisation and improvement: and that without the existence of an upper class giving tone to the society by its manners and example, they would soon revert to a state of barbarism.' ¹⁰

Finally there is the notorious 'Queen's Advice', a reply from the Colonial Office to a petition from the Jamaican peasantry not long before the Morant Bay Rising. In this statement the British Government informed the small holders of the Parish of St. Ann in Jamaica that the prosperity of the large scale sugar estate was their only safeguard against economic ruin. It went on to say that their prosperity depended 'upon their working for wages, not uncertainly or capriciously, but steadily and continuously' ¹¹. This pervading faith in the sugar plantation seems to have been partly due to prejudice in favour of traditional success and of the established class, and partly to the contemporary ideas of Economic Theory which attached great importance to international trade and to the division of labour which takes place in large production units. Some planters actually quoted Adam Smith to this effect, for example T.H. Milner in his book 'The Present and Future State of Jamaica Considered', published in London in 1839.

The Organisation of the Sugar Industry

The industry which was supposed to play this vital role retained its traditional form of organisation throughout the 19th. century. Unlike the Spanish or French islands, the British West Indies did not adopt alternative forms of sugar exploitation. Only a few of the smaller islands which had been under French influence, as for example St. Lucia, introduced metayage or crop-sharing, and it died out towards the end of the century for lack of legislation protecting the contracting parties. ¹² Cane farming as it was established in

10. Files of the 'Colonial Standard' 1865.

11. Papers re Affairs of Jamaica. BPP, 1866 (3595) p.1.

12. Governor Barkly of British Guiana in 1858, quoted in BEACHEY The British West Indies Sugar Industry. Blackwell 1957.

Cuba only began in the British West Indies at the very end of the 19th. century, and on a small scale.

Suggestions put forward by several governors that groups of contiguous estates should process their cane at a single factory were consistently ignored.¹³ Thus the 18th. century sugar estate did not change. The owner, often an absentee, was represented by an attorney who was seldom wholly concerned with one particular estate. He was often a neighbouring estate owner who profited from hiring out his own workers, draft animals and equipment to the different estates whose production he was supposed to supervise. Employees of European origin, especially the bookkeepers, were frequently retained in order to comply with the laws attempting to preserve a fixed ratio of white to coloured inhabitants in the islands. These ratios had to be continually changed in favour of non-whites, or completely abandoned. It seems that the bookkeepers contributed little to the efficiency of the estate, and often caused friction by abusing their social position. The workers, now wage earners, were divided into two or three gangs of different strength and employed in the traditional way. Except in Barbados and the more densely settled smaller islands, relations between employers and workers which began on an unsatisfactory basis never really improved. As will be shown shortly labour contracts and the payment of regular wages remained causes of conflict between the two parties. So estate managers were very reluctant to experiment with what they regarded as an unreliable labour force.

Each estate had its own cane factory, and even after the abandonment of marginal land cultivation was extensive as well as labour using. The estates often shipped their produce from their own quays to avoid transport costs. Private one-track railways were built between the cane fields, the factories and the wharves. This not only raised costs on the less efficient or less well

13. For example Lord Grey, quoted in EISNER Jamaica 1830-1930 Manchester U.P. 1961.

situated estates, but also militated against the development of public utilities, since the control of expenditure was in the hands of estate owners and attorneys who were independent of public services.

Problems facing the Sugar Industry 1834-1900

The two main problems facing the planters were labour and foreign competition. The labour problem had really begun in 1807 but it became acute in 1834 with Emancipation. Apart from the densely settled islands like Barbados, the question of the labour supply became crucial in 1838 with the end of Apprenticeship. The nature of the problem was clearest in Jamaica and Trinidad where land was incompletely surveyed, let alone legally alienated and fully settled.

Slave labour could be compared to capital equipment in a primitive plantation system. In such an economy land was virtually a free good while the use of machinery was very restricted. Slaves once purchased had to be kept fit for future work even when there was little present work for them to do. Plantation agriculture had thus been geared to the exploitation of an already existent supply of slave labour. With the termination of Apprenticeship, during which period all ex-slaves other than young children had been forced to work as wage-earners for their former masters, the supply of labour could no longer be considered as given. The ex-apprentices had the opportunity of abandoning estate work, and in the majority of cases had every incentive to do so. They were already accustomed to growing and marketing their own provisions. Free Church missionaries often acted as brokers for the purchase of land which was refused to the labourers by the planters, or only offered on exorbitant terms. The association of estate work with slavery, the harsh repression of the 1830 rising, and the ungenerous interpretation of Apprenticeship by their former masters prejudiced them against work on the plantations.¹⁴

The planters and their representatives, did very little to dispel this

14. UNDERHILL op.cit., EISNER op.cit. et alia.

prejudice except in certain rare cases, some of which are noted by Underhill. They started by trying to force the ex-apprentices to work for them, threatening to expel them from their huts and provision grounds, and apparently never became reconciled to paying a contracted wage regularly. This may have been due to the sudden shortage of cash after 1834, but, as Sewell points out, it was much to their disadvantage. Road contractors offering more arduous work which was regularly paid, never lacked manpower.¹⁵

A certain number of small settlers were willing to work part time on the estates, but they were not available at crop time when they were most needed. Their own produce, for example pimentos, had to be harvested at the same season. In these circumstances the planters convinced themselves that the population was too idle to work, while the peasants believed the planters deliberately cheated them, refusing to offer them long term leases for their huts and plots of ground or to pay regularly what had been agreed upon. Overseers were accustomed to make numerous reductions for tasks which they considered unsatisfactorily performed, leading to further misunderstandings. Another cause of friction in the labour market was due to climatic conditions. A bad year for sugar was often an equally poor year for peasant crops, impoverished small holders then offered their services at a time when the estates had no need of them, while in good years the demand for labour was greater than the supply.

The 19th. century saw no satisfactory solution to the labour problems in Jamaica. Confidence and mutual respect never reigned between the two groups - plantation managers and workers. Attempts at European and East Indian immigration were transparently measures undertaken to reduce production costs through lower wages, rather than by improving over all efficiency. But East Indian immigration was much more successful in Trinidad than in Jamaica. In Trinidad the majority of the former slaves were able to leave the estates and the newcomers were more amenable than the emancipated slaves.

15. SEWELL op.cit. p.194.

The labour problem was not identical in all the islands. In Barbados Emancipation made little difference since there was practically no alternative to plantation labour, the Island being already so densely colonised. Estates continued to be profitable with little adaptation until the 1880s, as the wage rate was very low and relations between planters and workers were less acrimonious. This was perhaps due to the lower proportion of absenteeism among the Barbadian planters compared to the other islands. In Trinidad the problem was particularly severe as the Island remained underpopulated during the whole 19th. century. Adaptation however was easier in the 'newer' society, already accustomed to a labour shortage. Jamaica was in an intermediate position compared with Barbados and Trinidad, and its estates suffered most from the measures of 1834 and 1838.

The second fundamental problem for the British West Indian sugar industry was foreign competition. The industry was not prepared for the effects of English free trade measures. The Sugar Duties Equalisation Act of 1846 seemed in contradiction to the metropolitan moral indignation which had swept away slavery in 1834. At that time slavery had appeared abominable to the most vocal sections of British public opinion. Now, in 1846, foreign slave-grown sugar was to compete on equal terms with that produced in the British territories, which had hardly recovered from the upheaval of Emancipation forced on them by Westminster. The inconsistency and apparent injustice of the metropolitan decision was deeply resented in the British West Indies. The Duties were not completely equalised until 1854, but the following table shows the extent to which competition from cheaper slave-grown or East Indian sugars threatened the British West Indian producer.

TABLE I
WORLD PRODUCTION OF SUGAR

<u>Origin</u>	<u>1828</u>	<u>1850</u>
British West Indies (of which Jamaica)	4,210,000 1,363,960	2,590,000 (cwts) 592,487
Other British Production	516,000	2,200,000
Cuba, Puerto Rico	1,300,000	5,920,000
Brazil	560,000	2,200,000
Louisiana	400,000	2,480,000
Other foreign production	1,700,000	5,260,000
TOTAL	8,826,000	24,450,000

Source : Douglas Hall 'Free Jamaica' p.83.

The first blow came from the British East Indian and foreign slave-grown sugar but later competition from beet was even more serious as Beachey shows.¹⁶ Until sugar duties were completely removed in the United Kingdom in 1874, British West Indian sugar retained an advantage over partially refined Cuban, Mauritian or Brazilian sugar since it fell into a lower excise category.¹⁷ But after 1874 consumers found the other sugars cheaper, while from 1876 onwards all cane sugar was under increasing pressure from 'bounty-fed' beet. In 1883-4 the Germans entered the market on a large scale with still lower prices and distress was widespread in the British West Indian market. British refiners came to prefer beet sugar and the West Indians had considerable difficulty in retaining any contracts whatsoever. The following table illustrates the changing situation from 1884 to 1900.

16. BEACHEY op.cit.

17. ibid.

TABLE II
BETTER SUGAR COMPETITION

<u>Total exports British</u> <u>West Indies</u> <u>(cane)</u>		<u>Imports into United Kingdom</u> <u>Cane</u> <u>British West Indies</u>		<u>Beet</u>	<u>Total</u>
			<u>Other</u>		
1884	329	168	414	559	1141
1885	283	138	423	562	1123
1886	256	199	367	586	1052
1887	336	188	331	772	1211
1888	299	106	468	661	1235
1889	289	96	376	855	1327
1890	298	67	216	987	1270
1891	264	54	298	1001	1353
1892	279	75	311	958	1344
1893	273	61	307	1009	1377
1894	260	85	239	1087	1411
1895	236	85	243	1169	1497
1896	206	72	226	1144	1442
1897	254	47	228	1159	1414
1898	289	47	235	1117	1399
1899	244	39	106	1258	1403
1900	238	37	113	1362	1512

N.B. Figures in thousands of tons.

The balance of British West Indies exported but not received in the United Kingdom went to the United States and Canada.

Source : Beachey op.cit. from Parliamentary Papers.

The two central problems - the high cost uncertain labour supply and foreign competition - were aggravated by secondary problems, particularly by the poor financial position of most of the British West Indian plantations. Encumbrances imposed during the 18th. century boom weighed very heavily on the small profit margins. From 1854 to 1892 an Encumbered Estates Court sat in London to apply a law similar to the Irish Encumbered Estates Act. Only Barbados refused the application of the Act to the island properties and suffered from its refusal in the 1890s. One of the consequences of the Act was to facilitate the take-over of formerly encumbered estates by the London consignee merchants, to whom the planters were indebted, on very easy terms. This solved part of the financial problem as these merchants had easier access to capital than the old

proprietors, but it increased absenteeism, which gave rise to its own problems as will be seen later. Only a small number of the existing estates were taken over by their London creditors. For the others mortgage of the next years, or of several years, crops to the consignees who provided supplies on their own monopoly terms, remained a financial drain on the plantation.

The financial position worsened for the planter after Emancipation and particularly after 1846. In Jamaica especially, estate owners and managers lost confidence in their fortunes and abandoned attempts to introduce capital intensive improvements.¹⁸ This loss of confidence at the time of the London commercial crisis of 1847 did nothing to encourage British capitalists to extend credit to West Indian ventures. As late as 1912 Aspinall observes that British investors had never entirely recovered their confidence in the West Indies, and that American and Canadian capital was more easily accessible.¹⁹ Absentees were in a favoured position because of their contact with the London capital market, but on the other hand their profits were undoubtedly much reduced by attorneys' fees. In the second half of the century certain American observers, notably Sewell,²⁰ believed lack of capital to be the planters' real problem. Already working on a meagre profit margin, they were at a disadvantage due to liabilities previously contracted and to lack of access to new capital. The Banking System was not of great assistance to them. The Planters' Bank had specialised in advancing funds for the development of estates, but it failed in 1848 and suspended payments. The charter of the surviving bank, as will be shown later, did not enable it to advance money on the security of goods or land. This financial weakness, frequently accompanied by an inadequate cash circulation, reinforced the lack of adaptability in the sugar industry.

18. HALL op.cit.

19. ASPINALL A.E. The British West Indies. Boston 1912.

20. SEWELL op.cit.

Figures showing the Changes undergone by the Sugar Industry

After a sketch of the main problems facing the industry we now quote some figures to illustrate the evolution of the cost/sales price ratio, and of the place sugar exports occupied in British West Indian commerce during the period.

TABLE III

ANNUAL SUGAR PRICES IN LONDON (excluding duty)

<u>Year</u>	<u>Price per cwt.(in shillings)</u>	<u>Year</u>	<u>Price</u>
1831	24	1867	22
1832	28	1868	22
1833	29	1869	24
1834	32	1870	23
1835	32	1871	25.5
1836	41	1872	25.5
1837	35	1873	25.5
1838	35	1874	21.5
1839	36	1875	20.5
1840	48	1876	21.5
1841	41	1877	24.5
1842	37	1878	20
1843	33	1879	19
1844	35	1880	20.5
1845	33	1881	21.25
1846	36	1882	20
1847	27	1883	19
1848	20	1884	13.25
1849	22	1885	13.5
1850	23	1886	11.75
1851	23	1887	11.75
1852	20	1888	13
1853	22	1889	16
1854	20	1890	13
1855	24	1891	13
1856	28	1892	13.5
1857	34	1893	14.25
1858	24	1894	11.25
1859	23	1895	10.
1860	24	1896	10.75
1861	22	1897	9.25
1862	20	1898	9.5
1863	21	1899	10.5
1864	26	1900	11.25
1865	22	1901	9.25
1866	21	1902	7.25

Source : Eisner op.cit. p.244.

Cost Changes

Changes in costs were less remarkable during the period. They are difficult to estimate as there was a wide range of production costs going from the most, to the least, efficient estates. Capital and depreciation charges were often allocated to a single year confusing the accounts which, at the beginning of the period, were not always well kept. In 1847 for example, Governor Grey's committee found the average cost in Jamaica of producing a hundredweight of sugar to be $27/7\frac{1}{2}$ excluding capital charges and marketing costs and after deducting proceeds from the sale of rum. But on the best estates at that time it was 15/-.²¹

The following table gives a picture of the situation from 1840-1847 in Jamaica. The balance for production and capital charges can be compared with the figures produced by Governor Grey's committee.

TABLE IV
SUGAR PRICES, DUTIES AND MARKETING COSTS

<u>Costs per cwt</u>	<u>1840</u>	<u>1842</u>	<u>1844</u>	<u>1846</u>	<u>1847</u>
Average price including duty	74/3	62/1	58/10	48/5	42/3
-----	--	--	--	--	--
Freight and services	7/6	7/6	7/6	7/6	7/6
Import duty	25/2	25/2	25/2	14/10	14/-
	--	--	--	--	--
Total Charges	22/8	32/8	32/8	21/6	21/6
-----	--	--	--	--	--
Balance for Production and Capital charges	41/7	29/5	26/2	26/11	20/9

Source : HALL op.cit. p.87.

21. HALL op.cit. p.86.

Only partially successful effects were made to reduce costs in Jamaica from 1855 to 1860, the Island's second favourable period after Emancipation. Trinidad and British Guiana estates had already taken steps to lower costs by 1850, and in 1853 the Colonial Office claimed that only Jamaica still suffered from the 1845 act.²²

From 1865 to 1879 production costs remained more or less constant in the British West Indies.²³ But from 1884 to 1894 mechanisation, particularly in Trinidad and British Guiana lowered average costs from £16 to £9 a ton, on estates using vacuum pan techniques.²⁴

TABLE V
VOLUME OF SUGAR EXPORTS FROM JAMAICA

<u>Year</u>	<u>Quantity exported in cwt.</u>	<u>Year</u>	<u>Quantity</u>
1831	1,429,093	1849	592,487
1832	1,431,689	1850	485,744
1833	1,256,991	1851	537,072
1834	1,256,253	1852	420,908
1835	1,148,760	1853	441,197
1836	1,054,042	1854	440,911
1837	904,299	1855	514,651
1838	1,053,181	1856	456,958
1839	765,078	1857	549,662
1840	636,197	1858	626,580
1841	805,967	1859	541,957
1842	565,168	1860	599,739
1843	527,354	1861	654,848
1844	704,244	1862	615,083
1845	571,746	1863	560,482
1846	881,148	1864	522,499
1847	570,635	1865	483,681
1848	723,470		

Source : Trade Returns and Blue Books, from HALL op.cit. appendix 2.
N.B. Disparities between these figures and those shown by the graph, will be due to the existence of two sets of figures for certain years. The above figures are taken from the Blue Books in cases of conflict between the two sets.

22. HALL op.cit. p.104.

23. BEACHEY op.cit.

24. BEACHEY op.cit.

What this changing situation represented as regards Jamaican exports can be seen from the following table :

TABLE VI
SHARES OF MAIN EXPORTS IN TOTAL EXPORTS

<u>Export</u>	<u>1832</u>	<u>1850</u>	<u>1870</u>	<u>1890</u>	<u>1910</u>
Sugar	59.5	58.2	44.5	14.7	8.1
Coffee	18.4	10.3	15.1	18.2	5.8
Rum	13.7	20.9	19.3	12.5	6.0
Bananas	-	-	0.1	19.1	52.0
Miscellaneous	8.4	10.6	21.0	35.5	28.1
Total	100	100	100	100	100

Source : Eisner op.cit. p.238.

Finally we can see the importance of sugar as percentage of total exports for the area as a whole at the end of the period.

TABLE VII
VALUE OF TOTAL AND OF SUGAR EXPORTS 1896

<u>Colony</u>	<u>Total exports of produce and manufactures</u>	<u>Exports of cane sugar</u>	<u>Exports of sugar as % of total exports</u>
Jamaica	1,700,000	300,000	18
British Guiana	1,814,000	1,280,000	70 $\frac{1}{2}$
(British Guiana excluding Gold)	1,303,000	1,280,000	94 $\frac{1}{2}$
Trinidad	1,323,000	773,000	57
Tobago	20,000	7,000	35
Barbados	577,000	558,000	97
Grenada	182,000	nil	--
St.Lucia	85,000	63,000	74
St.Vincent	57,000	24,000	42
Antigua	127,000	119,000	94 $\frac{1}{2}$
St.Kitts-Nevis	109,000	105,000	96 $\frac{1}{2}$
Dominica	48,000	7,000	15
Montserrat	24,000	15,000	62
TOTAL	6,105,000	3,251,000	53
(excluding gold British Guiana and Jamaica)	3,945,000	2,951,000	75

Source : ROYAL COMMISSION 1897

Attempts at Adjustment to the Changing Situation

We now turn to the efforts made by the planters to adjust to changing circumstances during the period 1834-1900. Adjustment was attempted in the three spheres of labour, capital and land utilisation.

Positive, as opposed to obstructionist, policies towards the labour question consisted mostly in the organisation of indentured East Indian immigration. As will be seen later the financial burden of this immigration (approximately £16 per able bodied worker) was in most cases borne by the whole population, not only by the planting interest. In Trinidad the policy was largely successful. The planters acquiesced, if unwillingly, in the almost complete departure of the negroes from estate work. On the other hand in Jamaica, the Assembly did not command the confidence of the Colonial Office as regards the treatment of indentured immigrants. London was not encouraging to Jamaican requests for East Indians, which vacillated wildly with sugar prices. Immigration was started in Jamaica in 1843 to provide a reserve of crop and planting time labour, to increase the working population and thus to stabilise wages.²⁵ It took place again on a significant scale from 1853 to 1857, but later it was virtually abandoned in Jamaica as a solution to the labour problem, which remained unresolved.

As regards improvements in capital investment aimed at lowering costs, a distinction must be made between the situation in different islands and in different periods, but in general the British West Indian planter was very reluctant to introduce mechanisation. Sewell firmly asserts that in comparison with American agriculturalists, West Indians 'refuse labour saving methods'²⁶, although he makes an exception for steam. Hall shows that the Jamaican planters made certain efforts at mechanisation from 1838 to 1846. He attributes the failure of these efforts to the 1846 crisis. For example a project for a central

25. HALL op.cit. p.54-5.

26. SEWELL op.cit.

sugar factory and a timber company to be situated at Annotto Bay was abandoned in 1846 due to failure to raise the £100,000 necessary, while the common mill supplied by crop sharers on the Windsor Castle estate in 1843 apparently failed for the same reason. At that moment the modern factory equipment available was only suitable for estates producing at least 500 hogsheads of sugar per annum of which there were only three in Jamaica.

Nevertheless these efforts appear to have been dilatory and undertaken without determination. The failure of the Windsor Castle project cannot be directly blamed on the Act of 1845 since it took place two years beforehand, while the Annotto Bay project, if it had really promised lower costs should surely have become more not less interesting after the Act. As Hall says, there was no serious effort to introduce cane cutting machinery, nor to improve transport. In 1844, Dillon, in a speech to the Jamaican Assembly quoted by Hall, suggested that the Assembly should finance purchases of agricultural machinery rather than immigration, but this was turned down.²⁷ As with immigration, Jamaican expenditure on imports of plantation machinery varied with the current sugar price, being radically reduced in 1846 and increased in 1853.

Trinidad, accustomed to a labour shortage was readier to introduce agricultural machinery. Trinidad, and also British Guiana, profited from the vacuum pan method of cane processing which enabled the best estates to compete with European beet until the very end of the century. Even here, however, central factories, apparently the obvious solution to the lack of individual capital and underutilisation of plant, were not adopted until 1900, after the stimulus given by the Royal Commission Report of 1897. Transport facilities and the development of chemical testing of the sucrose content of variously owned cane coming to the mill, were so backward that a central factory remained a risky project until 1900.²⁸

27. HALL op.cit.

28. BEACHEY op.cit.

In general one can conclude that the British West Indian planters either did not believe that mechanisation could significantly reduce their production costs, or that they did not have the capital to undertake modernisation. The former factor was preeminent in the first part of the period and the latter in the second half.

As regards the use of land resources, important changes took place. Favourable conditions, particularly the Napoleonic Blockade, had extended cane plantation to marginal lands which were abandoned quite rapidly after 1838. Subsequently, particularly in Jamaica, estates in mountainous parishes, or where transport was poor, were given up despite good soil. Finally estates were more and more frequently amalgamated and concentrated in certain parishes, such as Vere, Irelawney and St. John in Jamaica. Hall mentions that estates topographically unsuited for the plough were forced out of cultivation in Jamaica by the cost of hoe labour between 1834 and 1846. The decrease in the number of estates continued throughout the century, for example between 1845 and 1860 the number of estates in the parish of Hanover, Jamaica, fell from 70 to 29.²⁹ While Beachey estimates that in general in the British West Indies there was a reduction in the number of plantations from approximately 2,200 in 1834, to 750-800 by 1900. The movement towards accumulation was weakest in Barbados, where there were fewer absentees (two thirds were resident according to Beachey), and it was strongest in British Guiana and Trinidad, where companies of merchants would own several estates, for example the Colonial Company had nine in British Guiana. In this last colony the number of estates fell from 150 in 1865 to 50 in 1900.³⁰

To sum up one could say that the policies of adjustment undertaken by the estate owners and managers tended to be those of least resistance: abandon and amalgamation of land, and a search for lower-wage indentured labour; rather than measures showing entrepreneurial ingenuity and initiative.

29. UNDERHILL op.cit. quoting the Hanover Society of Industry paper.

30. BEACHEY op.cit.

An Outline of the Principal Fluctuations in the
Sugar Industry 1834-1900

Finally this chapter concludes with a brief resume of the ups and downs of sugar fortunes during the period to provide a frame of reference for the discussion which follows.

As Eisner points out a sequence was repeated in most of the West Indian sugar colonies of a period of 'opening-up', followed by a prosperity peak, followed by decline due to diminishing returns and withdrawal of home capital. Barbados, St. Kitts, Antigua and Jamaica had all passed their peak by 1834. Eisner situates Jamaica's greatest sugar prosperity in 1804.³¹ 1834 appeared more of a turning point than it really was because of the overplanting stimulated by the Napoleonic Wars.

Summary :

- 1834-8 Fall of Prices and Output.
- 1839-46 Price Rise. Slow Adjustment of Output.
The industry appears to be in a prosperous condition.
- 1846-51 Fall of Prices and Output.
The industry suffers from credit shortage and lack of confidence.
- 1851-4 Stabilisation.
- 1855-60 Recovery, Rise in Prices and Output.
Even in Jamaica profits could be made at this time, while in Trinidad planters were very prosperous and estimated £5 a ton profit.³²
- 1860-82 Prices more or less Stable.
There was general prosperity except in Jamaica, which was turning over to bananas after 1870. Elsewhere from 1871-6 muscovado was profitable and vacuum pan sugar lucrative.³³
- 1883-1900 Prices Falling, Exports Falling.
1884 muscovado ceased to make a profit.
1885-95 vacuum pan sugar was only breaking even, muscovado was in distress.
1895-1902 the distress was general.

31. ELSNER op.cit.

32. UNDERHILL op.cit.

33. BEACHEY op.cit.

CHAPTER III

THE STRUCTURE OF A SUGAR DOMINATED ECONOMY AS IT
AFFECTED DIVERSIFICATION AND POSSIBILITIES FOR
THE MIDDLE CLASS

This chapter is intended to give a theoretical background to a historical discussion of the actual 'spill-over' effects of periods of prosperity in the sugar industry. This background examination of the structure of a sugar dominated economy can be divided into seven interconnected parts.

The Constitutional Situation, including
Political & Social Elements.

Social, political and constitutional patterns, and economic changes obviously react upon one another. The former factors are considered in this essay because of the importance to the question under discussion of the control and direction of public income and expenditure. The vital role the public sector could have played will become apparent later. The spending of public money was of course mainly determined by the assemblies and councils in the different islands.

One can deal very briefly with the social structure. It is obvious that a plantation-dominated economy is unfavourable to social mobility. Sewell³⁴ writing in 1861 compares the spirit of initiative, the degree of literacy and the independence of the Barbadian and the Jamaican negro, to the disadvantage of the former. In Barbados at that time one could almost say a man was either born a planter or an estate labourer and that any change in his position could only be within one of the two groups. There was comparatively little immigration to, or emigration from, Barbados in the 19th. century. In Jamaica, on the other hand where sugar no longer held such absolute sway, mobility between groups was much easier. As long as they could the planting class encouraged professional and social immobility. Before 1834 planters had been uneasy at the growth of a

34. SEWELL op.cit.

class of coloured descendants of Europeans and their negro mistresses, and as early as 1763 had passed a bill limiting the value of property which could be left to the children of such unions to £1,200. It was estimated at the time that the coloured population was in possession of property to the value of two to three million pounds.³⁵ Yet these people had no political, and very limited civil, rights.

Civil rights were extended to all the inhabitants of the British West Indies between 1834 and 1838, and Stipendiary Magistrates were appointed by the Colonial Office to make sure that these rights were respected. Political rights, as expressed in the franchise, varied from island to island, but except perhaps in Jamaica after 1882, the franchise was organised to the predominant advantage of large country landowners. Jamaica (until 1865 when Crown Colony Government was imposed) and Barbados were the two islands in which this question was the most important since their assemblies were self-governing under the supervision of the Colonial Office. In Barbados the franchise was virtually based on a colour bar.³⁶ Qualifications for voting were possession of a freehold with a rental of 60 dollars per annum, or of a leasehold for which the tenant paid 320 dollars per annum, or of a town occupancy valued at 160 dollars per annum.³⁷ As Sewell pointed out this utterly excluded any existing 'middle income' group. He mentions that in the last election which took place before he wrote, the total number of votes polled for the 'popular' branch of the Legislature was 147 out of a population of 150,000.

In Jamaica the situation was more complicated as important changes took place in 1858, in 1865 and in 1882. Until 1865 property qualifications for candidates for election to the Assembly excluded all but the richest members of the population: freehold possession to the value of £300 per annum, or of other

35. HENRIQUES Fernando Family & Colour in Jamaica. Eyre & Spottiswoode 1953.

36. BURN W.L. Emancipation & Apprenticeship in the British West Indies. Cape 1937.

37. SEWELL op.cit.

property worth £3000 per annum, or payment of £10 direct tax per annum. Until 1858 voters had to pay tax on a freehold of at least £6, or an annual rent of £30, or to pay £3 direct tax. Land at that time averaged about £6 an acre freehold. Registration on the voters' list was also necessary at the cost of 10/-.³⁸ In 1858 the annual rent of thirty pounds was reduced to twenty, and total taxes to two pounds. While the additional possibility of an annual income from business of £50 was admitted as a voting qualification. Sewell estimated that there were 50,000 freeholds with a clear income of £6 in 1861,³⁹ but there were only 3,000 registered voters. In 1863 there were 1,798 registered voters out of a possible 450,000.⁴⁰ The 10/- registration fee was a strong deterrent as cash was scarce and was needed to pay the various local and Island taxes.

The power of the Jamaica Assembly prior to 1865 was considerable, particularly regarding financial matters. Its members sat on executive 'Boards of Accounts' even while the Assembly was under the Governor's dissolution; and he himself, officially the chief executive, was in practice excluded from their deliberations.⁴¹ The Assembly was the source of all bills discussed by the Legislature and was composed of 47 elected members. The other chamber, called the Council, was composed of 7 to 12 members, none of whom was elected. It was made up of ex-officio members and up to six councillors nominated by the Governor. It could neither amend nor reject money bills. The Governor could allow or disallow bills passed by the Legislature, or allow them with suspending clauses which rendered them inoperative until the decision of the Sovereign-in-Council was announced. He was in a delicate position since conflicting policies were pursued by the Assembly and by the Colonial Office. The latter tried to work through the Governor to protect the rights of the former slaves against

38. HALL op.cit. p.2.

39. SEWELL op.cit.

40. BURT A. 'The First Instalment of Representative Government in Jamaica' SES 1962.

41. BURN op.cit.

infringements by the planter-dominated Assembly.

Despite the narrow franchise there were signs of an opposition to the planting interest in the Jamaican Assembly between 1834 and 1865 when it was dissolved. Opposition first took the form of an embryonic 'Governor's Party'. Lord Sligo, the first governor after Emancipation encouraged the formation of a nucleus of non-planting members of the Assembly to support the Stipendiary Magistrates and carry out Colonial Office policy. Some of the most important Kingston merchants, including the Mayor of Kingston, Hector Mitchell, belonged to this group. Coloured Kingston printers and publishers such as Edward Jordan and Robert Osborn were among its members. Richard Hill, stipendiary magistrate for the region of Spanish Town, was prominent in the group but he lost his seat in 1837. Sligo had stirred up great resentment by his active participation in Assembly politics and in 1836 his successor, Governor Smith, abandoned any attempt to build up a party of 'Governor's men'. Smith, who had been governor of the rich sugar island of Barbados, tried to win the Assembly over to the Colonial Office policy by conciliation. He was completely unsuccessful, but opposition to the planting interest from a group inside the Assembly openly connected with the Governor did not reappear.

A longer lasting but inconsistent opposition came from what has been called the 'Town party'. This was never a true parliamentary party but a fluctuating group of members with more varied interests than those of the planters. Jordan and Osborn again took part, but this group had different aims from those of the old governor's men. They saw a strong Assembly as a means of gaining power for themselves, and tried to strengthen it at the expense of the Governor's influence. They were determined that the Assembly should retain financial control of the Island. With this in mind they voted with the resentful planters refusing a share of the guaranteed loan offered by the British Government in 1854 as a gesture of compensation for the passing of the Sugar Duties Equalisation Act. At the same time they got the salaries of civil servants reduced, hoping to make

Jamaican offices less attractive to European candidates and eventually to monopolise government offices for themselves.

Governor Metcalfe in 1841 foresaw growing opposition between the planters and the 'town party' but the Town group never formed themselves into an explicit opposition. They could have made up a working majority in the Assembly from among Jewish merchants, journalists and coloured citizens of Kingston, particularly during the crop season when estate owners and attorneys had to return to the country. But although members of the group expressed a desire to see a society of independent small farmers established in Jamaica they did nothing concrete to realise their aim. They produced no bills to promote road building, security of tenure or credit facilities for farmers producing for the local market.

One reason why their opposition was ineffective was that the franchise favoured the country against the town, particularly against Kingston. In 1838 for example, three members from Kingston each represented 151 voters, while members from three country parishes represented less than ten voters each.⁴² As will be seen later it must also be noted that the short term financial interests of many of the town group were tied up with those of the planters, so that opposition remained sporadic and ambiguous. Their principal policy never went beyond strengthening the Assembly, a body which continued to follow a sterile policy until it was persuaded to vote its own dissolution in 1865.

In the British West Indies local government was also of economic significance since the Vestries had considerable powers of taxation, which were not directly supervised by the Colonial Office as were the tax-bills of the Assembly. Members of the Vestry were elected locally, again on a limited franchise, and office was virtually confined to the planters and their representatives, with the clergymen of the Established Church and the Custos as ex-officio members. The

42. CURTIN op.cit.

Custos was appointed by the Governor, and the Stipendiary Magistrates by the Colonial Office, but these latter had no fiscal power.

The constitutional position in Jamaica after 1865 will be commented on in a later chapter. It is clear enough from the preceeding paragraphs however that the British West Indian constitutions were prejudiced in favour of the planting interest.

The Scale of Production and the Size of an Economic Unit

We now turn to directly economic considerations. The most important of these is obviously the size of an efficient unit of production in a sugar economy. In 1912 Aspinall estimated that an outlay of two or three thousand pounds, with no profit for ten years and no substantial profit for fifteen, was the minimum requirement for starting up in sugar in the British West Indies.⁴³ Investment in capital equipment was naturally heavier in 1912 than in 1834, but minimum acreage was much smaller, so Aspinall's figures may not overestimate the original expenditure necessary in the second half of the 19th. century. A sugar estate was a rich man's investment throughout the century. It was thus practically impossible for the small holder to profit from production of the staple export until cane farming was established in the 20th. century. As Cuban experience showed even organised cane farming did not guarantee that the profits from good sugar prices would be shared. Sugar factory owners were monopsonist buyers in areas where transportation to competing factories was almost non-existent. They often owned land themselves and so could ignore threats from farmers of withholding cane supplies with a view to raising factory prices.⁴⁴

The small holder could supply the local market with sugar processed in hand mills, but he did not gain directly from advantageous prices or protection which might be negotiated by the planters' political manoeuvres in London or in the United States. Underhill refers to an ex-slave in Trinidad, who was one of the

43. ASPINALL op.cit.

44. GUERRA Ramiro Sugar & Society in the Caribbean Yale University Press 1964.

very few he encountered who tried to plant sugar on an economic scale. But he failed because neighbouring planters refused to buy his cane.⁴⁵

The Consequences of an Open Economy being
subordinated to the Metropolis

If ex-apprentices of initiative could not be sugar planters they could take to trade and commerce, or to distribution and eventually import-substitution. But here they were frustrated by the facts of an open economy under imperial domination. The bulk of international trade was in the hands of British merchants. The estates were already committed to dealing with them, and indeed by the 1830s nine tenths of the estates were mortgaged far beyond their value to British merchants.⁴⁶ So there was little scope for local merchants as regards sugar exports or planters' imports.

British houses not only dominated trade with the United Kingdom; they positively discouraged trade with the United States, which was, in the words of the Royal Commission of 1897, the natural market for the British West Indies. Trade with the United States presented an opportunity for local merchants, who already had connections with the Americans, as the West Indies bought American provisions and timber. From 1865 onwards the United States steamship companies stimulated harbour development in the British West Indies,⁴⁷ and would have taken many more British West Indian exports than they did. Sewell says that many United States ships returned home empty or went elsewhere in the Gulf of Mexico to find a return cargo.⁴⁸ However trade with the United States was hindered by metropolitan interests throughout the century. In 1837 the Assembly's Jamaica Import Duties Act was disallowed by the Colonial Office. The Act would have imposed duties on English manufactures, and petitions against it came from

45. UNDERHILL op.cit. p.378.

46. CALLENDER op.cit.

47. BEACHEY op.cit.

48. SEWELL op.cit.

both merchants and manufacturers from Dundee, Glasgow and elsewhere. James Stephen, the head of the permanent staff of the Colonial Office, explained that the interests of the colonies were not to be subordinated to those of England, but that Jamaica was to be encouraged to keep on its entrepot trade with South America - this however had already completely declined after the independence of Latin American countries from Spain.^{49, 50.} Until the end of the Spanish-American empire the Free Ports of the British West Indies had made a substantial contribution to the wealth and commercial life of the islands, particularly Jamaica. However the newly independent American states preferred to deal directly with European suppliers especially as maritime transport was becoming more and more rapid. When British sugar prices declined after 1877 local merchants tried to divert sugar exports to the United States but they received hindrance rather than help from the home government. According to Salmon⁵¹ the restrictive tie to United Kingdom exports was cemented by the fact that many of the new owners, who took over estates after the Encumbered Estates Act of 1854, were London merchants with interests in the English export trade. Arrangements for a reciprocity treaty with the United States failed repeatedly because the home government was afraid of losing the captive West Indian market for its manufactures. In 1885 negotiations on this question broke down. Salmon, in his essay for the Cobden Club, on the benefits of free trade, notes among the various possible advantages that the strengthening of a natural trade with the Americans would increase the prosperity of the local West Indian merchants and also give the West Indies a bargaining factor in persuading the United States to take their sugar. But when a treaty was actually concluded with the United States it was too late to commit them to British West Indian sugar: they already had connections with Cuba and Puerto Rico.

49. BURN op.cit.

50. ARMITAGE Frances. The Free Port System in the British West Indies. Longmans 1953.

51. SALMON G.W. Depression in the West Indies. London 1884.

As opposed to Salmon, Hall notes that some of the new group of planters who appeared in Jamaica in the second half of the century were willing to employ local merchants, and did so notably in accepting credit from them and importing guano through them.⁵²

It follows from what has been said that opportunities for import substitution were also limited by obligations to metropolitan interests, particularly since the heaviest consumers, in value terms, were the planters whose pattern of expenditure was prejudiced in favour of imports from 'home', both as regards capital and consumption goods.

The Fiscal System

International trade also dominated the British West Indian fiscal system well into the 20th. century. The 1937 Royal Commission pointed out the dangers of depending completely on trade for public revenue and estimated that on an average 80% of government income came from import duties. It also considered that the tax burden was too light on the upper income range. This was a continuation of the 19th. century position. The majority of government receipts were from import and excise dues, and export duties. Salmon in 1885⁵³ showed that import duties on essential foodstuffs were so high that real wages were extremely low, which, in his opinion, was the main cause of the poor quality of labour available. It was generally admitted that these heavy import duties on provisions, while plantation machinery and livestock were exempt from tariffs, was a means of forcing the self-employed peasant or trader to contribute to public revenue.

However other fiscal measures already favoured the large landowner. Land was taxed very lightly and all proposals for tax reform acceptable to the planting interest supposed a regressive scale. When, in 1849, the Governor, Sir Charles Grey, proposed as one of his six reform measures to overhaul the

52. HALL op.cit. p. 114-5.

53. SALMON op.cit.

financial situation, that a 2/- an acre tax should be generally imposed in place of the regressive tax on hereditaments, the Jamaica Assembly rejected the proposal as absurd.⁵⁴ Salmon comments on a suggested land tax, which had recently been proposed, that it would be 'taxing industry and commerce in favour of parks and speculation'. It had been suggested that revenue should be raised at the following rates :

- 1/- an acre up to 100 acres,
- 6d. an acre from 100 to 500 acres,
- 1½d. an acre on properties of over 500 acres.

Landowners justified this on the grounds that a larger proportion of their properties were in woods and pastures, while those of the small farmer class were under intensive cultivation.⁵⁵

Internal trade and commerce was discouraged by discrimination against those chiefly engaged in it. Farmers' vehicles used on public roads were taxed at 18/- a cart in 1860 in Jamaica, whereas plantation vehicles were exempt. One clerk of the peace in a Jamaican parish said that as a result of the recent increase in this tax (from 4/- to 18/-) the number of carts in the parish had been reduced from 500 to 197 and that provision growers were unable to supply markets.⁵⁶ Draught animals not employed on plantations were also heavily taxed, and a sales tax was imposed on produce: 1d. per lb. sugar, 2d. per lb. coffee, etc. To sell these retail required an expensive licence, granted by vestry notables. Amounts over 200lbs. sugar or over 50lbs. coffee could however be sold without licence.⁵⁷

Export dues, which Salmon had found so uneconomic, were not only imposed on sugar but also on 'minor' agricultural exports. Again they were regressive;

54. GARDNER W.J. A History of Jamaica London 1909.

55. SALMON op.cit.

56. UNDERHILL op.cit. p.220.

57. ibid. loc.cit.

in Jamaica the planter paid 3/- a hogshead of sugar, the small farmer 2/- a barrel of sugar, coffee or arrowroot.⁵⁸

Finally taxation for East Indian immigration must be mentioned. It was claimed that export dues were collected for this purpose, and in Jamaica only the planters paid additional tax to cover immigration. But in other islands all incomes were taxed on the pretext that immigration aided the economy as a whole since it rendered sugar more efficient. The 1897 Royal Commission notes with approval the Jamaican system and considers inequitable the payment of a special tax by non-sugar producers, as for example in St. Lucia by cocoa growers, who had never wanted nor received indentured labour. In Jamaica the government only paid for medical care and supervision, but elsewhere the entire cost of immigration was born by the public. Apart from the lack of equity in the system, it encouraged planters to underestimate the cost of immigrant labour when they compared it with the cost of mechanisation.

In general the 1897 Royal Commission found the fiscal system unadapted to the needs of the British West Indies and considered that a property tax should have been imposed on the estates long ago, but feared that they were in too impoverished a condition to support it at the time of writing.⁵⁹

Public Expenditure

Public expenditure was also orientated to the advantage of the large landowner. Public expenditure in periods of prosperity will be examined in a later chapter, but two points can be made in this section. Firstly government spending was obviously not thought of in a Keynesian sense in the 19th. century, British West Indies any more than it was in England at the time. Yet the usual deflationary effects of trying to balance the budget during a period of recession were exaggerated by the importance attached to sugar. If sugar prices were poor 'retrenchment' was immediately called for. Whether or not this cutting back would aggravate social and economic problems was ignored. In 1848

58. *ibid.* p.221.

59. WEST INDIAN ROYAL COMMISSION 1897.

for example, the Jamaica Assembly passed a resolution refusing to raise any revenue after 15th. February 1849 unless a measure of retrenchment was passed.

The proposed retrenchment in the words of Gardner

'swept away almost every institution by which it was likely that the people at large would benefit. It was proposed to terminate all allowances for dispensaries and health officers; grants to improve the hospital and lunatic asylum were withheld, and that for the commissioners of charity shared the same fate. The dole for education was reduced to £1000, or about $\frac{1}{2}$ d. a head for each inhabitant of the Island, and though the Assembly proposed to reduce the salaries of its speaker and clerk from £960 to £500 per annum this clause was not in the copy sent to the council'.⁵⁹

At the same time the Governor pointed out that the proposed entrenchment would not balance income and expenditure in the colony, and that a persistent refusal to provide the necessary revenue could only result in disaster. The following year Sir Charles Grey put forward six measures to improve the economic and financial situation in the Island; a better control of public accounts; the funding of the Island debt; the establishment of an agricultural bank; the formation of reservoirs for irrigation; improvements in the practice of the courts of justice; and the land tax of 2/- referred to above. The Assembly however declared 'its utter inability to enter upon improvement of any kind'.⁶⁰ Calls for such short-sighted economies followed almost all downward movements in the British sugar price. They were obviously based on the firm conviction that sugar alone contributed to the prosperity of the economy.

The second salient feature of public spending was that expenditure on services, when it did take place, was almost inevitably in the interests of the planters. A recurrent example of this is the case of transport. In 1937 the Royal Commissioners were still saying that roads were inadequate in all country districts, particularly in Trinidad and on the Mainland. They considered it useless to encourage peasant settlement without improving country roads.⁶¹

59. GARDNER op.cit. p.434 sqq.

60. ibid p.432.

61. ROYAL COMMISSION ON THE WEST INDIES 1937. Cmd. 6607 vi. 245.

Gardner showed that in 1848 money for roads was illspent. The average expenditure in Jamaica by the Assembly and the Parochial Vestries exceeded £34,000 per annum, yet the general state of the roads was 'bad in the extreme'.⁶² Hall notes how slow the Assembly was to pass bills promoting road building.⁶³ Roads were kept up in coastal districts, the estates looked after their own roads, but cross-country communications, essential to small farmers, and which could have facilitated cane farming, as well as reducing local market prices, were neglected. A similar situation arose as regards railway extension in Jamaica. Until 1911 controversies and failures had dogged projects to extend the railway beyond the lines connecting Kingston and Spanish Town, and Port Antonio and Montego Bay. The new line undertaken in that year opened up 17,000 acres of the fertile Rio Minho valley, suitable for cocoa, coffee, ginger and other exports, as well as bananas. However this project was realised only after the success of the United Fruit Company's efforts to persuade the peasants to grow bananas for export had become apparent, and it was undertaken with American money. Previously insistence on the uneconomic Montego Bay route had prevented the railway from opening up the back country. The United Fruit Company contributed to the development of the interior by investing in depots and collecting stations at each country railway station.

Credit Institutions

In few countries during the 19th. century did the government actively encourage diversification of the economy through fiscal policy and it would have perhaps been utopian for West Indians to expect the government to intervene to offset the privileged position of the planting class. However, in many societies credit was available to an emerging middle class. But the organisation of credit in a colonial staple-export economy such as that of the British West

62. GARDNER loc.cit.

63. HALL op.cit.

Indies was not adapted to the needs of a local middle class. At the beginning of the period three banks were founded; The Colonial Bank (1836), the Bank of Jamaica (1837), and the Planters' Bank (1839). Only the first survived the various vicissitudes of the sugar crises. It was a London based initiative on the part of 18 English capitalists, 5 of whom were members of the Committee of West India Merchants. It received a charter to undertake banking operations in the West Indies with limited liability. Unlike the Planters' Bank, which suffered from unlimited liability and from dependence on associates drawn from a restricted group, the planting interest in Jamaica, the Colonial Bank enjoyed widespread confidence and retained its credit throughout the century. But its charter did not enable it to be of adequate assistance to either the planter or the small scale agriculturalist: the company was allowed to deal

'generally in bullion, money and bills of exchange and landing money or commercial paper and Government securities but it shall not be lawful for the said corporation to lend or advance money on the security of lands, houses or tenements, or upon shops, nor deal in goods, wares or merchandise of any nature or kind whatsoever.' ⁶⁴

As well as bypassing the needs of the agriculturalist, the Bank was also forced to neglect the needs of local merchants.

The West Indian economies, especially Jamaica, did not benefit from the establishment and the security of the Colonial Bank as much as they could have done. This was largely because of the narrow range of short term investment possibilities available to the Bank. As Callender has shown, the capital market was very limited in Jamaica, and even more so elsewhere in the British West Indies until nearly the end of the century.⁶⁵ There were two obvious consequences of this situation. First the banking system itself was not fully developed and credit was limited, secondly funds deposited with the Bank disappeared

64. CALLENDER op.cit. p.7.

65. CALLENDER p.22. sqq.

from the West Indies to be invested in London. This only reinforced the accustomed profit leakage typical of an absentee plantation economy.

The Colonial Bank did not cater for small savers, nor did the other two establishments. In Jamaica local savings banks were founded in 1836 and by 1846 there were 7 branches in the Island. The movement spread to other islands and the volume of deposits, which was considerable, will be considered in a later chapter on the economic condition of small holders. In several islands, including Jamaica after 1870, these banks became government-owned. Their funds however were very largely invested in English Consols and Colonial debentures, with a comparatively small proportion going to West Indian Government projects; for example the distribution of the assets of the Government Savings Bank in Jamaica was as follows on 30th. September 1888 :

Consols.	20,405
Colonial debentures and inscribed stock.	349,174
Treasury debt.	24,951
Planters' promissory notes for coolies.	5
	=====
Total	394,535

Source : Handbook of Jamaica 1889-90p. 108, quoted by Callender.

In 1864 the first building society was formed in Jamaica. The increase in population and income, and the lack of access to alternative sources of credit showed the need for it., and others followed. In 1865 the new Crown Colony Government passed an act for the regulation and encouragement of benefit building societies designed to serve the 'industrious poor and middle classes'.⁶⁶ The societies were usually founded in the parish capital and were closely linked with the economic condition of the small farmer. He was generally prosperous, as will be seen later, in the period when sugar was declining after 1871. However neither the Bank nor the Building Societies provided the credit required

66. CALLENDER op.cit.

by that section of the business community which did not have international connections. In 1879 the People's Discount Company was formed by the Reverend W. Clarke,

'to provide help for a large class of industrious and enterprising people who, not having influence to secure their business relationships with the Colonial Bank, were reduced to the necessity of applying to private individuals for the means necessary to aid them in their business undertakings.' ⁶⁷

Towards the end of the 19th. century the availability of credit increased in Jamaica. The Boston (later the United) Fruit Company invested large sums in the banana industry, not only in cultivation, but also in transport facilities, depots, and shipping. Canadian banks established branches in the West Indies and the indigenous capital market widened its range of opportunities with increased public expenditure, which was often guaranteed by the home government. Yet an extraordinarily high percentage of savings continued to go abroad. Indeed the Canadian insurance companies were stimulated to open branches in the West Indies when they became aware of funds untapped locally by either government or private borrowing.⁶⁸ In 1879 Mr. James Skerch, a merchant of Port of Spain, Trinidad, suggested to the management of the Sun Life Company that the British West Indies was practically a virgin field for life insurance. The rising per capita income, accompanied by an increase in the numbers of teachers and civil servants provided a potential pool of savings unexploited by other borrowers. The Sun Life Company's operations in the West Indies were so successful that the islands were considered a natural base from which to extend operations and a training region for insurance agents.

Thus credit institutions reinforced the expatriation of savings and profits, rather than favouring local development. This was mostly due to the narrow capital market and to fear of lending on the security of agricultural production,

67. *ibid.* p.38 quoting the Handbook of Jamaica.

68. CALLENDER *op.cit.* p. 50, 51.

which had led to the suspension of payments and liquidation of the Planters' Bank in 1848. With the exception of Jamaica after about 1875, the credit position as regards planters, merchants and small farmers was, and remained, unsatisfactory in the British West Indies. The 1897 Royal Commission pointed out that absentees were in the best credit position, but added that they were not likely to use their favourable situation to encourage diversification of the economy.

Availability and utilisation of land

The last structural factor to be discussed is the utilisation of land in the 19th. century plantation economy. Before sugar prices began to fall seriously in the 1830s estate owners had obtained enormous grants of land, often stretching in Jamaica, Trinidad and on the mainland, into regions unsuitable for cane planting. The acreage planted depended on recent sugar prices, but estates were so large that, although they were frequently unsurveyed, the margin of cultivation could change from year to year without fear of encroaching on another's property. This was the situation the planters were accustomed to, and one can see from the reactions to the tax proposal quoted by Salmon, that even in 1883 they had no intention of undertaking intensive cultivation. (This description is of course much less true of Barbados than of Jamaica or Trinidad). There were thus large tracts of land 'kept in reserve' by the estate owners. They had always hoped, at least until about 1880, that the price of sugar would rise and an increasing area of land could be profitably planted with cane. This attitude, together with hostility to the small settler, encouraged planters to hold on to their land hoping for better times, even if they did not actually exploit it. The situation in 1866, even in Jamaica where it was clear that sugar was not going to recover its glory, was so wasteful that Governor J.P. Grant obtained the forfeiture of large tracts of uncultivated land to the Crown between 1866 and 1873. At the same time the government attempted to get rid of squatting. Peasants and labourers had taken to squatting

on unused parts of abandoned or decaying estates, or in the mountainous regions of going estates, since they found it difficult to buy or lease land on reasonable terms from estate owners. The usual terms offered after Apprenticeship ended had been tenancy at will. The rent took the form of a certain number of days work on the landlord's estate depending on the size of the tenant's family. Even after a large scale exodus from the estates forced the landlords to offer better terms, they were reluctant to sell plots of land since they believed that the widespread desire to achieve freehold status was one of the main causes of their labour problems. Labourers often dispaired of getting a lease and took to the mountains.⁶⁹ These squatters were sometimes convinced of the legality of their tenure, having worked the land. In other cases they were afraid of eviction and exploited it on an even shorter term basis than usual. This inevitably led to impoverishment and erosion of the soil, which became a serious problem in Jamaica, where by 1900 land was scarce.

It appears that the flourishing sugar plantation led to a wasteful allocation of land and discrimination against those who preferred to work on their own account rather than on the estate. The issue is not clear cut however since not all the peasants in the British West Indies were industrious land developers. Many of them practised a 'quick returns' form of agriculture which was perhaps as wasteful as that of the planters. But here again the question of public money arises; the two Royal Commissions, and many other observers, criticised the low percentage of public money spent on agricultural extension programmes for the small farmer. This matter will be more fully discussed later.

The preceding discussion of some of the structural features of a colonial sugar dominated economy shows that there was an overall bias in favour of the

69. UNDERHILL op.cit.

sugar plantation. This is not surprising, but one may observe that the bias goes further than merely favouring one group. The economic structure of the 19th. century British West Indies often actively discouraged diversification of the economy. Finally the situation was such that only a small minority could profit directly from the prosperity of the staple export.

CHAPTER IV

THE 'SPILL-OVER' AND MULTIPLIER EFFECTS
OF SUGAR PROSPERITY

The chapter is intended to complement the preceeding one by examining the extent to which prosperity in the sugar sector of the British West Indian economies stimulated other sectors, in particular non-plantation agriculture and manufacturing. That is to say to what extent did sugar, when it was successful, play the role of a 'leading sector'. According to classical international Trade theory a thriving staple export industry not only improves world allocation of resources, but should also bring economic advantages to the exporting, as well as to the importing, country. Historically, the absence of mutual advantage is often explained by a deterioration in the Terms of Trade. But it is interesting to note that Jamaica's Terms of Trade improved in the years from 1832 to 1850, and from 1870 to 1890.⁷⁰ During the earlier of these two periods there were at least seven years of comparative sugar prosperity 1838-45. (cf. Chapter II above). In Trinidad and British Guiana improving Terms of Trade coincided with sugar prosperity between 1850 and 1870. Yet it would be correct to say that in none of these three colonies did sugar fulfill its potentialities as a growth sector stimulating overall productivity. The details of, and the reasons for, this failure are worth examining since the growth affects of a staple export sector still pose problems today.

Unfortunately it is difficult to study the growth impact of the sugar industry from secondary sources since by far the greater part of available documentation applies to Jamaica, where, it could be claimed, sugar never recovered from the effects of 1834 and of 1846. Thus conclusions drawn from the Jamaican case would be invalid since sugar was incapable of being a growth sector in that island. It is true that after 1834 indices of productivity and of per

70. EISNER op.cit. p.257-8.

capita income fell radically, and that despite the two short periods of comparative prosperity for sugar, 1838-45 and 1853-62, do not start rising significantly until the introduction of bananas in Jamaica (these figures are given in table XV, page 58 below). However the problem can be discussed in terms of sugar's low propensity to pass its prosperity on to the rest of the economy. It has been shown that the nature of a plantation economy is not conducive to diversification. This chapter will examine the spill-over effects, if any, of high sugar incomes into two fields; increased agricultural productivity and development of manufactures.

The period with which this essay is concerned 1834-1900 opens with the emancipation of the working population, which had formerly consisted of slaves. Under slavery certain basic services were provided while others were obviously totally absent. Thus the standard of health was apparently very high for the time,⁷¹ availability of provision plots was assured, and employment was guaranteed. Provision grounds could be worked by unfit or old slaves and could be considered as a form of assurance unknown to an industrial worker. On the other hand education was almost non-existent. Eisner shows that pre-Emancipation mission schools were of very poor quality and rare.⁷² The tradition of independent skill, initiative and economy, to which writers on the English and American industrial revolutions have attached such importance, was entirely lacking under slavery. It was illogical to suppose that after an economic intervention on such a scale as the abolition of slavery, a government could return to a policy of *laissez-faire*. But the Westminster Parliament which passed Emancipation was not directly responsible for the administration of the British West Indies. The planters, who were responsible, completely so in Jamaica and Barbados, intended to carry on a traditional *laissez-faire* policy. They thereby discontinued the public service they themselves had

71. EISNER op.cit. p.337.

72. *ibid.* p.326-7.

provided before Emancipation, and did nothing to educate the apprentices for a market economy. This basic lack of knowledge and training was crucial. Perhaps more than any other single factor it prevented a true diversification of those British West Indian colonies which, at different moments, went through real periods of prosperity in terms of sugar earnings, and therefore of wages, consumption, government income, and even balance of payments surpluses.

For the above reason it is impossible to leave government expenditure out of consideration. One could do so if one was discussing the economic development of England, the United States of America, or even to a certain extent France and Germany. But in the British West Indies in 1834 government spending on health, education, transport, justice, etc. was a necessary condition for any extension of growth outside the sugar industry.

In fact one finds that government expenditure remained a very low proportion of gross national product as can be seen from the following table for Jamaica.

TABLE VIII
THE SHARE OF THE PUBLIC SECTOR IN G.N.P.

Year	Expenditure excluding Transfer payments		Total Expenditure	
	Value	%GNP	Value	%GNP
1832	209.1(381.2)	4.1(7.6)	243.5(415.6)	4.8(8.2)
1850	229.8	6.2	271.5	7.3
1870	324.4	5.7	393.9	6.9
1890	571.2	6.5	694.0	7.9
1910	695.4	6.1	970.7	8.5

N.B. Value in thousands of pounds
Figures in parantheses include extraordinary defence spending.

Source : ELSNER op.cit. p.359.

The rise in the government's share from 4.1% in 1832 to 6.2% in 1850 is due to the big fall in GNP. The sum spent remained approximately constant during these years. One sees that for about two decades after 1850 the share declined. Thus

the share of government expenditure did not fall with economic activity up to 1850 but it did not expand with increased income afterwards, until 1865. In fact total government expenditure actually fell during the fifties, until in the financial year 1857-8 it amounted to only £198,200. Thereafter it began to rise again slowly. Yet the following figures show a surplus in the national accounts for these years :-

TABLE IX
JAMAICA NATIONAL ACCOUNTS

Year	Revenue £	Expenditure £	Surplus £	Deficit £
1850	173,076	225,983	—	52,907
1851	193,228	232,483	—	39,255
1852	212,491	202,534	9,948	—
1853	145,482	144,112	1,370	—
1854	115,805	211,440	—	95,634
1855	319,212	302,678	16,534	—
1856	221,768	213,613	8,155	—
1857	210,727	207,299	3,448	—
1858	216,483	191,321	25,162	—
1859	279,935	262,142	17,793	—
1860	262,339	255,239	7,100	—
1861	275,027	274,565	462	—

N.B. Figures given in pounds

Disparities arise from differences in Eisner's and Hall's computations of items in public expenditure.

Source : HALL op.cit. appendix 4.

The pattern of this expenditure changed radically after 1865 as can be seen from the annexed TABLE X. Previously the main items had been the administration, defence, and judicial and ecclesiastical establishments; very little attention being given to health, education, public works or communications.

As regards the most important items, Transport as we have already seen was grossly neglected, equally in good and in bad years. In the fifties responsibility for the upkeep of roads was left to the parochial authorities while the central government only concerned itself with the upkeep of public buildings. This proved so inefficient that in 1858 responsibility for

TABLE X
EXPENDITURE OF THE CENTRAL AUTHORITY
(CURRENT VALUES)

	1832		1850		1870*		1890		1910		1930	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Administration	47.2	17.3	94.7	46.5	166.5	47.7	182.4	31.8	210.1	26.1	595.5	29.3
Judiciary	7.1	2.6	20.6	10.1	27.4	7.9	38.6	6.7	35.8	4.5	58.5	2.9
Defence	172.1	63.0	0.9	0.4	2.9	0.8	8.3	1.5	7.9	1.0	15.6	0.8
Education	—	—	1.8	0.9	9.1	2.6	40.9	7.1	71.6	8.9	200.1	9.8
Health	—	—	30.3	14.9	19.2	5.5	51.5	9.0	45.4	5.6	170.2	8.4
Ecclesiastic	14.6	5.3	26.4	13.0	22.1	6.3	6.0	1.1	1.2	0.1	—	—
Public Works	8.0	2.9	3.5	1.7	45.6	13.0	157.2	27.4	193.0	24.0	497.7	24.5
Debt Charges	15.2	5.6	17.9	8.8	56.7	16.2	77.9	13.6	224.5	27.9	295.2	14.5
Subsidies	9.2	3.3	7.5	3.7	—	—	10.2	1.8	15.4	1.9	198.8	9.8
	273.4	100.0	203.6	100.0	349.5	100.0	573.0	100.0	804.9	100.0	2,031.6	100.0

* Excludes estimated expenditure on parochial services.
Includes grants to independent Education Authorities.
Includes deficits of railway, post office and public utilities.

Source : EISNER op.cit. 360.

'the construction and maintenance of main roads was transferred to the central government to be dealt with under the Main Road Fund. Three qualified engineers were appointed to advise the Executive Committee on projects. But the Fund never fulfilled its intended function because the House of Assembly took away its power of raising taxes by which the work was to be financed. By the time the Fund came to an end it owed £32,695 besides £100,350 of loan money raised in its name. "It had achieved only some current repairs".' ⁷³

It will be remembered that this state of affairs happened at a time when sugar prices were stable and there was a surplus on the National Accounts. Due to lack of internal roads prices of produce varied from place to place and in some contiguous areas by as much as 100%. ⁷⁴ During the rainy season all internal traffic, even on horse-back, was brought to a standstill. ⁷⁵ In 1859 and 1863 complaints appeared in the Jamaican 'Guardian' that roads were inadequate but nothing was done about it. ⁷⁶ It was only after 1865, by which time sugar had definitively declined as Jamaica's staple and Crown Colony Government been introduced, that road building and upkeep was undertaken seriously.

This situation was not unique to Jamaica. In St. Lucia a poll tax of 6/- was introduced after 1880, when sugar income had declined. It weighed heavily on the population and was inadequate to provide and maintain transport facilities. Yet the 1897 Royal Commission believed it was essential to the development of small settlers that means of communication should be provided, and by that time sugar income was no longer in a position to contribute its share. Similarly the position was no better in Trinidad when the same Commission reported, despite years of what Beachey has called 'lucrative' vacuum pan exploitation. (cf. Above p.20). It was difficult to encourage settlement on Crown lands in this Island because of the difficulty of communication according to the Commissioners.

As regards education there was a great improvement immediately after

73. EISNER op.cit. p.364 with quotation from Blue Book 1872.

74. KING D. State and Prospect of Jamaica. London 1850.

75. UNDERHILL & EISNER op.cit.

76. HALL op.cit.

Emancipation, due almost entirely to the non-conformist missionaries. They were now free to open schools unharassed by estate owners, and were financed by British missionary societies and by the contributions of grateful ex-apprentices. This happy situation did not continue after the decline of the churches at the end of the forties, nor was the education received in the mission schools, adapted to the everyday needs for the people. Public funds were scarce. The British government forwarded £30,000 annually from 1837 to 1842 and decreasing grants subsequently until 1846, but the Island Legislature, which had been supposed to contribute the same sums gave far less.⁷⁷ No provision was made for inspection; there were few teachers, with little training, and instruction was based very largely on the Bible. Eisner calls the period 1846-65 'the years of neglect' in education. The waning missionary societies' influence was not replaced by public instruction. Technical education was virtually non-existent. Hall shows that apprenticeship (in the usual sense, as opposed to the 1834-8 special meaning) broke down after 1838, and the supply of available skills was so small that Eisner considers it one of the principle reasons for the lack of success in manufacturing.

Agricultural education was equally if not more neglected. While it was true that the slaves had been used to growing, (and often selling), food crops on their provision grounds, they were totally unprepared for the profession of full time farmers. Numerous post-Emancipation observers bear witness to the industry and goodwill of those ex-apprentices who obtained land in the new villages organised by the missionaries. But more was needed to develop small scale agriculture in a tropical climate. The peasants learnt more by chance and experience than by instruction. Until the 1890s practically all agricultural extension services were concerned with the cultivation of the sugar cane or of the banana. Ignorance led the settlers to believe that diminishing returns set in much earlier than they necessarily did, and they abandoned

77. EISNER op.cit. p.328.

cultivation of lots after a few years neglecting possibilities of crop rotation. For example until a few years before the Commission reported in 1897, it was believed that coffee exhausted the soil after 15 years and that such soil then had to be abandoned. It was a peasant farmer who, as he described to the Commissioners, finally disproved that generally held notion. The first significant steps to improve agricultural techniques among the peasants were taken in 1893. In that year a travelling instructor was appointed to teach the peasantry improved methods of agriculture. The Jamaica Agricultural Society was formed in 1895 and a system of branches set up to facilitate contact with the peasant.⁷⁸ A reading of the Royal Commission Report shows that the situation was even more backward in the other islands.

In the field of Public Health there was a deterioration after 1834. The central and local authorities did not assume responsibility for providing or inspecting drinking water, nor did they enforce quarantine during epidemics or supervise food sales. The standard of estate labourers' housing fell below that of slavery, although peasant dwellings were much superior to the plantation huts provided under slavery.⁷⁹ The number of doctors in the Island of Jamaica declined with falling planters' profits and with the scattering of population centres. This was also typical of the other colonies. In 1846 Jamaica tried to arrest the decline in the number of doctors. The Dispensary Act set up public dispensaries and guaranteed doctors £40 per annum from public revenue, in addition to their private fees. But the 'retrenchment' of 1847 rendered this ineffective.

As the figures given in Table X above show, a large proportion of the public revenue was spent on the administration of Justice. Yet in all the islands it was more or less inefficient and always top-heavy, being modelled on the English Judiciary. In Jamaica, for example, a new judiciary was established

78. EISNER op.cit. p.227.

79. ibid. p.338-9.

in 1840 providing for the appointment of a Vice-Chancellor, a Chief Justice, two Puisne Judges, and nine Chairmen of Quarter Sessions. These offices had to be filled by qualified men receiving a salary sufficient to keep them in the Island.

In the other islands apart from Jamaica all the judicial officers were amateurs chosen from among the local gentry.

The English system of choosing magistrates from among the notable men of the neighbourhood obviously worked less well in the colonies, than in the home country. The tendency to a rigid distinction between social and economic groups, and the degree of planter absenteeism, inevitably led to a situation in which doubt was cast on the disinterestedness of the magistrate. Despite the impressive judicial bench it remained possible for the local vestry notables to interpret complaints of planters and of small holders in an arbitrary manner, discriminating against the latter. Cases of predial larceny and of errant cattle were recurrent examples of discriminatory justice administered by the Vestry. It was not until the time of Governor Grant in 1866 that the important reform, that of the organisation of the local constabulary, was undertaken in Jamaica.⁸⁰ At the beginning of our period justice was so poor according to Blanc, Attorney-General of Dominica, that it 'discouraged morality, industry and investment'.⁸¹ It was probably better on the larger islands, but in Jamaica in any case it did not justify the large sums spent on it.

During Sir H. Barkly's term of office, (1854-6), some attempt at a change in the administrations' attitude appeared. Following the constitutional amendment of 1854, the hereditaments tax was abolished and the levying of taxes by parish vestries was reformed. However this was accompanied by an increase in the ad valorem import duty on non-enumerated articles from 5 to 12½%.⁸²

80. SIREN R. 'The Experience of Jamaica with Modified Crown Colony Government'. SES 1955.

81. BURN op.cit.

82. GARDNER op.cit.

In general, then, one can say that the British West Indian administrations failed to provide the economic and social infrastructure necessary for development and diversification, in periods during which they were capable of doing so. The case of Jamaica has been extensively quoted but the report of the 1897 Royal Commission proves that it was not extraordinary. Many of the smaller islands began to multiply public services and debt charges from 1880 onwards, when they were incapable of servicing the debt. For example Antigua, St. Kitts, Nevis, and others undertook what the Commission called 'an exaggeratedly high public expenditure' from the time sugar began to fail. Previously the administration had pursued a policy of *laissez-faire*.

Government spending has been emphasized because of the significance of its failure to compensate for the low gross capital formation in the private sector. In Jamaica total gross capital formation was below 7% of gross national product for most of the century.

TABLE XI
GROSS CAPITAL FORMATION AND GROSS
DOMESTIC PRODUCT. JAMAICA.

Year	Gross Capital Formation	Gross Domestic Product	Gross Capital Formation as Percentage of Gross Domestic Product
1832	263.8	5,041.9	5.2
1850	257.4	3,724.4	6.9
1870	320.1	5,676.9	5.6
1890	638.7	8,746.6	7.3
1910	908.3	11,361.9	8.0

N.B. Figures in columns 2 & 3 are given in thousands of pounds.

Source : ELSNER op.cit. p.306.

After 1870 the ratio rises slowly but not significantly until 1890. The composition of total investment shows greater importance given to public works after 1870, previously residential building had predominated. cf. Table XII.

TABLE XII
COMPOSITION OF INVESTMENT JAMAICA

Year	Residential Building		Public Works		Commercial Construction		Agricultural Investment		Durable Producer Goods		Total Investments
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%	£'000
1832	129.6	49.1	43.7	16.6	38.0	14.4	Nil		52.5	19.9	263.8
1850	122.5	47.6	28.7	11.1	50.3	19.6	2.4	0.9	53.5	20.8	257.4
1870	185.7	58.0	64.1	20.0	29.4	9.2	2.3	0.7	38.6	12.1	320.1
1890	280.1	44.0	220.6	34.5	32.3	6.1	5.5	0.9	99.3	15.5	638.7
1910	428.7	47.2	249.4	27.4	55.5	6.1	15.1	1.7	159.6	17.6	908.3

Source : EISNER op.cit. p.308.

Commercial construction in the above table includes estimates for business premises and sugar factories only; its constant decline as a percentage of total investment, despite periods of recovery is due to the fact that amalgamation of estates, and later the existence of central factories reduced the need for additional construction. Figures for agricultural investment are exceedingly low. Acreage under cane decreased until 1890, yet thousands of small settlers obtained land previously uncultivated. The small sums devoted to agricultural investment shows that these settlers depended almost entirely on self-employed labour with practically no mechanical aids or credit advances, both of which, if they had been employed, would have swelled these figures. Durable producer goods contributed less than 20% of total investment until 1930 (with the exception of 1850 : 20.8%). Eisner believes that only imported goods of this class need be considered since virtually none were produced domestically. Thus the figures correspond to the c.i.f. value of imported capital goods. They are particularly low for years which have been taken to be those of comparative prosperity; 1839-46, and 1853-62. This point will be taken up later in the discussion of industrial ventures. Finally it is clear from earlier paragraphs why the figures for public works are low up until 1866.

Agricultural Productivity

Under such conditions, with both public and private long term investment lacking even during periods of sugar prosperity, it is not surprising that agricultural productivity in non-sugar occupations increased very slowly. We now turn to this question of the interaction between sugar revenues and non-sugar agriculture.

In Jamaica and Trinidad land was fairly easy to obtain on both good and bad sugar lands until the end of the century. In the former years wages were high with high export prices, as in Jamaica in 1838-42, and the planters were cutting back over-extended plantation. It was thus relatively easy for workers to save and buy land. By 1842 the amount paid for land in Jamaica by small

settlers was estimated at £70,000.⁸³ Whereas during poor sugar years estates were abandoned, and owners or mortgagees were often glad to get a price for part of their land. Thus impressive figures have been quoted by various observers, from governors to missionaries, to show that small holdings were widespread, and growing rapidly, especially in Jamaica. (cf. following chapter.)

Yet although these settlers were self-supporting they were not rich and their land was often unsuitable for the cultivation undertaken on it. An increasing agricultural surplus was not visible because agricultural productivity grew very slowly. Indeed produce only just kept up with population growth. Nor was there any significant import substitution in agriculture. Until the end of the period, and even later, foodstuffs constituted a large item of the import bill. During the period imports amounted to between 21% and 28% of gross national product.⁸⁴ The annexed TABLE XIII shows the composition of retained imports in Jamaica. The items 1 to 4 of Part II suggest possibilities of import substitution, but with the exception of meat, imports remained very high. Sewell gives estimates for changes in imports in the middle of the century in which cereals and pork show a decline.⁸⁵ This corresponds to Underhill's and other writers' comments that many peasants kept one or two pigs in addition to the other activities.

83. PHILLIPPO J.M. Jamaica: Its Past and Present State. London 1843. p.228.

84. EISNER op.cit. p.263.

85. SEWELL op.cit.

TABLE XIII

THE COMPOSITION OF RETAINED IMPORTS
(TOTAL VALUE OF RETAINED IMPORTS AT 1910 PRICES)

	1832		1850		1870		1890		1910		1930	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
1. Food	388.7	32.5	461.3	36.1	376.8	37.1	703.9	34.3	917.0	34.7	1,239.1	28.3
2. Drink and Tobacco	79.0	6.6	91.4	7.2	61.4	6.0	86.9	4.2	78.1	2.9	113.9	2.6
3. Clothing	350.9	29.4	434.9	34.1	369.4	36.4	634.7	30.9	693.5	26.2	657.8	15.1
4. Other Consumer Goods	93.4	7.8	89.4	7.0	101.4	10.0	266.4	13.0	330.8	12.5	795.2	18.2
5. Production Materials	283.4	23.7	199.2	15.6	106.5	10.5	362.3	17.6	626.0	23.7	1,564.8	35.8
	1,195.4	100.0	1,276.2	100.0	1,015.5	100.0	2,054.2	100.0	2,645.4	100.0	4,370.8	100.0

	1832		1850		1870		1890		1910		1930	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
1. Cereals	73.5	18.9	137.8	29.9	124.0	33.0	279.6	39.7	404.3	44.1	432.9	34.9
2. Fish	124.8	32.1	168.5	36.5	135.7	36.1	221.2	31.4	212.2	23.2	235.1	19.0
3. Dairy Products	97.6	25.1	55.4	12.0	30.3	8.1	53.8	7.7	91.9	10.0	148.3	12.0
4. Meat	75.3	19.4	75.6	16.4	27.9	7.4	22.0	3.1	58.9	6.4	71.4	5.8
5. Other Foods	17.5	4.5	24.0	5.2	57.9	15.4	127.3	18.1	149.7	16.3	351.4	28.3
	388.7	100.0	461.3	100.0	375.8	100.0	703.9	100.0	917.0	100.0	1,239.1	100.0

Source : EISNER op.cit. p.264.

TABLE XIV
ESTIMATES OF IMPORT SUBSTITUTION BY
SMALLHOLDERS. JAMAICA.

Class of food	1841	1858
flour bbls.	127,820	94,038
meal "	25,995	14,081
bread "	16,000	none
corn bushels	83,718	20,704
beef bbls.	3,455	3,024
pork "	21,185	12,012

Source : SEWELL op.cit.

In the light of Eisner's research one is inclined to think these estimates of Sewell's incomplete and rather too optimistic. Food certainly remained expensive and was often imported when it could have been produced domestically. In Trinidad there were complaints in 1860 about the high cost of living which reduced real wages, due to imports from Venezuela and the United States of foodstuffs local farmers could easily have grown.⁸⁶

During this time peasants were contributing more and more to exports (cf. following chapters), but despite increased specialisation productivity did not rise significantly.

TABLE XV
OUTPUT PER EARNER IN AGRICULTURE
JAMAICA

Year	Agricultural output '000	Labour force '000	Per capita agricultural output -pounds-
1832	3,396.5	116.0	29.3
1850	2,518.0	121.5	20.7
1890	3,957.1	172.5	22.9

N.B. 1910 prices
Column 2 in thousands of pounds.

Source : EISNER op.cit. p. 290.

86. UNDERHILL op.cit. p.55.

Since agriculture continued to be the predominant industry overall productivity figures illustrate its progress or lack of progress. Overall per capita output, at 1910 prices, fell from £15.6 in 1832 to £11.9 in 1870 and did not rise over £12.5 until the beginning of the 20th century. These statistics illustrate the primitive form which cultivation of the 'minor' export crops took during the period. These crops, pimento, arrowroot, ginger, logwood, etc, as well as coffee and cocoa, were usually produced without manure, rotation, anti-erosion measures or the use of the best contemporary mechanical aids. The 1897 Commission observed that settlers' coffee sold at half the price it could have commanded if it had been cured at central coffee factories.

The reasons for the relative stagnation of non-plantation agriculture after its promising start in 1838 have been given above. They only need to be resumed here. Plantation and peasant or small-farm agriculture did not employ the same techniques, produce the same crops, nor sell through the same channels. The only contact between the two was the consumption of provisions by estate workers. There was little or no stimulus to substitute domestic for imported foodstuffs. The governments did not provide the necessary infrastructures, particularly as regards information, credit and transport. While the majority of estate workers were self-sufficient, cultivating their own provision grounds. Thus increased estate employment did not necessarily mean a larger market for agricultural produce. Lack of government interest and the difficulty of exporting to the United States did not encourage peasant export crops. There was therefore a low correlation between prosperity on the estates, (and even technical improvements there, such as the installation of vacuum pans), and non-plantation productivity.

Manufacturing

The picture as regards manufacturing is similar but not identical. Hall describes a spate of industrial ventures undertaken in Jamaica in the early

1840s, a period during which the estates were being adapted with a certain success to the use of free labour. Two of the most typical examples are the Jamaica Silk Company, founded in 1840, and the copper mining enterprises which were started up from 1838 to 1850. The great majority of these ventures failed after a few years. Failure was usually due to recurrent causes. Confidence and enthusiasm petered out after the unhappy year of 1846-7. But one year can hardly be held to account for the lack of industrialisation in the British West Indies in the 19th. Century. Availability of production factors was more important. It has already been shown that the British West Indian colonies lacked capital and were unable to mobilise profits and savings for domestic investment. Lack of entrepreneurial experience increased this problem. In the case of the Jamaica Silk Company, (which failed in 1845, before the crisis), sales of stock to a larger public, and more efficient management and public relations would probably have got the project off the ground. The low level of business experience is evident in the repeated problems arising from the faulty drawing up of acts, charters, company statements etc, commented on by Hall.⁸⁷

Lack of entrepreneurial experience was not an unhappy coincidence, but was endemic to colonial economies dependent on metropolitan trade and industry. This is apparent in the absence of initiatives to replace manufactured imports. Nearly all the enterprises started at this time attempted to introduce a different agricultural or extractive export good. But they almost ignored the more interesting possibilities in the direction of industry. As mentioned above Eisner considers all capital goods as imported since

'even the simplest and most easily produced implements and other aids to production appear to have been imported. Spades, hoes, ploughs, and even agricultural carriages, figure in the import lists'.⁸⁸

87. HALL op.cit. p.154.

88. EISNER op.cit. p.14.

The annexed TABLES XVI AND XVII of the composition of non-food imports show continued importation of articles such as clothes. This is remarkable since this last item came to be composed more and more of cotton textiles, replacing woollen garments, during the century. Textiles are traditionally the industry with which manufacturing has successfully begun. But the British imperial system excluded the mobilisation of local savings and manpower for the development in the West Indies of an industry based on Caribbean or American cotton.

In the absence of entrepreneurs of initiative the local supply of factors was not encouraging. There were no sources of local energy and all coal had to be imported. The railway extensions in Jamaica and Trinidad appear on the import lists in the form of increased coal imports. The labour force was almost completely unskilled. The various mining ventures unsuccessfully undertaken in Jamaica had to count the wages of expatriate miners as one of their main costs. Regular demand for skilled labour fell on the estates after 1838, and did not increase proportionally in the villages and towns. The quality of training declined as apprentices set up as master craftsmen before the end of their term of indenture. In fact the system of indenture broke down.⁸⁹ Hall shows that there existed large wage differentials between craftsmen of different skill doing the same job. Here again neither the planters nor the government took any action to improve the situation. Technical schools were virtually unknown in the 19th. century British West Indies while the consumption demand of the upper classes remained import-orientated.

A further consequence of a colonial export economy was the backwardness of communications within the whole British West Indian area. The 1897 Royal Commission suggested that inter-island, as well as ordinary road, transport should be developed. Some of their suggestions have yet to be realised. Lack of communication between neighbouring colonies naturally limited the size of markets and reduced the possibility of setting up efficient import substituting

89. HALL op.cit. p.215-7.

TABLE XVI
THE COMPOSITION OF RETAINED IMPORTS
(TOTAL VALUE OF RETAINED IMPORTS AT 1910 PRICES)

	1832		1850		1870		1890		1910		1930	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
1. Wines	53.0	67.1	22.7	24.8	11.1	18.1	15.9	18.3	15.8	20.2	13.3	11.7
2. Beer and Ale	2.9	3.7	21.9	24.0	32.1	52.3	42.6	49.0	31.1	39.9	39.8	35.0
3. Spirits	21.1	26.7	21.2	23.2	7.7	12.5	12.5	14.4	15.8	20.2	22.4	19.6
4. Tobacco	1.4	1.8	24.7	27.0	9.9	16.1	9.5	10.9	11.9	15.3	28.7	25.2
5. Other	0.6	0.7	0.9	1.0	0.6	1.0	6.4	7.4	3.4	4.4	9.7	8.5
	79.0	100.0	91.4	100.0	61.4	100.0	86.9	100.0	78.0	100.0	113.9	100.0

Source: EISNER op. cit. p.264.

TABLE XVII
THE COMPOSITION OF RETAINED IMPORTS
(TOTAL VALUE OF RETAINED IMPORTS AT 1910 PRICES)

	1832		1850		1870		1890		1910		1930	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
1. Cottons	53.9	15.4	177.0	40.7	145.1	39.3	372.8	58.7	437.0	63.0	344.8	52.5
2. Linens	130.2	37.1	86.5	19.9	33.2	9.0	9.0	1.4	6.1	0.9	3.6	0.5
3. Haberdashery	37.4	10.6	50.4	11.6	123.0	33.3	146.6	23.1	97.0	14.0	47.2	7.2
4. Woollens	67.0	19.1	45.3	10.4	21.6	5.8	33.0	5.2	43.4	6.3	46.8	7.1
5. Leather	56.6	16.1	71.5	16.4	45.7	12.4	69.6	11.0	90.9	13.1	165.9	25.2
6. Other	5.8	1.7	4.2	1.0	0.8	0.2	3.7	0.6	19.1	2.7	49.5	7.5
	350.9	100.0	434.9	100.0	369.4	100.0	634.7	100.0	693.5	100.0	657.8	100.0

Source: EISNER op. cit. p.264.

manufactures.

The conclusion to be drawn from this discussion based on available secondary sources, is that there was too little inter-action between the sugar industry and other sectors for prosperity in the former to spread to the whole economy. One cannot say that dualism was complete. Adjustment in sugar was accompanied by industrial experiments in the early 1840s, high wages on the estates facilitated land purchases in the same period, general prosperity from stable sugar prices encouraged local substitution of some food imports in Jamaica, notably pork in the 1850s. But in general the non-sugar sectors were not stimulated by the staple's rising or high income. This appears to be largely due to lack of infrastructure, to the planters' very high propensity to import, and to the dampening effects of the metropolitan connection.

CHAPTER V

THE CHANGED GOVERNMENT POLICY UNDER CROWN COLONY

ADMINISTRATION IN JAMAICA

In the light of the preceeding discussion it is illuminating to review the attempts of Jamaica's Crown Colony Government to administer the Island in the interests of the population as a whole and to encourage economic development. The constitution adopted in 1865 provided for a Legislative Council composed of ex-officio and nominated members. Only the Governor could initiate bills and he could ensure their passage given the composition of the Council. Until 1884 there were no elected members, and even after the amendment of that year making half the Legislative Council subject to election, the Governor could control the other half.

The first governor under the new regime, Sir John Peter Grant introduced a series of government measures which are reflected in the statistics quoted above for public expenditure. The administration and the judicial systems were overhauled and the Church of England was disestablished in 1870. These measures reduced government spending, but were outweighed by additional government money going to health, transport, education and irrigation.

In the educational field primary education remained the responsibility of denominational schools they were placed under the supervision of an official inspectorate, and received grants according to the grading they were awarded by the inspectors. Between 1867 and 1890 the number of children enrolled in primary schools had risen to one half of all those of school age. Endowed secondary schools received no public money and their teaching standards were very low.⁹⁰ In 1870 the Government College was

90. EISNER op. cit. p.333.

opened for training teachers but even in 1890 there was only one teacher for 97 pupils and 42% of these were untrained. Reorganisation of the indebted endowed schools left the Island with only 876 secondary school places, or one for every 100 children. In 1893 the Governor was empowered to found new secondary schools, and by 1929 secondary education was available for one child in 50. Despite expenditure of relatively large sums on primary education and its inspection, these measures were insufficient, especially as regards technical training.

A public medical service was set up in 1869 to provide medical services for country districts and to take steps to prevent epidemics. Preventive measures of control and inspection were also adopted but the government had difficulty in finding doctors to take up the forty positions offered in the country. In 1871 the Kingston and Liguanea water works were bought out by the government. Completely new water works were built to assure sufficient pressure to extinguish fires as well as to filter the water. In 1876 the Kingston slaughterhouse was opened and given a monopoly to facilitate inspection, and in 1877 the gasworks were completed. By 1899 nine of the thirteen largest towns had water works. In 1890 the collection and disposal of sewage was organised in Kingston.⁹¹

At first road building had to be limited to repairing existing roads, but by 1882 there were 764 miles of well-maintained main roads and 3,000 miles of parochial roads. In the 1890s a further 1,000 miles of new roads were added and numerous bridges were built or repaired. As opposed to the old coastal roads the new roads were mainly in fruit growing areas or through land devoted to minor export crops. The new roads encouraged the peasants to respond to the American demand for bananas fostered by the Boston Fruit Company.

91. *ibid.* p.341.

As has been noted above measures to secure land tenure and to distribute land forfeit to the Crown were undertaken at this time. The Government also took over the private savings banks in 1870 after a scandal in one of the branches. But it was not until 1895 that the Governor, Sir Henry Blake, established the Jamaica Agricultural Society to inform small holders of possible agricultural improvements. Even in 1910 there were only eleven instructors to cover the whole Island. The Society had been launched with an income of only one thousand pounds per annum, and although it was raised to £4,000 the following year the sum was still totally inadequate as the Royal Commission observed. In 1902 and 1912 acts were passed stimulating the creation of Cooperative Loan Banks, but the government had done little until then to guarantee agricultural credit, despite the fact that it had controlled the savings banks since 1870.

The government's intervention obviously raised both financial and political problems. Financially speaking its action was limited by the fact that G.N.P. was not rising rapidly in the years 1866-1900. Even higher import duties were not desirable and a land tax was extremely difficult to impose. There had been a net outflow of capital prior to 1865 and, as we have seen, a government surplus. When one compares the lack of government activity at a time when funds could have easily been made available, with the spate of government undertakings during a financially unfavourable period, it is clear that opportunities had been neglected in the years prior to 1865.

TABLE XVIII
GROSS GOVERNMENT BORROWING 1860-1900

Year	Thousands of pounds
1860-4	107.7
1865-74	731.3
1875-79	155.0
1880-84	1,044.2
1885-89	2,800.1
1890-94	820.9
1895-99	40.0

Source: EISNER op. cit. p.285.

Borrowing was highest in the 1880s, but the figures also show the importance of the first decade of Crown Colony Government 1865-1875. This borrowing was undertaken despite an unfavourable balance of trade as can be seen from the adjoining graph. Again one may compare the 10 years before and after 1865. Apart from services such as health and education, railway extension and the Rio Cobre irrigation scheme were two of the heaviest government investments at this time.

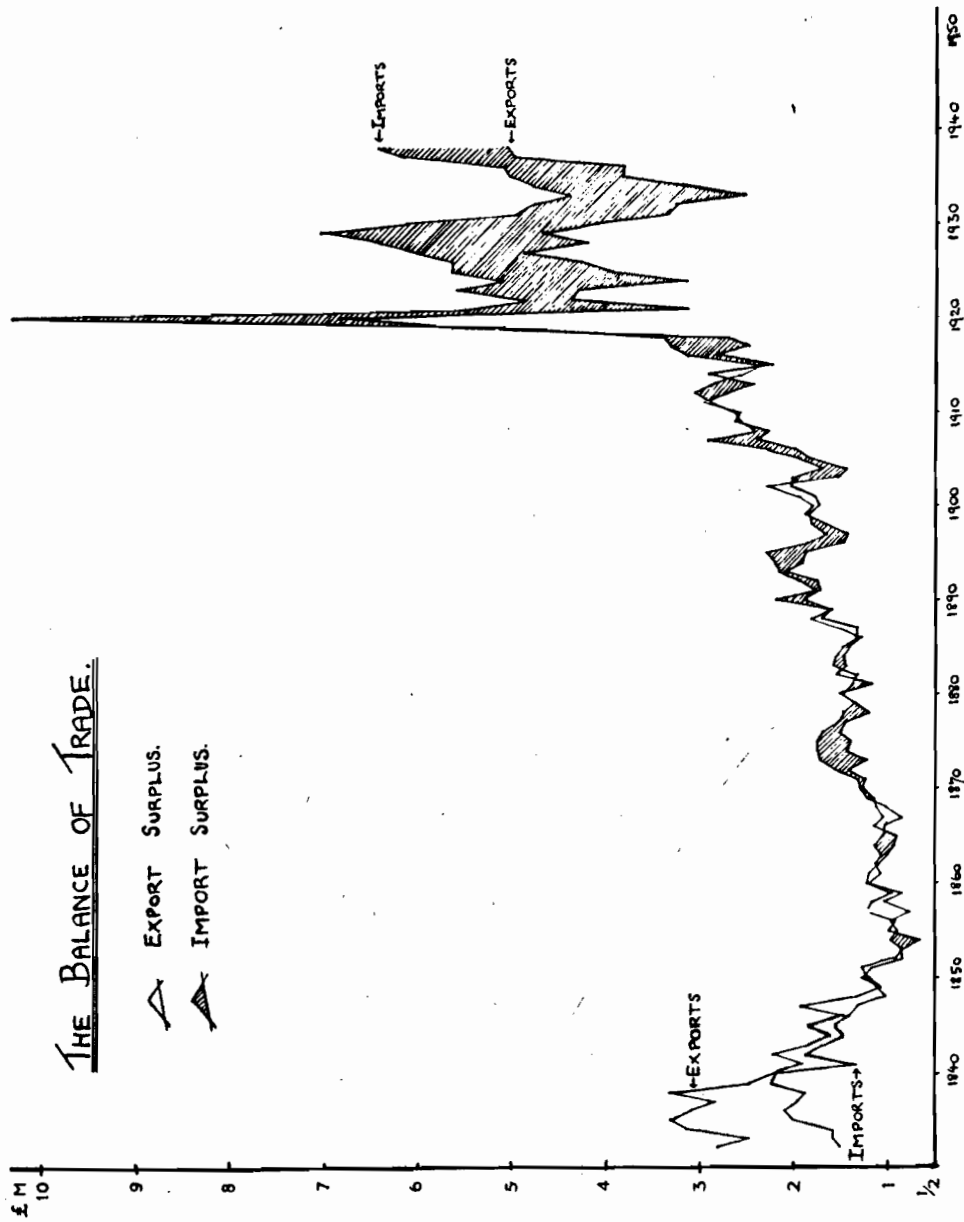
The political reaction to this new form of government was mixed. The planting interest continued to cry for retrenchment, and as early as September 13 1866 the "Colonial Standard", their most representative paper at that moment criticised the redistribution of revenue which was taking place.⁹² The Kingston coloured group as represented by the "Morning Journal" were in general agreement with government policy, but lamented the lack of representation, and the number of officials imported from the United Kingdom, who were taking opportunities away from Jamaicans. The negroes in 1870 expressed their satisfaction with the new government and recognised the advantages of the government take-over of the savings banks.

92. BURT 'The First Instalment of Representative Government in Jamaica'
SES No. 3 1962.

But the vocal members of the community were not long reconciled to direct Crown Colony administration and in 1884 a modified form was introduced. This provided a franchise which was wider than that of 1854 but it excluded the majority of negroes by insisting on a literacy test. Out of a population of 580,804 only 9,400 were qualified to vote, and in fact only 3,831 registered. This was an improvement on the 1863 election. At that time there was one registered voter to every 250 adult inhabitants, in 1884 the ratio was reduced to one for every 67. The nine elected members of the Legislative Council received no salary and candidates for the Council were qualified by the amount of tax on cultivated land which they paid. Burt estimates that those with 9 acres fully cultivated were eligible. Of the members elected in 1884, seven were planters, one, Malabre, a Kingston merchant, and the ninth a solicitor from Manchester, Palache.⁹³ The statistics of public accounts and expenditure in the above tables show that this constitutional amendment of 1884 did not change the government's policy.

It would obviously be incorrect to suggest from the evidence put forward in the preceeding paragraphs that in a plantation economy representative government was necessarily bad, and direct paternalistic colonial administration always desirable. It will become clear in a later chapter, that the measures taken after 1865 were inadequate to establish a satisfactory basis for structural transformation. In other colonies which had a tradition of direct rule, integration of the economy was as, if not more, difficult as in Jamaica. Yet Crown Colony Government in the Island, although not a panacea, was a very great improvement on self-government by the Jamaica Assembly. This brief chapter shows how great an improvement. Regarding the problem treated in this essay it suffices to say that this improvement had no correlation whatsoever with favourable conditions in the sugar industry.

93. *ibid.*



CHAPTER VI

THE EVOLUTION OF NON-SUGAR AGRICULTURALISTS 1834-1900

The preceeding chapters have shown that sugar cannot be properly considered as a growth sector in the 19th century British West Indies. Yet between 1834 and 1900 considerable changes took place in the West Indian economies. We now turn to the evolution of non-plantation agriculture during the period with no particular reference to ups and downs in the sugar industry. Generally this covers the evolution of all groups other than planters, full time estate workers, and government employees, except in Jamaica where there was an important minority group of merchants, traders and professionals. However Jamaica as it appeared in 1900 will be discussed more fully in the following chapter.

In nearly all the British West Indian islands peasant settlement was definitively established by the end of the century. With the exception of Barbados, St. Kitts and Antigua, an important group of the population was independent of sugar exports. (cf. Table VII for sugar as a percentage of exports). This made the inhabitants independent of the fluctuations of the international sugar market. In 1897 the Royal Commission noticed that muscovado estates were in an equally miserable condition in Nevis and St. Kitts. Yet in the former the population was relatively contented, there were few riots; this was because many estates had already been broken up for settlers, who could carry on a subsistence economy on their own plots of land. In St. Kitts on the other hand estates had been profitable longer, and land had not been made available for settlement. Social and economic discontent was more serious on this island. The independence of the peasantry is striking compared to the total servitude to sugar, and to those who planted it which had been the rule in 1834.

But a closer examination of the change suggests that it was not an

unequivocal advance as regards economic development. Due to combinations of the various factors previously discussed the year 1838 had been followed in many cases by withdrawal into autarky rather than by a greater participation in the economy. The former apprentices retreated from the market system instead of beginning for the first time to profit from it. While this was a social improvement on slavery it could lead to a poor allocation of resources. This happened for example in the case of peasants, who had no incentive to improve their cultivation because of inadequate communications, backward techniques and lack of market information, and who retired to the mountainous regions where they depended on subsistence agriculture. In that context this chapter tries to evaluate the development of non-plantation agriculture during the period 1834-1900.

The labour force in the British West Indies grew during the 19th century but the percentage employed on the plantations fell enormously. Eisner estimates that despite population growth there was a fall of 80,000 from 100,000 to 20,000, in the number of full-time estates workers in Jamaica between 1834 and 1860. Those who left the estates in 1838 or later had the choice of growing subsistence crops for their families, of growing provisions for the local market, of cultivating the so-called 'minor' export crops, or of attempting a traditionally large scale crop, sugar, coffee, or cocoa. They could also of course attempt to produce a combination of crops, or look for an urban occupation. Douglas Hall tries to establish a distinction between peasants and small farmers on the grounds that the former grew provisions, while the latter concentrated on export crops. But often the same families, keeping the same acreage under cultivation changed their output according to market conditions.

It is difficult to obtain accurate statistics of the acreage in the hands of small holders because of the existence of numerous holdings to which

the legal title was doubtful, or on which no taxes were paid. Hall gives the following figures:-

No. of registered freeholds of 10 to 49 acres

1840	1,647
1845	2,122

op. cit p.193.

while Eisner has established this table:-

TABLE XIX

NUMBER OF LANDHOLDINGS OF LESS THAN 50 ACRES EACH

<u>Year</u>	<u>Under 5 acres</u>	<u>5-49 acres</u>	<u>Total under 50 acres</u>
1838	n.a.	n.a.	2,114
1841	"	"	7,919
1845	"	"	19,397
1860	"	"	50,000
1866	"	"	60,000
1880	36,756	13,189	49,945
1890	95,942	16,015	111,957
1895	70,740	16,887	87,627
1899	60,671	16,160	76,831
1902	108,943	24,226	133,169

Source: EISNER p.220.

The 1897 Royal Commission figures can be added to this to complete certain years:-

	<u>1862</u>	<u>1897</u>
No. of freeholds	52,608	92,979
of which under 10 acres	43,707	81,924.

After 1880 increase in the number and size of holdings was greater than population growth, and the increase in the 5 to 49 acre group was faster than in the under 5 acre class. The numerical growth of small holders was accompanied in Jamaica by a large rise in their share in national product.

Now that we have estimates of the acreage in the hands of small

settlers we must examine the crops they cultivated. The often quoted 'provision crops' were root crops such as yams, cocoas and sweet potatoes. They did not require processing for the market nor much attention on the part of the cultivator and were therefore frequently grown in conjunction with other crops.

As regards the minor export crops the popularity and success of these, for example ginger, logwood, arrowroot and pimento, varied from island to island and according to the prices offered at different periods. Before discussing them one should comment on the small holders' attempts to grow coffee and cocoa which were cultivated on estates as well as on settlements of only a few acres.

Most of the increase in coffee exports between 1840 and 1865 was due to peasant production, and by 1866 their share in total production in Jamaica was two thirds.⁹⁴ In the first half of the period considered here coffee was a profitable crop. One family could cultivate 20 acres of hilly land and still have time for provisions. The crop was not subject to such clearly demarcated seasons as was sugar. It flourished on dry hilly soil which was unattractive to the sugar planter. In 1840 almost the only recent agricultural invention that was exploited in the West Indies, Humble's machine for peeling the skin off coffee beans, was put on the market for £80.⁹⁵ Compared to the capital required for sugar machinery this investment was within the means of many of the small scale farmers.

However coffee was not to have a successful future in the British West Indies. Coffee duties were equalised in the United Kingdom in 1844. With estates up for sale and prices falling in London local merchants tried to

94. EISNER op. cit. p.217.

95. HALL op. cit. p.189.

sell to the United States but trade relations were not good. Local prejudice held that Jamaican coffee lands were exhausted apart from those in the Blue Mountains. In the English market only high quality mountain coffee could compete with the Ceylon product, but small holders found transport from this area to the coast a problem. Also because of curing difficulties settlers' coffee remained inferior to that of the plantations. By the time attitudes had changed and finance was available for central coffee factories, Brazilian exports had almost completely replaced West Indian coffee on the world market.

Cocoa was not important in Jamaica in this period but it was the second crop in certain islands, notably Trinidad. In Grenada it had become the main export crop by 1897.⁹⁶ There was a potential market for it in the United States, and if freer trade with the Americans had been possible, it might have developed into a major source of revenue. In 1912 85 million pounds of cocoa were exported from the British West Indies, of which one third went to the States.⁹⁷

Other minor export crops were easier to exploit, since like the provisions, they needed no preparation for the market, and thus no investment in machinery. Exports of most of these, for example ginger, logwood, arrowroot, and pimento, increased between 1838 and 1850. The Hanover Society of Industry estimated in 1859 that one acre could yield £30 worth of ground provisions or of minor exports.⁹⁸ As can be seen from the Jamaica export tables (Table XX) logwood overtook the other minor products later in the century, but like coffee it declined later, in this case after 1900. This was due at first to foreign competition (from Haiti and Compeachy) and then to competition from synthetic dyes.

96. WEST INDIES Royal Commission Report.

97. ASPINALL op. cit.

98. quoted by EISNER & UNDERHILL op. cit.

TABLE XX

QUANTITIES OF MAJOR COMMODITIES EXPORTED IN THE YEARS 1814 TO 1931

Year	Sugar '000 cwt.	Coffee '000 cwt.	Rum '000 glns.	Logwood '000 tons	Pimento '000 lb.	Ginger '000 lb.	Bananas '000 stems	Oranges No. million	Coconuts '000	Cocoa '000 cwt.
1814	1,448	304.0	-	-	-	-	-	-	-	-
5	1,593	244.3	-	-	-	-	-	-	-	-
6	1,389	154.4	-	-	-	-	-	-	-	-
7	1,717	132.1	-	-	-	-	-	-	-	-
8	1,653	226.2	-	-	-	-	-	-	-	-
9	1,614	125.8	-	-	-	-	-	-	-	-
1820	1,769	197.6	-	-	-	-	-	-	-	-
1	1,680	150.2	-	-	-	-	-	-	-	-
2	1,414	176.6	-	-	-	-	-	-	-	-
3	1,418	181.5	-	-	-	-	-	-	-	-
4	1,451	247.1	-	-	-	-	-	-	-	-
5	1,115	189.8	-	-	-	-	-	-	-	-
6	1,501	181.7	-	-	-	-	-	-	-	-
7	1,211	229.8	-	-	-	-	-	-	-	-
8	1,364	198.4	-	-	-	-	-	-	-	-
9	1,386	198.6	-	-	-	-	-	-	-	-
1830	1,379	198.7	3,214	-	-	-	-	-	-	-
1	1,396	125.5	3,523	-	-	-	-	-	-	-
2	1,432	176.9	2,757	-	-	-	-	-	-	-
3	1,257	88.1	3,220	-	-	-	-	-	-	-
4	1,256	158.3	2,924	-	-	-	-	-	-	-
5	1,149	94.6	2,450	-	-	-	-	-	-	-
6	1,054	120.1	2,117	-	-	-	-	-	-	-
7	904	86.3	2,050	-	-	-	-	-	-	-
8	1,053	111.5	2,304	-	-	-	-	-	-	-
9	765	84.1	1,654	-	-	-	-	-	-	-
1840	517	76.9	1,294	-	-	-	-	-	-	-
1	528	68.0	1,277	-	-	-	-	-	-	-
2	779	62.6	1,975	-	-	-	-	-	-	-
3	660	56.5	1,628	-	-	-	-	-	-	-
4	530	65.5	1,147	-	-	-	-	-	-	-
5	743	45.4	1,746	-	-	-	-	-	-	-
6	573	53.7	1,487	-	-	-	-	-	-	-
7	751	58.7	2,141	-	-	-	-	-	-	-
8	627	44.2	2,280	-	-	-	-	-	-	-
9	633	30.4	1,779	-	-	-	-	-	-	-
1850	575	37.1	1,121	4.3	3,363	799	-	-	-	-
1	486	49.9	1,661	3.8	4,318	569	-	-	-	-
2	537	49.9	1,281	3.2	5,312	616	-	-	-	-
3	421	43.1	998	3.9	4,612	477	-	-	-	-
4	559	54.7	1,666	7.7	5,509	678	-	-	-	-
5	515	50.6	1,757	8.3	8,598	594	-	-	-	-
6	458	33.2	1,304	18.3	6,465	421	-	-	-	-
7	550	60.4	1,545	21.4	20,012	443	-	-	-	-
8	627	53.1	1,612	14.3	7,875	376	-	-	-	-
9	542	45.1	1,553	13.1	3,683	752	-	-	-	-

TABLE XX
(CONTINUED)

Year	Sugar '000 cwt.	Coffee '000 cwt.	Rum '000 glns.	Logwood '000 tons	Pimento '000 lb.	Ginger '000 lb.	Bananas '000 stems	Oranges No. million	Coconuts '000	Cocoa '000 cwt.
1860	600	55.1	1,705	14.7	6,850	842	-	-	-	-
1	655	60.0	1,897	19.4	6,648	617	-	-	-	-
2	615	48.8	1,830	33.3	4,916	933	-	-	-	-
3	560	73.3	1,554	27.8	6,228	678	-	-	-	-
4	522	37.0	1,281	25.4	7,686	699	-	-	-	-
5	484	55.6	1,410	22.4	3,862	1,020	-	-	-	-
6	601	76.0	1,770	34.6	4,866	1,550	-	-	-	-
7	516	55.9	1,732	44.1	7,596	1,728	-	-	-	-
8	637	70.1	2,928	44.3	4,373	2,037	-	-	-	-
9	492	49.1	1,464	114.8	6,575	1,262	-	-	-	-
1870+	523	86.4	1,420	84.7	5,243	680	-	-	-	-
1	629	50.1	1,628	57.7	6,858	632	-	-	-	-
2	604	84.8	1,690	77.9	5,341	600	-	-	-	-
3	483	64.3	1,309	50.4	6,025	816	-	-	-	-
4	483	92.4	1,655	62.8	5,761	1,182	n.a.	-	-	-
5	473	63.7	1,794	80.9	6,440	1,491	n.a.	4.7	-	-
6	494	77.8	3,084	75.0	4,475	1,604	133	10.0	-	-
7	520	85.1	1,735	46.8	6,761	1,098	163	8.2	-	-
8	443	85	1,522	35.2	6,195	909	313	10.2	-	-
9	496	97	1,580	55.4	5,881	770	n.a.	9.4	-	-
1880	546	91	1,561	46.3	10,215	890	n.a.	14.6	-	-
1	358	88	1,171	43.5	6,058	780	n.a.	23.6	-	-
2	653	66	1,909	30.3	8,515	664	888	35.5	2,764	-
3	616	84	2,009	29.8	9,552	837	938	34.2	3,760	-
4	589	48	2,036	44.9	12,373	1,359	1,843	41.6	5,440	-
5	500	81	2,199	56.6	9,794	1,379	1,417	22.6	5,116	-
6	329	75	1,476	63.5	6,919	1,293	1,662	38.9	3,712	-
7	461	59	2,413	58.9	7,336	1,112	1,460	42.4	2,400	-
8	490	99	1,869	100.9	7,455	1,145	3,093	47.4	5,913	-
9	323	85	1,375	115.5	5,172	1,003	2,881	35.4	4,832	-
1890	378	76	1,594	109.3	10,121	1,219	4,848	40.7	8,555	-
1	426	87	1,703	86.7	7,138	1,823	3,503	19.4	7,858	5.5
2	372	97	1,698	92.6	7,806	1,527	4,180	23.2	6,979	8.5
3	411	88	1,461	89.7	9,834	1,672	5,163	12.4	9,171	10.3
4	399	95	1,956	76.3	9,403	1,736	4,678	30.0	10,144	9.3
5	391	84	1,881	84.5	9,408	1,961	4,221	97.0	9,443	10.3
6	321	67	1,643	43.1	10,897	1,234	4,839	103.7	11,802	9.2
7	284	85	1,379	42.6	11,155	1,408	6,982	88.0	11,534	16.0
8	361	110	1,564	43.4	4,345	1,702	7,497	107.2	11,968	21.0
9	390	84	1,569	28.9	8,725	2,263	8,046	107.4	18,012	20.0
1900	295	86	1,404	34.0	13,888	2,971	8,248	88.8	13,556	23.5
1	322	103	1,422	41.1	11,256	2,391	11,004	79.1	17,663	40.0
2	406	108	1,927	37.9	8,075	3,263	14,184	98.6	25,624	31.5
3	270	80	1,294	42.3	12,880	3,171	7,803	82.6	14,951	22.0
4	198	52	1,234	30.0	7,963	2,465	8,904	73.1	4,246	23.5
5	239	81	1,131	29.5	17,281	2,218	14,981	74.5	7,092	31.1
6	279	55	1,463	30.0	10,270	2,017	16,010	55.2	11,064	47.6
7	212	94	1,312	30.3	9,553	1,780	13,943	64.8	13,744	47.5
8	123	70	1,245	21.6	8,277	2,319	14,613	35.9	11,131	49.1

Specialisation in ginger or pimento was a risky long term investment for the small holder. Until agricultural know-how improved at the very end of the century, ginger was considered to be subject to very early diminishing returns, and it usually led to soil erosion. While the sowing of the pimento was believed to be entirely dependent on birds. This presumably explains the large fluctuations observed in its output.

The adjoining table of Jamaica's export (Table XX) can be compared with Sewell's figures for exports produced by Jamaican small holders in 1834 and in 1869, (Table XXI).

TABLE XXI
SMALL HOLDERS' EXPORTS FROM JAMAICA

<u>Crop</u>	<u>1834</u>	<u>1859</u>
Logwood - tons	8,432	14,000
Fustic - "	2,126	2,329
Mahogany - feet	1,936	35,000
Succades - cwt.	none	279
Coconuts - number	"	712,913
Ebony - tons	"	28
Beeswax - cwt.	"	770
Honey - gallons	"	6,954
	<u>1841</u>	<u>1858</u>
Arrowroot - lbs.	none	72,023
Pimento - "	3,595,380	9,465,261

Source: SEWELL op. cit.

Apart from provision and export agriculture there was scope for import substitution in dairy and meat production, in the British West Indies. But apart from the increased domestic output of pork already noted, this possibility was not exploited until the 20th century. Stock rearing had formerly been undertaken to provide draft animals for the estates and it suffered a decline with their amalgamation or abandon. Eisner⁹⁹ observes

99. EISNER op. cit. p.305.

that a livestock industry was admirably suited to some parts of Jamaica, but only in the 20th century did a department of agriculture begin to specialise in dairy cattle breeding. And it was only after the Second World War that a successful strain of tropical cattle was established. The following table shows that after a substantial rise in the 1840s, animal products remained a constant proportion of agricultural output:-

TABLE XXII

PATTERN OF AGRICULTURAL OUTPUT - JAMAICA

	<u>1832</u>	<u>1850</u>	<u>1870</u>	<u>1890</u>	<u>1910</u>
1. Ground provisions	27	43	54	55	50
2. Animal products	1	8	6	6	6
3. Retained exports	1	2	3	4	4
4. Exports	71	47	37	35	40
	—	—	—	—	—
	100	100	100	100	100
	—	—	—	—	—

Source: EISNER op. cit. p.168.

It is more difficult to estimate the 'success' of peasants and small farmers during this period than to quote figures for their level of production. Glowing accounts were given of the peasantry after emancipation, particularly by missionaries and stipendiary magistrates. They appeared to be industrious, independent, ready to experiment and stimulated by the existence of a large market for their produce.¹⁰⁰ Giving evidence before the Select Committee of 1842, the Baptist missionary William Knibb was justly proud of their material condition. His questions enumerated their advantages:

"What with the four-post bedsteads, the sideboards, the mahogany chairs, the riding-horses, the brood-mares, the provision grounds, and other advantages whether arising during slavery, or during apprenticeship, or during freedom you consider the labourers in Jamaica at present better off than the labourers in this country?"

100. EISNER, UNDERHILL, PHILLIPPO et Alia.

"Decidedly; I should be sorry to see them as badly off as the labourers here; half of them are starving." ¹⁰¹

They seemed to have ample savings and in Jamaica employed them to purchase land. J. Grant, Stipendiary Magistrate of Manchester, referring to payment in cash for land, said in 1842,

"those who have seen the extent of the new townships may form some idea of the amount of money dug up, principally from the slaves' hoards, and put into circulation under a free operation."

Referring to Montego Bay other observers write -

"the internal commerce of the colony has increased to a very great extent within the last few years, in consequence of the improved means of the labouring population; and large stores or shops have been established in the interior of the parish, both by merchants from the town and by the managers of properties under the superintendence of overseers or bookkeepers." ¹⁰²

In Jamaica and Trinidad specialisation and division of labour increased with the sale of provisions by the peasants to full time estate workers. New trading centres and villages grew up to cater for internal trade between the parishes in which sugar predominated, and those in which it was being abandoned. In Portland, Jamaica, for example the number of estates had fallen from 28 in 1834 to 4 by 1854, and in 1858 there was one freehold property for every five inhabitants in the parish. This parish specialised in provisions, which were shipped by sea to the sugar parishes of Trelawney and St. John. ¹⁰³ In the interior of the Island of Jamaica new centres such as Linstead in St. Thomas in the Vale were founded. Settlers from surrounding hills brought produce which middle-men shipped through the Rio Cobre gorge to Spanish Town, Kingston and the sugar estates in Vere. ¹⁰⁴

101. Minutes of evidence 6275, quoted in HALL op. cit.

102. CALEENDER op. cit. p.10, quoting Parliamentary Papers 1842.

103. CURTIN op. cit. p.110.

104. *ibid.*

But the success of specialisation in production for the local market was checked after 1844 by a series of factors already discussed. The severe drought of that year, particularly in Jamaica, reduced the yield of provision grounds. Purchase of good accessible land became more difficult, while measures of retrenchment increased the fiscal burden of the peasants and did nothing to facilitate transport. As Eisner demonstrates in the case of Jamaica, after the Baptist missionary Knibb's death in 1845, 'the balance of opinion was increasingly tilted against the peasantry'.¹⁰⁵

By and large they reacted in one of two ways. On the one hand they retired to isolated areas and adopted a kind of autarkic existence on land to which they had a doubtful title. Underhill remarks on the problem of the isolation of many peasant settlements from the point of view of church organisation.¹⁰⁶ But it was also a problem as regards internal trade. Eisner estimates that by 1860 the majority of peasants were squatters.¹⁰⁷ On the other hand many small holders launched into the production of the export crops listed above.

The problems of making a profit out of these export crops have already been seen. It was possible to do well as the examples quoted from the Hanover Society of Industry show. In that parish there were 2,124 freeholds of under 20 acres each in 1860, of these 891 were of less than two acres, 431 of two acres, and 802 on an average of $5\frac{1}{2}$ acres.¹⁰⁸ Hanover was a parish with both estates and settlements, but the former had a below average output of $\frac{3}{4}$ hogshead per acre, and only $\frac{1}{8}$ of the parish population worked on them.¹⁰⁹ In good years one acre freehold could bring in £30 per annum but

105. EISNER op. cit. p.213.

106. UNDERHILL op. cit.

107. EISNER op. cit. p.216.

108. UNDERHILL op. cit.

109. *ibid.*

profits were precarious. The American Civil War increased the cost of living by raising the prices of imported foodstuffs and timber, while a three year drought from 1863-65 reduced output. Severe losses ensued and led up to the Morant Bay rising.¹¹⁰

Some idea of the wealth of small holders can be obtained from figures of savings bank deposits during the period. The following figures are taken from the Jamaica Almanac to illustrate the situation prior to the take over of the banks by the Government:-

1844	£21,811	
1853	£34,726	
1865	£55,945	111

The total deposited was probably much larger than these increases suggest, since the amount of withdrawals during any year was also considerable. For example in 1844-5 the St. James Bank recorded 112 new deposit accounts, a total of £5,230 in deposits and £4,326 in withdrawals, leaving a net deposit of £868¹¹². By 1865 the total number of depositors was 2,372. The adjoining TABLE XXIII shows changes in Jamaican deposits from 1870 to 1888. The violent fluctuation in the 1880s suggests that small holders were in an unstable financial position at this time. Yet the 1897 Royal Commission estimates that between 1887 and 1897 the number of depositors with accounts of less than five pounds had nearly doubled. Aspinall shows that saving was widespread in the British West Indian islands by the early 20th century. He gives the following statistics.

Barbados	19,576 depositors.	Net deposits 1910	347,552 pounds
Jamaica	40,027	"	"
Trinidad	19,652	"	"

110. UNDERHILL Letter to the Secretary of State for the Colonies 1865.

111. CALLENDER op. cit. p.22.

112. ibid.

TABLE XXIII
GOVERNMENT SAVINGS BANK, JAMAICA, 1870-1888

Year	Amount of deposits £	Amount of withdrawals £	Net deposits £
1870 - 1871	115,694	21,917	+ 93,777
1871 - 1872	100,331	53,541	+ 46,790
1872 - 1873	103,987	88,659	+ 15,328
1873 - 1874	109,455	86,173	+ 23,282
1874 - 1875	147,128	99,509	+ 47,619
1875 - 1876	155,248	139,961	+ 62,906
1876 - 1877	138,599	127,778	+ 10,821
1877 - 1878	138,845	122,458	+ 16,387
1878 - 1879	132,040	111,966	+ 20,074
1879 - 1880	164,735	120,128	+ 44,607
1880 - 1881	159,075	158,900	+ 175
1881 - 1882	154,579	175,304	- 20,725
1882 - 1883	182,009	179,941	+ 2,068
1883 - 1884	196,913	181,484	+ 15,429
1884 - 1885	213,169	213,437	- 268
1885 - 1886	189,826	196,832	- 7,006
1886 - 1887	174,466	183,064	- 8,598
1887 - 1888	215,420	185,615	+ 29,805

Source: Handbook of Jamaica, 1882-83 and 1889-1890.

Proportionally similar figures exist for Grenada, St. Lucia, St. Vincent, and the Leeward Islands¹¹³. The more numerous Jamaican depositors shared a total value of deposits not much greater than that of Barbadian or Trinidadian depositors. This is perhaps indicative of the weak economic situation of the Jamaican small holder (cf. following chapter).

As mentioned above low productivity increases in agriculture were accompanied by rapid population growth in the British West Indies. Population growth was not regular in all islands, as shown by the following table it was steadier in Jamaica and most erratic in Trinidad.

TABLE XXIV
COMPARATIVE POPULATION DENSITIES

<u>Island</u>	<u>1841-2</u>	<u>1881</u>	<u>1911</u>	
Jamaica	86	132	188	persons per square mile
Trinidad	37	86	168	
Barbados	735	1033	1036	
Grenada	217	319	502	
St. Lucia	90	165	209	
St. Vincent	182	270	279	
Dominica	74	92	111	
Antigua	215	205	189	
St. Kitts-Nevis	214	289	283	
Montserrat	230	315	381	

Source: ROBERTS G. The Population of Jamaica. Cambridge 1957

Increases in the population endangered the apparent success of the small scale exporters by the end of the century. Except in Trinidad and British Guiana there was no spare land available for cultivation with existing agricultural knowledge and techniques. By the 1880s there developed a scarcity of employment opportunities in Jamaica, Barbados and the smaller islands. Symptoms of this are the increasing number of women in unproductive service industries, and increasing immigration by the men. The existence of the problem can be deduced from the repeated advice of

113. ASPINALL op. cit.

the 1897 Royal Commission to island governors not to split up grants and leases of Crown lands into too many small unities. To satisfy the demand for land they had rented out land in very small lots. The returns from these holdings were insufficient to permit the tenant to pay his rent, without considering a surplus for the improvement of production methods.

It is clear that by 1900 the self-sufficient peasant had become a permanent part of West Indian society. But the wealth and security of the small farmer were precarious and in many cases his prospects were poor. Given foreign market conditions the choice of crops is partly to blame for this. In addition the failure to increase productivity and to tackle import substitution, and the lack of attention to American trading possibilities must be taken into account.

CHAPTER VII

JAMAICA IN 1900 : AN EXAMPLE OF INCOMPLETE DIVERSIFICATION

A comparison of Jamaica in 1834 and in 1900 suggests that far reaching structural transformations had taken place, and that a diversified economy with a substantial middle class was developing naturally. The above table (XXII p.79) of the composition of agricultural output during the period shows that plantation production no longer dominated the scene. Its decline has been discussed in chapter II above. The following table shows that by 1890 the peasant or small farmer was making an important contribution to agricultural exports:-

TABLE XXV

SHARES OF ESTATES & OF SMALLHOLDERS IN EXPORT AGRICULTURE

<u>Crop</u>	<u>Estates</u>	<u>Smallholders</u>	<u>Total</u>
Coffee	196.2	282.4	478.6
Sugar	304.6	61.5	266.1
Logwood	176.8	176.7	353.5
Bananas	210.7	141.0	351.7
Rum	265.4	-	265.4
Pimento	32.2	33.3	66.5
Oranges	23.3	23.2	46.5
Ginger	15.2	15.3	30.5
Coconuts	14.5	12.2	26.7
Cocoa	6.4	5.8	12.2
Lime Juice	3.2	-	3.2
Other	-	47.4	47.4
Total Value	1,249.5	798.8	2,048.3
Value of Produce supplied to local manufacturing (tobacco)	22.5	-	22.5
TOTAL	1,272.0	798.8	2,070.8

N.B. Figures given in thousands of pounds Year : 1890

Source: EISNER op. cit. p.80.

The following annexed tables give further statistics relating to Jamaica's economy at the end of the century.

TABLE XXVI The Distribution of the Labour Force by Industry
 TABLE XXVII The Value added to Gross Net Profit by different sectors
 TABLE XXVIII The Distribution of Income by Sector.

These statistics suggest that the Jamaican economy was basically healthy in 1900, and indeed the Royal Commissioners of 1897 found it so. The contribution of agriculture was not decreasing rapidly, but this was largely due to the growth of the banana industry as the export figures in table XXI (p. 78 above) show. Bananas required much less capital than did sugar, but their possibilities were at first ignored by the estate owners who regarded banana growing as an inferior 'native' occupation. At its origin the industry was mainly in the hands of small farmers and Kingston merchants. The latter were often immigrants who wanted to invest their trading profits in a profitable form of agriculture. The Portuguese Jews, for example, had confined their activities to trade until the appearance of the banana industry. That the new export industry was in the hands of smallholders and 'new' men was obviously a promising sign, as the lack of enterprise of the traditional planting interest has been amply demonstrated.

Banana cultivation led to the founding of small processing factories producing banana meal and figs. While coconut growing stimulated fibre and copra plants. Coconuts were cultivated in larger quantities towards the end of the century but Jamaica continued to export the nuts rather than the by-products, perhaps because the West Indian demand for cattle food was limited and did not stimulate processing on a large scale. Thus the copra industry remained a small scale affair. Logwood extracts were processed at the 'West Indian Chemical Works' near Spanish Town. Several other factories were started up towards the end of the century, and Aspinall gives a list of Jamaican manufactures as he found them in 1910. In addition to those mentioned above there was the tobacco industry, with its largest factories

TABLE XXVI

DISTRIBUTION OF LABOUR BY INDUSTRY

Industry	1844		1861		1871		1881		1891		1911		1921	
	'000	%	'000	%	'000	%	'000	%	'000	%	'000	%	'000	%
1. Agriculture ⁺	188.4	80.3	183.1	76.0	143.7	66.4	208.6	73.8	271.3	72.6	271.5	66.1	285.7	64.3
2. Industry and Construction	18.5	7.9	34.6	14.5	45.5	21.1	47.1	16.6	57.6	15.4	72.4	17.6	73.6	16.6
3. Commerce	4.9	2.1	4.1	1.7	6.3	2.9	7.4	2.6	10.9	2.9	19.8	4.8	20.6	4.6
4. Professions	2.0	0.9	2.5	1.0	4.4	2.0	4.7	1.7	7.0	1.9	9.2	2.2	11.4	2.6
5. Domestic service	20.8	8.8	16.4	6.8	16.5	7.6	15.0	5.3	26.7	7.2	38.0	9.3	52.6	11.9
	234.6	100.0	240.7	100.0	216.4	100.0	282.8	100.0	373.5	100.0	410.9	100.0	443.9	100.0

Industry	1834		1844		1861		1871		1881		1891		1911		1921	
	'000	%	'000	%	'000	%	'000	%	'000	%	'000	%	'000	%	'000	%
1. Agriculture ⁺	116.0	69.5	116.0	71.5	131.6	69.6	147.0	68.0	168.9	67.5	172.5	62.8	196.0	58.5	192.0	55.3
2. Industry and Construction	51.0	30.5	18.5	11.4	32.0	16.9	36.6	16.9	42.0	16.8	47.2	17.2	60.7	18.1	61.1	17.6
3. Commerce			4.9	3.0	4.1	2.2	6.3	2.9	7.4	3.0	10.9	4.0	19.8	5.9	20.6	5.9
4. Professions			2.0	1.3	2.5	1.3	4.4	2.0	4.7	1.9	7.0	2.5	9.2	2.7	11.4	3.3
5. Domestic service			20.8	12.8	19.0	10.0	22.1	10.2	27.0	10.8	37.1	13.5	49.7	14.8	62.2	17.9
	167.0	100.0	162.2	100.0	189.2	100.0	216.4	100.0	250.0	100.0	274.7	100.0	335.4	100.0	347.3	100.0

+ Includes sugar factory workers.

TABLE XXVII

GROSS DOMESTIC PRODUCT CLASSIFIED ACCORDING TO VALUE ADDED

	1832		1850		1890		1930	
	£'000	%	£'000	%	£'000	%	£'000	%
1. Agriculture	2,205.7	43.7	1,462.2	39.3	4,105.2	47.0	8,279.7	41.5
2. Building and Construction	180.0	3.6	164.0	4.4	436.9	5.0	1,183.3	5.9
3. Manufacturing	987.0	19.6	672.2	18.0	1,190.7	13.6	2,346.3	11.7
4. Transport and Distribution	400.7	7.9	398.7	10.7	973.2	11.1	2,534.2	12.7
5. Public Adminis- tration	322.9	6.4	174.7	4.7	334.3	3.8	1,113.1	5.6
6. Ownership of Houses	552.9	11.0	416.2	11.2	1,018.7	11.6	2,546.5	12.8
7. Professional services	217.5	4.3	163.4	4.4	200.6	2.3	579.2	2.9
8. Domestic services	175.2	3.5	273.0	7.3	487.0	5.6	1,369.3	6.9
	5,041.9	100.0	3,724.4	100.0	8,746.6	100.0	19,951.6	100.0

TABLE XXVIII

INCOME

	1832		1850		1890		1930	
	£'000	%	£'000	%	£'000	%	£'000	%
1. Incomes from Agriculture and Manufactured Exports:								
a. Labourers' Wages	644.7	12.8	651.9	17.5	543.5	6.2	1,439.2	7.2
b. Small-Settlers' Profits	847.1	16.8	999.1	26.8	3,187.6	36.5	6,945.2	34.8
c. Planters' Profits	1,303.2	25.8	204.4	5.5	682.5	7.8	1,331.7	6.7
d. Plantation Staff's Salaries	461.5	9.2	218.6	5.9	217.3	2.5	422.5	2.1
Total Income from Agriculture and Manufactured Exports	3,256.5	64.6	2,074.0	55.7	4,630.9	53.0	10,138.6	50.8
2. Other Wages and Salaries:								
a. Domestic	174.0	3.5	267.4	7.2	492.1	5.6	1,392.1	7.0
b. Construction	107.5	2.1	130.0	3.5	383.7	4.4	910.6	4.6
c. Manufacturing	-	-	-	-	44.4	0.5	163.2	0.8
d. Distribution	106.9	2.1	96.8	2.6	323.0	3.7	856.8	4.3
e. Public Administration	255.5	5.1	144.5	3.9	386.4	4.4	1,124.4	5.6
f. Education	10.7	0.2	16.7	0.4	57.7	0.7	286.7	1.4
g. Other	10.4	0.2	18.2	0.5	21.6	0.2	54.7	0.3
Total Other Wages and Salaries:	665.0	13.2	673.6	18.1	1,708.9	19.5	4,788.5	24.0
3. Other Profits:								
a. Trade, etc.	560.9	11.1	488.0	13.1	1,256.9	14.4	2,948.1	14.8
b. Professions	204.5	4.1	172.8	4.6	167.2	1.9	335.7	1.7
c. Independent Workers	355.0	7.0	316.0	8.5	982.7	11.2	1,740.7	8.7
Total Other Profits	1,120.4	22.2	976.8	26.2	2,406.8	27.5	5,024.5	25.2
Total Income (Gross Domestic Product)	5,041.9	100.0	3,724.4	100.0	8,746.6	100.0	19,951.6	100.0

at Kingston. The 'Jamaica Tobacco Company' employed 120 men and 90 girls to turn out 30,000 cigars and 600,000 cigarettes daily. While another firm Messrs. B. & J. B. Machado, using motor machines produced 30,000 cigarettes and 10,000 cigars a day. There were more than 14 tanneries mostly in the parishes of Westmorland and St. Elizabeth, which varied in size from an output of a few 100 lbs. of tanned leather to 6 tons per annum. There were ice factories in Kingston, Port Antonio and Montego Bay, while Kingston boasted a complete cold storage and refrigerating plant. Nine factories existed for aerated waters of which 4 were in Kingston. The 'Jamaica Manufacturing Company' established in 1878 was employing 200 to 400 people in the production of matches. etc. etc.¹¹⁴ One can see that a new series of ventures was being undertaken despite the failures of the 1840s. Although less ambitious they seemed to be fairly well established.

It is more difficult to specify the position as regards trade. Until the influx of Syrian and Chinese immigrants in the 1880s and 1890s, it is difficult to identify the principal traders and merchants in Jamaica. Money wages certainly stimulated internal trade at the beginning of the period as the above quotations taken from 1842 Stipendiary Magistrates' reports show (p.80) A new class of middlemen appeared to deal with sales of provisions and to offer foreign goods in the interior of the Island. But it is obvious that in many cases they were not independent traders but employees of estate owners. Statistics and travellers' observations show that merchants, mostly established in Kingston, enjoyed a very prosperous livelihood in the later 1840s and early 1850s. Gosse, in 'A Naturalist's Sojourn In Jamaica' for example, gives an account of a flourishing Savanna-la-Mar store in 1850¹¹⁵. Despite the sugar crisis and the retrenchment policies of this period they were not heavily taxed and according to the following scale of

114. ASPINALL op. cit.

115. HALL op. cit. p. 227.

earnings had the highest personal incomes in the Island in 1847. The following table was compiled and published by a certain George Scotland, of Portland and Metcalfe for - 'A letter to the Public, ---- advocating a tax on revenue rather than on land'. Given the context his figures are not unbiased, however even if exaggerated they show the merchant to be ⁱⁿenviable circumstances.

TABLE XXIX

INCOME SCALE FOR JAMAICA 1847

<u>Income per annum</u>	<u>Occupation</u>
400 pounds	Ministers of Religion
70	Schoolmasters
600	Planting Attorneys
80	Planters (of all grades)
500	Bankers
500	Public Servants
500	Professional persons
300	Surveyors
150	Artists
200	Architects
50	1,000 persons unclassified
700	+ Merchants
300	Storekeepers
100	Retailers
120	Clerks
150	Master Tradesmen
50	Journeyman
300	Tavern Keepers
150	Lodging House Keepers
80	Master Mariners
70	Pilots
70	Miners.

Source: HALL op.cit. quoting Scotland's letter. p. 228.

After 1847 there was a credit shortage accentuated by the failure of the Planters' Bank in 1848. The British Government's compensation payment was turned down by the Assembly, and little foreign money entered the Island. Evidence suggests that Kingston merchants advanced money to the planters and attorneys at this time. In 1853 the Governor in a report to London spoke of

'the planting interest and those merchants closely connected with the planting interest'¹¹⁶ This association could be a further explanation for the failure of the 'Town' group to develop as an opposition party. It may have been partly committed to the planting interest during the estate^{holders'} most difficult years. Guano began to be used generally in Jamaica at this time and was imported from elsewhere in the Gulf of Mexico or from South America by local merchants.

There is thus a considerable convergence of evidence suggesting the beginning or the emergence of a middle class in Jamaica by the end of the century. In agriculture, commerce and even in industry there were openings for enterprise and initiative. The different sectors of the economy seemed more closely integrated with one another than at any time previously. This integration should not have been difficult as Jamaican society was numerically and geographically small, and politically the Island enjoyed relatively liberal constitutions compared with other colonial territories in the 19th century. Yet the economic development which seemed probable in 1870 did not materialise, and from 1890 onwards increasingly serious unemployment became apparent. Disguised unemployment was widespread, reducing productivity per capita in agriculture and the services still further. Sir Arthur Lewis believes the principle problems of the early 20th century to be due to the stagnation of the late 19th century. In his view it was not until 1930 that the potentialities of Jamaica, already present in 1870, began to be realised.¹¹⁷

We now therefore attempt to show how it was that these potentialities were neglected and why the emergence of a flourishing middle class, which might have been forecast in 1870, did not take place.

The key to the problem is the difference between the rates of productivity increase and of population growth. Population grew at the

117. LEWIS W. Arthur. Forward to EISNER op.cit.

following rates:

TABLE XXX
POPULATION GROWTH IN JAMAICA 1844-1911

1844-61	0.9	Inter-censal rate of growth per annum %
1861-71	1.4	
1871-81	1.4	
1881-91	0.9	
1891-1911	1.4	

Source: EISNER op.cit. ROBERTS op.cit.

This only gives an increase of about 1.2% p.a. between 1870 and 1910, but after 1880 this increase was more than could be absorbed by agriculture. There are two main reasons for this; a shortage of land for settlement began to be felt at this time, while the new hope of the export trade: the banana crop, was much less labour intensive than sugar had been. Thus the percentage of the occupied population engaged in agriculture fell after 1881 (cf. Table XXVI). This would have been a healthy sign if the labour freed from agriculture had found productive employment elsewhere, but it was unable to do so. It was unable to do so mainly because productivity in other sectors was not increasing rapidly enough. This was itself due to the failure of agriculturalists to raise their own productivity and thereby to produce an agricultural surplus, which would have lowered the cost of living and increased their own purchasing power. Productivity in non-agricultural occupations fell after 1850 in terms of 1910 prices, and the slow rise in that of agriculture was due to banana exports. This is shown by the following table and Table XV p. 58 above.

TABLE XXXI

OUTPUT PER EARNER IN NON-AGRICULTURAL SECTORS - JAMAICA

<u>Year</u>	<u>Value of output</u>	<u>Labour force</u>	<u>Per capita output.</u>
1832	1,874.7	51.0	36.8
1850	1,850.2	50.2	36.9
1870	3,085.9	102.2	30.2
1890	6,626.1	188.9	35.1
	Thousands pounds	Thousands	Pounds.

Source: EISNER p.290

This failure of the non-agricultural sector also appears in the low figures for investment as a percentage of GNP (cf. table XI p. 53).

Various reasons could be advanced to explain the failure of those in non-agricultural and non-civil service occupations to increase their per capita output. Apart from the arguments based on the need for an agricultural surplus, inspired by Lewis' discussion, there are other explanations particular to the Jamaican situation at that time. Those Jamaicans most obviously fitted for these industrial and commercial occupations, were the so-called 'coloured Town group' to which distinguished men such as G. W. Gordon, Edward Jordan and Richard Hill belonged. They were highly educated inhabitants of Kingston and apparently in a favourable position to seize the opportunities for trade which existed in the middle of the century. Gordon does seem to have made a fortune in trade immediately after Emancipation, but, as Eisner suggests, after about 1845 the educated urban coloured group disappeared from the commercial scene.¹¹⁸ They

118. EISNER op. cit. p. 314.

concentrated on the professions and on public life, where they had conspicuous successes, to the neglect of trade and commerce. This was perhaps because, although not estate owners themselves, they always wanted to be associated with that group. We know that the planters themselves were unenterprising capitalists. There were complaints that neither they, nor the quite wealthy coloured group, invested in local undertakings. In 1884-5 for example, the Trelawney Building Society contributed the following note to the Jamaica Almanac -

'in achieving the object of its establishment, the Trelawney Benefit Building Society can be fairly said to have been successful, and while the small householder and landowner can thankfully acknowledge its beneficent aid, its operations might have been greatly extended had the capitalists of the district invested or interested themselves by becoming shareholders.' 119

Thus many of those who could have taken part in industrial or commercial enterprises were uninterested.

Those who were interested, such as the merchants to whom Scotland attributed such high incomes in 1847, were probably frustrated in their ambitions by the difficulty of developing trade with the rest of the American continent in the 19th century. Apart from the political opposition of the Imperial Government, shipping was a problem. Until the 1880s trade with the United States was not sufficient for regular services to be maintained. In 1872 the Jamaican Government decided to subsidise an American company, the Pacific Mail Steam Ship Company, to call at Kingston twice a month. But American banana importers provided their own shipping and the subsidy was discontinued. A second cause for frustration was the West Indian tariff structure. Import duties remained high on foodstuffs, which of course increased the cost of living and the wage rate, while the absence of heavy freight or import duties on manufactured imports (from the

119. CALLENDER op.cit. p. 31. quoting Jamaica Almanac.

United Kingdom) gave little incentive to would be manufacturers of competing local products.

Frustrated in foreign trade wealthy merchants risked disappointment at home. They had been supporting the tottering plantations with credit during the late 1840s and early 1850s. However when the Encumbered Estates Act was applied to Jamaica, and its court set up in London, they found themselves at a disadvantage compared to the British consignee merchants who easily picked up estates at bargain prices, being the only bidder present in London. In many cases the new owners must have taken trade out of the local merchants' hands. These disappointments do not have an immediate relation to productivity per capita, but they do help explain why it was that, with merchants apparently earning the highest incomes in 1847, by the 1880s they were discouraged and had not increased their contribution to GNP. nor their demand for employment as they might have done.

As we have seen above there was a new beginning in industry at the end of the 19th century with the establishment of numerous plants in the 1890s, several of which were surviving in 1912. But many were uneconomically small and were taken over or disappeared later. Between 1910 and 1929 for example the number of tanneries was reduced from 17 to 4, while that of tobacco factories fell from 17 to 1, with no reduction in output.¹²⁰ As can be seen from Table XXVII manufacturing added proportionately less to GNP. in 1890 than it had done in 1850. This was understandable in that 'manufacturing' includes sugar processing which had declined in volume, but at the same time it shows that there had been a long period of stagnation as regards industrial development. What was perhaps more serious was that manufacturing added little to employment opportunities. As can be gathered from the numbers employed in Kingston's largest tobacco factory, comparatively

120. ELSNER op.cit. p.174.

few jobs were offered. Even in 1931 this factory, which was still the largest, was only employing 400 people. Nevertheless industry and construction contributed more to employment than to output, and after 1871 the gap widened as the following table shows. This is most probably due to the decline in labour skills in the latter half of the century.

TABLE XXXII

SHARES OF INDUSTRY AND CONSTRUCTION IN TOTAL OUTPUT AND EMPLOYMENT

	<u>1870</u>	<u>1890</u>	<u>1910</u>
Output of Manufactures and Construction as % of Total Output-----	14.7	15.3	15.3
Employment in Industry and Construction as % of total employment-----	16.9	17.2	18.1

Source: EISNER op.cit. p. 176.

To return to the problem created by an increasing population, it is obvious now why the fall in the percentage of the labour force employed in agriculture after 1881 was compensated for by a rise in domestic service rather than in more productive sectors. (cf Table XXVI) Lewis sums up this re-allocation of labour in these words:-

'The share of agriculture (in employment) declined 12 points between 1881 and 1921. The largest offset to this was in the share of domestic service, which rose 7 points, to absorb as much as 18% of the working population. Petty commerce also rose by 3 points, thus doubling the relative number of traders. This is the form which "disguised unemployment" takes in an economy where agriculturalists work for wages, and where therefore surplus labour is not kept on farms. Actually since more than one-half of the agricultural population consisted of family farmers, we can safely assume that a fair amount of disguised unemployment also accumulated on the smallholdings. It would not be excessive to guess that, already in 1930 more than one-eighth of the working population was already in disguised unemployment.' 121

121. LEWIS Introduction to Eisner op.cit. p.xvii.

Evidence submitted to the 1897 Royal Commission, for example by Mr. Thomas Smickle, chairman of the parochial board of St. Thomas, suggests that substantial and increasing unemployment was common in Kingston and other population centres.

To complete the darker side of a description of Jamaica's economic position in 1900 one must point out that by then the banana industry was no longer controlled by Jamaican merchants and farmers. Competition among the different exporting companies had gradually eliminated all but the United Fruit Company. Thus the Jamaican grower was at the mercy of a monopsonist, who also prevented him from developing trade in citrus. A large market for this existed in the United States which Florida was just beginning to exploit. Prices began to fall when the banana monopoly was well established. Attempts were made to develop trade in bananas with the United Kingdom, since the United States market was in the hands of the United Fruit Company. In 1901 the 'Direct Line' was subsidised by the United Kingdom and Island governments, but the United Fruit Company rendered its shipping uneconomic by bidding supplies away. By 1904 the Company had reestablished its monopoly.

The relevance of this brief survey of Jamaica's economic situation as it entered the 20th century is two fold. Firstly it shows up some of the problems which a British West Indian community faced as it attempted, more or less consciously, to broaden its economic base and diversify its economy. It is obvious that these problems are directly connected with the different features of the colonial plantation economy as they have been discussed above at length. Secondly the survey is pertinent to the problem of this essay - that is to say the relation between diversification and the emergence of the middle class, and the sugar sector. Sugar suffered most in Jamaica, compared to the other British West Indian islands. Its contribution fell dramatically as a percentage of GNP and planters' profits toppled with it. Thus it is evident that the answer to the question posed here is not simple. We have

seen that sugar was not a growth industry, yet when it failed, the way was not automatically cleared for growth. Problems remained which seriously hampered growth and diversification.

CHAPTER VIII

CONCLUSIONS

Advocates of Free Trade from Mill to Haberler have believed that one of its great benefits is its contribution to the economic development of the least advanced of the (two) trading partners. (122,123) Apart from static gains that arise from trade with given production functions, classical and neo-classical writers foresaw dynamic gains from trade between a developed and an underdeveloped economy. Mill described these as 'indirect benefits', Haberler as 'an outward shift (in the northeast direction) of the (underdeveloped) country's production possibility curve brought about by a trade induced movement along the curve.'¹²⁴ These dynamic gains were to come from the introduction of new 'arts', of new wants, and of supplies of the previously rare factors of production. These scarce factors, especially capital and technological know-how, would not be restricted to the export sector, but would be passed on to the whole economy. According to this traditional and well-studied theory, trade originates in the directions indicated by the given comparative advantages. If the trading partners are at different stages of economic development the export sector of the less advanced country becomes very highly developed compared to the other sectors. This development usually takes place under the stimulus of foreign capital. High incomes in the export sector lead to a strong domestic consumer demand both for home and foreign goods. Thus non-export sectors are stimulated and government revenues are swollen by customs and excise receipts. In this way growth is naturally transmitted from one sector to the rest of the economy, which is itself becoming more integrated and diversified.

122. MILL. S.J. Principles of Political Economy. Bk.III Chap. VIII 1848.

123. HABERLER G. Trade & Economic Development. Cairo 1959.

124. op.cit. p.10.

The traditional theory here described in its simplest form has been challenged from many sides particularly since the Second World War. Williams, Myrdal, Bhagwati, Prebisch, and Singer are only a few of those who have attacked its theoretical and empirical basis.¹²⁵⁻⁹ The relevance of this controversy to the present essay is that criticism of the classical theory has been centred on two main topics, one of which is the subject of our discussion here. Critics have attempted to show that the dynamic benefits of international trade have not been reaped by the underdeveloped countries because the terms of trade have turned against these countries and because growth has not been carried over from the export sector to the rest of the economy.

The Prebisch-Singer discussion of the deterioration of the terms of trade is based on the tension caused by the low price and income demand elasticity of the developed countries for many primary products compared to the very high income elasticity of demand in the underdeveloped countries for manufactured goods from advanced countries. It is not directly relevant to the British West Indies in the 19th century. It is true that the increase in British demand for West Indian sugar was sluggish. But in fact the income elasticity of demand for sugar in general was very high in the 19th century. The British consumed increasing quantities of sugar per capita, and the cause of cheap sugar for the home consumer had a high priority when protectionist

125. WILLIAMS J.H. 'The Theory of International Trade Reconsidered' E.J. 1929.

126. MYRDAL G. 'Development and Underdevelopment' Cairo 1956.

127. BHAGWATI 'International Trade & Economic Expansion AER 1958.

128. PREBISCH R. 'Commercial Policy in the Underdeveloped Countries' AER PP. 1959.

129. SINGER H.W. 'Distribution of the Gains from Trade between Investing and Borrowing Countries' AER. PP. 1950.

measures were being discussed by British ministers at the Brussels Convention in 1901 and 1903. The problem did not come from the weak demand but from the increasing costs in the British West Indies, accompanied by the arrival on the market of cheap beet sugar. The second half of the terms of trade argument is also irrelevant since there was not an increased marginal propensity to import in the 19th century which disrupted the balance of payments equilibrium as it does in 20th century development plans. The planters had always had a very high propensity to import. Imports of machinery did increase with greater sugar sales¹³⁰, but planters continued to buy consumer goods from the home country in bad as in good years. The workers on the other hand do not seem to have increased their imports of non-food goods when wages were high. In the 19th century the supply of foreign consumer goods within a worker's or peasant's budget was in any case limited.

The economic history of the British West Indies in the 19th century can throw more light on the second central problem in the international trade and economic development controversy. Is an advanced export sector an engine of growth or it is an obstacle, leading to stagnation under a dualist economy? Is the economy stimulated by the decline of a formerly flourishing export sector?

The West Indian sugar industry, although backward from certain points of view, was certainly highly developed compared to the other contemporary sectors. We have seen that it was not a growth industry in the period 1834-1900. Before 1834 there could have been no question of 'spill-over' effects from a leading sector. The estate owners did not intend to share their profits by improving the conditions of the slaves and so stimulating their consumer demand. Similarly increases in their own wealth had few repercussions on the island economies since they only purchased the bare necessities in West Indies. Any increment in income was very largely spent

130. HALL op.cit. pp.96-7.

in England or on British goods. It is only after 1834, or more exactly 1838 with the termination of Apprenticeship, that a carry-over from sugar to other sectors can be usefully studied.

In a theoretical discussion of the failure of carry-over effects Meier¹³¹ examines two possible causes for the absence of the expected stimulus on the part of the export sector. The first is the nature of the particular export industry. Industries differ in their effects on income distribution since they use factors in different combinations. In certain types of exploitation the profit/wage ratio is higher than in others. The degree of processing in the export sector is also significant for the influence it will have on the overall economy. In general the more processing taking place in the country of origin the greater the linkage possibilities with other workers and industries. Meier implies that a 'Rostovian' leading sector will only function in the case of an export good requiring quite sophisticated mechanical processing before leaving the country. This creates a chain of demand for construction materials, plant, power, spare parts etc., and leads to a spreading of technical habits and a diffusion of organisational and administrative skills. A further factor differentiating export industries is the degree of fluctuation in the proceeds of their sales. Obviously if these are constant any stimulus passed on to the other sectors will be regular and sustained, and vice versa. Finally there are the differences regarding the retention of profits or the bearing of losses. It makes a difference if the entrepreneurs can force the peasant producer to bear the loss, while themselves retaining the profits.

Meier's second category of explanations concerns market imperfections. Where intersectoral relationships are multiple response to an expansion in the export sector will be rapid and extensive, and even weak stimuli will

131. MEIER G. International Trade & Development. New York 1963.

have an important carry-over effect. Again the contrary is of course true. Thus sociological, or other, reasons making for factor immobility obstruct the transmission of growth from one sector to another.

In the light of this analysis of the possible failure of an export sector to stimulate the rest of the economy we can resume the history of the British West Indies after Emancipation. Plantation sugar production employing a free labour force could have been an industry with a wage/profit ratio favourable to diversification. Unlike many extractive industries it was labour intensive. But in fact the planters never resolved the conflict with their labourers, and imported East Indians to keep wages down. Even where wages nevertheless rose, as in Jamaica, their irregular payment was a factor tending to drive workers out of the export sector.

The sugar factories remained primitive in comparison with other types of factory production in the 19th century. After 1846 the idea of central factories was abandoned until about 1900. There was apparently no move to set up a refinery in the British West Indies. Thus the export sector remained on the level of a primary activity. An illustration of the problem is the fact that the superior sugar drying methods of the vacuum pan put the skilled coopers out of work, as barrels could be replaced by bags, but hardly stimulated any mechanical know-how among other workers.

Proceeds of course varied widely in sugar. Crop failures in the area itself or in Continental Europe affected yields and prices, quite apart from the changes in the British tariffs. Profits more often went to the British consignee merchants in the form of debt repayment than to the planters themselves. Proceeds from a good year thus tended to increase the British, as much as the West Indian, GNP.

As regards market conditions the British West Indian islands were free of many of the imperfections of a 'typical underdeveloped country'. There

were originally no indigenous groups outside the market economy and the islands were small enough for monetary differentials to be quickly appreciated. But Slavery had left the coloured West Indians with a profound distaste for plantation labour. As has been shown they preferred other occupations even when these kept them outside the 'modern' sector of the economy.

The weakness of the carry-over effect of the sugar industry was reinforced by the particular features which have been emphasised in preceeding chapters. We need only mention here the debilitating effects of the profits and savings leakage, the limitations imposed by the economic imperialism of the Metropolis, and the very low standard of skills inherited from slavery. Finally one must not forget the governments' failure to encourage the integration and diversification of the different sectors.

However our enquiry has also shown, in the case of Jamaica, that the predominance of a successful sugar industry was not the chief obstacle to sustained economic development on the part of other groups. Indeed it is interesting to see that it was the replacement of sugar by bananas, a staple export which could be grown by the small holder, which provoked unemployment on the 'Lewis Model'.¹³² As bananas successfully replaced labour intensive sugar, workers were forced to leave the export sector and to increase the open or disguised unemployment in the subsistence and non-productive service occupations. This presents a parallel to the situation in which increasing mechanisation in a thriving export sector demands less labour and so reduces productivity per capita in the traditional sectors.¹³³

The role of sugar remains ambiguous as regards stimulating sustained growth. It would be too simple to suppose that its decline generated a

132. LEWIS, W.A. 'Development with Unlimited Supplies of Labour' Manchester School 1954.

133. LEWIS op.cit.

fruitful tension according to the pattern suggested by Hirshman¹³⁴. A constructive response to such a challenge was out of the question because the West Indies laboured under the inhibiting influence of the factors noted above; few skills, imperial domination and little government encouragement. One could suggest that the industry had not had time to do its work as regards growth-stimulation before it was smitten by metropolitan decisions, and that had it continued prosperous longer the rest of the economy would have been drawn into its successful orbit. But the evidence put forward in the preceeding chapters casts doubt on the possibility of a fruitful relationship between even prosperous sugar plantations and the other sectors.

In order to be able to make the British West Indies in this period, 1834-1900, a useful case study of the problems of an export growth sector one would need more detailed documentation than is available in Canada. In particular the West Indian, as opposed to the British, merchants would need further study. The exact nature of their financial commitments, on the one hand to the planters, and on the other to industrial ventures in the 1840s and 1890s, and details of changes in these commitments, would reveal the strength of linkage effects between the different sectors. A comparison between fluctuations in the receipts of merchants, planters and prosperous small holders, for example saving banks depositors, would allow one to draw a more definitive conclusion about the relationship between sugar and the rest of the economy. Figures giving the correlation between the volume of savings deposits and the size and type of crop produced on small holdings would serve to identify the causes and the chronology of small settlers' prosperity, which could then be related to that of sugar. Finally statistics for the other major islands similar to those found in Tables X to XXII for Jamaica, would allow one to test the general or the particular nature of the above conclusions.

134. HIRSHMAN A.O. The Strategy of Economic Development. Yale 1958. pp. 208-10.

However the available secondary evidence is not inconclusive but does point to a lack of interaction between the sugar industry and the rest of the economy. It is obvious that this was accompanied by hostility on the part of the planters to the groups which threatened the traditional social and economic organisation. Both the theoretical and the empirical analyses of the structural relationships suggest that the sugar industry as it existed in the 19th century British West Indies was incapable of playing the role of a 'leading sector'.

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