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Source: *Latin American Perspectives*, Vol. 22, No. 3, The Dominican Republic: Social Change and Political Stagnation (Summer, 1995), pp. 20-40

Published by: [Sage Publications, Inc.](#)

Stable URL: <http://www.jstor.org/stable/2634138>

Accessed: 17/02/2011 20:56

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Social Classes and the Origin of the Modern State

The Dominican Republic, 1844-1930

by
Emelio Betances

Social and political structures established in the Caribbean and Central America in the early 20th century continue to have an impact on the current development of the region. Yet historical case studies of the formation of the region's modern state have been rare. Most studies have assessed economic structures and general political development. This study complements that tradition by providing an in-depth historico-sociological analysis of the formative years of the Dominican capitalist state. It surveys the socioeconomic structure of the Dominican dominant blocs in the mid-19th century and examines the formation of the bourgeoisie and the state in relation to a combination of world events, including the Spanish reoccupation of the country (1861-1865), the Ten Years' War in Cuba (1868-1878), and U.S. expansion into the Caribbean basin. It suggests that the structural weakness of the local dominant blocs created the historical circumstances for continued foreign intrusion and the emergence of the Trujillo dictatorship in 1930.

Standard historiography has overemphasized the role of external factors in the development of Caribbean nation-states. It treats the Caribbean people as "people without history" and ignores the role of local class struggle in the unfolding historical process. This interpretation obscures rather than enhances our understanding of the dialectic between external and internal influences on the formation of Caribbean nation-states. This study offers a perspective that recognizes the importance of the interplay between external and internal factors.

In contrast to the standard historiography, the research of Ortiz (1975), Muto (1976), Calder (1984), Sang (1989), and others provides excellent descriptions of the internal political processes in the Dominican Republic between 1844 and 1930, but it fails to describe the social forces that brought

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about social change and the consolidation of political power. It discusses political power but ignores its class nature. This article focuses on the transformation of class forces in relation to the origins of the modern state.

Two schools of thought have attempted to explain the Dominican class structure. Juan Bosch represents a school that claims that there was no bourgeoisie in the 19th and early 20th century. He argues that the U.S. military government of 1916-1924 "laid the absolutely necessary and indispensable material basis to develop a bourgeois class in the Dominican Republic" (Bosch, 1982: 214-226). Although, he argues, no such class formed, it was upon this foundation that Rafael Trujillo was able to consolidate political power and become a substitute for the bourgeoisie. Interestingly, Bosch maintains that there was only one class, the petty bourgeoisie, subdivided into five strata: high, medium, low, lower poor, and lower very poor. The sugar plantations of the latter third of the 19th century were "sugar islands" or enclaves; the labor force was imported from Haiti and the Lesser Antilles. The political struggles of the country occurred as struggles between the different strata of the same class or with the vestiges of a landed oligarchy. This approach has been rightly attacked for its functionalism and its failure to recognize the bourgeoisie that in fact existed (Jiménes Grullón, 1980; Cassá, 1986).

The other school is represented by historians and sociologists who consider the merchants a structurally heterogeneous bourgeoisie in that they received their profits in surplus generated by capitalist and precapitalist relations of production. Lozano (1976), Gómez (1977), Báez Evertsz (1978), Vilas (1979), Oviedo and Catrain (1981), Cassá (1982), Brea (1983), and others have argued that within this heterogeneous and complex grouping the capitalist tendency was the most important determinant. Where this group perceives a strong tendency toward capitalism, Boin and Serulle Ramia (1979) and Jiménes Grullón (1980) see a full-blown capitalist economy. These social scientists, however, do not systematically analyze the relationship between class and political power.

This investigation perceives a clear distinction between the political regime and the state. A political regime is defined as the "formal rules that link the main political institutions (legislature to the executive, executive to the judiciary, and party system to them all), as well as the issues of the political nature of the ties between citizens and rulers." In highly abstract terms, the "notion of state refers to the basic alliance, the basic 'pact of domination,' and the norms which guarantee their dominance over the subordinate strata" (Cardoso, 1979: 38). In the words of Oscar Oszlak, "the state is a social relationship, a political medium through which a system of social domination

is articulated" (1981: 5). Focusing on the historical origins of the state and not on the political regime, this study examines the relationship between state and class—the shaping of class forces in relation to the origins of the modern Dominican state.

In contrast to the European debate on the capitalist state, which has considered the relationship between class and state within the imperial centers, this study attempts to integrate the international dimension of class relations into local social structures and to show how they help to shape the form and functions of the state in the periphery. State formation in the periphery occurs in the historical framework of an expanding capitalist system, which needs a local nation-state to organize an export economy. Foreign capital and credit become components of local class structures and exercise direct political pressure on state power. However, when local political structures are not responsive to the needs of capital accumulation on a world scale, imperialist powers force the necessary political restructuring of states. This is the case in the Caribbean basin, where the capitalist states often developed on structures largely imposed from outside through capital investment, financial control, and finally military intervention.

This study employs the notion of an embryonic bourgeoisie, a notion based on the assumption that the concept of class struggle precedes the development of a full-blown bourgeois class. It is possible to argue that the bourgeoisie existed but only in embryo. Its structural weakness inhibited its ability to organize a modern state that could respond to the imperatives of international and local capital accumulation. This weakness prompted the U.S. occupation in 1916 and the establishment of a military government that organized and centralized local political power.

STATE AND CLASS FORMATION

State formation in the Dominican Republic was largely determined by a regionalized precapitalist economy and weak socioeconomic structures. Although the Dominican Republic is a rather small country, historically its agrarian structure has varied from region to region. By the mid-19th century cattle raising and subsistence farming on communal lands were the main activities in the eastern portion of the country. During the colonial period, *hateros* (ranchers), closely tied to the colonial bureaucracy, had developed into caudillos who constituted an economic and social elite. In the Cibao (the northern region), tobacco and, to a lesser extent, cacao and coffee became the principal products. Closely linked to European markets, the Cibao gave rise to an embryonic commercial and agrarian bourgeoisie which by the late

1850s was seriously challenging the power of the ranchers. In the southern part of the country, mahogany exports supported the economy. A group of timber merchants had emerged prior to independence and at times allied itself politically with the ranchers. Thus regionalism was an important element of Dominican political struggles.

When Dominican independence was proclaimed in 1844, the local bourgeoisie was still embryonic and thus unable to organize a liberal bourgeois state. In the mid-19th century timber merchants saw their business decline as the forests became exhausted and replanting was ignored. Ranchers had been in economic decline since the time of the Haitian Revolution (1791-1804), which cut off a market for Dominican meat. The increasing economic prosperity of the Cibao-based farmers and merchants threatened these groups. This prosperity strengthened the emerging Sociedad La Trinitaria (Trinitarian Society), which helped to develop a sense of nationalism and declared the independence of the Dominican Republic. The *hateros* and timber exporters were annexationist. They collaborated with the nationalist Trinitarios to get Dominican independence from Haiti only so that they could annex the country to Spain, believing that their economic interests would be better protected under a foreign power. In their struggles with each other, however, both annexationists and nationalists developed alliances with local and foreign resident merchants, revealing the underlying class character of their political struggles.

During the period between 1844 and 1880 the Dominican social and economic structures remained largely undeveloped. The Trinitarios and the emerging agrarian and merchant bourgeoisie of the Cibao hoped to create a liberal democracy. However, Pedro Santana and Buenaventura Báez, caudillos from the East and the South respectively, dominated Dominican politics. These two men led different political forces with a common goal: annexing the country to a foreign power, whether Spain, France, the United States, or England.

MILITARY LEADERSHIP AND STATE FORMATION

Early on in its development, the military was the strongest branch of the evolving Dominican state. The military leadership of the caudillos obstructed the development of the liberal state and left a legacy of authoritarianism whose effects persist. The war against Haiti (1844-1856) also contributed to the development of militaristic tendencies within civil society and the Dominican state. Historically, the Dominican army had consisted of a small number of regular troops supplemented by volunteers in times of crisis.

Santana, the leading caudillo during the First Republic (1844-1861), organized these troops into an army that under his command acquired the characteristics of a national organization dominated from above. "The regular army consisted of eight to ten thousand men. . . . In a moment of unexpected invasion, the Government . . . could immediately send one or two regiments to reinforce the borders of the South without leaving the capital unarmed" (Hoetink, 1982: 95). The caudillos, of course, strictly controlled this army, which should not be thought of as a modern regular army.

Although the army had officers and privates, it was a politico-military organization that basically responded to one chief, Santana. When the Haitians invaded in 1849, President Manuel Jiménez called upon Santana to use his prestige and authority to prevent the Haitians from crossing the borders. Again in 1858, when the Cibao merchants were fighting President Báez, they requested Santana's military assistance. Everyone knew that hundreds and even thousands of peons and peasants would follow Santana's orders. In sum, a modern regular army did not exist, but various groups would follow a military leader when there was a threat of foreign invasion. For the period of the First Republic, however, these groups seemed to respond to a "national" military leadership. At Santana's request, Spain annexed the Dominican Republic in 1861, but Spanish rule proved short-lived. Economic conditions did not improve; on the contrary, the Spanish authorities subjected Dominicans to many new regulations and levied new taxes on both the foreign and the local population. Dominicans serving in the Spanish army were discriminated against. These factors combined to engender a rebellion by the majority of Dominicans against Spanish rule, bringing it to an end in 1865 (Bosch, 1984: 279-280).

The prospects for the development of the Republic's political institutions did not change with Spain's withdrawal. Now, however, the leaders had a different social background. Whereas in the First Republic the dominant political figures had been either landowners or merchants, after the War of Restoration leaders from the lower strata of the society moved upward in society through military service. A large number of military officers came to live off the state's income; in 1865 there were at least 100 generals (Cassá, 1982: 22). This development strengthened existing tendencies toward militarism with the difference that the army was no longer a hierarchical "organization" responsible to one man. Hoetink suggests that a *de facto* restructuring of the army took place after the War of Restoration. The army acquired the characteristics of a marketplace, breaking up into small groups that competed to offer their services in the political arena (Hoetink, 1982: 96).

Several political forces struggled for state power in order to establish an economic base for themselves. Those in power used the state's income to

increase their own wealth (a feature still apparent today). In 1859 and 1865, Cibao-based nationalist political elites attempted to introduce major reforms to expand the political regime, but these efforts failed because the nationalists lacked the power base that their constitutional projects required. Only under Ulises Heureaux (1886-1899) did a viable bureaucracy and relative "national unity" emerge. From Independence to Heureaux's dictatorship, no government proved capable of undertaking any significant public works or expanding the state apparatus.

CAPITALIST DEVELOPMENT AND CLASS FORMATION

Small-scale sugar production had existed in the Dominican Republic since the 16th century. Large-scale production began only in the mid-1870s. Two distinctive agrarian systems developed: sizable capitalist sugar plantations in the South and agricultural petty-commodity production for export in the northern Cibao Valley. The lack of connection between these two systems promoted the uneven development of Dominican society and conditioned the organization of political power. The Cibao, which had briefly become the strongest economic and political region, gave way once more to the South, where political power had traditionally rested. The Cibao's small tobacco, coffee, and cacao farms were no match for the South's growing capitalist enterprises.

A combination of world events facilitated the early development of a bourgeoisie. These events included the Ten Years' War in Cuba (1868-1878), which disrupted sugar production on that island, the Franco-Prussian War (1870), which reduced sugar beet production in France and Germany, and the U.S. Civil War (1861-1865), which destroyed the sugar plantations of Louisiana.

During the Ten Years' War, more than 100,000 Cubans left the island, and nearly 3,000 of them went to the Dominican Republic. Since many of these immigrants were political dissidents, a number of them later returned to Cuba or left the country for the United States. However, a significant number stayed, and they had both technical know-how and capital to invest in sugar production and commerce. In fact, these capitalists, along with Italians, Germans, Puerto Ricans, and North Americans, constituted the nucleus of the Dominican sugar industry.

Two important periods can be observed in the development of the sugar industry. The first, from 1874 to 1916, is the period of takeoff in the transition to capitalism with the emergence of large-scale capitalist plantations that broke with preexisting agricultural structures in the southeast (Cassá, 1974;

Lozano, 1976; Gómez, 1977; Báez Evertsz, 1978; Hoetink, 1982). In these years an indigenous business class slowly emerged. The second period, from 1907 to 1925, saw large conglomerates assume control of sugar production and commerce, thus incorporating part of the Dominican economy into the international capitalist system controlled by North American corporations. Sugar plantations brought a significant expansion of the forces of production (railroads, industry, communications, new towns). The first modern mills developed after 1874, and by 1882 there were 34 cane plantations. Sugar exports steadily increased from 6,361 metric tons in 1880 to 17,613 in 1885 and 22,138 in 1890 (Báez Evertsz, 1986: 212).

Although sugar exports from the Dominican Republic rose steadily, two crises, largely determined by foreign factors, affected the industry in the late 19th century. A collapse of prices in 1881 was the result of the rapid expansion of sugar production during several years of favorable prices and the abundance of cheaper European beet sugar. Worldwide cane sugar output grew, for example, from 2,140,000 tons in 1876 to 3,538,000 tons just two years later. Moreover, in the latter year, production of all types of sugar reached 5,123,000 tons. During the period from 1881 to 1889, thirteen of the most important early mills, most of them in Azua, Samaná, Puerto Plata, and Santo Domingo, closed down. Mills valued in the hundreds of thousands of dollars sold for a pittance (Ortiz, 1975: 348-352). The second crisis hit in the mid-1890s. Various factors, including the formation of trusts in the United States, combined to hold prices down. A record crop of European beet sugar in 1894 produced some 6.6 million tons in comparison with only 3.4 million tons the previous year, causing a new glut in the market and a consequent decline in prices (Ortiz, 1975: 356). The world crisis, however, did not cause a recession in the new industry. In spite of a downturn, which occasioned bankruptcies and closures, on the whole the industry experienced an expansion (Lozano, 1976: 106). Insufficient technology and capital, the main features of the initial years of the industry, gave way to more modern technology and centralized organization.

Despite the negative effects of world market fluctuations on the Dominican sugar industry, the agrarian transformations of the late 19th century brought the emergence of a new elite of sugar planters that, along with the merchants, constituted an emerging Dominican bourgeoisie. Many of the pioneers of the Dominican sugar industry stayed in the country and were rapidly assimilated into the creole social structure. Some married into the prominent local families and reinvested their profits in the local economy. Juan Bautista Vicini, an Italian, for example, started his sugar business in 1882 and became one of the most successful capitalists in the country. One

of the government's main creditors, he married into a Dominican family, and from this union emerged a line of prominent citizens. One of them was Bautista Vicini Burgos, president from 1922 to 1924.

Sugar planters developed an alliance with the Heureaux dictatorship. Heureaux gave concessions to both sugar planters and merchants in exchange for credit and political support. William L. Bass, a North American sugar producer, represented a group of planters that pressured Heureaux to give them duty-free exports. He also advised the government on how to promote the development of the sugar industry in the country (Sang, 1989: 53-55). Bass's group received concessions from the government to establish sugar mills, import machinery duty-free, build infrastructure, and provide public services. It helped sustain Heureaux's dictatorship because it earned high interest on the credit it extended to the government. Thus, the relationship between Heureaux and the sugar planters gave the emerging Dominican state a class character.

Despite Heureaux's continued support, the pioneers of the Dominican sugar industry did not survive the expansion of U.S. sugar giants into the Caribbean and the Dominican Republic at the turn of the century (Del Castillo and Cordero, 1982: 96-99). The effect of foreign capital hegemony was that the sugar planters never formed a national bourgeoisie; instead, the U.S. sugar corporations elbowed them out of the market. While some engaged in import-export activities, others joined traditional political elites in their search for political power. It is worth noting, however, that as the elites became marginalized the state became their main source of revenue and thus the terrain of struggle that their various fractions sought to control.

NONSUGAR EXPORT AGRICULTURE

At the turn of the 20th century, nonsugar export agriculture was based on petty-commodity production. Traditional producers of tobacco, cacao, and coffee remained an agrarian petty bourgeoisie, that is to say, a class of small-scale farmers unable to accumulate enough capital to invest in large-scale production.

Petty-commodity production was characteristic of Dominican commercial export agriculture (outside of sugar) throughout the 19th and the early 20th century. For example, until the 1870s tobacco had been the fastest-growing sector of the Dominican economy, but various factors combined to slow down its expansion. First, farms grew tobacco in a rather unsophisticated way that produced a low-quality leaf. Second, the decentralized struc-

ture of tobacco cultivation made it impossible for producers to establish direct relations with merchants. Middlemen or *corredores* exercised substantial control over the producers because they provided credit. Third, in the 1870s Dominican tobacco had to compete with an oversupply of Brazilian and Dutch East Indian tobacco in the world market. Michiel Baud notes that "the price of Dominican tobacco per quintal (forty-six kilograms) fell from between fourteen and twenty Dominican pesos in 1849 to nine pesos in 1872 and to four pesos in the 1880s" (Baud, 1987: 136-138). The crisis faced by Dominican tobacco affected merchants as well. According to Baud, the number of commercial houses in Santiago decreased from 25 in 1879 to 6 in 1884.

The crisis in the tobacco trade led many producers to shift to cacao. Cacao production increased in the 1880s and 1890s. Cacao producers benefited from good prices in the international market, improving transportation facilities, and, in contrast to sugar, duty-free entry into the United States. Not only did cacao exports increase progressively and significantly but they compared favorably with sugar in terms of value. In 1906 the country received US\$2,262,912 for cacao exports and US\$2,392,406 for sugar. Though this happened only once, it is worth noting that in 1908 cacao surpassed sugar in value, reaching US\$4,269,047 compared with US\$3,092,429 for sugar. After 1913, however, sugar became the main crop by any criterion.

Despite a sustained increase in cacao exports after 1910, internal structural impediments and international competition prevented a transition from petty-commodity production to large-scale capitalist production. Dominican farmers could not take advantage of good prices in the international market to improve production, and after 1910 they had to compete with cheaper produce from Brazil and the Gold Coast. Paul Muto attributes this behavior to the fact that those with money to invest did not grow cacao: "Cacao growing remained the province of Dominican farmers who did not have access to large amounts of capital and other Dominicans failed to invest in the crop. For the most part, cacao suffered no great decline; it simply ceased to expand. . . . In the postwar period, expansion was negligible" (Muto, 1976: 51).

In addition, transportation was still a major limitation. Away from rail lines, roads consisted of mud trails, which made hauling costly. "To transport a quintal of cacao from the town of Yamasa down to Santo Domingo (about 100 kilometers) cost one dollar. The same quintal could then be sent from any port in the Dominican Republic to New York for 24 cents" (Bray, 1983: 65-66). Thus, the bottleneck represented by poor communication, monthly

interest rates of 2-6 percent, and international market competition partly explain why local cacao farmers never became an agrarian bourgeoisie.

A similar situation existed with coffee. Like that of cacao, coffee cultivation was based on petty-commodity production (Del Castillo and Cordero, 1982: 100). The relatively small producers of coffee lacked the technology and means of transportation to export their produce. Moreover, difficulties with credit and financing as well as transportation precluded expansion even when world prices were high. These structural impediments prevented their transition from petty-commodity production to large-scale capitalist agriculture and, once again, inhibited the formation of an agrarian bourgeoisie that could have fostered the development of a modern capitalist state.

Investigation of the development of the sugar industry and the main traditional agricultural export sectors at the turn of the 20th century reveals that the incorporation of the Dominican economy into the international capitalist market system not only promoted a continued regionalization of the social structure but also obstructed the development of a national bourgeoisie based on sugar planting. These new developments introduced capitalism into the country but blocked the consolidation of a national government.

LOCAL AND FOREIGN RESIDENT MERCHANTS

Merchants comprised another fundamental component of the Dominican social and economic structure. In the second half of the 19th century a local and foreign resident merchant fraction evolved in association with the political elites and the state. The incorporation of Dominican finances into the international banking system, however, inhibited the development of an indigenous class of merchants. At best they could stake out a subordinate role in the import-export trade guaranteed them by the operation of tariff mechanisms. Merchants' marginal role in the main economic activities of the country hampered their ability to influence national politics in the face of growing U.S. control of Dominican finances and customshouses.

The war effort against Haiti (1844-1856) and political stability before and after the War of Restoration (1863-1865) gave rise to a constant increase in the public debt. Customshouses represented the government's main source of revenue. Government expenditures usually ran ahead of receipts, and therefore leaders had to borrow from merchants to buy weapons and finance jobs for their political supporters. Merchants reaped profits from the increasing government debt.

Governments operated with money borrowed from European merchants established in the northern port of Puerto Plata and in the capital, Santo Domingo. For example, Rothschild and Cohen established an office in Santo Domingo in the 1830s, and after 1944 they took care of the government's customs and finances during Báez's administrations. The merchants financed the government both indirectly, by paying the customs duties for the imports and exports that formed the most important source of state income, and directly, by advancing credit to the government. The government repaid the loans in the form of exemptions from import-export duties (Hoetink, 1982: 69). In 1865 the government created a system of *juntas* or *compañías de crédito* (credit associations) made up of local and foreign resident merchants who lent money to the government when it was in financial need. The government repaid these loans by allowing the merchants to collect interest and amortization at the customshouses.

Dominican political leaders sought to formalize the financial connections between merchants and the state. Gregorio Luperón, a military leader during the War of Restoration, promoted the growth of credit associations, further strengthening this relationship. The considerable sums that leading merchants lent to the Heureaux dictatorship further illustrate the relationship between them and the state. In 1884 the government granted Cosme Batlle 50 percent of duties on the products he imported. In 1893 the government owed significant sums to Batlle and Juan Bautista Vicini (Sang, 1989: 39-75). A sizable group of foreign and local merchants took part in the credit associations and became very closely associated with the government. This group had economic reasons to oppose large loans from European creditors. Speaking on their behalf, the prominent intellectual Federico Henríquez y Carvajal argued in favor of internal as opposed to foreign debt. When a loan from the Westendorp Company of Holland was being pursued in 1888, "General Luperón and more than two hundred distinguished citizens signed a letter of protest to Congress denouncing the Westendorp negotiations" (Báez Evertsz, 1978: 31).

Since Independence, local and foreign resident merchants had benefited by charging high interest on government loans. Since 1882 Heureaux had been trying to negotiate a settlement with the holders of a 420-pound loan from Edward Hartmont and Company of London extended to the Báez administration in 1869. The ninth article of the contract stipulated that "all the resources of the state of Santo Domingo, its customshouses, rents, and dominiums, are given as guarantee for regular payments and amortization" (Herrera, 1953: 241-245). Hartmont and Company had made a first payment to the Dominican government of 38,095 pounds but then discontinued

payments and instead authorized Peter, Lawson and Son of London on May 1, 1869, to issue a loan for the amount of 757,700 nominal pounds. It failed to communicate these changes to the Dominican government, which waited until July 30, 1870, to cancel the "unfortunate contract" (Herrera, 1953: 247). Báez was negotiating the annexation of the country by the United States at the time and may have been unaware of the consequences of Hartmont's actions. No Dominican government managed to arrange any European loan until the Hartmont affair was resolved.

The Westendorp loan, amounting to 770,000 nominal pounds, was intended to pay off not only the Hartmont loan but all domestic debts. According to the contract, the Dominican government was to pay a yearly sum of 55,646 pounds according to an agreed-upon scheme of amortization. Westendorp and Company would administer the customshouses, and in case of conflict there would be binding mediation by the Dutch government (Herrera, 1953: 293-305). The contract with Westendorp reduced the influence of local and foreign resident merchants and sugar planters over government loans. Although they continued to be important players in the political process, merchants became increasingly marginalized as North American concerns came to exercise control over Dominican customshouses and finances in the 1890s. In 1893 the Westendorp Company transferred its rights and obligations to the New Jersey-based San Domingo Improvement Company. Heureaux and the San Domingo Improvement Company developed a unique relationship from which they obtained mutual benefits and one that resulted in an unprecedented increase in the country's foreign debt. In March 8, 1900, the *Gaceta Oficial de Santo Domingo* reported that the foreign debt was \$21,111,528.93 in U.S. gold. It also stipulated that the internal debt was US\$2,845,550.44 in gold and US\$10,126,628.00 in silver. Together, external and internal debts amounted to US\$29,020,393.73. These are astronomical figures if we recall that in 1888 the internal and external debts were US\$5,500,000 and US\$4,122,750.40, respectively (Domínguez, 1992).

These huge debts threw Heureaux's regime into a deep crisis. His longtime associates sought to distance themselves from him, while the forces representing the embryonic bourgeoisie from the once-powerful Cibao region and the alienated political elites from Santo Domingo plotted to bring the government down. In 1898 Juan I. Jiménez, a powerful merchant from the northern city of Monte Cristi, became a national hero by attempting to overthrow Heureaux. A year later Horacio Vásquez and Ramón Cáceres of the Cibao succeeded in assassinating him. Political instability and the near-collapse of the government followed.

THE MODERN STATE AND THE U.S. SEMIPROTECTORATE

The Heureaux dictatorship expressed national political plans to develop a strong nation-state. This initial attempt failed partly because of the contradictory integration of the Dominican state into the international capitalist system and the socioeconomic weakness of the bourgeoisie that supported Heureaux. Heureaux's failures led to increased U.S. intrusion in Dominican political and economic affairs.

The Dominican state began to intervene in the economy during Heureaux's dictatorship, articulating the interests of a newly emerging national bourgeoisie based on sugar planters and merchants. Heureaux, well aware of this political alliance, sought European and North American credit in order to maintain relative political autonomy from the planters and the merchants. Initially, foreign credit afforded Heureaux a degree of autonomy from local power groups, but it subordinated the state to foreign creditors by increasing the foreign debt. Nonetheless, Heureaux expanded the armed forces and used the new means of transport and communications to move troops around the island. The government bureaucracy experienced a degree of development, and the Dominican state began to intervene in society to bring about economic growth and create a favorable climate for capitalist development. In this sense, Heureaux's dictatorship represented a first step toward developing a modern national capitalist state. The new mode of integration of the Dominican state into the international capitalist system, which demanded a state that was not just responsive to one man but accountable to its local and foreign creditors, delayed this start. The political incapacity of Heureaux's regime to live up to these new expectations, the struggles of the residual national bourgeoisie, and Heureaux's inflationary policies led the dictatorship into a crisis that ended with Heureaux's assassination in July 1899. Not until 1906 was a fraction led by Ramón Cáceres able to consolidate power.

By this time the sugar planters and merchants had been vastly weakened, and the United States had full control of Dominican customshouses. Cáceres continued to organize and concentrate political power, but this power no longer responded to national interests. U.S. sugar corporations and banks had replaced foreign resident sugar planters and merchants. The local bourgeoisie was alienated from the economic and political mainstream. The U.S. government backed Cáceres when he undertook projects that favored paying the foreign debt or created infrastructure that underwrote the prosperity of U.S. sugar concerns. Increases in Dominican traditional exports, reduction and consolidation of internal and external debts, and the implementation of strict

methods for collecting customs duties allowed Cáceres to provide political stability. He expanded military control across the nation's territory, organized a professional constabulary separate from the traditional caudillos, passed laws to develop modern capitalist property relations, and implemented a public works system.

Debts dealt the final and decisive mortal blow to the merchants in 1907, with the signing of the Dominican-American Convention to consolidate all debts. Historically, Dollar Diplomacy is associated with President William Howard Taft, but it was President Theodore Roosevelt who initiated the policy that promoted North American banking interests in the Caribbean. In 1905, Roosevelt sent Professor Jacob Hollander as his special representative to the Dominican Republic. Hollander prepared the confidential report, *The Debt of Santo Domingo*, that Roosevelt used in designing his policy toward the Dominican Republic. Speaking to a U.S. Senate Committee on Foreign Relations (1907: 1 and 17), Hollander stated:

I do not think any of them are valid debts, in the sense that public debts in the United States are, but such as they are, something must be done with them. . . . There is little that is credible in the financial past of Santo Domingo. But granting this, we are now confronted by recognized claims, and we can not go back to the beginning of things. These debts have been created, have been acknowledged by the Republic, and have been in large part secured by an assignment of customhouses to foreign government.

Hollander proposed an adjustment plan to deal with Dominican external and internal debts. He suggested a consolidation of debts, reducing them from US\$32,000,000 to US\$17,000,000. In addition, he proposed that the government take a US\$20,000,000 loan from Kuhn, Loeb and Company of New York guaranteed by the U.S. government (Hollander, 1907: 291-292).

In 1907 the U.S. and Dominican governments signed a convention whereby the former would underwrite the loan that Hollander had proposed. In addition, the president of the United States would appoint a general receiver of Dominican customs and give him and his assistants "such protection as it may find to be requisite for the performance of their duties." Clearly, the Dominican Republic had become a semiprotectorate of the United States, because "protection" could easily be interpreted as military intervention to protect U.S. interests. Furthermore, Article 3 stated that "until the Dominican Republic has paid the whole amount of the bonds of the debt its public debt shall not be increased except by previous agreement between the Dominican Government and the United States" (U.S. Department of State, 1910: 307-310).

Unlike previous foreign debt arrangements, the convention established a special relationship whereby the United States would control the Republic's

finances. These new arrangements ended the role that merchants had been playing. They now had to limit their activities to the import-export trade, an area tightly controlled by U.S., German, British, and Spanish suppliers. Again, like the pioneers of the sugar industry, the merchants had suffered a setback that had immense implications for the development of a national bourgeoisie. A national bourgeois class based on planters and merchants moved back toward an embryonic stage. The state became a semiprotectorate of the United States and no longer gave them free access to government largesse. Clearly, Cáceres reorganized and centralized the state, but he undermined the class that was necessary for it to be national. Obviously, these circumstances generated considerable political resentment both within and outside of Cáceres's own group. As a matter of fact, his assassination in 1911 was the result of the exclusion of local political elites from government patronage jobs and payoffs.

After Cáceres's assassination, the implementation of the Dominican-American Convention became problematic. In the midst of great political instability, the United States imposed irresistible demands on the local political elites. It repeatedly requested the appointment of Americans to oversee Dominican finances and military matters. The administration of President Woodrow Wilson (1913-1919) became convinced that it was impossible to consolidate a strong government favorable to U.S. interests with any of the local political factions and in 1916 established a military government to complete the tasks initiated by Cáceres.

The military government ruled the country from 1916 to 1924, and during its tenure it sought to develop a public works program, which established a "national" road network; organize a "national" constabulary, which had a monopoly of organized power over the whole society; erect a tariff, which restructured the nation's dependency and weakened the economic base of local elites; legalize the land titles held by sugar and timber companies; and legitimize the executive orders of the military government as a condition for withdrawal (Calder, 1984; Hoepelman and Senior, 1973; Welles, 1928; Lozano, 1976).

The political economy of the U.S. military government did not have the same impact on each of the different social classes. The military government legalized questionable land titles held by U.S. sugar concerns and helped to survey the lands held by U.S. corporations but found no money to help small Dominican farmers who opposed the surveys. It destroyed local industry by erecting tariffs that restructured the nation's dependency but helped to develop an import-export merchant class that became the nucleus of a weak

Dominican bourgeoisie. Clearly, although the U.S. military government claimed to rule "in the name of the Dominican people," its political and economic policy had a class character. Like Cáceres's regime, the new state that emerged out of the military occupation responded only to a limited extent to national political and economic interests. The new state was integrated into the U.S. sphere of influence and, as such, had to respond to U.S. political, economic, and military interests in the Caribbean basin.

The national political response to the military government was a complex one. At first, local political elites with ties to the import-export merchants were excluded from the political process, but in spite of this they gave their support to the military government. Nationalist groups expressed opposition but were unable to exert significant political pressure on the new government because of the military repression. The nationalists were urban-based petty-bourgeois and middle-class elements that under Cáceres had been excluded from government largesse. In the East, peasants had been fighting evictions by sugar companies since the 1890s, and these evictions were stepped up during the occupation. The popular urban and the peasant resistance never established any political links with each other, partly because of government repression. The nationalists looked on the peasants as bandits and would have nothing to do with them. The nationalists never opened a political space until 1919, when World War I was over and the guerrilla insurgency in the East had heated up. Then the State Department began to observe Dominican affairs more closely.

The eventual U.S. withdrawal resulted from strong domestic opposition to Wilson's foreign policy and Dominican resistance bolstered by Latin American solidarity. In his famous Fourteen Points, presented in 1919 at the Versailles Conference in Paris, Wilson had proclaimed the right to self-determination of the small European states, and yet he had ordered the military occupation of the Dominican Republic—a fact gleefully noted by his Republican opponent, Warren G. Harding. This new political climate made it possible for Dominican nationalists to press their demands for the withdrawal of the military government. In fact, the State Department, which had paid only scant attention to Dominican affairs because of the war in Europe, began to become more involved in directing U.S. policy toward the Dominican Republic, which had previously been handled by the Navy Department.

While the nationalist groups organized as the Unión Nacional Dominicana (Dominican National Union) were demanding the total withdrawal of the military government, the traditional political elites with ties to the import-

export merchants were ready to collaborate with the military government by accepting appointments to consulting committees. Under the leadership of Américo Lugo and Fabio Fiallo, the nationalists rejected the various U.S. plans to validate the actions of the military government. The conservative faction of the traditional political elite seized the opportunity to offer a negotiated solution to the impasse by recommending the creation of a provisional civilian government. The United States accepted this proposal and appointed Sumner Welles as special commissioner to lead the transition from foreign military to local civilian rule. During the two-year period the provisional government organized elections, which General Horacio Vásquez won in 1924. Shortly thereafter, Vásquez convened a newly elected National Congress to legalize all the actions of the military government and recognize U.S. control of Dominican customs and finance (Knight, 1928).

The political economy of the military government further weakened the economic basis of the agro-industrial fraction of the local elite through a tariff that made it impossible for local industry to compete with imported North American manufactured products. In addition, the military government strengthened the coercive apparatus of the state, turning it into a sphere of power without precedent in Dominican history. The newly created constabulary had effective military control of the national territory.

Conflicts between the political and military elites soon emerged. An opportunity for the participation of the military in national politics was provided by Vásquez's campaign for reelection in 1930. The president had already lost popularity by extending the presidential term for two years, and a new and effective opposition soon developed. The military elite already seemed to have a national leader, Rafael L. Trujillo. Trujillo had been admitted to the constabulary in 1919 as a second lieutenant and rapidly ascended to the upper ranks. He became Vásquez's protégé and by 1930 was the unquestioned chief of the constabulary, which had been transformed from a police-type organization into an army. What is noteworthy, however, is that he was a national military caudillo with sufficient power to prevent the reemergence of regional caudillismo.

Prior to the withdrawal of the U.S. military government, local military officers had not had the opportunity to use the state as a vehicle for accumulating wealth. Vásquez had offered them a taste of economic opportunity, but they wanted real economic power. As the government lost its support, the military, led by Trujillo, seized power in 1930. Its rapid ascendancy must be examined in terms of both the internal political struggle and the army's direct relationship to the United States. There is no doubt that the world capitalist crisis of 1930 conditioned the internal crisis that had been taking place in the

country and that it favored Trujillo's ascent to power. Although documents indicate that the United States officially manifested disfavor of Trujillo, in practice it protected the dictator through a moratorium on the government's foreign debt, without which he could have never stabilized his regime. Once in power, Trujillo made it his first task to eliminate all opposition. His regime lasted from 1930 to 1961 and succeeded in subordinating all social classes and groups to his political and economic power.

CONCLUSION

The modern Dominican state was not simply a product of the U.S. military occupation of 1916-1924 but a logical result of socioeconomic and political processes dating to the mid-19th century. The relationship between national political struggles and ongoing foreign interventions in Dominican political and economic life is the key to an understanding of the early stages of state formation.

The actions of Ulises Heureaux (1886-1899) and Ramón Cáceres (1906-1911) had profound implications for the formation of the modern state. Initially, the dictatorship of Heureaux articulated the political and economic interests of an emerging national bourgeoisie based in sugar production and commerce. This political alliance allowed Heureaux to start developing a strong nation-state that could provide a favorable climate for capital accumulation. Subsequent monopolization of the sugar industry by U.S. capitalists and continued reliance on foreign credit precipitated the collapse of the dictatorship.

By the time Ramón Cáceres took power, the embryonic national bourgeoisie nurtured by Heureaux had been virtually excluded from the mainstream of the economy. The U.S. government controlled Dominican finances and customshouses. Cáceres continued to organize and centralize state power, but he hardly represented national interests. His regime helped to turn the Dominican state into a U.S. semiprotectorate, establishing neocolonial ties that persist today. In fact, the U.S. military government was simply a continuation of this state-building process.

Whereas standard historiography tends to present Rafael Trujillo as a product of U.S. imperialism, this study suggests that his regime was the product of a socioeconomic process with 19th-century origins. Dominican society was regionally divided, and the dominant regional elites were weak and fragmented. Under the U.S. military government, import-export merchants improved their economic condition but remained too weak to exercise

meaningful political influence on the state. Sugar, the most dynamic sector of the economy, was controlled by U.S. corporations, and the traditional export sectors had been unable to overcome the structural impediments of inadequate credit, insufficient means of communication, and lack of capital. The structural weakness of civil society contributed to the emergence of an authoritarian regime. The U.S. military occupation strengthened the existing authoritarian tendencies within civil society and the state.

Finally, the findings of this study support the validity of a class perspective in explaining state formation in terms of the dialectic between internal and external factors. They demonstrate that a class analysis sheds light on the state-building process by focusing on the relationships between economy and politics. Adoption of the historico-sociological approach employed in this study and in studies of other Caribbean and Central American cases would enhance our understanding of the process of state formation in the region.

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