COLLABORATION AND INFORMAL EMPIRE IN YUCATÁN:
The Case for Political Economy

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In writing "Corporate Control of a Monocrop Economy," we set two goals for ourselves. At a theoretical level, we sought to bring together two mutually isolated, but potentially congruent, bodies of literature concerning the nature of imperialism and the role of mediating elites: the predominantly neo-Marxist perspective of dependency, issuing largely from the Latin American experience, and the non-Marxist "theory of collaboration," developed by "imperial historians" of Africa and Asia. This theoretical framework was suggested by the data we had collected independently while engaged in monographic research on the problem of Yucatecan economic development during the Porfiriato and the Mexican Revolution.[1] One cannot study the larger 1876–1940 period without coming to grips with the International Harvester Company's (IHC) preponderant role in the region's political economy. We utilized functional dimensions of the "imperial collaborator model" because we found them useful in analyzing Yucatán's stark condition of economic dependence, particularly in specifying the mechanisms and agents through which Harvester fashioned an informal empire during the late Porfiriato. In the process, we also hoped to contribute to a proliferating literature on the evolution of multinational enterprise in developing regions. Harvester's reluctance at the turn of the century to establish an enclave in Yucatán and its preference for achieving market control by funneling capital indirectly through powerful local intermediaries is a strategy of economic penetration of Third World societies that has now become almost standard practice among modern corporations. Such mechanisms, however, were rare for North American companies prior to 1914. In addressing these larger theoretical issues, a second, more circumscribed objective presented itself: we sought to contribute to, and perhaps a little naively, even to resolve the venerable historiographical debate among *yucatólogos* regarding the origins and impact of Harvester's involvement in the regional monocrop economy.

We have been gratified by the response we have already received regarding our theoretical discussion and hope it suggests that, in a modest way, our work might foster improved communication among students of imperialism working in different disciplines, on different parts of the world system, and even within different paradigms. On the other hand, we knew from the start that our second objective, although less ambitious, might well prove more controversial—and we have not been disappointed. Far from resolving the debate over Harvester's control of the monocrop economy, we seem to have deepened and inflamed it. Yet we confess a certain sense of satisfaction in stirring up what has become a veritable hornet's nest of antagonists because we believe that the terms of the debate have been sharpened and that a choice now exists between reasonably coherent positions, each resting on different theoretical foundations and historical sources. Yet because we are perceived as Harvester's most persistent critics, we derive less satisfaction from the timing of this exchange regarding IHC's early marketing practices in Mexico. Ironically, we find ourselves in the unfortunate position of having to kick the once formidable industrial giant when he's down and appears likely to stay down for the count!

Before rebutting the specific arguments of our critics, we want to place their comments in the proper historiographical context by reviewing the antecedents of this long-standing and often overheated debate. The existence of Harvester's invisible empire in Yucatán was alleged by disgruntled local *hacendados* and nationalistic middle-class intellectuals, as well as by IHC's threatened competitors in the U.S. cordage industry, long before the secret contract with Molina was made public in 1921. Indeed, the unbroken succession of vocal charges of a Harvester-inspired conspiracy to depress fiber prices, which characterized the late Porfiriato in Yucatán, dates back to the final days of 1902, the very year the collaborative agreement was consummated. It was the Mexican revolutionary government's conviction that Harvester was exercising monopoly control over the henequen industry that led it to take stern measures against the corporation during the 1915–18 period. This "antitrust" position has been advanced by a majority of local and foreign, popular and scholarly writers ever since, who have encountered some opposition from descendants of those regional oligarchs who collaborated with the corporation. Interestingly, these dissenting voices were much less concerned with refuting their opponents by presenting a countervailing analysis of the structure of henequen production and marketing than with defending the good name of Don Olegario Molina or their own relatives in his "divine caste."

Only in 1977, as we pointed out in our article, did a provocative essay by North American historian Thomas Benjamin rigorously challenge the prevailing notion of an informal empire on economic grounds. Relying almost entirely on published materials, Benjamin called into question the ability of foreign corporations working in concert with regional oligarchs to depress fiber prices significantly or impose a pattern of conscious control upon Yucatán's monocrop economy. Rather, he adduced other, "less visible" macroeconomic variables that "bound [Yucatán] to the thoughtless whims of world trade" to account for the dramatic drop in the local price of fiber during the late Porfiriato. In rejecting the collaborator mechanism, Benjamin accepted at face value the denial of both Molina and IHC that any relationship existed between them other than that of buyer and seller. He even expressed doubt regarding the authenticity of the 1902 contract; at any rate, he judged the play of larger market forces at work in Yucatán and throughout the world to be more crucial in determining the price of henequen fiber.

We contend here that our present critics have merely introduced a series of variations on Benjamin's basic themes and, in the case of Carstensen and Roazen-Parrillo, have documented these variations with some new North American corporate data. (Interestingly, neither of these comments shows evidence that its arguments are grounded in contemporary regional history or based upon local archival materials.) Furthermore, we suggest that beyond clarifying some factual details and taking issue with misrepresentations of our argument, the present forum fundamentally represents a confrontation of opposing paradigms, offering contrasting approaches to the problem of development and to the study of relationships within the world system, particularly those which manifest themselves in the periphery.

These fundamental differences emerge most clearly in an exchange with our first pair of critics, neoclassical economists Eric N. Baklanoff and Jeffrey Brannon. Although seasoned regional specialists, their work has focused on the post-Cárdenas period, and specifically on Yucatán's quest for economic diversification. Unlike Benjamin, who is not a yucatólogo, Baklanoff and Brannon do not dispute that a collaborative bargain was struck in 1902 between Molina and IHC; however, they seriously question the clout that the collaborators could wield in the regional political economy. Baklanoff's and Brannon's abiding faith in the play of larger market forces of supply and demand leads them to minimize our contention that IHC and Molina increasingly gained control of production, which in turn enabled them to affect the price of fiber between 1902 and 1912.

Specifically, our critics contend that because of high fiber prices brought on by the Spanish-American War, Yucatecan planters made significant investments in new plantings between 1900 and 1905. Due to the characteristic production cycle of the henequen plant, these new shoots did not yield fiber for three to five years, leading Brannon and Baklanoff to conclude that throughout much of the period under scrutiny, the market was glutted with Yucatecan fiber. In such a situation, one need not look beyond the basic neoclassical tenet that supply forces down price; by comparison, the 1902 contract is insignificant as a determining factor.

We have dealt with this argument in some detail in our article. First of all, we did not ignore trends of supply and demand in our consideration of sisal hemp's "pricing equation"; on the contrary, the impact of the Spanish-American War on price fluctuation figured prominently. We pointed out, however, that "generalizations centered only on a single variable offer an incomplete explanation for short-run price changes" (p. 87). We ultimately concluded that IHC's ever-increasing control of local fiber production, its ever-tightening grasp on the North American binder twine market, as well as the magnitude and duration of the drop in prices from 1903 to 1912 together compelled us to look beyond the natural play of the market.

Moreover, our argument took a much longer view of the market process than do our critics and reached a different conclusion regarding the market's impact on planter psychology. We pointed out that the 1898–1902 wartime boom and the subsequent lull in prices after 1903 were symptomatic of the tenuous fiber trade. If we take a close look at fiber prices from 1880–1915, we note volatile fluctuations in the world market price. Prices rose and fell with startling frequency. As a rule, planters made little conscious effort to correlate their production decisions with world market trends.[2] Come good year or bad, the planter always sought to expand cultivation; production was never cut back, "since even when the price dropped close to three cents per pound, a small return was realized" (p. 96, n. 40). Periods of *auge* merely meant that capital was more readily available and that by turning invariably to Molina, Montes, and their *casta*, planters could mortgage their already burdened estates up to (and beyond) the hilt. Production figures increased steadily throughout the entire period from thirty thousand bales in 1870 to almost a million bales in 1914.[3] To argue that the planters were more in tune with market trends after 1900 and dramatically decided to expand their plantings misses the point. It is significant that when Baklanoff and Brannon categorically state that "production data suggest that current profits were the most important determinant of the hacendados' investment decisions," they refer to Brannon's dissertation, which studies the henequen industry from 1934 to 1978. During this later period, when planters were not under the monopsony control of Harvester and experienced much tougher competition from other Third World suppliers, it is more plausible to argue that they were more responsive to market demand.

Brannon and Baklanoff also attempt to cast doubt on the ability of the IHC–Molina alliance to influence the price of fiber by arguing that the 1902 contract did not alter substantially the existing structure of the fiber market that had been fixed long before 1902. They are correct in asserting that informal agreements on pricing policy existed well before "the notorious pact" and that the market on the demand side was highly concentrated early on, so that a few American buyers decided on pricing policy. But their following argument that "it is highly unlikely that the ascendance of the house of Molina could have been responsible for a qualitative change in the influence of American buyers on Yucatecan growers" minimizes both the impact of the formation of the Harvester trust and the local power of Olegario Molina.

In fact, several attempts at monopsonization via collaborative arrangements had been made prior to 1902, but each attempt met with failure. The case of the National Cordage Company (NCC) is particularly instructive. Composed of fourteen of the largest cordage companies in the United States, NCC worked with the Escalante-Dondé commercial interests in Mérida to corner the market in 1889, raising fiber prices in an effort to drive smaller cordage manufacturers out of business. The result was an unmitigated disaster: NCC went bankrupt and the Escalante and Dondé houses were so devastated that they never played an important role in the trade again.[4] Perhaps the major reason why NCC failed was because there was simply too much competition on both the supply and market sides of the equation. Molina, Peabody, Urcelay, Escalante, Dondé, and a bevy of smaller exporters sold to numerous harvesting machine companies, prison twine mills, cordage manufacturers, and import-export concerns. To argue as Brannon and Baklanoff do that because the first linkages of the IHC–Peabody arrangement had taken place prior to 1902, "near monopsony power" existed is to twist our central argument. These early agreements between McCormick Harvesting Machine Company and Peabody could not control the market precisely because sizable competitors remained outside the agreements. It was not until IHC was formed that the collaborative equation was dramatically transformed. The mammoth initial capitalization of the Harvester trust (which brought together the world's five largest harvesting machine companies), the introduction as principal local agent of Olegario Molina (the most powerful politician in the state), and the addition of Peabody's important share of the local henequen market all combined to effect the monopsonization of Yucatán's hard fiber stocks.

While it is only tangential to the central issue of the historiographical debate regarding Harvester's indirect control of the Yucatecan economy, Baklanoff's and Brannon's final contention that "there is little evidence to suggest that either henequen hacendados or the people of Yucatán suffered under the market arrangements with American buyers" illustrates perhaps most graphically how different their conceptual approach to the problem of development is from our own. According to our critics, far from suffering any crippling effects from Harvester's collaborative bargain with Molina, Yucatán emerged from the late Porfiriato as one of Mexico's wealthiest, most rapidly industrializing states. The region was blessed with a plucky, entrepreneurial planter class that "successfully negotiated the transformation of a traditional hacienda system into a modern . . . agro-industrial economy—and reaped the associated rewards." To be sure, the process of "modernization" was not idyllic and bore some casualties (Harvester was "greedy" and some hacendados committed "excesses" upon the Indian population), but these were only the sort of minor pangs that accompany rapid growth. Judged by the standards of the day as well as in terms of several "key economic indicators" (for example, per capita income and percentage of the total workforce in industry), our critics judge Yucatán to have been an exemplar of Mexico's gilded age.

One need not appropriate the black legend found in muckraker John Turner's *Barbarous Mexico* to question this assessment of late Porfirian society in Yucatán. Here is a classic case of how the economic indicators and aggregate statistics marshalled by modernization theorists serve as a particularly poor yardstick for measuring development. A rapidly expanding literature on the social and economic history of the Yucatecan Porfiriato, much of it based on a careful sifting of the region's administrative, agrarian, notarial, and judicial archives, presents a picture of prerevolutionary Yucatán that is infinitely closer to the contemporary indictments of Turner, Arnold and Frost, and Baerlein than to the rosy developmentalism of Baklanoff and Brannon.[5] Briefly summarized, this emerging historiography holds that late Porfirian Yucatán was an anomalous mixture of visible twentieth-century modernity with a decidedly colonial form of bondage, so that one has to distinguish between the modernization and enrichment of a small planter bourgeoisie and the underdevelopment of the great mass of society that had been generated by the advancement of that bourgeoisie. Like many societies based on plantation monoculture, Yucatán was further characterized by the absence of a vital domestic labor market and a developed internal market for consumption, as well as by the existence of a truncated social class structure; in such a society, industrialization could not progress beyond an insignificant level.[6]

To be sure, Yucatecan hacendados did collectively constitute one of the wealthiest classes in Porfirian Mexico (as we pointed out in our article); yet at the same time, their economic condition was among the least secure. In most cases, these planters were speculators who were constantly seeking new ways to maximize profits amid the problematical fluctuations of the export economy, and they often overextended themselves in the process.[7] For every genuine success story, many more planters existed in a perpetual state of indebtedness, fiscal instability, and periodic bankruptcy. With increasing frequency throughout the 1902–15 period, such members of the planter-merchant bourgeoisie became indebted to Molina, Montes, and the "divine caste" and were forced to advance their future product at slightly less than the current market price to cover present obligations. Moreover, access to foreign capital and Harvester's funneling large amounts of it at critical junctures enabled Molina's casta to acquire mortgages, purchase estates outright, and consolidate its hold on regional communications, infrastructure, and banking—all of which guaranteed control of local fiber production and worked to depress the price.

In sum, our critics' analysis of late Porfirian society lacks fundamental precision. It makes little sense to use generalizations such as "the hacendados" or the "people of Yucatán." One must distinguish among a relatively small planter elite and a much smaller, more cohesive group of families who constituted a genuine oligarchy (or "divine caste"), with homogeneous interests, a relatively closed membership, and—mostly because of its collaboration with the Harvester trust—such absolute control over the economic and political levers of power in the region that it was able to thwart the opportunities of rival groups in late Porfirian society. Thus, the success of most Yucatecan hacendados was ultimately limited by the collaborator mechanism. The fact that most Yucatecan planters were still able to obtain a satisfactory profit was due to their ability to expand production while lowering production costs at the expense of the vast majority of "the people of Yucatán"—their dependent Maya labor force.

Like Baklanoff and Brannon (and Benjamin before them), our second tandem of critics, economist Fred V. Carstensen and historian Diane Roazen-Parrillo, also find the larger forces of the market to be most persuasive in accounting for low fiber prices during the late Porfiriato. Although they adopt a more contentious tone and provide greater factual detail, they agree with Baklanoff and Brannon (and with us) that the principal actors (IHC, Molina, Peabody and, they suggest, even Plymouth Cordage) recognized the advantages of manipulating the price and actively collaborated on a number of occasions. Yet while documenting that such arrangements were not uncommon and were often rather complex, they argue like our other critics that the end result of all this "conspiring" was rather marginal in its long-term effect on prices.

In asserting the primacy of world market forces, Carstensen and Roazen-Parrillo annotate an argument first introduced by Benjamin, namely that fluctuations in the price of sisal almost always followed those of Filipino manila, sisal's more costly competitor. Moreover, they introduce their own price series based on North American sources that

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indicates a less rapid decline in the price of henequen and, along with the comparison with manila, suggests little evidence of a successful long-term effort to depress prices. Need it stand repeating, we have never dismissed worldwide market trends as an important variable in the determination of price. Contemporary quotations for sisal unquestionably were influenced by those for manila; but this correlation between hard fibers or the use of trade statistics in general to explain the condition of the henequen market is made less credible when internal factors are given so little weight. A more persuasive argument would go beyond macroeconomic data to an analysis of concrete political and socioeconomic relationships within Yucatán and at other levels of the world system that worked to alter market conditions and prices for both henequen and manila.

With regard to the discrepancy in price data, we should point out that Benjamin's figures are significantly closer to our own than to the North American price series our present critics cite. This similarity occurs because Benjamin's figures from *El Agricultor*, like the Askinazy figures we used, were likely based on data provided by the state government's official *Boletín de Estadística* and in later years by the Cámara Agrícola de Yucatán, two regional sources that prided themselves on their care and attention to detail. Even when using Benjamin's price data, the fall in prices is undeniable. We might add incidentally that the many Yucatecan planters, merchants, and *jornaleros* who lived through the late Porfiriato and suffered the commercial repercussions of this precipitous downward price trend in the form of business closings, mortgage foreclosures, reduced wages, and worsening conditions on estates would not find our critics' North American price data especially compelling.[8]

Interestingly, despite their emphasis on the determining influence of the world market, an unmistakable ambivalence is detectable in Roazen-Parrillo's and Carstensen's contention that we have not demonstrated the existence of an informal empire based on an exclusive and powerful collaborator mechanism uniting Molina's casta with the Harvester trust. Yes, admit our critics, there were attempts to manipulate (or more euphemistically, "to influence") the local market, but they counter that these were not especially successful; however, they conclude that even "if there was an empire, formal or informal, . . . the available evidence points to Molina, not International Harvester, as the principal actor and the most likely beneficiary." But if there was no successful monopsony (control over fiber supply), why even entertain the notion of imperialism, which presupposes control? Moreover, if Molina was the "principal actor and most likely beneficiary," what was the nature of his activity and how did he benefit, precisely how did the collaborator mechanism function within the region? And why, to paraphrase our critics closely, was it so important for Molina to secure his collaboration with Harvester in his effort to dominate Yucatán? None of these questions are squarely addressed by Carstensen and Roazen-Parrillo. Nor, we would contend, can they be, given the thrust of a larger argument that leans so heavily on externally removed influences to explain changes in the internal market without seriously considering how a network of power relationships affecting the structure and control of production might themselves become an important variable in the local market equation. Moreover, to investigate such a network entails much more than immersion in the archives of North American corporations involved in the sisal trade; it requires patient historical reconstruction using local commercial records, evidence of which is lacking in the conceptualization and documentation of our critics' argument.

Before returning to these unanswered questions that lie at the heart of the controversy over Harvester's domination of the henequen industry, we must first dispense with several strawmen that our critics create and that by misrepresenting the line of our argument, deflect attention from the central issues. Carstensen and Roazen-Parrillo give a good deal of space in their comment to a discussion of the background to the 1902 IHC–Molina pact. They conclude, "In sum, there is as yet no documentary support for the argument that McCormick, Peabody, or any other American firm controlled the sisal market before 1902." We could not agree more with their statement and said so in our article. We never dated the onset of McCormick-Harvester hegemony in the region back to 1875, as they maintain; on the contrary, prior to the bargain struck in 1902, a truly formidable collaborator mechanism had not been possible (pp. 74–75). In a related error, Carstensen and Roazen-Parrillo state that there is no proof that McCormick had any direct investments in Yucatán. Without checking our documentation, they conclude that McCormick was not interested in the La Industrial binder twine factory. In the Archivo Notarial del Estado de Yucatán, an *escritura* indicates that in December 1900, La Industrial owed McCormick $37,979.17 in gold. The amount is listed on a balance sheet as a "general installation expense." Not only did McCormick send money, it oversaw the operations of the plant. (Incidentally, this notarial document sets the date of the formation of La Industrial in 1896, not 1898 as our critics contend.)[9] The central point we made in our discussion of La Industrial was not that McCormick monopsonized fiber supply prior to 1902, but that this failed industrialization scheme served to secure a firm working relationship between the Molina *parentesco* and Cyrus McCormick that would be built upon in subsequent years.

The question of Harvester's contemplated purchase of Yucatecan railroads and haciendas is another example of our critics' determination to create an issue where none exists. IHC did investigate the possibility of purchasing Ferrocarriles Unidos de Yucatán, as well as some of the region's largest henequen estates. We devoted two lengthy paragraphs to this matter and reached the same conclusion as our critics: "Ultimately . . . the scheme failed for a variety of reasons . . . by 1907, Harvester was well satisfied with Molina's and Montes' performance in managing other key sectors of the regional economy (port works, banks, internal fiber production, etc.) and saw no pressing reason to remove the railroads [or the haciendas] from their control" (pp. 89–90). We wonder whether our critics have attempted to create an exaggerated version of our argument regarding the nature of Harvester's informal empire in Yucatán so as the more easily to discredit it.

Finally, there is the complex question of profits. On several occasions, we are misrepresented as having argued that IHC's main purpose for influencing the market was to make a big return. Certainly every corporation wants to make profits, but the key to Harvester's informal empire was not profit but control of production or supply. The availability of fiber was much more significant to IHC in the short and long run than its return per unit of twine. North American farmers needed a regular supply of twine to operate their binders; if Harvester could not supply twine, its sale of farm machinery would suffer. Thus, while twine profits were always small in comparison to Harvester's major lines of farm implements, twine constituted an important secondary line, often serving as a marketing tool for Harvester binders. Nevertheless, we did point out that twine profits fluctuated from year to year (with the price of the raw material and the level of competition among the twine manufacturers themselves) and that in certain years—such as 1914, when a favorable exchange rate combined with depressed prices—handsome profits could be turned. In order to argue that profits were generally negligible, our critics somewhat misleadingly showcase the other extreme, the exceptional year of 1910, when profits were "wafer-thin." This situation arose primarily because in 1909–10, Montes (to whom Molina had turned over the business, at least on paper, by 1905) made a special push to corner supply, paying such high prices that IHC had to take a loss on the binding (see below).

This point brings us squarely back to the central area of contention, the precise nature of the local collaborator mechanism and an assessment of its impact on local production and price. First, there is the matter of Peabody and Company's complicity in the Harvester-Molina alliance. Our critics agree that prior to 1902, Peabody was financially supported by the McCormick Harvester Machine Company. Did this relationship continue after 1902? Carstensen and Roazen-Parrillo reply in the negative, basing their claim on a 1931 letter written by Edward Bayley, former vice-president of Peabody and Company, to a business associate. Yet Bayley's views on the issue can hardly be viewed as unbiased; for example, Bayley's 1916 testimony regarding Peabody's participation in the sisal trade before a U.S. Senate subcommittee investigating the henequen industry was both contradictory and questionable.[10] Until more substantive evidence is offered that repudiates Peabody's working relationship, we stand by our contention that the firm was actively engaged in the IHC–Molina combination. Certainly the language of the 1902 contract between Harvester and Molina makes more sense, especially with regard to third parties, if one assumes a prior McCormick-Peabody arrangement. How could IHC, for example, "agree that Peabody [among others] shall not pay higher prices for sisal than those given by Molina" unless Harvester had at least some control over Peabody, if not the deciding voice in the latter's transactions?

We must also point out that in a paper presented at the 1978 American Historical Association meeting entitled "American Enterprise, American Government, and the Sisal Industry of Yucatán, Mexico, 1876–1924," Diane Roazen-Parrillo reached a similar conclusion regarding Peabody's complicity. Citing a "statement by Dr. Fred V. Carstensen . . . research consultant for the International Harvester Co." and "evidence found in the McCormick files, Madison Historical Society," Roazen-Parrillo argued that while Molina worked with Harvester to "monopolize" and depress the price of Yucatecan sisal, Molina also collaborated with Peabody's agent in Mérida, Arturo Pierce: "What is not evident outwardly and lends to much confusion, is that IHC financed Peabody into business in Yucatán prior to the 1902 contract and . . . bought sisal from Arturo [Pierce] even after the relationship between IHC and Peabody ceased. Between Olegario [Molina] and Arturo [Pierce], as agents for the exportation of raw sisal, 90% of the sisal produced in Yucatán was controlled."[11]

Leaving aside the issue of Peabody's complicity, one must still come to terms with the nature and impact of Harvester's collaborative bargain with Molina, upon which corporate control of the local fiber industry ultimately depended. Even if for the sake of argument one removes Peabody's share of the trade, Molina y Compañía still controlled in excess of three quarters of the local production in certain years prior to 1915, an incredible increase over the slightly less than one third it had controlled in 1902. (See our discussion and table on pp. 86, 88.) What accounts for the meteoric rise of the Molina-Montes parentesco that (as Allen Wells has carefully documented elsewhere) owned very little rural property, had only modest interests in local infrastructure and communications, and ran a *casa exportadora* that, although prospering, was not even the largest in Yucatán in 1902?[12] Certainly Don Olegario's accession to the governorship in 1902 aided him and the casta in their efforts to consolidate control over regional fiber production, infrastructure, and finance, but it seems considerably more likely that Molina's collaborative bargain with the world's largest buyer of raw sisal was more instrumental in building up this awesome power domain.

Carstensen and Roazen-Parrillo are indeed correct to emphasize Molina's care in securing his collaboration with IHC. At a minimum, Molina and Montes received a small commission on all the fiber their firm handled. This source alone would have made them millionaires. Yet for Molina, there was a much more important incentive for collaboration. In an age of boom and speculation when most hacendados lacked capital and were mortgaged to the hilt, access to the kind of capital that Molina y Compañía used to control fiber production had to come from without. Indeed, we pointed out that it had been so from the earliest days of the industry, when foreign capital was funneled to planters through exporter intermediaries against a lien on future production.[13]

It is for this reason that we continue to believe that while the collaborator mechanism was an interdependent one, in which both parties stood to benefit greatly, ultimately it was the partner providing the capital who generally dictated the terms of the collaborative bargain. If, as our critics imply, Molina and Montes dictated terms to Harvester, why did they (with few exceptions) work to keep prices low? They stood to gain handsomely on their commissions if prices had been higher, yet repeatedly they forced a *política bajista* upon the planters, creating significant discontent in the process. It is to Molina's credit that he was able to maintain his relationship with Harvester and still not suffer at home.

The strategic arrangement, whereby IHC made large amounts of capital available to its local collaborators at critical junctures in order to control production, is clearly illustrated in the turbulent market episode of 1909–10, alluded to by our critics. In focusing on the diversionary theme of profits, Carstensen and Roazen-Parrillo draw the wrong lesson from the episode. They suggest that the $600,000 line of credit that Harvester gave Montes in 1909 was not for the purpose of controlling production but merely to finance fiber purchases for a temporary period owing to the closing down of the New York import-export house of Amsinck and Company, with whom Molina had traditionally worked. They also contend that normally IHC advanced no monies to Molina and Montes, paying for its orders only upon delivery. This argument is hardly convincing. To begin with, it is doubtful that Amsinck was ever more than a middleman for Molina, even in his best times. More importantly, our critics fail to take into account the troubled state of the regional economy to which the collaborators were forced to respond. Due to the recent panic of 1907–8, capital was especially scarce, and planters and merchants were unable to pay back their loans. Many large planters and commercial houses, such as Escalante, actually failed, and the two leading banks in the peninsula had to be bailed out by the federal government and subsequently were merged—thanks to Molina's timely intervention.[14] Montes and Molina desperately needed large capital in 1909 to keep the industry afloat. Harvester's loan of $600,000 enabled them not only to save the planters by paying them higher prices, but in the bargain facilitated their acquiring additional mortgages and haciendas, thereby giving them control of an even greater percentage of current and future fiber production. Thus, while we agreed that Harvester's sizable loan was only temporary, we pointed out that it permitted Montes and Molina to exercise even greater sway over the market, forcing the price upward in the short term, but guaranteeing Harvester a continuing dependable supply of fiber—always its principal objective. The 1909–10 episode, rather than weakening our case, illustrates that in this particular instance Harvester and Molina were not able to depress prices; it thus shores up the central point of our argument by showing the great lengths to which IHC would go to preserve the collaborator mechanism, even at the risk of greatly diminished profits.

Our critics are either unaware of the actual structure of regional fiber production or are reluctant to admit the high degree of market control achieved by the collaborator mechanism, short of being presented with a "smoking gun"—perhaps in the form of a series of signed and dated agreements preserved in North American corporate archives. In view of the fact that Harvester destroyed many of its documents in 1912[15] and the Molina family has steadfastly refused researchers access to interviews and the family papers, it seems unrealistic—indeed almost disingenuous—to demand better documentation of the collaborator mechanism than we already have in our hands. In preparing our study, we have kept in mind that each type of historical source has not only its own limitations but its own particular bias. In contrast to Carstensen and Roazen-Parrillo, who have restricted themselves almost exclusively to the papers of McCormick, Harvester, Peabody, and Plymouth Cordage, we have made our case on the basis of a wide range of documents and other sources in Yucatán, Mexico City, and the United States that encompass, but far transcend, corporate interests. Moreover, we appreciate that history is always an interpretation, little more than a calculation of probabilities. In enabling six historians and economists to present contrasting theoretical frameworks and draw rather different conclusions from different sets of sources, this forum has sharpened the terms of the historiographical debate and rendered the task of calculating the probable more intriguing.

NOTES

1. The results of this monographic research are found in Gilbert M. Joseph *Revolution from Without: Yucatán, Mexico and the United States, 1880–1924* (Cambridge and New

York, 1982); and Allen Wells, *Yucatán's Golden Age: Haciendas, Henequen, and International Harvester, 1860–1915*, forthcoming, University of New Mexico Press.

2. Eulalio Casares is a perfect case in point of the planter mentality at work. In 1894, amidst a recession in the world fiber market and on the verge of bankruptcy, Casares started cultivation of a new *plantel* (henequen field) called Santa Raquel on his hacienda Santo Domingo Xcuyum. Eighteen hundred *mecates* (one mecate equals 400 square meters) of henequen were planted in the face of scandalously low fiber prices. Casares similarly had planted henequen *matas* in planteles Santo Domingo and Road to Chí (1000 and 219 mecates, respectively) in 1887, during another lull in fiber prices. The expansion of Xcuyum continued unabated, regardless of the economic climate, precisely because Casares could extract at least some return on the most meager of prices. Far from being an isolated instance, Casares's actions characterized the prototypical *henequenero*. See Wells, "Henequen and Yucatán: An Analysis in Regional Economic Development, 1876–1915," Ph.D. diss., State University of New York at Stony Brook, 1979, pp. 239–40.
3. *Cuadro: publicaciones de la Cámara Agrícola de Yucatán sobre exportaciones (rectificadas)*, copy given to Wells by Victor M. Suárez Molina.
4. Manuel Dondé y Compañía in fact went bankrupt in 1895 as a direct result of the NCC failure, and Eusebio Escalante e Hijo never fully recovered from the attempted corner. Escalante's casa stayed in business until the next lull in henequen prices during the 1907–8 panic. See *Testimonio de escritura de transacción celebrada entre el síndico de la quiebra de los Sres. M. Dondé y Cía. y el Sr. D. Manuel Dondé Cámara* (Mérida, 1895); and *¿Cuál es el valor y cuál el alcance de la convención que se dice ajustada, entre la Sociedad E. Escalante e Hijo y sus acreedores?* (Mérida, 1911). On the NCC corner, see Arthur S. Dewing, *A History of the National Cordage Company* (Cambridge, Mass., 1913); and *Cordage Trade Journal* 6, 1 (January 1, 1893):15.
5. For examples, see Joseph, *Revolution from Without*, chapters 2 and 3; Wells, "Henequen and Yucatán," chapter 6; Friedrich Katz, "El sistema de plantación y la esclavitud," *Ciencias Políticas y Sociales* 8 (1962):103–35; and "Labor Conditions on Haciendas in Porfirian Mexico: Some Trends and Tendencies," *Hispanic American Historical Review* 54, 1 (Feb. 1974):14–23.
6. Contrary to the image of an industrializing society conjured up by our critics, manufacturing was limited to several factories (ice, beer, candy, cigarettes, glass, and cement)—all modest by national standards—and the small decorticating operations on the estates themselves. See Joseph, *Revolution from Without*, p. 86 and p. 327, n. 40.
7. Joseph, *Revolution from Without*, pp. 39–40; Wells, "Henequen and Yucatán," chapter 3.
8. The most authoritative and respected work on the henequen industry is by Yucatecan historian Gonzalo Cámara Zavala. His price series for sisal fiber indicated a steady decline in prices during the 1902–10 period from a high of 9.8 cents a pound in 1902 to 4.25 cents a pound in 1910. These statistics mirror our sources and they closely approximate Benjamin's data. Cámara Zavala, "La industria henequenera desde 1919 hasta nuestros días," in *Enciclopedia Yucatanense*, 8 vols., edited by Carlos A. Echánove Trujillo (Mexico, 1944–47), vol. 3, p. 799.
9. Archivo Notarial del Estado de Yucatán, José Patrón Zavlegui, Oficio No. 5, Volume 99, 8 May 1901, p. 526. For further data on the original capitalization of La Industrial, see the Archivo General de la Nación in Mexico City, Industrias Nuevas, Legajo No. 17.
10. Bayley's testimony raises questions about his reliability as a source. At one point, he argued that Peabody had "been the independent free lance of the sisal business." After further questioning, however, he admitted that Cyrus McCormick did have a sizable financial interest in Peabody and Company (although Bayley claims the interest ended in 1902). He also contradicted himself when at one point he said that Montes bought practically all the sisal for IHC and later on stated, "We used to sell a good deal of fiber to the companies which went into the International Harvester Company and we have sold from time to time since its organization *a good deal* of fiber to the International Harvester Company" (our emphasis). Bayley's characterization

of Peabody's business relations with Montes and IHC also strains credulity. According to his testimony, Peabody and Montes were at "sword's point" while Peabody and IHC were on friendly terms. Because Bayley freely admitted Montes's close relationship with IHC, it seems improbable that Peabody and Company could have continued to pursue a truly independent course of action. Finally, Bayley's letters to Mérida agent Arturo Pierce must be used with care because many of them are cryptic and presuppose an intimate knowledge of day-to-day market conditions. *U.S. Senate, Importation of Sisal and Manila Hemp: Hearings before the Sub-Committee on Agriculture and Forestry* (Washington, D.C., 1916), vol. 2, pp. 951–66 and 1004; and Peabody Company Records, Baker Library, Harvard Business School, HL-3.

11. Roazen-Parrillo, "American Enterprise," pp. 5–6 and p. 19, n. 21.
12. Wells, "Family Elites in a Boom and Bust Economy: The Molinas and Peóns of Porfirian Yucatán," *Hispanic American Historical Review* 62, 2 (May 1982):232–36.
13. For a thorough discussion of the capitalization of the henequen trade, see Victor Suárez Molina, *La evolución económica de Yucatán*, 2 vols. (Mérida, 1980), vol. 1, pp. 41–66.
14. On the 1907–8 panic, see Archivo Notarial del Estado de Yucatán, *passim*, and *¿Cuál es el valor?*
15. Thomas Benjamin, "International Harvester and the Henequen Marketing System in Yucatán, 1898–1915: A New Perspective," *Inter-American Economic Affairs* 31, 3 (Winter 1977):14–15; and *Importation of Sisal*, testimony of Alexander Legge, vol. 2, p. 1398.