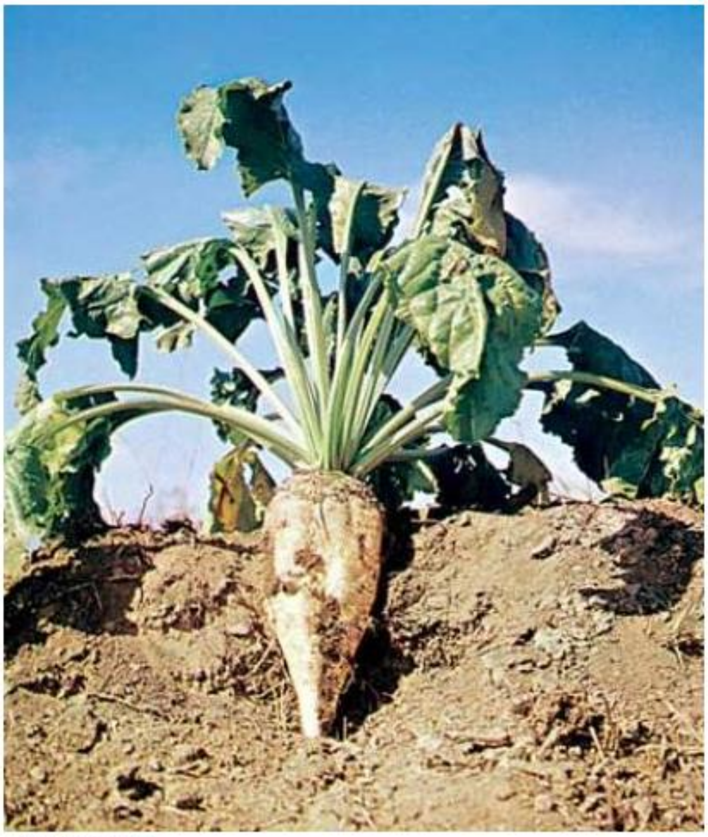
Difficulties Facing the Sugar Industry

Introduction:

After 38 years (1838-1876) new developments have taken place in the economic sector. Sugar is no longer King. Not only has she been dethroned but the industry is facing serious difficulties and challenges that a mere introduction of laborers however massive did not solve.

What were the factors that created difficulties for the sugar industry in the Caribbean in the last quarter of the nineteenth century? (1875-1900)

(a) Britain's Free Trade Policy (Sugar Duties Equalization Act) came into full effect by 1854. Beet sugar from Europe paid the same duties as cane sugar from the West Indies. Transportation cost for beet sugar was minimal since it was grown in Europe. This made **beet sugar much cheaper than cane sugar**. The demand for cane sugar continued to fall from 1854. By the late 1890's, Britain was buying a little more than a quarter of what she bought in the 1850's. By the 1900's she was buying/importing less than ten percent (10%)



Beet Sugar

(b) Beet sugar enjoyed several advantages over cane sugar. The British government helped to pay for the cost of producing beet sugar. This is known as a subsidy. The governments of France, Austria, Holland, Belgium and Russia increased their assistance to the beet sugar industry in their respective country. This allowed them to afford technological and scientific improvements. This boosted production.

(c) With the ever decreasing demand for cane sugar came a **continuous fall in the price of cane sugar** throughout this period. Between 1882 and 1896 the price of sugar fell by almost fifty per cent (50%) from 21 shillings to 11 shillings. Needless to say this negatively affected their profits. Profits also fell considerably. This forced more estates out of the market.

(d) Strong competition from other crops that were being produced in the colonies. This helped to push up the wage level. In order to attract laborers planters had to offer high wages.

(e) Strong competition from foreign grown cane sugar. Their MAIN competitor was **Cuba. The Cuban industry was** heavily mechanized while many of the territories of the British West Indies had not yet began to use simple tools such as ploughs and harrows. Cuba had railways, steam engines, vacuum pans and centrifugal systems. This meant that their cost of production was much lower than that of the British West Indies. Their level of output was much more and of a better quality because Cuba still had fertile virgin soil that was just being cultivated while many of the estates in the older British West Indian colonies were so exhausted. The Cuban estates were also much larger than their counterparts. In addition these two territories had both enslaved and immigrant labor. Remember that slavery was not abolished until the 1886. Also, they received huge injection of American capital and American machinery after their independence from Spain in 1898. Their sugar was guaranteed to be sold in the United States.

Cuban sugar railways

The French colonies had the same story as their Spanish neighbors. Though they had ended slavery from 1848 they had an ample supply of immigrant labor. They too enjoyed the economic benefits of mechanization and investment capital from France. As is expected they too had a guaranteed market in their Mother Country.

By the late 19th century the planters are convinced that they need more than laborers to solve the crisis. They began to adopt certain measures in desperate attempt to 'breathe new life' into the dying sugar industry. All the territories **EXCEPT Barbados, Antigua and St. Kitts** showed signs of marked decline. A number of estates were heavily laden with debt (encumbered) and being abandoned.