Capitalist Agriculture and Labour Contracting in Northern Peru, 1880-1905

by MICHAEL J. GONZALES*

Introduction

Latin Americanists have become increasingly intrigued with questions concerning rural labour and oppression. In recent publications, traditional interpretations of peonage, labour contracting, wage labour and other topics have been questioned by historians with access to new documentary materials. Peru has been the setting for much of this discussion because of the important changes which occurred during the late nineteenth and early twentieth centuries and the unusual opportunity to understand them since the creation of the Archivo del Fuero Agrario.¹

Much of the interest in Peru has centered on the expansion of the sugar industry and the efforts of sugar planters to reach out into the highlands to acquire labourers from among peasant communities. This process has been referred to as *enganche*, from the verb *enganchar*, meaning to hook or to entrap. At the time, it evoked the wrath of the pro-Indian intelligentsia who wrote exposés condemning the system as little better than slavery.² While their heart was in the right place, these writers did not have the detachment, access to documentary materials nor the advantage of historical perspective to write completely accurate and unbiased accounts. Nevertheless, until recently they were the principal sources for studying *enganche*.

This is reflected in the early work of Peter F. Klarén and others where unsuspecting highlanders are tricked and exploited at every turn by un-

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¹ Much of the recent research on Peruvian agrarian history is reviewed by Arnold J. Bauer in 'Rural Workers in Spanish America: Problems in Peonage and Oppression,' *Hispanic American Historical Review*, No. 59 (February, 1979), pp. 34–64.

² Works critical of *enganche* include: Alberto Ulloa Sotomayor, 'La organización social y legal del trabajo en el Perú,' (Ph.D. Diss., Universidad de San Marcos, 1916), Chapter XI; Marco Aurelio Denegri, *La crisis del enganche* (Lima, 1911); Francisco Mostajo, 'Algunas ideas sobre la cuestión obrera (contrato de enganche),' (Ph.D. Diss., Universidad de Arequipa, 1913); and Dora Mayer de Zulen, *El indígena peruano o los cien años de república libre e independiente* (Lima, 1921).
scrupulous labour contractors and haciendados. As in the Indianist tracts of the early twentieth century, deception, violence and indebted peonage are emphasized as the methods used to get peons down to the coast and to keep them there. With the availability of estate and contractor letter files, however, a different picture of enganche is emerging. Klarén, for example, after reading some of the new materials, modified his interpretation to argue that coercion and peonage were paramount only during the late nineteenth and early twentieth centuries, after which monetary reward was the principal mechanism behind enganche.

In a revisionist essay, Arnold J. Bauer recently reviewed much of the recent literature which utilizes heretofore unavailable hacienda records. Bauer devotes considerable space to Peru and the topic of enganche, although the bulk of the new research in this area is only now appearing in print. Bauer argues that, because of competition for labour, contractors had to offer peons good wages and working conditions, which were readily accepted. If indebted peonage and force were ever utilized, they apparently were never important variables in labour contracting.

Bauer's article has elicited a vigorous rebuttal from Brian Loveman who criticizes him for over-generalizing and ignoring older studies which document cases of worker abuse. For the northern coast of Peru, Loveman also cites a recent study which shows a more complex picture of labour contracting and worker-planter relations.

What follows is an attempt to shed light on this controversial topic. To do so, I have consulted new primary source materials and placed the problem more within the context of economic change, both on the regional and international levels, and evolving methods of social and political control. My findings lead me to argue that the genesis of enganche, the crucial transition period from 1880 to 1905, combined elements of coercion and violence with capital incentives from the onset.

The development of enganche reflected the linkage of the expanding export sector on the coast, which had available large amounts of capital, with the

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5 Bauer, op. cit., p. 38.

6 Brian Loveman, 'Critique of Arnold J. Bauer's "Rural Workers in Spanish America: Problems of Peonage and Oppression,"' Hispanic American Historical Review, No. 59 (August, 1979), pp. 478-86. Also see Bauer's reply in the same issue, pp. 486-90.
largely subsistence economy of the northern sierra where demographic and economic pressures made migration attractive. Thus, sugar planters could generally control the flow of migration to their plantations through offering cash advances and wages to labour contractors and peasants. However, this did not preclude contractors from resorting to duplicity and coercion to meet labour quotas when necessary.

Planters gauged their labour needs primarily on the basis of production schedules. Ideally, they sought to maximize production at all times but could not always afford to do so. During these years, their principal barometer for investment in labour was the prevailing price of sugar on the world market. This was not necessarily a precise calculation but rather a guideline to anticipated profits.

Those peasants who responded voluntarily to work on the coast were attracted by the relatively high wages paid on the plantations. They migrated at first to earn spot incomes during slack periods in the agricultural cycle back home, but gradually chose to maximize their incomes by remaining on the coast for longer periods of time. Indebted workers who wanted to return home, however, were often forced to remain behind until their debts had been repaid.

Indebted bondage arose from the specific labour needs of the sugar cane plantations. Because these plantations relied on irrigation as opposed to seasonal rainfall, they planted and harvested almost year round. This made it imperative to have a stable work force, and compelled planters, especially during periods of labour scarcity, to attempt to hold on to indebted workers. However, on the northern coast peonage did not work as efficiently as it is generally portrayed in the literature.

Historical and geographical background

By the late nineteenth century, sugar production was becoming increasingly concentrated in the northern departments of La Libertad and Lambayeque. This reflected ecological advantages, particularly superior soils and more hours of intense sunlight which matured the cane more rapidly, as well as the dynamic leadership of a new group of planters with access to large amounts of capital. The largest plantations were located in four valleys, the Moche (or Santa Catalina), Chicama, Saña and Lambayeque, which were irrigated by Andean rivers. The regions in between the valleys were virtually uncultivated owing to the almost total lack of rainfall on the coast.7

The principal problems facing the sugar industry during the late nineteenth century were low sugar prices and labour shortages. The price of sugar began to fall in the 1870s and continued downwards, with an occasional upswing, into the twentieth century. This was the result of supply outstrip-
NORTH COAST VALLEYS

Source: Collin Delavaud, p. 237.
ping demand as beet sugar was introduced on to the world market at the same time that cane growers were increasing production.\(^8\)

Sugar cane plantations on the Peruvian coast, as elsewhere in the Americas, had relied upon black slavery since the sixteenth century. When abolition finally came to Peru in 1854, planters utilized the indemnification they received from the government for the loss of their slaves to import over 100,000 Chinese indentured servants. The Chinese remained the mainstay of coastal agriculture until 1874 when the British and Chinese governments combined to bring a halt to the coolie trade.\(^9\)

Planters attempted to combat the ensuing labour shortage as well as low sugar prices by carrying out a series of technological improvements designed to eliminate jobs and increase production. The principal improvements consisted of mill modernization, installation of portable railroads to carry cane to the mill, construction of railroad lines connecting plantations with coastal ports and heavier reliance on steam powered tractors.\(^10\)

Initially, planters did not seriously consider converting to Peruvian wage labour because the change-over would be expensive and risky, particularly during the chaotic years during and immediately after the War of the Pacific (1879–1884). The decision to recruit local peasants finally came as the result of the growing unproductivity of the Chinese and improving economic and political conditions which favoured increased investment in labour.

This can be seen through the experience of the sugar cane plantation Cayaltí. One of roughly a dozen plantations which produced the bulk of Peruvian sugar, Cayaltí spanned over 77,000 acres in the heart of the Saña Valley. The estate was an important sugar producer as early as 1622 and it is one of the principal co-operatives on the north coast today. The history of the estate in the modern period is tied to the Aspillaga family which used its sugar fortune to rise to a position of social and political prominence. The Aspillagas purchased the estate in 1859 and managed it throughout the period under consideration here.\(^11\)

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\(^8\) See Appendix A.
\(^10\) Gonzales, *op. cit.* Chapter III.
The Aspillagas viewed the end to the coolie trade with great alarm writing that the Chinese are ‘ . . . everything to our agriculture and the best labourers who we can obtain,’ and beseeching the Lord to allow immigration to continue.\textsuperscript{12} Although their prayers were not answered, the Aspillagas continued to believe that new sources of servile labour could be located. In the meantime, they held on to their aging Chinese workers, sometimes resorting to indebted peonage and force. The Chinese, however, were becoming increasingly unproductive. For example, in June, 1891 the Aspillagas described 300 of their 420 Chinese workers as ‘ . . . old and tired men . . . ’. They wrote that absenteeism was such a serious problem, especially on Mondays, that milling sometimes had to be stopped, and those Chinese who did work were only capable of handling skilled jobs, such as operating machinery.\textsuperscript{13}

The conclusion was inescapable that an alternative source of labour had to be found. Although this would be costly and uncertain, planters were encouraged by indications that the national economy and polity were stabilizing after years of anarchy. In particular, foreign credit was becoming increasingly available and a new oligarchy was forming around the Civilista Party in which sugar planters assumed a prominent role.\textsuperscript{14}

\textit{Labour supply}

\textbf{Coast}

The commitment to labour contracting in the highlands was made by the Aspillagas in the late 1880s. But before then they had cautiously begun to recruit peasant labour from nearby towns and native communities on the coast. Coastal workers had worked from time to time at Cayaltí in the past, usually on irrigation canals. Now Cayaltí hoped to recruit large numbers of costeños, especially from the neighbouring town of Sana, to work at all jobs.

\textsuperscript{12} Antero Aspillaga Barrera to Ramón Aspillaga Ferrebú, 14 June 1875, \textit{El Archivo del Fuero Agrario}. The following abbreviations will be used throughout this article: Víctor Aspillaga Taboada – V.A.T; Antero Aspillaga Barrera – A.A.B; Baldomero Aspillaga Barrera – B.A.B.; Ramón Aspillaga Barrera – R.A.B.; Ramón Aspillaga Ferrebú – R.A.F; Ismael Aspillaga Barrera – I.A.B; Aspillaga Hermanos (firm) – A.H.; \textit{El Archivo del Fuero Agrario} – A.F.A.


\textsuperscript{14} For a discussion of improving economic conditions in the 1890s, see Rosemary Thorp and Geoffrey Bertram, \textit{Peru 1890-1977} (New York, 1978). On increasing political stability and the emerging oligarchy, see Dennis Gilbert, \textit{The Oligarchy and the Old Regime in Peru} (Ithaca, N.Y., 1977). Antero Aspillaga Barrera was one of the leading political figures of his day.
As early as 1879, the Aspillagas had cast an envious eye toward that small community.

The peons and Chinos Libres are behaving well and little by little their numbers will increase — [but] what we want is for all of the Sañeros to become our peons since they are the most secure and best suited for us because they are the closest.\textsuperscript{15}

Despite their economic and political influence, however, the Aspillagas were never able to recruit as many Sañeros as they desired. As far as can be determined, the largest number of Sañeros to work at Cayaltí was 100 in 1923, or 4.6 percent of the entire work force. Sañeros stayed away from Cayaltí for several reasons. Not only were they angry with the Aspillagas for having stolen much of their land, but they preferred to work on rice estates where the pay was higher and the work more to their liking.\textsuperscript{16} In general, they tended to move from estate to estate, rarely working in any one place for a long period of time. In fact, it was usually only during floods and other calamitous times that relatively large numbers of costeños could be found at Cayaltí. The Aspillagas commented on coastal workers in 1889 as follows:

Those from the coast, or zambos [persons of mixed black and Indian blood], are scarce and the Sañeros, if you could round up 100 or so of them, we could not acclimatise them in any manner whatsoever, because the majority of them are lazy men who go around looking for a new patron every week, that is to say, looking for where they can do less. We need then authorization to send contractors from the interior and from the coast, who will always be preferable for making loans with their own capital... .

Presently, with the rice harvest, the work force on the large [sugar] estates always diminishes because of the attraction that this work has for them, but happily this is already passing.\textsuperscript{17}

It seems likely that other north coast sugar plantations had similar experiences with costeños. For example, the estate Pomalca in the Lambayeque Valley occasionally used coastal labour but the majority of its workers were non-costeños.\textsuperscript{18} Peter Klarén argues in his book that many of the small farmers who sold out to the plantation Casa Grande in the Chicama Valley eventually came to work for that estate. He does not determine, however, whether or not they became resident workers, which is an important distinction.\textsuperscript{19} Some light can be shed on this issue by Victor Aspillaga Taboada, who visited the Chicama Valley in 1907 and observed that ‘... from the town of

\textsuperscript{15} A.H. to A.H. 9 September 1879, A.F.A.  
\textsuperscript{16} Gonzales, \textit{op. cit.}, pp. 218–22.  
\textsuperscript{17} A.H. to A.H., 5 June 1889 (a), A.F.A.  
\textsuperscript{19} Klarén, \textit{Modernization, Dislocation, and Aprismo}, Chapter II.
Paiján leave a large number [una buena cantidad] of people to work on this hacienda [Casa Grande] by jobs.\textsuperscript{20}

There is another, more fundamental, reason why costeños could have never constituted a majority of workers on coastal estates; namely, the north coast was too thinly populated to supply the thousands of workers sugar plantations required. This problem had existed since the Spanish conquest which had decimated the native population on the coast and forced planters to import black slaves.\textsuperscript{21}

Japan

By the turn of the present century, planters had focused their attention on two new sources of labour: Japanese contract labourers and Peruvian peasants from the neighbouring highlands. Japanese immigration, however, proved to be a disappointment to both planters and immigrants. In the first place, only 17,764 Japanese entered Peru between 1898 and 1923, which was far short of the number needed. Furthermore, many immigrants quickly left Peru on their own accord or were expelled by planters. The problem actually began in Japan where emigration companies painted a pleasant picture of Peruvian plantation life. Once in Peru, the Japanese soon discovered that the coast was hot and unhealthy, and that planters often times refused to pay stipulated wages and even subjected workers to corporal punishment. For planters there soon developed a problem over wages because Japanese workers, according to their contracts, received a daily wage while Peruvian and Chinese workers were paid by piece work. In almost all cases, the Japanese ended up being paid more for less work.

At Cayaltí, the Japanese had a minimal impact, as only fifty workers were contracted and they lasted but two months. Neighbouring estates ordered more Japanese than Cayaltí but the results were equally disappointing. Only in the Departments of Lima and Cañete, on the central and southern coasts, did sugar plantations receive long-term benefits from Japanese immigration.\textsuperscript{22}

Sierra

Labour contracting in the northern sierra turned out to be the final solution to the labour needs of the sugar plantations. The sierra was the planters' last

\textsuperscript{20} V.A.T. to A.H., 18 June 1907, A.F.A.
\textsuperscript{21} Bowser, \textit{op. cit.}
resort, as the few *serranos* who they had employed in the past had either quickly fallen ill or had returned home after only a short stay.\(^{23}\) Now, however, they had little choice but to attempt to mobilize large numbers of Highlanders in order to save their industry.

As it turned out, *serranos* had several reasons for wanting to migrate. The northern sierra was relatively populous, economically underdeveloped, and plagued by banditry, while the plantations paid good wages. The population of the northern highlands was predominantly rural, congregated into towns, villages, native communities, and haciendas. In 1876 the Department of Cajamarca had a population of 213,000, while the highlands of the Department of La Libertad contained 119,500 inhabitants. The Province of Chota in Cajamarca, which became a centre for labour contracting, had a population of 51,000, only 11,000 less than the entire north coast, including urban areas. Moreover, according to the Census of 1876, two-thirds of the inhabitants of the northern sierra were either white or *mestizo*, so that the coast was not as culturally alien to them as it was to the Indians of the central and southern sierra.\(^{24}\)

The northern sierra was not a particularly prosperous region. The economy was predominantly agricultural and pastoral, except for some isolated mining activity in Hualgayoc (coal) and Pataz (gold). *Cajamarqueños* produced wheat, wool, sheep, mules, and minerals which they sold in adjacent towns and villages as well as in the Amazon Basin and on the coast. Revenues earned were primarily spent on the coast for cotton, sugar, salt, clothing, and mining equipment. In 1855, this exchange, owing largely to the value of minerals, netted *Cajamarqueños* a surplus of 175,325 pesos.\(^{25}\)

Nevertheless, the majority of peasants did not share in this modest profit. For them, the key to prosperity was access to land, and this was a region of latifundia and minifundia. Thus, in 1903, Pelayo Puga, whose family owned a 737,000 acre estate in Cajamarca, wrote that land was either owned by huge haciendas or divided into extremely small plots. And even today *Cajamarqueños* recall that the problem of latifundia-minifundia was a key

\(^{23}\) Francisco de Rivero, *Memoria o sean apuntamientos sobre la industria agrícola del Perú y sobre algunos medios que pudieran adoptarse* (Lima, 1845), pp. 21-2; [Domingo Elías and Juan Rodríguez], *Inmigración de Chinos, ventajas que proporcionan al país* (Lima, 1851), pp. 19-20. Both sources contain personal testimony by coastal sugar planters on this point.

\(^{24}\) *Censo General de la República del Perú, Formado en 1876, Vol. V, Huanuco, Ica, Junín, Lambayeque, La Libertad* (Lima, 1878). The only complete copy of the 1876 census is in the *Biblioteca de la Oficina Nacional de Estadísticas y Censos*, Lima.

DEPARTMENT OF CAJAMARCA

Source: Documental de Perú (Cajamarca, 1970).
reason why their ancestors migrated to the coast. Moreover, because of poor soils, ownership of two or three plots of land might not guarantee prosperity. For example, Baldomero Aspillaga Barrera observed in 1892 that the landscape of the Province of Hualgayoc, an area of recruitment by Cayaltí, was either very hilly or barren flatland. He also noted that the coal industry in the region was already in decline, and this must have deprived many people of a livelihood.

Furthermore, in the late nineteenth and early twentieth centuries the lives and property of *serranos* were threatened by endemic banditry. For example, in 1902 the Sub-Prefect of Huamachuco, an area of heavy recruitment by estates in the Chicama and Santa Catalina Valleys, wrote to the Prefect, complaining that armed bands roamed the countryside, committing the worst possible crimes. He stated that in the Districts of Marcabal and Sarin towns were filled with ‘thieves and assassins’ who carried firearms in public, and he ended by pleading with the Prefect to create two new rural police stations. In a similar vein, several citizens from Cutervo, a recruitment area frequently exploited by estates from the Lambayeque Valley and occasionally by Cayaltí, asked the central government in 1904 to create a new province for the sole purpose of controlling banditry. They wrote that the area was dominated by private armies which included bandits from Ecuador, Piura and Amazonas. Moreover, in Chota, people today remember that the prevalence of cattle rustling was another reason why their ancestors migrated.

For all these reasons, therefore, *serranos* sought a better life on the coast. There, on sugar plantations they could earn a cash wage far superior to any paid in the sierra, except in a few mining areas.

For *serranos* to replace Chinese, however, required a herculean effort. Thousands of peasants would have to be mobilized, transported to the coast in organized contingents, and preferably made to stay for long periods of time. By themselves, planters may have found this to have been an extremely difficult, if not impossible, task. Here, they were fortunate to acquire the services of labour contractors, or *enganchadores*, who largely succeeded in meeting their needs.

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26 Pelayo Puga, *La falta de brazos para la agricultura de la costa del Perú* (Lima, 1903); Interviews conducted by John Gitlitz in Cajamarca during the 1970s. Gitlitz kindly shared this information with me during a conversation in Lima on 5 September 1974.

27 B.A.B. to A.H., 16 February 1892, A.F.A.

28 Memoria que presenta el Sub-Prefecto de la Provincia de Huamachuco á la Prefectura del Departamento, May 26, 1902. Biblioteca Nacional, Lima.

Most labour contractors were *serranos*, and for logical reasons. *Enganchadores* had to be intimately familiar with the locales where they contracted, as only residents could be, and it was important that they be men of local influence, persons with access to labour and capital. Thus, it is not surprising that most *enganchadores* were either prosperous *serrano* merchants or hacendados.

*Serrano* merchants, of course, had had contact with the coast for some time, buying and selling the products mentioned above. It is only logical, therefore, that they would have been familiar with the needs of coastal plantations and willing to become contractors to make more money. Besides, the more important contractors were allowed to operate stores on the plantations, stocked with their own merchandise. This was an excellent business opportunity.

Several *enganchadores* are specifically identified as either hacendados or merchants in the surviving records of north coast sugar plantations. For example, when Baldomero Aspillaga Barrera visited Cayaltí's principal contractor, José Santos Medina Cedrón, in February, 1892 he described him as the most important merchant in Bambamarca, and a very prestigious person within the community. Pomalca's principal contractor from 1900 to 1933, Eduardo Tiravante, owned at least two haciendas in the Province of Chota, Churucancha and Mollebamba. Likewise, Daniel Orrego, who contracted for both Pomalca and Cayaltí in the Province of Santa Cruz, was a merchant-hacendado who at one point was governor of the province. Similarly, a woman contractor at Laredo in the Santa Catalina Valley, Matilde Martín Vda. de Pinillos, held usufruct over the estate Chusgon, which in 1913 extended over 295,000 acres and was home for 2,826 persons.30

Contractors tended to be persons of substance because position and wealth facilitated labour recruitment. A big merchant like José Santos Medina Cedrón, for example, sold goods on credit to local peasants who agreed to discount their debt by working at Cayaltí. In this fashion, Medina Cedrón not only made a profit on sales but earned a commission from the Aspillagas, based on the amount of work done by peons under his contract.31 Owners and renters of haciendas, moreover, regularly supplied plantations with peons from their estates. Thus in May, 1897 an Aspillaga wrote: ‘The peons from

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31 B.A.B. to A.H., 16 February 1892, A.F.A.
Chota can only be contracted by *gamonales* from the area [as] they know and understand its complexities...  

Earlier, the Aspillagas had agreed to help Medina Cedrón lease the *Hacienda del Colegio* in Chota because they felt that it would allow him to supply Cayaltí with 100 more peons. Moreover, *enganche* contracts signed between Pomalca and Eduardo Tiravante generally stipulated that he supply from 200 to 250 peons from one or more of his estates in Chota. It is also significant that the only contractor found to recruit exclusively on the coast, Miguel Arbulu Gonzáles, rented small to medium sized estates in Lambayeque.

Contractors who either owned or rented haciendas were able to force tenants and sub-tenants to fulfill rent obligations by working on the coast. This is documented for the estate Yaucán and for the haciendas studied by Solomon Miller in the highlands of La Libertad.

Nevertheless, *enganchadores* did not always have to resort to such tactics to recruit labour. In many cases, peons voluntarily agreed to work on the coast, owing to the economic and demographic pressures mentioned earlier. Peasants would either present themselves at a contractor's office or sign a contract while drunk at a fiesta. The latter practice was so common that planters helped contractors purchase alcohol for the occasions, and counted on receiving new recruits following major holidays.

Planteers, for their part, preferred to deal with contractors who were merchants or merchant-hacendados. There were two basic reasons for this: this type of contractor could deliver more peons, and he was less of a financial risk. For example, at Pomalca contractors generally guaranteed repayment of all advances received from planters against seizure of their property in the sierra.

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32 A. H. to A.H., 3 May 1897, A.F.A.
36 *Contratos de la Hacienda Pomalca*, A.F.A.
In return for a guarantee to supply a large number of peons (e.g. 250), planters frequently granted contractors monopoly rights to contract in a district. For example, Pomaíca gave this right to Melchor Montoya Espino for the District of Bambamarca in 1900, and to the Tiravante brothers for the District of Chota several times between 1900 and 1930. Likewise, Cayaltí extended this privilege to Medina Cedrón for the District of Bambamarca during the nineteenth century.37

Still, even with monopoly privileges, competition for labour was intense. Thus, in November of 1919 there were twelve contractors recruiting in the District of Bambamarca with a total capital of S/.50,000 for making advances to peons.38

Labor recruitment involved the signing of two contracts: one between plantation and contractor and another between contractor and peon. Peons received a cash advance from contractors, varying between 10 and 50 soles, which they agreed to repay with their labour on the coast. Peons might also agree to work off previous debts or rent. To assure repayment, the peon and a co-signer put up as collateral their possessions and labour, and surrendered all rights to contest the contract in court. Peons also agreed to work a certain number of days, typically ninety, in case they repaid their loans very quickly. Although it was unstated in the contract, peons discounted their debt involuntarily. Thus, each pay-day either the contractor or the estate, depending on the source of capital for the loan, received the peon’s wage (except for a small amount, generally 10 centavos) until the loan was repaid. Peons did not starve because they received a daily ration.39

Planters attempted to control labour supply, in part, through contracts with enganchadores. These agreements obligated contractors to supply a number of peons within a certain period of time (usually one to two months) to work at whatever job the estate desired. Planters generally advanced contractors enough money (usually by cheque) to cover the cost of loans to peons. To assure repayment, contractors sometimes put up as collateral property in the sierra, usually an estate or a business. Finally, enganchadores were granted a percentage of the total amount of wages earned by their peons as a commission. A commission of 20 percent was common, although it fluctuated.40

37 Ibid.; Cayaltí Correspondence.
38 S. Tello to A.H., 2 November 1919, A.F.A. In 1919 dollars, S/.50,000 = $24,000.
40 Contratos de la Hacienda Pomalca, A.F.A.; Various contracts in the Cayaltí Correspondence, A.F.A.
Demand for labour

The preceding discussion has presented the sierra, or supply side, of labour contracting. What remains to be analysed is the plantation, or demand side, of the process. Here Cayaltí represents an example of a modernizing estate with basic similarities with other north coast plantations. *Enganche* viewed from Cayaltí shows that labour contracting was a relatively efficient system which responded to capital. Thus, planters could determine the flow of labour, under normal market conditions, through the flow of money to *enganchadores*. Ultimately, the price of sugar determined how much capital the Aspillagas were willing to allocate for *enganche* and how many peons they could pay, although unforeseen events, such as wars and droughts, occasionally disrupted established patterns of supply.

The Aspillagas' first serious experience with *enganche* began in September, 1878. This first encounter, however, proved to be so disappointing that they adopted a policy of restraint and caution over the next few years which prevented the large scale recruitment of *serranos*. The cause for the initiation of labour contracting was a severe labour shortage caused by the construction of a new mill, which took men out of their regular jobs, and the end to Chinese immigration. The Aspillagas negotiated with an *enganchador* to transfer 50 *serranos* from a neighbouring estate, and advanced him an additional S/1,300 to contract more workers. At the same time, they forwarded S/400 to another contractor to find more workers for Cayaltí. Within a month, however, all but a few of the *serranos* had repaid their loans and returned to the sierra, and no new workers had arrived to take their place.\(^{41}\)

After this disappointing experience, the Aspillagas were very reluctant to advance money to contractors and to pay them standard commissions. Under the circumstances, it is not surprising that very few *serranos* were contracted to work at Cayaltí.\(^{42}\) The Aspillagas' first real success with *enganche* came in 1886 when they signed an agreement with Medina Cedrón of Bambamarca, who agreed to contract peons without receiving advances. This he could do by allowing peasants who had purchased goods on credit at his store to work off their debts on the coast. Medina Cedrón was successful in part because Bambamarca had recovered much more rapidly from the war than had neighbouring areas, which aided his store and, consequently,


his *enganche* business. Thus, he was able to double his supply of peons at Cayaltí from 60 in July, 1886, to 120 in March, 1888.43

At that juncture, the Aspillagas were enthusiastic about the future of *enganche*, since Medina Cedrón accepted all financial risks and *serranos* had proved themselves to be good workers.44 Besides, the Aspillagas had no choice but to continue contracting *serranos*, as each year the Chinese population grew smaller and less capable of manning the development of Cayaltí. As a result, management decided to liberalize its policy on advances and to broaden the scope of labour contracting to include other parts of the sierra. Thus, at the Aspillagas' urging, Medina Cedrón signed a new contract agreeing to contract in Chota and to supply Cayaltí with a minimum of 200 peons. To assist him, the Aspillagas agreed to pay 25 percent of all advances and to help him gain the lease to the *Hacienda del Colegio*.45

These measures were successful in part because of changing conditions in the sierra. Perhaps most significantly, by the end of the decade more merchants, hacendados and peasants were aware of the benefits of *enganche*. Moreover, the chaotic conditions of the war years in Chota were now quieted; and the mining industry in Bambabarca, which had taken labour away from the coast, was now declining. Thus, by May, 1890, the *serrano* population at Cayaltí, composed mostly of people from Bambamarca, had grown to over 230.46

There was, however, a definite seasonality to labour supply at Cayaltí during the 1880s, evolving around climate and planting seasons in the sierra. Peons tended to repay their loans in time to return home by September or October to plant crops before the first rains. Thereafter, many peons would return to the plantations as early as November but would tend to leave again by February or March, which were the hottest months on the coast and coincided with a second planting season in the sierra.47

The 1890s witnessed a movement away from this pattern as *serranos* began to be re-contracted on the estate, which led to the formation of a more permanent work force, and new contracts were signed with *enganchadores* in Bambamarca, Santa Cruz and Sorochuco. As a result, the number of

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46 A.H. to A.H., 7 May 1890, A.F.A.
serranos at Cayalti increased from 500 in 1895 to 900 by the turn of the century.\textsuperscript{48}

As all north coast sugar cane plantations converted to serrano labour, enganche became a more competitive business, driving wages and contractors' commissions upwards. This was a serious problem for the Aspillagas, and presumably other planters, because the price of sugar throughout the decade was dangerously low. The Aspillagas were caught between their growing inability to pay higher wages and the growing demands of contractors to raise wages and commissions. The situation came to a head in 1897 when the price of sugar hit a new low, and contractors began withdrawing workers to other estates which were paying higher wages and commissions. For the time being, the Aspillagas allowed the work force to diminish, taking solace in the fact that this also reduced expenditures during a time of shrinking profits. But when the price of sugar rose modestly two years later, management consented to an increase in wages and commissions, and there quickly followed an increase in the size of the work force.

A similar situation occurred in 1902 when the price of sugar set another record low, causing a reduction in wages as well as the outright dismissal of several hundred workers. Nevertheless, once the price of sugar had risen far enough in management's judgment to justify increases in wages and commissions, hundreds of new workers appeared.

<table>
<thead>
<tr>
<th>Year</th>
<th>Daily Cash Wage (centavos)</th>
<th>Contractors' Commissions (percent of daily cash wage)</th>
<th>Number of Workers</th>
</tr>
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<tbody>
<tr>
<td>1897</td>
<td>40</td>
<td>20</td>
<td>700</td>
</tr>
<tr>
<td>1899</td>
<td>50</td>
<td>25†</td>
<td>900</td>
</tr>
<tr>
<td>1902</td>
<td>40</td>
<td>25</td>
<td>750</td>
</tr>
<tr>
<td>1905</td>
<td>50</td>
<td>25</td>
<td>1,250</td>
</tr>
</tbody>
</table>

* Wages were determined by piece work, and included a daily ration of beef, rice, and salt. In 1900 dollars, 40 centavos = 19.40 cents, and 50 centavos = 24.25 cents.
† In 1899, commissions were calculated on the basis of a 40 centavo cash wage. Nevertheless, there was still a 5 percent increase in commission.

Despite these periodic turnovers in the work force, a core of several hundred workers was required to keep the plantation running at all times. Among these workers there was a growing tendency to remain on the estate for longer periods of time. For example, in May of 1899 an Aspillaga wrote:

The contractor Negrete, who has the most peons [400 in 1905], only occasionally receives a peon from his associate Zárate in the sierra. All of his peons, one can say, are contracted here, so that they have a constant body of workers [una peonada constante]...

This, in turn, had a dramatic social impact on Cayaltí, as a community of serranos was transferred to the coast.

...we now have many peons from Celedin with the advantage that they have a temperament very similar to coastal dwellers and they become acclimatised more easily than others, although it is true that those from Bambamarca could not have become better acclimatised. We have here a true community from Bambamarca, people who have been accustomed [to Cayaltí] in such a way that they do not move from here. [Moreover]...all come with their families....

Many of these workers clearly chose to remain longer, attracted by the good wages and the availability of credit in the form of advances on wages from contractors and the estate. This is shown by the fact that hundreds of workers were signing new contracts on the estate and establishing households there. The Aspillagas and contractors had sought the formation of a more permanent work force for obvious reasons. For the Aspillagas, permanency guaranteed an adequate number of workers to maintain desired production levels, while for contractors, re-signing workers on the estate reduced the number of recruiting trips and capital outlay, as initial advances were traditionally larger than supplemental loans. In addition to relatively good wages, which included daily rations of meat and rice, the Aspillagas enticed workers to remain by constructing better housing to supplement the dilapidated barracks (galpones) used to house the Chinese. The best of these new homes were given to workers with families because they remained the longest.

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50 A.H. to A.H., 9 May 1899, A.F.A.
51 A.H. to A.H., 13 January 1900, A.F.A.
Permanency is a much more complicated question than this, however, because many other workers were forced to remain on the estate until they had repaid outstanding debts. Such compulsion has been referred to as indebted peonage. Indebted peonage was used by Cayaltí to hold on to Chinese workers, and by hacendados throughout Latin America since the Colonial Period. In recent publications, however, it has been argued that the incidence of indebted peonage and oppression has been greatly exaggerated, and that peasants, more often than not, freely sold their labour in an open market. The discussion can perhaps be advanced by looking more closely at the demand for labour in the context of economic structure, political economy and social control.

To control their Chinese workers, the Aspillagas and other sugar planters had relied upon violence and indebted peonage, and they continued to use these methods with Peruvian peons. Planters could generally count on the support of local officials, who sometimes doubled as labour contractors. Moreover, the central government (in which sugar planters participated) condoned enganche and even used it on occasion for large construction projects in the sierra. However, no administration was likely to allow planters to intimidate Peruvian peons the way they did the Chinese, who were even subjected to torture and execution. Furthermore, the national government was never involved in the large scale recruitment and transportation of peons to plantations, as was the Díaz regime in Mexico, and peons sometimes benefited from squabbling between local officials and planters. Highlanders also had more options than the Chinese because of their greater physical mobility and the increasing demand for their labour.

An early reference to indebted peonage among Peruvian labourers finds the Aspillagas saying: ‘You cannot imagine what we have to do to obtain people, to the extreme of deceiving the bastard peons who each day become more demoralized. . . .’ In the years to follow, they made these comments:

We have only allowed to go those who have repaid their loans and, in spite of everything, there are more than 200 serranos. . . . Yesterday Mr. Sebastian Tello

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53 For example, see Bauer, op. cit.
54 In the late 1890s the government used enganche to build a road from Tarma into the Selva. See El Comercio, November 28a, December 5b, 11a, 18a, 1896; February 16a, March 23b, April 8b, June 14a, October 4b, 1897; May 14a, June 4b, 7b, July 14b, 1898. I am indebted to Peter Blanchard for this reference.
55 Gonzales, op. cit. Chapter VI.
57 On the Chinese, see Gonzales, op. cit., Chapters V and VI.
told me that the Negretes [contractors] were going to have to take 200 men to Tumán [a neighboring estate] and that they were about to pay what they owed to the estate. That I cannot believe, and if such a thing is attempted, I will tell them that while they do not pay in labour what they owe they cannot move those people from the estate. We will see how things develop. I will try to manage them with the utmost calm and sagacity.88

Forcing indebted workers to remain on the estate was of questionable legality. But there is also a point of legality here with respect to peons. They guaranteed repayment of their loans from contractors, and those who defaulted sometimes had their property (or that of a co-signer) confiscated.89 The Aspillagas, however, did not require promissory notes, preferring to pressure contractors to get their money back for them, and to organize posses to hunt down debtors who had fled the estate. More will be said about this later.90

After they began work on Cayaltí, many workers accumulated substantial debts, up to S/.100 and more, and then found it difficult to repay such large sums.91 One principal reason for this was that many workers could not work a full work week. New workers in particular found it difficult to adjust to a regimented work routine and to the hot coastal climate. Moreover, there was always a large number of ill workers, the result of the presence of a variety of communicable diseases (including malaria, yellow fever, tuberculosis, influenza, and bubonic plague), and the Aspillagas’ failure to provide adequate medical care.92

Indebted peonage, of course, benefited the Aspillagas most during periods of labour shortages. For example, in March 1891, a larger than usual work force was needed to clean the main irrigation canal, a major undertaking in itself, and to begin milling after a temporary shutdown. As the Aspillagas explained later, they managed to retain enough workers to accomplish both jobs because ‘we have only let go those who have paid their loan...’93

Indebted peonage was, however, a double-edged sword for the Aspillagas. When they had an adequate number of workers (or a surplus) they complained about the large sums of money that they had sunk into workers’

92 See Gonzales, op. cit. Chapters VI and VIII.
93 A.H. to A.H., 25 March 1891, A.F.A.
loans. This was a particularly serious problem during periods of very low sugar prices. Another problem was that some peons received loans from more than one contractor (plus the estate), sometimes using fictitious names. The chief engineer, the Englishman Thomas Colston, once even stated that some mill workers purposely ran up a debt so as to ensure themselves regular employment.

The estate also had to concern itself with what to do with ill or injured peons who were indebted but could not work. If these workers were expelled from the estate, the plantation lost money. But if they were retained, they occupied valuable housing and did little or no work. Twice during the early twentieth century, a period of especially low sugar prices, management chose to expell seriously ill workers, assuming that they would never be able to repay their debts in any case. Generally, however, debilitated workers simply wasted away on the plantation itself.

There were other ways to circumvent indebted peonage. Indebted workers could receive permission from the estate or their contractors to visit neighbouring towns or their relatives in the sierra. Furthermore, almost from the onset of enganche the Aspillagas and contractors had to contend with indebted peons fleeing from the estate. The reasons for escapes were not mysterious. Clearly, some new recruits found it difficult to adjust to the work routine and climate but workers also fled from their debts or to seek higher wages elsewhere.

Contractors on neighbouring estates signed on escaped peons sometimes, but not always, unaware that they were runaways. This practice made the capturing of escapees particularly difficult, as contractors were naturally reluctant to return runaways once they had advanced them money.

Cayaltí attempted to prevent escapes by having peons supervised while they worked. The Aspillagas generally blamed supervisors (caporales) for escapes, although caporales typically had to supervise from 50 to 100 peons who might be spread out over a considerable area. Peons could also hide in groves of mature cane, which grew far above their heads, or in irrigation
canals, and take advantage of the lack of electric lighting to escape into the night.\textsuperscript{69}

Once peons had escaped from Cayaltí, caporales and sometimes contractors organized search parties and local authorities, and planters were notified. Nevertheless, rival planters and contractors did not always allow caporales to search for runaways on their estates, especially if some of their peons had been recently stolen.\textsuperscript{70} Moreover, it is difficult to judge how much assistance the Aspillagas received from public officials in capturing runaways. A letter from a contractor in Bambamarca in 1905 suggests that local officials there (including the judge) generally jailed runaways upon request until they could be taken down to the coast. However, the letter went on to complain that in recent weeks normal co-operation had not been forthcoming.\textsuperscript{71} In 1908, an Aspillaga suggested that the family might receive greater co-operation from the Governor of Saña if it offered to pay him 50 centavos for every runaway from Cayaltí he captured, which was 50 centavos less than contractors in the neighbouring Chicama Valley paid their local governor.\textsuperscript{72}

It is impossible to calculate how many peons escaped from Cayaltí during these years. However, it is more important to understand what impact escapes had on enganche and the efficacy of indebted peonage. The frequency of escapes, I believe, points to three conclusions: (1) Escapes softened the effectiveness of indebted peonage but did not render it totally ineffective, especially during periods of labour shortages when the estate was likely to hold on to workers at all costs. (2) Despite escapes, labour was easy enough to acquire, given the proper incentives, so that new peons could be found to replace runaways. Therefore, the prevalence of escapes did not seriously threaten the operation of the estate. (3) Escapes were, undoubtedly, a financial drain on contractors and planters. However, in the long run, both profited from the sugar industry.\textsuperscript{73}

Conclusion

It is clear that market forces and capital incentives played an important role in the operation of enganche. Peons sought high wages on the coast, migrating and establishing households hundreds of miles from their homes.


\textsuperscript{70} Negrete Hnos. to A.H., 12 June 1903, A.F.A.

\textsuperscript{71} N. Tello to A.H., 29 November 1905, A.F.A. An example of the use of force to detain escapees is V.A.T. to A.H., 11 August 1908, A.F.A.

\textsuperscript{72} V.A.T. to A.H., 14 October 1908, A.F.A.

\textsuperscript{73} Gonzales, \textit{op. cit.} pp. 56–62, 250.
They even moved from one estate to another in search of higher incomes. Planters could also pull the strings on labour supply, under normal conditions, through the allocation of money for advances to labour contractors. The offering of loans and comparatively good wages was enticement enough for many to migrate, although others agreed to work on the coast to cancel an old debt. The amount of capital planters were willing to advance to contractors, in turn, depended largely on the price of sugar on the world market. This was the link that connected Liverpool with a tiny village in the Peruvian highlands.

It should not be forgotten, however, that deception and coercion also played a part in labour contracting. At Cayaltí, the Aspillagas did what they could to acquire a stable work force, regardless of the legal and moral implications. They had fewer restrictions on their actions during the years of economic and political chaos, from roughly 1873–1895, and it was easier for them to exploit the Chinese, who as foreigners from a weak kingdom were not well protected. The Aspillagas did not have much more respect for the civil and human rights of Peruvian peons, but as the economy and state became more organized they could not rely as heavily on violence to control the work force. This did not prevent contractors, however, from tricking peons into signing contracts nor the Aspillagas from attempting to bind indebted workers to the estate.

Thus, what emerges from this analysis is a new interpretation of *enganche*. By paying closer attention to changes in the regional and international economies, and relating them to socio-political reality, labour contracting appears not as semi-slavery, as described by its early opponents, nor as a free market system of labour supply, as some have recently said. Rather, it clearly reflects both the demands of the marketplace and evolving methods of social and political control which did not always protect human and civil rights.
APPENDIX

Price of Raw Sugar (Cost, Insurance, Freight) in London, 1872–1905
(Shillings Per Cwt.)

<table>
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<th>Year</th>
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<td>1889</td>
<td>16/0</td>
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<tr>
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