Banana Republic: The United Fruit Company

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The history of banana growing in Central America is closely tied to the history of politics in the same area from the 1880's through the 1970's. Prior to 1870, bananas were unknown in the United States. The first bananas were imported to the U.S. in 1870 and just 28 years later, Americans in the U.S. were consuming over 16 million bunches a year.

The story begins in 1871 with the construction of a railroad in Costa Rica by an industrious 23 year old from Brooklyn named Minor Keith. The project cost hundreds of lives, including the lives of his two brothers. Keith was a man who would do anything to advance his own interests. He even married the daughter of the Costa Rican President. His efforts paid off and eventually he earned the title "The Uncrowned King of Central America".

While Keith was building the railroad in Costa Rica he was also executing a much bigger plan. As construction progressed, he planted bananas on the land easements to either side of the tracks. The bananas flourished and with the railroad completed it was possible to economically transport the bananas to eager markets in the United States and Europe. Ten years later, Keith owned three banana companies. Keith then joined up with a Cape Cod sailor, Captain Lorenzo Baker and a Boston businessman, Andrew Preston. Together they raised the money to found the Boston Fruit Company.

In 1899, the Boston Fruit Company and the United Fruit Company (UFCO) merged, thus forming the largest banana company in the world with plantations in Colombia, Costa Rica, Cuba, Jamaica, Nicaragua, Panama and Santo Domingo. They also owned eleven steamships, known as the Great White Fleet plus 30 other ships rented or leased. The company also owned 112 miles of railroad linking the plantations with ports.

In 1901, Guatemalan dictator, Manuel Estrada Cabrera granted to UFCO the exclusive right to transport postal mail between Guatemala and the U.S. This was UFCO's first entry into Guatemala. Ruled by a right-wing dictator who would do anything UFCO wanted, Minor Keith judged Guatemala to have "an ideal investment climate". He formed the Guatemalan Railroad Company as a subsidiary of UFCO and capitalized it at $40 million. He contracted with Cabrera to build a railroad between Guatemala City and Puerto Barrios.

UFCO also obtained permission to purchase lots in Puerto Barrios at a nominal price and received a grant of land one mile long by 500 yards wide on either side of the municipal pier. Keith also negotiated the contract to build telegraph lines from the capital to Puerto Barrios.

Other countries in Central and South America also fell under the thrall of the mighty UFCO, also called "yunai" or "La Frutera" or "El Pulpo" (the octopus) in Latin America, but none were more under UFCO's thumb than Guatemala. United Fruit's Guatemalan operation generated about 25 percent of the company's total production.

In Guatemala, United Fruit gained control of virtually all means of transport and communications. United Fruit charged a tariff on every item of freight that moved in and out of the country via Puerto Barrios. For many years, the coffee growers of Guatemala paid very high tariffs and the price of Guatemalan coffee on the world market was high because of this.

The capital of the United Fruit Company Empire was in Guatemala, in the town of Bananera, where it made its headquarters. From here it masterminded its empire and corrupted every level of government and politics in Guatemala. United Fruit also managed to exempt itself from virtually all taxes for 99 years.

UFCO had its fingers in almost every pie in Guatemala. UFCO had the unconditional support of right-wing dictators who maintained their power by terrorizing the people and arresting prominent citizens who were either killed on the spot or tortured in prison to extract confessions. During one wave of repression under Jorge Ubico, hundreds were killed in just two days.

In 1944, the people of Guatemala overthrew the right-wing dictator then in power, Jorge Ubico. Guatemala held its first true elections in history. They elected Dr. Juan Jose Arevalo Bermej to the presidency. A new constitution was drawn up, based on the U.S. Constitution. Arevalo was a socialist and an educator who built over 6,000 schools in Guatemala and made great progress in education and health care.

At this time in Guatemala, just 2.2 percent of the population owned over 70 percent of the country's land. Only 10 percent of the land was available for 90 percent of the population, most of who were Indians. Most of the land held by the large landowners was unused. Jacobo Arbenz who continued the reform process begun under Arevalo succeeded Arevalo in another free election. Arbenz proposed to redistribute some of the unused land and make it available for the 90 percent to farm.

Here is where the problem arose: United Fruit was one of the big holders of unused land in Guatemala. The pressure mounted against UFCO and finally the company complained to the many friends it had within the U.S. government including President Eisenhower and Secretary of State John Foster Dulles, saying that Guatemala had turned communist.

The U.S. State Department and United Fruit embarked on a major public relations campaign to convince the American people and the rest of the U.S. government that Guatemala was a Soviet "satellite".

"It [United Fruit] began with enviable connections to the Eisenhower administration. Secretary of State John Foster Dulles and his former New York law firm, Sullivan and Cromwell, had long represented the company. Allen Dulles, head of the CIA, had served on UFCO's board of trustees. Ed Whitman, the company's top public relations officer, was the husband of Ann Whitman, President Eisenhower's private secretary. (Ed Whitman produced a film, "Why the Kremlin Hates Bananas," that pictured UFCO fighting in the front trenches of the cold war.)

The fruit firm's success in linking the taking of its lands to the evil of international communism was later described by one UFCO official as "the Disney version of the episode." But the company's efforts paid off. It picked up the expenses of journalists who

traveled to Guatemala to learn United Fruit's side of the crisis, and some of the most respected North American publications - including the New York Times, New York Herald Tribune, and New Leader - ran stories that pleased the company.

A UFCO public relations official later observed that his firm helped condition North American readers to accept the State Department's version of the Arbenz regime as Communist-controlled and the U.S.-planned invasion as wholly Guatemalan." (Quoted from Inevitable Revolutions - The United States in Central America by Walter La Feber, 2nd ed. 1993, pp. 120-121.

The campaign succeeded and in 1954 the U.S. Central Intelligence Agency orchestrated a coup, code-named "Operation PBSUCCESS". The invading force numbered only 150 men under the command of Castillo Armas but the CIA convinced the Guatemalan public and President Arbenz that a major invasion was underway.

The CIA set up a clandestine radio station to carry propaganda, jammed all Guatemalan stations, and hired skilled American pilots to bomb strategic points in Guatemala City. The U.S. replaced the freely elected government of Guatemala with another right-wing dictatorship that would again bend to UFCO's will.

The history of Guatemala since the Spanish conquest is one of continuous domination and repression. For a brief ten years from 1944 to 1954, Guatemala experienced the fresh air of democracy. However, with a right-wing dictatorship back in power, Guatemala was thrown back into the dark ages and the stage was set for the next 30 years of repression and killing.

As part of their efforts in the coup, the CIA made a list of 70,000 "questionable individuals". During Guatemala's 36-year civil war that just came to an end this year (1996), the government often referred to this list originally put together by the CIA.

As is always the case, opinions can be found on both sides of the question of whether United Fruit was a benefit or a scourge to Central America. The company certainly brought a great deal of economic development and organization to a region that had very little of either. The United Fruit Company paid its full-time employees better than any other, built housing and schools for the children of its employees, built hospitals and research laboratories.

From early on the company embarked on vigorous research projects to conquer tropical diseases such as malaria and dengue fever. Their laboratories also worked very hard to conquer the specialized diseases of the banana plant. In Costa Rica, whole areas of bananas were wiped out by disease and the laboratories of United Fruit developed specialized insecticides and fungicides to halt the problem. Some of these laboratories are still at work today.

United Fruit brought tangible benefits to the countries where it operated, but also brought problems or perpetuated existing ones. For the legions of seasonal workers in the fields, life was very hard. Conditions were physically dangerous and the toxic chemicals used on the banana plants were a constant hazard. Malaria and dengue fever were a constant danger as well.

The field workers for UFCO were paid more than on other farms but the work was seasonal and annually amounted to very little. United Fruit staunchly opposed any

attempts at the formation of unions. It would abandon entire areas if unionism started to gain a foothold. When it abandoned an area it would tear down the housing and schools it had built leaving the area destitute. The company also practiced institutionalized racism.

In company towns like Morales/Bananera and Puerto Barrios non-whites were forced to yield right-of-way to whites. The whole concept of a "banana republic" was exemplified by the conditions in Guatemala from 1920 through 1944. The government worked very closely with United Fruit to maintain the highly stratified, fiefdom-like social structure of Guatemala so as to provide a plentiful supply of cheap labor. UFCO didn't create this social structure but worked to amplify it and perpetuate it.

United Fruit later changed its name to United Brands and then ran into financial difficulties during the 1970's. The Del Monte Corporation now operates the former holdings of United Fruit but no longer engages in the political and social manipulations of the past bought UFCO’s lands.

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