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## United Fruit Company: The Banana Empire

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**United Fruit Company:**  
*The Banana Empire*

By Clinton Trimmer  
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Was the US a colonial power? Neo-colonialism is where one country through economic policies dominates another country or people. This differs from old colonialism, where the dominating country took direct political control of another country. While it can safely be said that the United States did not engage in old colonialism to the same extent as some European countries, it cannot safely be said that the United States did not engage in neo-colonialism. The fact is that the US has indirectly, through the economic force of US companies, held control over other countries. Some times the US government is not the initiator of neo-colonialism, but whether the domination was started by the government or a company the fact is that the US is a neo-colonial master. To demonstrate how this neo-colonialism works, one can look at the United Fruit Company (UFCO). UFCO took economic domination to a new level in the areas it influenced in Central America and the Caribbean. Not only did UFCO cause sovereign nations economies to be almost entirely under their control, UFCO also caused coups that ousted freely elected governments because they didn't like the government's policies. UFCO wasn't dragged by the US government into neo-colonialism, but instead drug the US government into the position of neo-colonial master. It is the relationship between UFCO and local peoples, and the relationship between UFCO and the US government which is the topic of this paper. This paper will show that UFCO through its domination of Central America and the Caribbean played puppet master over governments and peoples, all for the sake of putting exotic fruit on the table of Americans.

It is not clear when the first bananas were brought to the US, by captains sailing down to Central America and back. In 1866 Carl B. Frank imported the first bananas

from Colon Panama to New York.<sup>1</sup> This was the first time that bananas were a deliberate cargo, prior all bananas that made it to the US were those that captains were able to fit after actual cargo was loaded. In 1876 bananas were sold at the Philadelphia Centennial Exposition of American Independence for 10cents each.<sup>2</sup> After Americans got their first taste of the long, yellow, exotic, fruit they were hooked. Capt. Lorenzo Dow Baker, captain of the fishing schooner *Telegraph* began selling his bananas to Andrew Preston in Boston. Preston would then sell the bananas to the public. In 1885 Preston and Baker formed the Boston Fruit Company.<sup>3</sup> This company would later join forces with an American industrialist already building railroads and conducting shipping operations, Minor Keith. Keith was already a wealthy man after building a railroad in Costa Rica, and marrying the daughter of the President of Costa Rica. On March 30, 1899 Preston, Keith, and Baker joined forces and created the United Fruit Company.<sup>4</sup> This merger created the single largest fruit company in the world. It grew shipped and sold 77% of the bananas in the US.<sup>5</sup> To give some sense of scale in 1898 16 million stems were brought to the US.<sup>6</sup> In 1910 UFCO was reported by the New York Times as being worth \$6,552,576, most of this from the sale of bananas.<sup>7</sup> This shows just how much Americans had come to love this tropical fruit. The business was booming and UFCO was taking advantage it.

In 1910 the company was importing workers from Jamaica to Costa Rica, because the company could bring Jamaicans in for less than it cost to hire Costa Ricans.<sup>8</sup> The cooler mountains of Costa Rica were perfect for growing Coffee, and this drove the price for farm workers up in the country. Why would a Costa Rican move to the coast to make less money than they were in the coffee plantations? The answer is they wouldn't. Why

would a company pay workers more than they have to? Again, they wouldn't. So what you're left with is Jamaicans coming to Costa Rica to work in these banana plantations owned by UFCO. In Jamaica at the time the island was being used to grow sugar for the English, since Jamaica was still a colony of Great Britain at the time. The result was the second or third generation of free blacks on the island, slavery was banned in the 1830's for the British Empire, needed a place to go where they could earn some money.<sup>9</sup> The sugar plantations on the island paid low wages, and there was little food since most all the arid able land was being put into sugar production. As a viable alternative Jamaicans choose to immigrate to Central America and work in the banana plantations. This created an island an English speaking society in the middle of Spanish speaking Central America. It is not surprising that many of the workers felt closer allied with their supervisors, who also spoke English, than with fellow workers in Costa Rica. Between 1900 and 1913, 20,000 Jamaicans immigrated to Costa Rica to work in the banana industry.<sup>10</sup> It should be noted that not all the workers who worked for UFCO, including Jamaicans, worked in the banana fields. UFCO also had ships and railroads to run as well has schools and hospitals, so not all the workers necessarily went into the banana fields to work.

Even though so many came and worked for UFCO not all of the workers were satisfied with the way the company treated them. Many in fact felt they had been lied to by UFCO when they were told about what work was like before they left Jamaica.<sup>11</sup> One thing that bothered the Jamaican workers was, the company paid them in script instead of actual dollars or any other government issued money. This meant that the workers could not send money back to their families in Jamaica, if they were so inclined to do so. This created a problem with other stores because, any store not owned and operated by UFCO

would only redeem the script for 20-25% less than what the script was said to be worth.<sup>12</sup> Imagine if you only got 75cents out of each dollar you spent when you went to certain stores, but if you go to the right stores you get the full dollar. In this case the right store was the UFCO store. With this sort of arrangement the company controlled the lives of the workers. If the worker wanted to leave the system, they would have little to no cash in their pockets. This created a sort of prison for the workers, not just Jamaican but also the local workers and in any country UFCO operated in. Striking was also not an option when working for UFCO. In 1904 seven dock workers decided they were fed up with the way the company was treating them. They decided to just stop working, and demand better treatment from the company. Within hours UFCO brought in 165 workers who had been doing other things to complete the work of the seven.<sup>13</sup> The employees were not beaten or anything like that by the company, but they were shown without a doubt that if anyone decided to strike while working for UFCO they could easily be replaced. The company didn't even skip a beat. One thing that did help the workers cope with the disappointing working conditions was the culture they came from. Remember most of these workers were only one or two generations removed from slavery. This enabled them to develop many of the same coping mechanisms used by the slaves. They created a sense of community and underground connections.<sup>14</sup>

Workers were just one way in which the UFCO controlled the countries it operated in. Another way UFCO controlled countries in an economic sense was the use of land. It is safe to say that prior to the banana industry the amount of plant species, in any area in which UFCO operated, was much more biologically diverse. The benefit of having biological diversity is the land is better suited to supply the needs of people living

on it. Take for example the great potato famine in Ireland. If the Irish would have grown more varieties of food to diversify their diet, then when the blight hit the potatoes it wouldn't have caused as big of a problem. The same thing happened with the bananas. Bananas are very susceptible to diseases, for this reason up until about the 1960's banana growing was an almost migratory thing.<sup>15</sup> The disease hit the banana crop was the Panama Disease, and there was no cure for it. One engineer for UFCO said this,

“The Panama Disease used to kill everything. The only solution was to get hold of new lands. It was not possible to maintain bananas once the disease struck. So when one farm died off another was planted, one would die another was planted... That's how we ended up in Ecuador.”<sup>16</sup>

This quote shows us a couple things. Bananas required constant acquisition of land, because there always had to be somewhere that the disease hadn't gone yet for the next banana farm. Remember, in 1910 the banana import business was a multi million dollar industry. Notice next time you're in a grocery store how many bananas there are. All these fruits have to come from somewhere and prior to the 1960's the demand could not be met by simply managing the crop lands already in production.

This obviously led UFCO and other banana companies to constantly expand and take even more farmable land out of commission for domestic needs. The quote also shows that UFCO was not bound by national boundary, after all UFCO was an American company that had been incorporated in New Jersey. This meant that if a country wanted to keep UFCO because so much of their economy was based on the banana trade which

UFCO controlled; the government had to make certain allowances for the company. In 1914 John Ewing was the minister in Tegucigalpa, Honduras. He said this when writing “fully and frankly concerning all matters that enter into or tend to control the internal political situation and conditions here [Honduras],” to the state department.

“I would not be reporting unreservedly if I failed to direct the attention of the Department to a source which is an ever present factor, I speak of the United Fruit Company and its subsidiaries and its railroad connections... in order to obtain these concessions and privileges and to secure their undisturbed enjoyment, it [UFCO] has seen fit to enter actively into the internal politics of these countries, and it has pursued this course so systematically and regularly until it now has its ramifications in every department of the government and is a most important factor in all political movements and actions.”<sup>17</sup>

This shows you the sort of power UFCO had over these different countries it operated in. Again, this power was brought about by the UFCO’s constant need to expand and obtain new land because any farm land that had been hit by the Panama Disease was wasted. To go against the UFCO was certainly trying to swim up stream against a mighty river. It is important to note that at this point the US’s policy was basically hands off, since the Central American countries were sovereign they were free to allow US companies and US markets to rule their politics.

See that’s how neo-colonialism starts. First a company comes in and begins growing in the economy of its host country until it becomes so large that the host country



can't stop it. The will of the American consumer, or any other consumer of the goods produced by the American company, drive the company to seek a profit. In the company's effort to create a profit by providing goods to the markets they begin to need political actions to help ease their efforts. This leads inevitably to investors and consumers in the home country, in this case the US, demanding that US interests become those of the US Company, in this case UFCO. Edward W. Ames an agent of the US State Department said this in 1919 when President Francisco Bertrand of Honduras began to chafe under the control of UFCO on his country.<sup>18</sup>

“There is, in my opinion, one and only one logical way to prevent a very serious outbreak [revolution] in Honduras between now and the end of October, viz: for the US government to say politely but firmly to President Bertrand that we put him where he is, that we expect certain things of him, that he is not meeting these expectations and that we, therefore, want him to step down and out for the obvious good of his country [Honduras].”<sup>19</sup>

This was not an isolated incident; instead it was standard operating procedure for the US State Department. What could these politicians in US dependent countries do? They wanted to provide the best possible life for their people, assuming they were sensitive to the cries of their own people. They also couldn't afford to go against UFCO and the US government even when it came to their own domestic affairs. If they asked UFCO to leave, and assuming UFCO consented, it would have ruined their economy. The fields were already destroyed by Panama Disease and many people in their country would have

worked for UFCO. On the flip side UFCO is forcing laws that kept the workers poor, the Americans rich and the politicians bound. The only thing to do was to watch the wealth of their country slip away, and try to stay in power. When politicians did rise up against the UFCO the US government was ready and willing to handle the situation on behalf of the companies. Perhaps the best example of this taking place is the coupe orchestrated by the US in Guatemala in 1954.

In 1944 Jose Arevalo took control of Guatemala and began to move the country away from the grip of UFCO and other foreign companies operating in the country. Arevalo was the first popularly elected president in Guatemalan history, and that didn't sit well with UFCO.<sup>20</sup> Jose Arevalo may not have been UFCO's favorite leader but it was Arevalo's successor that would bring the wrath of UFCO and the US down on Guatemala.

In 1951 Jacob Arbenz was elected President of Guatemala. Arbenz had been a military hero of the 1944 coup that brought free elections to the country.<sup>21</sup> In 1952 Arbenz in an attempt to loosen UFCO's on the country nationalized the company. This of course upset UFCO and Secretary of State John Foster Dulles, who considered the action to be the first signs of communism in Guatemala.<sup>22</sup> This was the beginning of the end for Arbenz, because it put him toe to toe with the UFCO and the US government.

It is important to note the relationships between UFCO and the US government, particularly the Eisenhower administration, in order to fully understand and appreciate the situation that was developing in Guatemala. Edward Bernay, UFCO's Public Relations consultant, was friends with US Congressman John McCormack (D) from Massachusetts, and Senator Alexander Wiley (R) from Wisconsin.<sup>23</sup> This sort of

relationship is not unexpected, between men of economic power and men of political power. In 1947 UFCO hired as a professional lobbyist in Washington DC Thomas G. Corcoran. Corcoran had been an advisor to Franklin Roosevelt during the Great Depression.<sup>24</sup> In the 1940's, during World War II, Corcoran had brought together Sam Zemurray, the head of UFCO, and Nelson Rockefeller to discuss the possibility of bringing workers in from South America to the southern US to help ease the labor shortage.<sup>25</sup> These relations in themselves don't really amount to much, but the fact that UFCO and the officials of the US government were working closely together did lead to other less innocent relationships. In 1952 Corcoran made the remark that with his friends in Washington, which included head of the CIA, he had the finest, "intelligence service in Washington."<sup>26</sup> Corcoran had also been an advisor to Air Transport Company which was a front for the CIA. Air Transport would later change their name to Air America and be very active in Vietnam running operations for the CIA.<sup>27</sup> In short UFCO's hiring of Corcoran was a very calculated move by UFCO to get strong connections with the US government.

Besides the direct connections UFCO also embarked on a public relations battle to win over the hearts and minds of the American people. The success of this public relations effort would ensure that the US people would interpret any actions taken against UFCO as being part of a communist plot to take over Central America. Not actually influenced by UFCO, Daniel James wrote *Red Design for the Americas*, in which he outlined what he believed the strategies of the communists to be for Central America. James' editor was John Day, a journalist with ties to the CIA. UFCO bought several copies of the book and distributed it to influential people in the media.<sup>28</sup> The main thesis

of this book was, communists want to take over Central America so they can threaten the US. This thesis worked perfectly for UFCO who was trying to combat the socialist, but not communist, policies of Arbenz. On Wednesday April 21<sup>st</sup> 1954, the New York Times ran an article which said that the government of Guatemala was accusing the Roman Catholic Church of working against the government.<sup>29</sup> The article also asserted that the reason the catholic Archbishop was acting against the government was because the government was taking a Marxist line in many of its positions. This sort of story being published in the New York Times, coupled with stories like that which ran on April 27<sup>th</sup> just convinced the public even more of the communist plot to take over the world. The article that ran on April 27<sup>th</sup> talked about the US suing Guatemala for over 15 million dollars on behalf of UFCO.<sup>30</sup> With all this kind of publicity saying that the Guatemalan government was now being run by the communists, the US government, with strong ties to UFCO, was forced to act. This was the Cold War and being easy on communism cost elections and political power.

John Dulles, the Secretary of state and a former advisor to UFCO, directed his brother Allen, director of the CIA to topple the Arbenz regime in 1954.<sup>31</sup> This overthrow was according to the Dulles brothers to make Guatemala be in good standing with the "free world." In 1953 Walter Bedell Smith was moved by Eisenhower from the CIA to Undersecretary of State under John Dulles.<sup>32</sup> The stage was starting to be made for the coup. Corcoran began being the go between for UFCO and the CIA, since in Corcoran's words.

“We [UFCO] always had to be careful. We had to know what was going on but we couldn’t be in on it because if the plan failed, this could hurt us. We knew what was going on but we didn’t want to get involved. The Fruit Company didn’t refuse to tell the CIA what it thought, but it couldn’t afford to let itself be caught.”

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The funny thing about this quote is that it muddies the water as far as who is working for whom. UFCO definitely had a vested interest in the overthrow of Arbenz but it’s also possible that the CIA actually believed that Arbenz was a communist and was leading to the fall of Central America to the Russians.

On June 18<sup>th</sup> 1954 Carlos Castillo Armas, the man the CIA was going to put in power, began the coup. The trucks rolled and the men set out from staging points along the Honduras border. One of the staging areas was even a UFCO plantation.<sup>34</sup> The CIA’s pilots also began their work in the invasion plan. They were supposed to bomb targets in Guatemala, in order to help weaken the defenses of the Arbenz government. By Sunday June 27<sup>th</sup> at 9:15 addressed Guatemala, although it is not known how many heard the message since the CIA was jamming the signal, and told his countrymen that he was leaving the presidency.<sup>35</sup> Armas after mopping up the remaining resistance took the presidency and restored the land that Arbenz had taken from UFCO back to the company.

The UFCO is a good example of how the US engaged in neo-colonialism. First the company went into Central America and the Caribbean; they bought up huge tracks of land. This land was then transformed into a mono-crop plantation designed to feed the voracious appetite of Americans. Workers were brought in to provide cheap labor in

order to increase the profits for share holders. When the workers tried to resist the company used its overwhelming resources to compensate. The company also ensured that the workers were paid in script so as to exude even more control. When the US realized that UFCO was becoming so powerful and starting to dictate politics to these Central American countries the US just turned a blind eye. It worked on behalf of the American company to make sure that the US profited by the misfortunes of the oppressed people in the other countries. Finally when UFCO was threatened the US put an end to the freely elected government that was harming the company, and replaced the elected government with a dictatorship. The US may have never been a traditional colonial master like its European neighbors, but it has engaged in neo-colonialism on the same scale. US companies still have a lot of power over the countries they operate in, and neo-colonialism is still alive. It may not be to the same extreme as the United Fruit Company took it to. After all, United Fruit made neo-colonialism into an art. The answer to the question that began this paper, was the US a colonial power, is yes they were.

## End Notes

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