THE BANANA EMPIRE:
A RETROSPECTIVE

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The publication of The Banana Empire: a case study of economic imperialism in 1935 represents one of the earliest socioeconomic critiques of the operations of a vertically integrated multinational corporation in the developing world. The authors, Charles Kepner and Jay Soothill, respectively a Columbia University academic and a former administrator of the United Fruit Company's Costa Rica and Panama divisions, combined to offer an analysis that remains impressive decades later for the insights it provides about transnational capital. Researchers today who study the effects of economic neoliberalism on Latin American and Caribbean countries often attribute those impacts to innovations in quaternary sector technologies that allow contemporary multinational firms to behave in a somewhat aspatial manner while controlling widely scattered economic activities. These advances are clearly important to understanding current globalization trends and their regional manifestations but a reading of The Banana Empire illustrates that the model for today's multinational corporations (hereafter, MNCs) emerged during the early decades of the century and that some of the strategies employed by such firms today have their origins in that period.

Technology, as is often the case, proves to be a determining factor in the ability of MNCs to exploit the natural and human resources of lesser-developed countries. Today, as the twentieth century moves towards its conclusion, advances in telecommunications provide the means for firms to exercise greater control over far-flung business empires. At the century's start, however, advances in transportation technology provided the keys that enabled greater penetration by early MNCs into the global periphery, leading to the rapid expansion of capitalist agricultural practices in a manner that would forever change the countries involved. This occurred with sugar in Cuba, the Dominican Republic, and Puerto Rico, among others. But nowhere is this process better exemplified than along the Caribbean coast of Central and South America. There, the banana empire created by the United Fruit Company included parts of Guatemala, Honduras, Costa Rica, Panama, and Colombia.

This paper utilizes Kepner and Soothill's work to analyze the geographic dimensions of the banana empire as it existed during the first 35 years of the century. After a brief consideration of the special aspects of banana production and marketing that fostered the conditions leading to the creation of the empire, it reviews in turn several of the key elements in this process. These include the transportation advances that linked the empire together, the assembling of a workforce in the sparsely settled realms in which the empire flourished, the trading patterns established during the industry's early stages, the role of states during the period of the empire's creation, and, finally, the emergence of actual banana zones in the peripheral regions of the countries where the United Fruit Company operated. Several of the issues identified in 1935 remain pertinent today and the paper subsequently identifies what has changed and what remains the same with regard to the region's banana industry, offering in its conclusion an assessment of the continuing existence of the banana empire today.

The unique qualities of the banana

The banana is not native to this hemisphere; instead, according to Reynolds (1927:19), the original homelands of today's edible bananas were most likely in South or Southeast Asia. Its spread occurred through conquest and migration, including the Polynesian migrations across the
South Pacific as far as Hawaii and Easter Island. Arab traders played an important role in the westward spread of the banana after they obtained it in India and were likely responsible for its diffusion to Africa, along whose coast European explorers found it during the 15th century (Reynolds 1927:24). Linguists consider "banana" to be a name of West African origin. It was adopted by the Portuguese, most likely from the Guinea coast. This geographical coincidence might explain the use of "guineo" to describe many banana varieties in Latin America, where bananas were introduced in 1516 when Friar Tomás de Berlanga took them to Santo Domingo from the Canary Islands (Reynolds 1927:31).

Despite its size, the banana is not a true tree. Its stem is not woody; rather, it is a compact mass of overlapping leafsheafs that grow upwards from an underground rhizome that nourishes the plant. Each plant produces just one bunch of bananas; most contain from six-to-eleven "hands," clusters containing from 10 to 20 individual bananas. A nine-hand bunch, the most marketable size, weighs from 50 to 65 pounds. Such bulk contributes to the fact that the banana today is the world's most important traded fruit commodity by volume. It figures prominently within the export profiles of several Latin American and Caribbean countries. Ecuador, Costa Rica, Colombia, Honduras, and Panama usually rank among the top six exporters of bananas each year, while in Dominica, St. Lucia, and St. Vincent, bananas are the leading export.

Thus, trade matters involving bananas are critically important to the exporting countries. While all fruits and vegetables are perishable, bananas spoil particularly rapidly. This factor, of great concern to producers, traders, and consumers, necessitated the development of a well-organized system to efficiently harvest, transport, and market bananas during their brief period of maturity. In such a situation where timing is of the utmost importance, control over the various stages of the system that brings the fruit from farm to dining room table by one parent organization can help overcome the difficulties inherent in the coordination needed among those various stages. This has often been used as a rationale explaining the rise to dominance of a few large multinational companies during the early stages of the banana industry at the beginning of this century and, among those few, the preeminence of the United Fruit Company (hereafter, UFCO, the Company, or the United). The result was (is) a vertically integrated system that involved the Company directly in production through its ownership of plantations, transportation at the national level in the producing states through ownership of railroads, international transportation through ownership of refrigerated shipping, and, often, the ripening and wholesale stages in the market countries. Ownership and management was frequently handled by subsidiary corporations but the control of the UFCO was quite clearly established through ownership of stock and/or through interlocking directorates.

Such a system is expensive to operate as there must be sufficient volume of activity to justify the creation of infrastructure at each level, particularly in newly emerging banana zones during a period when few other economic activities occurred in those regions. The banana, however, is ideally suited for this because, unlike most fresh fruits and vegetables, it bears fruit year-round. In most cases, banana seasonality is driven more by market demand than by physical or biological conditions. Therefore, a continual flow of cargo throughout the year can sustain the considerable investment in transportation infrastructure necessary to keep the system moving in a timely way. Few other commodities can accomplish this. To private farmers who produced bananas to sell to the Company, the regular arrival of refrigerated ships meant frequent payments.
for their produce. Most other crops require a long wait before a payoff is realized, which explains why so many Latin American and Caribbean cultivars prefer to grow bananas despite the difficulties and risks involved.

Bananas are also an ideal commodity for plantation agriculture. Though produced on family farms throughout the eastern Caribbean by what Grossman (1998) refers to as "contract farmers," their output is not competitive in global capitalist terms with the efficient produce of the large-scale plantations of Central and South America. These plantations themselves are infrastructural marvels in regions that lacked modern infrastructure at the point of the industry's initial penetration into Latin America's Caribbean coastal zones. The UFCO and other major fruit companies pioneered new agricultural technologies in creating vast tropical monocultures that today would be described as agribusinesses. Each has miles of densely packed irrigation ditches and tram-lines with pulley systems used to haul bananas from banana plant to packing plant. The latter includes facilities for washing, inspecting, and boxing of bananas. Other plantation buildings included offices, commissary stores, and workers' housing in cases where isolation precluded the possibility of living in nearby communities. Telephone/telegraph infrastructure was also necessary to coordinate the timely harvest of fruit with the arrival of ships in port. More recent additions include equipment for the application of chemicals used to control weeds, insects, and various fungi, including the feared *sigatoka negra* which can quickly destroy a plantation's output by causing the fruit to ripen prematurely.

The labor demands of the industry are substantial and continuous. Individual parcels of land typically produce high yields for just ten years, necessitating the regular clearing of new fields in what originally was a tropical rainforest. Tasks like clearing, planting, pruning, weeding, spraying, cutting, and hauling keep vast numbers of workers busy throughout the year, mostly on a full-time basis. Only the packing plants usually functioned on a part-time basis, with most activity occurring during the two days prior to the arrival of a ship for which a cutting order was placed. It is there where one finds most of the females employed in the industry.

**The essentials of transportation**

In the late 19th century, Central America remained deficient in transport infrastructure; the construction of railroads was viewed as a critical step toward national development for the countries involved. Settlement patterns in the region were historically focused upon interior uplands and few efficient linkages with sparsely populated coastal areas existed. This situation offered an unparalleled opportunity to those who would shape the banana empire, to whom the ability to coordinate the movement of fruit overland with the arrival of ocean-going refrigerated ships would become a major asset in handling such a highly perishable fruit and getting it to market in a timely fashion. It is no accident that the creation of the UFCO itself was a direct outgrowth of early railroad construction in Central America. Once built, the railroads needed freight to provide income; bananas nicely served this purpose, creating a banana-railroad union which, though details varied from country to country, benefitted both sides of the operation. As Kepner and Soothill (1935) state, though the railroad was the "father" to the banana industry, it would not be long before the father was dominated by its child.

Costa Rica provided the model for the rapid evolution of this process when it signed the Keith-Soto contract in 1884 that became the prototype for future concessions by Latin American governments to foreign interests. The agreement required American contractor Minor Keith to
construct 52 miles of railroad along a difficult route linking the Meseta Central of Costa Rica (its central highlands and cultural hearth) with the Caribbean at Puerto Limon. In return, Keith and the company he created were awarded a land grant of 800,000 undeveloped acres, tax-free for 20 years, and the right to import duty-free those items needed to construct and maintain the railway. The land grant formed the basis of the plantation system that emerged at the turn of the century when Keith joined with other business interests to form the United Fruit Company. Subsequent contracts between the Company and the government permitted development of private spur lines linking the banana plantations with Puerto Limon. As became its custom throughout the region, the UFCO. created a subsidiary, the Northern Railway Company, in 1900 to run the private railroad lines. The competition generated by the private lines was harmful to the national railroad itself, resulting in its lease to the Northern in 1905. This effectively allowed the United to dominate rail transport to the Caribbean coast of Costa Rica. With control effectively secured, the railroad was subsequently reduced to serving as an adjunct of the banana industry it had initially spawned though it always remained critical to the United's operations for its utility in preventing the rise of any competing fruit companies in that country. This was accomplished and maintained by discriminatory pricing practices through which the Northern raised shipping prices on cargo in a way that represented additional costs for rival firms but were mere accounting exercises for the United itself (Kepner and Soothill 1935:74).

Honduras also exhibited spatial patterns reflecting Latin American norms, with an interior highland core region with few links to coastal zones. The country's Caribbean (north) coast was well positioned to allow Honduras to receive California gold rush migrants but it lacked a transisthmian railroad to transport them to the Pacific coast. As early as 1853, its government offered concessions to foreign interests to undertake construction of a line heading inland from Puerto Cortes on the north coast but mounting debts forced the project's termination without completion of the line. Subsequent political instability resulted in a 1911 revolution whose victorious party won with support from Samuel Zemurray, a wealthy North American who established the Cuyamel Fruit Company that same year. The Cuyamel rose to become a competitor of the United, initially benefitting from concessions offered by Honduras' new government allowing Zemurray to expand the country's banana industry along the north coast. Ultimately, three fruit companies were permitted to establish beachheads on that coast, with railroads providing the key in each case. The United operated through two railroad subsidiaries in zones around centrally-situated Tela and Trujillo in the east. Zemurray's Cuyamel rule extended eastward from the Guatemalan border to Omoa and along the banks of the Ulua River. The Vaccaro Brothers, later to reorganized as Standard Fruit, dominated in centrally-located La Ceiba. Each developed its own railroad system to serve the plantations within its region(s), using land gained through government concessions. Unlike in Costa Rica, land grants in Honduras were not made in large contiguous blocks but, instead, were divided into alternating parcels with intervening parcels controlled by the government. This was ostensibly done to prevent total domination by foreign companies within their given regions of influence. Leasing of the intervening parcels was permitted by Hondurans, however, and the companies often found ways to buy the leases from the Hondurans who held them, effectively negating the intended spirit of the legislation.

The Cuyamel Fruit Company employed tactics similar to those of the United, its major rival in Honduras. It successfully manipulated the Honduran Congress's approval of the 1920 Antichresis Contract that privatized the national railroad and turned its operation over to the
Cortes Development Company, a Cuyamel subsidiary. The government’s decision was based upon the regular losses incurred by the railroad, whose low income could be attributed to the actions of the Cuyamel itself. The company reduced banana-cutting notices, rejected fruit, and denied loans to private Honduran farmers along the national railroad routes, all of which diminished the freight volume hauled by that line, eventually inducing the government decision to sell out. Once responsible for the railroad, the Cuyamel utilized Antichresis Contract stipulations allowing it to make improvements that maintained the line in a continual state of debt to the company. The debts accumulated by purchases of equipment and materials reduced the desire of any other entity, including the state, to take over the line, along with responsibility for its debt. Throughout the 1920s and 1930s, the Honduran government negotiated additional concessions to the major fruit companies for the construction of new railroads. Inevitably, the contracts stipulated that the company develop lines linking interior cities, including Yoro, Juticalpa, and Tegucigalpa, to the north coast railroad networks. Just as inevitably, the companies violated such agreements, preferring payment of whatever penalties the contracts called for to the expense of developing railroad lines that were of little use to the company involved. During that period the north coast banana zone was laced with a network of railroads efficiently moving bananas, sugar, and other goods to the Caribbean ports while the capital city and other major towns in the country’s core region remained isolated from the action. In 1930, the seemingly competitive situation among three major rivals in Honduras - the Cuyamel, the United, and Standard Fruit - changed with the United buyout of Cuyamel stock. Zemurray, one of the few people adept at challenging the UFCO, became an officer of that company following the purchase. Though Standard Fruit would maintain its foothold along the north coast, the supremacy of the United was clearly established in Honduras by its takeover of the Cuyamel and its subsidiary operations, including the national railroad.

Events evolved differently in Guatemala, as described by Dosal (1993). There, railroads predated a modern fruit industry and the lines built actually served urban population centers, linking them with both coasts. Nevertheless, the country was drawn into Minor Keith’s sphere of influence when it signed a contract with him in 1904 to complete a 61-mile section of railroad to complete a route linking the capital with Puerto Barrios on the Caribbean coast. It granted Keith’s new Guatemala Railroad Company the right to operate that line and all 136 previously existing miles of the Northern Railway of Guatemala. In 1912 the company, renamed the International Railways of Central America (IRCA) obtained concessions from the governments of Guatemala and El Salvador to expand their railroad systems that included government subsidies ranging from $5000 to $12,000 per mile of track constructed. The Operations of the IRCA, effectively a United subsidiary with an interlocking directorate, facilitated the Company’s expansion in Guatemala’s banana industry while allowing it to profit from other ventures, particularly its operation of the port facility at Puerto Barrios. This was particularly effective where coffee was concerned. Most Guatemalan coffee is grown in the highlands far from the Caribbean coast. Logically, it would be exported more cheaply through the country’s Pacific ports, which the United did not control. The IRCA, on behalf of its parent company, utilized a rate structure that bore no relation to distance and geography to manipulate the flow of coffee to the more distant Puerto Barrios, where the Company’s ships waited to transport it to northern markets. Competing shipping firms, unable to affect railroad freight charges, lost much of their business; the United emerged with a far stronger hand that enabled it to dominate the Guatemalan
The Caribbean coast of Central America lay beyond the core regions of the countries of the isthmus, with the partial exception of Panama. The areas that became banana zones were sparsely populated when the United and other fruit companies established operations there. Consequently, it was necessary to assemble a workforce from elsewhere, a process that led to new technological advances and additional controversy.

During the early decades of the century, mainstream Central Americans shunned the steamy, malaria-infested coastal areas in favor of temperate highlands offering healthier living conditions. National populations were still small; rapid growth would not occur until the 1950s. Pressure on land in the core regions had not yet built to levels that served as an emigration push factor. Thus, the fruit companies encountered a labor shortage in their early stages of operation when it proved difficult to lure nationals down from the highlands.

This situation was addressed through three primary strategies. The first was to hire foreign workers, a process that began with the railroad construction in Costa Rica and was later replicated in Honduras and Guatemala. Minor Keith imported thousands of Afro-Caribbean laborers, mostly Jamaicans, from British territories; it was felt that they were better adapted to the heat and humidity of the lowland tropics. Their North American managers could also communicate with them in English, which was not possible with nationals. Unhealthy working conditions led to 4000 deaths before the Costa Rican railroad was completed but many stayed to work on the plantations that were soon carved out of the rainforest. In Panama, the banana workforce included many Afro-Caribbean people initially brought to Panama to build the canal. These migrations contributed to the cultural distinctiveness of the Caribbean zones of these Central American states; assimilation of these groups occurred slowly, particularly in Costa Rica.

A second strategy was to improve the health and sanitation conditions of the lowland tropics. Significant advances were made during the construction of the Panama Canal but the United also invested in the advancement of tropical medicine and the development of hospitals in the banana zones that previously lacked health care facilities. It funded such efforts by deducting two per cent from its workers' paychecks. Over time, malaria and other diseases were brought under control and the Company was able to attract more workers from the highlands.

High wages constituted the final strategy used to attract workers. Though low by most standards, banana work usually paid better than work in other export agricultural sectors and it often offered benefits like housing as part of the remuneration package. Year-round employment opportunities, not customary with many other crops, also proved attractive. This combination of factors helped the companies assemble and, for awhile, maintain their labor forces.

Over time, however, control and the ability to manipulate labor became more important to the fruit companies than the need to attract workers. As demand for jobs increased, especially during the Great Depression, the necessity of maintaining high wages decreased and the companies began to decrease workers' pay, often with official approval. The monopoly conditions enjoyed by the United in the zones where it operated prevented the rise of any corporations that might compete for labor, facilitating another downward pressure on wages as workers had few alternatives available to them. Increased labor efficiency gained through infrastructure development and reorganized production systems also allowed the companies to
reduce their labor costs. Managers were rated by the United's headquarters in Boston for their ability to realize such savings.

The fruit companies also became adept at exploiting cultural differences within their workforces to prevent labor unity and counteract unionization efforts. Use of English-speaking Protestant Afro-Caribbean workers alongside Spanish-speaking Roman Catholic whites and mestizos facilitated the United's capacity to play one group off against the other, prevented the rise of common opposition, and diminished labor solidarity.

The development of company-owned commissary stores in remote banana enclaves further increased management's control over workers. The profits earned by the stores, which often charged higher prices than more distant in-town alternatives, offset some of the cost of labor. To insure high levels of consumer demand, companies issued coupons or commissary order blanks as partial payment of wages in advance of paydays. These were usable only in the commissary stores. Along with an installment buying system, many workers found themselves in constant debt, further binding them to the company under threat of police action for those who failed to make their payments.

The late 1920s and 1930s were a period of great conflict between management and labor in the banana producing regions of Latin America. The United resisted attempts at labor organization in its zones of operation and worked hard to influence government policy regarding workers' rights. Where possible, it avoided hiring its own employees, engaging contractors whose work teams went from plantation to plantation. Use of contract workers occurred most frequently for forest clearing, the initial stage of preparing a plantation and absolved the company of responsibility for paying the social benefits like workmen's compensation or collective insurance required for national systems. Such payments were the responsibility of the contractors who, in many cases, simply avoided them. The Company encountered several strikes during the turbulent 1930s. It used whatever means available to it to thwart workers' efforts, often enlisting the support of governments in the form of police and military action to control the strikers. It also developed the practice of branding labor leaders as agitators and Communists which some, indeed, were though the latter term lacked the geopolitical connotations it would later acquire. Most union organizers, though, were liberal, non-revolutionary leaders committed to improving workers' welfare. Workers' demands, exemplified by strikes in Colombia, Costa Rica, and Honduras during this period, focused on higher wages, improved housing and sanitary conditions, additional health care facilities, shorter pay periods, collective contracts (rather than individual), social insurance payments, the closing of commissaries, and the discontinuation of non-cash forms of payment. The Company often yielded on several issues in each case, but not all, precluding peaceful resolution of the strikes. Governments intervened by sending troops to "protect" the workers but their involvement inevitably favored the United. For example, in the 1928 Santa Marta strike in Colombia soldiers were accused of pillaging workers' houses, stealing their tools, and protecting strikebreakers rather than the strikers. The government declared martial law during the strike, suspending all civil rights for its duration and creating conditions that led to a November massacre of 410 workers, though estimates of the total vary. A subsequent investigation into the affair likened the strike to a "peasant revolt against the foreign company" (Kepner and Soothill 1935:329).

Labor unrest in Costa Rica was fomented by the difficult conditions in the industry that led to retrenchment of the United's operations there, resulting in layoffs and reduced wages.
Despite the natural divisions within the workforce, the national Communist Party organized workers into a union that submitted a list of grievances to the United and private farmers in 1934. The Company rejected the demands and a strike was called in August 1934. UFCO's intransigence led to escalated union activity that included ripping up railroad track and destroying fruit to prevent its export; ironically, these tactics had been utilized by the United itself in earlier struggles to force competitors out of Costa Rica. Ultimately, an agreement was reached and the Company yielded to several union demands but the United maintained its reduced level of operations in Costa Rica for several years.

Jamaica offers an interesting contrast to the labor situation in Central America. The island, still a British colony, was an important banana exporter during the early twentieth century. The United had substantial interests there but encountered many obstacles that precluded its dominance of the Jamaican banana industry. Jamaica's transportation infrastructure in the form of roads, railroads, and port facilities was sufficient to avoid the dependency situation that evolved in Central America, effectively denying the Company the ability to control that aspect of Jamaica's trade. Furthermore, the government was not easily manipulated and desired to keep the island's trading systems as open as possible. Several British firms had developed economic interests in Jamaica, providing a balance to the United's power and ensuring a competitive trading system. The banana producing regions were not isolated zones but were well integrated into the island's cultural and economic systems, leaving few openings for such activities as commissary stores. There were no large, unpopulated lands to exploit. But perhaps most significantly, the banana production and land tenure systems in Jamaica were very different from those on the isthmus. Most production occurred on small farms, many of which had been created following the abolition of slavery. Furthermore, these smallholders organized themselves into a cooperative association in 1929, with the support of the government, and by 1932, the Jamaica Banana Producers Association, Ltd. had more than 14,000 members. The government assisted with a $1 million bond issue to finance the purchase of half-interest in four ships, in cooperation with the DiGiorgio Fruit Corporation, allowing for direct shipment and sales to North America and Europe. The Association paid higher banana prices to its members than the United was accustomed to paying elsewhere and was handling more than one-third of the island's banana exports by the early 1930s. In Jamaica, the Company was not directly engaged in production; instead, it purchased bananas on contract from the larger farms and on the open market from smallholders in a milieu where those producers had alternative markets for their goods. Over time, it found that it was unable to influence events in Jamaica as it was accustomed to doing elsewhere and reduced its operations there. Kepner and Soothill viewed the Jamaica situation as a significant alternative to the model that had evolved in Central America and noted that a key factor in the success of its cooperative movement was the participation and support of the government. This was lacking in the mainland countries, exacerbating the difficulty encountered by labor in its struggles with the United. This difference was noticed in Costa Rica where Carlos Collado, former Secretary of the Cooperativa Bananera Costarricense, proposed uniting the farmers of all banana producing countries into "The Great Latin League of Banana Producers" as the most effective means of challenging the dominant company (Kepner and Soothill 1935:314).
The international banana trade

The power of the United extended beyond its control of banana production, railroad transport, and commissary stores into the international realm of transoceanic shipping. The "Great White Fleet" of refrigerated banana ships constituted the fourth major interacting factor that provided the Company with an overwhelming advantage over any independent companies or operators that might seek a share of the lucrative banana trade.

Ironically, during its early decades, the United, which enjoyed great support from the government of the United States in its efforts to wield influence in Latin America, chose to build most of its ships in the United Kingdom (UK). It also operated them under the British flag to save money and take advantage of more flexible shipping regulations there. The Company followed its customary pattern of creating subsidiaries to operate this part of the empire, establishing the Tropical Fruit Steamship Co., Ltd. in 1904, within five years of the founding of the United itself. It also purchased an interest in Elders and Fyffes, Ltd., a British shipping firm originally created to import Jamaican bananas into the UK as part of a plan to Anglicize the Jamaican banana trade. By 1910, the United owned all Elders and Fyffes stock and controlled the company until the mid-1980s.

In 1930, following its purchase of the Cuyamel Fruit Co., the United owned 89 ships, 54 of which served North American ports with the remainder serving Europe. It also chartered 29 other vessels. Altogether, these ships constituted a considerable force, providing the Company with great flexibility and independence from other shipping firms whom it did not trust to carry its bananas. The fleet carried more than bananas; it transported other agricultural commodities, notably coffee, and also hauled manufactured exports from North America and Europe to Latin American and Caribbean markets. With the banana boat - railroad linkage, the United developed competitive combined fares and could quote a through rate for cargo between a US port and inland cities in the Latin American countries where it operated railroads. These fares would not be broken down into their component parts, rendering it impossible to determine how much applied to the sea portion and how much represented the railroad charges. This allowed the Company to undersell competition on either leg of the journey. It also used its fare-setting power to undermine competitor railroads such as Costa Rica's government-controlled Pacific Railway, one of the few regional railroads not owned by the United. In 1929, the Pacific decided to lower its tariff to haul coffee to Puntarenas on Costa Rica’s Pacific coast as a means of diverting some of the traffic away from the United’s Costa Rica Railroad that served Puerto Limon on the Caribbean. Unfortunately for the Pacific Railway, United-owned vessels monopolized coffee shipments out of Puntarenas and the Company retaliated by raising coffee fares from Puntarenas by 30%, effectively offsetting any gains realized by the lower railroad rates. The United also benefitted from concessions that granted it control of the docks in several port cities. This facilitated its unofficial system of delaying railroad transport of goods whose routing instructions signified that they were to be carried on the “first ship out.” A communications network among train dispatchers, wharf managers, and the steamship office, all United employees, coordinated delays that waited until ships of rival companies had departed, timing cargo arrival with the appearance of a member of the Great White Fleet in port.

The Company’s dominance of sea-going commerce contributed to higher transportation costs for the Caribbean region in general, as indicated by freight rates for automobiles, agricultural implements, and general cargo. Examples of 1925 rates per ton from New York
include $14.56 to La Guaira, on Venezuela’s Caribbean coast (1847 miles), $10.00 to Barcelona (3719 miles), $12.25 to Rio de Janeiro (4700 miles), $9.00 to Capetown (6786 miles), and $12.00 to Bombay (8174 miles) (Kepner and Soothill 1935:187).

The Great White Fleet was classified as an industrial carrier, meaning that its ships departed as scheduled regardless of how much or how little cargo was in their hold. Guaranteed banana shipments for the return trip dictated this continual movement but also allowed the fleet to take advantage of opportunities to carry other goods and passengers, particularly on southward routes. It offered a degree of reliability that was unmatched by independent shipping firms.

Despite its British shipping connection, the United quickly took advantage of an early opportunity for corporate welfare offered by the US government. Congress passed the Jones-White Act in 1928 to stimulate the slumping US shipbuilding industry, creating a $125 million fund for low-interest loans to cover up to three-fourths of the cost of building new ships or repairing old ones within the country. The United borrowed more than $15 million over ten years at 3% interest to fund three-quarters of the cost of its shipbuilding program, which it moved to Newport News, Virginia. Several of its new ships were subsequently used to haul mail, among other cargo, under contracts with the US government also provided for in Jones-White Act. These mail contracts were awarded for ten-year periods to cover specific routes, with remuneration paid by the mile, regardless of the volume of mail. The system lent itself to abuse and the United took advantage on the three routes for which it successfully bid. Its three routes linked New York with Puerto Limon, New Orleans with Havana and Cartegena (Colombia), and San Francisco with Puerto Armuelles, Panama. The latter route was especially interesting because there was virtually no mail moving between those two ports other than that generated by the Company itself. The Company received $392,860 to carry the mail over those three routes during the ten-year contract period. Had the government instead paid for the total volume of mail carried either by weight or by piece, its total cost would have been just $8014 (Kepner and Soothill 1935:199). The gap represents a subsidy of the shipping firm that ultimately was funded by the US public when the postal service increased the price of first-class postage from two cents to three cents to cover its growing deficit.

**Splendid Isolation**

Just as the Spanish Conquista is often viewed as a natural outgrowth of the Reconquista of Spain itself, the emergence of the U.S. as an imperial power may be traced to the closing of the U.S. frontier, as pronounced by Frederick Jackson Turner in 1893 based upon his reading of the 1890 census. The energy of expansion that characterized both Spain and the U.S. needed new outlets. The former used military force to forge a great empire in the Western Hemisphere in the 16th century. The latter began to take on a small number of colonies at the end of the 19th century but more significantly created an economic empire through the collusion of newly forming MNCs and a supportive government. A significant portion of this economic empire was carved out of the lowland tropics along the margins of the Caribbean Sea. Two key factors in its creation were the limited role played by Latin American governments in the areas that came under the domination of one or more of the fruit MNCs and the willingness of the states involved to make concessions to those companies. By the mid-1930s relations between states and companies in the region had passed through three stages. At the turn of the century, Latin American governments were eager to gain the development benefits offered by fruit companies.
and their railroad-building subsidiaries. They did whatever seemed necessary to help the fledgling banana industry get started. The second stage was a period of relative prosperity and banana company expansion but of increasing government disillusionment as they realized how few benefits accrued to public coffers from fruit company activities. States were more reticent to grant concessions as this stage progressed. The third stage began with the stock market crash of 1929. The spectre of even more difficult times was effectively utilized by the United and its rivals to once again gain new concessions and extensions of earlier ones from governments in the region as a condition for renewed economic activity.

The compliance of the region’s governments contributed to the splendid isolation enjoyed by the fruit companies in the banana-producing areas. This isolation allowed each to function with great autonomy in the territories under its control. The banana empire was effectively established prior to the mid-1930s, when governments were still quite weak in Latin America and lacked effective control of peripheral regions. This changed during the late 1930s as the global depression and subsequent was stimulated an expansion of the role played by states in development planning and economic management. Latin America entered a period of economic nationalism that included state capitalism and import substitution industrialization that lasted into the 1970s and 1980s in several countries. These changes followed the publication of Kepner and Soothill’s work, however, and their impact on the banana empire will be considered in the final section of this paper. This section analyzes how the limitations of state power prior to the mid-1930s fostered the development of the empire.

The initial ingredient of the empire was territory. The process of gaining access to land has been examined above. Land concessions were largely by-products of railroad construction contracts. Additional land auctioned off by municipalities seeking to raise funds was purchased by the companies or their stand-ins, usually at very low prices, a measure often used in Costa Rica. Elsewhere, governments leased land to the United, as in Guatemala, where it paid just $14,000 per year to lease all of the unoccupied land along a sixty mile stretch of the Motagua River in the southeastern part of the country. Most lands secured by banana MNCs were located in humid tropical lowlands far from the core areas of the countries involved. They had never represented a valuable resource to those states, which may explain their interest in entering into agreements with foreign corporations.

The fruit companies, however, quickly transformed such areas into productive, profitable zones capable of contributing to national wealth, though this was not the outcome. The inability to generate substantial tax revenues from such an important industry was one indicator both of the weakness of states during the pre-Depression stage of the industry and of the power of the companies to exercise influence over national political processes. There are numerous examples of failed efforts by banana-exporting countries to increase the taxes paid by MNCs between 1890 and the early 1930s. Costa Rica, hailed as the initial Banana Republic, illustrates this best. There, an 1892 effort to levy a tax on banana exports was defeated by the national legislature and the 1900 contract between the government and the United provided for free exports of bananas for a period of ten years (Kepner and Soothill 1935:77). When that arrangement expired, Costa Rica’s congress succumbed to heavy lobbying by the Company and approved a small one cent (US) tax per bunch on banana exports for a twenty year period with the stipulation that no additional taxes could be introduced during that period. As the expiration of that law approached in 1929, the congress approved a significantly higher tax on banana exports to go into effect one
year later. This new tax would have a sliding scale, assessed at 5 cents per bunch when exports fell below 6,000,000 bunches per year; 4 cents when between 6-8,000,000; and three cents when over 8,000,000. During the period between approval and implementation of this law, the United utilized its considerable political influence to have the tax increase overturned, threatening to shut down its Costa Rica operations. Its effort succeeded; in 1930, the congress passed a new law authorizing a flat 2 cents per bunch tax, effective through 1950. Once again, the Company succeeded in minimizing its tax obligations to a country where it earned huge profits. Through the same law, it extended its exemptions from wharfage charges and tariffs on materials it imported to build and maintain its railroad lines, and also gained the right to build a new Pacific coast port on the Gulf of Dulce if the government failed to do so within a five year period. In return, the Company also made concessions. It ceded 2146 hectares of abandoned plantation lands for the establishment of agricultural colonies and planted 3000 hectares of new plantations. It also agreed to improve the sanitation levels of its worker camps, to build a new hospital at Siquirres to serve its Caribbean plantations, and to give preference to the hiring of Costa Ricans in several employment categories (Kepner and Soothill 1935:79-81).

Such issues have greater importance in developing countries than in the industrialized countries of the North, where export taxes are uncommon and are viewed as impediments to trade and foreign exchange earnings. Their importance in Latin America and the Caribbean stems from the absence of other common sources of government revenues, such as income or inheritance taxes, a situation related to social structure and the fact that the social elites upon whom the burden of such taxes would fall have used their political power to avoid them. Coffee and bananas, as the two most important exports of several of the region’s countries, represented the largest potential sources of revenue for national coffers. Of the two, coffee historically has made the greater contribution. Coffee production in Central America and Colombia traditionally involved large numbers of small or medium-scale farms owned by nationals of the country involved while bananas have been the preserve of foreign-owned MNCs. The fact that the latter have avoided higher taxation seems to be a good indication of the MNCs’ ability to influence national legislatures. According to Kepner and Soothill (1935:212)

....bananas, the leading product of Honduras and the second product of Guatemala and Costa Rica, have contributed a negligible amount of export taxes. Although during the third decade of the century, a nine-hand bunch of bananas generally brought over $2.00 at wholesale in northern markets, and occasionally over $4.00, it paid the staggering amount of one cent to Costa Rica, Panama, or Guatemala, one and one-half cents to Honduras (including the municipal tax) or nothing to......Colombia.

The relative export tax contributions of coffee and bananas to Guatemala in 1928 were $2,016,332 for coffee (8.7% of their total value) and $60,856 for bananas (just 1.97% of their total value). Corresponding figures for Costa Rica were $537,210 (11.8%) and $74,670 (1.4%). Kepner and Soothill (1935:213) concluded that "....the governments of these countries have relinquished their sovereign right of taxing one of their two leading industries for many years" with detrimental effects on social welfare.

The Company also succeeded in minimizing its tax obligations to Colombia where a 1931 law established an export tax of two cents per bunch and precluded the levying of any additional
taxes by national, departmental, or municipal governments for twenty years. Furthermore, the law permitted a portion of this tax to be returned to the company for use in establishing experimental stations for the purpose of conducting research on tropical agriculture. The law also changed the process through which new contracts between Colombia and the Company would be negotiated. It allowed Colombia’s head of state to deal directly with the United, circumventing the legislature where many representatives opposed the Company’s operations. Finally, the law offered the Company subtle means to increase its control over private planters from whom it purchased bananas in northern Colombia. It states:

The obligation here contracted by the Company to pay the (export) tax alone and not to let it fall upon the contracted producers will be suspended if collection of the so-called plant tax or other national, departmental, or municipal tax is attempted. (text of law cited in Kepner and Soothill 1935:293).

This stipulation effectively allied private planters under contract to the United to support the Company’s efforts to oppose additional taxation since it also protected the planters from having to pay new export taxes themselves. Planters not under contract did not have this right. This led many more planters to enter into contractual arrangements with the Company which also helped prevent rival companies from becoming established in Colombia’s banana zone.

Land taxes represented another source of contention and the United continually sought exemptions from them as part of its contracts with national governments in the region. The initial Keith-Soto Contract exempted Minor Keith from taxes on the lands conceded for a period of twenty years. The Company unsuccessfully resisted subsequent legislation in 1918 that authorized land taxes, basing its argument on the initial contract, though more than 20 years had elapsed. Its subsidiaries eventually issued declarations that undervalued their landholdings to such a degree that only $2000 per year was paid in land taxes during the decade following 1918 (Kepner and Soothill 1935:249).

Mexico offers an interesting contrast to the events described above. It presented several challenges to the United, which was unable to control transportation there, effectively precluding its dominance of the country’s banana industry. Mexico was much larger and offered transportation options to banana planters that freed many of dependence upon the UFCO. It had direct overland shipping access to the USA, which other Latin American states lacked, tying them to the Great White Fleet. Thus, the monopoly conditions favored by the United were difficult to achieve in Mexico, though it did try to do so. In the long run, however, the United was frustrated by the Revolutionary context of events in Mexico, which favored the distribution of land to the peasantry and worked against land concentration. The country’s economy was also more diverse rendering it less dependent upon bananas, which represented just 2% of its exports. Mexico also had a large cooperative movement which spread to the banana industry in 1928. As in Jamaica, this worked against Company dominance of the industry though both the United and Standard Fruit tried to circumvent cooperative associations by dealing directly with individual planters. The two fruit giants attempted to recreate the debt bondage conditions familiar elsewhere by offering loans to planters, a strategy that usually undermines the strength of a cooperative society but which proved unsuccessful in revolutionary Mexico. Ultimately, the United realized that the other options available to Mexican planters made it impossible to achieve
the monopoly control it exercised elsewhere. It sold its Mexican subsidiary to Standard Fruit and withdrew from the country.

A banana zone emerges

By 1932, the United’s empire in the banana-producing tropics included total landholdings of 3,416,013 acres, nearly all of this in mainland states. Improved property represented just 13% of the total as the Company held most of its land in reserve for future plantation development. This was necessary as land became exhausted or as plagues of Panama Disease and Sigatoka Negra necessitated abandonment of cultivated land for new terrain (Kepner and Soothill 1935:26).

The activities of the United Fruit Company and its rivals led to the emergence of a unique, still distinguishable, geographic feature along Latin America’s lowland tropical coasts: the banana zone. The splendid isolation that fostered their creation has been overcome but these sub-national regions continue to be highly specialized banana monocultures that lack economic diversity and offer few alternative opportunities to those who live and work there. For much of their existence they were classic enclaves with few linkages to the national economies surrounding them. They were self-sufficient with most of their needs supplied from within the zone or from abroad, providing the ships of the Great White Fleet with part of their southbound cargo. Overall, banana zones generated very limited multiplier effects within the national economies involved.

Housing was an important feature of the banana zones; their isolated nature necessitated the provision of living quarters for employees of all ranks. The quality of one’s housing depended upon one’s rank within the company and ranged from very comfortable to cramped and overcrowded. Elevated bungalow style homes surrounded by gardens and arranged in rows along waterfronts were provided for upper management personnel in headquarters port cities like Golfito, Costa Rica or Tela, Honduras. If inland, they were placed in country club-like settings. Their occupants were frequently North Americans and the architectural style reflected a northern ideal of tropical architecture also found in Panama Canal enclaves like Balboa, near Panama City. Modest but well built houses for mid-level employees occupied the middle ground in the spatially segregated communities of the zone, separating upper level managers from low ranking workers. These were often occupied by middle-class nationals of the producing country who filled office and foremen positions within the Company. Finally, common laborers lived in more crowded environments. Those with in-town ship loading or facilities maintenance jobs lived in densely-packed rough board, corrugated-metal roof structures with few amenities. Plantation workers occupied longhouses raised on stilts, situated in rows surrounding a soccer field that offered one of the few recreational outlets. Despite the overcrowding, living standards for lower echelon employees often exceeded those in surrounding communities and housing was often included in workers’ remuneration package. In addition, the Company built and ran eleven hospitals in the region’s banana zones, one for each of its tropical divisions.

The highly specialized nature of the banana zones represented their greatest vulnerability. Whenever problems arose with banana production, such as rapidly spreading plant diseases, or with demand in northern markets, as occurred during the Great Depression, the repercussions were extremely serious due to the dearth of alternatives. A company decision to abandon a particular zone or simply curtail operations there sent shock waves throughout the area. Indeed, the mere threat of such a decision could be (and was) used to gain new concessions from national
governments. Often, the private farmers from whom the United purchased increasing percentages of the fruit it marketed were the first to be affected by changes in company policy. In the 1930s, the United, realizing that the industry’s risks were concentrated in its production stage, reduced its own production volume. It began to purchase about half of its Costa Rican fruit exports from private farms, effectively shifting more of the risk onto those farmers. The situation in Costa Rica’s Limon province during the early 1930s illustrates these issues, as noted in a 1932 report issued by the country’s congress:

The Company has abandoned the greater part of its farms, which present a ruinous aspect; the houses thereon are sold at any price; the producers now as never before suffer the rejection of the greater part of their fruit; contracts are rescinded with no right whatsoever; and, as we have said before, it offers ridiculous prices per bunch of fruit. It would take a long list to enumerate the series of very just complaints of the majority of banana farmers who are practically ruined through such maneuvers. As a result the province of Limon is in an afflicted economic situation and is completely at sea in respect to the farmers, who, without any protection, are now unable to undertake banana cultivations (Kepner and Soothill 1935:94).

Analogies with the capricious nature of contemporary capital flows seem appropriate, indicating that the roots of such corporate behaviors extend rather far back to the early stages of development of multinational firms.

The Banana Empire Today

Bananas continue to be one of the most controversial of traded commodities, capable of generating headlines worldwide, as indicated in early 1999 by the trade war that erupted between the USA and the EU over the latter’s banana importation policy. Nevertheless, much has changed about the industry besides the inevitable march of technological advances that lies beyond the scope of this research. Such advances over many decades have improved production, handling, and transportation systems while increasing the industry’s environmental impacts in producing countries. Otherwise, the most critical changes affecting the empire can be classified into three broad categories. These are changes that contributed to ending the splendid isolation that allowed the empire to be created in the first place, external events that have driven the industry, and the push toward economic diversification that characterizes most developing countries today. Each is considered below.

The banana zones are no longer the isolated geographical regions they were during their formative stage for several reasons, most of which devolve from the changing nature of Latin American states. Latin America responded to the disruption of traditional trading patterns brought about by the Great Depression and World War II by attempting to reduce its historic dependence upon northern countries. The ensuing period of economic nationalism expanded the role played by governments throughout the region, particularly with regard to the oversight and regulation of matters related to economic development. Over time, states increased their penetration into previously remote areas and enhanced the infrastructural links between such places and the national core regions. Those linkages took various forms including road, railroad, boat, airplane, telegraph, telephone, and, more recently, fax, email, or other new means of
telecommunications. Some provided benefits to the fruit companies, offsetting the fact that they increased national integration and overcame the historic isolation of the banana zones. Better roads in particular eased transport of bananas from far-flung plantations directly to port facilities and reduced the relative importance of control of railroads by the banana firms. By the 1950s, the United and other fruit companies found it increasingly difficult to operate beyond the scrutiny of the much larger state apparatus that accompanied economic nationalism in the banana exporting countries. In the 1960s, an international dimension was added when international governmental organizations including the United Nations, the Organization of American States (OAS), the Caribbean Community (CARICOM), and their subsidiaries began to function throughout the region. Several of these entities conduct agricultural research of various kinds that increases the information flow about banana industry matters. Non-governmental organizations (NGOs) represented another significant addition to the scene. The proliferation of such groups since the 1960s helped bring banana-related issues before the public in both exporting and importing countries. NGOs have often focused their attention on such matters as labor organizing, human rights, gender issues, and environmental degradation, all of which interact in substantial ways with the industry. They have played a great role in sensitizing consuming publics in northern countries to abuses within the industry, creating public relations problems for the fruit MNCs and making it increasingly difficult for them to behave in the cavalier manner that characterized the early decades of the empire.

Larger state bureaucracies required more funds and by the 1970s, governments were assessing heavier tax burdens on the fruit companies. Though many argued that those tax obligations remained comparatively low in global terms while profits continued to be high, the share of public sector revenues generated from the banana industry increased significantly. In more socially advanced Latin American societies like Costa Rica, such monies enhanced the funding of social service networks which, though never sufficient, substantially improved during after the 1950s.

External events beyond the Great Depression and World War II also affected the empire. Anti-trust activity in the United States during the 1950s weakened the United’s grip on the region’s banana industry and created more space for competitors to operate. Control of the industry today, however, remains highly concentrated in the hands of a few major corporations, particularly United Brands, Standard Fruit, Del Monte, and Fyffes, Ltd. The former is the successor company to the UFCO and operates region-wide under the Chiquita brand name through many subsidiaries. Standard Fruit adopted “Dole” as its brand name for bananas and other fruits that it produces and/or markets. Del Monte is the smallest of the three North American-based firms while Fyffes, Ltd. is a British-Irish firm (a subsidiary of the United until 1986) that handles much of the fruit imported into the British Isles. All of the major firms purchase much of the fruit they market from the so-called “independent” farmers. As noted earlier, these farmers are often nationals of the producing countries and bear most of the industry’s risks, which are involved in its production stage.

More recently, European integration affected the nature of the banana industry and the banana empire. Greater consumption of bananas by Europe’s increasingly wealthy middle class led to the EU’s rise into the leading position among world banana markets by the early 1990s, replacing the USA. The implementation of the Single European Market in 1993 necessitated the creation of a common EU importation regime that same year for bananas as well as for each of
the thousands of other products purchased from non-EU countries by member states. It is significant to note that bananas were the last of those thousands of items for which an accord was developed, indicating the degree of controversy that continues to surround this fruit. The resulting regime was very complex; three of its provisions are noteworthy here. First, the regime sought to guarantee market shares for EU producers (e.g., Martinique, Guadeloupe, the Azores, Madeira, Canary Islands, Crete) and for twelve former colonies of EU members who are part of the larger Lome Convention group of 70 African-Caribbean-Pacific (ACP) states (e.g., Belize, Dominica, Grenada, Jamaica, St. Lucia, St. Vincent and the Grenadines, Suriname). Bananas from those sources are mostly produced on small farms and are not competitive price-wise with production coming from large-scale, efficient plantations like those that dominate the industry in Latin America. Second, to allow space for those uncompetitive bananas, the regime limited banana imports from third countries, mostly the Latin American exporters whose very competitive fruit would displace EU and ACP bananas in a free market situation. Finally, the policy also created a licensing system that to permit EU firms that historically handled ACP bananas in Europe to begin handling 30% of the third country bananas entering EU states (Commission of the European Communities 1993). Since 90% or more of the profits involved in the banana industry are reaped during its post-production stages, this last provision represented a huge transfer of activity and wealth to EU firms from the three large North American MNCs. Chiquita was especially hard hit by this policy and used its continuing political influence to get the US government to intervene on its behalf. The US challenged the European policy in the WTO who ruled in its favor in 1998. The EU must change its policy but, as of 1999, was still reluctant to do so in ways acceptable to the US.

The EU-US banana battle provides a barometer of the contemporary banana industry. It illustrates the continuing political influence of the banana MNCs, both North American and European. Despite the fact that the US will be affected by social turmoil and emigration in the Caribbean countries whose banana industries are threatened by the WTO ruling, it chose to act on behalf of its corporate elites rather than pursue a more balanced policy. The EU provides the special licenses free of charge to its banana import firms while arguing that the purpose of its policy is to protect EU producers and consumers and ACP producers. Latin American states reacted in a dramatic fashion when the EU importation regime was announced in 1993, undermining a diplomatic relationship of great significance to them for the balance it provides in their dealings with the dominant power to their north. This indicates the continuing importance of the banana industry there and the fact that the United and its rivals can still command support in the region’s political circles. The Caribbean ACP states supported the EU policy, which they argued was essential to the survival of the industry in their countries. They see the banana battle as a David versus Goliath struggle that pits thousands of peasant farmers who comprise the bedrock of Caribbean democracies against the large North American MNCs who, they argue, exploit cheap labor to produce inexpensive bananas (Wiley 1997).

Diversification, the third significant change affecting the banana empire, is related to external policies forthcoming from the World Bank and International Monetary Fund as a result of foreign debt crises during the 1980s. The need to service foreign debt payments created an imperative to boost foreign exchange earnings on the part of the governments of many developing countries, including the banana exporters. This imperative extended into agricultural activities as well as other economic sectors, leading to many efforts at crop diversification within the vast
banana zones of coastal Latin America and the far smaller banana production areas of the Caribbean ACP states. The contemporary push toward non-traditional agricultural exports (NTAEs) reflects this priority. Countries that competed for decades on world banana markets now find themselves competing for market shares for an array of tropical goods that they are capable of producing but had not tried to export previously in significant quantities. The lowland tropics once dominated by bananas or sugar are now home to citrus groves, flower and horticultural farms, ponds of shrimp and prawns, tilapia experiments, cocoa and pineapple plantations, mango orchards, and fields of a great variety of other fruits and vegetables. NTAE philosophy suggests that greater diversity increases export earnings while providing a more stable income picture from year to year by cushioning the impact of price or demand declines for individual export products. While this is often the case, it must be noted that diversification efforts are fraught with challenges and great difficulties, especially when so many countries seek to pursue the strategy simultaneously. As the body of this paper illustrates, there are many aspects to consider with the establishment of just one industry and the countries involved encountered many problems with their banana industries. They now face such an array of issues for every industry in which they hope to establish a foothold. The investments required to implement such efforts successfully will be enormous and may well prove unattainable for many of the smaller states currently attempting to progress along the NTAE path. In all of this, however, the banana experience has proven instructive for the awareness it has created among the host countries. They fully realize many of the risks involved in setting out on such a new route and recognize that they must find new formulas that will allow them to transport and market their new exports in ways that do not replicate the dependency situation engendered by bananas. This is clearly a difficult challenge.

The banana MNCs themselves are participating in the diversification process. As they have taken land out of banana production, preferring to source that fruit from independent growers, they have converted portions of their still substantial landholdings to other uses. African palm production now occupies grand swaths of land along Costa Rica’s Pacific coast and in northern Honduras. That crop requires significantly less labor once the trees are planted; it serves domestic markets in addition to being an export crop. Del Monte and Dole operate huge pineapple plantations in Central America, where Costa Rica now ranks as a leading exporter. Thus, the traditional MNCs have kept pace with changing times and diversified their own portfolios while attempting to continue their dominance of the banana industry.

What does all of this say about the banana empire today? Clearly, it differs in substantial ways from what existed during the empire’s early decades. It occupies much of the same space but does so within a very different milieu. Its ability to dominate its environment has been mitigated by the increasing complexity of the societies that surround it and increasingly penetrate it. All of this has been discussed above. Yet in other ways, it functions in ways similar to those of its golden era. It exercises political influence wherever possible. It maintains a degree of secrecy about the details of its operations uncharacteristic of many modern enterprises. It continues to take advantage of easily exploitable workforces wherever possible, employing an overwhelming percentage of foreigners in Costa Rica and Belize, many of them there illegally rendering them unable to complain about unfair labor practices. It adopts strategies like the increasing use of contract labor to minimize its share of the higher social costs of labor in contemporary Latin American and Caribbean societies. It avoids socially responsible,
environmentally and health-oriented production practices while suppressing research and labor organization efforts that attempt to call attention to these issues.

In conclusion, the banana empire continues to flourish as the twentieth century approaches its end. In general, however, today's version of the empire functions within limits that did not exist during its early decades. It does so by continuing to implement many of the strategies that provided its initial successes. It remains on the cutting edge of technology development that enables it to carve out an initial advantage each time production systems are advanced, generating great profits in the process. It continues to test the limits presented by governments, as it did during the empire's heyday up to the 1930s, evidenced today by its ability in 1993 to convince Latin American governments to reduce export taxes in response to the crisis presented by the EU importation policy and its flagrant violations of fair labor practices in Belize, Costa Rica, and elsewhere.

As the 21st century begins, conditions appear favorable for future growth of the banana empire. The demise of Lome Convention trade preferences set to expire in 2000 and the WTO's positive outlook on free trade will likely allow the North American MNCs to recapture their share of the lucrative EU market. The weak bargaining position of civilian governments in Latin America, struggling under the strain of foreign debts and structural adjustment programs, renders them more malleable to the influential pressures exerted by MNCs generically and, once again, to the banana MNCs specifically. The Caribbean ACP states will be preoccupied with their economic survival, following the demise of their banana industries. Overall, the current neoliberal climate, should it continue, will provide the kind of nurturing environment in which the banana empire will reassert itself even though contemporary sensibilities dictate that it do so in socially less objectionable ways than was the case while the empire was being created in a different time.

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