

Residents of the Republic: Missing Lands and Fingers

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Abstract

This paper will demonstrate the damage that the practices of North American companies have caused the nations of Central America while conducting business abroad. Beginning in the 1870s international fruit companies exploited the local land and labor of Central America in their pursuits of wealth. The general attitude of the companies toward the people and governments of Central America was paternalistic. Foreign fruit companies acquired vast tracts of land throughout Central America and built relationships with community leaders to ensure local favor. Findings confirm that fruit companies received concessions from local and national governments. Foreigners owned or controlled nearly all fruit plantations and production in Central America. Rarely did laborers employed by the fruit companies enjoy the benefits of company profits. Research has determined that lower class residents and workers had no means of opposing the oppressive fruit companies. The profits of fruit companies served only to increase the wealth of foreign investors and local elites. Evidence indicates that foreign fruit companies created pristine enclaves for white US citizens working in Central American countries. These white workers held all the management jobs while local workers held only manual and unskilled positions. Studies reveal that investment in Central American countries by these international companies was only done if it proved beneficial to either the fruit company or the fruit market. As factors emerged which made the plantations less profitable, the companies abandoned them and the countries in which they were located. Natives were left with no more than missing lands and fingers.

Introduction

History is loaded with international instances and hostile resolutions. United States businesses and government agencies and officials have had much involvement in many of these very situations. American history includes much propaganda and many buzz words used to gain

public approval. Manifest destiny, survival of the fittest, paternalism, protectorate, and hemispheric defense all aided in creating national support, likewise all aided in causing diplomatic discontents. The United States is now a part of a global community. Policies and practices impact that community as well as how one is judged and regarded within it. Blatant disregard and exploitation of the people and resources of foreign countries has created contempt and hostility. This has been a tragic and significant part of United States diplomatic history. Ethnocentric and arrogant Americans have taken advantage of foreign countries. This history is important because it established a selfish superiority complex that continues to exist today. Past diplomatic actions must be remembered in order to improve international standing in the present. This paper will describe the ongoing devastation that selfish pursuits of the past have caused Central America.

International fruit companies from the United States obtained vast tracts of lands and exploited the local populations of Central America in their patronizing establishment of the banana industry. To achieve this goal, foreign businessmen manipulated government officials in Central American countries while the local governments granted numerous concessions, thereby enabling foreign investors to take control over area resources. Native laborers employed by the foreign companies did not enjoy benefits of company profits, even though workers from the United States enjoyed exclusive enclaves built for their stay in Central America and the local elite enjoyed the benefits of foreign investment. International companies owned or controlled all area production. Lower class residents and workers lost any means of opposing the oppressive fruit companies. Natives were hired for machete work, while managerial jobs were reserved for whites. Profits of the fruit companies served only to increase the wealth of foreigners and local leaders. Any investment in Central American countries by international companies was made only if it proved beneficial to the fruit company.

Origins of the United Fruit Company

Initially, foreign fruit companies purchased bananas from local growers. Local producers were pushed aside as fruit companies expanded their business activities and merged into a large international company. Area farmers could not compete with the production of the United Fruit Company, who controlled the market and desired ownership of all available land. Local growers who chose not to sell their properties had their presumably flawed fruit rejected at the wharf,

which was also controlled by the fruit company. Those who did sell to the company were pressured to accept undervalued payments.¹ United Fruit Company systematically monopolized the entire banana market.

Captains of schooners sailing the Caribbean during the 1860s began purchasing bananas on their journeys and marketing them in the United States. In 1870 Captain Lorenzo Baker bought some bananas at a Jamaican market and easily sold them in Boston for a profit of 1,000 percent.² Soon thereafter he founded Boston Fruit Company with Andrew Preston and others to market this profitable produce. Boston Fruit Company operated a fleet of boats for the transportation of bananas from the Caribbean to Boston for marketing. The banana market proved to be a worthwhile business and American investors sought control of this newly emerging opportunity.

A railroad was being constructed in 1871 from Puerto Limón to the capital city of San José under a contract between the Costa Rican government and Henry Meigs, a railroad tycoon from the United States who had recently built railroads in Chile and Peru. Meigs gave control of the project to his nephew, Minor Keith.³ In order to fund his railroad project Keith planted bananas along the railway for resale. Rather than marketing this produce within Costa Rica and adding to the development of Central America, the bananas were instead transported to the coast for shipment to the United States where the fruit was then marketed and sold. Keith founded Tropical Trading and Transport Company for the production and distribution of his bananas between Costa Rica and New Orleans.

The Boston and Tropical Companies were both successful in the banana market however they both experienced hardships from disease and natural disasters. In the early 1890s

¹ Acker, 61.

² Ashley Acker, *Honduras: the making of a banana republic*, (Boston: South End Press, 1988), 60.

³ Kyle Longely, *In the Eagle's Shadow: The United States and Latin America*, (Wheeling: Harlan Davidson, Inc., 2002), 93.

hurricanes destroyed plantations of Boston Fruit and floods ruined plantations of Tropical Trading and Transport. Financial difficulties resulting from severe weather caused Keith and Preston to expand their efforts. In 1899 Tropical Trading and Transport merged with Boston Fruit Company to form United Fruit Company.⁴ After incorporation, United Fruit Company acquired additional firms and as a result gained vast amounts of land for expanded production. Additionally, United Fruit Company received enormous concessions of land from the governments of Honduras, Costa Rica, Guatemala and the British Honduras in exchange for financial benefit from the fruit company.

Labor

During the first part of the twentieth century foreign fruit companies created exclusive societies for whites who managed plantations throughout Central America. These pristine communities were closed to Central American laborers who lived in poverty.⁵ White workers held all of the management jobs and local workers were limited to only manual and unskilled positions. The banana industry effectively became an enclave for influential foreigners who increasingly gained control over area politics and economics.⁶ The increasing control only benefited the interests of foreigners and local elites. Local workers remained merely as a cheap and expendable source of labor.

Because local leaders enjoyed financial benefits from foreign capital, working conditions went unnoticed and workers complaints remained unresolved. If local workers wanted to

⁴ Elisavinda Echeverri-Gent, "Forgotten Workers: British West Indians and the Early Days of the Banana Industry in Costa Rica and Honduras", *Journal of Latin American Studies* 24:2 (May, 1992), 278.

⁵ John Charles Chasteen, *Born in Blood and Fire: a concise history of Latin America*, (New York: W. W. Norton & Company, Inc., 2001), 186.

⁶ Longley, 93-94.

participate in the banana business they did so under the dictation of United Fruit Company. Central Americans were dependant upon agricultural exports, yet less than half of those working in the farming industry owned farm land.⁷ In sum, native farmers were coerced into working for United Fruit Company. Instead of reaping their own fruits, farm workers were forced to labor under a system of debt peonage, whereby native laborers became forever indebted from underpayments, low wages, credits and provisions, while at the same time trying to afford inflated living expenses in the foreign owned and controlled banana industry. Any of the landless natives who resisted the fruit company found themselves deemed as vagrants, legally prosecuted and charged to work on the plantations as the means of punishment and retribution.

To guarantee low wages, United Fruit Company imported laborers, such as West Indians and Garifunas, from the Caribbean to work on their immense lands.⁸ Competition was thus created from an endless supply of labor and therefore workers who complained could be easily replaced.⁹ The overabundance of labor also caused many tensions among the workers. Native and immigrant workers alike were exploited by United Fruit Company. Laborers often worked without an employment contract and as a result were taken advantage of by the company. Workers were often crowded into horse stables, which served as their living quarters.¹⁰ Wages were delinquent or unpaid and the cost of living was highly inflated. Malaria was an ongoing concern, as was illness and injury from extreme work conditions. Most native and immigrant laborers on the plantations performed machete work, which had the obvious and tremendous risk of physical danger, such as severed fingers. Severed fingers can be considered commonplace due to the intense manual labor of weeding and harvesting with machetes.¹¹ Laborers were treated like cattle that could be easily disposed of, especially those who complained. In the early 1900s workers began attempting collective organization by protesting and refusing to work.

⁷ Peter Dorner and Rodolfo Quiros, "Institutional Dualism in Central America's Agricultural Development", *Journal of Latin American Studies* 5:2 (November, 1973), 218.

⁸ West Indians are also known as Jamaicans, while Garifunas are also known as black Caribs.

⁹ Echeverri-Gent, 298.

¹⁰ *Ibid.*, 290.

¹¹ For further discussion on the manual labor of banana plantations refer to the following sources; Victor M. Cutter, "Caribbean Tropics in Commercial Transition", *Economic Geography* 2:4 (October, 1926), 499.

Clarence F. Jones and Paul C. Morrison, "Evolution of the Banana Industry of Costa Rica", *Economic Geography* 28:1 (Jan., 1952), 14.

UFCO responded by calling in authorities. Worker protest ended with laborers being beaten and shot by military troops.¹²

Competition, Conflict and Compromise

During the early 1900s United Fruit Company was also confronting competition from foreign entrepreneurs wanting to also stake a claim in the banana market. Samuel Zemurray began by marketing ripe bananas in New Orleans. In 1905 Zemurray moved to Honduras where he purchased the Cuyamel Company. Edwin Ferguson with Hans Knudsen owned and operated Knudsen-Ferguson Fruit Company in Duluth from 1900 to 1908. Between 1908 and 1912 Ferguson purchased land in Honduras and founded Tela Fruit Company. Cuyamel would become a significant and competitive rival to United Fruit Company.¹³ On the other hand, Ferguson had planned from the very beginning of his venture that he would purchase land to be developed into a productive banana plantation and then sell out for a profit.

In 1912 Edwin Ferguson incorporated Tela Fruit Company in the State of Delaware with 2000 shares valued at \$100 each. Tela consisted of 1800 hectares, equivalent to just under 7 square miles, and a railroad right of way. United Fruit Company owned all seafront property, except at Tela, which stands between the railroad and Port Sol Wharf. For two years United Fruit Company had been working to purchase all of the local land. Ferguson believed his property was the best tract of land not yet owned by United Fruit Company. Ferguson worked vigorously to develop and maintain the productivity of Tela. Although United Fruit Company argued that the Tela property held no significant value and was in fact worthless, they did offer a contract to purchase Tela for \$250,000 in July of 1913.¹⁴

Samuel Zemurray passionately wanted to establish his own banana republic in Honduras, for within a banana republic one could control local officials as well as their practices and policies through an exchange of favors and courtesies. However United Fruit Company had already established their company in the area by fixing U.S. loans for the Honduran government.¹⁵ In order to remove and then replace the control by United Fruit Company, Zemurray arranged for the former president Manuel Bonilla to oust the current Honduran

¹² Ibid., 291.

¹³ Longley, 133.

¹⁴ Edwin M. Ferguson, Papers, 1910-1914. Minnesota Historical Society, Special Collections, St. Paul.

¹⁵ Acker, 63.

president Miguel Dávila. Zemurray and the U.S. State Department supported a coup d'état under the protection of U.S. Marines to remove the Dávila administration and reinstall Manuel Bonilla.¹⁶ The coup was a success and after Bonilla became president in 1912, Zemurray received vast concessions as the government reorganized as a virtual banana republic.

Competition

between Zemurray and

United Fruit Company

helped to instigate

border disputes and

revolutions. Honduras

and Guatemala

experienced border

warfare in 1909 and

Honduras and

Nicaragua both erupted

in revolutions between 1907 and 1911.¹⁷ The lands being disputed along the Guatemala-

Honduras border were part of United Fruit Company plantations. Likewise banana plantations of

Cuyamel overlapped the disputed border of Nicaragua and Honduras. Hostilities were the result

of discontent with foreign control and corruption by fruit companies and the local governments

and elites. Banana entrepreneurs made it a common practice to pay local elites, offer loans to

local governments and bribe officials, which resulted in much of the aggression. Hostility and

revolt along these borders ended with the merger of United Fruit and Cuyamel Companies in

1929, which was maintained by United States intervention. By this time United Fruit Company

had gained an enormous empire comprised of well over a million acres of land and consisting of

nearly 100,000 employees throughout Central America.

Influence and Infrastructure

International fruit companies significantly influenced the politics of Central America.

Fruit companies relied on their clout with local officials. Fruit company representatives used this

¹⁶ Longley, 133. Acker 64.

¹⁷ Dexter Perkins, *The United States and the Caribbean*, revised. (Cambridge: Harvard University Press, 1966), 162-163.

clout to manipulate the officials and create competitive rivalries between regional governments. In San Pedro Sula of the Atlantic coastal area of Honduras over half of the mayors between 1884 and 1945 participated in growing bananas and marketing them with international companies.¹⁸

Honduras became so politically slanted by the fruit companies that political instability and fragmentation was the outcome that lasted well into the twentieth century. Politics were much

the same for all other Central American countries, as foreign fruit company representatives and entrepreneurs either bribed or paid local officials for favors and services.

United Fruit Company received prime agricultural lands and a monopoly over the banana industry in exchange for building up the local infrastructure and economy, which the company controlled. Railroads were constructed throughout Central America by the fruit company. United Fruit Company also introduced modern medical facilities, ocean transport services, hotels and radio communication.¹⁹ United Fruit Company provided mail and freight services on their many trains and ships to Central Americans. Foreign investors implemented the use of enhanced agricultural technologies, such as irrigation, mechanization and pesticides. Additionally, the international companies provided seemingly endless work throughout Central America. United Fruit Company became the largest employer and landowner while also dominating the Central American economy and controlling the bulk of all area exports. United Fruit Company achieved this monopolistic position by purchasing as much land as possible in order to control production and dictate prices of the banana market.²⁰

¹⁸ Darío A. Euraque, *Reinterpreting the Banana Republic: region and state in Honduras, 1870-1972*. (Chapel Hill: The University of North Carolina Press, 1996), 25.

¹⁹ Cutter, 503-504.

²⁰ Mark Moberg, "Crown Colony as Banana Republic: The United Fruit Company in British Honduras, 1900-1920", *Journal of Latin American Studies* 28:2 (May, 1996), 361-362.

Abandonment and the End

Because bananas devastate the soil and after roughly ten years the production of fruit by any given plantation will decline significantly, United Fruit Company practiced large-scale succession planting and regular abandonment of plantations.²¹ United Fruit Company bought up nearly all available land in all Central American countries to quell any competition and to implement succession planting which progressively destroyed the lands. Succession planting and harvesting is necessary on separate plantations in order for the company to achieve a continuous supply of bananas and thus continuous profits. After banana production starved the soil and soon after declined, United Fruit Company completely abandoned the area and destroyed the infrastructure by removing production facilities and railroad tracks to prevent possible future competition.

Although United Fruit Company introduced infrastructure improvements such as medical facilities, communications and employment, this was done solely to increase productivity and profits for the company. Productivity did increase but only temporarily and momentary productivity is only beneficial for a short period of time. Furthermore, most locals did not enjoy company profits, as did the whites. When plantations were abandoned the whites either reinvested in another plantation or returned home with the proceeds from their investment, natives on the other hand did not have this option. After relocating planting and production of the company due to corporate strategy the natives were left with no more than missing lands and fingers.

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²¹ Cutter, 495.

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