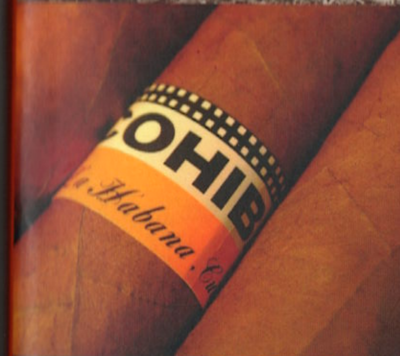
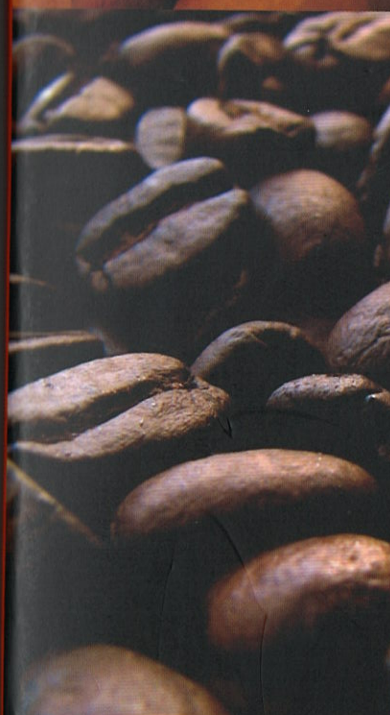


LATIN AMERICAN COMMODITY CHAINS AND THE BUILDING OF THE WORLD ECONOMY, 1500–2000



FROM SILVER TO COCAINE

EDITED BY
STEVEN TOPIK,
CARLOS MARICHAL
& ZEPHYR FRANK

LATIN AMERICAN STUDIES / WORLD HISTORY

"*From Silver to Cocaine* is an ambitious and novel application of the 'commodity chain' approach to the insertion of a whole continent into the world economy. It has no rivals."

—William Gervase Clarence-Smith, author of *Cocoa and Chocolate, 1765–1914*

"*From Silver to Cocaine* is an important and innovative collection. It provides a corrective to the purely national studies of commodities and of export sectors, and to studies that posit influence in only one direction, focusing on the international penetration of capital and trade *into* Latin America. This book makes a strong statement about the direction of future research: it should be required reading for anyone interested in the economic history of Latin America, broadly conceived."

—Edward Beatty, Kellogg Institute for International Studies, University of Notre Dame

Demonstrating that globalization is a centuries-old phenomenon, *From Silver to Cocaine* examines the commodity chains that have connected producers in Latin America with consumers around the world for five hundred years. In clear, accessible essays, historians trace the paths of many of Latin America's most important exports: coffee, bananas, rubber, sugar, tobacco, silver, henequen (fiber), fertilizers, cacao, cocaine, indigo, and cochineal (insects used to make dye). Each contributor follows a specific commodity from its inception, through its development and transport, to its final destination in the hands of consumers. The essays are arranged in chronological order, according to when the production of a particular commodity became significant to Latin America's economy. Some—such as silver, sugar, and tobacco—were actively produced and traded in the sixteenth century; others—such as bananas and rubber—only at the end of the nineteenth century; and cocaine only in the twentieth.

By focusing on changing patterns of production and consumption over time, the contributors reconstruct complex webs of relationships and economic processes, highlighting Latin America's central and interactive place in the world economy. They show how changes in coffee consumption habits, clothing fashions, drug usage, or tire technologies in Europe, Asia, and the Americas reverberate through Latin American commodity chains in profound ways. The social and economic outcomes of the continent's export experience have been mixed. By analyzing the dynamics of a wide range of commodities over a five-hundred-year period, *From Silver to Cocaine* highlights this diversity at the same time that it provides a basis for comparison and points to new ways of doing global history.

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Banana Boats and Baby Food: The Banana in U.S. History

Marcelo Bucheli and Ian Read

THE PEJORATIVE TERM "banana republic" has been used to depict a backward country ruled by a despotic dictator, populated by poor peasants, and dependent on the will of foreign multinational corporations. Opinions about the United Fruit Company have helped shape this prevalent historical image of Central America. This Boston-based company, established in 1899, created a huge production and marketing network of bananas from the Caribbean to the United States that included plantations in the tropics, housing facilities, hospitals, railways, telegraph lines, ports, and the largest private steamship fleet in the world, the Great White Fleet. With this network United Fruit created the most successful vertical integration in the agrarian sector in the first two decades of the twentieth century—a time when the world witnessed other processes of industrial vertical integration in such companies as Ford and Standard Oil.[1] United Fruit controlled the international banana trade during the first six decades of the twentieth century and had an extremely high degree of control of the local economies of Honduras, Guatemala, and Panama, countries that depended on bananas for most of their foreign trade. So many aspects of the host countries' societies were affected by the company's operations that the locals nicknamed it El Pulpo (the Octopus).

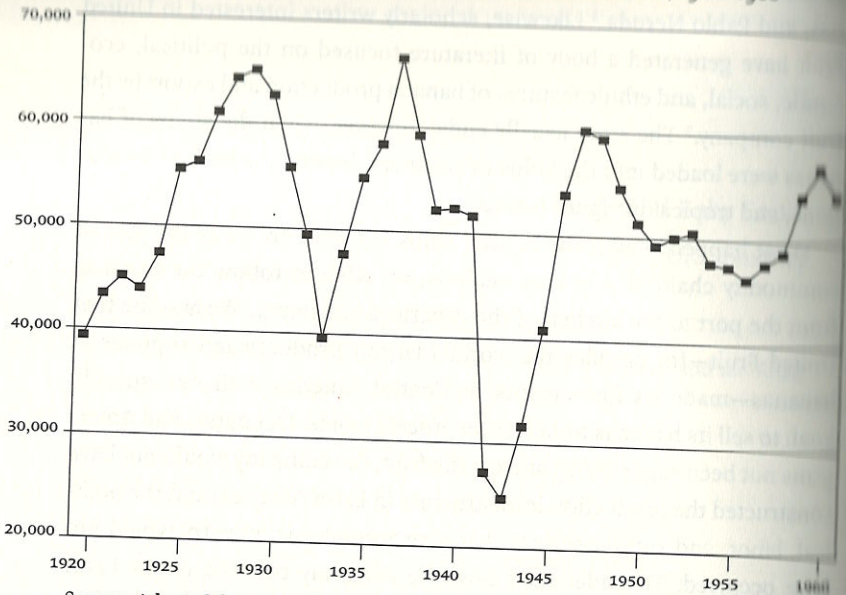
The idea that this company exploited its workers or meddled in Latin American politics has gone far beyond academia and has been illustrated by important writers such as Gabriel García Márquez, Miguel Angel Asturias, and Pablo Neruda.[2] Likewise, scholarly writers interested in United Fruit have generated a body of literature focused on the political, economic, social, and ethnic features of banana production and export by the fruit company.[3] The story usually ends, however, when the stems of bananas were loaded into the holds of steamers, leaving the strikes, revolutions, and tropical intrigues behind.

What happened after the banana ships left port? By using the idea of commodity chain as a unit of analysis, we wish to follow the bananas from the port to the kitchen of the American consumer. We assume that United Fruit—for decades the world's largest producer and supplier of bananas—made its investments in Central America with one specific goal: to sell its bananas to American grocery stores. Of course, had Americans not been eager to buy and eat the fruit, the company would not have constructed the production infrastructure in Latin America; and the political, labor, and social conflicts that rose around this industry would not have occurred. To understand how the company behaved on its Latin American plantations and why, it is crucial to understand how its consumer market evolved, what factors affected the consumption of bananas, and how United Fruit was constrained and altered by media representation and U.S. politics.

A long-term analysis of the banana market in the United States shows that most of the change in consumption patterns took place during the twentieth century. Banana imports grew steadily since their inception in U.S. markets except during World War I, the Great Depression, and World War II (Figures 1 and 2). Not only did the volume of bananas imported to the United States increase throughout the twentieth century, but so did per capita consumption. In 1909, Americans ate an average of 17 pounds of bananas a year; in 1997 they were consuming about 27 pounds. The crises generated by World War I, the Great Depression, and World War II negatively affected per capita consumption but there was also a long period of stagnation and decline during the 1950s and 1960s. It ended in the 1970s, when Americans rediscovered bananas as a health food. What caused these fluctuations?

We approach this problem by asking two questions. First, what factors affected banana consumption in the United States? Second, what factors affected United Fruit's operations? Before World War II the demand for fresh fruit could not be satisfied by local production because of the seasonal availability of most fruits in the United States. The growing urban

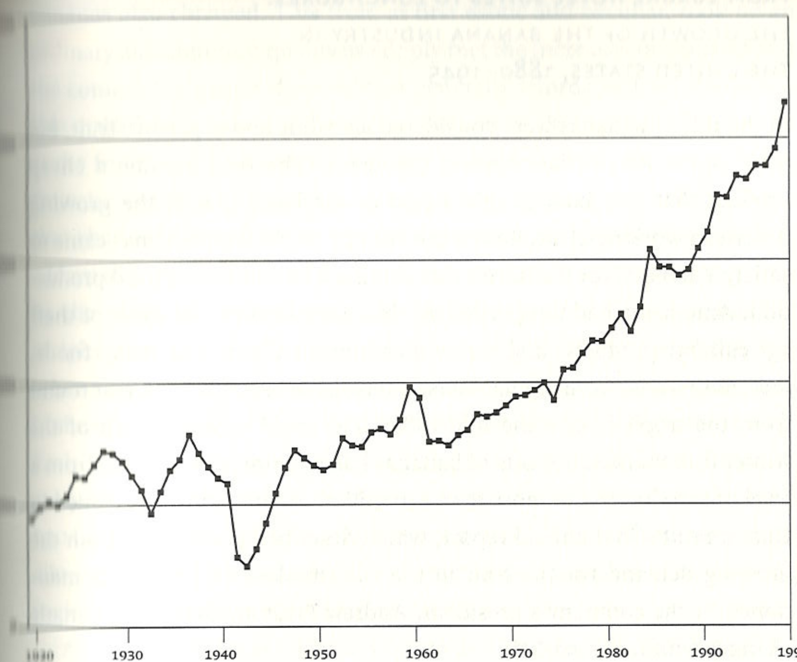
... of stems of bananas imported by the United States, 1920–1960



Source: Adapted from Marcelo Bucheli, *Bananas and Business: The United Fruit Company in Colombia, 1899–2000* (New York: New York University Press, 2005), 25.

population and lack of substitutes steadily increased the demand for bananas, and the expanding United Fruit Company satisfied this demand by vertically integrating its operations, eliminating competitors, and aggressively marketing its product. By these means, the company helped stimulate demand and maintain an oligopoly over the production of bananas in Latin America and the distribution of the fruit in the United States. The company's dominant position arose during an era of trustbusting, but it did not face strong legal opposition from the U.S. government because of a strategic relationship between the company and the State Department and because many of the media saw the company as a "civilizer of the tropics." After World War II, the company's privileged position ended. First, the demand for bananas in the United States decreased because of the introduction of new substitutes such as frozen and canned fruit, and demand recovered only in the 1970s, when concerns about a healthy diet revived consumption of bananas. Second, the strength of the company waned because of legal action it faced from the U.S. government and new criticism in the American media. These interrelated factors, along with a more competitive market, put the company

Tons of bananas imported by the United States, 1920–1999



Source: Marcelo Bucheli, *Bananas and Business: The United Fruit Company in Colombia, 1899–2000* (New York: New York University Press, 2005), 26.

in financial jeopardy. In the end, it was compelled to share the market with its competitors, a process that was also influenced by labor and political problems in Latin America. Directly related to the decline in its market share, the company lost much of its influence over Latin American politics and was forced to change its relationship with its plantation laborers. The era of banana republics had ended.

This essay is divided into two parts: first we study the factors affecting the demand for bananas, the structure of the banana industry, and United Fruit's relationship with the U.S. government between 1880 and 1945. In the second half, we explore how these themes changed after World War II. Our sources include U.S. congressional and State Department records, Department of Agriculture statistics, the United Fruit Company's annual reports, the *New York Times* and popular magazines, and statistical information from various government agencies. We conclude with a brief discussion of the use of commodity chains in writing history.

FROM LUXURY HOTEL SUITES TO LUNCHBOXES: THE GROWTH OF THE BANANA INDUSTRY IN THE UNITED STATES, 1880–1945

In the 1880s, bananas were considered an exotic and expensive fruit, but their allure did not last beyond the 1920s. The fruit became a cheap product that was increasingly a part of the basic diet of the growing American working class. Before the Second World War, bananas came to satisfy a demand for fresh fruit that could not be fulfilled by local production. Americans had long relied on their own farmers for most of their agricultural products, and the winter months eliminated many foods, including fruits, from regular diets. But bananas were shipped year round from the tropics since the mid-1880s and could capture much of the winter fruit market. Imports of bananas had an impressive growth from a level of zero in 1884 to more than $10 million in the 1900s, as detailed in United Fruit's first annual report, which described gains made from the growing demand for the fruit in the U.S. market. The numbers mentioned by the company's president, Andrew Preston, show the dramatic changes within the market:

> Through its distributing department, the Fruit Dispatch Company, your company has organized a most thorough and systematic method of disposing of its products throughout the United States, agencies for marketing of the fruit having been established in all of the principal cities of the country. While only a short time has elapsed since its organization was perfected, the results have been extremely gratifying, not only enabling the consumer to purchase bananas at less cost than ever before, but largely increasing the consumption of the fruit. During the year 1901 the Fruit Dispatch Company distributed 18,906 carloads of tropical products, against 16,197 the preceding year, an increase of 2,709 carloads, or nearly 16 percent.[4]

This substantial growth continued for the first decade of the company's existence. In 1902, the company reported an increase of 12 percent in banana sales over the previous year and a significant reduction of transportation costs. Through the company's marketing efforts and continuing growth in consumer demand, the number of branches of Fruit Dispatch increased 50 percent in 1905 and 17 percent the following year. The company reported that demand was also growing in Europe, a market it planned to target next.

In the early years of the twentieth century Americans' perceptions of bananas also changed. This fruit, at first exotic and peculiar, took on an ordinary and common quality as supply met the increases in demand and the commodity's price dropped to a generally affordable level. But invisible market forces are not the whole story, since United Fruit placed itself at the forefront of advertising strategy and marketed a new image of the fruit. Recent studies have demonstrated how the banana's cultural position changed.[5] For example, in the late nineteenth century bananas were advertised as an item served only in upscale hotels and restaurants, but by the early twentieth century, women's magazines began to publish recipes that called for bananas as an ingredient. George Gershwin and other songwriters featured bananas in their songs, and many Americans hummed the tunes of "Yes, We Have No Bananas!" and "Banana in Your Fruit Basket." John Soluri has even found a larger role for bananas in everyday language, with such terms as "top banana," "banana boat," and "go bananas" entering the common vocabulary.[6] Thus, as bananas gradually disappeared from the menus of expensive restaurants, they increasingly found a place in our common culture.

As bananas were associated to a greater degree with the diet of the poor and the immigrant, the import companies tried to influence demand by distributing books and pamphlets that highlighted the benefits of bananas for everyone. Their main target was housewives, who not only were introduced to banana recipes but also were assured of the nutritional value of the fruit and its advantages as baby food. Infants, the importers asserted, would not fuss over the fruit's texture and taste. Distribution companies worked to change the popular belief that respectable ladies should not eat bananas in public. These efforts were so successful that many people began to think of bananas as a fruit only for women and children.[7]

The changing beliefs about the banana were evident when in 1913 the Senate Finance Committee proposed a tax of 5 cents per bunch. This bill faced strong opposition from import companies, consumer groups, and the media. Many of the small import companies argued that the tax would put them out of business and reinforce the dominating power of the United Fruit Company. The members of the Tariff Reform Committee argued that this tax was regressive because bananas were widely consumed by poor people and was the only fruit available all year in grocery stores at an affordable, stable price. Furthermore, several consumer organizations testified that the tariff was going to hurt working-class famities. Finally, the *New York Times* published several articles criticizing the regressive nature of the tariff. The debate continued until the end of the year, when the banana tax was quietly dropped from the tax list in the Underwood-Simmons Bill.[8]

Were the opponents of the bill right or wrong? One can speculate on the legislation's effects and the ubiquity of bananas in the United States by analyzing the per capita consumption of bananas during this period. Between 1909 and 1914 the consumption of bananas per person during the year climbed from 17 pounds to 18.1 pounds. This increase becomes even more significant when one calculates the weight of bananas among all fresh fruits. Bananas represented 20.9 percent of all fresh fruits in 1909, and climbed to 26.5 percent in 1914.[9]

Bananas were important in the diets of American consumers by the early twentieth century. Taxing this fruit would have increased the price of more than a quarter of the fresh fruit consumed by Americans. Figures are not variable by season, but in view of the scarcity of apples, oranges, and other American fruits in the winter, bananas were eaten in greater proportions. By 1910, processed fruits represented just 9.9 percent of the per capita consumption of all fruits (processed and fresh) in the United States, increasing to 15.4 percent in 1914. Since fruit-processing technology had not been fully developed, canned fruit was not a popular substitute for fresh fruit. When strained fruit in little jars for babies became available in the mid-1930s, banana advertisements increasingly targeted young mothers.

A period of rapid urbanization, industrialization, and steady population growth helped expand the banana market. But this growth was interrupted by the First World War, when the U.S. government required United Fruit and the far smaller Standard Fruit to lend their ships to the war effort. Imports of fruits on the basis of per capita consumption declined dramatically, but they recovered when the conflict ended. In fact, United Fruit's management had enough confidence that the demand would increase that its 1919 annual report announced that it would expand the amount of land under cultivation, despite several years of deflated profits.[10]

The rise in imports after World War I can be attributed to the increasing demand of an unsaturated market. The per capita consumption of bananas increased at a very fast pace during the 1920s, stimulating the import companies to bring more and more fruit to the country. United Fruit also benefited during this period and it continued to advertise new ways to eat bananas. In 1924 it distributed a recipe book that encouraged consumers to eat their bananas with corn flakes and milk for breakfast.

Five years later, the company enlarged the advertising department of its Fruit Dispatch Company, which focused on new ways to consume bananas. This agency continued to push the bananas-with-cereal idea and even struck deals with cereal companies to promote each other's products. An educational department formed in the late 1920s sent information packets to elementary schools: teachers were to encourage their pupils to eat balanced meals by including bananas.[11] In 1925 the Education Department also began to publish a bimonthly periodical called *Unifruitco*, which featured articles on the company's plantations and ships. These tactics benefited the company but could not prevent a large slump in sales when the stock market collapsed in 1929, ushering in the Great Depression. The company's growth stagnated throughout the 1930s, and shareholders would wait until the end of World War II before they saw profits rise again.

The crisis of the 1930s affected the entire banana sector. The import companies faced challenges in their efforts to keep their imports afloat. Although the per capita consumption of all fresh fruit fell during the first four years of the Depression, the proportion of bananas eaten among all fresh fruits also declined. With money scarce, consumers had to concentrate their spending on necessities. Bananas reached their lowest point of sales of the interwar period in 1933, the same year in which per capita consumption of fresh fruit was at its lowest.[12]

Banana consumption increased in the late 1930s, together with a general improvement of the national economy. Contrary to what happened in other sectors of the U.S. economy, the outbreak of World War II halted the growth of the banana industry. During the war, both per capita consumption and total imports of bananas to the United States sank again to its lowest level in history, but, as we will see, the fruit companies' profits rose. Once the war was over, the banana import companies prepared themselves to resupply the U.S. market with the fruit, but they found that the market had once again changed: Americans were consuming more processed food and less fresh fruit, a problem United Fruit had to deal with in the following decades.

CONCENTRATION WITHIN THE BANANA INDUSTRY: THE RISE OF THE UNITED FRUIT COMPANY

Since United Fruit controlled between one-third and two-thirds of the entire banana market between 1900 and 1970, special attention needs to be given to its actions. United Fruit was incorporated in 1899 after the merger of several production and transportation companies. Then began a period in which the company was able to influence both the price of bananas in the United States and the actions of many governments in the producing Latin American countries. Some companies, such as the Cuyamel Fruit Company and the Standard Fruit and Steamship Company, tried to compete with United Fruit, but they never really challenged its dominant position. Standard Fruit was established in 1923 in New Orleans by the Vaccaro brothers, a family of banana importers. The company managed to control around 15 percent of the banana market but could begin to compete more seriously with United Fruit only after World War II, when it introduced some technological innovations that increased its plantations' productivity. Standard Fruit also got a boost when it acquired United Fruit's properties in Guatemala after the U.S. government forced United Fruit to divest its Guatemalan lands for failure to comply with antitrust legislation.[13] Cuyumel had a much different fate: it was acquired by United Fruit in 1933 after a price war failed to unseat the banana king. United Fruit's dominant position would continue until the end of the Second World War, when a variety of factors contributed to a decline in its market share and the slow deconcentration of the industry.

Between 1880 and 1900, more than a hundred companies or firms entered the banana business, affecting the growth of imports.[14] Many of these enterprises were small producers and importers that disappeared when the industry underwent quick consolidation at the end of the century. Minor C. Keith, a railroad entrepreneur who had planted banana trees alongside his tracks, approached Andrew W. Preston, president of the Boston Fruit Company, with a proposition to create the company from their holdings. Preston, a Bostonian like Keith, liked the idea and they incorporated United Fruit under New Jersey law in 1899. Their diverse assets proved to be complementary. Keith ran his railroad network and plantations in Central America and marketed his bananas to the southeastern United States. Preston grew bananas in the West Indies, ran a large number of ships, and sold to the northeastern states. By enlarging the area where they produced bananas, they could avoid being ruined by the floods and hurricanes that are common in the region.

Keith and Preston's leadership also proved lucrative for the new company. United Fruit's production infrastructure grew steadily as Keith cut narrow corridors through thick jungles to lay track. Railroad construction took an enormous toll on the mostly West Indian workers who laid the

tracks. Trevor Purcell wrote in 1993 that the great-grandchildren of these workers still remarked that "under every one of those *poleen* [railroad ties] is the body of a colored man."[15] In order to lay its railroad, the company purchased long-term contracts at extremely favorable rates from Central American dictators such as General Miguel Dávila of Honduras and Jorge Ubico of Guatemala. It planted banana trees on both sides of the new tracks and erected small mud-and-grass huts for its workers. Punctuating the dark green ocean of banana leaves were the white Cape Cod houses that the company built for its American plantation managers.

The company's plantations proliferated. During its first two decades, for example, the company's land quadrupled. The growth of production reflected an increase of demand in the United States and the company benefited enormously through the Fruit Dispatch Company's success in distributing bananas throughout the Midwest. The subsidiary continued to expand rapidly. In 1899 it had sixteen agencies selling bananas; by 1914, sixty agencies handled more than 50,000 railroad cars of bananas.[16] While these tactics benefited the company enormously, when the Great Depression hit and sales slumped, no amount of advertising or propaganda would recover the company's previous levels of profits.

The quick growth of the company before the Depression had caught the attention of newspapers and magazines, and they helped transform United Fruit into a household name. Journalists capitalized on the positive image of the company, symbolized by its "Great White Fleet," the largest private fleet in the world. During the 1920s and 1930s, fashionable Americans toured the tropics on "banana boats," and thousands of young couples enjoyed romantic honeymoons between New York and Central America. In an age before affordable air travel, the cruises attracted nearly 70,000 passengers each year, allowing Americans to enjoy the winter warmth and a few exotic sites within the two weeks that employers typically allotted for a vacation.[17] Americans were fascinated by the convergence of modern technology, gourmet cuisine, and attentive service, all contained within the white steel hulls of United Fruit's ships. Newspapers supplied detailed information on minor route and fare changes along with the development and "civilization" that the company brought to the wild expanses of tropical jungles.

Media coverage of the company exemplified and reinforced these attitudes. By the 1930s, the majority of newspapers published articles on the day-to-day business affairs and other aspects of the Great White Fleet, such as ship christenings. Many articles presented positive accounts of development in Latin America, while a few reported the increasing number of strikes occurring on the company's plantations. The American press did not notice United Fruit's often bloody repression of early strikes, including the massacre of banana workers by Colombian troops that García Márquez vividly portrays in *One Hundred Years of Solitude*.[18] Only in 1934, when American marines and Army Air Corps squadrons began chasing the rebel Augusto César Sandino through the Nicaraguan jungles, did the *New York Times* describe the strikes breaking out in nearby United Fruit plantations. Mirroring the newspapers, popular magazines also depicted the company favorably. The spirit of their coverage can be captured by articles titled "Story of a Great New England Enterprise," "Green Gold of the Tropics," and "Empire Builder."[19] *Fortune* dedicated almost all of its March 1933 issue to the "amazing story" of United Fruit's rise. The author, Ernest Hamlin Baker, commended the company for supplying "hospitals, sanitation, power, lights, water, railways, docks, schools, Coca-Cola, beef, tourists, and beer," all the necessary components of civilization. *Time*, *Newsweek*, and *Today* featured similar articles.

The generally rosy picture of the company painted by the media also reflected the views of most U.S. government officials. A small but occasionally vehement group of officials, however, criticized the company. In 1908 Everett Wheeler, president of the American Banana Company, appeared before the Senate to argue that United Fruit's president was running a monopolistic business that was illegal under the Sherman Antitrust Act.[20] Even if, as Wheeler claimed, many "great combinations of capital that we hear so much talked about and discussed in public and private have had beneficial results," United Fruit nonetheless was breaking the law by controlling Latin American banana production and influencing the prices of bananas sold in the United States. Senator Joseph Johnston (D-Ala.) agreed and opined, "This government ought to take the matter in hand."[21] The senator's recommendation came to naught; the government did not sue the company. Johnston must have been frustrated a year later to hear that the Supreme Court had decided that monopolistic practices of American companies abroad did not fall within the jurisdiction of the United States.[22] Yet, as Wheeler argued, United Fruit also held a very strong grip on the distribution of bananas within the United States, an aspect of the business that, if found to be monopolistic, was punishable under the Sherman Antitrust Act.

A small number of high government officials such as Senator Johnston continued to criticize United Fruit occasionally.[23] During the Senate hearings on the company in 1956, for example, Judge Stanley Barnes, assistant attorney general of the antitrust division of the Justice Department, testified that in 1913 the department had conducted investigations that "indicate[d] in some people's opinion [that] suit should have been filed," and in fact "there has been no secret around the division for some—what is it, forty-five years—that it might be a good idea to file suit; but for various reasons, suit was not filed until 1954."[24] What were the "various reasons" that had prevented the government from ending the concentration of the banana industry? Jurisdictional issues had partly prevented action, but there is strong evidence that the Justice Department did not file suit against United Fruit because it saw the company as a necessary ally.

The State Department was particularly interested in four resources that the company controlled. First, United Fruit operated the only fleet that could carry mail to parts of Latin America, including correspondence to the marines stationed in the Canal Zone.[25] Along with mail, the Great White Fleet carried heavy provisions and construction materials for the Panama Canal, which accounted for 40 percent of its cargoes between New Orleans and Panama in 1910.[26] Second, the company began working with the Department of Agriculture to introduce abaca, a relative of the banana native to the Philippines, into Panama as a "national security measure."[27] Abaca was the principal source of fiber used for marine cordage and other types of rope. Political instability in the Philippines during the 1920s threatened to interrupt trade and jeopardize the principal supply of this important material. The United States looked toward Central American and United Fruit plantations as a possible alternative source of abaca. Third, United Fruit was a pioneer in radio telecommunications and it was one of the first companies to use radios on its ships. The State Department relied on United Fruit's radio subsidiary, Tropical Radio, and another larger company, All-American Cables, to send its messages to and from its ambassadors and consuls in Mexico and Central America. Finally, United Fruit owned more miles of railways in Central America than any other private or government enterprise. The company augmented its vast and elaborate infrastructure with numerous ocean ports that allowed it not only to dominate the banana business but also to be the chief importer of almost all other goods into Central America. As the war loomed in Europe toward the end of the 1930s, the U.S. government was fearful of German influence, particularly in Guatemala, which had a substantial German immigrant population. Despite United Fruit's apparent monopolistic practices, it seemed to be the lesser of two evils.[28] The use of these four resources, combined with jurisdictional issues, prevented the U.S. government from filing suit against the company and permitted the banana industry to remain tightly controlled by one company. But United Fruit's maverick status would change significantly after the Second World War.

FINDING SUBSTITUTES FOR BANANAS, 1945–1970

When the Buyers' Association protested to the federal government against the tariff on banana imports in 1913, they argued it would have a negative impact on the American working class. This claim made sense at a time when American consumers depended on the fruit during the winter, but in the post-World War II period new technology permitted better preservation of all fruit and altered the entire fresh fruit market.

When the war ended, Americans had been living without one of their favorite fruits for nearly four years. When the importation of bananas resumed, their return was celebrated. The middle class had grown markedly, filling new suburbs and commuting to jobs with packed lunches. Banana sales reached record levels by the late 1950s, but this reflected a growing number of people consuming the fruit rather than an increase in consumption per person. The banana market also responded to changes on the supply side. First, per capita consumption declined in the postwar years when processed fruit became a substitute. Second, retail prices for bananas fell when higher productivity of banana plantations in Latin America boosted imports.

The per capita consumption of bananas reached its highest historical level, an average 21.8 pounds of bananas, in 1948, when imports resumed. This level was slightly higher than its previous peak in 1937, when consumption per capita was 21.3 pounds. Thus the demand for bananas at the per capita level had not changed during the war, but it could not be satisfied by the importing companies. However, per capita consumption began to gradually fall during the 1950s.[29]

The decline in per capita consumption and a boost in imports came at the same time that the retail price fell in both the U.S. and European markets. Most fresh fruit experienced a similar pattern, mostly because technology developed during the war allowed processed foods to be produced and transported cheaply. Processing decreased the perishability of food, increased its storage life, and placed nonseasonal fruits on grocery shelves at all times of the year. The advantage bananas had enjoyed during the winter had ended. In 1909, processed fruit represented about 5 percent of all the fruit consumed in the United States, but by the early 1960s more than 40 percent of fruit sold was processed. Canned foods and baby food in jars lowered the popularity of fresh bananas among families with infants. While in 1934 the total supply of canned baby food was 21 million pounds, in 1956 it was a billion pounds.[30] In other words, fresh bananas as baby food had been replaced by Mr. Gerber's baby food in glass jars.

Consumer preferences shifted in parallel with an increase of productivity by Latin American growers. During the second half of the 1950s, Standard Fruit and United Fruit experimented with a new kind of banana that had a higher yield, was more resistant to disease, and could withstand strong winds. This higher productivity helped to push down prices at the same time that demand was falling. The banana companies dealt with this situation by diversifying their operations and investing in the processed foods industry.[31]

The commodity chain of vertical integration and strong control over production in Central and South America differed from the model that developed in the Caribbean. Because of protections offered by European countries to their colonies, United Fruit and its rivals never invested heavily in Caribbean plantations. With the impetus of the British and French colonial governments, small banana growers, many with little means, formed associations and enlisted shipping companies to supply the European market.[32] Public officials of the colonizing countries encouraged this development as a way to stimulate their colonies' economies and reduce unemployment. The banana industry in the Windward Islands, for example, took its modern form in the 1950s after the United Kingdom established quotas and tariffs for bananas in Britain. The quality of life for many banana growers on these islands improved under the system and most were able to retain their plots of land and styles of life until the 1980s, despite occasional difficulties with the shipping companies.[33]

THE OPENING OF THE BANANA INDUSTRY: THE FALL OF THE UNITED FRUIT COMPANY

Unquestionably, the Second World War also changed the fruit company's business environment. Like many other American corporations, United Fruit profited enormously from the war. The War Shipping Agency over-saw the requisition of nearly all of the company's 110 ships but compensated the company generously.[34] The government's cost-plus agreements paid for the production of various military goods and crops on company lands plus "a fee, or profit, equal to a fixed percentage of the cost."[35] When the Office of Price Administration set high banana prices, the company saw its revenues increase from $15.4 million in 1941 to $54.1 million in 1947.[36] As the war and these special arrangements ended, United Fruit found itself facing a stagnating domestic market, expanded competition, and increasingly turbulent labor relations. When the media stopped representing the company as a paragon of business virtue and the U.S. government ended its use of the company's resources, United Fruit could no longer act as a corporate maverick.

Before the war, the majority of newspaper and popular magazine articles centered on day-to-day business changes, Great White Fleet cruises, and company development within Latin America. By 1941, the American media focused on the war and news editors sent their journalists to investigate the numerous ways in which the company was assisting the Allied war effort. The war had halted all company cruises, effectively ending coverage of the more romantic side of the company. When cruises resumed after the war, journalists chose instead to tell of the fantastic developments of passenger airlines. As the media's attention shifted from World War II to the Cold War, their coverage focused on labor unrest and fears of the spread of communism throughout Central America. By creating unfavorable conditions for its workers, United Fruit was seen to be negligent in preventing "Central American communist beachheads." Finally, day-to-day affairs of the company stopped making the papers, an indication that the company itself was no longer so newsworthy as it once was. The changing spirit of news coverage was captured in such titles as "Guatemala: Labor and the Communists," "Nationalization Blues," and "The Banana Giant That Has to Shrink" in popular magazines.[37]

The war also ended the company's strategic position in the eyes of the government. Foremost was shipping. At the war's peak in 1943, nearly a million people were working in shipyards, many of which were producing the hundreds of Liberty ships that were used throughout the war. Airmail made shipping of mail irrelevant, and competing shipping companies bought cheap reliable ships that glutted the market after the war. The U.S. government invested heavily in infrastructural projects in Central America, such as the Pan American Highway, which gave an alternative route, while plastics replaced the abaca used in cordage. Finally, mostly through the Navy, the government developed its own radio circuits that could transmit diplomatic correspondence. All in all, by 1950 United Fruit no longer enjoyed its previous protection and it was only a matter of time before the Department of Justice, responding to increasingly bad publicity on the company, initiated a lawsuit.

Ironically, the antitrust suit was filed only months after the event that has contributed most to United Fruit's imperialistic reputation: the 1954 CIA-led overthrow of the democratically elected Guatemalan president, Jacobo Arbenz Guzmán.[38] Evidence that supports the view that United Fruit directly assisted the CIA is scarce. Nonetheless, since the company had met Arbenz's efforts at land reform with cries of "Communism!" only a year before and because the State Department had publicly come to the company's defense, many critics of the company drew the connection.[39] Secretary of State John Foster Dulles, questioned about the company's role at a news conference shortly before the coup, bluntly stated that "if [United Fruit] gave a gold piece for every banana, the problem would remain just as it is today as far as the presence of Communist infiltration in Guatemala is concerned."[40] Soon after, at a National Security Council meeting, Dulles permitted the Justice Department to file suit. He argued that such a move was necessary because "many of the Central American countries were convinced that the sole objective of the United States foreign policy was to protect the fruit company."[41]

The antitrust trial began in 1955 and focused on the allegedly monopolistic distribution practices of the company within the United States. The trial was still under way when the Senate's Select Committee on Small Business undertook its own investigation of the company. According to one testifying banana jobber, United Fruit's subsidiary Meloripe put almost every independent jobber in its area out of business by cutting off their supply of green bananas. When the company began to fear that it might lose, it chose to settle. In agreeing to a settlement, the U.S. government indirectly reduced the company's foreign influence by measures aimed at its distribution practices and sidestepped the jurisdictional issues that had impeded its previous efforts. The banana industry began to open because of the suit and competition from processed fruit. Companies such as Del Monte and Dole filled the vacuum left by United Fruit and rigorously set up new and more efficient operations in Latin America. The era of United Fruit ended in 1970 when the company merged with AMK-John Morrell, a meatpacking company, and created a new company called United Brands. This company continued with a strong marketing

..., promoting its Chiquita bananas, while at the same time investing heavily in a wide range of processed foods. The company changed its name to Chiquita Brands International in 1989. In 2001 Chiquita filed for bankruptcy after a costly conflict over import quotas with the European Union, but in late 2004 it began to offer its shareholders dividends, an indication that it was recovering.

CONCLUSION

We have attempted first to demonstrate the growth and fluctuations in demand for bananas. United Fruit, a company that maintained a powerful position in Central America, satisfied most of this demand. The actions and behavior of the fruit company must be analyzed in a larger framework that includes demand as a driving variable of profitability and power and the influence of the media and the state on the company's behavior. United Fruit lost its previous advantageous and oligopolist position when demand fell, media representation soured, and the U.S. Justice Department filed suit.

We hope that this case will shed light not only on the specifics of this important commodity but on the use of commodity chains in historical studies. Commodity chains place emphasis on the complicated process that goods undergo before they reach the final consumer. Products, especially manufactured goods, may follow innumerable steps and require inputs from many places around the world. A commodity's production, transportation, distribution, and consumption are all highly interdependent and eventually determine the cost and availability of the product. As we have argued, demand must be a central factor in the formation of commodity chains because the cost of each stage depends on whether the product will meet a buyer. While bananas require few transformations or additions after the stems have been cut from the stalk, their perishability forces the path between production and consumption to be very fast and efficient. Also particular to the banana business are the frequent natural disasters that prevent geographic concentration. These factors result in a banana business that to this day is conducted mostly by a few multinationals that operate with remarkable speed on a scale that is wider than the path of a hurricane.

While commodity chain analysis can contribute enormously to studies of the relationship between plantations, multinationals, and nations, it

this has a few limitations. For example, before the Second World War, United Fruit operated in a business environment that was conducive to the creation of an oligopoly. Many observers thought that the company brought "civilization" to the wilds of the tropics, and many others were enamored of its Caribbean cruises. The State Department was also reluctant to take legal action until it relied less on resources that the company controlled. When demand fell and this business environment changed, so too did the behavior of the company. A level of historical specificity in this case would be lost if only the stages of production, transportation, and consumption were considered. Finally, this case shows that commodity chains cannot be explained without attention to changes in politics and culture.

The banana export economy did not make any of the producing countries rich. The reason is not easy to find. Since the eighteenth century, historians and economists have debated whether the insertion of a country in the international economy will improve that country's standard of living. In the case of Latin America, this discussion has been developed by the *dependentistas*—followers of the dependency school—and the neoclassical economists. The dependentistas explain Latin American underdevelopment as a product of an unequal system of trade and exchange imposed on them, through political means, by the world powers. This school of belief formed largely as a reaction to the theory of comparative advantage, which argued that all benefited from an international division of trade whereby each country focused on the products or expertise with which it was naturally endowed. Some recent studies have returned to this idea while others have argued that the institutional framework of the Latin American countries was an obstacle for the development of market forces and did not allow exports to generate development. According to the economic historian Victor Bulmer-Thomas, specialization in exports is not bad for development per se. The problem lies on how the countries use the gains generated by exports. When Bulmer-Thomas compares the richer economies of Argentina and Chile with the poorer ones of Central America, he argues that while the Southern Cone economies reinvested the gains of their exports in the nonexport economy or in other kinds of exports, the Central American countries reinvested only in the same sector and did not diversify their economies. Additionally, the preexisting extreme inequality of land and income distribution did not permit a large percentage of the population to enjoy the benefits of banana exports.[42]

Are the American corporations to blame for this situation? Is there an connection between the producing countries' poverty and the American domestic market? These questions still must be asked in order to address vital Latin American issues on social justice, delayed or unequal development, and the roots of poverty.

NOTES

1 The business historian Mira Wilkins considers United Fruit a "textbook case" of successful vertical integration following the general trend seen in the American corporate sector in the late nineteenth and early twentieth centuries (*The Emergence of Multinational Enterprise*, 157–60). The process of United Fruit's vertical integration has been studied by several authors; see also Read, "The Growth and Structure of Multinationals"; Kepner and Soothill, *The Banana Empire*; and May and Plaza, *United States Business Performance Abroad*.

2 Asturias, *Strong Wind*; García Márquez, *One Hundred Years of Solitude*; Neruda, *Canto General*.

3 Many works on United Fruit have been published. For comprehensive bibliographies, see Strifler and Moberg, *Banana Wars*; and Bucheli, *Bananas and Business*.

4 United Fruit Company, *Annual Report to the Stockholders* (1901), 6–7.

5 Jenkins, *Bananas*; and Soluri, "Banana Cultures."

6 Soluri, "Banana Cultures," 49, 62.

7 Jenkins, *Bananas*, 106–7.

8 Ibid., 22–24.

9 Bucheli, *Bananas and Business*, 30.

10 Ibid.

11 One such packet, sent to Ms. E. M. Shreckengost in Brookville, Pennsylvania, included five items: (1) a small book titled *About Bananas*, detailing the (heroic) history of the company; (2) *Teaching Health through the School Lunch*, a brochure written by Professor Lydia Roberts; (3) *Health and the School*, a brochure edited by Dr. J. Mace Andress; (4) an excerpt from the book *Count Luckner, the Sea Devil: An Appreciation of Bananas by a Sea-raider Who Disrupted Allied Shipping during the World War without Taking a Human Life*; and (5) an "outline poster for coloring" that depicted a half-pealed banana and a glass of milk.

12 Bucheli, *Bananas and Business*, 32–33.

13 In 1967 Castle and Cook acquired Standard Fruit, and at the present time the company operates under the name of Dole Corporation. For a detailed history of Standard Fruit, see Karnes, *Tropical Enterprise*.

14 Adams, *Conquest of the Tropics*, 72; Taylor, "Evolution of the Banana Multinationals," 2.

15 Trevor W. Purcell, *Banana Fallout: Class, Color, and Culture among West Indians in Costa Rica* (Los Angeles: Center for Afro-American Studies, University of California, 1993), quoted in Striffler and Moberg, *Banana Wars*, 4–5.

16 Adams, *The Conquest of the Tropics*, 317, 322.

17 English, "The Transportation System of the United Fruit Company."

18 This strike and massacre occurred in 1928 when Colombian soldiers, acting on orders by the Colombian government and United Fruit, fired upon and killed hundreds of strikers.

19 Thompson, "Story of a Great New England Enterprise," 12–24; Fuessle, "Green Gold of the Tropics," 186–88; "Empire Builder," 5–6.

20 Wheeler owned lands in an area that was claimed by both Panama and Costa Rica. Soon before the American Banana Company was to finish a railroad to bring the first harvest of bananas to a harbor, Costa Rican officials crossed the border recognized by Panama and stopped the company's operations. The U.S. consul argued that Panama's claim was not valid and that United Fruit's title under Costa Rican law was legitimate.

21 U.S. Congress, Senate Committee, *United Fruit Company*, 63.

22 Gleijeses, *Shattered Hope*, 88.

23 In 1930 the House Committee on the Merchant Marine and Fisheries debated an amendment that would prevent companies that operated ships under foreign flags from running American postal routes. United Fruit, which was making a bid for the routes, began its testimony with an account of the company's history. After only a minute of the speech, Congressman Frank Reid (R-Ill.) interrupted and insisted that "if we are going to start [the hearings] all over again and investigate the United Fruit Company, I would be glad to sit in on that investigation and I think it would be advisable to do it, but not at the present time." United Fruit's vice president, who replied defensively, was cut short when the congressman flatly stated, "I think they control every banana we eat and all that, but it has nothing to do with this [amendment]": U.S. Congress, House Committee, *To Further Develop an American Merchant Marine*, 128.

24 U.S. Congress, House Select Committee, *Distribution Problems, Part 4: Banana Industry*, 141.

25 In other congressional testimony, Walter Brown, the postmaster general, told Congress that he knew of no other bidder besides United Fruit for the postal route between San Francisco and Panama. U.S. Congress, Senate Committee, *Treasury and Post Office Departments Appropriation Bill, 1933*, 1117.

26 U.S. Congress, House Committee, *Transportation Coastwise of Property Owned by the U.S.*, 3.

27 U.S. Congress, Senate Committee, *Abaca Production Act of 1950*, 22.

28 Paul Dosal gives compelling evidence on this point. He describes a conflict between United Fruit and the U.S. government over preferential rates the company was giving to freight bound for Nazi Germany. Franklin D. Roosevelt even sent Sumner Welles, architect of the "good neighbor" policy, to arbitrate. The rates were not equalized until trade with Germany was halted during the war (Dosal, *Doing Business with the Dictators*).

29 Bucheli, *Bananas and Business*, 31–33.

30 Ibid., 33–39.

31 Ibid., 165–66.

32 Reynolds, "The Story of the Banana," 27–28.

33 Grossman, "The St. Vincent Banana Growers' Association," 290–91. Because of the protections and smaller economies of scale, bananas were more expensive in Europe than in the United States. By the 1990s, American companies such as Chiquita, Del Monte, and Dole charged that European protections were preventing free trade and the sale of cheaper bananas to European consumers. After a lawsuit brought by the U.S. government and Ecuadorian growers, the World Trade Organization agreed with this line of argument and allowed the United States to threaten to impose import tariffs on European luxury goods. The resulting dispute has been called the "banana wars" and it caught newspaper headlines even at the height of Bill Clinton's Senate trial. European governments eventually agreed to end their protections and the Caribbean banana industry has begun to downsize as a result. Europeans may be enjoying cheaper bananas, but Grossman argues that "the exodus of farmers from the [eastern Caribbean] industry will mean increased unemployment, poverty, illegal drug cultivation, crime and outmigration" ("St. Vincent Banana Growers' Association," 312–14). Nevertheless, the Caribbean industry remains in marked contrast to the "dollar banana" commodity chain of Central and South America, where large landholders produce and multinational corporations ship and market their bananas in a largely oligopolist international environment (Reynolds, *Story of the Banana*, 28–32).

34 Not only did United Fruit have one of the largest private fleets, but the company's refrigerated holds were especially helpful to the government's efforts to ship food to Allied troops.

35 Kilmarx, *America's Maritime Legacy*, 188.

36 United Fruit Company, *Annual Report to the Stockholders* (1942 and 1948).

37 *Current History* 24 (March 1953): 143–48; *Newsweek* 4 (March 30, 1953): 49; *Business Week* (February 15, 1958): 109–13.

38 See Schlesinger and Kinzer, *Bitter Fruit*, for arguments that tie United Fruit to the government's covert operation. Gleijeses, *Shattered Hope*, did not find United Fruit holding a "smoking gun."

39 One of the largest pieces of evidence that a "plantation town owned by United Fruit's Honduras division" was used as a launch pad for the invasion (Schlesinger and Kinzer, *Bitter Fruit*, 170) has been shown to be incorrect by declassified CIA documents. The largest of the five groups led by the CIA's puppet, Carlos Castillo Armas, with 198 soldiers, gathered near the village of Macuelizo in June 1954 before crossing the border to attack Bananera and Puerto Barrios (Cullather, *Secret History*, 87). Macuelizo is in the Honduran highlands, miles from the banana-growing lowlands. Furthermore, the targets of these attacks were a United Fruit plantation town (Bananera) and a port (Puerto Barrios) whose facilities United Fruit owned. If this rebel group had not been quickly defeated and had instead debilitated the port and railroad (which the company also owned), they would have greatly incapacitated United Fruit's Guatemalan operations.

40 *Department of State Bulletin*, June 21, 1954.

41 Dulles in 202nd meeting of National Security Council, June 17, 1954, *Foreign Relations of the United States, 1952–54*, 4:224–26, quoted in Rabe, *Eisenhower and Latin America*. Cullather quotes an unnamed CIA agent or government official who, before the coup, predicted that United Fruit would have to make concessions if the Guatemalan government was replaced by a new regime. The "United States does not expect American companies to enjoy abroad immunities and privileges that would make for political instability or social injustice in other countries, because such a condition of course would be harmful to the overriding American political interest" (*Secret History*, 87–88).

42 Bulmer-Thomas, *Economic History of Latin America*, 61–67, 83–84, 124–27, 149–54.

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