

# Bananas, Ports, and Railroads: A Historiographical Essay on the United Fruit Company in Guatemala, 1901-1944

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In the first half of the 20th century, the United States-based United Fruit Company (UFCO) built an impressive number of port facilities, railway lines, and banana plantations throughout the Caribbean and Central American region. Its operations extended to Ecuador, Costa Rica, Panama, Honduras, Colombia, and Guatemala. In Guatemala, United Fruit established itself on both the Atlantic and Pacific coasts during the military regimes of Manuel Estrada Cabrera (1898–1920), José María Orellana (1922–1926), and Jorge Ubico Castañeda (1931–1944). During these three regimes, UFCO received the ownership of Guatemala’s ports and the right to build and operate the country’s railroad network, not to mention extensive tracts of banana lands. By the mid-1940s, the company controlled Guatemala’s principal ports, transportation system, and banana production, which led numerous observers to dub it *el pulpo* (“The Octopus”), precisely because its operations reached to almost every corner of the country’s economic and political structure.

This historiographical essay will attempt to delineate the main schools of thought regarding United Fruit’s establishment, operations, and effects on the political and socio-economic structure of Guatemala in the 1901–1944 period. Although the historical debate is dominated by company apologists and its harshest critics, it is still necessary to study what Haitian scholar Michel-Rolph Trouillot has called, “that which is said to have happened”—namely, the historiography of United Fruit.<sup>[1]</sup> A close review of the literature on United is especially important in light of today’s international context, which can be said to be dominated by neo-liberal politics. As we delve into the company’s historical record, we will find that many of the economic activities carried out by multinational corporations in current Latin America are merely a continuation of UFCO’s Guatemalan operations in the first half of the 20th century.

This study argues that the heart of the historical literature revolves around three lines of interpretation: the Liberal, the revisionist—which will be subdivided here into the nationalist, *dependista*, and political history perspectives—and the social history schools of thought. First, scholars have analyzed United through the lenses of Liberalism—hereafter defined as a 19th century rationale that held that the only way for the Latin American countries to achieve economic development was for them to shift the focus of their economies towards the export sector. Liberal scholars have portrayed the fruit company as a great “civilizing” force, which brought Guatemala much-needed foreign investment, railroads, higher wages, and Western traditions in the form of health and educational services. Second, revisionist historians, taking three different approaches, have sought to debunk the Liberal school of thought. Among the revisionists, nationalist scholars see United not as a benevolent and civilizing enterprise, but as a monopoly that violated Guatemala’s sovereignty. UFCO, according to this view, represented a “country within a country.” *Dependistas* maintain that, as opposed to positively contributing to the national economy, the company’s operations in Guatemala—the periphery—served to deepen the country’s dependence on bananas and on the United States—the core of the international system. After the 1970s, revisionist scholars have focused on the relationship

between United Fruit and Guatemala's dictatorial regimes. They have noted that, while the company did not create dictatorship, it benefited from its presence. Finally, more recent social historians have sought to document the organizing obstacles faced by the workers' movement that developed within UFCO's Guatemalan banana enclave. When taken together, these three main lines of interpretation reveal a heated but informative historical discussion that must be understood in terms of the historical context in which it was created and reproduced.

### **Liberalism and United Fruit in Guatemala**

Over the course of the 20th century, scholars have used the Liberal perspective to study UFCO and, pointing to United Fruit's construction of railroads, hospitals and schools, and its development of banana plantations, have regarded it as a great "civilizing" force. On March 30, 1899, the Boston Fruit Company and the companies owned by U.S. capitalist Minor Keith—Tropical Trading and Transport Company, the Colombia Land Company and the Snyder Banana Company—merged to form the United Fruit Company. In his 1914 book *Conquest of the Tropics*, Frederick Upham Adams, the inventor-author who is perhaps best known for his patents for streamlined train designs, argues that the fruit company's consolidation and arrival in Guatemala marked the country's socio-economic "awakening."<sup>[2]</sup> According to Adams, the goal of United Fruit and its subsidiary International Railways of Central America (IRCA), both of which were founded by Minor Keith, was to connect the inhabitants of Guatemala City to the outside world. To this end, Keith signed a contract in 1904 with the Guatemalan government permitting him to build a railway network linking Guatemala City to the Atlantic coast, and thus to the rest of the world.<sup>[3]</sup> Greater communication with the outside world, Adams contends, allowed the Guatemalan government to better attract American capital—particularly that of UFCO—to Guatemala, a hitherto neglected backwater. Greater foreign investment, in turn, meant that the country's jungles could be transformed at last into banana plantations, which would eventually benefit the national treasury.<sup>[4]</sup> In Adams's words, at the turn of the century Guatemala was an "uninhabited [land] of rich soil... already provided with water and with the climate which must have existed in the Garden of Eden."<sup>[5]</sup> Keith and United sought to transform this virgin, pristine land into a country dotted with banana plantations and communities well-connected to the outside world.

For Adams, United's goal was not only to link Guatemala to the outside world, but to "uplift" its population. Low wages, he believes, work to the detriment of a stable political system, for they often lead to worker resentment against the existing political system, which may then result in bloody revolutions and anarchy. United Fruit recognized the possibility of this development and thus decided to pay its Guatemalan plantation workers higher wages than those paid by local employers. As of 1914, the company "voluntarily" paid its employees one dollar per day, which amounted to eleven times as much as Guatemalan law required.<sup>[6]</sup> At the same time, it built modern hospitals and schools for its workers and their families. Both of these institutions served to introduce Western values to Guatemala, including the scientific study of economics and agriculture, and "scientific" sanitation programs to eradicate such tropical diseases as malaria in the Departments of Izabal (Atlantic coast) and Escuintla (Pacific coast). In 1908, Keith finally completed the railway line that connected Guatemala City to the Atlantic coast. This meant, Adams tells us, that more American corporations like United Fruit could enter Guatemala and develop more banana plantations. More plantations, in turn, led to higher

wages, a more educated and healthy citizenry, and more stable politics. The logical conclusion reached by the author-inventor is that Guatemala needed “an influx of more corporations [like UFCO] that are...willing to ‘exploit’ her natives by paying them” higher wages.<sup>[7]</sup>

Historian Delmer Gerard Ross further elaborates on this Liberal perspective by specifying on Keith’s 1904 contract with the Guatemalan government. In his dissertation, “The Construction of the Railroads of Central America,” Ross emphasizes the company’s civilizing contribution to Guatemalan society.<sup>[8]</sup> On January 12, 1904, President Manuel Estrada Cabrera and Keith’s representative, Percival Farquhar, signed what became known as the Farquhar Contract. The contract authorized Keith to build, maintain, and operate a railway from El Rancho, the southern terminus of the Guatemalan-owned Northern Railway to Guatemala City. While Keith was to receive no financial support from the government for building the railway, Estrada Cabrera agreed to “grant” him the state-owned Northern Railway linking El Rancho to Puerto Barrios on the Atlantic coast when the line was completed.<sup>[9]</sup>

Ross thinks that in the long run the 1904 contract benefited not United Fruit, but Guatemalans. First, when the railroad was completed in 1908, Guatemalans could travel safely and more rapidly from Guatemala City to the Atlantic coast. Second, railway transportation meant that for the first time in its history, Guatemala could import heavy machinery that had been previously unknown in Central America. Third, the new railroad brought prosperity to the moribund coffee industry, Guatemala’s main source of foreign exchange. Railway transportation meant lower transportation costs for coffee growers. Thus, UFCO’s railroad helped create a better-connected society and commercial prosperity.<sup>[10]</sup> What is important is that the company accomplished what it set out to do: from 1899 to 1940, it transformed the tropical swamps and jungles of Guatemala into well-drained, properly fertilized and irrigated banana plantations. United’s plantations resulted in the creation of new, vibrant communities. In the Departments of Izabal and Escuintla especially, workers were attracted by higher wages, free housing, hospitals and schools, and the freedom to organize “labor clubs.” In 1940, the average daily wage on coffee farms ranged from \$1.10 to \$1.25, but UFCO still paid its workers from \$2.25 to \$2.60. In this respect, Ross concludes, Minor Keith “brought [to Guatemala] new industry, progress, and prosperity....a new way of life.”<sup>[11]</sup> And the “new way of life” that United introduced to Guatemala could only come from one source: foreign investment. In this case, UFCO investment.

The two perspectives presented above should be understood in the context of the so-called triumph of Liberalism—a rationale that justified Latin America’s integration into the world economy. Specifically, Liberalism holds that the only way to uplift Latin American countries is to adopt the “export-import” economic model. Latin American economies would thus be geared towards the external market as the impetus and capital needed for social progress and economic growth emerged from abroad.<sup>[12]</sup> Adams and Ross both point to a benevolent, civilizing foreign corporation that provided previously unknown benefits to its workers and stimulated Guatemalan commerce. In concise terms, Adams and Ross see foreign investment as a favorable means to promote political stability, economic progress and a more unified, civilized Guatemala. And only UFCO and Keith could provide this foreign impetus.

## **The Revisionist School and UFCO**

After World War II, a young generation of scholars challenged or “revised” the Liberal school of thought. Particularly important was a vociferous class of Guatemalan nationalists who can be said to represent the origins of the revisionist school. In essence, this group claimed that United Fruit represented a foreign monopoly that, instead of serving Guatemalan interests, actually violated Guatemalan laws. In *Los Contratos de la United Fruit Company*, Guatemalan nationalist scholar Oscar de León Aragón refutes Adams and Ross’s Liberal approach. He contends that UFCO did not improve the Guatemalan socio-economic structure, precisely because it represented a monopoly, or *el pulpo*.<sup>[13]</sup> For De León Aragón, the fruit company’s monopoly resided in its control of Guatemala’s railroads and ports, as well as the overseas transportation that linked the country to the outside world. In 1924, President José María Orellana approved a contract allowing UFCO to lease 20 square miles of the best lands on both banks of the Motagua River in the Department of Izabal. The contract legalized the company’s presence on Guatemalan soil and allowed it to absorb the independent Guatemalan farmers who had operated around the River for nearly forty years. In return for the leased lands, the Orellana government was to receive \$6,000 annually and one cent per exported banana stem. For De León Aragón, the 1924 contract paved the way for UFCO’s monopoly of banana production and contributed very little to the national treasury. In 1928, coffee exports represented \$2,016,332 or 8.7 per cent of the total export taxes collected by the government, while the taxes paid by United constituted \$60,856 or a mere 1.9 per cent of the total. All in all the coffee industry contributed 13 per cent of the total government income, whereas the fruit company contributed only 0.4 per cent of the total national treasury.<sup>[14]</sup>

Six years later, De León Aragón points out, UFCO achieved its goals to monopolize Guatemala’s port and transportation facilities. By the 1920s, UFCO’s banana monopoly depended on its control of the International Railways of Central America (IRCA). Traffic agreements and interlocking directorates provided the company with preferential shipping rates and schedules. This arrangement clearly worked to the detriment of Guatemalan banana growers, for they had to pay IRCA as much as ten times higher fees than United for transporting their product to the Atlantic coast. In May 1929, the German-owned Plantations Guatemala Limited (PGL) sold the whole of its interests to UFCO. With the merger, the company acquired PGL’s already granted authorization to build a port at Concepción del Mar on the Pacific coast. When United Fruit subsidiary the Compañía Agrícola de Guatemala (CAG) was authorized to build another Pacific port in 1930, the Guatemalan government essentially assured the fruit company that no other corporation would build an independent Pacific port. A new Pacific port could potentially allow Guatemalan planters to ship their product through the Pacific and thus make IRCA and UFCO’s monopoly useless. In 1936, the company pressed the military regime of Jorge Ubico to suspend its obligation to build the Pacific port, while allowing it to develop banana plantations along the Pacific coast (in the Department of Escuintla). This only reinforces the notion, De León Aragón stresses, that goal of United was indeed to monopolize Guatemala’s port facilities and to maintain its preferential position with IRCA.<sup>[15]</sup>

Guatemalan nationalist Alfonso Bauer Paiz agrees with this interpretation. He writes that United’s monopoly represented a “country within a country” because it violated Guatemala’s sovereignty. In his 1958 *Cómo opera el capital Yanqui en Centroamérica*, Bauer Paiz, who served as minister during the administration of Guatemalan nationalist Juan José Arévalo (1945--1951), analyzes the 1901 and 1904 contracts.<sup>[16]</sup> In 1901, the Estrada Cabrera regime and UFCO

signed a contract which obligated the company to provide, at no cost, overseas transportation to government officials and to Guatemalan troops at half the regular price and to carry the government correspondence from the Atlantic coast to New Orleans. At the time, Bauer Paiz observes, Guatemala's diplomatic corps and troops stationed overseas were very few, primarily because the country lacked the financial capacity to have embassies in every country around the world and to send troops overseas. UFCO, in this view, agreed to comply with the contract because it knew it would never have to carry out its obligations. Furthermore, although the company agreed to buy bananas from local planters, the government renounced to its sovereign power to supervise the actual transactions between the company and the growers. Lack of government supervision, Bauer Paiz argues, meant that United could easily force growers to either accept lower prices than those stipulated in the contract or face few alternative sources of transportation, since by this time the company transported most of Guatemala's banana crop to overseas markets through its "Great White Fleet." Estrada Cabrera also agreed not to fine the company for any correspondence not delivered on time, which, again, meant that the government renounced to its power to regulate business within its borders.<sup>[17]</sup>

For Bauer Paiz, the 1904 contract further demonstrates UFCO's violation of Guatemalan sovereignty. As mentioned above, the 1904 contract permitted United Fruit to finish the Northern Railway, thus guaranteeing UFCO a monopoly over the country's transportation system. First, the contract obligated the government to pay the fruit company a five per cent interest on the capital it invested for the construction of the railroad. Second, UFCO was given free and unlimited access to Guatemala's natural resources, particularly wood and water. Third, Estrada Cabrera granted the company extensive tracts of banana lands on both sides of the railroad. The government, however, renounced its right to intervene in the internal affairs of the company. That is, the Guatemalan government agreed not to regulate wages, working conditions, and United's control of IRCA. What resulted was the development of a "country within a country," precisely because "the interests," in Bauer Paiz's words, "of a highly profitable foreign company were above those of the nation."<sup>[18]</sup>

Although these two interpretations represent a tendency that dates back to the early 20th century by Guatemalan nationalists to denounce "Yankee imperialism," they are also the product of the events unleashed by the fall of Jorge Ubico in 1944. In that year, a group of politically progressive students, teachers, and young military officers allied to overthrow the thirteen year-old Ubico dictatorship. What followed were ten years of unprecedented political, economic, and social reform—what scholars term the October Revolution or the "ten years of spring."<sup>[19]</sup> It was in this context that De León Aragón denounced the North American "octopus." Aragón represents a generation of nationalists who sought to take over their country's transportation and port facilities in order to transform Guatemala into a modern capitalist country. Only if Guatemalans controlled their country's economic infrastructure, nationalists believed, could Guatemala become a truly independent nation. In 1954, a mercenary force organized by the Central Intelligence Agency (CIA) and the Eisenhower administration overthrew the democratically-elected government of Jacobo Arbenz Guzmán (1951--1954), a staunch nationalist who had expropriated more than 200,000 acres of UFCO lands the previous year.<sup>[20]</sup> The 1954 coup not only put an end to the ten years of democratic politics, but also gave Guatemalan nationalists, including Bauer Paiz, a newfound rhetorical tool. Specifically, authors such as Bauer Paiz came to view United, not only as a foreign monopoly but as part of an

imperial power—the United States—bent on violating their country’s sovereignty in order to protect its banana interests. That the U.S. intervened in Guatemala on behalf of United confirmed the notion that the company’s interests mattered more than the concept of national sovereignty. The nationalist perspective, then, must be understood in terms of the post-Ubico and Cold War periods, when nationalists throughout Latin America came to resent Washington’s meddling into the internal affairs of the region more than ever.

In the 1970s, a new generation of Latin American revisionists—the so-called *dependistas*—took up the nationalist interpretation. They came to view such foreign corporations as UFCO as representing not only a monopoly bent on violating Guatemala’s sovereignty, but as a foreign force that deepened the country’s dependence on the United States. According to the Guatemalan *dependista* Edelberto Torres-Rivas, UFCO’s enterprises in Guatemala deserve especial attention because of their little contribution to the Guatemalan economic structure and because of their effect on Guatemala’s relation to the world market. In his 1975 work, *Interpretación del Desarrollo Social Centroamericano*, Torres-Rivas proposes that United’s operations in Guatemala must be understood in terms of dependency frameworks.<sup>[21]</sup> By the turn of the 20th century, Guatemala’s economic structure was dependent on one export crop, coffee. This, coupled with the lack of entrepreneurial spirit among the local oligarchy, had retarded the creation of a native entrepreneurial capitalist middle-class. Not surprisingly, United easily inserted itself as Guatemala’s only entrepreneurial class. In the view of Torres-Rivas, the impact of United Fruit’s role as the country’s only capitalist class is twofold. True, the company paid its plantation workers higher wages—perhaps one-hundred to three hundred per cent higher—than those paid by local employers. The problem, Torres-Rivas maintains, resides in the fact that the plantations owned by United were isolated from the main cities in Guatemala and, thus, most company employees did not spend their wages in the local or national economy. Instead, they were compelled to spend them in the company’s commissaries, which often charged above than average prices. Consequently, the higher wages that Adams and Ross claim United paid its workers remained inside the banana plantations. Therefore, United was a banana enclave with no links whatsoever to the national economy.<sup>[22]</sup>

More important, Torres-Rivas tells us, UFCO’s operations served to deepen the country’s dependence on the world market and foreign investors. In approving the 1901, 1904, and 1924 contracts, the Guatemalan oligarchy hoped that banana production would lessen Guatemala’s dependence on coffee. By the mid-1940s, however, Guatemala’s economy was dependent not only on coffee but on a highly specialized, export-oriented banana industry. In this respect, bananas made Guatemala—the periphery—more dependent on the core—the United States. This dependent condition, Torres-Rivas observes, became apparent when it came to the behavior of the oligarchy. All of the contracts signed between UFCO and the Guatemalan oligarchy, however irrational they may be, reflect the oligarchy’s dependence on the banana industry. Guatemala’s political and economic stability required the functioning of a banana enclave, one that would pay Guatemalan workers what seemed to be above-average wages, and this, in turn, ensured a “happy,” pliable (as opposed to rebellious) work force.<sup>[23]</sup> As more and more banana capital entered and exited Guatemala, the banana industry tended to worsen the oligarchy’s dependence on United Fruit and to “reinforce [Guatemala’s] dependence on the world market.”<sup>[24]</sup>

American political scientist José Aybar de Soto believes that the entrenchment of UFCO in Guatemala marked the shift from the country's dependence on European to American capital.<sup>[25]</sup> When he came to power in 1931, Ubico's goal was to eliminate the political opposition and to centralize all political power. To do so, Ubico made a "mutually reinforcing" alliance with the United Fruit Company. Thus, he signed the 1936 contract, which, as mentioned above, had relieved the fruit company from its obligation to build a Pacific port, although it had permitted it to develop banana plantations along the Pacific coast. The dictator signed the contract because he wanted the support of United to crush the opposition. What is key for Aybar de Soto is that the contract allowed UFCO to eliminate European—especially Swedish—competition from the Pacific coast. Through its control of IRCA, the fruit company was permitted to take over the hauling of coffee and bananas from the Pacific, where the Europeans operated, to the Atlantic.<sup>[26]</sup> The contract essentially prevented any European power from building a Pacific port and from breaking UFCO's monopoly over transportation.

For Aybar de Soto, the advent of the Second World War accelerated Guatemala's dependence on the core—namely on American capital. When the war broke out, Ubico, on the "advice" of the United States government, confiscated the German coffee plantations in the northwestern part of the country. The "confiscation," Aybar writes, "reduced the bargaining power of Ubico," for it left him at the mercy of American capitalists.<sup>[27]</sup> Ironically, the liberal concessions that the dictator granted UFCO left him with little of Guatemala's patrimony to "give away" in the future. This explains why in 1944, when progressive elements including De León Aragón and Bauer Paiz rose against Ubico, United Fruit, already well-entrenched on both coasts, only watched his regime fall apart. Aybar concludes that the Ubico dictatorship "marks the end of an era of European...commercial predominance and emphasizes the shift in Guatemala's dependency relationship to the United States."<sup>[28]</sup>

The *dependentista* model was only a continuation of the Latin American nationalist discourse of the second half of the 20th century. A group of Latin American economists, headed by the Argentine Raúl Prébisch, executive secretary of the Economic Commission for Latin America (ECLA), articulated in 1948 what became known as the Prébisch-ECLA thesis. The thesis proposed that, in the face of declining prices for primary goods around the world, the Latin American countries should industrialize and adopt commodity agreements to protect their primary products from huge market-price fluctuations. After the 1960s, Left theorists or *dependistas*, including Henrique Cardoso, Enzo Faletto, and Theotonio Dos Santos, took this perspective to recast the Leninist theory of imperialism as it applied to Latin America.<sup>[29]</sup> They defined dependence as "a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected."<sup>[30]</sup> It is crucially important to note that the arguments of Torres-Rivas and Aybar de Soto were produced in this context. Both authors think that instead of positively contributing to the economic development of Guatemala United Fruit actually worsened its dependence on the development of the core. This, as Aybar de Soto observes, became a crucial factor in the early 1950s, when, as mentioned above, the United States intervened in Guatemala to overthrow Arbenz. To the *dependistas*, the coup only confirmed their assertion that if any country in the "periphery"—in this case Guatemala—sought to follow an independent economic policy, the "metropolis"—in this case the United States—would resort to the force of arms.

Recent revisionist historiography, though in agreement with the nationalist and dependentist perspectives, has shifted to a specific debate on the relationship between United Fruit and Guatemalan *caudillos* Manuel Estrada Cabrera and Jorge Ubico. A *caudillo*, English historian Edwin Williamson informs us, is a post-19th century “charismatic” Latin American leader who has come to—and maintained—power through a combination of patronage, and military and political maneuvering. That is, the *caudillo* has assured the oligarchy and foreign investors protection from social anarchy in return for political power and “the spoils of government office.”<sup>[31]</sup> In his 1979 study, *Guatemalan Caudillo*, historian Kenneth Grieb contends that the Ubico dictatorship was in a weak position when it came to negotiating with UFCO.<sup>[32]</sup> By 1930, the company owned the wharves in the nation’s main port, Puerto Barrios, and regulated the country’s trade through its “Great White Fleet.” Like the Guatemalan nationalists and *dependistas*, however, Grieb notes that the basis of UFCO power depended on its control of IRCA, an entity controlled by the fruit company through traffic agreements and interlocking directorates.<sup>[33]</sup>

United’s railway monopoly, Grieb observes, left Ubico at the mercy of the demands made by the fruit company. As mentioned above, in 1936 the dictator renegotiated the 1930 contract, which, in exchange for extensive tracts of lands in the southern Department of Escuintla, had obligated the company to build a Pacific port. The new contract suspended United’s obligation to build the new port, while allowing it to develop the ceded lands into banana plantations. In return, UFCO, in a clear display of *caudillo* politics, provided the Ubico Administration financial assistance in the form of \$50,000 and a \$1 million loan. For Grieb, the 1936 contract must be understood in terms of United’s overwhelming economic power and the ramifications of the Great Depression. That is, the Great Depression resulted in the collapse of coffee prices, Guatemala’s main source of income. As coffee prices plummeted, Guatemala came to rely more and more on banana exports as a source of income. Furthermore, Grieb maintains that United was the “only” corporation in Guatemala “willing to invest capital in railroads and ports.”<sup>[34]</sup> That the company had plantations throughout the Caribbean and Central American region meant that it could move its capital relatively easy from country to country. Thus, Grieb succinctly reasons, as coffee prices plummeted, as banana production increased and as United threatened to move its operations to another country in the region, Ubico had no option but to suspend the UFCO’s obligation to build the new port. In his view, the dictator sincerely hoped that if he gave in to United’s demands, the company would stay in Guatemala, which would lead to increased banana cultivation and to increased banana taxes for the national treasury.<sup>[35]</sup> The 1936 contract drew considerable criticism—particularly from De León Aragón—but Grieb writes that it “must be viewed within [its] own context.” Ubico, keenly aware that the UFCO was the “only” corporation willing to invest in Guatemala in the mist of the Depression, “acted with considerable skill to...obtain needed financial relief...without the loss of the company’s continued investment.”<sup>[36]</sup>

In contrast, U.S. historian Paul Dosal maintains that while it is true that, as previous revisionists note, the economic power of the fruit company cannot be discounted, both Estrada Cabrera and Ubico did have the opportunity to pursue alternative sources of foreign investment. In *Doing Business with the Dictators*, Dosal tells us that the United Fruit Company was able to monopolize the banana business, the railroad network and the port facilities, not because of the Depression, but because of the company’s ability to make and maintain “productive alliances” with Estrada Cabrera and Ubico, two corrupt and

repressive *caudillos*.<sup>[37]</sup> According to Dosal, the 1904 contract was only possible because of underground financial deals. In 1905, Keith transferred 1,350 shares or \$135,000 par value of stock to Edward D. Adams, a representative of Schwartz and Company of Guatemala, a merchant house. Schwartz and Company was then under the control of Adolfo Stahl, a personal favorite and confidant of Estrada Cabrera. It is highly probable, Dosal reasons, that the shares that Adams received were distributed among high-ranking government officials. In addition, when Estrada Cabrera was overthrown in 1920, his opponents discovered a letter from Minor Keith addressed to him in which the former submitted five hundred shares of the company.<sup>[38]</sup> United's "productive alliance" with Estrada Cabrera, thus, rested on the outright bribery so characteristic of *caudillo* politics.

In the case of the 1936 contract, Dosal points out that there is no conclusive evidence of any bribes. He observes, however, that Ubico's approval of the contract without the consent of an independent legislature representing the interests of the people makes the concession illegal and illegitimate.<sup>[39]</sup> In his view, United's monopoly was founded on the lack of democratic politics. Had an independent legislature approved the 1904 and 1936 contracts, Dosal argues, UFCO would not have been able to monopolize banana production, the railroads, and the ports. Both Estrada Cabrera and Ubico labeled the political opposition as communist and, without any consideration for democratic values, proceeded to crush any dissenters. That United benefited from the absence of democratic politics is reflected in the events that preceded the 1936 contract. In the early 1930s, the sigatoka disease, a leaf fungus that deprives the banana plant of its essential nutrients, resulting in premature ripening of bananas, had devastated great part of UFCO's Atlantic coast plantations—especially in Honduras, Costa Rica, and Guatemala. Because there was no known means to combat the disease, the United Fruit Company, in the words of Dosal, "confronted a disease that threatened the existence of the entire banana industry."<sup>[40]</sup> The absence of any open political opposition to the Ubico regime, however, permitted the company to bargain from a position of strength, when in reality Guatemalans should have bargained from a position of strength. Therefore, although United "did not create dictatorship," it benefited from the repressive and corrupt regimes of Estrada Cabrera and Ubico.<sup>[41]</sup>

This third revisionist perspective was a direct result of the post-1970s period, when Guatemala, governed by various military regimes that carried out a vicious campaign of repression against the opposition, plunged into the bloodiest period of its civil war. In the United States, the academic community reacted by looking back at the various repressive military regimes that came to power in Guatemala during the 20th century.<sup>[42]</sup> In this scenario, various scholars—including Grieb and Dosal—took a closer look at the dictatorships of Estrada Cabrera and Ubico. Despite disagreement regarding the motives of the Guatemalan dictators in approving the 1904 and 1936 contracts, Grieb and Dosal can be said to agree that the country's *caudillos*, who in exchange for political power allowed foreign monopolies to gain control of the country's economy, did play an important role in legalizing the company's presence in Guatemala. After all, Estrada Cabrera and Ubico did sign the contracts that permitted UFCO to gain control of Guatemala's economic infrastructure.

## **A Social History of the Banana Enclave**

The 1990s marked yet another shift, but this time from scholarly studies emphasizing the relationship between United and Guatemala's socio-economic and political structure to an attempt, still in its early stages, to use social history as a tool to analyze the internal workings of the banana enclave.<sup>[43]</sup> In his dissertation, "Life and Labor in a Banana Enclave," Steven Gillick focuses on the workers' movement that developed within the banana enclave created by United Fruit from 1907 to 1920.<sup>[44]</sup> In particular, Gillick pays attention to seven worker strikes—1907, 1909, 1914, 1918, 1920, 1923, and 1929—which took place in the company's plantations located in the Department of Izabal on the Atlantic coast.

While the banana workers, or *bananeros*, were the most militant workers in Guatemala, Gillick believes that they faced the most formidable obstacles when it came to labor organizing. As part of an isolated export-oriented banana enclave, *bananeros* were isolated not only from the national economy, as Torres-Rivas notes, but from the rest of the country's labor movement. They were also dependent on the ups-and-downs of the world market. This meant that, as the demand for bananas in the market declined, the company had to cut back on its work force, thus demoralizing any efforts to promote labor activism. The sheer size of UFCO and its allies in the government presented still another obstacle; that United could easily import workers from its neighboring plantations and that it enjoyed government military support—as occurred during the 1907, 1909, and 1918 strikes—to suppress strikes greatly restricted the *bananeros'* organizing efforts.<sup>[45]</sup> But for Gillick, the most important obstacle to labor activism in the banana enclave was the workers' inability to overcome ethnic factionalism. From the early days of the 20<sup>th</sup> century, UFCO had imported black Caribbean workers into its Guatemala plantations. As the "black element" came to outnumber the native *ladino* and Indian elements in the 1920s, ethnic conflict erupted.<sup>[46]</sup> This was the case during the 1920 and 1923 strikes, when the labor movement split over such issues as the preferential hiring of blacks practiced by the company. Not surprisingly, Gillick observes, the mistrust between *bananeros* of different ethnic backgrounds allowed UFCO to play one group against another, "a useful tactic of labor control." "Race," Gillick concludes, "was the great divider."<sup>[47]</sup>

### **Towards a Better Understanding of UFCO in Guatemala**

The main lines of interpretation in regards to UFCO's Guatemalan activities in the 1901--1944 period, then, fall into three categories: the Liberal, the revisionist—subdivided here into the nationalist, dependentist, and political history perspectives—and the social history schools of thought. While those scholars who have used the Liberal perspective affirm that the fruit company represented a "civilizing" force, revisionists have taken three approaches: Guatemalan nationalists have emphasized United's monopolizing practices and violation of Guatemala's sovereignty; *dependistas* have documented the impact of UFCO on the country's dependence on core interests; and a third revisionist interpretation has focused on the corrupt relationship between United and Guatemala's dictatorial regimes. After the 1990s, historians have begun to look at the organizing efforts of workers in the banana enclave itself, in the process revealing new facets of the impact of the United Fruit Company on Guatemalan society.

One might be tempted to say that the historiography on United Fruit's activities in Guatemala has been exhausted. True enough, the literature on the company, as we have seen in the course of this essay, tends to be dominated by two extremes, one emphasizing the positive

side and the other focusing on the negative side of UFCO. At the same time, however, there are still valuable historical sources that have not been used by scholars. UFCO has still not opened its archives to the public, while many sources that are located in Guatemala remain inaccessible to historians. Although new, untapped documents may only serve to pull the historiographical record into more separate extremes, it is still worth delving into as many sources as possible. Only then we will be able to move away from a debate that has until recent decades centered around ports, railroads, and bananas, and learn more about the *bananeros*, their families and how they contributed in specific terms to the development of UFCO's empire. New historical documents teach us that the historiography on United Fruit tends to shift in emphasis as new information becomes available, and as new theories and perspectives rise and fall. In the final analysis, UFCO will likely attract further interest as we enter into a third decade of neo-liberal economics and politics, an age dominated by sweatshops and multinational corporations much more complex but with the same ends as the United Fruit Company. By expanding the historiographical debate on the fruit company, we may learn to better understand the effects of today's multinationals on the Latin American socio-economic and political structure.

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<sup>[1]</sup> Michel-Rolph Trouillot, *Silencing the Past. Power and the Production of History* (Boston: Beacon Press, 1995), see especially chapter 1.

<sup>[2]</sup> Frederick Upham Adams, *Conquest of the Tropics: The Story of the Creative Enterprises Conducted by the United Fruit Company* (New York: Arno Press, 1914); for a similar point of view see Stacy May and Galo Plaza, *The United Fruit Company and Latin America* (New York: National Planning Association, 1958).

<sup>[3]</sup> In the 1870s, Keith and his brother Henry Meiggs Keith, along with their famous uncle Henry Meiggs (who had accomplished impressive engineering feats in Chile and Peru), built a railroad line from the Costa Rican capital San José to Puerto Limón on the Atlantic coast. For Keith's enterprises in Costa Rica, see Watt Stewart, *Keith and Costa Rica: A Biographical Study of Minor C. Keith* (Albuquerque: University of New Mexico Press, 1964).

<sup>[4]</sup> Adams, 201.

<sup>[5]</sup> *Ibid.*, 196.

<sup>[6]</sup> *Ibid.*, 201.

<sup>[7]</sup> *Ibid.*, 202-203.

<sup>[8]</sup> Delmer Gerard Ross, "The Construction of the Railroads of Central America" (Ph.D. Dissertation, University of California, Santa Barbara, 1970).

<sup>[9]</sup> *Ibid.*, 227-232.

<sup>[10]</sup> *Ibid.*, 468-469.

- [11] Ibid., 473.
- [12] For a review of Liberalism as it pertains to Latin America see Edwin Williamson, *The Penguin History of Latin America* (London: Penguin Books, 1992), chapter 7; and Roberto Cortés Conde and Shane J. Hunt, eds., *The Latin American Economies: Growth and the Export Sector, 1880-1930* (New York: Holmes and Meier, 1985).
- [13] Oscar de León Aragón, *Los Contratos de la United Fruit Company y las Campañas Muelleras en Guatemala* (Guatemala: Editorial del Ministerio de Educación Pública, 1950).
- [14] Ibid., 73-77.
- [15] Ibid., 86-97.
- [16] Alfonso Bauer Paiz, *Cómo Opera el Capital Yanqui en Centroamérica: El Caso de Guatemala* (México, D.F.: Editorial Ibero-Mexicana, 1956).
- [17] Ibid., 206-209.
- [18] Ibid., 126-137.
- [19] For the various aspects of the 1944-1954 period, known as the Guatemalan “October Revolution,” see Piero Gleijeses, *Shattered Hope: The Guatemalan Revolution and the United States, 1944-1954* (Princeton: Princeton University Press, 1991).
- [20] For the role of the United States government in the overthrow of Arbenz, see Richard Immerman, *The CIA in Guatemala: The Foreign Policy of Intervention* (Texas: The University of Texas Press, 1982); for the role in the 1954 coup of the United Fruit Company see Stephen Schlesinger and Stephen Kinzer, *Bitter Fruit: The Story of the American Coup in Guatemala* (Garden City, N.Y.: Doubleday, 1982).
- [21] Edelberto Torres-Rivas, *Interpretación del Desarrollo Social Centroamericano: Procesos y Estructuras de una Sociedad Dependiente* (Costa Rica: Editorial Universitaria Centroamericana, 1971).
- [22] Ibid., 99-104.
- [23] Ibid., 107-108.
- [24] Ibid., 106.
- [25] José Aybar de Soto, *Dependency and Intervention: The Case of Guatemala in 1954* (Boulder, Colorado: Westview Press, 1978).
- [26] Ibid., 86, 91.
- [27] Ibid., 92.
- [28] Ibid., 92.
- [29] Fernando Henrique Cardoso and Enzo Faletto, *Dependency and Development in Latin America* (Berkeley: University of California Press, 1979); Theotnio Dos Santos, “The Structure of Dependence,” *American Economic Association* 60 (May 1970): 231-236.
- [30] Dos Santos, 231.
- [31] Williamson, 237-238.
- [32] Kenneth Grieb, *Guatemalan Caudillo: The Regime of Jorge Ubico, 1931-1944* (Athens, Ohio: Ohio University Press, 1979).
- [33] Ibid., 180-181.
- [34] Ibid., 182.
- [35] Ibid., 183-186.
- [36] Ibid., 187.
- [37] Paul Dosal, *Doing Business with the Dictators: A Political History of United Fruit Company in Guatemala, 1899-1944* (Wilmington, DE: Scholarly Resources, 1993).
- [38] Ibid., 37-45.

<sup>[39]</sup> Ibid., 193-194.

<sup>[40]</sup> Ibid., 189.

<sup>[41]</sup> Ibid., 2.

<sup>[42]</sup> Susan Jonas, *The Battle for Guatemala: Rebels, Death Squads, and U.S. Power* (Boulder: Westview Press, 1991); Jennifer Schirmer, *A Violence Called Democracy: The Guatemalan Military Project* (Philadelphia: University of Pennsylvania Press, 1998). For more on the Estrada Cabrera and Ubico periods see Rafael Arévalo Marínez's *¡Ecce Pericles! Historia de la Tiranía de Manuel Estrada Cabrera* (San José, Costa Rica: Editorial Universitaria Centroamericana, 1971) and *Ubico* (Guatemala: Tipografía Nacional, 1984). For a literary account belonging to the surrealist and cubist movements, see Miguel Angel Asturias's *El Señor Presidente*.

<sup>[43]</sup> For a similar approach see Philippe Bourgois, *Ethnicity at Work: Divided Labor on a Central American Banana Plantation* (Baltimore: John Hopkins University Press, 1989).

<sup>[44]</sup> Steven Scott Gillick, "Life and Labor in a Banana Enclave: *Bananeros*, the United Fruit Company, and the Limits of Trade Unionism in Guatemala, 1906 to 1931" (Ph.D. Dissertation, Tulane University, 1994).

<sup>[45]</sup> Ibid., 247-251.

<sup>[46]</sup> In Guatemala, a *ladino* is defined as any individual, notwithstanding his or her facial features, who has been raised in or has adopted Western values. *Ladinos* comprise approximately half the Guatemalan population, with Mayans comprising the other half.

<sup>[47]</sup> Ibid., 251-252.