QUESTIONING THE "BANANA REPUBLIC": A COMPARATIVE CASE STUDY OF THE IMPLICATIONS FOR LOCAL WORKERS OF THE UNITED FRUIT COMPANY'S OPERATIONS IN ECUADOR AND COLOMBIA

By
Ryan Kenneth Bullock

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Approved by

Advisor: Professor Jeff Jackson

Reader: Professor Michael Metcalf

Reader: Professor Robert Haws

ABSTRACT

RYAN KENNETH BULLOCK: Questioning the Banana Republic: A Comparative Case Study of the Implications for Local Banana Workers of the United Fruit Company's Operations in Ecuador and Colombia

(Under the direction of Dr. Jeff Jackson)

The market for internationally traded bananas has grown considerably throughout the 20th century, with bananas being grown almost entirely in developing countries and the vast majority of imports destined for developed countries' markets. Historically, the global banana trade has been dominated by just a few large transnational corporations (TNCs), and if there has been once constant in the evolution of the global banana market in the Americas throughout the twentieth century, then it has been the United Fruit Company.

The role of the United Fruit Company within the global banana market has been the subject of significant study and analysis, leading to a wide range of interpretation from scholars and theorists. Portrayals of the Company have varied, but the negative connotations and concepts of the "banana republic" have become common. United Fruit has often been stereotyped as a quintessential example of U.S. corporate imperialism. The Company has been criticized as a structured monopoly that has profited from concessions offered by corrupt national politicians, the exploitation of weak economies, and the systematic oppression of powerless workers in Latin America.

Through my investigation of the contemporary banana-export sectors of two of the world's largest banana producing countries, Ecuador and Colombia, I have found that the banana-export industry in Latin America has become quite complex, differing from one region and country to another, especially regarding the direct role of banana TNCs like the United Fruit Company in production. Moreover, the implications for the treatment of local workers of United Fruit's operative presence may also have been more complex than the assumptions associated with imperialism or the proverbial "banana republic" necessarily allow.

Just as the global banana market has evolved over time, so have my goals and the path pursued in my research of the global banana market and the United Fruit Company in Latin America. The final result is a comparative case study of the development, shifts and fluctuations of the Company's operations in Ecuador and Colombia throughout the twentieth century. In particular, I analyze what have been the implications of these trends for local banana workers in each of these two countries. Furthermore, I assess to what extent the depictions that have resulted from a century of investigation have succeeded in accurately capturing the role played by the United Fruit Company regarding the treatment of local banana workers in Latin America.

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LIST OF ABBREVIATIONS

APC Countries	African-Pacific-Caribbean Countries
COLSIBA	Coordination of Latin American Banana Workers Unions
COMB	Common Market Organization for Bananas
CTC	Confederación de Trabajadores Colombianos
FAO	Food and Agriculture Organization of the United Nations
ICFTU	International Confederation of Free Trade Unions
IERAC	Ecuadorian Institute for Agrarian Reform and Colonization
ILO	International Labor Organization
IRCA	International Railways of Central America
IUF	International Union of Foodworkers
NGO	nongovernmental organizations
ORIT	Organización Regional Inter-Americano de Trabajadores
PPE	personal protective equipment
SA8000	Social Accountability 8000
SEC	Single European Market
SINTRAINAGRO	Sindicato Nacional de Trabajadores de la Industria Agropecuaria
TNC	transnational corporation
UPEB	Unión de Países Exportadores de Banano
US/LEAP	United States Labor Education in the Americas Project
USTM	Unión Sindical de Trabajadores del Magdalena

Introduction: My Objectives

United Fruit is often regarded as the quintessential representative of American imperialism in Central and South America. 'Banana Republics,' the pejorative used for the Central American republics, has its origin in the company's operations in the region…The company is said to have had local dictators in its pocket and have benefited from extremely generous concessions and harsh repression of workers; it was an extension of the U.S. political interests in Latin America, and it had the blessing of a local elite who gained economically from its operations.[1]

The "banana republic" is a term that we have all heard, and most of us are at least familiar with the charges of repression and exploitation that have been associated with the stereotype. Throughout much of the twentieth century, the global banana market has been dominated by a small number of vertically integrated, transnational corporations (TNCs). Banana TNCs moved into Latin American with ambitious capital investments, offering opportunities for the development of new infrastructure to produce and transport bananas for export to world markets. As a result, host-countries were transformed geographically, economically, socially, and politically. In operating their own shipping systems and continuously expanding their respective landholdings, banana TNCs were able to control the international trade of Latin American bananas at each and every level, from the initial growing stages to packaging, shipping, and eventual sale to retailers in developed countries. Moreover, the United Fruit Company, in particular, "has been perceived by scholars,

[1] Bucheli (2005), 3

activists, and writers alike as an implacable and overwhelming force throughout the hemisphere".[2]

Nevertheless, Steve Striffler, author and Professor of Anthropology and Latin American Studies at the University of Arkansas, asserts that the "penetration" of foreign capital and foreign-owned TNCs in Latin American host-countries has never really been quite so forceful or one-sided as the concept of a banana republic might suggest.[3] For this reason, my initial, broad objective in beginning my research was to try to arrive at some clearer understanding of the role of banana TNCs like the United Fruit Company in Latin American countries. One thing became immediately clear: the contemporary global banana market is extremely complex. Today, export-bananas are produced in a number of countries throughout Central America, South America and the Caribbean, but the extent to which banana TNCs are directly involved in production varies from one country to another. In some countries, export-bananas are still grown by TNCs on a large-scale and on extensive corporate-owned plantations. In others, bananas are produced for export on smaller-scale, locally-owned and managed farms.

Furthermore, even if banana TNCs do not involve themselves directly in a Latin American country's production of export-bananas, they may still wield tremendous regulatory power and influence over that country's banana-export sector. Throughout the twentieth century, banana TNCs like the United Fruit Company have moved from region to region to escape outbreaks of plant disease and have shifted in and out of host countries in response to changing political and economic climates. This ability of banana TNCs to move so fluidly throughout Latin America has given them significant bargaining power, and the

[2] Bucheli (2003), 96
[3] Striffler (2002), 29

direct presence of a TNC in growing bananas is, therefore, not necessarily indicative of the actual involvement of the TNC in a particular country's banana-export sector at a given time. All of this complicated my goal, and it seems that a flash-photo view of the presence of banana TNCs in Latin American countries' contemporary banana export sectors would not necessarily guarantee an accurate portrayal of the real power of banana TNCs like the United Fruit Company.

At this point, it became clear that I would have to observe and analyze historic trends with respect to banana TNCs' shifting presence in Latin American host-countries. This would make for even more complex analysis, and my investigation would have to be limited to some more specific group of countries. Instead of a more general study of the role of banana TNCs in the contemporary global banana market, a more effective type of investigation would be a comparative case study.

Whereas the three largest banana TNCs control the vast majority of banana production in most producing countries in Central America, it seems that the nature of banana TNCs' presence has been particularly complex in Ecuador and in Colombia. This is convenient, because Ecuador and Colombia are Latin America's first and third largest banana exporting countries, respectively. Ecuador leads the world in banana exports; however, TNCs have had very little direct involvement in the production of the country's export-bananas since the mid 1960s. Alternatively, in Latin America's third biggest banana exporter, Colombia, the picture is more complex. It seems that while TNCs maintain a significant presence at the production stages of Colombia's banana export sector, these companies operate along side and compete with a number of national banana export companies. In particular, the United Fruit Company has not actually owned any productive land in Ecuador since 1965, and the assets owned by the Company (now called Chiquita) in Colombia have accounted for a majority portion of Colombian banana exports in recent years.[4]

Just as important as the contemporary role of the Company in Ecuador and Colombia is the fact that this role has continuously changed throughout the twentieth century. The operations of the United Fruit Company in the Ecuadorian and Colombian banana sectors have shifted and evolved since the Company first began developing its operative presence in the two countries. In examining the complex histories of these two countries' distinctive banana sectors, I saw an opportunity to analyze the implications of United Fruit's presence for local workers and producers in Ecuador and Colombia.

Another complexity revealed by my inquiry into the global banana market as it exists today in Latin America has to do with my consideration of the banana TNCs themselves. Even narrowing my comparative case study to the presence of TNCs only in the respective banana export sectors of two exporting countries in Latin America, I had underestimated the complexity and diversity of various transnational corporate actors involved by mentally merging them together in a single group that I had comfortably dubbed the "TNCs." At this point, I could not even be sure that I would be able to find a discernible correlation between TNC-presence at the growing stages of a country's banana-export sector and the relative treatment of workers in that country. I certainly could not assume from the beginning of my investigation that, if observed, such a relation to the treatment of local workers would necessarily prove to be inherent to *any* international banana corporation with operations in Latin America merely as a result of that corporation having been labeled a "TNC". In comparing the presence of banana TNCs in the banana production-for-export sectors of Ecuador and Colombia with the treatment of local banana workers in those countries, I would

[4] Chiquita (2000), (2001) and (2002)

have to talk of individual TNCs as separate actors or limit my focus to the analysis of a particular banana TNC.

I have found that while much has been written as to the general trends of banana TNCs in Latin America throughout the twentieth century, there is considerable variation with respect to the amount of previous study and data collected regarding each of even the three largest individual banana TNCs. It seems that the researchers who have investigated and written before me have for the most part chosen either to speak of banana TNCs as a group or to focus their research on the oldest of the "Big Three" banana TNCs, the United Fruit Company. In my effort to carry out a comparative case study that would be, for the most part, based on data compiled by other researchers, I decided to focus my investigation on the specific role of the United Fruit Company with respect to the treatment, or mistreatment, of local banana workers in Ecuador and Colombia.

1

Producing Bananas in Latin America: Theoretical Context

Imperialism, Dependency Theory, and United Fruit

The banana, it might be argued, is both the world's most popular and most condemned internationally traded fruit. In addition to contributing to the food security of millions of people where the banana is grown for domestic consumption as a basic staple food, the banana is one of the world's most valuable foods in terms of gross value of production. More bananas are traded worldwide than any other food crop, and the United Nations Food and Agriculture Organization (FAO) has estimated that the total value of the global banana trade amounts to between US $ 4.5 and 5 billion each year. On the other hand, the global banana market has been the subject of significant study and analysis as to the political, economic and social implications for Latin American countries where large, foreign-owned banana TNCs like the United Fruit Company have developed and maintained production-for-export operations. As the source of such contention, United Fruit has been the target of praise as well as harsh criticism, and investigations of the Company have lent to a wide range of theoretical interpretation and have been cause for great controversy and scholarly debate.

In his 1914 analysis of the United Fruit Company, Frederick Adams offers quite a generous depiction of the Company's early achievements in developing banana production to a level that could consistently deliver the fruit to U.S. markets on a scale large enough to meet the demands of mass consumption.[5] The tremendous growth of the global banana market is, indeed, impressive. In the early twentieth century, the banana was perceived as an exotic luxury in the United States, but banana consumption and demand for imports have increased tremendously worldwide since then. Today, more bananas are consumed per capita than any other fruit in nearly every major industrialized country. Valued as a fat-free, vitamin-rich fruit that carries a high content of potassium, carbohydrates, and fiber, increases in banana imports have been particularly dramatic since the mid-1980s as consumers have become more concerned with the vitamin and fat-content in their diets and generally more health conscious.

Banana production-for-export is labor intensive and serves as a fundamental source of income and employment in many Latin American countries where the fruit is grown year-round as a major export commodity.[6] Historically, banana production for export to the world market has been perceived as a potential means of achieving development and economic prosperity in Latin American countries, many of which suffered from civil wars and revolts led by competing elites throughout the nineteenth century. In addition, throughout the twentieth century, banana TNCs like the United Fruit Company have, indeed, made substantial investments in infrastructure and technology and offered attractive benefits and wage opportunities to workers in the Latin American countries where they have developed operations.[7]

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[5] Adams (1914)

[6] For general information as to the economic trends of banana consumption as a domestically produced good and as a globally traded commodity, see the "United Nations Conference on Trade and Development (UNCATD) Homepage" http://r0.unctad.org/infocomm/anglais/banana/market.htm; information provided by the Duke University sociology department http://www.soc.duke.edu/~s142tm09/tradeimport.htm; and the FAO's (2003), 1-16

[7] Wells (2003), 316-328 and Bucheli (2005), 17

Apart from the popularity of the banana as a tasty and nutritious fruit and images of the United Fruit Company as a bastion of capitalism, the portrayals offered by many authors, academics, and theorists of the Company's role within the global banana trade have ranged from disapproval to outright condemnation. Historically, the global banana market has been vertically integrated (and perhaps monopolized), and control has been highly concentrated in the hands of just a few large TNCs. The production and trade of export bananas has been regarded as an example of U.S. corporate imperialism in practice in Latin America. In addition to any ethical, strategic, and economic concerns associated with imperialism, research on the global banana market has also explored the implications for Latin American countries of penetration and vertical monopolization by foreign-controlled banana TNCs and the political and cultural transformations subsequently imposed on the societies of host countries through the establishment of "banana enclaves." In particular, the operations of the oldest of the existing banana TNCs, United Fruit Company, have often been examined as illustrative of the exploitative nature of the global banana market as a whole.[8]

In 1935, Charles Kepner and Jay Soothill published a study of the United Fruit Company as an example of modern economic imperialism. Kepner and Soothill asserted that United Fruit and its subsidiaries had benefited from various types of "monopolistic privileges" and advantages that allowed the Company to wield great influence over national governments and, generally, dictate the terms of its presence in Latin American host-countries.[9] They described how United Fruit had been able to construct production, transportation and export

[8] See Buchard (1997) for an analysis of the economic and social implications of banana TNCs in Latin America throughout the early twentieth century. For an examination of the influence of the United Fruit Company, in particular, and a depiction of the Company's operations in Latin America as generally imperialistic in nature, see Kepner and Soothill (1935). Also, according to Bucheli (2005), Gabriel García Márquez's account of the fictional banana town of Macondo in *One Hundred Years of Solitude* was at least loosely based on the operations of the United Fruit Company in Colombia throughout the early twentieth century.

[9] Kepner and Soothill (1935), 209

infrastructure free of import duties on material inputs, and how this allowed the Company to completely dominate banana production and export in the Latin American countries where it established operations.[10] Kepner and Soothill also argued that the United Fruit Company had been assured that no specific taxes would be imposed on the banana industry, and they asserted that, in many cases, the Company was exempt from export taxes altogether.[11] The willingness of national governments in Latin America to allow for these and other concessions was said to have been based on the always-underlying threat that the Company might relocate its operations to other areas where political agents might be more cooperative.[12]

Kepner and Soothill's description of the global banana market of 1935 can be summed up in an excerpt from their book:

> The banana empire is not primarily an aggregation of mutually interacting governmental and industrial agencies, but the expansion of an economic unit to such a size and power that in itself it assumes many of the prerogatives and functions usually assumed by political states…. Moreover, the United Fruit Company is unquestioned lord of most of the banana industry today…[13]

According to Kepner and Soothill, this type of imperialistic economic expansion of U.S. corporate interests was made possible by substantial improvements in shipping technology and the "enormous" amounts of capital accumulated in the United States during the increased productivity of the Industrial Revolution.[14]

Throughout the 1960s and 1970s, there emerged throughout various academic circles a school of thought that asked why particular countries are able to demonstrate continuous economic growth while other countries' economies seem perpetually stagnant. Adherents of

[10] Ibid, 209-210
[11] Ibid, 213
[12] Ibid, 222
[13] Ibid, 341
[14] Ibid, 8-9

what has come to be known as “dependency theory,” or *dependentistas*, have had much to say throughout the last several decades with respect to the political, economic, and corporate ties between the wealthy United States and the “underdeveloped” economies of Latin America. While various interpretations of world politics and economics might be included in the dependency school of thought, the theory rests on the fundamental precept that capitalism is inherently imperialistic and necessarily exploitative. Capitalism demands expansion, and capitalist expansion directly impedes poorer countries’ struggles for economic growth and development by forcing them further and further into a state of dependency on the growth and extension of developed, “First-world” economies.

According to *dependentistas*, the lack of economic development in regions of Latin America is not the result of the survival of traditional, archaic economic structures as opposed to capitalism; rather, these countries’ lack of development, or their “underdevelopment,” is actually the result of capitalism. Dependency theory asserts that these underdeveloped countries’ economic structures come to be based on the production of commodities for export to the developed world, and these underdeveloped “satellite” countries are lured and trapped in relationships of dependency on more developed countries for technology, finance, know-how, and access to world markets. From this perspective, Latin American countries are transformed socially, economically, and politically to the point that they are pushed further and further into a state of dependency and are able to expand and sustain their own economies only as a reflection of the wealthy, developed economies on which they are dependent. In other words, the world’s most underdeveloped countries do not suffer from a lack of participation in the capitalist world market; rather, these countries underdeveloped status has been imposed on them by the world market and maintained by an international capitalist system in which these countries play an essential role.

The explanation above is merely a general outline of dependency theory, and it should be noted that the theory has been used to describe the relationships between developed and underdeveloped countries as a whole. The theory has been applied to more specific types of political, financial and corporate interactions, though, and large TNCs like the United Fruit Company have been described by some *dependentistas* as agents of the dependency theory. Theotonio dos Santos claims that, since the end of the nineteenth century, the interactions of developed and underdeveloped countries have been conditioned by "financial-industrial" dependence and the penetration of TNCs. Dos Santos describes the expansion of developed countries' influence abroad through investment in the production of agricultural commodities for consumption back at home. He goes on to describe how vast portions of profits earned are channeled back toward developed economies, asserting that all of this takes place alongside the "super exploitation" of local workers in underdeveloped countries.[15]

According to theories of imperialism and dependency, TNCs maintain persuasive muscle in negotiating with national governments of the Latin American countries where they operate and where they engage in the systematic exploitation of powerless local workers and socio-economic divisions.[16] Themes of imperialism associated with the banana industry, such as concessions offered by corrupt national governments to all-powerful, monopolistic banana corporations that exploit, repress and abuse local labor in the interest of turning a profit, have become particularly familiar and even stereotypical. It seems that the term "banana republic" and all of its negative connotations have even extended past the realm of banana production

[15] dos Santos (2003), 279-281

[16] For further reading on the roles of TNCs with respect to dependency theory, see Moran (1985), Higgins and Savoie (1995), and dos Santos (2003).

in Latin America and has come to be associated with more general concepts of U.S. neocolonialism and corporate imperialism throughout the developing world. Moreover, Newcomen Fellow in Business History at Harvard Business School and Professor of Economic History at the Universidad de los Andes en Bogotá, Colombia, Marcelo Bucheli asserts that the operations of the United Fruit Company in Latin America have been viewed by *dependentistas* as particularly exemplary of the assertions of dependency theory.[17]

I will argue that the fundamental question being asked here is whether the United Fruit Company shall be perceived as "good" or "bad" for Latin America. This same question has been the cause of varied interpretation and debate, and it seems to have been tackled over and over again by numerous authors who have approached the question from various perspectives. How should the United Fruit Company be perceived? Has United Fruit been a testament to the value of entrepreneurship and the unlimited potential of capitalism, or has the Company operated as a structured monopoly that should be denounced for having profited from concessions offered by corrupt national governments and from the systematic repression and mistreatment of powerless Latin American banana workers? Should United Fruit be celebrated for having provided jobs, investment, and infrastructure to parts of Latin America, or might the Company be perceived as a quintessential example of U.S. corporate imperialism in practice? Has the United Fruit Company, in providing access to global markets, offered Latin American countries a potential means of economic growth and development, or has the Company actually impeded these countries' struggle for

[17] Bucheli (2005), 187

development, indicating the restrictive, subjugating nature described by *dependentistas* as inherent to the capitalist system, itself?[18]

Bucheli asserts that such perceptions of the United Fruit Company as necessarily "good" or "bad" are inaccurate, and he argues that the perspectives of dependency theory are "incomplete" in that they tend to view TNCs like United Fruit as "a homogenous entity in which all its members have a common, well-defined agenda." Bucheli says that the dependency theory fails to perceive TNCs for what they really are: complex business enterprises that consist of investors, shareholders, high executives, regional managers, and local employees.[19] According to this view, the United Fruit Company has not come to Latin American countries to serve as an agent of U.S. imperialism; rather, the Company has developed its operations as a corporate enterprise. In this way, the Company has certainly acted in its own self-interests, but the only established agenda has been economic profit, and exploitation of local workers and weak national governments has never served as a motive in and of itself.

Bucheli also asserts that United Fruit's interactions in Latin American host-countries has not been "unidirectional"; rather the Company has developed and reformed its own internal structure and strategies over the course of the twentieth century in response to the shifting and evolving political and economic realities in the countries where it has operated.[20] Similarly, Steve Striffler has argued that while the bargaining power of national governments and domestic actors in Latin American host-countries has not always been equal to that of the

[18] For examples of these varied interpretations of United Fruit, and of transnational corporations in general, see Adams (1914), Kepner and Soothill (1935), Frank (1969), Novak and Jackson (1985), Higgins and Savoie (1995), Buchard (1997), Seligson (2003) and Chilcote (2003).
[19] Bucheli (2005), 187
[20] Ibid, 13

United Fruit, the Company has not always been able to completely dictate the terms of its own presence in those countries either. Striffler explains,

> …when [the United Fruit Company] was *there* – whether *there* was Guatemala, Costa Rica, Colombia, or Ecuador – it had to deal with the peculiarities of particular states and political landscapes. The 'penetration' of foreign capital was never as smooth and one-sided as the metaphor often seems to imply.[21]

In this way, banana TNCs like United Fruit might be understood as not having necessarily "imposed" themselves on weak, powerless Latin American countries. According to Allen Wells, these corporations were actually "welcomed, [and] even feted" as a means of developing new infrastructure and new commercial interests that might serve as a means of achieving economic prosperity.[22] Bucheli asserts that to victimize the societies in Latin American host-countries where United Fruit has operated is to neglect "the capacity of the people to be aware of the existence of a wrong situation and organize themselves to change it." Bucheli notes that local workers, landowners and national governments in Latin American countries have not passively accepted domination by the United Fruit Company; rather, they have been assertive and aggressive in negotiating with the Company and defining its operative presence.[23]

The primary objective of my investigation, then, is to assess United Fruit's role in the banana sectors of Ecuador and Colombia and what it has meant for local workers in those countries. I also consider the ways that the Company has been perceived and portrayed by previous scholarship. In this way, I assess to what extent the depictions that have resulted from a century of investigation have succeeded in accurately capturing the role played by

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[21] Striffler (2002), 29
[22] Wells (2003), 328
[23] Bucheli (2005), 185-186

banana TNCs like the United Fruit Company regarding the treatment of local banana workers in Latin America.

My purpose in exploring the development of the United Fruit Company's operations in Ecuador and in Colombia is not to discount any one of the various interpretations described throughout this chapter. Rather, the objective of my investigation is to reveal some of the complexities regarding the influence and power of the United Fruit Company in Latin America. I assert that none of these explanations has been completely incorrect, and each one does, indeed, offer an accurate analysis. In fact, each of these claims makes up for where the others are lacking.

For instance, the numerous forces that have guided the strategies of the United Fruit Company throughout the century have not shared a common, imperialistic agenda, but the Company has certainly operated so as to further its own economic interests, and the result has often been the exploitation of Latin American societies and local workers. Furthermore, the Company's operative presence in Ecuador and Colombia was particularly exploitative at the time that Charles Kepner and Jay Soothill published their assessment in 1935. Similarly, even though United Fruit never actually forced its way into Latin American host countries, the Company has taken advantage of lucrative opportunities associated with the underdevelopment in Ecuador and Colombia. In this way, United Fruit's presence has effectively furthered the dependency of the Ecuadorian and Colombian economies on banana-exports and on the willingness of the Company to market the bananas produced in each of these countries. Nevertheless, I agree with Bucheli that it would be incorrect to describe local banana workers, domestic growers, and the Ecuadorian and Colombian national governments as having been "passive" in interacting with the United Fruit

Company. I argue, though, that these various actors' capacity to recognize and respond to their own exploitation is not called into question by pointing out the fact that they have at times been victims of United Fruit's exploitative strategies. Certainly, the presence of the United Fruit Company in Ecuador and Colombia has not been completely "unidirectional," but the Company has benefited from some real advantages by virtue of its size, its capital resources, its monopolized access to world markets, and the operation of its own shipping networks.

In exploring the company's role in Ecuador and Colombia, I found that while there may in fact be a relationship between the presence of TNCs like the United Fruit Company in a country's banana production-for-export sector and the treatment of local banana workers, the relationship is often, in fact, more complex than the depiction offered by the pejorative "banana republic" necessarily makes clear. On the other hand, United Fruit's operations have also been much more complex than is allowed by an interpretation of the Company as merely another capitalist enterprise. If my research has taught me anything, it is that complexity can be illuminating, even if it introduces as many or more questions than it necessarily answers.

I present the findings of my investigation in three stories. The first story is of the historical evolution of the United Fruit Company's operations throughout Central and South America as a whole, and I compare the development of this particular TNC with the broader trends of banana TNCs throughout the twentieth century. The purpose here is to consider to what extent my findings with respect to the United Fruit Company might be representative of trends and processes generally pursued by banana TNCs that have developed and functioned within the global banana market. The second and third stories focus more specifically on the fluctuations with respect to the nature of United Fruit's activities in Ecuador and in Colombia. In the accounts of the TNC's movement in and out of these two countries' respective banana export sectors throughout the twentieth century, I question what may have motivated those changes. Furthermore, I analyze the shifts of the United Fruit Company as to the implications, whether positive or negative, for local banana workers in both the short and the long-term.

It is after such lengthy explanation that I restate my objective. In examining the United Fruit Company as to the ways that its operations and presence have developed and evolved throughout Latin America, I will shed light on what the role of this banana TNC has been throughout the twentieth century with respect to the treatment of local banana workers. In giving an historical account of United Fruit's development, I also consider the ways that the Company has been perceived and portrayed by previous scholarship in comparison with the findings of my own investigation. In this way, I assess to what extent the depictions that have resulted from a century of investigation have succeeded in accurately capturing the role played by banana TNCs like the United Fruit Company regarding the treatment of local banana workers in Latin America.

2

The United Fruit Company in Latin America

Steve Striffler and Mark Moberg have asserted that the twentieth century has been "the century for bananas in many parts of Latin America," and the United Fruit Company, the oldest and historically the largest of the banana TNCs, has been described as "an implacable and overwhelming force throughout the hemisphere."[24] The historical development of the United Fruit Company is a complex story that extends across the entirety of the twentieth century, and the Company might be perceived as having existed for at least as long as the banana itself has been grown as a mass-export commodity. The story of the United Fruit Company must begin at least as early as 1899, with the merging of Minor C. Keith and the Boston Fruit Company's respective railroad networks, shipping systems, and banana operations.[25] The Company has been a major presence throughout the twentieth century development and expansion of the global banana market and is one of the three largest banana TNCs to this day.

The United Fruit Company has evolved and changed throughout the twentieth century. In the first decades of the century, United Fruit dominated the banana market in the Americas. Throughout subsequent decades, though, other companies have emerged as

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[24] Striffler and Moberg (2003), 3
[25] Adams (1914) and Bucheli (2005)

competitors, and TNCs like Dole and Del Monte have increasingly challenged the virtual monopoly that United Fruit once maintained. Also, United Fruit has, in the past, enjoyed access to tremendous quantities of capital, and this has given the TNC some real advantages in negotiating the terms of its presence in often-underdeveloped Latin American host countries. In 2001, though, after several years of conflict with the European Union during the "Banana War," the Company announced a debt-restructuring plan filed under Chapter 11 of the U.S. Bankruptcy Code.[26]

Finally, United Fruit has been targeted as an example of an imperialistic venture that has profited from the exploitation and harsh repression of local workers in Latin America. Marcelo Bucheli even asserts that the pejorative, "Banana Republics", and all of the concepts associated with the term have originated from the operations of the United Fruit Company in Latin America. In 2000, though, the Company, now operating as Chiquita Brands International, Inc., voluntarily appended to its own Code of Conduct a set of new labor standards known as SA8000. These SA8000 standards were developed in New York City by a panel of businessmen, trade union representatives, and several NGOs.[27] That year Chiquita also began releasing annual "Corporate Responsibility" reports, and, by 2004, every single one of the Company's banana plantations throughout Latin America had been certified to the labor standards outlined under SA8000.[28] Also, in 2001 Chiquita signed an agreement with the Latin American Coordination of Banana Workers Unions (COLSIBA) and the International Union of Food and Agricultural Workers' Associations (IUF), and the agreement included the Company's reaffirmed commitment to the SA8000 labor standards,

[26] Chiquita World Wide Web homepage
http://www.chiquita.fr/announcements/Restruct_Lang/PR011128english.asp
[27] FAO (2003), 62
[28] Chiquita (2004), 17

to the Core Conventions of the International Labor Organization on workers' rights to freedom of association, and to guarantee a safe and healthy work environment to local banana laborers.[29]

Obviously, the history of the United Fruit Company is an extensive, complex story. In the interest of simplifying a century-long account of the United Fruit's operations in Latin America, then, it may be beneficial to organize the Company's development into defined time-segments so as to systemize our examination. Such a strategy will provide structure on which to base an analysis of the presence of the United Fruit Company as it may have shifted and evolved over time throughout Central and South America, and it will facilitate an evaluation as to what may have been the implications of the Company's shifts for local banana workers.

Building on the work of other researchers, I will base my illustration of the development of the United Fruit Company, first and foremost, on the model suggested by Allen Wells, which divides the Company's story into "a tale of two discrete half-centuries." Wells's model approaches the twentieth-century development of United Fruit as two distinct time periods divided by the years of World War II, during which the Company temporarily ceased its banana-operations in Latin America.[30] This approach may serve as well as any other in structuring my investigation as to how the Company's operative presence in Latin America has changed throughout the century. Furthermore, Wells's model is not without reason. In examining and comparing United Fruit's activities in Latin America, the strategy pursued by the Company throughout the first half of the twentieth century appears to have transformed after WWII and, particularly, in and after the 1950s. Secondly, I add to Wells's

[29] US/LEAP (2001)
[30] Striffler and Moberg (2003), 316-334

model, distinguishing the years after 1980 as, yet, a third discernible time period in the evolution of United Fruit's strategy in Latin America. In this way, I organize my account of the United Fruit Company's operative presence in Latin America into three distinct time-segments: the decades of the first half-century, the post-WWII decades, and the decades since the 1970s.

The First Half-Century

Striffler and Moberg have asserted that, "wherever the banana trade [has] established itself, it [has] generated broadly similar demands for labor, land, and capital, causing common patterns and themes of development to emerge in otherwise disparate regions."[31] Bananas were being produced in parts of Latin America as early as the sixteenth century, and the banana was already being imported in small quantities to the United States by at least 114 different companies before the founding of the United Fruit Company.[32] Development of banana production-for-export to a level that could deliver the fruit continuously on a large enough scale to meet the demands of mass consumption would be capital, land, and labor-intensive, and safe delivery of the fragile fruit to global markets would require tremendous care and precision and a constant, coordinated movement from initial growing stages to harvesting, packaging, shipping, and eventual retail. Additionally, unit profit-margins would be low for internationally-traded bananas, necessitating large-scale production, and, since the fruit would be particularly susceptible to diseases, the entire production process would at times have to be moved out of particular locations and into disease-free zones.

Although a global banana market may have, to some extent, existed prior to the United Fruit Company, the development in Latin America of banana production as an export-

[31] Striffler and Moberg (2003), 4
[32] Adams (1914), 35-71

commodity may not have really been practical, or feasibly profitable, before United Fruit arrived wielding the capital means to develop and coordinate the market. In this way, the substantial capital necessary to develop and maintain banana production-for-export sectors in Latin America may have lent to the market's being "monopolized," but a TNC like United Fruit and the highly perishable nature of the fruit may have, to some extent, necessitated vertical integration and the continuous expansion of landholdings, which may have served to further consolidate the Company's monopoly.

Steve Striffler and Mark Moberg have identified the arrival of the United Fruit Company in Latin America as having "transformed the [banana] industry."[33] Throughout the first half of the twentieth century, the United Fruit Company followed a general process of vertical integration and the expansion of its role and regulatory control at each and every level of the market. This might explain the Company having come to be known throughout Latin America as El Pulpo (the Octopus).

Allen Wells points out that many Latin American countries where United Fruit established operations in the early twentieth century had suffered from civil wars and political conflicts throughout previous decades, leaving the states fragmented and economically weak.[34] Wielding substantial capital and access to world markets for banana exports, the United Fruit Company was able to enter the region aggressively, making capital investments in infrastructure "well beyond the means of local elites and national governments."[35] United Fruit constructed buildings, railways, ports, telegraph lines, and steamships. The Company established major operations in various countries of Central and

[33] Striffler and Moberg (2003), 10
[34] Wells (2003), 328-329
[35] Ibid, 317

South America where land and labor were both abundant and cheap, and where hurricanes posed less of a threat than in the Caribbean.[36]

The United Fruit Company's banana production operations were for the most part geared toward the U.S. markets and generally consisted of large-scale, corporate-owned plantations, which were combined with the Company's railroad systems, port facilities, and extensive shipping network. Through the Company's ownership of the entire infrastructure associated with the production and marketing of bananas, United Fruit was able to control the entire banana sectors of Latin American host-countries. Furthermore, United Fruit confronted the threat of any emerging competition by purchasing smaller companies and establishing subsidiaries throughout various stages of Latin American countries' banana export sectors.[37]

In addition, United Fruit's initial land investments were substantial, and these first investments were followed by continued property acquisitions so as to ensure the availability of land in the case of outbreaks of plant diseases and problems with labor and/or national governments. Throughout the first decades of the twentieth century, the United Fruit Company accumulated massive landholdings, and the Company's property increased from around 200,000 acres in 1900 to 3,500,000 acres by 1935.[38] This meant that the Company could move from one region or country to another where the investment environment was more inviting.

Wells notes that the United Fruit's ability to spread and shift throughout Latin America meant that the Company could "threaten to pull out and leave a country," and this gave United Fruit a real advantage in its negotiations with national politicians.[39] In many

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[36] Striffler and Moberg (2003), 13
[37] Striffler and Moberg (2005), 10 and Bucheli (2005), 44
[38] Bucheli (2003), 82
[39] Wells (2003), 318

countries, then, the Company acquired land through concessions offered by producing countries' national governments, which, of course, served to further the United Fruit Company's advantageous negotiating power even more. In this way, Laura Raynolds asserts that "United Fruit became a significant political as well as economic force in the hemisphere…. [and] was involved in shaping domestic politics within producer nations increasingly dependent on banana revenues."[40]

In as much as the presence of the United Fruit Company had significant geographical and political implications throughout the early twentieth century, the development of the Company's operations might also have transformed these Latin American countries socially. United Fruit's banana plantations were generally located in rural, unpopulated areas of host-countries, and the Company used relatively high wages and attractive benefit packages to attract countless laborers to banana producing regions. In this way, the United Fruit Company established self-sufficient enclaves, which, in many cases, amounted to small "islands," complete with health and housing infrastructure, company stores, and even strategically arranged socio-economic hierarchies to be utilized as a form of labor control.[41]

The United Fruit Company's efforts to integrate the global banana market vertically have been described as typical of large American corporations during the "Gilded Age."[42] By the 1930s, though, the Company was beginning to face challenges. First, Standard Fruit Company, which had been founded in 1909, emerged in the late 1920s as United Fruit's main rival in the international trade of bananas from Latin America.[43] Second, the United Fruit Company's major operations were being plagued by outbreaks of the Panama Disease and

[40] Raynolds (2003), 26
[41] Wells (2003), 317
[42] Wells (2003), 318; Bucheli (2003), 81 and Bucheli (2005), 9
[43] Raynolds (2003), 26 and FAO (2003), 71

problems with workers and national governments.[44] Wells offers an explanation as to the Company's increasingly uncertain relationships with the banana workers and national politicians in the Latin American countries where it operated:

> During the Depression, the interests of cash-strapped national governments, who were anxious to obtain larger revenues and a greater degree of regulatory control over the banana sector, dovetailed with those of workers, who wanted higher pay and better working conditions… Latin American economies turned inward, promoting import-substitution industrialization. As a result, states became more assertive in their negotiations with banana companies and more solicitous of organized labor.[45]

The United Fruit Company certainly encountered these types of problems in Colombia, where labor movements began to receive strong endorsement from the Liberal Party that won the Colombian Presidential elections in 1930.[46] Furthermore, it was in the face of these changing circumstances in Colombia and in Central American host-countries that United Fruit made its first major land purchase in Ecuador in 1934. Then, with the outbreak of World War II in 1939, the United Fruit Company was forced to halt all of its operations throughout Latin America temporarily because of the presence of German submarines in Caribbean waters.[47]

Post-WWII

If, prior to the outbreak of the War, United Fruit's focus had been on continuous land acquisition, the wiping out of potential competition, and vertical integration of the entire global banana market, then the Company's post-War focus in Latin America appears to have been to reverse these trends. Upon returning to Latin America after the end of the War,

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[44] Striffler (2003), 173
[45] Wells (2003), 329
[46] Bucheli (2005), 133-137
[47] The United Fruit Company Historical Society, Inc.

United Fruit responded to new realities in Latin America by embarking on a process of self-transformation, divesting itself of its landholdings and generally shifting away from its previous involvement in banana production. The Company's focus throughout the subsequent decades would be on diversifying its operations and developing an internal structure more conducive to marketing and distribution than to a direct role in the production of export-bananas.[48] This overall transformation of the United Fruit Company is, perhaps, best summarized in the words of Marcelo Bucheli:

> The "octopus" of the "Banana Empire" in the early twentieth century consciously dismantled itself in later years, largely to insure a continued place on top of the banana world.[49]

By the time United Fruit ceased its operations in Latin America with the outbreak of World War II, things had already begun to change in this direction. Wells describes Latin American national governments as having taken a greater interest in obtaining larger revenues from banana exports and in achieving greater regulatory control over their countries' respective banana export sectors since the economic hits of the Great Depression. In this way, Latin American politicians had already begun to become more assertive with banana companies like the United Fruit Company and had become more and more considerate of the interests of local workers, who had become increasingly organized in their efforts to achieve higher wages, better wages, and more formalized employment contracts.[50] It seems that, during the War, these changes generally intensified at United Fruit's traditional sites of operation.

When United Fruit returned to its banana operations following the end of the War, the Company found a transformed Latin America, and so, too, was United Fruit forced to change

[48] Bucheli (2005), 50-54
[49] Ibid, 69
[50] Wells (2003), 329

the way it operated throughout the region. The atmosphere of earlier decades when the company had enjoyed hefty concessions offered by foreign-friendly government officials had been replaced with an environment of increased nationalism, much more powerful labor unions, and less certain relationships with national governments. In this new Latin America, United Fruit found acquiring new landholdings to be much more difficult, and the national government in Guatemala, under the leadership of President Jacabo Arbenz, initiated agrarian reform and began to expropriate uncultivated portions of United Fruit Company's Guatemalan properties.[51] Meanwhile, the Panama Disease continued to ravage production.[52]

In addition, per capita consumption of bananas and other fresh fruits, which had increased throughout the first half of the twentieth century with exceptions of temporary interruptions of World War I, the Great Depression, and WWI, had begun to wane in both the United States and Europe with the development of new processed food products.[53] Then, in 1954, the U.S. Department of Justice accused the Company of having violated antitrust legislation. This led to United Fruit's having to sell its holdings of the International Railways of Central America (IRCA), and in 1958 the Company was also forced to sell one of its subsidiaries, Compañia Agrícola de Guatemala.[54]

Finally, the decades after WWII saw even more increased competition within the global banana market. An increasingly competitive banana sector had emerged in Ecuador, but, by the late 1950s, United Fruit's Ecuadorian operations were facing the same types of problems with plant disease, conflicts with organized labor, and uncertain support of the national government that the Company had been facing in other host-countries since the 1930s. Then,

[51] The United Fruit Historical Society, Inc
[52] Wells (2003), 319
[53] Wells (2003), 332 and Bucheli (2005), 34-35
[54] Bucheli (2005), 61; FAO (2003), 71 and The United Fruit Company Historical Society, Inc.

in the late 1950s, United Fruit's chief competitor, Standard Fruit, began developing a new variety of banana resistant to Panama Disease. This Valery banana would enable the rival to increase productivity dramatically and to decrease the risks associated with banana production-for-export.[55]

Throughout the 1950s and 1960s, then, the United Fruit Company began to shift away from the risks and struggles involved in the direct growing of export-bananas, purchasing more bananas through local subsidiaries and contracts with independent local growers. The Company gradually divested itself of its production assets such as plantations and railways and began to focus more specifically on the marketing of bananas. Bucheli notes that the United Fruit Company's move from vertical integration to what he calls vertical "*dis*integration" may actually have resulted in fewer profits than those which had been earned in the years prior to WWII, but he theorizes that the Company's decision to reduce its involvement in direct growing might actually have been to appeal to shareholders, who, in watching the changes and instability unfolding in Latin American countries, had begun to perceive United Fruit more and more as a risky investment option. In any case, technical improvements of the 1950s may have made vertical integration of the international banana trade less necessary than it had been in earlier decades, and the lucrative prospects of a growing processed food industry may have, therefore, been appealing.[56]

After the mid-1950s and into the 1960s, then, United Fruit began to rely more on contracts with domestic producers in Latin America and to diversify its operations to include the marketing of processed foods. In 1970, United Fruit merged with the AMK Corporation

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[55] Bucheli (2005), 62-64
[56] Bucheli (2003), 80, 85-93 and Bucheli (2005), 54-61

to create the food conglomerate, United Brands. Bucheli points out this event as the definitive end of the Company's post-WWII transformation process.[57]

Since the 1970s

Throughout the decades since the 1970s, the global banana trade as a whole has been transformed into a much more complex animal. For one thing, the market has become less concentrated and more competitive as various corporate actors have appeared as stronger, more aggressive rivals to United Brands. Also, consumers in developed markets became more and more concerned with the health-value of their diets, and banana imports would increase tremendously throughout the late 1980s and the 1990s. Finally, in anticipation of the establishment of the European Union and the opening of former Communist economies, banana TNCs like United Brands returned their focus to banana production and even resumed their previous direct roles at the production level.[58] When expectations did not materialize, the ensuing "Banana Wars" would result in Chiquita finishing the century with an enormous debt.

Throughout the 1970s and 1980s, the global banana market became increasingly competitive. Exportadora Bananera Noboa, S.A. (Noboa), a national banana-exporting corporation in Ecuador, had been founded in 1952, but Noboa's banana exports grew considerably during the 1980s.[59] In 1972, United Brands's main rival, Standard Fruit, merged with Castle and Cook and adopted the Dole® label. That same year, Del Monte became a much more significant competitor by merging with the West Indies Fruit Company and by purchasing the banana plantations in Guatemala that United Fruit had forfeited in the

[57] Bucheli (2005), 36-37, 66
[58] Bucheli (2005), 40-41
[59] FAO (2003), 71

1950s as the result of antitrust legislation.[60] Finally, in 1986, United Brands sold Fyffes, a subsidiary company since 1903, to Fruit Importers of Ireland. Fyffes would become one of the world's largest banana TNCs.[61]

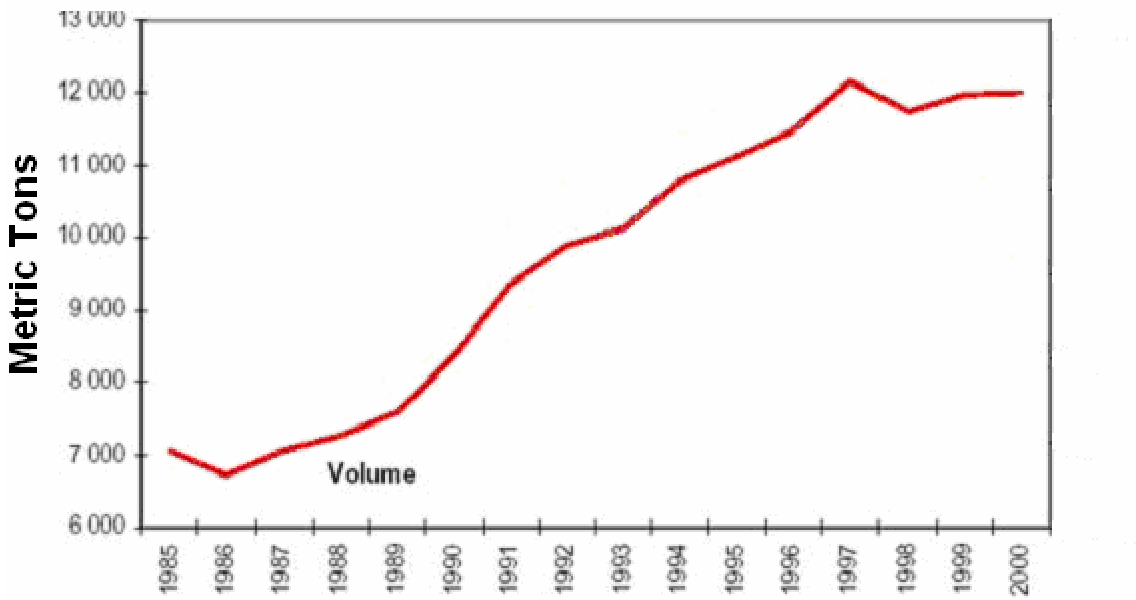
Meanwhile, as the global banana market was becoming more competitive throughout the 1970s, union activity continued to increase in many Latin American countries where the United Brands operated.[62] Also, in 1974, the interests of banana TNCs like United Brands were challenged when the national governments of Costa Rica, Guatemala, Honduras, Panama and Colombia came together to establish the Unión de Países Exportadores de Banano (UPEB). These national governments sought to achieve a greater share of the profits derived from banana exports by increasing the taxes paid by TNCs on banana exports, taking more regulatory control of production, and reducing many of the concessions that had been granted to banana TNCs earlier in the twentieth century. Marcelo Bucheli points out that the year that the UPEB was created, United Brands experienced a net loss of US$43,607,000.[63]

Worldwide banana consumption also increased dramatically during the late 1980s **[See Figure 1].** United Brands anticipated even greater increases in demand with the coming of the European Union market and the opening of economies in Eastern Europe. The Company, therefore, divested itself of several of its processed food subsidiaries and, once again, invested in banana-production operations as it had several decades before.[64] Europe had been a major destination for banana imports throughout much of the twentieth century, but, whereas, the vast majority of U.S. banana imports have always come from Latin

[60] Bucheli (2005), 71
[61] FAO (2003), 68,71
[62] Human Rights Watch (2002), 11
[63] Bucheli (2005), 72-73
[64]Ibid, 76

American producers, the origins of bananas imported by European countries had been governed by a range of protectionist trade policies based on preferential access agreements with domestic producers and specific APC (African-Pacific-Caribbean) countries.[65]

Figure 1: **World Banana Imports by Volume**
1985-2000



Source: FAO (2003)

Unfortunately for United Brands, which changed its name to Chiquita Brands International, Inc., the Eastern European market did not grow as much as had been anticipated.[66] Similarly, when, in 1993, the various import regimes of the former European Economic Community were consolidated under the Single European Market (SEC), the result was not a newly-expanded market for Latin American banana exports, but, rather, a common tariff-quota import policy called the Common Market Organization for Bananas (COMB). This COMB consisted of an import licensing system for Latin American "dollar bananas," a reference to U.S. TNCs' influence in the region's banana industry. Also, under

[65] FAO (2003), 39-44
[66] Bucheli (2005), 76

the COMB, imports of “dollar bananas” that exceeded specified volumes were to be subject to extremely high tariffs.[67]

This new European policy was a huge blow for Chiquita, which had re-invested nearly US $1 billion in returning to banana production, and rather than opening new markets for Chiquita’s bananas, the formation of the European Union instead resulted in a significant loss of the company’s market share in Europe. Worse still, Bucheli notes that while Chiquita was clashing with the European Union throughout the “Banana Wars” that followed, its oldest rival, Dole (formerly Standard Fruit), was instead adjusting to the realities of the new EU policies by investing in banana production in Africa.[68]

In 1997, Dole overtook Chiquita as the world’s leading banana company for the first time throughout the entire twentieth century, and the two have remained neck-and-neck ever since.[69] By the coming of the new millennium, Chiquita had amassed an enormous debt, and, since 2001, the world’s oldest banana TNC has been struggling to recover from bankruptcy.

As imports and per capita consumption of bananas have increased in developed countries since the 1980s and 1990s, consumers and various non-governmental organizations (NGOs) have become increasingly concerned with the “ethical contents” of imported goods and with the treatment of workers at the lowest levels of production in Latin America. Some of the biggest concerns have been low wages, poor working and living conditions, the lack of benefits, sexual and ethnic discrimination and harassment, dangerous exposure to agro-chemicals, the use of child-labor, and impediments to freedom of association through

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[67] FAO (2003), 39-44
[68] Bucheli (2005), 77-83
[69] FOA’s (2003), 72

unions.[70] Dana Frank asserts that, since 1999, Chiquita has sought to develop a reputation as the "socially responsible" banana TNC, and this certainly appears to be true.[71]

In 2000, Chiquita began releasing annual "Corporate Responsibility" reports.[72] The reports have addressed the use of forced labor and child labor, the health and safety of working environments, representation by labor unions, discriminatory employment practices, disciplinary abuse, the use of temporary employment and contract hiring, working hours, and compensation for overtime.[73] Moreover, the most recent criticism of the Company with respect to the treatment of its Latin American banana workers has appeared in these reports based on Chiquita's own internal investigations.

The Company has also committed itself to a set of labor standards developed by a group of business leaders, union representatives, and NGOs.[74] Chiquita adopted the Social Accountability (SA) 8000 standards into its own Code of Conduct in 2000 and established the year 2005 as a time frame to achieve 100 percent certification of its banana production operations. The Company reached this goal ahead of schedule, and by 2004 all of Chiquita's banana plantations had been certified by independent, third-party auditors according to the SA8000 standards.[75]

In 2001, Chiquita signed an agreement with COLSIBA and the IUF pledging to respect labor rights on its plantations and on the plantations of the Company's subcontractors.[76] As of 2002, 90 percent of Latin American banana workers who were members of labor unions

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[70] http://www.soc.duke.edu 9/7/05
[71] Frank (2005), 12-13
[72] Chiquita World Wide Web homepage
[73] Chiquita (2000), (2001), and (2002)
[74] FAO (2003), 62
[75] Chiquita (2004)
[76] ILO (2001)

also worked for Chiquita.[77] Furthermore, 70 percent of Chiquita's workers were unionized by 2001, more than any of the other major banana TNCs.[78] According to Dana Frank, unionized workers generally earn wages that are higher than those of non-union banana workers," they do not experience as many "arbitrary" firings, and they often receive benefits that are "more important than the wage differential."[79]

Conclusions as to United Fruit's Operative Presence Throughout Latin America

We can see that the history of the United Fruit Company is an extensive, complex story, and the story becomes even more complicated when we observe the development of the Company's operations as they have evolved and changed in specific Latin American countries. What is interesting, though, is how very similar the United Fruit Company's presence has been in the various countries that have played host to its productive operations. The Company was initially welcomed as a source of capital investment and access to foreign markets for export goods. This enabled the Company to enter Latin American host-countries quickly and aggressively, constructing banana enclaves, acquiring large landholdings and amassing sizeable labor forces. The Company has also experienced similar problems in most of its operations with agricultural disease, labor, and national governments. Furthermore, the Company's response to such problems has always been to pull out of locations where disruptions occur and shift production to other areas. Finally, the Company has increasingly moved away from direct production, preferring instead to market bananas that it purchases through contractual arrangements with domestic producers in Latin America.

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77 Frank (2005), 12
78 Chiquita (2001), 19
79 Frank (2005), 13

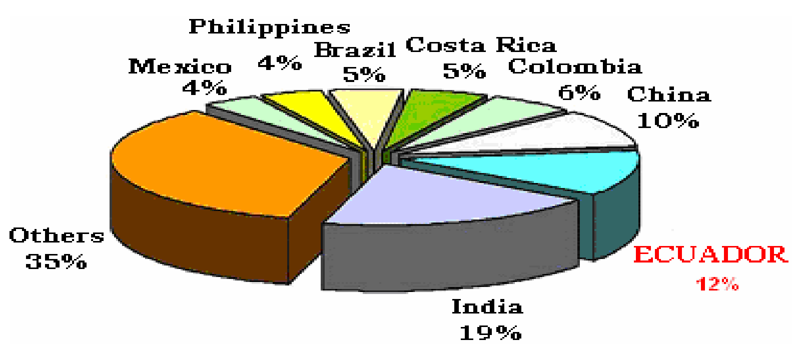
Today, the extent to which Chiquita is directly involved in banana production varies from one country's banana sector to another. In the late 1980s, the Company resumed some of its productive operations in anticipation of new, expanded import markets. Still, the trends described in the previous paragraph are generally observable throughout most of Latin America where the Company has operated throughout the twentieth century. In the two chapters that follow, I discuss the Company's operations in Ecuador and Colombia, and we will see that the processes and evolution of the Company's operative presence in these to countries has been quite similar.

3

United Fruit's Operations in Ecuador

In many ways, the birth of Ecuador's banana-export sector is an exception within the global banana market. The country began trading bananas as early as 1910, but its banana exports were negligible until the 1930s. Despite the relatively late development of Ecuador's banana-export sector, though, the country's banana exports had surpassed those of any other country by 1952. Today, Ecuador continues to be the world's second largest banana-producer and the largest producer of internationally-traded bananas **[See Figures 2 and 3].** Ecuador accounted for about 18 percent of the world's internationally traded bananas throughout the 1970s and 1980s, and the country's banana exports amounted to about 30 percent of all globally traded bananas during the 1990s.[80]

Figure 2: Production of Cavendish Bananas According to Country: 1998-2000
(Average Percentage)

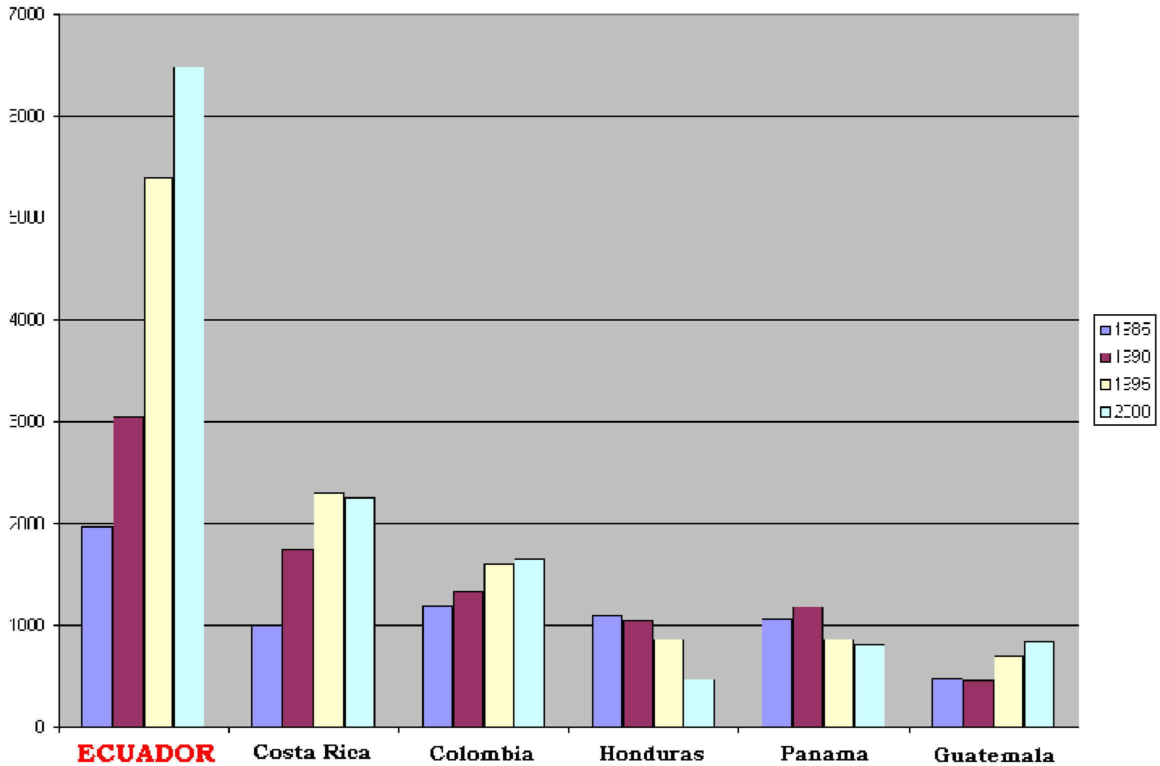


Source: FAO, 2003 (edited)

[80] FAO (2003), 4-7, 17

Figure 3: Latin American Banana Exporting Countries

(Metric Tons)



Source: My graph based on data provided by FAO, 2003

Ecuador has been a significant producer of the bananas imported by the United States. From 1988 to 1990, nearly 56 percent of Ecuador's banana-exports were shipped to the U.S., and more than 30 percent of U.S. banana-imports came from Ecuador. The portion of Ecuador's bananas destined for the United States has decreased significantly during the 1990s, and so has the portion of U.S. banana-imports originating from Ecuador. In terms of volume, though, banana trade between Ecuador and the United States has remained for the most part steady, but has simply not increased as rapidly as have Ecuador's total banana exports and U.S. imports.[81]

Another noteworthy feature of Ecuador's contemporary banana production-for-export industry has to do with its structure. Unlike the banana sectors of most producing countries

[81] My own calculations based on data provided by the FAO (1999) and (2002).

in Latin America, where banana TNCs continue to maintain a considerable presence at the growing stages, the production of Ecuadorian bananas is not currently dominated directly by large TNCs, and the landholdings of the three largest banana TNCs amount to only about one percent of the country's banana producing land. Ecuadorian bananas are instead grown by domestic producers on a variety of production systems that range from small, independently-owned and operated farms of just a few hectares to larger-scale, high-technology plantations of more than a thousand hectares.[82]

Today, most of Ecuador's banana production is concentrated in the provinces of El Oro and Guayas in the country's coastal lowlands **[See Figure 4].** The United Fruit Company actually does not own any plantations in Ecuador but, instead, purchases Ecuadorian bananas through contractual arrangements with national producers.[83] Such has not always been the case, and the presence of United Fruit at the growing stages of Ecuador's banana-export sector was particularly significant from the 1930s until 1965. In fact, Ecuador's advance to the forefront of the global banana market occurred simultaneously with the development in the Tenguel zone of what would United Fruit Company's most significant productive operation in the country. Steve Striffler calls the period from the 1940s to the mid-1960s Ecuador's "banana boom."[84]

[82] See Human Rights Watch (2002), Striffler (2002), and FAO (2003)
[83] See FAO (2003), 68 and Human Rights Watch (2002), 11
[84] Striffler (2002), 40, 116

Figure 4: Map of Banana Producing Provinces of Ecuador

Source: cruisesingalapagos.com (edited)

Despite the discernable similarities in the paths of development of the United Fruit Company's Ecuadorian operations and its operations elsewhere, the major shifts in the Company's operative presence in Ecuador's banana sector followed a distinct course. I organize my analysis of the United Fruit Company's presence in Ecuador according to the unique experience of the Company in this country. First, I examine the arrival of the United Fruit Company and the development process of the plantation at Hacienda Tenguel after 1934. This section gives an account of the Company's operations throughout the "banana boom" up to the late 1950s, when the Company's operations in the Tenguel zone began to fall apart. Second, I discuss the period that I will call "Breakdown and Transformation," during the 1960s and 1970s. Throughout this period, the United Fruit Company completely withdrew from Ecuador, and the country's banana-export sector was entirely restructured in terms of the distribution of power among domestic actors and banana TNCs. Finally, I focus on Ecuador's contemporary banana-export sector, paying particular attention to the role of the United Fruit Company with respect to the contract farming production system and the consequences of this system for Ecuadorian banana workers.

My objective here is to analyze the nature of the Company's role with respect to the treatment of local banana workers, and I approach the United Fruit Company's operations in Ecuador as one of the two cases to be considered within my comparative case study. The conclusions drawn are then to be compared with my investigation as to the implications for local banana workers of United Fruit's shifting presence over time in Colombia. Finally, my evaluation of what the presence of the United Fruit Company has meant for workers in these two countries is to be weighed against the general assumptions and claims of dependency theory. Congruent with the goals of my comparative case study, then, I ask the following three questions. First, what may have been the objectives and strategies of the United Fruit Company in shifting in and out of Ecuador and Colombia's banana sectors? Second, how do United Fruit's actions appear to have been perceived by local banana laborers, based on workers' responses and reactions to the Company's actions? Finally, do these conclusions concur with the interpretations and assertions associated with the perspective of dependency theory?

The United Fruit Company Comes to Ecuador

The United Fruit Company came to Ecuador in the mid-1930s in response to problems elsewhere. United Fruit purchased its Hacienda Tenguel property in 1934, and, at that time, the Company's more traditional banana-production sites in Central America were being plagued by outbreaks of the Panama Disease and were being disrupted by confrontations with newly aggressive organized labor and increasingly assertive national governments. In the midst of these frustrations, United Fruit found, in Ecuador, a sort of new frontier into which it could expand its operative presence. This appears congruent with the Company's strategy of spreading itself across Latin America, and this trend is generally observable within United Fruit's development throughout the decades prior to the outbreak of World War II.

Here, in Ecuador's coastal lowlands, not only was the warm, humid climate ideal for the cultivation of bananas, but the fertile soil was also untouched by the devastation of the Panama Disease.[85] In addition, in Ecuador, peasant-worker organizations were only beginning to emerge in significant numbers in the mid 1930s. At the time of United Fruit's arrival to the Tenguel zone, then, problems with organized labor did not pose an immediate threat to the establishment of productive operations.

Ecuador also offered United Fruit an opportunity to develop new interests unperturbed by problems and interference from the national government. The end of the country's forty-year cacao boom had basically left Ecuador in a state of financial crisis and in search of new options.[86] In 1922, the Ecuadorian Congress passed a new law that would facilitate the development and expansion of agricultural production and the construction of transport and export infrastructure. Striffler describes the legislation as having provided "special facilities" to steamships capable of carrying oceanic freight, and it even included a clause that allowed for a two-year duty-free period specifically for banana exports.[87] It seems clear that if the

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[85] James Parsons (1957) asserts that the first appearance of the Panama Disease in Ecuador was not until 1936, which was two years after the United Fruit Company purchased property in the Tenguel zone.
[86] According to Steve Striffler (2002), Ecuador had enjoyed a cacao boom from 1880 until the early 1920s, and the country had become the world's largest cacao producer in 1904. Cacao exports had accounted for the majority of Ecuador's total exports, integrating the country into the world economy and shaping the country's political and socio-economic landscape.
[87] Stiffler (2002), 34

Ecuadorian state was looking for new options, then the United Fruit Company was certainly willing to develop banana production in the country as an alternative export-commodity.

Steve Striffler identifies Hacienda Tenguel as the United Fruit Company's "first real commitment" to banana production in Ecuador.[88] The fact that Hacienda Tenguel had at one time been the largest and most developed cacao-producing property in Ecuador seems symbolic of the country's cacao sector coming to be replaced by export-bananas.[89] Having been generally neglected since the collapse of cacao in the early 1920s, the close to 100,000-hectare property was an overgrown mess by the time that it was purchased by United Fruit in 1934. The overhaul and renovation of the entire zone would require a considerable "commitment," to say the least. A descriptive account of the extensive process is presented in Striffler's book,

> United Fruit was forced to bring in virtually everything by plane or boat. In addition to the necessary facilities for banana production, including a system of railroads that covered cultivated portions of the hacienda, the company reconstructed the entire town of Tenguel and built a number of smaller hamlets from scratch. Wood and other material for the workers' homes, the Catholic church, the hospital, the port, and the company store were all imported from the United States. Movie theaters, one for the workers and one for the employees, as well as clubhouses and an employees' pool, were built with imported materials and company-paid labor. Administrators, mechanics, agronomists, and other experts were also brought in from United Fruit's Central American plantations[90]

Here, in this all but abandoned area of Ecuador's southern coastal lowlands, United Fruit assembled the largest, most productive banana plantation in the country. This would be the most significant of the Company's Ecuadorian operations.

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[88] Striffler and Moberg (2003), 173

[89] Parsons (1957) notes that many of Ecuador's cacao plantations that had been abandoned in the early 1920s were later converted into banana lands.

[90] Striffler (2002), 41

Early Problems at Hacienda Tenguel

As early as 1934, United Fruit's operations at Hacienda Tenguel were already facing difficulties. Within one year after the initial purchase, the Company found itself in a dispute with a group of peasants inhabiting what United Fruit argued was a portion of the newly purchased property. The conflict would prove significant, and perhaps detrimental, to the Company's operations at Tenguel.

The matter in question was whether the land occupied by the squatters was indeed a part of Hacienda Tenguel or a neighboring property to the east called Hacienda Mollepongo. Upon purchasing the Tenguel property, United Fruit proceeded to buy land areas that were occupied by local peasants who had been renting small plots as tenants of the previous owner. Several of the peasants used the money paid by United Fruit to purchase shares of a neighboring Mollepongo property. The peasants claimed a legal right to these shares, but United Fruit argued that the peasants had mistakenly occupied portions of Hacienda Tenguel in addition to the property at Mollepongo, to which they felt entitled. The argument eventually went before an Ecuadorian court, which sided with the United Fruit Company in 1938. The court agreed that the peasants had squatted on portions of the Company's newly purchased land, but the court did not force the peasants to leave the Tenguel property. Instead, the Ecuadorian court allowed the peasants to remain on the property as contracted tenants.[91]

This early confrontation between the United Fruit Company and the group of peasant-squatters is significant for several reasons. First, these peasants' refusal to submit to the Company's will is just one example of a more widespread process of popular organization and mobilization occurring throughout Ecuador by the mid and late 1930s. Second,

[91] Striffler (2000)

according to Steve Striffler, the unwillingness of the Ecuadorian court to come down more forcefully on the peasant-squatters indicates that there were conflicting interests and allegiances already looming within the Ecuadorian national government in the late 1930s. Finally, the whole episode gave the peasants a platform to begin voicing their concerns to the national government. The empowerment of these peasants foreshadowed the eventual takeover of the Tenguel property in the early 1960s by a labor movement that had become increasingly energized and organized.

There is no denying the fact that there were populist, pro-labor forces already brewing in Ecuadorian politics by the mid and late 1930s. For example, Striffler notes the election to the Ecuadorian Presidency in 1934 of Jose Maria Velasco Ibarra, whom he calls "Ecuador's ultimate populist."[92] In addition, it was during the 1930s that labor unions were "born" in Ecuador.[93] Striffler points out that while there had existed only four labor unions in the entire country prior to 1929, nearly seventy functioning labor unions by 1939, and almost 800 new popular organizations formed among peasants and agricultural workers in the rural areas of Ecuador during the 1930s.[94]

Marcelo Bucheli argues that the presence of banana TNCs like United Fruit in Latin American host-countries has not been "unidirectional."[95] By this he means that the real power of companies like United Fruit to dictate the terms of their presence in Latin American countries has been limited by factors beyond TNCs' control, such as the activities of local peasants and workers, agricultural diseases, and the interests of national politicians. This assertion appears to apply to the Company's presence in Ecuador. The Ecuadorian court

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[92] Striffler (2002), 27
[93] Striffler (2000)
[94] Striffler (2002), 51-52
[95] Bucheli (2005), 13

ruled in favor of the United Fruit Company in 1938, but the court did not evict the peasants from the Company's property. Here, we can see that there may have been conflicting forces and interests within the Ecuadorian state. The United Fruit Company was certainly perceived by some as a means of modernization and economic advancement. There were other political actors, though, who may not necessarily have welcomed the presence in Ecuador of large foreign-owned companies like the United Fruit Company, particularly in a sector with so much development potential as the production of bananas for export. Some politicians may have used the presence of United Fruit as a political tool to rally popular support and to inspire populist, nationalist sentiment.[96]

Finally, the fact that the Ecuadorian court did not merely crush the interests of a small group of peasants in favor of the large banana TNC is important because it empowered the peasants and allowed them to continue organizing. The peasants remained at Hacienda Tenguel, forming a commune on the property under the Law of Commune Organization. This Law established particular stipulations that allowed for the creation in rural areas of communes legally recognized by the Ecuadorian state. In this way, popular organizations would become increasingly powerful in Ecuador's Tenguel zone during the next several decades and contribute to the increased mobilization of banana laborers in the area by the late 1950s.

Given the benefit of hindsight, the collapse that would ultimately befall the banana enclave that United Fruit established in Ecuador's Tenguel zone may appear to have already been foreseeable during the first years of development of the plantation. Complexities were already brewing at the national level of Ecuadorian politics in the 1930s, and we can also see the emergence during these years of a process of popular mobilization that would energize

[96] Striffler and Moberg (2003), 175

the labor movement in the Tenguel zone. If labor problems and uncertainties as to the support of the national government were, indeed, both already emerging as early as the mid and late 1930s, then the invasion of the Panama Disease would have added to the instability of the United Fruit Company's operations in Ecuador.

Banana Boom

With the outbreak of World War II, the development of United Fruit Company's banana operations at Hacienda Tenguel was partially halted. After the end of the War, however, the Company returned to its operations energetically. By the mid-1940s, Hacienda Tenguel had become the country's most productive plantation, and by the mid-1950s, more than 5 percent of Ecuador's total exports were coming from the Tenguel zone. Steve Striffler refers to the years of increasing exports between the late 1940s and the mid-1960s as the period of the "banana boom" in Ecuador.[97]

The development of the United Fruit Company's operations at Hacienda Tenguel was extensive. The Company constructed buildings that amounted to small towns complete with schools, theaters, company stores and social clubs. In addition, United Fruit offered wages and considerable benefits to laborers who would come to live and work at the plantation, and the Company amassed a permanent workforce of about 2,500 laborers.[98] In laying out substantial infrastructure within the property, as well as railroad networks that connected the plantation to outlying ports, United Fruit made sure that the outside world could be accessed for commercial purposes. In most respects, though, the self-sufficient world that the Company created at Hacienda Tenguel was an isolated, tightly controlled banana enclave.

[97] Striffler (2002), 40
[98] Striffler (2002) claims that the United Fruit Company may have, at times, even expanded its labor force at Hacienda Tenguel to more than 3,500 workers.

The enclave did have its own police force, but the Company also employed less direct methods in governing the community of workers and their families who lived at Hacienda Tenguel.

During this time United Fruit assembled its workforce strategically so as to ensure stability. In general, the Company tried to maintain discipline and obedience by keeping its workforce satisfied. In his portrayal of life at Hacienda Tenguel, Steve Striffler asserts that "United Fruit equated a stable and disciplined labor force with a married one."[99] The men who migrated to the Tenguel zone to live and work at the banana plantation, then, were encouraged to come accompanied by their wives and children. Here, workers' wages were up to four times higher than the earnings of other agricultural workers in Ecuador, and the Company also allowed banana workers at Hacienda Tenguel to take sick leave and even provided paid vacation. In addition, workers and their families enjoyed the stability of company-owned housing, electricity and running water, and they had access to inexpensive food and medicines, and medical treatment at Ecuador's finest hospital.

If all of this appears generous on the part of United Fruit, it is because that is how the Company hoped to be perceived. Steve Striffler asserts that the United Fruit Company assumed a self-proclaimed role of "benevolent" and "paternal" provider at Hacienda Tenguel, and this allowed the Company to maintain a positive image among workers, while extending its own presence and control even further throughout the community.[100] By providing banana workers at Hacienda Tenguel with social outlets, United Fruit was able to dictate workers' social interactions, and as the provider of opportunities for solidarity, the Company was able to take advantage of divisions among workers and regulate autonomy.

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[99] Ibid, 45
[100] Striffler (2002), 47

For example, United Fruit sponsored sporting events at Hacienda Tenguel, but gambling and alcohol consumption were highly regulated. In addition, the social clubs were segregated according to type of labor, thereby serving to maintain divisions within the labor force. Similarly, the United Fruit Company sponsored a workers' union at Hacienda Tenguel in the 1940s, which Striffler asserts was absolutely a "pro-management workers' union."[101] In the face of intensified union activity in Ecuador during the 1940s, the Company-sponsored workers' union at Hacienda Tenguel can be seen as a sort of "preemptive effort to prevent workers or outside groups from creating a more authentic form of labor organization".[102] Striffler even asserts that members of other political and labor organizations were deliberately removed from the workforce and kept from even entering the Company's "private property."[103]

United Fruit's methods of labor control at Hacienda Tenguel in the 1940s and 1950s were more imaginative and tactful than the forms of direct repression characteristic of the Company's practices during earlier decades in Central America.[104] Employment with the United Fruit Company meant stability and high wages for Ecuadorian workers, and Striffler notes that "overseers had little need to utilize repressive measures."[105] Instead, the Company used high wages and benefits and forms of benevolent paternalism to keep its workers pacified and content. As long as the Company's workforce was content, even the increasing power and presence of labor unions throughout Ecuador did not pose an immediate threat. When banana production at Hacienda Tenguel began to come under major attack by the

[101] Ibid, 51
[102] Striffler and Moberg (2003), 184-185
[103] Striffler (2002), 44
[104] Ibid, 48
[105] Ibid, 44

Panama Disease in the late 1950s, though, the fragile stability of United Fruit's Ecuadorian banana enclave would quickly fall apart.

Breakdown and Transformation

Steve Striffler asserts that the primary objective of the United Fruit Company in establishing its banana operations at Hacienda Tenguel had been to develop large-scale production at the "core" of the property.[106] In this way, throughout the 1940s and much of the 1950s, United Fruit established a self-sufficient banana enclave at Tenguel and amassed a sizeable labor force to live and work at the plantation. By the end of the 1950s, though, production in the Tenguel zone was being ravaged by outbreaks of the Panama Disease, and the Company responded with a change of strategy.

The devastation to productivity by the Panama Disease had become uncontainable by the late 1950s, and United Fruit began to dismantle the large workforce that it no longer required. Striffler refers to data provided by the Ecuadorian Institute for Agrarian Reform and Colonization (IERAC), noting that more than 2,000 of United Fruit's workers at Hacienda Tenguel had been fired by 1961, and the Company's labor force had been reduced to less than 400 workers.[107] For the workers who were fired, losing their jobs meant more than a loss of income; it meant a loss of housing and benefits at Hacienda Tenguel. Moreover, it inevitably meant a breakdown of the stability and the economic security on which workers and their families had come to depend. Their foundation shaken, former

[106] Striffler and Moberg (2003), 171
[107] Striffler (2002), 58

workers began to organize, and the labor union began to grow in numbers and in strength.[108] Nearly 80 percent of agricultural laborers in the Tenguel zone belonged to a labor union by 1960.[109] In addition, many of the Company's former workers who were facing eviction from their company-owned homes began to move to the outskirts of the property, setting-up communes in the Brasil zone to the southeast and in Shumiral to the northeast. This impeded the United Fruit's efforts to expand its banana production operations to these uncultivated, eastern areas of the property, and, so, the Company began to pull out of Hacienda Tenguel. In addition, United Fruit began "experimenting" with new, less thorny ways of obtaining Ecuadorian bananas.[110]

By the early 1960s, the United Fruit Company had already sold portions of its Tenguel property to a small number of Ecuadorian capitalists and begun purchasing more bananas from local growers. The wages and benefits offered by these national producers paled in comparison to those that banana workers had enjoyed a few years earlier as direct employees of the United Fruit Company, and the methods of labor control were more repressive than the forms utilized by United Fruit. In addition to having a detrimental affect on workers' livelihoods, this all had the effect of politicizing Ecuadorian workers even further.

By 1962, the United Fruit Company was completely removed from Hacienda Tenguel, and by 1965 the Company had stopped exporting Ecuadorian bananas altogether, except occasionally to make up for shortfalls at its plantations elsewhere. The United Fruit Company was not the only company to leave Ecuador. Human Rights Watch notes the "flight of foreign banana corporations from Ecuador in the early and mid-1960s" and the

[108] Striffler (2002) asserts that the rhetoric and calls for agrarian reform by populist politicians like José María Velasco Ibarra, who returned to the Ecuadorian Presidency in 1960, may have also served as a theme around which former workers could rally and develop a unified voice.
[109]Ibid, 57
[110] Striffler and Moberg (2003), 186

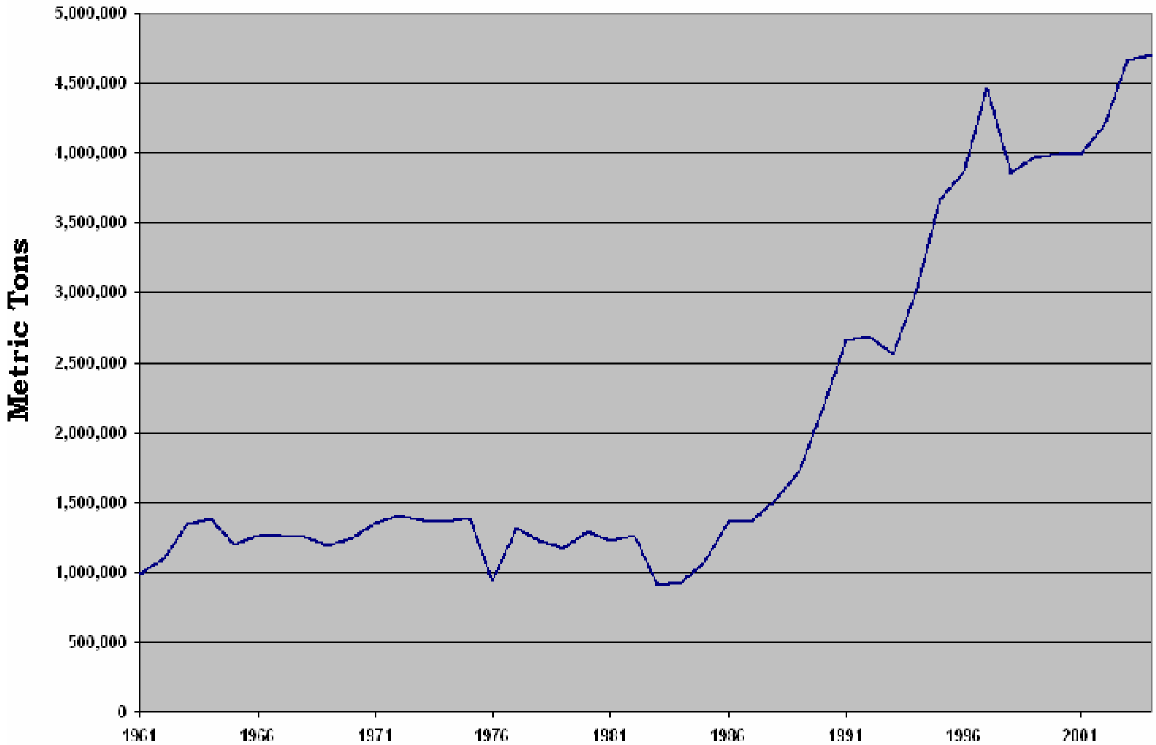
country's new role as "reserve rather than principal supplier."[111] This means that banana TNCs shifted away from direct roles at the growing stages of Ecuador's banana-export sector, and Ecuador no longer served as a primary source for the TNCs's bananas. Rather, companies like United Fruit purchased Ecuadorian bananas only to make up for shortfalls in production on its own plantations elsewhere in Latin America.[112] It seems that the foreign-owned plantations in Ecuador must have generally experienced the same difficulties with the Panama Disease and with intensifying labor problems, or foreign-owned companies' perceptions of new circumstances and realities in the Ecuadorian banana sector must at least have been similar. Either way, all of the banana TNCs that had previously operated banana plantations in Ecuador had pulled out of direct production in the country by 1965.

The withdrawal of United Fruit Company from Ecuador did not mean the end of the country's banana-export sector. In **Figure 5** on the following page, we can see that Ecuador's banana exports continued to increase in terms of volume throughout the early 1960s. In 1965, though, Ecuador's banana exports fell to 1,200,000 MT. This is a more than thirteen percent decrease from the 1,382,700 MT that the country exported in 1964, and this reduction might be attributed to the withdrawal of the major banana TNCs from the production levels of Ecuador's banana sector.

[111] Human Rights Watch (2002), 10
[112] Espinel, Ramon L. http://www.sica.gov.ec/ingles/cadenas/banano/docs/regulation_proposal.pdf

Figure 5: **Ecuador's Total Banana Exports by Volume**

1961-2004



Source: FAOSTAT data, 2006

A New Type of Ecuadorian Banana Sector

The Ecuadorian banana-export sector went through a major transformation during the 1960s and the 1970s. First, the distribution of power that governed the interactions of peasants and workers, the national government, domestic capitalists, and banana TNCs in Ecuador was completely altered through the processes of two consecutive agrarian reforms. In addition, the advent of a new banana variety resistant to the Panama Disease allowed banana TNCs like the United Fruit Company to assume new roles in the production of Ecuadorian export-bananas. By the end of the 1970s, the TNC-owned banana plantations in Ecuador had been replaced by a new type of production system in which land-rich national producers acted as associate producers, growing bananas to be exported through contracts with the large banana TNCs.

As banana TNCs deserted their productive interests in the Ecuadorian banana sector through the early to mid 1960s, calls for agrarian reform in Ecuador grew persistently louder. Ecuador's first Agrarian Reform Law came in 1964 but was limited in scope. Peasant-worker organizations played a crucial role in the initiation of the country's second agrarian reform that began in 1970. As a result, there developed a significant landowning peasantry. Steve Striffler asserts, though, that peasant-worker organizations eventually lost the support of the Ecuadorian national government, and found their demands and interests challenged by the emergence of a newly-unified and newly-landed elite.[113]

The way that agrarian reform played out in Ecuador is interesting to examine, particularly with regard to the role played by peasant and laboring classes in the Tenguel zone. As has already been described, there had been some support at the level of the national government for the interests of peasant and labor organizations in Ecuador. Labor unions had grown both in numbers and in strength since the mid 1930s, and organized peasants and labor groups had been able to make gains through state institutions. One clear example is the Mollepongo peasants, who had challenged the authority of the United Fruit Company by appealing to the Ecuadorian court system and had been allowed to remain on the Company's Tenguel property through a law that facilitated the establishment of state-recognized communes.

By the time of Ecuador's two agrarian reforms of the 1960s and early 1970s, it seems that the interests of popular organizations were still being endorsed by the Ecuadorian state. According to Striffler, the goals of the national government in pursuing each of Ecuador's two agrarian reforms had been to achieve "political stability while modernizing agriculture

[113] Striffler (2002), 120-126

and increasing production."[114] In this way, the general interests of the national government dovetailed to a certain extent with those of peasant and labor organizations who sought land redistribution through agrarian reform. In the 1970s, though, Ecuador experienced an oil boom. With this new source of income, Striffler explains that the "participation and organization of the peasantry" was no longer so necessary for the national government to achieve its goals. As the national government began to lose interest in popular organizations, labor organizations faced increased repression from the Ecuadorian state. More generally, Ecuador's peasant and laboring classes quickly lost their political influence to domestic capitalists who began to acquire the largest, most fertile land areas of Ecuador's coastal lowlands.[115]

It seems that in achieving their goals through alignment with the national government, popular organizations in Ecuador had become dependent on state-support. For example, in the late 1930s, the Mollepongo peasants had taken advantage of the Law of Commune Organization, but this may also have been a way of incorporating rural, uncultivated areas like Tenguel into the Ecuadorian state at a time when the national government lacked the human and capital resources to develop those areas itself. By the end of Ecuador's second agrarian reform in the 1970s, popular organizations lost the support of the national government, and so, too, went the political muscle that they had enjoyed through the 1930s, 1940s and 1950s.[116]

The second major factor that contributed to the transformation of Ecuador's banana-export sector came about with the development of a new banana variety, the Valery, which

[114] Ibid, 119
[115] Ibid, 121-124
[116] Striffler (2000)

quickly became the new standard in the global banana market.[117] The switch to the new banana variety would be expensive. The Valery would require more meticulously regulated irrigation techniques and the application of fertilizers and pesticides, and the extreme fragility of the Valery banana would demand even greater care and coordination. Domestic capitalists who had required the highest-quality land in Ecuador's southern coast by the end of the second land reform did not have access to the capital necessary in developing large-scale production of the new variety. After the mid 1970s, though, banana TNCs began to negotiate contract agreements with large landowners in Ecuador, offering credit to finance the establishment of new infrastructure, technology and production methods. In this way, Ecuadorian banana producers would pay the TNCs in "future" production, and banana TNCs managed to resume and redefine their domination of Ecuador's banana-export sector.[118] In **Figure 5**, we can see that Ecuador's banana exports increased from 937,259 metric tons (MT) in 1976 to 1,317,733 MT in 1977. This was more than a forty percent increase and occurred simultaneously with the establishment of new contractual arrangements between banana TNCs and domestic growers in Ecuador.

Through this system of subcontracting, companies like United Fruit, which was operating under the name United Brands after 1970, could once again purchase Ecuadorian bananas, but now they would not have to concern themselves directly with problems with the national government, outbreaks of the Panama Disease, or confrontations with peasants and labor organizations. As for Ecuadorian banana laborers, Striffler explains that "a younger

[117] Initially developed by the Standard Fruit Company in 1965, the Valery variety produces yields up to four times higher than the Gros Michel variety, which had previously been produced for export, and the new variety enables the same land to be cultivated almost indefinitely. More important in the 1960s, though, was the fact that the Cavendish banana would be resistant to the Panama Disease. This meant that banana TNCs would no longer have to maintain and expand such vast land reserves.
[118] Striffler (2002), 118

generation of workers found themselves working on banana plantations without labor unions, job security, or decent wages" and in conditions that were "far worse" than those of Hacienda Tenguel when it had been under the control of the United Fruit Company.[119]

The Contemporary Ecuadorian Banana-Export Sector

After the mid 1960s, banana TNCs had moved away from direct production of Ecuadorian bananas and increased production in exports from plantations in Central America. In 1976, though, banana TNCs began shifting back to Ecuador's banana sector. However, they did not resume the same types of operations that they had maintained in the country before 1965. The days of foreign-owned, enclave-type banana plantations like the one that United Fruit had established at Hacienda Tenguel were long gone, and, instead, banana TNCs began obtaining Ecuadorian bananas through contractual arrangements with domestic producers.[120] The United Fruit Company had begun to purchase Ecuadorian bananas from locals back in the early 1960s, when production at Hacienda Tenguel was being eaten away by the Panama Disease (just prior to the invasion and take-over by workers). In the late 1970s, United Fruit returned to Ecuador as United Brands, and the arrangements established then with domestic producers have continued to define the role of the Company in Ecuador. Today, the Company has changed its name once again and operates as Chiquita. The TNC's role in Ecuador has generally gone unchanged, though, and the Company still does not maintain its own productive landholdings in the country.[121] Thus, the most accurate description of the role of large banana TNCs in Ecuador since the mid-

[119] Ibid, 4, 121
[120] Ibid, 115-116
[121] According to Human Rights Watch (2002), the one exception to this generalization is Dole (formerly Standard Fruit), which owned a mere 2,000 acres of the estimated 369,773 acres of banana producing land in Ecuador at least as recently as the year 2000.

1960s might be to say that companies like Chiquita function as “exporters,” but not “producers” of Ecuadorian bananas.

The fact that the three largest banana TNCs all extended contracts to Ecuador’s new large landowners at about the same time deserves some sort of explanation, and our best bet is to note the significant events and changes occurring in the global market during the years prior to the shift. Human Rights Watch points to a number of factors that may have contributed to the shift, including outbreaks of yet another type of plant disease, increased union activity, and political instability in Central America and the challenge to banana TNCs’ interests by the newly-created Unión de Países Exportadores de Banano (UPEB).[122] The UPEB was established in 1974 by the national governments of Costa Rica, Guatemala, Honduras, Panama, and Colombia. The general objective of these governments’ combined effort was to achieve a greater, and perhaps fairer, share of profits from banana exports. More specifically, the UPEB sought to increase the taxes paid by TNCs on banana exports, to manipulate world banana prices by achieving greater control of supply, and to reduce the concessions that had been offered to banana TNCs earlier in the twentieth century.[123]

According to these explanations offered by Human Rights Watch, it seems that the banana TNCs all established contracts with Ecuadorian banana farmers in the late 1970s for the same reason that United Fruit had established banana production in the Tenguel zone decades earlier. United Brands appears to have, once again, been fleeing outbreaks of plant disease, labor problems, and uncertain relationships with national governments at its operation sites elsewhere in Latin America. Furthermore, as has been explained, domestic landowners in Ecuador did not necessarily have the capital means and know-how to make the

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[122] Ibid, 11
[123] Bucheli (2005), 72-73

switch to the Valery banana variety that had become the new standard by the 1960s, and this may have been perceived by banana TNCs as providing an opportunity for a new type of advantageous role in the Ecuadorian banana sector. The global banana market had gone through a transformation with the introduction of the new, disease-resistant variety, and banana TNCs like United Brands possessed the capital and technological know how that domestic producers in Ecuador needed to sustain a competitive banana-export sector.

Yet another explanation as to why the large banana TNCs all may have resumed exports of Ecuadorian bananas after 1976 is the fact that from 1970 to 1972, each of the three largest banana TNCs expanded through corporate mergers. In this way, the global banana market was becoming more competitive, and companies like the newly created United Brands (Chiquita) may have begun to take into greater account the decisions and endeavors of rival companies. After all, the first banana TNC to return to Ecuador in 1976 was Dole, and Del Monte soon followed.[124] If these other TNCs were to take advantage of new circumstances in Ecuador, then it stands to reason that Chiquita might have seen a return to Ecuador's banana sector as in its own best interests as well.

Today, Ecuador continues to be the world's largest banana-exporting country. In the period from 1990 to 1995, Ecuador accounted for 30 percent of world net banana-imports and 34 percent of developed countries' net banana imports. In 2000 and 2001, Ecuadorian bananas accounted for almost 32 percent of world net imports and 38 percent of developed countries' net imports of bananas.[125] Production systems vary in Ecuador and tend to be relatively small compared to plantations in other exporting countries **[See Figure 6].**

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[124] Striffler (2002), 193
[125] My own calculations based on data provided by the FAO (1999) and (2005).

Figure 6: Structure of Banana Production in Ecuador

Farm Size (hectares)	Number of Farms	Share of Total Area Planted
≤ 30	3,956	80%
31 - 50	480	10%
51 - 100	366	7%
≥ 100	139	3%

Source: My graph based on data provided by Programa Nacional del Banano and Proyecto SICA-BIRF/MAG-Ecuador

Interestingly, though, the three major banana TNCs account for a relatively low share of Ecuador's banana exports. In 2000, for example, the Ecuadorian bananas marketed by the three TNCs combined amounted to less than 30 percent of the country's total banana exports.[126] Accounting for largest portion of Ecuadorian banana exports is Exportadora Bananera Noboa, S.A., which is actually an Ecuadorian company. Noboa markets bananas internationally under the Bonita label and is the world's fourth largest banana exporting company. For the purposes of this paper, it is important to note that Noboa also has a horrendous record with respect to the mistreatment of Ecuadorian banana workers.

The Plight of Ecuadorian Banana Workers

In 2002 the Ecuadorian Labor Ministry approved three labor unions that represented nearly 1,000 banana workers at Noboa's Los Alamos site. Shortly thereafter, Noboa fired several union leaders at the plantations, and a number of laborers responded by going on strike. Just over a week later, Noboa hired hundreds of armed men to evict the striking workers from the plantation in the middle of the night, and several workers were severely

[126] See the FAO's (2003), 69

injured and even shot. Just over a year later, in 2003, a number of Noboa's banana workers filed a petition requesting renegotiations of their employment contracts, and the workers were all fired within 72 hours.[127]

The mistreatment by Noboa of its banana workers is not an isolated incident. Ecuador's contemporary banana sector has been the subject of significant study and the target of criticism in recent years regarding the mistreatment of local laborers and human rights violations on Ecuadorian banana plantations. Charges have been levied with respect to low wages earned by local workers, the lack of benefits and job security, horrendous working conditions, repression of the right of workers to organize, the harassment and unfair treatment of women banana workers, the widespread use of child labor, and workers' exposure to harmful agrochemicals.[128] The wages earned by Ecuadorian banana workers are lower than those of any other Latin American banana exporting country, and "the combined income of two employed adult banana workers may not be enough to sustain a family."[129]

US/LEAP claims that Ecuadorian banana workers earn an average monthly income of about US$ 56. This is extremely low by Ecuadorian standards, where the legal minimum wage for banana workers is US$ 117 per month and where decent living wage is about US$ 288 per month.[130] According to the same article published by US/LEAP, workers must often work overtime during the "high season," but they are generally not paid overtime, and, during the "low season," workers may only be paid to work a few days each week, but they must remain on call and, therefore, cannot supplement their income with a part-time job. Steve Striffler also describes the real instability of Ecuadorian laborers' sense of job security,

[127] See the US/LEAP World Wide Web homepage.
[128] See Human Rights Watch (2002), Frank (2005) and US/LEAP articles and World Wide Web homepage.
[129] Human Rights Watch (2002), 14
[130] Human Rights Watch (2002), 14-15. Estimated decent living wage is based on an interview conducted by Human Rights Watch with Ecuador's Minister of Labor, Martín Insua.

explaining that even workers who work full time only rarely remain at one plantation longer than one year and really have "no future as workers."[131] On Ecuador's banana plantations, workers have to take what they can get, and it seems that in a country with an unemployment rate of more than 11 percent and 47 percent underemployment, local Ecuadorian banana laborers are not offered much at all.[132]

Most workers receive no type of health care or retirement benefits, and the Ecuadorian banana industry is almost "entirely non-union."[133] Women employed in Ecuador's banana sector face discrimination, and their wages are less that those of male workers. Children as young as eight years old are sent to work the fields, earning wages as much as 64 percent lower than adult workers, but they are often forced to work the same 12-hour days and are exposed to the same dangerous agrochemicals as their adult counterparts.[134]

Many of these issues appear to be tied to the very structure of the Ecuadorian banana industry, as it exists today. As many as 380,000 people work within Ecuador's banana sector, but many local workers are hired as what US/LEAP calls "eventuales," mere paid laborers who are not formal employees and have no official link with plantation owners.[135] These types of informal, temporary hiring practices pave the way for all kinds of problems for local banana workers, all stemming from the simple fact that, in lacking employment contracts, these workers have no sort of established rights or real bargaining power. In this way, workers have no institutionalized avenue for demanding benefits or severance pay when

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131 Striffler (2002), 194
132 Unemployment and underemployment statistics, see the CIA World Factbook homepage http://www.cia.gov/cia/publications/factbook/geos/ec.html 10/06/05
133 Frank (2005), 10
134 Actual statistics as to the use of child labor are not available, but my analysis is based on the investigation and interviews conducted by Human Rights Watch and published in the organization's 2002 publication, *Tainted Harvest*.
135 See the US/LEAP homepage (2000) http://www.usleap.org/Banana/crisis/Ecuador&crisis12-00.html 10/13/05

they are injured at work, and they have no leg on which to stand in negotiating for better working conditions or higher, fairer wages.

One question here would be the existence of labor laws in Ecuador, the adequacy of those laws according to international standards and the actual implementation, and the effectiveness of these laws within Ecuador's banana production-for-export sector. Ecuador has ratified a core Convention of the International Labor Organization (ILO) on "Freedom of Association and Protection of the Right to Organize" as well as a Convention on the "Right to Organize and Collective Bargaining."[136] These treaties, however, seem to have very little consequence. In her book on women banana workers (or "bananeras"), Dana Frank calls Ecuador a "nonunion nightmare."[137] During the period of agrarian reform in the 1960s and 1970s, labor unions in Ecuador were effectively dismantled along with the banana enclaves and in favor of new labor arrangements having to do with land redistribution. Today, only about one percent of Ecuadorian banana workers are affiliated with any type of union, and workers who do attempt to exercise their right to organize may be fired and blacklisted or even violently harassed.[138]

Ecuador has ratified an ILO Convention on the "Minimum Age Convention" as well as a Convention on the "Worst Forms of Child Labor." Still, according to Human Rights Watch, the use of child labor persists in Ecuador. Similarly, Ecuador has ratified ILO Conventions on "Equal Remuneration" and on "Discrimination."[139] Still, US/LEAP claims that women working in packaging houses earn less than men. Minimum prices may be set by the national government as to how much producers must be paid, but these prices may not always be

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[136] See the International Confederation of Free Trade Unions (ICFTU), 2005, 3
[137] Frank (2005), 66
[138] See Human Rights Watch (2002), 57-58
[139] ICFTU (2005), 7-8

honored.[140] In addition, workers on Ecuadorian banana plantations may often be compelled to continue working while agrochemicals are being sprayed, and workers in packaging houses may often be exposed to toxic chemicals.[141]

The problem of banana workers' inability to organize might also be explained in terms of the very structure of Ecuador's banana sector. According to Human Rights Watch, the labor code in Ecuador allows for workers to organize either through company committees or through unions, but both require a minimum of 30 workers, and a company committee requires that a minimum of 51 percent participation of the workforce.[142] In practice, achieving the 30-worker minimum can be difficult, in that so many banana laborers are not formal employees. Also, according to the International Confederation of Free Trade Unions (ICFTU), employers in Ecuador may keep their workforce below the 30-worker minimum, and, besides, the penalty for firing of workers for union activity is so slight that the 51 percent participation required in forming a company committee can often be difficult to achieve.[143]

Explaining the Mistreatment of Ecuadorian Banana Workers

The plight of Ecuadorian banana workers is undeniable, but there remains the more difficult question as to where the blame lies. Ramon Esplinel asserts that the "crisis" in Ecuador can be traced back to the withdrawal of the United Fruit Company from direct production back in the early 1960s.[144] This is consistent with the perspective of dependency theory, which would argue that banana TNCs such as Chiquita are guilty of contributing to

[140] FAO's (2003), 19-20
[141] US/LEAP (2000)
[142] Human Rights Watch (2002), 61-62
[143] ICFTU (2005), 3-6
[144] See Espinel (2001)

Ecuadorian workers' problems. According to this view, foreign-owned companies develop and maintain "virtual control" through monopolized access to technological and industrial inputs and transport infrastructure.[145] This seems congruent with the development of contractual arrangements in Ecuador in the 1970s, when the large banana TNCs offered to Ecuadorian producers the credit needed to develop production of the new Cavendish banana variety.

Another claim of dependency theory is that worker exploitation is due to the fact that local workers lack real negotiating power.[146] Ecuadorian banana workers certainly lack power, and this reality is surely being exploited. But are banana TNCs like Chiquita necessarily the exploiters, here? In reviewing Chiquita's history, both in Ecuador and throughout Latin America, the Company has obviously functioned as an opportunist. The Company has arrived in host-countries in Latin America wielding monopolized access to world markets and the capital and experience that domestic producers have lacked in establishing large-scale banana production-for-export. Throughout the first decades of the twentieth century, the Company ensured its advantageous position and eliminated risks associated with agricultural production by expanding its operations and vertically integrating the entire market from beginning to end. Also, the Company has, to a certain extent, been able to dictate the terms of its presence in particular countries in regions where it has maintained expansive landholdings. In this way, when problems and uncertainties with labor, national governments, and disease outbreaks have emerged in one area, the Company has simply picked up and left, moving to other areas where it could operate free of such disturbances.

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[145] See dos Santos (2003), 282-283
[146] See Higgens and Savoie (1995), 134

Similarly, after the same problems with workers, governments, and plant disease had repeatedly emerged at all of its productive operations, the Company moved out of direct production altogether, preferring, instead, to purchase bananas from domestic producers. Even in this transformed role, though, the Company has been able to maintain an advantageous relationship through contractual arrangements based on continued monopolized access to shipping infrastructure, capital inputs, and technical know-how.

This is not to say that Chiquita has necessarily operated with malicious objectives, but the Company has certainly acted in its own self-interests, and the Company's investments and divestments have at times proved devastating to local banana workers. When the Company came to Ecuador, it attracted its labor force by offering economic stability to workers and their families. When the Panama Disease began ravaging production at Hacienda Tenguel, though, the Company no longer needed so many workers, so it fired them. Then, when problems continued to build up at its operations in Ecuador, the Company left the country. Later, when it was in the Company's interest to return to Ecuador, it did so, but under its own terms.

All three of the biggest banana TNCs market Ecuadorian bananas, which are almost entirely obtained through third party, domestic suppliers, and Chiquita is represented by a local subsidiary called Brundicorpi, S.A. In this way, by taking advantage of low-priced Ecuadorian bananas (even though such low prices are the result of equally low wages among powerless local workers), banana TNCs like Chiquita may at least indirectly support the mistreatment of Ecuadorian banana workers and, therefore, function exploitatively. TNCs like Chiquita are not completely innocent regarding the mistreatment of local workers in Ecuador's contemporary banana sector. The truth is that Chiquita has, indeed, been guilty of worker exploitation and repression in Ecuador throughout the twentieth century. Just as the Company's name has changed from United Fruit to United Brands to Chiquita, the Company's presence in Ecuador has also evolved over time. The Company has always operated in its own self-interest, and the interests of local banana workers have been given much less priority, when they have been considered at all.

It should be noted, though, that Chiquita's more current role within the contemporary Ecuadorian banana sector has been reduced, and the Company even condemned the lack of adequate standards regarding Ecuadorian banana labor in its "2000 Corporate Responsibility Report." Here, the Company asserts that the expansion of Ecuador's banana-export sector "has been fueled by lower labor, social, and environmental standards than are generally present in the rest of Latin America."[147] Furthermore, the Company has, thus far, been the only one of the largest banana TNCs to publish such an extensive Corporate Responsibility report, and Chiquita has accounted for much smaller shares of Ecuadorian banana-exports than Dole and Del Monte.[148]

I would assert, then, that while Chiquita is certainly guilty of repression, exploitation, and contributing to the dependent status of local workers in Ecuador and the Ecuadorian banana sector in general, the Company might not be so directly accountable with respect to the current mistreatment of Ecuadorian banana workers as might be interpreted from the perspectives of dependency theory. Chiquita only contributes to the current mistreatment of Ecuadorian banana workers in so much as the Company continues to purchase bananas from domestic elites who are directly exploiting and repressing local workers. Moreover, Chiquita purchases only a small portion of its bananas through subcontracting in Ecuador.

[147] Chiquita Brands International, Inc. (2000), 73
[148] FAO (2003), 69, 80

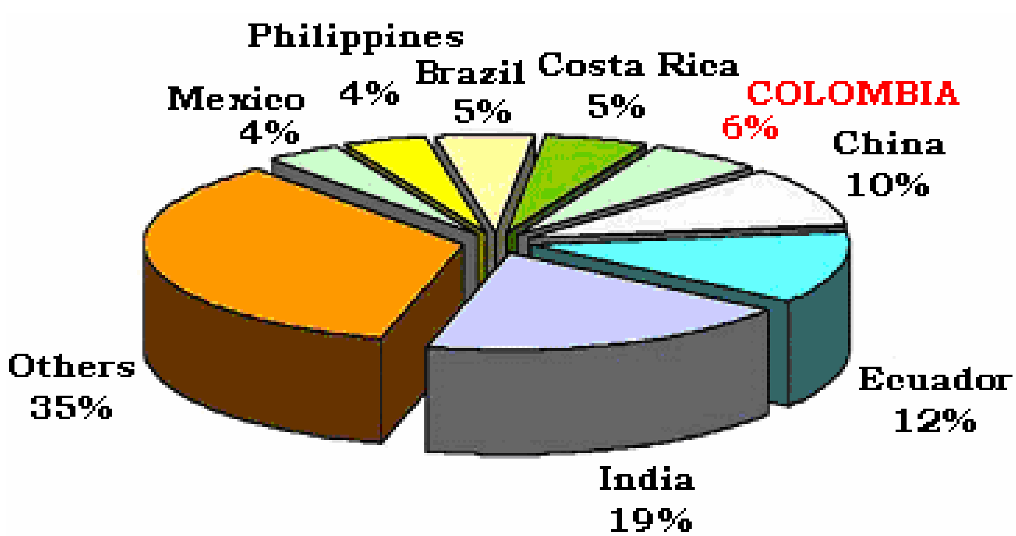
In pursuing a strategy of subcontracting in Ecuador, Chiquita has been able to avoid problems with labor as well as responsibility for the treatment of local banana workers. This appears to have worked quite well for Chiquita, but has been detrimental to Ecuadorian banana workers. In the next chapter, I will show that a similar process is observable regarding the Company's operative presence in Colombia, but with fewer negative repercussions for local banana workers.

4

United Fruit's Operations in Colombia

Colombia is the world's fourth largest producer of Cavendish bananas and the third largest exporter in Latin America **[See Figures 7 and 8].** The banana is Colombia's third most important agricultural export, and in 2000 the country exported nearly 90 percent of the Cavendish bananas that it grew.[149] Nearly 38 percent of the bananas that Colombia produced that year were destined for the United States.[150]

Figure 7: Production of Cavendish Bananas According to Country: 1998-2000
(Average Percentage)

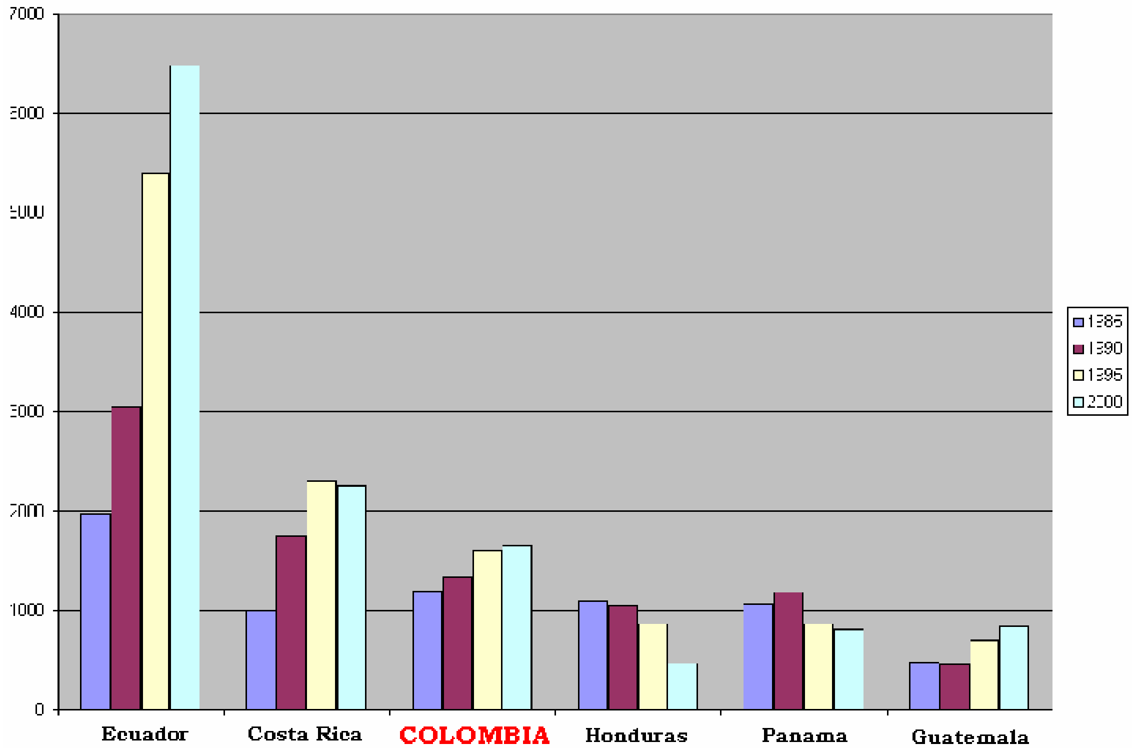


Source: FAO (edited)

[149] FAO (2003), 4-7, 24
[150] My own calculation based on data provided by the FAO (2005).

Figure 8: Latin American Banana Exporting Countries

(Metric Tons)



Source: My graph based on data provided by FAO, 2003

In Colombia, bananas are grown in regions along the northeastern and the southwestern areas of the Caribbean coast. More specifically, production has always been centralized in the Department of Magdalena and in the Urabá zone of the Department of Antioquia.[151] The United Fruit Company began producing bananas in Colombia in 1899 in the Magdalena banana zone. Today, Chiquita exports Colombian bananas from each of these two areas. The Company's operations in Magdalena are centered in the city of Santa Marta, while its Urubá operations are based in the city called Turbo **[See Figure 9].** In its Santa Marta

[151] The Republic of Colombia is divided into 32 "Departments", which function as administrative divisions of the State. For more information on the government and geography of Colombia, see the U.S. State Department's World Wide Web homepage.

division, Chiquita accounted for 28 percent of the region's banana exports in 2000, and the Company marketed 18 percent of the Turbo region's exported bananas that year.[152]

Figure 9: Chiquita's Owned Banana Divisions in Latin America

Source: Chiquita Brands International, Inc. homepage (edited)

In previous chapters, I have examined how the United Fruit Company's operative presence has evolved throughout Latin America and in Ecuador over the twentieth century, and I have organized my assessment according to time segments when there appear discernable shifts in the Company's role, and perhaps its strategy. I structure my study of United Fruit's banana operations in Colombia in this same way. First, I discuss the Company's productive operations in Magdalena from its first land purchases in 1899 up until the outbreak of World War II, when United Fruit ceased producing bananas in Colombia. In this section, I explore the already changing political environment in Colombia during the years building up to the War, and I explain the nature of the Company's presence in the country with respect to direct production and contracting with associate producers. Next, I

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152 This information and data regarding Chiquita's Magdalena operations at Santa Marta and its Urabá operations at Turbo can be found on the Company's 2000 Corporate Responsibility Report on Chiquita's homepage. http://www.chiquita.com/chiquitacr1/6backgrnd/crp91.asp.

explain how changes in the years prior to the outbreak of the War had intensified by the time that United Fruit returned to Colombia in 1947 and how the Company responded to these new realities. More importantly, I assess what may have been the implications for local workers and for the Colombian banana sector as a whole of the United Fruit's move away from direct growing and its complete shift out of the Magdalena banana zone by 1966. Finally, I discuss the role of United Fruit in Colombia since it began sub-contracting with domestic capitalists who set up production sites and, eventually, their own companies in Urabá. This section includes the Company's complete removal from direct production in 1982, and the return of the Company in 1989, when it assumed its current role in the contemporary Colombian banana sector. Just as Chiquita purchases bananas through subcontracting in Ecuador, the Company is also largely removed from the actual production stages in Colombia's banana sector and obtains large portions of its Colombian bananas through contractual arrangements with domestic growers. In Colombia, though, this subcontracting system has not had such negative implications for local banana workers as we see in the Ecuadorian banana sector.

United Fruit in Magdalena

When the United Fruit Company began its operations in Magdalena in 1899, Colombia was submerged in violent conflict between Conservatives and Liberals over the direction of the country's national politics and economy. All of this culminated in what has been called the War of the Thousand Days, which eventually ended in 1902 with a Conservative-led national government taking power in Colombia. This would create an environment conducive for United Fruit to develop in the impoverished Magdalena region. It seems that the Conservative national government perceived the presence and investment of foreign business as a potential means of achieving development and economic prosperity, and United Fruit benefited from tax concessions that were applied to land acquisitions and the construction of railroad infrastructure.[153]

In many ways, the arrival of the United Fruit Company in Colombia mirrors the more general trends observable in the development of the Company's operations throughout Latin America during the early twentieth century. On the other hand, Marcelo Bucheli, whose work on the Colombian banana industry provides the basis for much of my account here, argues that the nature of United Fruit's presence was much different in Colombia than in Central America, where the company exercised much more "political and economic influence" and enjoyed government concessions that were even more generous and exclusive.[154]

It seems that if leaders in the Colombian national government anticipated the arrival of companies like United Fruit as a means of achieving development, then these hopes may have, in some ways, been well-founded. Bucheli describes the Magdalena region as having been one of the poorest areas in Colombia.[155] In developing its banana operations in Magdalena, the United Fruit Company attracted thousands of workers from throughout Colombia and abroad to satisfy the large-scale demand for labor at the Company's plantations. It should be noted that not all of these workers were hired directly, and many were hired merely as temporary labor or through Colombian labor contractors, thereby having no formal link with United Fruit. Also, many workers were paid in daily cash wages or in vouchers to be used at the Company's stores, and these arrangements would eventually

[153] Bucheli (2005), 86-89
[154] Bucheli (2005), 86-90
[155] Bucheli (2005), 91

be a cause of labor unrest.[156] Even if the terms of employment offered by the Company may have been subject to criticism, though, the wages offered were relatively high compared to what was available elsewhere. As a result, the Company was easily able to find employees, not just from throughout Colombia, but even from abroad.

As United Fruit developed its banana operations and amassed its workforce throughout the first decades of the twentieth century, the small towns in and around the once lethargic Magdalena region also grew in size and in population. This brought an increase to the value of real estate, which, according to Bucheli, solidified the existing local elite and created a new upper class.[157] William Partridge asserts that, as the Company developed its operations in Magdalena, the traditional elite of the region was converted into a dependent "banana-grower clientele" as the entire socioeconomic structure of the region was generally transformed.[158]

Bucheli also notes that compared to Central American countries, local growers in Magdalena maintained a relatively high degree of participation in the Colombian banana sector during these first decades of United Fruit's operations in Colombia. In addition to growing its own bananas on its own plantations in Magdalena, the United Fruit Company also purchased Colombian bananas through contractual arrangements with domestic producers.[159] In this way, United Fruit's vertical integration of its interests and the monopolization of the banana sector in Colombia may not have been so general or as widespread as the Company's strategy may have been in other areas of Latin America during the first half of the twentieth century.

[156] Bucheli (2005), 121
[157] Bucheli (2005), 90
[158] Partridege (1979), 495
[159] Bucheli (2005). 151

Then again, the participation of local growers might be misleading. The contracts that United Fruit developed with local growers in Magdalena prohibited their selling bananas to the Company's competitors, and the expiration dates of these contracts were meticulously timed to the effect that the number of domestic producers who were out of contract at any given time was never large enough to form a national banana production company or exporting firm.[160] In this way, it seems that even in purchasing bananas from local producers, the United Fruit Company managed to monopolize Colombia's banana exports.

The Emergence of Organized Labor

Among Colombian banana workers, tensions mounted even in these first decades of United Fruit's operations. Some of the first significant strikes began in 1918 as workers' demanded higher wages and, above all, formal employment contracts. This early mobilization among banana laborers did not have the endorsement of the Conservative national government, though, and the gains achieved by local workers were, therefore, negligible. Furthermore, the subsidies and tax exemptions that had been granted to United Fruit by the national government prompted criticism from liberal politicians in Magdalena, and Liberal Party candidates began receiving stronger support within the Magdalena region by the 1920s.[161] It seems that as workers became more and more frustrated, their interests were beginning to dovetail with those of the Liberal Party.

By the late 1920s, the labor movement was growing in the Magdalena region, and in 1928 the recently formed Unión Sindical de Trabajadores del Magdalena (USTM) initiated a massive strike, calling for the elimination of voucher payments and improved terms of

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[160] Bucheli (2005), 152-153
[161] Bucheli (2005), 92-94, 120-122

employment, which were outlined in nine specific points. Bucheli claims that "the most critical issue for USTM leadership was recognition by United Fruit".[162] Only in being recognized as a legitimate force would the Union have been able to ensure its ability to act as an effective entity in negotiating on behalf of local banana workers.

The USTM-sponsored strike of 1928 escalated quickly and ended in disaster when an army battalion sent in by the national government opened fire on the protesters. The exact number of casualties is not known, but estimates have ranged from 60 to as many as several thousand.[163] Bucheli asserts that this strike-turned-massacre contributed to the Liberal Party winning the presidential election of 1930 over the foreign-friendly "Conservative Hegemony" that had run the country since the first years of the twentieth century. Throughout the next several years, which Bucheli calls "the Liberal period," United Fruit lost the tax exemption on banana exports that had been granted by the Conservative government. Furthermore, while United Fruit began having to pay a tax on the Colombian bananas that it exported, the tax applied specifically to exports, and local growers from whom the Company was already purchasing much of its bananas were not directly affected by the new tax. In addition, the Liberal administration of Alfonso López Pumarejo, which won the 1934 Colombian Presidential elections, initiated an investigation of United Fruit's labor policies and gave a new endorsement to labor unions, siding with workers in conflicts with the Company and even providing financial assistance in the creation of the first national labor federation, called the Confederación de Trabajadores de Colombia (CTC). All of these

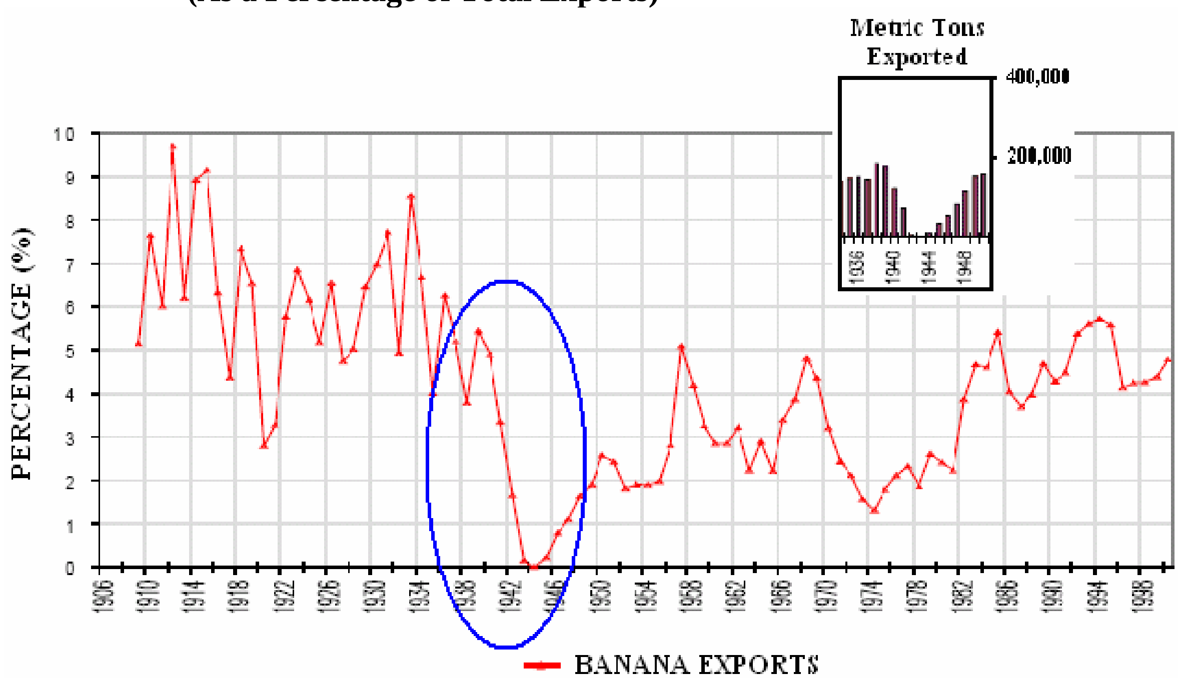
[162] Bucheli (2005), 126
[163] Bucheli (2005), 132

changes came in the years prior to the temporary halting of United Fruit's operations in Magdalena with the outbreak of World War II.[164]

United Fruit Returns to Colombia

In as much as Colombian politics and the role of organized labor had changed during the War, so, too, had the banana industry in Magdalena. In **Figures 10 and 11**, we can see an obvious decrease during the War years in banana exports, both in terms of volume and as a portion of Colombia's total exports. In 1942, banana exports accounted for only 0.15 percent of Colombia's exports, and this value fell to zero by 1943, when the country's banana exports amounted to only 15 metric tons.[165]

Figure 10: Colombian Banana Exports: 1905-1999 (As a Percentage of Total Exports)

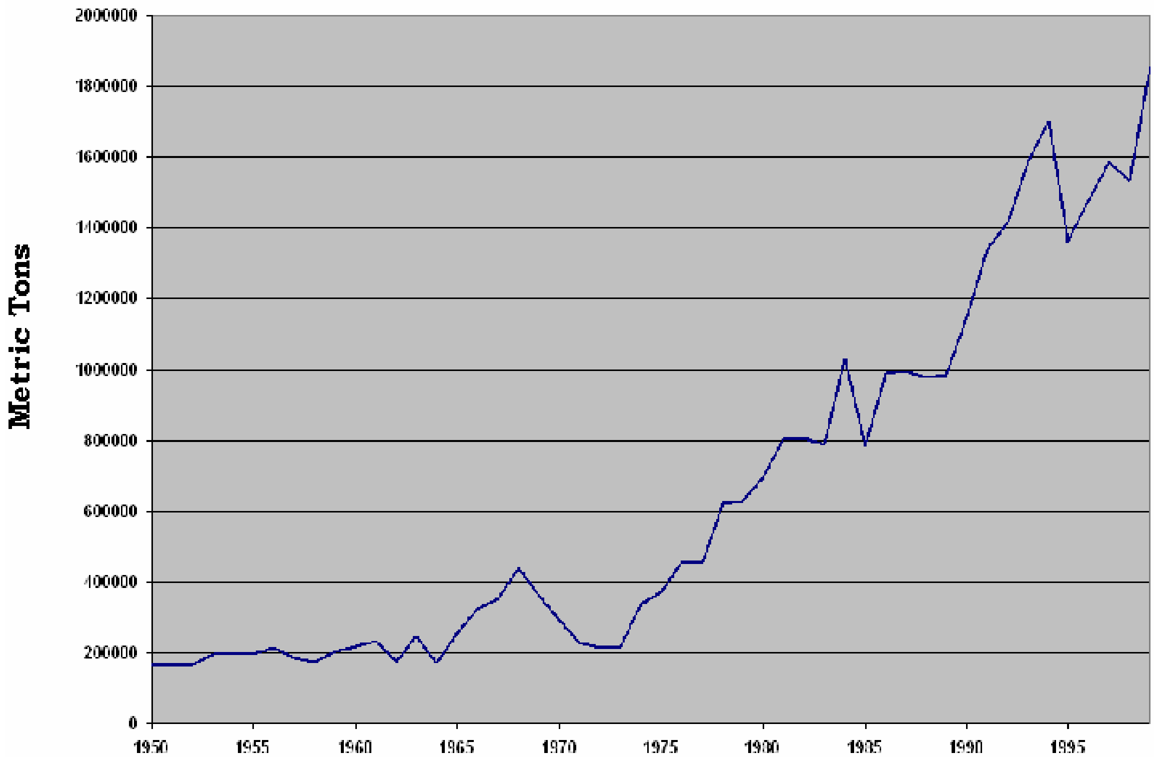


Source: GRECO (edited)

[164] Bucheli (2005), 94-99
[165] GRECO (2002), 75-98

Figure 11: Colombia's Total Banana Exports by Volume

1950-1999



Source: GRECO

When the United Fruit Company left Magdalena with the beginning of World War II, then, the political environment had already begun to change in fundamental ways. By the time that United Fruit returned to Magdalena in 1947, the political landscape in Colombia had transformed even further. The War years had witnessed a slowdown of social and labor reforms initiated by President López as the Liberal Party became divided between radicals and proponents of more moderate approaches. Meanwhile, the Conservative Party had reorganized and succeeded in winning the Colombian presidency in 1946. Under the Conservatives, membership in the CTC had begun to dissipate, and the Colombian labor movement was now led by a series of right-wing labor unions and had become even more powerful than in the years before the War.[166]

Colombia's banana exports began to increase in and after 1945, two years before United Fruit returned to the region in 1947. The Standard Fruit Company did not begin developing operations in Colombia until years later,[167] but there was obviously someone growing and exporting Colombian bananas in the absence of the United Fruit Company. Bucheli explains that, after the end of World War II, a number of "small independent traders" began arriving in Magdalena to purchase Colombian bananas, and various domestic producers began creating their own companies.[168] As I have discussed previously, the contracts that United Fruit had maintained with local growers in the Magdalena had prohibited them from selling to United Fruit's competitors, and the timing of the contracts' expiration dates had, in practice, served to impede any efforts of local producers to create competitor companies themselves. Now, it seems that the absence of the United Fruit Company in Colombia had created a vacuum in the country's banana sector, and local growers, finding themselves out of contract in significant numbers, hurried to fill the void.

That local growers in Colombia were able to revive the country's banana exports after the United Fruit Company had left the area is significant in light of the Company's previously strong presence, but perhaps it should come as no great surprise at all. Even though Bucheli describes Magdalena as having been "stagnant or decaying" prior to the arrival of United Fruit,[169] William Partridge argues that the Company should not be perceived as having initiated any real change in Colombia. Instead, he argues that the Company actually stepped

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166 Bucheli (2005), 137-140
167 GRECO (2002), 51
168 Bucheli (2005), 159-160
169 Bucheli (2005), 17

in and took control of an already developing industry.[170] In other words, a local banana industry had already existed. That banana production continued in Colombia in the United Fruit Company's absence during the war is consistent with Partridge's assertion.

Even if domestic actors' success in maintaining Colombia's banana sector without the United Fruit Company is, indeed, logical, it seems more surprising, still, that these new, locally-owned and operated companies were able to continue even after the return of the Company in 1947. Bucheli says that upon returning to Magdalena, United Fruit did not "make a big fuss" over new circumstances; rather, the Company "looked for new partners" and "coexisted" with the new banana marketers in the region. As a result, local companies accounted for as much as 58 percent of Colombia's banana exports by 1955.[171] We can gain a clearer perspective on what was going on here by examining the United Fruit Company's strategy in Colombia during the post-WWII years.

Earlier, I discussed the trends of the United Fruit Company throughout Latin America, and I described how the Company's strategy prior to World War II appears to have favored the expansion and vertical integration of its operations and the continuous expansion of landholdings. I also described how the years following the War witnessed a reversal of these trends, as the Company began divesting of its landholdings and generally shifted away from its direct role at the production stages of the global banana market. This general process is observable in the United Fruit Company's strategy in Colombia after returning to the country in 1947.

After WWII, United Fruit returned to Colombia to find a country transformed. In addition to new circumstances associated with the Colombian government's support of the

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[170] Partridge (1979), 506
[171] Bucheli (2005), 161

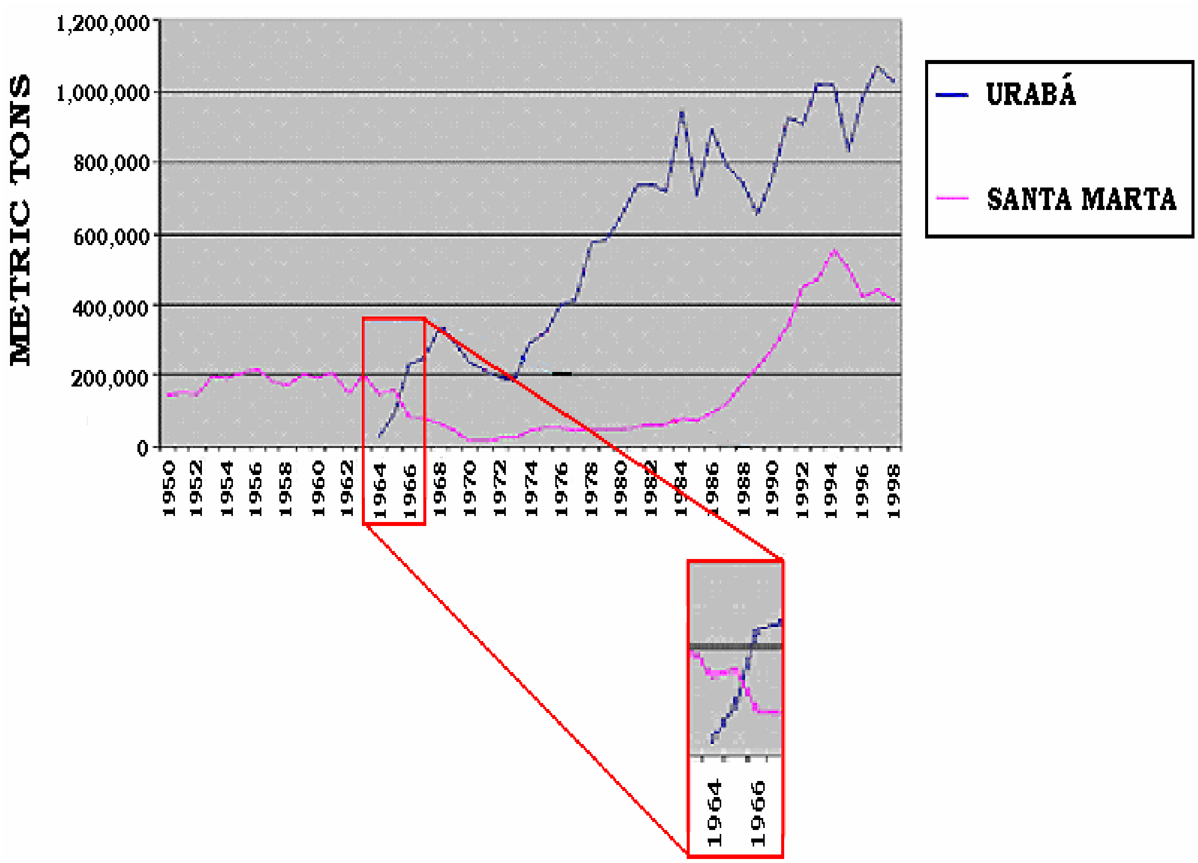
interests of more powerful labor unions, it seems that the Magdalena region had also been plagued by outbreaks of the Sigatoka disease beginning in the late 1930s.[172] The Sigatoka disease infects the leaves of banana plants, causing premature ripening and leading to yield losses of often more than fifty percent.[173] The Company responded to these new realities by selling its assets in Magdalena and moving away from direct production. In addition to moving away from its previous role as a producer of Colombian bananas, United Fruit also began to move its interests to another part of the country. The first sale of the United Fruit Company's landholdings in Magdalena came in 1957, but in 1963 the Company began to develop new contractual arrangements in an area of the Department of Antioquia called Urabá. By 1966, the Company was completely removed from the Department of Magdalena, and had located all of its interests in Urabá.

In **Figure 12** on the following page, we can see that the United Fruit Company's actions had an observable effect on the sources of Colombian banana exports. In many ways, this relocation to Urabá is symbolic of the Company's shift away from direct production in the country. Another interesting issue is what this shift entailed for local planters back in Magdalena and the companies that had been established there by local entrepreneurs. First, its is worth noting that, according to Bucheli, many local workers in Magdalena had actually chosen to renew their contracts with United Fruit after the Company's return to the region in 1947. Bucheli asserts that, for one thing, the United Fruit Company may have been perceived as more stable than the smaller national companies. More important, though, it

[172] Ministerio de Agricultura y Desarrollo Rural, 53
[173] Ploetz (2001)

seems that the contracts offered by the newer, locally owned companies in Magdalena were not much different, or less restrictive, than the arrangements with United Fruit.[174]

Figure 12: Banana Exports from Two Colombian Banana Zones
1950-1988



Source: Ministerio de Agricultura y Desarrollo Rural (edited)

Furthermore, it seems that the local producers who had created banana production and export companies in Magdalena failed to maintain their operations in the long run. We can see in **Figure 12** that banana exports from Magdalena were almost completely diminished by 1970. Bucheli explains this failure not as related to the dependency of the region on United Fruit, but as the result of several other factors, such as the devastation of production by a hurricane in 1966 and the Colombian national government's denial of local planters' requests

[174] Bucheli (2005), 161-162

to switch to production of the new Valery banana variety, which had become the standard in the global banana market by the mid-1960s.[175]

While I do not argue with Bucheli's claims regarding the contracts offered to local growers by domestically-owned companies or the various factors that may have contributed to the eventual collapse of the banana-export sector in Magdalena, I must disagree with Bucheli with respect to the relevance, here, of the region's dependency on the United Fruit Company. First, even Bucheli admits that the reason that the contracts offered by local companies were so similar to those offered by United Fruit was that the new companies offered contracts that were actually based on those offered by United Fruit.[176] These local companies were much smaller than the United Fruit Company, and when the Company returned to the region in 1947, these companies were no more than just a few years old. Lacking the experience, the capital, and the scale of United Fruit, these smaller, national companies still had to operate along side the enormous TNC just the same. If there is any doubt whatsoever as to the advantage that the United Fruit Company had over these companies, Bucheli clears it up, himself, when he explains,

> Even though these contracts [offered by United Fruit] were similar to those of the prewar period, some local planters preferred to work for United Fruit than for the local export companies because they reasoned a big multinational with decades of experience and a solid international network was more reliable than the smaller and new experimental Colombian firms.[177]

Finally, even if the inability to switch to the new Valery banana variety and the loss of production caused by a hurricane may have done damage to these smaller companies' efforts in Magdalena, the fact that the United Fruit Company's shift out of the region in 1966 also had an adverse effect on the banana sector is pretty obvious. After all, Colombia's total

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[175] Bucheli, (2005) 166-168
[176] Bucheli (2005), 162
[177] Bucheli (2005), 161

banana exports certainly do not appear to have been effected by the decreased production in Magdalena **[See Figure 11].** In fact, the alternative seems to be true.

In **Figure 12**, we see that exports of bananas from Urabá actually increased more rapidly than those of the Magdalena region decreased, and the volume of bananas exported from Magdalena decreased almost inversely in relation to the increase in exports from Urabá. We also see that exports from Urabá began increasing dramatically in 1964, just one year after Bucheli says that the United Fruit Company began developing contractual arrangements there.

The Colombian Banana Sector Comes to Urabá

The United Fruit Company developed its interests in Urabá in the 1960s under the name Compañia Frutera de Sevilla.[178] Here, United Fruit operated much differently than it had earlier in the twentieth century when establishing operations in the Magdalena region. In Urabá, the Company did not move in as a banana producer, but as a banana exporter, and Bucheli describes United Fruit has having functioned as "a financial institution, technical assistant, and marketing company."[179] A second major difference in Urabá is that the banana sector there was developed not so much with local farmers, but with domestic capitalists who came to the region from Medellín. In this way, these domestic producers who built the banana-export sector in Urabá came to the region just as the United Fruit Company did, in the interest of turning a profit.

In Urabá, United Fruit offered credit to Colombian entrepreneurs to be used in developing the land and constructing the infrastructure to grow bananas on a large scale. In

[178] GRECO (2002), 54
[179] Bucheli (2005), 171

return, producers in Urabá grew bananas for the Company to export. In this way, domestic producers in Urabá served as associate producers, growing bananas to be sold through contract arrangements to United Fruit, which would then export the bananas to foreign markets. In maintaining a position removed from actual production of bananas in Urabá, United Fruit was able to avoid labor problems such as those it had encountered in its operations in Magdalena and elsewhere in Latin America. In addition, the Company sponsored its own labor union in Urabá, called Sindebras.[180]

This system appears to have worked well for a while. In the mid-1960s, guerrilla forces began to move into the area, adopting the interests of local banana laborers as their own. However, Bucheli asserts that "United Fruit was never a target" of the guerrillas.[181] Then, in 1968, upon renewing contracts with producers in Urabá, the United Fruit Company tried to lower the price paid to Colombian growers. The producers in Urabá responded by creating their own companies and exporting their own bananas. Bucheli offers a good description of the development of these new companies,

> As a result [of the lower price offered by United Fruit], they established their own marketing company, the Unión de Bananeros de Urabá (Uniban), as well as an association called Asociación de Ganaderos y Productores de Banano de Urabá (Augura). While Uniban dealt with production and export business, Augura was a lobbying organization for the banana growers' interests in the national government and at the international level. The founders of Augura and Uniban counted on open governmental support from the beginning…. The locals could not count on transportation facilities or the technical assistance they had received before. To overcome this problem, the locals contracted American fruit import firms and, in 1969, established their own marketing company in Miami, Florida, under the name of Turbana. Their efforts were so successful that by 1970, Uniban was exporting 45% of Urabá's total shipments.[182]

[180] Bucheli (2005), 145
[181] Bucheli(2005), 147
[182] Bucheli (2005), 174

In Urabá, United Fruit was not dealing with the same type of local farmers from whom the Company had purchased bananas in Magdalena, and the more business-minded entrepreneurs who grew bananas in Urabá called the Company's bluff when it tried to name its own, much lower, price to be paid for Colombian export-bananas. Moreover, it seems that the success of these domestic capitalists in maintaining the banana sector in Urabá without the support of United Fruit may, in large part, have been made possible by their foresight in developing a lobbying firm to represent their interests with the national government. After all, the Colombian national government provided Uniban with subsidized loans and a 7 percent subsidy on exports and even supported the new company's right to make use of the canal system that had been built by the United Fruit Company. As the Company, called United Brands after 1970, became less and less involved in Colombia throughout the 1970s, Colombia's banana exports continued to increase[183] **[See Figure 11].** The banana industry in Urabá came under greater Colombian control in 1982, when United Brands, sold all of its interests in Urabá to its Colombian suppliers. Bucheli describes this as part of a broader strategy pursued by the Company throughout the early 1980s, when United Brands decided to focus its efforts on its more traditional operations in Central America. The domestic growers who purchased the Company's Colombian property in 1982 created another national company called Proban. Each and every Colombian banana that was exported between 1982 and 1989 was marketed by Colombian companies.[184]

[183] GRECO (2002), 55
[184] Bucheli (2005), 174-175

Returning Once Again

In 1989, the United Brands returned once again to Colombia under a subsidiary called Banadex, resuming land purchases and reinvesting in direct production in anticipation of new demand in Europe after the fall of the Soviet Union. United Brands's expectations did not materialize, but the role of the Company, which soon changed its name to Chiquita, did not really change through the 1990s and into the millennium.[185] Then, in May of 2004, Chiquita announced that it had been making payments to "certain groups" in Colombia "to protect employees from the risks to their safety if the payments were not made". Chiquita claimed to have alerted the U.S. Department of Justice upon becoming aware of the fact that "these groups had been designated as foreign terrorist organizations under a U.S. statute that makes it a crime to support such an organization."[186] In June of 2004, Chiquita announced the sale of its production and port operations in Colombia to C.I. Banacol S.A., a national company, for US $ 28.5 million.[187]

Colombia's Contemporary Banana Sector

As we can see in **Figure 12**, Colombia's banana exports from the Urabá region fell dramatically after 1985, and the FAO attributes this to a sharp decrease in production due to outbreaks of the Sigatoka disease.[188] We can also see, though, a sharp increase in bananas exported from the Magdalena region throughout the late 1980s and up until the mid-1990s, and Bucheli asserts that banana companies, both national and transnational, began to invest more in Magdalena in response to increased violence associated with the presence and

[185] Ibid, 176
[186] Chiquita (2004), 18
[187] AP Online (2004)
[188] FAO (2003), 25

activities of guerrillas and militias in the Urabá region. Then, we see increased banana exports coming from Urabá through the first years of the 1990s, which may be partially attributed to Chiquita's return to the region. By 1994, Chiquita accounted for 11 percent of Colombia's banana exports.[189] Also, although the increase in demand for banana imports from Europe was not as dramatic as Chiquita had hoped, Colombian exports to Europe have still increased throughout the 1990s.[190]

Today, the Colombian banana sector continues to be concentrated in the Magdalena and Urabá regions of the country's Caribbean coast, and national and international banana companies grow bananas alongside a number of independent producers. In fact, independent producers operated in about 70 percent of the land area dedicated to banana production in Colombia in 1999, and the remaining 30 percent consisted of plantations run by Colombian companies and banana TNCs. That year, Chiquita and its subsidiaries accounted for almost 13 percent of the total land area in Colombia where bananas were produced.[191]

More specifically, in 1999 Chiquita's subsidiary company, Banadex, marketed nearly 22 percent of the bananas exported from the Magdalena zone and almost 16 percent of the bananas that came from Urabá. The largest exporting company in Magdalena was the Colombian corporation, Proban, which exported about 34 percent of the bananas that came from the zone in 1999. That same year, Uniban accounted for the largest portion of banana exports from Urabá, exporting about 36 percent of the bananas from the region.[192] In 2001 and 2002, Chiquita was responsible for 19 and 18 percent of Colombia's total banana

[189] Bucheli (2005), 176
[190] GRECO (2002), 57
[191] Ministerio de Agricultura y Desarrollo Rural, 14
[192] Ibid, 49

exports, respectively.[193] In 2004, the Company sold its direct interests in Colombia to a national company, Banacol, but Chiquita also signed an agreement to purchase about 11 million boxes of Colombian bananas from Banacol each year for the next eight years.[194]

As to the implications for local workers of Chiquita's shifting in and out of Colombia's banana sector since the late 1980s, any direct impact is difficult to measure. Bucheli describes Chiquita as having "related differently with local planters" when it returned to the country in 1989, and he points to the fact that Banadex was even represented by Augura, the Colombian government lobbying firm, after 1991.[195] Moreover, in 2000 Chiquita adopted a set of labor standards called the SA8000, or "Social Accountability 8000," and the Company began integrating these standards into its own Code of Conduct.[196] These SA8000 standards were developed by a non-profit organization in New York called the Council for Economic Priorities Accreditation Agency alongside experts from the business sector, non-governmental organizations (NGOs), and various certifications bodies.[197] By 2004, Chiquita had achieved independent, third-party certification of 100% of the Company's owned banana plantations throughout Latin America as being in compliance with the SA8000 labor standards. Of course, the Company sold all of its Colombian operations to Banacol this same year.[198]

Furthermore, Chiquita's agreement with Banacol apparently met the satisfaction of Colombia's most powerful agricultural labor union, the Sindicato Nacional de Trabajadores de la Industria Agropecuaria (SINTRAINAGRO), and the agreement was also supported by

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[193] Chiquita (2001), 38 and Chiquita (2002), 6
[194] US/LEAP (2004)
[195] Bucheli (2005), 176
[196] Chiquita (2004), 17
[197] FAO (2000)
[198] Chiquita (2004), 17-18

the Coordination of Latin American Banana Workers Unions (Colsiba) and the International Union of Foodworkers (IUF). Also, as a part of the agreement, Banacol promised to continue allowing for collective bargaining among Colombian banana workers, and the company agreed to maintain the SA8000 certifications that had been achieved by Chiquita at its Colombian divisions over the last several years.[199]

Colombian banana workers have been said to earn monthly wages of between US$200 and $300. According to the data presented by US/LEAP in 2000, only Panamanian banana laborers receive wages that are substantially higher than those paid to local banana workers in Colombia. Furthermore, Colombian banana workers' wages are considerably higher than the US$56 per month that is the reported average wage of local banana workers in Ecuador.[200]

There has not been as much criticism of the treatment of local workers in Colombia's banana sector as there has been regarding the repression and exploitation of Ecuadorian banana workers. With respect to the contemporary Colombian banana sector, we do not encounter accusations of horrendous working conditions, excessive hours, exposure to harmful agrochemicals and the use of temporary labor and child labor. In fact, the most significant criticism of Chiquita's treatment of its workers in Colombia has come from the Company's own internal investigations.

In Chiquita's *2000 Corporate Responsibility Report*, the Company noted that potable water was not always sufficiently accessible for workers in some of its locations, that some workers had exceeded the limit on working hours and that "personal protective equipment" (PPE) was not always adequately available. Chiquita also admitted that its Urabá division

[199] US/LEAP (2004)
[200] US/LEAP (2000)

"lacked women in supervisory roles" and that "women could not easily switch from part-time to full-time roles."[201] Furthermore, the Company acknowledged that less than 10 percent of its Magdalena division was comprised of female workers, and just over 10 percent of its Urabá workforce consisted of female workers.[202] The following year, in Chiquita's *2001 Corporate Responsibility Report*, the Company admitted that PPE was still not being sufficiently used at its Urabá division and that "chemical storage sheds did not segregate chemicals into different shelves."[203]

Chiquita has maintained that it has not allowed the use of child labor on its banana plantations in Colombia or anywhere else in Latin America and that the Company's own "minimum hiring ages are well-above those established by the International Labor Organization" (ILO).[204] Chiquita asserts that it does not "hire temporary employees to perform permanent jobs," but admits that it does use temporary workers to work on "special projects" or to perform tasks that are not regularly required.[205] Chiquita has also noted that the wages and benefits that it pays its agricultural workers are much higher than average in the Latin American countries where the Company operates. In 2000, Chiquita claims to have paid workers in Colombia's Urabá region more than 200 percent of the legal minimum wage and benefits.[206]

Freedom of association is guaranteed by the Colombian Constitution.[207] Nevertheless, a 1999 report prepared by the Confederación de Trabajadores Colombianos (CTC), the International Confederation of Free Trade Unions (ICFTU) and the Organización Regional

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201 Chiquita (2000), 38
202 Ibid, 45
203 Chiquita (2001), 17
204 Chiquita (2000), 39
205 Ibid, 50
206 Ibid, 47
207 ICFTU (2004)

Inter-Americano de Trabajadores (ORIT) called the situation in Colombia “disastrous” regarding the right of banana workers to organize collectively.[208] In 2004 the ICFTU called Colombia “the most hostile country in the world for trade unionists” and pointed to the fact that many trade union leaders in Colombia had received death threats and even been murdered while negotiating on behalf of workers’ interests. The ICFTU asserts that 90 trade unionists were assassinated in Colombia in 2004.[209] Similarly, Dana Frank notes that of the 22 men who founded Colombia’s most powerful agricultural labor union, SITRAINAGRO, in 1978, only 5 were still alive by 2005. Frank also claims that more than 2,000 labor activists were assassinated in Colombia from 1991 to 2005.[210] These startling statistics might be related to broader realities of Colombian national politics rather than the countries banana sector.

Despite these serious problems, union affiliation appears to be quite strong among local workers in Colombia’s banana sector. As of 2004, about 17,500 Colombian banana workers were unionized, and SINTRAINAGRO represented 16,000 banana workers, most of which were working in Colombia’s Urabá region.[211] In addition, collective bargaining appears to be quite effective in Colombia. For example, in 2004 SINTRAINAGRO organized a 14-day strike that ended in an 8 percent wage increase for local banana workers.[212]

According to Chiquita, the workforce at its Urabá division was 100 percent unionized in 2000, and more than 70 percent of the Company’s workers in the Magdalena zone were union members. The Company asserted that the remaining portion of its Magdalena labor force was represented by another type of collective bargaining and that this “alternative

[208] COLHRNET World Wide Web homepage http://colhrnet.igc.org/newscont/1199unionrisk.htm
[209] ICFTU (2004)
[210] Frank (2005), 12-13, 65
[211] Frank (2005), 12-13 and US/LEAP (2004)
[212] US/LEAP (2004)

form" was "recognized under Colombian law as equivalent to collective bargaining agreements with unions."[213] In the Company's *2001 Corporate Responsibility Report*, Chiquita claimed that union leaders in the Magdalena region had begun to express concern over the real ability of local workers to organize collectively, and the Company "cooperated" in the unionization of the remaining portion of its Magdalena workforce. By the end of 2001, Chiquita claimed that 100 percent of its workers in both the Magdalena and the Urabá zones were affiliated with labor unions.[214]

It seems that Chiquita made some real changes with respect to its interactions with local banana workers after returning to Colombia in 1989. Whereas in the years prior to World War II the Company had utilized contracts as a mechanism of thwarting competition, in the 1990s Chiquita operated alongside a number of national banana production and export companies. Similarly, whereas earlier in the twentieth century the Company had benefited from tax exemptions and concessions offered by the Colombian national government, by 1991 the interests of Chiquita's subsidiary company in Colombia, Banadex, were being represented by Augura, a national lobbying firm. Furthermore, in the 1960s the Company had established the Urabá region's first labor union, Sindebras, perhaps as an effort to avoid conflicts with independently sponsored unions. By the millennium, though, Chiquita's workforce in the Urabá region was largely unionized, and the Company's Magdalena division soon followed suit.

The Company's entire strategy with respect to the treatment of local workers appears to have changed in Colombia by the last decade of the twentieth century. The Company made significant strides in adopting and adhering to an assortment of set standards laid out in the

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[213] Chiquita (2000), 43
[214] Chiquita (2001), 19

Social Accountability 8000, and the most significant criticisms of the treatment of Chiquita's Colombian workers have come from the Company's own internal investigation. While in 2004 Chiquita sold its direct interests in the Colombian banana sector to a national company called Banacol, the labor agreements made between Chiquita and Banacal had met the approval of SINTRAINAGRO as well as watchdog organizations like COLSIBA and the IUF. Moreover, Dana Frank asserts that local workers have continued to enjoy excellent contracts at the plantations formerly owned by Chiquita.[215] It seems that local workers in Colombia's contemporary banana sector have benefited from improved relations with Chiquita, and it appears that Colombian banana workers did not really lose much in the sale of Chiquita's assets in 2004.

The role of the Company in Colombia's banana sector has developed and evolved along a similar process as that which we see in Ecuador. The Company initiated its productive operations in Colombia with huge investments in land and infrastructure, benefited from concessions offered by the national government, and took control of the country's banana sector through a process of vertical integration. The problems that the Company faced in Ecuador with agricultural disease, labor, and national politicians also appeared in Colombia, and the Company's response was just as similar. In recent decades, Chiquita has increasingly removed itself from the production levels of the Colombian banana sector. This process culminated with the sale of all of its productive assets in 2004 to a national company, and Chiquita now purchases Colombian bananas through contractual arrangements with domestic producers. Unlike the situation in Ecuador, though, local banana workers in Colombia appear to have emerged relatively well in the contemporary banana sector, which consists of national companies, TNCs, and a subcontracting system with Chiquita.

[215] Frank (2005), 65

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Conclusion

United Fruit came to Ecuador more than three decades after it had begun producing bananas in Colombia, but the broader trends of the Company's presence are quite apparent in both countries. In each of these two countries, the United Fruit Company was initially welcomed by the national governments and local elites who anticipated foreign investment and the establishment of a new agricultural export industry as an opportunity for economic development and prosperity. Both in Ecuador and in Colombia, United Fruit entered wielding large quantities of capital, which it used to vertically integrate and monopolize each country's banana export sector by investing in considerable infrastructure and attracting countless workers to self-sufficient banana enclaves. Then, in Ecuador as well as Colombia, the same types of problems emerged with the Panama disease and increasingly disgruntled workers who began to organize in their efforts to achieved higher wages and improved employment contracts. Moreover, the labor movements in Ecuador and Colombia both grew in strength with the support of each country's national government, which sought to obtain larger portions of export-revenues.

We can also see that the United Fruit Company's strategy has been quite similar in Ecuador and Colombia, just as it has been throughout Latin America. Throughout the decades prior to the outbreak of World War II, the Company pursued a strategy of vertical integration of the banana market and of the banana sectors in the countries where it operated. United Fruit also sought to extend itself geographically throughout Ecuador and Colombia so as to ensure its ability to move from one area to another in the face of outbreaks of plant disease, problems with labor, and uncertain relationships with host-countries' national governments. This was the Company's strategy in Ecuador and Colombia, just as it was throughout Latin America prior to the War.

In fact, the Company's strategy of extending itself has not changed drastically even in the decades following the end of the War, or, at least, its motives have remained the same. Bucheli argues that dependency theory offers an incomplete analysis of TNCs such as United Fruit in that the theory fails to consider these companies as "business enterprises."[216] Certainly, the United Fruit Company has functioned as a business enterprise, and it has functioned in its own self-interest. When the circumstances have become less favorable for the Company in one region or country, United Fruit has moved to other, more comfortable areas. Similarly, when United Fruit decided that its direct role in production had become riskier than it was beneficial, the Company moved out of direct production. Later, when the Company perceived there to be an opportunity in returning to particular countries or regions, it did so.

Still, the explanation offered by dependency theory cannot be disregarded. United Fruit has functioned as a business enterprise, but the effect has often been to further Latin American host-countries' dependence on the Company. The development of the banana

[216] Bucheli (2005), 187

production-for-export sectors of both Ecuador and Colombia were backed by the capital investments that only a large corporation like United Fruit could afford, and Bucheli asserts that for Latin American host-countries the presence of a TNC like United Fruit was "essential to prosper in the export business."[217] In this way, the two countries' banana industries were dependent on the TNC from the very beginning. Ecuadorian and Colombian banana exports were also dependent on the Company in accessing foreign markets in the first decades of each countries banana industry, and United Fruit's vertical integration of the global market throughout the first half of the twentieth century meant that countries like Ecuador and Colombia had no real alternatives than to export bananas through the Company.

Bucheli also argues that dependency theory does not offer a complete analysis of the United Fruit Company in that the theory assumes that once a TNC leaves an enclave that it has created, "the enclave has no means to survive on its own."[218] The author points out the fact that in the Magdalena zone of Colombia, domestic growers were able to maintain the banana industry in the absence of the Company during World War II and, at least temporarily, when United Fruit shifted toward the Urabá region in the 1960s.[219] Bucheli attributes the eventual downfall of national corporations in the Magdalena region during the 1960s to weather problems, a fall in international banana prices, and the failure to switch to the more productive Valery banana variety.[220] These factors may have contributed to the inability of domestic growers to maintain the banana industry in

[217] Ibid, 151
[218] Ibid, 165
[219] Ibid, 12
[220] Ibid, 167-169

Magdalena when United Fruit pulled out, but the primary assertion of dependency theory still rings true. The TNC left, and the banana sector collapsed.

In Ecuador, the withdrawal of the United Fruit Company in the 1960s did not devastate the country's banana-export sector, but United Fruit's operations never expanded geographically throughout Ecuador as the Company had in Colombia. Certainly, United Fruit's Hacienda Tenguel property was at one time one of the most productive banana plantations in Ecuador, but United Fruit was never the only foreign-owned banana company operating in Ecuador. In addition, the withdrawal of the United Fruit Company from banana production in Ecuador was quickly followed by two consecutive land reforms that redefined the property ownership structure of the country. In this way, the transition of Ecuador's banana sector from one directly dominated by TNCs to one in which TNCs operated through subcontracting was much different than the withdrawal of the United Fruit Company from Colombia's Magdalena region around the same time.

According to Steve Striffler, "the political activities of workers and peasants, along with agricultural diseases and Latin American governments, have decisively shaped the movement of capital in the global banana industry."[221] In the preceding chapters, we see that this has been the case in the evolution of the United Fruit Company's operations in Ecuador and in Colombia. The Company's large capital stocks, its shipping network, and its ability to shift from one region or country to another have given it some real advantages in operating in Latin American host-countries, but the United Fruit Company has not had the unlimited power to completely dictate the terms of its presence in Latin America. For example, United Fruit may have enjoyed certain advantages in host-

[221] Striffler (2002), 31

countries by virtue of its size and access to capital, but the Company's ability to produce and export bananas depended on its labor force, which it attracted using relatively high wages and benefits packages in both Ecuador and Colombia. Furthermore, when banana laborers were not content with the terms of their employment, they were able to demand change, particularly once they had the endorsement of national politicians.

The Company has had to face changing circumstances and realities regarding agricultural disease, organized labor, and national politics in its operations throughout Latin America. It seems that United Fruit's experience has been quite similar everywhere that it has gone. The Company has responded to changes in Latin America by transforming its role and shifting its presence in the banana sectors of host-countries like Ecuador and Colombia.

The processes that the Company's operative presence has taken in Ecuador and Colombia are strikingly similar, but the subcontracting system that has largely defined Chiquita's role in the two countries' contemporary banana-export sectors has had different consequences for Ecuadorian and Colombian banana workers. In Colombia, banana workers appear to have generally come out pretty well. Their wages are among the highest paid to banana workers in Latin America and they are almost entirely unionized, despite the violence that often befalls union leaders in the country. Furthermore, some of the most significant criticisms of the treatment of Colombian banana workers has come from Chiquita's own internal investigations.[222]

On the other hand, the plight of Ecuadorian banana workers has been the subject of tremendous study and condemnation. In Ecuador, banana workers receive wages far below those paid to workers in Colombia and far below the legal minimum. They receive

[222] Chiquita Brands International, Inc. (2000), (2001) and (2002)

no benefits, are almost completely un-unionized and, in many cases, do not even have formal employment contracts. Children are often sent to work Ecuador's banana fields, and workers are often exposed to toxic agrochemicals.[223]

The question remains as to why things have turned out so differently for Ecuadorian and Colombian banana workers. It should be noted that Chiquita did not completely withdraw from the production levels of Colombia's banana sector until the sale of the Company's assets to a national company in 2004. Alternatively, the Company has not directly produced Ecuadorian bananas since the mid 1960s. If Chiquita has sought to become more "socially responsible" in recent years, then it makes sense that Colombian banana workers may have benefited from the Company's reforms more than Ecuadorian banana workers. Still, this does not suffice as a complete explanation as to why the realities for banana laborers in Ecuador today are so horrendous compared to the conditions of Colombian banana workers. After all, Chiquita's most significant reforms have come since the millennium, and the Company's role in the Colombian banana export sector has been minimal during this time compared to prior years.

The explanation must instead lie somewhere in the internal workings of each country's socio-economic structures and political landscape. After all, the Company has shifted in and out of both Ecuador and Colombia's banana sectors. When United Fruit pulled out of Urabá, though, the entrepreneurs from Medellín that had helped to build the Colombian banana sector there were able to form national banana companies. Alternatively, Ecuador's landed elite was not able to sustain the country's banana-export industry alone, especially with the switch to the new Valery banana variety, and Ecuadorian domestic producers fell into disadvantageous contractual arrangements with

[223] Human Rights Watch (2002)

the large banana TNCs. Ecuador's largest national banana company, Noboa, has been one of the most exploitative, and Ecuadorian banana workers do not reap the benefits of Ecuador's banana export sector. Alternatively, Colombia's success in the banana market has not come at the direct expense of local workers.

Today, Chiquita obtains Ecuadorian and Colombian bananas through contractual arrangements with domestic producers. It may be that the Company has assumed this strategy so as to avoid responsibility for the treatment of local banana workers in these two countries. Merely questioning the Company's motives, though, does not do anything to improve the terrible conditions that Ecuadorian banana workers find themselves in today. The "banana republic" stereotype is outdated as an explanation of United Fruit's role in Ecuador and Colombia, and if banana TNCs continue to dominate the two countries' contemporary banana sectors, they do so more indirectly than the pejorative suggests. Further investigation, then, should focus less on the roles played by TNCs such as Chiquita and more on the differences within the banana sectors of various producing countries themselves. A clearer understanding as to what makes Colombia's banana sector so much different from that of Ecuador might be more constructive in bettering the treatment of Ecuadorian banana workers.

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