

Fruitful Endeavours

By Derek Sambrook, FIBSA, TEP,
Managing Director, Trust Services, S.A.,
Panama, Republic of Panama



In recent times commodities have been a source of wealth for much of Latin America. But this wealth does have a sinister side that can be summed up in one word: politics. In recent times we have seen this with oil in Venezuela, for example, but once, long ago, the commodity that wielded temporary political power was the humble banana.

Minor Cooper Keith began cultivating bananas alongside the railway line he was building in Costa Rica in the 1870s, and as mighty oaks from little acorns grow, so did a mighty business empire emerge from this secondary venture. It was to shape politics in Central America, with a ripple effect throughout the continent, and also introduce the world to the expression, “banana republics”.

Not only had the railwayman imported into Costa Rica from Panama the variety of banana that would make him rich, but he took on labour for his railway from that country’s failed French attempt to build a canal. He found a partner for his banana business, Andrew Preston, a Boston importer, and in 1899 the diminutive Keith (being only 5 feet 5 inches tall - his Christian name was appropriate) joined forces with the Boston Fruit Company in the West Indies to form the United Fruit Company. The new company eventually created a huge market in the United States of America in the north-east and midwest with a large number of plantations in locations such as Panama, Jamaica, Cuba and the Dominican Republic (not to mention big land holdings in both Colombia and Ecuador).

United Fruit was to cause a great deal of anti-American feeling over the years by its bellicose stance and bullying which fostered the emergence of revolutionaries such as Ernesto “Che” Guevara and Fidel Castro. Although the company is no more, the residue of resentment has contributed to the rise of some of today’s leftist presidents, such as Venezuela’s Hugo Chávez. The

record speaks for itself. In 1911 when it was not allowed to start business in Honduras, a business partner of United Fruit financed an invasion which led to a regime change. Again, in 1954 the company moved against the Guatemalan government which had appropriated areas of unused company land and given it to peasant farmers (not dissimilar to what we have seen happening in Venezuela today). Manufactured stories of unrest and communist threats ended in a coup orchestrated by John Foster Dulles, US Secretary of State, and his brother, Allen Dulles, head of the US Central Intelligence Agency, both of whom were former legal advisers to United Fruit. “Che” Guevara was one of those who fought against the corrupt company, as well as the CIA, during the coup.

Fidel Castro, a mentor of Hugo Chávez, was the son of a Cuban sugar planter who leased land from United Fruit, achieving sufficient success for him to provide his children with a good upbringing. Subsequently, Guevara and Castro would enter Havana triumphantly at the beginning of January in 1959 having removed the US-backed regime of Fulgencio Batista.

The Cuban sugar planter’s son had not heard the last of United Fruit. In the 1920s the company had created its Great White Fleet comprising 100 refrigerated ships which had opened up a European market and in 1961 the company offered part of its fleet to the CIA and Cuban exiles who were planning the overthrow of Fidel Castro.

Keith would eventually return to the US and sell his interests to United Fruit, spending his remaining years on the construction of a railway from Mexico to Panama that never materialised. But, as we have seen, United Fruit’s story and its influence was far from over.

Unlike Castro, Hugo Chávez was born into poverty in the remote Venezuelan village of Sabaneta and he saw a military career as his main hope for advancement.

This elusive, wily and complex man, who first became president in 1998, drew his main inspiration from nationalist military rulers like Peru’s General Juan Velasco and Panama’s Omar Torrijos. But it would be oil barrels, not gun barrels, from which he would draw his greatest strength.

Hugo Chávez aspires to a lifetime presidency and some say he believes that he is the reincarnation of Ezequiel Zamora, a famous 19th century Venezuelan military leader; it is said that he leaves an empty chair at meetings for the spirit of Simón Bolívar, father of Venezuela’s independence.

His hostility towards President Bush is reflected in his policies and he has baited the president whenever possible, even making a deal with the former US Democratic Congressman, Joseph P. Kennedy, to supply cut-price heating oil to poor households in the US. Petrol power has enabled him to move forward with his brand of socialism (which allows him to wear sports designer clothes and Cartier watches).

In the end United Fruit overplayed its hand and became an embarrassment to the US government. In 1975 the company’s Chief Executive, Eli Black, threw himself from his office window, 44 floors above Park Avenue in New York. It was about to be revealed that he had bribed Oswaldo López Arellano, the Honduran president, with USD1.25 million to entice him to drop out from an opposing banana cartel. Bribery had replaced invasion.

Friedrich Schiller, the 18th century German dramatist, said that the world was ruled only by consideration of advantages. As we have seen, advantages can be temporary.

www.trustservices.net

