

## **The United Fruit Company and the St. Lucia Banana Industry (1923-1942)**

Louise Mathurin

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### **Introduction**

The United Fruit Company (UFC), an American corporation, monopolized the banana trade in the British colony of Jamaica for most of the 20<sup>th</sup> century, despite efforts by the British to establish a foothold (*see* Clegg 2002). While the British colonial government focused its efforts on challenging the UFC's domination in Jamaica; in 1923, a UFC subsidiary called Swift Banana Company began undertaking the commercial export of bananas in the then British colony of St. Lucia. Research on the St. Lucia banana industry, during the period 1923 to 1942, was very limited, and has largely dismissed the decline of the banana industry as the result of its inability to survive the Panama disease epidemic. This paper challenges this explanation; arguing that UFC subsidiaries contributed significantly to both the rise and decline of St. Lucia's banana industry from 1923 to 1942.

### **Swift Company and the Banana Industry 1923-1927**

In 1923, the Swift Banana Company, a subsidiary of the United Fruit Company (UFC), purchased land and established its main offices in St. Lucia. The company grew bananas, purchased bananas from the growers or small growers' associations, and made its first shipment of bananas to the United Kingdom in 1923 (Biggs et al. 1963: 34). There was much optimism when the industry was first mentioned in the 1923 Report of the Agricultural Department under the subtitle "New Industries" (IDA 1924: 9). Noticeably, also, the 1923 Annual Colonial Report boasted that "extensive banana cultivation, a new and important industry, has been started and should prove of great value to the colony. Already labour has benefited considerably, approximately 400 men and women being employed regularly during 1923 in clearing hillside and forest" (Colonial Office 1923: 7).

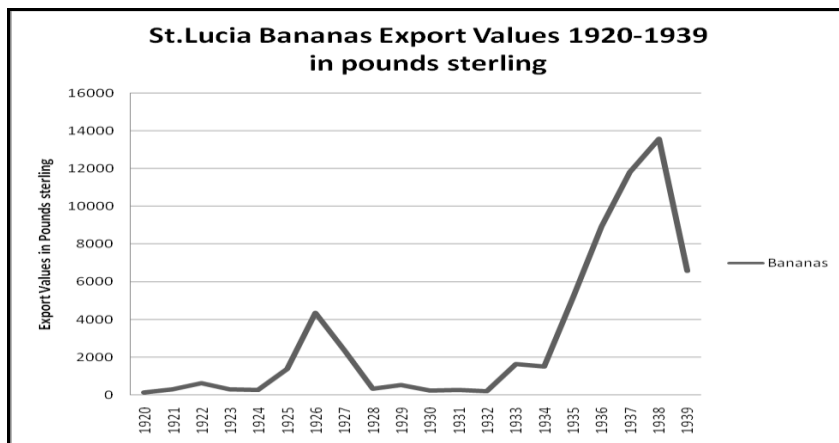
Such optimism at the local level was not replicated in the metropole. The arrival of Swift Banana Company meant that Britain's concerns regarding UFC's domination of the world banana market now extended to St. Lucia. There was much skepticism concerning St. Lucia's ability produce enough bananas for a profitable trade; deterring the colonial entities from seeking to develop the trade. Regardless of this, there was expressed apprehension from the officials in the Colonial Office towards the coming of this subsidiary of an American company seeking to develop the colony's banana trade. Nevertheless, with bleak economic conditions, St. Lucians had no alternative offers coming from elsewhere, and therefore could not afford to forfeit such an opportunity to gain income, regardless of whom they were to do business with. Amidst

discussions regarding the coming of Swift Company, a colonial official addressed this concern as follows:

“The Colony is so small that the company might easily attain a position of overwhelming superiority, and for this reason I regard its presence in St. Lucia as particularly undesirable. But when we have exhausted all possible alternatives, we cannot refuse to allow the planters to sell their bananas to the only willing purchaser, even if it should be UFC...”(Darnley 1927)

Thus, Swift Banana Company made arrangements to export bananas from three ports in St. Lucia consigned to the UFC. The prospects for banana trade seemed bright. In 1925, the Swift Banana Company entered into 10-year contracts with planters in Grenada and St. Lucia to purchase all of the bananas from growers (James 1927). The industry made such rapid progress that by 1925 the Department of Agriculture placed it in the category of a “chief export.” This category was usually reserved for large commercial export crops contributing significantly to the total value of exports such as sugar and cocoa (IDA, 1926). Although bananas had low export values compared to these other export crops, this proved that it had become a significant contributor to total export earnings. In 1923, the value of banana exports had amounted to £291. By 1925, the figure had increased to £1374 and by 1926 to £4358 (IDA 1923, 1925, 1926). Figure 1 illustrates trends in the banana industry in St. Lucia from 1920 to 1939. Clearly discernible was the rapid and significant increase in the value of banana exports occurring between 1924 and 1926.

**Figure 1.**



Sources: Imperial Department of Agriculture for the West Indies, *Report on the Agricultural Department, St. Lucia, 1920-1939*; Government Printing Office, *Blue Book*, St. Lucia, 1920-1939.

The existence of the Swift Banana Company was seen as an important factor in both the growth and maintenance of a viable export trade; but the peasant production was a critical part of the process. In 1926, it was reported by the Department of Agriculture that “The production of bananas increased more than ten-fold during the last two years, due largely to the operations of the Banana Company and the organized collection of peasants’ bananas for shipment.”(IDA 1928: 17). Peasant producers rapidly increased areas under cultivation. The company provided both shipping facilities and marketing to accommodate such large-scale banana production.

The Swift Banana company was eventually faced with financial difficulties, leading it to close its St. Lucian operations in 1927. Inevitably, the company's departure in 1927 denied the growers access to international banana markets on a large scale. At this point, there was a rapid decline in banana exports from St. Lucia. Graph 1 indicates that the sharp drop in exports coincided with the 1927 departure of the company. When the company left suddenly, the reason for its departure was not made public in St. Lucia. Moreover, there was much public speculation as well as severe losses by unsuspecting growers.

Over time, the 1927 departure of the company became popularly attributed to its inability to contend with the Panama disease. A few important points about the Panama disease will help to illuminate the discussion. The disease is caused by a fungus which attacks the roots of the plant, progressing to the stem, causing a yellowing of the leaves and eventual death of the plant. Once the Panama disease is present in the soil, it cannot be removed and will likely infect newly planted bananas (Daly and Walduck 2006). In 1927, it was reported that of a total of 211,538 banana stools inspected, only 12% were found diseased, and most of the infected plants had been found in abandoned cultivations of the Agricultural Department of St. Lucia (IDA 1927: 11). Nonetheless, there was large-scale availability of virgin soils which facilitated the expanded cultivation of Panama disease-free bananas. Hence, though the Panama disease did exist, the number of infections proved negligible enough to ensure continued high production levels, particularly by peasant growers in remote areas. The Swift Banana Company's continued interest in the bananas of St. Lucia underscores this point.

The Swift Banana Company was determined to continue operations in St. Lucia, but the rejection of the Swift Company's requests for financial aid or concessions proved to be insurmountable. At a private meeting with representatives of the Colonial Office in 1927, the directors of the Swift Banana Company confirmed that they were faced with financial difficulties, and would be unable to continue without government assistance. However, in his report on the matter, a representative from the Colonial Office emphasised that: (1) assistance from St. Lucia to the company was not forthcoming due to the poor financial position of the colony and (2) an Imperial Grant was unlikely in the circumstance. Despite his doubts, he recommended that the representatives of Swift Banana Company communicate their position to the Secretary of State in order to be considered for an Imperial Grant. However, after doing so, the company's appeal for assistance was again rejected (Grindle 1927). Furthermore, the bananas of the Swift Banana Company were directed to North American markets. Not surprisingly, the Empire Marketing Board made it clear that they could not fund goods intended to be exported to a country other than the United Kingdom. Though the Swift Banana Company desperately sought funding to continue its operations in St. Lucia, appeals for funding or proposals for continuing its operations were all turned down.

Swift Banana Company, in their private correspondence with the Colonial Office in London, highlighted several factors leading to their financial difficulty. First and foremost, they pointed out that due to industrial action, which coincided with negotiations to acquire capital to arrange shipping, they were unable to get this assistance on which they were heavily reliant. They were therefore forced to make alternative arrangements to collect bananas. Unfortunately, these alternative arrangements involved costly chartered steamships to New York. The company also mentioned that "a measure of Panama disease" and insufficient production from the

peasantry may have contributed to their demise, although the latter claim contradicted previous official reports (Swift Banana Company 1927, 1).

### **Canadian Buying Company and the Banana Industry 1934-1942**

Following the collapse of the banana industry in St. Lucia, it was not until 1934 that the industry would re-emerge with the coming of the Canadian Buying Company, another subsidiary of the United Fruit Company. Despite the 1927 failure, in 1934 the local atmosphere was one in which the banana industry still commanded the interest of foreign and local investors alike. This was partly the result of the sugar industry being on the brink of collapse; both cocoa and limes industries were also faced with plummeting prices and low profits. In addition to this, there was the popular perception by contemporaries that other banana-producing countries, such as Jamaica, had amassed considerable economic benefits from the banana trade, and on this basis St. Lucia should develop a banana trade. And, of course, there was continued demand for bananas on the international market.

The Canadian Buying Company sought to capitalize on this by making arrangements to purchase bananas in the eastern Caribbean. It began its operation in St. Lucia by requesting that growers establish the St. Lucia Banana Growers Association (SLBGA) to act as a facilitator of their proposed trade arrangements. The SLBGA was therefore established in 1934, in keeping with the request of the Canadian Buying Company, to function as an intermediary between themselves and growers. Through Ordinance 1 of 1934, the SLBGA became a statutory body<sup>1</sup> and, that very year, the organization began operations, with the procurement of a five-year contract with the Canadian Buying Company. The main clause of that contract was that “all Gros Michel bananas of accepted quality” were to be “exported at the rate of 50 cents per count bunch,<sup>2</sup> and sold to the local banana association” (ICTA 1935, 27). At the end of contract negotiations, the price was reduced to 38 cents per count bunch. From inception, the power relations were clear. According to the contract, the SLBGA was not to sell to any other buyers. Through the SLBGA, the Canadian Buying Company was able to establish a monopoly on St. Lucia’s banana industry. Simultaneously, the Canadian Buying Company secured similar contracts for the export of bananas across the eastern Caribbean. Table 1 indicates the volume of the trade carried out by the Canadian Buying Company in the region, based on the amounts purchased from its four main producers in the year 1935.

**Table 1: Canadian Buying Company’s Four Major Banana Producers (Eastern Caribbean) in 1935**

<b>Country</b>	<b>No. of count bunches Exported</b>
Trinidad	50 053
Dominica	47 496
St. Lucia	42 113
Grenada	40 703

Source: Colonial Office (Great Britain), *Annual Colonial Report, St. Lucia*, H.M. Stationary Office 1935.

Following the signing of the 1934 contract, St. Lucia's banana production increased by 200% over the previous year (ICTA 1936, 7). Production levels were kept high by cultivating bananas on the large areas of available virgin forests which were certain to be disease-free. By 1937, the crop was once again proclaimed as one of the „chief export“ crops. In that year, there was £11,814 worth of bananas exported. This was a rapid and significant increase compared to the export value of £1499 recorded in 1934 (IDA 1937). As indicated in Table 2, the total number of stems exported from 1935 to 1939 shows that the Canadian Buying Company successfully dominated the trade.

**Table 2. Export Distribution of Bananas in St. Lucia 1935- 1939**

Year	No. of Banana Stems		
	Exported by Canadian Buying Company (from SLBGA)	Exported By Other Dealers	Total Exported
1935	59 893	546	60 439
1936	108046	587	108 633
1937	126 940	–	126 940
1938	95 801	5 185	100 986
1939	73 434	1 072	74506

Source: Colonial Office (Great Britain), *Annual Colonial Report, St. Lucia*, H.M. Stationary Office 1938.

Figure 1 shows a rapid increase in banana export values from 1934. It also highlights the rapid spiral downwards, beginning around 1938. The export figure declined from over £13,000 in 1938 to a mere £6585 in 1939. The industry's problems actually began before 1938, when the company began to gradually suffer losses due to overproduction by the local farmers. The company had clearly underestimated the production potential of the local growers, when it had signed the contract, under which it was obligated to purchase all bananas of acceptable quality from the SLBGA. By this time, the company was purchasing more bananas than its shipping capacity could accommodate. A large number of bananas were left on the dock and became known as the „short-shipped.“ Short-shipped bananas referred specifically to bananas which were purchased by the Canadian Buying Company due to contractual obligations but had to remain unshipped as a consequence of inadequate shipment space. In 1937, in St. Lucia, 15,974 stems were short-shipped out of a total 126, 940 stems purchased from growers; and, in 1938, out of a total of 154,135 stems purchased by the company, 53,149 stems were short-shipped. This undoubtedly meant severe losses for the Canadian Buying Company. Further, the figures of short-shipped bananas in St. Lucia constituted only a small fraction of the total losses suffered by

the company in the eastern Caribbean trade. Table 3 shows the extent of their losses by detailing the number of stems short-shipped in the main producing islands.

**Table 3: Total Stems of Bananas Short-Shipped in 1938 (Five Major Producers)**

<b>Country</b>	<b>Amount Short-shipped (no. of banana stems)</b>
Dominica	61 445
Grenada	29 916
St.Lucia	53 149
Trinidad	48 672
St. Vincent	32 804
<b>Total</b>	<b>226 046</b>

Source: Colonial Office (Great Britain), *Annual Colonial Report, St. Lucia*, H.M. Stationary Office, 1938.

The short-shipped problem was evidence that the growers were fulfilling their end of the contract by supplying the bananas for shipment from St. Lucia. The Labour Commissioner of St. Lucia made a valid observation in 1938, when he asserted: “The position, at the moment, is that the Canadian Buying Company pays for every bunch of bananas which is accepted by them as being fit, whether they are shipped or not is immaterial to the producer of St. Lucia. Up to present, the shippers have not taken the quantity we are able to supply” (Palmer 1938). He further pointed out that these un-shipped bananas were usually sold locally by the Canadian Buying Company in an attempt to reclaim profits.

In 1939, the Canadian Buying Company sought to cut its losses of short-shipped bananas by introducing new standard requirements for the bananas to be purchased by the Company. With the enforcement of these new standards, the number of short-shipped bananas was considerably reduced. Indeed, the Canadian Buying Company was able to drastically and rapidly reduce the level of short-shipped across the region from 226,046 stems in 1938 to only 2,230 stems in 1939. After 1939, no mention was again made of the Canadian Buying Company, and the banana export values were no longer featured in the „major export crop“ statistics. The eventual withdrawal of the company led to large scale abandonment of the crop by many of the disillusioned producers who had not been forced out of cultivation previously. The coming of World War II only worsened the problems of the industry, already plagued by shipping difficulties. The 1942 Agricultural report rightfully read like a eulogy for the banana industry:

“Owing to employment offering at the U.S .Bases, and the cessation of shipping facilities, very little attention has been paid to this crop for some time, and although a fair amount of fruit is absorbed locally, this represents fruit cut from the older and more accessible gardens only....The virtual abandonment of cultivation has naturally resulted in a significant increase in the incidence of Panama disease, efforts to control which by the department were restricted by other duties” (ICTA 1943, 3).

## Conclusion

It can therefore be concluded that the United Fruit Company was the primary reason for both the rise and eventual collapse of St. Lucia's banana industry from 1923 to 1942. The rise of the industry was due to both growers and the local agricultural department responding positively to opportunities for trade on the international market, as provided by the United Fruit Company subsidiaries. The availability of markets for the sale of bananas, was what stimulated growers to produce, leading to the signing of contracts with UFC shipping subsidiaries. As a result, these companies played an integral role in the rise of the industry. Conversely, they also played a major role in the decline of the trade. Decline was not due to Panama disease epidemics, but largely the result of problems faced by UFC subsidiaries, which hindered their ability to provide requisite shipping services for St. Lucia. Unable to find alternative arrangements, growers were left in a quandary as to how to profitably dispose of large amounts of their produce. Unfortunately, this would not be the last time that such dependency would prove to be disastrous for the banana industry in St. Lucia.

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## Endnotes

<sup>1</sup> Ordinance 1 of 1934 – “An ordinance to create a body corporate to market bananas and to regulate and control the export thereof.” In J.E.M Salmon, *St. Lucia Ordinances and Subsidiary Legislation for the year 1934*(Castries: Government Printing Office, 1935), 1.

<sup>2</sup> A "count bunch" of bananas was used to refer to a bunch consisting of nine "hands". "Hands" are clusters of bananas growing out of the main stalk.

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