



*Central America:
A Quest for the Progression of
Economic Value.
Bonus-Season V.*

The origin of Central America political-economy.

Period of study: From 1700 to 1900

Episode 12

**Banana Republics Part 1
Additional Slides
Central America**

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From 1700-1900: The origin of Central America political-economy.



Banana Republics Part 1 – Central America

Land Ownership rates in rural regions of México, USA, Canada, Argentina early 1900s.

The lack of middle class in rural areas is perceived during the entry of UFCo 1900s.



The UFCo was the new cohort of USA colonialists land grabbers of the 20th century in Central America. Empty lands, or land that belong to no one, were former territories of the natives, or lands which held a former profound territorial meaning for the natives as earlier sources of agrarian conflicts with the Spaniards.

Country, year and region (according to De Ferranti et Al. World Bank Report "INEQUALITY IN LATIN AMERICA Breaking with History?". 2014.	Proportion of household heads who own land (%)
Mexico, 1910	
•North Pacific	5.6
•North	3.4
•Central	2.0
•Gulf	2.1
•South Pacific	1.5
•Total Rural Mexico	2.4
Central America, 1910	
•The same as South Pacific México	1.5
United States, 1900	
•North Atlantic	79.2
•South Atlantic	55.8
•North Central	72.1
•South Central	51.4
•West	83.4
•Total USA	74.5
Canada, 1901 Total	87.1
Argentina, 1895	
•Chaco	27.8
•Tierra de Fuego	6.6

When there is no robust middle class, societies show huge levels of inequality expressed in landless peoples, with low-wages producing only for foodstuff and survival expenses, usually under a gross indentured debt situation.

When there is no middle class, what we have is a minimum white criollo elite leading a majority of uneducated poor (usually illiterate). A household that is landless (without a property right of ownership) is considered low-class. The low class were the landless natives and mestizos who were living as a working class or proletarian. These were easy prey of anyone who promised something different.

Institutional violence and repression led by military dictators were the typical governance to calm the masses reclaims. Since the Bourbons arrival to power, the Catholic Church was also left landless, unable to protect the indigenous communal assets as it was pre-established.

Eleonora Escalante Strategy

State of the Art Corporate Strategy
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Land Grabbing in Central America after the Independence from Spain took place in 3 stages (according to Edelman & León).

Liberalism
Late 19th century

- Privatization of the native small-holder lands for coffee production. These lands were ejidos-community lands of the Indians, tierras baldias, and cofradias (sodality holdings) and all ecclesiastical lands.
- Massive concessions to foreign banana and railway companies, cattle entrepreneurs, rubber, mining, forestry, etc.

Bananas enclaves
1870-1940s

- Extension of concessions to modernize infrastructure for the banana plantations: railway extensions, ports, roads, electrical generation, hospitals, schools etc.
- The banana companies (mainly UFCo) bought all the arable land available and suitable for bananas, cacao, coconuts in the Atlantic and Pacific of Central America

Agrarian Reforms
1960s-80s

- Attempts to expropriate the land to large property owners, characterized by counter-activities of repression and violence.
- Each CA nation experienced different models of agrarian reforms that were not well designed nor helped the beneficiaries to become middle class.

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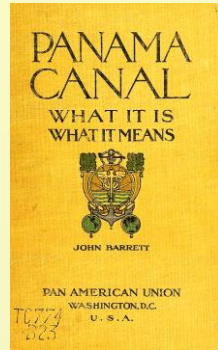


Banana Republics Part 1 – Central America

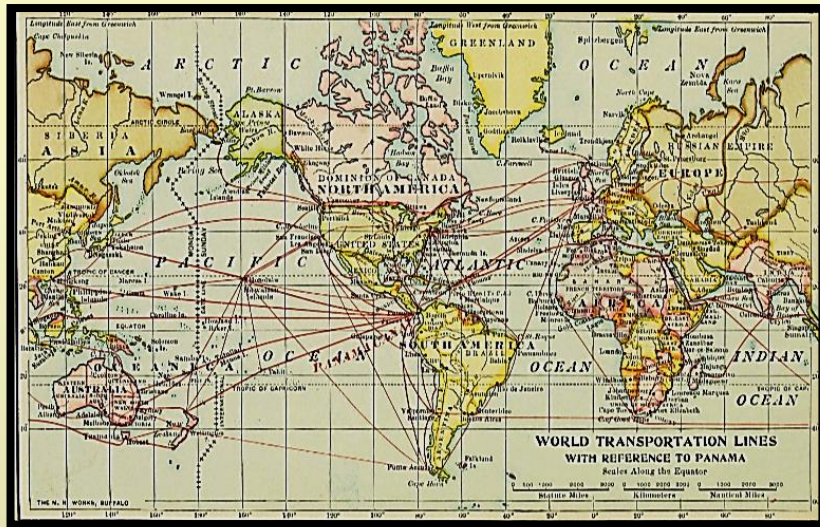
The world of trade passing through Central America - 1911.

The Panama Canal was the essential core-interest of the USA international trade

The steamships of the Banana United Fruit Company passed through the Canal too...



Tables Info from :
<https://archive.org/details/panamacanalwhat00barr/page/n5/mode/2up>



The Panama cut-off Comparative distances as of 1913.

To	Via	New York	Liverpool
San Francisco	• Magellan	13,135	13,502
	• Panamá	5,262	7,836
	Distance saved	7,873	5,666
The Orient	• Magellan	13,566	13,933
	• Panamá	7,798	12,372
	Distance saved	3,768	1,661
Melbourne	• Magellan	12,852	13,425
	• Panamá	10,392	12,956
	Distance saved	2,460	459
Callao	• Magellan	9,613	9,980
	• Panamá	3,363	5,937
	Distance saved	6,250	4,043
Valparaiso	• Magellan	8,380	8,747
	• Panamá	4,633	7,207
	Distance saved	3,747	1,540

COMPARATIVE DISTANCES (IN NAUTICAL MILES) IN THE WORLD'S SEA TRAFFIC AND DIFFERENCE IN DISTANCES VIA PANAMA CANAL AND OTHER PRINCIPAL ROUTES							
		From					
To	via	New York	New Orleans	Liverpool	Hamburg	Suez	Panama
Seattle	Magellan	13,953	14,369	14,320	14,701	15,397	
	Panama	6,080	5,501	8,654	9,173	10,447	4,063
Distance saved		7,873	8,868	5,666	5,528	4,950	
San Francisco	Magellan	13,135	13,551	13,502	13,883	14,579	
	Panama	5,262	4,683	7,836	8,355	9,629	3,245
Distance saved		7,873	8,868	5,666	5,528	4,950	
Honolulu	Magellan	13,312	13,728	13,679	14,060	14,756	
	Panama	6,702	6,123	9,276	9,795	11,069	4,685
Distance saved		6,610	7,605	4,403	4,265	3,687	
Guayaquil	Magellan	10,215	10,631	10,582	10,963	11,659	
	Panama	2,810	2,231	5,384	5,903	9,192	793
Distance saved		7,405	8,400	5,198	5,060	2,467	
Callao	Magellan	9,613	10,029	9,980	10,361	11,057	
	Panama	3,363	2,784	5,937	6,456	7,730	1,316
Distance saved		6,250	7,245	4,043	3,905	3,327	
Valparaiso	Magellan	8,380	8,796	8,747	9,128	9,824	
	Panama	4,633	4,054	7,207	7,726	9,000	2,616
Distance saved		3,747	4,742	1,540	1,402	824	
Wellington	Magellan	11,344	11,760		13,353	9,694	
	Panama			12,989			
Distance saved		2,493	3,488	1,564	1,409	489	6,834
Melbourne	Cape Good Hope	13,162	14,095		11,845	8,156	
	Panama			11,654			
Distance saved		2,770	4,282	1,312	1,607	2,527	8,342
Manila	Suez	11,589	12,943	9,701	9,892	6,233	
	Panama	11,548	10,969	14,122	14,608	11,869	9,370
Distance saved		41	1,974	4,421	4,716	5,636	
Hongkong	Suez	11,673	13,031	9,785	9,976	6,317	
	Panama	11,691	11,112	13,957	14,443	11,704	9,173
Distance saved		18	1,919	4,172	4,467	5,387	
Yokohama	Suez	13,566	14,924	11,678	11,869	8,210	
	Panama	9,798	9,219	12,372	13,858	11,119	7,660
Distance saved		3,768	5,705	694	1,989	2,909	
Panama		2,017	1,438	4,591	5,110	6,387	

The Panama Canal was one of the largest public investments of its time. In the first decade of its operation, the Canal produced significant social returns for the United States. Most of these returns were due to the transportation of petroleum from California to the East Coast.

Maurer, Noel, and Carlos Yu. "What T. R. Took: The Economic Impact of the Panama Canal, 1903-1937." *Journal of Economic History* 68, no. 3 (September 2008). <https://www.hbs.edu/ris/Publication%20Files/06-041.pdf>

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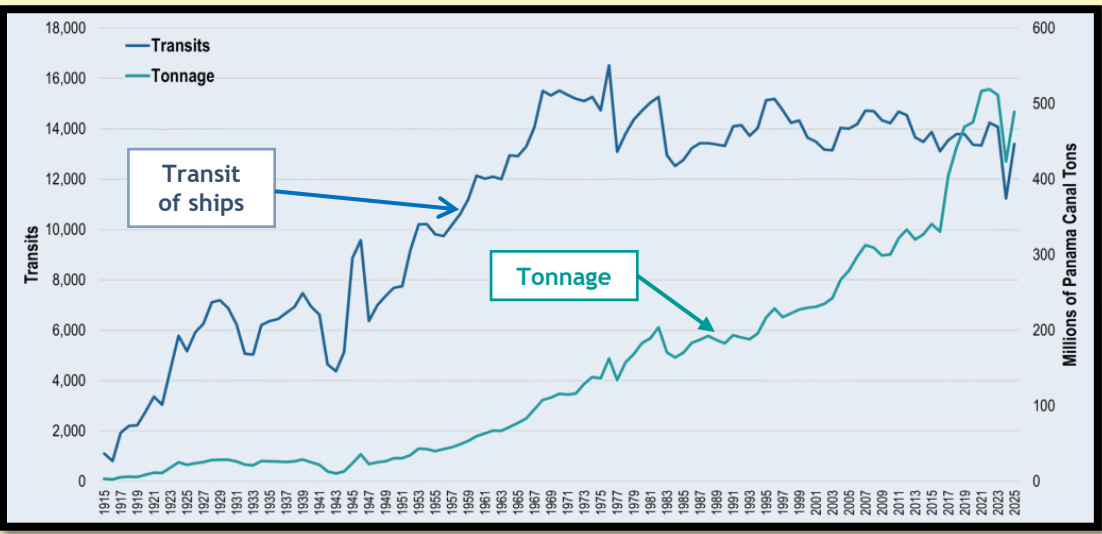
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The world of trade passing through Central America - 1911.

The Panama Canal was the essential core-interest of the USA international trade

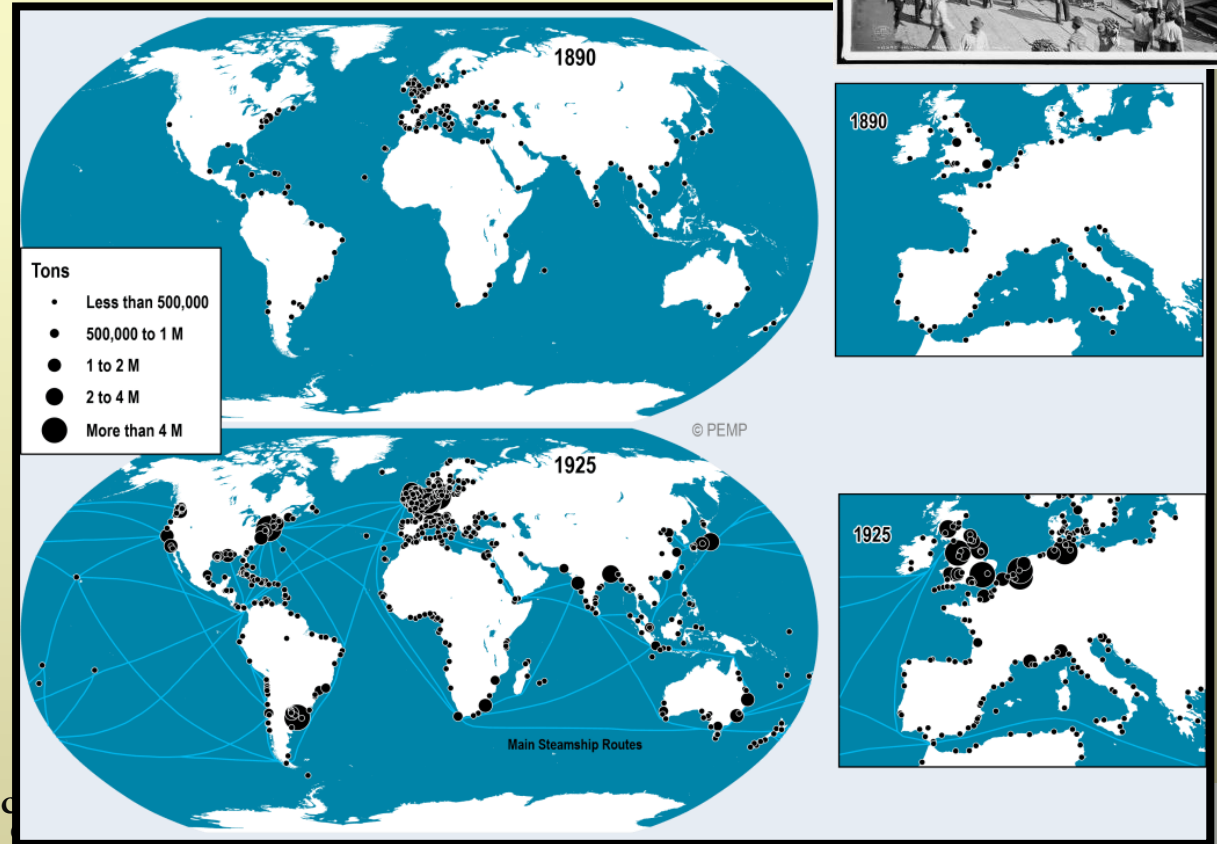
The steamships of the Banana United Fruit Company passed through the Canal too...

The USA priority was to build a canal for trade and commerce. The Banana producers and shippers' priority was to safeguard the interests of the USA, and the USA intervened whenever the UFCo asked for help in geopolitical uncertainty



Look at what happened after the Panama Canal was inaugurated in 1914. According to Rodrigue-Pallis-Notteboom, the ships traffic was closely tied to the dynamics of the American economy, since most of it was trade between the East and the West Coasts or between the United States and Latin America. The traffic was affected by the Great Depression (1931-36) and the WWII. However, the tendency was always to grow over time.

Info from
<https://porteconomicsmanagement.org/pemp/contents/part3/changi-ng-geography-of-seaports/cargo-carried-steamship-port-city/>
<https://porteconomicsmanagement.org/pemp/contents/part1/interoceanic-passages/tonnage-number-transits-panama-canal/>



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Banana Republics Part 2 – Central America

United States Interventions in Central America and the Caribbean



The USA need for a canal connecting the Atlantic and Pacific was the main point of pressure over the Banana Republics. Panamá was a province of Colombia in 1903. Theodore Roosevelt sent troops to support the secessionist rising, for Panamá's independence. Next, Panamá gave the USA the exclusive rights in perpetuity to construct the Canal.

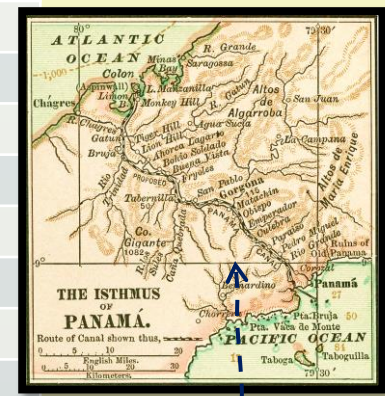
The USA wished to control the policy and contractual uncertainty of the business/political environment of the banana industry in Central America

Two classifications of the USA military interventions follow:

USA interventions/invasions in Central America and Caribbean by year (1898-1965)

USA interventions/invasions in Central America and Caribbean grouped by Country (1898-1934)

#	Year	Type Intervention/invasion to country	#	Year	Type Intervention/invasion country
1	1898	Military-Political CUBA	14	1916	Military-Dominican Republic
2	1903	Military Dominican Republic	15	1917	Military-Cuba-until 1933
3	1903	Military-Political Honduras	16	1918	Military-Panama
4	1906	Military-Panama & Cuba	17	1919	Military-Honduras
5	1907	Military-Nicaragua-protectorate	18	1920	Military-Guatemala against unionists
6	1907	Military Troops in Honduras	19	1921	US Naval warship stood by-Costa Rica
7	1909	Military-Nicaragua	20	1924	Military-Honduras
8	1912	Military-Cuba	21	1925	Military-Panamá
9	1912	Military-Panamá President elections	22	1932	Military ocean warships-El Salvador
10	1912	Military-Honduras	23	1954	Military coup against Arbenz-Guatemala
11	1914	Military troops-Dominican Republic	24	1961	Indirect de-facto Support to Cuban exiles to overthrow Fidel Castro
12	1914	Military- Haiti	25	1964	CIA rig national elections British Guiana
13	1915	Military to Haiti again	26	1965	Military - Dominican Republic elections



#	Country	Years of the invasion or intervention
1	Costa Rica	1921 ***
2	Cuba	1898-02, 1906-09, 1912, 1917-22
3	Dominican Republic	1903, 1904, 1914, 1916-24
4	Guatemala	1920
5	Haiti	1915-34
6	Honduras	1903, 1907, 1911, 1912, 1919, 1924, 1925
7	México	1913, 1914, 1916-17, 1918-19
8	Nicaragua	1898, 1899, 1909-10, 1912-25, 1926-33
9	Panamá	1903-14, 1921, 1925

*** A US Naval warship stood by during a boundary dispute of Costa Rica with Panamá, troops did not land but threatened to intervene.