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# Globalized Fruit, Local Entrepreneurs: How One Banana-Exporting Country Achieved Worldwide Reach



## GLOBALIZED FRUIT, LOCAL ENTREPRENEURS

How One Banana-Exporting Country Achieved Worldwide Reach

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AND  
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## Synopsis

Bananas are the fifth most widely traded farm product. While the results of monopolization in the banana business, such as environmental contamination and the exploitation of labor, are frequently criticized, *Globalized Fruit, Local Entrepreneurs* demonstrates that the industry is not globally uniform, nor uniformly rotten. Douglas Southgate and Lois Roberts challenge the perception that multinational corporations face no significant competitors in the banana business and argue that Ecuador and Colombia are important sources of competition. Focusing on Ecuador, the world's leading exporter of bananas since the early 1950s, *Globalized Fruit, Local Entrepreneurs* highlights the factors that led to the development of independent fruit industries, including environmental conditions, governmental policies, and, most significantly, entrepreneurship on the part of local growers and exporters. Although multinational firms headquartered in the United States have been active in the country, Ecuador has never been a banana republic, dominated economically and politically by a foreign corporation. Instead, Southgate and Roberts show that a competitive market for tropical fruit exists in and around Guayaquil, a port city dedicated to international commerce for centuries. Moreover, that market has consistently rewarded productive entrepreneurship. Drawing on interviews and archival research, Southgate and Roberts investigate leading exporters' and growers' origins, which are more humble than privileged, as well as their paths to success in the banana business. *Globalized Fruit, Local Entrepreneurs* shows that international marketing by Guayaquil-based merchants has been aggressive and innovative. As a result, Ecuador's tropical fruit sector has expanded more than it would have done had multinational corporate dominance never been challenged.

## Book Information

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## Customer Reviews

"Globalized Fruit, Local Entrepreneurs is an entertaining and insightful work providing a synthetic, alternative history of the banana industry." •Paul Sabin, Yale University"Based on sound historical and contemporary assessment, Globalized Fruit, Local Entrepreneurs refreshingly corrects conventional wisdom about the banana industry." •Joachim von Braun, University of Bonn

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Many books and articles have been written about the banana business, which is hardly surprising in light of its sheer size. As reported at the beginning of Globalized Fruit, Local Entrepreneurs, banana exports outstrip international shipments of every other fruit and vegetable. The global banana trade is also more important than the global rice trade, since cross-border shipments of the staple grain are tiny relative to national harvests and domestic consumption in China, India, and other nations. Another reason for all the books and articles about the banana industry is that no part of the food economy is associated more closely with large corporations headquartered in the United States. The industry was largely the creation of the United Fruit Company, called the Octopus because of its near monopoly in the U.S. market as well as its control of supplies in the Caribbean Basin for many years after its founding in 1899. And since the 1930s, the exploits and abuses of United Fruit (now Chiquita Brands International) and other firms in banana republics south of the U.S. border have been a recurring theme of the scholarly literature and writings intended for a general audience. The book written by economist Douglas Southgate and historian Lois Roberts has a different focus. Rather than hewing to the standard banana republic narrative, they are primarily interested in the contributions that homegrown entrepreneurs have made to tropical fruit development. The importance of these contributions in Colombia since World War II is stressed by Marcelo Bucheli, a historian at the University of Illinois. Southgate and Roberts' book is mainly about Ecuador. Ecuador is considerably smaller and poorer than Colombia, just to the north, so one might assume that the Octopus has dominated the country economically and

politically. Reinforcing the perception that Ecuador is just another banana republic is that it has been the world’s leading exporter of tropical fruit since 1953. As is documented in *Globalized Fruit, Local Entrepreneurs*, United Fruit and other U.S. firms have left their mark on Ecuador’s banana industry. However, Southgate and Roberts emphasize that the country became a fruit-exporting powerhouse without sacrificing its independence. The two authors examine all factors underlying this accomplishment. For one thing, western Ecuador, where banana production is concentrated, has various environmental advantages, not least fertile soils and a Caribbean climate minus the hurricanes. Additionally, the national government has at times facilitated expansion of the tropical fruit sector, particularly during the presidency of Galo Plaza Lasso from 1948 to 1952. But the key players in that expansion have been Ecuadorian entrepreneurs. Those individuals, Southgate and Roberts contend, deserve much of the credit for the worldwide reach their country has achieved in the banana business – a worldwide reach that helped bring down the Berlin Wall in 1989, as some German leaders and writers have maintained. Individuals such as Juan X. Marcos, Luis Noboa, and Segundo Wong pursued their careers in Guayaquil: a hub for export-oriented entrepreneurship for more than a century. Thanks largely to venturesome merchants in the port city, Ecuador was the leading supplier of cacao to European and U.S. chocolate manufacturers during the late 1800s and early 1900s as described in one of Roberts’ other books. The cacao boom, which ended after World War I, left Guayaquil with a network of essential business services. Ecuador’s commercial capital also possesses something not matched by any other banana exporter: a national market worthy of the name, one in which hundreds of growers (the vast majority with modest holdings) sell their harvests to dozens of exporters and other buyers. This market, which has not been fully replicated in any banana-exporting nation, is an ideal setting for entrepreneurship and is a fundamental reason why Ecuador has remained atop the global banana industry for decades. Forgoing a reprise of the familiar narrative about the Octopus and its hold on banana republics, Southgate and Roberts instead set the record straight. Dr. Joachim von Braun, formerly the director of the International Food Policy Research Institute and now a professor at the University of Bonn, observes that *Globalized Fruit, Local Entrepreneurs* “refreshingly corrects conventional wisdom about the banana industry.” In particular, the book sheds light on something inconceivable for adherents of the banana republic narrative: United Fruit’s old monopoly is gone, thanks largely to the efforts of Marcos, Noboa, Wong, and others like them. What’s more, the Octopus no longer exists as an independent, U.S.-based industry. In October 2014,

Brazilian investors announced they would be buying Chiquita, “lock, stock, and bananas,” as Southgate and Roberts observe. Generations of the company’s admirers and critics, they add, would be astonished.

Poor Ecuador! Bullied by The Octopus (United Fruit), ripped off by international oil companies, it is often serves as Exhibit A in the standard narrative of US imperialism. But what if that narrative is untrue? What if Ecuador never let The Octopus (El Pulpo in Spanish) monopolize its coastal plains, control its transportation infrastructure, suck up its resources and dominate its government policies? What if Ecuadorians themselves built the country’s banana export business, ultimately overcoming El Pulpo’s efforts to cut them out of markets around the world? Because that’s exactly the story that Douglas Southgate and Lois Roberts tell in their fascinating case study of Third World entrepreneurship and economic success. Not that The Octopus was entirely unknown in Ecuador. From the end of World War II through the early 1960s, it employed 2,500 farm hands at El Tenguel, its plantation on the Pacific Coast. But once again, the standard narrative breaks down: its workers were better paid, housed and fed than most Ecuadorians. Eighty percent of them brought their families to live on the estate, where their children could go to school and their families received medical care. Southgate and Roberts quote from interviews with former residents, who lamented the company’s departure because few other employers provided similar benefits. Their findings fit well with my own research on Ecuador’s early oil industry: only foreign companies offered the legal minimum wage, provoking relentless opposition from local landowners who paid their workers in cloth and rum. Southgate and Roberts’ book, based on extensive interviews and archival research, should encourage scholars to take a serious look at the role of business elites in Latin America. This view is still rare today: modern researchers tend to describe local entrepreneurs as minor agents of the octopus-like neoliberal bureaucracies in Washington or London. Globalized Fruit challenges us to set that cliché aside and reopen major questions of state formation and power throughout the hemisphere.

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