Empire Building: The United States and the Caribbean, 1877–1920

Between 1877 and 1920, the United States increased its control over its neighbors in Central America and the Caribbean Sea. American companies wanted these countries to buy American products. U.S. companies also wanted to set up new businesses in these countries.

In 1850, a New York company constructed the Panama Railroad, which was the world’s first railway to go from one continent to another. By the 1870s and 1880s, American businesses had built many railways and created banana plantations in Central American countries.

Sugar plantations were plentiful in Cuba. So U.S. businessmen also moved into Cuban sugar production.
Around the same time, an American named Minor Cooper Keith helped to build the Costa Rican railroad and started the Boston Fruit Company.

**Cuba might spell economic relief for U.S.**

In the mid-1890s, there was an economic depression in the United States. Around 500 banks closed, more than 15,000 businesses failed, and many of the nation's railroads went out of business. About 20 percent of people did not have jobs in much of the country.

Many U.S. leaders felt new businesses outside the country could be one way out of the depression. They focused on Cuba. American businesses had already invested about $50 million there.

In 1895, Cuba wanted to be free from Spain's control. Cuba's war with Spain threatened American businesses on the island. Some Americans felt that the United States should get involved and that a war could also help get the U.S. out of the depression. In fact, Theodore Roosevelt said in 1897: “I should welcome almost any war, for I think this nation needs it.”

By 1898, Republican President William McKinley felt American businesses in Cuba had to be protected. So, following the mysterious sinking of the USS Maine in Cuba's Havana Harbor in February 1898, the United States entered the war.

**Occupying island nations**

This short war began in April and ended in July. As a result, the United States became an empire that controlled island nations in both the Atlantic and Pacific. In addition to occupying Cuba, the United States got control of Puerto Rico, Hawaii, Guam and the Philippines. In 1903, Washington pressured Cuba to give it the rights to the naval base at Guantánamo Bay, and U.S. companies also gained more control of the island’s sugar industry.

By this time, the United States wanted a canal to connect the Atlantic and Pacific Oceans. The canal would be dug through the Central American country of Panama. But Panama was part of Colombia at the time and Colombia would not agree to the plan. So President Theodore Roosevelt supported Panamanians who wanted independence, and in November 1903, Panama separated from Colombia. However, the final result was that Panama's government was weak and could do little without the approval of the United States.
Reshaping the region without Europe

Building the canal reshaped the businesses and governments of Central America and islands in the Caribbean. The United States did not want any countries in Europe to move their armies or navies into the area. So Roosevelt declared his so-called "corollary" that follows the ideas in the Monroe Doctrine. It claimed the right of the United States to be the major military power in the region.

Washington also became the banker for Central America. In the past, European countries had often said they needed to send their militaries to get money that they said Central American countries owed them. The United States said it would now be the debt collector in the region to keep out Europeans. This “Dollar Diplomacy” idea also led the United States to send troops into the Dominican Republic, Cuba, Haiti and Nicaragua.

The U.S. government was not the only force shaping the Caribbean, but U.S. businesses like Keith's Boston Fruit Company became very powerful. Employing primarily Jamaican migrants, Keith developed both the labor system and large-scale farming in Costa Rica, Panama, Honduras and Guatemala. His company became known as the United Fruit Company in 1899, which became big enough and rich enough to have influence in the governments in these countries.

Strict rules for workers

In the next 10 years, United Fruit Company became even bigger in Central America and Cuba. Following the U.S. government’s gaining control of Panama, the company found itself competing with the United States for West Indian workers.

The majority of Panama Canal workers were British West Indians from Jamaica and Barbados. Between 1904 and 1914, about 200,000 of these workers arrived in Panama. To maintain control over this workforce, U.S. officials imposed a strict system of segregating different races.

The United Fruit Company did the same thing. As one United Fruit manager explained: "The Jamaican Negro with his 'cocky' attitude tended to offend American racial sensibilities. To avoid complications, therefore, a strict color line is drawn. All persons of color must always give the right of way to whites, and remove their hats while talking. A rule also forbids any laborer from entering the front yard of any white man’s residence."
United Fruit's labor troubles

When resistance from its black workers threatened United Fruit’s authority, the company sought to build a divided workforce by recruiting local Central Americans. It also relied upon dictators of neighboring countries to help control the workers.

By the 1920s, United Fruit had become the most powerful economic force in the region and the largest agricultural enterprise in the world. Later, the company would lose much of its power as the influence of the U.S. government increased during World War II.

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Quiz

1 Which two sentences from the article contain central ideas?

1. Many U.S. leaders felt new businesses outside the country could be one way out of the depression.
2. Building the canal reshaped the businesses and governments of Central America and islands in the Caribbean.
3. This “Dollar Diplomacy” idea also led the United States to send troops into the Dominican Republic, Cuba, Haiti and Nicaragua.
4. Employing primarily Jamaican migrants, Keith developed both the labor system and large-scale farming in Costa Rica, Panama, Honduras and Guatemala.

(A) 1 and 2  
(B) 2 and 3  
(C) 3 and 4  
(D) 1 and 4

2 Which statement would be MOST important to include in a summary of the section “Occupying island nations”?

(A) The U.S. asked Cuba for the rights to the naval base at Guantánamo Bay.
(B) The U.S. got control of Puerto Rico, Hawaii, Guam and the Philippines.
(C) The U.S. supported Panamanian independence in order to build the Panama Canal.
(D) The U.S. approved most of the actions of the new Panamanian government.

3 Which of the following MOST influenced Roosevelt to declare his “corollary”?

(A) the need to maintain Panamanian independence from Colombia
(B) the need to maintain a workforce near the Panama Canal
(C) the desire to protect U.S. business interests in the region
(D) the desire to provoke conflicts with European countries
What is the MOST likely reason why the author included information about racial segregation in Central America?

(A) to illustrate the determination of the government and business to maintain their control there

(B) to demonstrate the divisions that emerged between workers from Jamaica and Barbados

(C) to illustrate the problems faced by workers trying to earn money working on the Panama Canal

(D) to demonstrate the reasons why the United Fruit Company ultimately lost its power there