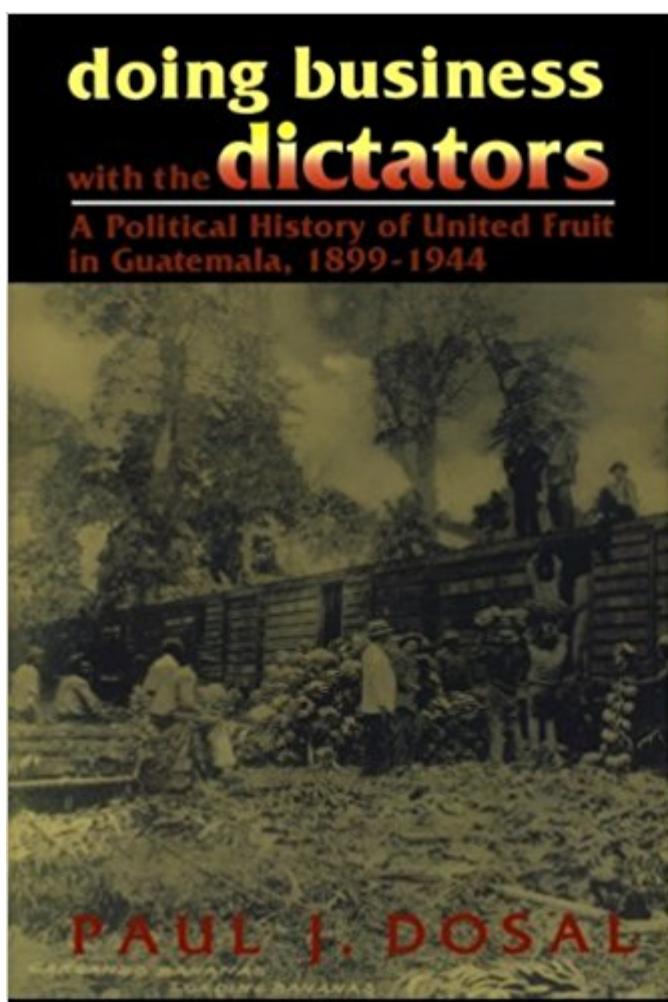


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# Doing Business With The Dictators: A Political History Of United Fruit In Guatemala, 1899-1944 (Latin American Silhouettes)



## **Synopsis**

The United Fruit Company (UFCO) developed an unprecedented relationship with Guatemala in the first half of this century. By 1944, UFCO owned 566,000 acres, employed 20,000 people, and operated 96% of Guatemala's 719 miles of railroad, making the multinational corporation Guatemala's largest private landowner and biggest employer. In *Doing Business with the Dictators*, Paul J. Dosal shows how UFCO built up a profitable corporation in a country whose political system was known to be corrupt. His work is based largely on research of company documents recently acquired from the Justice Department under the Freedom of Information Act-no other historian researching this topic has looked at these sources. As a result, Dr. Dosal is able to offer the first documentary evidence of how UFCO acquired, defended, and exploited its Guatemalan properties by collaborating with successive authoritarian regimes.

## **Book Information**

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## **Customer Reviews**

The book is an absolute must for those interested in the region. It has solid footnotes, a good bibliography, and a workable index. (CHOICE)Sheds important light on U.S. economic penetration of Latin America in the first half of this century. (Booklist)

Paul J. Dosal is assistant professor of Latin American history at the University of Massachusetts, Amherst.

Paul Dosal wrote this book as an extension of his doctoral thesis. In doing so, he has retained the focus on the relationship between the banana giant, United Fruit Company, and the so-called Liberal regimes in Guatemala from before the turn of the 20th century to the intellectuals and workers revolution of 1944. It has the usual indicia of a scholarly work, but it is well-written and easily comprehended by the general reader. Professor Dosal brings a certain amount of passion to his work, and he clearly views the main characters as greedy and criminal, but he generally sticks to the facts and delivers them in an orderly fashion. Guatemala was only one of several Latin American and Caribbean countries where the United Fruit Company harvested or procured bananas, and it hardly has been one of the biggest—generally accounting for about six percent of world production. Yet it was the ability of Minor Keith, Victor Cutter, and Sam Zemurray to obtain favorable arrangements from the Guatemalan strongmen, particularly Manuel Estrada Cabrera (1898-1920) and Jorge Ubico (1929-44), that allowed United Fruit to forge a unique level of near-total economic control over the entire country and its development. Not only did United Fruit develop a monopoly in the production and marketing of Guatemalan bananas, but it also controlled the country's railroads and primary port. Its contracts allowed it to operate on its property without government regulation and with very little obligation to pay taxes. It also exercised nearly complete control over Guatemala's import and export trade, including the trade of coffee, even though it was neither a producer or marketer of this other primary export commodity. Dosal does not go out of his way to claim or prove bribes and kickbacks to government officials for these favorable arrangements. He doesn't have to, as the facts speak for themselves. Anyway, his primary indictment of the "caudillos" is that they betrayed the interests of their own people for the benefit of foreign investors to an extent far beyond any return their country and its people received. In defense of Minor Keith and his investors, Guatemala's government had attempted to develop a national railroad without success because of lack of capital, and Keith provided the expertise and capital to get the railroad and the port built. Similarly, some of the later steps taken by United Fruit that resulted in greater economic control were done after Guatemalan authorities had been unable to accomplish their economic goals by other means, but the complicity of the dictators in United Fruit's plans resulted in increasingly one-sided bargains. Professor Dosal contrasts the similar development in Costa Rica, in which democratic regimes made bargains with United Fruit that over the years were much more even-handed. Dosal's main point, well-documented in this book, is that but for the existence of dictatorial regimes in Guatemala over the 45 years, the role of United Fruit Company in Guatemala's development would have been quite different. He writes: "While Guatemalan dictators had

conditioned the development of United Fruit, American diplomats and capitalists had deluded themselves into thinking that they shaped Guatemala's destiny. The country's most brutal dictator sanctioned the concession that allowed Keith to monopolize railways, and the limited democratic opening of the 1920s blocked his efforts to extend his influence to Guatemalan financing. Without timely assistance from Guatemala's corrupt and authoritarian rulers, Keith and United would have found it much more difficult to extract liberal concessions from the government, eliminate competitors, and suppress challenges to its authority." (pp. 112-13).

Both the reader of this book, and the book itself, wake up once per chapter. For scholarly purposes, it may need all the detail and plodding sentences that it contains, but I can't imagine that non-scholars will find anything captivating in it. I certainly didn't. In general it tells the story of United Fruit Company's rise to power under a string of Guatemalan dictators. Paul Dosal wants to argue that United Fruit could never have done as well as it did under a democracy: by a succession of bribes, United Fruit managed to control most of the Guatemalan train system and its most important ports. It semi-secretly owned the International Railways of Central America. This ownership allowed it to charge obscene rates to any non-United banana companies. Without government support for that monopoly and its unconscionable rates, United would never have survived. United owned the Guatemalan government; Sam Zemurray, through his Cuyamel Fruit Company, owned the Honduran. The Guatemalan and Honduran governments often came close to blows in defense of their respective banana barons, particularly at the boundary between the two countries where profitable banana cultivation happened. That dispute was only settled when Cuyamel and United merged, and Zemurray eventually took over the combined behemoth. If you're interested in the details of how a company exploited a government, and how a sequence of military strongmen kept 80% of their people illiterate and hungry, by all means read Dosal's book. Otherwise, I have just given you most of what you'll learn. You can thank me later.

"Doing Business" covers some of the behind the scenes maneuvering and personality conflicts typical of early 20th century Central American republics. It sheds light on the motivation of the men behind the UFC and the railroads in detail not usually seen in books dealing with this subject. Too many other books have been written about Central American politics, especially with regard to the United Fruit Company, which focus solely on classical political analysis. This work must be used when studying this era in Central American history, to gain a full picture of the events. It would be nice to see more research like that of "Doing Business", political inclinations aside.

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