

CIA HISTORICAL REVIEW PROGRAM  
RELEASE AS SANITIZED

AIR POUCH

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PBUCESS / RYBAT

2 MAY 1954

Chief of Station, Guatemala

LINCOLN

INFO: PBUCESS, Headquarters  
[ ]

KUCOWE  
Economic Propaganda Themes

1. We ought to concentrate on the following three economic themes in our increasing efforts to destroy confidence in the ARBENZ regime, both in Guatemala and abroad:

- (a) The Guatemalan Government plans to switch its exports, especially coffee, from the United States to the Soviet Orbit ( in line with Malenkov's efforts to increase import of consumers goods, including such comparative luxuries as oranges from Israel) ; expected payment from USSR primarily arms, farm machinery (obsolete) rather than cash.
- (b) The Guatemalan CP insists that the agrarian reform is only a passing, transitory stage, to be followed as soon as possible by total collectivization of agriculture into KOLKHOZES and SOVKHOZES; owing to the backwardness of Guatemalan farming methods, the Russian agricultural experts have instructed Guatemalan CP leaders that strict centralization and state supervision of collective agriculture is imperative, to be exercised through state farms (Sovkhoz) and with the help of forced labor.
- (c) (This section was inadvertently omitted in the first draft; it is explained below and will be elaborated on in later dispatches.)

2. It will obviously require a concerted effort both on your end and on ours, not only to spread the above stories, but also to make the greatest possible number of people believe them or at least consider them quite possible, even if not satisfactorily proven. The minimum result of such massive attacks, however, should be to throw the regime onto the defensive, force it to concentrate its propaganda efforts upon denials and reassurances to the people and to its own followers, thus placing it in a definitely inferior position in terms of psychological strategy. While LINCOLN

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shall propagate these themes by radio, press and any other means at our disposal, we realize that the main effort must be made at your end, through ESSENCE and whatever other assets you consider utilisable.

3. The first condition is utmost security: we recommend that RAZMARA should tell the above plan to ESSENCE not all at once, but only in installments, one item at a time, and that, in addition to ESSENCE, only as few people as possible should become aware of the black character of this campaign: the bulk of even his close associates must be made to believe that they act on the basis of actual information obtained from secret sources. Informing ESSENCE by installments will also make it easier for RAZMARA to change (adjust, elaborate) later phases, if this should become necessary.

4. The second condition is timing. We suggest the following time table ( which you might alter according to the local situation) :

- (a) The export plans might be revealed as soon as feasible.
- (b) The CP plan on collectivization of farming should "break" not before 15 - 20 May.
- (c) The currency reform should be announced dramatically in the last minute, not before 1 June, perhaps a few days later (exact release date to be given by LINCOLN in due time).

5. The third condition is adequate implementation (documentation) of each of the three above stories, that is:

- (a) to find a plausible source for each of them;
- (b) to support the source story by a document or other supporting evidence;
- (c) to spread both the original story and the supporting evidence by appropriate means of distribution and to follow it up, especially after the expected government denials might have attracted even more public attention. (It will be presumably necessary to spread all three stories primarily by entirely covert means, making use of clandestine leaflets and rumor campaigns on the largest scale possible. )

Successful implementation will depend principally upon your, RAZMARA's and ESSENCE's resourcefulness. However, we contribute in the following paragraphs a few suggestions of our own and shall add later whatever supporting ideas or materials we may be able to get together.

6. The above "Export Plan" would logically emerge from a meeting between Arbenz and the CP leaders and might be "credited" to a source in the president's office. It might be tied in with visits of communist leaders behind the Iron Curtain, possibly also with the forthcoming participation of Virgilio GUERRA, on behalf of the CGTU, in the Soviet labor union congress on 25 May, as reported by Guatemala City radio, 29 April 1954, 1300. Increasing difficulties between Guatemala and US, the desire of the USSR to increase consumer goods imports, the need for farm machinery for agrarian reform purposes etc. might be cited among the motives for the plan. A threatening US ban on imports from Guatemala might be hinted at, though this should not be a major topic (lest it deteriorates into another anti-US slogan). You might try to have somebody introduce motions for "less trade with imperialist U.S., more trade with the glorious U.S.S.R." into meetings of local labor unions or other non-oppositional bodies; these resolutions should then be given maximum publicity in Guatemala and abroad and can later be quoted as evidence for the "Export Plan".

7. The "Collectivization of Agriculture Plan" might be preceded by articles in the overt press and speeches via the overt radio (if you consider this still feasible) reviewing the history of collectivization in Russia and the communist satellite countries, emphasizing how there, too, it was at first only "agrarian reform", distribution of land taken from the big landowners to the small people, but how after a short time communism showed its true face (beginning with Stalin's first Five Year Plan 1928), the individual holdings were forcibly merged into Kolkhozes; millions of Russian peasants killed their livestock rather than turn it over to the cooperatives and millions of them were deported or outright assassinated. Such articles or speeches might end with the question whether this is what the Communists have in mind for Guatemala, too? As a next step, you might prepare "letters to the editors" of the papers which printed the above article, purporting to come from radical young communists, asserting that of course collectivized, socialized agriculture is the ultimate aim but that there will be no bloodshed in Guatemala since everybody understands how useless it is to oppose the wheels of history. After such preliminaries, somebody might discover a secret CP document (or a CP defector might make an appropriate statement), quoting a secret decision of the CP Central Committee or a directive from Moscow (possibly carried by somebody who recently returned from there), revealing the collectivization plan, as defined in para 1, b, above. Special care must be taken to spread this story by word of mouth among the farmers and inside the ranks of the CNCG,

8. The "Currency Reform" plan is obviously the most difficult of the three -- but it might have the most far-reaching effects if properly implemented. Please inform us as quickly as possible

- a) about the latest status of the Guatemalan currency and government finances, data on increased currency circulation, etc.

- b) which agency of the government and which leading personalities of the government would either prepare a currency reform plan, participate in its preparation, or be given advance information about such a plan.

With the help of your answers and of additional information which we are simultaneously requesting from Headquarters, we shall give you more detailed recommendations about this point as soon as feasible.

9. Stationery and other documentary material, thus far collected here and at Headquarters, are not quite suitable for use in all the above described operations. We shall therefore appreciate it if you could obtain and pouch to us as quickly as possible stationery, imprints of rubber stamps and signatures of the government agencies, CP headquarters and any other official organization which might be involved in any of the three plans discussed in the present dispatch. If we receive such stationery, etc., in sufficient time we might be able to produce additional supporting evidence, whether for use by you or for outside distribution.

10. Your comments on the above are invited. We realize that our recommendations in the present dispatch place an additional burden upon you and your assets. On the other hand, we feel that an intensified propaganda campaign with a very broad mass appeal (such as the economic interests of the entire people) is absolutely necessary to bring PBSUCCESS to the intended climax.

11. [ please note: For the time being, do not bring any of the above to the attention of HEGARTY or anybody else. However, stand prepared to have all your available outlets pick up -- and give ample publicity to -- any stories pertaining to the themes discussed in this dispatch as soon as they appear in any of the outlets of Guatemala Station or as soon as we cable you additional instructions.

JEROME C. DUNBAR

JCD/EFU/SGM

1 May 1954

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