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CIA HISTORICAL REVIEW PROGRAM
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31 May 1954

2003

MEMORANDUM TO:

From:  and 

Subject: Contact with Minor Rene KEILHAUER and Jorge TORIELLO
Reference: S/S Cable Guatemala 821 30 May 1954

1. The reference cable reports evidence of extreme nervousness of the Guatemalan Government reflected in an approach to Sydney Gruson by Guatemalan Tourist chief Palmieri, an associate of Minister of Interior Alejandro Charnaud MacDonald. Gruson believes the approach was on behalf of the Minister. Gruson was asked what Guatemala must do to satisfy the US. Will it be enough if several Communists are removed from posts or must Arbenz leave office? Gruson replied that he could not speak authoritatively and expects to be queried again.
2. Charnaud MacDonald is a professional politician who is well known for his opportunism. He has a non-Communist record, although he has accepted Communist collaboration and support.
3. Minor Rene Keilhauer who arrived yesterday in New Orleans, is a very close personal friend of President Arbenz. The purpose of his visit may possibly be to probe for answers to the same questions put by Palmieri to Gruson. If this proves to be the case, the two approaches probably represent separate feelers of political leaders who are looking for a way to get ahead of the game and direct the internal situation so as to fend off international sanctions and protect their own interests. The fact that Keilhauer is meeting with Jorge Toriello suggests that he is seeking some solution on behalf of the President and his intimates, including the Toriello brothers and others who may be classed apart from the professional politicians.
4. Also arriving in New Orleans yesterday was a Guatemalan physician, Dr. Alejandro M. Palomo. The stated purpose of his visit is "to conduct business for the Government of Guatemala." We have no information on Dr. Palomo immediately available. A fourth arrival was Humberto Capuano, who stated that he is traveling for pleasure. A check will be made on Capuano to see if he is connected with the pro-Communist lawyer Ernesto Capuano. If so, he may be trailing the other two.
5. The peculiarities of President Arbenz' temperament are well known: he is neurotic and subject to periods of marked depression. According to one report, Minor Keilhauer is almost the only man he is willing to see at such a time. We also have the report on Arbenz' alleged statement to his military staff, in the late fall of 1953, to the effect that pressures mounting against

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his administration made him feel that if they continued he would withdraw and leave the direction of the country to the military. Keilhauer perhaps has information about Arbenz' present state of mind which he wants to pass on. Possibly the physician, Dr. Palomo, is in this country simultaneously with the purpose of arranging for medical attention for Arbenz here.

6. All in all, we believe that the time has come when it may be possible for the US to work out a deal to rid Guatemala of its Communists. We think that such a deal, while doubtless subject to imperfections and short of some of our aims, would be infinitely preferable to forcing the overthrow of the Arbenz government by international conference and subsequent sanctions. We are of this belief because we think that such a course will leave us with more friends in Guatemala, would contribute constructively to continuing peace and good relations among the American States, and would give the Communists less material for anti-US propaganda. In other words, we think that an opportunity now exists for the US to help the Guatemalans to help themselves, so that they can claim to make the removal of Communists from the government their own accomplishment.

7. The terms of the deal of course should be such that the action would be effective: Communists must be removed from the Congress, from the positions in which they control Government funds, from the Government propaganda offices, from the electoral machinery, from schools, from control of the labor organizations, and from domination of the Agrarian Reform. This is a large order. We believe that nothing less drastic than suspension of Constitutional guarantees, followed by full investigation and subsequent new elections under strict protection against Communist machination will suffice to break the hold Communism has gained in that country.

8. We believe, however, that a cleaner, faster sweep could be made in this way than through the imposition of sanctions which would be odious regardless if determined by unanimous vote of all the other American States and would give the Communist forces the advantage of at least some support from nationalistic opinion, not only within Guatemala but throughout the Hemisphere.

9. Reverting to Arbenz' personal situation, we also feel that it may be appropriate to recall at this time the circumstances preceding the sudden trip to Europe made by Major Alfonso Martinez, another person close to the President. Martinez' trip resulted in the acquisition of arms from Eastern Europe. Just prior to that journey, however, Martinez, as Chief of the National Agrarian Department, went to Escuintla for the announced purpose of putting a stop to illegal land seizures and disorders by peasants acting under the incitement and leadership of the well-known Communist CARLOS Manuel Pellecer. When Martinez arrived he was confronted by a mob of agrarians brandishing machetes. He refused to deal with them in the open square where they had been assembled and a meeting was arranged

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inside a hall. Martinez accomplished nothing, returned with what seemed almost headlong haste to Guatemala City, and a few days later left for Europe. In the light of subsequent events, especially the arrival of arms for which Martinez negotiated, the following speculations may be totally unrealistic. The possibility lingers in our minds nonetheless, that Martinez may have been genuinely alarmed by the Escuintla situation. We wonder if he may have returned to the President with the report of his inability to control Pellecer's organized agrarians and if he warned the President that the situation was going out of hand in the provinces unless the President was prepared to take drastic action, including the use of force. Arbenz could have decided at that point to take advantage of some pending arms offer of which he knew and could have despatched Martinez to consummate the purchase in a sudden decision to get the means, from any source, and then use the Army to maintain internal order. It was already evident, and doubtless known to Martinez, that the Civil Guard would be unlikely to stand against the agrarians in a showdown.

Obviously the questions we raise in this speculation can only be answered by knowing what Martinez did and said before and after his trip to Escuintla, and more than that, by knowing to what officers or what branch of the armed forces or police the recently acquired arms are being distributed.

We may be indulging in a gross miscalculation of Martinez' motives. His life has been impure, we know he was one of the trigger men who removed Col. Arana by assassination from the path to Arbenz' nomination for the Presidency. He has never been identified with the Communists ideologically or as a matter of practical politics, however, and his precipitate retreat from Escuintla leaves a good deal unanswered. If there is a shred of accuracy in the foregoing, if the incident made him afraid of the growing power of the Communists and if he communicated any of that fear to Arbenz, the President may really be looking for an out and may be readier than we think to accept assistance in relieving himself of the incubus of Communism-- provided a face-saving formula can be found.

Copy to: Mr. Esterline

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