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GUATEMALA

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SUMMARY

Guatemala has some strategic importance to the United States because of the following factors—none, it is true, peculiar to Guatemala alone: (1) its privilege, as an independent nation, of taking action incompatible with US security interests; (2) its production of tropical hardwoods and abacá, and its potentialities as an oil producing area; (3) its potential influence over neighboring Central American countries; and (4) its location within the US defense sphere.

The Guatemalan Government, independent and republican in form, has in the past been dominated by strong dictator-presidents whose personal policies favored the interests of a small, wealthy, upper class. President Arévalo, elected for the term 1945-51, represents a break with tradition. The policies of his administration, strongly nationalistic and influenced by modern socialistic ideas, favor the interests of the heretofore politically impotent laboring class. Opposition to his social and economic reforms has undermined the stability of his regime, despite its popular support among the working class and portions of the middle class.

The policy of the Arévalo government in employing, subsidizing, and encouraging Communists and their sympathizers is a potential threat to US security interests. Material sabotage by Communists or unfriendly elements in Guatemala would not greatly handicap US military preparedness or military operations, but a possibility exists that the facilities of the Guatemalan Government are being used by Communists to further the plans of the Soviet Union. Guatemalan labor groups and pro-government political parties are, to some extent, Communist influenced, and various Communist front groups are permitted to operate. However, it is believed that Guatemala's basic alignment with the US would result, in event of a US-USSR war, in the suppression of Communist activities.

Guatemala's economy rests upon the coffee and banana industries, which provide 81 percent (by value) of all exports. These industries have been built up largely by foreign capital and have been organized, in part, in terms of land and labor relationships typical of colonial times. Arévalo's socialistic ideas, which attack foreign capital, land monopoly, and the traditional employment pattern, have therefore discouraged foreign investors and have aroused internal class antagonisms.

Guatemala's welfare is almost entirely dependent upon the US as a market and a source of imports. US interests control virtually all shipping to and from Guatemala, all internal railroad transportation, much of the international air transport operating through Guatemala, and much of the electric power production within the country. Trucks, busses, and other manufactured products basic to the modern economy are imported predominantly from the US, which supplies 65-75 percent of all imports. The US takes about 90 percent of Guatemala's exports, but about 95 percent of all exports are of no essential strategic importance. However, Guatemala does produce mahogany, some abacá, and small amounts of chrome and lead. It is a potential producer of oil, but the nationalistic policies of the present administration have prevented the exploitation of suspected deposits of petroleum.

Guatemala recognizes that its political independence and economic security are dependent upon the US. In foreign affairs, therefore, a fundamental alignment exists with the US, but to the degree that Guatemala's general welfare is not jeopardized by independent action, the Arévalo government has allowed its pursuit of certain foreign ob-

Note: The intelligence organizations of the Departments of State, Army, Navy, and the Air Force have concurred in this report. It is based on information available to CIA as of 30 March 1950.

jectives to conflict with US interests. In advancing its claims to British Honduras it has worked to create pressure blocs within the inter-American system and to embarrass the US as a "colonial" power; it has questioned the sincerity of US foreign policy, and on colonial issues it has sometimes sided with the USSR in UN disputes. Guatemala has also sought to bring about the establishment of sympathetic governments in neighboring countries by giving aid to international revolutionary movements.

Although the positive contribution which Guatemala could make toward US security is slight, its geographic position makes it of conceivable value to an enemy of the US. It could be used for propaganda dissemination and espionage, or as a base for attacks against the Panama Canal, the Venezuelan oil fields, Caribbean shipping, or other potential Western Hemisphere targets. In general, however, its importance to an enemy is limited by the absence of military facilities of consequence and the existence of other, more suitable (or more easily obtainable) sites for bases in the Caribbean area.

Nevertheless, a friendly and stable government in Guatemala favors US security, and because Guatemala is incapable of defending itself against a strong enemy, denial of its facilities and resources to an enemy power is primarily a US responsibility. Because Guatemala's national welfare is dependent upon imports of non-strategic materials by the US, extreme dislocation of the economy might occur in event of an East-West war, with resultant political instability. Effective guarantees of US economic aid in event of war would therefore contribute materially to the maintenance of a friendly and stable government.

Before the end of Arévalo's administration in 1951, internal violence may break out between extreme leftist factions (backed by militant labor groups) and moderate-conservative factions (backed by the army). In general, it is believed that Arévalo is desirous of completing his legal term of office without incident and of abstaining from a display of partisanship in the 1950 presidential campaign. This course will cause him to continue the more moderate policy noticeable since late 1949, and to avoid controversial decisions. The national economy should remain sound, and no basic change in foreign policy is anticipated, although a more conciliatory attitude toward the US may develop and effective aid to foreign revolutionaries may diminish. No change is foreseen in the functions or capabilities of the armed forces or in the strategic significance of Guatemala to the US.

CHAPTER I

POLITICAL SITUATION

1. Genesis of the Present Political Situation.

Spanish conquistadores first invaded and conquered the territory that now comprises Guatemala in the year 1524. Ever since that time, the political life of the country has been dominated by those of Spanish descent (under 1 percent) or mixed Spanish-Indian descent (34-44 percent). The majority of inhabitants, of unmixed Indian ancestry (55-65 percent) has had little voice in political affairs.

In 1544, Guatemala became part of the Captaincy-General of Guatemala, a political entity that extended from Chiapas in Mexico to Costa Rica, and at first also included Yucatan and Tabasco. With few changes, the Captaincy-General existed (with the exception of one brief period) until the end of the Spanish colonial regime. It included five provinces, corresponding to the modern republics of Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica.

Following the lead of Mexico, representatives of the five provinces declared their independence of Spain on 15 September 1821, retaining, for the moment, a centralized administration in Guatemala City. The following year, the ruling junta, backed by the wealthy class, voted to join the new Mexican Empire under Iturbide, and a Mexican army was sent to quiet dissident elements. However, with the fall of Iturbide and the army's withdrawal, the five provinces reasserted their independence as a single federal republic. At this time Guatemala lost the territory comprising Chiapas, which was still occupied by the Mexican army, and (perhaps in consequence) voted to join Mexico.

From the time of its inception, the Central American Federation was weakened by sectional jealousies and conflict between Liberal and Conservative political factions. The Conservatives, including the large landowners, wealthy merchants, and the clergy, at first favored union with Mexico and later, after the establishment of the Federation, favored a strong central government under their control, rather than a loose federation of semi-autonomous states such as favored by the Liberals. The Liberals, including the middle-class merchants, artisans, and salaried employees, generally held the upper hand during the early struggle for power and, in consequence, Guatemala remained a member of the federation. The federal capital, however, had been moved from Guatemala City to San Salvador in 1831.

With the decisive victory of the Conservatives under José Rafael Carrera in 1838, Guatemala officially withdrew from the Federation. Carrera, a mestizo who had seized control with the aid of an Indian army, became the first Guatemalan Dictator-President to hold power for an extended period, continuing to rule until his death in 1865. During his regime, the dominance of the landed aristocracy and the clergy was firmly established.

A few years after Carrera's death, a Liberal leader, Justo Rufino Barrios, gained dominance and later became officially President from 1873 to 1885. He re-enacted some of the liberal laws which had been repealed by Carrera. Church properties were expropriated, and the influence of the church in public affairs was brought to an end.

At the same time, Barrios increased the power and authority of the provincial governors, advocated the improvement and expansion of agriculture and industry, and built roads which connected the capital with all the provinces. He sought to set up free public

primary schools, did establish a central normal school and six secondary schools, supported a school of arts and trades and a military school, and brought the university under state control. In accordance with Liberal ideals, Barrios advocated restoration of a Central American union. However, while attempting to effect the union through military force, he was killed in action in 1885.

The Liberal Party policy under Barrios was crystallized in the Constitution of 1879. The main outline of this document has never been radically altered, though changes and additions have been made several times. More than a statement of basic principles, the Guatemalan constitution includes many detailed articles which have the effect of specific laws. Although it has always been liberal and democratic in theory, it has, in practice, been subject to the will of a powerful executive who can ignore or alter its provisions.

The political history of Guatemala since Barrios has been one of periods of partisan dissension alternating with years of peace maintained by strong-handed presidents. The conservatives—wealthy landowners—have avoided direct participation in politics, fearing a revolt which would cause their workmen to be recruited into the army and would perhaps lead to the destruction or confiscation of their properties. The upper class has therefore countenanced venality in the government and perpetuation of personal regimes in exchange for freedom from political reprisals. Manuel Estrada Cabrera, whose presidency lasted from 1898 to 1920, held the longest tenure of all recent presidents. He was succeeded, after an interval, by General Jorge Ubico, who maintained himself in office from 1931 to 1944, when he was forced to resign.

Ubico's administration, beneficial to the country in some ways, became a personal dictatorship. He built roads, enforced honesty in public office, created a modern police system, renovated the army, and extended public health and sanitation services. Yet in promoting his program, he eventually stifled all opposition and became increasingly arbitrary, suspicious, and unreasonable. Simultaneously with the United States, Guatemala declared war on Japan and Germany, and Ubico's anti-Nazi precautions, extended to all opposition groups, further suppressed individual liberties. After 1942, rapidly rising living costs and governmental economic controls intensified dissatisfaction with Ubico's presidency, which had been extended for a second time through personal control of a constitutional assembly.

The resignation of Ubico, after thirteen years in office, was forced by a desire, among all classes, to escape dictatorial controls. The initiative was first taken by students, who, influenced by twentieth century ideas of liberalism, conscious of the intellectual freedom that existed in Mexico, and encouraged by the Salvadoran student revolt that overthrew the Dictator Martinez, demanded reforms in the university. The forceful suppression of the student revolt by Ubico's National Police, and particularly the indiscriminate shooting of a number of women by these police, created a general public demand for the President's resignation, which he met by depositing his mandate with three obscure generals. One of these, General Frederico Ponce, was designated by Congress (still dominated by Ubico's Liberal Independent Party) as provisional President.

Fear that General Ponce, with the aid of Ubico's party organization and Indian "machete men" from the large plantations, would perpetuate himself in office led to a military revolt backed by the same popular forces that opposed Ubico. This was led by three men: Jorge Toriello (member of a conservative merchant family and brother of a student leader); Major Francisco J. Arana (a career soldier, commander of a tank battalion and later Chief of the Armed Forces); and ex-Captain Jacobo Arbenz (a well-educated man with leftist affiliations, subsequently Minister of Defense). The triumvirate held power until a new President, popularly elected by constitutional means, could take office. This President was Juan José Arévalo, a reform-minded intellectual of humble parentage who had spent seven years teaching in Argentine universities as a voluntary exile from the Ubico regime.

The revolutionary movement that forced Ubico to resign, and which overthrew his successor, Ponce, represents more than a simple

change in political administration. With the election of Arévalo to replace the revolutionary junta of Toriello, Arana, and Arbenz, the fundamental character of the revolution as a broad social reform movement was assured. Arévalo's writings show him to have been acutely aware, long before his election, of basic social and economic problems handicapping the small, backward, antagonistic Central American countries—problems which he felt arose from the racial and cultural heterogeneity of the inhabitants, from the social and intellectual barriers between the classes, from the tendency to accept *caudillos* rather than practice democratic self-expression, from the disinterest of ruling class in the collective welfare of the nation, and from the extreme disparity in opportunity between the urban rich and the rural poor. During his years of study and teaching, Arévalo had developed a clear and comprehensive ideology of his own which stressed the need for a "spiritual unity" of all the inhabitants of a country, based on equality of opportunity and education, on freedom of self-expression, and on the universal recognition of the dignity of the individual, whatever his social status. The problem of "spiritual unification" he saw as a political, economic, and cultural problem which could be solved only gradually—not during the course of a single administration or generation. Although he was primarily interested in education as a means of bringing about this popular unity, he was well aware that political and economic obstacles had to be overcome. He wrote, in 1939:

> Closely associated with the racial heterogeneity of the contemporary American societies is the problem of social heterogeneity, or the problem of "classes", wherein some of the people attempt to retain fictitious or usurped privileges. Whatever the educational undertaking, it will not be effective for the goals of nationalism in a republican country if the laws and governments do not join in doing away with the disparities which are preserved, through economic exploitation and spiritual emptiness, as caricatures and survivals of a bygone social structure.

Arévalo's opposition to military dictatorships, his refusal (or unwillingness) to concentrate political power in his own hands, the relative freedom he has permitted his cabinet ministers, and the bureaucratic expansion of the Guatemalan Government are not necessarily indications of a weak executive, nor of a democratic administration, since they coincide with Arévalo's personal ideas concerning the well-organized state, as expressed in an essay of 1935 entitled *Istmania; tierras del Istmo:*

> In all modern, well-organized states, each of these structures (i.e., the economic organization, the social organization, the cultural organization, the government, and the army) live an independent existence with ends and means which are their own, yet which do not, because of this, endanger the general unity of the nation. . . . The potentialities of a nation depend upon the completeness with which each structure maintains its independence of the others and on the greater degree of efficiency and productiveness achieved by each.

The foregoing passage describes, briefly, the desirable "polystructural" state of Arévalo, which he contrasts with the "monostructural" states then existing in the isthmus (i.e., the Guatemala of Ubico, the Honduras of Carías, the El Salvador of Martínez, and the Nicaragua of Somoza).

Arévalo's own philosophy of "spiritual socialism" appears to owe little to Marxist thought. Its immediate goals, however, are somewhat parallel to those of the Communists, and persons more or less influenced by the Communist ideology supported his candidacy and became members of his administration. Some of these were Guatemalan reformers who had been exiled by President Ubico and who had congregated in Mexico, where the principles of the Mexican Constitution of 1917—the first Latin American constitution to stress economic nationalism, the social obligation of private property owners, and the rights of organized labor—were being implemented under Presidents Cárdenas and Ávila Camacho. Among the most influential of these Guatemalans was Jorge García Granados, a brilliant lawyer who was exiled in 1934 for his pro-Communist sympathies, who worked with the Spanish Republican Committee in Mexico and with the Mexican Department of Labor, and who taught at the National University for three years, after which he returned to Guatemala and became President of the Constituent Assembly, which rewrote the Guatemalan Constitution. The

sympathies of the Mexican Government were closely allied with the student revolutionists of 1944, and were clearly demonstrated when these students were given sanctuary in the Mexican Embassy during the revolution. In other Latin American countries, such as Cuba and Argentina (where Arévalo was an exile) and in Europe and the United States, Guatemalan liberals saw, and were influenced by, political movements that involved nationalism, the extension of governmental social services, the regulation of private enterprise, and the recognition of organized labor—ideas which were denied expression under Ubico, who still represented the economic individualism of the nineteenth century. In a general sense, therefore, the revolution of 1944 represents, for Guatemala, the end of an era which had already ended in Mexico and many of the larger countries throughout the western world. It is clear that many Guatemalans themselves regard this "October Revolution" as the beginning of a new era, and hope to place Guatemala on record as a champion of a new "democracy"—both in behalf of the small nations of the Western Hemisphere and the new nations which have emerged from subservient or colonial status since the end of the Second World War. This new democracy, which may be called "Arevalism," has been given concrete expression in: (1) the writings of Arévalo; (2) the Constitution of 1945; (3) the political platforms of the revolutionary parties; (4) the official acts of the government; and (5) the unofficial activities of persons and groups (including pro-Communists) that have been permitted freedom of expression under the Arévalo administration.

Apart from foreign influences, the Guatemalan revolution represents a response to an internal situation which presaged a fundamental change. The most important factor in this situation was the gradual adoption of western culture by a large portion of the Indian population which gave it a potential voice in domestic political policy. Even at the beginning of the Ubico regime, possibly two thirds of Guatemala's inhabitants did not speak Spanish—the language necessary for minimal political understanding—and the political dominance of the educated and wealthy upper class of European or part-European extraction continued. As the disparity in cultural background has decreased, however, the working class has gained political acumen and numerical strength. Because even more of the Indians (almost half of the population) had become, culturally, a part of the national community by 1944, it was almost inevitable that the concept of "popular" government should be revised to the detriment of the old established families and many of those who traditionally represented "popular" opinion. Because the Arévalo government recognized the political and economic aspirations of the emergent Indian class, it gained—and will probably continue to hold—the support of this class. Moreover, the Arévalo government has gained support from other quarters by attacking foreign economic domination and providing employment and a means of expression for many of the educated middle class.

2. Present Government Structure.

The present government, in structure and principle, is based on the revised constitution of 1945. The revisions were largely a reaction to the dictatorship of Ubico. They were designed to prevent the arbitrary extension of presidential tenure, to make the army a check on presidential power rather than an agency for its execution, to assure the individual (and particularly the working classes) of economic freedom and social security, and to prevent monopoly, by either domestic or foreign interests, of the natural resources of the country.

In theory, sovereignty is vested in the people, who delegate its exercise to executive, legislative, and judicial branches designed to operate as a system of checks and balances. The electorate includes all men over the age of 18 (who are legally obliged to vote) and all literate women over 18 (for whom voting is voluntary). For literate men and women, a secret ballot is prescribed; for illiterates (who probably number about two thirds of the electorate), voting is public.

a. The Executive Branch.

The Chief Executive, who holds the title of President of the Republic, must be a Guatemalan citizen over the age of 35, and is elected by direct popular vote. There are various safe-

guards designed to prevent the arbitrary assumption, perpetuation, or delegation of presidential power. Thus the elected President cannot have been a leader of a revolution against the state, or one who held high office in a government which altered the constitutional regime, or one in a position to control the elections. He cannot be a member of the armed forces in active service or who has been on active service within six months of election tion day. He cannot be a relative of the President, and, in most cases, cannot be a relative of those barred from the presidency. He cannot be a member of the clergy.

The term of office of the President is six years, and the Constitution specifically forbids extension of the term or re-election of an individual without an interval of twelve years between terms. No provision is made for the office of Vice-President. The President is succeeded, in order, by the president of the Congress, the vice-president of the Congress, and the president of the Judicial Branch. In the event of death or prolonged absence of the President, his successor is required to call a presidential election within eight days after the office is vacated, such an election to be held in not less than two nor more than four months from the date of call.

The President exercises wide appointive powers, in addition to the usual presidential powers of promulgating decrees, approving or vetoing legislation, and calling sessions of Congress. He appoints the governors of the twenty-two Departments into which the country is divided, the Ministers of his Cabinet, the diplomatic representatives to foreign countries, and numerous miscellaneous officials. He is also Commander-in-Chief of the Armed Forces and is required to issue his orders through the Minister of National Defense and the Chief of the Armed Forces. His control over the army is minimized, however, by the fact that the Chief of the Armed Forces is designated by Congress from a panel of three names recommended by the Superior Council of National Defense, which consists of not less than fifteen army officers.

Executive power is exercised through the Cabinet, which includes the following ministries: Government; Foreign Affairs; National Defense; Agriculture; Economy and Labor; Public Education; Finance; Public Health; and Communications and Public Works. The ministers are all appointed by the President and may be removed by him as well as by a vote of Congress.

Unless strongly opposed by his own political party, the President is able to dominate the conduct of the government and its policies. He is able to suppress opposition through a state of siege (suspension of constitutional provisions concerning individual liberties). Barring interference from the army, which is in theory bound to a non-political role, his control over the National Police is sufficient to assure control over public demonstrations and minor plots against the government. Through his appointment of provincial governors and other officials he can greatly influence, if not dictate, the results of congressional as well as local elections. Control of the electorate insures that the President usually has at his command the two-thirds vote of the Congress necessary to suspend or amend the Constitution, and by suspending the civil guarantees or by pushing amendments through Congress, the President may legitimately further his personal policies.

b. The Legislative Branch.

The Guatemalan Congress is unicameral and consists of one member, a Deputy, elected for each 50,000 inhabitants or fraction of 25,000 or more, provided that each of the twenty-two Departments, regardless of population, elects at least one Deputy. To be elected Deputy, it is necessary to have the status of a native-born Guatemalan, to be in exercise of the rights of citizenship, to be of secular status, and more than 21 years of age. Those who may not be elected include relatives of the President and of the Chief of the Armed Forces, persons who represent companies or who operate public services, members of the armed forces, and employees of the other branches of the government. The term of a Deputy is four years, congressional elections being held every two years, at which time half the membership of Congress is replaced. Deputies can no longer be reelected for the following term—a provision of the 1945 constitution designed to minimize the consolida-

tion and perpetuation of political power which has, in fact, slightly weakened partisan control of Congress and increased the significance of congressional elections. This provision could, however, serve to decrease the influence of Congress and increase the personal dominance of the President in political affairs, since neither his supporters nor his opponents in Congress have prolonged opportunity to gain recognition, skill, and leadership as parliamentarians. Now, as heretofore, the party or parties that elect the President easily dominate and control Congress, and though differences of opinion may lead to heated and acrimonious debate on the floor, the final vote generally supports the President.

Congressional powers include the power to appoint and remove the Magistrates of the Supreme Court and the members of various other tribunals; to depose, obligatorily, a President who attempts to perpetuate himself in office; to grant or refuse the President permission to leave the country or temporarily vacate his office; to declare the physical or mental incapacity of the President to exercise his office; to enact, interpret, amend, and repeal laws; to modify or approve the budget bill presented by the Executive; to contract, convert, and consolidate the public debt; to approve or disapprove treaties and conventions; to approve or disapprove concessions or contracts granted by the Executive to those who would establish new industries within the country, and to declare war and approve or disapprove of treaties of peace.

c. The Judicial Branch.

In the organization of its judiciary, Guatemala follows the practice, derived from the French, of establishing courts of ordinary jurisdiction and a court of administrative jurisdiction. The ordinary courts, which have jurisdiction over cases between private persons, include the Supreme Court, the Courts of Appeals, the Courts of First Instance, and minor courts. The administrative court, which decides cases involving the acts of government officials and agencies, is known as the Court of Administrative Litigation. Other courts include the Court of Amparo (dealing with violations of constitutional guarantees), the Court of Conflicts of Jurisdiction, and special courts created by law (such as the autonomous system of Labor Courts established under the new Labor Code). All the judicial functionaries in the higher and intermediate courts, with few exceptions, are appointed by Congress or by the Supreme Court, serve for four years, and may be reappointed. All judges must be native-born Guatemalan citizens of secular status. Those of the intermediate and higher courts must be attorneys, and those of the Supreme Court and the Court of Appeals must have had previous experience as judges of lower courts.

Although their appointments are directly controlled by Congress or by congressional appointees, magistrates are generally in sympathy with the policies of the government in power. This has been particularly noticeable in the Labor Courts, which are organized under a judge appointed by the Supreme Court. Even if this were not so, the courts do not have the effective power to oppose the program of the administration. They may declare laws unconstitutional, but the laws may easily be changed or rephrased by the President or Congress in order to obtain the desired effect.

d. State and Local Government.

The twenty-two departmental governors are appointed by the President for a term of three years, and have responsibility as the local representatives of the President and each of his cabinet ministers. They are instrumental in carrying out the policies of the Ministries of Agriculture, Communications and Public Works, Economy and Labor, Education, Government, Finance and Public Credit, Foreign Relations (with respect to passports and registrations), and Public Health and Social Welfare.

Each department is divided into municipalities (equivalent to counties) which are governed by autonomous municipal corporations, elected by popular vote and presided over by one or more magistrates, also popularly elected. These municipalities have the power to establish taxes and collect revenues, and to organize local police forces which are exclusively responsible to the magistrate who is, in theory, responsible to the departmental governor.

Although the municipal governments are autonomous within the department, they are not necessarily democratic in nature. Except in the purely Indian areas, the municipal governments represent, and are controlled by, the *ladino* element (i.e., the small upper and middle class) of the larger towns, rather than the Indian population which, in some cases, looks to a separate and unofficial hierarchy of Indian leaders in matters affecting the community.

The most important local governmental office in Guatemala is that of the mayor of Guatemala City, where the wealth and influence in the country are centralized. The mayor has often been a representative of the wealthy conservative class rather than a member of the dominant liberal party. His power rests only upon his position as spokesman for this class and his control of privilege, however, for he has no armed force under his command.

3. Political Parties.

Guatemalan political parties, in general, are short-lived organizations designed to further the interests of a particular group or leader. There is traditionally one party, or bloc of parties, which supports the President during his term in office, and a number of small, ephemeral, opposition parties which rise and fall with the personal fortunes of their leaders. Since opposition activities can be, and usually are, suppressed when they become a threat to the party in power, and since opposition leaders can easily be exiled or removed to positions of minor importance where they can exert little influence, there is little opportunity for dissident elements to achieve a strong organization or influence the course of government. There is a tendency, therefore, among men who exert considerable personal influence, to avoid throwing their support to any specific party until they are sure that they will be able to control political power. This makes for last-minute political compromises and expedient realignments as elections approach, and in case of a change in administration.

After the resignation of President Ubico in 1944, a renascence of political activity resulted in the formation of a large number of political parties, all rejecting restrictions on individual liberties, but ranging from conservative to radical in political and economic outlook. A number of these parties accepted Juan José Arévalo as their candidate, and he was elected President by an overwhelming majority.

a. Administration Parties.

After the election of President Arévalo in December 1944, the two most powerful of his supporting parties, the *Frente Popular Libertador* and the *Partido Renovación Nacional* formed a coalition known as the *Partido Acción Revolucionaria* (PAR) which from October 1945 until May 1947 remained as a single, united government party. When the majority of FPL and the PRN membership withdrew from the coalition and re-established the original parties, the name of the PAR was retained by the remaining group. Arévalo's support is now divided among these three parties, and although they still tend to vote together in the face of conservative opposition, they differ greatly in their interpretation of the principles of the 1944 revolution.

The *Frente Popular Libertador* has always been the largest and most moderate of the administration parties, has held the greatest number of Congressional seats, and has opposed the radical and ultranationalistic doctrines of the other Arevalista parties. It is strongest among the professional class and students, and has some support among the workers, though this backing seems to come from the white-collar workers rather than from the industrial and manual workers. Its followers are the least loyal of those supporting President Arévalo, and it is not unlikely that, as the election of December 1950 approaches, the party will undergo division or even combine, as a group, with moderate conservative elements. It has chosen Dr. Victor M. Giordani as its candidate in the 1950 presidential elections, having declined to follow the lead of the more leftist administration parties who support Lt. Col. Arbenz. Dr. Giordani has resigned his post as Minister of Public Health to participate in the campaign.

The *Partido Acción Revolucionaria* is composed of the extreme leftist elements backing

President Arévalo, and includes many persons of Communist sympathies. Its policies involve implementation of revolutionary principles with a minimum of delay: land reform beneficial to the Indians; support and development of labor movements; extension and development of social security; nationalization of land that is standing idle; and the "liberation" of Guatemala from foreign economic domination. Among its leaders are radicals such as José Manuel Fortuny, Carlos Manuel Pellecer, Manuel Pinto Usaga, Agusto Charnaud MacDonald, and Ernesto Marroquin Wyss. It has nominated Lt. Col. Jacobo Arbenz as its candidate for President in the 1950 elections.

The *Partido Renovación Nacional,* weakest of the three administration parties, includes intellectuals and students who were among the first to support Arévalo as a presidential candidate. Its history and composition indicate that it is ideologically to the left of the FPL, but adverse to the militant implementation of policy advocated by the PAR. In recent elections, it has cooperated with the PAR, and has also chosen Lt. Col. Arbenz as its presidential candidate.

The *Partido del Pueblo* is a party of leftist character formed in December 1949 to support the presidential candidacy of Jorge García Granados, who was rejected as a possible coalition candidate by the three major revolutionary parties. García Granados was influential in drafting the Constitution of 1945, and in the past has identified himself as an advocate of the leftist policy favored by the PAR.

The *Partido de Integridad Nacional* is a small party formed early in 1950 to support the presidential candidacy of Lt. Col. Jacobo Arbenz, who was subsequently nominated by the established PAR and PRN. The PIN strength is largely concentrated in Quetzaltenango, the home of Arbenz.

b. Anti-administration Parties.

Conservatives, relatively inactive under the Ubico regime, established a *Partido Social Democrático* after the dictator's resignation. Its leaders were predominantly professional men, such as Ernesto Vitteri, Julio Bianchi, Eugenio Silva Peña, José and Frederico Rolz Bennett, Francisco Villagran, Colonel Guillermo Flores, Carlos Zachrisson, Nicolas Reyes, and the Toriello brothers. This group did not support Arévalo in the 1944 election, though both Jorge and Guillermo Toriello obtained appointments in the government, and for one year exerted a conservative influence on the administration. With the removal of Jorge Toriello in January 1946, however, the liberal elements in the government established their undisputed supremacy. Conservatives boycotted the 1946 elections and generally remained politically inactive until 1948.

The *Unión Nacional Electoral* was formed in June 1948 by a number of civic and political groups in an effort to consolidate the conservative opposition. Its support comes from the conservative, pro-clerical elements, and its membership includes men prominent in business and agriculture, some of whom were in politics during the Ubico regime. Among the important opposition groups to which it looks for support are the *Partido de Trabajadores Republicano-Democrático,* the *Partido Unificación Anti-Communista,* the Guatemalan Agricultural Association and its affiliated *Frente de Trabajadores Agricolas,* and the *Unión Patriotica.* The *Unión Nacional Electoral* was successful in winning a few seats in Congress in the 1948 elections, and also elected its candidate as mayor of Guatemala City. As the presidential election of 1950 approaches, this party (or a new coalition of essentially the same elements plus splinter groups from the *Frente Popular Libertador*) should become increasingly active and powerful.

The *Partido Reconciliación Democrática Nacional* is a party formed early in 1950 to support the presidential candidacy of General Miguel Ydigoras Fuentes. General Ydigoras Fuentes played a rather ambiguous, middle-of-the-road role in the 1944 revolution and was later appointed Minister to Great Britain, a post which he retained until 1950. His sympathies appear to lie largely with the present anti-administration elements.

4. Other Influential Groups.

The continuation in power of any dictator, political party or coalition of political parties

in Guatemala is dependent, in the last analysis, upon the support of the leaders of the armed forces—or, at least, upon their non-intervention on behalf of the opposition. Though relegated to a non-political role under the Constitution, the traditional role of the army as the most powerful potential political force in the country is still generally recognized. During the Arévalo regime, its leaders have, in general, shown sympathy for the moderate and conservative political factors.

Other organizations representing physical force and the threat of violence are influential in proportion to their strength and composition. The national police force (the *Guardia Civil*) has confined itself to a "non-political" role since the overthrow of Ubico in 1944. Although it could not effectively oppose the army, it is more responsive to the President, comprises a rather select group oriented in favor of the PAR, and could be used as a threat in political maneuvering or to enforce minor partisan policies. It is currently under the direction of Colonel Victor M. Sandoval, brother-in-law of President Arévalo.

In addition to the army and the police, the Indian laborers also represent an element of force in Guatemalan politics traditionally used to support partisan policies. Since 1944, they have been consolidated and organized into labor unions which, in general, support the radical policies of the PAR. The most important of these unions are the CTG (*Confederación de Trabajadores de Guatemala*) which includes the agricultural unions, and the FSG (*Federación Sindical de Guatemala*) which includes industrial and railway unions. These two federations support a political action committee, the CPNT (*Comité Politico Nacional de los Trabajadores*). There is evidence that the PAR, with the knowledge and possible support of Minister of Defense Arbenz, distributed arms to the unions, and the 15,000 laborers who take part in the annual May Day demonstration represent the potential force which the PAR has at its disposal.

If the army remains united, it might be able to dictate the result of the coming presidential election. And even if the army were divided, if any candidate (such as Lieutenant Colonel Arbenz) could obtain the support of an effective group within the army in combination with the support of labor and the police, his chances of success would be greatly enhanced.

Although the Catholic Church in Guatemala, as in all Latin American countries, exerts a strong moral force in the community, its influence in politics has been weak and indirect since the anti-clerical reforms of Barrios, who came to power in 1873. The sympathies of the church tend to coincide with those of the conservative, propertied classes and are opposed to those of liberals who advocate social reforms. In consequence, under the present regime, the church has been rather effectively prevented from expressing its political sympathies through public media. The pro-Catholic radio station, PAX, was arbitrarily closed in 1948 for broadcasting "Falangist" propaganda. From the pulpit, the clergy has been able to denounce Communism and to encourage voting for anti-Communist political candidates belonging to the conservative opposition parties. Church approval possibly aided in the election of a conservative as mayor of Guatemala City in 1948, but Church influence in political affairs has, in general, been slight. Should the Arévalo regime be followed by a more conservative one, the political influence of the church may be expected to increase, though it is probable that the church would continue to avoid direct involvement in politics or a close alliance with any single political party.

5. Current Issues.

The current issues of Guatemalan politics have arisen largely as the result of an attempt, by the Arévalo government, to put into practice certain revolutionary ideals that inevitably conflict with the interests and traditions of the wealthy, conservative elements in the society, particularly those engaged in business and large-scale agriculture. The administration program has been favored, and conflict somewhat minimized, however, by a period of postwar prosperity and additional revenue obtained from government operation of the expropriated German coffee fincas—factors which have helped to support the ex-

tension of educational and public service activities as well as a large bureaucratic governmental organization which concerns itself with almost all phases of Guatemalan economic life.

Economic difficulties became apparent for the first time in the 1948 budget deficit and the apparently adverse trade balance. Although unlikely to become serious, these conditions will undoubtedly increase opposition to the Arévalo policies, which have involved the following controversial issues:

Encouragement and protection of an organized labor movement and the development of a social security program. These measures, beneficial to the hitherto unorganized and powerless laborers of Indian descent, are distasteful to employers in agriculture and industry. Employers, while often voicing acceptance of social legislation as inevitable and just, object to the manner in which it is administered and to the tolerance shown by the government for violent labor agitation among the working class.

Nationalization of private property for the collective interest. Propertied classes fear the possibility that their land and other property may be expropriated or placed under government management in the name of the "collective interest." This would be possible under the Constitution, and the Expropriation Bill No. 529, which became law on 9 September 1948. Radical PAR leaders have agitated for redistribution of lands among the Indian laborers, but as yet the government has no thorough agrarian reform program. A policy of redistributing national lands to collectives or families has been initiated, and though not likely to be extended to private lands or even the intervened coffee plantations held by the government, such developments are feared by some.

Management and eventual disposition of the intervened plantations. Income from these properties defrays some 15 percent of the national budget, and their management offers numerous opportunities for personal profit. Under government management, production has fallen off and expenses have increased—partly as a consequence of observance of laws benefiting the workers. Large landholders object to the inefficient management and fear the policy of permitting laborers to organize and agitate, which has been encouraged on the government-held plantations.

Nationalist policies objectionable to foreign investors. The Arévalo administration has consistently defended its labor code and backed labor in the latter's disputes with foreign-owned companies. It has limited the employment of non-Guatemalans and limited the pay of those who are employed. It has reasserted national ownership of natural resources, and has demanded favorable concessions from foreign firms which operate in Guatemala. Conservatives, who sympathize with foreign employers and who desire increased investment in Guatemala, are opposed to these policies.

Pattern of government spending. The government is criticised for its support of certain projects, such as the construction of a National Stadium, and for its neglect of other causes, such as road construction and repair. It has greatly increased its expenditure for education, but has not increased funds spent on the armed services. Opposition elements find certain expenditures unnecessary, others inefficiently managed, and ask for a more cautious and conservative spending policy.

Government tax policy. The administration hopes to replace the present business profits tax with a personal income tax supplemented by an excess profits tax. The combined rates of the new taxes would be considerably higher than the 43 percent rate possible on business profits only. Propertied interests are therefore strongly opposed to the tax program.

Communism in government. The Communist Party is outlawed in Guatemala. However, the Arévalo government has tolerated extreme leftist (including pro-Communist) influence in the PAR and the labor unions, and has befriended and employed persons of Communist sympathies who have exercised some influence in the government. The opposition, to which the whole Arévalo program is an anathema, sees the Communist infiltration, real or imagined, as a serious threat, and is certain to use it as an election issue and as a

device to gain international sympathy for its cause.

6. Stability of the Present Regime.

The administration of President Arévalo is to be considered weak and unstable, particularly if measured in terms of the Guatemalan dictatorships established by Ubico, Estrada Cabrera, Barrios, and Carrera. Arévalo, elected in an unusually democratic election, has shown himself to be neither a strong nor universally popular President. Conservatives, although largely withdrawn from active politics, have opposed his administration almost since its formation. The liberals who support it are divided into three political parties which have, at times, engaged in violent disputes and open conflict. Within the politically active middle class (the chief source of support for the FPL, the strongest party in Congress) there has been a general trend away from the liberal social reform program and open criticism of the administration's tolerance for Communists, its antagonistic attitude toward US business interests, and its sympathy for the labor movement. Arévalo, either from inability or lack of desire to establish himself as a dictator, has allowed his cabinet ministers unusual freedom in formulating and executing government policies, has countenanced congressional opposition to some of his personal policies, and has, at times, reorganized his cabinet in response to immediate political pressures. His failure to define clearly, and to force adherence to, purely personal policies has indirectly encouraged the growth of rival cliques within the administration.

It is possible that a desire to complete his legal term without incident, and to remain aloof from the political campaign will cause Arévalo to follow a more moderate and cautious policy during his last year in office. In view of a popular desire to maintain the appearance of democratic, rather than coercive, political procedure, and in view of Arévalo's demonstrated willingness to respond to popular pressure, it is improbable that he will be overthrown or forced to resign prior to the expiration of his term in March 1951.

CHAPTER II

THE PRESENCE OF SABOTEURS AND SUBVERSIVE ELEMENTS

1. Sabotage.

Potential saboteurs can be assumed to exist in Guatemala among sincere native Communists, among foreign Communists who have been allowed entry by the present government, and among maliciously inclined persons who, for pay or personal satisfaction, might desire to destroy property useful to the United States. However, the importance of possible sabotage activities in case of a war between the US and the USSR is restricted by the limited strategic significance of the country. At the present time, Guatemala produces no strategic materials of sufficient rarity, or in sufficient quantity, to make their loss a severe handicap to military preparedness or military operations. Sabotage to airfields and military installations would be of importance only in relation to the degree to which these are built up and used by US forces in event of war.

The most effective sabotage activities might be directed against the IRCA railway line and the port facilities at Puerto Barrios, as such action would virtually stifle Guatemala's import and export trade. Damage to United Fruit Company property, which might be of some use to military operations, might be expected. However, such sabotage activities would injure the Guatemalan economy far out of proportion to their adverse effect on the US war potential. Because of its dependence upon the US as a market and a source of imports, and a widespread aversion to Communism among the propertied class, Guatemala can be expected to adopt a policy of sympathy and cooperation with the US after the outbreak of war—assuming that the United States were willing and able to compensate Guatemala for economic and other losses incurred as a result of such cooperation. If the United States were unable to guarantee Guatemala its economic security, however, Guatemala might hesitate to enter the war on the side of the United States, or might even remain neutral throughout a war. The Guatemalan Army should be able and willing to control sabotage to military installations within the country, except for initial and minor damage.

2. Subversive Activity.

The facilities of Guatemalan governmental agencies, notably the foreign service, have possibly been used by Communists whose activities benefit the Soviet Union. This, rather than sabotage, constitutes the most immediate threat to US security. President Arévalo, with apparent personal satisfaction, regards his country as a citadel of democracy where exiled liberals and intellectuals from dictator-controlled countries are free to gather. It has been the policy of his government to aid, covertly or overtly, leftist expatriates from Spain, Nicaragua, the Dominican Republic, Venezuela, and other countries. Some of these (such as José Leon Depetre and Dr. Rafael de Buen, both Spanish republicans, and Manuel Edwardo Hubner, a Chilean) have been awarded minor positions in the government, where, in conjunction with extreme leftist Guatemalans, they could serve effectively as Communist agents devoted to the extension of Soviet propaganda and influence.

No official Communist Party exists in Guatemala, because the 1945 Constitution under which the present government operates forbids international political parties. Unsuccessful efforts were made to establish a disguised Communist Party within the *Escuela Claridad* in 1945, and under the name of the

Partido Socialista in 1945, and the Partido Vanguardia Popular in 1947. The most effective Communist activity has taken place through the established Arevalista parties, through labor unions and through front groups. Although the existence of a clandestine Communist Party, with a small membership of 200–300 persons, has been reported, convincing evidence of a closely knit organization with effective centralized direction is not available. The clandestine party is said to be organized into cells, but members of one cell are said to be unaware of either the existence of the other cells or their affiliation with them. The party organization, therefore, appears to be weak, and there is no reason to believe that it is not also subjected to the same forces that weaken all Guatemalan political parties—conflicts of personal or family loyalties, over-riding economic considerations, and individual political opportunism.

Within the reported clandestine Communist Party, and within the various Communist-front groups, there are very probably individuals whose primary loyalty is to certain international Communist organizations that act as agents for, and supporters of, the USSR in opposition to the US and US-supported organizations. No accurate estimate has been made of the number of such party-line Communists in Guatemala. However, in the event of a war between the US and the USSR it is improbable that many of those popularly styled as "Communists" would actively support the Soviet Union or would be permitted, by the government, to engage in anti-US activities.

At the present time, Communist influence and ideology are significant factors in Guatemalan national affairs. Of the established Arevalista parties, the PAR (*Partido Acción Revolucionaria*) has been most strongly influenced by Communist thinking, and Marxian objectives are apparent in its social, economic, and labor platforms. It has adopted and used classic Communist techniques and slogans, and its followers denounce US "economic imperialism." Several of its leaders or sympathizers, such as Agusto Charnaud MacDonald, José Manuel Fortuny, and Carlos Manuel Pellecer, are possibly pro-Communist.

The Guatemalan labor movement, which has been encouraged by the government, developed with the aid and advice of foreign labor leaders of Communist affiliation, notably Lombardo Toledano of Mexico and Blas Roca of Cuba. Leaders of the Guatemalan labor movement, such as Victor Manuel Gutiérrez, Manuel Pinto Usaga, Professor Humberto Ortiz, and others, are imbued with the same ideals and display the same revolutionary fervor as do Communist labor leaders in other countries. The progress of organized labor in Guatemala has therefore been associated with anti-imperialist, anti-capitalist propaganda, class violence, malicious destruction of property, demands for worker benefits, and land reform. There is no convincing evidence that Guatemalan labor has been directly or significantly subsidized by the Soviet Union, although it has received leadership and intellectual stimulation through contacts with foreign Communists. Both the major labor federations, the CTG and the FSG (the *Confederación de Trabajadores de Guatemala* and the *Federación Sindical de Guatemala*) are affiliates of the Communist-dominated international labor organization, the CTAL (*Confederación de Trabajadores de América Latina*) and the WFTU (World Federation of Trade Unions). The CTG and the FSG support a political action committee, the CPNT (*Comité Politico Nacional de los Trabajadores*), whose members tend to be pro-Communist.

Of Communist front groups, the most significant are the Committee for Peace and Democracy, formed in 1948 through the efforts of the CTAL, the Alliance of Guatemalan Democratic Youth, the Syndicate of Educational Workers (teachers), the SAKER-TI (Association of Writers and Intellectuals), and the STIAR (Syndicate of Artists and Intellectuals).

In event of war between the US and the USSR, it is estimated that Guatemala's western cultural orientation and recognition of its fundamental political and economic ties with the US would bring about the suppression of these Communist front groups. In event of continued peace, and the election of a leftist

to the presidency, they might be allowed to continue to flourish and even to expand their activities, though it is improbable that they would become of international importance. In event of the election of a candidate backed by the army, these organizations might be suppressed and certainly would not be allowed to expand their activities.

CHAPTER III

ECONOMIC SITUATION

1. Genesis of the Present Economic Situation.

a. Introduction.

Throughout the colonial period and the early years of independence, the economy of Guatemala was self-sufficient. The only significant exports were forest products from the east coast and small amounts of cochineal, indigo, and cacao from the Pacific coast. Commerce was small; intercourse with the outside world was limited; the country offered little to attract colonists, and, despite efforts by the government to encourage immigration, the European population increased very slowly.

The economic isolation that characterized Guatemala during colonial times has persisted insofar as a large number (possibly 50 percent) of Guatemala's inhabitants—the rural Indians—is concerned. Indian agriculture is still carried on by primitive methods at a near-subsistence level; Indian trade is limited almost entirely to the exchange of local produce and the purchase of simple goods locally manufactured; and the Indians themselves remain a distinctive racial and cultural group. However, those who have become workers on the coffee and banana plantations, in industry, and in various urban occupations demanding unskilled labor have been drawn into the modern economic system. Many of these have abandoned their Indian language and customs and, as an expanding, Spanish-speaking, lower class are now taking an active part in Guatemalan national life.

At the present time, Guatemala's monetary economy, its international trade, and its development as a modern nation all rest largely upon the large scale production of two plantation crops—bananas and coffee. Chicle, other forest products, and minor plantation crops are next in importance as exports, but contribute little to the country's international trade. There are no other effective sources of wealth: mineral production is insignificant; industrialization is negligible; and trade is limited by the low buying power of the majority of inhabitants.

The coffee and banana industries are comparatively modern, large-scale, developments representing heavy foreign capital investment. The organization of production, however, particularly in the coffee industry, is superimposed upon a pattern of land and labor relationships typical of the hacienda economy of colonial times. This is a pattern defended by the conservatives but attacked, along with foreign capitalism, by the supporters of the socialistically inclined Arévalo government that came into power in 1945. The most important factors entering into the genesis of the current economic situation will therefore be discussed in terms of capital, labor, land, and economic ideology.

b. Capital.

Because no effective sources of great wealth existed in nineteenth century Guatemala, the capital with which Guatemala's plantation agriculture was originally established came largely from abroad. Coffee had been introduced in Guatemala in the late eighteenth century, but production remained very limited until after 1873, when President Barrios took steps to encourage its cultivation. The opportunities of the new industry attracted emigrants from Europe. Many of the largest coffee plantations were established by Germans, who came to control (in 1940, before German-owned properties were expropriated) a large proportion of the total coffee acreage. Other large coffee plantations were founded

by English and US interests, and by native Guatemalans. Guatemalans, however, produced less than half the total coffee crop, and their plantations were, in general, smaller than those of the foreigners. Moreover, trade in coffee fell almost entirely into the hands of foreign firms. Before the war, Germans handled 64 percent of the coffee exported, Americans 18 percent, and native Guatemalans only 5 percent. Guatemalans—even those of the relatively small upper class—did not, in general, profit directly from the expanding coffee industry. In contrast to the wealthy foreign entrepreneurs (and a few Guatemalans) many of the capable and educated Guatemalans sought opportunity and prestige in the learned professions, politics, and the army. Guatemala's entry into World War II, the confiscation of German coffee plantations, and the subsequent trend toward economic nationalism can all, to a degree, be regarded as reactions to the earlier non-participation of Guatemalans in their country's economic wealth.

To a degree even greater than that of the coffee industry, the banana industry was developed by foreign capital—in this case US. The United Fruit Company, largely after the turn of the century, established plantations around Bananera, on the Atlantic Coast in the Department of Izabal. Until 1936, banana production was concentrated in this vicinity, but the sigatoka and Panama diseases led to the establishment of new plantations near the Pacific Coast, at Tiquisate, Suchitepeque Department, which are operated by a United Fruit subsidiary.

Although there are some small independent Guatemalan producers of bananas, ownership and control of the industry is concentrated in the United Fruit Company. It owns the steamships, the docks, and the railroads necessary for the transport of bananas; it also possesses the capital necessary to relocate plantations, and the technical knowledge necessary for combatting diseases affecting production. Native producers can expect only to supplement UF production, have no control over prices, shipment, or marketing, and cannot compete with UF in terms of the wages and social services offered to the workers.

The United Fruit monopoly of shipping, railroad, and communications services also affects the whole of Guatemalan economic life. Few goods can be imported or exported (except by air), or moved from one part of the country to another, without the use of UF-controlled International Railways of Central America (IRCA). The owners of the United Fruit Company, unlike the owners of the coffee plantations (who have close social ties in Guatemala) are sometimes viewed as unsympathetic foreign profiteers. Therefore, the nationalistic policies of the Arévalo administration receive considerable approval among Guatemalans.

c. Land.

The control of land in Guatemala's agricultural economy has always involved two basic problems: control of suitably productive land on which to raise the cash crop, and control of subsistence land as a device for assuring control of the laborers resident upon it. Before the advent of commercial coffee culture, there was no shortage of productive land; the cash crops of the haciendas were food crops for a limited domestic market. With the great initial expansion of coffee culture during the regime of President Barrios (1873–1885), however, a need for a particular type of land developed, and was met, in part, when the Church properties were confiscated by the state and offered to those who would develop them as coffee plantations. New land laws were also passed under Barrios which permitted the extension of large properties and the development of new estates. These decreed the abolition of the traditional communal land tenure system, under which the Indians held their land, and its replacement by a system of individual holdings. Many Indians, not cognizant of the law, failed to register their land as private property, and such land was considered unclaimed, to be sold by the government to large plantation owners. The inhabitants of such newly established estates therefore became resident laborers, obligated to the landowner by virtue of a law that could have acted to their benefit.

Not until the Second World War was the private ownership of the large landholdings in

any way threatened. In 1941, however, the funds of the German owners of coffee plantations were frozen, and following Guatemala's entry into the war, the plantations themselves were placed under government management. After the 1944 revolution, the government also seized the fincas of the high officials in Ubico's government, thereby raising the total number of intervened plantations to around 110. These plantations comprise 30 percent of the commercially productive agricultural land of the country, and supply some 20 percent of the total coffee crop.

Although the final legal expropriation of the intervened plantations has not yet been effected, there is little doubt that they will be placed under full government ownership, in the name of the "national interest" or "social necessity." These concepts symbolize the Arévalo period, and are used as justification for political action even as the concept of the good of the individual soul was used in the days of the Conquest, or the concept of free enterprise and private property was used by Barrios. It is true that Arévalo's original definition of "spiritual socialism" is hardly materialistic, for in his own words, it is opposed to materialistic socialism and concerns "psychological liberation and spiritual integrity—the satisfaction of the mind and will rather than the stomach." Nevertheless, it is clear that Arévalo's supporters, and his opposition are concerned with material matters. Article 91 of the Constitution, for example, provides that steps be taken to eliminate from private ownership large areas of land that are standing idle, and the Expropriation Law of 9 September 1948 provides that any type of property, in order to satisfy a collective necessity, may be expropriated.

Large landowners, therefore, now feel that their holdings are in jeopardy—not particularly because of the letter of the law, but because the framers of the laws hold to the philosophy that the Indian (whether tribal or not) deserves to be a member of the collectivity, to be considered when matters of the "collective necessity" are involved. Moreover, the government has actively furthered organization of Indian workers into articulate groups, and has countenanced agitation among Indian farm laborers by irresponsible leaders who have promised seizure and redistribution of land. These promises may effectively arouse the Indians to class violence such as occurred in 1948 at the town of El Tumbador, in the rich San Marcos coffee region, where rural Indian agricultural workers killed, with their machetes, the mayor of the town—a well-to-do landowner. This incident is of serious significance in Guatemala, for one of the greatest influences on the political and economic attitudes of the property-owning upper and middle classes is the persistent nightmare of Indian violence.

d. Labor.

The Indian population has always provided, and will continue to provide, the population pool from which workers are drawn according to the needs of agriculture and industry. The control of Indian labor has always been of primary interest to the Guatemalan entrepreneur, particularly since the development of the coffee industry. Throughout Guatemalan history, various legal systems have been developed whereby the landowning aristocrat was assured control over an adequate supply of cheap (or unpaid) Indian labor. Although the Indian has usually been granted, in theory, certain compensatory rights or privileges in keeping with the ideas of *quid pro quo* held by the ruling class, he has, in practice, always been subject to forced labor, despite periodic revision or liberalization of labor laws.

Under the *encomienda* system of Colonial times, the labor force was composed of resident Indians, many of whom had been settled in more compact communities to simplify the administrative problem for the conquerors. Their labor was an obligation owed the landlord in return for his protection, the privilege of living upon his land, and the benefit of spiritual guidance by the Church. Additional labor required for harvesting and other work was later obtained through a system of compulsory labor by *mandamientos* or *repartamientos* (theoretically involving remuneration) which continued until the end of the nineteenth century. However, the *mandamiento* system, by which laborers were forcibly recruited by the governmental authorities and sent wherever their services were needed (in response to a payment by the landowner) was

inadequate for the greatly increased needs of the expanding coffee industry. Thus, new labor laws were promulgated in 1894 which, in effect, permitted employers to hold resident workers through control of the fields on which the latter were accustomed to raise their subsistence crops, and also to hold contract laborers through a system of debt slavery.

Under Ubico, debt slavery was outlawed, but an equally effective system of obtaining forced labor was established in terms of anti-vagrancy laws. Even after the overthrow of Ubico and his successor, Ponce, by the revolutionists of 1944, an attempt was made to continue the system: the Guatemalan Vagrancy Decree of 10 March 1945 (passed by the revolutionary junta of Arana, Arbenz, and Toriello) was an example of the means by which labor was traditionally obtained. Under this law, any man between 18 and 60 who cultivated less than nine acres of his own land (which would include all subsistence farmers) was obliged to work for an employer at least 150 days annually, or be punishable for vagrancy, and even a man who could prove he worked at least nine acres was still obliged to work for an employer at least 100 days a year. In practice, the employer was obliged to pay a wage to the worker, yet the latter was free to work for himself only a portion of the year—in effect, when his labor was not needed.

Under the Arévalo administration the Vagrancy Decree was rewritten and greatly liberalized, effectively limiting the concept of vagrancy to landless Indians. Although it has been possible for some employers to ignore or circumvent the new law, it nevertheless has been effective in creating a labor shortage in certain important coffee areas. Moreover, recent amendments to the Guatemalan Labor Code (itself a product of the Arévalo administration) permit the organization of rural agricultural laborers into unions on the same liberal basis as granted the workers in industry, though, as yet, organization has been effective only on government-managed haciendas.

Strong domestic opposition to Arévalo's liberalism has therefore come from the coffee-plantation owners, who constitute the wealthiest group of Guatemalan employers and those with the largest labor requirements. Some 500,000 full or part-time workers are employed on the 1,500 coffee plantations throughout the country at wages averaging possibly 30 to 35 cents a day and supplemented, in some cases, by rations of corn and various privileges. Planters consider these low wages vital to coffee production, and although they have difficulty in holding transient labor throughout the harvest season, they oppose wage increases on the basis that workers prefer to work less rather than earn more—that they return to their homes as soon as they have accumulated a small amount of capital, regardless of the stage of the harvest. Since the liberalization of the Vagrancy Law and the passage of the Labor Code, therefore, serious conflicts have arisen between the landowners (who seek to continue the forced recruitment of labor through subterfuge and control of local authorities) and labor organizers and agitators (who seek to unionize the employees or turn them against their employers). By way of putting its liberal theories into practice, the government has encouraged the activities of unionists, particularly on the expropriated plantations which it operates. In some cases, more satisfactory working conditions have resulted. This has not always been the case, however, and because employers, and many of the workers themselves, are satisfied with the paternalistic pattern of labor relations still in existence on the majority of Guatemalan farms, the organization of rural workers has become one of the most disruptive and divisive problems of current Guatemalan social and economic life.

The revolutionary Guatemalan labor legislation has been even more disruptive to labor relations on the banana plantations and in industry. Workers on the United Fruit plantations were enabled to organize earlier and more effectively than others because of a clause in the Labor Code which classifies agricultural enterprises employing over 500 persons as "industries." The monopolistic position and the foreign ownership of the United Fruit Company—factors which weaken its support among native Guatemalans—have encouraged the government to support the labor unions in their demands, which have often been upheld by the special labor courts set up in accordance with the Labor Code. Workers

on the IRCA railway (also controlled by the United Fruit Company) have also been enabled to form strong, aggressive unions whose demands have been sympathetically viewed by the government. Other foreign-owned enterprises have similarly felt the effect of the Labor Code, and to a lesser degree Guatemalan employers have been faced with the need of granting their employees numerous concessions in the form of higher wages, paid vacations, job security provisions, and various privileges.

e. Economic Ideology.

The widespread appeal of President Arévalo's philosophy of "spiritual socialism" is in itself an important factor in the current economic situation. This philosophy is the Guatemalan version of the twentieth century economic liberalism with which exiled Guatemalan intellectuals became acquainted in Mexico, Cuba, Argentina, and other countries during the 1930's. Its development coincides with the gradual assimilation of the large Indian working class, which in the past has been isolated, inarticulate, culturally diversified, and without voice in national affairs. It is an ideology which not only affirms the status of the Indian as a free citizen-worker in a democratic society, but which seeks to provide him with the education and organizational strength necessary to oppose private employers and employers' associations, and seeks to assure him that the wealth of the country will not be monopolized by private interests but will be controlled by the state for his benefit. It is an ideology, therefore, directly antagonistic to the interests of the propertied class, whose economic position has been largely dependent upon cheap labor, the undisputed ownership of large landholdings, and the ability to dominate the political scene.

The economic policies of Arévalo appeal not only to the Indian working class, but also to a large segment of the educated middle class. Because the wealth of the country has been concentrated in the hands of aliens, and because former President Ubico's political organization was small, efficient, personalized, and non-intellectual, members of the growing, educated, Guatemalan middle class were faced with but limited opportunities in agriculture, trade, politics, and the army. The new ideology, however, requires, a vast extension of governmental activities which provide employment for teachers, engineers, economists, and others of the professional and intellectual group. The large, nationalistic, bureaucratic government that characterizes the Arévalo administration—supported in part by the profits derived from the expropriated German coffee plantations—is therefore an instrument through which native Guatemalans have been enabled, indirectly, to participate in the wealth of the country.

Although the revolutionary ideology has a wide appeal, there is also widespread opposition to the implementation of its social reforms, particularly in connection with the rights and privileges accorded the Indians and working class. This opposition is not limited to large landowners and employers, but is found throughout the society. A popular basis for the opposition movement is found in the so-called *"ladino"* class, which, in contrast to the rural Indians, forms the dominant population group in the towns throughout the country. The *"ladinos"* are the merchants, storekeepers, artisans, and small businessmen. They hold all the municipal offices, control local credit, and own the best small properties and those nearest the towns, in contrast to the poorer and more distant plots owned by the Indians. As a group, the *"ladinos"* are fearful of losing their dominant position (traditionally associated with Spanish or part-Spanish ancestry, Spanish language and culture) as a result of the education and advancement of the lower-class Indians. The *"ladinos"*—of whom the murdered mayor of El Tumbador is a symbol—are in most direct contact with the Indian working class and have the least opportunity to avoid the personal dangers of class violence. Their opposition to *Arevalismo* is therefore correspondingly great.

f. Conclusion.

The ideology of the Arévalo administration has proved popular and disruptive. The "October Revolution" of 1944 represents not merely a political revolution, but a challenge to the traditional social and economic privileges of a very small upper class and a good portion of the "*ladino*" middle class. It has

not materially affected the total production of coffee and bananas—the mainstay of Guatemala's modern economy—but by attacking existing foreign enterprises and reducing their profits it has discouraged potential foreign investors and has thereby hampered the more rapid development of Guatemalan resources and industries.

2. Description of the Present Economic System.

a. Summary.

The economy of Guatemala is based almost entirely upon agriculture, yet the country is barely self-sufficient in basic food crops. About 70 percent of the people live by working the soil, and domestic industries are based largely upon the utilization of farm and forest products. Approximately 98 percent of Guatemalan exports (of which over 90 percent are consigned to the United States) are agricultural or sylvan in origin.

Only a small portion of the land is economically productive. Out of a total of approximately 27,431,000 acres, an estimated 2,000,000 acres (7 percent) are under cultivation in field and tree crops; 500,000 acres (2 percent) are dedicated to improved pasture; and some 18,000,000 acres (67 percent) are covered by forest. The approximate areas (in acres) devoted to various crops in 1948 include: corn, 1,200,000; coffee, 350,000; beans, 200,000; bananas, 100,000; wheat, 50,000; sugar cane, 40,000; grain sorghums, 25,000; rice, 16,500; essential oils, 8,000; cotton, 7,500; tobacco, 7,200; other fibers for cordage, 6,000. Farm animals in the Republic in the year 1948 numbered approximately as follows: cattle, 900,974 head; horses and mules, 216,422 head; sheep, 617,611 head; goats, 63,545 head; pigs, 374,367 head. Of forest products, chicle and lumber are the most important to the economy.

Production of textiles, although small, is the major industry, followed by the manufacture of leather goods (principally boots and shoes). Other small factories produce, for local consumption, furniture, soap, candles, wooden toys, matches, vegetable fats, cigarettes, and miscellaneous rubber goods. There are also breweries, flour mills, sugar mills, a sugar refinery, a cement plant, and plants for generating electricity.

Production of minerals is practically confined to minor exploitation of chrome, silver, lead, and zinc, and a few other minerals. Potentially rich deposits of petroleum are believed to exist in the Petén region, and Guatemala can expect to become an important producing region when, and if, these deposits are exploited.

b. Agriculture.

(Note: The percentage of total exports contributed by each specific product (as given in this section) is based upon a total export evaluation which (in its use of customhouse figures) greatly underestimates the value of banana exports (see *g. International Trade*). If the true value of banana exports be considered, bananas will be seen to contribute at least 39 percent of the total exports (by value) and coffee 47 percent or less.)

Coffee. Guatemala ranks fourth among Latin American countries in coffee production, and fifth among countries of the world. This one crop supplied over 61 percent, by value, of Guatemala's total exports in the year 1948 (1,054,959 quintals valued at $31,718,788). Guatemalan coffee is of a mild variety and is used in the United States chiefly for blending. It commands a high market price and does not compete directly with Brazilian coffee.

The principal coffee districts are found on the highland slopes near the Pacific coast (particularly the Departments of San Marcos and Quetzaltenango) and in the area around Cobán, in central Guatemala on the Caribbean side of the highlands. Approximately 75 percent of the crop is grown at elevations between 2,000 and 4,500 feet. About 13 percent is grown below this belt, and about 12 percent above it. Altogether there are some 1,500 coffee plantations in Guatemala, ranging up to 35,000 acres in extent, employing (during the crop year 1942/3) an estimated 425,544 workers (men, women, and children). About two-thirds of these workers were resident on the plantations, the others being mainly migrant laborers from highland Indian villages. About 20 percent of the total coffee crop is produced on about 110 government-operated farms. Because such coffee is sold at auction rather than on contract, the

government has been an immediate beneficiary of the rapid rise in coffee prices of October–November 1949. Most private producers, however, had already sold their 1949–50 crop at relatively low contract prices at the time the rise occurred.

Bananas. Guatemala ranks first or second in Latin America and the world as an exporter of bananas. Bananas supplied approximately 20 percent, by value, of Guatemala's total exports in the year 1948 (12,267,244 stems valued at $10,318,934).

In the year 1948, the United Fruit Company and its Guatemalan subsidiary, the *Compania Agricola de Guatemala,* produced about 61 percent, and exported about 80 percent of the country's total production. Production is centered inland from the Caribbean coast, near Bananera (where the United Fruit Company has some 15,250 acres under cultivation) and near the Pacific coast, at Tiquisate (where the Compania Agricola has about 18,250 acres in cultivation). These companies are the largest private employers in Guatemala, with a combined labor force of approximately 15,450 (6,250 at Bananera, and 9,200 at Tiquisate).

Abacá. All abacá plantations in Guatemala are operated by the United Fruit Company under a contract with the Reconstruction Finance Corporation. Plantations were developed during the recent war, and abacá production has increased rapidly as plantings have matured until, in 1948, abacá was fourth (after chicle) in value of Guatemala's exports, representing 4 percent of the total (107,354 quintals valued at $2,184,500). Production may be expected to increase in future years, assuming continued US financial aid and technological assistance in combatting the root-borer disease which threatens all Central American abacá production.

Essential Oils. Essential oils (predominantly citronella and lemongrass oils) ranked fifth in value among Guatemala's exports in 1948, and provided, by value, about 1.5 percent of Guatemala's total exports (8,643 quintals valued at $850,465).

Honey. Honey ranked sixth in value among Guatemala's exports in 1948, representing 1.2 percent of the total value of all exports (31,033 quintals valued at $295,219).

Cinchona. A revival of interest in cinchona production during the 1930's led to the development of new plantations. However, virtually all cinchona exports still come from the established plantation at El Porvenir in the Pacific highlands, which from 1943 to 1948 operated under contract with the Reconstruction Finance Corporation. This plantation, 17,000 acres in extent, is the largest single concentrated source of cinchona bark known in the Western Hemisphere. In terms of value, cinchona provides less than 0.2 percent of Guatemala's total exports.

Minor Export Crops. Minor crops which contribute to the export trade include Zacaton root, cacao, vegetables and fruits, henequen and maguey, and oil-producing plants such as castor beans, peanuts, sesame, flax, tung nuts, and soybeans. Other plants, and plant products, being produced for domestic industrial use and export include eucalyptol, citral, mint, balsam, liquidambar, incense, pitch, turpentine, myrtle, anatto, ginger and cardamon seeds.

Subsistence Crops. Although Guatemala is an agricultural country and one in which the majority of inhabitants subsist on a very low dietary standard, production of the major food crops (corn, beans, and rice) is barely sufficient for domestic needs. Food shortages, accompanied by extreme price increases, led the Ministry of Economy to authorize the importation of 1,000 short tons of these food crops during the crop year 1948–49.

Corn and beans are grown throughout the country and form the basis of the Guatemalan diet. These crops are raised principally by small farmers who grow only enough for their own use and sale in the local village market. Yields are low and the crops are generally hand cultivated in small plots where the use of modern methods would be difficult.

Rice, another important subsistence crop, is less widely grown. Production is greatest in the Departments of Santa Rosa and Jutiapa. A portion of the crop is exported to neighboring countries.

Wheat is grown to a limited extent in Guatemala, but production is not sufficient to fulfill the domestic demand, and wheat flour ranks first among the country's agricultural

imports. Sugar production is barely sufficient to satisfy domestic demand.

c. Forest Products.

Chicle. Chicle ranks first in importance among the country's forest products and in 1947 provided about 8 percent, by value, of the total exports (36,695 quintals valued at $2,740,197). The producing area comprises the great forested regions of the Petén, throughout which the chicle-yielding trees are scattered. All chicle shipments from Guatemala were made to the United States by the Chicle Development Corporation and the Wrigley Export Company, until June 1949, when these companies ceased operations in Guatemala. A Guatemalan company, organized with government aid, has now taken over chicle buying and selling.

Lumber. Combined, cabinet and other woods represented about 1 percent, by value, of Guatemala's total exports in 1948 (3,666,000 board ft. valued at $516,972). Most important are mahogany, Spanish cedar, lignum vitae, primavera, balsa, and pine. Most of Guatemala's mahogany, from the Department of El Petén, is normally exported through Belize.

Rubber. Rubber is of no consequence as an export, and production is negligible. Castilloa plantations, which once supplied 100 to 200 metric tons annually, were virtually abandoned after the development of Far Eastern hevea plantations. During the recent war, Guatemala's estimated 250,000 castilloa trees supplied about 360,000 pounds of rubber annually. Under United States direction, about 1,500 acres (on 39 properties) were planted with some 300,000 hevea trees. It is estimated that these will produce about 1,800,000 pounds of rubber annually, thereby raising the total to about 2,160,000 pounds.

Minor Forest Products. Guatemala's forests also produce dyewoods, tannin woods, vanilla, sarsaparilla, camphor, cinnamon, spices, palm oil, and other minor products.

d. Animal Husbandry.

Livestock are raised throughout Guatemala, and most domestic requirements for animal products are met by domestic production. Animal products, mainly cattle hides and fresh beef, constitute about 1 percent, by value, of Guatemala's total exports, but their value is greatly exceeded by the value of imports of the same category.

There are few large cattle herds, and purebred stock raising is limited to a few dairy herds in the vicinity of the capital. Farmers in many sections raise cattle and other stock for meat, and meat cattle are also occasionally imported from Honduras and El Salvador.

Sheep raising is a fairly important industry in the western highland section of Guatemala, particularly in the Departments of Huehuetenango, San Marcos, Quetzaltenango, Totonicapan, and Quiche. The better grades of wool are used mainly by two factories making woolen suitings; most of the remainder is used by local weavers, on whose hand looms are produced most of the country's woolen goods. These products (mainly blankets, shawls, and rugs) are manufactured chiefly for the immediate local market.

Fishing is of local importance only, and contributes little to the national economy.

e. Mining.

Although a large variety of minerals are known to exist in Guatemala, the only minerals mined commercially are chromite and small amounts of gold, lead, iron, silver, zinc, limestone, salt, and sulphur. Other known minerals include mica, marble, gypsum, graphite, coal, copper, titanium, mercury, antimony, and molybdenum. Most Guatemalan mineral resources have not been developed because of inaccessibility, inadequate transportation facilities or excessive transportation costs, and also, in the case of petroleum (the existence of which is not yet proved definitively), the inability of foreign companies and the Guatemalan Government to reach satisfactory agreements concerning exploitation of the deposits.

The lead and zinc shortages resulting from the war have served to stimulate the production of these minerals, which have been exploited on a small scale in Guatemala for many years. The most important mining operation at present is that being undertaken by the US-backed *Compania Minera de Guatemala,* in the Cobán region of Alta Verapaz. Two other US-owned companies are planning lead or lead-zinc mining operations: the *Com-*

pania Centro-Americana de Minas and the *Compania Minera de Hueheutenango.* A Guatemalan company, *Mineras Nacionales,* is currently exploiting ores containing lead, copper, zinc, barium, and silver; in 1948, 6,453 metric tons of ore were processed and exported to the US.

Guatemala is believed to be rich in chrome ores, but only the richest deposits have been worked, and these only on a small scale. Chromite deposits in the Departments of Jalapa and Zacapa are exploited by two Guatemalan companies. In 1948, about 1,200 gross tons of chromite ore (CR_2O_3 content 55 percent) were exported.

The production of gold is very small, and gold exports are negligible. Sulfur and salt deposits are exploited commercially on a small scale. Mica deposits, worked during and after the First World War, have not been utilized for many years, because the mica will not meet present industry specifications. Iron deposits exist in the vicinity of Chiquimula, near the border of El Salvador, but lack extensive volume and continuity. A very small amount (150 tons a month) of iron ore is mined near Zacapa for use by the Guatemala City cement plant. Limestone deposits are utilized locally for the production of lime for domestic consumption and for the cement plant in Guatemala City. Radioactive minerals exist in certain areas of Guatemala, but to our present knowledge not in sufficient quantity to be recovered commercially.

The existence of petroleum deposits in the Petén and Alva Verapaz regions is very strongly indicated by surveys made by major oil companies since 1925, but no drilling operations have yet been undertaken. Following surveys made in 1936-7, Shell Oil Company negotiated for concessions with the Guatemalan Government, but withdrew in 1938 when unable to reach a satisfactory agreement. Since the recent war, several large companies (Standard Oil of Ohio, the Ohio Oil Company, and the Atlantic Refining-Tidewater group) have carried out active exploration and have negotiated for exploitation contracts. Negotiations have been prolonged, and the granting of contracts delayed, by disagreement over certain provisions of the Petroleum Law. The law reflects the extreme nationalism of the present administration, which repudiates exploitation of the country's resources by foreign enterprises except on terms extremely favorable to Guatemala. Although agreement seemed to be near in early 1949, the drafting of a revised law with provisions still less favorable to the contracting companies has again delayed matters. Oil company officials have become openly pessimistic about the possibility of reaching an agreement and speak of withdrawing entirely. It seems possible, however, that if the objectionable provisions of the Petroleum Law are not modified during the next year, they will be so modified under Arévalo's successor.

f. Manufacturing.

There is no heavy industry in Guatemala, and almost all machinery, equipment, and fuel must be imported. The limited and poorly developed hydroelectric resources, the lack of many raw materials, the high transportation costs, and the limited markets have operated to discourage large-scale development of industry. As a consequence, most of the manufacturing establishments in Guatemala remain household industries or small shops, employing from two to ten persons and producing solely for a local market. Indian handicrafts constitute an unusual, and characteristically Guatemalan, item of export, and attract some tourist trade. In terms of value, however, they are of little importance.

Most industrial enterprise is centralized in Guatemala City, where are located 463 of the 776 "industrial establishments" (non-agricultural and non-commercial enterprises employing five or more persons) listed in the 1946 Industrial Census. These 776 establishments employed 23,014 persons, manufactured products worth $43,802,784, and utilized raw materials worth $19,455,103 during 1946. Of the raw materials, 59 percent were domestic in origin, and 41 percent were imported. In 85 percent of the establishments, electric motors were the source of power; other power sources include steam, internal combustion engines, and direct hydraulic power.

The various classes of industries are listed below in order of the dollar value of their product:

Class	No.	Product Value	Percentage of Total Value
1. Beverages	33	$10,254,491.00	23.3
2. Foodstuffs	174	9,647,834.00	22.0
3. Textiles	74	5,427,409.00	12.3
4. Clothing	177	3,732,847.00	8.4
5. Tobacco	28	3,620,091.00	8.2
6. Non-metallic minerals	44	1,910,625.00	
7. Wood and cork	72	1,759,900.00	
8. Chemicals	20	1,716,777.00	
9. Light and water	6	1,642,409.00	
10. Printing and binding	23	1,111,147.00	
11. Hides and skins	35	752,496.00	
12. Metal working and foundry	20	513,912.00	
13. Machinery manufacturing and repair	26	454,869.00	25.8
14. Rubber	2	376,594.00	
15. Salt	10	201,758.00	
16. Fats and oils	4	193,670.00	
17. Jewelry	4	99,203.00	
18. Paper	4	14,212.00	
19. Metallic and non-metallic mineral extraction	3	13,660.00	
20. Others	17	358,880.00	
TOTALS	776	$43,802,784.00	100.0%

The Guatemalan Government has long attempted to encourage industrial production within the country. The current Law of Industrial Development of 21 November 1947 provides for free importation of construction materials, machinery, and of some raw materials for periods up to ten years. It also establishes the proportion of domestic and foreign capital to be required in the formation of new industries or the future expansion of existing industries. Thus, industries producing principally for the domestic market must be constituted of predominantly Guatemalan capital; those producing principally for the domestic market, but which demand high technical competence, must have a minimum participation of 33 percent Guatemalan capital (or 30 percent as the extreme minimum); those producing principally for foreign markets may be constituted 100 percent of foreign capital; and those producing alcoholic and fermented beverages must have a minimum of 70 percent Guatemalan capital. Mining and petroleum industries are subject to special laws.

g. International Trade.

Guatemala's foreign trade is dominated by the United States, which normally takes about 90 percent of its exports and supplies from 65 to 75 percent of its imports. Canada ranks second as a customer, and various European countries follow. Mexico is generally second in importance as a supplier of imports. Exports are almost entirely agricultural products and raw materials (coffee, bananas, chicle, abacá); imports are almost entirely manufactured articles but include some raw materials and foodstuffs (petroleum, ginned cotton, processed foods). Guatemalan foreign trade, both in imports and exports, has increased tremendously in volume and value during recent years. During and immediately after the war, favorable trade balances were consistently recorded and foreign exchange holdings reached a peak of $55,522,000 in April 1947. Between 31 December 1947 and 1 December 1948, foreign exchange holdings fell from $53,005,000 to $49,156,000 and by 30 November 1949 had decreased to about $39,912,000. In

1948, for the first time since the war, imports exceeded exports: imports were valued at $68,-349,860 and exports at $50,165,489.56, producing an apparent deficit in the balance of trade of $18,184,370.44. However, the Bank of Guatemala makes a moderate upward adjustment in the export figures of at least $14,110,-000 in view of the extremely low customhouse evaluation of bananas, which is figured on purely nominal and invariable prices, and shows no correlation with the actual sales price on foreign markets. This figure represents, in effect, that portion of the sales price of bananas that is returned to Guatemala in the course of United Fruit Company operations. An adjustment of this sort, and of this amount, is entirely reasonable, and serves to cancel out a relatively large proportion of the apparent deficit in the international trade for 1948. The deficit has, however, stimulated interest in import control measures which may eventually be applied to conserve dollar exchange.

The dollar value (customs statistics) of Guatemala's foreign trade, by countries, was as follows in the year 1948:

Country of Origin or Destination	*Imports*	*Exports*
United States	$52,106,808	$44,616,917
Mexico	2,864,683	42,638
Curacao	1,635,560	0
El Salvador	1,562,250	139,995
England	1,512,005	702,683
Canada	1,470,161	1,970,130
Aruba	1,289,747	3,952
Switzerland	662,224	251,823
Belgium	580,831	653,662
Peru	576,354	2,301
Holland	124,665	261,403
Sweden	379,463	289,480
Venezuela	3,808	408,706
Italy	554,300	362,607
All Other	3,027,301	459,188
Total	$68,349,860	$50,165,490

As in other Central American countries, the Guatemalan tariff is largely for revenue, but protection is afforded certain industries, notably, textiles, cattle, sugar, and matches. Import duties averaged about 14 percent of the total value of imports during 1948.

h. Transportation.

Air Transport. Guatemala is linked to other countries by two scheduled airlines and two non-scheduled carriers. Pan American World Airways, a United States company, and TACA (*Transportes Aereos Centro Americanos*), a Salvadoran company, were the only international carriers operating on a scheduled basis during the year 1948, and during this year their combined traffic amounted to 54,749 passengers entering and 54,996 leaving Guatemala. AVIATECA (*Compania Guatemalteco de Aviación*) is a government-owned airline (formerly *Aerovías de Guatemala,* a Pan American subsidiary expropriated in 1945). Aviateca has a monopoly on all internal passenger and freight traffic, and has expanded its operations until it now serves more than 27 communities in Guatemala on regular schedules. During 1948, the gross income of this company amounted to more than $1,000,-000, a large portion of which was derived from the transport of chicle from the Petén area to Puerto Barrios. It carried 74,706 passengers and over 13,000,000 pounds of freight.

Maritime Transport. Almost all water freight and passenger service to and from Guatemala is provided by ships belonging to the United Fruit Company, which also owns the port facilities at Puerto Barrios and controls the railroad that links the port with the interior. Puerto Barrios, the country's most important seaport, is located on the Caribbean, and is the only port where ships can come alongside and unload cargo directly onto the pier or into railroad cars. Regular service to New York, New Orleans, and other US ports is maintained by the United Fruit Company ships.

Livingston, at the mouth of the Rio Dulce near Puerto Barrios, is the terminus of a ship and lighterage service used mainly for the transport of coffee from the Verapaz region. On the Pacific coast, the principal ports are Champerico and San José, both termini of the International Railways of Central America and both open roadsteads demanding offshore anchorage. San José derives its importance from its proximity (72 miles by rail) to Guatemala City, and the possibility of constructing port facilities here (a breakwater, channels,

and piers) has attracted the attention of at least one group of US investors. The Pacific ports function chiefly for the export of coffee.

Rail Transport. There are four railroads in Guatemala, having a total track mileage of 850. All are single track, narrow gauge (36″) lines. The IRCA (International Railways of Central America) operates 590 miles, providing the only Atlantic and Pacific outlets for Guatemala City. Virtually all imports and exports pass over its tracks. It meets the standard gauge National Railways of Mexico at Ayutla, and extends into El Salvador. Forty percent of the railroad stock is owned by the United Fruit Company, whose banana shipments provide a sustaining cargo. Two industrial railroads are operated directly by the United Fruit Company and its subsidiary, the *Compania Agrícola,* but may be regarded as extensions of the IRCA line. The Verapaz Railway, approximately 30 miles in length and serving the Cobán coffee area, is government owned and does not connect with the IRCA. The government is presently making plans to extend the Verapaz railroad northward into Petén and eastward to El Estor, on Lake Izabal.

Road Transport. A limited and inadequately maintained road system is a major handicap to Guatemala's economy. The vast area of the Petén, as well as large portions of other departments, are without roads and are virtually inaccessible. Altogether, there are about 2,400 miles of unpaved, though largely all-weather, roads, linking Guatemala City with the towns of central and western Guatemala and extending to the Mexican, Salvadoran, and Honduran frontiers. There are also about 2,400 miles of local roads, for the most part usable only in the dry season. Two international highways cross the country: the Pan American (or Franklin D. Roosevelt) Highway, extending from Mexico to El Salvador, and the Pacific Highway, which parallels the Pan American nearer the coast. Some portions of the Pan American Highway and the road connecting Guatemala City with the Pacific port of San José have now been paved. In general, however, the abolition of forced labor, increased traffic, and incompetence or negligence on the part of local officials have all contributed to the deterioration of Guatemalan roads in recent years. Road maintenance, as well as road construction, is one of the more important problems facing the government.

Truck and bus lines connect Guatemala City with Quetzaltenango and other important interior towns, with San Salvador in El Salvador and Tapachula in Mexico. Cobán is linked by truck service to the Verapaz Railway which in turn connects with river boat service terminating at the Caribbean port of Livingston. There is no road connection to the Caribbean coast, but construction of such a highway has long been a Guatemalan dream, and is being considered by the present administration.

i. Public Utilities.

Communications. All forms of communication—postal radio, telegraph, and telephone—are under the control of the Ministry of Communications and Public Works. The Guatemalan Government owns and operates domestic telephone and telegraph lines, which reach all important points in the republic and have connections with other lines in Central America and Mexico. The Tropical Radio Telegraph Company, a US firm controlled by the United Fruit Company, operates an international radiogram and radiotelegram service to Mexico, the United States, and to thirty principal centers in Guatemala, and the All America Cable Company operates a cable service with world-wide connections.

The government operates eight radio broadcasting stations in Guatemala City and two in Quetzaltenango. Private stations are operated in Guatemala City, Quetzaltenango, Zacapa, Mazaltenango, and Retalhuleu. There are over 40,000 radio receivers in the country.

Electrical Power. About 90 percent of the population of Guatemala is without electrical current. Within the country there are only three important electrical power developments: *Empresa Eléctrica de Guatemala, S. A.,* a US concern which produced 38,539,100 kwh in 1944; the state-owned *Empresa Hidroelectrica del Estado,* which produced 5,898,000 kwh in 1944; and the privately owned *Empresa Eléctrica de Chimaltenango.* There are a number of small municipal and private electric plants.

j. Money and Finance.

For many years, Guatemala has enjoyed a sound financial position. Its balance of trade has generally been favorable, and government income has generally exceeded expenditures. However, in recent years there has been a significant increase in the internal debt, which rose from $3,045,983 at the close of 1947 to $8,246,700 at the end of 1948, and which was probably increased to over $13,000,000 during 1949. There has been no increase in the external debt, which amounted to $739,100 at the end of 1948.

The banking of 1946 provides for three types of banks: (1) commercial banks, receiving short-term deposits and transacting in active and short-term investments; (2) mortgage banks, authorized to issue mortgages on chattel bonds and transactions in medium and long-term operations; (3) capitalization banks, authorized to issue bonds, receive savings, premiums, etc. All banks are required to maintain reserves of 5 percent of their investments in state or state guaranteed securities; 10 percent in other securities or in credits, and 50 percent movables, real estate, and other fixed assets.

Banking functions are carried out by the national *Banco de Guatemala* (which is the sole bank of issue and the fiscal agent of the government) the government-controlled *Banco Hipotecario Nacional,* and various private banks, including the *Banco Agricola y Mercantil* (formerly the *Banco Central,* which was, until 1947, the central government bank), the Bank of London and South America, Ltd., and the *Banco de Occidente.* In addition, the Production Development Institute (INFOP) includes several departments authorized to perform banking or semi-banking functions.

Government expenditures have increased greatly in recent years: prewar budgets were about 10 million dollars, but the 1948-1949 budget, the largest in history, totalled over 51 million dollars. Actual governmental revenue during the year amounted to only 39.5 million dollars and the budgetary deficit was liquidated through use of surpluses accumulated in former years. The 1949-50 budget expenditures total about 41 million, but can be expected to be amplified during the course of the year until they exceed those of the year past. However, higher coffee prices may increase government revenues during 1950.

Sources of government revenue and expenditures, as published in the official 1949-50 budget, are given below. It should be mentioned that the income and expenditures of the expropriated coffee plantations—about $8,000,000—are not included in the budget, since the National Fincas are now set up as an autonomous agency, comparable to the Social Security Institute, the Bank of Guatemala, the San Carlos University, the Accounting Office, and the National Production Development Institute.

INCOME, 1949–50

Patrimonial	$1,192,800
Public services	1,648,000
Sale of Products from State Properties and Monopolies	386,600
Taxes and Contributions, "Group A" (customs, invoice fees, road tax, beer tax, cigarette tax, real estate tax, stamps, legalized paper and tax)	30,807,600
Taxes and Contributions, "Group B" (amusement taxes, business profits tax, bank profits tax, airplane landing tax, Guardia Civil licenses)	6,353,700
Taxes and Contributions, "Group C"	102,200
Miscellaneous (incl. National Lottery)	1,005,305
Total income	$41,496,265

EXPENDITURES, 1949–50

Group I, Legislative	$ 344,280
Group II, Executive	582,276
Group III, Judiciary	856,464
Group IV, Ministries	
(1) Agriculture	1,178,749
(2) Communications and Public Works	4,505,802
(3) National Defense	4,631,645
(4) Economy and Labor	536,180
(5) Education	6,256,445
(6) Government	3,794,269
(7) Finance	2,945,289
(8) Public Affairs	30,060
(9) Accounting Office	404,439

(10) Foreign Affairs	1,162,891
(11) Public Health	3,892,396
Group V, Public Debt	1,654,380
Group VI, Pensions	1,130,000
Group VII, Extraordinary (includes special appropriations for school construction, hospital construction, the Poptún agricultural colony, the 1950 census, etc.)	7,590,700
	$41,496,265

k. Foreign Investments.

Recent estimates indicate that all foreign investments in Guatemala aggregate approximately $152,000,000, of which about 70 percent can be assumed to be US capital. The value of US-owned assets in Guatemala in the year 1943 were estimated (US Treasury Census) at $93,000,000. These interests were distributed as follows:

Value of American-Owned Assets in Guatemala

Interest in Controlled Enterprises		
Manufacturing	400,000	
Mining and Smelting	400,000	
Petroleum	1,100,000	
Public Utility and Transportation	62,800,000	
Agriculture	19,300,000	
Trade	1,400,000	
Finance	100,000	
Miscellaneous	1,400,000	
Non-profit Organizations	400,000	
		87,300,000
Securities (not included above)		1,400,000
Bullion, currency, and deposits		300,000
Real Property		1,600,000
Miscellaneous		2,400,000
Total		$93,000,000

The United Fruit Company. The total capital investment in agriculture of the United Fruit Company had increased, by 1947, to $37,000,000. Including its interest in the International Railways, its total capital investment may now exceed $95,000,000. Its importance in the economic and political life of the country is paramount because: (1) it is the largest single enterprise in the Republic; (2) it provides almost all water and freight service to and from the country and controls railroad transportation within the country: (3) its operations are responsible, in part, for the favorable trade balance generally maintained by Guatemala, and its tax payments contribute directly and importantly to the governmental income; (4) it has profitably exploited sections of the vast, unused, tropical lowlands, which have defied Guatemalan colonization schemes for over a century, and has thereby proved the basic need for huge capital outlays and large-scale operations; moreover, its operations have proved that high wages, housing, medical and hospital services, and other benefits to the workers are not incompatible with profits.

In 1947, the United Fruit Company owned some 578,000 acres of land (of which 32,448 acres were in cultivation) and employed about 15,000 Guatemalans and 700 foreigners (mainly Americans). Operating expenses of the company amounted to $19,337,743, including $7,747,242.26 paid in salaries to Guatemalan employees, $932,025 paid to foreign employees, and $1,015,388 paid to the government in the form of taxes of various kinds, customs duties, and rentals. It sold $2,829,043 worth of goods through its commissaries, maintained 2 hospitals and 18 dispensaries totalling 538 beds, maintained 55 schools for 2,581 students, and contributed $412,690 to charity and to other public causes.

The foreign ownership of the United Fruit Company, the fact that there are no similar Guatemalan owned enterprises of importance, the vast scale of its operations and the proportionate profits, its monopoly of certain public services, and its isolation—both physical and social—from Guatemalan life are all contributing factors in the attacks levelled against it within Guatemala.

Other US Companies. In addition to the United Fruit Company (including IRCA), other important US companies operating in Guatemala include *Empresa Eléctrica de Guatemala, S. A.* (a subsidiary of the American and Foreign Power Corporation), the Esso Standard Oil Company of Central America, S. A., and the *Compañía Minera de Guatemala.*

3. Economic Stability.

The national economy of Guatemala is, and should remain stable, despite an apparent deficit in the balance of trade and a slow decline in gold and foreign exchange levels. Import controls, if imposed, should check the trend of deficits in the international trade situation, governmental economies should ameliorate the budgetary difficulties, and the world coffee deficit should assure the sale, at advantageous prices, of Guatemala's primary export.

CHAPTER IV

FOREIGN AFFAIRS

1. Genesis of Guatemalan Foreign Policy.

Guatemala's foreign policy, though adapted to the exigencies of political and economic developments, has consistently reflected the former status of the country when, as the dominant member of the Central American Federation, it was the seat of the colonial Captaincy-General of Guatemala and the center of the Central American independence movement.

The generally recognized limits of the colonial Captaincy-General have provided a basis for Guatemalan boundary claims. A major international issue—insofar as Guatemala is concerned—is the question of Guatemalan rights over Belize (British Honduras), a portion of which was included in the Captaincy-General. Guatemala's political heritage has also been a factor in the persistent belief, among Guatemalan liberals, that the country should promote a reconstituted Central American Federation. For the immediate purpose of insuring their continuation in office, however, partisan governments have usually endeavored to aid sympathetic political elements in neighboring countries, regardless of the attitude of those elements toward federation. Political independence, threatened neither by powerful neighbors nor aggressive powers, is no longer a popular issue, but emphasis has shifted to economic independence. This change, partly a reaction against the development of Guatemala's modern export economy by foreign capital operating under domestic dictators, has become manifest since the overthrow of Ubico in 1944. It has been marked by violent nationalistic attacks on foreign enterprise (particularly US), notwithstanding the fact that Guatemala's basic security and political independence rest upon maintenance of international guarantees underwritten by the United States. Support of the United States in event of a war between major powers is, however, implicit in Guatemalan foreign policy, although it has not always been openly stated and although opposition to the United States on minor issues has occurred.

2. Present Foreign Policy and International Issues.

The foreign policy of the Arévalo administration is concerned with: (1) obtaining recognition of the Guatemalan claim to Belize; (2) encouraging the development of sympathetic liberal, democratic governments in neighboring countries and opposition to the military dictatorships; and (3) maintaining sufficiently friendly relations with the United States to insure the benefits of US protection and aid in matters of national and hemispheric security.

a. Belize

In claiming Belize (British Honduras), Guatemala is not only defending what it considers a just and legal claim, but is endeavoring to secure a territory of some geographic and economic importance. Belize is the natural Caribbean outlet for the southeastern Yucatan hinterland, important as a lumbering region and suitable, in part, for agriculture and cattle raising. Most of the mahogany cut in the Guatemalan department of El Petén must be exported through Belize, and Guatemalans feel that their ownership would aid in the further development of this isolated department. Moreover, although no surveys have been made, it is possible that petroleum deposits exist in Belize which would be more accessible and easier to develop than those believed to exist in Guatemala. In contrast to the prestige and economic value involved in ownership of Belize, however, would be the disadvantage of high administrative costs and the necessity of administering a largely English-speaking, partly Negro population which desires to remain under British control.

Guatemala's claim has an historic basis. During the Colonial Period, the territory now known as British Honduras, or Belize, was recognized by Britain as the property of Spain. Under the Spanish, the area north of the Sibun River was regarded as part of the Captaincy-General of Yucatan, and the area south of the Sibun was generally recognized as part of the Captaincy-General of Guatemala, although actual administration by the Spanish never existed. The British, whose first settlement was established in 1638, were granted usufructory rights only. By various treaties between Spain and Britain—the terms of which were revalidated in the Treaty of Madrid in 1814—the British settlers were denied the right to establish any form of government, to maintain troops, or to engage in economic activities other than logging.

Upon gaining its independence of Spain in 1821, Guatemala claimed title to the territory formerly recognized as part of the Captaincy-General of Guatemala. The controversy that subsequently developed between Britain and Guatemala over the ownership of Belize was temporarily settled by a treaty in 1859, Article I and II of which defined, and provided for the demarcation of, a boundary (the present boundary) that was generally recognized to be already in existence. In Article VII of this treaty, both countries agreed to cooperate in the construction of a road from Guatemala City to a point on the Atlantic Coast "near Belize." Shortly thereafter, a supplementary convention was signed by representatives of both countries by which Britain agreed to pay £50,000 in lieu of assistance in constructing the road, but when Guatemala failed to ratify this agreement within the specified time, Britain refused to recognize any obligation under the supplementary convention, and made no payment. A few years later, in 1871, British Honduras was constituted as a Crown Colony.

In subsequent years, Guatemala continued to seek fulfillment (with certain modifications) of the 1859 treaty and the supplementary convention, claiming that recognition of the boundary and provision for its demarcation constituted "cession" of Belize by Guatemala, and that such "cession" was contingent upon fulfillment of Article VII. Britain continued to view the supplementary convention as having lapsed and eventually came to regard the terms of Article VII of the 1859 treaty as no longer applicable to changed conditions. However, in 1934, Britain offered to construct a road from Belize to the Guatemalan frontier, and, in 1936, offered to pay Guatemala £50,000 to settle the dispute, although not admitting any liability. Guatemala, in turn, suggested that Britain "return" Belize in exchange for £400,000, or that Britain pay Guatemala the same amount for the title and cede the southern tip of the colony (south of the Rio Grande), or that Britain cede this strip and also pay £50,000 plus 4 percent interest as from 1859. The refusal of Britain to agree to the Guatemalan proposals, or to submit the dispute to arbitration by the President of the United States, has caused Guatemala, since 1938, to regard the 1859 treaty as void, with Belize returning to the *status quo ante.*

Since 1945, the Arévalo administration has continued to press the Guatemalan claim. A statement of Guatemalan sovereignty was included as a basic provision of the 1945 constitution. All natives of Belize have been declared Guatemalan citizens; objections have been raised to all British plans involving Belize (such as the proposed inclusion of the colony in a Caribbean federation and plans for colonization by West Indians); anti-British demonstrations have been held, and Guatemalan propaganda has been disseminated in Belize. In the UN meetings, at the Rio Conference, the Bogotá Conference, and wherever possible, Guatemala has reasserted its claim. Yet although Britain offered, in 1946, to submit the dispute to the International Court of Justice, Guatemala has refused to do so unless Britain agrees to allow the court to decide the case *ex aequo et bono,** rather than by the strict application of legal principles.

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* *Ex aequo et bono* may be defined as a basis of judicial procedure by which a dispute is settled according to "principles of objective justice." A decision reached in this manner would not necessarily coincide with one based on rules of positive law. Cf. Max Habicht, *The Power of the International Judge to Give a Decision "Ex Aequo Et Bona"* London, Constable and Co. Ltd. 1935, especially Chapter III.

Guatemala's demand that the case be decided *ex aequo et bono* betrays an anxiety that the court might find little legal basis for a claim based upon the principle of territorial succession, or that it might find (in the treaty of 1859 and elsewhere) clear recognition by the signatories of a pre-existing British sovereignty, or that it might even declare the 1859 treaty still valid and render a judgment whereby Britain might be able to retain possession of Belize. Guatemala sees a possibility of arguing that Guatemala, as a small and weak country, was forced into alienating a portion of its territory against its will, and that Britain, as a strong and powerful country, was able to ignore Guatemalan protests while continuing its occupation of Belize. In brief, Guatemala hopes to show that the legal language, and the terms of the early treaties were concessions necessary for the existence and recognition of a small nation in the nineteenth century, but are incompatible with the rights of small nations as recognized in the world today. Britain, on the contrary, contends that the case is not an appropriate one for *ex aequo et bono* determination, since Guatemala's claim is one of legal title which should, therefore, be resolved in accordance with legal principles.

Incidental to the Anglo-Guatemalan dispute over Belize is the problem of Mexican claims which might be advanced if and when Britain makes any concessions in this matter. On the same basis as Guatemala, Mexico could also claim a portion of British Honduras—that portion north of the Sibun River which was theoretically administered by the Captaincy-General of Yucatan. Such a claim would conflict with the boundary between Mexico and Guatemala established in 1882, which was defined as extending "indefinitely toward the east" along parallel 17°49′. However, by the Treaty of 1893, Mexico clearly recognized British sovereignty over Belize as well as the present boundary of the colony, and has evinced no desire to side with Guatemala in the latter's disputes. On the contrary, Guatemalan pretensions of title to the northern portion of Belize have aroused much resentment in Mexico and have constituted a continual source of friction between the two countries.

The single objective of regaining Belize accounts, in large part, for Guatemala's sympathy with anti-British, "anti-imperialist" countries. To gain international support, Guatemala has attempted to consolidate an anti-imperialist bloc composed of nations with anti-British territorial claims (Argentina, Chile, and Venezuela) and to gain hemispheric support for a policy of eliminating "colonialism" from America. A Guatemalan resolution to this effect was adopted at the Bogotá Conference over the opposition of only the United States, Brazil, and the Dominican Republic, and led to the formation of an American Committee on Dependent Territories. The unwillingness of the United States to participate in the meetings of this committee, which Guatemala regards as a blow to Hemisphere cooperation, emphasizes the conflict of interests between the two countries. This conflict has led Guatemala to attempt embarrassment of the United States, with the possible object of bargaining for US support. For example, Guatemala has insisted that the concept of "colonialism," as defined at Bogotá, be extended beyond its stated meaning to cover US rule in Puerto Rico, thereby hoping to make the status of this territory subject to international review in accordance with the Bogotá resolution. Such a major test of the inter-American system would challenge US leadership and sincerity in the system which it has consistently advocated.

b. Encouragement of Sympathetic Governments.

Current Guatemalan foreign policy involves the support of liberal "democratic" elements in neighboring countries and opposition to "dictatorships" such as those of Somoza in Nicaragua and Trujillo in the Dominican Republic. Apart from political expediency, this policy is founded upon the belief of President Arévalo and other liberal Guatemalans that Guatemala, since the revolution of 1944, is a symbol of democracy in Central America, and has a moral obligation to assume the leadership in an international struggle for social, economic, and intellectual freedom. It is a policy which complements the general provision of the 1945 constitution that Guatemala "will endeavor to reestablish Central Ameri-

can union, partially or completely, in a popular and democratic form."

In implementing its policy, Guatemala has broken off diplomatic relations with the military dictator governments of Spain, the Dominican Republic, Nicaragua, Peru, and Venezuela, and has given refuge and employment to political exiles from these countries. It materially aided the movement, led by Figueres, which prevented Rafael Calderon Guardia (defeated candidate in the 1948 presidential elections and political ally of Somoza) from seizing the presidency of Costa Rica by force. It has given encouragement, refuge, and some material assistance to the members of the Caribbean Legion, who aided the Figueres movement and who are dedicated to the overthrow of Somoza and Trujillo. It has also encouraged other Nicaraguan revolutionary factions led by General Chamorro and Edelberto Torres, and during the presidency of Castañeda Castro in El Salvador, gave sanctuary to various liberals who became involved in the revolt of December 1948. Since 1948, it has given sanctuary to others (including Communists) who have been exiled by the present Salvadoran regime. Indirectly, the Guatemalan Government appears to have aided the leftist labor movement in El Salvador and, to a lesser extent, in Honduras.

In contrast to the severance of relations with the "dictator" countries, Guatemala has maintained close relations with "democratic" Cuba, and has persisted in its recognition of the Spanish Republican government-in-exile.

c. US Relations.

It has long been a fundamental, but unwritten, tenet of Guatemala's foreign policy that cordial relations be maintained with the United States Government. Anti-US sentiments, which may exist within the administration, are generally expressed unofficially, for most Guatemalans recognize that their country is almost totally dependent upon trade with the United States and is the beneficiary, actual or potential, of the United States' desire to defend the peoples and institutions of the Western Hemisphere. In this connection, President Arévalo has specifically stated that Guatemala is bound to the US in event of a war between this country and Soviet Russia, and has also indicated that Guatemala's resources will be made available to the US in such event.

In general, the Guatemalan Government and the Guatemalan people have looked to the US for technical and financial assistance, and will probably continue to do so. At the end of 1949, there were active in Guatemala twelve official and semi-official groups representing US agencies or international organizations to which the US contributes. These included: the US Air Force Mission; the US Army Mission; the Foreign Agricultural Relations group active in the cooperative agricultural station; the Department of Agriculture group active in rubber investigations; the US Public Roads Administration group involved in the Pan American Highway project; the health and sanitation group from the Institute of Inter-American Affairs; the education group from the Institute of Inter-American Affairs; the cultural relations group active in the Instituto Guatemalteco-Americano; the group representing the Pan American Sanitary Bureau; the group representing the Inter-American Geodetic Survey; "The American School" group of the Inter-American School Service; and the consultant to the Guatemalan National Office of Vital Statistics provided by the US Public Health Service through the International Vital Statistics Cooperative Program. In general, US-Guatemalan relations (both official and unofficial) in connection with these projects have been satisfactory, although an anti-US, Communist-influenced, minority has in some cases (e.g., the IIAA educational program) sought to obstruct the cooperative effort.

Despite the evidence of fundamental good will between Guatemala and the US, the Arévalo government's tolerance of strongly nationalistic and anti-imperialistic propaganda (often derived from Communist sources) and its discriminatory legislation and arbitrary judgments against US firms operating in Guatemala have been injurious to good relations between the two countries. In international affairs—particularly where the Belize issue or the principles thereof are involved—Guatemala has also opposed the US at times. However, this does not imply that Guatemala is generally opposed to US foreign policy.

CHAPTER V

MILITARY SITUATION

1. Genesis of the Present Military Policies.

The military organization of Guatemala is maintained in accordance with the needs of a small underdeveloped country with weak neighbors. Its military capabilities are sufficient for the maintenance of internal order (generally as the agent for a certain political faction), for defense against attack by the armed forces of a neighboring Central American country, and for limited offensive operations against these same nations. Apart from its strictly military function, it is important as a respected agency through which an individual may achieve social, economic, and political advancement. The army does, in fact, offer opportunity to all classes. The *Escuela Politécnica* offers a classical education in military science to members of the cultured upper class of largely European descent; advancement within the ranks is a traditional opportunity for capable soldiers of middle-class mestizo background; and men from the illiterate Indian lower classes, drafted under the universal military service law, may achieve some limited advantages as a result of the experience in the army.

Guatemalan history substantiates the importance of the army as an agency for personal advancement: military Dictator-Presidents have ranged from Carrera, an illiterate provincial leader of predominantly Indian descent, to Ubico, a cultured upper class Guatemalan of Castillian ancestry. Under Arévalo, the two most influential leaders were the late Colonel Arana, a competent and persevering mestizo officer who had risen from the ranks, and Lieutenant Colonel Arbenz, a brilliant, cultured, graduate of the Military Academy of upper-class European ancestry.

Guatemalans have never seen combat service except against domestic revolutionaries or the forces of neighboring Central American countries. During the early years of independence, hastily recruited armies representing either conservatives or liberals took part in the factional strife existing within the Central American Federation. During the nineteenth century, under the dictators Carrera and Barrios, Guatemalan armies actively intervened in the affairs of other Central American states. In the twentieth century, Guatemala has not been actively involved in an international war, but has, at times, aided revolutionists plotting the overthrow of governments in neighboring countries. Although it must be prepared, in theory, to defend Guatemala from invasion and to take possible aggressive or retaliatory action, its actual role remains limited largely to the maintenance of internal order and the support of individuals or factions seeking political advancement.

2. The Current Military Situation.

The Armed Forces of Guatemala consist of the army, which includes the air force. There are no naval forces. The National Police, or Guardia Civil, is a separate quasi-military organization whose officers have often had army training, but whose duties are normally limited to police functions, whose funds are provided by the Ministry of Government and whose Director is in no way responsible to the Ministry of Defense or the Chief of the Armed Forces.

Although poor by most standards, the Guatemalan Army is superior to that of any other Central American republic. As organized and equipped at the present time, it is adequate to defend the republic against Honduras or El Salvador and to maintain internal stability. However, it would be unable to withstand an attack from Mexico or contribute to Hemisphere defense at home or abroad. The army would be incapable of sustained

operations because all arms, ammunition, and mechanized equipment have to be imported and because Guatemala does not possess the industrial potentialities that would permit development of an arms industry. Weapons are generally old, of various manufacture, and in only fair condition.

The Guatemalan Army is in the process of reorganization. To date the 1st Infantry Regiment (Guard of Honor) and the 2d Infantry Regiment (Military Base), in the immediate vicinity of the capital, have been reorganized. These units represent the greatest concentration of men and equipment in the Guatemalan Army and their continued loyalty is necessary for a stable government. Each of these regiments has approximately 800 officers and men and includes a Headquarters, Headquarters and Service Battery, a Rifle Battalion, a Tank Company, a Howitzer Battery, an Antitank Platoon, and an Antiaircraft Automatic Weapons Battery. It is planned to organize similar regiments in each of the six military zones outside the capital with the exception of the fourth zone which will have a reinforced cavalry squadron. At the present time the troops outside the capital are widely dispersed in small detachments in accordance with the army's function of internal policing. This dispersal, however, coupled with poor transportation, prevents the unification of troops under any one individual for revolutionary purposes. For these reasons it is doubted that reorganization of units in zones outside the capital will conform in great detail to the 1st and 2d regiments.

The present strength of the Guatemalan Army is estimated at 5,980 men, of which approximately 4,200 are conscripts. There is no organized reserve system, though in theory records are kept of those eligible for military service and those who have served, who could be called in time of war. No mobilization plans exist, with the exception of the theoretical system of records just mentioned, but the mobilization capacity of the army is estimated at 14,000 on M plus 90, and 25,000 on M plus 180, and 35,000 on M plus 365. At present, only part of these men could be equipped with serviceable small arms.

Officers are either graduates of the Military Academy or have worked their way up from the ranks. The Military Academy (the *Escuela Politécnica*), which is under the supervision of the Army General Staff, subjects the officer candidates to rigid physical, mental, and moral requirements. The student body consists of about 110 cadets and the curriculum approximates that of the last two years of high school and the first year of college. The School of Application, for advanced training, conducts two yearly classes for about 50 officers and is under the supervision of the Chief of the United States Army Mission.

The Guatemalan Air Force is part of the army, its main purpose being the support of ground operations through transport of troops and supplies. The present government has not attempted to build up a particularly strong or modern air force, and has concentrated on pilot training (particularly for transport work), routine duty and maintenance operations, and (in the last year) on paratroop training. In number of personnel, the Guatemalan Air Force exceeds those of other Central American countries, but in modern equipment it is inferior to neighboring Honduras. Its offensive power is currently very limited because the potential of the striking force (as of 30 March 1950) is limited to the capabilities of the following aircraft:

Fighters	
4 P–26	4
Transports	
3 C–47 1 UC–78 1 C–45	5
Trainers	
2 BT–15 7 T–6 4 T–11 8 T–19 5 T–14 2 T–17 6 T–23	34
Total	43

Moreover, with the exception of the training received by seven of the pilots in the United States, there has been no effective training in bombing or gunnery of any kind.

In an attempt to remove the army from the personal control of the President, as was the case under Ubico, and make it non-political in character, the Constitution of 1945 established a system of checks and balances for the selection of military leaders. The President of the Republic remains Commander in Chief of the Armed Forces. However, the Chief of the Armed Forces, who exercises the actual tactical and administrative control, is appointed by the National Congress from three names submitted by the Supreme War Council for a period of six years and can be removed only by Congress. His direct control of the army ground units through the seven zone commanders and the air force through the Chief of the Air Force, all his appointees, makes him the most powerful figure in the military establishment. The Minister of National Defense is appointed by the President, and, except for his control of army finances, is relegated to a position secondary to that of the Chief of the Armed Forces, although his is not specifically designated as subordinate. The Chief of the General Staff performs administrative functions for the Chief of the Armed Forces and the Minister of National Defense, but does not have control over troops.

Compared to certain other Central American countries, notably Nicaragua and the Dominican Republic, Guatemala has devoted a relatively small portion of the national budget to military expenditures. The 1948–49 appropriation for the Ministry of National Defense approximated $5,000,000, or 10 percent of the total budget.

CHAPTER VI

STRATEGIC CONSIDERATIONS AFFECTING US SECURITY

In terms of its own resources and manpower, the positive contribution that Guatemala can make toward US security is slight. Hardwood timber (largely mahogany) is the only strategic material produced in quantity. Abacá, also of strategic importance, is now produced in small but commercially important quantities as the result of the development program instituted during the last war, but without continued US financial and technological assistance, production is unlikely to be increased. Mineral resources (including oil, lead, and chromite) are possibly extensive, but have yet to be developed. In the event of war, Guatemala, as in the last conflict, could provide the United States with the site for a major air base at Guatemala City. It could not provide a site for a naval base, however, owing to the absence of good harbor facilities (although Puerto Barrios with its dock, its United Fruit Company installations, and its railway shops would have some strategic significance as a port where minor repairs might be effected and supplies obtained). The International Railway, though of possible value as a trans-isthmian route in event of the destruction of the Panama Canal, is a narrow gauge (36″) line of limited capacity, easily sabotaged, and has only open roadsteads as Pacific termini. Guatemala could contribute some of the food required by major army installations in Panama or elsewhere as it did during the last war, but could not, on its own resources, support a strong occupation force. Guatemala's army, numbering about 6,000 officers and men, is poorly trained and badly equipped. Even with the aid of US equipment and instruction it could be converted into a modern fighting force only with great difficulty and after a considerable period of training. Guatemala's reserve military manpower, though numerically great by Central American standards, is of extremely low quality. It could not be used to supplement US manpower requirements, and is of questionable value even to Guatemala for defense against the forces of a neighboring country.

Guatemala could endanger US security, however, were it to give refuge or aid to enemy saboteurs and propagandists, or were it to allow use of its airfields, ports, and other facilities and resources by an enemy power. At the present time, under the liberal Arévalo administration, enemy propagandists and potential saboteurs may exist in Guatemala, though in event of war it is believed that these would be effectively controlled (see Chapter II). However, since Guatemala would be incapable of defending itself or denying use of its military facilities in event of a strong attack by a strong enemy, it is conceivable that, in the absence of effective US protection, it could become a base for enemy attacks on the Panama Canal or other strategic objectives in the area. This is unlikely since there are no existing military facilities of consequence and because there are other more suitable (or more easily obtainable) sites for bases. Nevertheless, denial of Guatemalan facilities and resources to an enemy power is primarily a responsibility of the US. Moreover, the existence of a friendly and stable government in Guatemala—one willing and capable of limiting anti-US propaganda, sabotage, and espionage—is largely dependent upon a sound national economy, and US economic aid to Guatemala in event of a general war would contribute materially to the existence of a stable and friendly government.

CHAPTER VII

PROBABLE FUTURE DEVELOPMENTS

1. Political.

Although it is more probable than not that President Arévalo will complete his term in office, which expires in March 1951, the presidential elections scheduled for late 1950 may be accompanied by bitter factional disputes which may involve violence of unprecedented severity. The possibility of violence has been greatly increased as the result of the assassination of Colonel Francisco J. Arana on 18 July 1949, since this deprived the more moderate supporters of the present administration of a potential candidate who might also have been acceptable to a certain portion of the conservative opposition. Because Arana had consistently refused to lead a conservative revolt against Arévalo and staunchly defended the principal of legal election to office, his murder will be used by the conservative opposition as an argument that truly democratic processes are impossible in Guatemala as long as the present administration is in power. Convinced that they will be denied fair elections, the conservative opposition, aided by administration moderates, will possibly concentrate their efforts upon perfecting an organization capable of seizing the government through a coup d'état, or controlling the elections through force. Moreover, President Arévalo, Lieutenant Colonel Arbenz, and other political leaders will be in danger of assassination by persons desirous of avenging the murder of Colonel Arana.

The possibility that violence, if it occurs, will be of unprecedented severity is a result of the development, during the Arévalo administration, of a strong, organized, and potentially militant labor movement. This movement has been fostered and armed by administration leftists and opportunists, and has been infiltrated by Communists or Communist sympathizers. It provides, for the first time, a force which can be used in opposition to the traditionally conservative army, whose leaders are largely drawn from the upper strata of Guatemalan society. Although it is unlikely that the armed proletariat, even with the aid of the National Police, could effectively prevent a coup d'état backed by the army (unless the army were divided within itself), it is capable of strong opposition to the army and (particularly in rural areas) a good deal of violent, indiscriminate aggression and terrorism.

President Arévalo is probably desirous of completing his legal term of office without incident, and he undoubtedly would prefer to remain aloof from the current presidential campaign. This should lead him to pursue a relatively moderate course, to delay or circumvent decisions on controversial matters, and to avoid giving offense or support to competing factions. Such a trend has been noticeable since the Arana assassination, and may be expected to continue during the coming year.

The character of the next administration will depend upon the personal policies and objectives of the next President, even as the character of the present administration has reflected Arévalo's personal philosophy of the "polystructural state" in which a balance is sought between various semi-autonomous social institutions (see p. 5).

At the present time, Lt. Col. Jacobo Arbenz Guzmán, candidate of the PAR (*Partido Accion Revolucionaria*), the PRN (*Partido Renovación Nacional*), and the newly formed PIN (*Partido de Integridad Nacional*), is in a far stronger position than any of the other candidates (Dr. Victor M. Giordani, Lic. Jorge García Granados, Gen. Miguel Ydigoras Fuentes). Arbenz is a ruthless opportunistic, ambitious army officer. While Minister of Defense, he helped to arm and strengthen the militant leftist labor organizations, possibly as a means

of strengthening his own hand vis-à-vis the popular Colonel Arana, who enjoyed wide army support. Moreover, since Arana's assassination, he has gained effective army support by arranging the removal of some officers and the financial rewarding of others. If elected, it is likely that Arbenz will establish an administration (more conventional by Central American standards) in which graft, privilege, and arbitrary repressive measures are used to a greater degree than at present. In view of his background and his private remarks (both official and otherwise), Arbenz appears to be willing to grant favorable terms to business at the expense of labor. He has indicated that he is favorably disposed toward US interests in Guatemala, and, despite the anti-imperialism of his present campaign supporters, it is believed that personal characteristics and possible governmental financial difficulties would lead him, as President, to welcome foreign investments and possibly foreign loans. If elected, he will probably distribute favors for personal profit, will seek to subvert army and labor leaders who oppose him, and will take rigorous action against those whom he cannot control. In contrast to Arévalo, Arbenz appears to place a higher value on material than on social progress, and there is evidence that he plans, if elected, to initiate various construction projects. It is likely that he will permit the labor organizations, established under the Arévalo administration, to continue their activities, and that he will seek to use labor as a personal political weapon, thereby establishing himself as an indispensable arbiter between labor, business, the army, and other factions.

In general, an Arbenz administration would probably be more conventional and more conservative in actual practice than the present administration. Should he be assassinated, it is likely that the leftist labor forces now supporting him would be opposed by the army as well as the popular majority and could neither seize nor maintain control of the government. Of Arbenz' opponents, Dr. Victor M. Giordani, candidate of the moderate leftist FPL (*Frente Popular Libertador*) is the strongest competitor for the presidency. The strength of the FPL in Congress slightly surpasses the combined strength of the pro-Arbenz PAR and PRN, and should conservative anti-administration elements add their support to Giordani, he might be able to win over Arbenz in a fair election. However, pro-Arbenz groups should be in a position to control the electoral machinery, and this control, coupled with the aggressiveness of the leftists, will go far to assure an Arbenz victory.

2. Subversive.

It is believed that the tolerant policies of the Arévalo administration, which have permitted Communists and Communist sympathizers to operate within and without the government, will be continued as long as Arévalo remains President. The activities of such persons represent a continuing threat to US security. It is probable, however, that Communist influence on Guatemalan government policies, particularly domestic policies, will diminish in the future. This estimate is based on the following considerations: (1) Since about 1948, there has been a slight trend away from the left. Oppositionists have emerged and have won seats in Congress; the FPL (largest of the Arevalista parties) has moved away from the leftist parties; the agrarian reform program has not advanced, agitation by union organizers among coffee plantation workers has diminished, the nationalized plantations have been put under a more business-minded administration which has opposed the labor unions and the Ministry of Labor; the Production Development Institute (INFOP) has done much to promote and finance private agricultural projects; labor problems have been more easily solved since mid-1949. (2) It is felt that the moderate and anti-Communist element in Guatemala, including the army, is more adequately led and has greater representation and influence in government than the extreme leftist element associated with the PAR and the labor unions. (3) The Guatemalan labor movement is young and potentially weakened by an absence of capable labor leaders. The effectiveness of the present leadership, which is strongly influenced by Communism, is not so much a measure of labor's coercive power as it is a measure of the administration's desire to establish a labor movement. Should a relatively few labor leaders be removed, their replacement would

be difficult and the influence of labor (and Communism) would be considerably diminished. There would, of course, continue to be a large number of the working class who would be receptive to Communist propaganda, but if not adequately led and not favored by a tolerant government, they could exert little influence. (4) The increasing indebtedness of the government will favor adoption of a pro-US policy. The United States has offered financial and technical assistance to Guatemala, and leading Guatemalan officials and presidential candidates are aware of the advantages of a pro-US policy. No evidence is available to indicate that the USSR has offered comparable benefits to Guatemala, or that the country, the government, or high officials of the government would benefit materially from a pro-Communist, pro-USSR policy. (5) Whereas Arévalo's political idealism has led him to establish an administration that permits the freedom of expression enjoyed by the Communists, there is no evidence to suggest that his successor is imbued with a similar idealism. It is likely that all the presidential candidates are less idealistic and more materialistic (or "practical") than Arévalo.

3. Economic.

In view of prospects for a continued world coffee shortage, which would assure the sale, at advantageous prices, of Guatemala's primary export, and in view of a continued demand for Guatemalan bananas, Guatemala's economic situation should remain favorable. The development of Guatemalan oil resources in the near future is not indicated.

4. Foreign Affairs.

In event of a third world war, Guatemala may be expected to support the US, provided its economic security would not be endangered. In the immediate future, a slightly more conciliatory attitude toward the US may be expected to result from the replacement of the leftist Muñoz Meany by moderate González Arévalo as Foreign Minister. There is no indication, however, that the government's antagonistic attitude toward US business interests will be abandoned, although it may be modified somewhat. Concentration on the presidential campaign may cause Guatemalan aid to foregn "democratic" revolutionary groups to diminish, but expressions of sympathy with "democratic" governments and political factions will continue. Guatemala's claim to Belize, supported by conservatives and liberals alike, will continue to be advanced.

5. Military.

The growth of a militant labor movement in Guatemala will, it is estimated, force the army to assume a more active role in political affairs—to the advantage of the conservative factions. Although some efforts may be made under Major Paz Tejada to improve army equipment and training, no great change is to be expected in the capabilities or functions of the armed forces.

6. Strategic Considerations Affecting US Security.

Pending the development of possible oil reserves at some time in the unforseeable future, the positive contribution which Guatemala can make toward US security will continue to be slight. Its location within the US defense sphere, however, will continue to make it a possible location for US or enemy military and propaganda operations. Because Guatemala is incapable of defending itself against a strong enemy, the denial of its facilities and resources (admittedly limited) to such an enemy is primarily a US responsibility.

APPENDIX A

IMPORTANT PERSONALITIES

Dr. Juan José Arévalo Bermejo, President of the Republic 1945—Born 1904. Educator and writer, liberal and nationalistic; non-party.

Lt. Col. Jacobo Arbenz Guzmán, Minister of Defense 1945–50—Born 1913. Career military officer; member of the revolutionary triumvirate of 1944; ambitious, opportunistic; has tended to favor PAR.

Lic. Mario Monteforte Toledo, President of Congress 1949—Born 1911. Writer and politician; liberal, nationalistic, anti-military; member of FPL.

Maj. Carlos A. Paz Tejada, Chief of the Armed Forces 1949—Born 1917. Career military officer; engineer; somewhat conservative; non-party.

Col. Victor M. Sandoval, Chief of the Civil Guard. Brother-in-law of President Arévalo; non-party, but favors leftists.

Col. Carlos Aldana Sandoval, Minister of Communications and Public Works 1948—Born 1912. Former Chief of Staff of Guatemalan Army 1944-48; personal friend of Col. Arbenz; a presidential possibility.

Victor Manuel Gutiérrez, Secretary General, *Confederacion de Trabajadores de Guatemala.* Labor leader; delegate to international leftist labor conferences; radical and pro-Communist; favors the PAR.

Manuel Pinto Usaga, Deputy, National Congress 1947—Born 1906. Labor leader; member Executive Council of the *Sindicato de Accion Y Mejoramiento Ferrocarrilero* (railway workers) and of the *Comite Politico Nacional de los Trabajadores.* Radical leftist; member of PAR.

Jorge Toriello, political exile—Born 1908. Member revolutionary triumvirate of 1944; Minister of Finance 1945; conservative businessman (import-export); oppositionist.

APPENDIX B

TERRAIN AND CLIMATE

Guatemala, with an area of 42,364 square miles, is the third largest of the Central American republics although its population of 3,500,000 is greater than that of any other Central American state. The topography of Guatemala is determined largely by east-west geologic formations which continue in southern Mexico, British Honduras, El Salvador, Honduras, and northern Nicaragua, and which emerge from the Caribbean in Cuba, Jamaica, Hispaniola, and Puerto Rico. Within Guatemala, these formations serve to divide the country into four distinct topographic regions: the Northern Lowlands; the Caribbean Lowlands; the Highlands; and the Pacific Lowlands. Altitude is the most important factor determining climate. The lowlands are hot, with very heavy rainfall (80-100 in. or more) and are characterized by tropical forest or savanna-type vegetation. The highlands are temperate or cool with somewhat lesser rainfall (40-80 in.) and temperate forest or grassland vegetation. Throughout the country, rainfall is concentrated in the summer months. Between the lowlands and highlands are regions of transitional climate and vegetation, and in many parts of the country local differences in topography cause extreme local climatic variations.

1. The Northern Lowlands.

The Northern Lowlands lie in the Department of Petén, and largely belong to the low limestone plateau of Yucatan. The greater part of Petén is less than 800 feet above sea level. However, in the southeast, the Poctún Plateau rises to an altitude of over 1500 feet. Although there are low east-west ranges of hills in the north of Petén, surface drainage in this area is poor and is provided chiefly by intermittent streams that flow only during the rainy season. In many places, lakes and swamps occupy the shallow troughs between the hills. Except for a few stretches of savanna, and areas of pines around Poctún, almost the entire area is covered by a dense tropical forest, which provides the basis for the chief economic activities—chicle gathering and mahogany lumbering—although scattered patches of shifting agriculture are to be found within the forest area. The Northern Lowlands are virtually inaccessible due to absence of roads and navigable rivers. Mahogany logs must be floated down rivers at flood time and exported through British Honduras, and chicle is taken out mainly by air, from Flores on Lake Petén.

2. The Caribbean Lowlands.

The Northern Lowlands of Petén merge, to the southeast, with the Caribbean Lowlands of the Departments of Alta Verapaz and Izabal. These are coastal lowlands, easily accessible from the sea, and extend inland along the structural valleys between low mountain ranges that form eastward extensions of the Highlands. The most important navigable waterway of Guatemala, and the only one which gives access to the interior of the country, is formed by the Rio Dulce, Lake Izabal, and the Rio Polochic, all of which lie within one of these valleys. The lowlands also extend up the valley of the Sarstún River (which forms the southern boundary of British Honduras) and that of the Montagua River (which, at its mouth, marks the Guatemalan-Honduran boundary). Climatically, the Caribbean Lowland is similar to the Northern Lowland, but is far more accessible for economic exploitation. Mahogany lumbering and chicle gathering are the chief forest industries, and the extensive Atlantic coast banana plantations of the United Fruit Company are found in the lower Montagua valley. Both the Northern and Caribbean Lowlands are sparsely populated, and although they represent some 46 percent of the total area of Guatemala, they support only 3 percent of the total population.

3. The Highlands.

The Highlands comprise about 48 percent of the total area of Guatemala, support about 90 percent of the total population, and include most of the southern and western portions of the country. Elevations of over 10,000 feet are found in the southern highlands near the Pacific, where a series of volcanic peaks dominate the landscape, and in the high Cuchumatanes Mountains of the northwest. In the southern highlands, the underlying east-west structural characteristics of the mountains tend to be buried beneath deep layers of volcanic ash and lava, which form irregular intermontane basins between the volcanic cones, some of which are still active. It is in these basins, which are from 5,000 to 8,000 feet in altitude, that the greatest concentrations of population exist. North and east of the volcanic region, the covering layer of lava and ash thins out, revealing more rugged and less habitable highland areas. Further east, toward the Caribbean, the highlands extend as a series of ranges diminishing from 5,000 to 1,500 feet in altitude. These include the Cobán Hills, the Sierra de Santa Cruz, the Sierra de las Minas, and the Montaña del Mico. Across the isthmus, on the Pacific side, the highlands drop off sharply to the Pacific coastal lowlands.

In general, areas of productive land within the highlands are small and scattered, but where they exist they support a large population. The most extensive areas of good land are located near the departmental capitals of San Marcos, Huehuetenango, Sololá, and Quiché, in the Samalá and tributary valleys near Quetzaltenango, and in the Chimaltenango-Tecpán-Patzún triangle between Guatemala City and Lake Atitlan. Agriculture in the highlands between 5,000 and 10,000 feet is carried on, for the most part, by small farmers who raise maize, beans, wheat, and other food crops for the domestic market. Much of the poorer and fallow land is given over to grazing, and in the high cold regions above 10,000 feet (the *paramó*) the land is used for little else, though some subsistence agriculture is possible. Below 5,000 feet and down to about 1,500 feet there are temperate areas with a monsoon climate particularly suited for the cultivation of coffee, cacao, sugar cane, rice, citrus fruits, and other crops. Most of Guatemala's coffee crop is produced in the piedmont that parallels the Pacific coast, where the volcanic soils are highly productive, but a portion is grown on the eastern side of the highlands, in the Cobán Hill region.

In general, the highlands of Guatemala receive plenty of rain and are covered with forests, except in the densely populated areas where the land has been cleared. Broadleaf forests in which oaks are predominant occur generally throughout the highlands, except in the highest altitudes where pines are the chief species. In some areas, low rainfall and rapid drainage make forest growth impossible. Such areas are commonly occupied by savannas, but the middle part of the Montagua Valley, northeast of Guatemala City, is so dry that only xerophytic plants can survive.

4. The Pacific Lowlands.

The Pacific Lowlands occupy a narrow coastal plain, 320 feet or less above sea level and 10 to 25 miles wide, between the southern border of the highlands and the Pacific Ocean. This plain constitutes about 7 percent of the total area of the country, and supports about 7 percent of the total population. Except for the extensive banana plantations near Tequisate, it is relatively underdeveloped agriculturally, and tropical forests occupy large areas of fertile soil suitable for agriculture. The inland part of the region adjoining the piedmont is potentially one of the most productive areas of the entire country, but land near the coast is swampy and poor in forest and bush cover. Grassland areas within the plain provide pasturage for range cattle.

The Pacific Lowlands have a tropical climate with an average rainfall averaging over 80 inches except at the northwestern and southeastern extremities of the plain and immediately adjacent to the coast. Here the 40 inches of rain that fall annually are inadequate for the production of bananas and sugar cane, but will support quick-maturing subsistence crops.

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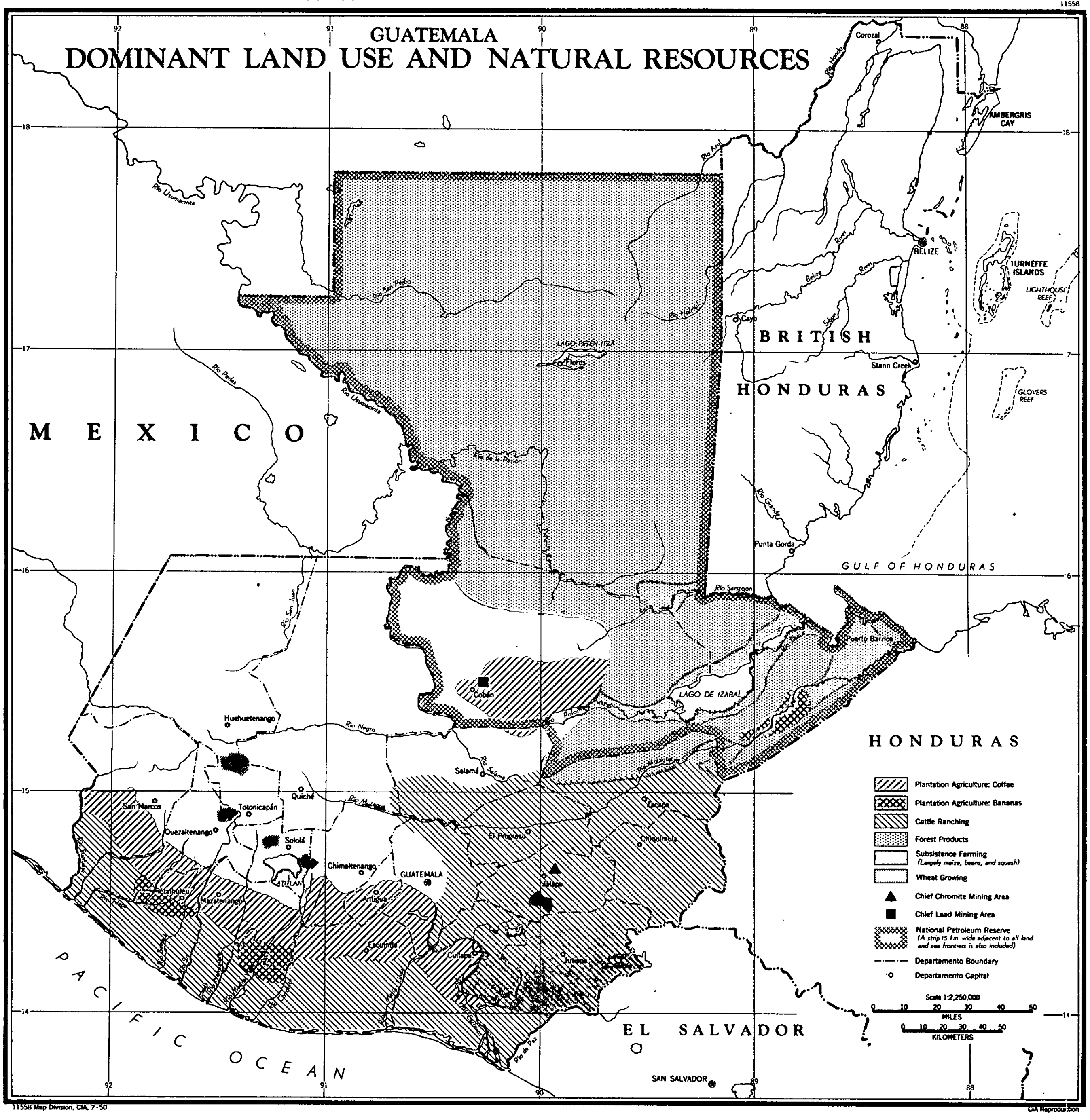

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