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CENTRAL INTELLIGENCE AGENCY

BOARD OF NATIONAL ESTIMATES

8 May 1953

MEMORANDUM FOR THE INTELLIGENCE ADVISORY COMMITTEE

SUBJECT: NIE-84: Probable Developments in Guatemala

1. The attached text of NIE-84 is submitted for your consideration.

2. You will recall that the IAC at its last meeting considered a text dated 24 April, and revised the following paragraphs of the 24 April text: Paras. 2, 10, 11, 18, 20, and 42. In addition, the IAC agreed, at the request of the FBI, to the inclusion in the appropriate place of the potential of Guatemala as a safehaven for Communists fleeing the US.

3. At the request of the Director of Central Intelligence, the IAC representatives reconvened after the IAC meeting to reconsider certain aspects of the estimate in the light of information currently being received. The IAC representatives met on 30 April and again on 7 May. At this latter meeting the following paragraphs were revised: Paras. 7, 8, 11, 30, 31, 39, and 41. In addition, a new para. 43 was agreed to in order to cover the point raised by the FBI (above). The G-2 representative took tentative reservations to paras. 8 and 9 of the Conclusions (and counterpart paras. 39 and 41 of the Discussion) and to para. 30.

4. This estimate has been placed on the agenda of the IAC meeting scheduled for 10:45 Tuesday, 12 May.

[ ]  
PAUL A. BOREL  
Executive Secretary

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CENTRAL INTELLIGENCE AGENCY

8 May 1953

SUBJECT: NIE-84: PROBABLE DEVELOPMENTS IN GUATEMALA

THE PROBLEM

To estimate the current political situation in Guatemala and probable future developments.

CONCLUSIONS

1. The current political situation in Guatemala is adverse to US interests. The Guatemalan Communists exercise a political influence far out of proportion to their small numerical strength. Their influence will probably continue to grow as long as President Arbenz remains in power.
2. Communist influence in Guatemala is based on militant advocacy of social reforms and nationalistic policies identified with

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the Guatemalan Revolution of 1944. It is exercised through the personal influence of individual Communists with the President and within the pro-Administration political parties, through infiltration of the bureaucracy, through control of labor organizations, and through leadership of the agrarian reform movement. The Communists' present objective is not open and direct control of Guatemala. Rather, they seek to neutralize Guatemala as an ally of the United States and to convert its Government into an effective, though indirectly controlled, instrument of Communism.

3. President Arbenz still exercises personal control of the Administration and of the Army and the Police. It is still possible for him to break his ties with the Communists and to moderate the policies of his Administration, but it is highly unlikely that he will do so.

4. Implementation of the Agrarian Reform Law of 1952 will be the principal objective of the Arbenz Administration during 1953. It is to be expected that the large Guatemalan landholders and the United Fruit Company will be victimized in the process.

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5. The implementation of Agrarian Reform has intensified a sense of insecurity which has had a depressing effect on business activity in Guatemala. However, its direct effect on agricultural production is likely to be negligible, at least for several years. As long as coffee prices hold up the general economy of Guatemala will not be vitally affected.

6. The net internal political effect of the implementation of the Agrarian Reform Law will probably be to strengthen the Arbenz Administration and to increase Communist influence and capabilities. Neither the landholders nor the Fruit Company can expect any sympathy in Guatemalan public opinion. Redistribution of their land will be used to mobilize the hitherto inert peasantry in support of the Administration.

7. The most effective opposition to the Arbenz Administration is found in Guatemala City. The urban elements which constitute this opposition are strongly anti-Communist, but they are also strongly nationalistic. In general they could not be expected to make common cause with the landholders and the Fruit Company or to welcome foreign intervention in Guatemalan internal affairs, although some of them might be disposed to accept foreign assistance in overthrowing Arbenz. There is no likelihood that this urban opposition could alter the course of the Government by political action. It could not succeed in a revolutionary attempt opposed by the Army.

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8. The Army is the only organized element in Guatemala capable of rapidly and decisively altering the political situation. Although a quick change of attitude is always possible,<sup>1/</sup> there is no reason to doubt the continued loyalty of the Army high command and of most of the Army to Arbenz. The Army could not be expected to take revolutionary action unless its leaders became convinced that their personal security and well-being were threatened by Communist infiltration and domination of the Government, or unless the policies of the Government were to result in extreme social disorder and economic collapse.

9. The Governments of El Salvador, Honduras, and Nicaragua are fearful that the trend in Guatemala will lead to Communist subversion and social upheaval in their territories. They are probably giving serious consideration to the possibility of effecting a political change in Guatemala through clandestine support of revolutionary action there. It is highly unlikely, however, that they would or could mount an open military intervention in Guatemala. The Guatemalan Army could defeat any force which they could deploy against it, except in the event<sup>2/</sup> of a simultaneous and effective uprising in Guatemala.

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1/ See G-2 footnote, p. 20, para. 39.

2/ See G-2 footnote, p. 21, para. 41.

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10. Guatemala will probably continue to assist Communist subversive activities in the Caribbean area, but will probably avoid involvement in filibustering operations like those of the Caribbean Legion in 1948-1951. To counterbalance its isolation in Central America it will seek political support elsewhere, particularly in the United Nations. If actually invaded it would seek to invoke the Rio Treaty as well as the UN Charter.

11. Guatemala has frequently taken occasion to demonstrate its independence of US leadership and in general has been less cooperative than could be desired, particularly in Hemispheric affairs. Moreover, the regime has systematically been hostile toward US private economic interests in Guatemala. Detriment to Hemisphere solidarity would not deter Guatemala from any course of action suggested by its own interests.

#### DISCUSSION

##### The Arbenz Administration

12. The present political situation in Guatemala is the outgrowth of the Revolution of 1944. That Revolution was something more than a routine military coup. From it there developed a strong national

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movement to free Guatemala from the military dictatorship, social backwardness, and "economic colonialism" which had been the pattern of the past. These aspirations have inspired the loyalty and conformed with the self-interest of most politically conscious Guatemalans. The Arbenz Administration still derives some strength from its claim to leadership of the continuing national revolution.

13. In the name of the Revolution of 1944 the successive administrations of Arévalo (1945-1951) and Arbenz have pursued increasingly radical and nationalistic policies. Their persecution of foreign economic interests in Guatemala, especially the United Fruit Company, and their demands for the "restitution" of Belize (British Honduras) have had the support or acquiescence of almost all Guatemalans. Their promotion of labor organization and agrarian reform has tended to neutralize political opposition by creating mass support for the present regime. Any objection to the trend of developments in Guatemala has been stigmatized as resistance to the Revolution of 1944 by "feudal" and "imperialistic" interests.

14. The toleration of Communist activity which characterized the early years of the Arévalo Administration has developed into an effective working alliance between Arbenz and the Communists. The pursuit of leftist and nationalistic policies has been greatly accelerated under the Arbenz Administration. His first year in office was

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highlighted by active Government support for the formation of a national labor confederation and by a joint Labor-Government attack on the United Fruit Company. That attack failed, but the alliance of the Government with Communist-led organized labor was firmly established in the course of the struggle.

15. The point of reference for consideration of the present political tensions in Guatemala is the Agrarian Reform Law enacted in mid-1952. This Law provides for the expropriation of large tracts of unused land and their distribution to farm workers. Although presented as a long-overdue measure of social and economic reform, the Law has strong political motivation and significance. Communists and fellow-travelers played a leading part in its enactment; they honeycomb the National Agrarian Department established to administer it. The Communists have incited disorderly peasant seizures of privately owned lands. The Law is being administered in such a way as to destroy the political effectiveness of the large landholders and to mobilize the hitherto politically inert peasantry in support of the regime.

16. The recent congressional electoral campaign has further emphasized Arbenz's political alliance with the Communists. Pressure from the President's office forced some reluctant Administration supporters to accept the newly reorganized and legalized Communist

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Party (called the Guatemalan Labor Party, or PGT) into the Electoral Front, the pro-Administration coalition. The Electoral Front swept the country, except Guatemala City, where its ticket was decisively defeated by a strong anti-Communist vote. The over-all result of the election was a reduction of Opposition strength in Congress from eleven to five of the 56 seats. Although Communist Party representation remained at four, the Congressional membership includes several additional crypto-Communists and a majority may be considered sympathetic toward the Communist Party line so long as Arbenz favors it.

17. A further increase in political tension has resulted from a Supreme Court decision favorable to a Guatemalan landholder who had appealed for protection from arbitrary execution of the Agrarian Reform Law. At the instigation of Arbenz, the Guatemalan Congress immediately unseated the justices who favored this decision and replaced them with others more reliable from its point of view. This action provoked an intense but transitory reaction on the part of professional and other elements in Guatemala City already anti-Administration in sentiment.

18. President Arbenz has a middle-class background, as have most of his political associates. At least initially, his involvement with

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Revolutionary forces was probably as much a matter of simple political expediency and opportunism as of personal inclination. By now, however, he has become emotionally committed to the social and nationalistic objectives of the Revolution of 1944, especially to Agrarian Reform. Although probably not himself a Communist, he has found Communist leaders among his most ardent and useful supporters and values accordingly his political alliance with them. Inasmuch as Arbonz has thus far kept personal control of the considerable powers of the Guatemalan Presidency, it is still possible for him to break with the Communists and to moderate the policies of his Administration. He has shown no inclination to do so, however. As the situation in Guatemala develops the political alternatives open to him are steadily reduced.

#### Communist Strength and Influence

19. The Guatemalan Labor (Communist) Party is estimated to have no more than 1,000 members, of whom perhaps less than one-half are militants. The Party is in open communication with international Communism through the Communist-controlled international labor organizations (the Latin American CTAL and the world-wide WFTU) and through visits made to the Soviet Bloc by individual Communists and front group delegations.

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20. The Communists have achieved their present political influence in Guatemala, not as a political party competing with others, but through personal influence with the President and through the coordinated activity of individual Communists within the leftist political parties and labor unions which emerged from the Revolution of 1944. This Communist infiltration of other parties and organizations has been facilitated by the coincidence of avowed Communist social and "anti-imperialist" objectives with those of the Revolution. The recent legalization of the Party and its acceptance into the pro-Administration Electoral Front has not altered its basic strategy of seeking power through infiltration rather than through open political competition. Its immediate objective is not a "People's Democracy" under open and direct Communist control, but rather to neutralize Guatemala as an ally of the United States and to convert the Government into an effective, though indirectly controlled, instrument of Communism.

21. With the assistance of the Government, Communist and Communist-influenced labor leaders have been the most successful organizers of Guatemalan labor. Their formation of the General Confederation of Guatemalan Workers (CGTG) and Government pressure for labor unity have facilitated the extension of their control over all organized labor.

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In the important railway workers' and teachers' unions, however, there has been some rank-and-file opposition to association with Communism. In 1952, moreover, rank-and-file defection from Communist leadership was an important factor in breaking a major strike against the United Fruit Company. The basic weakness of Guatemalan Communist labor leadership is that it is imposed from above through top control of the machinery of labor organization and cannot be sure of rank-and-file support in all circumstances.

22. Implementation of the Agrarian Reform Law has opened a new field of Communist organizational activity. The Communists are seeking to mobilize the hitherto inert mass of rural workers through the CGTG and the National Confederation of Guatemalan Peasants (CNCG), in which they exercise a strong influence.

23. Through their leadership in organized labor and their influence with the President and within the pro-Administration political parties, the Communists have gained many positions of influence within the Government: in Congress (where they dominate the Special Committees on Agrarian Reform and Labor Code Revision), in the National Electoral Board, the National Agrarian Department, the Institute of Social Security, the Labor Courts, the Ministry of Education, and the Presidential

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Secretariat of Propaganda, and in the official and pro-Administration press and radio. Their influence is extended by an indefinite number of Communist sympathizers in similar positions. At the same time, no Communist holds any position of Cabinet rank and the Communists appear to have made little or no effort as yet to gain control over the Police or the Army.

Anti-Communist Elements in Guatemala

24. Various elements in Guatemala, including many loyal adherents of the Revolution of 1944, view with increasing concern the rapid growth of Communist influence in that country. These elements, however, have shown little capacity to organize for effective counteraction. In general, each has tended to react only as its own peculiar interests were directly affected and all have been deterred by the success of Administration propaganda in stigmatizing any criticism as opposition to the principles of the Revolution of 1944 and support of "feudalism" and "foreign economic imperialism."

25. Aside from US private interests in Guatemala,\* the large Guatemalan landholders have been the chief target of the Revolutionary

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\* The United Fruit Company, the International Railways of Central America, and Empresas Electricas (the principal electric light and power company).

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program. During the Arevalo Administration, the landholders failed in their attempts to alter the course of the Revolution. They now appear to be politically isolated and incapable of effective self-defense.

26. The Catholic hierarchy in Guatemala is implacably opposed to Communism, but the Church has been excluded from an active role in national affairs since the late Nineteenth Century. Moreover, the Church is handicapped by the meagerness of its resources, the small number of priests in proportion to population, the fact that most priests are aliens subject to deportation, and the lack of a program capable of competing with the Communist-led labor movement or with Agrarian Reform.

27. Urban opposition to Communism (largely confined to Guatemala City) is composed of: (a) commercial and manufacturing interests; (b) certain professional groups; (c) university students; (d) moderate labor elements; and (e) the market women of Guatemala City. This urban opposition is strongly anti-Communist, but it is also strongly nationalistic. In particular, it resents the predominance of US private economic interests in Guatemalan life. So far the Arbenz Administration has treated Guatemalan urban economic interests with consideration, has supported them against foreign competition, and has made no sustained effort to break their strong political position in Guatemala City.

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28. The political effectiveness of the urban opposition has been hindered by the multiplicity of its elements and by conflicts of interest among them, as well as by their continuing loyalty to the stated objectives of the Revolution of 1944. Nevertheless, the opposition won the mayoral election in Guatemala City in December 1951 and even more decisively defeated the Electoral Front there in the January 1953 congressional election. The unwillingness of urban opposition groups to be identified with the landholders will remain an obstacle to the unification of all anti-Communist elements in Guatemala.

The Position of the Army and the Police (the Guardia Civil)

29. The Army (6,000 men) is the only organized element in Guatemala capable of rapidly and decisively altering the political situation. The two regiments (1,600 men) stationed in the capital city are an elite force trained under the supervision of the US Army Mission and better equipped than other units of the Guatemalan Army. The Guardia Civil (3,500 men) is dispersed in small detachments -- it could neither defeat an Army coup nor itself overthrow the Government without Army support.

30. Since the Revolution of 1944 the Army and the Police have refrained from active participation in politics while supporting the

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constitutionally established administrations of Arévalo and Arbenz. The present Army leaders owe their personal advancement to the Revolution, and particularly to Colonel Arbenz, who was a military leader in the Revolution and Minister of Defense under Arévalo before himself becoming President. There is no reason to question their personal loyalty to Arbenz. Any possible disaffection in the Army would be likely to occur at the junior officer level. The Arbenz Administration, however, has provided especially generous treatment for the officers of the two regiments stationed at Guatemala City, while assigning less reliable officers to isolated posts in the hinterland. The military units outside of Guatemala City have little potential for effective revolutionary action because of their dispersion and isolation, the inferiority of their equipment and training, and the watchful supervision of trusted area commanders. The rank-and-file of the Army is conscripted and is susceptible to the same political appeals which the regime addresses to the mass of the population. There is little or no Communist penetration or influence in the Army.\*

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\* The G-2 representative wished to add the following: "It is probable that Arbenz can rely on the continued loyalty of the Army and the Police." The Board and the other representatives concluded that this point was more precisely and appropriately covered elsewhere in the estimate (paras. 8 and 39).

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International Relations

31. Guatemalan foreign policies reflect the nationalistic and "democratic" attitudes associated with the Revolution of 1944. Although they have not been systematically antagonistic toward the United States, Guatemala has frequently taken occasion to demonstrate its independence of US leadership and in general has been less cooperative than could be desired, particularly in Hemispheric affairs. Moreover, the regime has systematically been hostile toward US private economic interests in Guatemala (the United Fruit Company, the International Railways of Central America, and Empresas Electrica). In keeping with its attitude toward "colonialism," it has given tacit support to Puerto Rican nationalism. It has complicated its adherence to the Rio Treaty with reservations relating to its claim to Belize (British Honduras). It has subscribed to the principle of inter-American military cooperation, but narrowly interprets that commitment. It voted for the UN "Uniting for Peace" resolution, but has declared that it would not implement it. These attitudes are not unique in Latin America, but Guatemalan propaganda in relation to them has a strong anti-US slant. Detriment to Hemisphere solidarity has not deterred and would not deter Guatemala from any course of action suggested by its own interests.

32. Since 1944 Guatemala has supported the "democratic" elements of other Caribbean countries in their struggles against "dictatorship"

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and has provided material assistance to "democratic" exiles from such countries. During 1948-1950 Guatemala supported the filibustering operations of the "Caribbean Legion" against the Dominican Republic and Costa Rica. Since 1950 the Legion has ceased to be operational, largely because of the withdrawal of Guatemalan support for such operations. However, Guatemalan official propaganda, with its heavy emphasis on conflict between democracy and dictatorship and between national independence and "economic imperialism," is a disturbing factor in the Caribbean area. Moreover, the Guatemalan Government, at the least, tolerates and indirectly assists clandestine Communist subversive activities in other countries. The Guatemalan Communist Party absorbs Caribbean exiles into its local organization, particularly into its labor and front groups, and through them it maintains contact with disaffected elements in other countries, thus enhancing its capabilities as a focal point for subversive activity throughout the Caribbean area.

33. Ever since the breakup of the Central American federation in 1839 there have been periodic attempts to restore some degree of union among the five states. Guatemala, as the principal state, has usually been the leader in such efforts. In 1951 El Salvador proposed the formation of an Organization of Central American States (ODECA) with a view toward gradual economic union and eventual political union. Guatemala attempted to assume the leadership of this movement, but El Salvador, Honduras, and Nicaragua, alarmed by the manifestations of

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Communist influence in Guatemala, showed themselves resolved to use ODECA as a means of combatting Communism. In consequence Guatemala has withdrawn from ODECA, alleging the existence of an international conspiracy to interfere in Guatemala's internal affairs. This withdrawal confirms Guatemala's isolation in Central America.

34. Simultaneously with its withdrawal from ODECA Guatemala complained to the United Nations regarding this alleged foreign interference. It is notable that Guatemala by-passed the Organization of American States in addressing this complaint to the UN. It probably calculated that its charge that US private interests (i.e., the United Fruit Company and its affiliates) were responsible for a "vast conspiracy" to subvert the existing regime would enlist the support of the Soviet and Arab-Asian Blocs in addition to that of such Latin American countries as Argentina, Bolivia, Chile, and Mexico.

35. El Salvador has shown extreme sensitivity regarding the danger of an extension of Communist influence from Guatemala into El Salvador and other neighboring states; there are persistent reports that El Salvador is giving serious consideration to joint military action with Honduras and Nicaragua against Guatemala. Other Caribbean countries, particularly the Dominican Republic, Colombia, and Venezuela, have also shown concern regarding the development of Guatemala as a center of subversive influence and even of subversive operations.

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Probable Future Developments

36. Implementation of the Agrarian Reform Law of 1952 will be the principal objective of the Arbenz Administration during 1953. In the process the large Guatemalan landholders and the United Fruit Company will certainly be victimized. The net internal political effect of Agrarian Reform will probably be to strengthen the Arbenz Administration. Neither the landholders nor the Fruit Company can expect sympathy from Guatemalan public opinion. Redistribution of their land will be used to mobilize the hitherto inert mass of rural workers in support of the Administration. Agrarian Reform will also afford the Communists an opportunity to extend their influence by organizing the peasants as they have organized other workers.

37. Agrarian Reform has already intensified a sense of insecurity which has had a depressing effect on business activity in Guatemala. As regards agricultural production its immediate effects are likely to be negligible: as presently implemented it will do little more than increase the number of subsistence farms. In the longer run it may seriously curtail the production of the Fruit Company plantations. As long as coffee prices hold up, however, the general economy of Guatemala is not likely to be vitally affected.

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38. The dissatisfaction of important urban elements will probably increase, but effective political unity among these elements is not likely to be achieved. The political union of rural and urban interests in opposition to the Arbenz Administration is even less likely. No group or foreseeable combination of groups is likely to be able to bring about any significant moderation of the Administration's policy by political action. No revolutionary attempt opposed by the Army can be expected to succeed.

39. The Army could effect a rapid and decisive change in the Guatemalan political situation if it were to take concerted action. Although a quick change of attitude is always possible,<sup>\*</sup> there is no present reason to doubt the continued loyalty of the Army high command and of most of the Army to President Arbenz. The Army could not be expected to take revolutionary action unless its leaders became convinced that their personal security and well-being were threatened by Communist infiltration and domination of the Government, or unless the policies of the Government were to result in extreme social disorder and economic collapse.

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\* The G-2 representative reserved his position on the desirability of including this introductory clause, expressing the view that it should not be included.

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40. As long as President Arbenz remains in power\* the Arbenz-Communist alliance will probably continue to dominate Guatemalan politics. Any increase in political tension in Guatemala would tend to increase Arbenz' political dependence on this alliance.

41. The Governments of El Salvador, Honduras, and Nicaragua will continue to seek means to oppose the Communistic tendencies of Guatemala, and will give serious consideration to the possibility of effecting a political change in Guatemala through clandestine support of revolutionary activities. It is highly unlikely, however, that they would undertake an open military intervention in Guatemala or actually could organize an effective operation of that character in view of the limited strength of their armed forces, the proportion of that strength required for the maintenance of their own internal security, the fact that their forces are ill-equipped and untrained for field operations, the (for them) probably insuperable logistical obstacles to an open invasion of Guatemala, and the internal and international political difficulties which would ensue. Moreover, foreign military intervention would tend to cause all factions in Guatemala to unite to repel the invasion. The Guatemalan Army could defeat any force which El Salvador, Honduras, and Nicaragua were

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\* Arbenz' legitimate term in office will expire on March 15, 1957. Whether he will reach the end of his term, whether he would then retire, and what the character of his successor might be cannot now be estimated.

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capable of deploying against it, except in the event\* of a simultaneous and effective uprising in Guatemala. Even in this combination of circumstances, it is improbable that the attack on the Guatemalan regime could quickly achieve decisive results. Meanwhile, in such a situation, Guatemala could present a clear case of foreign intervention to the Organization of American States.

42. The Guatemalan Government will probably continue to assist Communist subversive activities in the Caribbean area, but will probably avoid involvement in military operations like those of the Caribbean Legion in 1948-1951. To counterbalance its isolation in Central America it will continue to seek political support elsewhere, particularly in the United Nations. If Latin American attitudes, as revealed at the UN, justify such a course, it will probably raise the same issue of foreign interference in the Organization of American States. It would certainly seek to invoke the Rio Treaty as well as the UN Charter if it were to be invaded by its neighbors.

43. Guatemala's tolerance of Communism and hospitality toward exiles makes it available as a convenient haven for Communist fugitives from the United States.

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\* The G-2 representative desired to retain the former wording "except in the unlikely event". The Board and the other IAC representatives felt that it was irrelevant to include this estimative language in an essentially conditioning clause.