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TS #76693  
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CENTRAL INTELLIGENCE AGENCY

WASHINGTON 25, D. C.

OFFICE OF THE DIRECTOR

DEC 12 1952

MEMORANDUM FOR: The Under Secretary of State

SUBJECT: : Central America -- Guatemala

1. The following recent reports concerning the Central American situation are submitted for your information and consideration. The sources of these reports have proved reliable before and they conform to the pattern established by other sources. However some of the information cannot, for obvious reasons, be checked satisfactorily.

a. The Guatemalan Government has recently stepped-up substantially its support of Communist and anti-American activities in other Central American countries as follows:

Honduras

It is reliably reported that in northern Honduras there are more than 40 Communist cells in existence, organized under Guatemalan sponsorship.

General Pineda, Minister of War in Honduras, is alleged by source on the Guatemalan payroll and is reported to be receiving \$2,000 a month from the Guatemalan Government. In September he received \$20,000 in cash in Guatemala, we are informed. (OCI knows of no other evidence which might support the allegation that General Pineda, a highly respected old army man, is on the Guatemalan payroll.)

Costa Rica

In September 1952 the Guatemalan Government gave Presidential Candidate Figueres of Costa Rica \$300,000 cash, according to the same informant.

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b. The Guatemalan Government has been purchasing arms which are not going to the Guatemalan army but which it is believed are being distributed to the secret forces described below.

c. Deputies to the Guatemalan National Congress are to be elected 16 - 18 January. Indications are that communists will dominate the Congress after the elections because of their infiltration of all legal political parties. The new Deputies who take office in March will make appointments to all judge-ships in the Supreme and lower courts of the country.

d. The principal revolutionary group has been building its organization since March 1952. We are informed that this group has decided to strike not later than 1 February 1953 with whatever means they have at their disposal. They are convinced that if the government of Guatemala succeeds in its present plan to control both Congress and the courts the chances of eventually overthrowing that government will be very considerably reduced.

e. The government of Guatemala is reacting defensively to the threat of revolution. It expects any invasion to start from across the Salvadoran frontier, and believes its best chances for defense are to fall back on Quetzaltenango. Because the government no longer fully trusts the Army, it has begun the development of a secret force of 1500 non-military personnel, broken down into three separate organizations: (1) the Caribbean Legion (200) commanded by a Santo Domingan, the second in command being a Honduran; (2) a secret Communist organization (500); (3) a group composed of Cubans and Spanish Republicans.

f. The Costa Rican elections are scheduled for July 1953. Figueres, supported by the Guatemalan Government, is reported to control 105 of the 106 employees in the Registro Civil where all voters must register. A continuance of financial support from Guatemala reinforces his already strong position. According to recent reports, Betancourt (the exiled leader of the Venezuelan Accion Democratica leftist party) was still being given shelter and support by Figueres. (OCI notes that Figueres appears to be so strong politically at this time that there is no reason to believe that withdrawal of financial support by Guatemala, or the overthrow of the Guatemalan Government, would seriously affect Figueres candidacy one way or the other.)

g. A reliable source within the government of El Salvador indicates that his country is so concerned with the increasing domination of communists in Guatemala and the extension of their activities to other Central American countries, that El Salvador

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is considering a move against Guatemala in late December or early January. We have not ascertained whether an overt move or covert support of Guatemalan anti-Communists is planned. Our source indicates that the principal restraint upon such action is doubt as to whether the US would view it with favor.

2. We have heretofore advised you of the existence of a substantial revolutionary group planning to overthrow a presently Communist infiltrated Guatemalan Government. In accordance with State Department instructions, we have given no overt or covert assistance to this group.

SIGNED

WALTER B. SMITH  
Director

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Appendix: Comments by OCI analysts on TS #76693 (Central America - Guatemala)

The following specific points in TS #76693 seem, on the basis of information available to OCI analysts, to be open to some question:

- (a) Honduras: OCI knows of no other evidence which might support the allegation that General Pineda, a highly respected old army man, is on the Guatemalan payroll.

*There is evidence from [ ] that Pineda is friendly to U.S.*

Costa Rica: The statement that the Guatemalan Government gave Figueres \$300,000 in September may be based on reports that Guatemalan ex-Foreign Minister Galich made a secret stop in Costa Rica on his return from Ecuador in September. These reports have been seriously challenged by the US Air Attache in Guatemala.

*No Direct Source.*

A consistent typographical error in the subject memorandum spells Figueres' name as Figueras.

*changed.*

- (f) The Costa Rican elections have now been postponed from May to July 1953. Figueres appears to be so strong politically at this time that there is no reason to believe that withdrawal of financial support by Guatemala or the overthrow of the Guatemalan Government would seriously affect Figueres' candidacy one way or the other.

*Memo changed.*