

CIA HISTORICAL REVIEW PROGRAM
RELEASE AS SANITIZED

2003

8 April 1954

MEMORANDUM FOR THE RECORD

TO: DC/P
C/P

FROM: Chief, PP

SUBJECT: Comments on Cruz y Quetzal

1. I do not concur in excessive wooing of the Indio at the expense of the Ladino who is, after all, our primary political agent. In my opinion the Indio will follow leadership blindly, being an introverted, amorphous mass. Why affront potential activists, the Ladinos?
2. I suggest less criticism of the West or of materialism. Certainly the Guatemalan Ladino secretly aspires to possess the things the West can offer, even though the Indio, through sheer poverty or ignorance, may well be unmoved by the West's power and efficiency. It seems to me that for years the United States has taken an undeserved beating in Guatemala; the crassness of the United States has been drummed unceasingly into native ears (as elsewhere in Latin America), and if only in the interests of brevity I would eliminate the more challenging references.
3. In Europe we have frequently fallen into the trap of supporting, with barren results, the "tide" of Socialism, only to find, at the end, that the Socialists, like heedless lemmings, must find a dialectical end to their philosophy, regardless of consequences in the field of current power-politics. Many of their apologists have reached the reluctant conclusion that Socialists are precisely what they claim to be, and not rudimentary capitalists under a thin veneer of "social progress". In the case of Guatemala I find less reason to appeal to the Left-of-Center elements than to the Right, for in my opinion a benevolent Capitalism, regulating its commerce in full realization that Guatemala is an agricultural land, will be of far more service to the citizenry, Indio and Ladino alike, than will additional agrarian experiments.
 - a. Why not say "Freedom from exploitation," rather than "Freedom from exploiting capitalism"? (c.f. para 2, Realidad Obrera)
 - b. Why attempt to prohibit exportation of capital? In Latin America, as in Europe, soft currencies drive hard currencies from circulation. Let Guatemala's currency

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be a valid reflection of its international credit, not a pegged lie as were the franc and lira under OEEC (c.f. para 2, Realidad Economica)

- c. Why "stern" income taxes on the rich? Why not "just" taxation, instead?
- d. The picture of Guatemala further developing itself without foreign capital and skill is unrealistic. Since Guatemala will have to invite both foreign investment and technicians, why agitate now against it? ("Guatemalan prosperity created by Guatemalans", p. 3, Realidad Economica")
- e. The section, Realidad Social, paints a typical picture of the welfare state, whose practical accomplishment has failed elsewhere in the world; most nations cannot pay out more than they take in unless they wittingly invite economic disaster. So why promise higher welfare payments, "social services," tremendous construction of public housing from a bankrupt public purse?

Summary

- 4. Let's not make future trouble for SYNCARP by promising the moon to the Guatemaltecos who, for present purposes, can be satisfied with a slice of cheese. Keep the promises short and general; don't play class against class; don't proceed on the debatable assumption that the Left is a more desirable ally than the so-called Right. The present Guatemalan Constitution is a pretty good Latin document. The country's troubles do not derive from it, but rather from its abuse by individuals in the regime. Let's put in new men who are not pre-committed to extravagant expenditures and hostility to international capital investment, and let them run the country in a reasonable fashion.

Communist propagandists in the Guatemalan government have attempted to make the UFCO and foreign industry a negative nationalistic symbol; if we now concede to SYNCARP the right of nationalization or expropriation we simply achieve for the Communists a goal they have so far failed to achieve by themselves. Better the Manifesto remain silent on this point if SYNCARP cannot concur.

The SYNCARP position should be, in fine, that through the intervention of Soviet puppets Guatemala fell upon days of intolerable evil. SYNCARP proposes to purge the country of all evil and disloyal elements, restore the exercise of Articulo 32, free speech, equal justice under law for foreigner and Guatemalteco alike, and get on with the business of re-building Guatemala's tottering economy.