

GUATEMALA

RELATIONS OF THE UNITED STATES AND GUATEMALA, WITH SPECIAL REFERENCE TO THE CONCERN OF THE UNITED STATES OVER COMMUNIST ACTIVITY IN GUATEMALA¹

Editorial Note

By an exchange of notes signed at Guatemala City, January 7 and 8, 1952, and entered into force on the latter date, Guatemala agreed to the application of sections 511 (b) and 515 of the Mutual Security Act of 1951 to the technical cooperation programs operated in Guatemala by the United States. The notes were transmitted to the Department of State under cover of despatch 820, dated February 13, 1952, not printed (814.00 TA/2-1352). For text of the notes, see *United States Treaties and Other International Agreements* (UST), volume 3 (part 4), page 4728, or Department of State Treaties and Other International Acts Series (TIAS) No. 2634; for text of the Mutual Security Act (Public Law 165), approved October 10, 1951, see 65 Stat. 373.

¹ Continued from *Foreign Relations*, 1951, vol. II, pp. 1415 ff.

814.2612/2-552

Memorandum of Conversation, by Edward W. Clark of the Office of Middle American Affairs

SECRET

[WASHINGTON,] February 5, 1952.

Subject: Roadbuilding Equipment for Guatemala

Participants: MID—Mr. Nufer¹
 Mr. Siracusa²
 Mr. Clark
 AR—Mr. David Clark
 E—Mr. Evans³
 Mr. Pollard⁴

¹ Albert F. Nufer, Director, Office of Middle American Affairs.

² Ernest V. Siracusa, Officer in Charge, Central America and Panama Affairs.

³ John W. Evans, Deputy Director, Office of International Materials Policy.

⁴ George M. Pollard, Chief, Machinery and Manufactured Products Branch, Manufactured Products Staff.

*Department of Commerce*Mr. Wythe⁵Mr. Rafferty⁶

Mr. Strassman

Mr. Merrell⁷Mr. Dunning⁸*National Production Authority*Mr. Brister⁹Mrs. Dulles¹⁰*Bureau of Public Roads*Mr. MacDonald¹¹Mr. Harrison¹²

Mr. Clark (MID) began the discussion by stating that information had been received from our Embassy in Guatemala that the Guatemalan Government desired to purchase a large quantity of road-building equipment in the United States and was expected to send a special agent or mission to Washington to assist the Guatemalan Embassy in arranging for the purchase of this equipment. In view of the special situation in Guatemala and our policy with regard to providing assistance to that country, it had been deemed advisable to call a meeting of those with whom the Guatemalans would probably come into contact in their efforts to obtain the desired equipment in order to formulate a common policy as to how they should be handled.

As all those present were aware, our policy toward Guatemala, stated briefly, was to refrain from extending priority assistance for materials and equipment in short supply; also to cut back on quotas and allocations as much as possible without, however, exposing ourselves to charges that we were violating any of our Inter-American commitments. It was necessary, therefore, to be selective and relatively cautious in the application of this policy in order to avoid the possibility that Guatemala could document a case in the Organization of American States or elsewhere that we were engaging in economic warfare in violation of our commitments.

⁵ George Wythe, Director, American Republics Division, Office of International Trade, Bureau of Foreign and Domestic Commerce.

⁶ William A. Rafferty, Chief, Mexico-Central American Section, American Republics Division, Office of International Trade, Bureau of Foreign and Domestic Commerce.

⁷ Mark Merrell, Assistant Director, Projects and Technical Data Division, Office of International Trade, Bureau of Foreign and Domestic Commerce.

⁸ Carroll W. Dunning, Director, Producer's Equipment Division, Office of International Trade, Bureau of Foreign and Domestic Commerce.

⁹ William C. Brister, Chief, Latin American Branch, Foreign Division, Policy Coordination Bureau.

¹⁰ Eleanor Lansing Dulles, detailed to the National Production Authority from the Department of State.

¹¹ Thomas H. MacDonald, Commissioner, Bureau of Public Roads, Department of Commerce.

¹² John L. Harrison, Assistant to the Chief, Inter-American Regional Office.

The reason for this meeting, then, was to prepare for the arrival of the Guatemalan mission. Obviously, it was highly important that we all had the same understanding with regard to strategy and tactics and that we all pursued the same line when talking to the Guatemalans.

It was our view, Mr. Clark said, that our objective should be to see to it that Guatemala obtained as little of this equipment as possible. We should be careful, however, not to reveal this fact to the Guatemalans. We should receive them with the utmost courtesy and conduct ourselves in such a way as to give the impression that we were trying to be as helpful as possible. We should stress and restress the tight supply situation as the basis for inability to issue licenses or provide priority assistance. At no time during conversations should reference be made to the political situation in Guatemala or to United States-Guatemala relations. If the Guatemalans suspect or conclude among themselves that we are not being fully cooperative, we will have succeeded entirely in our purpose. However, we should never by our actions give them proof that we are not being cooperative.

Some of the equipment which the Guatemalans would be seeking would not, of course, be in short supply. We would no doubt have to license this equipment and this fact could be pointed to as evidence that there was no embargo on shipments to Guatemala.

Mr. Wythe stated that Mr. Chocano¹³ had been in yesterday to talk to Mr. Rafferty and Mr. Strassman about licensing procedures. He stated that they had discussed the situation in general terms with Chocano and had made an appointment for him to see Mr. Merrell of the Project Licensing Division on the following day. Mr. Rafferty and Mr. Strassman had been careful, he said, to restrict the conversation to the technicalities of licensing procedures and the general supply situation. Mr. Wythe said the problem now was whether Mr. Merrell should advise Chocano to apply for a project license or suggest that it would be better to apply for licenses on an individual order basis.

A general discussion ensued and it was ultimately decided that Mr. Merrell should follow normal procedure and explain fully to Chocano the advantages and disadvantages of obtaining a project license. He would, during the conversation, express grave doubts that the National Production Authority would give the project as a whole priority status and would refer to the two cases of roadbuilding projects in Peru and Turkey which had been turned down by the NPA. He would mention that in all probability the project would need the strong support of the State Department to obtain consideration from the NPA and inquire whether Chocano had discussed the matter with the State Department.

¹³ Alfredo Chocano Becerra, Counselor, Guatemalan Embassy.

He would suggest that perhaps it would be best to put the project on an individual licensing basis and offer to make arrangements for Chocano to see Mr. Dunning, Chief of the Licensing Branch of the Office of International Trade. In his turn, Mr. Dunning would explain licensing procedures and stress the fact that much of the equipment which Guatemala needed was in extremely short supply.

It was emphasized several times during the discussion that the Guatemalans should be treated on the surface in the same way as the representatives of any other country trying to obtain materials and equipment in this country.

Mr. Dunning mentioned that his section has been holding up licenses for several months on a number of orders and that the pressure by U.S. suppliers for his section to issue the licenses was increasingly sharp. He mentioned in particular an order of jeeps by the H. J. Nichol Company and a number of road scrapers. Mr. Dunning said that these items were not in short supply, were on the docks waiting for shipment and there was no proper basis for continuing to hold them up unless we were to classify Guatemala as a security risk. It was agreed that under these circumstances licenses would have to be issued for at least a part of these orders.

It was the consensus of opinion that the key to the success of the Guatemalan mission was whether or not it was able to obtain heavy tread tractors. Without them much of the other equipment the mission might succeed in getting would be useless. There was general agreement that tractors of this kind could not be obtained without priority assistance.

When the meeting adjourned, general agreement had been reached that all parties would follow the course outlined above when approached by Guatemalan officials.

INR-NIE files

*National Intelligence Estimate*¹SECRET
NIE-62

WASHINGTON, March 11, 1952.

PRESENT POLITICAL SITUATION IN GUATEMALA AND POSSIBLE
DEVELOPMENTS DURING 1952²

THE PROBLEM

To analyze the present political situation in Guatemala and possible developments during 1952.

CONCLUSIONS

1. The Communists already exercise in Guatemala a political influence far out of proportion to their small numerical strength. This influence will probably continue to grow during 1952. The political situation in Guatemala adversely affects US interests and constitutes a potential threat to US security.

2. Communist political success derives in general from the ability of individual Communists and fellow travelers to identify themselves with the nationalist and social aspirations of the Revolution of 1944.³ In this manner, they have been successful in infiltrating the Administration and the pro-Administration political parties and have gained control of organized labor upon which the Administration has become increasingly dependent.

3. The political alliance between the Administration and the Communists is likely to continue. The opposition to Communism in Guatemala is potentially powerful, but at present it lacks leadership and organization. So far Communist-inspired Administration propaganda has succeeded in stigmatizing all criticism of Communism as opposi-

¹ A cover sheet, dissemination notice, and title sheet are not printed. National Intelligence Estimates (NIE's) were high-level interdepartmental reports presenting authoritative appraisals of vital foreign policy problems. NIE's were drafted by officers from those agencies represented on the Intelligence Advisory Committee (IAC), discussed and revised by interdepartmental working groups coordinated by the Office of National Intelligence Estimates of the Central Intelligence Agency (CIA), approved by the IAC, and circulated under the aegis of the CIA to the President, appropriate officers of cabinet level, and the National Security Council. The Department of State provided all political and some economic sections of NIE's.

² A note on the title sheet reads as follows: "The intelligence organizations of the Department of State, the Army, the Navy, the Air Force, and the Joint Staff participated with the Central Intelligence Agency in the preparation of this estimate. All members of the Intelligence Advisory Committee concurred in this estimate on 6 March 1952. See, however, footnotes to paragraphs 7 and 27."

³ For documentation relating to the Guatemalan revolution of 1944 and recognition of a new regime by the United States, see *Foreign Relations*, 1944, vol. vii, pp. 1132 ff.

tion to the Administration and to the principles of the still popular Revolution of 1944.

4. Future political developments will depend in large measure on the outcome of the conflict between Guatemala and the United Fruit Company. This conflict is a natural consequence of the Revolution of 1944, but has been exacerbated by the Communists for their own purposes.

5. If the Company should submit to Guatemalan demands the political position of the Arbenz⁴ Administration would be greatly strengthened. It is probable that in this case the Government and the unions, under Communist influence and supported by national sentiment, would exert increasing pressure on other US interests, notably the Railway.⁵

6. If the Company should withdraw from Guatemala a worsening economic situation would probably result. It is unlikely, however, that the economic consequences during 1952 would be such as to threaten political stability unless there were a coincident and unrelated decline in coffee production, prices, or markets.

7. Any deterioration in the economic and political situations would tend to increase the Administration's dependence on and favor toward organized labor, with a consequent increase in Communist influence. However, it is unlikely that the Communists could come directly to power during 1952, even though, in case of the incapacitation of President Arbenz, his present legal successor would be a pro-Communist.*

8. In present circumstances the Army is loyal to President Arbenz, although increasingly disturbed by the growth of Communist influence. If it appeared that the Communists were about to come to power in Guatemala, the Army would probably prevent that development.

9. In the longer view, continued Communist influence and action in Guatemala will gradually reduce the capabilities of the potentially powerful anti-Communist forces to produce a change. The Communists will also attempt to subvert or neutralize the Army in order to reduce its capability to prevent them from eventually taking full control of the Government.

⁴ Jacobo Arbenz Guzmán, President of Guatemala.

⁵ International Railways of Central America (IRCA).

* The Special Assistant, Intelligence, Department of State, would substitute the following paragraph: "Any deterioration in the economic and political situation would probably at first tend to increase the Administration's dependence on and favor toward organized labor, with a consequent increase in Communist influence. However, an economic crisis might force the Government to turn against the Communists in order to save its political position. On the other hand, it is unlikely that the Communists could come directly to power during 1952, even though the incapacitation of President Arbenz would bring a pro-Communist as his legal successor." [Footnote in the source text.]

DISCUSSION

The Arbenz Administration

10. 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 has developed a strong national movement to free Guatemala from the military dictatorship, social backwardness, and "economic colonialism" which had been the pattern of the past. These aspirations command the emotional loyalty of most politically conscious Guatemalans and the administration of President Arbenz derives corresponding strength from its claim to leadership of the continuing national Revolution.

11. President Arbenz himself is essentially an opportunist whose politics are largely a matter of historical accident. Francisco Arana,⁶ the principal military leader of the Revolution of 1944, became Chief of the Armed Forces under President Arévalo⁷ and Arbenz, a lesser member of the military junta, became Minister of Defense. As the Arévalo Administration turned increasingly leftward in its policies Arana opposed that trend. His possible election to the Presidency in 1951 became the one hope of moderate and conservative elements in Guatemala. In view of Arana's political position, Arbenz, his personal rival for military leadership, became the more closely associated with Arévalo and the leftist position in Guatemalan politics. The assassination of Arana in 1949⁸ cleared the way for Arbenz' succession to the Presidency in 1951.

12. By 1951 the toleration of Communist activity which had characterized the early years of the Arévalo Administration had developed into an effective working alliance between Arévalo and the Communists. Arbenz, to attain the Presidency, made with the Communists commitments of mutual support which importantly affect the present situation. He did not, however, surrender himself completely to Communist control.

Communist Strength and Influence

13. The Communist Party of Guatemala has no more than 500 members, of whom perhaps one-third are militants. The Party, however, has recently reorganized and is actively recruiting, especially in Guatemala City, on the government-owned coffee plantations, and among United Fruit Company workers. It is in open communication with international Communism, chiefly through the Communist-controlled international labor organizations, the Latin American CTAL and the world-wide WFTU.

⁶ Col. Francisco Javier Arana.

⁷ Juan José Arévalo Bermejo, President of Guatemala, 1945-1951.

⁸ Colonel Arana was assassinated in Guatemala on July 18, 1949.

14. The Communists have achieved their present influence in Guatemala, not as a political party, but through the coordinated activity of individual Communists in the leftist political parties and labor unions which emerged from the Revolution of 1944. The extension of their influence has been facilitated by the applicability of Marxist clichés to the "anti-colonial" and social aims of the Guatemalan Revolution.

15. With the assistance of the Government, Communist and Communist-influenced labor leaders have been the most successful organizers of Guatemalan labor, especially among the United Fruit Company and government plantation workers. Their formation of the General Confederation of Guatemalan Workers in 1951 and Government pressure for labor unity have facilitated the extension of their control over all organized labor. They have been less successful in converting to political Communism the mass of labor, which is illiterate and politically inert. In the important railway workers' and teachers' unions there is opposition to association with Communism.

16. Through their control of organized labor and their influence within the pro-Administration political parties the Communists have been successful in gaining influential positions within the Government: in Congress, the National Electoral Board, the Institute of Social Security, the labor courts, the propaganda office, and the official press and radio. Their influence is extended by the presence of an indefinite number of Communist sympathizers in similar positions. The Communists do not fully control the Administration, however. Over their protests President Arbenz has recently dismissed a pro-Communist Minister of Education and appointed a non-Communist Minister of Communications.

17. If President Arbenz should become incapacitated his legal successor would be Julio Estrada de la Hoz, the President of Congress, an ardent nationalist. . . . In this event, however, the Army would probably seize power itself in order to prevent the Communists from gaining direct control of the Government.

The Anti-Communist Potential in Guatemala

18. Various elements in Guatemala, including many loyal adherents of the Revolution of 1944, view with misgiving the rapid growth of Communist influence in that country. The principal elements of this latent anti-Communist potential are:

a. The Catholic hierarchy, implacably opposed to Communism. While its influence has been considerable, the Church has been handicapped by the small number of priests and by a lack of a constructive social program.

b. Guatemalan landholding and business interests. These interests, which are now enjoying prosperity, resent increasing taxes and labor costs, but so far have not been subjected to direct attack, as have cor-

responding foreign interests. They may shortsightedly hope for advantage at the expense of these foreign interests.

c. The strong railway workers' union, which has repudiated its adherence to the Communist-controlled Confederation and has ousted its former leaders.

d. A large proportion of university students and an important segment of leadership in the teachers' union.

e. The Army, which has shown some concern over the growth of Communist influence. The Army command is loyal to President Arbenz and to the Revolution of 1944, but is probably prepared to prevent a Communist accession to power.

19. So far, Communist-inspired Administration propaganda has been successful in stigmatizing all criticism of the Administration as opposition to the principles of the Revolution of 1944. So long as it remains possible to discredit opposition to Communism by identifying it with opposition to the Revolution of 1944 and with support of foreign "colonialism," it is unlikely that a coherent, sustained, and effective opposition to Communism will develop. Moreover, political dissatisfaction in Guatemala has been strong enough to unify the pro-Administration parties, and to prevent members of these parties from openly opposing the Communists. For the period of this estimate, therefore, it is likely that the alliance between the Administration and the Communists will continue, and that the potentially powerful opposition to Communism will remain ineffective.

The United Fruit Company Crisis

20. The United Fruit Company, which conducts extensive operations in nine Latin American countries, dominates Guatemalan banana production. The Company controls the only effective system of internal transportation, the International Railways of Central America. Through its merchant fleet the Company has a virtual monopoly of Guatemalan overseas shipping. It owns or leases large tracts of land in Guatemala and is second only to the Government as an employer of Guatemalan labor.

21. The important position of the United Fruit Company in their economy has long been resented by Guatemalan nationalists, regardless of the fact that the wages and workers' benefits provided by the Company were superior to any others in the country. When the Revolutionists of 1944 undertook to "liberate" Guatemala from "economic colonialism" they had the Company specifically in mind. The Government can therefore count on the support of Guatemalan national sentiment in its conflict with the Company.

22. The present crisis had its origin in the virtual destruction of the Company's principal Guatemalan plantation by wind storms in September 1951. In view of previous Communist-inspired labor troubles, the Company unsuccessfully demanded Government assurances against

future increased labor costs before it would undertake to rehabilitate the plantation. Meanwhile the Company suspended some 4,000 out of the 7,000 workers at that plantation. With Government support, the Communist-led union demanded that these workers be reinstated with pay for the period of suspension and the labor court ruled in favor of the union. The Company refused to comply with the court's decision and in consequence certain of its properties have been attached to satisfy the workers' claim for back pay. The scheduled sale of these properties has been postponed, however, in circumstances which suggest the possibility of a compromise settlement of the dispute.

23. The Communists have an obvious ulterior purpose in forcing the issue with the Company. The Government, however, probably does not desire to drive the Company from Guatemala at this time, preferring that it remain in the country on the Government's terms. The Company's employees also have an interest in the continuation of its operations. For its part, the Company has an interest in preserving its investment in Guatemala.

Possible Future Developments

24. Future developments will depend in large measure on the outcome of the struggle between the United Fruit Company and the Guatemalan Government.

25. If the Company should submit to Guatemalan demands the political position of the Arbenz Administration would be greatly strengthened. The result, even if it were a compromise agreement, would be presented as a national triumph over "colonialism" and would arouse popular enthusiasm. At the same time the Company would continue its operations, paying taxes and wages. The Government and the unions, under Communist influence and supported by national sentiment, would probably proceed to exert increasing pressure against other US interests in Guatemala, notably the Railway.

26. If the Company were to abandon its investment in Guatemala there would also be a moment of national triumph, but it would soon be tempered by realization of the economic consequences of a cessation of the Company's operations. It is unlikely, however, that these consequences during 1952 would be severe enough to threaten the stability of the regime unless there were a coincident and unrelated decline in coffee production, prices, or markets.

27. Any deterioration in the economic and political situations would tend to increase the Administration's dependence on and favor toward organized labor, with a consequent increase in Communist influence. However, it is unlikely that the Communists could come directly to

power during 1952, even though, in case of the incapacitation of President Arbenz, his present legal successor would be a pro-Communist.[†]

28. If during 1952 it did appear that the Communists were about to come to power by any means, the anti-Communist forces in Guatemala would probably move to prevent that development. In particular, the Army command would probably withdraw its support from the Administration and seize power itself.

29. In the longer view, continued Communist influence and action in Guatemala will gradually reduce the capabilities of the potentially powerful anti-Communist forces to produce a change. The Communists will also attempt to subvert or neutralize the Army in order to reduce its capability to prevent them from eventually taking full control of the Government.

[†] The Special Assistant, Intelligence, Department of State, would substitute the following paragraph: "Any deterioration in the economic and political situation would probably at first tend to increase the Administration's dependence on and favor toward organized labor, with a consequent increase in Communist influence. However, an economic crisis might force the Government to turn against the Communists in order to save its political position. On the other hand, it is unlikely that the Communists could come directly to power during 1952, even though the incapacitation of President Arbenz would bring a pro-Communist as his legal successor." [Footnote in the source text.]

714.56/9-552

*Edward W. Clark of the Office of Middle American Affairs to the
First Secretary of the Embassy in Guatemala (Krieg)*

CONFIDENTIAL

[WASHINGTON,] September 5, 1952.

OFFICIAL-INFORMAL

DEAR BILL: Reference is made to your letter of August 29, 1952,¹ to Ernie Siracusa with which you forwarded a memorandum prepared by Colonel Martin,² the new Air Attaché, in which the latter set forth his views regarding the export of F-51 fighter planes to Guatemala. I am glad to see that Colonel Martin's views correspond closely with those the Department has held over the past several years. As you are aware, the Guatemalans have been endeavoring to obtain fighter planes for a number of years and upon each occasion we were able successfully to block their efforts on technical grounds without having to do so on grounds of political considerations. The technical grounds were, as I recall them, that the United States Government could not sell military equipment to Guatemala under the terms of the MDA³ as

¹ Not found in Department of State files.

² Col. Vernon P. Martin.

³ Apparent reference to the Mutual Defense Assistance Act (Public Law 329), approved Oct. 6, 1949; for text, see 63 Stat. 714.

the Rio Treaty⁴ was not in effect between the United States and Guatemala and secondly that F-51 planes were being used in Korea and were simply not available for sale to other governments.

In the present case it is again our intention to block the Guatemalan effort, but we desire to do so again on technical grounds. From Ernie Siracusa's conversation with Mr. Martin⁵ in the Munitions Division (see memorandum of conversation dated August 19, 1952,⁶ copy of which was sent to the Embassy), it would appear that the Munitions Division can find a number of legitimate technical ways to stall along on its consideration of the application for an export license and eventually to find technical grounds to turn it down. Thus we will not be faced, I hope, with the problem of having to decide this question on general political grounds.

With regard to the last paragraph of Colonel Martin's memorandum, I might say that in conversations which we had in the Pentagon two years ago with Colonel Giron,⁷ then head of the Guatemalan Air Force, when he was here in Washington endeavoring to obtain fighter planes, the angle about prohibitive cost and upkeep of the aircraft was stressed and restressed by the Air Force people to Colonel Giron. It was obvious at the time that their arguments made no impression on Colonel Giron whatever and his attitude was that money was no object. He was bound and determined to purchase as many F-51's as he could get without regard to cost.

In connection with this whole problem of Guatemala's efforts to obtain fighter craft it has been pleasing here to note from recent telegrams⁸ exchanged between the Department and our Embassy in London that the British Government is not inclined to sell planes to Guatemala. These telegrams have been repeated to Guatemala for your information so you are aware of this aspect of the matter.

We will keep you further posted on this subject and should it be necessary formally to ask the Embassy's opinion we shall do so. As I have said previously, however, we hope that MID will be able to handle the whole thing on technical grounds.⁹

Sincerely yours,

EDWARD W. CLARK

⁴For text of the Inter-American Treaty of Reciprocal Assistance (Rio Treaty), opened for signature at Rio de Janeiro, Sept. 2, 1947, and entered into force for the United States, Dec. 3, 1948, see TIAS No. 1838, or 62 Stat. (pt. 2) 1681.

⁵Charles D. Martin, Munitions Division, Office of Security and Consular Affairs.

⁶In the referenced memorandum of telephone conversation by Mr. Siracusa, not printed, Mr. Martin was noted to have stated that export licenses for the sale abroad of aircraft could be denied if the seller was unable to provide proper serial numbers, or if it was determined that the aircraft in question had been sold with a "scrap warranty". (714.5622/8-1952)

⁷Col. Felipe Antonio Giron, Chief, Guatemalan Air Force.

⁸Not identified.

⁹Department of State files indicate that no F-51 fighter planes were sold to the Arbenz government.

611.14/9-2552

*Memorandum of Conversation, by the Ambassador in Guatemala
(Schoenfeld)*

CONFIDENTIAL

GUATEMALA CITY, September 25, 1952.

Participants: His Excellency Señor Jacobo Arbenz Guzmán,
Constitutional President of the Republic of
Guatemala, and
Mr. Rudolf E. Schoenfeld, American Ambassador.

After discussing the OFAR and Rubber Agreements¹ with President Arbenz, I inquired whether he had any messages he wished me to convey to Washington.²

President Arbenz said he was eager to complete the construction of the Guatemalan Section of the Pan American Highway. He hoped that when I was in Washington I would do what I could to further that project. He expressed the opinion that the road was not only desirable for Guatemala but also for the unity of the hemisphere.

I told him I had no doubt that the American authorities desire to complete the Highway as early as practicable. As regarded the Guatemalan Section, three practical considerations were involved: (1) a covering agreement; (2) a Congressional appropriation; and (3) priorities in relation to available funds.

As he knew, there had been difficulty about a US-Guatemalan Agreement. Guatemala had had reservations about accepting certain of the standard specifications. President Arbenz said he was confident an agreement could be arrived at.

¹ Reference is to the agreements relating to the establishment in Guatemala of agricultural and rubber research programs by the Department of Agriculture. Through the Department of Agriculture's Office of Foreign Agricultural Relations (OFAR), the United States maintained the Guatemalan Instituto Agropecuario Nacional which engaged in agricultural research and experimentation. The program was established pursuant to a memorandum of understanding and an exchange of notes signed at Guatemala City, July 15, 1944, supplemented and amended by a memorandum of understanding signed at Guatemala City, Mar. 10, 1945; for text of the agreement, see 58 Stat. (pt. 2) 1429 and 59 Stat. (pt. 2) 1471. The Guatemalan Government terminated the agreement on Aug. 4, 1950. The rubber research program was established in June 1941 through an informal letter of agreement which expired on June 30, 1951. Although both programs continued to operate without agreements, the negotiation of new agreements for existing cooperative programs was required under the provisions of the Mutual Security Act of 1951. In despatch 601, from Guatemala City, dated Jan. 12, 1953, not printed, Ambassador Schoenfeld reported on the status of negotiations for new agreements (714.5 MSP/1-1253). Additional pertinent documentation is in files 814.00 TA and 814.20 for the years 1953 and 1954.

² Ambassador Schoenfeld was in Washington for consultations at the Department of State from late September until early December; he returned to Guatemala on Dec. 4.

As regarded (2), the U.S. Congress was not in session at this time. It would not convene until 1953. After it met it was still difficult to forecast when it would get round to making such an appropriation.

I went on to say that I thought in frankness I ought to add that public opinion also had an influence on the matter. As he knew, American public opinion with regard to Guatemala left much to be desired. The U.S. Congress was very sensitive to public opinion. It was a real factor.

President Arbenz said he thought the American press had painted a false picture of Guatemala. It gave the impression that the Guatemalan Government was Communist. As I knew, it was not Communist.

I said I doubted whether people in the United States regarded the Guatemalan Government as a Communist Government. But they did feel that the Communists were unduly influential. They saw Communists holding key positions in various agencies and institutions and many evidences of Communist activity. They concluded that this denoted a serious degree of Communist infiltration in the country and a tolerance for it.

I thought it a mistake to think this was merely an idea of the press. For example, Mr. Serafino Romualdi, an official of the American Federation of Labor, had publicly stated a few days ago that Communism had been losing ground throughout Latin America except in Guatemala. This came from an independent labor leader.

President Arbenz said that the Guatemalan people had had only a short experience with democracy. They had emerged only a few years ago from a long series of dictatorships. They were finding their way. As a practical matter, it had been the local experience that when attempts were made to suppress any political movement, it tended to grow. I said I recognized the risks of mere suppression. The art of governing, it seemed to me, consisted in finding means of coping with disruptive elements.

I knew it was claimed that there were few Communists in Guatemala. As a matter of fact, Communists were usually a minority everywhere. But the Communists had made a study of the key positions and always directed their efforts toward getting control of them. Their influence was consequently often far out of proportion to their numbers. Moreover, from my own experience, I knew how dangerous it was to underestimate them.

I went on to say that I was aware of the natural sensitivity to any interference in any country's internal affairs. The problem of Communism in Guatemala was of course an internal problem. It was his problem. But it also had an international aspect.

Today at luncheon Dr. Noriega Morales³ (President of the Bank of Guatemala) and I were discussing the problem. He had mentioned the

³ Manuel Noriega Morales.

great sensitivity here about outside interference. I told him the United States was a strong partisan of every country's running its own affairs. It strongly favored the principle of "self-determination". Its quarrel with the Communist movement was precisely that it sought to use local Communists in the interests of an alien power. The U.S. however also had an equally pronounced sensitivity, a sensitivity to international Communism. As he knew, it was making great expenditures of blood and treasure so that other countries could be free to live their own lives.

President Arbenz smilingly assented but expressed doubts as to the accuracy of the estimate of Communism in Guatemala. I went on to say that there was a feeling in the United States that the Guatemalan authorities, perhaps as a result of less direct experience with Communism, tended to underestimate the danger. I also thought it was desirable not to overlook the factor which public opinion abroad represented, even if he doubted its accuracy. Sometimes it was necessary to bear in mind La Rochefoucauld's maxim that the appearance of truth sometimes did more harm than truth itself.

President Arbenz was patently interested and attentive but gave no hint that he planned to take any action.

When I took my leave, he wished me a happy trip and said he would look forward to seeing me on my return.

RUDOLF E. SCHOENFELD

714.00/10-352

Memorandum by the Deputy Assistant Secretary of State for Inter-American Affairs (Mann) to the Secretary of State¹

TOP SECRET

[WASHINGTON,] October 3, 1952.

Subject: Possible Military Action Against Guatemala

ARA attaches importance to the information which it has received through official foreign government channels concerning a military plan directed against Guatemala in which several of its neighboring states would be involved. In order that you might be apprised of this plan in the event the subject is raised while you are attending the UN General Assembly,² your attention is invited to the following:

¹Concurred in by Special Assistant to the Deputy Under Secretary of State Nolting, Deputy Director of the Office of Regional American Affairs Jamison, Director of the Office of Middle American Affairs Rubottom, and Director of the Office of South American Affairs Atwood; the memorandum was initialed by Secretary Acheson.

² Reference is to the Seventh Session of the General Assembly, which opened on Oct. 4, 1952.

1. President Somoza of Nicaragua apparently has gained the impression, however mistakenly, that a military venture directed at the overthrow of the present Guatemalan Government would have the blessing of the United States. Tab A is a memorandum³ referring to several conversations with Brigadier General Mara,⁴ Assistant Military Aide to President Truman, indicating that he may have led President Somoza to that conclusion.

2. In August Ambassador Thomen of the Dominican Republic told Assistant Secretary Miller that President Somoza, during his stay in Ciudad Trujillo for the Presidential inauguration,⁵ stated to Generalissimo Trujillo that "understandings" had been arrived at between himself and President Truman in Washington with regard to anti-communist activities in the Caribbean and particularly in Guatemala. Tab B is a memorandum⁶ of Mr. Miller's conversation with Ambassador Thomen.

3. Ambassador Sevilla Sacasa of Nicaragua last week called on Messrs. Miller and Mann to relate in some detail a plan whereby Nicaragua, with the support of several of its neighbors, as well as the Dominican Republic, Colombia and Venezuela, would take indirect military action against Guatemala which they considered to be a threat because of communist influence in that Government. Tabs C and D are memoranda⁷ of Ambassador Sevilla Sacasa's conversations with Messrs. Miller and Mann, respectively.

4. Concomitant with the Nicaraguan approach to the Department, Ambassador Zuleta Angel of Colombia told Ambassadors Warren and Beaulac in Caracas and Habana, respectively, what he learned during a quick trip made by him through Central America and the Caribbean area, ostensibly for trade promotion, but actually to discuss the communist threat in Guatemala and Costa Rica. Tab E is a copy of Ambassador Warren's telegram⁸ relating what he learned from Ambassador Zuleta, and Tab F is Ambassador Beaulac's report⁹ of his conversation with Ambassador Zuleta.

5. From these official sources, it has been adduced that: (1) A military plan against Guatemala has already been formulated; (2) only a leader is required to put the plan in action; (3) it is hoped to carry out

³ Dated July 21, 1952, not printed.

⁴ Neil Mara.

⁵ Reference is to the inauguration of Héctor Bienvenista Trujillo Molina, who was elected unopposed as President of the Dominican Republic on May 16, 1952; he succeeded his brother, Generalissimo Rafael Leonidas Trujillo Molina.

⁶ Dated Sept. 11, 1952, not printed.

⁷ Dated Sept. 26 and 29, respectively, neither printed.

⁸ Telegram 122, from Caracas, dated Sept. 21, 1952, not printed; a copy is also in file 713.00/9-2152.

⁹ The report under reference, dated Sept. 16, 1952, is not printed.

the plan this year, and (4) all elements concerned would like to have a "green light" from the U.S. and tangible support in arms.

6. Both Colombia and Venezuela fear Betancourt¹⁰ (former Accion Democratica leader in Venezuela) who presently lives in exile in San Jose, Costa Rica, more than they do Guatemala. President Somoza of Nicaragua is also fearful of developments in neighboring Costa Rica where its leftist liberal leader, Figueres, is now the leading Presidential candidate for the elections scheduled next year.

Messrs. Miller and Mann, on separate occasions, stated as clearly as possible to Ambassador Sevilla Sacasa that the United States could never condone military intervention on the part of an American State against one of its neighbors, pointing out that non-intervention was one of the very keystones of the Inter-American system and that there are treaty commitments against such action.¹¹ The Ambassador was reminded that the United States is fighting with its UN allies in Korea for the non-aggression principle. The Ambassador was told, however, that the United States has been concerned with the communist influence in the Guatemalan Government and that it might be more appropriate to approach that problem through ODECA (Organization of Central American States) or, if that were not possible, through the regularly established procedures of the OAS, if practicable.

Mr. Miller was expected to make the same points clear to Ambassador Zuleta whom he expected to see in Panama this week during the inauguration ceremonies for President Remon.¹² Mr. Miller also was expected to see President Somoza's son¹³ in Panama.

¹⁰ Rómulo Betancourt.

¹¹ In a memorandum of a conversation at the Department of State between Mr. Siracusa, Mr. Clark, and Col. Roberto Barrios Peña, a retired Guatemalan army officer and opponent of President Arbenz, dated May 27, 1952, Colonel Peña is reported in part to have forecast an upheaval in Guatemala against the Arbenz government and to have inquired what the United States would do when it occurred. The memorandum, by Mr. Siracusa, reads in part as follows: "he was informed that the United States could only view possible internal struggles in Guatemala as purely domestic issues involving Guatemala alone and that it, therefore, would maintain, in such events, its traditional policy of non-interference and non-intervention." (714 00/5-2752)

¹² José Antonio Remón was elected President of Panama on May 11, 1952, and installed in office on Oct. 1.

¹³ Anastasio Somoza Debayle.

611.14/10-652

*Memorandum of Conversation, by the Acting Officer in Charge of
Central America and Panama Affairs (Clark)*

RESTRICTED

[WASHINGTON,] October 6, 1952.

Subject: Courtesy Call of New Guatemalan Ambassador

Participants: The Ambassador of Guatemala to the United States,

Señor Don Guillermo Toriello Garrido

ARA—Mr. Miller

MID—Mr. Clark

Ambassador Toriello paid his first courtesy call on Mr. Miller this afternoon. He expressed his great pleasure at having the honor to represent his Government in Washington and said that he looked forward to his mission with great anticipation in the sincere hope that his efforts would strengthen further the close bonds of friendship which already existed between the United States and Guatemala. Mr. Miller responded by welcoming the Ambassador to Washington and assuring him that he and other officials of the Department were here to assist him in every possible way during his stay here as Ambassador.

Ambassador Toriello then brought up the matter of cooperation between Guatemala and the United States in the construction of the Inter-American Highway. He reviewed briefly his conversations¹ on this subject with Mr. Siracusa and with Mr. Clark and stated, as he had to the latter two officials, that his Government desired to conclude a new agreement which would permit work to go forward on the Highway. President Arbenz was especially interested and desirous of resuming the cooperative effort on this project. He said that there was one small change, however, that he would like to propose in the wording of one of the provisions in the draft of a proposed note from the Guatemalan Embassy to the Department of State and he had taken the liberty of bringing with him a draft² of the new language which he desired to propose. The Ambassador said that he hoped he could leave the draft on a strictly informal basis and that the Department would give consideration to it. He explained that the new wording would not change the substance of the provision in question (relating to free transit of U.S. Government vehicles) but would facilitate things considerably for the Guatemalan Government in that the new wording would obviate the necessity of the exchange of notes to be submitted to the Guatemalan Congress for ratification. In concluding his overture

¹ Memoranda of these conversations, by Mr. Siracusa, dated Sept. 11, 1952, and by Mr. Clark, dated Sept. 30, 1952, respectively, are attached to 611.14/10-352; they are not printed.

² Not printed.

on the Inter-American Highway, Ambassador Toriello mentioned that he had broached the subject of the Highway in his conversation with President Truman at the time of presenting his credentials.³ The President had stated, he said, that the United States Government would cooperate with Guatemala in every way on this meritorious project.

Mr. Miller responded by saying that the Department would be glad to give consideration to Guatemala's desire to negotiate a Highway agreement⁴ and to any changes in the note that the Guatemalans would like to propose. He went on to emphasize to the Ambassador that the completion of an agreement did not necessarily mean that funds would be available for work since at the present time all available funds were allocated for work elsewhere than Guatemala and it depended on Congress whether new funds would be appropriated. He explained that we had requested and received enabling legislation from the last Congress but it was now necessary to request Congress to appropriate funds under the enabling legislation. Congress would probably not meet again until after the first of next year. In addition, assuming that Congress would appropriate new funds, there would then be the question of deciding where the money should best be spent, taking into consideration the entire length of the Highway. This was a matter of joint decision by the Department and the Bureau of Public Roads. Ambassador Toriello said that he understood this situation clearly.

Ambassador Toriello then brought up the matter of the difficulties encountered by the Guatemalan Government in endeavoring to obtain roadbuilding equipment for the Atlantic Highway. He said that some machinery was available, but especially in the category of heavy tractors they had only been able to obtain second-hand reconstructed tractors at exorbitant prices. He said that these heavy tractors and certain other heavy equipment were the key to getting ahead with the work. He concluded by expressing the hope that the Department of State could lend its good offices to assisting the Guatemalan Government in obtaining the needed equipment.

Mr. Miller responded by explaining the system of defense priorities made necessary by the defense effort. He said that the OIT had primary jurisdiction in this field and that it was at all times hard pressed to

³ Ambassador Toriello presented his credentials to President Truman on Sept. 24, 1952; the text of the Ambassador's remarks and of the President's reply is contained in Department of State press release 751, dated Sept. 24.

⁴ In a memorandum to Assistant Secretary Miller, dated Oct. 3, 1952, Mr. Clark stated that MID recommended that an effort be made to conclude a basic highway agreement with Guatemala, because this would provide an opportunity for the United States to obtain certain commitments from Guatemala required by the Inter-American Highway Act (Public Law 375), approved Dec. 26, 1941; for text, see 55 Stat. 860. However, continued Mr. Clark, "our policy of withholding funds for actual work in Guatemala should remain unchanged until such time as there are fundamental changes in the internal situation in Guatemala." (611.14/10-352)

meet the heavy demands of the military and priority civilian needs related to the defense effort. Mr. Miller pointed out that just at the time the general supply situation seemed to be improving the steel strike occurred with resultant setback to the industrial output of the country. Mr. Miller said, however, that the Department would be glad to look into the matter further with the OIT and see what might be done.

Before he departed, Ambassador Toriello left with Mr. Miller for study and consideration by the Department a draft of the proposed change in wording to which he had previously referred.

414.119/10-1452

*Memorandum of Conversation, by the Acting Officer in Charge of
Central America and Panama Affairs (Clark)*

SECRET

[WASHINGTON,] October 14, 1952.

Subject: Export Control Policy Toward Guatemala

Participants:	Rudolf E. Schoenfeld,	<i>Department of Commerce</i>
	Ambassador to Gua-	Mr. George Wythe
	temala	Mr. Bernard Cahill ²
	AR —Mr. David Clark	Mr. William Rafferty
	MID—Mr. Neal ¹	Mr. Brooks Ryno
	Mr. Edward Clark	Mr. John Shepard ³

Mr. Edward Clark said that the meeting had been called to review the situation as respects our current export control policy toward Guatemala. He noted that the Department of Commerce had recently raised the question of whether it was advisable to continue the present policy in view of changing circumstances in the supply situation and recalled that in informal discussions between officials of the Department of State and the Department of Commerce it had been agreed to postpone any final decision pending the opportunity to discuss the matter with Ambassador Schoenfeld. Ambassador Schoenfeld had been advised informally before he had left Guatemala for Washington of the views of the Department of Commerce in this regard in order to enable him to have the opportunity of reviewing the matter with his staff prior to discussion in the Department.

Speaking for the Department of Commerce, Mr. Wythe outlined Commerce's position substantially as follows. The supply situation in general was rapidly improving as a result of which there were less and

¹ Jack D. Neal, Deputy Director, Office of Middle American Affairs.

² Bernard J. Cahill, Assistant for Foreign Requirements, American Republics Division, Office of International Trade, Bureau of Foreign and Domestic Commerce.

³ Program Officer, Strategic Controls Division, Office of International Trade, Bureau of Foreign and Domestic Commerce.

less items over which the Department of Commerce could appropriately exercise licensing control. In view of this easing supply situation it was becoming more and more difficult to turn down or even delay the issuance of export licenses. The pressure from U.S. exporters was mounting and, since they were fully informed as to the supply situation, it was impossible to deny or delay licensing without openly admitting that we were engaging in a restrictive policy as regards exports to Guatemala. Finally, U.S. exporters were complaining that competition from Europe was increasing rapidly, thus threatening U.S. markets in Guatemala and elsewhere in Latin America.

In view of the supply situation and pressure from U.S. exporters there were now few items over which any effective control could be exercised by OIT. The policy of refraining from granting priority assistance could, of course, be continued and some pressure could be brought in the case of materials under quantitative quota restriction. In this category were such commodities as steel, copper and copper sulphate and sulphur. However, in view of the limited control that OIT could now exercise over exports to Guatemala, the Department of Commerce wondered whether it was worthwhile to continue the present policy.

Ambassador Schoenfeld stated that in his judgment the present policy should be continued for the time being. He said that the policy had been effective thus far. The objective had been to bring the Guatemalans to a realization that they were dependent upon the United States and that if they expected assistance or consideration from the United States it behooved them to adjust their actions vis-à-vis the United States accordingly. The Guatemalans were now aware of this, he thought, and to illustrate this he pointed to the fact that President Arbenz had specifically requested him to use his good offices to assist the Guatemalans in obtaining road building equipment for the Atlantic Highway and that Ambassador Toriello in his call on President Truman⁴ and later on Mr. Miller⁵ had made a similar request of these two officials. There were now, he said, certain beginning signs that the Guatemalan Government might be preparing to make some adjustments in its policies as they affected the U.S. Our export policy had played an important part in bringing this situation about and could continue, he thought, to influence it in the right direction.

⁴ Apparent reference to the occasion when Ambassador Toriello presented his credentials; no other memorandum of a conversation between President Truman and the Ambassador during late September or early October was found in Department of State files.

⁵ Apparent reference to Ambassador Toriello's courtesy call on Assistant Secretary Miller on Oct. 6; the memorandum of their conversation is printed *supra*.

The Ambassador said that he understood the difficult position Commerce found itself in, especially from the point of view of pressure from U.S. exporters, and said that of course careful attention should be paid to the trade situation to make sure that our policies did not result in a loss of the Guatemalan market for U.S. business through competition from Europe or elsewhere. However, he thought it would be advisable and desirable for certain political reasons, as well as for the effect it is producing on the thinking of Guatemalan officials, for this Government to continue our present policy even though our area of effectiveness was being sharply reduced by the supply situation.

The question was raised as to whether exceptions should be made in our policy in the case of materials over which there were still quantitative quota restrictions to accommodate U.S. companies such as the United Fruit Company. Specifically, it was stated that the United Fruit Company had requested an increased amount over and above the present quota level of copper sulphate used for spraying banana trees. Ambassador Schoenfeld expressed the view that our policy should not be implemented in such a way as to penalize the operations of U.S. companies. This view met with general concurrence.

After some further discussion it was agreed that the present policy of controls over exports to Guatemala, in so far as the supply situation permitted, should be continued. Specifically, it was agreed that 1) no priority assistance would be granted to Guatemala under prevailing circumstances; 2) quotas on materials under quantitative quota restrictions would continue to be cut back; and 3) as regards the export of materials not under quantitative restrictions the Department of Commerce would continue to consult the Department of State and the Embassy whenever there were any unusual items which might provide leverage. In particular, all applications for export to the Guatemalan Government or agencies thereof would be subjected to special scrutiny and brought to the attention of the Department and the Embassy.

Miller files, lot 53 D 26, "Guatemala"

*Memorandum of Conversation, by the Acting Officer in Charge of
Central America and Panama Affairs (Clark)*

CONFIDENTIAL

[WASHINGTON,] November 12, 1952.

Subject: U.S. Policy Toward Guatemala, Especially as it Relates to a Decision Affecting the Negotiation of an Inter-American Highway Agreement*

Participants: ARA—Mr. Miller
Mr. Mann
MID—Mr. Rubottom
Mr. Clark
Ambassador Rudolf Schoenfeld

Reference is made to the memorandum of November 12, 1952¹ from Mr. Rubottom to Mr. Miller and Mr. Mann which reviewed recent developments in U.S. relations with Guatemala and pointed up the need to give serious consideration to whether or not we should make adjustments at this time in our policy toward that country. Various alternatives were suggested and the relative advantages and disadvantages of each were set forth. It was pointed out that the immediate problem facing us which made a policy decision imperative was that of the Guatemalan desire to conclude an Inter-American Highway Agreement.

The memorandum referred to was read by those present. After some discussion it was agreed that the time was inappropriate to make a final decision on general policy because of the impending changeover in Administration. Such a decision should more properly be left for the incoming Administration.

With regard to the immediate problem of the Guatemalan desire to conclude an Inter-American Highway Agreement, it was decided that the Department should take the position that since there were no funds immediately available for work and since the attitude of the new Congress toward the appropriation of new funds for the Inter-American Highway could not be predicted, the Department considered that it was unwise to sign an Agreement until it was clear what attitude the new Administration would assume toward the Highway project.² It was agreed that the Guatemalan Ambassador should be so informed at an appropriate opportunity. In the meantime negotiations on a technical level involving a Guatemalan proposal to change the wording of one of the provisions of the agreement could continue. It was agreed that the Department should continue to take the position in this regard that it preferred not to change the original language of the provision in question.

¹ Not found in Department of State files.

² In a memorandum to Mr. Rubottom and Mr. Clark, dated Nov. 17, 1952, Assistant Secretary Miller stated that the best course to follow in connection with a highway agreement with Guatemala was to defer any major decision until after the new administration took office in order not to prejudice the situation, and that our general policy should be "to avoid taking decisions that constitute a deviation from previous lines of approach." (Miller files, lot 53 D 26, "Guatemala")

611.14/11-1752

*Memorandum of Conversation, by the Secretary of State*¹

CONFIDENTIAL

[NEW YORK,] November 17, 1952.²

Subject: U.S.-Guatemalan Relations

Participants: Ambassador Guillermo Toriello, Guatemalan Delegation
The Secretary

Ambassador Toriello of Guatemala called on me at his request. He said that he wished to speak with me alone and accordingly Mr. Wells withdrew.

The Ambassador then said that he had undertaken his present mission because of his great admiration for the US and his distress that relations between his country and ours were not good. He had been authorized by the President to do all within his power to change the existing situation and restore friendly and cordial relations. He also felt that I was a person who understood the necessity for good relations in the hemisphere and that he could count upon my personal good will. He therefore wished to mention to me a series of things which led him to believe that something was wrong between our countries and to ask what he could do to put it right. He mentioned the Highway Agreement which he was most anxious to conclude before the new Congress met so that everything would be in readiness for the appropriation procedure. However, although they had accepted almost all the suggestions made by the Department, there was one matter on which they had been turned down, though it seemed to be a very trivial one. He attributed significance to this rejection. The point at issue was whether American Government vehicles should be exempted from tax, or whether the agreement would be sufficient if they would be treated exactly the same as Guatemalan vehicles, which he said were not at present subject to tax and undoubtedly never would be. The reason for their desire to use this language was that our language would have to go to the Congress, whereas their language would not. He thought therefore that we were turning this down for broader reasons than the language concerned.

He also stated that when the members of the UN Delegation from Guatemala landed in New Orleans, although they were bearers of diplomatic passports, they were put at the end of the line and were not dealt with until all Americans had been put through. He had explained to his delegation that this was merely the ignorance of the local official

¹ Secretary Acheson was in New York as Chairman of the U.S. Delegation to the Seventh Session of the General Assembly of the United Nations, which opened on Oct. 14, 1952.

² Information on the source text indicates that this memorandum was typed on Nov. 19.

and that he did not attribute any studied attitude on the part of this Government to be responsible for it. However, it worried him as it might, in his mind, be an indication of our disapproval.

He also mentioned what he called the violent propaganda against his country which he saw in all American magazines and newspapers and which he thought was activated by a special interest in our country.

In short, he wanted to know what was wrong and what he could do to put it right.

I told him that I knew nothing about the incident in New Orleans and was quite sure that his interpretation was the correct one, but that I would look into it because clearly bearers of diplomatic passports were entitled to all courtesies in our country. Insofar as the Highway Agreement was concerned, I pointed out the disadvantage of treating different governments differently in agreements on this point, and the trouble which would arise. However, I said I would inquire into the matter and discuss it with the Departmental officers concerned.

In regard to the last matter he mentioned, I told him that I thought we should discuss the matter frankly and that there was a clear difference of view. He thought that the articles about Guatemala were maliciously inspired and were untrue. I thought that these articles were a reflection of a situation which existed in Guatemala; whether they were factual or not was beyond my knowledge, but I was quite sure that they were not inspired for propaganda or malicious purposes. The question therefore was what was the situation in Guatemala and what was the Government doing about it. There was trouble of some sort. I should like to hear from him whether he thought that was correct and if so, what the Government was doing about it. He told me that Mr. Wells could tell me about his own background and his family's background, that he was inalterably opposed to Communism in any form whatever; and that he would leave the Government the moment the Government did not believe that it shared the American view. He added that he did share the same view. He spoke about the experience of his youth growing up under a dictatorship and said that we who were accustomed to liberty did not know how fragile it was in Central America and that while his Government could easily become a dictatorship, it was determined not to do so. Therefore, it was not approaching the communist question from the point of view of suppression because that would easily lead to dictatorship. The Government, by a reform policy, was attempting to remove the evils which gave communism a base and, by careful work in the trade unions and in agricultural groups, it was attempting to discredit the communists so that they would be removed from positions by those who had put them where they were. He believed that the dangerous communists were the imported ones, who were spreading propaganda to many of what he

called the "local boys". He said that they were very young, uninformed and often misled, but he did not believe that they were indoctrinated communists. However, they were being carefully watched and he said that the circle was being drawn closer and closer around them and that they would not be permitted to exercise any dangerous influence. After some further talk along this line, I said that I wished to discuss the matter with Ambassador Schoenfeld whom I hoped was still in this country and that possibly next week Ambassador Toriello, Ambassador Schoenfeld and I might go into this whole matter and compare notes in the frankest possible way as to what the Government in Guatemala could do or what it was now doing.

He grasped this suggestion with enthusiasm and I told him Mr. Wells would be in touch with him on all the questions he had raised with me.

611.14/12-852

Memorandum of Conversation, by Milton K. Wells, Adviser to the United States Delegation to the United Nations

CONFIDENTIAL

[NEW YORK,] December 1, 1952.¹

Subject: Talk with Guatemalan Ambassador Guillermo Toriello Regarding Matters Affecting United States-Guatemalan Relations

Participants: The Secretary

Amb. Guillermo Toriello—Guatemalan Delegation

Amb. Rudolph E. Schoenfeld—United States

Ambassador to Guatemala

Milton K. Wells—United States Delegation

Taking advantage of Amb. Schoenfeld's presence in the United States, the meeting was arranged at the Secretary's suggestion for the purpose of following up his talk of November 17, with Amb. Toriello² in regard to the situation in Guatemala adversely affecting United States relations with that country. Amb. Toriello was received in the Secretary's suite at the Waldorf Astoria. The conversation lasted about one and one quarter hours.

Amb. Toriello devoted most of his part of the conversation toward a general justification of Guatemala's attitude toward Communist influences in that country. Despite frequent efforts of the Secretary and Amb. Schoenfeld to steer the conversation into more specific and more constructive channels, Toriello kept adverting to generalities. With considerable repetition, he described his Government's basic policy as one conditioned by a sincere desire to maintain democratic

¹ Information on the source text indicates that this memorandum was typed on Dec. 2.

² Secretary Acheson's memorandum of conversation with Ambassador Toriello, dated Nov. 17, 1952, is printed *supra*.

procedures and to avoid dictatorship. His Government believes that the best way to combat Communism is to improve the maladjusted social and economic conditions which produce unrest among the under-privileged classes. This approach, he argued, is fraught with less danger than a repressive policy which would drive Communism underground. He belittled the power and influence of the Communist leaders. He said their activities are known to the Government and that they would be placed under immediate restraint should war occur. He personally shared the belief that they can be controlled best in the open and that in any case they are discrediting themselves with the rank and file. Regarding the labor unions, he did not believe the workers shared the ideological views of their leaders and were interested only in better pay and better living standards.

During the course of the conversation, however, Amb. Toriello did make a number of interesting comments on several specific situations as recorded in the following paragraphs.

Toriello praised the personality and qualifications of the new Foreign Minister, Dr. Raul Osegueda, whose friendly attitude and sincere desire to work for the best possible relations with the United States would facilitate his own mission. This gave him much satisfaction since he could now confidently count upon the support of his Foreign Office as well as President Arbenz to this end. Osegueda had asked the Ambassador to convey his respects and greetings to the Secretary, and to Ambassador Schoenfeld whom he looked forward to seeing in Guatemala. The Foreign Minister had expressed a desire to attend the forthcoming inaugural ceremonies if invitations are to be extended to other governments to be represented by special delegations. The Secretary stated he would inquire into our policy in this regard and advise the Ambassador as to whether we plan to invite special delegations. Both the Secretary and Ambassador Schoenfeld reciprocated the Foreign Minister's greetings.

The conversation turned to the pro-Communist slant of the official newspaper *Diario de Centro America*, which, as Amb. Schoenfeld commented, had an unfortunate effect upon public opinion in the United States. Toriello stated he could assure us of a future change in that journal's policy. He explained that the *Diario de Centro America* includes two sections, the gazette portion which prints official decrees and announcements, and the news or informative section. The problem may be solved, he said, by eliminating the informative section, converting the *Diario* into a truly official gazette.

Amb. Schoenfeld inquired whether any steps were contemplated to remedy a similar situation with respect to the Government broadcasting station TGW. Toriello assured him that the policy of TGW would also be changed. One explanation of the frequent attacks on the

United States heard in the past over this Government station, he apologized, was that unfriendly elements abused the radio time which they had rented from TGW for unofficial programs. He described how he himself once had taken up the telephone to stop a TGW program . . . slandering the Government of neighboring Honduras.

Another factor which influenced the United States press and public opinion was the activity of pro-Communists in the Guatemalan Congress, Amb. Schoenfeld commented, noting in this connection that several known Communists are likely to be elected on the coalition ticket supporting the Government in the forthcoming Congressional elections. Amb. Schoenfeld also remarked that some of these individuals had recently visited behind the Iron Curtain. Toriello brushed aside as not really important the visits behind the Iron Curtain of such Guatemalans as Robert Alvarado Fuentes (former President of Congress), José Manuel Fortuny,³ and Víctor Manuel Gutiérrez.⁴ He professed not to believe that these and other Guatemalans were seriously indoctrinated by such visits, and by implication seemed to argue that their Marxian ideas were geared simply to Guatemalan social and economic considerations. In any case, he did not discuss the obvious international implication of their activities or their presence at Soviet-sponsored "peace" conferences.

. . . He predicted that Fortuny might be defeated; not because the Government opposed him, but for the same reasons that Humberto Gonzalez Suarez failed to become Mayor of Guatemala City—that is, because the relatively intelligent electorate in the city and the influence of the Church brought about his defeat at the polls.

Once or twice during the conversation, Toriello urged us not to be taken in by the denunciations of the Government by the opposition. By innuendo, he seemed to allege that our estimate of the situation had been unduly influenced by wild stories and rumors circulated by the subversive opposition, disguised and cloaked by anti-communism. The anti-communist movement in Guatemala is dangerous, he argued, since it does conveniently serve as a cloak for the irreconcilable opposition. Alluding again to the alleged "grand conspiracy against Guatemala" with which Guatemalan spokesmen so frequently charge the United States press and "foreign interests" Toriello said the situation was aggravated by the fact that Guatemala does not have diplomatic relations with Franco Spain, Peru, Venezuela and others. These countries, he said, add their bit to the campaign against Guatemala. In this connection, he commented that he hoped that Guatemala would establish normal relations with Venezuela before the Tenth Conference of Inter-American States meets in Caracas.

³ José Manuel Fortuny Arana.

⁴ Víctor Manuel Gutiérrez Garbin.

Amb. Toriello did not bring up the question of the proposed Inter-American Highway Agreement.⁵

⁵ In a letter to Mr. Clark, dated Dec. 3, 1952, not printed, Mr. Wells noted a few minor omissions from this memorandum of conversation (714.00/12-352)

714.00/12-1252

*Memorandum by the Director of Central Intelligence (Smith)
to the Under Secretary of State (Bruce)*

TOP SECRET

WASHINGTON, 12 December 1952.

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.

Costa Rica

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

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 judgeships 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) . . . ; (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 . . . 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 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.

WALTER B. SMITH

Editorial Note

On February 26, 1953, President Arbenz signed an order issued by the Guatemalan National Agrarian Council calling for the expropriation, under provisions of the Agrarian Reform Law of June 17, 1952, of approximately 234,000 acres of United Fruit Company property near Tiquisate on the Pacific side of Guatemala, and offering the company government bonds as compensation. The company appealed the expropriation order to the Guatemalan Supreme Court, requesting an

injunction against its implementation; the court denied the appeal on March 18, 1953. A translation of the text of the Agrarian Reform Law was transmitted to the Department of State under cover of despatch 1299, from Guatemala, dated June 19, 1952, not printed. (814.20/6-1952)

On March 25, 1953, Assistant Secretary of State for Inter-American Affairs Cabot handed an *aide-mémoire* concerning the expropriation, drafted by Mr. Mann and Mr. Leddy and dated March 25, to Guatemalan Ambassador Toriello at the Department of State. The *aide-mémoire* indicated that the United States Government did not consider deferred payment in the form of agrarian bonds as constituting prompt and effective compensation to the company, that the amount of compensation offered was inadequate under well-established principles of international law, and that the views of the Guatemalan Government were invited concerning the continued operation of the company in Guatemala. (814.20/3-2553)

In Guatemalan Embassy note no. 596, dated June 26, 1953 and delivered to the Department of State on that date, not printed, the Guatemalan Government set forth its position concerning the expropriation of UFCO lands. The note stated in part that the expropriated lands were unproductive and vacant and of no benefit to the company, the expropriation was an exercise of Guatemalan national sovereignty and therefore not subject to international discussion, and that full protection was afforded all foreign-owned property in Guatemala. (814.20/6-2653)

In an *aide-mémoire*, dated August 27, 1953 and handed to Ambassador Toriello on August 28, the Department of State set forth the legal basis for the UFCO's claim for compensation from the Guatemalan Government, and requested that direct negotiations concerning the issue be undertaken either between representatives of the Guatemalan Government and the company or between the two Governments. (814.20/8-2753) For text of the *aide-mémoire* and additional information, see the Department of State *Bulletin*, September 14, 1953, pages 357-360.

In an *aide-mémoire*, dated February 5, 1954 and handed to Guatemalan Chargé Alfredo Chocano at the Department of State on the same date, not printed, the Department renewed its request for direct negotiations, and suggested international arbitration as an alternate means of settlement. (814.20/2-554) Department of State files indicate that the Guatemalan Government acknowledged the Department's communications of August 27, 1953 and February 5, 1954.

On February 24, 1954, the Guatemalan Government announced final expropriation of an additional 172,532 acres of UFCO property located near Bananera on the Caribbean slope of Guatemala, again stating its intention to pay compensation in the form of long-term agrarian bonds.

On April 20, 1954, in a memorandum of the same date handed to Chargé Chocano at the Department of State, not printed, the United States presented a formal claim against the Guatemalan Government, on behalf of UFCO, for the seizure of the company's lands at Tiquisate. (814.20/4-2054) For additional information, see the Department's press release 206, dated April 20, 1954, in the Department of State *Bulletin*, May 3, 1954, pages 678-679.

611.14/3-2553

Memorandum of Conversation, by John W. Fisher¹ of the Office of Middle American Affairs

CONFIDENTIAL

[WASHINGTON,] March 25, 1953.

Subject: Relations with Guatemala

Participants: Ambassador Guillermo Toriello Garrido of Guatemala
ARA—Mr. Cabot
MID—Mr. Fisher

Dr. Toriello said he planned to leave on Monday, March 30 for a week in Guatemala and wished to call on Mr. Cabot before departing. He referred to what he called the press campaign in the U.S. against Guatemala, and exhibited a newspaper distributed to school children called "*Our Times*" containing a reference to Guatemala which he said would give the children the impression that his country is Communist. Mr. Cabot said he was sure the paper was not an official government publication. Dr. Toriello referred to an article by a Mr. Toledano in a recent issue of the *American Mercury* which he said was so mendacious that he even thought about bringing suit on it. He then displayed a copy of Mr. Braden's² recent speech at Dartmouth, pointing out the reference to Mr. Chocano, his Counselor of Embassy, which charges him with having been ejected from Nicaragua for carrying Communist propaganda. Dr. Toriello said the charge was utterly

¹Guatemalan desk officer.

²Spruille Braden, Ambassador in Argentina from May to August 1945 and Assistant Secretary of State for American Republic Affairs, 1945-1947.

false, and described the conditions under which Mr. Chocano left Nicaragua. Mr. Cabot said that Mr. Braden was not in the Government and his views were his own. He added that he was glad to hear that the charge was false.

Dr. Toriello brought up the matter of the Aviateca application for a permit to fly to the U.S., which he said had been delayed by the Department for a very long time. Mr. Fisher said the application was under study and that it would probably go forward to the Civil Aeronautics Board soon.

Dr. Toriello mentioned the matter of pending license applications for arms, specifically tank parts. Mr. Fisher said the application is under study, and that certain findings had to be made regarding availability, etc. Mr. Cabot said that, nevertheless, we had to be sure about the orientation of the people who were going to get the arms. He emphasized that the U.S. Government is very seriously concerned over the infiltration of Communists in the Guatemalan Government, and said that he felt all the other problems pertaining to our relations with Guatemala were subsidiary to this central issue and could be settled without undue difficulty once the matter of Communism was cleared up.

Dr. Toriello thought we overestimated the importance of Communism and restated at length, and in various ways, his theme that the charges of Communism in Guatemala were false and were made by people opposed to the social-economic reforms being made by the present Administration.

Mr. Cabot again emphasized that this Government was not desirous of impeding social-economic reform in any country, nor in giving credence to false statements about Guatemala, but that the U.S. was definitely concerned over the evident infiltration of a dangerous foreign influence into the Guatemalan Government.

Dr. Toriello replied that of his own knowledge he could state that there were no foreign Communists of importance in his country and said that his country had no diplomatic relations with any Communist state. He brought up the names of the Guatemalans, Solórzano³ and Gutiérrez, dismissing the first as not being in the Administration, but merely the elected head of the autonomous social security institution. As for Gutiérrez, he acknowledged that he was a local Marxist and that he was an important labor leader, but said his rise was only due to the youth and inexperience of the Guatemalan labor movement, and that he would disappear in time. He mentioned his suggestion to Ambassador Schoenfeld that Guatemalan labor leaders visit the U.S. He said there was no foreign Communist influence of consequence in the Guatemalan Government, and added that if we had information of secret Communists in it, his Government would be grateful for it in

³ Alfonso Solórzano.

order to defend itself. Mr. Cabot replied that such matters were, of course, the responsibility of the Guatemalan Government. Dr. Toriello said Guatemala's neighbors were professing alarm over Guatemalan Communism, but in reality their alarm was only that of the wealthy landowners over agrarian reform. Dr. Toriello said that he was sure that the anti-Communist campaign against Guatemala would go on as long as she maintained her reform program, even if every Communist in the country were somehow eliminated. Mr. Cabot said that he felt that it might take some time for complete confidence to be re-established between the peoples of Guatemala and the United States, but that no progress could be made in that direction at all while the key problem of Communist infiltration there remained unsolved.

Mr. Cabot said that among the subsidiary problems was that of the United Fruit Company expropriation,⁴ and proceeded to give Dr. Toriello the substance of the *Aide-Mémoire*⁵ relating to the subject.

Dr. Toriello said he would bring a prompt reply but added that the Government's intention was not to drive the company out of the country but to subject the company to the provisions of its laws. He gave the story of his own expropriation, concluding that payment of the declared tax valuation was just payment. He said the Agrarian Law included provisions for the rental of nationalized lands, which could be used to meet the company's needs for lands. He went on to discuss what he called the bad behavior of the company in the past, and mentioned the recent imposition by the railroad of a 15 cent per quintal tax on cargo moved from its pier at San Jose to the immediately adjacent highway terminal facilities, just as the Government finished paving the road paralleling the railroad to the capital. He said the tax was withdrawn shortly afterwards. He said the Fruit Company paid \$75 per car to ship its bananas on the railroad, while Guatemalans were charged \$575 per car, and that the Government therefore had to build the Atlantic Highway to provide fair competition.

Dr. Toriello asked about his note on the Inter-American Highway of last December,⁶ in which his Government accepted all the conditions set down by the U.S. Government. Mr. Cabot replied that the highway was another subsidiary matter which could be settled more or less quickly once the basic question of Communist infiltration in the Government of Guatemala was resolved.

⁴ For information on this subject, see the editorial note, *supra*.

⁵ Reference is to the Department of State's *aide-mémoire*, dated Mar. 25, 1953; see *ibid*.

⁶ Reference is to Guatemalan Embassy note no. 1661, dated Dec. 22, 1952, not printed (820.2612/2-2252).

Dr. Toriello said that he might return to Guatemala again in order to be there during Mr. Cabot's visit between April 25 and 28.⁷

The conversation between Mr. Cabot and Dr. Toriello, which was friendly and frank, lasted a little over one hour.

Mr. Cabot handed Dr. Toriello an *Aide-Mémoire* on the subject of the expropriation of United Fruit Company properties.

⁷ Between Apr. 6 and May 3, 1953, Assistant Secretary Cabot conducted a factfinding tour through Central and South America. Documentation relating to his trip is in file 110.15 CA

INR-NIE files

*National Intelligence Estimate*¹

SECRET
NIE-84

WASHINGTON, May 19, 1953.

PROBABLE DEVELOPMENTS IN GUATEMALA²

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 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.

¹ A cover sheet and dissemination notice are not printed.

² A note on the cover sheet reads as follows:

"The following member organizations of the Intelligence Advisory Committee participated with the Central Intelligence Agency in the preparation of this estimate: The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff.

"The Intelligence Advisory Committee concurred in this estimate on 12 May 1953. The AEC and FBI abstained, the subject being outside of their jurisdiction."

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.

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.

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, there is no present reason to doubt the continued loyalty of the Army high command and of most of the Army to Arbenz. The Army under its present leaders could not be expected to take revolutionary action unless they 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. So long as it remains united, the Guatemalan Army can defeat any force which the Governments of El Salvador, Honduras, and Nicaragua could deploy against it. These Governments 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.

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 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 organizations 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 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' political alliance with the Communists. Pressure from the President's office forced some reluctant Administration supporters to accept the newly reorganized and legalized Communist 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 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 na-

tionalistic 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 Arbenz 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 Guatemala 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.

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 with individual communists within the leftist political parties and labor unions which emerged from the Revolution of 1944. This Communist infiltration of other parties and organization 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. 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 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 program. During the Arévalo 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.

*The United Fruit Company, the International Railways of Central America, and Empresas Electricas (the principal electric light and power company). [Footnote in the source text.]

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.

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) neither is dispersed in small detachments—it could neither defeat an Army coup nor itself overthrow the Government without Army support. All officers in the *Guardia Civil* are Army officers.

30. Since the Revolution of 1944 the Army and the Police have refrained from active participation in politics while supporting the 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. Arbenz has sought to enhance morale through pay increases, additional allowances, quarters for many field grade officers, promotions every three years, duty-free commissary privileges, and appointments to desirable government positions. Especially generous treatment has been provided for the officers of the two regiments stationed at Guatemala City, while less reliable officers have been assigned to isolated posts in the hinterland. The military units outside of Guatemala City have little potential for effec-

tive 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.

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" 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 1939 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 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.³

34. Simultaneously with its withdrawal from ODECA Guatemala complained to the United Nations regarding this alleged foreign interference. It is notable that Guatemala bypassed 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.

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 Adminis-

³ On Apr. 4, 1953, Guatemala formally withdrew from ODECA. Foreign Ministers representing the remaining member countries (Costa Rica, El Salvador, Honduras, and Nicaragua), met at San José, Costa Rica, on Apr. 16, and resolved to invite Guatemala to reconsider its decision. They met again in an extraordinary session at Managua, Nicaragua, July 11-12, where they adopted resolutions condemning Communist infiltration into the countries of Central America ("Resolution of Managua"), and declaring that no action would be taken to block Guatemala's reentry into ODECA, if Guatemala expressed a desire to rejoin the organization. A translation of the text of the Resolution of Managua was transmitted to the Department of State under cover of despatch 29, dated July 21, 1953 (713.00/7-2153). Additional documentation relating to ODECA is in file 713.00.

tration. 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 effected.

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, 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.

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

† 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. [Footnote in the source text.]

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. So long as it remains united, the Guatemalan Army could defeat any force which El Salvador, Honduras, and Nicaragua were capable of deploying against it. In the event of such an invasion 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.

611.14/5-2153

Memorandum by the Officer in Charge of Central America and Panama Affairs (Leddy) to the Assistant Secretary of State for Inter-American Affairs (Cabot)

SECRET

[WASHINGTON,] May 21, 1953.

Subject: Relations with Guatemala

I. Communist Infiltration

1. The trend toward increased communist strength is uninterrupted. A gigantic May Day celebration was used as a Commie display of strength, and the Communist labor leader Gutierrez made a rabid speech threatening the opposition with destruction. President Arbenz attended this rally, also made a speech (denying that Guatemala is Communistic) and warmly embraced Gutierrez. The Administration seized upon the ill-planned and abortive uprising at Salamá on March 29 to make a prolonged tirade on the "vast international conspiracy against Guatemala" and to intimidate the anti-communist opposition, jailing most of the active leaders it could lay hands on.

2. Nothing is yet known to verify the alleged asylum in Guatemala of the two bail-jumping U.S. Communists, Winston and Green, who were convicted with eleven other top Communists of Smith Act violation. When the charge was made by the INS correspondent, Stanley Ross, last March (on information given him by Trujillo), Foreign Minister Osegueda announced an investigation would be made, but nothing further has been reported, either on the investigation or verifying that Winston and Green are in Guatemala. (The Subcommittee inquired about this report in March.)

3. The Guatemalan Congress stood in silence in memory of Joseph Stalin, the only government body in the Western Hemisphere to do so. The Guatemalan labor federation is angling to affiliate with WFTU and CTAL. The official and semi-official press continues pro-communist.

II. International Relations

1. Guatemala on April 1 withdrew from the ODECA charging threat to its sovereignty from the attitude of the four other members, and also complained to the United Nations. Among its charges is a re-hash of old stuff about former Ambassador Patterson and Spruille Braden. Salvador and Nicaragua replied to the Guatemalan charges directly and sent copies to the UN. We decided to ignore the charges, as Guatemala, at least in the UN, was engaged solely in a propaganda maneuver.

2. ODECA continued on at San Jose in a special meeting on April 16, without Guatemala, but the door was left open for Guatemala to come in at any time. The next formal meeting of ODECA is scheduled to be held in Nicaragua but the date is not yet fixed. There is no sign that Guatemala will reconsider its decision to leave ODECA.

III. American Interests Under Attack

1. The United Fruit Company remains a prime target of the leftist Government coalition. The seizure of three-fourths of the Fruit Company's land on the Pacific side, under the Agrarian Law, has been finalized. We have notified the Guatemalan Ambassador that we will wish to discuss this in the normal representation of American interests, in order that prompt, adequate and effective compensation may be made. No reply has been received. The Fruit Company will ask the Department to present a claim for the value of its seized holdings but it has not yet referred this claim to the Department for action.

2. International Railways of Central America is also under recurring attack. An embargo was placed on its property about two months ago on a tax claim of \$3.5 million but was later withdrawn, since the tax case is before the courts.

3. The Electric Light and Power Company, a wholly owned American and Foreign Power subsidiary, is under threat from two sources:

first, hydroelectric power development by the Guatemalan Government which would take water from the river supplying two of the company's plants; and second, revision of its concession contracts as a result of action by a Congressional committee dominated by Communists. This American company has notified the Department that in spite of all its efforts to come to an agreement with the Guatemalan Government it regards its future outlook as very pessimistic.

IV. Our Policy

1. For three years we have steadfastly maintained a policy of withholding favors from the Guatemalan Government and we will continue to do so as long as its toleration and encouragement of Communism continue. At the same time, we have not given in to various pressures for direct intervention, which would be in violation of our fundamental Latin American policy and solemn treaty commitments. At present, we encourage Central American nations to stand up to Guatemalan infiltration, with the ultimate purpose of bringing the Guatemalan situation before the OAS.

2. As an important prop to anti-communist Central American nations, we are presently seeking authorization from the Pentagon to include El Salvador, Honduras and Nicaragua in hemispheric defense plans, so that military assistance pacts may be negotiated with them, which would give them arms and material support and at the same time might bring home to the Guatemalan military the further disadvantages of non-cooperation with the U.S. Both Nicaragua and El Salvador are definitely interested, and Honduras might possibly be interested if the other two signed first.

We are also negotiating military mission agreements with Nicaragua and El Salvador, and facilitating the latter to purchase arms in the U.S.

3. We believe that the Guatemalan situation requires most delicate and patient handling and that the dangers to our interests from inadvisable action should be fully weighed against any immediate lure to dispose of the problem abruptly.

S/P-NSC files, lot 61 D 167

*Draft Policy Paper Prepared in the Bureau of Inter-American Affairs*¹

TOP SECRET

[WASHINGTON, August 19, 1953.]²

NSC GUATEMALA

GENERAL CONSIDERATIONS

1. In Guatemala Communism has achieved its strongest position in Latin America, and is now well advanced on a program which threatens important American commercial enterprises in that country and may affect the stability of neighboring governments. Continuation of the present trend in Guatemala would ultimately endanger the unity of the Western Hemisphere against Soviet aggression, and the security of our strategic position in the Caribbean, including the Panama Canal.

2. Communist strength is derived from control of positions of influence and power in the labor movement, in the pro-Government political parties, and in the Government itself which, though not Communist, tolerates and encourages Communist support as useful to its own social reform program. The Communists have succeeded in identifying themselves with a nationalistic, leftist revolutionary movement that began with the overthrowing of a military dictatorship in 1944, and they have crippled their opponents by ranging the full strength of the Government's coalition against them. The Guatemalan Army, in which ultimate power resides, has displayed indifference toward growth of Communist influence.

3. The immediate Communist objective is the elimination of American economic interests, represented in Guatemala by the United Fruit Company, the International Railways of Central America, and the Guatemalan Electric Company. The loss of these enterprises would be damaging to American interests and prestige throughout Central America, and a severe setback to programs for economic development in the hemisphere through private capital investment.

4. The underlying Communist objectives in Guatemala are to prevent collaboration of that country with the United States in event of future international crisis, and to disrupt hemisphere solidarity and weaken the United States position. The Communists are not seeking

¹ This paper, drafted for submission to the National Security Council, was forwarded under cover of a memorandum by Raymond G. Leddy to Robert R. Bowie, dated Aug. 19, 1953, not printed, requesting clearance by the Policy Planning Staff. The paper was returned to Mr. Leddy for revision on Aug. 31, 1953, and a revised draft was submitted to the Policy Planning Staff in mid-October. In late October, it was returned to ARA for additional revisions, and resubmitted to PPS in early November. On Jan. 12, 1954, it was returned to Deputy Assistant Secretary Woodward. None of the revised drafts were found in the files, nor was any indication that the paper was forwarded to the NSC. (S/P-NSC files, lot 61 D 167)

² The source text contains no indication of a drafting date; the date supplied is that of the covering memorandum.

open and direct control of the Guatemalan Government, at the present time, but are working to convert it into an indirectly controlled instrument of Communism.

5. Communist success in Guatemala thus far does not constitute a direct military or economic threat to the United States; but the uninterrupted trend in its favor is of serious concern to our interests and future security and requires determined study of means to reverse it.

OBJECTIVES

6. The objectives of the United States with respect to Guatemala are:

a. Prompt and effective collaboration of Guatemala with the United States in event of war or major international emergency.

b. Reversal by the Guatemalan Government of its tolerant policy toward Communist influence in the country and its present uncooperative attitude toward the United States.

c. Prevention of the spread of Communist influence from Guatemala to other countries in the hemisphere.

d. Establishment in Guatemala of favorable conditions for the conduct of business by United States interests on mutually advantageous terms.

e. Creation of conditions favorable to Guatemalan participation in hemisphere defense plans.³

COURSES OF ACTION

Political

7. The United States should seek to increase to the maximum the likelihood of prompt and effective collaboration by Guatemala in event of war or major international emergency by:

a. Conserving the underlying good will built up in Guatemala (as elsewhere) by our policies of non-intervention, respect for juridical equality and abnegation of a position of privilege.

We should therefore reject any action which by having the appearance of unilateral intervention in Guatemala would cause the Guatemalan people to turn against the U.S. and decline to offer their cooperation in time of emergency.

b. Pursuing the further objectives and courses of action outlined in paragraphs 8, 9, 10, and 11 below.

8. The United States should bring pressure on the Guatemalan Government to take effective action against Communist influence in the country and abandon its unfriendly attitude toward the United States by:

a. Impressing upon the Guatemalan Government at every opportunity the serious concern with which the United States views Communist influence in Guatemala, making it clear that this is the only important

³ Apparent reference to the Inter-American Common Defense Scheme, dated Oct. 27, 1950, and the General Military Plan for the Defense of the American Continent, dated Nov. 15, 1951. Regarding the former, see Secretary of Defense Marshall's letter to Secretary Acheson, Dec. 16, 1950, *Foreign Relations*, 1950, vol. I, p. 679; regarding the latter, see the editorial note, *ibid.*, 1951, vol. II, p. 1028.

obstacle to cordial relations with this country. Correct diplomatic relations should be maintained with Guatemala to afford means of getting our views directly to the Government.

b. Withholding all further loans, grants and other favors from the Guatemalan Government, including U.S. cooperation in completion of the Inter-American Highway section in Guatemala.

Alternative course: Withholding of further loans, grants and other favors from the Guatemalan Government, with the possible exception of U.S. cooperation in completion of the Inter-American Highway section in Guatemala.

c. Limiting United States technical assistance in Guatemala to the present minimum operation, maintaining it only on an interim basis pending improvement in conditions in order to keep contact with influential non-Communist elements in and out of the Government.

d. Increasing isolation of the Guatemalan Government from its Central American neighbors and demonstrating more strikingly to the Guatemalan Army the advantage to be gained if the Guatemalan Government were to disengage itself from the Communists in the country by (1) seeking to conclude a military assistance agreement with Nicaragua⁴ under the Latin American grant aid program; (2) giving special attention to requests from other Central American countries for the purchase of military equipment from either U.S. Government or commercial sources. The question of whether other Central American countries should be approached for the negotiation of grant aid agreements should be kept under review in the event that circumstances should prove that such agreements would contribute effectively to this course of action.

e. Refusing to sell arms and military materials to the Guatemalan Government under Sec. 408(e) of the Military Defense Assistance Act,⁵ and refusing to license the export of any other arms or military materials for the Guatemalan Army and Police, so long as they are responsive to the instructions of Communist-influenced elements in the Government. Certain materials, such as blasting powder, airplane parts, etc. should be excepted from the foregoing in specific cases where denial of licenses would have unwarranted adverse effect on our interests.

f. Encouraging the ODECA to implement its resolutions⁶ against Communist infiltration, but without affording the Communist-influenced Government an opportunity to unify the Guatemalan people behind it to combat a real or supposed threat to that nation's sovereignty.

g. Developing and keeping under constant review the factual record of specific evidence of Communist influence in the Government and official toleration or encouragement of international Communist activities, including attempts to subvert other American governments, in order to ensure the best possible presentation of the case for collective action through the OAS against Communists in Guatemala should it appear likely that such a move will obtain sufficient support from the

⁴On Apr. 23, 1954, the United States and Nicaragua signed at Managua a Military Defense Agreement, which entered into force on the same date; for text, see 5 UST 453, or TIAS No. 2940. See the editorial note, p. 1378.

⁵Of 1949.

⁶Reference is to the "Resolution of Managua" adopted by ODECA at its meeting of July 11-12, 1953; for additional information, see footnote 3, p. 1069.

other American Republics or should the Guatemalan situation be brought up in the OAS by some other government.

h. Arousing Latin American public opinion against Communist progress in Guatemala through a covert information program.

i. Intensifying United States information programs, both overt and covert, aimed at isolating Communist elements in Guatemala from the Guatemalan people and government. Maximum use should be made of Bogotá Conference Resolution XXXII, Resolution VII⁷ of the Washington Foreign Ministers Meeting, and any other OAS or ODECA actions aimed at international Communist influence.

j. Lending assistance wherever prudent to the Catholic Church in its fight against Communism in Guatemala.

k. Assisting United States labor organizations to develop relations with Guatemalan non-Communist labor leaders and encouraging the growth of a non-Communist labor movement.

9. The United States should seek to prevent the spread of Communist influence from Guatemala to other countries in the hemisphere by:

a. Consulting with other Latin American governments, pursuant to existing agreements, on measures to control international movement of Communist agents.

b. Implementing any collective action undertaken through the OAS. (See paragraph 8(g) above.)

c. Strengthening Guatemala's militarily weak Central American neighbors by entering into grant aid agreements with Nicaragua and other Central American governments whose eligibility may be established, and by making arms and materials available to them under Section 408(e) of the Mutual Defense Assistance Act.

10. The United States should seek establishment in Guatemala of favorable conditions for the conduct of business by United States interests on mutually advantageous terms by:

a. Continuing correct diplomatic relations with Guatemala insofar as possible, so that matters concerning protection of United States interests in Guatemala may be dealt with directly between the two Governments as occasion demands.

b. Impressing upon the Guatemalan Government the need for reasonable treatment of foreign capital in order to further the orderly economic development of the country.

c. Encouraging the three principal United States firms in Guatemala to make modifications, at the appropriate time, in their contracts with the Guatemalan Government which would be acceptable to both sides and which would eliminate some of the grounds for misunderstanding and resultant popular resentment against the companies.

d. Encouraging the principal United States companies in Guatemala to continue development of improved labor relations and public relations policies.

e. Making clear and reasonable diplomatic representations whenever United States interests in Guatemala are deprived of substantial rights to which they are entitled under international law.

⁷ For text of the referenced resolution, see *Proceedings of the Fourth Meeting of Consultation of Ministers of Foreign Affairs*, pp. 243-244.

11. The United States should seek establishment of conditions favorable to Guatemalan participation in hemisphere defense plans by:

a. Maintaining our Military and Air Force Missions in Guatemala as long as local conditions permit, in order to maintain friendly contact with non-Communist elements in the officer corps, pre-empt the function of military adviser to the Guatemalan armed forces, and maintain the present degree of standardization of arms and training insofar as possible; also by the presence of these missions to keep the door open to a more complete standardization if and when conditions are such that authorizations for arms exports from the U.S. can be renewed.

b. Seeking to retain the good will of the officer corps, particularly through the present period when arms exports from the U.S. are not authorized, by conveying to them an understanding of the reason for such action on our part and by every other means reasonable under the special circumstances of present relations between our two countries.

Annex

STAFF STUDY

GENERAL CONSIDERATIONS

1. Guatemala is the northernmost and third largest of the five small republics between Mexico and Panama. It is roughly 1,000 miles south of New Orleans and 750 miles northwest of the Panama Canal. Over half of its 2,900,000 people are Indians who participate only to a limited extent in the money economy and political life of the nation. Guatemala is predominantly an agricultural country, and although well endowed by nature for producing a variety of crops, its economy is still heavily dependent on coffee.

2. In terms of its own resources and manpower, the contribution that Guatemala can make toward United States security is slight. Although useful sources of a few strategic materials might eventually be developed, present production of such products is of negligible importance to this country. In the event of war, Guatemala, as in the last conflict, could provide the United States with the site for an air base at Guatemala City, but the greater range of modern aircraft may have considerably diminished its present or future usefulness to us. The International Railways of Central America, though of possible value as a trans-isthmian route in event of destruction of the Panama Canal, is a narrow gauge (36") line of limited capacity, easily sabotaged, and has only open roadsteads at the Pacific termini.

3. Guatemala could endanger United States 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. 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 United States forces in event of war. Sabotage against the railroads and other United States-owned commercial interests would injure the Guatemalan economy far out of proportion to the adverse effect on the United States war potential. Since Guatemala would be incapable of resisting a strong attacker, denial of Guatemalan facilities and resources to an aggressive enemy power would necessarily fall to the United States. Should the Guatemalan Government assume a hostile attitude in an emergency, the United States could secure the airport and other strategic points against its forces with a battalion or two of well-trained troops.

4. Guatemala is of special importance to the United States primarily for having provided the leading example of Communist penetration in the American Republics. This situation tests our ability to combat the eruption and spread of Communist influence in Latin America without causing serious harm to our hemisphere relations. It may be assumed that fundamental Communist objectives in Guatemala include the following: (a) to prevent collaboration between that country and the United States in time of future emergency, (b) to encourage the growth of Communism elsewhere in Latin America, and (c) to provoke the United States into action which would be contrary to our Inter-American commitments and which would injure hemispheric solidarity.

5. The principal subsidiary problem facing the United States in Guatemala concerns treatment of private United States interests. Influenced by extreme nationalists and Communists, the Guatemalan Government has begun expropriation of substantial United States-owned assets in the country, having for several years followed a policy of increasing hostility and harassment toward the principal American companies operating there. These are the United Fruit Company; the International Railways of Central America, (partially owned by the former); the Empresa Electrica de Guatemala, (owned by a subsidiary of the Electric Bond and Share Company); and Pan American Airways. All but the last named have large capital investments in Guatemala. The crippling or expulsion of these American enterprises would adversely affect the position of United States commercial interests elsewhere in the hemisphere, and would produce a number of subsidiary but troublesome local problems, such as securing just compensation for property seized.

6. Communist influence in Guatemala grew up in the aftermath of the Revolution of 1944, which brought an end to the latest of the country's many military dictatorships and replaced it with a liberal-minded administration which promised quick change. Initial popular enthusiasm for the 1944 revolutionary movement attested to the depth

of discontent with the political repression, social backwardness and "economic colonialism" which had been the pattern of the past.

7. The Administrations of President Arevalo (1945-51) and President Arbenz (1951-), in frustration at the frictions caused by their own ignorant tampering with the national social and economic structure, have attempted to shift responsibility for Guatemala's difficulties to forces outside its borders. Exploiting nationalist sentiment to the utmost, they have insisted that Guatemala is the victim of a conspiracy directed by the United Fruit Company which is determined to prevent the betterment of the Guatemalan people.

8. Communists ably supported Arevalo and Arbenz in their attacks on "economic imperialists" and in their efforts to legislate sudden reform. The Communists identified themselves with every aspiration of the revolutionary administrations. Toleration of Communist activity which characterized the early years of the Arevalo administration developed into an effective working alliance between the Communists and Arbenz.

9. Key to present political tensions in Guatemala is the Agrarian Reform Law, enacted in mid-1952 and described by President Arbenz as the most important measure of the Revolution. This law provides for the expropriation of large tracts of unused land and their distribution to the peasants. Although presented as a long-overdue measure of social and economic reform, the law has strong political motivation and significance. Its drastic provisions are designed to produce social upheaval rather than to execute any economic plan. Communists and fellow travelers instantly seized the opportunity afforded them by the Administration's proposal to institute agrarian reform. They played a leading part in the preparation and enactment of the agrarian law. They have infiltrated the National Agrarian Department established to administer it, and have incited disorderly peasant seizures of privately owned lands. The Agrarian Reform Law is being used to attack the United Fruit Company, to destroy the political effectiveness of the large landholders, and to mobilize the hitherto politically inert peasantry in support of the regime.

10. Militant Communists in Guatemala are estimated at a few hundred. Of these perhaps two or three dozen are dangerous leaders or agitators. Almost without exception they are indigenous to the area and are Mexico-trained rather than Moscow-trained, although some have visited the Soviet orbit and may have received brief instruction there.

11. 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 coor-

minated activity of individual Communists within the leftist political parties and labor unions which emerged from the Revolution of 1944.

12. 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. The Communists are seeking to mobilize the mass of rural workers through the CGTG and the National Confederation of Guatemalan Peasants (CNCG), in which they exercise a strong influence. The basic weakness of Guatemalan Communist labor leadership is that it is imposed from above through top control of the machinery or labor organization and cannot be sure of rank and file support.

13. 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 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 infiltrate the Police or Army.

14. Opposition to the Arbenz regime is disorganized and ineffective. There is no likelihood it could alter the course of the Government by political action. It could not succeed in a revolutionary attempt opposed by the Army.

15. 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 clandestine support of revolutionary action in Guatemala. It is highly unlikely, however, that they would or could mount an open military intervention against Guatemala. The Guatemalan Army could probably defeat any force which they could deploy against it.

16. The Army is the only organized element in Guatemala capable of rapidly and decisively altering the political situation. There is no reason to doubt that President Arbenz still has the loyalty of the Army, which has taken its lead from him and thus far refused to concern itself over the growth of Communist influence in political life.

17. It is possible that President Arbenz thinks of the Communists in Guatemala only as reformers and useful allies rather than as Soviet agents. Since he has no support of consequence from any propertied interests other than those created by the Revolution, he is probably unwilling to repudiate the Communists and risk the loss of much of his organized political backing. Therefore, even though Arbenz still exercises personal control of the Administration, the Army and the Police, and could break his ties with the Communists and moderate the policies of the Government, it is not likely that he will voluntarily do so under present conditions.

18. In addition, Arbenz and other Government leaders, as officials of a small country near the United States who feel some resentment against it for one reason or another, may tend to find satisfaction in deliberately affronting the United States by showing friendliness to Communist leaders and in observing the attention aroused by their attitude. In any event, Guatemala's protestations of friendship with the United States have thus far been given against a background of official Guatemalan encouragement to Communist activity.

19. On the other hand, there are certain factors which would impel most Guatemalans, possibly including President Arbenz and other non-Communist Government officials, to identify Guatemala's ultimate interests with those of the United States rather than the USSR and to desire to cooperate with the United States in controlling enemy saboteurs and propagandists in event of war or major international crisis. These factors are: (1) Guatemala's western cultural and political orientation; (2) Guatemala's proximity to and economic dependence on the United States; and (3) the fact that the United States has built up in the American Republics, especially in the Caribbean area, a great reservoir of fundamental good will through our policies of non-intervention, respect for juridical equality and abnegation of a position of privilege.

20. Notwithstanding the disturbing amount of Communist influence in Guatemala, its Government still votes with the free world on most of the substantive issues between it and the Soviet bloc. There are certain other small signs of its continued willingness to remain in our camp, such as the fact that our Military and Air Missions are still operating in Guatemala.

21. Nevertheless, any likelihood of voluntary cooperation by the Arbenz Government with the United States in a future crisis would vanish (a) if the Communists in the Administration should overpower it completely, or (b) if President Arbenz should meanwhile conclude that all means of reaching an understanding with the United States were closed, and commit himself to a policy of frank hostility toward this country.

22. Our present position in Guatemala is progressively deteriorating. Politically, Communist strength grows, while opposition forces are disintegrating; economically, American enterprises suffer continuous whittling away of their properties and contractual rights, while our remonstrances are rejected. Ultimate Communist control of the country and elimination of American economic interests is the logical outcome, and unless the trend is reversed, is merely a question of time. In seeking means to reverse this trend, we must consider:

a. A policy of non-action would be suicidal, since the Communist movement, under Moscow tutelage, will not falter nor abandon its goals.

b. Ineffective defense of American enterprises will be followed by similar attacks on these same companies in neighboring countries, and subsequently on other U.S.-owned industries in other Latin American countries.

c. A solution of the Guatemalan problem by means repugnant to the rest of Latin America might cost more than it would be worth, as it could create a larger problem with the hemisphere than we would have ended with one country.

d. Any solution will depend on our action, since other American republics have neither the capacity nor decision to act.

ALTERNATE LINES OF POLICY

23. The United States could follow one of four general lines of policy with respect to Guatemala:

a. Policy of direct intervention. Militarily, Guatemala would be defenseless against direct United States action. Imposition of unilateral economic sanctions, if mechanism to enforce them were made available, would at least cause a drastic and no doubt painful shift in the flow of Guatemala's trade, since the United States takes 85 percent of Guatemala's exports and supplies 60 percent of its imports. However, the use of direct military or economic sanctions on Guatemala would violate solemn United States commitments and under present circumstances would endanger the entire fund of good will the United States has built up in the other American Republics through its policies of non-intervention, respect for juridical equality, and abnegation of a position of privilege. Loss of this good will would be a disaster to the United States far outweighing the advantage of any success gained in Guatemala.

b. Policy of covert intervention. Our secret stimulation and material support of the overthrow of the Arbenz Government would subject us to serious hazards. Experience has shown that no such operation could be carried on secretly without great risk of its leadership and backers being fully known. Were it to become evident that the United States has tried a Czechoslovakia in reverse in Guatemala, the effects on our relations in this hemisphere, and probably in the world at large, could be as disastrous as those produced by open intervention.

c. A policy of inaction. The United States could allow events to take their course in Guatemala in the hope that the problem will solve itself, possibly along the lines of the Mexican Revolution, which also had Communist backing for land "reform" and foreign expropriation. This is obviously a false hope in the existing context of world affairs, and disregards both the importance of Communist penetration and the certainty that the United States must aggressively lead the fight against it wherever it appears in the hemisphere.

d. Policy of firm persuasion. As long as the Government of Guatemala cooperates with the Communists we should decline to cooperate with it. The United States should adopt courses of action which will oblige the Guatemalan Government to see for itself that its persistence in favoring the Communists will lead the country to ruin; and which will induce it to recognize the advantages of cooperating with the United States. In exploiting all the possibilities of this policy we should endeavor in all appropriate ways to bring the pressure of Latin American public opinion to bear upon the Guatemalan Government and people; we should encourage ODECA in its moves aimed at the Communists in Guatemala; and, if and when it occurs that a case has been developed which will command support from a majority of the OAS, we should initiate or support OAS action against Guatemala. If direct unilateral action should become necessary in a future emergency, the Arbenz regime could easily and quickly be overthrown possibly with less Latin American opposition than we would encounter under present conditions, and very possibly with Latin American support. Meanwhile, we must recognize realistically that our present policy of firm persuasion, though avoiding an outright break with the Guatemalan Government, has not deterred it from its stated course.

Courses of Action

24. Although Arbenz is sensitive to pressure exerted by the United States, he will resist it without regard to practical consequences wherever he believes he can gain political advantage by so doing. This makes execution of our policies a delicate and dangerous matter.

25. We have frankly discussed the Communist problem with high Guatemalan officials in Washington and in Guatemala. They have brushed aside our views on Communist influence in the country as exaggerated. They have described the Communist issue as a false one fabricated by the United Fruit Company. We must continue, however, in the effort to dispel the illusions of anyone in the Guatemalan Government who believes the Government's official version.

26. We have for some time withheld virtually all cooperative assistance from Guatemala. The exceptions have been a reduced Technical Assistance Mission (engaged in three small projects begun during World War II) which we have desired to maintain at a minimum level as a toe-hold pending improvement in political conditions; and our military and Air Force Training Missions, which we have desired to keep friendly United States contact with the politically important officer corps.

27. The withholding of other favors has proven effective in demonstrating to the Guatemalan Government the seriousness with which we view its cooperation with Communism, and the policy should be continued. However, consideration should be given the alternatives of withholding or granting our cooperative assistance in completion of the Guatemalan sector of the Inter-American Highway.

28. Guatemala has formally offered to enter into an agreement with the United States for the continued cooperative construction of its sector of the Inter-American Highway, making all of the assurances required by law for the expenditure of United States funds. We have already made such agreements with El Salvador, Nicaragua, Costa Rica, and Panama. On the one hand, our refusal to resume cooperation with Guatemala on the Highway will constitute the most forceful measure available to us under the policy of withholding favors, as it is the one most urgently desired by Guatemala. On the other hand, it would be in our interests to conclude a cooperative agreement with Guatemala for construction of the Highway, for the following reasons:

(1) It is the only means of insuring that the as-yet-unconstructed 25-mile gap immediately adjacent to Mexico will not become a serious bottleneck for the entire Central American portion of the Highway. Guatemala will sooner or later attempt to build this section itself if we fail to enter into the agreement, and will probably exercise its consequent freedom to place on it the special tolls or other restrictions which would be expressly forbidden under the terms of the agreement.

(2) It would open Guatemala and the rest of Central America to Inter-American Highway traffic which is now unable to pass beyond the Mexico-Guatemala border because of the gap on the Guatemalan side. This would stimulate extensive tourist travel and commercial movement on the Highway between the United States and Guatemala and would to that extent increase beneficial United States influence in Guatemala.

29. Careful study should be given the concluding of Military Defense Assistance Pacts with El Salvador, Nicaragua, and Honduras.⁸ Exclusion of Guatemala would have the practical effect of emphasizing to the Guatemalan Army the disadvantage to it caused by the Government's friendliness toward Communism. To be weighed against this is the risk that conclusion of the pacts might stir nationalist feeling in Guatemala and strengthen rather than diminish Army support of the Arbenz regime. An additional difficulty is the apparent disinclination of El Salvador and Honduras to conclude such agreements. A pact with Nicaragua should be pushed as a first step toward bracing Guatemala's neighbors with our military support.

⁸On May 20, 1954, the United States and Honduras signed at Tegucigalpa a Military Assistance Agreement, which entered into force on the same date; for text, see 5 UST 843, or TIAS No. 2975. See Mr. Murphy's letter to Assistant Secretary of Defense Hensel, Aug. 10, 1954, p. 1311.

30. Pending the conclusion of Military Defense Assistance Pacts which would enable the United States to give military grant-aid to El Salvador, Nicaragua, and Honduras, we should make arms and materials available to them by direct purchase under Sec. 408(e) of the Military Defense Assistance Act, in order to help strengthen those militarily weak governments against Communist subversion and pressure from Guatemala.

31. The United States should continue to refuse to sell arms and materials to Guatemala under Sec. 408(e) of the Military Defense Assistance Act, and to continue to deny export licenses for other arms and materials sought in this country for the Guatemalan Armed Forces. This policy should be enforced so long as they are loyal to the Communist-influenced central authority and hence likely to employ their weapons against anti-Communists. It is recognized that the withholding of arms will necessarily impede the functions of the United States Military and Air Force Missions in Guatemala. We should consider occasional approval of export licenses for materials other than military arms and ammunition should it appear in specific cases to be in our interest to do so.

32. An arraignment of Communist penetration in Guatemala and from Guatemala to other American Republics should be prepared for use in the event that OAS action appears feasible and practicable. The United States should assist by developing a factual case record of specific evidence of (1) Communist influence in the Government; (2) encouragement or toleration by the Government of Communist elements who are acting or appear to be acting under Kremlin directives, and (3) encouragement or toleration by the Government of attempts at subversion of any other American Government. This case record should be kept under constant review in order to determine whether or when its nature is such that its presentation in the OAS would gain sufficient support from the other American Republics to assure that collective inter-American action will be taken to achieve the elimination or marked diminution of Communist influence in Guatemala.

33. Many of the difficulties encountered by United States commercial interests in Guatemala are the direct work of Communists, but certain problems would remain even after elimination of their influence. Deep-rooted nationalist feeling will remain an obstacle to the solution of some of the principal ones. We should encourage the United Fruit Company, the IRCA, and the Empresa Electrica to negotiate with the Guatemalan Government, whenever that Government is disposed to enter such negotiations in good faith, with a view to revising their concession contracts in such a way as to diminish nationalist prejudices against the companies and at the same time obtain from the Government satisfactory assurances of reasonable treatment of the companies.

Eisenhower Library, Jackson records

*Memorandum for the Record, by Richard Hirsch of the Operations Coordinating Board*¹

CONFIDENTIAL

WASHINGTON, October 29, 1953.

Subject: Debriefing of Ambassador Rudolf E. Schoenfeld, October 28, 1953

Of the various comments made by Ambassador Schoenfeld on the communist situation in Guatemala, the following are most relevant to OCB interests:

1. The communist power-drive in Guatemala has reached an advanced state of infiltration, they hold key positions in (a) the agrarian movement, (b) the labor movement, (c) government administration short of cabinet level.

2. President Arbenz, who is half Swiss, has a granite streak of stubbornness in addition to his volatility and firmly convinced that he can deal with the communists whenever he has to. This optimism is not shared by Ambassador Schoenfeld, who feels that Arbenz has not even begun to appreciate the real purposes and techniques of communism as a power-seeking movement, not a social reform.

3. On the anti-communist side, there are very few positions of strength. The church is extremely weak, all of its property having been confiscated, and a strong anti-clerical attitude exists. The intellectuals are either bemused by the appeals of communism, or are hypersensitive to the U.S. The land-owners are strictly apolitical and will not permit themselves, or their sons, to engage in political activity. They feel that Guatemalan politics has three unattractive destinations: the palace, the jail, or the cemetery. The independent press, however, is very alert to the communist danger.

4. Guatemala represents in miniature all of the social cleavages, tensions, and dilemmas of modern Western society under attack by the communist virus. Conditions will worsen considerably before we can improve them, and we should regard Guatemala as a prototype area for testing means and methods of combatting communism.

5. It will be of primary importance for U.S. labor organizations to encourage the growth of free trade unions in Guatemala, for U.S. corporations to adopt enlightened labor policy in the area, and for the U.S. Government to develop information activities along non-attributable lines.

RICHARD HIRSCH

¹ A covering memorandum by H. S. Craig of the Operations Coordinating Board to C. D. Jackson, dated Oct. 29, reads as follows: "Ambassador Schoenfeld's estimate of the advanced state of communist infiltration in Guatemala may interest you. Meanwhile, the staff is developing a possible action proposal for your consideration."

814.2333/11-2553

Memorandum of Conversation, by the Director of the Office of Regional American Affairs (Cale)

CONFIDENTIAL

[WASHINGTON,] November 25, 1953.

Subject: Guatemalan Coffee

Participants: Mr. Jim O'Connor, President, National Coffee Association
Mr. R. A. Medina, R. A. Medina Co.
Mr. Phil Nelson, Ruffner, McDonnell & Burch, Inc.
Mr. Harry H. Allen, Vice President, Otis McAllister Coffee Corp.
Mr. John F. McKiernan, Executive Vice President, National Coffee Association
Mr. Cabot, ARA
Mr. Cale, AR

Mr. Cabot pointed out that the Department is faced with a very difficult problem as a result of communist influence within Guatemala. He said that in considering possible courses of action to meet the situation the question of economic sanctions has to be considered. In this connection, coffee, which supplies some 80 per cent of the Guatemalan foreign exchange, is obviously the most important single individual commodity on which action might be taken.

Mr. Cabot stated that he wished members of the group to understand that they had been invited to Washington not because any immediate action involving coffee is now contemplated but because he wishes to have the benefit of the advice of the representatives of the coffee trade in connection with our consideration of possible action.¹

Mr. O'Connor pointed out that the companies of Messrs. Medina, Nelson and Allen do the major part of the import business in Guatemalan coffee and that they are accordingly in an excellent position to advise the Department on the matter.

Mr. Cabot stated that the Department would like to have the group's views as to the feasibility and mechanics of a Government embargo against or an industry boycott of Guatemalan coffee.

At Mr. O'Connor's suggestion, Mr. Medina spoke first for the coffee representatives. He said that the group had had an opportunity to discuss the question in a preliminary fashion but that they had not considered the possibility of an industry boycott in the absence of action by the Government. Mr. Medina then called attention to the following considerations:

¹ A previous conversation relating to possible action against Guatemala involving coffee took place at the Department of State on Feb. 27, 1952, between Mr. Mann, Mr. Cale, Mr. Siracusa, and a representative of the National Coffee Association; a memorandum of that conversation, by Mr. Siracusa, dated Feb. 27, 1952, not printed, is in file 814.2333/2-2752.

1. That it is often impossible to distinguish between Guatemalan coffee and coffee grown in nearby countries such as Mexico and El Salvador. Under these conditions, even if the United States Government should embargo Guatemalan coffee, it would be likely to find its way into this country through Mexico, El Salvador and other Latin American countries.

2. That American coffee importers, at any time, have large investments in coffee in Guatemala. Accordingly, an embargo on Guatemalan coffee would subject such importers to considerable financial loss.

To Mr. Cale's inquiry whether it would be possible for the importers to avoid this loss, if they were informed several months in advance of the contemplated action, Mr. Medina stated that prior notice would be helpful. He pointed out, however, that the helpfulness of the notice would depend not only on the period of the notice but on the time of the embargo. Mr. Allen called attention to the fact that his company and certain other coffee importers advance rather large sums of money early during a crop year to finance the production and harvesting of the crop. The crop year in Guatemala, he said, begins around October 1st. If the Government were contemplating action, he said that June 1, with several months of advance notice, would probably be as good from the point of view of timing as any other date.

Mr. O'Connor pointed out, however, that, in view of the present tight market situation, such a date would be about as unfavorable as any that could be chosen from the viewpoint of its effect on price, since there is very little coffee available for sale and shipment during this period. It was Mr. O'Connor's estimate that excluding the 800,000 bags of Guatemalan coffee which we normally import, if such exclusion were possible, would probably raise the price of all coffee to the United States consumer by as much as 10 cents per pound.

Mr. Allen called attention to another adverse effect of embargoing Guatemalan coffee, namely, the fact that it would force the Guatemalan Government to become much more involved in the coffee trade than it is at present. This, he said, he regarded as contrary to the long-run interests of the United States coffee industry.

Mr. Cale then inquired whether it would be possible for this Government to take action only against coffee now grown on the Government's lands, which amounts to some 15 per cent of the total Guatemalan production. The group was of the opinion that even if United States importers did not buy coffee produced on these lands at the auctions at which it is now sold, such coffee would nevertheless find its way into the United States. They pointed out that this coffee is sold before it is fully processed and that there is no way of maintaining its identity.

Mr. Nelson referred to the fact that Mr. Cabot had spoken of a possible boycott on the part of the coffee trade. He expressed the view that this would simply not work, since the coffee business is highly competitive and since, in the unlikely event that all the present members of the coffee trade would cooperate, fly-by-night operators would appear to handle this part of the business. Mr. Nelson also called attention to the fact that even if Guatemalan coffee were excluded from this market, it would very probably be sold in Europe. Mr. O'Connor added that in this event it might very well end up in the United States. He pointed out in this connection that a considerable volume of Brazilian coffee is now being imported into the United States via Europe.

Mr. Nelson also expressed the belief that embargoing Guatemalan coffee would have a very adverse effect on our relations with the Latin American countries generally, since they are very sensitive to economic pressure of any kind by the United States.

Mr. Allen supported Mr. Nelson's views in this regard, pointing out that there are very close family relationships throughout the Central American area and that these would tend to heighten the reaction against the United States.

Mr. Cabot inquired as to the feasibility of levying an import tax on Guatemalan coffee. Representatives of the group said that this would be very dangerous since it might set a precedent for an import tax on coffee from other countries as well. They pointed out that there have been numerous proposals in the past for taxing the importation of coffee, all of which have so far been successfully resisted. They indicated, however, that the coffee trade, to a man, was fearful that an import tax on coffee might some day become a reality. They stated that this would, of course, be harmful to the coffee importers and roasters in this country as well as to the coffee producers in Latin America.

Mr. Cale inquired what the group's views would be as to the feasibility of requiring that the consumer be informed whenever he buys Guatemalan coffee. Mr. O'Connor said that coffee purchased by the consumer is generally a mixture of several types and that all coffee would have to be labelled in order to show the consumer the proportion of Guatemalan coffee. He stated that this would greatly hamper the operations of the coffee roasters who change their blends often in accordance with availabilities of various types of coffee.

Mr. McKiernan pointed out, in addition, that the net effect of such a requirement might be to reduce coffee consumption generally. He feared, he said, that any action to get the American public to consume less Guatemalan coffee would result in a decline of consumption of all coffee.

Mr. Cabot thanked the representatives of the coffee industry for giving the Department the benefit of their views. They expressed their pleasure in being able to do so and stated that they regretted that they were not able to make any suggestion which they considered feasible whereby coffee might be used as a means of improving the situation in Guatemala, which they recognize as very serious.²

²On Feb. 8, 1954, Senator Margaret Chase Smith (R.-Maine) introduced Senate Resolution 211, calling upon the President, *inter alia*, to take the necessary steps to institute an embargo against the importation of Guatemalan coffee into the United States; for text, see *Congressional Record*, 83d Cong., 2d sess., vol. 100 (pt. 2), p. 1475. Department of State files indicate that representatives of the Department advised Congress against taking such action.

611.14/12-1754: Telegram

*The Ambassador in Guatemala (Peurifoy)*¹ to the Department of State

SECRET

GUATEMALA CITY, December 17, 1953—7 p.m.

154. President and Mrs. Arbenz² entertained my wife and me privately at dinner last night and we had a frank six hour discussion of the Communist problem here lasting until two this morning. President showed depth of his feeling against United Fruit Company and his admiration for Guatemala's Communist leaders, leaving no doubt he intended to continue to collaborate with them.

I opened conversation by telling President I was interested in seeing what I could do to improve relations and asked if he had any suggestions. He began by saying problem here is one between United Fruit Company and his government. He spoke at length and bitterly on Fruit Company's history since 1904, complaining especially that now his Government has a \$70 million budget to meet and collects only \$150,000 in taxes.

I interrupted here to say I thought we should put first things first, that as long as Communists exerted their present influence in Guatemalan Government I did not see real hope of better relations.

President then answered that there were some Communists in his Government and that [they] had certain amount of influence, but they were "local." He described his friendship with Victor Manuel Gutierrez, Communist secretary general of country's only national labor federation, and Jose Manuel Fortuny, head of Guatemala Communist Party.

¹John E. Peurifoy was appointed Ambassador to Guatemala on Oct. 5, 1953; he arrived in Guatemala City on Oct. 29, and presented his credentials on Nov. 4.

²Maria Cristina Vilanova de Arbenz Guzmán.

They were both "honest" and followed Guatemalan not Soviet interests. They went to Moscow (Fortuny is on trip there now) merely to study Marxism, not necessarily to get instructions.

I asked by name about several Communists and Communist suspects in National Agrarian Department, directorate general of Radio Broadcasting and Guatemala Institute of Social Security. Before translating, Mrs. Arbenz started in each case to deny twenty were Communists, but three times President contradicted her saying he was sure they were. I asked whether Government adverting [*advertising?*] helped support Communist *Tribuna Popular* and after Mrs. Arbenz again started to deny, President admitted that it did. Also asked about Guatemalan Congressional memorial observances for Stalin's death and Mrs. Arbenz explanation was Guatemalan people regarded Roosevelt, Churchill and Stalin as saviors of world. Communists presented no threat and his government was in full control.

Touching on the Caracas conference,³ I told President that since he has said Communists were of no consequence in Guatemala, I found it strange Guatemala had cast its vote against inclusion of the item on Communist infiltration on agenda. He said that this was interference in internal affairs, that they did not want outsiders coming in to investigate their country. I told him this was not a question of investigating, but discussing means and methods of combatting a godless ideology, but he reiterated views that Communism was not a threat. President took up agrarian reform, saying there had been much opposition from American circles and others in the country. I told him we had worked and were working with countries who had introduced land reform, citing my experience in Greece⁴ and present situation in Bolivia. I said the difference seemed to lie in the administration, not in principle of assisting poor people to obtain land. I pointed out the explanation was perhaps in fact that National Agrarian Department was dominated by Communists. I said I was sorry he had had no concrete proposals to make to improve our relations. He then reverted to Fruit Company and said this was the stumbling block: It was a large American organization which dominated press in US. I explained Fruit Company was relatively small by US standards and no corporation as far as I knew dominated any of US press whose Guatemalan reports were based by on-the-spot investigation. At one point President stated if there were a choice, it would be for Guatemala to live under Communist domination than live for fifty years with Fruit Company.

³ Reference is to the Tenth Inter-American Conference, which convened at Caracas, Venezuela, Mar. 1-28, 1954; for documentation on the conference, see pp. 264 ff.

⁴ Ambassador Peurifoy had been Ambassador to Greece, 1950-1953.

Foregoing took place in atmosphere of frank and polite exchange of views, and on leaving I told President I was disappointed because we had not accomplished anything. He said after I had become familiar with country, I would probably come around to his way of thinking. I told him I did not believe anything would make me convert to Communism and feared situation would get worse because Americans had given blood and paid high taxes and would continue to do so as long as Communism threatened free nations. President ended by giving me private phone numbers, saying I should get in touch with him whenever I wanted without going through Foreign Office.

I came away definitely convinced that if President is not a Communist he will certainly do until one comes along, and that normal approaches will not work in Guatemala. I am now assessing situation in this light and expect to submit recommendations in a few days.

PEURIFOY

611.14/12-2353:Telegram

The Ambassador in Guatemala (Peurifoy) to the Department of State

SECRET

GUATEMALA CITY, December 23, 1953—3 p. m.

163. As a result my interview with President Arbenz (mytel 154 December 17),¹ I am convinced Communists will continue gain strength here as long as he remains in office. My staff agrees fully on this. Therefore, in view of inadequacy of normal diplomatic procedures in dealing with situation, there appears no alternative to our taking steps which would tend to make more difficult continuation of his regime in Guatemala. In present telegram, I shall deal with measures which, while they may not in themselves prove sufficient to produce political change here, are designed to contribute to creating climate favorable to such change.

Before Caracas conference, we should concentrate on preparing other well-disposed governments in Latin America for supporting our anti-Communist resolution² and on publicizing abroad through press channels Communist developments in this country. At same time we should carefully avoid any overt acts to which Guatemalan delegates at conference could point as evidence of persecution of Guatemala or in-

¹ *Supra*.

² Reference is to Resolution XCIII, the "Declaration of Solidarity for the Preservation of the Political Integrity of the American States Against the Intervention of International Communism", adopted by the Tenth Inter-American Conference; for text, see *Tenth Inter-American Conference, Caracas, Venezuela, March 1-28, 1954: Report of the Delegation of the United States of America With Related Documents* (Department of State Publication 5692, Washington, 1955), pp. 156-157, or the Department of State *Bulletin*, Apr. 26, 1954, pp. 638-639.

tervention in its affairs. We should also avoid emphasis on fruit company problems since these might cause confusion among Latin American delegates as to true nature of our differences with Guatemala. We should at same time step up locally . . . anti-Communist propaganda. . . . Krieg referred to this matter in letter of December 3³ to John Fisher.

I propose that between now and time of conference we carefully work out program designed to create situation in which non-Communists whether now supporting or opposing government would feel forced to coordinate their organizations and take action against government and I suggest Department and Embassy give special attention to determination feasibility and manner and time of application of following steps as part of an overall program:

1. Withdrawal of US Army⁴ and air missions from Guatemala. Effect of this announcement would be greatly heightened if made more or less simultaneously with announcements of military assistance pacts between US and neighboring Central American countries.

2. Announcement of withdrawal, effective June 30 of FOA personnel from construction of Roosevelt Hospital and from agricultural mission, not including those on Entrerios Rubber Experiment Project which is important to us.

3. Announcement of cancellation within six months of RFC's contract with UFCO for growing abaca in Guatemala.

4. Denunciation of reciprocal trade treaty⁵ with Guatemala.

5. Campaign through columnists and radio commentators for voluntary refusal by American coffee importers to buy Guatemalan coffee. Even though purchases did not decrease, campaign would give local growers increased sense of urgency and stimulate their willingness to aid anti-government movement.

³ Not found in Department of State files.

⁴ A memorandum of conversation at the Secretary's staff meeting, held in the Secretary's office, Nov. 20, 1953, 9:15 a. m., by Director of the Executive Secretariat Scott, reads in part as follows:

"8. Guatemala

"The Under Secretary stated that he is getting a paper from Mr. Wisner today concerning CIA's recommendation as to whether or not we should remove our military mission from Guatemala. It was his own personal belief at the present time that it served no useful purpose in keeping a military mission to a government that was Communist-dominated and in which the Army was evidently loyal to that government." (Secretary's Staff Meetings, lot 63 D 75)

The Secretary of State's staff meetings were attended usually by the Under Secretary of State, the Deputy Under Secretary of State, Assistant Secretaries of State, and certain office directors. The Secretary of State presided at these meetings.

⁵ Reference is to the Reciprocal Trade Agreement, signed at Guatemala City, Apr. 24, 1936, and entered into force, June 15, 1936; for text, see Department of State Executive Agreement Series (EAS) No. 92, or 49 Stat. (pt. 2) 3989.

6. Placing of impediments in way of issuance of export licenses on shipments of goods from US to Guatemala. Form of these impediments must be determined in light of attitudes shown at Caracas conference, and could range from general refusal of licenses to consistent delays in their issuance, particularly for road and port building equipment on which Guatemalan Government is especially interested.

7. Final or partial suspension gasoline shipments to Guatemala.

With these proposals as starting point for study, and without necessarily approving all of them or excluding others, Department and Embassy should be able to work out program which while flexible enough to allow for adjustments to developments at Caracas, should be concrete enough to permit its implementation promptly upon closing of conference. Program should be applied in progressive steps which would build up increasing sense of urgency among non-Communist Guatemala.

Program should be undertaken with full realization it could provoke Guatemalan Government to swing sharply to left, to assume dictatorial power, to seek to win mass support through strongly nationalistic stand, and to expropriate or take other extreme reprisals against American companies in Guatemala. Guatemalan Government could be expected to make international issue of intervention, might ask my recall or even break off diplomatic relations with United States. It is quite conceivable it would lead to considerable bloodshed.

Nevertheless, implementation some such plan should not be deterred by these possible unpleasant consequences since continuance of present regime would also lead to most of them though at a slower pace and at the convenience of the Communists.

PEURIFOY

611.14/1-1654

*Memorandum of Conversation, by the Assistant Secretary of State for
Inter-American Affairs (Cabot)*

CONFIDENTIAL

[WASHINGTON,] January 16, 1954.

Subject: Farewell Call on President by Guatemalan Ambassador¹

¹ In a briefing memorandum for the President concerning Ambassador Toriello's visit, dated Jan. 15, 1954, Under Secretary of State Smith stated in part the following:

"Last month President Arbenz told Ambassador Peurifoy Guatemalan Communists are 'honest', follow Guatemalan not Soviet interests, and visit Moscow to study Marxism, not to get instructions. Guatemalan Communists are in fact disciplined agents of international Communism, preaching authentic Soviet-dictated doctrine and openly affiliated with numerous international Communist labor and front groups.

"We have repeatedly expressed deep concern to the Guatemalan Government because it plays the Communist game. Our relations are further disturbed because of the merciless hounding of American companies there by tax and labor demands, strikes, and, in the case of the United Fruit Company, inadequately compensated seizures of land under a Communist-administered Agrarian Reform Law." (Eisenhower Library, Eisenhower papers, Whitman file, International Series, "Guatemala")

Participants: The President

Señor Dr. Don Guillermo Toriello, Ambassador of
Guatemala

Mr. John M. Cabot, Assistant Secretary

The Guatemalan Ambassador called on the President to say farewell before returning to Guatemala to become Foreign Minister.

Following an exchange of courtesies, the President made a reference to relations between the United States and Guatemala. The Ambassador seized on this to peddle to the President his oft-told tale of how Guatemala is a victim of "calumny". He said there were communists in Guatemala but they occupied only a few insignificant positions in the Government. Guatemala had always suffered from dictators but since 1944 it had had a democratic government which was undertaking much needed reforms, notably the agrarian reform.

The President said we had no wish to dominate any country. We regarded our Latin neighbors as sovereign equals, and did not try to interfere in their affairs. In consequence they had always been independent. We hated communism. The President contrasted the status of our neighbors with that of Poland and Czechoslovakia and the Baltic states. Soviet communism was the worst dictatorship the world had ever known, and we were determined to block the international communist conspiracy. We certainly had the impression that the Guatemalan Government was infiltrated with communists, and we couldn't cooperate with a Government which openly favored communists.

The Guatemalan Ambassador pleaded for greater cooperation. The armed forces had not been infiltrated, yet they couldn't get ammunition. The Guatemalan airline couldn't get a permanent contract. The effect of all this was to help the communists. If we helped the Guatemalans more, they would soon get rid of the communists.

The President said that we really couldn't help a government which was openly playing ball with communists. The people of the United States hated communism and if we helped them there would be a coup against him (this laughingly).

The Ambassador said that the real question was not that of communists in the Guatemalan Government, but of the monopolistic position of the United Fruit in the country. The Ambassador brought out a little map of Guatemala to show the United Fruit's stranglehold on ports, railways, etc. He went into his usual discreetly distorted indictment of the United Fruit and insisted that this, and not communism in the Government, was the source of the difficulties in relations between the United States and Guatemala. He also brought out two scrapbooks of anti-Guatemalan articles published in the U.S. press.

The President said that we certainly wanted no more than justice for any American companies operating in Guatemala. We would be agreeable to having an international tribunal decide what the rights of the

controversy were. Moreover, we realized that contracts made many years ago were subject to revision under changing circumstances.

The Ambassador continued to harp on the line that the United Fruit, and not the few Guatemalan communists, were the source of our difficulties in relations. Mr. Cabot interjected that avowed communists occupied key positions in the National Agrarian Department, the official press and radio, and other government agencies, and that the highest officials of the Guatemalan Government were openly supporting them and listening to their advice.

The Ambassador continued to press his argument with skill. He particularly mentioned that Sullivan & Cromwell, the Secretary of State's former firm, represented the United Fruit. The President by this point had risen to indicate the interview was ended. Mr. Cabot, thinking the Ambassador had charged that he had stock in the United Fruit, pointed out that this was untrue.

The President asked about the charges against the United Fruit. Mr. Cabot said there were certainly two sides to that question. The Ambassador said that they paid no taxes, just one cent per stem on bananas. He also mentioned that no immediate compensation had been given for the United Fruit lands seized. The President suggested that perhaps this could be settled by an international judgment, perhaps headed by a Latin American. Mr. Cabot pointed out that we had proposed action along these lines, but Guatemala considered this a matter of sovereignty.

The entire conversation, which lasted half an hour, was in personally friendly terms. The Ambassador presented his case very persuasively—with skillful emphasis and suppression. The President made a very able and convincing exposition of our thesis that the issue is communism in the Guatemalan Government, not the United Fruit question, and that the latter can be decided by international decision.

714.00/2-954: Telegram

*The Secretary of State to the Embassy in Guatemala*¹

CONFIDENTIAL
PRIORITY

WASHINGTON, February 20, 1954—7:46 p.m.

387. Though unconvinced sincerity practicality Foreign Minister's proposal to refer problems of American companies to neutral commis-

¹ Drafted and signed by Mr. Leddy.

sion (Embtel 308, Feb 9)² Department agrees positive response desirable prior Toriello's departure for Caracas Conference and recommends following for oral presentation:

(1) Department interested in most feasible methods of settling these problems but regards direct negotiations between companies and Guatemalan Government as normal means to be exhausted before considering any other action; (2) companies always disposed discuss conflicts or any phases their contracts, and any justifiable modifications, as has been demonstrated in negotiations with other Latin American governments; (3) corresponding Guatemalan disposition toward settlement could be shown in pending disputes, solution of which could better relations and define any issues not soluble by negotiations; and (4) details of Minister's proposal (per your draft) desire by Department for further consideration, as matter viewed of high but not primary importance in our relations.³

DULLES

²The referenced telegram, from Ambassador Peurifoy, reads in part as follows:

"Toriello said he had made suggestion to President Eisenhower which he hoped I would help to carry forward. This was that a neutral commission be appointed to investigate whether contracts between American companies and Guatemalan Government were in line with modern concepts of such relationships and whether companies were making adequate contribution to government and national economy. He said the President had received idea favorably and that Arbenz had subsequently approved it." (714.00/2-954).

³In telegram 345, from Guatemala City, dated Feb. 23, 1954, Ambassador Peurifoy reported that he had suggested to Foreign Minister Toriello that his proposal to refer problems of American companies to a neutral commission be reduced to writing, and that the Foreign Minister had replied that he would consider the matter further upon his return to Guatemala from the Caracas Conference (714.00/2-2354).

414.118/4-1454: Telegram

*The Acting Secretary of State to the Embassy in Portugal*¹

SECRET

WASHINGTON, April 14, 1954—7:45 p.m.

323. In view sustained frantic efforts Guatemalan emissaries procure arms, ammunition or implements of war including airplanes, half-tracks and artillery from Western Europe, as already reported by Department to various missions, Department increasingly concerned possibility Guatemala can evade strict U.S. embargo exports of arms through procurement from European sources. Reports storage of arms by political groups or communist cells indicate arms intended to counter-balance anti-communist elements in Guatemalan Armed Forces or for

¹Drafted and signed by Mr. Leddy, with the assistance of Orray Taft of the Office of Munitions Control; sent also to Madrid, Paris, Rome, Bern, Brussels, The Hague, Stockholm, London, HICOG at Bonn, and USPOLAD at Trieste.

use against other countries. Current tension Central America due attempted assassination Somoza may create communist opportunity suppress anti-communist Guatemalan forces or by infiltration attempt overthrow anti-communist Central American governments.

In view desirability our position previously notified in individual cases be understood by other governments as a general application, inform appropriate officials government to which you are accredited Department's concern this danger to free world and solicit their suggestions for measures to be taken promptly (such as alerting port authorities) to tighten arms export and transit controls in order eliminate possibility clandestine or concealed shipments. Stress that we would greatly value their active cooperation in view current instability Central American area and preponderance of Guatemalan strength if supported by adequate matériel. Department would appreciate Govt. reaction soonest.

SMITH

714.00/4-1954

Memorandum by John W. Fisher of the Office of Middle American Affairs to the Assistant Secretary of State for Inter-American Affairs (Holland)

SECRET

[WASHINGTON,] April 19, 1954.

Subject: Briefing on Guatemala

The attached National Intelligence Estimate on Probable Developments in Guatemala¹ was approved eleven months ago. Events occurring in the interim have tended to confirm the validity of the conclusions presented in the paper as they relate to future developments in that country.

During the past year, Communist strength and influence in Guatemala has continued to grow without effective opposition. Party membership is now estimated at between 2,000 and 3,000. Communist leaders have strengthened their control over organized labor, causing destruction of a fledgling anti-Communist labor group and drawing the large Communist-influenced peasant federation closer to the Communist-run labor federation. They continue to be ascendant in the Administration political coalition, supplying four of the ten party delegates who regularly advise Arbenz on national policy. The other six delegates either support or tolerate the Communists. (The Cabinet,

¹ Not found with the source text; reference is to NIE-84, May 19, 1953, p. 1061.

which Government propagandists frequently claim contains no Communists, has an insignificant role in policy making.) Arbenz defended the Guatemalan Communists so strongly in his March 1 speech to the Congress that his alliance with them appears irrevocable, so far as he is concerned. The predominant influence of the Communists in Agrarian Reform, the central program of the Administration, has further increased their political strength and laid the basis for development of a Communist-led peasant faction, inured to violence, which could give persistent trouble to any future government disliked by the Communists.

The Guatemalan political opposition, both at home and in exile, is numerous but hopelessly disorganized and demoralized. In itself it does not constitute a significant threat to the Arbenz regime, but will continue to be persecuted by the Government as long as it retains any potential for action.

Although Arbenz is only halfway through his six-year term of office, maneuvering has already begun among Administration figures who hope to succeed him, with some potentially unsettling effect.

Despite numerous expressions of irritation by Guatemalan Army officers over U.S. refusal to supply them arms because of the Communist situation, there is no evidence that this discontent is being focused on Arbenz, who retains the loyalty of the most influential elements of the Army as well as the power to purge any officers found to be disloyal.

The adoption of the anti-Communist resolution did not weaken Arbenz' position with respect to the Army or to any other politically important group.

Also attached are two telegrams² from Ambassador Peurifoy, one containing his appraisal of Arbenz and the other outlining some suggested policy recommendations.

² Not found with the source text.

S/S-OCB files, lot 62 D 430, "Guatemala"

*Memorandum by the Assistant Secretary of State for Inter-American Affairs (Holland) to the Acting Secretary of State*¹

CONFIDENTIAL

WASHINGTON, April 20, 1954.

Subject: Possible Congressional Inquiry into Communism in Guatemala

Discussion:

Representative Charles J. Kersten (R., Wisconsin) has suggested to General Cutler of the NSC the possibility of a Congressional inquiry by

¹ Drafted by Mr. Woodward.

his House Select Committee on Communist Aggression, into Communism in Guatemala. Mr. Kersten states that his Committee cannot undertake this inquiry until after they visit Europe in June, but a newspaper man, Mr. Pat McMahon, has prepared for him a proposed press release which Mr. Kersten implies he might wish to issue in the near future. The text of the proposed press release is attached to his letter of April 15 to General Cutler (Tab A).²

Recommendation:

That you request General Cutler to inform Representative Kersten that a Congressional inquiry of the nature he suggests might prove to be a very useful "sounding board" for public dissemination of information concerning Communism in Guatemala. Since however, the Committee cannot undertake the inquiry until after June, and since there are possibilities of new developments in the Guatemalan situation between now and the end of June, we would appreciate it if Mr. Kersten would *defer* any announcement with respect to a possible inquiry until we can review the situation with him just before his Committee departs for Europe.³

² No attachments were found with the source text.

³ In a memorandum to Under Secretary Smith, dated May 6, 1954, Robert Cutler, Special Assistant to the President, stated in part the following:

"This morning I have had a very good talk with Congressman Kersten, who was, as always, most understanding and cooperative.

"We discussed the Caracas Conference, the position taken by the Secretary, and the general situation in Central America, and related matters. He accepted my suggestion that his Sub-Committee defer any announcement relative to Guatemala until the Members of the Sub-Committee return from a proposed trip through Europe. At the present time, their expectation is to return from this trip in July. I suggested that when Congressman Kersten had returned, he might get in touch with me again, and we would take a fresh reading with you, Allen Dulles, and the OCB, on this situation." (S/S-OCB files, lot 62 D 430, "Guatemala")

Eisenhower Library, Hagerty papers

Excerpt From the Diary of James C. Hagerty, Press Secretary to the President

[WASHINGTON,] April 26, 1954.

Monday, April 26—Legislative leaders meeting at 8:30—V.P., Knowland, Ferguson, Millikin, Bridges; Speaker, Halleck, Arends,

Allet; staff. The President started the meeting with a discussion of *Guatemala and Indo China*—On *Guatemala* the President said that it was the usual Red penetration with a small minority which is gradually taking over the country. He said that he gave the present Foreign Minister, when he was Ambassador here “unshirted hell, but he’s playing along with the Communists”. He said that the Caracas decision had been helpful in stopping Communism in this hemisphere and that consequently we would have all Latin and South American countries helping us “whenever the Reds make a move”—he said that we have a good man in Guatemala and that he is watching the situation very closely and giving us constant reports—In Guatemala, however, the Reds are in control and they are trying to spread their influence to San Salvador as a first step of the breaking out in Guatemala to other South American countries.

[Here follows discussion concerning Indochina.]

714.00/5-1054

*Minutes of a Meeting, Held in the Office of the Assistant Secretary of State for Inter-American Affairs (Holland), May 10, 1954*¹

TOP SECRET

OAS Action Against Communism in Guatemala

1. Mr. Holland called a meeting in his office at 5:30 p.m. at which the following were present with him:

E. G. Cale, Director, AR
R. S. Atwood, Director OSA
C. R. Burrows, Director MID
Ambassador John Dreier, OAS
E. A. Jamison, Deputy Director, AR
R. G. Leddy, Officer in Charge MID/P

2. Mr. Holland stated that he had been authorized by the Secretary to move to obtain OAS action against the Communist problem in Guatemala. Any step taken would have its disagreeable and disadvantageous aspects but to do nothing would be to admit that we are powerless to solve the problem; in the present world situation this would be intolerable. We should move toward application of the Caracas Resolution² to Guatemala, along the following lines:

¹Drafted by Mr. Leddy.

²Apparent reference to Resolution XCIII; see footnote 2, p. 1093.

I. Take straw vote on resolution condemning Guatemala and applying sanctions.

(a) Handle this approach so that if we abandon the project there will be no loss of prestige.

(b) Beginning with Brazil and the more important countries approach each one informally, submitting summary of evidence.

(c) Try to conclude this stronghold within ten days.

II. If straw vote indicates we might succeed at OAS meeting, call in Walter Donnelly to take charge of preparations and of meeting.

(a) First guarantee any doubtful votes that are necessary to complete requisite two-thirds majority.

(b) Then try to get as many additional votes as possible.

(c) By June 15 determine, if possible, whether we are strong enough to call an OAS meeting.

III. During next ten days I should make strong speech on Guatemalan communism. We should get other speeches on the Hill and in other areas of the Government to demonstrate that United States determination to remedy problem extends throughout the Government.

Point Three above is undecided.

3. A breakdown of the list of American Republics, according to positive, doubtful and negative votes, was reviewed; it is hereto attached.³ It was decided to make the first approach with Brazil, which was separately listed as "probable with persuasion". Ambassador Muniz would be asked to call on the Secretary on the following afternoon, when he would be presented with our viewpoint and asked to go to Rio to get the concurrence of the Brazilian Government. Mr. Leddy was directed to prepare the brief⁴ for the Secretary.

4. Mr. Atwood said that Venezuela would be classified doubtful because of the attitude of Foreign Minister Otañez. Brazil will have to be "sold".

5. It seems agreed that former Ambassador Walter Donnelly would be the ideal choice to undertake leadership of this mission for the Department. A cable⁵ was thereupon drafted and sent to Chargé Bernbaum at Caracas to discuss the proposition with Mr. Donnelly at once.

6. The organization of the evidence for the case to be presented against Guatemala was then discussed. It was decided that Second Secretary John C. Hill should be called from Guatemala City to un-

³ Not found with source text.

⁴ Reference is to a memorandum by Assistant Secretary Holland to the Secretary, drafted by Mr. Leddy and dated May 11, 1954, not printed (714.001/5-1054).

⁵ Reference is to telegram 289, to Caracas, dated May 10, 1954, not printed (363/5-1054).

dertake the preparation of this material, and a cable⁶ was sent to Ambassador Peurifoy directing the detail of Mr. Hill to the Department, to depart from Guatemala City on the following day. Mr. Czayo, telephoned at his home, advised that travel orders could be issued after the cable is sent.

7. Mr. Holland discussed the situation in Honduras, pointing out that present developments are a key to the case against Guatemala, citing the expulsion of the three Guatemalan Consuls. A complaint against Guatemala in the OAS would best come from Honduras. We need more information from Honduras.

8. In addition to the action with Brazil, it was decided that inquiries should go to our Ambassadors in Bogotá, Lima, Santiago de Chile, and Buenos Aires, asking their advice on how the Department should best proceed with these Governments. While Mr. Holland was temporarily called from the room, it was decided that this cable should await the outcome of the visit of Ambassador Muniz on the following afternoon.

8 [9]. Mr. Holland read from a letter⁷ he had prepared to send to Ambassador White in Mexico, also soliciting his advice on how to proceed. It was agreed the letter should be sent. Letters to other Ambassadors were considered impractical due to the time required for courier delivery, too long a delay before the June 15 deadline. Mr. Holland said that he would discuss again whether or not it would be feasible for him personally to make a trip to Mexico City to talk with President Ruiz Cortines.

10. Mr. Holland said that it would be necessary to keep minutes of these meetings,⁸ in order to record what was being accomplished and to be accomplished. Mr. Leddy was directed to prepare the minutes of this meeting.

11. In reply to several points of difficulty to be encountered in obtaining the votes and in making the action of the OAS effective, Mr. Holland said that the Department would not, of course, proceed until

⁶Reference is to telegram 852, to Guatemala City, dated May 10, 1954, not printed (110.24/5-1054). Mr. Hill was detailed to the Department of State for two weeks; he departed from Guatemala on May 11.

⁷Not identified.

⁸The meetings, of which this was the first, were held frequently during May, June, and early July for the purpose of discussing and implementing on a daily basis strategy relating to possible OAS action against Guatemala. The group, known in the Department as the "Guatemalan Group," was gradually enlarged to include additional officers from within the Bureau of Inter-American Affairs, former Ambassadors Donnelly and Pawley, and a representative from the CIA. Mr. Holland presided at the meetings.

it was sure of a two-thirds vote and would handle the matter in such a way that it could withdraw should it prove impossible to obtain such two-thirds vote.

12. Ambassador Dreier pointed out that Article 53 of the UN Charter⁹ requires that enforcement of any regional agreements shall only be taken with the concurrence of the UN Security Council; the USSR could therefore veto the OAS action. Mr. Holland replied that this would clearly stamp Guatemala as a Soviet Satellite and would make clear that the will of the OAS had been thwarted by the USSR. Mr. Atwood suggested that the reference to the UN Charter be incorporated in the brief for the Secretary's meeting with Ambassador Muniz as the latter is an expert on the UN.

13. Mr. Leddy mentioned once the United States takes Guatemala before the OAS it is quite likely that the Guatemalan Government will move to nationalize all American property in Guatemala; this is chiefly owned by three companies, United Fruit, American and Foreign Power and the IRCA. After pointing out that their property stands to be nationalized in any case, Mr. Holland said that it would be good to inform these companies in advance of our action.

The next meeting was called for the following afternoon at 5 p.m.¹⁰

⁹For text of the UN Charter, signed at San Francisco, June 26, 1945, and entered into force for the United States, Oct. 24, 1945, see Department of State Treaty Series (TS), No. 993; or 59 Stat. (pt. 2) 1031.

¹⁰Minutes of the referenced meeting, drafted by Mr. Leddy and dated May 11, 1954, are not printed (714.00/5-1154).

Editorial Note

In a memorandum to the President, dated May 11, 1954, Secretary Dulles commented on unsettled labor conditions in Honduras, reports of suspicious movements of planes and men from Guatemala to Honduras, and the preparation of a plan for providing direct military assistance to Honduras, in the event that the Honduran Government requested such assistance under the provisions of the Rio Treaty. The memorandum is printed on page 1303.

714.00/5-1154

*Memorandum of Conversation, by the Secretary of State*¹

SECRET

[WASHINGTON,] May 11, 1954.

Subject: Situation in Guatemala

Participants: The Secretary

Ambassador João Carlos Muniz of Brazil

Mr. Holland, ARA

Mr. Dulles told the Ambassador that he had come to the conclusion that the time had arrived when we must consider joint action regarding the Guatemalan problem. He said that it appeared to us that the penetration of communism in that Government was steadily extending and that it appeared to be spreading to surrounding countries. He pointed out that there were aspects of the Honduran strike which seemed to link it with Guatemala. He said that he did not want to invoke the consultative procedure without first consulting fully with the Government of Brazil and asked the Ambassador whether he would be willing to go to Rio to submit the problem to his Foreign Minister² and his President.³

The Secretary said that we must realize that it will be impossible to produce evidence clearly tying the Guatemalan Government to Moscow; that the decision must be a political one and based on our deep conviction that such a tie must exist.

The Ambassador said that he would be glad to go, and asked that we prepare for him a statement of evidence⁴ which he might submit to his Government.

¹ Drafted by Assistant Secretary Holland.

² Vicente Rão.

³ Getúlio Dornelles Vargas.

⁴ Apparent reference to a paper, entitled "Soviet Communism in Guatemala," drafted by Mr. Hill, dated May 14, 1954, and handed to Ambassador Muniz on that date, not printed; a copy is attached to 714.001/5-1854.

714.00/5-1454

*Memorandum by the Assistant Secretary of State for Inter-American Affairs (Holland) to the Secretary of State*¹

SECRET

[WASHINGTON,] May 14, 1954.

Subject: Recommendation that the U.S. Invoke Consultative Procedure under Rio Treaty to Consider Problem of International Communism in Guatemala.²

It is recommended that promptly the United States invoke the Organ of Consultation specified in Article VI of the Rio Treaty to consider the problem of the penetration of Guatemala by International Communism.

The Problem

From time to time around the world frontal tests of strength between the force of the free nations and that of the Communist organization arise. One occurred in Korea. Another is in progress in Indochina. A less publicized collision is now reaching its crisis in Guatemala.

In this last situation the test is whether the world Communist organization has the strength to establish a satellite nation in this hemisphere and, conversely, whether the free nations have the power to resist that attempt.

Importance of Problem

This contest is of crucial importance in the global struggle between free nations and the Communist forces. The reason is twofold.

1. It has been asserted that Moscow cannot establish a satellite state save where the weight of the Red Army can be brought to bear directly or indirectly. Obviously, Russia recognizes, therefore, that establishment of a satellite state in this hemisphere would mark a victory which would strengthen the power of Communist forces in every free nation of the world. Establishment of a satellite state in this hemisphere, and particularly so close to the United States, would enable Russia to claim throughout the world that the power of Communism lies in its appeal to men's minds and not in fear or force.

2. The greatest significance of the Guatemalan test lies in its effect on all regional organizations similar to the Organization of American States.

¹ Drafted by Mr. Holland.

² On May 12, 1954, Edward A. Jamison, Deputy Director of the Office of Regional American Affairs, forwarded to Assistant Secretary Holland a memorandum prepared by Marjorie Whiteman of the Office of the Legal Adviser, commenting in detail on the authority of the Executive Branch to take action against Guatemala under the Rio Treaty, and a covering memorandum discussing enforcement action under the treaty's provisions. (362/5-1154) Additional documentation on the legal aspects of implementing the Rio Treaty with respect to Guatemala is in file 362.

Because of the Soviet veto in the United Nations free states have had to rely upon such regional organizations as the vehicles for their fight against Communism.

Free states throughout the world are relying in their fight against International Communism upon the collective security afforded by these regional organizations. This grand strategy gives small nations exposed to invasion the courage to resist. By combining the individual strength of separate states into a massive aggregate it becomes possible to match and surpass the force which Russia can bring to bear at any time and at any point in the world. Obviously, a major policy of this Government is to bring all of the free states of the world into strong and determined regional organizations, contributing to them the maximum force and purpose of which we are capable.

Russian leaders see clearly the effectiveness of collective effort through regional organizations. For years, therefore, a major purpose of Moscow has been to weaken and destroy the Organization of American States, the oldest and one of the most effective of the regional organizations.

A reiterated and fundamental purpose of the Organization of American States is to defend this hemisphere, and particularly at this time to defend it against International Communism. Soviet leaders know that establishment here of a satellite state will demonstrate that the world's oldest regional organization is helpless to stop Communist expansion. If it can be demonstrated that the Organization of American States cannot achieve its most basic purpose then the Organization will become progressively discredited and useless.

For this reason the world Communist organization has expended fantastic effort and wealth in its attempts to establish a satellite state in the Western Hemisphere.

Their efforts to achieve this goal have been strengthened by the fact that this is the only area in the world in which the United States has formally renounced the right to take unilateral measures to resist Communism. While the Red Army cannot support Russia's effort to convert Guatemala into a Communist state, the United States Army cannot oppose it. Russia can bring to bear the force and the violence of its trained agents, but the United States in resisting that effort must respect its treaty obligations against intervention. This creates a serious test of the efficacy of the Organization of American States.

Why Moscow Chose Guatemala as a Testing Ground

The selection of Guatemala as the place for Moscow's major effort to establish a satellite state was partly fortuitous. For years Russia has, as you know, been carefully probing in the American states. For a time these efforts were concentrated on larger states such as Brazil and Chile. There, they achieved considerable initial success but were finally defeated because, as here, the governments and economies they

sought to dominate were strong. Russia's efforts then became concentrated on the Central American and Caribbean states. The reasons are obvious. Their size and comparative weakness made them particularly susceptible. Because of their proximity to the Panama Canal domination of any one would give Russia an important military gain.

Guatemala afforded peculiar advantages because there the Communists could disguise their efforts as a genuinely national effort directed against the United Fruit Company and other large United States interests in the country. Actually, the United States would go no further in defending the interests of United States enterprises in Guatemala than it has gone and will always go anywhere in the world. This Government's efforts on behalf of United States interests in Guatemala have been limited to conventional representations to the governments asking that United States interests be granted due process of law and adequate compensation for expropriated properties. Nevertheless, the Communist organization has done a rather effective job of persuading public opinion that the real purpose of our efforts to prevent their penetration is the defense of United States enterprises there.

The Present Situation in Guatemala

In any analysis of the situation in Guatemala it must be recognized at the outset that evidence that the Communist program in Guatemala has been organized and directed in the world capitals of Communism, and that Communism in Guatemala is a part of the world apparatus, must be largely circumstantial. I doubt very much that there is in this hemisphere any writing which would demonstrate these conclusions. On the other hand, to our students of the international Communist organization it is abundantly clear that what has happened in Guatemala is a part of Moscow's global strategy.

All of the signs which have identified similar occurrences elsewhere in the world are apparent in Guatemala. The methods of achieving initial penetration and of enlarging and strengthening those first footholds are the same. The training of leaders and the development of programs through exchanges of persons in strategic positions is identical. The extensive use of popular front organizations effectively controlled by a handful of experts is the same. We also have the reliable evidence of a blind unwavering adherence to the Communist Party line as enunciated in Moscow. As elsewhere in the world the agents of Communism in Guatemala have immediately adopted every public attitude announced from Moscow, regardless of the inconsistencies and local embarrassments which have resulted. As always in these stages of the program the Communist organization has been careful to preserve the appearance of minority representation in the Congress and other comparable organizations. At the same time, they have here, as elsewhere, succeeded in substituting small informal Communist controlled councils for the lawful policy-making bodies.

Attached hereto is a brief,³ summarizing the evidence described above.

The people of Guatemala are overwhelmingly Catholic and anti-Communist. However, they are unorganized and entirely helpless to resist the well-planned and executed campaign directed against them from Moscow. It was precisely for the protection of a small nation in such a situation that the policy of collective security through regional organizations was devised.

Alternative Courses of Action

The three most obvious courses of action for this Government are the following:

1. We can continue to express our concern about the rapid expansion of international Communism in Guatemala. This course has been entirely ineffective thus far, and it seems certain that it will continue to be.

2. We can notify the other American States of our intention to move unilaterally in Guatemala to defeat Moscow's purpose there. Such a course of action would be inconsistent with our treaty obligations and the firm policy which we have followed in this hemisphere for more than 20 years.

3. We can attack the problem through the Organization of American States, utilizing the mechanisms specifically designed for problems of this nature. In my judgment the latter course is clearly that which we must follow.

It is my conclusion and that of the experts who are following this problem that, while there are some anti-Communist elements left in Guatemalan political institutions, they have lost their independence of action. These anti-Communist elements can be eliminated by the Communists whenever they consider it desirable. Therefore, we must recognize that the political institutions of that American State are now dominated and controlled by the international Communist organization.

Therefore, I recommend to you that this Government request that the Organ of Consultation of the Organization of American States be requested to meet and consider this problem. Because of the great rapidity with which anti-Communist elements are being eliminated from all political institutions, I feel that this move should be taken with the greatest urgency.⁴

³ No attachment was found with the source text.

⁴ Secretary Dulles apparently took no action on Assistant Secretary Holland's recommendation at this time; however, see the notes of the meeting of the Guatemalan Group held at the Department of State, June 25, 1954, p. 1186.

Editorial Note

On May 17, 1954, Assistant Secretary Holland forwarded a memorandum to Secretary Dulles recommending that the Secretary request "Congressional authorization enabling the President to put into effect

any or all of the measures specified in Article 8 [of the Rio Treaty] which are approved by the Organ of Consultation and with respect to which he may not now have authorization." A handwritten notation on this memorandum, evidently by the Secretary, reads as follows: "Approve of drafting the bill—Then decide". (362/5-1154)

On June 8, however, in another memorandum to the Secretary, Assistant Secretary Holland stated the following: "Even though such authorization apparently is no longer necessitated by the Guatemala problem, it seems highly desirable that legislation under which the U.S. could act promptly to comply with OAS action under the Rio Treaty be obtained, in order that there will be no doubt of our ability to carry out decisions important to the maintenance of peace and security of the Hemisphere under the regional security system." He recommended that the Secretary approve submission to the National Security Council of a draft Congressional joint resolution containing an authorization similar to that in the earlier draft bill, for review prior to its presentation in Congress. (362/5-1154)

In a memorandum responding to the Assistant Secretary, dated June 11, Secretary Dulles stated that he did "not feel that a case can be made out for the necessity of Article 2 authorizing the United States" to employ its armed forces pursuant to Article 3 of the Rio Treaty, he doubted whether NSC action was required, and believed the question of timing was important, especially if the proposed joint resolution was presented in Congress before the OAS meeting. "If so," Dulles commented, "may it not be construed as taking for granted the results of this meeting? If we wait until the meeting is over, the time for Congressional action is pretty short. This is a certain dilemma we face." (362/5-1154) Assistant Secretary Holland pursued the question of Congressional authorization for action under the Rio Treaty through June and July, but Department of State files contain no record indicating that the Secretary ever approved submission of a bill or joint resolution requesting such authorization.

414.498/5-1854

Memorandum by the Assistant Secretary of State for Inter-American Affairs (Holland) to the Secretary of State¹

SECRET

[WASHINGTON,] May 18, 1954.

Subject: Action to Prevent Delivery of Czech Arms to Guatemala

¹ The source text bears the following handwritten notation initialed by Assistant Secretary Holland: "Discussed orally with Sec'y on 5-18-54."

Discussion:

The S.S. *Alfhem*, a Swedish-owned and Swedish flag vessel, arrived at Puerto Barrios, Guatemala on May 15, 1954 from Stettin with 2,000 tons of Czechoslovak arms for delivery to the Guatemalan Government. Unloading (estimated at five to ten days) was commenced on Saturday and renewed on Monday, the 17th; 1800 tons being still aboard last night. The dock area was heavily guarded by Guatemalan soldiers, and high military officers, including the Minister of War,² were present. The first train load from the cargo reached Guatemala on seven flat cars and three box cars last night. The kind and quantity of arms is yet unknown. Crew members report two more ships will come from Stettin for Guatemala.

Because predominant military power in the hands of the Guatemalan pro-Communist Government would threaten the peace of Central America, we moved at once to prevent delivery. I telephoned Ambassador Cabot³ in Stockholm on the 16th, but the Swedish Government then stated the ship was chartered to E. E. Dean of London. Mr. Butterworth⁴ asked the Foreign Office yesterday to have the ship ordered to leave port at once without further unloading, and Sir Roger Makins⁵ was informed yesterday afternoon. In London we offered to indemnify the charterer against loss. Dean is now disclosed as a dummy in the transaction, holding a "straw charter" in order to justify transfer of Czech sterling funds to Sweden. One Christensen of Stockholm, agent for Czekofracht, the state transport monopoly, holds control over the charter, and Dean has no control, according to the British and our Embassy in London.

I have again asked our Embassy in Stockholm to get the Swedish Government to get the captain to stop unloading, and meanwhile to have the insurance cancelled as a means of getting the ship out of port. Christensen has stated his bill of lading was for "laboratory equipment and optical supplies" and that he did not know of any arms cargo. I have also asked Acting Defense Secretary Anderson to institute action to identify the two additional ships.

² Apparent reference to Col. José Angel Sanchez, Guatemalan Minister for National Defense.

³ Mr. Cabot was appointed Ambassador to Sweden on Mar. 1, 1954; he arrived in Stockholm on Apr. 29, and presented his credentials on May 6.

⁴ W. Walton Butterworth, U.S. Minister, London.

⁵ British Ambassador to the United States.

714.00/5-1854

*Memorandum by the Assistant Legal Adviser for International Claims
(English) to the Assistant Secretary of State for Inter-American Affairs
(Holland)*

SECRET

[WASHINGTON,] May 18, 1954.

I have considered the question of recommending that Congress be asked immediately to enact legislation providing that when there is reason to believe that a vessel within the area defined in Article 4 of the Rio Treaty of 1947, is carrying elements of atomic or hydrogen bombs or other implements of war, which may be used in such a way as to endanger the peace of America [or in the alternative, in such a way as to endanger the security of the United States or its possessions or the Canal Zone],¹ the President be authorized to take measures to stop, divert and detain such vessel.

I am inclined to think that the matter of procuring legislation with respect to vessels carrying elements of atomic or hydrogen bombs should be most carefully considered before recommending its enactment. While legally, it might be justified on grounds of the national security, it is to be borne in mind that such legislation would create a precedent for similar action by other Powers with respect to shipments which might be made by the United States at least to some of the NATO or other countries.

If the present shipments of implements of war bound for a Central American country, constitute an imminent threat to the security of the United States, the United States could seize or detain the vessels, taking the consequences of charges of violation of the freedom of the seas, violation of the sovereignty of the country in whose port they might be found, and even of a risk of war.

If the present shipments of implements of war constitute merely a threat to the peace of the Hemisphere, affecting the sovereignty or political independence of an American State, the pertinent provisions (Arts. 6 and 8) of the Rio Treaty of 1947 should be invoked.

¹ Brackets in the source text.

414.008/5-1954

*Memorandum by the Assistant Legal Adviser for International Claims
(English) to the Assistant Secretary of State for Inter-American Affairs
(Holland)*¹

SECRET

[WASHINGTON,] May 19, 1954.

Subject: Controls Over Foreign Ships Carrying Munitions to Guatemala

You have asked whether there is existing legal authority pursuant to which the Executive could take action respecting foreign ships which carry munitions to Guatemala. Particularly you have asked if there is any legal authority pursuant to which the Executive could deny United States port privileges to such foreign vessels, and prevent the use of the Panama Canal to such vessels.

Section 5(b) of the Trading With the Enemy Act, as amended (Title 50, app. U.S.C.) provides as follows:

“(b) (1) During the time of war or during any other period of national emergency declared by the President, the President may, through any agency that he may designate, or otherwise, and under such rules and regulations as he may prescribe, by means of instruction, licenses, or otherwise—

(A) investigate, regulate, or prohibit, any transactions in foreign exchange, transfers of credit or payments between, by, through, or to any banking institution, and the importing, exporting, hoarding, melting, or earmarking of gold or silver coin or bullion, currency or securities, and

(B) investigate, regulate, direct and compel, nullify, void, prevent or prohibit, any acquisition holding, withholding, use, transfer, withdrawal, transportation, importation or exportation of, or dealing in, or exercising any right, power, or privilege with respect to, or transactions involving, any property in which any foreign country or a national thereof has any interest,

by any person, or with respect to any property, subject to the jurisdiction of the United States . . .”

The United States is presently in a “period of national emergency declared by the President”; the President declared such an emergency on December 16, 1950. Consequently, at the present time the President possesses the authority set forth in the section. Since under this section the President through any agency designated may prohibit . . . transactions involving any property in which any foreign country or national thereof has any interest by any person, or with respect to any property subject to the jurisdiction of the United States”, he is authorized to prohibit any person subject to the jurisdiction of the

¹ Drafted by the Assistant Legal Adviser for Economic Affairs, Stanley D. Metzger.

United States from leasing docking space, bunkering, or dealing in any other manner with a foreign national or any property of such foreign national within United States jurisdiction. Hence, an order issued pursuant to the authority of this section could prohibit persons subject to the jurisdiction of the United States from having any transactions with a foreign ship which comes within United States territorial waters; this could effectively prevent the use of United States port facilities. Criminal penalties for violation of the section or orders issued pursuant thereto are provided for in the Act. Such action would not be effective to prevent foreign vessels from plying munitions to Guatemala since it is not necessary to touch United States ports or the Canal in order to do so.

Apart from the technical legal situation summarized above, there are important policy problems involved in such a use of Section 5(b) of the Trading With the Enemy Act. It is my understanding that the Treasury Department, which currently exercises the President's authority under Section 5(b), has exercised it in the international field only in situations involving actual hostilities with the exception of the blocking of the Czech Steel Mill in 1952; and that Treasury Department has been reluctant to utilize the section in other than a most serious type of situation, particularly because the authority granted by the section is extremely broad and use of it otherwise might result in curtailment of the authority itself. In the instant situation, a finding by the President that the shipment of arms to Guatemala is injurious to the security of the United States, and a directive to the Secretary of the Treasury to take action such as that set forth above, would in all likelihood be deemed necessary before the action could be taken.

In addition to the authority available to the Executive under Section 5(b) of the Trading With the Enemy Act, Section 191 of Title 50, U.S.C., provides broad authority to regulate anchorage and movement of vessels in the territorial waters of the United States and within the territory and waters of the Canal Zone during a declared national emergency. That section reads as follows:

"Whenever the President by proclamation or Executive order declares a national emergency to exist by reason of actual or threatened war, insurrection, or invasion, or disturbance or threatened disturbance of the international relations of the United States, the Secretary of the Treasury may make, subject to the approval of the President, rules and regulations governing the anchorage and movement of any vessel, foreign or domestic, in the territorial waters of the United States, may inspect such vessel at any time, place guards thereon, and, if necessary in his opinion in order to secure such vessels from damage or injury, or to prevent damage or injury to any harbor or waters of the United States, or to secure the observance of the rights and obligations of the United States, may take, by and with the consent of the President, for such purposes, full possession and control

of such vessel and remove therefrom the officers and crew thereof and all other persons not specially authorized by him to go or remain on board thereof.

"Within the territory and waters of the Canal Zone the Governor of the Canal Zone, with the approval of the President, shall exercise all the powers conferred by this section on the Secretary of the Treasury.

"Whenever the President finds that the security of the United States is endangered by reason of actual or threatened war, or invasion, or insurrection, or subversive activity, or of disturbances or threatened disturbances of the international relations of the United States, the President is authorized to institute such measures and issue such rules and regulations—

(a) to govern the anchorage and movement of any foreign-flag vessels in the territorial waters of the United States, to inspect such vessels at any time, to place guards thereon, and, if necessary in his opinion in order to secure such vessels from damage or injury, or to prevent damage or injury to any harbor or waters of the United States, or to secure the observance of rights and obligations of the United States, may take for such purposes full possession and control of such vessels and remove therefrom the officers and crew thereof, and all other persons not especially authorized by him to go or remain on board thereof;

(b) to safeguard against destruction, loss, or injury from sabotage or other subversive acts, accidents, or other causes of similar nature, vessels, harbors, ports, and waterfront facilities in the United States, the Canal Zone, and all territory and water, continental or insular, subject to the jurisdiction of the United States. Any appropriation available to any of the Executive Departments shall be available to carry out the provisions of this chapter."

Eisenhower Library, Dulles papers, "Memoranda of Conversation"

*Memorandum of Conversation With the President, by the Secretary of State*¹

TOP SECRET PERSONAL AND PRIVATE

WASHINGTON, May 19, 1954.

Guatemala

I said that we took a very serious view of the arms shipments from Soviet-controlled territory to Guatemala. I said that it might require a revision of U.S. planning. In view of the gravity of the situation, the State Department had already contemplated setting up a special committee to advise with it informally with respect to procedures, particularly as to invoking the Caracas Resolution at a meeting of the Organization of American States. I suggested that this committee should con-

¹ This conversation took place in the White House between 9:30 and 10 a.m. Mr. Hagerly joined the President and the Secretary at 10 a.m.

sist of Dr. Milton Eisenhower, Walter Donnelly and Bill Pawley. The President agreed to the last two names. He said he doubted very much whether Dr. Eisenhower would be able to give any appreciable amount of time and he did not want us to ask him to do this. I said perhaps an hour or so a month would enable him to give the necessary counsel, and the President said that under these circumstances, he might be asked to serve. He had no question at all as to the propriety of his serving but merely as to the time involved.

[Here follows extensive discussion concerning Indochina.]

At this point Mr. Hagerty came in and there was some discussion as to what the President might say in his press conference about Guatemala, Indochina, and economic aid to India.²

J[OHN] F[OSTER] D[ULLES]

² In a diary entry for May 19, Press Secretary Hagerty noted that the President, Secretary Dulles, and he discussed foreign policy questions anticipated to arise at the 10:30 press conference. "On Guatemala," he stated, "Dulles suggested and President agreed that the President say the shipment of Communist arms was disturbing and that that was one of the reasons the Resolution was passed at Caracas." (Eisenhower Library, Hagerty papers, Diary Series) The record of the President's press conference is printed in the *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1954* (Washington, 1960), pp. 489-497.

414.608/5-2054: Circular telegram

*The Secretary of State to Certain Diplomatic Offices in the American Republics*¹

SECRET

WASHINGTON, May 20, 1954—7:50 p.m.

416. Inform Foreign Minister orally we take extremely serious view of (1) reliable information on arrival in Guatemala on May 15 of important shipment armament transported from behind Iron Curtain and (2) paralysis of northern Honduras by sudden wave strikes which since May 3 have closed down ports, transportation, public services and essential economic activities in expanding area and which erupted in absence of an existing labor conflict and without gesture to seek demands through negotiation.

Point out in your discretion that sudden and significant reinforcement of Guatemalan military power by Communist-supplied armament at this moment is especially disturbing in view its evident effect

¹ Drafted by Deputy Director of the Office of Regional American Affairs Jamison and Mr. Fisher; cleared by Assistant Secretary Holland, Ambassador Dreier, and Director of the Office of South American Affairs Atwood. Sent for action to the Embassies at Asunción, Bogotá, Buenos Aires, Caracas, Ciudad Trujillo, Habana, La Paz, Lima, Managua, Mexico, Montevideo, Panama, Port-au-Prince, Quito, Rio de Janeiro, San José, Santiago, and San Salvador; repeated for information to Guatemala City and Tegucigalpa.

strengthening international communist link with Guatemalan regime and since current unrest in Honduras does not appear to be entirely a domestic matter. We are impressed with coincidence that strikes have occurred in an area where three Guatemalan consuls, two of whom were only recently assigned there, have been declared *personae non gratae* by the Government of Honduras. Information reaching Department for many months has suggested infiltration of Guatemalan Communists into Honduras, and there are reports of Communist designs to provoke sympathy strikes in neighboring countries directed against stability their governments.

In close consultation with Honduran Government we are following situation in that country carefully. Department also studying problem posed by arms shipment to Guatemala from Iron Curtain in context Communist aims in this hemisphere and means available to Communists to accomplish them.

If queried re press reports of suggestion possible OAS action concerning this situation you should confine your reply to statement of genuine and serious nature our concern and our view that problem should be carefully reviewed by each government in light such inter-American commitments as may be involved.

Emphasize especially present concern US is regard extra continental (Communist) character of problems posed by events and conditions described which raises doubt independent character Guatemala Government actions.

DULLES

State-JCS Meetings, lot 61 D 417

*Substance of Discussion of Department of State-Joint Chiefs of Staff Meeting, Held at the Pentagon, 11:30 a.m., May 21, 1954*¹

TOP SECRET

[Here follow a list of those present (25) and discussion of matters unrelated to Guatemala.]

Mr. Murphy then said the next question for discussion was the situation in Guatemala. He asked Mr. Woodward to outline the Department's views.

Mr. Woodward stated that there was a general strike of the labor force on the banana plantations in northern Honduras and that while the Standard Fruit Company had apparently reached a settlement, United Fruit had not. We suspected that Guatemalan agitators were involved in the strikes and in view of the recent arrival in Guatemala of 2,000 tons of armaments the situation might become serious. The State

¹ Attendees at this meeting included 14 representatives from the Department of Defense (all of the Joint Chiefs were present), 8 from the Department of State, 2 from the Central Intelligence Agency, and Mr. Gleason from the National Security Council. Deputy Under Secretary Murphy headed the State group, which also included Messrs. MacArthur, Bowie, Woodward, Landon, Hoey, Anschuetz, and Linebaugh.

Department is, therefore, most interested in the reevaluation of the military strength and significance of each of the Central American republics² which it understood would be initiated in the NSC Planning Board on May 24. In addition, the Department was requesting an NSC decision regarding the powers of the President to use American troops to assist Honduras in repelling an attack from Guatemala and particularly whether the President could use force without specific Congressional approval. Article 3 of the Rio Pact provides the authority for any country to come to the aid of another immediately and also provides for consultation among all the members of the Pact.³

General Ridgway inquired if the State Department had considered the desirability of Nicaraguan troops being sent to Honduras to augment the latter's strength as an alternative to the use of U.S. troops. He felt that if any U.S. force landed in Honduras there was bound to be trouble and we would end up killing a few Hondurans.

Mr. Murphy replied that the Department was considering this possibility but that it was felt if we tried to use straw men no one would believe we were not the instigators.

General Ridgway said that Nicaragua under the Rio Pact was as qualified as we were to come to the aid of Honduras and he seemed to feel this would be preferable.

Mr. Murphy raised the question of President Somoza's attitude. Mr. Woodward said Somoza would probably be willing to aid Honduras if he felt his troops could handle the situation. However, he has told us in confidence that he feels his military force is incompetent and one of the purposes of the military evaluation of the Central American republics referred to earlier would be to gain an accurate assessment of Nicaragua's strength.

Mr. Murphy said President Somoza would doubtless expect us to participate in any action if we called upon him to contribute force.

² In a memorandum to Assistant Secretary Holland, dated May 21, 1954, summarizing the meeting with the Joint Chiefs, Deputy Assistant Secretary Woodward stated in part the following: "I did not mention to the Joint Chiefs on this occasion the advisability of our increasing the amount of military assistance that we are giving to other Central American countries, because when I mentioned this to Mr. Murphy he suggested that we take it up with Mr. Nolting. In any event, Mr. Murphy did not believe there would be any difficulty on this score if there should be a sudden need for assistance to the Central American countries." (714.00/5-2154) Frederick E. Nolting, Jr. was Special Assistant to the Secretary for Mutual Security Affairs.

³ At its 197th meeting on May 13, 1954, the NSC had noted a statement by the Secretary of State that "if Guatemala makes an armed attack upon Honduras, the United States should be prepared to respond, under the Rio Pact, to a possible request by Honduras for U.S. armed assistance." (NSC Action No. 1122-b) The Council had also noted President Eisenhower's statement that Congressional leaders should be briefed on the Honduras situation on a bipartisan basis. (NSC Action No. 1122-c) The memorandum of discussion at the NSC's 197th meeting, including Action No. 1122, is in the Eisenhower Library, Whitman file, NSC records.

Admiral Radford stated that regardless of how the situation might develop the Joint Chiefs were going ahead with plans so that they would be in a position to carry out any orders they might get.

Mr. Murphy then referred to a *New York Times* article this morning which reported statements emanating from the U.S. were uniting Guatemala opinion against us.

General Cabell of CIA said his information was not consistent with the *New York Times* report and CIA understood the army particularly was becoming uneasy about the situation.⁴

Admiral Carney stated that they were carrying out air surveillance in the general area and watching shipping operations.

General Cabell said in response to Admiral Radford's question that it is not yet known what the recent 2,000 ton equipment consisted of although it did include mortars, artillery and small arms. CIA is not certain whether ammunition was in the shipment. This may be on the way.

[Here follows additional discussion of matters unrelated to Guatemala.]

⁴ A telegram from Guatemala, dated May 20, 1954, reported that information from available sources indicated that many Guatemalan army officers were pleased to have the newly delivered arms, but they also had misgivings about the shipment for the following reasons: 1) it demonstrated the closeness of the Arbenz government to the Soviet Union, 2) it raised the possibility of the replacement of the U.S. Military Mission by Soviet or satellite military instructors, 3) it provided evidence that the Communists intended to take over Guatemala completely, and, 4) it would motivate the United States to take drastic action resulting in "terrible consequences" for Guatemala.

414.608/5-2154

*Memorandum by the Assistant Secretary of State for Inter-American
Affairs (Holland) to the Secretary of State*

SECRET

[WASHINGTON,] May 21, 1954.

Subject: Detention of Foreign Flagships Transporting Arms to Guatemala.

Discussion:

The Second Mate of the *Alfhem*, Swedish ship now discharging arms in Puerto Barrios, stated to the U.S. Naval Attaché that two Finnish ships had loaded arms at Stettin for Guatemala at about the same time that the *Alfhem* was loaded. He stated that one of these ships left Stettin three weeks before the *Alfhem* and that he saw it off Puerto Barrios on the night of May 14. Our Naval Attaché conjectures that it may be waiting until the *Alfhem* is unloaded before coming into port itself.

We are advised that the Navy is now carrying out an aerial reconnaissance of the sealanes leading to Puerto Barrios and that it will report any vessels which might be suspected of carrying further arms. The policy which this Government will pursue in the event that such vessels are sighted should be determined now.

We feel that the following steps should be taken in the order stated with respect to any suspicious vessel on the high seas¹ sighted by the Navy:

1. If time permits we should attempt without detaining the ship to persuade its Flag state to order it to divert to Panama for inspection.
2. If time does not permit the preceding step our naval vessels should detain the ship, using force as a last resort, while we attempt to persuade its Flag state to divert it to Panama for inspection.
3. If neither of the two preceding steps is successful then our Navy should, using force as a last resort, escort the vessel to Panama for inspection.

Our action² should be based upon Article III of the Rio Treaty which preserves the inherent right of individual self-defense in case of an armed attack and Article LI of the Charter of the United Nations which provides that nothing therein "shall impair the inherent right of individual . . . self-defense . . .".³

This legal justification rests upon the conclusion that repeated and clandestine shipments of arms from Iron Curtain origin to a destination in this hemisphere amounts to armed aggression at least against the state of destination if not against every American state including ourselves.

While the steps outlined above should suffice to prevent the arrival of another arms-laden ship in Puerto Barrios, we should resolve that additional steps will be taken, if essential, to prevent such an occurrence.

¹ The handwritten words "on the high seas" were inserted in the source text, apparently by Mr. Holland.

² Assistant Secretary Holland had outlined the policy recommended in this memorandum at the Secretary of State's staff meeting held at the Department of State at 9:15 a.m. on the previous morning. The notes of the meeting, dated May 20 and designated SM N-230, read in part as follows: "Mr. MacArthur asked whether it would be feasible to secure the action of some other western hemisphere government in making the moves against the shipment of arms. Mr. Holland said that his inclination was to assert the responsibility of the accepted position the US holds in this hemisphere. Any other procedure he felt would fool no one and cause the US to look weak and ridiculous. He agreed that his feelings in the matter would not preclude the possibility of joint action." (Secretary's Staff Meetings, lot 63 D 75)

³ Ellipses in the quotation appear in the source text of the memorandum.

Recommendation:

If you approve the foregoing suggested policy it is recommended that you discuss it with the President and representatives of the Department of Defense in your conference on Saturday, May 22.⁴

If this recommendation is there accepted, we shall undertake to furnish all necessary information to the proper naval authorities so that the operation may be put into effect at once.

⁴The source text bears the initials of Secretary Dulles, indicating his approval of the policy recommended by Assistant Secretary Holland, and also the following handwritten notation by the Secretary: "Cleared with President May 22, 1954, at conference with Secy. Anderson[,], Admir Radford[,], Allen Dulles[,], and Bobby Cutler." See *infra*.

Eisenhower Library, Dulles papers

*Memorandum of Conversation, by the Special Assistant to the President (Cutler)*¹

TOP SECRET PERSONAL AND PRIVATE WASHINGTON, May 22, 1954.

Present: J. F. Dulles, A. W. Dulles, Anderson, Radford, and Cutler

[Here follows discussion relating to the defense of Formosa and other islands bordering the China Coast between Formosa and the mainland.]

The Secretary of State raised the question of what should be done to prevent further shipments of war munitions from the Soviets to Guatemala. He pointed out that a Swedish ship had already landed two thousand tons of munitions in Guatemala. (The US erroneously took to Puerto Rico and unloaded a decoy ship, and missed the munitions carrier.) The Secretary thought that we should act promptly, in order to avoid the importation of such a great amount of arms that a major military effort would be required by the US to handle the developing situation. The basic request made by State was that the Navy be authorized to halt suspicious vessels on the high seas off the Guatemalan coast, voluntarily if possible, but by force, if necessary, and if such vessels refused permission to inspect their cargoes, to take them to Panama for inspection; the US being prepared to pay any damage or demurrage.

In answer to the President's inquiry as to the effect of this action on our friends, and on the other American Republics, the Secretary made these points:

¹ The source text indicates that this conversation took place in the White House at 9:15 a.m. The President's daily appointment book, however, records that it occurred at 9:55 a.m., and as requested by the Secretary of State. A copy of this memorandum was forwarded to Secretary Dulles under cover of a memorandum from Mr. Cutler, dated May 24, not printed.

(1) Honduras and Nicaragua have already asked the US for help. El Salvador probably will so ask. Costa Rica is beginning to worry a little about being so close to the Communists.

(2) Article 51 of the UN Charter provides the right to members of collective and individual defense. What is going on in Guatemala, since the Russians never furnish arms to a country without a bad motive, is a direct threat to the security of the US (via Panama Canal).

(3) Machinery has been set in action to call a meeting of the Organization of American States, but this will take a couple of weeks.

(4) The Caracas Resolution recognizes that the control of an American State by Communists was a threat to the security of the US (17 votes for, 1 vote against, 2 abstentions).

(5) Assistant Secretary Holland would go to Mexico City to keep the Mexican Government advised.

Under these circumstances, the President agreed to the proposed action, suggesting only that we should give notification to friendly countries of what we are proposing to do.

714.56/5-2254

*Memorandum of Conversation With the President, by the
Secretary of State*

TOP SECRET

[WASHINGTON,] May 22, 1954.

We discussed the annexed statement¹ of proposed action with reference to efforts to intercept arms to Guatemala. The President agreed with the program. However, he suggested that we should, if possible, obtain a request for our action by some of Guatemala's neighbors who were threatened by Guatemalan aggression, and that we should internationalize our action to the maximum. He suggested possible notification to shipping countries so as to prevent inconvenience to them. I also said that Mr. Holland, or another of our group, would probably be shortly going to Mexico, due to the importance of keeping Mexico promptly and fully informed of our plans.

JOHN FOSTER DULLES

¹ Not found with the source text.

414.608/5-2254

*The Assistant Secretary of State for Inter-American Affairs (Holland) to the Deputy Secretary of Defense (Anderson)*¹

SECRET

[WASHINGTON,] May 22, 1954.

DEAR MR. ANDERSON: As the Department of Defense is aware, a large quantity of arms originating behind the Iron Curtain has arrived at Guatemala on May 15, 1954 aboard the S.S. *Alfhem*, a Swedish flag vessel. Cables to the Department of State, all of which have been distributed to the Department of Defense, have given details concerning this shipment of arms and efforts made to prevent their final delivery, inasmuch as predominant military power in the hands of the pro-Communist Guatemalan Government would create a situation dangerous to the peace and security of this hemisphere.

Information has also been received by this Department, and promptly furnished to the Department of Defense, that two other ships bearing arms are believed coming from the same port, Stettin, to Guatemala, and that their arrival is anticipated in the very near future; these ships may fly the Finnish flag, and one of them was reported to have been seen outside Puerto Barrios on the night of May 14, 1954. In addition to these two ships, the American Consulate at Kingston, Jamaica reported on May 19, 1954 that a German vessel, S.S. *Sajma*, was sighted off the coast of Cuba on the morning of May 18, 1954, bound for Belize, British Honduras, and carrying twelve crates of arms or explosives, according to a . . . source; this latter information was sent to the Department of Defense on the same night, and the request made that immediate steps be instituted to locate and identify this vessel. On May 20, 1954, the office of the United States High Commissioner for Germany reported that this ship is probably the Finnish M/S *Sajmaa*, and this information was sent to the Department of the Navy.

In order that effective steps may be taken to prevent delivery of arms of Soviet or Iron Curtain origin to Guatemala, it is necessary that the Department of State have information as far as possible in advance of the arrival of any such shipments. Confirming our telephone conversation and the previous data furnished to the Department of Defense, it is therefore requested that action be instituted to make available to the Department of State the following information:

a) The identity and location of the two ships reported to be bound for Guatemala from Stettin, carrying arms and ammunition for Guatemala;

¹ Drafted by Mr. Leddy.

b) The identity and location of the vessel reported to have left Stettin and to have been sighted outside of Puerto Barrios on May 14, 1954;

c) The identity and location of the M/S *Sajmaa*:

d) The identity and location of all ships leaving European ports bound for Puerto Barrios, Guatemala;

e) Intelligence information which would serve to identify and locate any ships entering the Caribbean area from European ports of departure, which might be destined for Puerto Barrios, whether or not this destination is listed.²

Sincerely yours,

HENRY F. HOLLAND

²No reply to this letter was found in Department of State files.

414.608/5-2254: Telegram

*The Secretary of State to the Embassy in El Salvador*¹

TOP SECRET PRIORITY

WASHINGTON, May 22, 1954—9:29 p.m.

117. There are still unconfirmed reports that at least two additional European flagships now enroute or to depart shortly for Guatemala with additional armaments originating behind Iron Curtain. We feel it imperative these shipments be prevented from reaching Guatemala. Would prefer that any US action be taken pursuant request of governments most affected by such shipments. Ascertain whether government to which you are accredited willing request us to endeavor to locate and detain these ships outside Guatemalan territorial waters. In view importance and urgency such action suggest you may desire promptly consult with President.²

DULLES

¹ Drafted and signed by Mr. Leddy; cleared with the Secretary. Sent also to Managua, San José, Panama, and Tegucigalpa; repeated for information to Guatemala City.

² In telegram 1592 to Mexico City, dated May 26, 1954, Secretary Dulles stated in part that El Salvador, Honduras, and Nicaragua had made "clearcut" requests for U.S. cooperation to prevent further arms from reaching Guatemala, and that Costa Rica and Panama were considering making similar requests (414.608/5-2654).

MID files, lot 57 D 95

*Memorandum by the Assistant Secretary of State for Inter-American Affairs (Holland) to the Secretary of State*¹

SECRET

[WASHINGTON,] May 24, 1954.

Subject: Arms for Guatemala from Europe

¹ Drafted by Mr. Leddy.

Discussion:

It was decided early in 1953 that we should take steps to prevent export of arms from Europe to Guatemala, as a necessary corollary to our policy of not licensing arms exports for Guatemala from the United States. In each individual case where information reached the Department on Guatemalan attempts to purchase arms in Europe, we requested the Government of the exporting country to prevent shipment; in all cases our efforts were successful. In April 1954 we circularized² ten European missions to request these Governments to institute general measures of control against such shipments to Guatemala, whether originating in the country or in transit. In the individual and general approaches the basis for our request was the danger to the peace of the free world from the expansion of Communist power in Guatemala. On April 28, 1954 our request was presented to the NATO Council in Paris on the basis of commitments of NATO members not to export war materials. Finally, on May 21, 1954,³ we again called attention of the same nations to the problem of large shipments such as in the *Alfhem* case, which would be going through as a matter of international trade from behind the Iron Curtain.

Individual Western European countries have thus far taken effective action on specific request of arms export brought to their attention. We do not yet have clear evidence of what general measures they have adopted to catch individual exports that we do not bring to their attention, although several have cordially agreed to cooperate. On our broad request to prevent large shipments moving in international trade, there is yet no answer, but the Dutch have already indicated their disagreements.

Recommendation:

We should now bring home directly to each maritime nation that we request their effective cooperation on both small and large shipments. We should seriously consider whether, in the absence of effective cooperation, we will notify them of our intention to take measures of our own.⁴

² Reference is to Department's telegram 323, dated Apr. 14, 1954, p. 1098.

³ Reference is to Department's telegram 360 to Lisbon, dated May 21, repeated to Madrid, Paris, Rome, Bern, Brussels, The Hague, Stockholm, London, HICOG in Bonn, and USPOLAD in Trieste, which reads in part as follows: "Strict enforcement control measures to prevent additional shipments of arms, ammunition and war matériel to Guatemala from Europe now imperative. Reiterate to appropriate Government officials our previous requests to tighten arms export and transit controls in order eliminate possibility clandestine or concealed shipments." (414.608/5-2154)

⁴ The source text contains no indication of the Secretary's action on this recommendation.

611.14/5-2454: Telegram

The Ambassador in Guatemala (Peurifoy) to the Department of State

CONFIDENTIAL

GUATEMALA CITY, May 24, 1954—8 p. m.

PRIORITY

776. Pursuant to his request (Embtel 760, May 22),¹ I called this morning on Foreign Minister Toriello. He looked ill and said he had had to defer visit to Presbyterian Hospital in New York because of circumstances. Talk lasted hour and half and touched on relations with US, United Fruit Company problems, arms shipment and Communism. It gave no hint of any basic change in Guatemalan policy.

Relations with US: Toriello expressed concern over Guatemala's relations with US which he said were getting worse; he knew consultations were now taking place regarding calling an OAS meeting and if one were called, Guatemala would attend and defend itself; Guatemala had strong case and would command respect of other American Republics for not tolerating intervention; he doubted meeting would do either Guatemala US much good.

Fruit Company problems: Toriello said he would hand me note² rejecting Department's claim for UFCO and did so at end of interview. Note summarized in Embtel 772, May 24.³ He then said Fruit Company had been exploiting Guatemala for years and paid very little taxes and he wondered whether we could not sit down with our advisers and work out solution. I asked whether government had ever informed UFCO exactly what it desired and he said, he felt company should approach government first. He then said he had no confidence in impartiality of Secretary Dulles, because of connection with Sullivan and Cromwell, and certain employees of State Department on UFCO question and suggested I discuss this matter personally with President Eisenhower. I replied that his suspicions of Secretary and of Department's fairness were entirely groundless and that dealing in personalities only confused the issue. Toriello then said he might call me towards end of week at which time he might have some concrete proposals to make re UFCO. I said I would be available whenever he

¹ In the referenced telegram, Ambassador Peurifoy reported that in an effort to secure foreign support for Guatemala in the arms shipment controversy, Foreign Minister Toriello on the previous day had explained to all Chiefs of Mission, except Ambassador Peurifoy, Guatemala's views on the issue, and that the Foreign Minister had allegedly stated that Guatemala would attend and defend its position if a meeting of the OAS were called, but that he would appeal to the United Nations Security Council if attacks against Guatemala did not cease (414.608/5-2254).

² Not printed.

³ In telegram 772, Ambassador Peurifoy reported that in the Guatemalan Government's memorandum, dated May 24, 1954, Foreign Minister Toriello rejected UFCO's claim for damages, refused to consider the subject an appropriate one for international discussion, and described the action of the U.S. Government in presenting the claim as intervention in the internal affairs of Guatemala (214.1141 UFCO/5-2454).

wished to talk to me but reminded him other American interests were also involved, mentioning specifically Grace Line's current difficulties (Embtel 743, May 21).⁴ He stated clearly that American interests would eventually have to give up control of all ports, communications and transportation since Guatemala was sovereign nation.

Arms shipment: Toriello confirmed that Guatemala had received arms shipment but denied categorically that arms were manufactured in any country which US regarded as Soviet satellite. When I asked if he could state arms were not purchased in satellite country, he replied negatively. He emphasized refusal of US to sell arms left Guatemala no alternative and assured me arms were for protection, since UFCO was financially backing Castillo Armas plot against Guatemalan Government. He said arms were not for aggression.

Communism: I told Toriello that for US problem of Communism was of greatest concern and that until that was solved I feared we would continue to have difficulties, he replied with standard line that Commies few and of no importance. I said I could not agree with him on this.

After his talk with me Toriello held press conference at which he announced that he and I would hold conversations looking toward solution of outstanding problems and expressed optimism that tension could be diminished.

My feeling is that Guatemalans are seriously worried over possibility of OAS meeting and are making desperate effort to induce us to defer or drop plans for international action. They either believe or wish to make Latin America believe that our real concern over Guatemala stems from UFCO's problems and hope that discussions on this issue can be drawn out until moment for action has passed. There is no indication that they have any intention of modifying their attitude towards Commies. I therefore suggest Department play down fruit company problem for present and concentrate on Commie issue.

PEURIFOY

⁴ Not printed (814.062/5-2154).

S/P-NSC files, lot 62 D 1, NSC 5419

*Draft Statement of Policy by the National Security Council*¹TOP SECRET
NSC 5419

[WASHINGTON,] May 24, 1954.

U.S. POLICY IN THE EVENT OF GUATEMALAN AGGRESSION IN LATIN AMERICA
GENERAL CONSIDERATIONS

1. The Inter-American Treaty of Reciprocal Assistance, to which the United States is a party, provides as follows:

"Article 3

"1. The High Contracting Parties agree that an armed attack by any State against an American State shall be considered as an attack against all the American States and, consequently, each one of the said Contracting Parties undertakes to assist in meeting the attack in the exercise of the inherent right of individual or collective self-defense recognized by Article 51 of the Charter of the United Nations.

"2. On the request of the State or States directly attacked and until the decision of the Organ of Consultation of the Inter-American System, each one of the Contracting Parties may determine the immediate measures which it may individually take in fulfillment of the obligation contained in the preceding paragraph and in accordance with the principle of continental solidarity. The Organ of Consultation shall meet without delay for the purpose of examining those measures and agreeing upon the measures of a collective character that should be taken.

"Article 6

"If the inviolability or the integrity of the territory or the sovereignty or political independence of any American State should be affected by an aggression which is not an armed attack or by an extra-continental or intra-continental conflict, or by any other fact or situation that might endanger the peace of America, the Organ of Consultation shall meet immediately in order to agree on the measures which must be taken in case of aggression to assist the victim of the aggression or, in any case, the measures which should be taken for the common defense and for the maintenance of the peace and security of the Continent."

¹ This paper was based on a memorandum drafted in the Bureau of Inter-American Affairs (ARA) by Mr. Jamison and Mr. Leddy on May 12, 1954, not printed, and submitted to Director of the Policy Planning Staff Bowie by Assistant Secretary Holland on May 13. That draft was subsequently returned to ARA and revised after consultation between officers in ARA and Louis J. Halle of the Policy Planning Staff. The revised draft was resubmitted to Mr. Bowie on May 19, and forwarded to the NSC Planning Board on the following day. In a memorandum to Mr. Bowie, dated May 20, not printed, Mr. Halle commented that he had doubts about the reliability of some of the factual statements contained in ARA's draft memorandum (PPS files, lot 65 D 101, "Guatemala"). The NSC Planning Board amended the revised draft at its meeting on May 24, and also approved submission of the amended draft as NSC 5419 to the NSC for consideration (record of the meeting of the NSC Planning Board, S/P-NSC files, lot 62 D 1).

Under a covering note dated May 24, not printed, NSC Executive Secretary Lay transmitted the draft statement of policy to the NSC for consideration at its meeting on May 27, 1954; see *infra*.

2. Since May 1, a strike situation has developed in Honduras in which the entire north coast area has been paralyzed. There is reason to believe that the strike may have had inspiration and support from the Guatemalan side of the Honduran boundary. The situation has prompted the Honduran government to send much of the weakly organized and poorly equipped Honduran army to the strike area and to stand guard on the Guatemalan border, thus stripping the capital at Tegucigalpa of military forces.

3. In these circumstances an armed attack by Guatemala could, perhaps, in a matter of hours, bring about the fall of the Honduran government.² (If Guatemalan aggression took some form other than an "armed attack", Article 3 would not apply and other provisions of the Rio Treaty would have to be invoked.)

4. Any successor government which arose in Honduras as the result of a successful Guatemalan attack might well have the same leaning toward Communism that distinguishes the present government of Guatemala. This would pose a most serious threat to the ability of the other governments of Central America to withstand Communist penetration or control. It would thus constitute a serious threat to the security of the area and, correspondingly, to United States security interests there.

RECOMMENDATIONS

5. If the government of any member of the Organization of American States should, under Article 3, paragraph 2 of the Rio Treaty, request the assistance of the United States to meet an armed attack by Guatemala, and if the President should be satisfied that such an attack has occurred, it is recommended that the President:

a. Determine that such Guatemalan armed attack is considered by the United States as an armed attack against all American states under Article 3, paragraph 1 of the Rio Treaty, and constitutes an imminent threat to the security of the United States.

b. Direct that under Article 3, paragraph 2 of the Rio Treaty and to protect the security of the United States, the armed forces of the United States, in collaboration with the armed forces of other members of the Organization of American States to the extent feasible, take military action to the extent necessary to counteract the attack and eliminate the danger to the state attacked.

6. The United States should encourage any member of the Organization of American States which requests the United States to come to its assistance, also to request such action by other members of the Organization of American States pending a decision by the Organ of Consultation.

² In his memorandum to Mr. Bowie, dated May 20, Mr. Halle stated that he believed a Guatemalan attack on Honduras was unlikely.

7. The United States should take all practicable steps to ensure that the other members of Organization of American States are prepared for collective action under the Rio Treaty to assist any member of Organization of American States threatened by aggression or internal subversion inspired by Guatemala.

8. The Chairmen of appropriate congressional committees should be immediately informed of the above policy.

9. The timing of public disclosure of the above policy should be determined by the Secretary of State.

Eisenhower Library, Eisenhower papers, Whitman file, NSC records

*Memorandum of Discussion at the 199th Meeting of the National Security Council on Thursday, May 27, 1954*¹

TOP SECRET EYES ONLY

[Here follow a list of those present (22) and discussion of matters unrelated to Guatemala.]

3. *U.S. Policy in the Event of Guatemalan Aggression in Latin America* (NSC 5419;² NSC 144/1³)

Mr. Cutler pointed out that the short Planning Board paper had been drawn up in the light of Articles 3 and 6 of the Rio Treaty. It has also taken into consideration the U.S. right of self-defense and the great desirability of collective action in dealing with the problem of Guatemala. He then turned to the Recommendations in the Planning Board paper, which he proceeded to read, together with the recommendation for revision submitted by the Joint Chiefs of Staff.⁴ The proposals for revision of paragraph 5-*b* and paragraph 7 offered by the Joint Chiefs of Staff were agreed to by the Council, as was a suggestion for the revision of paragraph 8 offered by Mr. Cutler.

Thereafter, Mr. Cutler informed the Council of the decision made by the President on the previous Saturday,⁵ on means to prevent further shipment of arms to Guatemala. After reading a brief statement of the content of the President's decision, Mr. Cutler asked Secretary Dulles for his comments.

¹ This memorandum was drawn up by NSC Deputy Executive Secretary Gleason.

² *Supra*.

³ NSC 144/1, "United States Objectives and Courses of Action With Respect to Latin America," dated Mar. 18, 1953, p. 6.

⁴ The Joint Chiefs of Staff, in a memorandum to the Secretary of Defense dated May 26, 1954, stated that they assumed early action would be taken to convene the Organ of Consultation of the Organization of American States as one of the steps to be taken under the provisions of paragraph 7 of NSC 5419. They recommended that paragraph 5 of the draft statement be revised to indicate that "unilateral military action should be taken only as a last resort", and suggested that, for accuracy, "direct attack" be substituted for "aggression" in the title of NSC 5419. A copy of the May 26 memorandum is in JCS files.

⁵ May 22. See the Secretary's memorandum of conversation with the President, p. 1123.

Secretary Dulles suggested one slight amendment in the Presidential statement, and said that he had little else to say except that the State Department has commenced its informal conversations with those countries which were likely to have vessels in the area near Guatemala. He predicted that these various countries would not accord formal recognition of our right to detain and search their vessels on the high seas, but that they would be willing to look the other way while we did this. Secretary Dulles also expressed the opinion that action taken thus far by the United States had probably scared away other vessels carrying arms to Guatemala. Accordingly, the immediate danger of shipments of arms to Guatemala had been allayed. The point that had been hard to get other people to appreciate was the *relative* magnitude of the first shipment of arms to Guatemala. While not in itself large, the shipment really had produced a serious shift in the balance of military power in Central America in favor of Guatemala.

Mr. Cutler then asked whether the arms which had arrived in the first shipment to Guatemala were being handed out to the strikers in Honduras. Secretary Dulles replied that part, at least, of these arms was apparently being set aside for subversive activity both in Honduras and Nicaragua.

Secretary Anderson⁶ referred briefly to the preparations by the Defense Department to evacuate American civilians from Honduras if this proved necessary.

Secretary Dulles then expressed very great concern about the Communist line being followed by Sydney Gruson in his dispatches to the *New York Times*. Gruson, thought Secretary Dulles, was a very dangerous character, and his reporting had done a great deal of harm. The President said that he often felt that the *New York Times* was the most untrustworthy newspaper in the United States, at least as far as the areas of the news with which he was personally familiar were concerned. Mr. Allen Dulles pointed out some very disturbing features of Sidney Gruson's career to date.

The Attorney General⁷ asked if it would not be a good idea for someone to talk informally to the management of the *New York Times*. Admiral Strauss⁸ then suggested that he would be glad to talk to Arthur Sulzberger⁹ if the President thought it a good idea. The President said he had no objection to Admiral Strauss' proposal, but he doubted if anything useful would come of the conversations.

⁶ Robert B. Anderson, Acting Secretary of Defense.

⁷ Herbert Brownell, Jr.

⁸ Lewis L. Strauss, Special Assistant to the President.

⁹ Publisher of *The New York Times*.

Mr. Allen Dulles then pointed out that the forthcoming arms shipments to Guatemala might well come from other countries than those behind the Iron Curtain, and wondered whether the phrasing of the President's statement should be changed to recognize this fact and to take account of the importance of the use to which the arms were put rather than the place of origin of the shipment.

Secretary Dulles commented that of course the essence of the matter was not the place of origin but the fact of a hostile government in Guatemala. If this government succeeds in procuring arms next time from elsewhere than the Soviet bloc, we should, of course, do all we can to prevent the shipment from reaching its destination. The President's statement was amended to meet the point raised by Mr. Allen Dulles.

The Attorney General then made a brief comment as to the legality of the U.S. action proposed by the President, of stopping suspected vessels on the high seas. Such action was in general outside the limits of international law. There was, however, a well-established exception which permitted interference with vessels of another nation on the high seas if self-defense or self-preservation was clearly involved. It seemed to the Department of Justice, continued the Attorney General, that the facts of the case, as presented by Secretary Dulles in his recent press conference, fully supported an invocation of self-defense and self-preservation.

Secretary Dulles pointed out that Guatemala's military establishment was three times as large as the military establishments of all its neighbors put together. This completely denied Guatemala's allegation that the arms it had imported were for its own self-defense. The Attorney General agreed, but warned the Council to be prepared to see a division among the international lawyers on this question. He also expressed the opinion that no internal constitutional issue was raised by the Presidential action, and that there was no need to seek Congressional approval.

Governor Stassen¹⁰ said that the problem of Guatemala seemed to him to raise the question of revising the Monroe Doctrine to prevent shipment of arms to a government in this hemisphere which was dominated by a foreign ideology. Secretary Dulles replied that he thought something like this had been accomplished at the Caracas Conference. The present action against Guatemala was simply a detailed application of the general rule of preventing the extension of the Communist conspiracy to the Western Hemisphere. He added that the United States was preparing to take the Guatemalan problem into a meeting of the Organization of American States as a situation which called for action even beyond the terms of the Caracas anti-Com-

¹⁰ Harold E. Stassen, Director, Foreign Operations Administration.

munist resolution.¹¹ He said that he had had conversations with the Brazilian Ambassador, who had said that his country would not only go along with us, but would take the lead. This Secretary Dulles found very heartening, since we needed support from others than the Somozas in the Hemisphere.

The President expressed the hope that we could secure the support of Uruguay as the outstanding democracy in South America. Secretary Dulles replied that the Brazilian Ambassador had suggested that one of the best ways of getting Uruguay to go along would be to propose holding the OAS meeting in Montevideo. He predicted it would be hard to gain the support of Uruguay, but thought that this suggestion might help. Mexico also would prove difficult.

With regard to the problem of military assistance to the Latin American republics, the President said he hoped that we would not forget that we could not strengthen the military position of tiny countries like Honduras by merely dumping modern arms into them. We should supplement this action by seeing to it that the armies of these countries were taught the effective use of the armament we provided. He thought this problem ought to be surveyed as a long-range affair.

Governor Stassen inquired as to whether thought should be given to cancelling the very small amount of Technical Aid which the United States was still providing Guatemala. . . .

*The National Security Council:*¹²

a. Discussed the reference report on the subject (NSC 5419) in the light of the views of the Joint Chiefs of Staff presented orally at the meeting.

b. Adopted the Recommendations contained in paragraphs 5-9 of NSC 5419, subject to the following changes:

(1) *Paragraph 5-a, 3rd line:* Change "paragraph 2" to read "paragraph 1".

(2) *Paragraph 5-b, 5th line:* Add, after "to the extent feasible", the words "and unilaterally only as a last resort,".

(3) *Paragraph 7, 1st line:* Insert "political" between "practicable" and "steps".

(4) *Paragraph 8:* Revise to read as follows: "8. Appropriate Congressional leaders should be immediately informed of the above policy."

¹¹ Reference is to Resolution XCIII; see footnote 2, p. 1093.

¹² Subparagraphs a-d constitute NSC Action No. 1135.

c. Noted that the President, in order to protect the security of the United States and specifically to defend the Panama Canal, had authorized the Navy to halt on the high seas off the Guatemalan coast vessels, including foreign-flag vessels, suspected of carrying munitions of war destined for Guatemala, in order to inspect their cargoes, and if such inspection is refused, to escort such vessels by force, if necessary, to Panama for inspection; such action to be taken, where time permits: (1) after notice to the country of registry of any such vessel in order to obtain, if possible, such country's consent to such inspection and (2) after notice to the Organization of American States and, if possible, with the approval of such Organization.

d. Noted the President's reference to United States policy as to training the military establishments of Latin American nations, provided in NSC 144/1, paragraph 18-b.

Note: The Recommendations referred to in *b* above, as approved by the President,¹³ and the actions in *c* and *d* above subsequently referred to the Operations Coordinating Board as the coordinating agency designated by the President, and circulated as NSC-5419/1.

¹³ President Eisenhower approved the recommendations contained in paragraphs 5-9 of NSC 5419, as amended and adopted by the NSC, on May 28, 1954.

S/P-NSC files, lot 62 D 1, NSC 5419/1 Series

*Statement of Policy by the National Security Council*¹

TOP SECRET
NSC 5419/1

[WASHINGTON,] May 28, 1954.

U.S. POLICY IN THE EVENT OF GUATEMALAN AGGRESSION IN LATIN
AMERICA

RECOMMENDATIONS

1. If the government of any member of the Organization of American States should, under Article 3, paragraph 2 of the Rio Treaty, request the assistance of the United States to meet an armed attack by Guatemala, and if the President should be satisfied that such an attack has occurred, it is recommended that the President:

¹ NSC Executive Secretary Lay, under a covering note dated May 28, 1954, not printed, transmitted the recommendations of NSC 5419 (paragraphs 5 to 9), adopted by the NSC subject to the changes set forth in NSC Action No. 1135-b, to the NSC as NSC 5419/1. Mr. Lay informed the NSC of the President's authorization to the Navy to halt Guatemalan coastal vessels, including foreign-flag vessels suspected of carrying munitions of war, for cargo inspection, and also the President's reference to NSC 144/1, paragraph 18-b (see p. 10) regarding U.S. policy on training the military establishments of Latin American nations. President Eisenhower approved the recommendations in NSC 5419/1 on May 28, 1954, directed their implementation by all appropriate executive departments and agencies, and designated the OCB as the coordinating agency.

a. Determine that such Guatemalan armed attack is considered by the United States as an armed attack against all American states under Article 3, paragraph 1 of the Rio Treaty,* and constitutes an imminent threat to the security of the United States.

b. Direct that under Article 3, paragraph 2 of the Rio Treaty and to protect the security of the United States, the armed forces of the United States, in collaboration with the armed forces of other members of the Organization of American States to the extent feasible, and unilaterally only as a last resort, take military action to the extent necessary to counter-act the attack and eliminate the danger to the state attacked.

2. The United States should encourage any member of the Organization of American States which requests the United States to come to its assistance, also to request such action by other members of the Organization of American States pending a decision by the Organ of Consultation.²

3. The United States should take all practicable political steps to ensure that the other members of Organization of American States are prepared for collective action under the Rio Treaty to assist any member of Organization of American States threatened by aggression or internal subversion inspired by Guatemala.

4. Appropriate congressional leaders should be immediately informed of the above policy.

5. The timing of public disclosure of the above policy should be determined by the Secretary of State.

*For text of pertinent articles of the Rio Treaty, see Appendix. [Footnote in the source text; appendix not printed.]

²On Sept. 3, 1954, NSC Acting Executive Secretary Gleason, in a memorandum to the NSC, not printed, stated that the Council at its 212th meeting on Sept. 2, 1954, in connection with action on NSC 5432, agreed that the statement of policy in NSC 5419/1 "should be terminated as no longer applicable." (NSC Action No. 1209) President Eisenhower approved the action of the Council on Sept. 3, thereby terminating NSC 5419/1. Mr. Gleason informed the Council that "policy relating to action against anti-U.S. subversion or intervention in Latin America and to the application of sanctions, including military action, in the event of threatened or actual domination of a Latin American state by Communism" was contained in paragraph 6 of NSC 5432/1 (see p. 83).

414.608/5-2854: Circular telegram

*The Secretary of State to Certain Diplomatic Offices*¹

SECRET

WASHINGTON, May 28, 1954—9:04 p. m.

440. Department requests you inform government to which accredited at high level of serious concern this Government with regard to use of ships of friendly powers to transport arms to Guatemala, whose Communist-oriented government poses increasing threat in vital Central American area.

For your information only this Government is determined prevent further substantial arms shipments from reaching Guatemala, but first seeking cooperation of other governments which it urgently desires you obtain.

You may exercise your judgment how this matter is taken up. Following argument presented for your guidance:

1. A Soviet thrust into Western Hemisphere by establishing and maintaining Communist-controlled state between U.S. and Canal Zone would represent serious set-back to free world. It would represent challenge to Hemisphere security and peace as Guatemala has become increasingly instrument of Soviet aggression in this hemisphere. Its President (Arbenz) has publicly expressed his backing of Communists saying that to isolate them would be equivalent to suicide of revolutionary movement he heads. Communists have infiltrated government and now control its agrarian reform, labor, social security, informational and educational policies. Police and Army are either subservient or passive toward Government's pro-Communist policies. Sole national labor federation, affiliated with WFTU, is Communist controlled. All political parties supporting Administration, controlling 51 of 56 seats in Congress, are bound together in Communist controlled "National Democratic Front". In its foreign relations, Guatemala has become spokesman for Soviet policy for Western Hemisphere and menace to stability of strategic Central American and Caribbean area.

2. U.S. Government has for some time pursued policies designed to reduce this threat. It obtained at Caracas OAS Conference anti-international Communist resolution under which action can be taken against the domination or control of an American state by international Communism. Guatemala was only American country to vote against it. U.S. has for several years progressively denied export licen-

¹ Drafted by John C. Hill, Jr. of the Office of Middle American Affairs. Sent to the Embassies in Stockholm, Paris, Brussels, Lisbon, Rome, The Hague, Oslo, Copenhagen, Helsinki, Athens, London, and Madrid; sent also to HICOG in Bonn; repeated for information to the Embassies in Bern and Guatemala City, USUN in New York, and USPOLAD in Trieste.

In circular telegram 443, dated May 29, 1954, sent to all diplomatic posts in the American Republics, except Guatemala, and repeated for information to the Embassies in Guatemala City, London, Paris, Rome, Bonn, Stockholm, Copenhagen, Oslo, Bern, Vienna, Madrid, and Athens, and to USUN in New York, the Department augmented this telegram with additional details concerning arms shipments to Guatemala, particularly the so-called "Alfhem case." (414.608/5-2954)

ses for arms to Guatemala to prevent build up of its military potential which is already predominant in area. This predominance now greatly increased by recent arrival 2,000 ton shipment of armaments from behind iron curtain. Leading Western European Governments last month agreed to refuse export of arms shipments from their territories to Guatemala. You should cite any specific assurance you have on this point.

3. It has now been established that these controls are insufficient and it will be necessary to supplement control program by preventing use of ships of free world to transport arms to Guatemala. Arrival Swedish ship *Alfhem* in Guatemala on May 15 with some 2,000 tons arms loaded at Stettin April 18 illustrates capacity international Communist movement to vitiate cooperative efforts of free world by simply loading up entire ship at Communist-controlled port for clandestine delivery. Market value these arms, if only light weapons and munitions are involved, has been estimated at \$10 million by our military authorities and considerably higher if tanks and planes are involved. This is large sum for nation whose annual military budget is less than \$7 million and suggests Soviet's long term purposes in arming Communist power in Central America. Department now has information two more ships, which may carry flags of one or more of countries to which you accredited, are on their way to Guatemala with arms from Soviet orbit.

4. Arrival these ships or others carrying more arms for Guatemala would further augment Guatemala's preponderant military position in area. Guatemalan military and police forces, totalling 9,000 already overshadow combined forces of Honduras, El Salvador, and Nicaragua, numbering about 7,000.

5. This Government is anxious for cooperation of free governments in all possible measures to prevent use their flag ships in future arms traffic to Guatemala; for controls to be instituted to identify and report possible arms shipments for Guatemala on national ships; and for measures to be taken by governments themselves to divert or otherwise prevent delivery such shipments.

6. Guatemalan Government has forced strong measures by its flagrant abuse of system of international trade under which ships move freely and without hindrance because of presumed reliability of ships' documents. In connivance with Soviet orbit suppliers of the arms, it resorted to false documents misrepresenting nature and destination of cargo, false statements as to ships destination and a Swedish charterer who made public statement misrepresenting nature cargo. These tactics make it impossible rely on conventional means for determining contents ship destined to Guatemala and, in cases where suspicious circumstances exist, force actual inspection. Moreover tactics used by Guatemala in this case prejudice best interests all nations engaged in maritime commerce and would justify their filing vigorous protest with Guatemala against such abuses.

7. This Government would welcome cooperation Western maritime nations to end that if U.S. Naval patrols in Caribbean or Pacific approaches to Guatemala have reason suspect that ship approaching Guatemala carries arms and U.S. does not have time notify flag government, they detain it while U.S. Government clarifies its status and cargo with flag government.

You should attempt to obtain explicit consent of government to which you accredited to measures outlined preceding paragraph; otherwise indication of its tacit approval and willingness not to make formal protest if we do take such measures.²

Embassy London: This matter is being taken up with British Ambassador here and therefore you should not initiate discussions there.

DULLES

²In a memorandum to Assistant Secretary Holland, dated June 3, 1954, Mr. Leddy and Mr. Hill stated that of the six countries (United Kingdom, France, the Netherlands, Spain, Sweden, and the German Federal Republic) whose governments had indicated their position in response to circular telegram 440, "none have explicitly agreed to our detention of their ships but none have objected," and that one other country (Finland) had requested use of a modified approach "limited to an expression of serious concern about the use of ships of friendly powers to transmit arms to Guatemala." (414.608/6-354)

PPS files, lot 65 D 101, "Guatemala"

*Memorandum by Louis J. Halle, Jr. of the Policy Planning Staff to the Director of the Policy Planning Staff (Bowie)*¹

TOP SECRET

[WASHINGTON,] May 28, 1954.

OUR GUATEMALAN POLICY

Major decisions affecting our Latin American policy are being made in an atmosphere of urgency generated by (a) the outbreak of a strike among United Fruit Company and Standard Fruit Company workers in Honduras, and (b) the delivery at a Guatemalan port of a cargo of arms from behind the Iron Curtain. The consequent haste in decision involves certain dangers which are already being realized and may be realized further in the absence of precaution:

(a) There is no time for preliminary staff-work to provide an adequate basis of information and thought;

(b) The concentration on what appears to be a local emergency may result in inadequate attention to larger considerations that are not local or short-range;

(c) The atmosphere of emergency breeds a disposition to exaggerate dangers, and this disposition is strengthened by the necessity of "making a case" in order to get effective action.

The purpose of this memorandum is to put into your hands (a) such intelligence with respect to the Guatemalan situation as can be assembled at short notice, (b) a brief account of the historic inter-American context in which the situation arises, including the complex of international commitments within the terms of which it has been our policy and pledge to act; and (c) opinion on the consequences of alternative policies.

¹ In a brief covering memorandum, Mr. Halle noted that the drafting of this memorandum began on the afternoon of May 27.

I. The Guatemalan Situation

[Here follows a description of the Guatemalan economy.]

This typical underdeveloped country is now undergoing the social revolution that typifies underdeveloped countries generally in our time. That revolution is an expression of the impulse to achieve equality of status (a) for individuals and groups within the national society, and (b) for the nation-state within the international community. Social reform and nationalism are its two principal manifestations.

We see the same revolution at various stages of development in Asia and Africa. On our own side of the globe it has taken various acute forms in Argentina, Bolivia, and Mexico—less acute forms elsewhere. It has hardly manifested itself at all, as yet, in Honduras (before May 1), Paraguay, or Haiti.

In Guatemala historic conditions provide substantial fuel to fire the revolution. Foreign ownership of the elements of Guatemala's economic life, together with the pattern of its international trade, gives the Guatemalans a vivid and unwelcome sense of dependence on foreigners. This is not too galling with respect to foreign ownership of coffee plantations, for the owners are scattered individuals of various nationalities who lack collective means of exercising control over the country's economic and social life. The case is different with the utilities, the vital transportation and communication facilities, and the banana empire of the United Fruit Company (which is a monopoly). U.S. ownership is overwhelmingly predominant here.

Up to twenty years ago the United Fruit Company and the International Railways of Central America (now controlled by United Fruit) still practiced marked discrimination against native employees in favor of U.S. employees. Today the Fruit Company is, as it was becoming then, an agent of social betterment; but its past is not forgotten and what really counts is that, whether beneficent or maleficent in its practices, it remains the expression of Guatemala's economic colonialism.

The international Communist movement is certainly not the cause of the social revolution in Guatemala, but it has made the same effort there that it has made everywhere else to harness the revolutionary impulses—nationalism and social reform alike—and exploit them for its own purposes. In Guatemala this effort has been less successful than in Vietnam and perhaps no more successful than it was in Mexico twenty years ago under the regime of Lázaro Cárdenas. It has, however, been impressive in its success, all the circumstances considered. It has achieved a high degree of covert control over the reformist regime of President Arbenz and is dominant in the national labor movement.

The revolution in Guatemala is nationalist and anti-Yanqui in its own right. It is, in its own right, a movement for "social justice" and reform. If the international Communist movement had gained no foothold at all in Guatemala one might expect that the United Fruit Company, the Railways, and the Electric Power Company of Guatemala City would still be the victims of persecution in Guatemala, and that the U.S. would thereby be presented with diplomatic problems of a serious nature. All this is merely aggravated by the participation of Communism, which supplies a leadership and a body of tactical doctrine beyond the capacity of native resources alone.

More serious in its implications is the use that the international Communist movement might make (or be making) of Guatemala as a base from which to operate against the political and social structures of other Latin American states, and from which to organize sabotage of physical installations that contribute to the defense of the Hemisphere. It is the projection of the Communist will from Guatemala across its borders that properly gives us the chief cause for concern.

I attach Intelligence Report No. 6185 of April 30, 1953, on "Guatemalan Support of Subversion and Communist Objectives (1950-1953)".² The intelligence that it contains is of activities that do not appear to differ substantially from the normal operations of the Balkan-type intrigue that goes on all the time, and has for decades past, among the Central American states. It is quite normal for Central American political parties and governments to conspire covertly against one another across the international borders. To a Central American politician the obstruction of an international boundary is merely like the net in tennis: it makes the game more sporting. This kind of conspiracy is the expression, in fact of what appears to us sober *Norteamericanos* to be a frivolous temperamental necessity. One expects it, and the Intelligence Report confirms it. The participation of Communism, however, gives it a sinister character that it would not otherwise have.

It is against this background that one must view the two events which, in this month of May, have aroused our alarm.

1. The first was the initial conspicuous manifestation of social revolution in the hitherto stagnant Republic of Honduras, bordering on Guatemala, in the form of a strike that paralyzed the operations of the United Fruit Company and the Standard Fruit Company. That conditions in Guatemala influenced this development is virtually to be assumed. The plantations owned or serviced by the United Fruit Company on the Gulf of Honduras are scattered on both sides of the boundary between the two republics, which boundary would not be apparent to an airplane flying overhead. Until a few years ago, in fact,

² Not printed (PPS files, lot 65 D 101, "Guatemala").

the location of the boundary was a matter of opinion, since it had not been demarcated and was in controversy. The local farmers were unsure of their own nationality, gratified the tax-collectors of both countries, and had resigned themselves to being policed alternately by patrols of the two respective armed forces (which had the salutary habit of fleeing from each other at sight).

With social warfare, marked by repeated strikes, being waged in the banana plantations on one side of the border, one might expect and even assume that the fever would sooner or later communicate itself to the plantations on the other side of the border. There are no automobile roads or railways that traverse this border, but mules and men go back and forth without hardship. It would be surprising, moreover, if the Communist-controlled labor-union harassing the United Fruit Company on the Guatemalan side denied itself any reasonable opportunity to promote the harassment of the United Fruit Company on the Honduran side. Finally—if only because intrigue is the Staff of Life for Central American politicians—one would expect individual Guatemalan officials or even the Guatemalan Government itself to become involved here or there, in greater degree or less.

The reasonable suspicion of some Guatemalan complicity in the Honduran strike, however, has not been supported as yet by any evidence in the form of hard facts. Our efforts to discover such facts have led us floundering through rumours and reports for which we could get no substantiation. Our main sources of information have been . . . which has proved itself neither reliable nor altogether disinterested, and . . . which is not disinterested and has been confused or confusing on some points.

Our Embassy in Tegucigalpa (Honduras) manifested alarm, almost from the beginning of the strike, at the prospect it conceived of an armed attack by Guatemala on Honduras. Specifically, the Embassy saw in the dispatch of Honduran troops from the garrisons of Tegucigalpa to the strike-bound area, where they were needed to keep order, an invitation to the Guatemalan Army to march on Tegucigalpa. Our Ambassador³ had just arrived in Honduras and presumably relied largely on his experience in strife-torn China, which was I believe the only foreign experience he had had. His able deputy⁴ was also just off the 'plane, having come from Djakarta. (Old Vice Admiral Johnson used to criticize the Department for this sort of thing, pointing out that the Navy never changed both the Captain and the Executive Officer of a battleship at the same time.)

³ Whiting Willauer. He was appointed Ambassador to Honduras on Feb. 5. 1954; he arrived in Tegucigalpa and presented his credentials on Mar. 5.

⁴ Wymberley DeR. Coerr.

It was at this point that the intelligence services and experienced officers in the Department could have made a useful contribution in "staffing" the situation. Events moved with such speed and drive, however, that subordinate officers who were caught up in them felt that it was "theirs not to reason why. . . ." Otherwise they might have pointed out that the deterrent to armed attack within Latin America is not in any balance of military powers but in Article 3 of the Rio Treaty, which obligates the U.S. to stop any such attack. This, and not the local garrison, was the shield that defended Tegucigalpa; it virtually insured that no armed attack would be launched.

The unfounded alarm, however, created an atmosphere of emergency in our Government and, communicated to the President and the NSC, led to immediate preparations for meeting a Guatemalan armed attack with U.S. military force.

2. It was in the exhilarating atmosphere thus created that news of the second event was received in the Department. This was the arrival at a Guatemalan port of a Swedish steamer with 1900 or 2000 tons of arms from behind the Iron Curtain for delivery to the Guatemalan Government. What the nature of these arms were we did not know then, nor do we now; although it is evident that any elaborate armed equipment would be useless to the Guatemalans in the absence of special training in its use.

At this point we needed, as we still need, an assessment by military intelligence and OIR of the nature and magnitude of the danger to our security interests that this represented. I have asked OIR/DRA to gather some material on this jointly with G-2. Meanwhile, we should bear in mind that the Guatemalan Army has all along had the capability, in our opinion, of whipping the Honduran Army or even the Honduran, Salvadoran, and Nicaraguan Armies together in any trial of relative strength. This estimate has mere academic significance, for the most part, because of the Rio Treaty.

At a moment, however, when we were preparing for a Guatemalan armed attack on Honduras the news that these arms had been delivered naturally took on added significance. The Department issued a statement⁵ "that this is a development of gravity". The President announced that it was "disturbing". The Secretary at his press conference⁶ said that it made Guatemala dominant in Central America. The newspapers carried headlines such as: "Dulles Sees Peril to Panama Canal" (*N.Y. Times*).

⁵ Press release 260, dated May 27, 1954; for text, see Department of State *Bulletin*, May 31, 1954, p. 835.

⁶ Presumably the Secretary's press conference held on May 25, 1954; for text of the Secretary's remarks, see *ibid.*, June 7, 1954, pp. 873-874.

At the same time, unconfirmed reports of rumors reached us of two other shiploads of arms from behind the Iron Curtain, perhaps already on the way. We were told that one such shipload might be waiting offshore to move into the dock when the Swedish ship left.

We moved swiftly to prevent the unloading of the Swedish ship, but were unsuccessful. We also took a decision to prevent any further such shipments, even if this should necessitate our use of force on the high seas against friendly foreign flag vessels in violation of international law. In a memorandum of May 20 to Assistant Secretary Holland (copy attached)⁷ the Acting Legal Adviser⁸ stated: ". . . if the United States were to intercept and escort by force any ships in Guatemalan territorial waters or on the high seas to an American port, there would be no legal justification for such action either under the Rio Treaty or under the United Nations Charter. Such action would constitute a violation of international law, and could be considered an act of war by the countries whose ships were intercepted, and by Guatemala (at least if the interception occurred in that country's territorial waters)." Nevertheless, on May 22, the following decision was made (quoted from S/S-R's Top Secret Summary of Decisions⁹ of May 25):

"Foreign Ships Transporting Arms to Guatemala—The Secretary recommended to the President, and obtained Presidential approval, of the following policy with respect to any vessel on the high seas sighted by the US Navy and suspected of transporting arms to Guatemala; 1) if time permits, we shall attempt to persuade the ship's Flag State to divert it to Panama for inspection; 2) if time does not permit the preceding step, our Navy shall detain the ship while we attempt to persuade its Flag State to divert it to Panama for inspection; 3) if neither of the preceding steps is successful, our Navy should, using force as a last resort, escort the ship to Panama for inspection."

Even in the absence of relevant intelligence materials one may offer certain conclusions regarding the effect of this shipment on our national security interests:

(a) We have been withholding military equipment from Guatemala and have been concluding military agreements with Guatemala's neighbors that would call for supplying them with such equipment. This policy was calculated to create dissatisfaction in the Guatemalan Army with the pro-Communist orientation of the Guatemalan Government. The acquisition of arms from behind the Iron Curtain is calculated to neutralize our policy in this respect if those arms are put into the hands of the Guatemalan Army.

⁷ Not printed as an attachment; a copy of the memorandum is also in file 714.00/5-2754.

⁸ Benedict M. English.

⁹ File of summary of major decisions made by the Secretary of State and the Under Secretaries of State for the period 1954-1955, as retired by the Executive Secretariat, lot 61 D 258.

(b) If some of the arms are, alternatively, smuggled to dissident groups in neighboring countries they might play a decisive role in any attempt to overthrow the governments of those countries or disrupt civil order. (I have asked OIR/DRA to get together with G-2 for an estimate of (i) the possibilities of successful smuggling, (ii) the precautions against it that may be feasible, and (iii) the amount of smuggling that might have how much effect, etc.)

(c) The fact that Guatemala can and does buy arms from behind the Iron Curtain in defiance or contempt of the U.S. may hurt our prestige in the Hemisphere and elsewhere. It also sets a bad example inside the Hemisphere, suggesting alternatives to dependence on the U.S.

(d) The shipment has a favorable effect on U.S. security interests to the extent that it arouses other Latin American states to the danger posed by Communist influence in Guatemala.

Since the above was written I have received a one-page memorandum prepared in OIR/DRA, which I attach¹⁰ and from which I draw the following. In reply to the question, "What is potential of shipment with respect to subversion outside Guatemala? Possibilities of smuggling, etc.," G-2 has replied:

At present G-2 feels that the effect would be largely psychological. G-2 doubts that the Guatemalan Government will dispose of any of the arms now. They may do so later when they feel more secure.

In reply to other questions it has offered the following:

G-2 and air force intelligence are of the opinion that there is no immediate military threat to the safety of US. Guatemala's air force is at present qualitatively inferior to that of Honduras and Nicaragua.

Later, May 28, REW, G-2, called me and informally stated that because of training and technical factors matériel received would not substantially increase Guatemala's military capabilities.

At the same time that we have (a) prepared to meet an armed attack by Guatemala on Honduras, and (b) issued orders to our naval forces to prevent the arrival in Guatemala of any further shipments of arms, we have taken other steps designed to elicit the concurrence of other American states in the actions we are taking, may take, or may wish to take. Our embassies have discreetly inquired of the governments of the other Central American states, Mexico, and Panama whether they would request action by us to prevent further shipments. Favorable replies have been received from Costa Rica, El Salvador, Honduras, and Nicaragua. We have also been sounding out other American governments to determine the degree of support which might be forthcoming for a proposal that collective action on the arms-shipment be taken under Article 6 of the Rio Treaty, which would

¹⁰ Not printed.

require an immediate Meeting of Foreign Ministers of the American Republics (the "Organ of Consultation"). The *Chronology of Events* attached to this memorandum lists these actions.¹¹

II. *The Context of Inter-American Agreements*

[Here follows extensive discussion of the historical background of the inter-American policy and commitments of the United States.]

III. *Policy Alternatives.*

Our main policy alternatives with respect to the Guatemalan situation, in the light of the above, are:

(1) To invoke Article 6 of the Rio Treaty now and seek to carry the matter through by obtaining at least 14 Latin American votes (out of 19) for effective action by the U.S. and others to (a) do away with the covert Soviet political aggression in Guatemala, or (b) remedy whatever the situation is that constitutes a threat to the peace of America;

(2) Determining that collective action won't work and that the national safety requires us to take decisive measures now, to conclude that the corollary to a failure of collective responsibility is a return to unilateral intervention and to act accordingly;

(3) Determining that an attempt to get collective action now is too risky and that there is no imminent danger to our national safety, to adopt a policy of watchful waiting in the expectation that if the situation gets worse the chances of getting effective collective action will thereby be increased.

The key to a wise choice among these broad alternatives lies in the answer to two questions: (1) What is the magnitude and imminence of any danger that the present situation holds for us? and (2) How much support for collective action can we expect from the rest of the inter-American community?

(1) As to the first question, the evidence indicates no present military danger to us at all. Although we read public references to the facts that Guatemala is three hours' flying time from the oil-fields of Texas and two hours' flying time from the Panama Canal, we may console ourselves that Guatemala's capability for bombing either is nil. The recent shipment of arms makes no difference to this conclusion, nor would repeated shipments.

Guatemala, moreover, may confidently be expected not to launch an armed attack in the direction of the Panama Canal or in any other direction, since under Article 3 that would at one stroke remove the legal and political impediments which now prevent us from dealing decisively with the situation. If Guatemalan military units on the Honduran border should go berserk and make a dash for Tegucigalpa our policy problem would be solved without military danger to ourselves,

¹¹ The referenced chronology is not printed as an attachment.

and the consequence would be the elimination of any military threat that Guatemala may now offer her neighbors.

The real and direct threat that Guatemala poses for her neighbors is that of political subversion through the kind of across-the-borders intrigue that is a normal feature of the Central American scene. The danger is of Communist contagion and is most immediate with respect to Guatemala's immediate neighbors. The Communist infection is not going to spread to the U.S. but if it should in the fullness of time spread over much of Latin America it would impair the military security of the Hemisphere and thus of the U.S.

The infection could spread by intrigue supplemented by the smuggling of arms—although I note from the attached memorandum that G-2 expects the newly acquired arms to remain in Guatemala for the present. It could also spread through the example of independence of the U.S. that Guatemala might offer to nationalists throughout Latin America. It might spread through the example of nationalism and social reform. Finally and above all, it might spread through the disposition the Latin Americans would have to identify themselves with little Guatemala if the issue should be drawn for them (as it is being drawn for them), not as that of their own security but as a contest between David Guatemala and Uncle Sam Goliath. This latter, I think, is the danger we have most to fear and to guard against.

(2) How much support for collective action can we expect from the rest of the inter-American community? I have asked OIR for an estimate and it is being prepared. Meanwhile, I call your attention to the attached OIR/DRA memorandum of this date entitled "The Caracas Resolution on Communist Intervention in the Hemisphere".¹²

The nationalistic and reformist elements in the Guatemalan situation have hitherto loomed larger for the Latin Americans than the element of international Communism. They believe that we exaggerate the latter for our own purposes, and this belief is not weakened when we meet it with redoubled protestations. The United Fruit Company is a symbol of colonialism in their eyes which they equate with other like enterprises within their own respective jurisdictions. Under the circumstances, the more we have viewed the Guatemalan situation with alarm the more they have tended to view it with complacency. (There is a parallel, here, in the respective attitudes of the U.S. and India towards Indochina.) The same thing happened in the case of the U.S. vs. Argentina. The disposition develops among the Latin Americans to look upon the whole business as a David-Goliath contest in which they

¹² Reference is to Resolution XCIII, adopted by the Tenth Inter-American Conference; see footnote 2, p. 1093. The memorandum is not printed.

identify themselves naturally with David. (See attached OIR memorandum of this date¹³ on the growth of Societies of the Friends of Guatemala.)

These inclinations of the Latin Americans are in part masked when it comes to a conference like that of Caracas, since we are able to put considerable indirect pressure upon them to get their votes. But the 17 votes for our anti-Communist resolution at Caracas were granted only after the resolution had been watered down to the point of saying virtually nothing, and then grudgingly. The speeches indicated that there was more fear of U.S. interventionism than of Guatemalan communism. The pressures we brought to bear were resented and the scars remain. We should not, therefore, be deceived by the fact that 17 out of 19 were officially "for us".

Without having an OIR estimate on this I can only guess. My guess is that under present circumstances we could hardly win more than a Pyrrhic victory in a meeting of the Organ of Consultation, obtaining fourteen votes for relatively innocuous measures only by putting the thumbscrews on our neighbors. I doubt that it would be worth it in terms of the consequent further deterioration of our relations with Latin America in general. However, we ought to have, and promptly, a very thorough OIR estimate on this.

If the above analyses are sound the conclusion must be that the time is not ripe for collective inter-American action under the Rio treaty. This conclusion is reinforced by the indications that the situation poses no immediate danger for us. The conclusion raises the question, however, of what policy we should follow to expedite the ripening of time.

In this connection it seems to me that the two events which have so aroused us are as if calculated for our advantage. In the absence of undue excitement on our part they are bound to arouse alarm among Guatemala's neighbors, which alarm would tend to communicate itself throughout Latin America. If other like events ensued, the alarm would increase—but we would not ourselves be directly endangered. The Latin Americans would begin to ask whether the U.S. could be counted on to defend them against this growing menace. At that point they would be in the suppliant position vis-à-vis us rather than ourselves being suppliants to them. And this would be proper, for their danger is the greater. We could at this point act the part of the big brother who was not scared for himself but would stand by his small neighbors and live up to his commitments.

But if we present, instead, the spectacle of the elephant shaking with alarm before the mouse, if Guatemala disturbs us by gaining military dominance in Central America and imperilling our Canal in Panama,

¹³ Not attached to source text.

then the prestige of underdog Guatemala will be greatly enhanced throughout Latin America and Asia, and Latin American bosoms will (secretly or otherwise) swell with pride at the spectacle of one of the least among them actually arousing us to alarm for our own safety. Our own prestige and influence will be correspondingly diminished and the time will not ripen as we would wish it to.

We could be quite complacent about the Indochinese situation if only we could afford to let it get worse until the corresponding alarm in India and Indonesia made it possible to deal with that situation by really effective united action. Unfortunately, our danger there is extreme and we cannot be complacent about allowing it to get worse. The Guatemalan situation, however, can safely get worse and, if one leaves historical caprice out of account, cannot get better until it does get worse.

If we should adopt, instead, the second alternative of intervening unilaterally with whatever force was necessary we would, in effect, be making a colony of Guatemala that we could maintain only by continued force, and by so doing we would turn all of Latin America against us to the advantage of the international Communist movement. If our intervention was less than decisive the Argentine experience would be repeated and we would have strengthened Communism in Guatemala while antagonizing Latin America generally.

It would seem to me wise for us to countermand the present orders to our naval forces in the Caribbean and, for the rest, to take a more relaxed attitude generally. In this connection we ought also avoid needlessly alarming and arousing our own public, for that would end by making the pursuit of a considered policy impossible.

363/5-2954: Circular telegram

*The Acting Secretary of State to Certain Diplomatic Offices in the American Republics*¹

SECRET

WASHINGTON, May 29, 1954—6 p.m.

442. Inform Govt at highest level that US believes immediate consideration should be given to holding consultative meeting under Rio Treaty, Article 6, to consider situation created by extensive penetration Guatemalan Govt by international communist organization and recent clandestine deliveries arms from Soviet orbit to Guatemala. US

¹ Drafted by Assistant Secretary Holland, Ambassador Dreier, Director of the Office of South American Affairs Atwood, and Director of the Office of Middle American Affairs Burrows; signed for the Acting Secretary by Mr. Holland. Sent to diplomatic offices in the American Republics, except Guatemala City and Rio de Janeiro; repeated for information to the Embassies in Guatemala City and Rio de Janeiro, and also to USUN in New York.

feels consultative meeting should be called only if required $\frac{2}{3}$ majority (14) agrees to support action under the Rio Treaty as outlined below. We feel this majority assured. FYI however your approach must not be such as will commit US to calling meeting. End FYI.

Our idea is that meeting, if held, should be called by US for about July 1, be brief, and confined to single topic and adoption of one main resolution. Although Uruguayan Govt has not been consulted, US prefers Montevideo as site.

US would propose that meeting adopt resolution covering following points:

1. Finding that international communist organization has achieved extensive penetration of Guatemalan institutions; that in this context, recent covert movement of arms from iron curtain countries to Guatemala has created present threat to sovereignty and political independence of other American States, endangering peace of America; and that any further substantial shipments of arms to Guatemala would further endanger peace.

2. Recommendation that American Republics immediately take measures necessary to prevent further shipments of arms to Guatemala and travel of communist agents to and from that country, and inform SC of UN of such measures. (Under this recommendation US visualizes concrete action such as detention and inspection of ships and other means of transport.)

3. Recommendation for continued exchange of views and info re present danger and means of maintaining peace, security of continent.

4. Call to Guatemala to eliminate agents international communist organization and resume rightful place as member American nations dedicated defense America against all forms foreign intervention.

Request early expression views of Govt on holding meeting and proposed resolution outlined above.

Main points to stress to Govts are:

1. Guatemala is one of several points of current conflict between Soviet communism and free nations throughout the world. Situation constitutes test as to whether international communist organization can achieve establishment communist controlled state this hemisphere. Communist success Guatemala would therefore have worldwide significance as demonstration ineffectiveness regional organizations of free nations and power of communist forces establish subservient regimes even beyond immediate sphere of communist military power. Communist world hopes demonstrate inability of American nations to resist subversive penetration by joint action and thereby discredit OAS, the oldest and most effective regional organization.

2. Delivery on *Alfhem* of arms known to have come from communist controlled territory offers further evidence Moscow has chosen Guatemala for special effort, having in mind its small size, proximity to Panama Canal, fluid internal political situation, and opportunity for communist agents to seize leadership and disguise their work as genuine Guatemalan nationalistic campaign against United Fruit Company.

3. While every important US interest in Guatemala including UFCO is under attack, our concern about communist penetration would be just as great if this were not true. In defending US enterprises in Guatemala we have followed clear and consistent policy established in other similar cases, namely, representations requesting due process of law and prompt, adequate and effective compensation for expropriated properties. Prior to presentation UFCO claim, US formally and publicly proposed it be settled by arbitration or adjudication by international tribunal. This proposal still stands. Guatemala has ignored this proposal and on contrary attempted to obscure issue of Communist penetration by constantly dragging in Fruit Company dispute.

4. Brief of evidence² re extent and nature communist penetration Guatemala being air mailed. Analysis reveals in Guatemala all signs which have identified similar occurrences elsewhere under direction Kremlin including methods of achieving initial penetration, training of leaders, extensive use of popular front organizations, blind adherence Moscow party line. While preserving appearance of small minority party, communists have here as elsewhere succeeded in substituting small informal communist controlled councils for lawful policy making bodies.

In addition to foregoing emphasize to Govt we have no quarrel with Guatemalan people, have no desire adopt measures more severe than those required combat problem posed by communist penetration in Guatemala. US is determined make every effort to achieve demonstration that collective procedures of OAS are adequate and effective in dealing with the major threat to continental peace and security implicit in the Guatemalan situation.

Embassy should note that our case rests upon the conclusion that in the present context of extensive communist penetration of Guatemala the delivery of substantial amounts of arms has created a threat to the peace. FYI This decision reached in order to secure support of those nations not now prepared to support more exacting finding contemplated by Res 93 of Caracas which would call for a collective determination that the international communist movement dominates and controls the political institutions of Guatemala.

FYI Guatemala undertaking intensive campaign among foreign offices oppose consultative meeting.

FYI Brazil has endorsed our position and will take lead in approaching Bolivia, Chile, Paraguay and Uruguay. Embassies those countries and Cuba, Venezuela should await special instructions. End FYI.

MURPHY

² Apparent reference to an earlier version of the study entitled "Penetration of the Political Institutions of Guatemala by the International Communist Movement: Threat to the Peace and Security of America and to the Sovereignty and Political Independence of Guatemala," prepared in the Department of State in June 1954 for submission to the Fifth Meeting of Consultation of Ministers of Foreign Affairs of the American Republics. The study was issued under date of July 9, 1954.

714.00/5-3054

The Second Secretary of Embassy in Guatemala (Hill), Temporarily in Washington, to the Ambassador in Guatemala (Peurifoy)

TOP SECRET

[WASHINGTON,] May 30, 1954.

OFFICIAL-INFORMAL

DEAR MR. AMBASSADOR: As I write this on Sunday morning, you will have the telegram¹ we sent out yesterday afternoon instructing our missions in the other Latin American Republics to sound out the opinion of the governments to which they are accredited on holding an OAS meeting on Guatemala about July 1.

This represents an important modification of the tactics here as respects the Conference. You should know, however, that basic thinking is that if we obtain a resolution requiring the prevention of movements of arms and Communist agents to Guatemala, this will enable us to stop ships including our own to such an extent that it will disrupt Guatemala's economy. The idea is that this will accelerate one of two developments: either it will encourage the Army or some other non-Communist elements to seize power or the Communists will exploit the situation to extend their control. If the latter occurs, it is thought, it will justify the American community, or if they won't go along, the U.S. to take strong measures.

With this in the back of the policy making minds, a decision crystallized gradually over the past week to retreat from the former intent to call an OAS meeting to haul Guatemala up under the Caracas Resolution which in effect would have called for a finding by two-thirds of the States that Guatemala's political institutions were under the "domination and control of international Communism". With the *Alfhem* case fresh, it was thought more Latin Americans would go along under Article 6 of the Rio Treaty on a case of threat to the peace, based on "extensive penetration" of Guatemala by international Communism plus the arrival of arms from the Soviet orbit. It was also thought that a resolution calling only for prevention of movement of arms and agents would get more votes than one calling for economic sanctions or other tough action.

The opinion here seems to be that we have the necessary fourteen votes. Brazil is enthusiastic to the extent of undertaking to sound out and line up Uruguay, Paraguay, Bolivia and Chile. Our soundings there are being delayed until the Brazilians have had their say. Ambassador Zuleta Angel of Colombia was called in to see Mr. Holland last night² and said he was sure there would be at least sixteen or seventeen affirmative votes for our resolution as described in the circular. Amba-

¹ Reference is to circular telegram 442, *supra*.

² No memorandum of the referenced conversation between Mr. Holland and Ambassador Zuleta Angel was found in Department of State files.

sador Facio of Costa Rica was in later and said to be willing to urge his government to go along³ and the Panamanian Ambassador⁴ was called in this morning with results yet unknown to me.⁵ Mexico, under Ambassador White's manipulation is more tractable than I would have thought; our cause has been helped by the Guatemalan Ambassador in Panama's boner in telling President Remón that the *Alfhem* arms even loaded at Veracruz, and allegation that seems to have made Padilla Nervo, the Mexican Foreign Minister, hopping mad.

In the discussions in the Department which I have attended, I have pointed out what I consider some of the shortcomings of the present tactics: I have heavily stressed that external pressures, whether economic sanctions or more informal interruption of trade, should be supplemented by a more definite plan of action in the country or the Communists may well be the chief beneficiaries of the dislocations caused. Our problem of dislodging them then would perhaps have more serious proportions than is realized. I have also taken the line that if an OAS meeting is held a strong rather [than a?] wild resolution should be forced, if at all possible, because the resolution as now drawn⁶ will not appear to represent a determined effort to eradicate Communism since it will not be apparent from it that commerce is to be disrupted. I fear that if we do interrupt commerce under the resolution we will be charged with unilateral intervention not only by Guatemala but also by other nations who will have voted for the resolution without specifically endorsing what is tantamount to economic sanctions. I have also argued that we are going to be in an odd position ourselves in stopping our own ships which carry the bulk of the commerce to Guatemala ostensibly to inspect them for arms and Communist agents after they have loaded at U.S. ports.

The telegram⁷ which went to you yesterday asking for me to remain here was based on the week's developments. The OAS case, the current shipping cases, and the Honduran situation have added enormously to the workload and I have had to pitch in on all of them. Ambassador Dreier has now been assigned physically to assemble the "case" on Guatemala and Mr. Holland wants me to help him. I am

³ A memorandum of his conversation with Ambassador Facio and Counselor of the Costa Rican Embassy Jorge Hazera, by Mr. Holland, dated May 29, 1954 and not printed, is in file 714.00/5-2954.

⁴ Roberto M. Huertematte.

⁵ The Department's telegram 237, to Panama, dated May 30, 1954, from Mr. Holland, reads as follows: "Huertematte told me this morning he strongly favored our ideas re OAS action (Depcirtel 442) and would return Panama soonest to advocate them to President." (363/5-3054)

⁶ For text of the referenced resolution, see the Department's circular telegram 459, dated June 5, 1954, p. 1157.

⁷ Telegram 1067, to Guatemala City, dated May 29, 1954, not printed (124.143/5-2954).

also continuing to lend a hand to Ambassadors Donnelly and Pawley on their many projects, the most active of which to date has been the organization of our Naval surveillance of the Caribbean and the inspection of ships. The Department thus has a real need for someone with a speaking acquaintance with the problems of the area. On the other hand, I have pointed out that I am the only full time political officer on your staff and that in these critical times in Guatemalan affairs that is rather essential. It is a question of choosing between evils.

Say hello to Bill⁸ for me, and if it is decided for me to stay, extend him my sympathy!

Best regards,

JOHN C. HILL

⁸ Reference is to William L. Krieg, Counselor of Embassy in Guatemala City.

Editorial Note

On June 2, 1954, at 9:22 a.m., the President's Press Secretary, James C. Hagerty, called Secretary Dulles to inquire about the status of several foreign policy issues in preparation for the President's press conference scheduled for 10:30 a.m. that morning. Secretary Dulles recorded their conversation concerning Guatemala as follows:

"4. Guatemala. If asked about our intention of getting the Caracas resolution injected, the Sec. said he is not up to date on that. We are checking up on ships. Doubt was thrown on the ships involved in the Guatemala incident because of the manifest. If asked re the President of Guatemala saying he would meet with the President if the President so invited him, the Sec. suggested ducking anything further on this. The issue is not between governments, but whether it is subject to control of international communism, which the Caracas Resolution said is a threat to security." (Eisenhower Library, Dulles papers, "White House Telephone Conversations")

The record of President Eisenhower's press conference is in *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1954*, pages 526-533.

714.00/6-254:Telegram

The Ambassador in Guatemala (Peurifoy) to the Department of State

SECRET

PRIORITY

GUATEMALA CITY, June 2, 1954—midnight.

[Received June 2—5:58 p. m.]

866. Re Embtel 816, June 1.¹ Toriello's proposal for appointment non-government commission by Presidents Eisenhower and Arbenz to discuss problems affecting relations between two countries obviously designed to gain time to permit lowering of recent local tensions which have caused grave concern in Guatemalan Government circles and have greatly heartened opposition. Let-down in tensions following crisis caused by arrival arms already noticeable and they can be expected to decline further when government press seizes upon omission of economic sanctions from agenda of proposed Montevideo conference² as evidence of strong Latin American support for Guatemala. Government's recent moves against opposition elements may also depress opposition morale. (Embtel 848, May 31.)³

Under circumstances, it is desirable steps be taken to maintain tensions. Two such steps which occur to me are:

1. President Eisenhower might care to reply to pre-arranged questions in his next press conference that he has made no proposal of any kind for discussion of differences between US and Guatemala but state Department proposal for direct negotiation or arbitration of UFCO claims was rejected by Guatemalan Government.⁴ President might wish to add that he doubted visit by President Arbenz to Washington would be conducive to solution of problems in US-Guatemala relations as long as Communists retain their influence in Guatemalan political circles. These statements would scotch rumors of possible direct conversations between President Eisenhower and Ar-

¹Telegram 816 is not dated June 1; presumably the reference is to telegram 860, in which Ambassador Peurifoy reported that at a meeting with Foreign Minister Toriello that day to continue discussion of mutual problems begun May 24, 1954, the Foreign Minister stated that after consultation with President Arbenz he had decided that the best way to improve relations between Guatemala and the United States would be the adoption of the proposal made by President Eisenhower, on the occasion of Toriello's farewell call in January 1954, for the appointment of a non-governmental, neutral commission authorized to discuss all outstanding problems (714.00/6-154). For the memorandum of conversation between President Eisenhower and then Ambassador Toriello, dated Jan. 16, see p. 1095.

²Proposed site of the OAS meeting to consider developments in Guatemala.

³In the referenced telegram Ambassador Peurifoy reported renewed searches by Guatemalan authorities of the residences of opposition elements (714.00/5-3154).

⁴At a press conference on June 8, 1954, Secretary Dulles made a statement along the lines suggested by Ambassador Peurifoy; for text of the statement, see Department of State *Bulletin*, June 21, 1954, pp. 950-951.

benz and would make it difficult for Toriello to persist in his claim that President Eisenhower had proposed discussion of Guatemalan differences by an impartial board.⁵

2. US Government might within next few days give notice intention denounce reciprocal trade treaty with Guatemala. This would cause great uncertainty in Guatemalan Government, business and other circles as it would be interpreted as preliminary to application of economic sanctions by US Government. Denunciation would not only have immediate impact on political circles but would cause increasing concern during six-month period between denunciation of treaty and its expiration, particularly since new coffee crop will begin to move in December. Denunciation could be made on grounds that Guatemalan Government has repeatedly contravened terms of agreement and has not given us courtesy of substantive reply to its protests of these contraventions except in one instance in which its arguments were unsubstantial.⁶ See Embassy Despatches 877, April 26, 1954; 773, March 10, 1954; 750 March 2, 1954.⁷

PEURIFOY

⁵In telegram 870, from Guatemala City, dated June 2, 1954, Ambassador Peurifoy reported that Foreign Minister Toriello stated that he had changed his mind about requesting a presidential commission because he had received information that the United States "was holding consultations which had progressed very far toward a meeting of OAS." (714.00/6-254)

⁶The Department's telegram 1194, to Guatemala City, dated June 8, 1954, reads in part as follows: "Department desires avoid action suggestive of unilateral economic sanctions against Guatemala which would prejudice quick adoption our [anti-Communist] resolution at proposed consultative meeting; therefore does not favor denunciation trade agreement this moment." (714.00/6-254)

⁷The referenced despatches, none printed, all transmit to the Department of State copies of notes delivered to the Guatemalan Foreign Office by the Embassy pertaining to alleged violations of the United States-Guatemala Reciprocal Trade Agreement by Guatemala; they are filed, respectively, under 411.1431/3-254, 411.1431/3-1054, and 411.1431/4-2654.

714.00/6-554

*The Officer in Charge of Central America and Panama Affairs (Leddy)
to the Ambassador in Guatemala (Peurifoy)*

TOP SECRET

[WASHINGTON,] June 5, 1954.

OFFICIAL-INFORMAL

DEAR JACK: Your puzzlement over the Department's circular telegram 442 of May 29¹ as outlined in your letter of June 1² is readily understood. You should have received an individual message to clarify it, and I am only sorry that in the rush of things here (which, believe me, surpasses all understanding) we did not think to give this proper consideration.

¹ Ante, p. 1149.

² Not found in Department of State files.

The policy outlined has a very definite purpose. First, by asking for advance OAS concurrence on a specific resolution, it is hoped that we may be assured of the votes in advance of a meeting and limit the meeting to the merest formality of approval, thereby avoiding a long drawn out debate and resulting bitterness and disunity. Second, by limiting the resolution to one authorization, believed to be the minimum step in the present circumstances, and one on which general concurrence is most likely to be obtained, it is hoped that success will be certain. Third, since the resolution is so drawn as to permit examination of traffic in both directions, it will be possible to halt effectively the normal flow of commerce. Fourth, this halting or interruption will be as effective as the most specific economic sanctions, which if proposed on their own would fall into certain opposition. Thus, in total, it is expected that we will achieve the ends desired by an easier and quicker route.

The matter was given pretty thorough consideration at the highest levels here and the decision is pretty solid. Further, it is one which has so far been easily sold to our colleagues in Washington missions, and replies from the field are so far entirely encouraging.

There is one thing which I think you can be assured of and that is that we are on the road of settling this problem, either by the means now devised or by some other means should these not succeed. There is 100 percent determination here, from the top down, to get rid of this stinker and not to stop until that is done. For this reason, our morale is rather high and I am sure the Embassy's will correspond as the methods utilized become more understandable.

With all our good wishes and regards,

Sincerely yours,

RAYMOND G. LEDDY

363/6-554: Circular telegram

*The Secretary of State to Diplomatic Offices in the American Republics*¹

OFFICIAL USE ONLY
PRIORITY

WASHINGTON, June 5, 1954—8:18 p.m.

459. Verbatim text. Following draft resolution for your info and for use following receipt special instructions:²

¹ Drafted by Ambassador Dreier; signed by Assistant Secretary Holland. Repeated for information to USUN in New York.

² In circular telegram 458, sent to the Embassies in Buenos Aires, Bogotá, San José, Habana, Ciudad Trujillo, San Salvador, Port-au-Prince, Tegucigalpa, Mexico City, Panama, Lima, and Managua, and repeated for information to USUN in New York, dated June 5, 1954, the Department instructed diplomatic representatives to transmit as soon as possible to the appropriate authority that portion of the text of the draft resolution beginning "and considering" and to determine whether the host government would support the specific text. "If so," continued the instruction, "summarize verbally whereas clauses as being U.S. idea of type which might be desirable and suggest Govt's ambassador here be authorized participate drafting definitive text this portion of resolution." (363/6-554)

June 4, 1954.
Final.

Whereas

The nations of America have long recognized a historic mission to create on this Continent a society in which man shall enjoy a greater degree of political liberty, economic well being, and social and cultural advancement, than has heretofore been achieved in the world.

The American republics, recognizing that the need for progress toward that high objective is still great, are determined to press forward toward more perfect political and social institutions guaranteeing to their citizens an increasing measure of personal freedom and happiness.

The measure of freedom already achieved by the peoples of this Continent should be continually improved and not impaired by extra-continental intervention.

The objectives of the International Communist movement, as demonstrated by the coercion and repression instituted in nations and areas subjected to its domination, are directly contrary to the aforementioned purposes of the American nations.

The American republics recognize that the ultimate goal of International Communism is the domination of the whole world by the unlawful processes of violence, subversion and conspiracy.

There is increasing evidence that the International Communist movement is attempting with special vigor at this time to establish a center of strength in the Americas from which to extend its influence throughout the Continent.

The danger inherent in the establishment of such a center of the International Communist movement in this Continent is to be measured not by the dimensions of the state which might fall victim to such an attempt but by the vast power and resources available to the world Communist organization.

On a number of occasions the American States have enunciated their determination to discover, condemn and eliminate from this Hemisphere every attempt by the International Communist movement to effect a penetration of the political institutions of any American State and to intervene in American affairs.

From the moment in which the American republics gained their independence, their statesmen and their peoples have proclaimed the necessity for eternal vigilance to maintain that independence in the face of any form of imperialistic intervention or encroachment from outside the Continent.

The Organization of American States is the appropriate collective instrument through which the nations of this Continent can coordinate their will and arrive at collective decisions, in accordance with existing treaties, to protect their independence, their sovereignty and their way of life.

The Inter-American Treaty of Reciprocal Assistance in Article 6 states that the Organ of Consultation shall meet in case of any fact or situation affecting the integrity of the territory or the sovereignty or political independence of an American State that might endanger the peace of America.

The Tenth Inter-American Conference recognized the present danger posed in this Hemisphere by the International Communist Movement, expressing the determination of the American States to take necessary measures against the intervention of International Communism and calling for consultation and the adoption of appropriate action in the event of the domination or control of an American State by the International Communist movement.

And Considering:

That a large, clandestine shipment of arms and munitions of war, despatched from European territory dominated by the International Communist movement, reached Guatemalan territory on board the S.S. *Alfhem* on May 15, 1954; and

That the quantity of arms so delivered has substantially increased the pre-existing preponderant military power of Guatemala in the Central American area; and

That evidence has been presented from various authoritative sources regarding the penetration of the political institutions of the Republic of Guatemala by the International Communist movement.

The Fifth Meeting of Consultation of Ministers of Foreign Affairs, as Organ of Consultation,

Finds:

That the International Communist organization has achieved extensive penetration of the political institutions of the Republic of Guatemala; a penetration so extensive as to create the danger that the Guatemalan state, like others which have been subjected by International Communism, will be deprived of its independence and become subordinated to the International Communist conspiracy to achieve world domination through violence and subversion.

That in this context the recent covert movement to Guatemala of arms and munitions of war from European territory dominated by the International Communist movement has created a threat to the sovereignty and political independence of other American States, endangering the peace of America; and

That so long as the penetration by International Communism of the Guatemalan political institutions remains unchanged and the preponderance of Guatemalan military force in the area persists, any further substantial movement to Guatemala of arms or munitions of war would seriously increase the danger to the peace of America;

Recommends:

That so long as the danger above referred to subsists the American republics undertake as preventive measures the detention and inspection of vessels, aircraft and other means of conveyance moving to and from the Republic of Guatemala, in order to insure against the further introduction of arms and implements of war into that country, as well as travel by agents of International Communism between that country and territory dominated by the International Communist movement.

That a commission comprised of representatives of (name 5 countries) shall assist the Member States in the application and coordination of the preventative measures specified above and shall recommend to the American Governments through the Council of the OAS the termination of such measures when the commission finds that the circumstances justifying them no longer exist.

That the American Governments continue an exchange of views and information regarding the presently existing danger and means of maintaining the peace and security of the Continent; and

Calls upon:

Guatemala, as a sister republic in the American family, to eliminate agents and collaborators of the International Communist movement, resuming her rightful place among the nations dedicated to the defense of the American hemisphere against all forms of foreign intervention.

DULLES

714.001/6-954

Notes of a Meeting of the Guatemalan Group, Held in the Department of State, June 9, 1954¹

SECRET

Present: Holland, Pawley, Dreier, Leddy . . . , Woodward, Burrows, Atwood, Sanders, Wieland, Herron, Pearson

1. *Consultation on Draft Resolution*

(a) Holland reported a number of conversations with the Ambassadors here on the text of the draft resolution. However, it is too early to determine how many of the LA countries would accept it as it stands.

(b) It was agreed that AR under Dreier's direction should draft all outgoing cables on this subject that were not drafted by Holland himself. Also, AR will be responsible for all messages relating to the OAS meeting with appropriate checking with other officers of the Bureau.

(c) It was decided not to give the draft resolution general distribution to the LA or OAS Ambassadors in Washington until it breaks publicly.

(d) Wieland is to prepare guidance for USIA for use when the draft resolution appears publicly.

¹ Prepared by Mr. Pearson.

(e) It was decided not to suggest to the LA countries that they have their Ambassadors negotiate the text here.

(f) Burrows was to cable Hill to tell the Costa Rican Government that if Figueres will agree to the text of the draft resolution, Hill will be in a position to put pressure on the Department to hasten the delivery of arms.

(g) Holland wanted to be sure that an answer was going out to Beaulac's query as to how many approvals we had for the meeting and the draft resolution.

2. Consultation with LA Ambassadors to UN

(a) Dreier reported a message was being sent to Wadsworth to instruct USUN to (1) give necessary background materials to the LA Ambassadors, and (2) stress the importance of the Guatemalan problem to us.

(b) Dreier was to talk with Key concerning the desirability of Holland's having a dinner for the LA Ambassadors to the UN in order to meet them and explain our position on the Guatemalan problem.

3. Consultation with West European Maritime (WEM) Countries

(a) Holland asked that three documents—Communism in Guatemala, the Communist Party in Guatemala, and Communist Penetration of Czechoslovakia and Guatemala—be sent to our Embassies in the WEM countries for their use in getting across the necessary background to the respective governments.

(b) Woodward was asked to talk with Merchant in an effort to get advice and help from EUR on this phase of our problem.

(c) It was decided that in our reply to Bonn concerning claims arising from our stopping ships we should hedge since . . . the source of any indemnification is not clear.

[Here follow paragraphs 4 through 7 dealing with procedural aspects of the proposed OAS conference.]

8. Withdrawing Technical Assistance from Guatemala

It was decided that we would not withdraw the nine technical assistance people and their families from Guatemala any time before the OAS meeting. Stassen and the Defense people had recommended immediate withdrawal. Holland pointed out that immediate withdrawal would be contrary to the main line he had followed with the LA Am-

bassadors that we would not take any unilateral economic or other steps before the meeting.²

9. *Preparation of the Case*

(a) It was decided that not only would the details of our case be made available to the LA countries in advance, but we would ask any Ambassador who might be useful to help in the actual preparation of the case. Zuleta was particularly anxious to help. If several participated, the parallel approach in the calling of the meeting would be strengthened.

(b) Dreier was to send a message to Peurifoy to get his views on what he thought the Guatemalans would present at the meeting, but the actual coordination and preparation would be done here in Washington.

(c) Sanders reported that some chapters of the case would be completed by the end of this week and ready for Holland's examination Monday, June 14. Holland said the case would not be completed until the eve of the meeting because of the constant adjustments which would have to be made.

(d) Holland put considerable stress on the need for us to develop the Guatemalan case in actual written outline so that we would be sure that our own case took account of all the points.

10. *Anticipating Guatemalan Maneuvers Before the Meeting*

At this point Holland read a memorandum. . . .

(a) Holland indicated we must be in a position to counter a move by Arbenz in which he may fire a few Communists and superficially reorganize his government.³

11. *Economic Measures*

(a) Holland reported that the proposed statement by the President on lead and zinc, sugar, and Venezuelan oil would not be made. Instead, it has been decided that the President will make the decision on lead and zinc, followed presumably by a public statement on this subject. Hol-

² In a memorandum to Governor Stassen concerning the subject of withdrawing FOA aid from Guatemala, dated June 14, 1954, William M. Rand, Deputy Director of the Foreign Operations Administration, stated in part that "at the June 2 OCB luncheon I took the position that, by leaving our men in Guatemala, we had a line of communication, we had the friendship of the people, and we were doing a job of mercy with our hospital work and could possibly be valuable." (ICA Director's Files, FRC 56 A 632, "Latin America")

³ A telegram from Guatemala dated June 9, 1954, stated that information had been received indicating that representatives of the Guatemalan Council of National Defense had called on President Arbenz ostensibly to thank him for procuring arms, but actually to declare the army's anti-Communist solidarity and to request that he rid the government of Communists. Another telegram from Guatemala reads as follows: "Officer corps torn between conflicting loyalties . . . and forthright declaration U.S. intentions may sparkplug opposition."

land would try to get some Congressmen and Senators to make statements opposing restrictive trade measures by this Government.

(b) Atwood called attention to an Eximbank announcement to be made tomorrow on subjects included in the economic memorandum.

(c) Atwood noted the Bolivian reference to their need of an economic program appearing with their reply on the OAS meeting.

(d) Atwood was to prepare a memorandum for Holland indicating whether or not we should get RFC to change its decision on the terms of the recent tin purchase from Bolivia which resulted in \$350,000 less for Bolivia.

(e) Holland expressed the view that there would be no other economic price for the OAS than the Bolivian aid program.

12. Congressional Consultation

(a) Pearson was to arrange consultative meetings with the LA Subcommittees of the House Foreign Affairs and the Senate Foreign Relations Committees at which Holland was to (1) bring the Subcommittees up to date on developments, and (2) endeavor to get some of them to issue statements or make speeches opposing restrictive trade measures by the U.S.

(b) Burrows and Atwood were to brief Holland for these meetings.

[Here follow paragraphs 13 through 15 which deal briefly with publicity, other cases, and psychological attack, respectively.]

414.608/6-254: Telegram

*The Secretary of State to the United States High Commissioner for Germany (Conant)*¹

SECRET

WASHINGTON, June 10, 1954—3:50 p. m.

3487. You should attempt minimize further discussion with Government of claims possibly arising from detention ships suspected carrying arms to Guatemala (urtel 3756)² and stress problem of preventing

¹ Drafted by Mr. Leddy and Mr. Hill; signed by Deputy Assistant Secretary Woodward. Repeated for information to Stockholm, Paris, Brussels, The Hague, Lisbon, Rome, Athens, Madrid, Oslo, Copenhagen, Helsinki, London, and USPOLAD in Trieste; by pouch to Bern, Guatemala City, and USUN in New York.

² The referenced telegram reported that the Federal Republic's attitude was cooperative, but that the Embassy would regard it as helpful if the Department would furnish and authorize the Embassy to convey answers to questions concerning the Federal Republic's responsibility for claims arising from detention of ships, and which other governments had agreed to the proposal. (414.608/6-254)

further covert importation of arms into Guatemala requires prompt acceptance in principle of measures we proposed in Deptcirtel 440.³ Should Government persist in raising question payment of claims, you should endeavor isolate this issue and press for explicit consent or tacit approval to basic proposition. In event assurance against liability on claims becomes condition precedent to Government's decision, you may then state Department studying U.S. legal and budgetary aspects of assuming responsibility for any actual losses resulting detention ships.

You are also authorized tell Government that principal Western maritime powers have been approached and like German Federal Government are now studying proposal, and request was sympathetically received in every country from which we have received reports. You should emphasize problem is one of urgency and express hope Government will see its way clear cooperate as requested without waiting for other Governments to act.

If you receive queries from officials why US has not taken action prevent US citizens from aiding Guatemala in procurement of arms, you may mention US taking such action.

DULLES

³ Dated May 28, 1954, p. 1137.

363/6-1254: Telegram

*The Secretary of State to the Embassy in Honduras*¹

SECRET
NIACT

WASHINGTON, June 12, 1954—6:47 p.m.

533. OAS case² re Guatemala requires proofs as convincing as it is possible to obtain,³ but it should be borne in mind that action will be taken by Foreign Ministers and not by a court of law. Re urtel 437,⁴ the most important type of evidence direct or circumstantial will be

¹ Drafted by Mr. Jamison; signed by Assistant Secretary Holland.

² Reference is to the effort of the United States to document a case against Guatemala for presentation to the OAS proving Guatemalan encouragement of Communist infiltration into Honduras and El Salvador.

³ The Department's telegram 518, to Tegucigalpa, sent also to Guatemala City, dated June 4, 1954, reads in part as follows: "Department considers proof of connection between Guatemala and strikes in Honduras is of utmost importance in presentation case at proposed OAS meeting, as means of proving threat to peace and security exists from Guatemala affecting sovereignty and political independence of other Central American Governments. Embassy should therefore continue to press Honduran Government to prepare convincing case against Guatemala." (363/5-3054)

⁴ In telegram 437, from Tegucigalpa, dated June 9, 1954, Ambassador Willauer stated in part the following: "Doing our best meet requirements evidence proposed OAS meeting but very gloomy as to evidentiary value as distinguished from circumstantial value material available from Honduras. Embassy attempting basic study Communist penetration Honduras along lines Department's Guatemalan study, but facts few, convicting and convincing evidence scarce." (363/6-954)

that which shows any kind of Guatemalan connection (preferably official but communist unofficial will be valuable), with events which have had the purpose or effect of undermining the stability of the Honduran government. Finding of proposed resolution (Depcirtel 459)⁵ is that in context of communist penetration Guatemala, receipt *Alfhem* arms by that country has created threat to other American States. Therefore any data which demonstrates that Guatemala has overtly or covertly sponsored, supported or tolerated interventionist activities in other countries is needed. What is important at this stage is to show to extent possible any Guatemalan connection with items such as seven listed urtel 437. On basis Embassy reports Department has publicly referred to "interesting coincidence" in fact strikes occurred in area in which Guatemalan government sent three consuls subsequently declared *personae non gratae*. Reasons for action re consuls and lack authorization landing Guatemalan plane, as well as charge that map spotting UFCO properties found in plane must therefore be documented if at all possible. Other evidence, such as identification by name Guatemalans arrested or known to have been in strike zone instigating communist or strike activities, source and nature broadcasts clandestine radio stations agitating strikes, and press clippings speeches strike leaders reflecting party line highly useful. Hondurans should also develop facts re charge Guatemalan group sent to kidnap and murder exiled Guatemalan leader Castillo Armas. . . .

While it preferable Honduras present any hard facts this kind on its own, and you should encourage them do so, we should be in position use them if Honduras does not.

DULLES

⁵ Dated June 5, 1954, p. 1157.

414.008/6-1254

The Secretary of State to the Secretary of the Navy (Thomas)

SECRET

[WASHINGTON,] June 12, 1954.

DEAR MR. SECRETARY: I refer to the request of the Department of State dated May 22, 1954,¹ to the Deputy Secretary of Defense, for assistance in preventing the delivery of contraband arms cargoes from Europe to Guatemala. It is my understanding that the Chief of Naval Operations is attempting to determine the identity of ships suspected of carrying such cargoes to Guatemala, and to divert them to Panama

¹ *Ante*, p. 1124.

or to a United States port for inspection. I now wish to confirm conversations between officers of both Departments concerning orders by the Chief of Naval Operations to effect this purpose.

It is understood by the Department of State that suspected ships are of three categories, each of which lists specific ships after consultation and agreement between the Department of State and Department of the Navy. Category A are those ships which, in most cases, have been reported as carrying arms to Guatemala or are known illicit traders; Category B are ships of Soviet or Soviet Bloc registry encountered in the Caribbean, on a course for or in the Gulf of Honduras. Category C are those ships which have sailed from Iron Curtain ports within the past sixty days and which enter the Gulf of Honduras.

With respect to the above-stated categories, it is the desire of the Department of State that the task units of the Department of the Navy will provide surveillance of designated areas and of the suspected vessels in accordance with the following instructions: If time permits, upon sighting of a vessel on the suspect list worked out jointly by the Department of State and the Navy, the Navy units should without detaining the ship inform the Chief of Naval Operations so that the Department of State may attempt to obtain authorization from the flag state or from the Organization of American States to order it to Panama or to a United States port for inspection. The Department realizes, however, that it will be very difficult, if not impossible, for a ship to be trailed from the limits of surveillance areas to the limits of the territorial waters of Guatemala pending the receipt of instructions from the Chief of Naval Operations. Therefore, if time does not permit the surveillance, it is recommended that the ships in the suspect category lists A, B, or C, be detained as they enter the Gulf of Honduras surveillance area on a course for Puerto Barrios, and that the Chief of Naval Operations be informed in order to obtain further instruction. The Department of State would then desire to be consulted at once, so that steps can be taken to persuade the flag state, or the Organization of American States if the Department of State is unable to obtain the approval of the flag state, to approve the detention of the ship and to divert the detained ship to Panama or a United States port for inspection. In the case of ships which refuse to identify themselves while on a course for Puerto Barrios in the surveillance area, they should be detained until the identity is established. The procedures for the three categories (or for non-suspect ships) can then be followed.

It should be pointed out that in case of suspected vessels the Department of State will seek prior permission to divert the suspected vessel to Panama. Only if the Department of State cannot secure approval for the detention of the ship from its own state, and if it cannot obtain a decision from the Organization of American States authorizing the detention of the ship, will the Department of the Navy forcibly divert the

ship to Panama or to a United States port for inspection of its cargo, and in every case the Department of the Navy will act only with the concurrence of the Department of State.

It will be appreciated if the Navy will take the precaution to assure that the ships in the area will be properly instructed with respect to its duties in this surveillance action.

Sincerely yours,

For the Secretary of State
HENRY F. HOLLAND
Assistant Secretary

363/6-1354: Circular telegram

*The Secretary of State to Diplomatic Offices in the American Republics*¹

SECRET NIACT

WASHINGTON, June 13, 1954—10:50 p.m.

482. In conference today with representatives nine Latin American states Department accepted following changes which it feels will achieve greater support for text resolution quoted Depcirtel 459:²

(1) For three paragraph section beginning "That a large, clandestine" and ending "international communist movement" substitute the following:

"1. That a large clandestine shipment of arms and munitions of war reached Guatemalan territory on board the M/S *Althem* on May 15, 1954; and

2. That said arms and munitions of war were despatched from European territory dominated by the international communist movement and have created a state of tension in Central America; and

3. That evidence has been presented from various authoritative sources regarding the penetration of the political institutions of the Republic of Guatemala by the international communist movement; and

4. That the above circumstances warrant the deduction that said arms and implements of war will be used to extend the influence of the international communist movement in the American continent."

(2) In paragraph beginning "That so long as" eliminate words "and the preponderance of Guatemalan military force in the area persists".

Amendments³ adopted to obviate useless debate on extent of Guatemalan military superiority and to prevent precedent for any future

¹ Drafted and signed by Assistant Secretary Holland.

² Dated June 5, 1954, p. 1157.

³ Department of State files indicate that further changes were made in the draft resolution; pertinent documents are in file 363.

inquiry into relative military strength of American States in other areas. Communicate changes to Government and use your discretion re disclosing reasons for adoption.⁴

DULLES

For AmEmbassy Rio de Janeiro only

Deliver urgently to Walter Donnelly stating Muniz recommends the amendments.

⁴ Department telegram 1278, to Guatemala City, dated June 15, 1954, stated that a draft resolution containing stronger measures than those proposed was almost certain not to obtain the necessary two-thirds vote for approval in the OAS, and that the Department therefore considered that it was advisable at this time to press for a limited objective, "believing if we obtain approval present resolution and situation in Guatemala continues to deteriorate, we in better position obtain stronger measures at subsequent stage." (363/6-1154)

714.00/6-1554

Memorandum by the Assistant Secretary of State for Inter-American Affairs (Holland) to the Secretary of State¹

SECRET

[WASHINGTON,] June 15, 1954.

Subject: Draft Press Statement by President on Guatemala

Attached as Tab A is a draft of press conference statement² submitted by the CIA to Mr. Hagerty for use at the President's press conference on Wednesday, June 16.

I most vigorously oppose the use of this statement.

Our whole plan for an OAS meeting on Guatemala is based upon the principle that the United States is undertaking to solve this problem without unilateral intervention, whether political or economic, in Guatemalan affairs. I have reiterated this again and again to every Latin American Ambassador and so have our Ambassadors in those capitals.

The CIA very understandably wants to bring both political and economic pressure to bear in Guatemala at this time. From their point of view I can see that this is logical. I object strenuously, however, because by following this course we will demonstrate that our assertions regarding the OAS meeting are not true. On the one hand, we would be avowing a laudable determination to forebear from all uni-

¹ Drafted by Mr. Holland.

² The draft statement reads as follows:

"The current crisis in Guatemala grows out of the attempt to convert its communist infiltrated government into an out-and-out communist dictatorship. A few days ago the regime officially announced the suspension of civil liberties and rounded up many prominent non-communists. Now we hear of an order directing that part of the recent shipment of arms from behind the Iron Curtain is to be distributed to communist cadres. Clearly these moves, all too familiar as steps in a communist takeover, are not being made in response to any external threat. The truth is that they are prompted by the increasing awareness of the communist threat and growing anti-communism of the enormous majority of the Guatemalan people and above all of the Guatemalan army. These same circumstances give us reason to hope and expect that the loyal anti-communists in the country will themselves clean their own house."

lateral action and, on the other hand, through the President of the United States we would be indulging in the most direct unilateral political intervention.

The results, in my judgment, would be disastrous to our proposed OAS meeting.

Attached as Tab B is a recommended substitute.³

³ Not printed.

Eisenhower Library, Hagerty papers

Excerpt From the Diary of James C. Hagerty, Press Secretary to the President

[WASHINGTON,] June 16, 1954.

4. Guatemala—Allen Dulles and the CIA yesterday had prepared a brief memorandum¹ for the President which was sent first to the State Department and which I actually did not see. Their memorandum, however, had the President backing “their form of activity in Guatemala”. Dulles rejected this memorandum because he was afraid if the President supported the CIA, it would lead to charges that the President and this country were supporting revolutionary activities within Guatemala and would place the President in the dangerous position of appealing to citizens of a foreign country to revolt against their leaders. Instead the State Department recommended (which was later approved by the President) that the President merely say that the current crisis in Guatemala shows a “disturbing tenor to change its Communist-infiltrated government into an out and out Communist dictatorship. A few days ago the regime officially announced the suspension of constitutional liberties. This was immediately followed by a wave of arrests of anti-Communists. Others are fleeing the country. A strict censorship has been imposed. There have been a number of killings. All of this is part of a similar pattern of a typical Communist take-over and is not in response to any external threat.” The State Department also urged the President to emphasize that any attempt by internal Communism to penetrate into the western hemisphere was a serious matter and one which was being studied by the Foreign Ministers of the American states.²

¹ See footnote 2, *supra*.

² On June 16, at 9:37 a.m., Secretary Dulles spoke with Hagerty concerning foreign policy issues in connection with the President's press conference later that morning. With respect to Guatemala, the conversation was recorded as follows: “The Sec. did not see the final [press] statement, but what he saw was o.k. . . . It is all right to say we are having talks with Latin American countries.” (Eisenhower Library, Dulles papers, “White House Telephone Conversations”) The text of the President's press conference is printed in *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1954*, pp. 566–574.

714.001/6-1654

*Notes of a Meeting of the Guatemalan Group, Held at the Department of State, June 16, 1954*¹

SECRET

Present: Holland, Atwood, Colonel Clark, Jamison, Sanders, Wieland, Herron, Sparks, Warren, Pearson, Leddy, Pawley, . . .

1. *Draft Resolution*²

(a) It was noted that the following countries have approved the resolution in its entirety: Honduras, Salvador, Nicaragua, Costa Rica, Cuba, Dominican Republic, Haiti, Colombia, Venezuela, Peru, Bolivia and the U.S.

(b) Atwood was to check regarding a Uruguayan note³ outlining proposed changes in the resolution.

(c) After talking with Andrade, Sparks was to get in touch with Rowell immediately to get Bolivian agreement to the considerandos.

(d) With respect to Brazil, Donnelly had called Holland to give Rao's views as follows:

(1) Rao proposed two changes in the operative parts of the resolution. If we agreed to these changes, Brazil would be a co-sponsor, would send telegrams to Bolivia and Chile urging them to become co-sponsors, inform Paraguay that she would be happy if Paraguay would go along, and inform Uruguay that she will be a co-sponsor.

(2) Rao urged July 6 as the date for starting the conference (Venezuela wants any time after July 7).

(3) Rao suggests the considerandos could be reduced in number but not in substance and have the same effect. This is not a condition for agreement to the resolution.

(4) He reported that the Brazilian Ambassador to Argentina says Perón had told him that he will attend the meeting only if it is a general case against Communism rather than a specific case against Guatemala.

(5) Rao believes that Ecuador's position reflects Argentine pressure (stemming from its support of Ecuador in the latest boundary dispute with Peru).

¹ Drafted by Mr. Pearson.

² Reference is to draft resolution transmitted in circular telegram 459, June 5, 1954, p. 1157.

³ No such note was found in Department of State files. However, a summary of the Uruguayan Government's suggestions concerning the draft resolution and the proposed OAS meeting is contained in telegram 188, from Montevideo, dated June 10, 1954, not printed (363/6-1054).

In a memorandum of conversation between Assistant Secretary Holland and Uruguayan Ambassador Mora, by Mr. Havemeyer, dated June 23, 1954, Ambassador Mora was reported to have confirmed the position of his government that it could not accept the draft resolution so long as it contained the present wording with respect to the detention and inspection of ships (714.00/6-2354).

(6) Rao suggested that we get out a statement of our views on the UFCO case. On this point, Holland asked that Leddy prepare a report on the history of the UFCO problem in Guatemala for transmission to all of the LA Foreign Ministers. He was to cable a summary of this report and state that the report itself would be sent by pouch.

Action With Respect to Brazilian Draft Changes

After Holland talked with the Secretary, it was agreed he would tell Donnelly (a) that the substitute language proposed for the "Calls Upon" clause is acceptable. The Brazilian language requests Guatemala to implement Resolution VIII, Section 1, of the Fourth Meeting of Consultation of Ministers of Foreign Affairs held in Washington 1951. (b) that with respect to the proposed change in the Recommendation section, we can accept the Brazilian language except for the phrase "any American state which is in present danger of becoming a center of the international Communist movement in the hemisphere" in place of which Donnelly should seek Brazilian agreement for the word "Guatemala".

(c) Holland stressed to the group the need to close off further changes in the draft resolution. Each time we accept a change it means that we must clear it with all the other countries.

2. Plans in the Event Arbenz is Overthrown

(a) Holland indicated that if Arbenz were overthrown, we would still go ahead with the Montevideo meeting but extend the date.

(b) Pawley reported that his *ad hoc* committee, made up of representatives of CIA and Defense, would meet today to work up a paper⁴ outlining the steps we will take in the event the Arbenz government is overthrown. This paper would include the evacuation planning, recognition, possible economic aid to a successor government, etc. He asked that all members of the group give him any ideas they might have. Because of the similarity of this project with Woodward's assignment on "treatment of successor government",⁵ it was agreed that Woodward should work with the Pawley group.

3. Implementation of Preventive Measures

It was agreed that Woodward would consider the two points raised by the Venezuelans in connection with their acceptance of the draft resolution and report at the next meeting.⁶ These were (a) what would

⁴ Not identified.

⁵ Mr. Woodward drafted a memorandum on the following subject: "Plan of action in the event that the Arbenz government is overthrown," dated June 23, 1954, which was circulated within the Bureau of Inter-American Affairs for comment; no copy of the memorandum was found in Department of State files.

⁶ The notes of a meeting of the Guatemalan Group held at the Department of State on June 18, 1954, drafted by Mr. Pearson, read in part as follows: "Venezuela would not be asked to co-sponsor the [draft] resolution but would be asked to agree not to change the resolution without the unanimous agreement of the co-sponsoring group." (714.001/6-1854)

we do if the vessel we planned to stop had a naval escort of its flag country, and (b) would the area of search be as large as the Rio Treaty area (Holland thought the area should be considerably smaller).

4. *Date of Meeting*

Holland noted that the Secretary could be available for the Montevideo meeting beginning July 6.

5. *Calling the Meeting Under the OAS Charter or the Rio Treaty*

(a) After considerable discussion, the group decided unanimously to fight for the use of the Rio Treaty and Holland (who had been absent during the discussion) heartily concurred.

(b) Since at the Sunday, June 13 meeting⁷ with the Ambassadors Holland had indicated that he would convoke the meeting under either the Charter or the Rio Treaty if our legal position were equally strong under both, it was decided that L should render an opinion on the legality of our actions under each.

6. *Spanish Translation of "Guatemalan Labor Party"*⁸

Leddy reported that the Department's Translation Division had done a very inadequate job on translating this document. CIA was being requested to go over it in order to translate properly the Communist jargon. The decision against wide dissemination of the document at this time was maintained.

7. *Fisher's Daily Reports*

It was decided that the daily reports being prepared by John Fisher should be discontinued and that instead he should maintain a control on all of the same actions in the form most convenient to himself.

⁷ No record of this meeting was found in Department of State files.

⁸ Reference is to a study originally prepared by Mr. Hill at the Embassy in Guatemala City; a copy was transmitted to the Department of State under cover of despatch 308, from Guatemala City, dated Oct. 9, 1953, not printed (714.001/10-953). The study was revised at the Department in May 1954, and subsequently released under the title "*The Partido Guatemalteco del Trabajo* (The Guatemalan Communist Party): A Basic Study."

Eisenhower Library, Hagerty papers

Excerpt From the Diary of James C. Hagerty, Press Secretary to the President

[WASHINGTON,] June 18, 1954.

In at 8:15.

Allen Dulles called early in the morning to tell me that his organization expected there would be an anti-Communist uprising in Guatemala very shortly. Officially we don't know anything about it. The story broke late Friday night.

Editorial Note

On June 18, 1954, the forces of Lieutenant Colonel Carlos Castillo Armas, a Guatemalan army officer in exile, crossed the Guatemalan border from Honduras at three points in a movement aimed at overthrowing the government of President Arbenz. Numerous telegrams and despatches from Guatemala reporting the activities of Castillo Armas' followers are in file 714.00. For information concerning the reaction of the United States Government to the developments in Guatemala, see the statement released by the Department of State, dated June 19, in the Department of State *Bulletin*, June 28, 1954, pages 981-982.

Eisenhower Library, Hagerty papers

Excerpt From the Diary of James C. Hagerty, Press Secretary to the President

[WASHINGTON,] June 19, 1954.

Allen Dulles called me—and later Pete Carroll dropped in—to tell me that the situation in Guatemala as reported by the American press is greatly exaggerated. Press reports “bombing”. As Pete Carroll, said, “There are no such planes in that part of the world. There have been a few homemade bombs dropped by Piper Cubs but that is about all.” Expect that the Wire Services have very poor men in Guatemala and that they are overplaying the story. However, the State Department and Foreign Ministers of the other American countries are watching the situation very closely.

I think the State Department made a very bad mistake, particularly with the British, in attempting to search ships going to Guatemala. This was done obviously in an attempt to stop arms shipment to the country, but somebody in the State Department (maybe Dulles) forgot that the right of search of neutral vessels on the high seas is one which we ourselves oppose. As a matter of fact, we were at war with the

British in 1812 over the same principle. I don't see how with our traditional opposition to such search and seizure we could possibly have proposed it, and I don't blame the British for one minute for getting pretty rough in their answers. I don't see why we did not ask the British and other nations to cooperate and to clear cargo lists in their own ports rather than to have them suffer the indignity of a search of their own ships by a foreign power.

Editorial Note

On June 19, 1954, the Guatemalan Government requested both the United Nations Security Council and the Inter-American Peace Committee (IAPC), an organ of the Organization of American States, to convene emergency meetings in order to take the necessary measures to stop alleged aggression against its territory by Honduras and Nicaragua, and to restore peace in the Central American area. For text of Guatemala's cablegram to the Security Council, dated June 19, 1954, requesting an emergency meeting, see UN document S/3232, printed in United Nations, *Official Records of the Security Council, 9th Year, Supplement* (April, May, and June 1954), pages 11-13. For additional information on Guatemala's requests and subsequent events, see *Yearbook of the United Nations, 1954* (New York, 1955), pages 96-99, and *Annals of the Organization of American States, 1954* (Washington, 1954) pages 239-245.

Eisenhower Library, Eisenhower papers, Whitman file

*Memorandum by the Director of Central Intelligence (Dulles) to
the President*

SECRET

WASHINGTON, 20 June 1954.

The attached summary of the situation in Guatemala as of today is submitted at the suggestion of Mr. Allen Dulles.

For the Director of Central Intelligence

K. W. McMAHAN

Acting Assistant Director

Current Intelligence

[Attachment]

THE SITUATION IN GUATEMALA AS OF 20 JUNE

1. As of 20 June the outcome of the efforts to overthrow the regime of President Arbenz of Guatemala remains very much in doubt. The controlling factor in the situation is still considered to be the position of the Guatemalan armed forces, and thus far this group has not given any clear indica-

tion of whether it will move, and if so, in which way. If the Guatemalan army should move within the next few days against the Arbenz regime, it is considered to have the capacity to overthrow it. On the other hand if it remains loyal and if most of the military elements commit themselves to vigorous action against the forces of Castillo Armas the latter will be defeated and a probability of uprisings from among other elements of the population is considered highly unlikely.

2. The position of the top-ranking military officers is constantly shifting with daily rises and falls in their attitudes. This group has long proclaimed its strong anti-Communist feelings and its ultimate intention of doing something to rid the government of Communist influences. Various officers have declared themselves as willing to take action against the regime given just a little more time or just a little more justification. It is probable that the rising pressure of events will compel this group to declare its position, one way or the other, at any time from now on—although the possible result could be a split in the ranks. [There are unconfirmed rumors as of Saturday night to the effect that Colonel Diaz, the Chief of the Armed Forces, and some 40 officers had applied for asylum in various foreign embassies in Guatemala City, but these embassies have not yet confirmed this report.]¹

3. There were new defections on Saturday from the Guatemalan Airforce, one pilot flying out with his plane and several others obtaining asylum in the Salvadorian Embassy. The Guatemalan Airforce has thus far failed to produce any interception effort against the overflights by the Castillo Armas planes. However very heavy anti-aircraft fire is reported.

4. There is thus far no evidence to confirm the charges and propaganda of the Guatemalan regime of bombing attacks upon Guatemala. On the contrary there are eyewitness accounts of clumsy efforts to fabricate evidence of aerial bombardment (the home of Colonel Mendoza—one of the defecting airforce officers, was set on fire by the police). It is probable that some of the damage to oil storage facilities and other installations, attributed by the Guatemalan Government as well as by Castillo Armas, to bombing attacks is in fact the result of sabotage efforts on the part of Castillo Armas agents or other resistance elements.

5. There is considerable evidence of a determination on the part of the Guatemalan Government to mobilize and arm Communist-controlled student youth and labor (agriculture) organizations. At the same time there is evidence of a hasty attempt to mobilize additional strength for the army.

6. There are strong indications of mounting tension between the army and the *Guardia Civil*—the Communist influenced police organization.

¹ Brackets in the source text.

7. We cannot confirm that either Puerto Barrios or San Jose has fallen to the Castillo Armas forces, but it is clear that there have been uprisings in these and other cities. A bridge on the key railroad line between Guatemala City and Puerto Barrios is reliably reported to have been damaged near Gualan.

Description of the Castillo Armas Movement

8. The action of Colonel Castillo Armas is not in any sense a conventional military operation. He is dependent for his success not upon the size and strength of the military forces at his disposal but rather upon the possibility that his entry into action will touch off a general uprising against the Guatemalan regime. The forces of Castillo Armas entering Guatemala from Honduras are estimated to number about 300 men. These have now been joined by others from inside the country to make a total in excess of 600 armed men. (The majority of this number is equipped with rifles, sub-machine guns and 50 mm mortars. These weapons are non-U.S. manufacture.) Castillo Armas himself is expected to leave his command post in Honduras today and join one element of his forces near Jutiapa by plane, but thus far there is no word that an airfield has become available. From the command post which he proposes to establish at this location, he will endeavor to coordinate the activities of his other scattered groups throughout the country.

9. The entire effort is thus more dependent upon psychological impact rather than actual military strength, although it is upon the ability of the Castillo Armas effort to create and maintain for a short time the *impression* of very substantial military strength that the success of this particular effort primarily depends. The use of a small number of airplanes and the massive use of radio broadcasting are designed to build up and give main support to the impression of Castillo Armas' strength as well as to spread the impression of the regime's weakness.

10. From the foregoing description of the effort it will be seen how important are the aspects of deception and timing. If the effort does not succeed in arousing the other latent forces of resistance within the next period of approximately twenty-four hours, it will probably begin to lose strength.

Editorial Note

In a memorandum to the Director of the Policy Planning Staff, Robert R. Bowie, dated June 21, 1954, Jacob D. Beam of that Staff, stated the following with respect to a meeting held in the Office of the Assistant Secretary of State for Economic Affairs, Samuel C. Waugh:

"4. The Shipping Officers in E complained bitterly that they had not been previously informed regarding the U.S. decisions about the handling of foreign ships suspected of transporting Soviet Bloc military equipment to Guatemala. They said they are having to deal with complaints from all over the world. It was explained that these decisions were taken on the highest U.S. Governmental level." (PPS files, lot 65 D 101, "Chronological")

Editorial Note

On June 22, 1954, at 2:30 p.m., Secretary Dulles, Allen Dulles, and Assistant Secretary Holland met with President Eisenhower at the White House to discuss possible United States cooperation in replacing aircraft lost by Castillo Armas' forces. The President's daily appointment book for that date indicates that the meeting was off the record. According to the account presented in the President's memoirs, Assistant Secretary Holland opposed resupplying Castillo Armas with aircraft on the ground that if the action became known, Latin American countries would interpret it as intervention in Guatemala's internal affairs, and this would have an adverse impact on United States relations with those countries. The President stated further that he made the decision at the meeting to replace the aircraft through the country which had originally supplied this equipment to Castillo Armas' forces. For the President's account, see Dwight D. Eisenhower, *The White House Years: Mandate for Change, 1953-1956*, pages 425-426.

Editorial Note

In a memorandum of conversation summarizing the Secretary's staff meeting, held on June 23, 1954, at 9:15 a.m. in the Secretary's office, the Director of the Executive Secretariat, Walter K. Scott, recorded the following statement on Guatemala:

"Mr. Holland reported that the revolution in Guatemala was having serious anti-American consequences in a number of Latin American states. He was certain that it would affect our ability to secure a suitable resolution at the Montevideo Conference, if held. He stated further that it was our desire to maintain any consideration of this item before the Inter-American Peace Committee. He felt that this was *pro forma*; that its inability to act was so obvious that our support for using it would engender unfavorable opinion in the other States. He saw no action from this body adequate to arrest anti-U.S. feelings and thus help us at Montevideo. The tenor of his report was pessimistic. He felt that some strong statement or action on our part would be required to recoup the goodwill we had built up for our resolution. He had no specific recommendations to make at this time but his staff was devoting their continued attention to the matter." (Secretary's Staff Meetings, lot 63 D 75)

The Under Secretary of State for Administration presided at the meeting, which was attended by 15 other participants.

714.001/6-2354

Notes of a Meeting of the Guatemalan Group, Held at the Department of State, June 23, 1954¹

SECRET

Present: Holland, Atwood, Burrows, Jamison, Sanders, Weiland, Heron, Sparks, Woodward, Warren, . . . Leddy, Pearson, Col. Clark, Dreier

1. *Security Council Action*

(a) Lodge informed Holland that the British and French representatives² to the Security Council are prepared to go along with a Soviet proposal that the Council send peace observers to Central America. Lodge believed that he would have to go along unless an OAS organization announced that it was planning to send observers.

(b) Holland later during the meeting called Lodge and told him the following: 1) our plans for action in the IAPC, which, if successful, would mean that that body would propose to send peace observers; 2) in his statement³ opposing the Guatemalan request for further Security Council action he could say that this is a dispute involving charges of Guatemala on the one hand and denials by Nicaragua and Honduras on the other hand, that this dispute was being handled by an inter-American organization just as it should be, that Nicaragua and Honduras would accept observers from an inter-American organization but not from the Security Council where the Soviet veto was used to prevent reference of the Guatemalan charges to the OAS; 3) as a second part of his statement before the Council, he should emphasize that there is another far more fundamental problem, namely, the attempts by international communism to penetrate the Western Hemisphere. This problem also is under study in the OAS.

2. *Preparation for IAPC Meeting*

Since the IAPC was meeting this afternoon and since Lodge had made his call concerning the British and French attitude toward the peace observer proposal, it was necessary to plan the best course of action. The following actions were decided:

¹ Drafted by Mr. Pearson.

² Sir Pierson Dixon and Henri Hoppenot, respectively.

³ Apparent reference to Ambassador Lodge's statement made before the Security Council on June 25, 1954; for text, see USUN press release 1927, dated June 25, in Department of State *Bulletin*, July 5, 1954, pp. 29-31.

(a) Since Valle had, without instruction, sent a note⁴ to the IAPC requesting that the Guatemalan charges be taken up, Holland called Willauer to tell him to persuade the Honduran Foreign Minister⁵ 1) to give Valle the instructions⁶ backing up the note which he had left with the IAPC and 2) to call Quintanilla direct concerning the Honduran position. Holland placed a call later to have Willauer ask the Foreign Minister to instruct Valle to ask that peace observers be sent by the IAPC.

(b) Holland called Sevilla-Sacasa and got him to agree to a plan whereby, after making the statement⁷ which he had already prepared, he would request that peace observers be sent to all three countries; indicate that his country was always prepared to receive observers from an OAS organization but that he would oppose observers from the Security Council because of the Soviet veto; suggest that the Committee invite the three countries to send delegates to discuss the arrangements for the peace observation mission.

(c) Dreier was to talk with the Argentine, Mexican, Brazilian and Cuban representatives to the IAPC to persuade them to respond favorably to the request by Nicaragua and Honduras for peace observers and to say that they would recommend that their governments approve this proposal.

(d) Dreier was to persuade the Cuban representative to propose that the investigation begin with Guatemala.

(e) Burrows was to help Valle draft a note⁸ to the Committee complaining of the bombing of Honduran territory by Guatemala and also to see that he got in touch with Sevilla-Sacasa.

3. Draft Resolution

Secretary Dulles would not approve sending notes to the Foreign Ministers in an effort to get their agreement in advance that no changes would be made in the draft resolution without the unanimous approval of the sponsoring group. He indicated that it would damage his prestige if some of these countries did not accept. Consequently, it was decided to send a message to each of our Ambassadors instructing them to obtain the oral agreement of the Foreign Minister to our proposal to be confirmed at a later date in writing. When a total of fourteen countries, including ourselves, have approved this proposal the meeting will be called.

⁴ For a summary and quoted portions of the referenced note, dated June 22, 1954, see *Annals of the Organization of American States*, 1954, p. 240.

⁵ J. Edgardo Valenzuela.

⁶ In a memorandum to Mr. Holland, dated June 23, 1954, summarizing a telephone conversation with Ambassador Willauer which took place at 11 a.m. on that date, Mr. Leddy stated in part that the Ambassador was asked "to see whether the Government there could be encouraged to send Ambassador Valle some instructions for the presentation of the Honduran case before the I-A Peace Committee." (714.00/6-2354)

⁷ Reference is to the statement made by Ambassador Sevilla Sacasa before the IAPC on June 23, 1954, in which, *inter alia*, he denied the truth of Guatemalan charges against Nicaragua, explained that the rupture of diplomatic relations between the two countries resulted from Communist infiltration into Guatemala, and suggested that the IAPC's subcommittee on information should visit Nicaragua, Honduras, and Guatemala; a translation of the text of the Ambassador's statement is attached to 363.1/7-654.

⁸ No such note was found in Department of State files.

4. U.S. Plans if Armas Fails

(a) Holland observed that the messages coming in from all over Latin America bear out Warren's observation at the previous meeting⁹ that the revolution and particularly its failure would result in greatly lowered prestige for the U.S. in Latin America. Guatemala is more than ever the underdog and hence has very great appeal to all Latin Americans.

(b) As a general course of action we should take all steps possible to minimize the Guatemalan underdog position and we should also do everything possible to take the stigma surrounding the revolution off the U.S.

(c) The primary immediate actions discussed at this meeting were a) preparation for the IAPC meeting and b) advice to Lodge on the Security Council meeting, both of which were discussed above.

⁹ Reference to the meeting of the Guatemalan Group held at the Department on June 22, 1954; the notes of that meeting, by Mr. Pearson, record Mr. Warren as having "expressed the view that if Castillo Armas loses we will probably lose at Montevideo." (714.001/6-2254)

714.00/6-2354: Telegram

The Ambassador in Guatemala (Peurifoy) to the Department of State

CONFIDENTIAL
PRIORITY

GUATEMALA CITY, June 23, 1954—4 p. m.
[Received June 23—11:33 p. m.]

1088. I called on Foreign Minister Toriello yesterday afternoon to discuss protection of American citizens during present emergency.

He endeavored assume offensive by again bringing up Department's press release of June 19,¹ and suggesting that I issue clarification. I said I was informing Department to best of my knowledge and would not consider clarifying earlier statements.

He also complained because yesterday Krieg had indicated to Chief of Protocol Garcia Galvez (on my instructions) that I was pained at President Arbenz's statement in his radio address June 19 (Embtel 1056, June 20)² that "President Eisenhower had scant regard for his high office . . ." and that I was sure President Eisenhower had never made any personal allusions to President Arbenz. Toriello said that in Washington he would not have sent Chocano to Department with such a message.

¹ For text of a statement issued by the Department of State on June 19, see Department of State *Bulletin*, June 28, 1954, p. 981.

² Not printed (714.00/6-2054).

I replied that I was happy to have occasion to reiterate and emphasize personally what Krieg had said. I then repeated it. He asserted President Eisenhower had made certain observations on Guatemalan situation; I said this was quite different from making personal allusions.

Taking the initiative, I said I wished discuss protection of American citizens. I pointed out five Americans had been picked up by police today and detained for periods of from few minutes to several hours; one was still in jail. He said police had to exercise extraordinary precautions in times like these. I said I understood this but felt there should be some reason for arrests other than fact of being American. In view this situation, I continued, I was seriously considering ordering all Americans evacuated.³ Toreillo looked startled and, as previously urged me not to take such a step which, he said, "would do us great harm." He agreed furnish all possible protection if Americans obeyed laws and emergency regulations.

I then pointed out regulations were extremely vague: no regulation prohibited use of candles during blackouts, but there were reports of shooting at any light however dim; a little known regulation prohibited taking photos but several Americans had been hauled off to police station for photographing innocuous objects. I said I especially resented fact that two CGTG men had taken initiative in having Henry Wallace, *Time* correspondent, detained.

Toriello said that no lights at all should be shown during blackout and journalists should know better than to take photos in existing circumstances. I urged that clear and precise regulation be issued to clarify situation.

Turning to Guatemala's present situation, Toriello said he hoped US would act to stop fighting, saying government forces were completely successful on ground but could not cope with air attacks. I said I did not see how US could stop Castillo Armas without landing Marines, a solution which he quickly said would be unsatisfactory. He next inquired whether it was not against US Government policy to sell arms to private individuals. I answered that many arms had found their way to private persons and that Colonel Julian had attempted to purchase arms for Guatemalan Government in USA.

³The record of the 204th meeting of the NSC, held in Washington, June 24, 1954, dated June 24, notes in part that Secretary Dulles and Mr. Allen Dulles pointed out that the "chief reason" for announcing evacuation measures would be for "psychological effect". At the meeting the NSC adopted Action No. 1163-b noting that the "President authorized the Departments of State and Defense, with appropriate assistance of other agencies, to arrange evacuation of U.S. civilians from Guatemala if deemed desirable." (Eisenhower Library, Eisenhower papers, Whitman file) In telegram 1361, to Guatemala City, dated June 26, 1954, not printed, Secretary Dulles authorized the Ambassador to activate evacuation immediately (214.1122/6-2654). Additional pertinent documentation on this subject is in file 214.1122.

I then asked why Guatemala had appealed to Security Council⁴ rather than OAS, the proper organization for handling inter-American disputes. Toriello replied that Guatemala preferred Security Council because members of OAS were under great economic pressure from USA and pointed out proudly that Guatemala had never asked for US loans. I asked if decision to appeal to SC was not because USSR was represented there and said Russian veto of Colombian-Brazilian resolution⁵ stuck out like sore thumb all over free world.

On parting, he again urged USA use its influence stop bloodshed.

After returning to Embassy I learned the one American remaining in jail had been released.

PEURIFOY

⁴Regarding this appeal, see the editorial note, p. 1174.

⁵For text of Resolution S/3236, as introduced by Brazil and Colombia on June 20, 1954, see United Nations, *Official Records of the Security Council, Ninth Year, 675th Meeting: 20 June 1954* (New York, 1954), p. 15.

714.00/6-2354: Telegram

*The Secretary of State to the Embassy in France*¹

SECRET PRIORITY

WASHINGTON, June 23, 1954—7 p. m.

4775. From Secretary. See Foreign Minister² immediately and express our grave concern at Hoppenot's tactics in UN Security Council meeting on Guatemalan complaint³ Sunday, June 20.⁴ During course of meeting French Delegation drafted amendment to Brazilian-Colombian resolution⁵ referring Guatemalan case to Organization of American States; amendment stated: "Without prejudice to such measures as the Organization of American States may take, the Council calls for the immediate termination of any action likely to cause further bloodshed and requests all Members of the United Nations to abstain, in the spirit of the Charter, from giving assistance to any such action."

¹Drafted by Acting Director of the Office of United Nations Political and Security Affairs David H. Popper; signed by Assistant Secretary of State for United Nations Affairs David McK. Key. Repeated for information to USUN in New York.

²Pierre Mendès-France, French Prime Minister and Minister of Foreign Affairs.

³See the editorial note, p. 1174.

⁴Reference is to the 675th meeting of the Security Council, which convened on June 20, 1954.

⁵Regarding this resolution, see footnote 5, *supra*.

US Del tried unsuccessfully dissuade French from introducing amendment, but Hoppenot insisted on tabling it, arguing it would be useful in connection with Indochina situation.⁶ Amendment died when resolution as a whole was vetoed by Russians but was then, without consultation with US Del, re-introduced as separate proposal⁷ by French without any reference to OAS.

US Del felt it had no recourse but to vote for resolution.

US forebodings were fully justified. Guatemalans have made effective use of resolution to maintain that SC continues to be seized of matter and even that OAS cannot take it up. Guatemalans are maintaining resolution binds Honduras and Nicaragua to halt alleged "aid to Aggressors". Result has been to complicate task of OAS in attempting to deal with matter, and to put two factions in Guatemalan conflict on same plane regardless of fact that Guatemalan government is functioning as agent of Communist imperialism in America and as such, under resolution adopted at recent Caracas conference, represents clear threat to peace and security American continent. In short, resolution has served in effect to lend Guatemalan government an air of respectability it should not enjoy.

We stress fact French pushed their resolution through despite our objection, even though matter was of no direct interest to them and of vital concern to us. Parallel with Indochina situation not at all convincing; quite apart from other differences, there is no regional organization such as OAS available to deal with Indochina situation, and OAS is properly the agency to deal with Guatemalan complaint in first instance under Chapter 8 of UN Charter. We cannot help contrast Hoppenot's conduct most strongly with our own attitude with regard to Thai request for UN observation. We consulted with the French about this from the outset and delayed any moves in the UN for almost a year, despite the deteriorating situation on the spot and despite the strong desires of Thai and later Cambodia. When we finally did obtain British and French acquiescence to moving in the GA, we induced the Thai to water down their resolution to a point acceptable to the British and French. We did these things in the interest of harmony with and support for our allies, just as we had done on the Tunisian and Moroccan problem⁸ in the last two GA sessions. We hardly consider Hoppenot's reckless and hasty action as an adequate response to our tactics in the UN.

⁶ For documentation relating to this subject, see volume XIII.

⁷ For text of the proposal (UN document S/3237), adopted by unanimous vote of the Security Council, see *Official Records of the Security Council, 9th Year*, p. 38.

⁸ For documentation on this subject, see volume XI, Part 1.

Please stress importance we attach to Hoppenot's abandoning such tactics and exhibiting more cooperative attitude in future. We hope he will be promptly instructed not to take any further action with regard to Guatemalan matter without prior consultation with Lodge.

Please convey to Foreign Minister how deeply concerned I am personally about this matter. I have asked Ambassador Bonnet to call tomorrow afternoon and will take it up with him in detail.⁹

DULLES

⁹ The memorandum of conversation between Secretary Dulles, Ambassador Bonnet, and Minister of the French Embassy Gontran Begoune de Juniac, dated June 24, 1954, by Mr. Key, is not printed (330/6-2454).

On June 25, 1954, Secretary Dulles discussed the Guatemalan complaint before the Security Council with British Foreign Secretary Eden and British Ambassador Makins at the Department of State; a memorandum of their conversation, by Mr. Key, not printed, is in file 714.00/6-2554.

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Telephone Conversation, by the Secretary of State

[WASHINGTON,] June 24, 1954.

Secretary Dulles' telephone call to Ambassador Lodge (in New York), 9:55 a.m. today:

Dulles: The President said he thinks you should let the British and French know that if they take independent line backing Guatemalan move in this matter, it would mean we would feel entirely free without regard to their position in relation to any such matters as any of their colonial problems in Egypt, Cyprus, etc.

If they feel they can take independent line, the counterpart will be that they must consider that we will be free equally to be independent when any of the matters such as North Africa, Middle East, etc., come up before the UN.

Lodge: I will do that.

Dulles: He (the President) wanted to avoid making it in the form of a threat. But make it a clear understanding that if they don't take into account our needs and considerations in this matter, it will be a two-way street, and they must accept it.

Lodge: Yes, I see. It's a terrible thing. I will get this to them. Will determine just when and how to do it.

Dulles: Use your own judgment as to time.

Lodge: If there is open split between British and French, Russians will be very much pleased. But we cannot put off meeting much longer.

Dulles: Guatemala itself, as I understand it, is violating the terms of the Charter—Article 53(2), I think. The whole status of regional organizations is at stake in this particular matter. That was the thing we fought for (Vandenberg and I) at San Francisco. The whole concept is being destroyed.

Lodge: No question about it. At the same time, I will have to have a meeting, probably tomorrow. If the British and French persist, we will have an open split. I will try to keep agenda from being adopted. Don't have to invite Guatemala to the table. I put it to the Frenchman this morning, and he didn't like it at all. Thank you very much—I will be guided accordingly.

714.00/6-2454:Telegram

*The United States Representative at the United Nations (Lodge) to the
Department of State*

TOP SECRET

NEW YORK, June 24, 1954—6 p. m.

876. For the Secretary. Re Guatemala. I told Dixon and Hoppenot this morning that we had worked hard all yesterday to get OAS to take some action in line their position¹ yesterday. OAS did take action last night² which met their position. Dixon had informed me this morning his government's policy had changed and they now insisted on UN observation. I had immediately reported³ this to Washington. I now had an important statement to make to them and I had asked them to come to my office so that I could do so in person. I said that this statement was not in any sense of the word a threat because of course they represented strong independent governments that would do whatever they wanted but that I was instructed by the President to say to them that if Great Britain and France felt that they must take an independent line backing the present government of Guatemala, we would feel free to take an equally independent line concerning such matters as Egypt and North Africa in which we had hitherto tried to exercise the greatest forbearance so as not to embarrass Great Britain and France.

My announcement was received with great solemnity.

LODGE

¹In telegram 867, from New York, dated June 23, 1954, Ambassador Lodge stated in part the following: "Hoppenot and Dixon called on me in private and told me that if the Soviet Union moved to send a peace observation commission to the region of Guatemala they would have to vote in favor of it unless the OAS had taken action to send observation of its own." (714.00/6-2354)

²On June 23, 1954, the Inter-American Peace Committee decided to authorize the formation of a subcommittee of information, composed of members of the IAPC, which might visit Guatemala, Nicaragua, and Honduras, and with consent of those governments, conduct an investigation of the complaints they had laid before the committee.

³Reference is to telegram 870, from New York, dated June 24, 1954, not printed (714.00/6-2454).

714.001/6-2554

*Notes of a Meeting of the Guatemalan Group, Held at the Department of State, June 25, 1954*¹

SECRET

Present: Holland, Burrows, Pearson, Wieland, . . . Warren, Sparks, Jamison, Herron, Sanders, Atwood, Col. Clark, Woodward, Pawley

1. *Calling the OAS Meeting*

Holland reported that the Secretary had not yet approved his recommendation that the OAS meeting be called. The Secretary believed that on the assumption that Armas failed, Arbenz and Toriello would become heroes and we may not succeed in obtaining our resolution. Such a major diplomatic defeat would be a great blow to the US prestige. In analyzing the alternatives with the group, Holland believed that if we called off the meeting the results would be catastrophic; if we postponed the meeting, each day of postponement would make our position worse. In view of these alternatives he was planning to see the Secretary again to recommend that though there was a great risk in the calling of the meeting, we should do it.

During the meeting Holland and Pawley left to talk with General Smith and later reported that General Smith favored the calling of the meeting.

2. *Place of Meeting*

Holland reported that Kemper called² him this morning from Rio to say that Rao agreed to having the meeting at Rio.³ Later in the meeting while Holland was absent the question arose as to whether we would be able to inform any of the participating countries of this change, especially Venezuela and Argentina, but it was decided to check with Holland.

¹ Drafted by Mr. Pearson.

² A memorandum of the referenced telephone conversation, dated June 25, 1954, is not printed (714.00/6-2554).

³ In the Department's telegram 182, to Montevideo, dated June 25, 1954, Secretary Dulles stated that because of the Uruguayan Government's reluctance to have the OAS meeting in Montevideo "Department has agreed with Brazilian Government to request that [proposed OAS] meeting be held in Rio. Because growing concern regarding Communist plots [and] demonstrations in Montevideo Department feels most governments will be pleased at change." (363/6-2554)

3. Security Council Action

Holland reported that the British have agreed to abstain with respect to the Guatemalan request for a meeting; thus it is apparent that there will be no action on the Guatemalan request.⁴ The group believed that in the absence of Security Council action the Guatemalans might accept the Peace Committee offer.⁵

4. Preparations for OAS Meeting on the Assumption that it will be called

Holland left the meeting and asked that the group go over the preparations for the meeting. Dreier outlined the following steps:

(a) He was planning to check with all of the members of the COAS to be sure they have their instructions so that there need be only one meeting of the Council. Depending on when we receive the go ahead decision, the Council meeting time would be set, possibly as early as Saturday afternoon.

(b) He reported that the following countries had agreed to cosponsor the request for the Council meeting—Brazil, Costa Rica, Cuba, Dominican Republic, Salvador, Haiti, Honduras, Nicaragua, Panama, Peru and the United States. These eleven would also constitute the majority needed to call the meeting of Foreign Ministers.

(c) The resolution for action of the Council⁶ was in draft form. It would be very brief and the group agreed that it should include a clause to the effect that though Guatemala had not deposited the ratification of the Rio Treaty, she should be invited to the meeting.

(d) Dreier did not believe the meeting would be very long and would not involve many speeches. He was working on his own speech.

(e) A complete draft⁷ of the Secretary's speech for the OAS meeting will be ready on Tuesday, June 29 according to McJennett.

(f) Jamison, Herron and Wieland were to develop a press release⁸ for issuance by the Secretary at the time the OAS Council calls the meeting of Foreign Ministers.

⁴On June 25, 1954, the Security Council rejected adoption of the provisional agenda containing Guatemala's complaint by a vote of 5 in favor, 4 against, and 2 abstentions; 7 affirmative votes were required for adoption. For additional documentation, see *Official Records of the Security Council, 9th year, 676th Meeting* (June 25, 1954).

⁵In Guatemala Embassy note no. 867, dated June 26, 1954, not printed, Guatemalan Chargé Chocano informed the IAPC of Guatemala's desire to cooperate and to accept a visit by the IAPC's subcommittee of information; a translation of the note is attached to 363.1/6-2954.

⁶For text of the referenced resolution, as adopted by the OAS at a special meeting on June 28, 1954, see *Annals of the Organization of American States, 1954*, pp. 159-160.

⁷Not printed.

⁸Apparent reference to the Department's press release 351, dated June 26, 1954, printed in the Department of State *Bulletin*, July 5, 1954, pp. 31-32.

(g) A Spanish text⁹ of the draft resolution has been prepared. Woodward suggested that this draft be distributed to the Latin Americans so that there would not be so many texts floating around.

5. Publicity

There was considerable discussion of the developments in connection with a television program this Sunday, "The American Forum of the Air" by Granik. It was decided that Herron should call Granik's office and suggest that four newsmen appear on the program to query Chocano on the Guatemalan situation.

⁹ Not printed.

Editorial Note

On June 26, 1954, representatives of ten of the member states on the Council of the Organization of American States (Brazil, Costa Rica, Cuba, Dominican Republic, Haiti, Honduras, Nicaragua, Panama, Peru, and the United States) requested a meeting of Consultation of the American Foreign Ministers under Articles 6 and 11 of the Inter-American Treaty of Reciprocal Assistance; for text of the letter of request, see the Department of State *Bulletin*, July 5, 1954, pages 131-132, or *Annals of the Organization of American States*, 1954, page 159. At a special meeting on June 28, 1954, the Council adopted a resolution authorizing a meeting of the Ministers of Foreign Affairs at Rio de Janeiro on July 7, 1954; for text, see *ibid.*, pages 159-160. At a third special meeting, on July 2, 1954, the Council adopted a resolution postponing the proposed meeting *sine die*; for text of the resolution, see *ibid.*, page 161.

714.00/6-2754: Telegram

The Ambassador in Guatemala (Peurifoy) to the Department of State

SECRET NIACT

GUATEMALA CITY, June 27, 1954—2 p. m.

[Received June 27—8 p. m.]

1121. Situation appears breaking rapidly. Toriello called me to Foreign Office this morning where he said he knew I could stop fighting in 15 minutes if I wished. He asked if I would do so if military Junta took over the government. He asked specifically whether Arbenz would have to leave office and whether Toriello's own resignation would do any good. He said he was willing to do anything in power to prevent bloodshed and further bombing by planes which he said had damaged vessel *Springsford* at San Jose this morning. He said that he personally and his brother Jorge had always been very anti-Communist

and that as far as he was concerned the Junta could take all the Communists in Guatemala and send them to Moscow. Toriello stated that if the government were turned over to a Junta, Castillo Armas must not come to power as this would cause great bloodshed in the country. He stated that I could cause end of fighting through pressure, if not on Castillo Armas, then on Honduras.

I replied that I had no control over situation but would do anything I could to bring about peace. Re Arbenz remaining in office, I said I could not speak for insurgent forces but would think that the situation would demand a clean sweep.

Toriello asked whether I would be available to see him again this afternoon or tonight. I replied that I would be willing to see him at any time.

Since returning to the office from Foreign Office, I received telephone call from Colonel Diaz, chief of armed forces, who invited me to meet with him and other officers in his home at earliest possible moment. I am now leaving for this meeting and will telegraph results upon my return.

In view of developments I am taking action on evacuation at this time.

PEURIFOY

714.00/6-2754: Telegram

The Ambassador in Guatemala (Peurifoy) to the Department of State

SECRET

NIAC

GUATEMALA CITY, June 27, 1954—11 p. m.
[Received June 28—11:06 a. m.]

1124. Pass Defense. A few minutes after I returned to Embassy after interviewing Foreign Minister Toriello (Embtel 1121, June 27),¹ I received personal telephone call from Colonel Carlos Enrique Diaz, Chief of Guatemala Armed Forces, who said he was with several army officers and asked if I could meet him at his residence at once. I went there about half hour later accompanied by Colonels McCormick² and Martin and Mr. Krieg.

After my arrival Colonel Diaz entered room accompanied by Colonel Sanchez, Minister of Defense; Colonel Parrinello,³ Chief of Staff; Colonel Giron, Chief of Air Force; and Colonel Sarti,⁴ President of Superior Defense Council. Diaz began by describing horrible situation created by aerial bombardment of Chiquimula and Zacapa. He said towns were virtually wiped out; that in Zapaca dead lay unburied

¹ *Supra*.

² Aloysius E. McCormick, Army Attaché, U.S. Embassy, Guatemala City.

³ Enrique Parrinello.

⁴ Lt. Col. Carlos Sarti.

in streets and buzzards were having feast on them; civil population had fled. Army could cope with Castillo Armas' ground forces, but not his aviation. He said Castillo could not have obtained these arms without US acquiescence. I replied sharply that if he had brought me to his house to make accusations against my government, I would leave immediately. He hastily said he was not accusing US. He therefore asked what US would wish in return if it used its good offices to put end to fighting. Constantly emphasizing I could speak only as individual and not for US Government, I said there was only one important problem between our governments: That of communism. Colonel Diaz said he knew that and was prepared guarantee in name of army that Communist Party would be outlawed and its leaders exiled.

I said this was fine, but that government had long known this and neither government nor army had ever acted; how could I be sure army would be able to carry out its decision? After some hesitation Diaz said this was crucial question. Solution desired by all army officers was that he should assume presidency. He emphasized that this had been difficult decision and would be difficult execute; he said Communists could be expected try uprising to oppose coup, and that he would need in Guatemala City forces which were now at battle front. Thus it would be necessary for US to use influence stop fighting and especially to have Honduras and Nicaragua stop allowing Castillo use airfields. I asked whether he had attempted any direct arrangement with Castillo Armas. He replied in strongest terms (and was strongly seconded by others) that direct negotiations with Castillo were out of question; they would rather die than talk with him. Diaz said Castillo Armas could never govern Guatemala after massacres his air forces caused; he might have had some supporters in army before, but no longer.

I stressed again that I could neither speak for Castillo nor commit my government, but that if Diaz assumed power and ousted Communists, I would strongly recommend that US attempt to bring about cease-fire until arrangement could be made. Once again Diaz and colleagues insisted that truce, at least cessation of airraids, would be essential before they could act against Arbenz. They said there were only 500 regular troops in city, plus 2,500 reservists with two years previous service who had just been called up. Latter were armed and equipped. Unfortunately, there were also about 2,000 peasants who had just been brought in for training. They would be disarmed. I simply repeated that when I knew Diaz was in control I would recommend cease-fire

After further discussion and several private conferences with colleagues, Diaz said they had decided act at once, relying on my promise to urge a cease-fire. He then said, "Now comes the tough problem. Who is going to bell the cat? Who will talk to Jacobo?" With but moment's hesitation, he made decision: "Col. Sanchez will visit all gar-

rison and announce I have assumed presidency. Colonel Giron will inform air force. I will go to Palace with Parrinello and Sarti and we will tell Jacobo." After some other talk, Diaz said, "Arbenz may answer two ways. He will either say, 'yes,' or he will say, 'this is insubordination,' and call the guard. In latter case, we will not emerge from Palace. If we are not out in reasonable period, Sanchez will bring up artillery."

Throughout discussion, I emphasized necessity of acting quickly to round up leading Communists before they they could mobilize forces. All agreed this was essential and Sanchez was designated to give necessary orders. I pointed out that Major Rosenberg,⁵ chief of detectives, undoubtedly had report of Diaz telephone call to Embassy since all our telephones were tapped and might well be making his own plans. Strangely enough, this idea apparently had not occurred to Diaz. He said he would act as soon as possible to replace Rosenberg and Cruz Wer,⁶ chief of police.

I then told Diaz I felt very deeply necessity of implanting democracy as far as local conditions permitted and that all sectors of population, including those who have followed Castillo Armas anti-Communist movement, be allowed participate in political life of country. Diaz and associates gave most categorical assurances that they would issue general amnesty, release all political prisoners and allow persons in asylum in diplomatic missions to come out. They said Castillo Armas could return if he wished but added feeling against him was high because of bombings and they could not guarantee his safety.

At one point Diaz asked whether any members of present Cabinet were unacceptable to US. I said I could not attempt to dictate his Cabinet and that if he appointed reasonable men I was sure all our secondary problems could be worked out, such as difficulties of American Companies. I emphasized strongly I represented US Government and people, not individual companies.

At conclusion, it was agreed Diaz would telephone me after seeing Arbenz and inform me of outcome.⁷

PEURIFOY

⁵ Jaime Rosenberg Rivera, Chief of the Judicial Guard in Guatemala.

⁶ Rogelio Cruz Wer, Director General of the Civil Guard in Guatemala.

⁷ In telegram 1123, from Guatemala City, dated June 27, 1954, and sent at 7 p. m., Ambassador Peurifoy, apparently referring to the subsequent meeting between Colonel Diaz and President Arbenz, stated in part the following: Colonel Diaz "told me that he had just talked with Arbenz who he described as very tired, said he could not continue without army support; that he wished to leave office gracefully and that he would go on national radio hookup at 9 p. m. tonight to announce that he was turning over presidency to Diaz and requesting all people support him." (714.00/6-2754) In telegram 1125, from Guatemala City, dated June 28, and sent at 1 a. m., Ambassador Peurifoy informed the Secretary of State that President Arbenz had announced his resignation at 9:10 p. m. in a "bitterly anti-US speech" over a nation-wide radio broadcast (714.00/6-2854).

714.00/6-2854:Telegram

The Ambassador in Guatemala (Peurifoy) to the Department of State

SECRET

PRIORITY

GUATEMALA CITY, June 28, 1954—noon.

[Received June 29—11:15 p. m.]

1131. Between 4 and 6 a. m. today, I met with Colonel Diaz, Colonel Sanchez, Colonel Parrinello, and Colonel Monzon.¹ Diaz announced yesterday he had arrested Fortuny, Gutierrez and Pellecer. He said he had replaced Colonel Cruz Wer, head of *Guardia Civil*, with Colonel Jose Luis Morales Melgar, and Major Jaime Rosenberg, head of *Guardia Judicial*, with Lt. Colonel J. Antonio G. Saravia.

I told Colonel Diaz that I was amazed and astounded at fact that he had permitted Arbenz in delivering his valedictory to charge that US was responsible for supplying aviators to forces attacking Guatemala, and for his general line to say we had used "pretext of Communism" to unleash aggression on this country. I told him that, this being his first act, I did not see how we could work together toward bringing about a peace. I suggested that perhaps he might wish to designate Colonel Monzon, well-known for his anti-Communist feelings, as President. He said that he agreed with me in principle and would give me his answer today at noon when I am to meet with him again.²

PEURIFOY

¹ Elfego Hernán Monzón Aguirre, Guatemalan Minister Without Portfolio, 1950-1954.

² Department of State files contain no record of a subsequent meeting between Ambassador Peurifoy and Colonel Diaz to discuss the possible presidency of Colonel Monzón.

714.00/6-2854:Telegram

The Ambassador in Guatemala (Peurifoy) to the Department of State

SECRET

NIACT

GUATEMALA CITY, June 28, 1954—5 p. m.

[Received June 29—4:08 a. m.]

1136. As I left Embassy this morning to meet with Colonels Diaz, Sanchez and Monzón, I received word they had just announced they had formed military junta contrary to agreement which we had reached last night Embtel 1130, June 28.¹

When we met in office of Chief of Armed Forces I expressed surprise at this development and Colonel Diaz asked Colonel Monzon to explain. Monzon said he did not feel himself strong enough assume

¹ Telegram 1130 from Guatemala City, not printed (714.00/6-2854).

presidency alone; that resignation or dismissal of Chief of Armed Forces would cause dissension within army at time when unity was essential maintain internal order; that he had therefore requested Colonel Diaz set up junta and retain position of Chief of Armed Forces.

Colonel Diaz then emphasized his willingness to turn over presidency to Monzon but said he had yielded to latter's insistence in formation of junta. Monzon would be in charge of Ministry of Interior, thus having police under his control, and he would be in full charge of internal affairs. Diaz and Sanchez promised take no action without his approval.

Colonel Diaz went on to review Monzon's record as anti-Communist. He said that as member of (Arenales) Cabinet, Colonel Monzon had not only spoken out against communism but had acted against it. He guaranteed support of Army to Colonel Monzon in carrying out vigorous program clean out Communists.

Colonel Diaz, who took lead in most of discussions, said junta's immediate problem was restore internal peace. He therefore renewed his request I use my influence cause Castillo Armas lay down his arms. He argued that Castillo had been fighting under banner of anti-communism; new junta was thoroughly anti-Communist; if Castillo Armas were sincere anti-Communist he would stop fighting at once. They would offer him and followers every guarantee. He could come back to Guatemala and contest presidential elections if he wished. In response to my question, Diaz said it was junta's intention proclaim general amnesty, release all political prisoners and allow those who had taken asylum in Embassies come out. Sanchez interrupted at this point to say he wished be entirely frank: At this exact moment it was not possible free all prisoners but that as soon as Castillo Armas matter was settled this would be done. Meanwhile, presence of Colonel Monzon in Ministry of Government was a guarantee of their safety. Monzon added, "They are all my friends." I pointed out it was necessary be realistic in this situation: Castillo Armas was in Guatemala at head of forces which had inflicted severe punishment on government troops. Hence most practical and effective way obtain peace was deal with Castillo Armas.

Talk then centered on this subject for considerable period developing no new points of view. Junta tried every argument at their command avoid a direct meeting with Castillo, although at one point they seemed be wavering on possibility of meeting with representatives of Castillo. I explained thought [throughout?], however, that it was better deal with head man so that hard and fast agreements could be made.

Colonel Diaz then brought up question of recognition. I pointed out that I and my colleagues did not question good faith of junta members

but that we anticipated Washington would wish consider situation for a reasonable period to see what action they would take. It was further pointed out that one of criteria for recognition is that new government be in control of territory of the country; such was not case here, where Castillo Armas controlled a portion of territory.

After considerable fruitless discussion, it was agreed that junta would consider matter alone and give me a concrete answer at 5 this afternoon.

PEURIFOY

714.00/6-2854:Telegram

The Ambassador in Guatemala (Peurifoy) to the Department of State

SECRET NIACT

GUATEMALA CITY, June 28, 1954—8 p. m.

[Received June 29—5:15 a. m.]

1137. Pass Defense. In accordance with prior arrangements (Embassy's telegram 1136, June 28),¹ I met 5 p. m. with Colonels Diaz, Sanchez and Monzon to receive their answer as to whether they would be prepared to initiate conversations with Colonel Carlos Castillo Armas, leader of rebel forces.

Diaz first inquired whether if they agreed to conversations I thought a cease-fire could be arranged while negotiations were in progress. I replied that while I could not speak for Castillo Armas, I would be pleased to suggest that a cease-fire be worked out. Diaz then stated that he and his colleagues felt it desirable to have a neutral person present during conversations so that what was agreed upon could be witnessed. He said he had already spoken to the Papal Nuncio who had expressed his willingness to collaborate. I said I would convey this message with my favorable recommendation.

In those circumstances, said Colonel Diaz, Junta would be prepared open talks with Castillo Armas. I promised to convey this message immediately to Department and request that it be speedily conveyed, if possible, to Castillo Armas. Junta thought talks should be held in Nunciature in Guatemala City. It was suggested that Colonel Martin talk with Chief of Staff Parrinello about the landing pattern to be followed by plane bearing Castillo Armas should talks be agreed upon, and that Colonel McCormick also confer with Parrinello to work out details of cease-fire. In this connection, Colonel Diaz estimated that it would take twelve hours from the time he received messages confirming possible agreement until word regarding cease-fire could be circulated

¹ *Supra.*

to troops in field. Junta members made several efforts obtain advance agreement to an end to air attacks, but I insisted cease-fire must be effective on all branches at once.

Papal Nuncio² informed Embassy today over 90 percent of people favored Castillo Armas. I intend to see Nuncio tomorrow and confirm his role in conversations as well as have generally frank talk concerning situation.

I request Department convey through appropriate channels to Castillo Armas the offer of Junta to confer with him. In interest of stopping bloodshed, I strongly recommend he be urged to accept.

PEURIFOY

² Monseñor Genaro Verolino.

714.00/6-2954

*Memorandum of Telephone Conversation, by the Assistant Secretary of State for Inter-American Affairs (Holland)*¹

TOP SECRET

[WASHINGTON,] June 29, 1954.

Participants: Ambassador Peurifoy, Guatemala
Mr. Holland

Ambassador Peurifoy called from Guatemala to say that the bombing continued, and wanted to know if there wasn't some way to get word to Armas to stop it. The Ambassador stated that the new people were being greatly embarrassed and were in a "flap". He didn't know what was going to happen.

Mr. Holland said this development was what he needed. He asked the Ambassador to get the new people to authorize us to call the Council of American States together and advise them that the new Junta has requested the United States and El Salvador to lend their good offices to accomplish two ends:

1. First, an immediate cessation of hostilities.
2. A meeting of the heads of the two groups in El Salvador to try to work out a settlement.

Mr. Holland said that if they will authorize us to do that, then we can openly send people to this fellow to tell him they have got to stop this. Ambassador Peurifoy stated at this point that "they will authorize that".

Mr. Holland said that he was going to call the OAS and say that through the Ambassador the Junta had called upon El Salvador and the United States to lend their good offices to bring about an im-

¹ The conversation took place at 3 p. m.

mediate cessation of hostilities and that we are proposing to send a mission from Tegucigalpa and urge that this be done. The Ambassador agreed.

Mr. Holland asked the Ambassador if he had sent out the cables² he had requested a while ago. The Ambassador said yes, that they had agreed to send three cables. Mr. Peurifoy urged Mr. Holland to act with great rapidity, and the latter promised he would.

Mr. Holland asked that they immediately cable³ the Department, advising that they are requesting that we and El Salvador use their good offices to try to achieve this and the stoppage of hostilities immediately. Ambassador Peurifoy said he would do this.

Mr. Holland said he had talked with McDermott.⁴ McDermott had spoken with President Osorio,⁵ and the President said he would be glad to have the meeting in El Salvador.

Mr. Holland said that he would call the Council immediately stating that this had come from the Junta through Peurifoy and is being confirmed in writing, and that we will move also right away.⁶

Mr. Holland said, in response to a question of the Ambassador, that he had spoken with Willauer at Tegucigalpa about this matter.

Mr. Holland concluded with the request to the Ambassador that he get out the three cables (which he enumerated).

² Not identified.

³ Telegram 1148, from Guatemala City, dated June 29, 1954, not printed, contains the translated text of a letter from the Guatemalan military junta received at the Embassy on June 29, requesting the United States to use its good offices to bring about a meeting between Colonel Monzón and Castillo Armas aimed at ending hostilities in Guatemala. (714.00/6-2954).

⁴ Michael J. McDermott, U.S. Ambassador to El Salvador.

⁵ Lt. Col. Oscar Osorio, President of El Salvador.

⁶ In a memorandum of telephone conversations which took place at approximately 3:30 p. m. on June 29, 1954, dated June 29, Assistant Secretary Holland stated that he had called Ambassadors McDermott, Willauer, and Thomas E. Whelan, Ambassador to Nicaragua, to request that they try to establish contact with Castillo Armas to urge him to declare an immediate suspension of hostilities, and that he had also called Salvadoran Ambassador Héctor David Castro, President of the Council of the Organization of American States (COAS), to ask him to convene an extraordinary meeting of the Council so that Mr. Holland could appear before it and report the Guatemalan junta's overture (714.00/6-2954). A meeting of the Council was called for 5:30 p. m. on June 29.

714.00/6-2954:Telegram

The Ambassador in Guatemala (Peurifoy) to the Department of State

SECRET

PRIORITY

GUATEMALA CITY, June 29, 1954—7 p. m.

[Received June 30—5:10 a. m.]

1146. Following Assistant Secretary Holland's telephone call last night suggesting possibility of holding negotiations in San Salvador between Guatemalan Government Junta and Castillo Armas, I immediately tried to get in touch with Colonel Diaz but was unable to until about 2 a.m., today when I met him at office of Chief of Armed Forces.

Diaz immediately agreed to meeting in Salvador but desired consult his colleagues. Sanchez finally arrived and consented but Monzon could not be located. During interval, I visited Colonel Funes,¹ Salvadoran Ambassador, and secured his agreement.

Returning to Diaz' office at 4 a.m., I found Monzon had not yet appeared. Just as I was about to leave, Diaz received telephone call from Palace and he and Sanchez left to confer with several officers. While they were out, Colonel Martin, our Air Attaché, arrived and informed me plot was afoot to assassinate Diaz and Sanchez and urged me to leave building at once. I spent a difficult moment wondering if I would be caught in crossfire, but finally decided remain.

Shortly thereafter Diaz returned and wearily informed me that things had changed: He and Sanchez had decided resign from Junta since it appeared they were unacceptable to Castillo Armas; they would however, collaborate with new government.

It was then arranged for Colonel Monzon to meet me in Diaz' office and he appeared shortly with new Junta members, Jose Luis Cruz² and Mauricio Dubois.³ He was drained by fatigue and seemed at first unable comprehend points of Holland's plan, but after Diaz and Sanchez had helped explain it to him, he agreed eagerly and asked that meeting be held on Wednesday, which was as soon as he could get away. He courteously detailed officer to accompany me to wireless telephone office, where I called Holland,⁴ and then to my home.

PEURIFOY

¹ J. Alberto Funes, Salvadoran Ambassador to Guatemala.

² Lt. Col. José Luis Cruz Salazar.

³ Juan Mauricio Dubois.

⁴ No memorandum of this telephone conversation was found in Department of State files.

Editorial Note

On the morning of June 30, 1954, the President's Press Secretary, James C. Hagerty, had a telephone conversation with Secretary Dulles concerning the status of several foreign policy issues in preparation for the President's press conference at 10:30 a.m. Hagerty recorded the conversations with respect to Guatemala as follows:

"Dulles said that the President could take great satisfaction from the trend of events in Guatemala where Red agents and fellow travellers were fleeing the country. He suggested that the President say that the Guatemalans were resuming to take charge of their own affairs, that the United States welcomed this and that the Secretary of State was going to make a more complete statement on this subject on nationwide radio that night." (Eisenhower Library, Hagerty papers, Diary Series)

The record of the President's press conference is printed in *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1954*, pages 602-614.

The text of Secretary Dulles' address to the Nation over radio and television concerning Communism in Guatemala is printed in the Department of State *Bulletin*, July 12, 1954, pages 43-45.

363.1/6-3054:Telegram

*The Secretary of State to the Embassy in Guatemala*¹

SECRET PRIORITY

WASHINGTON, June 30, 1954—8:22 p. m.

1382. Department feels Peace Committee should fulfill its schedule to spend three days each in Guatemala City, Tegucigalpa, and Managua, thus fulfilling need for demonstration to UN Security Council of positive OAS action and strengthening prestige of OAS in hemisphere.

If representatives Junta unwilling act in absence Monzon Pourifoy should recommend they cable Peace Committee requesting it await further communication upon return Guatemala of Monzon at which time Junta should advise Committee, COAS and UNSC that Guatemala no longer has controversy with Honduras and Nicaragua but requests that Committee nevertheless visit Guatemala as planned. Committee's visit Guatemala affords splendid opportunity full demonstration Communist penetration Arbenz government, atrocities and subversive activities.

Willauer and Whelan should recommend their governments immediately cable Peace Committee through Ministry of Foreign Relations in Mexico stating they no longer have controversy with Guatemala but renewing invitation Committee fulfill its program come to

¹ Drafted and signed by Assistant Secretary Holland. Sent also to the Embassies in Tegucigalpa, Managua, San Salvador, and USUN in New York; repeated to the Embassy in Mexico for the information of Ambassador Daniels.

Honduras from Guatemala for three days thence to Nicaragua for same period.

Every effort should be made cause Committee return with report it has achieved harmonious relations between three countries and condemning international Communist movement for its attempts destroy inter-American system through subversive activities disrupting harmonious relations between American states.²

McDermott should promptly keep other addressees this cable fully advised progress conferences³ San Salvador.

DULLES

² On June 30, 1954, the Guatemalan Government requested the IAPC to reconsider its decision to send an investigating committee to Guatemala, and on July 2 Guatemala reconfirmed its request; translations of the relevant messages exchanged between the IAPC and Guatemala are quoted in full in the Department's circular instruction CA-134, to all diplomatic posts in the American Republics and to USUN in New York, dated July 6, 1954, not printed (363/7-654). Also on July 2, the Governments of Guatemala, Honduras, and Nicaragua, in view of the mediation which in the meantime had resulted in the termination of the armed conflict in Guatemala, advised the IAPC that the reason for the investigation had ceased to exist. The final report of the IAPC on the controversy between the three countries, dated July 8, 1954, is printed in the *Annals of the Organization of American States*, 1954, pp. 239-245.

³ Reference is to the talks between Castillo Armas and Colonel Monzón held in San Salvador, June 30-July 2, 1954.

Editorial Note

On the night of June 30, 1954, Lieutenant Colonel Castillo Armas and Colonel Monzón initiated talks at San Salvador, aimed at establishing a permanent cease-fire and reaching a political settlement. President Osorio acted as intermediary. Ambassador McDermott did not participate directly in the talks; his role in arranging them is described in detail in despatch 3, from San Salvador, dated July 5, 1954, not printed (714.00/7-554). The notes of the Secretary's staff meeting, which took place at the Department of State at 9:15 a. m. on July 1 (dated July 1 and designated SM N-243, not printed) record Assistant Secretary Holland as stating that a deadlock existed between the two Guatemalan leaders, because Castillo Armas wanted to move his troops immediately into Guatemala City and Monzón insisted on retaining control of the Guatemalan army, and that Ambassador Peurifoy might have to go to San Salvador to take part in the talks (Secretary's Staff Meetings, lot 63 D 75).

714.00/7-154:Telegram

*The Ambassador in El Salvador (McDermott) to the Department of State*¹

CONFIDENTIAL

NIACT

SAN SALVADOR, July 1, 1954—8 a. m.

[Received July 1—6:53 p. m.]

2. Discussions behind closed doors between Castillo Armas, Monzon, President Osorio and Peralta Salazar,² President Legislative Assembly continued from 8:10 p. m. until approximately 3:45 a. m.

President Osorio subsequently explained he had taken for basis discussion existence two *de facto* governments in Guatemala. Three basic proposals were made by Salvador, one by Monzon and one by Castillo Armas. Other proposals of lesser importance were discussed but left without final decision.

Salvadoran proposal was that a plebiscite be held within shortest possible period thus not allowing Communists now disordered or fleeing from country to take advantage of situation. Date of plebiscite was to be fixed by Castillo Armas. Plebiscite was to be supervised by mixed commissions composed equal number members both parties. Guatemalan people would be asked vote for Castillo Armas or junta. If vote favorable Castillo Armas, he would be given all powers and rights of chief of state and would not be obligated to convoke elections until country had returned to normal and on date he alone would determine. If vote favorable to junta it would convoke elections for a Constituent Assembly or to elect a President. In latter case Monzon would not be a candidate.

Second proposal was advanced by Monzon. It provided for increasing junta to five members with assurances that at a later prudent date to be selected by Castillo Armas latter could appoint additional member replacing one member who would retire. Monzon stated he would leave with President Osorio written resignation to take place when Castillo Armas determined [garbled group] Castillo Armas would eventually have majority.

Third proposal presented by Castillo Armas provided for unification of two governments on basis of a lengthy list of conditions and provided this arrangement accepted by Army in which case Castillo Armas would be named Chief of the Armed Forces and political chief of the republic. The unification would be based on joint declaration that the two governments seek the same basic purposes.

Salvadoran proposal for a plebiscite was unconditionally accepted without delay by Monzon. After discussion it was accepted in principle by Castillo Armas. Subsequently, however, Juan Cordova Cerna, adviser to Armas, was called in and expressed grave doubts regarding feasibility or desirability hold plebiscite at this time. Maintained Com-

¹ Repeated niact to Guatemala City. This telegram was transmitted in two sections.

² José María Peralta Salazar.

munists had only temporarily gone to ground and their influence in plebiscite could jeopardize all Castillo Armas accomplishments.

Second proposal which was made by Monzon was not accepted by Castillo Armas as apparently not giving him sufficient immediate leadership.

The third proposal presented by Castillo Armas was not accepted by Monzon.

President said he regarded Castillo Armas as definitely the more recalcitrant of the two. He said Monzon had accepted the Salvadoran proposal and had advanced one of his own. Castillo Armas had only conditionally accepted Salvadoran proposal and had not followed through in subsequent discussions, consequently, Castillo Armas had been agreeable to only one which was his own.

President said no further conversations would be held in San Salvador as both protagonists are returning to the respective headquarters. Existing truce or cease-fire had been extended to expire 9:00 a. m. July 2, after which hour Castillo Armas could presumably take whatever military action he desired. Osorio said he was exceedingly sorry personal ambitions had prevented solution of problem of gravest importance to Guatemala and Central America. He said, however, there was nothing further he could do and matter of any other possible solution could now only rest with United States as one of the two mediators. The President was informed we are not of view mediation was involved but rather an extension of good offices to assist both parties to reach a solution through personal discussions. President conceded that our view was correct interpretation of previous conversations.

Monzon returning Guatemala air attaché plane departing here 8:00 a. m. and Castillo Armas by his own plane to Chiquimula at approximately same hour.

General feeling intense disappointment among numerous diplomats and others including all high officers Salvadoran army who were present at Presidential Palace throughout night.

Entire foregoing explanation conveyed to me by President in strictest confidence as details at close of meeting known only to four participants and in part to one or two advisors.

President has just telephoned asking me to see him at 8:30 a. m. Will report immediately thereafter.

MCDERMOTT

714.00/7-754

The Ambassador in Guatemala (Peurifoy) to the Department of State

SECRET

GUATEMALA CITY, July 7, 1954.

No. 5

Subject: Memorandum of Negotiations Leading to Signing of Pact of San Salvador, July 2, 1954¹

In accordance with telephonic instructions from Assistant Secretary Holland, I left Guatemala for El Salvador with Col. Batten,² Chief of the U.S. Air Force Mission in Guatemala, and Harold E. Urist, Public Affairs Officer, in the Air Mission plane at 11:30 a.m. July 1. We took along a number of U.S. news correspondents and representatives of each of the five Guatemalan independent newspapers. Upon our arrival in San Salvador at 12:15 p.m. I was met by the Chief of Protocol, Ambassador Antonio Alvarez Vidaurre, representing the Salvadoran Government.

Ambassador Alvarez drove me to the Palace, where Ambassador Michael McDermott and Counselor of Embassy Andrew E. Donovan were waiting. I was presented at 1:30 p. m. to President Osorio. Also present during the interview were Sr. Peralta, President of the Salvadoran Assembly, who was to be President Osorio's personal representative during the negotiations, Ambassador McDermott, Mr. Donovan, and Mr. Urist who served as interpreter. We had barely exchanged greetings when I received a telephone call³ in the President's private office from Secretary of State Dulles, who emphasized the importance of bringing the negotiations to a satisfactory conclusion and that, if it were necessary, I was authorized to "crack some heads together".

President Osorio told me that the negotiations between Colonels El-fego Monzón and Carlos Castillo Armas had been carried on until 4 a.m. that morning (they had begun the evening of June 30), but that the two men were as far apart as when they met. He said Col. Monzón would not give an inch and that in his opinion Col. Castillo Armas should be the President of the Military Junta which was ruling Guatemala, and that if I could bring them together, I was a better man

¹ An unsigned copy of the Pact of San Salvador was transmitted to the Department of State as an attachment to despatch 3 from San Salvador, dated July 5, 1954, not printed (714.00/7-554).

² Earl Batten.

³ No record of the referenced telephone conversation was found in Department of State files.

than he. I mentioned to him my conversation with Secretary Dulles and emphasized the deep concern of my Government with regard to the situation in Guatemala and how important it was that the two sides be brought to a satisfactory understanding and agreement. I said I was going to do everything in my power to resolve the basic differences and take the two colonels back to Guatemala with me and the other diplomatic advisers who had lent their good offices. I then told President Osorio that I desired to meet privately first with Colonel Castillo Armas and then with Colonel Monzón. This was immediately arranged, and at 2 p.m. I met with Colonel Castillo Armas in one of the reception rooms, with only Mr. Urist present.

I told Col. Castillo Armas that I was sorry to hear that there had been some difficulties between him and Col. Monzón in reaching an understanding, that I believed this was the time for true patriots to put aside personal ambitions and interests and work together for the good of Guatemala. The basic and common aims of both sides, I said, should be the total eradication of Communism from the country and the restoration of peace and tranquility. The colonel was in absolute agreement. I said I could see no reason for a divergence of opinion between him and Col. Monzón, since I believed Col. Monzón also to be a sincere Guatemalan whose only interest was the welfare of his country. I pleaded with Col. Castillo Armas to leave the details of the future government and the question of who would be president of Guatemala to a time when representatives of both groups could sit down over a conference table in Guatemala and thrash out their differences. I repeated that this was not the moment to preoccupy themselves with details and programs, but that the important thing was to agree immediately on common aspirations for the good of their country and return together, arm in arm, to Guatemala, where the people were waiting to receive them. I suggested that both armies be joined together and march into the capital as one, as brother Guatemalans. Col. Castillo Armas said again he was in complete agreement. However, he believed Col. Monzón wanted to be president of the Junta, and that his military colleagues, after their long battle and sacrifices, would not accept it. I then told him I was going to speak with absolute frankness. "You know, and I know," I told him, "how the American people feel about you. Many American people think you should be the president of Guatemala, and some time in the not-too-distant future, say six months from now, you should hold free and democratic elections, and I personally will do all in my power to help you. For the present, I think you should be taken into the Junta. And, confidentially, I'll tell you something else. Col. Cruz Salazar (one of the three members of the Junta) told me that he was on your side, so you

should have no problem at all." He seemed to be pleased and reassured by these last statements.

We completed our conversation at 2:30. I told him I was now going to see Col. Monzón and that I thought the two colonels and the diplomatic advisers should meet as a group at about 4:30 to clarify any remaining details which might need discussion.

I then met with Col. Monzón. He reiterated previous statements made to me, declaring that he was interested only in restoring peace and tranquility to Guatemala, that he had no personal ambition with regard to the presidency of Guatemala, and that, if necessary, he would be happy to sign a statement to that effect. The only point on which he was adamant was that he wanted to save the honor of the Guatemalan army. He said, quite logically, in my opinion, that since he had been appointed chief of the Military Junta by the army staff, he would have to return to Guatemala in the same capacity. He was in complete agreement with the idea of an immediate accord with Col. Castillo Armas on general objectives. He said he would be happy to accept Col. Castillo Armas in the Junta, and that after they had returned with me to Guatemala the Junta could elect Castillo Armas president.

I asked Col. Monzón if there were any immediate problems he felt needed discussion. He said the only serious problem was getting food to the Government troops in the field, and he hoped Castillo Armas would give immediate permission for supplies to be dropped. We terminated our discussion at 3 o'clock.

I then informed President Osorio of our discussions without going into detail, and told him I would return at 4:30 p.m. to meet with the two colonels and the other three advisers.

After luncheon at Ambassador McDermott's residence, I returned shortly before 5 p. m. to the Palace and met with the group participating in the negotiations.

I led off the discussions with a résumé of the principal objectives both parties should take into consideration before they went into detailed negotiations. This was a re-statement of my introductions to the talks held with the two colonels. The entire group agreed. Col. Castillo Armas, however, who had meanwhile been talking with his legal advisers (Lic. Juan Cordova Cerna, Lic. Luis Alberto Coronado Lira, Lic. Carlos Salazar, *hijo*), brought up the question of the number of members in the Junta. He pointed out that if only he joined the Junta there would be a preponderance of members representing the other side. He said that he would like, therefore, to include another person representing his forces and proposed the name of Major Enrique Oliva,⁴ who, in his opinion, was one of the most capable and hard-working professional military men in Guatemala. He said Major

⁴Enrique Trinidad Oliva Quintana.

Oliva had no political ambitions and would be a valuable asset to the Junta. Col. Monzón accepted this proposal without reservation. One of the advisers then pointed out that there would still be three against two. The Papal Nuncio offered as a solution the possibility of having a Junta of six members, three for each side. This point was discussed for some time, but was finally dropped when it was agreed that 1) three members on each side could easily lead to a stalemate when voting takes place, and 2) a Junta with six members was really too large and unwieldy.

The advisers all agreed with me that on the details of the future administration of the country all should be left until the two colonels had returned to Guatemala and were able to sit down with the other members of the Junta to work out their problems together. The entire arrangement seemed satisfactory to both parties and to the diplomatic advisers, and the meeting was terminated at 6 p.m. so that the two colonels and their legal advisers could meet alone to draw up a statement of their common decision. Meanwhile, the diplomatic advisers retired to a nearby room to be available at any time for consultation.

From that moment until midnight we held individual and group meetings. Castillo Armas' advisers were apparently in disagreement with the colonel and felt that any document signed by him should be *ad referendum*. He could then return to his headquarters in Chiquimula to obtain the approval of his staff officers. I fought strongly against this, reviewing once again the importance of arriving at a general agreement then and there, because I felt that if Castillo Armas needed the approval of his staff, it would be only just that Col. Monzón would also have to obtain the acquiescence of the two other Junta members in Guatemala, thereby losing the opportunity to create the maximum psychological impact which could be expected from their immediate return together. I was finally forced to talk with Castillo Armas alone and ask him point blank whether he was the chief of his "outfit", since every time he agreed on a point he subsequently changed his decision after conferring with his advisers. I told him that if he was not the top man in his organization, I would appreciate his telling me who was, so that I could deal with that person.

I believe this question was the turning point of the negotiations, and Castillo Armas and his advisers accepted Monzón's concession that within fifteen days after the signing of the pact he would agree to the election of a new Junta president. Without actually stating it, the implication was that Castillo Armas would be elected.

From midnight when the two sides finally arrived at an agreement on the basic points, the legal advisers spent their time conferring and arguing on the format and wording of the pact, and at 4 a. m. the document was finally completed.

About 3 a. m., while I was awaiting the completion of the first draft of the pact, I was visited by the Nicaraguan Ambassador to El Salvador, Sr. Carlos Duque Estrada, who said he brought an urgent message from President Somoza. He said that President Somoza wished to advise me that in view of the "breakdown" in negotiations between Castillo Armas and Monzón, he urged the entire negotiation party to come to Managua as his guests to continue their discussions there. If this were not feasible, he said, then he strongly advised that Col. Castillo Armas be made president of Guatemala, and that Col. Monzón be made Minister of Defense. He mentioned several other Cabinet appointments, which I do not recall. I thanked Ambassador Duque in the name of my Government and asked him to convey my expressions of gratitude to President Somoza. I told him, however, that it now appeared that the two sides were arriving at a satisfactory agreement and that I did not believe it would be necessary to trouble President Somoza with any of the negotiations.

Meanwhile, preparations had been made for a formal ceremony in the large banquet room of the Palace, and for the proceedings to be broadcast by radio. The entire press, both national and international, who had also been up all night awaiting the historic moment, were allowed to witness the event and take photographs. The pact was signed by the two colonels; Sr. Carlos Azucar Chávez, acting Foreign Minister in the absence of Sr. Peralta . . .; the Papal Nuncio, and Col. Funes. I suggested to the members of the negotiating group that the name of the representative of the United States of America be omitted from the document, thus giving the Salvadoran Government recognition as the principal mediator. Actually, Sr. Peralta had disappeared shortly after the general negotiations meeting had ended at 6 p.m., and I did not see either him or President Osorio again until the following day.

I went immediately to the United States Embassy with Ambassador McDermott in order to send the following wire⁵ to the Department:

"Holland from Peurifoy. Pact between Armas and Monzón signed five a.m. today. Both return with me to Guatemala 11:30 a.m. (Friday, July 2). Junta increased to five members. Monzón remains President for two weeks at which time members vote for new president. Election promised soon as practicable after peace and tranquility restored."

I then returned to Ambassador McDermott's residence at 6:45 a. m., intending to make preparations for departure at 11 a. m. with the two colonels and their advisers, since this had been the agreement made with them. Col. Castillo Armas, when he agreed to return with me to Guatemala, had explained that he was going to leave at 6 a. m., shortly

⁵ Reference is to unnumbered telegram, from San Salvador, dated July 2, 1954; it is in file 714.00/7-254. There are slight discrepancies between the telegram as sent and as quoted by Ambassador Peurifoy in this despatch.

after signing the pact, for Chiquimula in order to give orders to his troops and, I assume, to report to his staff on what had taken place in San Salvador. He had assured me that he would return to San Salvador in time to take off at 11 a. m. However, when I called him to verify the hour of departure, I was informed that he and members of his staff had left for Chiquimula and Honduras but had not stated when they would return. I was finally able to locate Col. Castillo Armas' principal legal adviser, Lic. Juan Córdova Cerna, who told me that he regretted that Col. Castillo Armas could not return by 11 a. m. as planned, that he had to visit both Chiquimula and Tegucigalpa for "very personal reasons", and that he would either return that afternoon or the following morning.

After conferring once more by telephone with Mr. Holland, who believed as I did that it was important for the two colonels to return to Guatemala together, I alerted Col. Monzón and his party and ordered Col. Vernon P. Martin, Embassy Air Attaché, to have his crew stand by. When Col. Castillo Armas did not return that day, I made plans to take off the following morning, July 3, at 11 a. m.

The following morning, before going to the airport, I called on President Osorio to thank him in the name of my Government for his magnificent hospitality and for the significant role he had played in bringing to a satisfactory conclusion the important negotiations which would bring peace and order to the sister republic of Guatemala. He in turn expressed his satisfaction at the results of the negotiations and asked me to convey to the Government of the United States his appreciation of the part played by my country in this important Central American event. He then presented me with a medallion commemorating the Lempa River hydro-electric plant at Chorrera del Guayabo, and a special set of commemorative postage stamps as a token of his personal esteem and appreciation.

Col. Castillo Armas arrived in San Salvador about 10 a. m. and also visited the Palace to confer with President Osorio. He and his party finally arrived at the airport about 12:20 p. m. and we took off in the Air Attaché's plane at 12:43. Accompanying me on the return trip were Colonels Castillo Armas and Monzón; Col. Miguel Angel Mendoza, officer of the Castillo Armas air force; Major Arriaga, as personal aide to Col. Monzón; Major Enrique Oliva, one of the two new members of the Junta; Licenciados Juan Ibarra and Eduardo Cáceres Lehnhoff, legal advisers to Col. Monzon; Lic. Luis Alberto Coronado Lira, legal adviser to Col. Castillo Armas; the Papal Nuncio; Ambassador Funes, and Mr. Urist. Arrangements had meanwhile been made for nine planes of various types, representing both the regular army

and the Castillo Armas forces, to accompany our plane in a formation flight over Guatemala City before landing at Aurora Airport. We landed at 1:30 p. m.

JOHN E. PEURIFOY

Editorial Note

In a memorandum of conversation summarizing the Secretary's staff meeting, held on July 7, 1954, at 9:15 a. m. in the Secretary's office, Walter K. Scott recorded, *inter alia*, the following exchanges:

"3. Guatemala.

"Mr. Murphy questioned whether or not Ambassador Peurifoy should now be transferred from Guatemala inasmuch as the situation had improved so. Another Ambassador not so involved might be better now.

"Mr. Holland stated that he would question the timing now—that Ambassador Peurifoy could be moved at a later time; he suggested the first of the year, but that transfer at an earlier date would bring about unnecessary criticism that the United States had placed him there only to foment revolution.

"The Under Secretary stated that Ambassador Peurifoy had mentioned to him that if the Guatemalan situation were cleared up he would like a more important post. The Under Secretary stated that he felt he deserved something better but that Mr. Holland was right—that any transfer should be delayed until later in the year.

"Mr. Holland mentioned that he was trying to work out possible courses of U.S. action to prevent Guatemala from reverting to a dictatorship. He felt that if this happened we would suffer serious propaganda loss throughout the Americas. He hoped to have recommendations to the Secretary by tomorrow.

"Replying to the Secretary's inquiry, Mr. Holland covered the various documents under preparation for release on the Guatemalan incident. They included a chronology of events in Guatemala since 1944 presently being drawn up from Guatemalan Government documents made available to us by the military Junta. He also mentioned that a propaganda booklet was under preparation on the Guatemalan incident for release to the Other Americas.

"4. British White Paper.

"Mr. Holland reported that the British are preparing a 'White Paper' on our actions in the United Nations on the Guatemalan incident. It was pointed out that this probably developed from debate in Parliament which required a government report. The Secretary stated that Eden had mentioned to him the possibility of the Government coming under serious attack over the incident. The Secretary stated that the matter was of serious moment to the United Nations, particularly as it was a precedent for requests in the future from other regional organizations to handle similar matters. He felt that we would not like an incident in the Arab world to be handled by the irresponsible Arab League rather than the United Nations.

"The Secretary approved Mr. Merchant's office handling the contact with the British over this matter, working with L, UNA and ARA.

"Mr. Phleger stated that we should point out to the British that at Caracas we opposed consideration of the item on European colonies in the Americas on the basis that such a matter should be considered in the United Nations rather than in the Association [Organization] of American States, inasmuch as it involved countries outside the Association. He felt that our action in the United Nations vis-à-vis Guatemala was the other side of this coin and that the British could not have our support both ways." (Secretary's Staff Meetings, lot 63 D 75)

Secretary Dulles presided at the meeting, which was attended by 18 other participants.

414.608/7-754: Circular telegram

*The Secretary of State to Certain Diplomatic Offices*¹

CONFIDENTIAL

WASHINGTON, July 7, 1954—8:07 p.m.

15. In your discretion and in degree commensurate any cooperation you consider shown by Government to which you accredited orally convey appreciation US Government for actions taken or promised regarding prevention of arms shipments to Guatemala and related control flag vessels and general idea cooperation with American republics in meeting threat to peace. State that new Guatemalan Government apparently of such complexion that US able withdraw request for cooperation in arms control.

DULLES

¹ Drafted by Deputy Assistant Secretary Woodward, with the assistance of Mr. Ohmans; approved by Assistant Secretary Holland. Sent to the Embassies in Athens, Belgrade, Brussels, Copenhagen, HICOG Bonn, Helsinki, Lisbon, Madrid, Oslo, Paris, Rome, The Hague, Stockholm, and London; repeated for information to Bern, Guatemala City, USPOLAD Trieste, and USUN in New York.

714.02/7-854: Telegram

The Ambassador in Guatemala (Peurifoy) to the Department of State

SECRET

GUATEMALA CITY, July 8, 1954—9 a.m.

[Received July 8—3:07 p.m.]

45. As arranged yesterday with Colonel Castillo Armas (Embtel July 6)¹ Juan Cordova Cerna called on me this afternoon to explain Castillo's views on future organization of government.

Cordova Cerna said Guatemala was currently distracted with

¹ Reference is to telegram 32, from Guatemala City, not printed (714.00/7-654).

politics, fears of army plots against Castillo and possibility of Communist uprising; what was needed was strong established government to insure internal order and put end to politicking. I asked whether he thought a Junta composed of Castillo Armas, Monzon and Oliva would be sufficiently strong, and he replied affirmatively without hesitation. Having in mind current whispering campaign against Monzon, I then asked whether Castillo's friends would accept Monzon as member of Junta and cooperate loyally with him, and Cordova said he thought they would.

We then discussed whether Castillo could run for constitutional presidency if he assumed presidency of Junta. Cordova Cerna said under existing constitution he was disqualified because he had led revolt against previous government; hence it would not matter whether he was president of Junta, a plain member or held no government office. While constitution could be revised, Cordova said he and Castillo thought it preferable Castillo should complete Arbenz term of office (to March 1957), and meanwhile have new constitution drawn up and hold presidential elections in which he would not be candidate. In interim country would be governed by basic status [*statutes?*] which would provide definite limitations on governments powers and guarantees of people.

He then launched into lengthy discussion of his plan for constituting government: Under Junta, there would be 5-man political council to formulate policy on political matters and 15-man planning council to formulate and coordinate economic policy. Policies drawn up by councils, when approved by Junta would be executed by ministries, which would be stripped of policy making functions. Economic policy would be based on free enterprise system, foreign investment would be encouraged on mutually advantageous terms, and social gains of workers would be retained and carried further.

Cordova Cerna impressed me as highly idealistic and he had obviously studied question thoroughly, but his ideas might be difficult to carry out here.

I have reason to believe Monzon will accept reduction of Junta to three members,² will suggest holding elections in next few days and will himself propose Castillo for presidency of Junta. At moment this seems best way to solve dilemma of army-Castillo relationship.

PEURIFOX

²On July 7, 1954, the five-member Guatemalan Junta of Government unanimously elected Castillo Armas as its permanent President; Colonels Cruz and Dubois resigned, leaving the new Junta comprised of Castillo Armas, Colonel Monzón, and Major Oliva.

714.02/7-1054

Memorandum by the Secretary of State to the President

SECRET

WASHINGTON, July 9, 1954.

Subject: Recognition of New Guatemalan Government

We have received telegrams¹ from Ambassador Peurifoy in Guatemala reporting that the new Government is constituted in Guatemala and that it has sent our Embassy a formal note² stating that it is prepared to fulfill the international obligations of Guatemala. The new Government, which was formally established on July 2, appears to control the entire territory of Guatemala.

We are ready to send a circular telegram³ to all the other Governments of the American Republics (and to London, Paris and Ottawa which have indicated from time to time that they wish to coordinate recognition actions with us) asking for the views of the Governments, of the other American Republics and indicating that we are considering recognition of the new Guatemalan Government on July 13. This will allow time for some other countries to recognize sooner (El Salvador and Costa Rica have already done so), and for other countries to coordinate with us, so we will not be conspicuously in the lead or behind.

I would appreciate your informing me whether you approve of this action.⁴

JOHN FOSTER DULLES

¹ Apparent reference to the following telegrams from Guatemala City, none printed: unnumbered, dated July 2, 1954 (714.00/7-254); 26, dated July 6, 1954 (714.02/7-654); and 31, dated July 6, 1954 (714.00/7-754).

² Reference is to Guatemalan Ministry of Foreign Relations note no. 10248, dated July 7, 1954, not printed; the note and a translation were transmitted to the Department of State under cover of despatch 7 from Guatemala City, dated July 8, 1954, not printed (714.00/7-854).

³ Sent as circular telegram 24, dated July 9, 1954, to all diplomatic posts in the American Republics, except Guatemala City, and also to London, Paris, Ottawa, and Taipei; repeated for information to Guatemala City (714.02/7-954).

⁴ The source text bears the following handwritten notation initialed by President Eisenhower: "10 July 1954 O.K."

The United States extended recognition to the new Guatemalan Government on July 13, 1954 (714.02/7-1354).

S/S-OCB files, lot 62 D 430, "Guatemala, 1954-1955"

*Report Prepared in the United States Information Agency*¹

SECRET

WASHINGTON, July 27, 1954.

REPORT ON ACTIONS TAKEN BY THE UNITED STATES INFORMATION AGENCY
IN THE GUATEMALAN SITUATION

In concert with other departments and agencies and for the purpose of supporting specified foreign policy objectives, the Agency began last November-December 1953 to regroup its limited resources in an effort to meet the growing crisis conditions in Guatemala and neighboring countries. Unfortunately, the sharp cutback in Agency funds and personnel during the summer and fall of 1953 had forced reduction of the already small operations in the area, especially in various smaller countries where the programs amounted to one-man holding operations. Actions taken by the Agency to remedy these deficiencies and to carry out an effective operation may be grouped under three time-periods: the six months prior to the communist arms shipment; the crisis period of May-June; and the current post-crisis period.

I. Pre-Crisis Period

A. *Policy*—Up to the 10th Inter-American Conference at Caracas in March much Latin American opinion refused to concern itself with the communist issue in Guatemala, either regarding the Arbenz regime as a "home-grown" revolutionary movement dedicated to improving the lot of the exploited Guatemalans, or preferring to dwell on the United Fruit issue and speculate as to United States motives of economic imperialism.

In this context our principal information effort was directed toward creating greater awareness throughout the Hemisphere of the real threat to peace and security posed by the verifiable communist penetration of the Guatemalan government. In accordance with established policy at that time, this effort stopped short of accusations, directly attributed to the Agency, against the Arbenz regime as communist-dominated but did include the preparation and placement of unattributed articles labelling certain

¹ This report was submitted to the Operations Coordinating Board at the request of the Acting Director of the U.S. Information Agency. It was circulated to Board members under cover of a memorandum from Elmer B. Staats, dated Aug. 2, 1954, which reads in part as follows: "It is believed that this report is pertinent in connection with recent discussions by the Board of the desirability of having a common approach to information activities in connection with the Guatemalan revolt."

Guatemalan officials as communists, and also labelling certain actions of the Guatemalan government as communist-inspired.

Even though Guatemala alone voted against the anti-communist resolution at Caracas, public attention in Latin America did not begin to focus on the issue of communist penetration and resultant threat to peace and security. With this in mind, the Agency intensified its efforts to get irrefutable evidence publicized throughout the Hemisphere; again short of directly labelling the Arbenz regime as communist but using its actions as self-evident proof.

B. *Operations*—In November and December, 1953, the information program in Guatemala was reviewed with Ambassador Peurifoy, the Department of State, and the Central Intelligence Agency. A new Public Affairs Officer was appointed and provisions were made for such internal strengthening of personnel and funds as events might require. In order to give direct support to the Guatemalan program, long seriously handicapped in operations through Guatemalan government restrictions, and to help meet the problem of communist penetration in the Central American area, a regional servicing operation was developed whereby USIS Mexico could give program support to Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, and Panama. This servicing concentrates on anti-communist materials produced by USIS Mexico in direct collaboration with the other posts and tailored to meet specific needs in individual countries. A third phase of organizational build-up was a considerably expanded 1955 budget projection, parts of which were to be initiated with 1954 funds, especially the strengthening of the one-man holding operations in the smaller countries.

Elsewhere in the Caribbean, and related to the Central American plan, a new office was established in Port-of-Spain for the Trinidad-British Guiana-Barbados area. The existing small operation for the French West Indies, based in Martinique, was re-examined and provision made for selected expansion.

Media and field operations were directed to intensify their efforts in the collection, preparation, and placement of materials demonstrating communist design on, and penetration of, the Hemisphere. A successful project in January, for example, was the preparation here of a series of articles exposing Guatemalan communists Fortuny and Gutierrez; these were planted in a Chilean newspaper and later reprinted in selected other countries with Chilean attribution.

Throughout this period and on through the crisis itself emphasis was placed on cross-reporting Latin American opinion which opposed the Arbenz regime and supported the U.S. stand as taken at Caracas.

The Agency's special coverage team at the Caracas Conference fed out a continuous flow of news, backgrounders, photos, and tape recordings, concentrating on the anti-communist resolution and Guatemala's lone opposition. Through direct Wireless File to all missions and fast pouch these materials were disseminated by all field offices throughout the conference with good placement, backed up by frequent background briefings and conversations with editors, commentators, and public opinion leaders. Film coverage was arranged for newsreel and TV outlets and, for future continuing use, full film documentation was developed on the anti-communist resolution, including speeches by Secretary Dulles and Assistant Secretary Holland.

II. *Crisis Period*

A. *Policy*—The communist arms shipment to Guatemala in mid-May marked a definite turning point: first, among the small neighboring countries fearing intervention or aggression; second, elsewhere in the Hemisphere a mixture of surprise, concern and even alarm at this unexpected development; third, elsewhere in the world as the issue became headline news and the communist propaganda network openly took up Guatemala's cause. Especially significant was the attention given to the problem in Moscow radio broadcasts which from the beginning had been high and became a continuous clamor, so that by June 23 one *Pravda* article was broadcast thirty separate times.

As part of the basic U.S. decision to see the issue through to an emergency OAS meeting of consultation, the Agency immediately embarked upon an aggressive information effort, utilizing all available resources, to expose and discredit the Arbenz regime as communist-dominated, to dramatize the threat to the peace and security of the Hemisphere, and to encourage positive action by other American Republics. This effort included use of direct attribution but continued to emphasize cross-reporting of desirable Latin American opinion. Strong advantage was taken of key developments which helped swing Latin American opinion to our side, such as the Soviet arms delivery and the Guatemalan-Soviet maneuver in the U.N.

Output was directed not only to the Hemisphere but also to other parts of the world where, because of public unfamiliarity with the Latin American scene, communist propaganda found ready acceptance. Content was

aimed at such attitudes as: skepticism or outright disbelief regarding the U.S. position, ranging to public acceptance of allegations that the U.S. engineered the revolution and that U.S. officials had strong financial interests in the United Fruit Company; public rejection of the premise that international communism had in fact subverted the Guatemalan government; reaction in principle to the U.S. stand on searching vessels in American waters and to the U.S. opposition to U.N. Security Council consideration of the Guatemalan request.

Information treatment was complicated by censorship within Guatemala which, for a period, gave the communist side a distinct advantage in getting out its story first; also by the marked tendency of certain foreign news agencies to cross-report reactions adverse to the U.S. and to select comment out of context.

B. Operations—Benefitting from the previous organizational build-up, an emergency working party under the leadership of the Assistant Director for American Republics was established in the Agency, with special liaison officer assigned to Assistant Secretary Holland in the Department of State. Specialists were reassigned within the Agency to the Policy and Programs Staff for Latin America, the intelligence-research staff, and the press, radio, and films media. A series of directives was issued formulating the various tasks to be undertaken by media and field operations.

Despite the lack of lead time in the policy decision to change from a largely unattributed effort to an aggressive labelling campaign, more than 200 articles, backgrounders, and scripts were prepared and transmitted by Wireless File, cable, and fast pouch during four weeks beginning the end of May for press and radio placement abroad. These were developed partly from public sources and partly from declassified intelligence from State and CIA. Content ranged from coverage of daily developments in Guatemala, Washington, the U.N., and elsewhere in the area, to original verified exposés of communist penetration. Illustrative of numerous pamphlets prepared, a "Chronology of Communism in Guatemala", written here and printed in Habana in 100,000 copies, was distributed to all posts in Latin America. In addition some 27,000 pieces of anti-communist cartoons and posters were expedited to the field for selective placement. Based on Agency materials WRUL broadcasts were stepped up throughout the crisis period. Newsreel coverage of Guatemala's action in the U.N. and the emergency OAS meeting were released worldwide. Three special film subjects, including the film "Caracas: Resolution and Reality," were sent to all posts in the area.

Not only posts in this area but selected posts around the world regularly filed back useful stories for cross-reporting together with analyses of local opinion trends. When it became clear from these reports and other sources that censorship inside Guatemala was preventing foreign correspondents from reporting the story, while at the same time Guatemalan and allied sources were pushing their own version of the revolt, the Agency detailed an experienced press officer to Tegucigalpa in Operation Berry. This consisted of assembling daily, from intelligence sources, a succinct account of events within Guatemala and forwarding by cable to Embassy Tegucigalpa. The press liaison officer informally passed this information along to selected correspondents. Coverage immediately began to improve, helping also to offset cross-reporting by foreign news agencies of anti-U.S. comment.

Field reports now coming in show effective use of materials produced here and by the field posts themselves. Wireless File materials were well received by both metropolitan and provincial papers as timely and effective and were widely printed, frequently without attribution to USIS. This was also true of the anti-communist cartoon prints and plastic plates. Through well-organized mailing lists the various pamphlets and posters were put into the hands of selected individuals and groups. Local radio outlets likewise were successfully brought into play. For example, the important CMQ network in Cuba early in June agreed to use all hard-hitting commentaries on Guatemala at peak listening hours, without USIS attribution. Selected films were redirected to key groups throughout the area, including films exposing communist activities in other countries clearly paralleling the Guatemalan situation.

III. *Post-Crisis Period*

At the present time, the information treatment of the Guatemalan problem has entered the phase of disseminating the documentation only now becoming available from within Guatemala, which confirms the communist nature of the Arbenz government and demonstrates the truth of the representations previously made by the United States. In this task, the Castillo Armas government can be expected to help by exposing the atrocities and the tactics of the previous administration. Since this is the first time a communist government has been overthrown, a full case history of "rise and fall" is available, pointedly useful on a sustained basis in arousing Latin America to the methods and dangers of communist penetration. This line is also being carried worldwide to offset the large measure of skepticism which characterizes public reaction to the Guatemalan situation.

As part of the basic job of getting verified facts on communist penetration in Guatemala, the Agency detailed two cameramen to Guatemala as soon as it was possible to enter the country. A considerable quantity of sound film documenting communist atrocities is already on hand. Together with other film materials this footage will be developed into two permanent film records on communism in Guatemala, one short subject for immediate theatrical release worldwide and one longer subject for continuing use. A similar effort is being made with regard to still photos and recorded interviews. These and other efforts are in addition to publicizing official statements or reports as they become available for public use.

The Agency will continue to give high priority to Guatemala during what undoubtedly will be a long period of rehabilitation. A long-range effort of re-orientation seems indicated, at government levels and particularly in the interior areas where land has been distributed and doubts about the future persist. The Agency desires to play its part in a coordinated multi-Agency effort and has informally exchanged views with the Department of State on the type and size of resources that might be employed.

In addition to efforts within Guatemala, there is urgent need for a marked step-up in the information program for the Hemisphere, for the two-fold purpose of aggressively exposing communist penetration and bolstering democratic forces. As in efforts directed toward Guatemala, this should be part of a multi-Agency plan of action, bringing to bear on the Hemisphere greater attention and larger resources than the U.S. government has given it in the years since the war.

Editorial Note

By an exchange of notes signed at Guatemala City, July 27 and 30, 1954, and entered into force on the latter date, the United States agreed to permit the transfer to Guatemala of military equipment and matériel, including F-51 aircraft, subject to certain understandings. The notes were transmitted to the Department of State, under cover of despatch 211, from Guatemala City, dated September 14, 1954, not printed (714.5622/9-1454). For text of the notes, see *United States Treaties and Other International Agreements* (UST), volume 5 (pt. 2), page 1926, or TIAS No. 3059.

Editorial Note

By an exchange of notes signed at Washington, July 28 and August 28, 1954, and entered into force on the latter date, the United States and Guatemala agreed to extend and to amend the agreement of May 19, 1943, relating to the construction of the Inter-American Highway in Guatemala. For the text of the notes, see 5 UST (pt. 3) 2244, or TIAS No. 3084.

Guatemala Embassy files, lot 60 F 65, "350—Guatemala"

*Minutes of a Meeting, Held at the Department of State, August 8, 1954*¹

SECRET

Subject: Guatemala

Participants: Mr. Henry F. Holland
Ambassador John E. Peurifoy²
Mr. Raymond G. Leddy
Mr. Jack D. Neal
Mr. John W. Fisher

Political Situation

Ambassador Peurifoy reported that the political situation was encouraging since the August 2 rebellion of Army elements³ had been put down. Castillo Armas had tremendous popular support, and gave signs that he intended to use his power to consolidate his control firmly.

Castillo Armas proposed soon to call elections for delegates to draft a Constitution and elect a president for a specified period. This would terminate the Junta, and would be preferable to Cordoba Cerna's idea of submitting a "statute" to referendum, which would provide for con-

¹ Drafted by Mr. Fisher on Aug. 12.

² Ambassador Peurifoy was in Washington for consultations at the Department of State during most of the early part of August; he returned to Guatemala on Aug. 16.

³ Documentation relating to this subject is in file 714.00.

tinuation of Castillo Armas in power. Castillo's popularity right now was so great that no opposition candidate would have a chance, if one could be found. Mr. Leddy expressed concern over risking elections, pointed out the danger of adverse results, citing the case of Venezuela.⁴ Mr. Holland felt the situations were dissimilar in that view of Castillo Armas enjoyed great popularity at this moment, and his potential opposition had not had three years to prepare, as had been the case in Venezuela.

Cordoba Cerna appeared to be the best man in sight as advisor to Castillo Armas, and perhaps eventually president. He would return to Guatemala next week, after Ambassador Peurifoy had had an opportunity to confer with him. Ambassador Peurifoy would return shortly afterwards.

Labor

Principal problem is lack of leaders. Solutions suggested: creation of a labor leader training institute in Guatemala, which has been proposed by ORIT leaders. Guatemalan leaders may also be trained in the United States, where they can observe highly developed trade union practices, and in Puerto Rico, where they can be seen adapted to more primitive conditions.

A further problem is that of employers attitudes. The IRCA is reported to have begun to institute a retaliatory policy against employees who have been strong union men, as distinguished from Communists or sympathizers. This must be stopped, as it will put United States concerns in the van in a turn-back-the-clock operation. Montgomery⁵ and others should be approached on this problem.

The Guatemalan labor code will have to be overhauled or replaced. Vallon⁶ will be able to make recommendations on a United States or other technician who can help with this.

A fourth problem is that of the affiliations of such Guatemalan labor organizations as develop there. Our position is that we support free labor organization at the local level, as well as free association with in-

⁴ Apparent reference to the Venezuelan national election held on Nov. 30, 1952; see Mr. Miller's memorandum to the Secretary, Dec. 5, 1952, p. 1635.

⁵ Presumably Joseph W. Montgomery, vice president, United Fruit Company.

⁶ Edwin E. Vallon; on detail from the Department of State to the Department of Labor from June 30, 1952 to mid-July 1954, when he was assigned to temporary detail as labor consultant to the Embassy in Guatemala. He was appointed labor attaché on Dec. 6, 1954.

ternational groups except Communist controlled or anti-United States ones. We, therefore, look with approval on affiliation with ORIT, but that is Guatemala's business.

Asylees

There were a total of 770 persons who took asylum after Arbenz' downfall. The Castillo Armas government considers them to be in four categories: (1) women and children in asylum only because of family relationships; (2) Communists; (3) criminals; and (4) relatively harmless members of the Arbenz political regime. The Guatemalans are examining each case to determine whether the individual is guilty of crimes or Communist activities. The Guatemalan Foreign Office has no plan for disposing of the asylee problem.

There are four alternative courses: (1) turn all the asylees loose in the hemisphere with safe conducts; (2) keep all or many of them holed up in Embassies indefinitely—the Haya de la Torre⁷ solution; (3) submit to the OAS;⁸ (4) try to persuade the host governments to withdraw asylum from criminals and Communists, i.e., evict them from the Embassies. The host governments would have to be assured that the evictees would get humane treatment, i.e., Guatemala would have to guarantee prosecution in good faith of the criminals, to send to the Iron Curtain any Communists choosing to go there and accepted by a Soviet country, to free the harmless asylees, and to try to rehabilitate the dangerous ones. Alternative courses 1 and 2 constitute no solution for obvious reasons, and No. 3 would probably result in interminable debate and no solution.

Therefore, Ambassador Peurifoy should urge the Government to release the women and children, and to guarantee the humane treatment mentioned in No. 4 above so that arrangements could be made

⁷Víctor Raúl Haya de la Torre was a Peruvian political leader who had sought asylum in the Colombian Embassy at Lima in January 1949, and was unable to obtain safe conduct to leave the Embassy until March 1954, when the Peruvian Government allowed him to proceed to Mexico.

⁸In a memorandum to Deputy Assistant Secretary Woodward, Director of the Office of South American Affairs Atwood, and Mr. Burrows, dated July 5, 1954, Assistant Secretary Holland stated that "a novel, but perhaps practical solution" to the problem of the disposition of Communist leaders who took asylum in different Embassies in Guatemala "might be the establishment of two or three large prison camps, operated by the OAS itself and in which Communist agents would have a chance to demonstrate their eschewal of Communism as the price of liberty." (714.001/7-554) In a memorandum to Mr. Holland, dated July 7, 1954, Mr. Burrows commented that he believed that the Assistant Secretary's suggestion was "not a feasible or practicable one" (714.001/7-754), and in a memorandum to Mr. Holland, dated July 13, 1954, Mr. Woodward stated in part that the "establishment of an OAS detention center would be likely to create so much bad publicity that it should not be suggested unless we are certain that the dimensions of the problem are so great that they cannot be handled by Guatemala alone." (714.001/7-1354) There is no indication in Department of State files that Mr. Holland pursued the idea of a detention center.

with host governments that the latter withhold or withdraw asylum from people active on behalf of international Communism, and from criminals, both upon presentation of charges supported by prima facie evidence. If the Guatemalans accept, Mr. Holland should go to Mexico City to try to sell it to President Ruiz Cortines. Mr. Holland said Generalissimo Trujillo liked the plan but thought it wouldn't work. An alternative would be to issue safe conducts conditioned on going to an Iron Curtain country. Mr. Fisher should draft a memorandum⁹ to the Secretary recommending this course.

Economic

The Embassy had submitted some recommendations on FOA programs in agriculture, health and sanitation, and education. Our agricultural experiment station staff should be reinforced, and the corn breeding program examined for possible inclusion. The Roosevelt Hospital should be finished off as quickly as possible.

Ambassador Peurifoy recommended that strong assistance be given the American School in Guatemala. It badly needs a new building. If the FOA cannot do it, thought should be given an EXIM or other type of loan.

The Guatemalan school system, formerly riddled with Communists, should be restored as fast as possible. A suggestion is the importation of teachers from other countries, after an expert survey, possibly by FOA, reveals the requirements and recommends remedies.

The FOA labor exchange program should be implemented. An instruction¹⁰ on this has already gone down to the Embassy.

Ambassador Peurifoy should try to get the Government to invite Muñoz Marin¹¹ to visit Guatemala. Further discussion and planning of ways in which the many good examples set by Puerto Rico can be made useful to Guatemala can then go forward.

Financial

Guatemala has a public internal debt of about \$30,000,000. The Government would like to get a 30 million dollar 6-year loan or series of loans, without any publicity. It would be used to pay off the 4 to 6 million immediately and urgently due in back salaries to government employees, to start immediately a public works program, including low cost housing, and hospitals in seven zones, to complete the Roosevelt Hospital, to complete the Inter-American and possibly the Atlantic Highways, to install a \$7 million hydro-electric plant at Lake Amatitlan and other projects.

A secret loan is impractical. Guatemala may be able to get loans from several different private banks, possibly with EXIM guarantees.

⁹ *Infra.*

¹⁰ Not identified.

¹¹ Luis Muñoz Marin, Governor of Puerto Rico, 1949-1957.

The Guatemalans need first of all a fiscal expert to help them find out their true financial condition. The IBRD should send a team down to examine the economy and outline what it can do in the way of loans. Sound projects not financed by IBRD should be supported by EXIM Bank loans.

Minister of Communications Prado Velez,¹² or whoever is going to be directly responsible, should be urged to draw up plans and come to the United States to discuss them in concrete terms.

Mr. Neal should look into ways and means of furnishing Guatemala with a short term loan to meet its immediate operating needs.¹³

¹² Martín Prado Velez.

¹³ During the latter part of August and early September, officials in the Department of State discussed the possibility of a short-term loan for Guatemala against Guatemalan gold reserves. In telegram 247, from Guatemala City, dated Sept. 7, 1954, Ambassador Peurifoy stated in part the following: "Federal Reserve loan does not appear necessary since further review here indicates probability Guatemalan Government can for the present meet its obligations." (814.10/9-754)

714.001/8-1054

Memorandum by the Assistant Secretary of State for Inter-American Affairs (Holland) to the Secretary of State

CONFIDENTIAL

[WASHINGTON,] August 10, 1954.

Subject: Asylee Problem in Guatemala

Discussion:

There has been no progress toward satisfactory disposition of the Communist and other dangerous asylees in Guatemala. Of the 770 persons who took refuge in nine Latin American missions in Guatemala after the fall of the Arbenz Government, only a few women and children have been granted safe conducts out of the country. The Guatemalan Government while investigating the cases of asylees for evidence of Communist or criminal activities, has developed no policy other than to resist the growing pressure for safe conducts for all asylees, recognizing the danger of releasing into the hemisphere many Communists and sympathizers among the asylees. The OAS can probably contribute little toward a settlement besides extended debate, either inconclusive or adverse to Guatemala. However, a continued impasse will lead to serious difficulties between Guatemala and other Latin American countries, especially the host governments. Of these, Mexico is the most important with over 300 asylees in its Embassy.

The most desirable solution would be one clearly establishing the principle that the traditional benefits of asylum should be denied international Communists. It would probably best be embodied in bilateral arrangements between Guatemala and the respective host governments along the following lines: (1) host to withdraw benefits of asylum from Communists and criminals against whom charges supported by prima facie evidence are presented, i.e., evict them from diplomatic premises into Guatemalan jurisdiction; (2) Guatemala would immediately give safe conducts out of Guatemala to the relatively harmless asylees and guarantee humane treatment to persons evicted from the embassies. In this respect Guatemala would specifically undertake to prosecute in good faith those accused of crimes, to offer transportation to Iron Curtain countries to Communists who elect to go there and are admitted, and to attempt to rehabilitate the remainder, releasing those found to be harmless.

In the event this kind of solution cannot be achieved, consideration should be given the alternative of Guatemala's granting safe conducts for dangerous asylees conditioned on their being transported to and accepted by an Iron Curtain country. These alternatives have been worked out in our conferences with Amb. Peurifoy.

Recommendation:

That Embassy Guatemala seek the Guatemalan Government's concurrence on the proposals suggested, and that if given, I personally visit President Ruiz Cortines of Mexico to try to persuade him to accept a solution along the lines outlined.¹

¹ Secretary Dulles approved this recommendation "subject to CIA views."

714.00/8-2754:Telegram

*The Secretary of State to the Embassy in Guatemala*¹

SECRET PRIORITY WASHINGTON, August 31, 1954—7:25 p. m.

178. Department concerned lest threatened break between Castillo, Cordova Cerna and Monzon (urtel 225)² lead renewed violence and jeopardize anti-Communist victory achieved by June revolution. Cable your estimate current intentions Monzon and Castillo and military support on which all three men can count.

¹ Drafted, with the assistance of Mr. Leddy, and signed by Assistant Secretary Holland.

² The referenced telegram, dated Aug. 27, 1954, is not printed (714.00/8-2754).

On basis evidence available to Department it appears we have following alternatives:

(1) Support Cordova proposal to purge Monzon and subordinate Castillo to new group dominated by Cordova. If successful program would ensure effective elimination Communists from political life country. Disadvantages are Cordova's lack significant popular support except among conservative and business groups and uncertainty his ability control regular army and liberation military forces.

(2) Unlimited support of Castillo against Cordova and Monzon on basis his popularity with people, his control airforce and presumed control liberation forces and at least significant portion regular army. Disadvantage is his demonstrated lack of ability govern and risk defections and revolution now or later.

(3) Attempt persuade Castillo, Monzon and Cordova to collaborate until revolutionary changes better consolidated by taking following steps:

(a) Assure Monzon and regular Army we are not opposed to Army as an institution and recognize great majority officer corps loyal present Government. As long as regular Army loyal Government we will urge protection its legitimate interests. FYI only we would interpret this to include gradual and selective purge unreliable officers in such way as would minimize risk regular army officers will consider counter-revolution necessary to protect their jobs. End FYI. In this connection please comment probable reaction Castillo and Cordova to such an assurance to Monzon.

(b) Friendly but firm statement to Castillo and Cordova that we expect them collaborate for good Guatemala until revolutionary gains consolidated. In this connection not clear Department whether Monzon's resignation from Government at this time would provoke reaction from regular Army and whether Castillo or others pressing for his immediate resignation. Please clarify.

Department inclined believe third alternative preferable but recognizes decision must be governed by local situation. Submit Embassy analysis stating whether situation deteriorating so rapidly that immediate action necessary.³

DULLES

³In telegram 234, from Guatemala City, dated Aug. 31, 1954, Ambassador Peurifoy reported that he had discussed the Guatemalan political situation with the three members of the Junta of Government, and that during the discussion Colonel Monzón remarked that in spite of the fact that the members of the Junta had collaborated loyally with each other, confidence had not returned to Guatemala, and "he had concluded that only by placing full powers in hands of one man in accordance with Guatemalan tradition could stability be assured. Hence, two days ago he had voluntarily suggested he and Oliva resign; Oliva had subsequently agreed." (714.00/8-3154) On Sept. 1, 1954, Colonel Monzón and Major Oliva resigned, the Junta was dissolved, and Castillo Armas assumed the provisional Presidency of Guatemala. On Oct. 10, 1954, the results of a popular election held in Guatemala confirmed Castillo Armas as President of the country.

Editorial Note

On September 1, 1954, the United States and Guatemala signed at Guatemala City a General Agreement for Technical Cooperation, which entered into force on the same date. The agreement was transmitted to the Department of State under cover of despatch 233, from Guatemala City, dated September 22, 1954, not printed (814.00 TA/9-2254). For text of the agreement, see 5 UST (pt. 2) 2010, or TIAS No. 3068.

714.00/9-254:Telegram

The Ambassador in Guatemala (Peurifoy) to the Department of State

CONFIDENTIAL
PRIORITY

GUATEMALA CITY, September 2, 1954—4 p. m.
[Received September 3—2:24 a. m.]

241. First night, following assumption of presidency by Colonel Castillo Armas, passed without incident. While government officials expressed confidence there would be no trouble they said suitable precautions against possible military uprising had been taken and press this morning reports Castillo together with former Junta members Monzon and Oliva visited principal military centers yesterday where Castillo received assurances support and Monzon and Oliva emphasized their resignations had been voluntary and not as result of pressure. However, some army officers are known to feel that Monzon's resignation violated pact of San Salvador and that they are under no obligation whatever to Castillo. Hence while Castillo has survived first critical moments possibility of disturbances later cannot be entirely discounted.

I talked with President Castillo for an hour last night at home of Minister of Communications Prado Velez and endeavored to impress on him need for decisive action if he was to hold confidence of country. I urged advantage be taken of resignation of Cabinet to replace incompetents with capable men. I then asked his views on proposal to hold Constituent Assembly, suggesting such action in near future desirable to enhance domestic and foreign prestige of his government and reassure Guatemalans who feared long period of dictatorship. Castillo said he planned to announce intention call Constituent Assembly in speech today but that he did not think it should be held until problem of unemployment had been substantially overcome since he feared jobless would be easy prey to Communist

propaganda. I asked when he thought elections would be held and he said as soon as highway construction program could be gotten under way, especially construction of inter-American highway. I then told him all formalities had been complied with and that representative of BPR would arrive in Guatemala soon to assist in starting work. Castillo was pleased and said he would probably refer to this development in his address to nation.

President then said he had two matters he wished discuss with me: Labor and relations with American companies. On labor, he said he had had to take harsh measures to break Communist control of unions but that he wished to attract labor support for his government and avoid reputation abroad of being anti-labor. He thought time had come to reorganize unions and regretted that American companies were opposing his efforts. He hoped they could be induced to cooperate with government in eliminating Communists and setting up free unions, thus avoiding vacuum in labor movement, which Communists would take advantage of to organize labor clandestinely. I expressed full agreement with his views and said I knew Department also agreed.

It will be noted President's spontaneously expressed views on labor differ sharply from alleged government position as stated by IRCA Railway official who called on me yesterday (Embassy telegram 238).¹

Continuing this conversation Castillo said that relations with American companies were generally excellent. Both UFCO and IRCA had expressed willingness revise their contracts to give greater benefits to government and he hoped detailed negotiations might be undertaken soon. Only Electric Power Company had not made any offer. I replied I hoped mutually satisfactory arrangements could be worked out with all companies especially in view of government's urgent need for additional revenue.

In conclusion President said his advisers were working on provisional law to permit exploration for petroleum to get underway at once and that later complete new petroleum law would be drawn up possibly with aid of US expert not connected with oil companies. I encouraged him to proceed along this line and mentioned Max Ball as outstanding authority on petroleum legislation.

PEURIFOY

¹ In the referenced telegram, from Guatemala City, dated Sept. 2, 1954, Ambassador Peurifoy reported that at a meeting with officials of the leading American-owned companies in Guatemala, IRCA and other company officials had stated that they needed a minimum of six months "free of union activity" in order to clean out Communists so that they could reorganize their operations on a "stable basis", that the Guatemalan Government agreed, but would not act "while Department and Embassy sympathetic toward union movement." (814.062/9-254)

714.00/9-854:Telegram

*The Ambassador in Guatemala (Peurifoy) to the Department of State*¹CONFIDENTIAL
PRIORITY

GUATEMALA CITY, September 8, 1954—7 p. m.

256. In talk with Foreign Minister Salazar² today I inquired about Guatemalan Government's policy on asylees explaining I had been confused by circumstance that President Castillo Armas in Salazar's presence had agreed to Department's proposal for making renewed effort to prevent dispersion of Communists and other undesirables throughout hemisphere and that I had subsequently learned through newspapers that safe conducts were being issued to all asylees.

Salazar, obviously embarrassed, said that until recently he had issued safe conducts only to persons of minor importance until about five days ago Mexican Ambassador had visited Castillo and asked that asylees be cleared out of Embassy before September 16, Mexico's national holiday. Subsequently, Castillo had instructed that safe conducts be issued to all asylees without distinction. Salazar said he had reminded Castillo of his agreement with me but Castillo had replied that nothing had been done and plan must have failed.

I replied it was extremely embarrassing for me and my government to have policy changed in this manner without our being informed and that our Ambassador in Mexico³ had been conducting negotiations with Mexican authorities and planned to see President tomorrow. In conclusion I said with reference to Mexican Ambassador it was interesting to know whose advice Castillo accepted. Salazar repeatedly said he was sorry but feared nothing more could be done on this matter now.⁴

PEURIFOY

¹ Repeated for information to the Embassy at Mexico City.

² Carlos Salazar Gática, Guatemalan Minister of Foreign Relations.

³ Francis White.

⁴ Circular telegram 135, dated Sept. 10, 1954, sent to the Embassies at Buenos Aires, Mexico City, San José, San Salvador, Santiago, and Quito, and repeated to the Embassies in the other American Republics, reads in part as follows: "[We] believe it is of the utmost importance that governments receiving asylees [from Guatemala] maintain both in their own interest and that of other American republics continuous and effective surveillance these persons while they remain in their jurisdiction, take measures assure prevention their engaging in subversive activities, and inform other American republics regarding destination should their efforts leave that country be successful. In our view appropriate destinations further travel for most of these individuals would be Guatemala in response extradition request that Government, or behind Iron Curtain." (714.00/9-1054)

814.00/9-3054

*The Acting Secretary of State to the Director of the Foreign
Operations Administration (Stassen)*¹

CONFIDENTIAL

[WASHINGTON,] September 30, 1954.

DEAR MR. STASSEN: Since the overthrow of the pro-Communist Arbenz Government in Guatemala approximately three months ago, the Department of State and the Foreign Operations Administration have both given urgent and careful study to the problem of the economic rebuilding of that country, and the specific part which can be played by aid from our Government. A marked decline in economic activity consequent upon the disturbances of May and June of this year has been reflected in increasing unemployment, reduced levels of income particularly among the lower classes of the population, and a retarding or total cessation, in some cases, in normal expansion and growth. The Government of Guatemala, suffering extraordinary expenses at a time when the national treasury was found to be looted by the departing regime, has not been able to count fully on even normal sources of revenue to cope with the new burdens of reconstruction. Emergency loans to the Government may be obtained, on a limited basis, from internal banking sources; but as the Government is unwilling (for domestic political reasons of considerable importance) to look for private foreign loans through usual banking channels, it has become apparent that some form of foreign aid is indispensable to meet the pressing need for renewed economic activity and restoration of confidence.

The interest of our Government in a favorable solution of this problem has been expressed publicly by the Secretary of State on June 30, 1954,² and reiterated by President Eisenhower on August 16, 1954. The rebuilding of the Guatemalan economy, as a bulwark against the return of Communist domination of that country, is a very important objective of our foreign policy.

Within the last two weeks, a representative³ of the International Bank for Reconstruction and Development visited Guatemala for the purpose of estimating present needs on which that institution can assist. On his return earlier this week, we were informed by President

¹ Drafted by Mr. Leddy.

² Reference is to the Secretary's address over radio and television on June 30, 1954; for text, see Department of State *Bulletin*, July 12, 1954, pp. 43-45.

³ Enrique Lopez Herrarte.

Black⁴ that this representative recommended against any loans to Guatemala at this time.⁵ Likewise, during the present week, it has been indicated to this Department that the policy of the Export Import Bank is not in favor of the kind of loan which is now needed by Guatemala. Accordingly, it would appear that neither the International Bank nor the Export Import Bank can now be looked to as sources for emergency economic or financial assistance to Guatemala at this time.

Meanwhile, our Embassy at Guatemala City has reported that the Guatemalan economy stands in urgent need of strengthening through the initiation of public works programs which will absorb a large portion of the many thousands now unemployed, and restore confidence by demonstrating the willingness of the United States to support the regime. The Embassy has pointed out that time is a precious commodity in the present urgent need, and has specifically recommended that a loan of ten million dollars be obtained from the Export Import Bank for purposes of road construction and other public works. Your attention is drawn to Embassy cable No. 247, dated September 7, 1954,⁶ copy of which was distributed to the Foreign Operations Administration. In Washington, the Embassy of Guatemala has on September 20, 1954, submitted a formal note⁷ to this Department requesting that the sum of ten million dollars be made available to the Government of Guatemala, in order to pull the country's economy out of the state of partial paralysis which has developed as a result of Communist depredations and mismanagement.

In the present circumstances, it is the considered judgment of the Department of State that our policy objectives in Guatemala require a rapid injection of new funds into the Guatemalan economy, and that this could best be accomplished by a specific grant for public works in the fields of housing, road construction and sanitation and other development purposes. These projects will, in the main, fall within the purview of the Foreign Operations Administration, and could properly receive its supervision and guidance. The amount deemed necessary, during the present fiscal year, is estimated at five million dollars. The

⁴ Eugene R. Black, President, International Bank for Reconstruction and Development.

⁵ In a memorandum of conversation which took place at the Department of State between Assistant Secretary of State for Economic Affairs Waugh, Acting Assistant Secretary of State for Inter-American Affairs Woodward, Special Assistant in the Office of Financial and Development Policy Robinson, Mr. Black, Burke Knapp, and Mr. Lopez Herrarte of the IBRD, drafted by Director of the Office of Middle American Affairs Newbegin, dated Sept. 20, 1954, not printed, Mr. Lopez Herrarte is recorded as having stated that there was no present need for commercial loans in Guatemala, that the financial plans of the government were insufficiently definite and too far removed from any operation that would result in a bankable loan, and that loans would be unjustified from the standpoint of the unstable political and constitutional situation in the country (814.10/9-2054).

⁶ Not printed (814.10/9-754).

⁷ Reference is to Guatemalan Embassy note no. 1302, dated Sept. 17, 1954, not printed (814.10/9-1754).

allocation and distribution of such funds should remain under control of representatives of the United States Government by requiring that release be made solely on the joint signature of the Country Director of FOA and the American Ambassador.

Such aid to the Government of Guatemala should not encourage other Latin American Governments to feel they should receive similar assistance. The special needs of Guatemala are generally recognized by other Governments as well as our own, and the public assurance of aid to Guatemala, given by the President and the Secretary of State, has been generally accepted by other governments in Latin America as a recognition on our part of the peculiar and dangerous conditions which followed upon the overthrow of the pro-Communist regime. It is not anticipated that the action recommended will cause ill feeling among other Latin American Governments or precipitate requests by them for equal treatment.

May I therefore request that you give urgent consideration to the feasibility of making available to Guatemala the sum of five million dollars for public works in the fields of housing, road construction, and sanitation and other development purposes and that designated officers of your Agency confer with officers of the Department at the earliest possible moment to achieve this purpose.⁸

Sincerely,

WALTER B. SMITH

⁸ On Oct. 5, 1954, Mr. Stassen, Ambassador Armour, who was in Washington for consultations at the Department of State, and Mr. Fisher discussed the subject of emergency FOA aid for Guatemala at the Department of State. In a memorandum of that conversation, by Mr. Fisher, dated Oct. 6, Mr. Stassen is reported to have stated his agreement that in general Latin America had been "sadly neglected" by the United States, that in the specific case of Guatemala "he would do what he could to resolve the problem", and that "one of the factors involved was that the President's emergency fund, contrary to what many believed, was not a separate unallocated sum, but merely an authority to transfer funds among existing allocations." (814.00 TA/10-554)

814.00 TA/10-1654

*The Acting Director of the Foreign Operations Administration
(FitzGerald) to the Secretary of State*

CONFIDENTIAL

WASHINGTON, October 16, 1954.

DEAR MR. SECRETARY: This is in response to the letter of September 30, from Honorable Walter B. Smith, then Acting Secretary of State, proposing a \$5,000,000 grant for Guatemala.¹

The Foreign Operations Administration is fully aware of the United States policy of supporting the new non-communist government in Guatemala by improving the economic conditions in that country. Already we have (1) greatly increased the Guatemalan technical assistance budget from \$190,000 to \$1,300,000, to be used primarily

¹ *Supra.*

in the basic fields of agricultural extension and research, public health and sanitation, and education, and to provide industrial, economic and financial advisors on a short-term basis upon request by the Guatemalan Government, (2) made an economic development grant of \$500,000, to be matched by the Government of Guatemala, for the Roosevelt Hospital, which will put into operation two units (pediatrics, obstetrics and general services) of that hospital.

Finally, we are prepared to make available modest additional funds on a grant basis for projects designed to help shore up the more vulnerable areas of the economy and to provide some immediate relief to the unemployment problem. We are not, however, in a position to provide Guatemala with a grant in the magnitude of \$5,000,000 because of other high priority requirements for our limited funds and since it is not clear that sound projects have been or can be developed for the prompt use of this amount. While we will, in any event, have to use the authority granted the President in the Mutual Security Act of 1954² to transfer funds into the Latin American area, such transfer must be kept to the irreducible minimum. We believe, therefore, that we can carry out the foreign policy objectives of the United States in Guatemala by providing at this time for a grant of \$1,000,000 and thereafter keeping the situation under continuous review.

While we realize that the Department of State has the primary responsibility for deciding whether a grant of \$5,000,000 to Guatemala would have had any adverse effect on our relations with other Central American Republics, we should like to express our view, for such value as it may be to you, that the adverse effects would have been very considerable.³

As for the uses to which a grant of \$1,000,000 would be put, we will request the United States Operations Mission Director in Guatemala⁴ to develop a proposed operating plan with representatives of the Guatemalan Government which would emphasize (1) immediate "impact" projects having the primary purpose of putting unemployed to work on sound, though probably small, public works projects, and other developmental activities, and (2) the preparation of detailed plans for sound bankable economic development projects for submission to the International Bank for Reconstruction and Development or

²For text of the Mutual Security Act of 1954 (Public Law 665), approved Aug. 26, 1954, see 68 Stat. 832.

³In a memorandum to Mr. Waugh, dated Oct. 15, 1954, Director of the Office of Financial and Development Policy Corbett, stated in part the following: "At staff level in FOA there is apparently a feeling that a grant to Guatemala would encourage similar requests for other American Republics, particularly those in Central America." (714.5 MSP/10-1554)

⁴Edward J. Martin.

the Export-Import Bank. We would use our good offices in assisting Guatemala in presenting such projects to the banks for their consideration.

We understand that the Guatemalan Government has recently appointed a Coordinator of Technical Cooperation, which should facilitate the development of the most constructive proposals for the use of the proposed grant.

We are prepared promptly to advise the Guatemalan Government of an allotment of \$1,000,000 on a grant basis, and will time such advice so as to permit the Department to obtain the maximum political advantage therefrom.

We also will have available shortly a suggested draft of a broad agreement covering the general terms and conditions of such a grant, which if you find it satisfactory, we would hope you could negotiate as soon as possible with the Guatemalan Government so that the United States Operations Mission can develop operating agreements promptly.

It is our understanding that the Operations Coordinating Board, at its meeting on October 6, approved a grant to Guatemala at this time of \$1,000,000 and the use thereof for the operating programs indicated above.

Sincerely yours,

D. A. FITZGERALD

814.10/10-2254: Telegram

The Ambassador in Guatemala (Armour) to the Department of State

CONFIDENTIAL

GUATEMALA CITY, October 22, 1954—4 p. m.

332. Joint State-FOA message. President Castillo informed me yesterday he attaches highest priority completion and improvement south coastal highway and suggested Guatemala could provide one for each two dollars granted by US. On basis this new approach and in light following considerations, recommend reconsideration 5 million grant (Department telegram 324 October 21):¹

(1) As a result our identification in Guatemalan official and public mind with liberation movement and statements by US officials concerning aid there is general expectation large-scale grant as witness Monzon's memorandum² requesting some 280 millions. We have suc-

¹ No telegram fitting this description was found in Department of State files. The reference may be to telegram 276, dated Oct. 20, 1954, which reported that FOA was not in a position to provide Guatemala with a grant of \$5 million because of fund limitations and no clear indication of progress toward developing sound projects. It would, however, consider a possible grant of \$1 million and keep it under continuous review. (814.00 TA/10-1954)

² Not identified.

ceeded in reducing requests from 280 to 10. We believe we can cut 10 to 5 without bad effect. But we cannot go all the way to 1 without serious risk disillusionment and addition another element instability in already difficult and complex situation.

(2) Grant need not be regarded as precedent. Roosevelt Hospital and Inter-American Highway are continuation old programs and are not peculiar Guatemala. Aid on basis Guatemala matching funds can be said be extension same program designed maintain equality treatment by making up for years when Guatemala received no aid because Communists.

(3) There is real need. Money could be used kill several birds one stone—help restore confidence economy, alleviate unemployment and help build roads now virtually impassable on Pacific Coast agricultural region over which between 60 to 80 percent of wealth produced in country must move.

(4) Guatemala is doing its part. New one-time tax imposed October 19 designed supply \$6.2 million is stiff medicine especially at time of falling coffee prices. Furthermore, Castillo sincerely desires put economic house in order as witness request for financial advisor and disposition discuss with us in advance petroleum and other major economic policies.

(5) Policy of little or no aid may well diminish Embassy's influence on negotiations for new petroleum law, new contract United Fruit and adjustment differences re electric company, Grace Lines and Pan Air. Success in obtaining satisfactory oil law might alone yield tax revenues to US far in excess of 5 millions in issue.

(6) Failure supply adequate grant may result in no aid in view Guatemala's long tradition no foreign loans. It will certainly postpone aid for estimated minimum one year required make detailed justifications and conclude negotiations with lending institutions. Next 12 months are critical ones.

(7) We disagree sound projects cannot be developed quickly. World Bank assigns high priority south coastal highway, page 203, its detailed report.³ Johnson Drake Piper, 86 Trinity Place, New York, did considerable work south coastal roads 1949–50 and estimates cost resurfacing 52 kilometers Guatemala City to Escuintla at half million. This central artery very bad condition and cost-saving it will be higher if not repaired soon. Same company estimates cost repair completion 113 kilometers Popaya to Retalhuleu to Talisman and 32 kilometers Retalhuleu to Champerico at 8.5 millions with estimated dollar costs including 1 million asphalt and fuel, 1.2 million steel bridge work, 1.1

³Reference is to *The Economic Development of Guatemala: Report of a Mission sponsored by the International Bank for Reconstruction and Development in collaboration with the Government of Guatemala* (Washington, 1951).

million culvert pipe, reinforcing steel, tracts, spare and replacement parts for Guatemalan road building equipment. Estimates Guatemalan Highway Department higher with neither figure including cost connection highway with Salvador also desired by President. This American company offers commence work within 30 days on basis cost plus 5½ percent with appropriate incentive clauses. Regardless whether this or other agency or company used it should not be difficult with competent FOA or Bureau Public Roads supervision assure efficient use. Completion detailed justification serve basis bids might take month. Furthermore, in unlikely event unable wisely spend entire sum this year carry over small excess into next year as in case other countries should present no serious problem.

(8) Time of essence. We have too large a stake in this government to delay meaningful aid.⁴

ARMOUR

⁴In a memorandum of telephone conversation between Ambassador Armour, Counselor of Embassy Mann, and Assistant Secretary Holland, dated Oct. 25, 1954, Mr. Holland is reported as having stated that the FOA had agreed to increase the total amount of aid to Guatemala from \$2.8 million to \$5 million, that the increase "had been obtained just on muscle", and that "the disposition to do what was necessary was deep and reliable here and, if we pushed it the right way, whatever had to be done could be done." (814.00 TA/10-2554) Information in Department of State files indicates that the additional \$2,200,000 was to be made up of \$1,700,000 transferred to Guatemala from the general technical cooperation account for Latin America and \$500,000 from the development aid account for Bolivia (Memorandum to Under Secretary Murphy, by Special Assistant to the Secretary Nolting, Oct. 25, 1954, not printed, 814.00/10-2554).

714.56/10-2754

*The Secretary of State to the Secretary of Defense (Wilson)*¹

SECRET

[WASHINGTON,] October 27, 1954.

DEAR MR. SECRETARY: Arrangements were made in July of this year between the United States and the new Government of Guatemala under which that government became eligible to purchase military equipment from this government.² The Guatemalan Government has taken action which has removed the objection that the United States had to Guatemala's reservation to the Inter-American Treaty of Reciprocal Assistance and it now appears that Guatemala will become a party to that Treaty in the near future.³ It is also ex-

¹ Drafted by Robert M. Sayre of the Office of Regional American Affairs.

² Reference is to the agreement effected by an exchange of notes at Guatemala City, dated July 27 and 30, 1954; see the editorial note, p. 1217.

³ Guatemala's ratification of the Rio Treaty was deposited, with a reservation, on Apr. 6, 1955.

pected that Guatemala will soon approve the defense plans of the Inter-American Defense Board. As a further means of strengthening Guatemala's military relations with the United States and the other American Republics, I recommend that early consideration be given to developing a hemisphere defense role for Guatemala as a first step in the direction of establishing the eligibility of Guatemala for grant military assistance under the provisions of Section 105 of the Mutual Security Act of 1954.

The present Government of Guatemala, which came to power by ousting a communist controlled government, is cooperating fully with the United States and it is in the interest of the United States that this government be supported. Action has already been taken to provide economic assistance to Guatemala and further measures of economic cooperation are under consideration. These measures should assist in maintaining popular support of the present government and help to stabilize the economic situation in that country, but they make no direct contribution to winning and maintaining the support of the Guatemalan military establishment, which probably will assert the determining influence in any political crisis in Guatemala. Although a military assistance agreement with Guatemala would have the purpose of assisting that country to develop a unit, or units, of its armed forces for hemisphere defense missions, provision of assistance under such an agreement would have the additional result of helping to modernize the Guatemalan military establishment. It is believed that a bilateral agreement with the Guatemalan Government would therefore have considerable appeal to the Guatemalan military and the conclusion of an agreement would be a major step in the direction of assuring continued Guatemalan military support of the present Government. The ability of the present Government to obtain assistance would be the more important because of the failure of the previous regime to obtain military equipment from us and would serve to strengthen the Government's prestige with the Guatemalan Army and thus enhance its ability to maintain internal order.

In view of the unsettled situation in Guatemala it is, quite apart from support of the present Government, important to maintain the friendship and cooperation of the Guatemalan Army because it is, in the final analysis, in the best position to determine the successor government and its orientation. I think it would be a grave error on our part not to recognize that fact and to do everything possible to orient the Guatemalan military toward the United States and secure its firm support for our policy of assuring that communism does not again acquire any influence in the Guatemalan Government.

Because of the special nature of Guatemala's case, I consider it of great importance that we be in a position to offer the Guatemalan Government a bilateral military assistance agreement as soon as that

Government completes ratification of the Inter-American Treaty of Reciprocal Assistance. That should occur within the next sixty days. I therefore urge that prompt consideration be given to developing a defense role for Guatemala and to making available the necessary funds during this fiscal year and fiscal year 1956 to initiate and carry out a suitable military assistance program in Guatemala.

Sincerely yours,

JOHN FOSTER DULLES

714.5 MSP/11-2454

The Secretary of Defense (Wilson) to the Secretary of State

SECRET

WASHINGTON, November 24, 1954.

DEAR MR. SECRETARY: I refer to your letter of 27 October 1954,¹ with regard to a possible military assistance program to Guatemala. You urge prompt consideration be given to developing a defense role for Guatemala and to making funds available to initiate and carry out a suitable military assistance program for that country.

You are aware, of course, that because of the limited MDA funds available for Latin America, a military assistance program for Guatemala can be carried out only at the expense of other programs world-wide. You will appreciate that the cumulative effect of supporting numerous new programs in Latin America, by diversion of the limited MDA Program funds, is of much greater significance than would be indicated by the relatively small amount of funds required for individual country programs in the area. In the case of Guatemala, such diversion of funds at this time can be justified primarily by political considerations only.

Before the Department of Defense can develop a proper defense role and force bases for Guatemala, it will be necessary to make a military survey of that country in order to examine defense requirements, status of equipment and troops, and ability of the country to support military forces. Such a military survey is necessary to prevent recurrence of the hastily implemented program for Honduras, in which there was considerable duplication of equipment and in which there has been criticism from the U.S. Ambassador as to the type of unit supported. It is realized that conduct of the survey might make it difficult to meet your timetable for presentation of a bilateral military assistance agreement to the government of Guatemala. However, dispatch of a survey team before presentation of a bilateral agreement might provide some psychological advantage and, in any event, will provide a basis for development of a sounder program for Guatemala than would otherwise be possible.

¹ *Supra.*

It is requested that the Department of State obtain political clearance for the conduct of a military survey of Guatemala. Concurrently, the Department of Defense will make preparation for prompt dispatch of a military survey team, as well as subsidiary actions required before negotiation of the necessary bilateral agreements with Guatemala can take place.

It is further requested that your Department be prepared to initiate action to obtain the required Presidential determination as to the eligibility of Guatemala for grant military assistance. In the meantime, direct contact may be established with the Chairman, US Delegation, Inter-American Defense Board,² who will be responsible for the military survey of Guatemala, and for carrying out the necessary bilateral negotiations for the Department of Defense.³

Sincerely yours,

C. E. WILSON

²Lt. Gen. Howard A. Craig, USAF.

³In a letter to Secretary of Defense Wilson, dated Dec. 2, 1954, not printed, Deputy Under Secretary Murphy stated that the military survey requested by Secretary Wilson had already been completed, and that upon receipt of a letter from the Department of Defense indicating that defense plans required the participation of Guatemala, the Department of State would seek the necessary Presidential determination as to Guatemala's eligibility for grant military assistance (714.5 MSP/11-2454).

714.56/11-2654

*The Secretary of State to the Director of the Foreign Operations
Administration (Stassen)*¹

SECRET

[WASHINGTON,] November 26, 1954.

DEAR MR. STASSEN: Our Ambassador to Guatemala has urgently recommended, for important political reasons, that certain military equipment be made available to the Government of Guatemala and delivered before December 22, 1954. The equipment is desired for use in connection with a military demonstration to be held in Guatemala City on December 22, 1954, for the purpose of encouraging anti-communist elements and deterring communist conspiracy in Guatemala by a public show of Guatemalan military strength. As indicated in the enclosed memorandum of November 23, 1954,² from the Department of the Army, General Matthew B. Ridgway has informed the Guatemalan Ambassador, in Washington, that the Department of the Army will prepare the desired equipment for shipment without delay on a vessel scheduled to depart from New Orleans on December 10 and to arrive

¹Drafted by Special Assistant for Inter-American Military Affairs Spencer and Mr. Fisher.

²Not attached to source text.

in Puerto Barrios on December 16. The Guatemalan Ambassador, however, has informed General Ridgway and representatives of the State Department that his Government cannot at the present time make full payment for the equipment in cash but would be prepared to pay for it on deferred payment terms under the provisions of Section 106, Public Law 665, approved August 26, 1954.

The Department of State believes that a public demonstration by Guatemalan military forces in possession of adequate equipment recently delivered by the United States would emphasize to communist elements in the Central American area the firm intention and the capability of the present Guatemalan Government to resist communist subversion and conspiracy with armed force and the determination of the United States to support Guatemala in resisting communism. This would conform with our national policy objective of eliminating the threat of communism from Guatemala and the Central American area. The Department of State therefore strongly recommends that Guatemala be permitted to procure the desired equipment on deferred payment terms and that the transaction be authorized in sufficient time to assure delivery of the equipment in Guatemala before December 22.³

Sincerely yours,

For the Secretary of State
FREDERICK E. NOLTING, JR.
*Special Assistant to the Secretary
for Mutual Security Affairs*

³ In a letter to Mr. Stassen, dated Nov. 29, 1954, supplementing this letter, Mr. Nolting, for the Secretary of State, stated in part that in spite of the current shortage of cash resources in Guatemala the Department of State believed that the country's economy was "basically sound and that the long term fiscal outlook of the Government may be considered as reasonably optimistic." (714.5 MSP/11-2954)

Information in Department of State files indicates that by Dec. 3, 1954, the Department approved for sale to Guatemala on deferred credit terms military equipment, including vehicles, parts, and small arms ammunition, valued at approximately \$400,000 (714.5 MSP/12-354), and that most of this equipment arrived in Guatemala prior to Dec. 22. Additional pertinent documentation is in files 714.5 MSP and 714.56.

Editorial Note

On December 13, 1954, the United States and Guatemala signed at Washington an agreement providing for development assistance to Guatemala, which entered into force on the same date. For text of the agreement, see 5 UST (pt. 3) 2972, or TIAS No. 3155. For additional information, see Department of State press release 715, dated December 13, 1954, in the Department of State *Bulletin*, December 27, 1954, page 985.

MID files, lot 58 D 18

*Memorandum by John W. Fisher of the Office of Middle American
Affairs¹*

CONFIDENTIAL

BALANCE SHEET—DECEMBER 31, 1954

GUATEMALA

Guatemala Wants:

1. Faster implementation of economic and technical assistance promised by U.S.
2. Grant of 12,000 metric tons of corn to relieve shortage.
3. Cash assistance to get Inter-American Highway work accelerated pending reimbursement from U.S. funds.
4. Reimbursement for services of Elmer Batzell, petroleum adviser contracted by Guatemalan Government.
5. Renegotiation of U.S.-Guatemalan Trade Agreement.
6. A Bilateral Military Assistance Agreement with the U.S.

United States Wants:

1. Acceptance of sound advice in fiscal and development policy.
2. Coordination of technical advice received from U.S. and that received from Venezuela (petroleum), IBRD and IMF (financial and economic development), and any other non-U.S. sources.
3. Encouragement by Guatemala of repatriation of its own private capital abroad.
4. Discussion of an Investment Guarantee Treaty with the U.S.
5. Conclusion of Air and Military Mission Agreements.

¹ There is no indication of a drafting date on the source text.