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CENTRAL INTELLIGENCE AGENCY

19 April 1955

MEMORANDUM FOR: Mr. Allan Evans (OIR)
Colonel Paul S. Reinecke, USA (G-2)
Captain B. E. Wiggin, USN (ONI)
Colonel Willis B. Sawyer, USAF (AFOIN-2B2)
Colonel Floyd E. Dunn, USA (JIG)

SUBJECT : NIE 82-55: Guatemala

1. The attached terms of reference were agreed on at the meeting of the IAC representatives on Monday, 18 April.
2. All agencies are invited to contribute to any section within their competence to do so.
3. It is requested that Service contributions be received in this office by the close of business on Tuesday, 24 May. State's contribution is due on Tuesday, 31 May.

Paul A. Borel

PAUL A. BOREL
Deputy Assistant Director
National Estimates

Distribution "B"

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SUBJECT: TERMS OF REFERENCE: NIE 82-55: GUATEMALA

THE PROBLEM

To estimate the present situation in Guatemala and probable developments, with particular reference to the stability of the Castillo regime.

NOTE

The last fully developed estimate on Guatemala was NIE-84, published in May 1953. The situation to which it was addressed was radically altered by the anti-Communist revolution of 1954. The treatment of Guatemala in NIE 80-54, "The Caribbean Republics," 24 August 1954, was necessarily summary and inconclusive. There is, therefore, a need for a new and thorough examination of the Guatemalan situation.

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QUESTIONS BEARING ON THE PROBLEM

A. BACKGROUND

1. What were the aspirations of the Guatemalan Revolution of 1944? To what extent do these aspirations still command the loyalty of politically articulate Guatemalans? To what extent has the Revolution of 1944 been discredited by experience under Arevalo and Arbenz?
2. How was it that the Communists were able to gain control of the Arbenz administration? How many actual Communists were there in Guatemala in early 1954? How did the Communists exercise their influence and control? To what extent do agrarian and urban workers still regard the Communists as benefactors?
3. What anti-Communist elements were there in Guatemala before the 1954 revolution? What were their motivations? How active were they? What were their attitudes toward the Revolution of 1944?

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4. What was the attitude of the Army toward Arbenz and toward the Communists? Why did the Army not act against the Communists before Castillo Armas did? Why did it not defend the regime against Castillo Armas? Why did it turn against Arbenz? Why did it admit Castillo Armas to the Junta?

B. POLITICAL

1. What is the present political (Constitutional) status of the Castillo Armas administration?
2. What are the national policies and objectives of the Castillo regime? Do they differ from previous long-term Guatemalan objectives?
3. What are the personal characteristics of Castillo Armas, as regards his qualifications for the presidency? How great was his personal popularity when he assumed the presidency? What is the situation now? Is the difference, if any, attributable to his personal conduct or to circumstances beyond his control?

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4. What political and social elements support the Castillo regime? For what reasons? What is their strength and popular influence? How firm is their support? Have any former supporters been alienated? Has any new support been recruited?
5. How are decisions reached within the Castillo administration? Who are Castillo's principal advisers? How much influence does each have with him? What are their special interests and attitudes? In particular, what are their attitudes toward: (a) the Revolution of 1944 in general; (b) agrarian reform; (c) labor organization; (d) civil supremacy; and (e) economic nationalism? What are Castillo's personal views on these subjects?
6. What actions has the administration actually taken with respect to: (a) constitutional reform; (b) agrarian reform; (c) organized labor; (d) control of the Army; and (e) a settlement with the United Fruit Company?
7. What is the attitude of the Army toward the Castillo regime? What has been the effect of Castillo's break with Monzon? Can Castillo rely on the continued support of the Army?

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8. What political and social elements are opposed to the Castillo regime? For what reasons? What is their strength and popular influence? How intense is their opposition? To what extent is political opposition feasible in Guatemala at present? How else can disaffection express itself?

9. What action has the Castillo regime taken against Communists? -- against other adherents of Arbenz? -- against other political opponents? Do such elements constitute a present danger to the security of the regime? In what circumstances might they become dangerous? In particular, what are present Communist capabilities in Guatemala? Is there a Communist underground active within the country? How effective is it? Have the Communists any guerrilla potential through the leadership of agrarian workers? What connections have they with Communists in neighboring and other countries?

C. ECONOMIC

1. What is the present state of the Guatemalan economy? What are the most pressing economic problems? In particular, what

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is the effect of Guatemala's dependence on the export of coffee? -- of the present and anticipated state of the international coffee market? -- of the attitude and policies of Guatemalan coffee growers? -- of government policy with respect to coffee?

2. What are the economic position and prospects of the United Fruit Company in Guatemala?
3. What is the government's capacity to plan and carry out programs for economic relief and development?
4. What has been the nature and extent of international assistance to Guatemala, both private and public? -- loans, technical assistance, communications and power development, UFCO plans, petroleum exploration? To what extent can Guatemala attract foreign private investment? To what extent can it absorb such investment? Is the Castillo regime likely to resort to expropriations?
5. Are Guatemala's present economic problems a matter of temporary readjustment, or will Guatemala require continuing financial aid over an extended period?

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D. MILITARY

1. What is the present strength and effectiveness of the Guatemalan armed forces? Are they capable of maintaining internal security against internal conspiracies? -- a guerrilla uprising of agrarian workers? -- any likely filibustering attempt from neighboring countries?
2. What is the status of Guatemala with respect to Hemisphere defense and US military assistance?

E. FOREIGN RELATIONS

1. What is the attitude of the present Guatemala government toward the United States? -- the other Caribbean republics? -- Venezuela? -- ODECA? -- the OAS? -- the UN?
2. To what extent was the present government involved in the attempt to overthrow the Figueres regime in Costa Rica? Is it likely to become involved in the internal affairs of Honduras? -- of El Salvador? -- of Nicaragua?

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3. Is the present government likely to press the Belize issue?

F. PROSPECTS

1. Is the judgment expressed in the first sentence of paragraph 29, NIE 80-54, still considered valid?
2. Is the Castillo regime likely to be able to maintain itself in power through 1955? -- through 1956? -- through the expiration of Castillo's term of office in 1960? What are the essential conditions which will determine whether it survives or falls?

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