

~~SECRET~~

NIE 82-58  
29 April 1958

NATIONAL INTELLIGENCE ESTIMATE

NUMBER 82 - 58

THE OUTLOOK FOR GUATEMALA

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

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

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 29 April 1958. Concurring were The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff, Intelligence, Department of the Army; the Director of Naval Intelligence; the Assistant Chief of Staff, Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

~~SECRET~~

SECRET

CENTRAL INTELLIGENCE AGENCY

29 April 1958

SUBJECT: NIE 82-58: THE OUTLOOK FOR GUATEMALA\*

THE PROBLEM

To estimate the outlook in Guatemala over the next few years, with special reference to political trends and to Communist prospects.

CONCLUSIONS

1. President Miguel Ydigoras Fuentes, inaugurated on 2 March 1958, is authoritarian in background and outlook, but will probably endeavor to maintain a middle-of-the-road course. He now lacks assured support in Congress. We are unable to estimate whether he can develop effective congressional and popular support for his moderate program before the 1959 congressional elections. (Paras. 12, 14, 19, 30)

2. The moderate National Democratic Movement (MDN) will probably dissolve as an effective political force. The leftist Revolutionary Party (PR) is likely to become the principal party in opposition to the Ydigoras regime. (Paras. 15, 16, 30)

\* This estimate supersedes NIE 82-55, "Probable Developments in Guatemala", 26 July 1955, and so much of NIE 80-57, "Political Stability in Central America . . .", 23 April 1957, as pertains to Guatemala.

SECRET

SECRET

3. Under the leadership of men who were prominent in the Arévalo administration, the PR exerts a strong attraction as the clearest spokesman for the political, social, and economic objectives of the Guatemalan Revolution of 1944. It repudiates association with communism, but has taken no steps to check Communist penetration of its lower echelons. (Paras. 16, 31)

4. The clandestine Communist Party (PCG), recently more active, is not formidable in numbers. It is endeavoring to exert influence through penetration of the PR and the labor unions. Although the Communists will probably meet with some success in these efforts, they are not likely to gain control of these groups within the next few years. (Paras. 17, 31)

5. Should Ydigoras fail to muster sufficient party and popular support to cope with growing leftist opposition in Congress and in the country, he will probably resort increasingly to more authoritarian methods. He would probably do so reluctantly and with no greater repressive force than he judged the circumstances to require, but he is a strong man determined to rule and he would resort to outright dictatorship before he would permit political control to pass from his hands. The more repressive his regime becomes, however, the more popular disaffection will grow. (Para. 32)

6. Ydigoras' tenure of power will ultimately depend on the continued support of the armed forces, which he will make every effort

SECRET

to ensure. The armed forces would act to displace him only if popular opposition had reached such a pitch that serious civil disorder was clearly impending. (Paras. 20, 22, 33)

7. The economic situation will probably remain favorable during 1958. In the event of a further decline in coffee prices, or of a substantial decline in foreign aid after 1958, maintenance of the present high rate of public investment would confront the government with a growing budgetary deficit and an acute foreign exchange problem. (Paras. 25, 26)

8. Good relations with the United States will continue to be the cardinal element in Ydígoras foreign policy, if only because of the importance of continued US assistance to the success of his administration. While adopting a more independent attitude toward the US than did Castillo, Ydígoras will probably cooperate on most international issues. However, his agitation of the Guatemalan claim to British Honduras could be carried to a point which would be contrary to US policy interests in the area. (Paras. 23, 27, 29)

- 3 -

SECRET