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CENTRAL INTELLIGENCE AGENCY

6 January 1958

MEMORANDUM FOR: Mr. Allan Evans, State (OIRA)
Colonel E. T. Seaburn, USA (ACSI)
Captain W. S. Howell, USN (ONI)
Colonel R. B. Hibbert, USAF (AFCIN 2B2)
Colonel J. M. Pittman, USA (JIG)

SUBJECT : NIE 82-58: THE OUTLOOK FOR GUATEMALA

1. The attached terms of reference were agreed on at the meeting of the IAC representatives on 6 January.
2. All agencies are invited to contribute to any section within their competence to do so.
3. It is requested that contributions be received in this office by the close of business on 7 February.

William P. Bundy

WILLIAM P. BUNDY
Deputy Assistant Director
National Estimates

Distribution "B"

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

6 January 1958

SUBJECT: TERMS OF REFERENCE: 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 prospects for Communist influence.

SCOPE

The last fully developed estimate on Guatemala was NIE 82-55, published on 26 July 1955. NIE 80-57, "Political Stability in Central America and the Caribbean" (23 April 1957) necessarily gave Guatemala only summary coverage. The situation to which these estimates were addressed was radically altered by the assassination of President Castillo

* Classification of the title when used alone is Official Use Only.

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Armas last July and political deterioration since that time. A re-examination of Guatemala is now required. The new estimate, which will supersede NIE 82-55, will seek to determine the character and prospects of the regime which will succeed the present interim administration as may be indicated by the outcome of the election to be held in January. It should be projected into the future as far as is possible.

QUESTIONS BEARING ON THE PROBLEM

I. INTRODUCTION. Discuss briefly those general characteristics of the country and past political trends that contribute most directly to the present political dilemma. How significant are popular memories of the Ubico dictatorship, the aspirations of the 1944 revolution, and the regimes of Arevalo, Arbenz, and the late Castillo Armas?

II. POLITICAL TRENDS

1. What is the character of the new government? Its constitutional status? What are its national policies and objectives?

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2. What are the characteristics of the government leaders? Are they qualified for effective leadership? What specific personality traits will most influence their conduct? What are their special interests? Their attitudes toward civil supremacy, Communism, the US, labor, agrarian reform, economic nationalism, and foreign investment? What is the extent of their popularity and influence?
3. What are the strength and popular influence of political and social elements supporting the regime? For what reasons do they back the regime? How firm is their support? What is the attitude and extent of influence of the Catholic Church?
4. What is the attitude of the military toward the regime? To what extent are military loyalties distributed within and outside the regime?
5. What are the status, attitudes, and influence of organized labor?
6. To what degree have the anti-Communist elements joined forces?
7. What political and social elements are opposed to the regime? For what reasons? What are their strengths, weaknesses, and popular influence?

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8. What are Communist capabilities? To what extent have the Communists infiltrated into labor, political parties, and influential positions in the administration? How much and in what circles have they increased their influence? Do they constitute a danger to the security of the regime? If not, in what circumstances would they become dangerous? How effective is anti-Communist legislation? What is the importance to the local Communist movement of external connections, including bloc missions and exiles in other countries?
9. What is the life-expectancy of the regime? Is it threatened more by rightist or by leftist forces? What would be the nature of the most likely successor government?

III. ECONOMIC TRENDS

1. What is the present character of the Guatemalan economy? What are the most pressing economic problems? What is the status of agricultural production and trade? Has real GNP increased or decreased over the past year? Why? What is the government's current financial situation, including its balance of payments position? How do these conditions affect political developments?

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2. What is the government's likely capacity for carrying out a program of economic development?
3. What have been the nature and extent of international assistance to Guatemala, both private and public (loans, technical assistance, communications and power development, petroleum exploration, etc.) since the fall of Arbenz? How significant has US aid been in terms of strengthening the economy? What are governmental and popular attitudes toward this aid? What would be the effects of a removal or severe curtailment of American assistance?
4. What is the nature and extent of foreign investment? How has the political situation since July 1957 affected foreign private investment? Will this condition persist?
5. What are the economic position and prospects of the United Fruit Company, Empresa Electrica, and IRCA?
6. What are the short-term prospects for the economy? Will Guatemala require foreign financial assistance over an extended period?

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IV. MILITARY TRENDS

1. Are the Guatemalan armed forces capable of maintaining internal security? What are their capabilities against neighboring states? Are capabilities likely to change substantially? What about para-military organizations (MDN militia, PR, others)?
2. To what degree do the armed forces have a common political outlook? How significant is factionalism? Is the air force a significant factor in the political situation? Who are the most promising military leaders? What would be the attitude of the military toward a regime in which Communists exerted substantial influence?
3. What is the status of Guatemala with respect to Hemisphere defense and US military assistance?

V. FOREIGN RELATIONS

1. What is the prime mover of Guatemalan foreign policy? What are governmental and public attitudes toward the US? What are the country's relations with other major Free-World countries? What has been its record in the OAS and UN? What changes are likely with respect to these issues?

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2. To what extent are other states in the northern Latin American area exerting pressures to mold Guatemalan political developments? With what success? To what extent are these pressures likely to persist, especially on the part of Nicaragua and the Dominican Republic? What important Guatemalan personalities are likely to be involved?

3. To what extent is Guatemala likely to become involved in the internal affairs of neighboring states? What action is Guatemala likely to take in pressing its claim to British Honduras (Belize)?

4. What effort has the Soviet Bloc made to reestablish its influence in Guatemala since the death of Castillo Armas? Is it likely that diplomatic relations between Guatemala and the Bloc will be established and that currently negligible economic ties will be expanded?

VI. THE LONGER-TERM OUTLOOK

1. What are the likely over-all political and economic trends in Guatemala? What are the prospects for creation of a moderate and strongly anti-Communist regime similar to that of Castillo Armas? For a transition resembling the Ubico-Arevalo-Arbenz

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one? What progress are the Communists likely to make over the next few years?

2. To what extent will likely developments in Guatemala affect conditions in neighboring Central American states? How will they affect US relations with the Latin American area?

VII. VALIDITY STUDY of NIE 82-55 and that portion of NIE 80-57 which treated Guatemala.

VIII. POST MORTEM on NIE 82-58

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