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20 May 61

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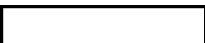
MEMORANDUM FOR: Director of Central Intelligence  
THROUGH : Deputy Director (Intelligence) *ref*  
SUBJECT : The Situation in Guatemala and El Salvador

1. President Miguel Ydigoras, now mid-way in his six-year term, has faced almost constant plotting against his regime by factions of his political opposition, ranging from the extreme left to the extreme right, and by dissident military officers. He has been unable to build an effective political machine of his own and unwilling to resort to harsh authoritarian methods. He has retained power largely by very adeptly manipulating his opponents against one another and thus preventing the development of a unified opposition. While he has considerable personal popularity among unorganized elements in the lower classes, he has failed to convey a sense of accomplishment or direction to the more politically aware Guatemalans. Many in this category--including dissident army officers--feel the President is motivated solely by his desire to retain power. They condemn him for tolerating widespread graft among his aides, including members of his family.

State Dept. review completed

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3. For the first time since the fall of Arbenz in 1954, most top Communist leaders are now back in Guatemala where they are actively reorganizing the party and attempting to strengthen their influence in labor and other front groups. The party, with about 1,100 members and perhaps an equal number of sympathizers, is still relatively weak however; they were unable to organize strong effective pro-Castro demonstrations last month. Ydigoras blames the increased Communist activity on Congress' watering down of his proposed anti-Communist legislation earlier this year. Actually, the Communists have benefitted more from Ydigoras' success in weakening the leftist but strongly anti-Communist Revolutionary party (PR), the only Guatemalan party with a degree of mass support and Ydigoras' most potent political adversary. Continued weakening of the PR would further enhance Communist efforts to regain a monopoly over Guatemala's strong leftist-nationalist movement.

4. Ydigoras is probably Fidel Castro's prime target in Central America. Arbenz has been in Cuba since last July and a number of his associates even longer. The arrival in Cuba last month of Arbenz' notorious police chief, Rogelio Cruz Wer, has been confirmed. Guatemalans frequently travel between Cuba and home and it is expected that Communist activity in Guatemala is receiving and will receive increasing guidance and support from Cuba.

El Salvador

5. The strongly anti-Communist provisional government of El Salvador is controlled by army officers strongly committed to a program of basic socio-economic reform. The gulf between the extremely wealthy few and the impoverished majority is probably greater in El Salvador than in any other Latin American country; the country's three month experience with a Communist-influenced regime, which was overthrown by present government leaders last January, jolted many Salvadorans into a recognition that reforms must be implemented quickly to stem Communist gains.

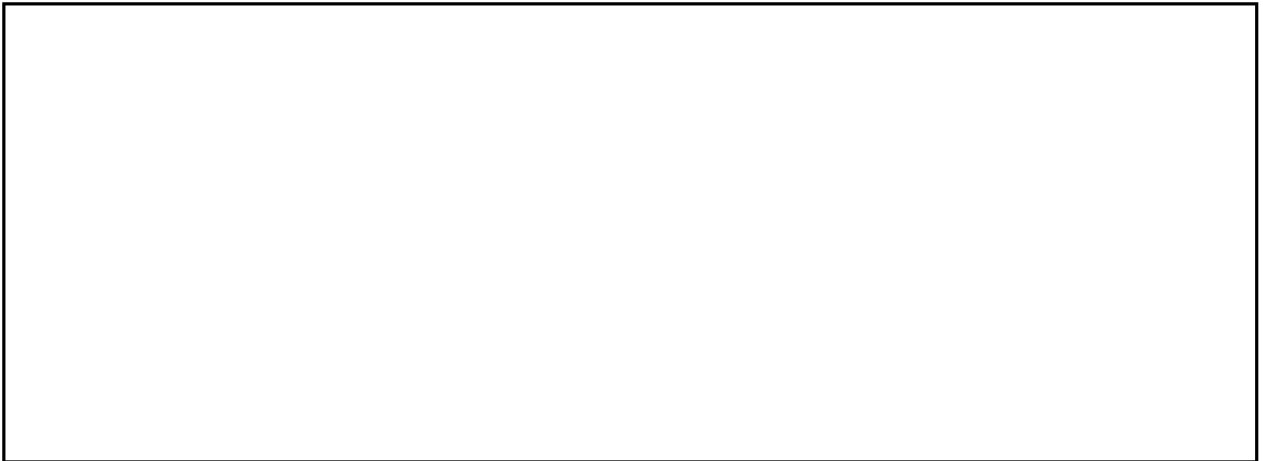
6. Officers now in government positions and on active duty in the armed forces appear, at least on the surface, to be united in support of the government's program. The dominant officer group is composed largely of relatively young men who had been junior officers prior to the military coups of last October and January. Many of the senior officers were displaced and a number of them are now abroad.

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7. The changes in the government last month, reducing the ruling civilian-military directorate to three members and reshuffling the cabinet, eliminated certain officials not wholly in support of the reform program. The American embassy considers the new cabinet officers capable and amenable to guidance and support by the US. Although the government continues to voice its intention to relinquish power to an elected government before the end of the year, the military is unlikely to relinquish control until its reform program seems assured.

8. The government's first reforms--the reduction in rents for low income housing and a paid day of rest on Sundays for agricultural workers--aroused considerable resistance from the wealthy, which the government is seeking to counter. The Catholic hierarchy now feels that reforms are long overdue in El Salvador, and a high

Church official has described the upper classes as "stunned" by the reversal of the historic position of the army and the Church which had been their traditional allies.



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HUNTINGTON D. SHELDON  
Assistant Director  
Current Intelligence

cc: DDCI

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