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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

COUNTRY Guatemala
SUBJECT "Guatemala News Notes"

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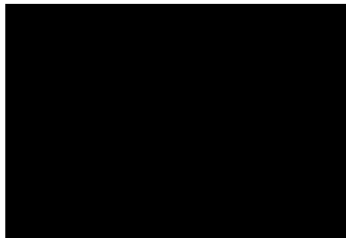
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1. "An exhortation to Guatemalans to fight Communism was made in a pastoral letter issued [redacted] by Archbishop Monsignor Mariano Rosell Arellano. He said: 'The people of Guatemala must rise as a single man against the enemy of God and the nation. Our fight against Communism must be both Catholic and national. Anti-Christian Communism continues its insolent advances in our country and tries to infiltrate, hiding itself under the cloak of social advances....' Rosell Arellano declared official Guatemalan radio stations had broadcast an incessant campaign of division, including attacks upon the church and proclamations of all the Soviet political slogans. He added that newsstands are buried under Communist literature. He claimed Communist cells are multiplying actively. He recalled that in 1946 the Church had warned that Communism was at the doors of Guatemala, which had been closed to priests. He said the USSR is not a paradise but a concentration camp where behind the force of tanks and armored cars all are obliged to work for the master, the state. 'Communist propaganda now has arrived at even the farthest corner of Guatemala and has left in many places its lamentable seeds, budding in the blood of our fellow-Guatemalans.'

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2. "A Guatemalan, Obtaciono Morazan, was one of the six plotters killed in an unsuccessful ambush against President Somoza in Nicaragua. The others were four Nicaraguans led by Pablo Leal, and a Cuban. Somoza claimed the plot was the work of General Emiliano Chamorro and his Conservative Party. The charges will be made against the Conservative deputies when Congress opens during the week following [redacted].

3. "The W R Grace subsidiary, Agencia Maritima Nacional, which operates the Pacific Coast ports of San José de Guatemala and Champerico on behalf of the Guatemalan government, will be liquidated at a stockholders' meeting as result of the government's failure to renew its contract. The contract was for five years, renewable for five-year periods. The last five-year renewal expired [redacted] and two short extensions, one for a month and a second for ten days, were

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granted. Official circles said the company had been asked to introduce various reforms to conform with now prevailing laws which the company did not do, and as a consequence no new extensions were granted. Shares of the company are held by various Guatemalans as well as Grace, and the Guatemalan government which owns those seized from German citizens at the beginning of World War II.

4. "The National Agrarian Department announced on [REDACTED] the number of peasants benefiting under the agrarian program distribution totalled 75 thousand. Of this number only 590 leaseholds (usufructo vitalicio) had been granted these recipients of expropriated land. These leaseholds authorize the use of the land by the recipient but he has no legal authority under them to sell, rent or convey to his heirs any of this property. An additional 176 leaseholds are expected to be delivered in a few days to agricultural workers of San Luis Malacatan and 354 to peasants of the Barceñas national farm in Villa Nueva. 25X1A
5. "The Minister of Finance and Public Credit, Raul Sierra Franco, denied the government had increased the amount of money in circulation and explained there is no inflation in Guatemala because the current activity of the nation's money is due to an increase of private business. However, he granted that perhaps the profits of merchants have diminished. Sierra Franco explained that within ten years the country will see the fruits of the various programs initiated by the government to improve the economic capacity of the largest sectors of the population. He pointed to such programs as the agrarian reform, the creation of the National Agrarian Bank, the Housing Bank, etc., which sooner or later will result in a larger number of Guatemalans able to pay taxes and to enjoy a better standard of living. However, he admitted, so far these programs have produced little benefit. He said the reduction of the 1954-55 budget from the previous fiscal year does not mean retraction of money in circulation and as a consequence will have no direct effect on individuals. The new budget is figured on normal receipts, and Sierra Franco wants to adjust the expenses to income. The actual fiscal year's budget is Q74,579,904, and the budget for the next fiscal year is estimated at Q69,934,000. He said despite this reduction of over four million quetzales that all the government obligations can be met without increasing the public debt. He attributed past deficiencies in Guatemalan budgets to an overestimation of income as well as a lack of administrative organization which resulted in a waste of funds. He cited three examples of the lack of administrative organization: the Petén lumber operations were estimated to produce Q144,000 and actually yielded Q8,000; the tax on beer shops which later was repealed and yielded nothing; the taxes on extraction of chicle and chiquibul estimated at Q225,000 have not yet produced a cent. He disclosed there has been a considerable falling off of taxes on aguardiente as result of clandestine distilling. In previous years in eastern Guatemala each inhabitant consumed an average of six liters of aguardiente annually. However, during 1953, this consumption fell to less than half a liter per person. He said it is not true that there is less drinking of aguardiente, but there has been a decrease in legally-taxed aguardiente, and he estimated this loss at ten million quetzales a year. Sierra Franco said the difference from receipts fixed in the current budget and the quantities actually received is estimated as of 6 Apr 54 to be Q9,400,000, which by the end of the fiscal year could reach Q12,000,000. He said there would be no increases in the salaries of public employees, and there will be no exceptions from this rule except one, and that will cover workers who receive very low salaries of Q15 a month. He said the government will open no new offices except the renting office recently created by Congress. He said, however, the government will try to improve schools and hospitals even to the extent of establishing new schools and new public health centers. He expressed his hope that future public works will be carried on with an eye to the national benefit and not on a basis of pressure applied by a municipality or a member of Congress. He said the Finance Ministry is drawing up a plan that will cover the gradual development of the entire country. Under such a plan, the electrification of Guatemala would utilize plants such as those established at Rio Honda and Los Esclavos to give light to various towns instead

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of installing plants in each one. Road work would include paving and building of bridges of the Atlantic highway between Guatemala and Puerto Tomas as well as other highways. He said that any savings under the budget should go to pay off the public debt. He added that no ministry or public official can exceed the amount assigned for purchases and no purchase could be made on credit. Sierra Franco said this is one of the principal treasury problems facing the country.

6. "The city of Guatemala was ordered by the First Labor Court to pay for overtime, back pay, and other social benefits demanded by the city's two thousand employees which is expected to reach Q500 thousand. The overtime is due the workers from the month of [REDACTED]. The municipality decided to appeal the judgment after a city council meeting decided there were not enough funds in the budget to meet these demands.

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7. "Impacto of [REDACTED] printed the following catchism on Communism:

'Communism--Here is your executioner, Liberty.
Communism--Here is your enemy, October Revolution (the nationalist movement).
Communism--Here is your enemy, Guatemala.
Communism--Here is Gain, Brotherhood.
Communism--Here is your denial, Equality.'

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8. "Impacto, [REDACTED] reproduced Foreign Minister Toriello's denunciation of the three Guatemalan exiles and anti-Communists who went to the Caracas Conference in a vain effort to point up the existence of opposition to the current Guatemalan regime. According to Impacto, Toriello told a Venezuelan newspaper press conference that the three attorneys, Luis Coronado Lira, Carlos Salazar, h., and Luis Valladares Aycinera, were paid conspirators who were cowardly plotting abroad instead of doing it in their own nations. He explained to the Venezuelan press that the three men were attorneys for the North American fruit companies and denied that they were exiled. He said that it was his belief that they exiled themselves voluntarily in order to plot abroad.

9. "Foreign Minister Guillermo Toriello, in his first press conference since his return from the Inter-American Conference at Caracas, prior to a 45-minute radio report to the nation five days following, said that Guatemala at Caracas sought to defend the sovereign right of the free people of the hemisphere to define their own destiny, not to defend international Communism. He said Guatemala fought and won the reaffirmation of human rights. He said that the Dulles motion approved at the Conference threatens the Inter-American system because it violates the principle of nonintervention in the internal affairs of other countries. He claims the Dulles resolution established a system of unilateral judgment on Communist activities or Communist systems and eventually can be used against the American nations. He claimed that this resolution is based upon a twisted interpretation of Article 6 of the Rio de Janeiro Pact. He claimed that today Guatemala has a sense of respect in the hemisphere. He said that the US government with minority support sought to transform the Caracas Conference into a court in which Guatemala would be in the guilty seat. The Guatemalan delegation in Venezuela received over one thousand congratulatory messages upon its position and that these bore the signatures of persons of the most diverse occupations, political ideals and social and economic classes, according to Toriello. One of the Guatemalan suggestions at Caracas, he said, was the Conference approval recommending that the countries of the Western Hemisphere adopt agrarian laws as a solution to the grave land problems in Ibero-America. He explained the general of diplomatic relations between Venezuela and Guatemala was due to two things: (1) the cordiality shown by the government of General Marcelo Pérez Jiménez; and (2) the desire of Guatemala to maintain relations with all countries of America regardless of their internal politics in order to show that Guatemala believes in the principle of nonintervention as a fundamental base for cordial relations among peoples. He declared that the three political emigrants, Carlos Salazar, h., Luis Coronado Lira and Luis Valladares

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Aycinena had made paid publications in the Caracas press calling the Guatemalans Communists and that the United Fruit Company had made many benefits in the country. He said other newspapers attacked these three without any suggestion on the part of the Guatemalan delegation. He said of the ten most important newspapers in Caracas at least seven printed with warmth the activities of the Guatemalan delegation. When asked by a reporter of the Communist organ, Tribuna Popular, if Guatemala would recognize the popular democracies and maintain relations with the Soviet Union, Toriello answered: 'In 1945 I established relations with the Soviet Union' and indicated that these exist 'although there are no diplomatic missions.' Toriello was Foreign Minister in the government of Juan José Arévalo at that time. He said Arbenz wants to improve relations with all the countries 'to diversify foreign trade before the serious threat of an economic boycott.' He added, 'The moment is difficult and because of this it is necessary that all of Guatemala be united ready with arm in hand should the moment arrive to use them.'

10. "The Mexican journalist Florencio Avila Sánchez was expelled from Guatemala, where he had gone on behalf of the Mexican newspaper Cvaciones and also the Democratic Anti-Communist Front of Mexico. The newspaper El Espectador said that Avila Sánchez was in Guatemala actually organizing Guatemalan support for the continental anti-Communist congress that is being planned for Mexico City. At first the Foreign Ministry claimed to know nothing of the expulsion of Avila Sánchez but later the migration section said that he was expelled on the basis of his previous record in Guatemala when during the second World War he obtained quantities of money on behalf of a Mexican 'V for Victory' organization and that during his stay in Guatemala he had led a licentious life. Upon his arrival in Mexico City, Avila Sánchez said, 'There is a latent and dangerous conspiracy on the part of the Guatemalan government against the security of this continent. In Guatemala a pro-Soviet regime reigns as I will prove in a series of articles. I consider my expulsion as a reward and also I consider the attitude of the Guatemalan government as an attempt against the liberty of the people of Latin America.'
11. "Upon instructions from President Arbenz, Major Alfonso Martínez, chief of the National Agrarian Department, requested Congress to repeal Decree Laws 712 and 853 that govern the forced leasing of land to peasants who had successfully acquired claims as squatters. The repeal of these two decree laws is sought because of the difficulties surrounding their enforcement, contravening as they do the spirit of the agrarian reform law, Decree Law 900. The DAN will guarantee the elasticity of land regulations which these two decree laws contain. The DAN has sent a circular to all agrarian committees and commissions declaring exempt from expropriation under the agrarian law all lands that have been cultivated to citronella, lemon tea, and pastures and that by any circumstances have been set aside. This ruling was issued in order to put an end to provocations where land had been sought upon the flimsiest of pretexts.
12. "Oscar Gonda, who produced a radio news program called 'Radio Sucesos,' was arrested upon his arrival from Caracas, where he had been the only Guatemalan newspaperman to gain entry into the country to attend the Inter-American Conference. Arrested with him was his assistant, Luis Granger. Not until six hours had passed following their arrest would the authorities admit their detention. The police accused Gonda, who has a reputation of being an anti-Communist, of having used the proceeds of a public collection to pay the cost of his trip to Caracas. Gonda denied having used the collection and said that this would be returned to those persons who contributed. He said that he paid for the trip with a loan he had obtained from various friends. Seized with him upon their arrest were tape recordings of speeches made at Caracas.
13. "On [redacted] the proprietor of the Guatemala City newspaper, irate because the Minister of Public Health, Dr. Julio Roberto Herrera, refused to see them or give them any news of his department, agreed to boycott the department and the boycott would be lifted only when Herrera left that post.

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- 14. "The boycott lasted two days and the Minister then communicated with the editors of the newspapers, stating that he would receive the reporters at 10:00 a.m. every Tuesday.
- 15. "Congress authorized the National Mortgage Bank to give a loan of one million quetzales to the Ministry of Public Works to pay the back wages of the employees of that government department. The National Agrarian Bank, during the week ending [redacted] authorized credits totalling more than Q500 thousand in sums not to exceed Q300 each to peasants receiving expropriated land under the agrarian program in the department comprising the central zone of Guatemala. These are: Guatemala, Sacatepequez, Santa Rosa, Chimaltenango and Escuintla.
- 16. "Alfonso Bauer Paiz, as interventor of the International Railways of Central America, conferred with Minister of Economy Roberto Fanjul in connection with his report now being completed on the status of the railway. The report will cover not only how the corporation functions but also the background and reasons for the strike that caused the government to intervene as well as the general situation of the railway.
- 17. "In connection with reports that Julio Estrada de la Hoz, newly sworn in as secretary general of the Partido Accion Revolucionaria, had been the real leader of the Guatemalan delegation at Caracas and had issued the orders involving Guatemalan strategy there, it is interesting to note the report in Impacto of [redacted] that Communist deputy Carlos Manuel Pellecer in the name of the Communist Party and the working class, sponsored a homage during a session of Congress to Estrada de la Hoz for his work at Caracas. Despite some opposition, Pellecer's motion prevailed. Estrada de la Hoz expressed his thanks and said he expected to present a detailed report to Congress on the results of the Caracas meeting."

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