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CIA HISTORICAL REVIEW PROGRAM
RELEASE AS SANITIZED

Guatemala

The Organization of Rural Labor under the
Agrarian Reform Program/Lack of Evidence
of Rural Arms Distribution or PM Training.

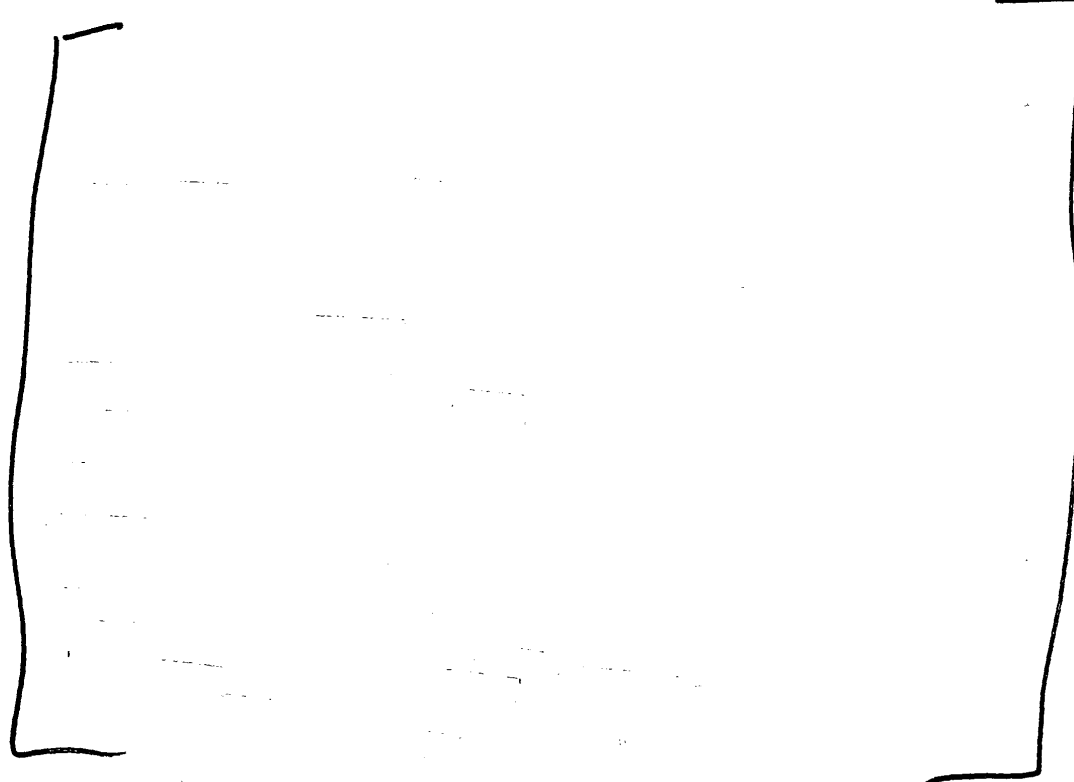
2003

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Mar 54 and earlier

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14 May 54



1. Since my last visit to the US in September 1952, the most significant change in the domestic situation in Guatemala in my opinion is the increase in the organizational efficacy of the labor groups in rural areas. Although the farm workers groups, or sindicatos, are sponsored by the national government under the agrarian reform program, they apparently are capable of harassing the patrones outside of the legal framework and spirit of the ley agraria. Furthermore, there are indications that President Arbenz is either unaware of these excesses or unable to halt them. I am certain that he does not want any extra-legal land seizures but in instances where they have taken place the government has made little or no effort to suppress them. In extreme cases the President sends Alfonso Martinez, the administrator of the ley agraria, to speak personally with the offending workers. As far as I have been

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able to learn, Martinez merely tries to explain to the workers why they should obey the law. The only concrete sanctions against such illegal seizures are the provisions that the farmer who obtains his land in this extra-legal way is not eligible to obtain clear title to the land and is not eligible for an agrarian loan. These sanctions have had little effect. It is obvious that the activities of the newly-formed sindicatos are controlled by Communist or pro-Communist agitators and that only in rare and isolated cases are any of their demonstrations spontaneous.

2. Every large finca now has its own sindicato. They were established and are supported by the government for the purpose of giving the farm laborers an organizational voice in the administration of the agrarian reform. It is true that unless the workers have some such group status before the courts and the Oficina del Trabajo, the government's reform program could not be enforced in their behalf. Although most of us who consider ourselves enlightened patrones are in favor of the President's program to develop the national economy, even if it means slight short-term financial losses to ourselves, there are nevertheless several patrones who would never agree to make even the most basic improvements in the substandard working conditions of their fincas. There is such a finca located near [] The patron is a very old man who runs his finca in Agencia. I doubt if he has been to the place in five years. The finca is consequently the most backward in our area, both from the point-of-view of production and from the point-of-view of working conditions. He had obeyed none of the government laws favoring the workers. They had not been given the raises they were legally entitled to and the management had employed none of the safety measures prescribed. Yet there was no way for the workers to cope with this situation as they were ignorant and illiterate and had no way of making their grievances heard. The answer to this inequality before the law was the organization of the sindicatos.
3. The central office of the Labor Department sends out agitators to each finca to organize the farm workers. By now I should estimate that 80% of Guatemala's total farm laborers are members of sindicatos. I have never seen more than negative pressure exercised against those few workers who were reluctant to join, but these measures seem effective enough. On my finca the secretary of the sindicato is my personal chauffeur. He is the top official and he is assisted by a treasurer and another official whose title I have forgotten.
4. One of the strongest bargaining powers enjoyed by the sindicato is the constant threat that it can bring complaints of law violations or improper treatment to the labor courts of the Oficina del Trabajo. These courts hear such cases and have the power to levy heavy fines against the patrones. The verdicts, incidentally, are almost never in favor of the patrones.
5. There is a government law forbidding strikes during the crop season when the patron is most vulnerable to financial loss. As far as I know, this law has been pretty well observed, but the sindicatos still represent a strike threat simply because they now possess the organization to put one into effect when ordered.
6. Although the sindicatos are instruments of the national government policy, they also make ideal tools for Communist subversion. The native workers are inherently like children in their obedience to authority and have already gotten into the habit of taking orders from the leaders of the sindicatos. It is reasonable to assume that these groups are even now under the direct leadership of Communist or pro-Communist agitators and that the various excesses on the fincas have been instigated either by Communist agitators or by local opportunists. Thus the rank and file of rural laaor can probably be relied upon to follow orders without question.

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7. Although the sindicatos were set up as instruments of presidential authority, the local labor officials now seem to be defying that authority rather openly. Actually I do not know whether or not Arbenz realizes the extent to which the presidential authority is diminished in the actual operational control of these groups. However, I should be very much surprised if no word of instances of the extra-legal sindicato operations has reached Arbenz, primarily because some of these excesses have occurred on the fincas of the President's closest friends.
8. An example of such trouble occurred on the large and prosperous finca of the Metzger brothers, Arnaldo and Enrique, who are both numbered among the President's closest friends. There had been some question as to the status of some of the Metzgers' holdings under the agrarian reform laws and, in order to avoid trouble, Arnaldo saw Arbenz personally and got the situation settled satisfactorily. But when the Metzgers returned to their finca they found that their sindicato had brought up a series of fantastic new charges denouncing their inhuman treatment of their workers to the local "labor relations" court. The Metzgers were then quite certain that these charges were made out of pure spite so they decided to investigate them. One of the most ardent complainers stated that his patron (Metzger) had refused to give the workers any medical care. To refute this Metzger showed the "court" records of medical treatment given the workers. They even showed that this complainer had himself received medical care only one week before the complaint. Confronted with the evidence, the worker admitted that he had lied and that he had made the claim because one of the organizers had told him to. Obviously these ignorant workers have been given a new authority to respect and obey.
9. There is one episode, however, that in my mind best illustrates the extent to which the labor officials dare to disassociate themselves from the presidential authority. One of the members of the family of a very close friend of mine is closely related to and on very good terms with President Arbenz. My friend owns and operates a fairly large and prosperous coffee finca. The sindicato began operations on his finca by demanding immediate reforms which were out of line with his current economic situation. On one occasion in late March 1954 the administrator of my friend's finca, whom he trusts completely, drew aside the local official of the labor relations board and indicated to him that his patron (my friend) and his family were 100% behind the President's agrarian reform program and that he did not think the labor officials should exert any undue pressure on anyone so closely associated with the President. The labor official replied "The name of Arbenz does not mean ----." This reply came as quite a shock when it was considered that the labor official undoubtedly knew that he would be quoted on his comment to the administrator's patron.
10. My friend hesitated to relate such a personal insult to Arbenz himself, but he did wish that the President could be made aware of it. In this connection, he did describe the episode to another close friend of the President's who is an Inspector in the Departamento Agrario Nacional. This official, whom I consider a left-winger, stated that he was deeply shocked by such an occurrence, but my friend had no idea whether or not this individual eventually told the President about the disrespect which had been shown him.
11. As far as the possibility that the Communists are clandestinely arming the rural labor groups is concerned, I have no evidence that this is being done at all, let alone on a large enough scale to be effective. The clandestine arming and training of these groups would be impossible to accomplish because of the

fact that these ignorant workers could not be trained in a vacuum. Almost any training they might receive would be difficult to effect without attracting the attention of the patrones. Actually I believe that the sindicatos are being organized merely to stage political demonstrations, strikes and occasional riots. By no stretch of my imagination do I think that they could create a para-military force overnight which would be capable of defeating the Guatemalan Army.

12. Meanwhile, President Arbenz is sincerely anxious to bring about and maintain the social and economic changes which the Communists are taking the credit for. Actually the changes are not based on Communistic goals but are rather patterned on Arbenz' interpretation of the US New Deal idea of placing purchasing power in the hands of the masses. Unfortunately, the operation of the lay agraria is plagued with several economic inconsistencies. For instance, the workers on the government fincas are paid a great deal more than the workers on the most liberal private fincas. This causes much dissatisfaction among the latter group who do not realize that the wage difference is possible only because of the fact that the government had obtained these fincas by confiscating them from the Germans. Therefore there had to be no financial consideration of such items as amortization and return on initial investment, and a large share of the operating profit could be turned back to the workers than would have been practical under private ownership. Although these pay raises may have embarrassing repercussions, they at least attained the government's initial objective of placing more money into the hands of the finca workers. These workers immediately put their money into circulation. A friend of mine who operates a store in Guatemala City told me that during the Christmas season of 1953 the "poor people" spent more than did the rich. It was true. The workers had large lump sums for the first time in their lives and they immediately went on buying binges, purchasing various items which they did not need or could not use.
13. Fortunately, there is a "margin for error" in the introduction of these economic "reforms." This margin is provided by the continuing firmness of the coffee market. The large profits enjoyed by the growers and traders actually represents the economic backbone of the present administration. The coffee market shows no signs of falling off because of increasing purchases from Western Europe and it is predicted that next year's production will be slightly greater than this year's. In my opinion, as long as the coffee market holds up, there will be no serious economic "crisis" in Guatemala.

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