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The United States and Guatemala 1952-1954

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Foreword

This work offers a fast-moving narrative account of CIA's Operation PBSUCCESS, which supported the 1954 *coup d'état* in Guatemala. This early CIA covert action operation delighted both President Eisenhower and the Dulles brothers by ousting President Arbenz and installing Colonel Castillo Armas in his place. In light of Guatemala's unstable and often violent history since the fall of Jacobo Arbenz Guzmán in 1954, we are perhaps less certain today than most Americans were at the time that this operation was a Cold War victory.

It is tempting to find lessons in history, and Allen Dulles's CIA concluded that the apparent triumph in Guatemala, in spite of a long series of blunders in both planning and execution, made PBSUCCESS a sound model for future operations. A major hazard in extracting lessons from history, however, is that such lessons often prove illusory or simply wrong when applied in new and different circumstances. Nick Cullather's study of PBSUCCESS reveals both why CIA thought PBSUCCESS had been a model operation, and why this model later failed so disastrously as a guide for an ambitious attempt to overthrow Fidel Castro at the Bay of Pigs in 1961.

Nick Cullather joined CIA and the History Staff in July 1992, soon after completing his Ph.D. at the University of Virginia. He is the author of *Illusions of Influence: The Political Economy of United States–Philippines Relations, 1942–1960*, which Stanford University Press will publish this year. In July 1993 he left CIA to take an appointment as assistant professor of diplomatic history at Indiana University. This publication is evidence of his impressive historical gifts and of the highly productive year he spent with us.

Finally, I should note that, while this is an official publication of the CIA History Staff, the views expressed—as in all of our works—are those of the author and do not necessarily represent those of the Central Intelligence Agency.

J. Kenneth McDonald
Chief Historian

Chapter 1

America's Backyard

They would have overthrown us even if we had grown no bananas.
Manuel Fortuny[1]

The CIA's operation to overthrow the Government of Guatemala in 1954 marked an early zenith in the Agency's long record of covert action. Following closely on successful operations that installed the Shah as ruler of Iran [ ] the Guatemala operation, known as PBSUCCESS, was both more ambitious and more thoroughly successful than either precedent. Rather than helping a prominent contender gain power with a few inducements, PBSUCCESS used an intensive paramilitary and psychological campaign to replace a popular, elected government with a political nonentity. In method, scale, and conception it had no antecedent, and its triumph confirmed the belief of many in the Eisenhower administration that covert operations offered a safe, inexpensive substitute for armed force in resisting Communist inroads in the Third World. This and other "lessons" of PBSUCCESS lulled Agency and administration officials into a complacency that proved fatal at the Bay of Pigs seven years later.

Scholars have criticized the Agency for failing to recognize the unique circumstances that led to success in Guatemala and failing to adapt to different conditions in Cuba. Students of the 1954 coup also question the nature of the "success" in Guatemala. The overthrown Arbenz government was not, many contend, a Communist regime but a reformist government that offered perhaps the last chance for progressive, democratic change in the region. Some accuse the Eisenhower administration and the Agency of acting at the behest of self-interested American investors, particularly the United Fruit Company. Others argue that anti-Communist paranoia and not economic interest dictated policy, but with equally regrettable results.[2]

[1]Quoted in Piero Gleijeses, *Shattered Hope: The Guatemalan Revolution and the United States, 1944–1954* (Princeton: Princeton University Press, 1991), p. 7.
[2]The principal books on the Guatemalan Revolution of 1954 are Stephen Schlesinger and Stephen Kinzer, *Bitter Fruit: The Untold Story of the American Coup in Guatemala* (Garden City: Doubleday and Co., 1982); Richard Immerman, *The CIA in Guatemala: The Foreign Policy of Intervention* (Austin: University of Texas Press, 1982); and Gleijeses, *Shattered Hope*.

CIA records can answer these questions only indirectly. They cannot document the intentions of Guatemalan leaders, but only how Agency analysts perceived them. CIA officials participated in the process that led to the approval of PBSUCCESS, but as their papers show, they often had little understanding of or interest in the motives of those in the Department of State, the Pentagon, and the White House who made the final decision. Agency records, however, do document the conduct of the operation, the [ ] how Agency operatives construed the problem, what methods and objectives they pursued, and what aspects of the operations they believed led to success. They permit speculation on [ ] whether misperceptions about PBSUCCESS led overconfident operatives to plan the Bay of Pigs. Chiefly, however, they offer a view other historical accounts lack—the view from inside the CIA.

Agency officials had only a dim idea of what had occurred in Guatemala before Jacobo Arbenz Guzmán came to power in 1950. Historians regard the events of the 1940s and 1950s as following a centuries-old cycle of progressive change and conservative reaction, but officers in the Directorate of Plans believed they were witnessing something new. For the first time, Communists had targeted a country "in America's backyard" for subversion and transformation into a "denied area." When comparing what they saw to past experience, they were more apt to draw parallels to Korea, Russia, or Eastern Europe than to Central America. They saw events not in a Guatemalan context but as part of a global pattern of Communist activity. PBSUCCESS, nonetheless, interrupted a revolutionary process that had been in motion for over a decade, and the actions of Guatemalan officials can only be understood in the context of the history of the region.

The Revolution of 1944

Once the center of Mayan civilization, Guatemala had been reduced by centuries of Spanish rule to an impoverished outback when, at the turn of the 20th century, a coffee boom drew investors, marketers, and railroad builders to the tiny Caribbean nation. The descendants of Spanish colonizers planted coffee on large estates, *fincas*, worked by Indian laborers. Coffee linked Guatemala to a world market in which Latin American, African, and Indonesian producers competed to supply buyers in Europe and the United States with low-priced beans. Success depended on the availability of low-paid or unpaid labor, and after 1900 Guatemala's rulers structured society to secure *finqueros* a cheap supply of Indian workers. The Army enforced vagrancy laws, debt bondage, and other forms of involuntary servitude and became the guarantor of social peace. To maintain

the uneasy truce between the Indian majority and the Spanish-speaking *ladino* shopkeepers, labor contractors, and landlords, soldiers garrisoned towns in the populous regions on the Pacific coast and along the rail line between Guatemala City and the Atlantic port of Puerto Barrios.[3]

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President Jorge Ubico

When the coffee market collapsed in 1930, *ladinos* needed a strong leader to prevent restive, unemployed laborers from gaining an upper hand, and they chose a ruthless, efficient provincial governor, Jorge Ubico, to lead the country. Ubico suppressed dissent, legalized the killing of Indians by landlords, enlarged the Army, and organized a personal gestapo. Generals presided over provincial governments; officers staffed state farms, factories, and schools. The Guatemalan Army's social structure resembled that of the *finca.* Eight hundred *ladino* officers lorded over five thousand Indian soldiers who slept on the ground, wore ragged uniforms, seldom received pay, and were whipped or shot for small infractions. Urban shopkeepers and rural landlords tolerated the regime out of fear of both Ubico and the Indian masses.[4]

Ubico regarded the *ladino* elite with contempt, reserving his admiration for American investors who found in Guatemala a congenial business climate. He welcomed W. R. Grace and Company, Pan American Airways, and other firms, making Guatemala the principal Central American destination for United States trade and capital. The Boston-based United Fruit Company became one of his closest allies. Its huge banana estates at Tiquisate and Bananera occupied hundreds of square miles and employed as many as 40,000 Guatemalans. These lands were a gift from Ubico, who allowed the company a free hand on its property. United Fruit responded by pouring investment into the country, buying controlling shares of the railroad, electric utility, and telegraph. It administered the nation's only port and controlled passenger and freight lines. With interests in every significant enterprise, it earned its sobriquet, *El Pulpo*, the Octopus. Company

[3]Jim Handy, "'A Sea of Indians': Ethnic Conflict and the Guatemalan Revolution," *The Americas* 46 (October 1989): 190-192.
[4]Gleijeses, *Shattered Hope*, pp. 11-19

executives could determine prices, taxes, and the treatment of workers without interference from the government. The United States Embassy approved and until the regime's final years gave Ubico unstinting support.[5]

As World War II drew to a close, dictators who ruled Central America through the Depression years fell on hard times, and authoritarian regimes in Venezuela, Cuba, and El Salvador yielded to popular pressure. Inspired by their neighbors' success, Guatemalan university students and teachers resisted military drills they were required to perform by the Army. Unrest spread, and, in June 1944, the government was beset by petitions, public demonstrations, and strikes. When a soldier killed a young schoolteacher, a general strike paralyzed the country, and the aged, ailing dictator surrendered power to his generals. Teachers continued to agitate for elections, and in October younger officers led by Capt. Jacobo Arbenz Guzmán and Maj. Francisco Arana deposed the junta. The officers stepped aside to allow the election of a civilian president, a sacrifice that earned popular acclaim for both them and the Army. The Revolution of 1944 culminated in December with the election of a university professor, Juan José Arévalo, as President of Guatemala.[6]

Arévalo's regime allowed substantially greater freedoms, but remained essentially conservative. Political parties proliferated, but most were controlled by the ruling coalition party, the Partido Acción Revolucionaria (PAR). Unions organized teachers, railroad workers, and the few factory workers, but national laws restricted the right to strike and to organize *campesinos*, farm laborers and tenants. The Army remained in control of much of the administration, the schools, and the national radio. Modest reforms satisfied Guatemalans, and the revolutionary regime was highly popular. Most expected one of the revolution's military heroes, Arbenz or Arana, to succeed Arévalo in 1951.[7]

So sure was Arana of taking power that he laid plans to hasten the process. In July 1949, with the backing of conservative *finqueros*, he presented Arévalo an ultimatum demanding that he surrender power to the Army and fill out the remainder of his term as a civilian figurehead for a military regime. The President asked for time, and along with Arbenz and a few loyal officers tried to have Arana arrested on a remote *finca*. Caught alone crossing a bridge, Arana resisted and was killed in a gunfight. When news reached the capital, *Aranista* officers rebelled, but labor unions and loyal Army units defended the government and quashed the uprising. In a move they later regretted, Arbenz and Arévalo hid the truth about Arana's death, claiming it was the work of unknown assassins. Arbenz had saved democracy a second time, and his election to the presidency was ensured, but rumors of his role in the killing led conservative Guatemalans, and eventually the CIA, to conclude that his rise to power marked the success of a conspiracy.[8]

[5] *Ibid.*, pp. 21-22; Immerman, *CIA in Guatemala*, p. 83.
[6] *Ibid.*, pp. 38-49.
[7] *Ibid.*, pp. 31-49; Immerman, *CIA in Guatemala*, pp. 48-57.
[8] Gleijeses, "The Death of Francisco Arana," *Journal of Latin American Studies* 22 (October 1990): 527-551.

Wide World (A.P.) ©

President Juan José Arévalo

After the July uprising, Arbenz and Arévalo purged the military of *Aranista* officers and placed it under loyal commanders who enjoyed, according to the US Embassy, "an unusual reputation for incorruptibility." Unions enthusiastically supported Arbenz's candidacy, expecting him to be more progressive than Arévalo. The candidate of the right, Miguel Ydígoras Fuentes, lagged behind in the polls, and Arbenz would win in a landslide. Rightists made a final bid to usurp power in the days before the election. Along with a few followers, a purged *Aranista* lieutenant, Carlos Castillo Armas, mounted a quixotic attack on a military base in Guatemala City. He believed Army officers, inspired by the spectacle of his bravery, would overthrow the government and install him as president. Instead, they threw him in jail.[9]

Castillo Armas came to the attention of the Agency [ ] in January of 1950, when he was planning his raid. A protégé of Arana's, he had risen fast in the military, joining the general staff and becoming director of the military academy until early 1949, when he was assigned to command the remote garrison of Mazatenango. He was there when his patron was assassinated on 18 July, but he did not hear of the *Aranista* revolt until four days later when he received orders relieving him of his post. Arbenz had him arrested in August and held on a trumped-up charge until December. When a CIA agent interviewed him a month later, he was trying to obtain arms from Nicaraguan dictator Anastasio Somoza and Dominican dictator Rafael Trujillo. The interviewer described him as "a quiet, soft-spoken officer who does not seem to be given to exaggeration." He claimed to have the support of the Guardia Civil, the Quezaltenango garrison, and the commander of the capital's largest fortress, Matamoros. He met with a CIA informer in August and again in November, just a few days before he and a handful of adventurers mounted a futile assault on Matamoros. A year later, Castillo Armas bribed his way out of prison and fled to Honduras where he thrilled rightist exiles with stories of his rebellion and escape. He planned another uprising, telling supporters he had secret backers in the Army. This was delusion. After the

[9]Gleijeses, *Shattered Hope*, pp. 81-83.

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Jacobo Arbenz Guzmán, a leader of the 1944 revolution, became president in 1951 and implemented a land reform program that radicalized Guatemalan politics.

July uprising, Arbenz was the Army's undisputed leader, and he took steps to keep it that way.[10]

Partisan and union activity had grown amid the freedom of the Arévalo years, creating new political formations that later affected the Arbenz regime. The PAR remained the ruling party, but rival parties were tolerated. The federation of labor unions, the Confederación General de Trabajadores de Guatemala (CGTG), headed by Víctor Manuel Gutiérrez, claimed some 90,000 members. An infant union of *campesinos* led by Leonardo Castillo Flores, the Confederación Nacional Campesina de Guatemala (CNCG), began shortly after the July uprising to form chapters in the countryside. Toward the end of Arévalo's term, Communist activity came into the open. Exiled Salvadoran Communists had opened a labor school, the Escuela Claridad, in 1947 and though harassed by Arévalo's police, gathered a few influential converts, among them Gutiérrez and a onetime president of the PAR, José Manuel Fortuny. In 1948, Fortuny and a few sympathizers attempted to lead the PAR toward more radical positions, but a centrist majority defeated them. Shortly before Arbenz took office, they resigned from the PAR, announcing plans to form "a vanguard party, a party of the proletariat based on Marxism-Leninism." They called it the Partido Guatemalteco del Trabajo (PGT).[11]

American Apprehensions

United States officials' concern about Communism in Guatemala grew as Cold War tensions increased. Preoccupied by events in Europe and Asia, Truman paid scant attention to the Caribbean in his first years in office. The State Department welcomed the demise of dictatorships and found the new Guatemalan Government willing to cooperate on military aid programs and the Pan-American Highway. The FBI gathered dossiers on Fortuny and Gutiérrez in 1946 but found little of interest. Officers from the newly created Central Intelligence Group arrived in March 1947 to take over the FBI's job of monitoring Perónist and Communist activities, but Guatemala remained a low priority. [

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The Berlin crisis, the fall of China, and the Soviet acquisition of nuclear weapons in 1948 and 1949 made Agency and State Department officials apprehensive about Soviet designs on the Western Hemisphere. They reevaluated Arévalo's government and found disturbing evidence of

[10] [ ] "Col. Carlos Castillo Armas in Initial Stage of Organizing Armed Coup Against Guatemalan Government," 19 January 1950, Job 80R-01731R, Box 38; [ ] "Plans of Col. Carlos Castillo Armas for Armed Revolt Against the Government," 24 August 1950, Job 80R-01731R, Box 38; [ ] "Plans of Col. Carlos Castillo Armas to Overthrow Guatemalan Government," 3 November 1950, Job 80R-01731R, Box 38; Gleijeses, *Shattered Hope*, pp. 219-220.

[11] *Ibid.*, pp. 76-78.

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Communist penetration. Guatemala's relative openness made it a haven for Communists and leftists from Latin America and the Caribbean.[13] The number of homegrown Communists remained small, but they held influential positions in the labor movement and the PAR. The State Department complained, listing the names of persons to be watched and removed from high positions, but Arévalo refused to act, revealing a defiance Embassy officials found inappropriate in a Latin leader. "We would have been concerned with any tendency toward excessive nationalism in Guatemala," department officials told the NSC, "but we are the more deeply concerned because the Communists have been able to distort this spirit to serve their own ends." They saw other signs that Arévalo's nationalism had grown excessive in his treatment of American companies, particularly United Fruit.[14]

United Fruit executives regarded any trespass on the prerogatives they enjoyed under Ubico as an assault on free enterprise. The company continued to report only a fraction of the value of its land and exports for tax purposes and initially found Arévalo cooperative and respectful. But United Fruit soon grew concerned about the new government's sympathy for labor. In 1947, Arévalo passed a labor code giving industrial workers the right to organize and classifying estates employing 500 or more as industries. The law affected many of the larger *fincas* as well as state farms, but United Fruit contended—and the Embassy agreed—that the law targeted the company in a discriminatory manner. Workers at Bananera and Tiquisate struck, demanding higher wages and better treatment. The company had never asked for or needed official support from the United States before, but now it sought to enlist the Embassy and the State Department to do its negotiating.[15]

The State Department placed the Embassy at the service of the company. "If the Guatemalans want to handle a Guatemalan company roughly that is none of our business," the first secretary explained, "but if they handle an American company roughly it is our business." When Embassy pressure proved insufficient, the company found lobbyists who could take its case to the Truman administration. Edward L. Bernays, the "father of modern public relations," [ ] directed a campaign to persuade Congress and administration officials that attacks on the company were proof of Communist complicity. "Whenever you read 'United Fruit' in Communist propaganda," United Fruit's public relations

[13]As J. C. King later explained, "Generally speaking, when a Communist in a Central American country gets into difficulties at home, he can find refuge, a well-paid job, and often a public post of major responsibility in Guatemala." King to Allen Dulles, "Background Information on Guatemala," Job 78-01228A, Box 13.
[14]Department of State, "Guatemala," 2 May 1951, *Foreign Relations of the United States, 1951*, 2: 1415-1426.
[15]Gleijeses, *Shattered Hope*, pp. 91-94. United Fruit customarily underreported its production by 700 percent of value. The company appraised its Tiquisate land at $19 million, but its assessed value for tax purposes was just over $1 million.

director told audiences, "you may readily substitute 'United States.'" Thomas G. Corcoran was the company's main conduit to the sources of power. Described by *Fortune* as a "purveyor of concentrated influence," Corcoran had a network of well-placed friends in business and government. [

Wide World (AP) ©

Thomas G. Corcoran, a "purveyor of concentrated influence." [

] calming bureaucratic waters when an occasional regulator found peculiarities in the airline's activities. United Fruit officials were impressed by his quick grasp of the situation. "Your problem is not with bananas," he told them. "You've got to handle your political problem."[16]

] *arranged for former DCI Walter Bedell Smith to join the company's board of directors.*

Corcoran met in May 1950 with the head of the State Department's office on Central America, Thomas C. Mann, to discuss ways to secure the election of a centrist candidate. Mann considered special action unnecessary. His colleagues saw Arbenz as conservative, "an opportunist" concerned primarily with his own interests. They expected him to "steer more nearly a middle course" because his country's economic and military dependence on the United States required it. His ties to the military augured well. The Army received weapons and training from the United States, and although Embassy officials had only vague notions of its internal politics, they considered it free of Communist influence. The department had a low opinion of Arévalo's policies, but in 1950 it watched

[16]Jim Handy, "'The Most Precious Fruit of the Revolution': The Guatemalan Agrarian Reform, 1952-54," *Hispanic American Historical Review* 68 (1988): 699; Thomas P. McCann, *An American Company* (New York: Crown Publishers, 1976), pp. 50-54; Schlesinger and Kinzer, *Bitter Fruit*, pp. 91-93. [

] to Allen Dulles, "Current US position with regard to Government loan requested by Guatemala," 22 October 1954, Job 79-01228A, Box 23.

for signs of improvement in the new administration.[17] Corcoran searched for other officials who might be more sympathetic—meeting with the Agency's Deputy Director, Allen Dulles, on 9 May—but without approval from State, CIA evinced little interest.[18]

Despite Dulles's procedural correctness, Agency officials were, in fact, more apprehensive about Guatemala than their counterparts at State. Officials in the Office of Policy Coordination (OPC) grew concerned in August 1950 about "the rapid growth of Communist activity in Guatemala and the probability that Guatemala may become a central point for the dissemination of anti-US propaganda." Technically part of CIA, OPC operated under the direction of Frank Wisner, who reported to the Secretary of State. The office had undertaken covert propaganda and antisubversive operations in Europe in 1948 and later expanded its operations to include Latin America and Asia. [ ] of OPC's Latin America Division included Guatemala in [ ] a program to counter propaganda and subversion in areas where Communist agents might strike in wartime. They received authorization to send an agent to enroll in Guatemala City's Instituto de Anthrópólogia y História where he would try to find "suitable indigenous Guatemalan personnel" to carry out projects devised by LA Division. [ ] was a global program that included [ ] and Alaska. While Guatemala's inclusion indicated heightened interest in the potential for subversion there, it did not mark the beginning of a sustained effort to deal with it by covert means. The project had a budget of only $6,000 and it produced few results.[19]

Even without official help, United Fruit could put Guatemala's feet to the fire. Bernays laid down a PR barrage that sent correspondents from *Time*, *Newsweek*, the *New York Times*, and *Chicago Tribune* to report on Communist activities in Guatemala. Company officials encouraged Castillo Armas with money and arms, and the rebel leader began seeking support from Central American leaders and the United States. A CIA official interviewed him in Mexico City in early 1950 and judged his expectation of Army support fanciful, but admitted that "if any man in Guatemala can lead a successful revolt against the present regime, it will be he who will do it." United Fruit threatened Guatemalan unions and the government, warning that any increase in labor costs would cause it to withdraw from the country. When a hurricane flattened part of the Tiquisate plantation in September 1951, the company suspended 4,000 workers without pay and

[17] State Department, "Guatemala," 2 May 1951, *Foreign Relations of the United States, 1951*, 2: 1489.
[18] [ ]
[19] [ ] "Project Outline [ ] Guatemala," 23 August 1950, Job 78-865 (DO), Box 1. [ ] went to Guatemala City in November 1951.

announced it would not reopen until it completed a study of the business climate. Courts ordered the workers reinstated, but Walter Turnbull, the company vice president, ignored the order and presented Arbenz with an ultimatum. Unless the government guaranteed no wage increases for three years and exempted the company from the labor code, United Fruit would halt operations. To prove his earnestness, he suspended passenger shipping to the United States.[20]

The administration's concern about the Arbenz regime had increased in mid-1951, and there is evidence that the Truman administration encouraged the company to take a hard line. United Fruit's vast holdings and monopolies on communications and transit in Central America attracted the attention of lawyers in the Justice Department's antitrust division as early as 1919. In May 1951, they were preparing for court action to force United Fruit to divest itself of railroads and utilities in Guatemala when the State Department intervened. In a National Security Council session, Department representatives argued that a legal attack on United Fruit's Guatemalan holdings would have "serious foreign policy implications," weakening the company at a time when the United States needed it. The action was suspended until the situation in Guatemala had improved. It is often asserted that the United States acted at the company's behest in Guatemala, but this incident suggests the opposite may have been true: the administration wanted to use United Fruit to contain Communism in the hemisphere.[21]

The State Department remained ambivalent about how far it should go in putting pressure on Guatemala. In June 1951, three months into Arbenz's term, the Department had seen no improvement. The President showed few indications of extremism in matters of policy, but he appointed several leftists to key positions. The state newspaper and radio criticized United States involvement in Korea and ran stories copied from Czech newspapers. American companies got little help from the government in dealing with labor. The "ascending curve of Communist influence" had not leveled off under Arbenz, but tilted more steeply upward.[22]

Department officials were increasingly concerned, but they wanted to avoid big stick tactics that could prove counterproductive. Guatemala might obstruct United States military and development programs in the area or charge the United States with violating the Non-Intervention Agreement, an accusation that would arouse sympathy throughout Latin America. The Department decided to discourage loans and drag its feet on aid and construction programs for Guatemala, steps it considered subtle but

[20] [ ] "Guatemala," 13 January 1950, Job 80R01731R, Box 17, Folder 688; [ ] "Plans of Col. Carlos Castillo Armas for Armed Revolt Against the Government," 23 August 1950, *ibid.*; NIE 62, "Present Political Situation in Guatemala and Possible Developments During 1952," *Foreign Relations of the United States, 1952-1954*, 4: 1035-1036.

[21] Memorandum of Conversation, "Possible anti-trust suit by the Department of Justice Against the United Fruit Company," 22 May 1953, Records of the Office of Middle American Affairs, Lot 58D78, NARA, RG 59, Box 3.

[22] Notes of the Under Secretary's Meeting, 15 June 1951, *Foreign Relations of the United States, 1951*, 2: 1440-1442.

unmistakable signs of Washington's displeasure. If Arbenz were an opportunist, such moves might have induced cooperation, but the department's analysts misjudged the new President. Twice he had risked his life and career for democracy. His plans for development and agricultural reform were modest, but he was determined to carry them out. Stiffening resistance from the United States and United Fruit led him to reassess his assumptions, adopt a more radical program, and find friends who shared his new opinions.

Arbenz, the PGT, and Land Reform

Agency reports described Arbenz as "brilliant, . . . cultured." The son of a Swiss pharmacist and a *ladino* woman, he planned a career as a scientist or engineer before his father's suicide impoverished the family and left him no alternative apart from the military academy. His intelligence and personal magnetism earned him the admiration of cadets and teachers alike, and he rose quickly to high rank in the officer corps. At 26 he married María Villanova, an American-educated Salvadoran from a prominent landed family. The intellectual, socially concerned couple studied and discussed Guatemala's chronic economic and social problems, and in 1944 they joined the Revolution on the side of the teachers. As Defense Minister under Arévalo, Arbenz advocated progressive reforms, unionization, and forced rental of unused land. He and María became friends with the reformers, labor organizers, and officers who made up the intellectual elite of Guatemala City. Arbenz remained close with friends from the academy, Alfonso Martínez and Carlos Enrique Díaz, and increasingly associated with members of the PGT, Carlos Pellecer, Gutiérrez, and Fortuny. He had particular regard for the latter, whose intellect and wit he put to work in the election campaign of 1950, writing speeches and slogans.[23]

The PGT contributed little to Arbenz's victory in 1950, but it gained influence under the new regime. Total party membership never exceeded 4,000 in a nation of almost three million, a fact reflected in the party's weakness at the polls. Only four Communists held seats in the 61-member congress, a body dominated by moderates. Arbenz did not appoint any Communists to the Cabinet, and only six or seven held significant sub-Cabinet posts. Those few, however, occupied positions that made them highly visible to United States officials, controlling the state radio and newspaper and holding high posts in the agrarian department and the social security administration. The party's principal influence came from Fortuny's friendship with the President. Arbenz's coalition disintegrated after election day into disputatious factions that offered no help amid the struggles with United Fruit and increasing tensions with the United States.

[23]Gleijeses, *Shattered Hope*, pp. 134-142.

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José Manuel Fortuny, leader of the PGT and a close friend of Arbenz

The President admired the undemanding, socially concerned members of the PGT and relied increasingly on Fortuny's political skill. Their relationship grew closer as the two men worked toward a common goal—land reform. At Arbenz's direction, Fortuny, Pellecer, and Gutiérrez drafted a proposal in 1951 for a major restructuring of property ownership in Guatemala. The PGT leadership's close ties to the President gave the party influence in Guatemala entirely out of proportion to its electoral strength. The land reform initiative enhanced that influence and drew the President even closer to Fortuny. [24]

Arbenz's attempt at land reform established his regime's radical credentials in the eyes of domestic and foreign opponents. Unable to obtain funding from the United States or the World Bank, he hesitated for a year, then on 17 June 1952 released Decree 900, an ambitious program to remake rural Guatemala. US aid officials considered it moderate, "constructive and democratic in its aims," similar to agrarian programs the United States was sponsoring in Japan and Formosa. It expropriated idle land on private and government estates and redistributed it in plots of 8 to 33 acres to peasants who would pay the government 3 to 5 percent of the assessed value annually. The government compensated the previous owners with 3 percent bonds maturing in 25 years. The proposal aimed not to create Stalinist collectives but a rural yeomanry free of the tyranny of the *finca*. For Central America it was a radical plan, and Guatemalan landowners joined Nicaraguan dictator Anastasio Somoza in denouncing it. Conservatives feared the program would release the Indians' suppressed hunger for land, with unpredictable consequences for *ladinos*. Historians have recently described Decree 900 as a moderate, capitalist reform, but in 1952 few local observers saw it as

[24]Schlesinger and Kinzer, *Bitter Fruit*, p. 59; Memorandum of Conversation, Dr. Robert Alexander and Mr. William L. Krieg, 1 April 1954, Job 79-01025A, Box 99; Gleijeses, *Shattered Hope*, pp. 145-147.

anything other than an attack on the wealth and power of Guatemala's propertied elite, and by example, on the social order of the region.[25]

The reform intensified conflict between the regime and United Fruit, drawing the United States into confrontation with Arbenz. The company's plantations contained huge tracts of idle land valued on the tax rolls at a fraction of their actual worth. In December 1952, workers at Tiquisate filed for expropriation of 55,000 acres. Other claims followed, and in February 1953 the government confiscated a quarter of a million acres of company land appraised at just over $1 million. United Fruit claimed the actual value was near $20 million. The company and the US Embassy charged the government with discrimination, and the State Department pressed Guatemala to submit the matter to arbitration. The Department was concerned about more than the company. Officials saw Decree 900 as a potential opening for the radicalization of Guatemala. Communists would use land redistribution "to mobilize the hitherto inert mass of rural workers," destroy the political effectiveness of large landholders, and spread disorder throughout the countryside. The Department discerned that the law had originated in the PGT and had "strong political motivation and significance."[26]

Land reform stirred up conflict within Guatemala as well. Within weeks of passage, peasants organized to seize land on idle estates. Vagueness in the law and poor enforcement led to illegal seizures, conflicts with landlords, and fighting between rival peasant claimants. Pellecer, the PGT's peasant organizer, encouraged tenants to take land by force. *Finqueros* organized to resist and brought suit against the government. In February 1953 as disorder reigned in the countryside, entrenched landed interests and peasant unions waged a bureaucratic duel in the capital. Acting on the landlords' suit, the Supreme Court declared Decree 900 unconstitutional and ordered a halt to expropriations. Arbenz fired the justices, and after 39 hours of debate, Congress upheld the President. Peasant leaders claimed victory. "One can live without tribunals," Gutiérrez declared, "but one can't live without land." The decisive shift of power to Arbenz and *campesino* unions aroused the animosity of powerful groups. Left without recourse, landowners struck directly at peasant organizations, shooting, hanging, or beating suspected agitators. Leaders of the Catholic Church criticized the disruption of the social order. The Army felt threatened by rural unrest and peasant organizers who petitioned for the removal of uncooperative local commanders. The opposition remained leaderless and divided, but escalating conflict over land reform left the populace exhausted and bitter.[27]

[25]Immerman, *The CIA in Guatemala*, pp. 64-67; Gleijeses, *Shattered Hope*, pp. 149-164; Schlesinger and Kinzer, *Bitter Fruit*, pp. 54-56; Handy, "Most Precious Fruit," pp. 683-686.
[26]Gleijeses, *Shattered Hope*, p. 164; NIE 84, "Probable Developments in Guatemala," 19 May 1953, *Foreign Relations of the United States, 1952-1954*, 4: 1064, 1070.
[27]Handy, "Most Precious Fruit," pp. 687-703.

The Agency Assessment

Even before implementation of land reform, the CIA saw Guatemala as a threat sufficient to warrant action. In early 1952, analysts found that increasing Communist influence made the Arbenz government "a potential threat to US security." The failure of sanctions to produce improvement in the Arbenz government disturbed State Department officials, who began to contemplate sterner action. Agency officials had stronger views. They saw a determined Communist effort to neutralize Guatemala and remove it from the Western camp. They regarded sanctions as insufficient, possibly counterproductive, and saw direct, covert action as the only remedy to Communist takeover.[28]

Agency analysts saw no immediate danger of a Communist seizure of power in 1952, but regarded the PGT as enjoying substantial and increasing influence. The party had fewer than 200 active members and had failed to infiltrate the Army, railroad and teachers' unions, and student organizations. Analysts saw the party as disciplined and in "open communication with international communism." It would seek to increase its control through the "coordinated activity of individual Communists," and by using the state media to appropriate the slogans and aims of the 1944 Revolution. It had powerful opponents—the Army, United Fruit, large landholders, the Church—but anti-Communists had failed to coalesce into a united opposition. Analysts predicted the PGT would be able to keep its opponents divided and stigmatized, gradually eroding the potential for effective anti-Communist action.[29]

Neither the United States nor United Fruit, Agency officials agreed, could undermine Communist influence with diplomatic and economic pressure. If the company surrendered to Arbenz's demands, it would hand a victory to the PGT and the unions, who would then target other US interests. If the company left Guatemala, it would injure the economy, but not critically. Arbenz would recover and in the process strengthen his ties to unions and the PGT. Analysts held that the United States was trapped in a similar dilemma: economic and diplomatic sanctions would hurt the economy, but not enough to prevent Communists from exploiting the resulting disruption. State Department observers were less pessimistic, believing a crisis triggered by United Fruit's withdrawal or US pressure could induce Arbenz to align with the right. Pentagon officials sided with the Agency, and an NIE approved 11 March 1952 predicted a slow, inevitable deterioration of the situation in Guatemala.[30]

[28] NIE 62, "Present Political Situation in Guatemala and Possible Developments During 1952," 11 March 1952, *Foreign Relations of the United States, 1942-1954*, 4: 1031.
[29] *Ibid.*, pp. 1033-1035.
[30] *Ibid.*, pp. 1035-1036.

To CIA observers, land reform seemed a powerful weapon for the expansion of Communist influence. Decree 900 would weaken the power of conservative landowners while radicalizing the peasant majority and solidifying its support for Arbenz and the PGT activists who led groups of *campesinos* in land seizures. If land reform succeeded, thousands of small farmers would owe their land and livelihood to the influence of the PGT. Ironically, the CIA supported the objectives of the Guatemalan reform—the breakup of large estates into small freeholds—in some of its own programs. The Agency, worried that feudal agriculture would allow Communists in the Third World to ride to power on a wave of reform, had tried for some years to change traditional rural social structures that it considered vulnerable to subversion. [ ] had supported a non-Communist farm cooperative movement[ ]In 1952, the Directorate of Plans undertook a global program, [ ] to encourage small, independent landowners. In the [ ] the program organized 15,000 peasants into 75 study groups, each of which formed a credit union to help its members buy land.[31] Just as Agency officials saw [ ] as a way to enlarge US influence, they regarded Decree 900 as a menacing instrument of Communist penetration. Control made all the difference.

Agency officials considered Guatemala a potential Soviet beachhead in the Western Hemisphere. In 1947 and 1948, the Truman administration developed a subtle understanding of the likely consequences of the Communist takeover of a government outside of the Eastern Bloc. Officials recognized that indigenous revolutionary parties received scant support and often had little contact with Moscow. Even so, they reasoned, Communist governments would likely take actions—such as closing bases or restricting trade—that would shift power away from the United States and toward the Soviet Union. By the onset of the Korean war this analysis lost nuance. Officials in the State Department, the CIA, and the Pentagon regarded all Communists as Soviet agents. John Peurifoy, who became Ambassador to Guatemala in 1953, expressed the consensus when he observed that "Communism is directed by the Kremlin all over the world, and anyone who thinks differently doesn't know what he is talking about."[32] Agency officials assumed the existence of links between the PGT and Moscow. They scrutinized the travel records of Guatemalan officials for signs of enemy contact and attempted to uncover the workings of an imaginary courier network. These were not manifestations of McCarthyite paranoia but of a fear

[31] See [ ] File, Job 79-01025A, Box 81.
[32] House Select Committee on Communist Aggression, *Communist Aggression in Latin America*, 83rd Cong., 2d sess., 1954, p. 125.

shared by liberals and conservatives, academics, journalists, and government officials, that a Soviet conspiracy aimed to strike at America in its own backyard.[33]

Agency analysts saw the Guatemalan threat as sufficiently grave by 1952 to warrant covert action. They began to look for State Department officials who shared their pessimism about overt remedies and to find assets in Central America around which to build a covert program. The Truman administration, however, remained divided over whether Arbenz posed a threat dire enough to warrant such strong action. In 1952 and 1953, indecision led to a fumbling paramilitary program that came close to destroying the anti-Communist movement in Guatemala.

The Agency and the Opposition

As Arbenz completed his land reform plans, the CIA began to explore the possibility of supporting his opponents. Agency officials believed that Guatemala was headed for eventual Communist takeover, and that the opportunity to act was rapidly passing. Without help, the Guatemalan opposition would remain divided and inert, enabling the PGT to consolidate its power. Early in 1952, [ ] the Director of Central Intelligence, Walte[ ] Smith asked the chief of the Western Hemisphere Division, J. C. King, to find out whether Guatemalan dissidents with help from Central American dictators could overthrow the Arbenz regime. King sent an agent to Guatemala City in March to search for an organized opposition and find out whether CIA could buy support, "particularly Army, Guardia Civil, and key government figures."[34] King had lived in Latin America in the 1930s [ ]

In April 1952, State Department officials welcomed Nicaraguan President Anastasio Somoza to Washington on his first state visit. American officials had regarded Somoza as a pariah throughout the 1940s, but now the dictator received a state dinner and was escorted to meetings

[33]Ronald Schneider searched PGT records seized by CIA in 1954 and found no evidence of funds transfers or correspondence with Moscow. Gleijeses, who examined the same records and interviewed former Agency and Communist officials, concludes that CIA and State Department fears about Soviet links were grossly exaggerated. The Soviets made one contact with the Arbenz government, an attempt to buy bananas. The deal fell through when the Guatemalans could not arrange transport without help from United Fruit Company. Ronald M. Schneider, *Communism in Guatemala, 1944-1954* (New York: Praeger, 1958), p. 41; Gleijeses, *Shattered Hope*, pp. 187-188.

[34]J. C. King [ ] 22 March 1952, Job 79-01025A, Box 7.

[35] [ ]

by Maj. Gen. Harry Vaughan, Truman's personal military adviser. Somoza told State Department officials that, if they provided arms, he and Castillo Armas would take care of Arbenz. At Vaughan's urging, Truman instructed DCI Smith to follow up. Smith dispatched [ ] a Spanish-speaking engineer who joined the Agency in 1951, to make contact with Castillo Armas and other dissidents in Honduras and Guatemala. [ ] arrived in Guatemala City on 16 June, the day before Arbenz enacted the agrarian reform, [ ][36]

[ ] learned that Castillo Armas's rebels had financial backing from [ ] Somoza, and Dominican dictator Rafael Trujillo and claimed support from Army units inside Guatemala. At the request of [ ] Castillo Armas produced a battle plan calling for invasions from Mexico, Honduras, and El Salvador. The incursions would be coordinated with internal uprisings led by [

] The plotters needed money, arms, aircraft, and boats, but [ ] considered their plans serious and likely to proceed whether they received additional help or not.[37]

Agency officials sought approval from the State Department before finishing plans to aid the rebels. King located arms and transport, and on 9 July, he gave Dulles a proposal for supplying [ ] and Castillo Armas with weapons and $225,000. He recommended that Somoza and Honduran President Juan Manuel Gálvez be encouraged to furnish air support and other assistance. The proposal emphasized the Agency's minor role in the plot. The rebellion would proceed in any case, King warned, but without CIA help it might fail and lead to a crackdown that would eliminate anti-Communist resistance in Guatemala. Allen Dulles, the Deputy Director of Central Intelligence, met the following day with Thomas Mann of the State Department and the Assistant Secretary of State for Inter-American Affairs, Edward G. Miller, who told him they wanted a new government in Guatemala imposed by force if necessary, but avoided direct answers when Dulles asked if they wanted the CIA to take steps to bring about that outcome. Dulles accepted the officials' vagueness as implying approval, but Smith wanted firmer backing. The DCI contacted

[36] Paul Coe Clark, *The United States and Somoza, 1933-1956: A Revisionist Look* (Westport: Praeger, 1992), pp. 187-188; [ ] to Dulles, "Conference with SEEKFORD," 4 August 1952, Job 79-01025A, Box 69; [ ] "[ ] to Dulles, "Guatemalan Situation," 9 July 1952, Job 79-01025A, Box 69; J. C. King, "Memorandum of Conversation with [ ]," 5 May 1952, Job 79-01025A, Box 69; [ ] to Dulles, "Conference with [ ]," 4 August 1952, Job 79-01025A, Box 69. [ ] is sometimes referred to in the documents as "[ ]." Agency sources revealed Castillo Armas received $136,000 in aid [ ] Contact Report 32, 1 December 1953, Job 79-01025A, Box 69.

Under Secretary of State David Bruce and got explicit approval before signing the order on 9 September 1952 to proceed with operation PBFORTUNE.[38]

King proceeded with plans to supply arms to Castillo Armas. He acquired a shipment of contraband weapons confiscated by port authorities in New York: 250 rifles, 380 pistols, 64 machineguns, and 4,500 grenades. Repackaged as farm machinery, they were scheduled to leave New Orleans [ ] in early October. CIA officials encouraged Somoza and Galvez to lend additional aid, but soon regretted doing so. Somoza spread word of the Agency's role in the rebellion among government officials in Central America, and the State Department learned that the operation's cover was blown. During a meeting with Miller in Panama, Somoza's son, Tacho, casually asked if the "machinery" was on its way. Other diplomats caught wind of the operation, and Secretary Dean Acheson summoned Smith on 8 October to call it off.[39]

State Department officials had reason to hesitate. President Truman had announced in March that he would not seek another term of office, turning the last 10 months of his presidency into what Acheson called a "virtual interregnum."[40] Acheson feared a blown operation would destroy the remnants of the Good Neighbor policy carefully constructed by President Franklin D. Roosevelt. The United States had pledged not to intervene in the domestic affairs of any American state and had attempted to foster Pan-American unity throughout the 1940s. Truman wanted to build on these policies in order to shield the hemisphere from subversion and to marshal support for the United States' global policies in the United Nations. The 1947 Rio Pact created an Organization of American States (OAS) that recognized the obligation of each member to meet an armed attack on any other. With US support, the United Nations had given the OAS jurisdiction over disputes within the hemisphere. Latin American leaders cooperated with these initiatives and followed the United States' lead in the UN, but criticized the Truman administration for failing to support economic development. They also remained alert for signs of backsliding on the nonintervention pledge. The appearance that the United States was supporting the invasion of an OAS member state in retaliation for expropriating American property would set US policy back 20 years. Once PBFORTUNE was blown, Miller wasted no time in terminating it.[41]

[38] [ ] "Chronology of Meetings Leading to Approval of Project A," 8 October 1952, Job 79-01025A, Box 69; [ ] to [ ] "Guatemala," 8 October 1952, Job 79-01025A, Box 69; [ ] to Dulles, "Guatemalan Situation," 9 July 1952, Job 79-01025A, Box 69.

[39] "Packing list, [undated]. Job 79-01025A, Box 150; [ ] Memorandum for the Record, 9 October 1952, Job 79-01025A, Box 69; [ ] Memorandum for the Record, 10 October 1952, Job 79-01025A, Box 69.

[40] Douglas Brinkley, *Dean Acheson: The Cold War Years, 1953-71* (New Haven: Yale University Press, 1992), p. 6.

[41] Immerman, *CIA in Guatemala*, pp. 11-12; Robert Ferrell, *American Diplomacy: A History*, 3rd Ed., (New York: W. W. Norton and Co., 1975), pp. 766-771

PBFORTUNE's demise took the Agency by surprise, and Colonel King scrambled to salvage part of the operation and allow Castillo Armas to save face. He arranged for the arms shipment to proceed as far as [ ] the Canal Zone and to remain there in case the project were revived. Castillo Armas was kept on a retainer of $3,000 a week, allowing him to hang on to a small force. Through the winter of 1952–53, the operation led a twilight existence, neither dead nor alive. King remained in contact with Castillo Armas through [ ] and continued to finance the rebels as a precaution in case rebellion broke out in Guatemala.[42]

Meanwhile, he began to test how far he could go without State Department approval. In November, he asked DCI Smith to allow him to build a pier at the arms storage site in Panama, buy a boat, and fly a portion of the arms to Managua "to test our ability to move supplies clandestinely by air." Smith approved the pier and the boat, but not the flight. On a slim budget, King tried to develop means to transport arms to sites in Nicaragua and Honduras, with nearly disastrous results. The aged World War II transport he acquired left port only twice. On the first trip, its crew reconnoitered a supposedly deserted island in Nicaragua for use as a supply drop, only to discover several hundred inhabitants and a suspicious policeman. On the second, the boat's four engines expired in high seas, and the US Navy had to send a destroyer to the rescue. In the end the boat was left to rust at its newly built pier.[43]

Smith and King hoped that the new administration of President Dwight D. Eisenhower would breathe new life into the project. Early signs indicated that the new President would be receptive to plans for covert operations. Eisenhower had promised during the campaign to retake the initiative in the Cold War while reducing Federal spending, goals that made covert action seem a likely recourse. On 5 March, the Assistant Secretary of State, John Cabot, asked Wisner about the possibility of stepping up psychological warfare against Arbenz, but other members of the Department hesitated.[44] Mann predicted that Guatemalan radicalism would soon be countered by a conservative reaction. If the United States allowed events to take their course, he said, "the pendulum in Guatemala would swing back." Paul Nitze, head of the Department's Policy Planning Staff, worried that Guatemalan Communism would be difficult to contain and

[42] [ ] to King, "Arrangements to receive certain items in the Canal Zone," 10 October 1952, Job 79-01025A, Box 69; King to [ ] "Central American Situation," 10 October 1952, Job 79-01025A, Box 69.

[43] King to Dulles, 20 October 1952, Job 79-01025A, Box 69; King to Smith, "PBFORTUNE," 25 November 1952, Job 79-01025A, Box 69. See also [ ] file, Job 79-01025A, Box 81.

[44] [ ] Acting Chief, Western Hemisphere Division, to Wisner, "Conversation Regarding Guatemala," 10 March 1953, Job 79-01228A, Box 13.

might spill over into neighboring states.[45] With no certain mandate, Smith and King worked to keep the Guatemala operation alive until the new administration decided what to do with it.

Despite[ ]prediction, Castillo Armas showed little inclination to launch his revolution without Agency support. King approved of his restraint. His greatest fear was that a rebellion would erupt before the Agency could lend it sufficient help. If the rebels failed, the Agency could lose its assets in Guatemala. Smith urged State Department officials to approve a covert aid program before there was no one left to aid. He stressed the imminence of revolt and the sympathy of Central American rulers for the rebel cause. He exaggerated only partly. Somoza and Castillo Armas had no immediate plans, but Guatemala was rife with talk of impending invasion. The meager amounts of aid funneled in by the Agency persuaded some rebels that they had powerful friends and led them to take precisely the kind of risk King wanted to avoid.

Failure at Salamá

King's fears were realized on 29 March 1953 when Carlos Simmons launched a futile attack on the garrison at Salamá and provoked a backlash that cost the Agency and Castillo Armas most of their usable assets in Guatemala. Two hundred raiders from nearby banana plantations seized the remote town of Salamá and held it for 17 hours[ ]While the raid's planners escaped abroad, the rebels went to jail, and the Guatemalan Government launched a dragnet to round up other suspected subversives. The failed rebellion[ ]severely impaired Castillo Armas's potential. The latter's principal ally inside Guatemala was Córdova Cerna, leader of the most prominent anti-Communist organization, the Comité Civico Nacional. Despite his ties to United Fruit, Córdova Cerna's reputation as a principled opponent of Ubico (he had resigned the justice ministry in protest) lent respectability to his resistance against Arbenz. After Salamá, police raids crushed his organization and he fled to Honduras, where he began intriguing to gain control of Castillo Armas's following. PBFORTUNE suffered a severe blow. The Agency lost all its assets inside the country and was left to deal with contentious and fragmented exile groups.[46]

In the wake of Salamá, Agency analysts regarded Guatemalan developments with even deeper pessimism. Opposition within the country, according to an NIE of 19 May 1953, had been reduced to scattered "urban elements" who were unlikely to join United Fruit and landholders in a

[45]Memorandum of Conversation, Thomas C. Mann, Paul H. Nitze, 3 March 1953, Job 79-01228A, Box 13.
[46]Schlesinger and Kinzer, *Bitter Fruit*, p. 103.

resistance movement. El Salvador, Honduras, and Nicaragua wanted new leadership in Guatemala, but analysts considered outside intervention "highly unlikely." The "only organized element in Guatemala capable of decisively altering the political situation," the Army, showed no inclination toward revolutionary action. Arbenz still had the power to break free of Communist influence, but the trend seemed in the opposite direction. "As long as President Arbenz remains in power the Arbenz-Communist alliance will probably continue to dominate Guatemalan politics." "Any increase in political tension in Guatemala," the Estimate concluded, "would tend to increase Arbenz's political dependence on this alliance."[47]

As the State Department's apprehensions grew during the summer of 1953, it became increasingly receptive to proposals for bold action against Arbenz. In May, the desk officer for Central America, John M. Leddy, noted that "the trend toward increased Communist strength is uninterrupted," and that Salamá had furnished a pretext for a thorough crackdown on the opposition. Three months later the Bureau of Inter-American Affairs painted a bleak picture for the National Security Council. The Communists were using land reform—a program "designed to produce social upheaval"—to gain control of Guatemalan politics. The situation was progressively deteriorating. "Communist strength grows, while opposition forces are disintegrating. . . . Ultimate Communist control of the country and elimination of American economic interests is the logical outcome, and unless the trend is reversed, is merely a question of time."[48]

State Department analysts saw few good options. US military intervention or overt economic sanctions would violate treaty commitments and enrage other American republics. Covert intervention posed the same danger, if it were discovered. The policy of "firm persuasion" had produced few results so far, and there seemed little chance that continuing or escalating official pressure would help. "This situation," officials concluded, "tests our ability to combat the eruption and spread of Communist influence in Latin America without causing serious harm to our hemisphere relations." In the minds of Eisenhower's aides, Guatemala put the new administration on trial. It represented "in miniature all of the social cleavages, tensions, and dilemmas of modern Western society under attack by the Communist virus," explained a member of the NSC staff. "We should regard Guatemala as a prototype area for testing means and methods of combating Communism."[49]

[47]NIE 84, "Probable Developments in Guatemala," 19 May 1953, *Foreign Relations of the United States, 1952-1954*, 4: 1061-1070.
[48]Leddy to Cabot, "Relations with Guatemala," 21 May 1953, *Foreign Relations of the United States, 1952-1954*, 4: 1071-1073; NSC Guatemala, 19 August 1953, *Ibid.*, 4: 1074-1086.
[49]Leddy to Cabot, "Relations with Guatemala," 21 May 1953, *Foreign Relations of the United States, 1952-1954*, 4: 1071-1073; NSC Guatemala, 19 August 1953, *Ibid.*, 4: 1074-1086.

The administration was ready to meet the challenge. In the summer of 1953, the new President encouraged his advisers to revise their strategies for fighting the Cold War. In a series of discussions, known as the Solarium talks, administration officials explored ways to fulfill Eisenhower's promises to seize the initiative in the global struggle against Communism while restraining the growth of the Federal budget. The result was NSC 162/2, a policy known to the public as the "New Look." It stressed the need for a cheaper, more effective military striking force that would rely more on mobility, nuclear intimidation, and allied armies. The new policy placed a greater emphasis on covert action. Eisenhower saw clandestine operations as an inexpensive alternative to military intervention. He believed that the Cold War was entering a period of protracted, low-level conflict. Relying too much on the military would exhaust the economy and leave the United States vulnerable. In his mind, finding creative responses to Communist penetration of peripheral areas like Guatemala posed one of the critical tests of his ability as a leader.[50]

The new administration's Cabinet stood ready to put the "New Look" into effect. Eisenhower had elevated Allen Dulles to the directorship, placing the Agency under the charge of its chief covert operator. The new DCI's brother, John Foster Dulles, had become Secretary of State, a development that promised unprecedentedly smooth cooperation with the State Department, as did the appointment of Bedell Smith as Under Secretary of State. Under the new administration, key departments and agencies were headed by officials predisposed to seek active, covert remedies to the Guatemala problem.

By mid-1953, the administration stood poised to take action against Arbenz. Faltering policies late in the Truman administration—aggravated by the State Department's indecision and the Agency's poor security—accelerated the deterioration of the situation in Guatemala and left the United States with fewer options. Guatemala no longer had an organized opposition that could moderate Arbenz's behavior or offer the United States the possibility of peaceful change. American commercial interests, particularly United Fruit, intensified conflict between the United States and the Arbenz regime and precipitated the disaster at Salamá, but played only a contributing role in shaping policy. Truman and Eisenhower saw Guatemala as succumbing to Communist pressures emanating ultimately from Moscow. The threat to American business was a minor part of a larger danger to the United States' overall security. The failure of PBFORTUNE, in fact, led CIA officials to reconsider [ ] in later ventures against Arbenz.

[50] Leddy to Cabot, "Relations with Guatemala," 21 May 1953, *Foreign Relations of the United States, 1952-1954*, 4: 1071-1073; NSC Guatemala, 19 August 1953, *Ibid.*, 4: 1074-1086.

Wide World (AP) ©

Eisenhower's Secretary of State, John Foster Dulles (left), shared his brother's enthusiasm for covert action. Here the two brothers exchange ideas at Washington's National Airport.

Chapter 2

Reversing the Trend

A policy of non-action would be suicidal, since the Communist movement, under Moscow tutelage, will not falter nor abandon its goals.
National Security Council, 19 August 1953[51]

Reviewing the situation in Guatemala on 12 August 1953, the staff of the National Security Council determined that the Arbenz government posed a threat to the national security sufficient to warrant covert action against it. Eisenhower's "New Look" policy and the success of TPAJAX, an operation that overthrew Prime Minister Mohammed Mossadeq of Iran, elevated the Agency's reputation to unprecedented heights, and the new administration gave CIA primary responsibility for the action while allowing it to call on other departments for support as needed. The Operations Coordinating Board cautioned against relying on [ ] noting that [ ] was "to be used only to the extent deemed desirable by CIA, and is to be kept informed on a strict need-to-know basis."[52] The plans CIA developed in the following weeks reflected the Agency's confidence in the tactics it had developed in the first six years of its existence. Despite the lack of hard information on Guatemalan politics and society, planners were sure Guatemalans would respond to stratagems proven in Europe, the Middle East, and Asia. What made the new operation truly appealing was that covert action tactics would be applied on a grander scale, over a longer period, and for higher stakes than ever before.

J. C. King's Western Hemisphere Division staff began developing plans immediately after the NSC decision. The operation's optimistic title—PBSUCCESS—reflected the high hopes of its planners.[ ] Hans Tofte, and [ ] drafted an outline of the Guatemala operation during the dramatic denouement of TPAJAX. The covert operation shattered Mossadeq's Tudeh Party and gave the pro-American Shah unchallenged authority. The Iranian operation's chief officer found Secretary of State John Foster Dulles "almost alarmingly enthusiastic" about the outcome.[53] The Eisenhower administration

[51] Draft NSC Policy Paper, 19 August 1953, *Foreign Relations of the United States, 1952–1954*, 4: 1083.

[52] [ ]

[53] Kermit Roosevelt, *Countercoup: The Struggle for Control of Iran* (New York: McGraw Hill, 1979), p. 209.

saw this success as proof that covert action could be a potent, flexible weapon in the Cold War. King's aides were anxious to prove it again in Guatemala. They brought considerable experience to the task.[ ]had been an intelligence officer in[ ]during the war and had joined the Agency as soon as it was established in 1947. He served as[ ]Tofte had fled his native Denmark in 1941 and joined the[ ]serving in Burma and China before quitting to join the OSS. Impressed by his credentials, William Donovan placed him in charge of an operation to resupply Yugoslav partisans from a secret base in[ ]. He eventually came to command a force of over 600 guerrillas.[55] After the war he joined CIA and earned a reputation[ ]for mounting behind-the-lines operations. In 1953 he was a member of the Psychological and Paramilitary Operations Staff in the Directorate of Plans (DDP).[ ]who served with Army intelligence in Chile during the war and afterward as a US military adviser in Latin America, was chief of the DDP's Central America branch.[56]

The Plan

The planners decided to employ simultaneously all of the tactics that had proved useful in previous covert operations. PBSUCCESS would combine psychological, economic, diplomatic, and paramilitary actions. Operations in Europe,[ ] and Iran had demonstrated the potency of propaganda—"psychological warfare"—aimed at discrediting an enemy and building support for allies. Like many Americans, US officials placed tremendous faith in the new science of advertising. Touted as the answer to underconsumption, economic recession, and social ills, advertising, many thought, could be used to cure Communism as well. In 1951, the Truman administration tripled the budget for propaganda and appointed a Psychological Strategy Board to coordinate activities.[57] The CIA required "psywar" training for new agents, who studied Paul Linebarger's text, *Psychological Warfare*, and grifter novels like *The Big Con* for disinformation tactics.[58] PBSUCCESS's designers planned to supplement overt

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[55] William J. Donovan to Adjutant General, "Recommendation for Award of Legion of Merit to Major Hans V. Tofte," 19 September 1945, Job 57-102, Box 162.

[56] Thomas Powers, *The Man Who Kept the Secrets: Richard Helms and the CIA* (New York: Alfred A. Knopf, 1979), p. 323;[ ], Job 78-06607R, Box 2, Folder 7.

[57] Ludwell Montague, *General Walter Bedell Smith as Director of Central Intelligence* (University Park: Pennsylvania State University Press, 1992), pp. 203-215.

[58] Paul Linebarger, *Psychological Warfare* (Washington: Infantry Journal Press, 1948). For details of Agency instruction in psywar, see Joseph Burkholder Smith, *Portrait of a Cold Warrior* (New York: G. P. Putnam's Sons, 1976), pp. 85-95.

diplomatic initiatives—such as an OAS conference convened to discredit Guatemala—with "black operations using contacts within the press, radio, church, army, and other organized elements susceptible to rumor, pamphleteering, poster campaigns, and other subversive action."[59] They were particularly impressed with the potential for radio propaganda, which had turned the tide at a critical moment in the Iran operation.[60]

The planners' faith in radio as a propaganda weapon derived from their experience in other areas of the world, and it ignored local conditions that limited the strategy's usefulness in Guatemala. Only one Guatemalan in 50 owned a radio, and the vast majority of the nation's 71,000 sets were concentrated in the vicinity of the capital, in the homes and offices of the wealthy and professional classes. Agency analysts noted that "radio does not constitute an effective means of approach to the masses of agricultural workers and apparently reaches only a small number of urban workers." Communist organizations eschewed radio and exercised influence through personal contact and persuasion. Radio, nonetheless, became a central feature of the operational plan. Although Guatemalans were "not habituated" to radio, an analyst observed, they "probably consider it an authoritative source, and they may give wide word-of-mouth circulation to interesting rumors" contained in broadcasts.

[ ] Tofte, and [ ] considered Guatemala's economy vulnerable to economic pressure, and they planned to target oil supplies, shipping, and coffee exports. An "already cleared group of top-ranking American businessmen in New York City" would be assigned to put covert economic pressure on Guatemala by creating shortages of vital imports and cutting export earnings. The program would be supplemented by overt multilateral action, possibly by the OAS, against Guatemalan coffee exports. The planners believed economic pressures could be used surgically to "damage the Arbenz government and its supporters without seriously affecting anti-Communist elements."[62]

Planners had only sketchy ideas about the potential of two crucial parts of the program: political and paramilitary action. King's aides believed that to succeed the opposition would need to win over Army leaders and key government officials. They considered the Army "the only organized element in Guatemala capable of rapidly and decisively altering the political situation." In Iran, cooperative army officers had tilted the political balance in favor of the Shah. Planners felt PBSUCCESS needed

[59] King to Dulles, "Guatemala—General Plan of Action," 11 September 1953, Job 83-00739R, Box 5.
[60] Roosevelt, *Countercoup*, p. 191.
[ ]
[62] King to Dulles, "Guatemala—General Plan of Action," 11 September 1953, Job 83-00739R, Box 5.

similar support, but they had few ideas on how to foment opposition. Arbenz, a former officer, remained popular among military leaders. Castillo Armas had little appeal among his former colleagues, and his guerrillas were no match for the 5,000-man Army. Rebel forces suffered from desertion and low morale, and agents in Honduras reported that without help, the organized opposition would disintegrate by the end of 1953.[63]

PBSUCCESS planners were disturbed by the shortage of assets around which to build a covert program. The Catholic Church opposed land reform and Arbenz, but was handicapped by its meager resources and the shortage of native priests. Foreigners were subject to deportation, and most priests avoided challenging authority. Resistance among landowners was declining "due to general discouragement" after the failure of the Salamá raid. The planners noted widespread discontent in both the capital and the countryside, but saw little prospect of stimulating disgruntled elements to take political action. The estimated 100,000 passive opponents included property owners, laborers, and *campesinos* who shared few common goals. Castillo Armas's organization, "a group of revolutionary activists, numbering a few hundred, led by an exiled Guatemalan army officer, and located in Honduras," remained the Agency's principal operational asset. In addition, some fifty Guatemalan students belonging to the Comité Estudiantes Universitarios Anti-Comunistas (CEUA) had [

] The group published a newspaper, *El Rebelde*. Members who fled the country after Salamá formed an exile group and published a weekly paper, *El Combate*, which was smuggled over the border. These assets, the planners reported, did "not even remotely match the 1,500–3,000 trained Communists."[65]

While TPAJAX achieved victory in less than six weeks, PBSUCCESS planners warned that Guatemala would require more effort and patience. The Agency would have to develop from scratch assets of the sort that it had used in Iran, a process that might take a year or more.[ ] foresaw a preparation period followed by a buildup of diplomatic and economic pressure on the Arbenz regime. When pressure reached its maximum point, political agitation, sabotage, and rumor campaigns would undermine the government and encourage active opposition. During this crisis, Castillo Armas would establish a revolutionary government and invade Guatemala. The plan was silent about what would happen next.[66]

Trusting the Agency's proven tactics to generate results, planners saw no problem in their inability to predict how the operation would play out. Reviewing their work, Deputy Director for Plans Frank Wisner remarked

[63] *Ibid.*
[64] [ ] "Report on Stage One PBSUCCESS, Annex B, Friendly Assets and Potential," 15 December 1953, Job 79-01025A, Box 1.
[65] King to Dulles, "Guatemala—General Plan of Action," 11 September 1953, Job 83-00739R, Box 5 (also in Job 81-00206R, Box 1).
[66] *Ibid.*

that "the plan is stated in such broad terms that it is not possible to know exactly what it contemplates, particularly in the latter phases." He added that he did "not regard this as a particular drawback" since adjustments could be made as the operation unfolded. King expected a long assessment phase during which specific goals and plans would be set, with periodic reassessments throughout the life of the operation.[67]

King and Tracy Barnes, Chief of the DDP's Political and Psychological Staff, presented the plan on 9 September to Raymond Leddy, head of the State Department's Office of Middle American Affairs, and James Lampton Berry, the Department's liaison to the Agency. Department officials had given up on the policy of gradually escalating pressure. Leddy admitted that "prospects do not appear very bright" adding that "some organizational work and some fundamental changes in the situation will have to occur" before a revolt could succeed. He and Berry reviewed King's plan in detail and agreed to go ahead.[68]

PBSUCCESS relied on the State and Defense Departments to isolate Guatemala diplomatically, militarily, and economically. In King's plan, the State Department would mount a diplomatic offensive in the OAS to declare Guatemala a pariah state and cripple its economy. State and Defense would work together to enforce an arms embargo and build up the military potential of neighboring states. The US Navy and Air Force would provide essential logistical support, maintenance, expertise, and training for paramilitary forces. Overt initiatives would create an atmosphere of fearful expectancy, which would enhance the effectiveness of covert action. PBSUCCESS would be a governmentwide operation led by CIA.[69]

On 9 December 1953, Allen Dulles authorized $3 million for the project and placed Wisner in charge. Wisner's Directorate of Plans assumed exclusive control of PBSUCCESS, neither seeking nor receiving aid from other directorates. Robert Amory, Deputy Director for Intelligence (DDI) was never briefed, and Guatemala Station excluded references to PBSUCCESS in its reports to the DDI. The DDP carefully segregated the operation from its other activities, giving it a separate chain of command, communications facilities, logistics, and funds. Wisner ran the operation in Washington, with Tracy Barnes serving as a liaison to [ ] headquarters in Florida. King, who had nurtured the operation from its beginning, was pushed aside to give Wisner a free hand. "King was very upset," Richard Bissell, the Assistant DDP, recalled later. "PBSUCCESS became Wisner's project."[70]

[67]Wisner to Dulles, "Program for PBSUCCESS," 16 November 1953, Job 83-00739R, Box 5.
[68]King to Dulles, "Guatemala—General Plan of Action," 11 September 1953, Job 83-00739R, Box 5; William L. Krieg to Raymond G. Leddy, 10 November 1953, Department of State Decimal Files [hereafter DSDF], 714. 00/11-1053, RG 59, US National Archives.
[69]King to Dulles, "Guatemala—General Plan of Action," 11 September 1953, Job 83-00739R, Box 5.
[70]Gleijeses, *Shattered Hope*, pp. 243-244.

The State Department fulfilled its assigned duties, increasing aid to industrial and road building projects in Honduras, El Salvador, and Nicaragua, and assembling a special team of diplomats to assist PBSUCCESS from Central American embassies.[71] The group's leader, John Peurifoy, took over as Ambassador in Guatemala City in October 1953. He was in a familiar rôle. As Ambassador to Greece during its civil war, he coordinated State [ ] activities on behalf of the royalists. An admirer of Joseph McCarthy, he shared the Senator's taste in politics. Whiting Willauer and Thomas Whelan arrived at their ambassadorial posts in Honduras and Nicaragua in early 1954. Willauer also had a long association with CIA. As one of the founders of Civil Air Transport, he had arranged the airline's secret sale to the Agency in 1950.[72] Whelan had developed strong ties to Somoza and was considered part of the team even without an intelligence background. The ambassadors reported to the CIA through former DCI Walter Bedell Smith, whom Eisenhower had appointed Under Secretary of State.[73]

Meanwhile, [ ] established PBSUCCESS headquarters in a [ ] The [ ] offered facilities for offices, storage, and aircraft maintenance, and two days before Christmas, the operation moved [ ], Florida, under the cover name [ ] If asked, officers were to explain that they were part of a unit that did [ ]. Code named LINCOLN, the headquarters soon became the center of feverish activity as over a hundred case officers and support personnel began the operation's assessment phase. [ ] under his new title, Special Deputy for PBSUCCESS, issued orders from a desk facing a 40-foot wall chart detailing the operation's phases and categories of action: political, paramilitary, psychological, logistics.[74]

Gruff and s[ ] enjoyed the loyalty of his officers, who regarded him with a mixture of respect [ ] While most of the LINCOLN staff moved into new suburban tract houses in [ ] and enjoyed the recreational advantages of one of America's postwar boomtowns, [ ] spent long hours in [ ] and retired late in the evening to his room at the [ ]. He planned the operation, guided it through its early stages, and managed its crises. While Wisner was officially in charge, his decisions consisted of selecting among alternatives developed by [ ] More than any other official, [ ] placed his personal stamp on PBSUCCESS.

[71]Raymond G. Leddy to Ambassador Michael McDermott, 30 December 1953, Records of the Office of Middle American Affairs, Lot 57D95, RG 59, Box 5, US National Archives.
[72]William M. Leary, *Perilous Missions: Civil Air Transport and CIA Covert Operations in Asia* (University, AL: University of Alabama Press, 1984), pp. 110-112.
[73]For a discussion of the ambassadorial team, see Gleijeses, *Shattered Hope*, pp. 289-292; and Immerman, *CIA in Guatemala*, pp. 140-141.
[74]Schlesinger and Kinzer, *Bitter Fruit*, p. 113.

The Assessment

A shortage of reliable information, rivalries among Guatemalan opositionists, and failures of security hampered [ ] initial efforts. Case officers participating in the assessment phase bemoaned the lack of intelligence on Guatemalan Government and society. [ ] was shocked to learn that Guatemala Station had "no penetrations of the PGT, government agencies, armed forces, or labor unions."[75] Kermit Roosevelt, who directed TPAJAX had warned that if the Agency was "ever going to try something like this again, we must be absolutely sure that people and army want what we want."[76] In Guatemala there was no way to tell. Without sources inside the PGT, [ ] could only speculate on its tactics and vulnerabilities, and PBSUCCESS planners increasingly fell back on analogies to other Communist parties and revolutions, particularly the Russian revolution, in analyzing enemy behavior.[77] But in its opening phases, the operation suffered more from the lack of information on its potential allies: the Army, regional leaders, and rebel factions.

Considering the Army critical to PBSUCCESS, [ ] needed to know the chances of a complete or partial defection by the officer corps, but he lacked sources. The US military advisory group in Guatemala, which had daily contact with officers, could come up with no information on the personalities and politics of its advisees.[78] The military appeared unshakably loyal to Arbenz, who rarely trespassed on its prestige or prerogatives. The elite Guardia Civil, passionately devoted to the President, included 2,500 of the country's best-trained and -equipped soldiers.[79] [ ] urged his officers to learn more, and in December, George Tranger, [ ] found a retired major, [ ] who claimed to know of a disgruntled faction in the officer corps.[80] By January, hopes settled on Col. Elfego Monzón, who purportedly talked of staging a mutiny and boasted of a wide following.[81] But since the Station had no source close to Monzón, [ ] could not determine how to proceed.

[75] [ ] "Report on Stage One PBSUCCESS," 15 December 1953, Job 79-01025A, Box 1.

[76] Koosevelt, *Countercoup*, p. 210.

[77] Attempts to penetrate the PGT were unsuccesful until very late in the operation and then at a very low level. [ ] "Penetration of the PGT," HUL-A-844, 19 May 1954, Job 79-01025A, Box 103. "All Communist Parties, acting under the direction of the Soviet Union, follow the same general pattern in seeking to capture free social institutions and democratic governments," [ ] observed. "Some operate openly and others clandestinely, but all are integral parts of the world wide Communist effort." [ ] to King, "Communist Activities in Central America," HUL-A-544, 21 April 1954, Job 79-01025A, Box 102.

[78] [ ] to Frank Wisner, "Performance of the US Army Mission and Military Attache in Guatemala," 9 September 1954, Job 79-01025A, Box 23. Wisner thought the Army might have refused to cooperate on principle or out of reluctance to violate the military assistance agreement, but [ ] explained that the advisers wanted to help but didn't know anything because they didn't socialize with Guatemalan officers.

[79] [ ] "Report on Stage One PBSUCCESS," 15 December 1953, Job 79-01025A, Box 1.

[80] Tranger to King, "Psychological Barometer Report," 23 December 1953, Job 79-01025A, Box 98.

[81] Andrew, B. Wardlaw (First Secretary of the Embassy) to Mr. William L. Krieg (Embassy Counselor), 26 January 1954, Job 79-01025A, Box 98, Folder 8.

[ ] also needed to know how to gain the support of Central American leaders, and his staff struggled to decipher the byzantine politics of the region. The largest and best armed of the Central American states, Guatemala had traditionally sought to reestablish a united Central American federation under Guatemalan leadership. Neighboring states feared these ambitions, but disagreed over whether Guatemala posed a greater threat with a dictatorial or an antidictatorial regime in power. Somoza resented Guatemala's antidictatorial stance and eagerly supported Castillo Armas, whom he considered pliable. [ ]

Somoza's support became essential to PBSUCCESS, and in early January 1954, the United States granted him a long-sought security treaty, entitling Nicaragua to substantial military aid. Honduras and El Salvador enjoyed close ties to the United States but, unlike Nicaragua, they shared a border with Guatemala. President Oscar Osorio of El Salvador and Juan Manuel Gálvez of Honduras had more ambivalent feelings about inciting a rebellion in a neighboring state. Both felt threatened by Arbenz's land reform decree—which might spread rural and labor unrest throughout the region—and had good reasons to support Castillo Armas. Both, however, also worried about the risks of supporting the rebellion. Guatemalan forces might invade Honduras or El Salvador in pursuit of a defeated Castillo Armas. In victory, the rebels might be equally dangerous, particularly if allied to Somoza. Rumors circulated that Castillo Armas had agreed to turn his rebellion into a war of conquest after the fall of Guatemala City. [ ] emissaries found Gálvez and Osorio demanded a high price for cooperating with PBSUCCESS. They wanted US security guarantees, military aid, and promises to restrain Somoza.[82]

Since 1944, Mexico had taken a paternal interest in Guatemalan democracy, and PBSUCCESS planners feared that the government of Adolfo Ruíz Cortínes, if sufficiently aroused, would come to the aid of its neighbor. In May of 1953, Ruíz Cortínes awarded Arbenz the highest honor given to a foreign dignitary, the Great Necklace of the Aztec Eagle. Mexico responded to US pressure to cut arms supplies to the Arbenz government, but US diplomats estimated that the Mexicans would react strongly against further efforts to coerce or intimidate Guatemala. This Mexican attitude limited measures that could be taken overtly by the United States and intensified the need to maintain cover and deniability.[83]

[82]Gleijeses, *Shattered Hope*, pp. 223-225; [ ] to PBSUCCESS Headquarters, "Position of Anastasio Somoza," HUL-A-646, 5 May 1954, Job 79-01025A, Box 103; LINCOLN to DCI, 23 March 1954, Job 79-01025A, Box 2; LINCOLN to DCI, LINC 3169, 26 May 1954, Job 79-01025A, Box 5; LINCOLN to Director, LINC 4078, 19 June 1954, Job 79-01025A, Box 6.

[83]John Stephen Zunes, "Decisions on Intervention: United States Response to Third World Nationalist Governments, 1950-1957" (Ph.D. dissertation, Cornell University, 1990), pp. 66-67.

[ ]case officers also had to learn the politics of the anti-Communist opposition. News of the Agency's interest spread quickly among Guatemalan oppositionists, and LINCOLN was soon inundated with appeals for support. Córdova Cerna, Castillo Armas, and Miguel Ydígoras Fuentes, Arbenz's opponent in the 1950 election, vied with one another for leadership of the Agency-sponsored rebellion. [ ]sought to consolidate all rebel movements into a united opposition, but had difficulty reconciling the pretensions of the three contenders. Despite flaws, Castillo Armas seemed the best suited to lead the rebellion. The leader of the largest rebel group—the only one with substantial paramilitary and intelligence assets—he had an "above average" military record and enjoyed the support of Somoza and Gálvez.[84] Agency officials regretted his lack of combat experience but observed a "readiness to take the fullest advantage of future CIA aid and assistance."[85] With the help of[ ]who had been his liaison since PBFORTUNE, Castillo Armas moved his rebels to two bases in Nicaragua—[ ]—and drafted plans for an invasion.

Castillo Armas's failure to articulate a political philosophy occasionally worried[ ]and he instructed his agents to find out "just what ideas" the rebel leader had "along the lines of a political-economic concept."[87] All they had to go on was the "Plan de Tegucigalpa." This manifesto, issued by Castillo Armas on 23 December 1953, was a vague summons to arms that denounced the "Sovietization of Guatemala" and pledged the rebels to form a government that would respect human rights, protect property and foreign capital, accept the recommendations of United Nations economic experts, and explore for oil.[88] When pressed, Castillo Armas confessed an attraction to "justicialismo," a political program advocated by Juan Perón of Argentina, but he seldom spoke of how he would govern in practice.[89] He believed Guatemala's main problems would be financial, but he was reluctant to speculate further until he knew in what fiscal condition he would find the treasury. Case officers remained confused but drew reassurance from his unassuming receptiveness to advice. One interviewer was "amazed at his common sense, middle of the road views; this is no Latin American Dictator with a whip."[90]

"J. C. King to Allen Dulles, "Guatemala - General Plan of Action," 11 September 1953, Job 79-01025A, Box 1;[ ]"Guatemalan Situation," 17 March 1952, Job 80R01731R, Box 17, Folder 688. Castillo Armas also received material support from President Tiburcio Carías Andino of Honduras.

"Allen Dulles to[ ]and Tofte, "Program PBSUCCESS General Plan of Action," 9 December 1953, Job 83-00739R, Box 5.

[ ]

"[ ]HUL-A-662, 5 May 1954, Job 79-01025A, Box 103.

"[ ]"El Plan de Tegucigalpa," HUL-A-470, 14 April 1954, Job 79-01025A, Box 102.

"For Perón's philosophy, see F. J. McLynn, "Perón's Ideology and its Relation to Political Thought and Action," *Review of International Studies* 9 (1983) 1: 1-15.

"[ ]HUL-A-662, 5 May 1954, Job 79-01025A, Box 103; "Fisherman" to Chief of Station Guatemala, HGG-A-732, 28 January 1954, Job 79-01025A, Box 99.

Carlos Castillo Armas

Physically unimposing and with marked *mestizo* features, Castillo Armas had none of the aspect of a *caudillo*, but Agency officials regarded this as an advantage, especially in comparison with the leonine demeanor of Castillo Armas's rival, Miguel Ydígoras Fuentes. As a general in Ubico's army, Ydígoras gained a reputation as a ruthless enforcer of the vagrancy laws, on at least one occasion ordering his troops to rape Indian women and imprison their children.[91] With his aristocrat's mien and contempt for the Indian majority, most PBSUCCESS officers saw Ydígoras as a public relations liability, "ambitious, opportunistic, and unscrupulous."[92] [ ] disagreed, passing on to Headquarters *Ydígorista* rumors charging Castillo Armas with being an agent of Arbenz.[93] [ ] summoned [ ] to LINCOLN for reeducation and assigned a new liaison to the Ydígoras group. After February 1954, Ydígoras was excluded from PBSUCCESS plans but remained an operational and security hazard requiring continual observation.

PBSUCCESS [ ] officers had good relations with [ ] and pushed him to assume greater prominence in the rebel leadership. A former [ ] and [ ], he was one of the few centrist politicians of stature who had taken a principled stand against the growth of Communist influence in Guatemala. PBSUCCESS officers believed his reputation could compensate for Castillo Armas's inexperience, although age, ill-health, and old ties to United Fruit disqualified him for supreme command. Without followers of his own, [ ] In early February, [ ] brought Castillo Armas to LINCOLN to sign an accord with [ ] creating a provisional revolutionary committee known as "the junta," and formalizing the rebels' relationship to the Agency. CIA would funnel aid to the junta through a fictional organization of American businessmen called "the group."[95]

As the Agency organized and assessed its assets in Central America, the State Department's diplomatic offensive began to take effect. By the end of January 1954, [ ] had established a training base [

[91] Immerman, *The CIA in Guatemala*, p. 61.

[92] "Miguel Ydígoras Fuentes," [undated], Ydígoras file, Job 79-01025A, Box 81.

[93] [ ] to Chief, LINCOLN, "Debriefings of [ ] March 1954, Job 79-01025A, Box [ ]

[ ]

[95] [ ] to Chief of Station Guatemala, [ ] HUL-A-1230, 9 July 1954, Job 79-01025A, Box 104.

Wide World (AP) ©

Miguel Ydígoras Fuentes

]in the Canal Zone, recruited pilots for black flights, and made preliminary arrangements to set up a clandestine radio station in [ ][96] John Foster Dulles, meanwhile, arranged for Venezuela to host a special session of the OAS in March to discuss the Guatemalan situation.[97] He failed, however, to orchestrate an embargo on Guatemalan coffee. Company executives told State Department officials that the sale of Guatemalan beans in highly competitive global markets could not be limited without drastic action that would inflate coffee prices for American consumers.[98] Dulles had more luck controlling the trade in arms and ammunition, in which the United States enjoyed a dominant position. The US had restricted its own sales of arms to Guatemala in 1951, and in 1953 the State Department intervened aggressively to thwart all arms transfers, foiling deals with Canada, Germany, and Rhodesia.[99] By December, the Arbenz government could not purchase guns or ammunition of any kind, and the Army grew increasingly alarmed about the quantities of military hardware arriving in Nicaragua and Honduras.[100]

Arbenz became acutely aware of the threat posed by the arms embargo in late 1953 and prepared to take bold, desperate action to lift it. Conflict touched off by the land reform decree drained the Army's small arsenal and jeopardized the military's ability to fulfill its traditional role as preserver of order in the countryside.[101] As the officer corps grew resentful

[96] [ ]. Job 79-01025A, Box 69; "Meeting with KUFUS and RAMON," 29 January 1954, January chrono file, Job 79-01025A, Box 69.

[97] Peurifoy to Department of State, 23 December 1953, *Foreign Relations of the United States, 1952-1954*, 4: 1093.

[98] Edward G. Cale, "Memorandum of Conversation: Guatemalan Coffee," 25 November 1953, *Foreign Relations of the United States, 1952-1954*, 4: 1088-1090.

[99] Sharon I. Meers, "The British Connection: How the United States Covered its Tracks in the 1954 Coup in Guatemala," *Diplomatic History* 16 (Summer 1992) 3: 414.

[100] [ ] (Guatemala Station) to WH Chief, "Guatemalan Procurement of Arms in Mexico," 21 December 1953, Job 79-01025A, Box 98.

[101] Chief of Station Guatemala to Chief, WH, HGG-A-643, 13 January 1954, Job 79-01025A, Box 98. This was, of course, the embargo's intended effect. Internal conflict intensified the sense of crisis and isolation the embargo was meant to convey, and [ ] gleefully reported the Army's growing desperation.

Arbenz was in deep water in late 1953. Learning of the PBSUCCESS plot against him, he decided to purchase arms from Czechoslovakia.

and apprehensive, Arbenz learned of a second, more dire threat. In September 1953, a Panamanian commercial attaché in Managua, Jorge Isaac Delgado, approached an aide to Arbenz and offered to supply information on a rebel movement led by Castillo Armas and secretly supported by the United States. Delgado carried messages between Mexico City and training bases in Nicaragua and enjoyed the trust of CIA field agents. He owned an apartment in Managua rented to [ ] Few people knew more about the inside workings of PBSUCCESS. For the next four months he worked as a double agent, ferrying messages for [ ] and passing their contents on to Arbenz.[102]

At a fashionable Guatemala City restaurant on 19 January 1954, the lunchtime crowd enjoyed the spectacle of a heated argument between Arbenz and his agricultural minister, Alfonso Martínez. The only non-Communist prominent in the land reform movement, Martínez was a close friend of the President. The scene touched off rumors that the two men had quarreled over land reform and the growing influence of the PGT. The next

[102]Delgado worked for Somoza as well. Gleijeses, *Shattered Hope*, p. 258; Director to LINCOLN, DIR 39727, 24 February 1954, Job 79-01025A, Box 7; [ ] "Second Interim Report on Stage Two, PBSUCCESS," 15 March 1954, Job 79-01025A, Box 1.

day, Martínez fled Guatemala, purportedly for Switzerland. The CIA Station chalked up the incident as a demonstration of growing dissension within the government, but Headquarters suspected there was more to the story. Agents in Europe tracked Martínez from Amsterdam to Berne—where he opened large bank accounts for Arbenz—then to Prague. It soon became clear that the purported flight was actually a secret mission to buy Czech arms. Unknown to CIA, PGT chairman Manuel Fortuny had met in Prague in November with Antonín Novotoný, first secretary of the Czech Communist Party, to negotiate the purchase of 2,000 tons of captured Nazi weapons. Novotoný had delayed, keeping him in Prague through most of December. "I decided," Fortuny remembered later, "that the Czechs must be consulting the Soviets." Finally, he was allowed to return to Guatemala with a favorable response. Now Martínez had arrived to complete the deal.[103]

Over the next few weeks,[ ] staff learned of Delgado's betrayal and witnessed its results. Shortly after Martínez "fled," the largest police dragnet since Salamá rounded up scores of oppositionists, including [ ] virtually the Station's only source close to the military. The Foreign Ministry expelled Sydney Gruson, a correspondent for the *New York Times*; Marshall Bannell, a CBS correspondent; and an American priest.[104] On Thursday, 29 January,[ ] learned that [ ] had been hospitalized for a stomach ulcer and that secret cables kept in his room contrary to security procedures had fallen into the hands of Delgado. Over a frantic weekend,[ ] discovered that the compromise had been extensive, giving Arbenz "intimate knowledge" of rebel training bases, "intelligence operations and a fairly accurate concept of the modus operandi of PBSUCCESS."[105] On Monday morning,[ ] Wisner, and King met to discuss the damage and decide whether to go on with the operation or abort it. Despite [ ]'s conclusion that the security breach "unquestionably has provided the enemy with adequate information to deduce the official support of the US Government in Castillo Armas's operations plus considerable details concerned therewith," the officers decided to continue anyway.[106] PBSUCCESS had crossed the Rubicon. To Wisner and[ ] the United States was too firmly committed to turn back.

[103]Gleijeses, *Shattered Hope*, pp. 280-283; Walter Bedell Smith to American Embassy, Berne, "Maj. Daniel Alfonso Martínez Estévez," 11 February 1954, Martínez file, Job 79-01025A, Box 81; Tranger to [ ] "Psychological Barometer Report," 26 January 1954, Job 79-01025A, Box 98; Director to [ ] DIR 38198, 12 February 1954, Job 79-01025A, Box 7.

[104]Tranger to LINCOLN, "Psychological Barometer Report," 10 February 1954, Job 79-01025A, Box 99; [ ] "Reporting on Guatemala by *New York Times* Correspondent Sydney Gruson," 21 May 1954, Job 79-01228A, Box 23.

[105][ ] "Second Interim Report on Stage Two, PBSUCCESS," 15 March 1954, Job 79-01025A, Box 1.

[106]*Ibid.*; Director to LINCOLN, DIR 36511, 30 January 1954, Job 79-01025A, Box 7.

Ironically, Guatemala's disclosure of the international plot against it reinforced the decision to continue with PBSUCCESS. On 29 and 30 January, screaming headlines denounced the "counterrevolutionary plot" exposed by the government. Arbenz released copies of documents implicating Somoza and a "Northern government" and spelling out PBSUCCESS plans in detail. Reporters learned the location of training bases [ ]"[106] Fearing the Guatemalans would take their charges before the United Nations, [ ] staff glumly watched the flap unfold. As soon as [ ] could walk, they ordered him to Washington for three days of polygraphing.[108] Reports from Guatemala Station, meanwhile, indicated they had less to worry about than they originally supposed. The government, knowing the gist of PBSUCCESS messages but not possessing the originals, had forged letterheads crudely enough to arouse journalists' suspicions. The international press and a skeptical public dismissed Arbenz's accusations as a political ploy. The Guatemalan public, the Station Chief reported, considered the charges "pure fantasy," a manifestation "of the fear and uncertainty prevailing in government circles."[109] The American press took the same view, unanimously accepting the State Department's characterization of the charges as a propaganda ploy designed to disrupt the Caracas conference.[110]

The January revelations revealed how much the "plausible deniability" of PBSUCCESS relied on the uncritical acceptance by the American press of the assumptions behind United States policy. Newspaper and broadcast media, for example, accepted the official view of the Communist nature of the Guatemalan regime. In the spring of 1954, NBC News aired a television documentary, "Red Rule in Guatemala," revealing the threat the Arbenz regime posed to the Panama Canal.[111] Articles in *Reader's Digest*, the *Chicago Tribune*, and the *Saturday Evening Post* drew a frightening picture of the danger in America's backyard. Less conservative papers like the *New York Times* depicted the growing menace in only slightly less alarming terms. The Eisenhower administration's Guatemala policy did not get a free ride in press or in Congress. In early 1954, a number of editorials attacked the President's failure to act against Arbenz, citing the continued presence of US military advisers as evidence of official

[107]V. P. Martin, Air Attaché, "Alleged International Plot Against Guatemala," 1 February 1954, Job 79-01025A, Box 82.
[108]Director to LINCOLN, DIR 39727, 24 February 1954, Job 79-01025A, Box 7. [ ]s," 15 April 1954, Job 79-01025A, Box 70.
[109]Tranger to Lincoln, "Psychological Barometer Report," HGG-A-714, 8 February 1954, Job 79-01025A, Box 99.
[110]Gleijeses, *Shattered Hope*, pp. 260-262.
[111][ ] to Chief, Graphics Register, "Guatemala Red Rule News Documentary Film Request," 18 May 1954, Job 79-01025A, Box 70.

complacency. Walter Winchell broadcast stories of Guatemalan spies infiltrating other Latin American countries and urged the CIA to "get acquainted with these people."[112] This line of criticism led reporters to hunt for signs of inertia, not for a secret conspiracy. When Arbenz revealed the plot, American newspapers dismissed it as a Communist ploy, another provocation to which the administration responded far too passively.[113]

Assessing the damage,[ ]estimated that the operation had lost a month through confusion and the delays involved in reassigning cryptonyms and shuffling personnel.[114] He rallied his dispirited troops with a reminder that "the morale of the Nazis in the winter of 1932, just before their seizure of power in Spring 1933, was at all-time low ebb. The same thing was true of the French revolutionaries and of the Soviet revolutionaries, on the eve of their success."[115] His psywar staff tried to regain the initiative by leveling a countercharge supported by an elaborate fabrication. On 19 February, they planted a cache of Soviet-made arms on the Nicaraguan coast to be "discovered" weeks later by fishermen in the pay of Somoza. The story was appropriately embroidered with allegations about Soviet submarines and Guatemalan assassination squads.[116] As[ ] should have predicted, the press and public greeted the new allegations as skeptically as they had Arbenz's. The story "did not receive much, if any, publicity in the Guatemalan press."[117] The deception simply left an impression that the region's leaders had carried their intriguing to dangerous lengths.

Despite good intelligence and decisive action, Arbenz failed to capitalize on the opposition's setback. Instead of rallying support for his regime, his January allegations only intensified public anxiety and raised suspicions that he was creating a pretext for seizing dictatorial powers. A more critical failure was his inability to turn the charges of an international plot into a successful diplomatic initiative. Any hopes Foreign Minister Guillermo Toriello may have entertained of bringing charges before the

[112]J. C. King to Dulles, "Walter Winchell Broadcast of 3 January 1954," 7 January 1954, Job 79-01228A, Box 23.

[113]Gleijeses, *Shattered Hope*, pp. 260-263; Immerman, *The CIA in Guatemala*, pp. 7-8.

[114]LINCOLN to [ ] "Operational LINCOLN Sitrep," HUL-A-93, 23 February 1954, Job 79-01025A, Box 101.

[115][ ] to Chief of Station Guatemala, HUL-A-374, 31 March 1954, Job 79-01025A, Box 101.

[116]PBSUCCESS History, Job 85-00664R, Box 5, Folder 13; [ ] to Chief of Station Guatemala, "KUGOWN/WASHTUB Publicity in Guatemalan Press," HUL-A-827, 19 May 1954, Job 79-01025A, Box 103. The deception, called operation WASHTUB, culminated with a press conference by Somoza on 7 May at which reporters were told that the Soviet submarine had been photographed, but that no prints or negatives were available. Gleijeses, *Shattered Hope*, p. 294.

[117][ ] to Chief of Station Guatemala, "Publicity in Guatemalan Press," 19 May 1954, WASHTUB file, Job 79-01025A, Box 82. See other items in file for the sometimes bizarre details of the WASHTUB plot.

Organization of American States were dashed by John Foster Dulles's preparations for the Caracas conference. Faced with negative growth for three straight years, Latin American governments needed trade concessions and credit from the United States and they were ready to yield on the issue of Guatemala. The Secretary of State recognized that the "major interest of the Latin American countries at this conference would concern economics whereas the chief United States interest is to secure a strong anti-Communist resolution" against Guatemala, but he recognized that Guatemala's underdog status and the nationalistic pride of Latin diplomats would blunt this diplomatic advantage.[118] The 1–13 March conference proved a mixed success. Dulles got his resolution, but only after Toriello's denunciations received loud, sustained applause. The Guatemalan foreign minister condemned the United States for encouraging boycotts and unleashing a propaganda campaign intended to tar his reformist regime with the epithet "Communist." He presented documents that "unquestionably show that the foreign conspirators and monopolistic interests that inspired and financed them sought to permit armed intervention against our country as 'a noble undertaking against Communism.'" He accused Dulles of using Pan-Americanism and anti-Communism as instruments to suppress the growth of democracy and industry in Latin America.[119] "He said many of the things some of the rest of us would like to say if we dared," one delegate explained.[120] The pride Toriello's speech stirred in Guatemala City, the Station reported, was little consolation for the sense of gloom that followed.[121] After Caracas, Arbenz and the PGT realized international opinion would not rescue them from the United States. Guatemala was alone. "Caracas had exposed her isolation," according to one historian, "and the messages of support that poured in from politicians, intellectuals, and trade unionists of several Latin American countries were of little solace."[122]

PBSUCCESS continued to be plagued by breaches of security, but the operation had acquired a relentless momentum. In early April, security investigators discovered telephone bugs "similar to the jobs the Russians used" in the Embassy in Guatemala City, a microphone concealed in a chandelier in Willauer's residence, and a tap on the telephone of one of Peurifoy's assistants.[123] Castillo Armas refused to sever ties to a number of his assistants who flunked polygraph tests.[124] [ ] admitted that members of Castillo Armas's organization had taken classified papers giving

[118]Immerman, *CIA in Guatemala*, p. 145.
[119]"Address by His Excellency Guillermo Toriello Garrido, Minister of Foreign Affairs of Guatemala, in the Third Plenary Session, Tenth Inter-American Conference," 5 March 1954, Toriello file, Job 79-01025A, Box 81.
[120]Gleijeses, *Shattered Hope*, p. 273.
[121]Tranger to LINCOLN, "Weekly Psych Intelligence Report," HGG-A-919, 5-12 April 1954, Job 79-01025A, Box 99.
[122]Gleijeses, *Shattered Hope*, p. 284.
[123]"Audio Counter Surveillance Check," April 1954, Job 79-01025A, Box 70.
[124][ ] a spy in Castillo Armas's organization, may have passed on the locations of the paramilitary and communications training bases. Juan [ ] suspected of being [ ] confederate, was expelled from the training program but remained in the organization.

conclusive proof of official US involvement. A Nicaraguan immigration officer who helped arrange black flights took asylum in the Guatemalan Embassy in Managua. Jacob Esterline, a senior Agency official, estimated that "the Guatemalan government is well into the details of PBSUCCESS and that they have decided to let the operation proceed undisturbed until they have prepared and documented a brief for presentation to the OAS."[125] PBSUCCESS "in its present form appears to be rather naked," Wisner admitted. "Several categories of people—hostile, friendly, and 'neutral'—either know or suspect or believe that the United States is directly behind this one and, assuming that it proceeds to a conclusion, would be able to tell a very convincing story."[126] Henry F. Holland, the new Assistant Secretary of State Inter-American Affairs, frightened by the revelations, asked that the operation be held up pending a top-level review. Wisner suspended all black flights on 15 and 16 April while the Dulles brothers consulted.[127] On the 17th[ ]once again received the green light.

Wide World (AP) ©

Assistant Secretary of State Henry F. Holland nearly canceled PBSUCCESS in April 1954 when he learned of serious security breaches.

Preparing for Action

By early April,[ ]team had completed its assessments and developed an operational plan. LINCOLN case officers now felt they understood the preparations necessary to mount a successful coup and the situation likely to prevail in Guatemala after the operation's completion. Rejecting tactics aimed at merely severing Arbenz's tie to international Communism, they aimed to produce a radical, revolutionary change in

[125]Esterline to [ ]"Items for Inclusion in CE Report," 22 April 1954, Job 79-01025A, Box 70

[126]"Ways and Means of Improving Cover and Deception for SUCCESS Operation," 28 April 1954, Job 79-01025A, Box 70.

[127]Esterline to [ ]"Things to Do," 15 April 1954, Job 79-01025A, Box 70.

Guatemalan politics. They sought the reversal of the Revolution of 1944, the termination of land reform, and the replacement of Arbenz with a liberal, authoritarian leader. Afterwards, they foresaw a prolonged period of dictatorial rule during which the regime would depend on United States aid and arms. [ ] felt a military coup offered the surest means to this outcome, and he directed his psychological, political, and paramilitary efforts at intimidating the Army and inciting it to mutiny.

The final plans for PBSUCCESS called for drastic change. The program and rhetoric of the Revolution of 1944 retained its appeal for many Guatemalans, and LINCOLN had briefly considered appropriating its themes. But by April they rejected the idea "that a genuinely fervent and lasting revolutionary movement can be based on the principal program of the incumbent regime." It would be difficult to loosen Arbenz's identification with the revolution, [ ] thought, and it might not be worth the effort. Claiming that Arbenz had betrayed the ideals of 1944 weakened the argument for action "because we are only pleading for 'reform' of the present system and there is a world of difference between reform and revolution." Case officers also felt they needed more conservative themes to appeal to the groups in Guatemala most likely to take action against the regime: the Army, conservative students, and landowners. Attacks on land reform and other progressive measures would produce the best results with these groups. "Our recommendation," [ ] cabled agents in the field, is "that the revolution of 1944 be declared dead."[128]

[ ] initially considered incorporating Arbenz's agrarian reform "as originally conceived as part of our political program," but he soon came to regard it as an instrument of subversion and instructed case officers to make it a target of disruptive propaganda.[129] "The Agrarian Reform program has provided the communists with weapons which may be useful as their struggle for domination continues," he told King.[130] He urged field officers to use "all means at hand" to spread "slogans like 'Communist land is temporary land,' or something similar," to promote the belief that "parcels of land received from the present government would constitute a

[ ] to Chief of Station Guatemala, "Materials for Transmittal to Eliot P. Razmara," HUL-A-237, 17 March 1954, Job 79-01025A, Box 101. In the September plan, [ ] left open the possibility that Arbenz could be coerced into expelling Communists from government. Schlesinger and Kinzer claim he attempted a bribe but was rebuffed by Arbenz's aides. There is no record of this in Agency archives, but it is not inconsistent with [ ] thinking in early January. By late March, however, the LINCOLN case officer saw no room for Arbenz in the post-PBSUCCESS government. *Bitter Fruit*, p. 113.

[ ] objections to Decree 900 were purely tactical. He thought Castillo Armas could win support among *campesinos* by backing land reform. The key was to obtain the defection of Alfonso Martínez, the reform's non-Communist director. When this appeared impossible in late March, [ ] decided the land reform had to be destroyed. [ ] "Agrarian Reform," 8 March 1954, Job 79-01025A, Box 147.

[ ] to King, "Communist Activities in Central America," HUL-A-544, 21 April 1954, Job 79-01025A, Box 102.

proof of guilt in the future."[131] PBSUCCESS propagandists also spread rumors that land reform was simply a prelude to collectivized agriculture, state farms, and forced labor.[132] [ ] believed that the post-Arbenz regime should avoid land redistribution as a solution to rural poverty, and instead should foster the growth of light industry "to provide additional purchasing power to the residents of rural areas" and "make goods available to them at more reasonable prices." "It is well known," he observed, that "raising the level of consumer consumption, the expansion of productive facilities and the general augmentation of prosperity is not only a good deterrent toward Communism, but also an effective method of producing general political stability."[133]

Before deciding on methods and strategies, [ ] case officers carefully listed the goals of PBSUCCESS, beginning with the replacement of Arbenz with a moderate, authoritarian regime. [ ] considered democracy an "unrealistic" alternative for Guatemala. "Premature extension of democratic privileges and responsibilities to a people still accustomed to patriarchal methods can only be harmful," he warned. A "judicious combination of authority and liberty will have to govern the political system." Concentrating authority in the person of a dictator also involved dangers, and [ ] advised against setting up a Somoza-style dictatorship.

> The executive power, without being paralized [sic], must be sufficiently divided in order to provide inner balance. While this at first sight may seem to be a factor making for instability, it actually has a protective aspect, because it prevents the capture of the center of power by a single hostile blow.[134]

A ruling committee, or junta, seemed to be the answer. [ ] foresaw a six-month period of emergency rule followed by a milder authoritarianism of indefinite duration. The principal duties of the new regime were to provide stability, raise living standards, and ensure protection for American business.[135]

As [ ] envisioned it, United Fruit would receive greater protection under the new regime, but it would have to offer concessions in return. United Fruit and other American investments, he conceded, "represent a part of the American national interest and will be protected by the United

[131] [ ] to King, "Communist Activities in Central America," HUL-A-544, 21 April 1954, Job 79-01025A, Box 102.
[132] [ ] to Tranger, "Economic Propaganda Themes," HUL-A-596, 1 May 1954, Job 79-01025A, Box 102.
[133] [ ] to Tranger, "Political-Economic Views to be Expressed During the K-Program," HUL-A-514, 21 April 1954, Job 79-01025A, Box 102.
[134] *Ibid.*
[135] *Ibid.*

States as such." But the "United States does not expect American companies to enjoy abroad immunities and privileges that would make for political instability or social injustice in other countries, because such a condition of course would be harmful to the over-riding American political interest." Above all, [ ] wanted the new regime to avoid the embarrassment of retreating from victories won by Arbenz. United Fruit executives would have to understand that there would be no return to the status quo ante. They would have to pay taxes and submit to competition from Guatemalan companies. Labor unions, purged of Communists, would be protected. Since [ ] saw American capital as necessary for the new regime's stability, he saw "no real reason why a legitimate accord, satisfying the interests of both, cannot be found between American companies in Guatemala and the Guatemalan government."[136]

[ ] could see few details of the future regime clearly, but one feature was obvious: it would need American money. "Shortly after the Communists were defeated in Iran, the Iranian Government received generous assistance," he recalled. "Undoubtedly, the disappearance of the Communist regime from Guatemala will leave behind a certain economic and financial chaos which must be rectified by American aid." The new regime should build its reputation by industrializing Guatemala and raising its standard of living. The World Bank had devised a development program that should be pursued, but not in the tightfisted way of the past. "There is increasing recognition in American and other banking circles that the economic development of countries such as Guatemala cannot be undertaken and financed under strictly economic criteria," he explained. "We realize that there must necessarily be a certain wastage of funds because of local political conditions. We are prepared to underwrite this wastage."[137] But before PBSUCCESS could usher in the new dependent, undemocratic regime, it would have to mobilize Guatemalan activists, strengthen Castillo Armas, and coax the Army to commit treason.

[ ] final plans included three areas of action: propaganda (or "PP"), paramilitary, and political. Early in 1954, the Agency began a sustained effort to intimidate the government and convince Guatemalans that an active underground resistance existed. The CEUA student group, which [ ]" had been active since late 1953.[138] Headed by a young activist, [ ] the group counted 50 members in the capital and a nationwide network of sympathetic students ready to risk arrest for the cause.[139] The exuberant anti-Communism of the CEUA students elated [ ] tired of the cynical politics of Ydígoras and Castillo Armas. [ ] a close friend and adviser of [ ] who first met members

[136] *Ibid.*
[137] *Ibid.*
[138] [ ] "Report on Stage One PBSUCCESS, Annex B, Friendly Assets and Potential," 15 December 1953, Job 79-01025A, Box 1. [ ]
[139] [ ] "Report on Stage One PBSUCCESS" 15 December 1953, Job 79-01025A, Box 1.

[

]. This tenuous pipeline conveyed all of the plans, publications, and schemes LINCOLN officers could devise.[141]

The students' propagandizing met with immediate and well-publicized success. In their opening salvo on 15 September 1953, they had pasted 106,000 anti-Communist stickers to buses and trains. They leafleted public gatherings, sent fake funeral notices to Arbenz and Fortuny, and covered walls with antigovernment graffiti. Their "32" campaign in March and April 1954 drew wide newspaper coverage. Students painted the number 32—for Article 32 of the Constitution, which forbade international political parties—on walls in the city center. Newspapers recognized it as an anti-Communist slogan and described the constabulary's frustrated attempts to identify the culprits. The students sponsored an "Anti-Communist Hour" on Radio Internacional, an independent station until 21 April, when armed thugs burst into the station during the airing of the program, beat several broadcasters, and destroyed their equipment.[142] In some of their activities, CEUA received help from an organization of anti-Communist market women, the Comité Anticomunista de Locatorias de los Mercados de Guatemala, who spread rumors and passed leaflets among shoppers. The two groups distributed thousands of copies of a pastoral letter by Archbishop Mariano Rossell y Arrellana calling for a national crusade against Communism.[143] Case officers judged the outraged reaction of Arbenz's officials as indicators of success.

Encouraged by these victories, LINCOLN staffers spent hours inventing schemes for the CEUA students to carry out. The fake funeral notices were their idea, meant to harass and frighten top PGT officials. Throughout March and April, they bombarded [ ]with suggestions for campaigns and themes, some useful others whimsical. After the pastoral letter, they attempted to arouse Catholics with mailings from a phony "Organization

[140]Tranger to LINCOLN, "Psychological Barometer Report," HGG-A-682, 27 January 1954, Job 79-01025A, Box 98; [ ] Job 63-00545R, Box 274, Folder 35.

[141]*Ibid.*

[142]Paul P. Kennedy, "Guatemalans Get Appeal to Revolt," *New York Times*, May 5, 1954.

[143][ ]to LINCOLN, "Weekly Psych Intelligence Report," HGG-A-919, 16 April 1954, Job 79-01025A, Box 99. The pastoral letter was the Church's most useful contribution to PBSUCCESS. The Agency did not have a strong tie to the Catholic hierarchy in Guatemala

[

] to King, "Roman Catholic Church in Guatemala," HUL-A-30, 2 February 1954, Job 79-01025A, Box 101.

of the Militant Godless," purportedly headed by members of the PGT.[144] They printed stickers reading "A Communist Lives Here" for the students to put on houses.[145] Fake newspaper clippings and articles from international Communist publications were a favorite ploy.[ ] and the Station Chief [ ] Guatemala resented these suggestions because of the burdens they placed on field officers and the goodwill of CEUA. Mailings had to be posted from outlying towns to avoid detection. Each new scheme involved risks and cost time that could be spent on successful ongoing operations.[ ] complained that overwork and "ravaging amoebae" kept him from spending more than two hours on his cover assignment in the last two weeks of March. He started holding meetings with [ ] in his bathroom.[146]

Field officers also felt LINCOLN's schemes aimed at the wrong audience, targeting intellectuals, a constituency unlikely to be of much help.[ ] aimed to "attack the theoretical foundations of the enemy" on the grounds that "the present state of things in the country is largely determined by intellectuals." Tranger disparaged such appeals. The objective, he told [ ] was to scare the Communists, not debate them. Propaganda "should be designed to (1) intensify anti-Communist, anti-government sentiment and create a disposition to act; and (2) create dissension, confusion, and *FEAR* in the enemy camp." With the backing of [ ] and [ ] Tranger won his point. Abandoning the "lofty, lengthy tomes that appeal to the intellectual minority," psychological efforts aimed, in his words, at "the heart, the stomach and the liver (fear)."[147]

As the psychological campaign wore on, CEUA activists grew dissatisfied with the risks involved and the content of the materials they were asked to distribute. Some students considered the group's slogans too harsh and divisive, a feeling for which [ ] had little sympathy. "We are not running a popularity contest but an uprising," he fumed. The students' concerns also, perhaps, stemmed from a suspicion that they were being used. Field officers admitted they were using the students as bait, in Tranger's words, to "invite complete suppression of overt anti-Communist, anti-government units and then use such suppression to demonstrate to the people here and abroad the nature and seriousness of the menace and refute claims of 'democratic freedoms.'" In May 1954, as CEUA began to suffer attrition through the arrest of its members, students became increasingly unhappy with the sacrifices they were asked to make. By 26 May, field officers reported that 10 students were in jail, the others were afraid to work, and recruiting had fallen to zero. By then a clandestine radio station

[144] [ ] to Tranger, "Black Letter from the 'Preparatory Committee for an Organization of the Militant Godless,'" HUL-A-875, 23 May 1954, Job 79-01025A, Box 103.
[145] [ ] to Tranger, HUL-A-516, 21 April 1954, Job 79-01025A, Box 102.
[146] [ ] to LINCOLN. [ ] 19 March 1954, Job 79-01025A, Box 100.
[147] Tranger to [ ] "KUGOWN/[ ] Activities," 31 March 1954, Job 79-01025A, Box 99.

had been operating for three weeks and Castillo Armas was leafleting the capital from aircraft. PBSUCCESS had moved from its propaganda to its paramilitary phase.[148]

Agency propaganda operations succeeded in making Guatemala into the type of repressive regime the United States liked to portray it as. By late April, freedoms of speech and assembly had all but been revoked by official decrees and unofficial goon squads, which intimidated independent newspapers and radio stations into silence. Radio Universal, the only openly anti-Communist radio station, closed after its offices were raided by goons and its owner placed under arrest. Opposition elements remained active owing largely to the failure of Guatemalan police to make systematic arrests. Guatemala Station reported that the government's behavior demonstrated a "desire to crush opposition activity together with what appeared to be a lack of knowledge as to how to proceed most effectively."[149] In the ensuing weeks, the police would cast scruples aside and move decisively to suppress the remnants of the opposition.

Despite the intensive effort put into propaganda, [ ] considered it secondary to the political, or "K" program, which aimed to undermine the Army's loyalty to Arbenz and bring it over, whole or in part, to the side of the rebellion. CEUA publications, *El Rebelde* and *El Combate*, carried articles aimed at a military audience. A series of editorials drafted by LINCOLN in March for *El Rebelde* communicated the sense of intensifying pressure case officers wanted the Army to feel. The first, entitled "A Time to Doubt," raised questions about whether the Army should continue its political neutrality. The second, "A Time to Think," threatened the Army with "a terrible fate if it continues on its present collaborationist path." The series ended with "A Time to Choose," urging officers to break their ties with the government and offer their services to the rebellion "if they wish to share in the triumph over Communism."[150] Egged on by [ ] student activists stepped up the pressure on Army officers and their families with telephone harassment and minor acts of sabotage.[151] US military advisers and Embassy officials joined the effort to spread fear and dissension among the officer corps, telling military leaders in unguarded terms that the United States could no longer tolerate Arbenz and would take drastic steps if the Army failed to act. "We were under enormous pressure," one Guatemalan officer remembered. "The US military mission

[148] Playdon to PBSUCCESS Headquarters, "Report on ESSENCE Activities," HUL-A-929, 26 May 1954, Job 79-01025A, Box 103.
[149] [ ] to LINCOLN, "Weekly Psych Intelligence Report, 19-26 April 1954," HGG-A-969, Job 79-01025A, Box 99.
[ ] to Frances R. Hegarty, 23 February 1954, "Letter of Instructions," Job 79-01025A, Box 101.
[151] LINCOLN to Chief of Station Guatemala, "Telephone Team for Rumor Propagation," HUL-A-134, 2 March 1954, Job 79-01025A, Box 101.

even hinted that the United States would invade."[152] [ ] used all available means to impress on Army officers "the facts of life as far as they are concerned":

> a. They are in the United States sphere of influence.
>
> b. If they think that a people of 3,000,000 is going to win in a showdown with 160,000,000 they need psychiatric help.
>
> c. If they think that the US will never come to a showdown, they don't understand gringos. It might be useful to explain gringos in the way that foreigners see them and point out that force is the follower of reason, in the American pattern.
>
> d. If they think that the Soviet Union can bail them out of this predicament, they once more require psychiatric help.
>
> e. If they think that the Soviet Union *will* or even *wants to* bail them out, it should be perfectly clear to them that the Soviet Union is exploiting them only to create a diversion in the US backyard while Indochina is hot, and that the Soviets will drop them in a hurry when the going gets tough.
>
> f. If they are unhappy about being in the US sphere of influence, they might be reminded that the US is the most generous and tolerant taskmaster going, that cooperation with it is studded with material reward, and that the US permits much more sovereignty and independence in its sphere than the Soviets, and so forth.

Although [ ] had too few sources close to the Army to know it, these facts already weighed on the minds of Guatemala's military leaders. Deteriorating relations with the United States exacted a price on the Army's effectiveness and prestige. Successive shocks—Peurifoy's denunciations, the arms embargo, and Caracas—filled the officer corps with dread and suspicion. Officers could not tell who among their peers could be trusted, who would betray. "A great number of the officers are extremely unhappy about the Communists in the government and the poor US-Guatemalan relations," a US adviser reported, but "none dares to speak out for fear of jeopardizing his personal security."[153]

[ ] efforts to find and recruit disgruntled officers continued to come up short. An attempt to bribe Carlos Enrique Díaz, chief of the Guatemalan armed forces, failed.[154] [ ] was particularly frustrated by

[152] Gleijeses, *Shattered Hope*, p. 305.

[153] *Ibid.*

[154] Díaz was to be approached while visiting Caracas and offered a $200,000 bribe to "act decisively to change the present Guatemalan problem." The attempt failed, possibly because Díaz was surprised to be recognized while traveling with his mistress. [ ] to King, "Col. Carlos Enrique Díaz," 14 May 1954, Job 79-01025A, Box 70; King to Wisner, "Approach to Col. Carlos Enrique Díaz," 6 May 1954, Job 79-01025A, Box 70.

his inability to place an agent close to [ ]. In April, LINCOLN case officers obtained the help of [ ] who agreed to return to Guatemala and attempt to recruit [ ] and others. [ ] had been popular among the officer corps and appeared "highly knowledgeable regarding key military personnel targeted under K-Program." [ ], he arrived in Guatemala City and had no trouble mixing with his old friends, but the results proved disappointing. Officers were happy to reminisce about happier times but unwilling to discuss current politics. The genial [ ] hesitated to pry, and he returned to Miami a week later with nothing to report.[155]

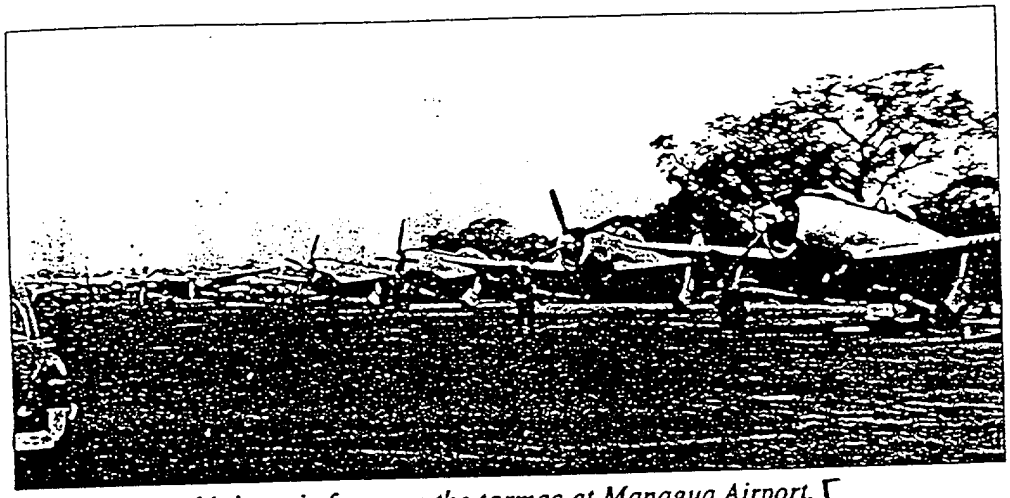
By May, [ ] political program was in crisis. Case officers continued to believe the Army held the key to the operation's success and that [ ] could lead an Army rebellion. [ ] had no way to guide or predict [ ] actions, and he realized that an abortive or mistimed coup could ruin all of his careful preparations. Reluctantly, he instructed [ ] (who replaced Tranger as Chief of Station in Guatemala in April) to look for an opportunity to make a cold approach. The stakes were high. [ ] could alienate or endanger [ ] But [ ] was ready to take the risk. He felt that the psychological campaign against the Army had reached such intensity that if [ ] could make the approach discreetly, [ ] could be cajoled or bullied into cooperating.[156]

[ ] never intended for Castillo Armas's force to challenge the Guatemalan Army. Instead, it was to be used as another psychological weapon in the campaign to intimidate Arbenz and incite an Army revolt. He trained and supplied the small force to accentuate its propaganda (rather than military) value, stressing sabotage and air operations. In March, he began assembling a fleet that came to comprise a dozen aircraft at an abandoned airstrip near Puerto Cabezas, Nicaragua (a base later used by the Bay of Pigs invaders).[157] Somoza purchased some of the planes [ ] and received others under the military assistance agreement. They were then loaned to Castillo Armas and registered to [ ]

[155] [ ] to King, HUL-A-449, 9 April 1954, Job 79-01025A, Box 102; [ ] to Chief of Station Guatemala, "SOCCER debriefing," HUL-A-410, 7 April 1954, Job 79-01025A, Box 102; LINCOLN to DCI, LINC 1535, 2 April 1954, Job 79-01025A, Box 3.

[156] [ ] "K Program," HUL-A-614, 2 May 1954, Job 79-01025A, Box 103; Guatemala Station to Director, GUAT 866, 16 June 1954, Job 79-01025A, Box 11. See Guatemala cables to LINCOLN for June 1954 in Box 11.

[157] LINCOLN to SHERWOOD, LINC 4562, 30 June 1954, Job 79-01025A, Box 6. The aircraft used in PBSUCCESS totaled 12: three C-47 (DC-3) cargo planes, six F-47 Thunderbolt fighter-bombers, one P-38 Lightning fighter, one Cessna 180, and one Cessna 140. In May, the rebel air force moved to a Nicaraguan base adjoining the Managua airport.



The Liberaciónista *air force on the tarmac at Managua Airport.* [ ] *The rebel air force consisted of three C-47 cargo planes, six F-47 fighter-bombers, one P-38 fighter, one Cessna 180, and one Cessna 140.*

[ ]in St. Petersburg, Florida.[158] For [ ]aircraft linked the paramilitary and propaganda sides of the operation, enabling the rebels to strike directly at the government in full view of the entire city.

Since Castillo Armas could not furnish pilots, the Agency hired some on contract and transferred others from its proprietary airline in the Far East, Civil Air Transport. Offering $2,000 a month and a $250 bonus for each successful mission, Willauer rounded up a motley assortment of bush pilots, ex-military fliers, and expatriate barnstormers with names like [ ].[159] The group leader was [ ] and King constantly worried about security and cover for the pilots, who might be downed at any time, or, in the case of [ ] "be bought by the highest bidder."[161] Explaining the presence of pilots from China was tricky, and the cover story King devised nearly ended in disaster. The pilots, on annual leave, were to whoop it up in Miami and Havana "making the usual rounds of clubs and gambling establishments," lose all their money, and fortuitously run into a

[158][unsigned], "Questions arising from Study of LINC 3057 re Purchase of Aircraft," 24 May 1954, Job 79-01025A, Box 70. [ ] "Unauthorized Landing of C-47 in Honduras," 11 May 1954, Job 79-01025A, Box 70.

[159]Debriefing Report, [ ] Assistant Air Operations Officer, [undated], Job 79-01025A, Box 167.

[160]LINCOLN to Director, LINC 4093, 20 June 1954, Job 79-01025A, Box 6.

[161]Contact Report, HUL-A-70, 8 February 1954 [ ]office, LINCOLN, present: Mr. Barnes, [ ]King and [ ]Messrs. [ ]King, and [ ] Job 79-01025A, Box 101.

"Latin businessman" who promised quick money for flying a few loads of farm equipment in Central America. Embassy officials had to intervene when suspicious FBI agents in Havana hauled the pilots in for questioning.[162]

Meanwhile, Castillo Armas completed preparations for the invasion. Training programs at [ ] and the two Nicaraguan bases graduated 37 saboteurs in March, 30 field officers in mid-April, and a handful of communications specialists by mid-May. The friendly, taciturn American instructors, one trainee remembered, were known only by their first names, which were either Pepe or José.[163] Delays in the training program—particularly for radio operators—pushed the scheduled invasion from mid-May into June. Most of the rebel recruits could not read, and communications instructors complained of difficulties in getting across technical concepts.[164]

At least one historian has made the claim that Castillo Armas's force was more fearsome than has generally been reported. Frederick Marks refers to them as small in number but "highly trained and exceedingly well-equipped," and notes that they had "twenty-two thousand rockets, forty-five thousand rifles, four hundred mortars, and pieces of heavy artillery."[165] From Agency records, it is clear the rebels possessed neither rockets nor artillery. Moreover, it is unlikely Castillo Armas's troops would have carried more than a single rifle apiece, since they were obliged to carry all of their food and supplies with them. The rebel army never impressed officials at CIA Headquarters (Bissell later remembered it as "extremely small and ill-trained") and in the months before the invasion some in the PBSUCCESS hierarchy were beginning to have doubts about Castillo Armas's suitability for command.[166] Guatemalan officers' low opinion of him hampered the political program. Tracey Barnes considered him a "bold but incompetent man" who fantasized about rebellion but lacked the leadership to follow through on plans.[167] [ ] however, strongly defended him. Castillo Armas "is the man and there will be no deviation from that," he told his case officers. "Any criticisms or doubts of him pale before the fact that he now has both the manpower and the materiel to accomplish the job." He reminded critics that Castillo Armas would have "considerable technical assistance. He has the humility and decency to rely on advice, and his present advisors have his respect and

[162]Chief, WHD, to LINCOLN, "Operational Air Support Plan," HUL-A-157, 6 March 1954, Job 79-01025A, Box 101.
[163]Gleijeses, *Shattered Hope*, p. 293.
[164][ ] "Final Report on Stage Two PBSUCCESS" [undated], Job 79-01025A, Box 167.
[165]Frederick W. Marks III, "The CIA and Castillo Armas in Guatemala, 1954: New Clues to an Old Puzzle," *Diplomatic History* 14 (Winter 1990) 1: 69.
[166]Interview with Richard M. Bissell, Jr., 5 June 1967, Dwight D. Eisenhower Library, Job 85-0664R, Box 5.
[167]PBSUCCESS History, Job 85-00664R, Box 5, Folder 13.

confidence to a sufficient degree that he would no doubt rely on them for counsel when it comes to the question of whom he shall associate himself with both before and after victory."[168]

As the preparation phase drew to a close at the end of April 1954, LINCOLN staffers felt a mixed sense of elation and apprehension. Their propaganda efforts had shaken the Arbenz regime and heartened the opposition, but the government's crackdown and the fatigue of the CEUA students made it clear the effort could not be sustained much longer. Paramilitary training had made great strides, but Castillo Armas's feeble forces and mercenary air force were still no match for the 5,000-strong Guatemalan Army, if the Army stood by Arbenz. [ ] plans to seduce

[168] [ ] to Chief of Station Guatemala, "Political-Economic Views to be Expressed During K-Program," HUL-A-514, 21 April 1954, Job 79-01025A, Box 102.

[ ] *reviews Castillo Armas's rebel forces. The force was invariably described as "ragtag." The Agency supplied money and arms, but the troops had no uniforms or boots.*

the officer corps remained as tantalizingly promising but as far from consummation as they were in January. The psychological pressure on the Guatemalan Government was reaching its maximum point. The time to act had arrived, yet it was still unclear how and whether success could be attained.

Chapter 3

Sufficient Means

> I think we tend to overlook simply the massiveness of US power viewed from Arbenz's position. . . . We knew how difficult it was even to get two more aircraft down there and in action. . . . I think it was easy for us to forget that Arbenz felt himself up against the might of the United States, and quite possibly the impact on him of specific events was that it may simply have persuaded him that the US was in earnest, and that if these means proved to be insufficient, then other stronger means would be used.
>
> Richard Bissell[169]

PBSUCCESS was ready by the beginning of May to place maximum pressure on the Arbenz regime. [ ] had a variety of instruments at his disposal: propaganda, sabotage, aircraft, an army of insurrectionists, and the implicit threat of US military power. He used all of them to intensify the psychological distress of Arbenz and his officials. Even the paramilitary program—Castillo Armas and his *liberaciónistas*—served a psychological rather than a military function. As an Agency memo prepared for Eisenhower explained, the operation relied "on psychological impact rather than actual military strength, although it is upon the ability of the Castillo Armas effort to create and maintain the *impression* of very substantial military strength, that the success of this particular effort primarily depends."[170] Dealing in the insubstantial stuff of impressions and degrees of intimidation, [ ] could not always measure progress, and it was difficult for even those close to PBSUCCESS to know what was happening, whether they were succeeding or failing, and why.

The Voice of Liberation

As Guatemalans turned on their short-wave radios on the morning of 1 May 1954, they found a new station weakly audible on a part of the dial that had been silent before. Calling itself *La Voz de la Liberación,* it broadcast a combination of popular recordings, bawdy humor, and

[169]Interview with Richard M. Bissell, Jr., 5 June 1967, Dwight D. Eisenhower Library, Job 85-0664R, Box 5.
[170]Immerman, *CIA in Guatemala*, p. 161.

antigovernment propaganda. The announcers, claiming to be speaking from "deep in the jungle," exhorted Guatemalans to resist Communism and the Arbenz regime and support the forces of liberation led by Col. Carlos Castillo Armas. The two-hour broadcast was repeated four times. For the next week the station broadcast an hour-long program at 7:00 A.M. and 9:00 P.M. daily.[171] Although only faintly and intermittently heard in the capital, the station electrified a city where open criticism of the regime had become dangerous for journalists and private citizens alike. Government spokesmen denounced the broadcasts as a fraud, originating not in Guatemala but over the border in Mexico or Honduras. Most listeners, however, preferred to believe that brave radiomen, hidden in a remote outpost, were defying official censors and the police.

So began an operation [ ] later called the "finest example PP/Radio effort and effectiveness on the books."[172] The voices heard in Guatemala originated not in the jungle, or even in Honduras, but in a Miami [ ] where a team of four Guatemalan men and two women mixed announcements and editorials with canned music. The broadcasts reminded soldiers of their duty to protect the country from foreign ideologies, warned women to keep their husbands away from Communist party meetings and labor unions, and threatened government officials with reprisals.[173] Couriers carried the tapes via Pan American Airways to [ ] where they were beamed into Guatemala from a mobile transmitter. When the traffic in tapes aroused the suspicions of Panamanian customs officials, the announcers moved to [ ] and began broadcasting live from a dairy farm [ ] a site known as SHERWOOD. At about the same time, the SHERWOOD operation improved its reception in Guatemala by boosting its signal strength.[174] By mid-May the rebel broadcasts were heard loud and clear in Guatemala City, and SHERWOOD announcers were responding quickly to developments in the enemy capital.

To direct the SHERWOOD operation, Tracy Barnes selected a clever and enterprising contract employee, David Atlee Phillips, a onetime actor and newspaper editor in Chile. When Phillips arrived in [ ] in March, one of the Guatemalan announcers explained that the target audience was mixed. "Two percent are hard-core Marxists; 13 percent are officials and others in sympathy with the Arbenz regime. . . . Two percent are militant anti-Communists, some of them in exile." The remainder was neutral, apathetic, or frustrated, "a soap opera audience." The objective, the announcer continued, was to intimidate the Communists and their sympathizers and stimulate the apathetic majority to act.[175] Initial broadcasts

[171]LINCOLN to Guatemala Station, LINC 2212, 29 April 1954, Job 79-01025A, Box 4.
[172]LINCOLN to SHERWOOD, LINC 4607, 2 July 1954, Job 79-01025A, Box 6.
[173]Phillips, *The Night Watch* (New York: Ballantine Books, 1977), p. 53.
[174]Guatemala Station complained of poor reception until 22 May. LINCOLN to SHERWOOD, LINC 3002, 22 May 1954, Job 79-01025A, Box 5.
[175]Phillips, *Night Watch*, pp. 50-51.

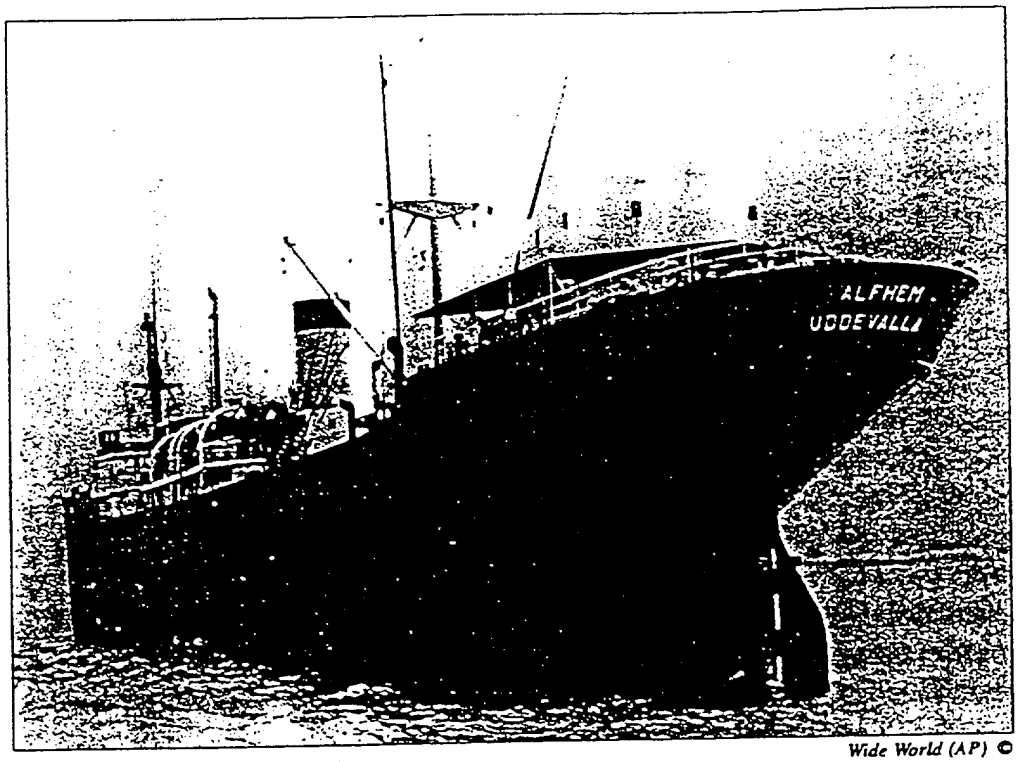
would establish the station's credibility, setting the stage for an "Orson Welles type 'panic broadcast'" to coincide with Castillo Armas's invasion. The program would follow the lead of earlier PP efforts, combining intimidating misinformation with pithy slogans, and targeting "men of action," particularly the Army.[176] The station's slogan became *Trabajo, Pan y Patria*, work, bread, and country.

In Phillips' account of the operation, SHERWOOD was singularly responsible for the triumph of PBSUCCESS. "When the campaign started," he observes, "the Guatemalan capital and countryside had been quiet. Within a week there was unrest everywhere."[177] Scholars have generally given similar credit to *La Voz de la Liberación*, but were it not for a fortuitous turn of events the rebel broadcasters might have made only a muffled impact. Two weeks into the operation Guatemala's state-run radio station, TGW, disappeared from the air. Perplexed, [ ] and Phillips soon learned from Guatemala Station that TGW was scheduled to receive a new antenna and that the government's only broadcast medium would be out of commission for three weeks.[178] Through an accident of timing SHERWOOD acquired a virtual propaganda monopoly during the most critical phase of operation PBSUCCESS. In late May, as Guatemalans witnessed a startling series of dark and portentous events, the largely illiterate populace turned to *La Voz de la Liberación* for news.

The Voyage of the Alfhem

But if SHERWOOD represented a master stroke for PBSUCCESS, Arbenz riposted with an even bolder countermove, long anticipated by CIA but a complete surprise to the public in Guatemala and the United States. On 15 May, the Swedish freighter Alfhem arrived at Puerto Barrios carrying thousands of tons of Czech arms. By clever deception, the ship had evaded efforts by the State Department and the CIA to stop or delay it. Following the Martínez mission, the Agency had carefully monitored international arms flows and the traffic in Guatemala's ports. On 8 April, Wisner met with State Department and Navy officials to coordinate intelligence gathering. They agreed to "take no action at this stage to deter or interfere with the shipment, but rather allow events to take their course at

[176] [ ] to Chief of Station Guatemala, "SHERWOOD: Comment on Broadcasts," HUL-A-756, 12 May 1954, Job 79-01025A, Box 103.
[177] Phillips, *Night Watch*, p. 53. Guatemala Station's weekly "Psych Barometer Reports" were also at odds with Phillips' version, claiming that the initial sensation caused by the appearance of the clandestine radio quickly wore off. [ ] "Psych Intelligence Report, 10-16 May 1954," HGG-A-1121, 18 May 1954, Job 79-01025A, Box 101.
[178] [ ] "Guatemalan Radio Silence," 28 May 1954, Job 79-01025A, Box 70.



Wide World (AP) ©

The SS Alfhem arrived at Puerto Barrios in May 1954 with 2,000 tons of Czech arms.

least to the point when exposure would be most compromising to the Guatemalans."[179] The following day, Wisner learned from [ ]:hat the Bank of Guatemala had telegraphically transferred $4,860,000 through the Union Bank of Switzerland and Stabank, Prague, to the account of Investa, a Czech firm.[180] No Agency official said so at the time, but the payment revealed the limits of the Communist Bloc's willingness to aid an ally in the Western Hemisphere. The Czechs would provide arms, but on a cash and carry basis.[181] On 17 April, the Alfhem, a freighter registered to the Swedish subsidiary of a Czech shipping firm, departed the Polish port of Szczecin bound for Dakar, West Africa, en route to Central America.[182]

The State Department and the Agency worked frantically to stop the shipment, which they mistakenly believed was carried in another ship, the Wulfsbrook, registered to a West German firm. Department officials tried

[179]Wisner to King, "Guatemalan Acquisition of Iron Curtain Arms," 8 April 1954, Job 79-01228A, Box 24.

[180][ ]. LINCOLN to Chief, WH, "Financial Position of Guatemala," 493, 14 June 1954, Job 79-01025A, Box 97.

[181]The Guatemalan Government was fully capable of paying cash. Its foreign currency reserves in 1954 topped $42 million. LINCOLN to Chief, WH, "Financial Position of Guatemala," 493, 14 June 1954, Job 79-01025A, Box 97.

[182]Schlesinger and Kinzer, *Bitter Fruit*, p. 149.

to persuade the German Government to order the Wulfsbrook into port and sought help in canceling its insurance.[183] The Alfhem meanwhile plied a circuitous route to Central America. After a week at sea, the captain received radio orders to proceed to Curaçao in the Dutch West Indies. In the mid-Atlantic, new orders arrived diverting him to Puerto Cortés, Honduras. On 13 May, just two days out of port, he learned his real destination and steered for Guatemala. The Agency had not relied completely on the State Department to thwart the shipment. On 7 May, Wisner sent limpet mines to the sabotage training bases in Nicaragua. By the time the Alfhem arrived off Puerto Barrios, however, its destruction posed a ticklish diplomatic problem. The State Department's fevered activity had alerted several European governments, shipping lines, and insurance underwriters of official US interest. If the ship were sunk, it would be impossible to deny involvement.[184]

The arms purchase handed PBSUCCESS a propaganda bonanza. On 17 May, the State Department declared that the shipment revealed Guatemala's complicity in a Soviet plan for Communist conquest in the Americas. John Foster Dulles exaggerated the size of the cargo, hinting that it would enable Guatemala to triple the size of its Army and overwhelm neighboring states. The press and Congress responded on cue. "The threat of Communist imperialism is no longer academic," proclaimed the *Washington Post*, "it has arrived." The *New York Times* warned that Communist arms would soon make their way along "secret jungle paths" to guerrilla armies throughout the Hemisphere. "If Paul Revere were living today," Representative Paul Lantaff imagined, "he would view the landing of Red arms in Guatemala as a signal to ride." House Speaker John McCormack spluttered that "this cargo of arms is like an atom bomb planted in the rear of our backyard."[185] These fulminations intensified the fears of many Guatemalans that the incident would provide a convenient pretext for US intervention.

The Alfhem incident helped break down Honduran objections to aiding PBSUCCESS. The Gálvez government viewed the shipment as connected to a major labor conflict that had broken out on United Fruit plantations on 5 May and spread throughout the country. CIA officials suspected Guatemalan involvement, noting "an unusual amount of discipline" and the presence of Guatemalan labor organizers. They admitted, however, that the strikers had the sympathy of most Hondurans while the company

[183]R. G. Leddy to J. F. Dulles, "Action to prevent delivery of Czech Arms to Guatemala," 18 May 1954, Records of the Office of Middle American Affairs, General Records of the Dept. of State, Lot 58D78, Box 2, RG 59; Wisner to Lampton Berry, Policy Planning Staff, "Proposed Diversion of SS Wulfsbrook," 6 May 1954, Job 79-01228A, Box 24.
[184]Kermit Roosevelt to [ ] DIR 49642, 7 May 1954, Job 79-01025A, Box 8.
[185]Gleijeses, *Shattered Hope*, p. 299.

had "practically no friends."[186] Honduran officials needed no proof of Guatemalan complicity, believing all labor strife to be Communist inspired. On 23 May, Gálvez asked the United States to prepare to land Marines if the situation should spin out of control. The Navy placed two warships in the Gulf of Honduras.[187] Castillo Armas helped by sending some of his men to provide muscle for the company.[188] The strike and the arms shipment persuaded Gálvez that he had little to lose by helping PBSUCCESS.

In Guatemala, [ ] propagandists worked to accentuate confusion caused by the landing of the Czech arms. The Alfhem's arrival intensified tensions in the capital. "The man on the street," Guatemala Station reported, "[was] rapidly becoming convinced that 'something' will soon happen." Rightist and centrist members of the government party, PAR, called for the resignation of party leaders. CEUA students predicted a Communist coup. Fearing the new weapons would close the rift between Arbenz and the military, SHERWOOD broadcast rumors that the arms were intended not for the Army but for labor unions and peasant cadres.

This rumor turned out to be true. Arbenz and the PGT had intended the Alfhem shipment to remain a secret, enabling them to divert some of the arms to workers' militias before giving the remainder to the Army. The Army, however, learned of the Martínez mission and closely watched shipping traffic at Puerto Barrios for signs of the arms' arrival.[189] Army units sealed off the pier as soon as the Alfhem docked, setting up a security cordon around the port area. José Angel Sánchez, the minister of defense, took personal charge of security and transportation arrangements. The President had to give up his plans for arming militias. The weapons belonged to the Army now, and taking them away would only enrage the officer corps. Soldiers loaded the crates, marked "optical equipment," on 123 flat cars for the trip to Guatemala City.[190] The shipment consisted of large numbers of rifles, machineguns, antitank guns, 100 howitzers, mortars, grenades, and antitank mines. Some of the weapons had been used, and many bore a swastika stamp on the metal parts. The antiquated artillery pieces had wooden

[186] [ ]:o Chief WHD. "Honduran Communist Activities," HHT-34, 7 July 1954, Job 79-01025A, Box 107; [ ] "Honduran Public Opinion Favors Strikers," HUL-012, 22 May 1954, Job 79-01025A, Box 107.

[187] Gleijeses, *Shattered Hope*, p. 301.

[188] LINCOLN to [ ] LINC 2960, 21 May 1954, Job 79-01025A, Box 4.

[189] Gleijeses suggests the United States alerted the Army, but this is unlikely. Agency officials were themselves confused about the arrival of the shipment, believing until the last minute that it could be prevented. They also placed no trust in the Army, considering it penetrated by Communists. Finally, the establishment of workers militias would have substantially helped the K-Program break the military's allegiance to the government. Gleijeses, *Shattered Hope*, p. 304.

[190] Wisner to Robert B. Anderson, Under Secretary of Defense, "Guatemalan Procurement of Arms From the Soviet Orbit," 21 June 1954, Job 79-01228A, Box 24.

wheels. American military advisers, who received the first reliable reports, estimated that there was enough ammunition to last the Guatemalan Army 10 to 15 years in peacetime.[191]

[ ]ordered sabotage teams to destroy the Alfhem arms en route, and the mission provided the first test of Castillo Armas's forces. Three four-man teams were dispatched to dynamite railroad trestles between Puerto Barrios and Guatemala City as military trains passed over them.[192] Freshly graduated from training programs at[ ] they carried maps[ ]identifying the best targets. All three failed. The first, on 20 May, detonated a charge that damaged an engine slightly. Shots from the train slew one rebel commando, whose companions returned fire killing a Guatemalan soldier. Two other attempts, on 23 and 25 May either failed to reach the target or inflict damage.[193] The arms reached the capital safely on the 26th.

Arbenz had momentarily outwitted the Agency, but by so doing he removed the constraints on the Agency's ability to retaliate. Before the Alfhem incident, David Phillips observed, there was still a chance that Holland or another official in the State Department would pull the plug on PBSUCCESS. The arms shipment "clearly defined the issue: Guatemala had received arms from Russia, thus Guatemala and Russia were playing footsie. From that point, there was no question of the nature of the target, only the question of how soon and in what manner it would be destroyed."[194]

Operation HARDROCK

The Alfhem incident touched off a massive escalation of the US effort to intimidate the Guatemalan Government. The State Department concluded a military assistance agreement with Honduras and began shipping planes and tanks to Tegucigalpa. On 24 May, the Navy provided a more daunting indicator of US resolve in operation HARDROCK BAKER, the sea blockade of Guatemala. Submarines and warships patrolled the sea approaches to Guatemala, stopping all ships and searching for arms. The task force was instructed to damage vessels if necessary to make them stop. Ships transiting the Panama Canal en route to Guatemala were detained

[191][ ]to LINCOLN, "Information re Alfhem Arms Shipment," HGG-A-1162, 28 May 1954, Job 79-01228A, Box 24; King to Dulles, "Quality and Future Disposition of Arms Received by Guatemala from the Ship Alfhem," 16 December 1954, Job 79-01228A, Box 23; Wisner to Holland, "Guatemalan Arms Acquisition," 21 June 1954, Job 79-01228A, Box 24. CIA had only a sketchy idea of the numbers of actual arms but a firm idea of their weight (4,122,145 pounds) and value (approximately $5 million).

[192]Wisner, "Thoughts and Possible Courses of Action concerning latest Developments in PBSUCCESS—Arrival of the Alfhelm [sic]," 18 May 1954, Job 79-01228A, Box 24.

[193]See LINCOLN cables 2900-3099, Job 79-01025A, Boxes 4 and 5.

[194]Debriefing Report, David Atlee Phillips, [undated], Job 79-01025A, Box 167.

and searched. The blockade's blatant illegality made it a powerful weapon of intimidation. The United States stopped and boarded French and British freighters in defiance of international law. France and Britain muted their protests in hopes that the United States would show similar restraint with regard to their colonial troubles in the Middle East. The message to Guatemala was clear: If the United States would violate freedom of the seas, it would not be stopped by so feeble an instrument as the nonintervention clause of the Rio Pact.[195]

PBSUCCESS, too, stepped up the pressure on the Army. On 26 May, one of Castillo Armas's warplanes flew low over the capital, buzzed the presidential palace and dropped leaflets in front of the headquarters of the presidential guard. The leaflets encouraged members of the Guardia to "Struggle against Communist atheism, Communist intervention, Communist oppression. . . . Struggle with your patriotic brothers! Struggle with Castillo Armas!"[196] "I suppose it doesn't really matter what the leaflets say," Barnes acknowledged. The real message was conveyed by the plane itself, an intimidating weapon in a region that had never witnessed aerial warfare.[197] "If they had been napalm bombs and not leaflets, we wouldn't be here to talk about it," one editorialist observed. Leaflet drops on successive days were widely interpreted as practice bombing runs.[198]

By the first week of June the population of Guatemala City expected an invasion any day. Ambassadors left town "on urgent orders" from their governments. The labor union federation placed its members on alert against "reactionary elements." Somoza severed diplomatic relations. On 5 June, the retired Chief of Staff of the Air Force, Rodolfo Mendoza Azurdia, fled in a small plane[ ]

In agony, the government and the PGT sought a way out. Arbenz offered Gálvez a nonaggression pact and asked to meet with Eisenhower to relieve tensions, but neither request elicited a response. The PGT, meanwhile, had begun to disintegrate. After the Caracas conference, Fortuny had voiced concerns that the party had gone "beyond what was realistically possible," advancing its program to an extent that endangered the state. He called for "self-restraint," a pause in the agrarian reform, and urged Communists in high government positions to resign. Even as he did so, he was plagued by

[195]Gleijeses, *Shattered Hope*, pp. 312-313; [ ] to Graham L. Page, "K-Program," HUL-A-989, 6 June 1954, Job 79-01025A, Box 103.
[196][ ] to Chief of Station Guatemala, "Intended Leaflet Drop," HUL-A-893, 23 May 1954, Job 79-01025A, Box 103.
[197][ ] interview by Nick Cullather, tape recording, Washington, DC, 19 June 1993 (hereafter cited as [ ] interview). Recording on file in the DCI History Staff Office, CIA.
[198]Gleijeses, *Shattered Hope*, pp. 309-310.

Leaflet dropped on 26 May. "Struggle With Your Patriotic Brothers! Struggle With Castillo Armas!"

self-doubt and the near certainty that he was asking for too little, too late. Other leaders refused to listen. [ ] propaganda attacks had whittled the party's membership down to an unmovable core, unafraid and prepared to follow the revolution to the end.[199] News of Fortuny's resignation reached Agency officials in the first week of June, leaving them perplexed. Accustomed to dealing with iron-willed totalitarians, they were unused to seeing an adversary flounder in the face of insurmountable problems and self-doubt.

Desperate, the regime lashed out at its internal opposition. On 8 June, Arbenz suspended civil liberties and began a roundup of suspected subversives. Police arrested 480 persons in the first two weeks of June, holding them at military bases. Many were tortured. On 14 June, one of the few survivors of the CEUA group found the mutilated and charred body of [ ] in the city morgue.[200] Barnes admitted that the net had

[199] *Ibid.*, pp. 283-286.
[200] [unsigned], "Informal Memorandum," 23 June 1954, Leddy file, Job 79-01025A, Box 81.

"suffered losses" and suggested that it be reorganized for the operation's final phase, but there was nothing left to organize.[201] Some 75 detainees were killed and buried in mass graves in the regime's final days.

The Invasion

It was already muggy at 7:00 A.M. on 15 June when [ ] pulled into a driveway alongside a [ ] house belonging to [ ] wasn't used to the heat. He had replaced Tranger as Chief of Guatemala Station in early May, right at the beginning of the rainy season, when the mornings broke hot and the predictable afternoon showers brought no relief. [ ] was breathing down his neck for results on the military defection project, the "K-Program," and [ ] had opted for the coldest of cold approaches. He would go to [ ] house, ring the doorbell, and ask the man to stage a coup. Minutes later, in [ ] *ala*, he bluntly explained what [ ] always called the "facts of life." The time had come for [ ] to "get moving and take over the Army." This was "the last opportunity for the Army to salvage its honor and even its existence." [ ] listened, nodding in agreement. He was ready to help, he told [ ] but he would need some assistance in return. Arbenz still exercised a great deal of control over the officer corps [ ] If Castillo Armas would have [ ] would start the coup. That would not be possible, [ ] replied. The times called for courage, for taking risks. [ ] would have to do things for himself. The two men agreed to meet again the following day.[202]

The K-Program presented a paradox for PBSUCCESS. [ ] believed the operation could not succeed without an Army revolt, but his efforts to bully and frighten the officer corps into action left the military's leaders divided and cowed. No *caudillo* emerged to lead soldiers against the government, and as the operation wore on it appeared less likely that one would emerge. Early on, [ ] had picked [ ] as the most likely candidate. He had threatened to revolt; he was ambitious and opportunistic. Peurifoy vouched for his anti-Communism. When the time came, however, [ ] demanded more than he offered. At the second meeting, he told [ ] that he had consulted [ ] and the two had agreed that "a spectacle of force" would be needed to swing the Army to the side of the opposition. Labor unions had organized progovernment demonstrations for the following day. If Castillo

[201] Barnes to PBSUCCESS Headquarters, HUL-A-986, 16 June 1954, Job 79-01025A, Box 103.
[202] Guatemala Station to Director, [ ], Job 79-01025A, Box 11.

Armas could drop a bomb in the infield of the hippodrome, tear gas the crowd, and buzz Arbenz's house, the Army would act. [ ] considered this a reasonable request and promised to provide a suitable display.[203]

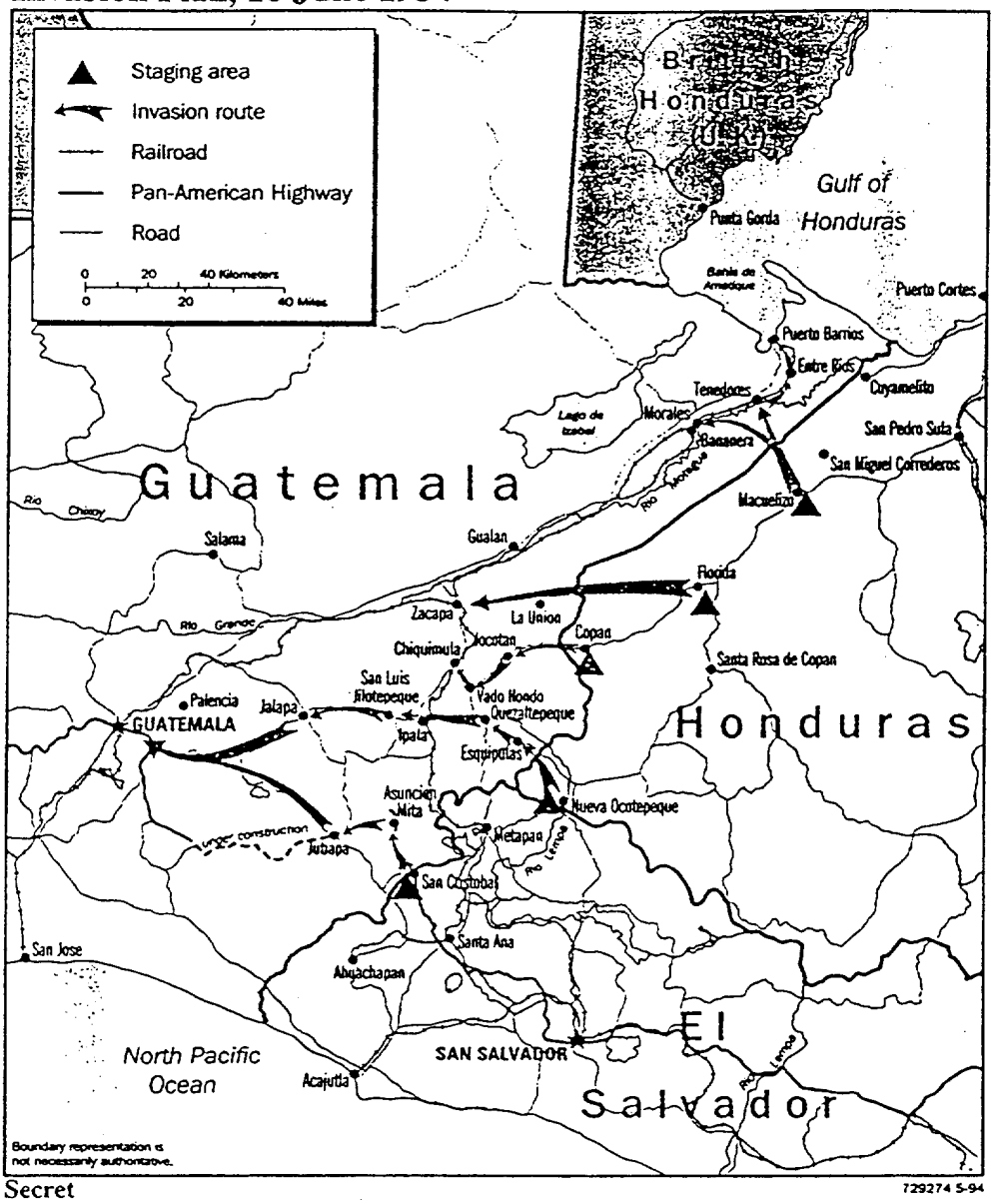
[ ]Barnes, and Wisner were less willing to accommodate a weak-kneed *caudillo.* An aerial display would prove US involvement, since few Central American governments, let alone rebel movements, could mount a bombing mission. [ ]told [ ]the air show was off and instructed him to go over the facts of life one more time with [ ]. [ ]had other ways to put pressure on the Army. In his calculations, Castillo Armas [ ]would soon be in competition, each trying to topple Arbenz first. PBSUCCESS now had "two strings in its bow," he told Allen Dulles, Castillo Armas and his forces on the Honduran border, and [ ]uprising in the capital. Both options would be pursued "since they do not become mutually exclusive until after the disposition of the present regime." Even if Castillo Armas suffered setbacks, his invasion would create the turmoil necessary for [ ]:o seize control. Likewise, if [ ]failed, his rebellion would still immobilize the Army long enough to allow Castillo Armas to make gains in the countryside. Even "assuming Castillo Armas's defeat or assuming [ ]failure, there is no problem."[204]

The invasion plan went into effect on 15 June, the day [ ] made his cold approach. Divided into four teams, Castillo Armas's 480 "shock troops" arrived at staging areas on the Guatemalan border near the Honduran towns of Florida, Nueva Ocotepeque, Copán, and Macuelizo. From these areas they were to proceed to the border, arriving near midnight on the 17th. The plan called for four rebel bands to make five separate incursions into Guatemala in order to project the impression of an attack across a broad front and to minimize the chance that the entire force could be routed in a single enounter. The largest force, 198 soldiers, would cross the border near Macuelizo and attack the heavily guarded port city of Puerto Barrios. A group of 122 rebels would proceed from a base near Florida, Honduras, and march on Zacapa, the Guatemalan Army's largest frontier garrison. Castillo Armas would command a group of 100 soldiers split between base areas in Copán and Nueva Ocotepeque. These forces would seize the lightly defended border towns of Esquipulas, Quezaltepeque, and Chiquimula before uniting and marching on the capital. Meanwhile, a smaller force of 60 soldiers would cross into El Salvador and invade Guatemala from the *finca* of [ ]

From there they would attack the provincial capital of Jutiapa (El Salvador

[203]Guatemala Station to Director, GUAT 874, 17 June 1954, Job 79-01025A, Box 11.
[204]LINCOLN to Director, LINC 3824, 15 June 1954, Job 79-01025A, Box 5.

Invasion Plan, 18 June 1954



Secret

had refused to allow Castillo Armas to invade from its territory, [ ] In addition to these regular troops, 10 trained saboteurs would fan out into the countryside ahead of the invading troops, blowing up railroads and cutting telegraph lines.[205] The rebels were to avoid direct confrontation with the Guatemalan Army, which would unify the officer corps and lead to a quick defeat of the rebellion. Harassing raids in remote areas would enable the

[205] LINCOLN to Director, LINC 3937, 16 June 1954, Job 79-01025A, Box 6.

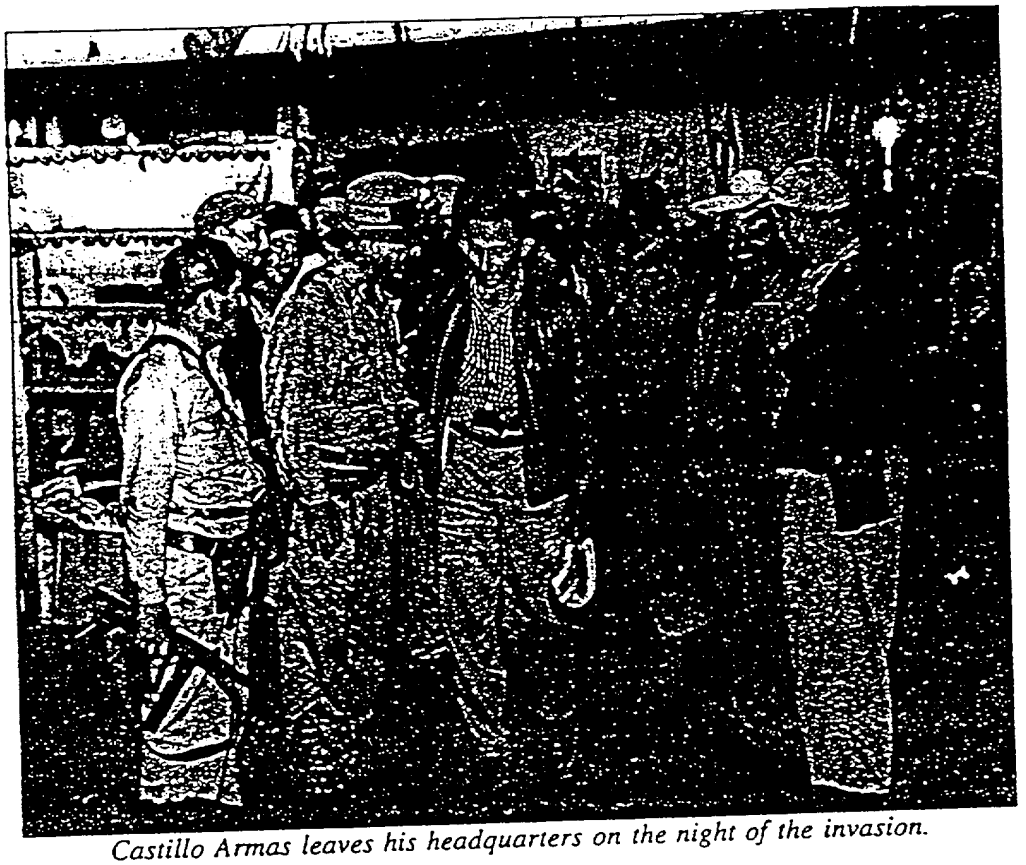
rebels to keep a force intact while sowing panic in the capital and prodding the military to act. Rebel aircraft were instructed to avoid hitting military targets.

Even before H-hour, the invasion degenerated from an ambitious plan to tragicomedy. Salvadoran policemen spotted the Jutiapa force on a road outside Santa Ana on the afternoon of 17 June and decided to take a look. They discovered 21 machineguns, rifles, and grenades hidden in a wagon the men were riding. The police arrested the entire group and threw them in the Santa Ana jail.[206] Castillo Armas eventually got them deported to Honduras but without their weapons. Jutiapa was spared. Later that evening the Chiquimula force engaged in the first action of the campaign. Approaching the border near Esquipulas, they were surprised to discover a border guard and a customs official stationed on the previously unguarded road. They captured the soldier and shot the customs official. He was the first Guatemalan casualty.[207]

Dressed in a leather jacket and checked shirt and driving a battered station wagon, Castillo Armas led his troops across the border at 8:20 P.M. on 18 June. At about the same time, his planes, in partial fulfillment of [ ]request, buzzed the progovernment demonstrations at the railroad station in Guatemala City. SHERWOOD told its listeners that "there are reports of a battle at Esquipulas, but we do not yet have a tally of the dead."[208] Castillo Armas led the Chiquimula detachment, the one thought least likely to encounter serious resistance. On foot, and encumbered by weapons and supplies, the rebels made slow progress, and it would be some days before they actually captured Esquipulas, a few miles from the border.

Meanwhile,[ ] continued to demand the bombing of the race track. With the invasion under way,[ ]was even less inclined to satisfy what he considered a frivolous demand. He told Bissell he was ready to give up on[ ]believing he could accomplish the Army's "intimidation or actual defeat through air to ground action supported by shock forces." Wisner and Bissell quickly brought him back to reality. The "entire issue in our opinion will turn on the position taken by the Guatemalan forces," they warned. If the rebels attacked Army garrisons, they would succeed only in uniting the military behind Arbenz. And even if the Army could be intimidated into inaction, police units and labor organizations could round up the small rebel force with little trouble.[209] With only one string in its bow, PBSUCCESS would fail. "Our next move," Dulles told [ ]"should be to exert all possible influence to persuade the Army that their next target must be Arbenz himself if they are themselves to survive. . . . If the Army acts it, not Castillo Armas will rule the country."[210]

[206]LINCOLN to Director, LINC 4065, 19 June 1954, Job 79-01025A, Box 6.
[207]LINCOLN to Director, LINC 3997, 18 June 1954, Job 79-01025A, Box 6.
[208]Phillips, *Night Watch*, p. 58.
[209]Richard Bissell to[ ]DIR 05705, 19 June 1954, Job 79-01025A, Box 9; Wisner to [ ]DIR 05535, 18 June 1954, Job 79-01025A, Box 9.
[210]Dulles to[ ]DIR 05857, 21 June 1954, Job 79-01025A, Box 9.

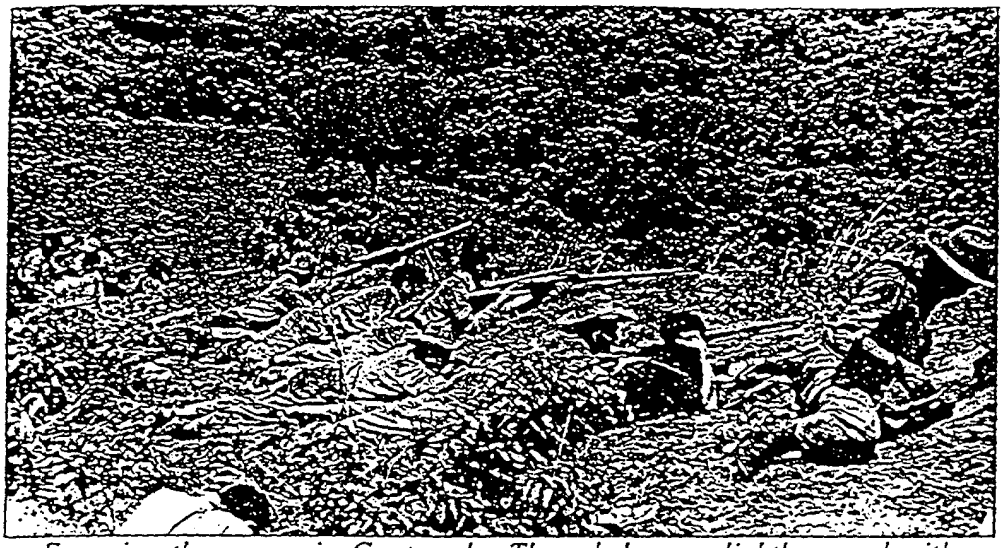


Castillo Armas leaves his headquarters on the night of the invasion.

[ ]continued to negotiate with[ ]while [ ]stepped up the air war. On 19 June, rebel planes blew up a railroad bridge at Gualán. Cargo planes dropped pallets of arms over the Guatemalan countryside to persuade the Army that a fifth column was ready to rise against the government. Guatemala Station reported that the city was "clearing rapidly. Cars, carts, tearing to outskirts. Fear, expectation spreading."[211] But[ ]remained stubbornly inert.

The initial panic generated by the invasion and air attacks wore off as Guatemalans realized nothing would happen immediately. On the 20th, Guatemala Station cabled that the government was "recovering its nerve." "Capital very still, stores shuttered. People waiting apathetically, consider uprising a farce, some even speculating it a government provocation."[212] Castillo Armas's invaders were not making the sort of bold strikes needed to inspire terror in the capital. On the 20th his forces captured Esquipulas, barely three miles from the border and defended only by a small police force.[213] Meanwhile a column of 122 rebels approaching Zacapa from the

[211]LINCOLN to SHERWOOD, LINC 4036, 19 June 1954, Job 79-01025A, Box 6.
[212]Guatemala Station to Director, GUAT 921, 20 June 1954, Job 79-01025A, Box 11.
[213]LINCOLN to Director, LINC 4153, 21 June 1954, Job 79-01025A, Box 6.



Engaging the enemy in Guatemala. The rebels were lightly armed with weapons of Soviet design.

northeast encountered a small garrison of 30 soldiers led by Lt. César Augusto Silva Girón at the small town of Gualán. Without instructions or reinforcements from the larger garrison at Zacapa, Girón engaged the rebels in a 36-hour firefight, forcing them to flee toward La Union, between Gualán and Zacapa. Only 30 rebels escaped death or capture. The casualties included their commanding officer. The survivors reported that they had been "decisively defeated" by a superior force.[214]

The following day, the rebels' largest force suffered a colossal defeat at Puerto Barrios. Twenty insurgents landed a boat on the waterfront as 150 of their compatriots attacked the town from the east. Policemen and hastily armed dock workers rounded up the amphibious force and ran off the remainder, who fled across the border to San Miguel Correderos, Honduras, and refused to rejoin the fray. After repeated requests for a report, the defeated rebels turned off their radios and dispersed.[215] Their loss cost Castillo Armas almost half his regular army. After three days in action, two of the invasion's four prongs had been turned back (one by the Salvadoran police), and one had been halted by minor resistance.

In an effort to recover momentum,[ ]authorized air attacks on the capital the following day, but the results were unimpressive. A single plane, flying above 1,000 feet, managed to hit a small oil tank on the city outskirts igniting a fire that was doused in 20 minutes.[ ] described the attack as a "pathetic" gesture that left the public with an impression of "incredible weakness, lack of decision, fainthearted effort."[216]

[214]Gleijeses, *Shattered Hope*, pp. 326-327; LINCOLN to Director, "Daily Sitrep No. 13," LINC 4440, 27 June 1954, Job 79-01025A, Box 6.
[215]*Ibid.*; LINCOLN to Director, LINC 4477, 28 June 1954, Job 79-01025A, Box 6; LINCOLN to Director, "Daily Sitrep No. 9," LINC 4229, 23 June 1954, Job 79-01025A, Box 6.
[216]LINCOLN to SHERWOOD, LINC 4194, 22 June 1954, Job 79-01025A, Box 6.

Attempts to use aircraft for propaganda advantage were hampered by Castillo Armas's persistent demands for air support. Ensconced at Esquipulas, he reported his situations as "very grave as result two pronged enemy attacks from Zacapa and from Jutiapa via Ipala." If he did not receive "heavy bombardment" on these fronts, he would be "forced to abandon everything."[217]

Challenge at the UN

As Monzón dallied and Castillo Armas faltered, PBSUCCESS faced another, potentially fatal challenge on the diplomatic front. On 18 June, the day of the invasion, Guatemalan foreign minister Guillermo Toriello petitioned the UN security council to intervene to stop the outside aggression he blamed on Nicaragua, Honduras, and the United Fruit Company. On 20 June, the council approved a French motion enjoining all member nations to refrain from aiding the insurgency. John Foster Dulles was furious, but to save appearances he had to support the measure. On the 21st, Toriello asked the Security Council to take "whatever steps are necessary" to enforce the resolution.[218] The prospect that the council could dispatch a factfinding mission to Guatemala touched off a flurry of meetings and phone calls between Wisner, the Dulles brothers, Assistant Secretary Henry Holland, the President, and Henry Cabot Lodge, the US delegate to the UN. Eisenhower was ready to use the veto. The United States had never before vetoed a security council resolution and the first use would mean a grave propaganda defeat. Wisner argued that the United States should allow some kind of an inspection mission and then try to control it. The US should get the OAS Peace Council designated as the body of first recourse. "Friendly" delegates from the United States, Brazil, and Cuba dominated the council. If the UN insisted on sending its own mission, the United States should direct it to investigate the "causes" of the rebellion, including the Alfhem shipment, land reform, and the Communist influence in government.[219] Lodge adopted this position, but Holland and other State Department officials remained apprehensive about international press reaction.

[217]LINCOLN to Director, LINC 4499, 28 June 1954, Job 79-01025A, Box 6.
[218][redacted] Assistant Director for Current Intelligence, to A. Dulles, "Significance of the June 20 UN Security Council Meeting," 21 June 1954, Job 79-01228A, Box 24.
[219]Wisner, "Memorandum of Ideas Developed in Meeting in Mr. Murphy's Office Concerning Guatemalan Situation," 21 June 1954, Job 79-01228A, Box 24; Wisner to Holland, "Recommendations for Use in Connection with Further Proceedings in the United Nations and/or the OAS Peace Commission; Guatemala," 22 June 1954, *ibid.*; [redacted] "Intelligence Provided Department of State Concerning Guatemala," 20 July 1954, *ibid.*; [redacted] Assistant Director Current Intelligence, to Allen Dulles, "Significance of the 20 June UN Security Council Meeting," 21 June 1954, *ibid.*

For much of the world, the spring of 1954 seemed to carry a real chance for the two superpowers to ease world tensions after eight years of Cold War. Stalin had died in February 1953, and the new Soviet administration appeared less sinister and more ready to reach accommodations. In May 1954, the superpowers met to arrange a settlement of the difficult Indochina and Formosa disputes at the Geneva Conference. In the following weeks, however, tensions did not ease, and some in the international press blamed the Eisenhower administration for what was seen as a lost opportunity. Some generally pro-Western newspapers regarded Guatemala's plight as further proof that the United States had adopted a needlessly truculent posture. A former British Labor Government minister, Aneurin Bevan, not surprisingly wrote a column headlined "Guatemalan Invasion is Plot to Save American Property," which played prominently in *The Times of India* and other newspapers. On the morning of 18 June, CBS News aired a segment on the adverse reaction in Britain, quoting an official who observed that "despite the United Fruit Company, the United States does not yet own all of Central America and the Carribbean."[220] *Pravda* explained the invasion as an attempt by the United States to reignite the Cold War. USIA stations in Germany, Japan, and the Middle East reported the sympathy of the local press for Guatemala and the universal assumption of US complicity in the invasion. Even news organs unsympathetic to Arbenz—like the Iranian state press—acknowledged with certainty that the rebellion had US support. These reports made State Department officials nervous, and their jitters spread to the Agency. [ ] staff was "terrified" that the Guatemalans would make such a ruckus in international forums that Henry Holland or other State Department officials would pull the plug.[221]

The Agency, meanwhile, took steps to ensure that coverage in the American press had a favorable slant. Peurifoy met with American reporters in Guatemala City to discuss "the type of stories they were writing." At his suggestion, "all agreed to drop words such as 'invasion.'" The French and British consuls agreed to have a word with their correspondents.[222] Agency officials had earlier managed to have Sydney Gruson, the *New York Times* correspondent, reexpelled from Guatemala. In the wake of the Alfhem incident, Arbenz allowed Gruson back into the country. [ ] staff complained that after his return Gruson's reports parroted "Foreign Minister Toriello's statements regarding the Guatemalan position

[220]Wisner to Holland, "British Attitude Toward the Guatemalan Situation," 18 June 1954, Job 79-01228A, Box 23.

[221]For international press reaction see Bonn to USIA, 22 June 1954; the Hague to Secretary of State, 22 June 1954; New Delhi to Secretary of State, 25 June 1954, all three in Job 79-01025A, Box 82; Huntington D. Sheldon to Allen Dulles, "Significance of 20 June UN Security Council Meeting," 21 June 1954, Job 79-01228A, Box 24.[ ]interview.

[222]Peurifoy to Willauer and Holland, GUAT 940, 23 June 1954, Job 79-01025A, Box 11.

on arms purchases and denial of complicity in the Honduran strikes." [ ] speculated that either Arbenz had extracted a quid pro quo in exchange for lifting the expulsion, or that Gruson was unwilling to risk offending Guatemalan officials a second time. He plumbed Agency files and found that two years earlier Gruson had attended parties in Mexico City at which Czechoslovak diplomats had been present. He took this evidence to Dulles, and the Director passed it on to Arthur Hays Sulzberger, publisher of the *Times*, who reassigned Gruson.[223] During the battle for Guatemala, stories in the *Times* originated in Mexico City.

The Jaws of Defeat

Prospects for a rebel victory steadily dimmed after the defeats at Gualán and Puerto Barrios. [ ] and his staff, unable to influence the events on which the outcome of PBSUCCESS now seemed to depend, relayed daily reports to Headquarters detailing the dwindling fortunes of Castillo Armas's forces. On the 23rd, the bulk of the *liberaciónistas* remained at Esquipulas with their commander, while an advance party entered Chiquimula and traded shots with the Army barracks there. Remnants of the force defeated at Gualán and detachments from Esquipulas broke into bands of 10 to 20 men and scattered among the small towns surrounding Zacapa, Teculután, Vado Hondo, and Jocotán. From these positions, the rebels could observe large numbers of government troops moving by rail to Zacapa.[224]

Historians have debated the question of whether substantial numbers of sympathizers joined Castillo Armas's forces in the field.[225] There is no

[223] [ ] "Reporting on Guatemala by *New York Times* Correspondent Sydney Gruson," 27 May 1954, Job 79-01228A, Box 23; [ ] to PBSUCCESS Headquarters, "Sydney Gruson," HUL-A-1118, 2 June 1954, Job 79-01025A, Box 104; [ ] Jr., "Sydney Gruson," 2 June 1954, Job 79-01025A, Box 104. Harrison Salisbury has alleged that Dulles "deliberately deceived" Sulzberger in order to get rid of Gruson, and that "Gruson was too good a reporter. He might spill the beans." In fact, [ ] was not worried about Gruson's investigative talents. He wanted at all costs to keep Toriello's version of events out of the newspapers during the UN debate, and he feared Gruson was more susceptible to official pressure than other correspondents. Dulles claimed he did not suggest a course of action to Sulzberger, and that "our interest in this individual was only to pass on the information we had obtained about him and any action taken thereon is the responsibility of Mr. Sulzberger." Deputies' Meeting, 10 June 1954, Dulles papers, Job 80B-01676R, Box 23.

[224] LINCOLN to Director, "Daily Sitrep No. 9," LINC 4229, 23 June 1954, Job 79-01025A, Box 6.

[225] Frederick Marks, "The CIA and Castillo Armas in Guatemala, 1954: New Clues to an Old Puzzle," *Diplomatic History* 14 (Winter 1990): 70. Marks alleges that "it is clear that as Castillo Armas advanced, his ranks were swelled by a massive influx of ranchers, peasants, and other sympathizers who together posed a real threat to the regular army."

doubt that[ ]strategy relied on such reinforcements. The original invasion force numbered only 480 and was broken into smaller contingents that would be outnumbered in a fight with even a small Guatemalan Army garrison. These original soldiers were intended to be the core of a larger force that would spontaneously rise and join Castillo Armas as he marched on the capital. Preparations were made for weapons to be airdropped to the swelling ranks. Agency records reveal that recruits did join Castillo Armas, and in substantial numbers, but only in places where the *liberaciónistas* met no resistance. Where the rebels were engaged in actual combat, no recruits materialized and the original force suffered high rates of desertion. On the 21st, Castillo Armas had asked for supplies for 500 additional men at Esquipulas.[226] His forces there and in Chiquimula eventually came to comprise 1,200 men, all receiving food and weapons from airdrops. In the vicinity of Zacapa, however, where regular Army units constantly threatened rebel bands, the number of insurrectionists dropped from 180 to 30 between 23 and 29 June.[227] The recruits taxed the operation's overburdened supply system without allowing Castillo Armas to strike effectively at the enemy.

The Arbenz regime, meanwhile, laid plans to destroy Castillo Armas. The victories at Puerto Barrios and Gualán gave Arbenz confidence that the Army would do its duty and crush the invasion. He asked Díaz to allow the rebels to penetrate into the interior of the country unopposed. Neither man feared Castillo Armas's ragtag army, but both considered the invasion part of a larger US plan to create a pretext for direct intervention. They chose a strategy designed to defeat the rebels without furnishing a justification for landing the Marines. On 19 June, most of the soldiers of the Base Militar and the Guardia de Honor left by rail for Zacapa, where they were ordered to wait and engage the rebel army when it arrived. When Castillo Armas's scouts reached the outskirts of Zacapa, they found trainloads of soldiers and supplies arriving hourly in the already heavily occupied town. These war preparations masked the profound demoralization afflicting the officers responsible for saving the country. Like Arbenz, they feared US intervention, but unlike the president, they placed little faith in the ability of the United Nations to restrain Eisenhower. Sitting in Zacapa, they ruminated on the likely consequences of defeating Castillo Armas, murmuring that Marines might already be landing in Honduras.[228]

[226]LINCOLN to Director, LINC 4153, 21 June 1954, Job 79-01025A, Box 6.
[227]Compare LINCOLN to Director, "Daily Sitrep No. 9," LINC 4229, 23 June 1954, Job 79-01025A, Box 6, with LINCOLN to Director, "Daily Sitrep Number 14," LINC 4507, 29 June 1954, Job 79-01025A, Box 6.
[228]LINCOLN to Director, LINC 4412, 27 June 1954, Job 79-01025A, Box 6; Gleijeses, *Shattered Hope*, pp. 334-340.

Actual Invasion, Late June 1954

Secret 729291 5-94

The Communists were the first to warn Arbenz that the Army would not defend the government. On 23 June, a PGT official visited Zacapa and found the officers cowering in their barracks, terrified and unwilling to fight. Fortuny reported the situation to Arbenz two days later. In disbelief, Arbenz sent a trusted officer to speak to the field commanders. He returned with the same report and a message. The officers "think that the Americans are threatening Guatemala just because of you and your Communist

friends. If you don't resign, the Army will march on the capital to depose you." He predicted that if Arbenz did not act quickly, the Army would strike a bargain with Castillo Armas. Confirmation arrived later that day with the news that the 150-man Chiquimula garrison had surrendered to the rebels without a fight.[229]

Agency stations in Guatemala City,[ ]and[ ] never learned what happened at Zacapa.[ ]ınd Peurifoy were convinced that only[ ]could induce the Army to betray Arbenz, and [ ]remained in the capital, ignorant of the treason of his brother officers. For[ ]and other Agency observers in Miami and Washington, what happened in the next few days seemed curious and magical. Just as the entire operation seemed beyond saving, the Guatemalan Government suddenly, inexplicably collapsed. The Agency never found out why. After the conclusion of PBSUCCESS, no one asked captured Guatemalan officials what happened in the regime's final days. Instead, an Agency legend developed, promoted by Bissell and other officials close to the operation, that Arbenz "lost his nerve" as a result of the psychological pressure of air attacks and radio propaganda.[230] In fact, Arbenz was deposed in a military coup, and neither the radio nor the air attacks had much to do with it. It was natural, however, for PBSUCCESS officers to feel these elements had been decisive. In the operation's last days, they were all that was left.

As Arbenz learned the horrible truth,[ ]struggled with setbacks of his own. By 23 June, he judged the K-Program a failure and decided that the only remaining chance for success lay in a military victory. "Army defection now considered a matter of a test of arms," he cabled Headquarters.[231] He ordered CAT pilots to attack military targets, countermanding previous orders to spare the Army while defection efforts were under way. Informing Dulles that "airpower could be decisive" in the ensuing days, he asked for additional fighter aircraft. That day, the Director met at the White House with Eisenhower and Holland. The latter strongly opposed sending planes to Castillo Armas, a move that would confirm US involvement and violate a Security Council resolution approved by the United States. Eisenhower listened to these objections and then asked Dulles what chance the rebels would have without the aircraft.

"About zero," the Director replied.

"Suppose we supply the aircraft," the President asked. "What would be the chances then?"

[229] *Ibid.*, pp. 332-333.
[230] Oral history interview with Richard M. Bissell, Jr., 5 June 1967, Dwight D. Eisenhower Library, Job 85-0664R, Box 5.
[231] LINCOLN to Director, "Daily Sitrep No. 9," LINC 4229, 23 June 1954, Job 79-01025A, Box 6.

"About 20 percent." Dulles allowed. The President considered the answer realistic and gave the order to send two fighters. "If you'd said 90 percent," he later told Dulles, "I'd have said no."[232] Unknown to both men, the chances of success were substantially higher. The Guatemalan Army had given Arbenz its ultimatum before the all-out air offensive began.

The aircraft had little apparent effect on the situation in the field. Pilots found most of their World War II surplus bombs failed to explode. Strafing produced the best results, but still failed to prevent or delay the Army buildup in Zacapa. Rebel planes strafed troop trains, exploding the boilers of several. The troops, however, continued toward their destination on foot. Repeated strafing runs would scatter but not deter them. Bombing runs on Zacapa also had no visible effect on the concentration of forces there. In a final attempt to spur [ ] rebel planes successfully bombed the Matamoros fortress in downtown Guatemala City on 25 June, touching off secondary explosions, but [ ] continued to wait. With the gloves off, the mercenary aviators became overenthusiastic in their choice of targets. One dropped his load on a British freighter, the Springfjord, in port at San José. This time the bombs exploded, sending the vessel to the bottom, an unfortunate incident for which the Agency later had to pay $1 million in restitution.[233]

[ ] augmented the air strikes with intensified radio propaganda, breaking into military channels and broadcasting stories of reverses at the front, without discernible effect. The capture of Chiquimula provided a momentary bright spot, but [ ] recognized that Castillo Armas owed his successes to the Guatemalan Army's restraint. If the Army moved, the rebellion would be crushed.[234] [ ] worried, too, about Toriello's diplomatic offensive. On the 25th, he foresaw a "serious possibility that cease fire may be enforced soon and inspection teams sent" to Guatemala, Honduras, and Nicaragua. He instructed Castillo Armas to try to "obtain the most advantageous position prior to any cessation of hostilities."[235]

[232]Dwight D. Eisenhower, *Mandate for Change, 1953-1956* (Garden City, NY: Doubleday and Co., 1963), pp. 425-426.

[233][Unsigned] to Leddy, 14 July 1954, Leddy file, Job 79-01025A, Box 81. The blame for this incident can be distributed across a wide front. Somoza told PBSUCCESS pilots at Puerto Cabesas on the 27th that the Springfjord was unloading fuel and arms (in fact, it was loading cotton). A bombing run on San José's fuel tanks was scheduled for that day, and [ ] the Agency officer in charge, did not instruct the pilot "specifically to avoid hitting any shipping." [ ] requested authority to bomb the British vessel from [ ] initiating a discussion between [ ] in Florida, and Barnes, at Langley, over whether bombing of international shipping would further the economic warfare objectives of PBSUCCESS. They finally decided not to authorize the bombing "at present," but by then the pilot was airborne. LINCOLN to Director, LINC 4509, 29 June 1954, Job 79-01025A, Box 6.

[234]LINCOLN to Director, "Sitrep No. 10," LINC 4271, 24 June 1954, Job 79-01025A, Box 6; LINCOLN to Director, "Sitrep No. 11," LINC 4368, 26 June 1954, Job 79-01025A, Box 6; LINCOLN to Director, "Sitrep No. 12," LINC 4319, 25 June 1954, Job 79-01025A, Box 6.

[235]LINCOLN to Director, "Sitrep No. 12," LINC 4319, 25 June 1954, Job 79-01025A, Box 6.

Although Guatemalan troops remained quartered at Zacapa garrison, Castillo Armas faced a growing threat from police and armed peasants. On 26 June, nearly all of the widely dispersed rebel units radioed pleas for air strikes against armed opponents.[236] The following day, Castillo Armas mounted an attack on Ipala and was turned back. He reported a "strong column" moving from Ipala to Quezaltepeque to sever his line of retreat from Chiquimula.[237] Although he was fighting a guerrilla campaign, Castillo Armas conceptualized his position in conventional terms, and sought with his tiny army to seize and occupy territory. His response to an attack on any of his "fronts" was to demand an air strike. Agency officials tired of these demands and of the rebel commander's preference for frontal assaults on populated areas, which usually ended in disaster. Bissell and Wisner wanted the rebels to remain in the countryside, broken into small contingents that would strike and melt away in true guerrilla fashion. In that way the rebels could keep the Army occupied while eliminating the chance of losing their entire force in a single disastrous encounter. On 28 June, Bissell ordered [ ] to try to get Castillo Armas to change tactics.[238]

There was no need. Castillo Armas's troops had done their job. On 25 June, Arbenz had summoned his Cabinet, party officials, and union leaders to inform them that the Army was in revolt and that the only hope was to arm the populace. Díaz and union leaders agreed to cooperate, but the following day no citizen army materialized. Union members had previously fought for the government alongside the Army, but the prospect of fighting *both* the Army and Castillo Armas was too daunting. SHERWOOD was broadcasting that columns of rebel troops were converging on the capital. Only a handful showed up to ask for arms, but there were none available. Díaz reneged on his promise. He was closeted with Sánchez, Monzón, and other military leaders plotting to seize power for themselves.[239]

The Capitulation

Peurifoy met with the plotters on the afternoon of 27 June and learned that they planned to take power that night. They promised to "move immediately on seizing commie leaders and sending them out of the country," but they refused to deal with Castillo Armas, and asked

[236]LINCOLN to Director, LINC 4931, 26 June 1954, Job 79-01025A, Box 6.
[237]LINCOLN to Director, LINC 4477, 28 June 1954, Job 79-01025A, Box 6.
[238]Bissell to LINCOLN, DIR 06786, 28 June 1954, Job 79-01025A, Box 9.
[239]Gleijeses, *Shattered Hope* pp. 342-345.

Peurifoy to arrange a cease-fire. The Ambassador wanted Arbenz out but he did not intend to "become part of another Mihailovich-Tito deal." He did not "trust the Army leaders, either on anti-Communism or on keeping faith with the United States. They are collaborators with Communism and must pay penalty in form Castillo Armas assumption of presidency." He remained silent, allowing the colonels to think they would be allowed to take power with US consent.[240] [ ] ordered a "maximum air show" over Guatemala City for the following afternoon.[241]

That evening at 8:00 Arbenz announced his resignation. He was turning over executive power to Colonel Díaz, he explained, "because I am certain he will guarantee democracy in Guatemala and all the social conquests of our people will be maintained." "The enemy who commands the bands of foreign mercenaries recruited by Castillo Armas is not only weak but completely cowardly" as was proven at Puerto Barrios and Gualán. He expressed full confidence that, with the Army united behind Díaz, the rebels would be quickly routed.[242] He had not "cracked." Díaz had persuaded him that an arrangement—a "Mihailovich-Tito deal" in Peurifoy's words—could be reached that would allow the Army to coopt and then discard Castillo Armas. By turning over power to the military, Arbenz hoped to salvage most of the gains of the 1944 revolution while defeating the rebellion and defusing US opposition.

Moments later, Díaz took the microphone and proclaimed that he was seizing power in the name of the Revolution of 1944, and that the Army would continue the fight against Castillo Armas. "We have been double-crossed," Peurifoy cabled Headquarters. Díaz, Sánchez, and Monzón formed a junta that retained in power most of the Arbenz Cabinet. When Peurifoy asked if they would negotiate with the rebels, the junta leaders "evaded all issues, praised their own anti-Communism, slandered Castillo Armas." They warned Fortuny and other Communist leaders to seek asylum in foreign embassies. Peurifoy cabled Washington to "urgently recommend bombing Guatemala City. . . . Bombs would persuade them fast."[243]

That night [ ] and [ ] who had arrived in Guatemala City for the denouement, decided to do some persuading of their own. At 6:00 in the morning, they called on Díaz to give him an update on the facts of life. [ ] began to spell out the importance of

[240]Peurifoy to Willauer, GUAT 986, 28 June 1954, Job 79-01025A, Box 11.
[241]LINCOLN to Director, "Daily Sitrep No. 14," LINC 4472, 28 June 1954, Job 79-01025A, Box 6.
[242]Schlesinger and Kinzer, *Bitter Fruit*, pp. 199-200.
[243]Guatemala Station to Director, GUAT 992, 28 June 1954, Job 79-01025A, Box 6.

acting quickly against the Communists. [ ] interrupted him. "Colonel," he explained, "you are not convenient for American foreign policy."[244] Díaz had to hear it from Peurifoy himself, and a few hours later the Ambassador confirmed [ ] interpretation of American foreign policy. The colonel grudgingly stepped aside.

With Díaz out of the way, Peurifoy decided the Agency ought to step aside and allow the State Department to negotiate with Guatemalan officials. He asked Wisner to "have a little talk" with [ ] who had done an "outstanding job" but needed now to "retire more to the background."[245] On 30 June, Wisner sent [ ] a message known afterwards as the "shift of gears cable." With hostilities concluded and a settlement in sight, he observed, the Station should concern itself with activities "for which this Agency is more strictly responsible and peculiarly qualified." The time had come "for the surgeons to step back and the nurses to take over the patient." All questions of policy and matters that could be handled overtly should be dealt with by the State Department. Agency officials would stay on to collect captured documents and continue propaganda activities in support of Castillo Armas.[246] PBSUCCESS was over.

In the 11 days after Arbenz's resignation five successive juntas occupied the presidential palace, each more amenable to American demands than the last. Peurifoy wanted a junta that included both Castillo Armas and Monzón. Substantive issues like land reform disappeared after the first two coups, and discussion centered on ways to satisfy the pride of the two military groups. Castillo Armas wanted to march into Guatemala City at the head of his men. Monzón refused to allow a triumphal march and insisted on being allowed to remain in office for a month before ceding power to Castillo Armas. Peurifoy and President Osorio presided over the talks in San Salvador. Anxious to arrest the few Communists remaining at large, Wisner dismissed Castillo Armas's demands as "dangerous nonsense." Peurifoy bullied and cajoled until on 2 July, the two men signed the "Pacto de San Salvador," forming a combined Army-*liberaciónista* junta.[247]

Wisner cabled his congratulations for a performance that "surpassed even our greatest expectations." Peurifoy "can take great comfort and satisfaction from fact that his accomplishments are already well known and fully appreciated in all important quarters of government."[248] But it was

[244] [ ] interview.
[245] Peurifoy to Leddy, 13 July 1954, Job 79-01228A, Box 23.
[246] Wisner to Chief of Station Guatemala, DIR 07144, 30 June 1954, Job 79-01025A, Box 9.
[247] Gleijeses, *Shattered Hope*, pp. 353-355; Wisner to Chief of Station Guatemala City, DIR 07304, 1 July 1954, Job 79-01025A, Box 9.
[248] Wisner to Chief of Station Guatemala City, DIR 08299, 30 June 1954, Job 79-01025A, Box 9.

not a complete victory. A week of chaos had allowed leading Communists to escape. Many took refuge in embassies. [ ] went to see Fortuny, the former head of the PGT, at the Mexican Embassy and found him a shattered man, unable to speak. As he left, a young attaché stopped him with a question, "does this mean the United States will not allow a Communist government anywhere in the hemisphere?" [ ] put on his hat. "Draw your own conclusions," he said, and walked out.[249]

[249] [ ] interview.

Chapter 4

The Sweet Smell of Success

> What we'd give to have an Arbenz now. We are going to have to invent one, but all the candidates are dead.
>
> US State Department official, 1981[250]

PBSUCCESS officers concluded their business and began withdrawing on 1 July 1954. The *Voz de la Liberación* went off the air the following day, and David Atlee Phillips packed its mobile transmitter for shipment to the States. In [ ] began collecting files and preparing to close [ ] He ordered Guatemala Station to destroy documents pertaining to PBSUCCESS.[251] As Frank Wisner had said, it was time for the Agency to return to the tasks for which it was "peculiarly qualified."[252] But the Agency would never be the same after PBSUCCESS. The triumph showed what could be accomplished through covert action, and its lessons, learned and unlearned, would have ramifications for years to come.

The Agency's initial jubilation gave way to misgivings as it became clear that victory in Guatemala had been neither as clear nor as unambiguous as originally thought. In Latin America, the Eisenhower administration came under heavy fire for its actions, and Guatemala became a symbol of the stubborn resistance of the United States to progressive, nationalist policies. Castillo Armas's new regime proved embarrassingly inept. Its repressive and corrupt policies soon polarized Guatemala and provoked a renewed civil conflict. Operation PBSUCCESS aroused resentments that continue, almost 40 years after the event, to prevent the Agency from revealing its role.

Mopping Up

After sending his "shift of gears" cable, Wisner turned his attention to finding ways to exploit the victory of PBSUCCESS. The defeat of Arbenz not only boosted the Agency's reputation in Congress and the

[250]Quoted in Marlise Simons, "Guatemala: The Coming Danger," *Foreign Policy* 43 (Summer 1981): 103.
[251]Cyrus Burnette to J. C. King, "Plot by Arbenz Government Against United Fruit Co.," HGG-A-1285, 29 July 1954, Job 79-01025A, Box 100.
[252]Wisner to [ ] DIR 07144, 30 June 1954, Job 79-01025A, Box 9.

administration, it provided a chance to expose Soviet machinations throughout the hemisphere. Wisner was anxious not to allow any opportunity to pass. Amid the ruins of Arbenz's government lay prizes worth collecting: documents, defectable Communists, and openings for propaganda. Wisner tried to seize what he could.

In early July, he sent two officers, [ ] and [ ] of the Counterintelligence Staff, to Guatemala City to do a "snatch job on documents while the melon was freshly burst open."[253] He hoped to find papers that would enable the Agency to trace Soviet connections throughout Latin America and identify "people who can be controlled and exploited to further US policy."[254] In addition, he thought the captured papers would conclusively prove the Communist nature of the Arbenz regime. He named the project PBHISTORY. [ ] arrived on 4 July along with a two-man State Department team. They discovered that the PGT headquarters and offices of labor unions and police organizations had already been plundered systematically by the army and unsystematically by looters and street urchins. [ ] who arrived a few days earlier, had bought secret police documents from a small boy. Party and government offices stood unguarded, their doors and windows broken, with official documents lying on the floor in heaps.[255]

With the help of the Army and Castillo Armas's junta, the team gathered 150,000 documents, but most of what it found had only "local significance." Few of the papers concerned "the aspects that we are most interested in, namely the elements of Soviet support and control of Communism in Guatemala."[256] Nor did the documents identify individuals vulnerable to exploitation. Ronald M. Schneider, an outside researcher who later examined the PBHISTORY documents, found no traces of Soviet control and substantial evidence that Guatemalan Communists acted alone, without support or guidance from outside the country.[257]

The operation produced enough material to fill a booklet distributed to the National Security Council, members of the Senate, and other interested officials. It contained photographs of Arbenz's library of Marxist literature, Chinese Communist materials on agrarian reform, pages from Mrs. Arbenz's copy of Stalin's biography, evidence that Arbenz had tried to purchase arms from Italy, and various letters and cables revealing a "strong pro-Communist bias." Wisner wanted more incriminating material, but the brochure was sufficient to impress the NSC staff.[258]

[253]Wisner, "Exploitation and Follow Ups," [undated], Job 79-01228A, Box 23.
[254][ ] Chief RQM, OIS, to Wisner, "Mechanics for Exploitation of Guatemalan Documents," 28 July 1954, Job 79-01228A, Box 23.
[255][ ] Counterintelligence Staff, "Report on Activity in Guatemala City, 4-16 July 1954," 28 July 1954, Job 79-01228A, Box 23.
[256]*Ibid.*
[257]Schneider's *Communism in Guatemala, 1944-1954* was based on PBHISTORY materials.
[258]Counterintelligence Staff C, "Documents Obtained in a Brief, Preliminary Sampling of the Documentary Evidence of Communist Infiltration and Influence in Guatemala," 28 July 1954, Job 79-01228A, Box 23.

Apart from documents, the Agency also had an interest in two other remnants of the Arbenz regime—the Alfhem arms and the assortment of political refugees encamped in embassy compounds around Guatemala City. After the United States provided Guatemala with military aid, Castillo Armas offered to sell the Czech arms to the Agency in order to raise money to purchase aircraft. Agency officials were initially intrigued, but when military advisers surveyed the equipment they found it obsolete and in poor condition. Logistics warned that the arms could be easily traced, and the Western Hemisphere Division advised that it could think of no use for them. Allen Dulles declined the offer.[259]

Wisner and Barnes initially regarded the presence of several dozen high government and party officials in the embassies of Mexico, Argentina, El Salvador, and Chile as a propaganda opportunity. In early August, they proposed to have Castillo Armas's junta attempt to deport the asylum seekers to the Soviet Union. If the Soviets agreed, it would confirm the former regime's relationship with Moscow and remove Arbenz and his cronies from the hemisphere. If they did not, Wisner beamed, "then we have another excellent propaganda gambit, viz: 'See what happens to Moscow's unsuccessful agents and operatives.'"[260] The scheme proved impossible to execute. Guatemala had no diplomatic relations with the Soviet Union, so a request required Moscow's cooperation, which was not forthcoming. Wisner remained fond of the idea, but by the beginning of September, Assistant Secretary of State Henry Holland was trying to get Mexico to turn former Guatemalan officials over to the junta for trial. Mexico's Embassy held the most distinguished cohort, including Fortuny and Arbenz. Holland tried to persuade the Mexicans to accept the "principle that the traditional benefits of asylum should be denied international Communists," but they would have none of it.[261]

State and Agency officials now began to regard the asylum seekers as a "troublesome and unsettled matter."[262] They worried that Guatemalan Communists would be allowed free passage to Mexico City, where they could plot their return. It was a useless worry. The PGT members who wished to stay active in politics remained at large, unmolested by Castillo Armas's police, who concentrated on arresting thousands of peasants who tried to remain on the land granted them by Decree 900. The PGT remained active underground until the late 1960s, when a more proficient

[259]Wisner to Dulles, "Utilization of the Alfhem Arms Shipment to Guatemala," 14 December 1954, with attachments, Job 79-01228A, Box 23.
[260]Wisner to Holland, "Proposal of Combined Department of State and CIA for Action to Exploit Asylee Situation in Guatemala," 3 August 1954, Job 79-01228A, Box 23.
[261]Holland to J. Foster Dulles, "Asylee Problem in Guatemala," 10 August, 1954, Job 79-01228A, Box 23.
[262]Wisner to King, "Guatemala; Conference with Messrs Leddy and Mann," 31 August, 1954, Job 79-01228A, Box 23.

Guatemalan police force arrested, tortured, and killed Víctor Gutiérrez and 11 other leaders, sewed their bodies into burlap sacks and dropped them in the ocean from an army transport plane.[263] Castillo Armas, embarrassed by the deposed president's continued presence in the capital, allowed Arbenz free passage to Mexico on 12 September 1954. He insisted on a final humiliation and ordered Arbenz to be strip searched at the airport. For the next 17 years Arbenz lived a peripatetic existence in France, Uruguay, Switzerland, and Cuba, returning finally to Mexico where in 1971 he drowned in his bathtub.[264] Fortuny also went to Mexico City, where he still lives.

In mid-August, Eisenhower summoned the operation's managers to the White House for a formal briefing. There, before the Cabinet, Vice President Nixon, and Eisenhower's family, [ ] Phillips, [ ] Dulles, Barnes, Wisner, and King explained the operation with maps and slides. The audience listened respectfully. At the end, the President asked how many men Castillo Armas had lost. "Only one," a briefer lied.[265] Eisenhower shook his head; "incredible," he murmured.[266] Indeed, it had been incredible. Had the Guatemalan Army crushed Castillo Armas at Chiquimula, as it easily could have done, investigations would have uncovered the chronic lapses in security, the failure to plan beyond the operation's first stages, the Agency's poor understanding of the intentions of the Army, the PGT, and the government, the hopeless weakness of Castillo Armas's troops, and the failure to make provisions for the possibility of defeat. All of these were swept away by Arbenz's resignation, and PBSUCCESS went into Agency lore as an unblemished triumph. Eisenhower's policymakers drew confidence from the belief that covert action could be used as a convenient, decisive final resort.

Over the following years, the Eisenhower administration employed covert actions to build a government in South Vietnam and support an abortive separatist movement in Sumatra. In early 1960, when the Agency needed to overthrow the regime of Fidel Castro in Cuba, it reassembled the PBSUCCESS team in [ ] Bissell, Barnes, and Phillips all took leading positions in operation JMARC, an operation designed to create a "liberated area" in Cuba. As originally conceived, the area would contain a radio propaganda operation like SHERWOOD and become a focal point to which opposition elements could rally. Like PBSUCCESS, the operation relied on a rebel army of exiles and air support from World War II–era aircraft manned by Cuban and American pilots. It

[263]Gleijeses, *Shattered Hope*, p. 388.

[264]*Ibid.*, pp. 390-392.

[265]The number of opposition casualties (as well as the total number of casualties) is unknown, but Agency files indicate that at least 27 were killed at Puerto Barrios, another 16 at Gualán. In addition, some 75 members of the civilian opposition were killed in Guatemalan jails before the fall of Arbenz.

[266]Philips, *The Night Watch*, pp. 62-64.

was not a copy of PBSUCCESS, but an improvement built around the elements of the Guatemala operation that had been considered effective: radio, airpower, and an insurrectionary army.[267] The operation underwent many changes before ending in fiasco at the Bay of Pigs, but these elements remained central to the plan. Afterwards, many of those involved in the two operations linked the success in Guatemala with the failure at the Bay of Pigs. "If the Agency had not had Guatemala," E. Howard Hunt, a case officer who served in both PBSUCCESS and JMARC, later observed, "it probably would not have had Cuba."[268] Even after the Cuban disaster discredited its strategies, PBSUCCESS continued to cast a shadow on policy in Latin America. "The language, arguments, and techniques of the Arbenz episode," one analyst observed in the 1980s, "were used in Cuba in the early 1960s, [ ] in the Dominican Republic in 1965, and in [ ]."[269]

International Condemnation

Even before the afterglow of the White House briefing wore off, the Eisenhower administration had reason to question whether PBSUCCESS had delivered an undiluted victory. Agency and State Department officials were shocked at the ferocity of international protest after the fall of Arbenz. The London *Times* and *Le Monde* attacked the cynical hypocrisy behind America's "modern forms of economic colonialism," while in Rangoon protesters stoned the American Embassy.[270] UN Secretary General Dag Hammarskjold charged that "the United States' attitude was completely at variance with the [UN] Charter." The British Foreign Office found German newspapers "surprisingly critical," even ones "not usually hostile to America." British officials considered John Foster Dulles's gloating remarks after the coup as virtually "an admission that the rebellion was an outside job."[271]

Whitehall soon put aside its initial disgust and helped unruffle European feathers. Foreign Office officials were ready to lodge complaints over the naval blockade, the Springfjord incident, and the failure of the OAS investigation team to get closer than Mexico City. Prime Minister Winston Churchill, however, persuaded them that forbearance in this instance might be rewarded when Britain needed to quell the next disturbance in its empire. "I'd never heard of this bloody place Guatemala until I

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[268] Quoted in Immerman, *CIA in Guatemala*, p. 190.

[269] Simons, "Guatemala," p. 94. Some have claimed an even longer shadow for PBSUCCESS. Philip C. Roettinger, a PBSUCCESS case officer, wrote in 1986 that "it is painful to look on as my Government repeats the mistakes in which it engaged me thirty-two years ago. I have grown up. I only wish my Government would do the same." Philip C. Roettinger, "The Company, Then and Now," *The Progressive*, July 1986, p. 50.

[270] Rangoon to Secretary of State, 27 June 1954, Job 79-01025A, Box 82.

[271] Meers, "The British Connection," pp. 422-423.

was in my seventy-ninth year," he growled. Britain helped cover up the Springfjord affair and issued a "white paper" that ratified the Agency's version of events. Eisenhower, however, felt no obligation to return the favor in kind, as Churchill's successor learned two years later at Suez.[272]

In Latin America, the Arbenz regime's demise left an enduring legacy of anti-Americanism. In Havana, Santiago, Mexico City, Buenos Aires, and Rio de Janeiro, large crowds gathered to burn the stars and stripes and effigies of Eisenhower and Dulles. "Societies of the Friends of Guatemala" sprang up to keep alive the memory of American imperialism and Guatemala's martyrdom.[273] The State Department was "frightened by reactions all over," according to the Secretary.[274] An Agency official reported that the demonstrations "revealed a surprising and embarrassing influence of Communists on public opinion." Daniel James, the influential editor of *The New Leader*, predicted that "in death the Guatemalan party may prove to be a bigger asset to the Kremlin than in life."[275]

This was an overstatement, but victory over Arbenz proved to be a lasting propaganda setback. Resentment even found artistic expression in the work of Mexican muralist Diego Rivera, who depicted in fresco Peurifoy and the Dulles brothers passing money to Castillo Armas and Monzón over the bodies of Guatemalan children. Several Mexican magazines reproduced the mural.[276] Among the crowds that spat and threw vegetables at Vice President Richard Nixon in 1957 were signs condemning the suppression of Guatemala. For Latin Americans determined to change their countries' feudal social structures, Guatemala was a formative experience. "The Guatemala intervention," according to one historian, "shaped the attitudes and stratagems of an older generation of radicals, for whom this experience signaled the necessity of armed struggle and an end to illusions about peaceful, legal, and reformist methods."[277] This generation included Che Guevara and Fidel Castro, who learned from Guatemala's experience the importance of striking decisively against opponents before they could seek assistance from outside.

The Liberator

While PBSUCCESS succeeded in removing a government, it failed to install an adequate substitute. Agency officials might have felt more sanguine in their victory if Castillo Armas had been an able leader. The

[272] *Ibid.*, pp. 422-428.
[273] Wisner, "The Friends of Guatemala," 19 June 1954, Job 79-01228A, Box 23.
[274] Gleijeses, *Shattered Hope*, p. 371.
[275] [redacted] "Comment on 'Lessons of Guatemala' by Daniel James," 19 August 1954, Job 79-01228A.
[276] "Yo No Miento! Grita Diego," *Impacto*, 29 January 1955, pp. 20-25; *Lux: La Revista de los Trabajadores* (magazine of the Mexican Electricians Union), 15 February 1955, (cover).
[277] James Dunkerly, *Power in the Isthmus: A Political History of Modern Central America* (London: Verso, 1988) p. 429.

1955 mural by Mexican artist Diego Rivera depicts John Foster Dulles shaking hands with Castillo Armas. Allen Dulles and John Peurifoy pass money to Col. Elfego Monzón and other Guatemalan officers while Indian peasants load bananas aboard a United Fruit ship.

invasion's disastrous setbacks dispelled all illusions about his capabilities, and US officials had low expectations at the outset of his presidency. Even these proved optimistic. Hopes that he would align himself with centrist and moderate elements were dashed within weeks, as the new junta sought out the only elements not tainted by ties to the Arbenz regime, the aged and embittered retainers of Ubico. Castillo Armas named José Bernabé Linares, Ubico's hated secret police chief, to head the new regime's security forces. Linares soon banned all "subversive" literature, including works by Victor Hugo and Fyodor Dostoevsky. Castillo Armas completed his lunge to the right by disfranchising illiterates (two-thirds of the electorate), canceling land reform, and outlawing all political parties, labor confederations, and peasant organizations. Finally, he decreed a "political statute" that voided the 1945 constitution and gave him complete executive and legislative authority.[278]

These depredations worried John Foster Dulles less than the new regime's chronic insolvency. Castillo Armas came to power just as international coffee buyers, convinced that prices had risen too high, mounted a "buyers strike" against Central and South American growers. A few months later, Guatemala felt the first effects of a year-long drought that devastated the corn crop. The new regime opened its arms to American investors, but the only takers were Mafia figures who joined with Guatemalan Army officers in opening gambling halls.[279] Meanwhile,

[278]Schlesinger and Kinzer, *Bitter Fruit*, p. 221.
[279]*Ibid.*, p. 234.

Wide World (AP) ©

A year after taking power, President Castillo Armas chats with his aide, Miguel Mendoza, who served in the Liberaciónista *army.*

American "promoters, carpetbaggers and others" raised expectations in Guatemala City that a large US aid package would be easy to get. Castillo Armas surprised the State Department's Thomas Mann in September with a request for $260 million in aid, including plans for a $60 million national highway network.[280] The Department had planned to give $4 million in grant aid and to ask the International Monetary Fund for a $20 million loan for road development, fearing that higher levels would provoke other Latin countries to submit requests.[281] By the end of the year, it was apparent that each country had entirely unrealistic expectations of the other. The United States wanted Castillo Armas to maintain a fiscally responsible government, while Castillo Armas recognized that his claim to authority rested on his ability to deliver goods from the United States.

Guatemala quickly came to depend on handouts from the United States. The government's foreign reserves dropped from $42 million at the end of 1953 (when it was easy for Arbenz to spare $5 million for Czech arms), to a rockbottom $3.4 million in April 1955.[282] At this point, the regime could no longer borrow internally. Capital flight, black markets, and other signs of approaching bankruptcy discredited the regime. Wisner complained of "the inability on the part of the Government to realize sufficient revenues to operate."[283] When aid and multilateral loans ran out, the State Department offered to help Castillo Armas obtain private loans, but the Agency worried about the propaganda ramifications of making its client beholden to New York banks and recommended against it.[284] In April, Holland increased his request for grant aid from $4 million to $14 million. The following month, the National Security Council, determining that the "collapse of the present Guatemalan government would be a disastrous political setback for the United States," decided on an aid package totaling $53 million.[285]

The Eisenhower administration had to underwrite an increasing Guatemalan deficit aggravated by corruption and mismanagement. As [ ] had observed, the United States was prepared to subsidize some wastage, but the scale of corruption surprised US officials. In 1955, at the height of the corn famine, Castillo Armas granted several former *Liberaciónistas* a license to import corn in return for a personal kickback

[280]Memorandum of Conversation, Ambassador Norman Armour, Holland, Mann, 25 January 1955, *Foreign Relations of the United States, 1955-1957*, 7: 59.
[281]Memorandum of Conversation, "Current Situation in Guatemala and Projected Aid Program," 28-29 April 1955, *Foreign Relations of the United States, 1955-1957*, 7: 71-75.
[282]*Ibid.*, p. 73.
[283]Wisner to Allen Dulles, "Guatemala—Continuing economic difficulties," 30 November 1954, Job 79-01228A, Box 23.
[ ] to Allen Dulles, "Current US position with regard to Government loan requested by Guatemala," 22 October 1954, Job 79-01228A, Box 23.
[285]Holland to Under Secretary of State Herbert Hoover, Jr., 20 May 1955, *Foreign Relations of the United States, 1955-1957*, 7: 80-81.

of $25,000. United Nations officials inspected the corn and found it contaminated and unfit for consumption. Shortly afterward, a Guatemalan student newspaper exposed the scandal, reprinting a copy of the canceled check used to bribe the president. Castillo Armas responded by ordering a police crackdown on his critics.[286]

Opposition to the regime grew more vocal as the second anniversary of the liberation approached. On 1 May 1956, workers booed government speakers off the platform at a labor rally and cheered former Arbencista officials. In early June, embassy officials reported that the Guatemalan Communist Party was "well on its way toward recovery," with underground cells assuming effective leadership of the opposition. On 25 June, government agents fired into a crowd of student protesters marching on the presidential palace, killing six and wounding scores more. Castillo Armas declared a "state of siege" and suspended all civil liberties. The US Ambassador stressed to the president "the importance of publicizing, with supporting evidence, the events as part of a Communist plot."[287] The United States Information Agency (USIA) agreed to help. Holland met with Guatemalan officials and "suggested that in dealing with demonstrators tear gas was effective and infinitely preferable to bullets."[288]

Quelling unrest, however, proved more difficult than finding the right propaganda slant. After another year of escalating violence between the opposition and the authorities, Castillo Armas was assassinated by a member of the presidential guard. USIA dutifully portrayed the killing as another Communist plot. The Liberator's death opened the way for elections, which produced a plurality for Ortiz Passarelli, a centrist candidate. Followers of the defeated nominee of the right, Ydígoras Fuentes, rioted, and the Army seized power and invalidated the election. In January 1958, Guatemalans voted again, and this time they knew what was expected of them. Ydígoras won by a plurality, and shortly after taking office declared another "state of siege" and assumed full powers.[289]

Amid the convulsions of the 1950s, Guatemala's political center, which had created the Revolution of 1944 and dominated politics until 1953, vanished from politics into a terrorized silence. Political activity simply became too dangerous as groups of the extreme right and left, both led by military officers, plotted against one another. In the early 1960s, guerrilla groups began operating in the eastern part of the country, and in 1966 the United States responded by sending military advisers and weapons, escalating a cycle of violence and reprisals that by the end of the decade

[286]Schlesinger and Kinzer, *Bitter Fruit*, pp. 234-235.
[287]Holland to J. F. Dulles, 29 June 1956, *Foreign Relations of the United States, 1955-1957*, 7: 124.
[288]Memorandum of Conversation, Holland and José Cruz Salazar, Ambassador of Guatemala, 29 June 1956, *Foreign Relations of the United States, 1955-1957*, 7: 126.
[289]Schlesinger and Kinzer, *Bitter Fruit*, pp. 236-239.

claimed the lives of a US Ambassador, two US military attachés, and as many as 10,000 peasants. In 1974, the Army stole another election, persuading another generation of young Guatemalans to seek change through intrigues and violence. Increasingly, Indians and the Catholic Church—which had formerly remained aloof from politics—sided with the left, isolating the Army on the far right.[290]

Ironically, by attaining its short-term goal—removing Jacobo Arbenz—PBSUCCESS thwarted the long-term objective of producing a stable, non-Communist Guatemala. [ ] hopes that Castillo Armas would establish a moderate, reformist regime and follow the instructions of US financial experts were destroyed by the same process that had placed the Liberator in power. Because Arbenz and the PGT had advocated and implemented progressive reforms, [ ]-for tactical reasons—had needed to direct his appeals at the groups most hurt by land reform and other progressive policies. Moderate elements disliked parts of Arbenz's agenda, but were repelled by the bitter disaffection of the opposition. Resentful landowners and partisans of the pre-1944 regime were the rebels' natural allies, and Castillo Armas, as their leader, acted as broker between these "men of action" and the United States.

During PBSUCCESS, US officials had reason to believe Castillo Armas's rightist tendencies would be offset by his openness to advice from the United States. Case officers found him malleable and receptive to suggestions. But, as the State Department soon learned, Castillo Armas's relationship to CIA had been dictated by his circumstances. As president of Guatemala, he was in a better position to press the demands of his primary constituency, conservative land barons and political opportunists. When the United States failed to provide enough aid to satisfy these groups, Castillo Armas was forced to appease them in other ways, through graft and preferment. The United States' heavy stake in Castillo Armas's success reduced its leverage in dealing with him. State Department officials were unable to bargain with the junta on a quid pro quo basis because they knew—and the Guatemalans knew—the United States would never allow Castillo Armas to fail. In Guatemala, US officials learned a lesson they would relearn in Vietnam, Iran, [ ] and other countries: intervention usually produces "allies" that are stubborn, aid hungry, and corrupt.[291]

El Pulpo

The United Fruit Company did not profit from victory. Castillo Armas restored many of the company's privileges, but they were worth less than before. The more affluent American consumers of the 1950s consumed less fruit per capita, and independent companies cut into United

[290]Simons, "Guatemala," pp. 95-99.
[291]The increased-stake, decreased-leverage paradox is explored by Leslie Gelb and Richard Betts in *The Irony of Vietnam: The System Worked* (Washington: Brookings Institution, 1979), pp. 11-13.

Fruit's share. The company's profit margin dropped from 33.4 percent in 1950 to 15.4 percent in 1957, and share prices, which peaked at $73 in 1951, fell to $43 in 1959. The company courted environmental disaster by experimenting with pesticides and selective breeding. Taller, more productive trees turned out to be more vulnerable to hurricanes, and winds felled 20 million trees a year in 1958 and 1959. A chemical agent used to control a banana blight killed predators that kept insect pests in check. By the end of the 1950s, the company faced higher costs and declining yields.[292]

Political setbacks compounded these disasters. To improve relations with Latin America, the State Department demanded that the company grant higher wages, not just in Guatemala but throughout the hemisphere. Once United Fruit's usefulness to PBSUCCESS was at an end, the Eisenhower administration proceeded with its suspended antitrust action, and in 1958 the company signed a consent decree divesting it of its holdings in railroads and marketing operations. Thomas Corcoran's heroic lobbying and the addition of Walter Bedell Smith to the board of directors in 1955 failed to turn the company around. Smith joined a Boston-bred, Harvard-educated corporate leadership described by *Fortune* as "complacent, unimaginative, and bureaucratic," too rigid and conservative to contend with the company's multiplying difficulties.[293]

United Fruit continued to decline during the 1960s, and in 1972 sold the last of its Guatemalan land to the Del Monte corporation. A few years later, the company merged with Morrell Meats to form United Brands, but the merger failed to stop the slide. In 1975, after a year in which the company lost $43.6 million and came under Federal investigation for paying a $2.5 million bribe to the Government of Honduras, United Brands' president, Eli Black, smashed out the window of his corner office in the Pan Am Building and jumped to his death. Two years later, two New York real estate developers bought the company and managed to turn a profit. In 1984, United Brands was purchased by a Cincinnati-based insurance holding company, American Financial Corporation, which owns it today. Thanks to Americans' changing diets, banana importing has once again become profitable, and United's Chiquita brand has recaptured a majority share of the market. The company's Tropical Radio division (which once employed the Salamá conspirators) ventured into the cellular telephone business in the early 1980s and now dominates the mobile phone business in 20 Latin American cities.[294]

[292]Herbert Solow, "The Ripe Problems of United Fruit," *Fortune*, March 1959, pp. 97-233.
[293]*Ibid.*, p. 98.
[294]Jefferson Grigsby, "The Wonder Is That It Works at All," *Forbes*, 18 February 1980, pp. 104-105; "United Brands' Hidden Charms for Carl Lindner," *Fortune*, 19 March 1984, p. 41; Kerry Hannon, "Ripe Banana," *Forbes*, 13 June 1988, p. 86.

The Story Unfolds

Today, most of the story of PBSUCCESS is available in published accounts. In Latin America, scholars and journalists assumed US complicity in the Guatemalan affair from the outset, but in the United States the details of official involvement came slowly to light in the 1960s and 1970s. During the Eisenhower administration, the Agency took pains to cover its tracks, [ ][295] But after Eisenhower and Dulles left office, references to the operation began appearing in open sources. In 1961, Whiting Willauer, in public testimony before Congress, revealed that he had been part of a special team of ambassadors sent to Central America to aid an Agency-sponsored plan to overthrow Arbenz. He further testified that the Agency had trained and equipped Castillo Armas's forces. Thruston B. Morton, Eisenhower's Assistant Secretary of State for Congressional Affairs, boasted of his role in PBSUCCESS on television while campaigning for the Senate in 1962. The following year, Eisenhower, sharing a podium with Allen Dulles, conceded that "there was one time" when "we had to get rid of a Communist government" in Central America.[296] He told the story of how Dulles had come to him with a request for aircraft for the rebel forces. That same year he repeated the story in his memoirs, *Mandate for Change*, and Dulles provided additional details in his 1963 study, *The Craft of Intelligence*.[297] At about the same time, Ydígoras Fuentes published a memoir in the United States in which he described the Agency's involvement while concealing his own role in the operation.

David Wise and Thomas B. Ross put these pieces together in their 1964 exposé on the CIA, *The Invisible Government*, which devoted a chapter to Guatemala. who flew with the rebel air force, described his own experiences with considerable embellishment. The Agency was disturbed by the book's revelations, and DCI John McCone tried unsuccessfully to get Wise and Ross to make changes. McCone raised

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[296] David Wise and Thomas B. Ross, *The Invisible Government* (New York: Random House, 1964), pp. 166-168.

[297] Dwight D. Eisenhower, *Mandate for Change, 1953-1956* (Garden City, NY: Doubleday and Co., 1963), pp. 425-426; Allen Dulles, *The Craft of Intelligence* (London: Weidenfield and Nicolson, 1963), pp. 219, 229. Dulles revealed no sources or methods but made it clear that the United States had been involved.

[ ]

no objections, however, to the Guatemala chapter, which, he said, described events "before my time."[299] Like Eisenhower, Dulles, and Willauer, he regarded the operation, after 10 years, as a subject that could now be discussed, so long as names and places remained unmentioned.

Amid the push for increased government accountability in the 1970s, leaks by former Agency employees continued to outnumber official disclosures. The Pike and Church committees, which investigated CIA activities in the 1970s, refrained—at least in public—from commenting on the Guatemala operation, but ex-CIA officers continued to fill in the details. In early 1972, Richard Bissell told John Chancellor on national television that "the whole policy-making machinery of the executive branch of the government was involved," with CIA taking a leading role.[300] Soon afterward, an Associated Press reporter, Lewis Gulick, decided to test a new Executive order on declassification (Executive Order 11652) by requesting documents on PBSUCCESS. His request, on 6 July 1972, was the first declassification inquiry received under the new order, and since it came from a prominent media figure, Agency officials knew it could not be dismissed lightly. Nonetheless, after reviewing the documents, DCI Richard Helms denied the request in full.[301] David Atlee Phillips, who was then the chief of the Western Hemisphere Division in the Directorate of Operations, argued that exposing the Guatemala materials would "only stir more Hemispheric controversy about CIA when our plate overflows already in the wake of [ ] Gulick appealed, but the Interagency Classification Review Committee, chaired by John Eisenhower, son of the former president, backed up the Agency.[303]

Former Agency officials, meanwhile, continued to tell their stories. Publishers found a popular genre in CIA memoirs. In *Undercover*, published in 1974, E. Howard Hunt disclosed his role in the psychological and paramilitary aspects of the operation.[304] Four years later, Phillips described the SHERWOOD operation, a part of PBSUCCESS that had not previously received press attention, in an account copied almost verbatim from a debriefing report that is still classified.[305] Many more officials told their stories to Richard Harris Smith, a former Agency official who was working

[299]Transcript of conversation between DCI McCone, Lyman Kirkpatrick, David Wise, and Thomas Ross, 15 May 1964, Job 80B-01285A, Box 13, Folder 10.
[300]Untitled transcript, 2 August 1972, Job 79-01025A, Box 153.
[301]Angus MacLean Thuermer, Assistant to the Director, to Lewis Gulick, 16 August 1972, Job 79-01025A, Box 153.
[302]Phillips to Executive Assistant, Directorate of Operations, "Proposed Topics for Unclassified History," 17 October 1973, Job 79-01025A, Box 153.
[303]Thuermer to Marvin L. Arrowsmith, Associated Press Bureau Chief, 28 August 1973, Job 79-01025A, Box 153.
[304]E. Howard Hunt, *Undercover: Memoirs of an American Secret Agent* (New York: Berkeley Publishing, 1974), pp. 96-101.
[305]Phillips, *The Night Watch*, pp. 37-68.

on a biography of Allen Dulles. Smith missed his publisher's deadline, and in 1980 he showed his uncompleted manuscript to two *Newsweek* reporters, Stephen Schlesinger and Stephen Kinzer, who were working on a book on Guatemala.

In their pursuit of documents, Schlesinger and Kinzer tested the limits of the newly amended Freedom of Information Act. In 1974, Congress substantially strengthened the 1966 Act, giving scholars a powerful instrument for extracting documents from government agencies. When CIA denied their request, the two journalists took the Agency to court with help from the American Civil Liberties Union's National Security Project. The lawsuit caused the Agency to collect all of the available documents on the operation and place them in Job 79-01025A, the collection on which this history is based. The suit also revealed the operation's name, PBSUCCESS, to the public for the first time. CIA won the court action, and no Agency documents were revealed. Schlesinger and Kinzer, however, used the Act to obtain documents from the Departments of State and Defense and the Federal Bureau of Investigation. These documents, and the revelations of former American and Guatemalan officials, substantiated the story told in their book *Bitter Fruit* and the more scholarly studies on PBSUCCESS that have appeared since.[306]

In announcing CIA's new "openness" policy, made possible by the end of the Cold War, former Director of Central Intelligence Robert M. Gates in February 1992 included PBSUCCESS along with the 1953 Coup in Iran and the Bay of Pigs, as covert action operations whose records will be reviewed for declassification by CIA's new Historical Review Group. Although this new Group's work on its own priorities was delayed by legislation later in 1992 that required CIA (and all other agencies and departments) to review all their records relevant to the assassination of President John F. Kennedy, the review of the PBSUCCESS records is now scheduled to begin in 1994.

Although the opening of CIA's records on this 1954 operation may well revive old controversies and criticisms, it will nevertheless at last allow the Agency to place this episode firmly behind it. Releasing the Guatemala records should symbolically separate CIA from the kind of actions it once considered crucial in the struggle against world Communism. Moreover, these documents will reveal not only the Cold War pressures, but also the restraining power of multilateral accords like the OAS treaty, which nearly prevented covert action despite the consensus of high officials supporting the operation. Finally, and perhaps most importantly, disclosing information about this formative and still controversial incident in intelligence history will show that the United States can honestly confront the painful incidents in its past and learn from its experience.

[306]Phillips, *The Night Watch*, pp. 37-68.

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Appendix A

PBSUCCESS Timeline

18 July 1949	Col. Francisco Arana, Guatemalan armed forces chief, assassinated.
15 May 1950	Thomas Corcoran, United Fruit Company lobbyist, meets with Deputy Assistant Secretary for Inter-American Affairs, Thomas Mann, to suggest action to oust Guatemalan President Juan José Arévalo.
3 September 1950	Case officer [ ] assigned to project [ ] arrives in Guatemala City [ ] establishes contact with [ ]), a student group.
11 November 1950	Jacobo Arbenz elected president.
15 March 1951	Arbenz inaugurated.
22 August 1951	United Fruit Company warns employees that any increase in labor costs would make its operations in Guatemala uneconomic and force it to withdraw from the country.
15 September 1951	Windstorm flattens United Fruit's principal Guatemalan banana farms at Tiquisate; United Fruit later announces it will not rehabilitate plantation until it has completed study of economics of Guatemalan operations.

26 September 1951	United Fruit suspends 3,742 Tiquisate employees, refuses to comply with order of Inspector General of Labor to reinstate the suspended employees.
30 October 1951	Walter Turnbull, Vice President of United Fruit, gives Arbenz ultimatum. United Fruit will not rehabilitate plantations without assurance of stable labor costs for three years and exemption from unfavorable labor laws or exchange controls.
19 December 1951	United Fruit announces reduction in passenger ship service to Guatemala.
2 January 1952	Labor Court of Appeals rules United Fruit must resume operations at Tiquisate and pay 3,742 employees back wages.
[ ]	[ ]
[ ]	[ ]
	i.]
25 March 1952	Mexico City [ ] begins receiving weekly reports from Castillo Armas.
16 June 1952	Case officer [ ] arrives in Guatemala [ ]
17 June 1952	Arbenz enacts Agrarian Reform Law.

10 July 1952	DDP Allen Dulles meets with Mann to solicit State Department approval for plan to overthrow Arbenz.
7 August 1952	Distribution of land under the Agrarian Reform Law begins.
18 August 1952	DCI gives approval for PBFORTUNE.
2 October 1952	Pan American Airways settles three-month-old strike in Guatemala by raising wages 23 percent.
11 December 1952	Guatemalan Communist party opens second party congress with senior Arbenz administration officials in attendance.
12 December 1952	Workers at United Fruit's Tiquisate plantation file for expropriation of 55,000 acres of United Fruit land.
19 December 1952	Guatemalan Communist party, PGT, legalized.
5 February 1953	Congress impeaches the Supreme Court for "ignorance of the law which shows unfitness and manifest incapacity to administer justice" after the Court issued an injunction against further seizures of land.
25 February 1953	Guatemala confiscates 234,000 acres of United Fruit land.
18 March 1953	NSC 144/1, "United States Objectives and Courses with Respect to Latin America," warns of a "drift in the area toward radical and nationalistic regimes."
29 March 1953	Salamá uprising. Abortive rebellion touches off suppression campaign against anti-Communists in Guatemala.

12 August 1953	National Security Council authorizes covert action against Guatemala.
11 September 1953	[ ] adviser to King, submits "General Plan of Action" for PBSUCCESS.
October 1953	John Peurifoy, new US Ambassador, arrives in Guatemala City.
9 November 1953	José Manuel Fortuny flies to Prague to negotiate purchase of arms.
16 November 1953	DDP Frank Wisner approves [ ] plan and recommends acceptance by DCI.
9 December 1953	DCI Allen Dulles approves general plan for PBSUCCESS, allocates $3 million for the program.
23 December 1954	CIA's LINCOLN Station opens [ ]
18 January 1954	Alfonso Martínez, head of the Agrarian Department, "flees" to Switzerland. Proceeds to Prague to negotiate arms deal.
[ ]	[ ]
25 January 1954	Guatemalan Government begins mass arrests of suspected subversives.
29 January 1954	Guatemalan white paper accuses US of planning invasion. Reveals substantial details of PBSUCCESS.
2 February 1954	Sydney Gruson, *New York Times* correspondent, expelled from Guatemala by Guatemalan Foreign Minister Guillermo Toriello [ ] Wisner, King meet to decide whether to abort PBSUCCESS due to white paper revelations.

19 February 1954	Operation WASHTUB, a plan to plant a phony Soviet arms cache in Nicaragua, begins.
24 February 1954	Guatemala confiscates 173,000 acres of United Fruit land.
1 March 1954	Caracas meeting of the OAS opens.
4 March 1954	Dulles speaks to Caracas meeting.
5 March 1954	Toriello rebuts US charges.
13 March 1954	OAS votes 17 to 1 to condemn Communism in Guatemala. Secretary of State John Foster Dulles briefed on PBSUCCESS.
21 March 1954	Paramilitary training program graduates 37 Guatemalan sabotage trainees.
9 April 1954	Guatemalan Archbishop Mariano Rossell y Arrellana issues a pastoral letter calling for a national crusade against Communism.
10 April 1954	Wisner briefs Assistant Secretary of State Henry Holland on PBSUCCESS. Holland, shocked by security lapses, demands top-level review of project.
15–16 April 1954	Black flights suspended pending top-level review of PBSUCCESS.
17 April 1954	John Foster Dulles and Allen Dulles give [ ] the "full green light."
20 April 1954	Paramilitary training program graduates 30 leadership trainees.

[ ] [ ]

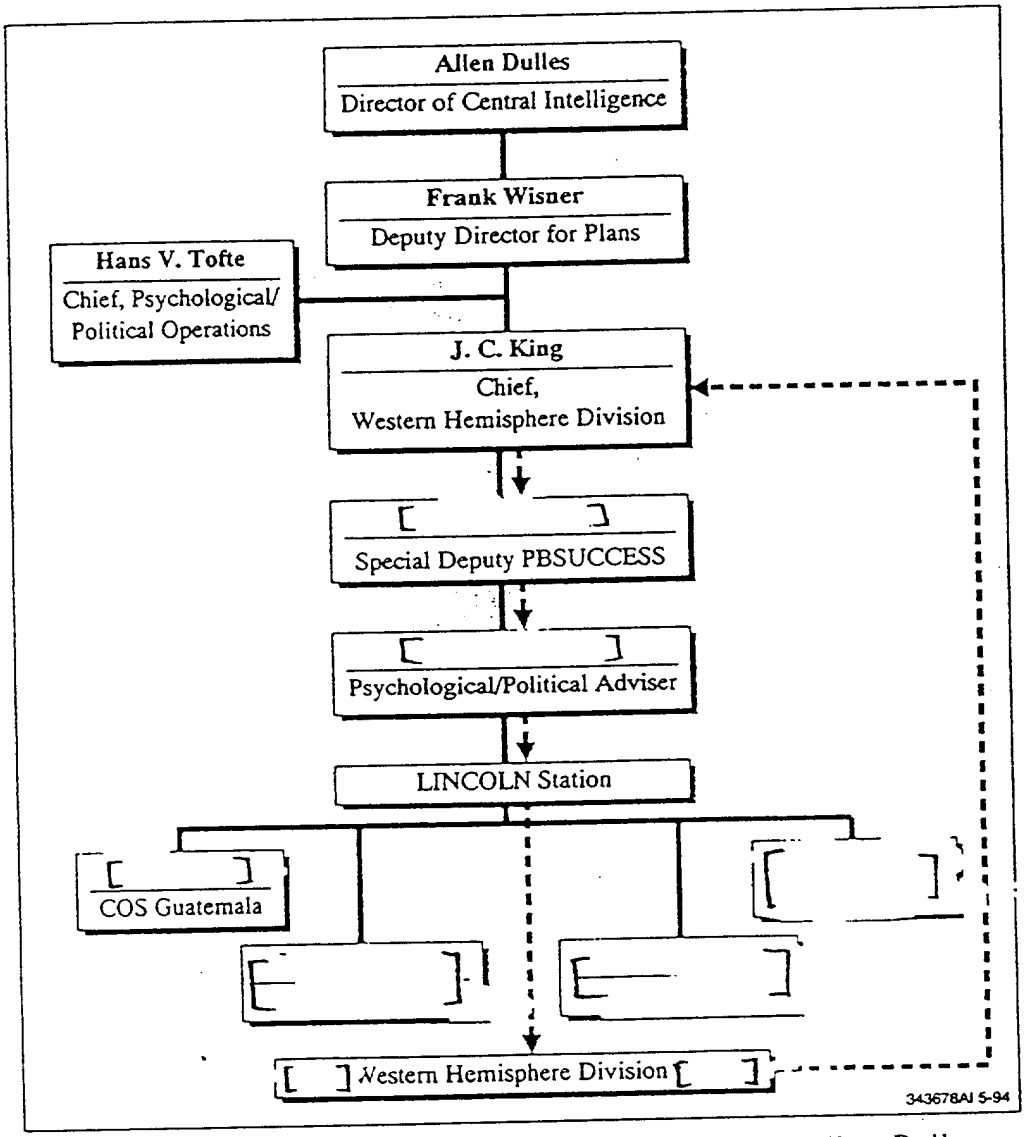
1 May 1954	*La Voz de la Liberación*, Operation SHERWOOD, begins broadcasts.
14 May 1954	Paramilitary training program graduates communications trainees.
15 May 1954	SS Alfhem docks in Puerto Barrios with cargo of Czech weapons.
20 May 1954	Commando raid on trainload of Alfhem weapons. One soldier and one saboteur killed. Further sabotage attempts on 21 and 25 May. All fail. Official Guatemalan radio goes off the air to replace transmitter. Does not restart broadcasts until mid-June. Nicaragua breaks diplomatic relations with Guatemala.
24 May 1954	US Navy begins Operation HARDROCK BAKER, sea blockade of Guatemala.
29 May 1954	Arbenz rounds up subversives, netting nearly all of Castillo Armas's clandestine apparatus.
31 May 1954	Arbenz offers to meet with Eisenhower to reduce tensions.
4 June 1954	Col. Rodolfo Mendoza of Guatemalan air force defects to El Salvador with private plane.
8 June 1954	Víctor Manuel Gutiérrez, secretary general of the Guatemalan trade union federation, holds a special meeting of farm and labor unions to urge them to mobilize for self-defense.
15 June 1954	Sabotage teams launched. Invasion forces moved to staging areas. Chief of Station [ ] makes cold approach to [ ] prime defection candidate.

17 June 1954	[ ] meets again with [ ] requests bombing of Guatemala City racetrack as demonstration of strength.
18 June 1954	At 1700 hours, Arbenz holds mass rally at railroad station. Buzzed by CIA planes. At 2020 hours, Castillo Armas crosses the border.
19 June 1954	At 0150 hours, bridge at Gualán blown up.
20 June 1954	Esquipulas captured. Rebels defeated at Gualán.
21 June 1954	Largest rebel force suffers disastrous defeat at Puerto Barrios.
25 June 1954	Matamoros Fortress bombed. Chiquimula captured. CIA planes strafe troop trains.
27 June 1954	Arbenz capitulates. Castillo Armas attacks Zacapa, is defeated and falls back to Chiquimula. Agency plane bombs British freighter at San José.
28 June 1954	Díaz, Sánchez, and Monzón form junta at 1145 hours. Refused to negotiate with Castillo. F-47 dropped two bombs at 1530 hours.
29 June 1954	Monzón seizes junta, requests negotiations with Castillo Armas. Zacapa garrison arranges cease-fire with Castillo Armas.
30 June 1954	Wisner sends "Shift of Gears" cable, urging officers to withdraw from matters of policy.
1 July 1954	Monzón and Castillo Armas meet in Honduras to mediate differences.
2 July 1954	SHERWOOD ceases broadcasts, begins withdrawal.

4–17 July 1954	CIA documents recovery team, PBHISTORY, collects 150,000 Communist-related documents in Guatemala City.
12 July 1954	LINCOLN office closed.
1 September 1954	Castillo Armas assumes presidency.
26 July 1957	Castillo Armas assassinated.

Appendix B

PBSUCCESS Organizational Chart



Organization proposed by J.C. King in a memo to Allen Dulles, "Guatemala—General Plan of Action," 11 September 1953, Job 83-00739R, Box 5 (also in Job 81-00206R, Box1).

Appendix C

Codewords Used in PBSUCCESS

CALLIGERIS	Carlos Castillo Armas, rebel leader
DTFROGS	El Salvador
ESMERALDITE	Labor informant affiliated with Mexican union ORIT.

[redacted]

[redacted]

HTKEEPER	Mexico City
HTPLUME	Panama
[redacted]	[redacted]
JMBLUG	John S. Peurifoy, US Ambassador
KMPAJAMA	Mexico
KMFLUSH	Nicaragua
K-PROGRAM	Operations aimed at intelligence and defections. After 11 May 1954, redirected at military defections.
KUCLUB	Communications
KUFIRE	Intelligence
KUBARK	CIA

KUGOWN	Propaganda
[ ]	[ ]
LCPANES	Costa Rica
LINCOLN	PBSUCCESS Headquarters [ ]
ODACID	US Embassy
ODENVY	FBI
ODUNIT	United States Air Force
ODYOKE	United States Government
PANCHO	Castillo Armas
PBPRIME	The United States
[ ]	[ ]
SCRANTON	Training base for radio operators near Nicaragua

[ ]

[ ]

SHERWOOD	CIA radiobroadcasting program begun on 1 May 1954.
[redacted]	[redacted]
SKILLET	Whiting Willauer, US Ambassador to Honduras
SKIMMER	The "Group," CIA cover organization supporting Castillo Armas.
[redacted]	[redacted]
STANDEL	Jacobo Arbenz, President of Guatemala
[redacted]	
SYNCARP	The "Junta," Castillo Armas's political organization headed by Cordóva Cerna.
WSBURNT	Guatemala
WSHOOFS	Honduras

Field Cryptos

Adam	Guatemala City
Bond	Puerto Barrios
Caesar	Quezaltenango
Doc	Mazatenango
Eddie	Quiche
Frank	Jutiapa
Goss	Coban
Hank	Zacapa
Ike	San Jose
Jack	Florida, Honduras
Kent	Carias Viejas, Honduras
Larry	Entre Rios, Guatemala
Mike	Asuncion Mita
Nick	Gualán

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