

The 1954 Overthrow of President Arbenz and Guatemala's New Regime: An Analysis of the  
Extent Communism was a Factor

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## Introduction

“Guatemala had regressed more than a century” is how Guatemalan journalist Luis Cardoza y Aragon described his nation in 1961. “Between the Guatemala of 1944 to 1954, with Presidents Juan Jose Arevalo and Jacobo Arbenz, and the Guatemala from the time it was ‘liberated’ by mercenaries up to this day, there is no possible means of comparison. [Today’s] conditions are not even colonial... We are a fiefdom of monopolies and pro-slavery oligarchies.”<sup>1</sup> The history of Guatemala has been one of foreign intervention. From the Spanish Empire in the 16th century, New Spain and the Empire of Mexico in the 19th century, and the United States in the 20th century, Guatemala has faced direct or indirect foreign rule since European contact. The overthrow of the democratically elected President Arbenz represented a change in global politics. Max Gordon describes the 1954 regime change: “Washington’s ‘fight against internal changes’ was brief and successful. The circumstances of its success affected not only future Guatemalan development; it exerted its subtle influence on the pattern of Latin American development generally.”<sup>2</sup> Although it is clear the untimely overthrow of the democratic regime was only possible because of the intervention of the United States, the debate regarding the cause of U.S. involvement persists. In a CIA history staff analysis, Gerald Haines writes about the U.S. views on the government of President Arbenz, “Although he had been popularly elected in 1950, growing Communist influence within his government gave rise to concern in the United States that Arbenz had established an effective working alliance with the Communists. Moreover, Arbenz’ policies had damaged U.S. business interests in Guatemala; a sweeping agrarian reform called for the expropriation and redistribution of much of the United Fruit Company’s land. Although most high-level U.S. officials recognized that a hostile government in Guatemala by itself did not constitute a direct security threat to the United States, they viewed events there in the context of the growing global Cold War struggle with the Soviet Union and feared that Guatemala could become a client state from which the Soviets could project power and influence throughout the Western Hemisphere.”<sup>3</sup> Whether the United Fruit

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<sup>1</sup> Jonathan L. Fried, et. al., *Guatemala in Rebellion: Unfinished History*, 1<sup>st</sup> Edition (New York, Grove Press Inc: 1983), 42

<sup>2</sup> *Ibid*, 46-47

<sup>3</sup> Gerald K. Haines, *CIA and Guatemala Assassination Proposals 1952-1954 CIA History Staff Analysis* (1995), 1

Company leveraged governmental ties or the United States used United Fruit to prevent the influence of the Soviet Union from growing to the western hemisphere is what is in question.

The inducements of failure for the 1944-1954 regime are sophistic. Through social and economic reforms, Guatemala, a new democracy, beckoned the wrath of the United Fruit Company which leveraged American influence and courted McCarthyistic sentiments to ensure favorable governing conditions. American policymakers, unwilling to abandon United Fruit's lucrative practices, believed the only method to prevent Soviet realignment of Guatemala was regime change.

### **The Old Regime**

The Arevalo-Arbenz regime, although short-lived, transformed the Guatemalan social order. This radical change from a feudalistic dictatorship, that had abandoned its democratic facade, to a socialist democracy, removed the monopolistic control of foreign corporations over the nation.

The Arevalo-Arbenz regime was a socialist, representative democracy drawing upon liberal ideals. Known as "Ten Years of Spring" to many historians for the social success achieved, this regime was the first in Guatemalan history to hold free and fair elections.<sup>4</sup> The most pragmatic point to represent the beginning of the regime is election day, October 20, 1944, when President Arevalo won his election.<sup>5</sup> Replacing seventy years of unstable military and civilian dictatorships this election was the first sign of improvement for the people of Guatemala.<sup>6</sup> In his first year of power, Arevalo oversaw the writing of the nation's constitution,<sup>7</sup> which reflected the global shift towards modern liberalism, through the framework within. The constitution sets the primary duty of the government, "assuring to its inhabitants the enjoyment of liberty, culture, economic welfare, and social justice."<sup>8</sup> An apparent reference to one of the

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<sup>4</sup> Paul Tompkins, *Case Studies in Insurgency and Revolutionary Warfare: Guatemala 1944-1954*, Revised Edition ed. (Washington D.C., Special Operations Research Office, American University: Nov. 1964), 8

<sup>5</sup> Guillermo Toriello Garrido, *Guatemala in Rebellion: Unfinished History*, 1<sup>st</sup> Edition (New York, Grove Press Inc: 1983), xiv

<sup>6</sup> *Ibid*, xiv

<sup>7</sup> Raymond N. Ruggiero, *The Origins of a Democratic National Constitution: The 1945 Guatemalan Constitution and Human Rights* (Florida State University Libraries, 2013), 103

<sup>8</sup> Constitution of the Republic (March 15, 1945), Article 1

classical, liberal documents, the *United States Declaration of Independence*. This document establishing Guatemala as a democratic representative republic, which places sovereignty in the people is based on the American system.<sup>9</sup> By modeling the Guatemalan constitution after that of the United States, Guatemala aligned with the superpower.

These two governments passed socio-economic reforms to improve living conditions and fulfill the purpose of the newly written constitution. One of these reforms was the new 1947 labor code. Nick Cullather describes the code as “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 U.S. Embassy agreed — that the law targeted the company in a discriminatory manner.”<sup>10</sup> Arevalo’s government had given workers the right to collectively bargain, but United Fruit viewed it as an attack on their right as a corporation. The law was likely discriminatory towards United Fruit because of the amount of power the corporation had over country. Arevalo had stripped away one of the many faculties afforded by the previous regime, controlled by Jorge Ubico, a monopoly of power. Cullather describes the position of United Fruit executives as “any trespass on the prerogatives they enjoyed under Ubico as an assault on free enterprise.”<sup>11</sup> Arevalo, by removing United Fruit’s unilateral power over its workers, created a new adversary. This action is what would lead to the failure of the regime. Arevalo mistook his power and international legitimacy. The nation merely had a veneer of sovereignty.

The connection between United Fruit and Guatemala is deep. Ubico had, in essence, privatized the nation by courting the company. Cullather describes the history as

“[United Fruit Company’s] 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 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....

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<sup>9</sup> Ibid, Article 1

<sup>10</sup> Nick Cullather, “Secret history: the CIA’s classified account of its operations in Guatemala, 1952-1954, Volume 2 (Stanford, Calif., Stanford University Press: 2006), 15-16

<sup>11</sup> Ibid, 15

Company executives could determine prices, taxes, and the treatment of workers without interference from the government.”<sup>12</sup>

The nation’s situation was to become, by definition, a banana republic, and any threat to this order was a threat to corporate sovereignty to the UFC. The corporation controlled both the nation’s transportation and communication infrastructure as well as prominent estates of land. Through discussions with the State Department, United Fruit was able to have the Embassy placed at their service. <sup>13</sup> According to Cullather, the secretary of state explained, “If Guatemalans want to handle a Guatemalan company roughly that is none of our business, but if they handle an American company roughly it is our business.” <sup>14</sup> To the secretary of state, an attack on American corporations abroad was an attack on the United States. This view places Guatemalan sovereignty into question. United Fruit continued to search for aid in removing Arbenz and electing a “moderate,” meeting with the head of the State Department’s office on Central America, Thomas C. Mann. Mann, however, viewed interference unnecessary, “His colleagues saw Arbenz as conservative, ‘an opportunist’ concerned primarily with his interest. They expected him to ‘steer more nearly a middle course’ because his country’s economic and military dependence on the United States required it... They considered it free of Communist influence.”<sup>15</sup> Although UFC hoped to generate McCarthyistic sentiments, the State Department did not view the regime as a risk for Communist spread.

These favorable sentiments would change. The next sizeable social reform implemented by Arbenz, Decree 900, or the Agrarian Reform Law, passed in 1952 aimed to expropriate uncultivated lands and redistribute them to "the peasants" as well as placing all government owned "Fincas Nacionales" under private operation.<sup>16</sup> By only affecting uncultivated lands, this law had little effect on landowners. A pro-capitalist law, fostering competition in a formerly feudalistic market allowed the economy to grow past the banana-coffee monocultures of decades prior. United Fruit, however, was again one of the most harshly affected organizations because

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<sup>12</sup> Ibid, 10

<sup>13</sup> Ibid, 16

<sup>14</sup> Ibid, 16

<sup>15</sup> Ibid, 17

<sup>16</sup> Piero Gleijeses, *Shattered Hope the Guatemalan Revolution and the United States, 1944-1954*, (Princeton, N.J.: Princeton University Press), 150-51

of its size. Of the company's lands, 178,000 acres were confiscated and redistributed.<sup>17</sup> The law compensated the landowners with government bonds equal in value to the value reported for taxation,<sup>18</sup> this, however, for the UFC was only a fraction of the land worth because for years only reported a fraction of the value of their properties.<sup>19</sup> These policies, however, would be canon in the containment of communism. As United Fruit's control over the nation weakened but continued to resist the regime, the greater likelihood of Guatemala seeking aid from another foreign power.

U.S. administration involvement in the new regime grew as time progressed. As lawyers for the antitrust division of the Department of Justice took note of the holding of United Fruit, the Truman administration intervened, "In May 1951, [the Justice Department's antitrust division was] 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." Cullather analyzes this situation as instead of the government being held to action by the government, the opposite is true, "the administration wanted to use United Fruit to contain Communism in the hemisphere."<sup>20</sup> This argument has merit; however, it is more nuanced than presented. Because United Fruit had control over the nation, that neither the corporation, or United States was willing to relinquish, U.S. analysts viewed Guatemala as likely to seek aid from the Soviet Union; The United States unwilling to aid, the competitor would be anxious to spread its influence.

The U.S. chose to contain Guatemala not because it was inherently communist and would inevitably turn to the Soviet Union, but because the U.S., unwilling to relinquish control was actively forcing Guatemala to seek aid externally. The United States was unwilling to relinquish its stake; therefore, the nation was contained. A historical precedent of this is earlier U.S. foreign

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<sup>17</sup> Walter La Feber, *America, Russia, and the Cold War, 1945-1996*, 8<sup>th</sup> edition (New York, New York, McGraw-Hill Companies, Inc.: 1997), 157

<sup>18</sup> *Ibid*, 157

<sup>19</sup> Nick Cullather, *Secret history: the CIA's classified account of its operations in Guatemala, 1952-1954*, Volume 2 (Stanford, Calif., Stanford University Press: 2006), 15

<sup>20</sup> *Ibid*, 19

policy. The earlier 1952 CIA operation, project Fat Fucker, sought to overthrow the Egyptian monarchy. A CIA staff internal memorandum from July 1952 explains the reasoning behind the covert action, “Continuation of the present policy of neutrality, while it would not immediately antagonize either the U.K. or Egypt, would probably eventually lessen the ability of the U.S. to influence the course of events in Egypt. As the dispute dragged on, both the U.K. and Egypt would probably become less disposed to adopt moderate positions as their realization grew that the U.S. was not going to take a more active role, on one side or the other, in finding a solution to the impasse. Finally, the other Middle Eastern states will tend increasingly to blame the U.S. for its failure to bring pressure to bear on the U.K. to make concessions to Egypt.”<sup>21</sup> The United States, in this scenario, opted that to continue the west’s reprehensible treatment of Egypt would in time lead the nation to seek support from the Soviet Union. Therefore, the economic and political ties that favored the United Kingdom were severed. This same position applies to Guatemala; however, in dealing with their economic ties, the United States was unwilling to make such reforms; therefore, the only other solution to prevent the shift towards allegiance with the rival Soviets was to support a coup d’état. This pre-emptive action, as no evidence of communist ties were discovered in the aftermath of the coup, prevented the nation of Guatemala from benefiting from its own natural and social wealth. The regime could not satisfactorily convince the United States that it would not become a Soviet ally, despite the Guatemala’s considerable contemporaneous ties.

### **The New Regime**

The new regime that came to power in many regards reverted to the old practices of the Ubico government. In the aftermath of the coup d’état Castillo Armas was elected the military Junta’s provisional President.<sup>22</sup> When permanent elections began in early October, Armas’ National Committee for Defense against Communism screened potential candidates, deeming Armas the only candidate as well as banning all political parties.<sup>23</sup> The election had no secret ballot with polling places staffed by government officers, it is unsurprising the result of the

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<sup>21</sup> Staff Memorandum No. 255 Subject: Developments in the Egyptian Situation (Central Intelligence Agency Office of National Estimates: 14 July 1952)

<sup>22</sup> Richard H. Immerman, *The CIA in Guatemala: the Foreign Policy of Intervention* (Austin, University of Texas Press: 1982), 177

<sup>23</sup> *Ibid*, 177

election; Armas won with 99 percent of the vote.<sup>24</sup> Armas overthrew democracy and replaced the government with one that was illiberal.

The issue of elections continued in the developing years of the Armas government. In 1955 Armas postponed the following year's Presidential election, instead holding a congressional election for which only his party, the National Liberation Movement, was allowed candidates.<sup>25</sup> Additionally, Armas continued the emergency security and anti-union measure decreed in 1944, which included press censorship.<sup>26</sup> The shift towards controlled election sharply contrasts the free elections of the previous regime. Instead, the nation had returned to the circumstances that allowed Jorge Ubico to be elected. Ubico, in his election, too, ran as a sole Presidential candidate, with every other candidate effectively unable to run a campaign.<sup>27</sup> The nation had returned to the previous illiberal democracy of ten years prior.

The ideology of the new regime, too, shifted dramatically. In response to criticism of unfair elections, Armas noted, "my historic promise to the Guatemalan people was to exterminate Communism and I would rather have criticism than betray this trust."<sup>28</sup> Unconcerned with democratic practices, the regime was openly hostile towards communism. This hostility contrasts the Arevalo-Arbenz regime, which, although not communist in ideology itself, took support from communist parties within the nation.<sup>29</sup>

Armas, too reversed the labor and land reforms of the previous regime. The economic plan implemented focused on "returning the country's economy to its traditional reliance on the coffee and banana crop."<sup>30</sup> To achieve this goal, Armas took the land that had been redistributed, managing to remove "all but one half of one percent of the peasants who had won plots under the Arbenz agrarian reform off their new land."<sup>31</sup> Armas was not a conservative but a reactionary,

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<sup>24</sup> Ibid, 177

<sup>25</sup> Stephen Schlesinger, Stephen Kinzer, *Bitter Fruit: The Untold Story of the American Coup in Guatemala* (New York, Doubleday: 1982), 233

<sup>26</sup> Ibid, 233

<sup>27</sup> Kenneth J. Grieb, *American Involvement in the Rise of Jorge Ubico*, Vol. 10, No.1 (Institute of Caribbean Studies, UPR, Rio Piedras Campus: 1970), 14

<sup>28</sup> Paul Kennedy, *The Middle Beat* (New York: Teachers College Press, Columbia University, 1971), 77

<sup>29</sup> Nick Cullather, *Secret history: the CIA's classified account of its operations in Guatemala, 1952-1954*, Volume 2 (Stanford, Calif., Stanford University Press: 2006), 15

<sup>30</sup> Stephen Schlesinger, Stephen Kinzer, *Bitter Fruit: The Untold Story of the American Coup in Guatemala* (New York, Doubleday: 1982), 233

<sup>31</sup> Ibid, 233



removing most reforms made in the previous regime, taking the land that had been given to the people. Armas lowered the nation to ten years prior, removing the history of the previous regime.

The new illiberal democracy that took power after the 1954 coup was a reactionary illiberal democracy that aimed to roll back the reforms of the previous regime. By securing illegitimate elections and removing major reformist laws, Armas restored the governance of regimes that preceded Arevalo.

## **Conclusion**

The 1944-1954 regime created transformative social and economic development for the nation, prioritizing the needs of the populous over that of the national and international elite. The regime espoused modern liberal and democratic socialist ideologies through its constitution and reformist laws. These actions and ideology, however, were the reason for the regime's end; a miscalculation of sovereignty. Overthrowing the United Fruit Company, an American proxy government, removed the western superpower's control of the nation. Because neither the United States nor the United Fruit Company was willing to relinquish control over the lucrative nation, the United States feared drifting ties. The American belief was that as interests diverged, Guatemala would inevitably court the sympathetic Soviet Union.

The new regime led by Castillo Armas removed the reforms created by the previous regime, reverting to the positions of the Ubico government. The regime was staunchly anti-communist, reacting to the circumstances in which Armas gained power, utilizing illiberal democratic means.