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HIS 343

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The Overthrow of Arbenz: An Anti-communist Effort

PBSUCCESS was a CIA operation that succeeded in removing Jacobo Arbenz Guzmán's regime from Guatemala. Arbenz posed as an economic and ideological threat to the United States, and officials deemed it necessary to take covert action against his regime. Labor and land reform in Guatemala provoked tensions between United States businesses and Arbenz's regime. However, anti-communist sentiment was a bigger driving force behind PBSUCCESS. U.S. officials became increasingly concerned about Communism in Guatemala as the Cold War heightened (SH, 14). The intentions of PBSUCCESS and its ramifications show that the United States government was more concerned with suppressing Communism rather than protecting its economic interests.

Although covert action to topple Arbenz's regime was planned in the wake of economic tensions with Guatemala, the U.S. government's intentions were directed against a potential Communist threat. In the 1930's, Guatemala came under the rule of Jorge Ubico. Ubico admired American investors who found Guatemala's business climate pleasant (SH, 10). He welcomed American businesses, making Guatemala "the principal Central American destination for United States trade and capital" (SH, 10). The United Fruit Company became Ubico's closest ally. Ubico gifted the company with hundreds of square miles to operate on, giving the company free access to Guatemalan land. In turn, United Fruit invested in the country by purchasing shares of the railroad, telegraph, and electric utility. The company could determine its prices, taxes, and treatment of workers without the government intervening (SH, 10). Consequently, United Fruit obtained a monopoly in Guatemala.

Unsurprisingly, the company ran into tensions with a new leader when he implemented labor reform. Juan José Arévalo assumed the presidency of Guatemala after the Revolution of 1944. Arévalo passed a labor code that gave industrial workers the right to organize and classified any business employing 500 or more as an industry. As a result, Workers of the company demanded higher wages and better treatment. United Fruit accused Arévalo of discriminating against the company (SH, 15-16). The State Department recruited the Embassy to negotiate with Guatemala, but the action proved insufficient. Although United Fruit's main stake in the situation involved its financial business, the company used anti-communist sentiment to get the attention of the Truman administration. The company recruited Edward L. Bernays, a lobbyist, to persuade congress and administration officials that the attacks on the company were proof of Communist activity in Guatemala (SH, 16). Substantial intervention by the United States government required more than a threat to economic interests. The United Fruit Company had to use the threat of Communism to garner more support. These events predate the rise of Arbenz. However, the fact that United Fruit had to play with anti-communist sentiments shows that the U.S. government was more concerned with containing Communism rather than protecting economic interests.

As tensions over labor reform heightened, United Fruit threatened labor unions and the Guatemalan government. The company warned that increases in labor costs would force it to withdraw from Guatemala. After a hurricane destroyed part of its Tiquisate plantation in 1951, it suspended 4,000 workers without pay. The Guatemalan courts ordered the company to reinstate the workers. Instead, the company presented Arbenz with an ultimatum. The government had to guarantee no wage increases for three years and exempt United Fruit from the labor code. Otherwise, the company would discontinue its operations in Guatemala (SH, 18). Economic tensions between the United States and Guatemala were rising. However, the government started to pay attention to Communist activity in Guatemala. In 1950, the Office of Policy Coordination (OPC) became concerned with "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 (SH, 17)." Midway through 1951, the Truman administration became more concerned with idea that the Arbenz regime is linked to Communism (SH, 19). When the Justice Department's antitrust division began preparing for action to break up United Fruit's monopolies in Guatemala, the National Security Council argued that a legal attack on the company would have negative foreign policy implications. The action was then suspended until Guatemala was absolved of the potential influence of Communism (SH, 19). In *Secret History: The CIA's Classified Account of its Operations in Guatemala, 1952-1954*, Nick Cullather claims the incident implies that "the administration wanted to use United Fruit to contain Communism in the hemisphere (SH, 19)." The U.S. government's issue with Guatemala did not revolve around economic tensions. Instead, the government wanted to use the economic tensions to its advantage in the global fight against Communism.

The introduction of Decree 900 further illustrates the potential Communist threat that the United States feared. Decree 900 was a land reform program intended "to remake rural Guatemala (SH, 22)." It took away idle land on private and government property and redistributed it to peasants. The peasants would pay the government a percentage of the assessed value every year (SH, 22). By February of 1953, the Guatemalan government confiscated a quarter of a million acres of United Fruit's land, which was appraised at $1,000,000. The company claimed it was actually valued at $20,000,000. Once again, Guatemala was accused of discrimination by the U.S. Embassy, and the State Department suggested that the issue be submitted to arbitration (SH, 23). However, the Department was concerned more about the possibility of a Communism ploy than the well-being of a U.S. company. Cullather states:

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 landowners, and spread disorder throughout the countryside (SH, 23).

Other departments of the U.S. government deemed land reform as part of the Communist agenda. CIA observers saw land reform as "a powerful weapon for the expansion of Communist influence (SH, 25)." In an address to the National Security Council, The Bureau of Inter-American Affairs stated that the Communists were using land reform to produce social upheaval in Guatemala (SH, 35). In many facets of the United States government, the concern of over the spread of Communism outweighed the economic interest in Guatemala. As the concern over Communism grew, the U.S. ultimately decided to take covert action to overthrow Arbenz.

The ramifications of success in removing Arbenz's regime demonstrate the U.S. government's consistent priority of containing Communism in Guatemala. Before PBSUCCESS was actually initiated, the U.S. envisioned that United Fruit would receive protection under the new regime, but in return the company would have to offer concessions. The United States would not allow American companies to enjoy privileges that would produce political instability in other countries (SH, 63). Indeed, the company endured setbacks enforced by the U.S. after PBSUCCESS's completion. The State Department forced the company to grant higher wages to its workers in Latin America (SH, 118). Eisenhower's administration also reinstated the suspended antitrust action against the company. In 1958, the company signed a decree that divested its holdings in railroads and marketing operations (SH, 118). The United Fruit Company, an economic interest, was used by the U.S. to fulfill political interests.

The aims of PBSUCCESS and the actions of the U.S. government after its success show that anti-communism was the driving force behind the downfall of Arbenz. Although the U.S. had economic ties with Guatemala, they were used as fronts to combat Communism. Going into the operation, the U.S. knew that success would make Guatemala an economic burden rather than a partner. U.S. officials believed that the removal of the Communist regime in Guatemala would leave behind "a certain economic and financial chaos which must be rectified by American aid (SH, 63)." When the operation was over, U.S. officials were concerned with capturing documents that would prove Arbenz's regime was under Communist influence (SH, 106). Ultimately, United Fruit experienced massive setbacks from the victory. The company's profit margin and share prices substantially dropped over time, and eventually it was sold (SH, 188-119). Before the Arbenz administration took over, United Fruit advocated that "attacks on the company were proof of Communist compliticty (SH, 16)." Since the campaign entertained the idea of Guatemala being under Communist influence, it's ironic that United Fruit ultimately suffered after the victory of PBSUCCESS.

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