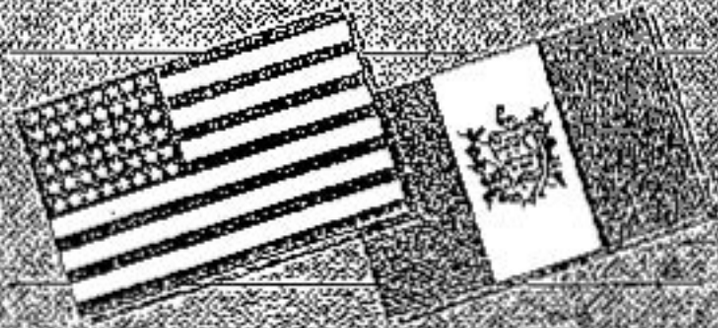
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Operation PBSUCCESS



The United States and Guatemala 1952–1954

Nicholas Cullather

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Operation PBSUCCESS

The United States and Guatemala 1952-1954

Nicholas Cullather



History Staff
Center for the Study of Intelligence
Central Intelligence Agency
Washington, DC
1994

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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

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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 [redacted] 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*.

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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.

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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 Barnette to J. C. King, "Plot by Arbenz Government Against United Fruit Co.," HGO-A-1265, 29 July 1954, Job 79-01025A, Box 100.

[252]Wisner to [ ] DIR 07144, 30 June 1954, Job 79-01025A, Box 9.

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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, detectable 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 ROM, 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, "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.

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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 Portuny 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.

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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] Phillips, *The Night Watch*, pp. 62-64.

The Secret Search of Success
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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 were 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 [ ]

[267] Quoted in Immerman, *CIA in Guatemala*, p. 190.
[268] 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.
[269] Rangoon to Secretary of State, 27 June 1954, Job 79-01025A, Box 82.
[270] Meers, "The British Connection," pp. 422-423.

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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]

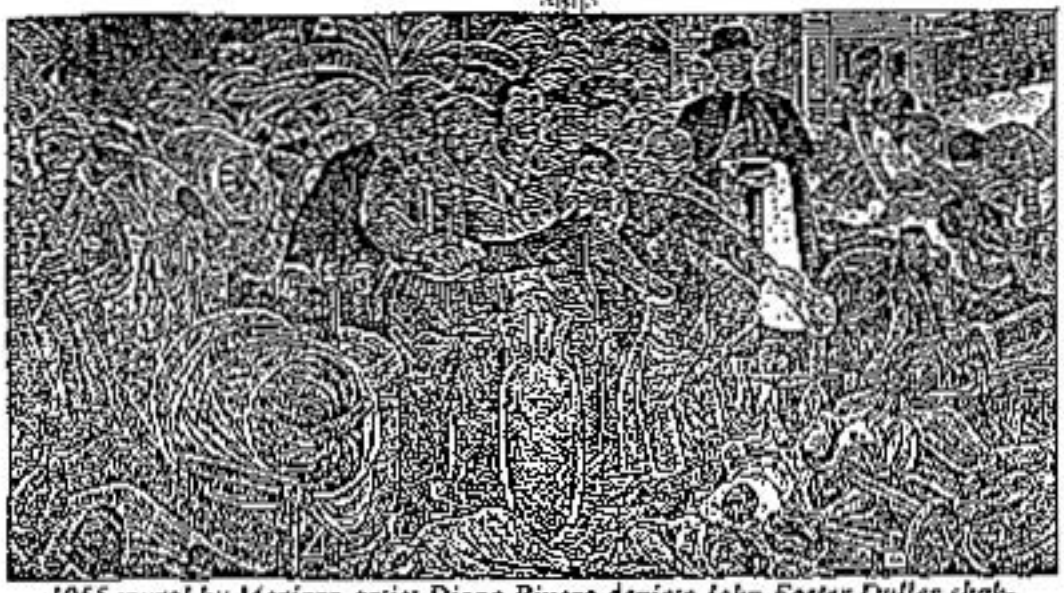
This was an overstatement, but victory over Arbenz proved to be a lasting propaganda setback. Resentment even found artistic expression in the work of Mexican muralist Diego Rivera, who depicted in fresco Peurifoy and the Dulles brothers passing money to Castillo Armas and Monzón over the bodies of Guatemalan 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.

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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.[276]

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.[277] Meanwhile,

[276]Schlesinger and Kinzer, *Bitter Fruit*, p. 221.
[277]*Ibid.*, p. 234.

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Wide World (AP)

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

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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.[240] 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.[241] 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.[242] 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."[243] 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.[244] 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.[245]

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 *Liberacionistas* a license to import corn in return for a personal kickback

[240] Memorandum of Conversation, Ambassador Norman Armour, Holland, Mann, 25 January 1955, *Foreign Relations of the United States, 1955-1957*, 7: 59.

[241] 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.

[242] *Ibid.*, p. 73.

[243] Wisner to Allen Dulles, "Guatemala—Continuing economic difficulties," 30 November 1954, Job 79-01228A, Box 23.

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

[245] Holland to Under Secretary of State Herbert Hoover, Jr., 20 May 1955, *Foreign Relations of the United States, 1955-1957*, 7: 80-81.

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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.

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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.

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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, [ ]

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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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.[302]

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.[303] 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.

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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.

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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.
[ ]	[ ]
[ ]	[ ]
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.

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10 July 1952	DDP Allen Dulles meets with Maan 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.

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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 Martinez, 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.

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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.

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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.

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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.

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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.

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Appendix C

Codewords Used in PBSUCCESS

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

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[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

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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

[ ]

[ ]

Declassified
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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]	[redacted]
SYNCARP	The "Junta," Castillo Armas's political organization headed by Cordóva Cerna.
WSBURNT	Guatemala
WSHOOFS	Honduras

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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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