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Dependency and Intervention: The Case of Guatemala in 1954
José M. Aybar de Soto

The government that took power during the 1944 Guatemalan revolution began gradually to prepare the legal foundation for the agrarian reform considered essential to Guatemala's development. After Colonel Jacobo Arbenz Guzman was elected president in 1951, he moved to fulfill his campaign promises by applying the Agrarian Reform Law to the United Fruit Company. This action set off a chain of events that culminated in U.S. intervention in 1954.

This study examines the phenomenon of intervention by a dominant, developed nation-state (metropole) into the internal affairs of an underdeveloped nation-state. The author builds a theoretical construct--integrating the predominant tenets of dependency and core interests theory--which he applies to the case of Guatemala; he then presents conclusions and general observations based on the relationship of the theory to the case study. Dr. Aybar describes in detail, and with unusual clarity, the interlocking relationship of government and multinational corporations (MNCs) that led to U.S. intervention in Guatemala, and explains the intervention in terms of the continuous penetration of the extended domain of the metropole, as well as the metropole's defense of the interests of its MNCs.

José M. Aybar de Soto received an M.A. from the Monterey Institute of Foreign Studies and a Ph.D. from the Claremont Graduate School and University Center. He has taught at California State University and most recently at Florida International University, where he was director of the Latin American Studies Program.

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In Memoriam

KALMAN H. SILVERT
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Foreword

American intervention in the name of anti-Communism has been the most persistent phenomenon of U.S. foreign policy since the end of World War II. These interventions invariably have been characterized by deceit, proclaimed belief in Communist dangers grossly exaggerated if not wholly imaginary and use of heavy-handed force against small countries. Our intervention in Guatemala in 1954 is a classic illustration of the genre in every particular. Here the State Department, CIA, and the United Fruit Company combined efforts to "save Guatemala" from the comparatively mild land reforms of Arbenz Guzmán, himself a naive and ideologically confused nationalist who, whatever else he was, was certainly not a "Communist."

José Aybar in this work has dissected the Guatemalan intervention, and the events leading up to it, to explain in theoretical terms the complex international and domestic political factors which produced it. In so doing, he has made important contributions both to international relations theory and dependency theory. He has also provided what I consider the best analysis to date--both in terms of data and in quality of writing--of developments in Guatemala preceding the intervention and of the intervention itself. It is a fascinating tale and should be, for Americans, a somewhat embarrassing one.

Intervention--in one form or another--of powerful states in less powerful states is one of the most common phenomena of international politics. In spite of this, and in spite of the current emphasis on international relations theory, there has been no adequate theoretical framework explaining intervention in terms of the principles of international politics. Similarly, dependency theories
dealing almost exclusively with patterns of economic domination, have tended to avoid the act of physical intervention as a phenomenon in itself. Dr. Aybar blames "normal," culture-oriented political science for these deficiencies, and he has sought to remedy them.

Of particular importance in Aybar's work is an elaboration of the concept of core interests—those uncompromising interests a state perceives as absolutely vital—to include the factor of dependency. His graphic account of the role of the United Fruit Company in the internal politics of both Guatemala and the United States is also a first-rate illustration of the interrelationship of foreign policy and domestic politics.

While Dr. Aybar leaves no doubt that his sympathies are with Guatemala, his treatment of events is generally objective and well-documented. Indeed, he bends over backwards to avoid pejorative treatment of American policy, despite the fact that in the Guatemalan case—among others—it was so heavy-handed that restraint in discussing it is imposed only with difficulty.

Aybar concentrates entirely on Guatemala, which, he feels, is typical of interventions by a powerful metropole into a dependent country. What now needs to be done is to test his theories in regard to other types of intervention, like that of the Soviet Union into Eastern Europe and the United States in Vietnam, where ideological/geopolitical factors loom greater than economic ones. Aybar's current work furnishes a sound basis for undertaking such comparison.

June 19, 1978

Fred Warner Neal
Claremont Graduate School
Preface

Intervention is a salient international political phenomenon that continues to mar the relationships between developed and underdeveloped nation-states. It is a coercive politico-military act within the extended domain of the dominant regional nation-state (metropole). Intervention is contrary to the norms of international law, yet is continuously performed with impunity—another manifestation of the expression "might makes right." It is the ultimate regulatory "weapon" in the metropolitan arsenal used to persuade underdeveloped nation-states to alter antagonistic patterns of behavior. It implies an "if-then" relationship wherein the underdeveloped nation-state must remain in the designated place within the hierarchical regional order or else suffer the consequences. Intervention affects the status of all underdeveloped nation-states within the domain of the metropole.

Western academicians have treated intervention as a discrete phenomenon, an aberration in international politics. Explanations of this discontinuous event have been generally formulated in terms of an elusive threat to an even more ambiguously defined national interest. Ideology and the role of the decision maker have been the two most often mentioned elements in the description of interventions.

The study of intervention as a discrete event resulting from intergovernmental interactions between decision makers advocating antagonistic ideologies has generated an ahistorical literature which is neither descriptive nor explanatory. The literature is also emotionally laden with apologies, as well as condemnations, which obfuscate the object under scrutiny. The inability to determine
why metropoles have to resort to such an onerous device in order to persuade underdeveloped nation-states to alter their antagonistic pattern of behavior gives ample evidence of the limited explanatory power of these academic studies.

Conventional analyses of intervention reflect the persistence of an artificial division in the study of politics between international and comparative politics. The underlying assumption of the division is the politico-economic autonomy of the nation-state whose juridical manifestation is equality under international law, e.g., the concept of sovereignty. The theoretical consequences of the assumed division between national and international politics has been further aggravated by the evaluation of political events without integrating the contributions from other disciplines, specifically economics. The general outcome has been ahistorical studies of intervention whose bivariate analyses by their own definitions exaggerate the role of the public sector.

The general inadequacy of political studies is highlighted by the inability to explain another persistent phenomenon, development. The literature on development, particularly that generated by Latin American Area Studies, is rich and full of insights. The politico-economic inadequacies of the nation-states composing the Third World are given as the reasons for underdevelopment. The study of the nation-state as an isolated entity unrelated to other nation-states or the demands of the international market parallels the prevailing problem observed in the discipline of International Relations. The treatment of development and intervention in a vacuum has produced a literature focusing on the official organs of the nation-state (decision makers of the public sector) and overstating the importance of ideology.

The compartmentalization exhibited by Western academic studies with their inability to explain their subordinate political status and impoverished economic situation, motivated an intellectual re-assessment of the theoretical foundations of the predominant literature in the more advanced underdeveloped nation-states. The outgrowth, beginning in the middle of the 1950s, was an indigenous Latin American literature which attempted to integrate the findings of politics and economics. The resultant theoretical synthesis between politics and economics had an intellectual precursor in the earlier theories of imperialism. It became known as
dependency theory.

The incisive critique of the predominant literature inherent in dependency theory and, more importantly, the general attack on the underlying premises of the capitalist system, generated a highly charged debate which exhausted and consumed the energies of its authors. The emotional content of the debate was increased by United States interventions in Cuba and the Dominican Republic. The resulting works on dependency were forced to be diplomatically combative. In the face of the opposition presented by the established authors of the predominant literature, dependency theorists spent much of their energies justifying the new theory. The defensive posture which the authors were forced to take given the hostile environment surrounding the evolution of the new theory, led to a theoretical contribution consisting of: 1) a critique of the predominant literature; and 2) general hypotheses and the identification of some of the main variables. However, no general statement of dependency theory enumerating the relationship between the component parts came into being at this time and does not, as yet, exist.

In undertaking the present study, I was intellectually motivated by the impressive explanatory potential of dependency theory, particularly if used in combination with theoretical derivatives from the concept of national interest, i.e., core interest theory. The shock caused by each successive metropolitan intervention (U.S. and U.S.S.R.) provided the necessary psychological motivation. Finally, close contact with leading members of the private sector, acted as a catalytic agent which gave me added insights into the relationship between the propositions articulated by the dependency theorists and actual practice.

The result is a treatise on political economy with a number of objectives. First, to create a theoretical construct that would operationalize the various contributions of dependency theorists, merged with and influenced by the tenets of core interest theory. In this process, some of the accepted propositions of dependency theory have been modified where empirical support was found wanting. Second, to apply the theoretical construct to Guatemala, the first case of U.S. intervention in the Western Hemisphere in the early post-war period. Third, to locate the intervention historically and describe the interaction between the private and public sectors of both the United States and
Guatemala leading up to the event. Fourth, to show the metropolitan elements involved in the intervention, emphasizing the role of the private sector as a primary actor and provide an assessment of the historical legacy or systemic predisposition generated by the intervention. Fifth, I have made general theoretical observations from the Guatemalan case study which I think would be supported by similar examination of other metropolitan interventions.

The time span under study is the period from October 1944 to August 1954, when U.S. intervention in Guatemala was brought to a successful conclusion. Greater attention is given to the period beginning in 1952 which generated full opposition from the metropolitan private sector to the events taking place in Guatemala. Beyond making observations on the specific case study, no attempt has been made to extend the basic research after that date. The nature of U.S. dominance over Guatemala after the 1954 intervention has not been examined, and only occasional references to other U.S. interventions in Latin America have been made throughout the text.

For the most part, I have depended upon English and Spanish materials, with occasional references, where indicated by the subject matter, to Brazilian and Russian sources. I have attempted to bring some objectivity to the plethora of Guatemalan works on the 1954 intervention by examining it in the light of more recent U.S. sources. The choice of Guatemala as a point of departure for the study of comparative intervention is worthy of note since it was to set the pattern for future U.S. interventions. Significantly, the same names keep recurring in the literature in the aftermath of each successive U.S. intervention in Latin America.

A word of admonition to those readers unused to the linguistic problems created by Spanish surnames. The first entry of Spanish names is noted in full. Second references are generally noted under the next to the last name which is the paternal name. To avoid confusion, in those cases where there are two persons bearing the same paternal name and different maternal surnames beginning with the same letter, the following convention has been adopted: the paternal and maternal surnames will be noted in full. Finally, in those cases where the paternal name cannot be determined, the first surname is noted in full followed by the initial of the second surname.

Among those who most influenced the intellectual
direction of this work is Professor Fred Warner Neal, Chairman of the Department of International Relations at the Claremont Graduate School. As my graduate mentor, Dr. Neal presented a challenging panorama of international politics buttressed by his own research on the concept of national interest which ultimately led to his own core interests theory. I am indebted to Professor Neal for my introduction to core interests theory which provided part of the conceptual infrastructure around which much of my present work was developed.

I wish to express my thanks to Professor Joseph D. Olander, Interim Executive Vice President at Florida International University, for his substantive comments on Chapter II. Professor Tommie Sue Montgomery, Brooklyn College, CUNY, New York, has my eternal gratitude for a first reading of the first three chapters of the original manuscript. The initial editorial comments and critical insights on the content and direction of the research were invaluable. I am especially beholden to Professor D. Babatunde Thomas, Chairman of the Department of Economics at Florida International University, my friend and colleague, for his support and encouragement.

Finally, for her many hours of patient typing, as well as the facilitator of tranquility and source of emotional nourishment, my wife, Lydia, deserves more than this small note of thanks for enduring the author's many moods during the various stages in the composition of this manuscript.

Miami, Florida
September 19, 1977

José M. Aybar
1. Statement of Inquiry for the Study of Intervention

The conclusion of World War II brought into being a new world order. Shifts in the power of developed nation-states had taken place and could no longer be ignored. Colonial empires had been dismembered and their components "repartitioned" among the extended domains of the various new and/or surviving efficient nation-states, metropoles.

The new order was characterized by the formation of competing hierarchically organized blocs composed of metropoles and their extended domains. The blocs are integrated entities whose hierarchical organization is implicitly based on the degree of development attained by its component parts, i.e., the position of a given bloc member is determined by its degree of development. The comparative measure of development used to ascertain the bloc position of its members, subservient nation-states, is relative to that of the metropole. The power of a given nation-state is relative to its degree of development, consequently the ranking within the extended domain of the metropole is based on gradients of power.

It almost goes without saying that there is a vast distance between the most developed nation-state within the extended domain of the metropole and the metropole itself. Underdevelopment is a common characteristic shared by the membership comprising the extended domains of the metropoles. Intra-bloc relationships are by definition highly unequal, particularly that relationship between the metropole and other bloc members because of the gradients of power found among bloc members. Intra-bloc policy is dictated by the metropole and generally observed by its membership.

Occasionally, a subservient nation-state may seek to attain a higher degree of autonomy (freedom)
than that concomitant with the limits of its assigned position within the bloc hierarchy. The internal manifestations of the search for a higher degree of autonomy may be a self sustaining developmental effort utilizing existing resources, generally accompanied by the expropriation of property belonging to both nationals and foreigners who control the commanding heights of the economy. Given the situation where the metropole is unable to immediately contain the recalcitrant subservient nation-state, it perceives the latter's search for a higher degree of autonomy as a challenge. After utilizing the "conciliatory" means at its disposal, the metropole ultimately resorts to the naked application of power to "persuade" one or another bloc member to remain an integral part of, and in its assigned position within, its extended domain. The rationalization given by the intervening metropole to justify its action has been that a competing extra-regional metropole with an antagonistic ideology has presented a threat or clear and present danger to the extended domain of the regional metropole.

This study is an attempt to formulate a theoretical construct capable of explaining intra-bloc relationships, i.e., the relationship between a metropole and its subservient nation-states. Emphasis will be given to the specific set of relationships arising out of a metropolitan challenge by a subservient nation-state. The theoretical construct will then be applied to the first overt intervention that took place in Latin America after World War II, i.e., the United States intervention in Guatemala in 1954. It is argued that the Guatemalan Case then became the prototype for other interventions in Latin America.

The development of Guatemala prior to its challenge to the United States is briefly reviewed to establish the nature of intra-bloc integration. The nature of Guatemalan economic dependency on the United States is examined and the role of the agents that maintain that relationship described, i.e., the multinational corporations (MNCs). The Guatemalan Agrarian Reform of 1952 is described in detail and it is suggested that the expropriation of United Fruit Company property due to application of the law was the primary factor leading to United States intervention. It is indicated that the MNCs were in fact responsible for creating the metropolitan conditioning that led to United States intervention. It is further suggested that the MNCs
specifically the United Fruit Company, were motivated to induce the United States government to intervene because of losses sustained, and the perceived threat of even greater losses, by the expropriation carried out by the Guatemalan government as part of its announced development program. The primary thesis of this study is that a metropole will intervene in the internal affairs of a recalcitrant subservient nation-state in defense of its MNCs when the government of the subservient nation-state has expropriated property of the MNC and is not conciliatory on the issues of compensation, and in its future relationship to the MNCs.

CONCEPTS AND ASSUMPTIONS

This study departs from the premise that there is a discernible pattern of behavior in intra-bloc politico-economic relationships between the metropole and its subservient nation-states. The developed/underdeveloped dichotomy permeates all intra-bloc relationships. The intra-bloc order is established and maintained by actors who stand to benefit from the existing relationship and obviously will not be tolerant of deviations which will adversely affect their positions within that order. The primary actors in descending order of power and importance are:

1. The metropolitan government--the pattern of practices defined by the official decision maker of the developed nation-state which decisively determines the allocations of values for the metropole and its extended domain. The metropolitan government is vertically linked downward to the government of the subservient nation-state through bilateral treaties and the constitutive legal instruments of the bloc, i.e., the Charter of the Organization of American States (1948) for the United States in Latin America and the Warsaw Treaty Organization (1955) for the U.S.S.R. in Eastern Europe.

2. The Multinational corporation--vertically integrated economic conglomerate producing goods and services across national boundaries for what the traffic will bear. The MNC satisfies the condition that its shareholders are almost always located in the metropole, however, its headquarters may be found elsewhere. The subsidiary of the MNC is usually located in an underdeveloped country or
region to take advantage of cheap labor and natural resources. Profits generated from the favorable conditions obtained in the underdeveloped nation-state or region are then transferred to the metropole. The integrated nature of the MNC places it in a position to exercise control over the commanding heights of the economy and the major political processes through which decisions are made.

3. Government of the subservient nation-state--the pattern of practices defined by the official decision maker of the underdeveloped nation-state which "decisively" determines the allocation of values for the subservient nation-state. The official decision maker in the subservient nation-state shapes policy within agreed upon limits set by the metropolitan government in conjunction with the MNC. The official decision maker is also reactive to the demands of the governing class, but these are generally congruent with those of the metropolitan government and the MNC.

4. Governing class--major aggregate of indigenous persons belonging to the upper echelon of the politico-economic hierarchy who have a direct impact on governmental decision making and who, in combination with the MNC, are major economic supporters of the government. Generally, the social characteristics of the governing class are patterned after and responsive to the metropolitan value structure. A caveat to be noted is that ideological homogeneity is not necessarily an attribute of the membership of the governing class.

These four actors form an integrated nexus through which control is exercised over the intra-bloc means of production and political processes. The primary actors form a vertical interlocking governance structure through which decisions made in the metropole flow downward to the subservient nation-state to be implemented. In effect, the primary actors determine and maintain the boundaries of the bloc. Implicit in the interrelationship among primary actors is the congruency of interests. The mutuality of interests between primary actors is defined by the need to maintain their respective positions of influence in the bloc. For the MNC and the governing class this means the continued accumulation of capital and for the governments, power.

The integration of the component parts of the bloc makes the whole a reactive unit to both internal and external stimulus. The extent to which the component parts will be affected is in
large measure dependent upon its respective degree of development. Bloc integration is the result of the continuous politico-economic penetration of the underdeveloped nation-states by the metropole. Said penetration is primarily carried out by the MNCs, but is reinforced by the governing class that has been acculturated within the metropolitan value structure. The penetration of an underdeveloped nation-state by a metropole produces a "conditioning situation" that is defined as dependency. Dependency relationships are the norm between subservient nation-states and their metropoles. It describes a natural relationship between unequal entities--developed versus underdeveloped nation-states--given the priorities and value preferences of the primary bloc actors.

The natural order of intra-bloc relationships is occasionally marred by violence resulting from an attempt by a subservient nation-state to search for a degree of autonomy incompatible with the existing boundaries and injurious to both the governing class and the MNCs. This may be accompanied by an attempt to establish a new internal order of governance. Such an attempted break in the prevalent order is constituted (perceived) as a challenge to the metropole by the subservient nation-state. The metropole, faced with this challenge to its core interests--herein defined as non-negotiable interests considered vital to the survival of the metropole--will then attempt to coerce the subservient nation-state to remain within the politico-economic boundaries of its extended domain. Intervention is defined as the discontinuous application of a force majeure short of war over a short time interval by a regional developed nation-state on an underdeveloped nation-state within the former's extended domain for the purpose of compelling the latter to remain within the bloc. Having gone full circle from the normal pattern of behavior based on the dependency relationship between unequal entities to the challenge by the subservient nation-state to the metropole's core interests and back to the reestablishment of the norm, the theoretical construct of dependency herein formulated and elaborated in full in Chapter 3 attempts to describe specifically the nature of the dependency relationship between the metropole and the challenging subservient nation-state prior to, during, and after the intervention in relation to the primary bloc actors.
The theoretical construct of dependency is an eclectic formulation derived from dependency theory and core interests theory. Both dependency theory and core interests theory fall within that genre of partial theories that seek to explain world politics. Both can be classified as attempts to explain the mechanism through which imperialism is maintained.

Neither component of the theoretical construct of dependency has been generally accepted in the United States. The varied reasons for non-acceptance run the gamut from emotionally laden arguments resting on a specious defense of the metropole and its predominant literature to more erudite statements attempting to ascertain the explanatory value of the theory. The problems faced by the theory are both political and intellectual.

Dependency theory was introduced to the United States in the 1960s and became the theoretical statement around which the protest against the U.S. involvement in Vietnam was formulated. It essentially played a conceptually organizing role. There was no middle ground regarding its acceptance and the political stand on Vietnam, the battle lines were clearly demarcated. As the war in Vietnam was brought to a conclusion, events in Latin America took a turn for the worse culminating in U.S. intervention in Chile in 1973, an action which gave new impetus to dependency theory. As these political events were taking place, it is important to take notice of the fact that dependency theory was transplanted from Latin America to the United States. Dependency theory in Latin America arose out of a dialogue beginning in the 1950s seeking to explain the persistence of the "development of underdevelopment" in the region. The problem with the transplantation was simply that only parts of the theory were popularized in the United States. As a result, there exist substantial gaps in the popular conception of dependency theory as publicized in academic journals. The combination of a highly politicized environment and a distorted or partial presentation of the material were factors mitigating against an impartial evaluation of the merits of the theory.

Briefly, there are some of the general criticisms of dependency theory which are also applicable to core interests theory:
1. It is lacking in a "corpus of formal and testable propositions."\(^5\)

2. It does not posit an alternative to dependency.\(^7\)

3. It has not been operationalized qualitatively, i.e., the degrees of dependency exhibited by a given unique relationship are not as yet measurable, and

4. Reliance on concepts such as "class" and "national interests" which have not been empirically operationalized reduces the utility of the theory.

Critiques of dependency theory and core interests theory have ultimately to deal with a fundamental problem—the relationship of power and the developed/underdeveloped dichotomy. At issue is not just a definition of power, but the question: "Why are the Latin American nation-states still underdeveloped?" The concept of development is examined in the following chapter as it appears in the literature.

NOTES

1. The definition of class is an adaptation of the following:

   ... a social upper class which owns a disproportionate amount of the country's wealth, receives a disproportionate share of the country's yearly income, contributes a disproportionate number of its members to governmental bodies and decision making groups, and dominates the policy forming process through a variety of means . . .

   The primary component of Domhoff's definition is wealth. I have made the further assumption that this class shares common values which have been created or inculcated by the socialization process. It is argued that this class has a fundamentally homogeneous value structure, but that the manifestation of them varies from member to member, i.e., the means of achieving the ends varies. Intra-class conflict would then appear to take place over questions of methodology, but not of substance. G. William D. Domhoff, The Higher Circles: The Governing Class in America (New York: Random House, 1970), p. 109.
2. A Latin American saying that candidly describes this relationship states: "The United States catches cold and Latin America sneezes."


6. Ibid., p. 15.

programs is to centralize the political resource base in the hands of the state. The premises underlying the United States approach to Latin American development, far from fostering growth congruent with the best interests of the individual nation-states, have the effect of increasing the inequality between developed and underdeveloped nation-states. Given the existing rhetoric, an underdeveloped nation-state aims for development based on the predominant model and obtains underdevelopment.

NOTES

1. "Normal" political science is a euphemism describing the dominant view within mainstream political science as it has evolved in the United States after World War II.


3. It can be substantively argued that the concept of change, as presently used in the discipline of political science, encompasses too much and describes too little. The distinction should be made between a systemic modification and systemic change. In the former, the parameters of the system are maintained intact, whereas in the latter they are substantially altered as to create a new system. It is unclear, for example, whether the societal "change" from an extended family to a nuclear one constitutes a change. Is a new societal system created or is there a readjustment of the societal system maintaining the existing boundaries of the system? A general review of the literature would suggest that most of what is labeled systemic change is actually an internal modification or reformation of the system without necessarily redefining, reformulating or creating new, radically different system parameters. If the abovementioned narrow definition of system change, a radical restructuring of the societal system that substantially alters the boundaries of a system, is applied to social phenomena, then the analyst would be struck by the low frequency of its recurrence. For examples of the present convention on "change" see


13. Ivan Vallier, "Recent Theories of Development," in Institute of International Studies, Trends, p. 27.


22. Ibid.

23. Ibid. Emphasis added.


30. Note that there does not exist a comprehensive study of Latin American Laws enacted and in practice. There is a great divergence between the laws as they appear in books and when applied. In addition, in most Latin American countries there exist "unwritten laws" which are more noted for their observance than the current constitution. Ernest Feder, "Counterreform," in Rodolfo Staven-hagen, ed., Agrarian Problems and Peasant Movements in Latin America (Garden City, New Jersey: Doubleday & Co., Inc., 1970), p. 191.


37. José F. Ocampo and Dale Johnson, "Political Development in Latin America," in James R.


40. Ibid., p. 22.


43. Ibid., p. 16.


51. Ibid., p. 287.


no longer in evidence. The volte face is complete and the dependency relationship has resurfaced in all its strength. Mythical development or lumpen-development\(^{71}\) can now take place.

NOTES

1. Core interests theory is an attempt to operationalize the concept of national interest as defined by Morgenthau. National interest is that aggregate of power which a state has at its disposal; power which is defined as "man's control over the minds and actions of other men." By virtue of the power concentrated in the primary decision maker of the state, this person is in a position to define what the national interests are. The most significant component of the national interests are the core interests. Core interests are deemed non-negotiable, and by definition, a threat to the core interests of any nation-state imperils its existence. The assertion of core interests by a nation-state is a function of the power at its disposal. Accordingly, weak nation-states have core interests which are coextensive with their geographic boundaries. Due to the fact that core interests are a function of power, any accretion of the same would expand the core interests and conversely, power attrition would decrease the core interests. Core interests theory provides a framework for the analysis of International Politics. Hans J. Morgenthau, Politics Among Nations (3rd ed., New York: Alfred A. Knopf, 1964), pp. 8-10 and 28. Fred Warner Neal, "The Theory of Core Interests and U.S.-Soviet Cold War Rivalry," paper presented at the 2nd annual meeting of the International Studies Association, Boulder, Colorado, 29 March 1961, pp. 4-11.


4. It should be added that attempts to relate inter-
national politics to internal economic variables are
spurious and almost nonexistent. For some notable
recent exceptions trying to establish the link be-
tween domestic and international politics, cf. Bruce
M. Russett, ed., Economic Theories of International
Politics (Chicago: Markham Publishing Co., 1968),
Warren F. Ilichman and Norman Thomas Uphoff, The
Political Economy of Change (Berkeley: University
Linkage Politics (New York: The Free Press, 1969),
R.B. Farrell, ed., Approaches to Comparative and
International Politics (Evanston: Northwestern Uni-
versity Press, 1966), and Jonathan Wilkenfield, ed.,
Conflict Behavior and Linkage Politics (New York:

5. Theotonio Dos Santos, "La crisis de la teoría
del desarrollo y las relaciones de dependencia en
América Latina," in Helio Jaguaribe, et. al., eds.,
La dependencia en América Latina (México: Siglo
Veintiuno Editores, S.A., 1970), p. 182. It is
important to note the similarity between Dos Santos'
conception of dependency and Morgenthau's definition
of power. For Morgenthau power is

"... man's control over the minds and
actions of other men. By political power
we refer to mutual relations of control
among the holders of public authority and
between the latter and the people at large."

"Political power is a psychological
relation between those who exercise it and
those over whom it is exercised. It gives
the former control over certain actions of
the latter through the influence which the
former exert over the latter's mind. That
influence derives from three sources: the
expectation of benefits, the fear of dis-
advantages, the respect or love for men
or institutions."

Dos Santos' definition establishes a hierarchi-
cally oriented conceptual model based on the stra-
tification of the component parts of the systems
(nation-states) according to a determined division
of labor and an internal stratification resulting
from the incorporation of the nation-state into the
system. Morgenthau does not dwell on the causes
for the stratification, assumes the primacy of the
concept of the nation-state, and suggests a
theoretical construct through which relations between nation-states could be assessed. Further, the mechanism through which these relationships are going to be maintained is the "balance of power." Beyond the definitional problems, one must note that for Morgenthau the primary actor in the world scenario is the nation-state. This conceptual emphasis may not adequately represent the world politico-economic scenario. Morgenthau, Politics, pp. 25, 28-9 and 167-223. This and all other translations in this study are mine unless otherwise stated.


8. Maria del Rosario Green, "Inversión extranjera, ayuda y dependencia en América Latina," Foro Internacional XII (July-September 1971): 4. There is a general consensus among dependency theorists that Latin American countries have an "assigned" position within the international system. However, it is unclear exactly upon what the "assigned" position of the Latin American countries is based and how it is arrived at. Consider, for example, the statement:

"... Today, the Third World remains an integral part of what is essentially one world, wholly integrated economically and stratified according to power differentials."

Dale L. Johnson, The Sociology of Change and Reaction in Latin America (New York: Bobs-Merrill Co., Inc., 1973), p. 10. Emphasis added. The problem of dependency measurement is one to which theorists have not yet addressed themselves. Is Brazil more dependent upon the United States than Haiti? By what measurement?

9. Very little research has been done to establish the uniqueness of given dependency relationships. Dependency theorists have been too occupied trying to establish the existence of the dependency relationship to devote time to measure the types of dependencies. The pioneering work in this area was done by Phillippe C. Schmitter, "Desarrollo atrasado, dependencia externa, y cambio político en
10. Particular problems faced by the researcher in this area rests in both itemizing and assigning weights to the variables.

11. Denis Goulet proposes that the alienation of the governing class from the national values is anti-developmental insofar as they "aspire to become, sometimes, unconsciously, . . . Latin imitations of North America." The implicit suggestion is that whatever "development" may be, it has to be defined within the context of and by the individual national entity. Goulet, *The Cruel Choice: A New Concept in the Theory of Development* (New York: Atheneum, 1973), pp. 223-25.

12. There is a fundamental question never raised by advocates to greater consumerism. Can the demand for consumer goods created by the demonstration effect which has raised the expectancy of the population of the underdeveloped countries be met? Can the finite resources available in the world today supply the demand induced by the advertising propaganda of the MNC among the increasing population of the underdeveloped countries? Or is there a need to change the existing pattern of consumption in the developed countries and conjointly reallocating the priorities of the underdeveloped countries re-consumption?


14. The expression "development of underdevelopment" is a conceptual synthesis for the causal explanation for underdevelopment. Briefly, underdevelopment "was and still is generated by the very same historical process which also generated economic development: the development of capitalism itself."* The underdeveloped countries are underdeveloped because through their historical
integration into the capitalist system, they "fi-
nanced" the development of the now developed world.
*Andre Gunder Frank, "The Development of Underde-
For an excellent exposition of dependency literature
see the entire volume of Latin American Perspec-
tives I (Spring 1974); also Ronald H. Chilcote and
Joel C. Edelstein, "Introduction: Alternative Per-
spectives of Development and Underdevelopment in
Latin America," in Ronald H. Chilcote and Joel C.
Edelstein, eds., Latin America: The Struggle With
Dependency and Beyond (New York: Schenkman Publish-

15. Contrary to the pluralist literature, I am
arguing that there exists a high degree of homoge-
neity, if not cohesion, among members of the go-
verning class. The homogeniety is generally charac-
terized by a high degree of: a) spatial and social
(upward) mobility; b) cosmopolitan education;
c) ownership of capital and control over a large
percentage of the means of capital accumulation;
d) familial inter-marriage; and e) membership in
the most exclusive societal institutions. This
homogeniety does not belie the possibility of
competitiveness over distribution and control of
capital among members or cabals within the governing
class. This is one of the mechanisms which allows
for the circulation of groups to positions of lea-
dership intra the governing class, thus accounting
for the surfacing of a "new" governmental policy or
a "new" dominant intra-class alliance. Further,
there is evidence to suggest that the governing
class holds similar attitudes and beliefs with those
of the ruling class of the metropole. Cf. James
Petras and Thomas Cook, "Dependency and the Indus-
trial Bourgeoisie: Attitudes of Argentine Executives
Toward Foreign Economic Investment and U.S. Policy,"
in Latin America: From Dependence to Revolution,
ed. by James Petras (New York: John Wiley & Sons,
Inc., 1973), pp. 173-75. Specifically see John
Walton, Elites and Economic Development. Compara-
tive Studies on the Political Economy of Latin Ame-
rican Cities (Austin: University of Texas Press,
1977).

16. The importance of this point cannot be suffi-
ciently stressed. Consumption of either coffee or
bananas can be curtailed in the metropole without
producing major economic dislocations beyond that
of altering population preferences thereby changing
their demand schedule. Neither coffee or bananas have properties imperative to the survival of the metropole, though these two products may keep the assets of numerous MNCs in conditions of liquidity. On the other hand, oil and bauxite present an entirely different problem for these products belong to a category strategic to the survival of the metropole and therefore are inelastic. In its simplest terms, the inelasticity results from an increased demand concomitant with a "shrinking" internal production within the metropole thereby placing the metropole in the precarious position of having to rely on a few exporters for a percentage of its oil, and obviously, the resultant price control. The point, however, is not the price control or demand and supply, but rather the proposition that there are certain products which are found on our planet in finite quantities and there might be very real limits to their replacement through technological breakthroughs.

17. Without digressing too far into the relationship between the prevalent land tenure system and yield productivity in Latin America, it is important to establish from the outset that the production of major staples for internal consumption is in the hands of minifundistas and not controlled by the governing class. However, the law of diminishing returns in conjunction with an increasing rate of population growth dramatically increases the cost of staples along with increasing the gap between the governing class and the rest of the population and also the degree of malnutrition, deprivation, etc., prevalent among the societal masses. See Keith Griffin, Underdevelopment in Spanish America: An Interpretation (Cambridge, Mass.: M.I.T. Press, 1969), pp. 77-80.


19. A.G. Frank presents a very challenging but general hypothesis which does not seem to be universally applicable to all Latin American cases. His second hypothesis states:

"... that the satellites experience their greatest economic development and
especially their most classical industrial development if and when their ties to their metropolis are weakest . . . This hypothesis seems to be confirmed by two kinds of relative isolation that Latin America has experienced in the course of its history. One is the temporary isolation caused by the crisis of war or depression in the world metropolis.

The other kind of isolation which tends to confirm the second hypothesis is the geographic and economic isolation of regions which at one time were relatively weakly tied and poorly integrated into the mercantilist and capitalistic system . . . it was these regions which initiated and experienced the most promising self generating economic development of the classical industrial type."*

This hypothesis links together war and depression as having the same effect on the internal dynamics of all Latin American nation-states. It does not seem that Frank takes into consideration the auxiliary and complimentary role played by subservient nation-states in the "war effort" of the metropole and the limits imposed on the subservient nation-state for the duration of the war by the metropole. Depression is treated equally uniformly, assuming that the percentage of the population participating in a monetized economy is extremely high, a situation which does not obtain in all Latin American nation-states. Frank also does not make explicit whether the hypothesis in its use of the word "metropolis" is dealing with the public or private sector or a combination of both. For reasons detailed in the text, it is crucial that there be a clear identification of both the public and private sectors of the metropole and their retarding influence upon the development of the subservient nation-states. Are ties really weakened or are the private ties weakened while the public ties strengthened? *Frank, "The Development of Underdevelopment," in Frank, ed., Underdevelopment, pp. 9-10.


22. Ibid., p. 127.


25. Capital accumulation in the national treasury in no way is meant to suggest that there exists a central banking system under the control of the government of the subservient nation-state. The establishment of central banking systems throughout Latin America under the auspices of the United States and the direct guidance of Robert Triffin and Edwin W. Kemmerer seems to have been motivated by two interrelated factors: 1) a felt need to centralize the direction of fiscal policy in the governmental sector, thus making the government ultimately responsible in the case of default or bankruptcy; and 2) a strategy devised to bring private banks under the control of the government. During the pre-World War II period, this had the effect of tactically preparing the groundwork for the final demise of German Private Banks, as well as other capital assets. Cf. Gordon, Economy, pp. 228-42.


27. Ibid., p. 96.


32. Ibid., p. 128.


35. Ibid., pp. 291-96.

36. Ibid.

37. Ibid., p. 290.

38. Ibid.


40. The nonessential quality of the monoprodut is subject to interpretation by the metropole. If there can be product substitution, then it is economically nonessential and no demand for it will be exhibited. On the other hand, for the dependent nation-state whose revenue is derived from the export of the monoprodut, the drastic curtailment of the metropolitan demand imperils its economic livelihood, i.e., "essential" is subject to the framework of reference from which demand or supply is observed.


43. See, for example, the actions of the United Fruit Company (UFCO) in Charles D. Kepner, Jr., Social Aspects of the Banana Industry (New York: Columbia University Press, 1936), pp. 178-79.

44. Sunkel and Paz, Subdesarrollo, p. 353.


46. Sunkel and Paz, Subdesarrollo, p. 354.


48. Ibid.


50. Ibid., p. 195.


55. There is no consensus in International Law as to what constitutes a minimum standard for "denial of justice." Nation-state A technically can invoke this principle whenever nation-state B seems not to have accorded due process and rendered an adverse decision to national of A (MNC). The bulk of these cases revolve around the issue of the amount of compensation for nationalized properties, the exact question for the MNC is the sizable difference
between the book value of the nationalized property based on tax assessments and the "going price" for the property. Most subservient nation-states have laws which insist on the book value. The metropole, seeking to protect the investment of the MNC, would like to see legal coincidence between the law and its application. This does not obtain and means that other measures must be taken to secure such compliance. See Roger C. Wesley, "The Procedural Malaise of Foreign Investment in Latin America: From Local Tribunals to Factfinding," Law and Policy in International Business VII (1975): 826-34.


57. Sodré, Historia, pp. 299-300.


59. Whereas from a strictly technical viewpoint, the facilitation of a favorable climate to increase private investment is almost impossible to measure and the activity is most definitely not one which is commonly attributed to government, it is most certainly going to affect profit remittances to the metropole. The assist by the metropolitan government to the private investor takes on the character of a non-specific subsidy. Cf. Andre M. Scott, The Revolution in Statecraft: Information Penetration (New York: Random House, Inc., 1965), p. 18.

60. Ibid., p. 17.

61. On the population targets most influential in maintaining the nation "penetrated," cf. Ibid., pp. 26-9.

62. Goulet, Choice, p. 27. More specifically on the cultural invasion by the oppressor (dominant members of the ruling class of the metropole) of the


64. On the question whether the process of socialization constitutes intervention, International Law has no definite answer. Any discussion of this area must begin with the caveat that any nation-state can consent to give up its sovereignty. The problem is not the elasticity of the definition of intervention under which "propaganda" can be considered to be "subversive intervention," but whether the receiving nation-state is conscious of the impact a given type of political socialization is going to have on its body politic and on its external relations. It could be effectively argued that where the effect is known and consent obtained, it does not constitute intervention but an act permissible under International Law. Conversely, where consent is obtained, but the subservient nation-state is not conscious of the effects, this would appear to restrict its independence and properly constitute a form of intervention. Cf. Percy E. Corbett, The Growth of World Law (Princeton, New Jersey: Princeton University Press, 1971), pp. 169-74. Wolfgang Friedmann, The Changing Structure of International Law (New York: Columbia University Press, 1966), p. 272. Morton A. Kaplan and Nicholas de B. Katzenbach, The Political Foundations of International Law (New York: John Wiley and Sons, Inc., 1961), pp. 101-2. Also Gerhard von Glahn, Law Among Nations, 2nd ed. (New York: Macmillan Co., 1970), pp. 175-76.

65. For a more detailed description of the mechanism used by the metropole to condition the subservient nation-state, see Marshall R. Singer, Weak States in a World of Powers: The Dynamics of International Relationships (New York: The Free Press, 1972), pp. 144-207.

66. In all four intra-bloc interventions within the regional system of the United States, the interactive process leading to the overt act was preceded by the sequence described above, though not necessarily in that order. The major elements have been: a) the holdings of the MNC and the governing class have been nationalized; b) compensation has not been "adequate"; c) the government of the subservient nation-state has attempted to create a mass base for

67. The term "ruling class" is a heuristic device to identify the "diffuse" segment of United States society, power complex, which is responsible for the "authoritative allocation of values." Whereas there does not exist a clear consensus on the composition and definition of ruling class, there is agreement on at least two major points: a) the lack of a countervailing force to the "military-industrial complex"; and b) the existence of a cohesive belief system among the "ruling class" which incidentally pervades the society at large and reinforces, as well as grants continuity, to the existing structure. The "core beliefs" which have been isolated as being fundamental to the behavior pattern
exhibited by the metropolitan ruling class are:

"a) Efficacy is preferable to principle in foreign affairs (thus the military means are chosen over non-violent means);
b) Private property is preferable to public property; and

c) Limited parliamentary democracy (sic.) is preferable to any other system of government."


68. Where both nation-state A and B are attempting to penetrate the same organizational structure in a subservient nation-state, they are both vying (competing) for a finite number of possible supporters. Regardless of the subservient nation-state in whose territory this exercise is being carried out, this appears to be a zero sum game where what one metropole gains the other one fears lost, resulting ultimately in a violent clash within the organization of possible international repercussions. See Scott, Statecraft, pp. 159-60.

69. It must be understood that the descriptive mechanisms of intervention mentioned above are based on a core concept where threat to metropolitan interest is defined in terms of a "redistributive" challenge by a subservient nation-state within the former's region of dominance. Legal justifications for the interposatory action of the metropole are
then created in order to maintain the metropolitan societal ethos intact, e.g., "protection of the lives and property of nationals," "imminent danger to the security of the territory of the United States," and "threat of a 'communist' takeover" in a subservient nation-state that would imperil regional "democracy." Nevertheless, the literature in International Law is quite explicit on the condemnation of intervention. The problem lies not in the condemnation, but in the definition and application of sanctions. Oppenheim's classic definition describes intervention as

"... dictatorial interference by a State in the affairs of another state for the purpose of maintaining or altering the actual condition of things. Such intervention can take place by right or without right, but it always concerns the external independence or the territorial or personal supremacy of the State concerned, and the whole matter is therefore of great importance for the international position of States. That intervention is, as a rule forbidden by International Law, which protects the international personality of the States there is no doubt. On the other hand, there is just as little doubt that this rule has exceptions for there are interventions which take place by right, and others which, although they do not take place by right are nevertheless permitted by International Law."


70. It should be noted in passing that the introduction of a fighter plane, no matter how outmoded, into a situation of internal strife where the incumbent government of a subservient nation-state is the object of a concerted attack by "indigenous insurgents" provisioned by the metropole constitutes the use of a force majeure, particularly if that subservient nation-state lacks an air force. Second, metropolitan intervention for the purpose of maintaining its bloc dominance is a short term strategy of doubtful long term value. On a short term basis, it may achieve its objective (containment), but does it solve the redistributive problem that initiated the challenge? So far, the historical examples of Guatemala, 1954, Dominican Republic, 1965, Chile, 1973, point to the exacerbation and continuation of the social malaise which gave rise to the intervention. Cuba, 1961, is the distinct case where the intervention further radicalized and increased the cohesion in a revolutionary setting leading to the defeat of the metropolitan forces and a withdrawal from the treaty system of the metropole. Metropolitan intervention does not solve the politico-economic inequalities experienced by the masses of the subservient nation-state, it only brings them to the fore.

71. In a most pristine statement, Frank restates a basic argument:

"... When a change in the forms of dependence alters the economic and class structure, changes are in turn produced in the policy of the dominant bourgeoisie, and these changes, with a few partial exceptions mentioned below, strengthen still further the same ties of economic dependence which gave rise to these policies and which consequently serve to deepen still further the development of underdevelopment in Latin America... we may characterize as LUMPENBOURGEOISIE the class which was no more than 'the passive (though I would prefer to call it "active") tool of foreign industry and commerce and its
interests were therefore identical' with theirs. The members of this class 'are deeply interested in keeping us in a state (or, rather, a process) of wretched backwardness from which foreign commerce derives all the advantages'--a state we may characterize as LUMPENDEVELOPMENT."

According to Frank, as long as the subservient nation-state is maintained integrated in the capitalist system and the lumpenbourgeoisie remains in control of the subservient nation-state, "development" is only possible for the lumpenbourgeoisie and the ruling class. Frank, Lumpenbourgeoisie: Lumpendevelopment: Dependence, Class and Politics in Latin America (New York: Monthly Review Press, 1972), pp. 4-5.
of the newspaper El Imparcial, and vigorous vocal opponent of General Ponce's prorogation of the constitutional term of office by force, set off the spark which was to end the shortlived regime.67 General Ponce resigned on October 20, 1944, after a two day pitched battle leaving over a thousand dead which was led by university students, the young officers from the Escuela Politécnica, and members of the entrepreneurial sector in Guatemala City.68 The abortive revolutionary process had begun.

NOTES

1. The negative assertion of core interests entails the evaluation of a primary power of the maximum level of activity which it will allow another nation-state to exercise in the area that has been and may still be part of the primary power's core interest. Fred Warner Neal, "Lecture on Core Interests Theory at the Claremont Graduate School and University Center," October 24, 1966.

2. References to the Germans as members of the Guatemalan governing class are scattered throughout the literature. Most authors recognize their important and determining role in pre-World War II politics and economics of Guatemala. Academic studies of the Germans as a group in Guatemala are noted for their absence. For the only work written in English about one German family in Guatemala, see Guillermo Nañez Falcón, "Erwin Paul Dieseldorff, German Entrepreneur in Alta Verapaz of Guatemala, 1889-1937," (unpublished Ph.D. dissertation, Tulane University, 1970).


5. Ibid., p. 427. 1 hectare equals 2.47 acres.


12. Cf. Murdo J. MacLeod, *Spanish Central America: A Socio-economic History 1520-1720* (Berkeley: University of California Press, 1973), pp. 143-203. This is also a persistent and acknowledged problem, specifically in Guatemala during the nineteenth and early twentieth centuries, even causing shortages in staples for internal consumption which had to be imported under threat of possible famine. Mosk, *Coffee Economy*, p. 17.


15. León, *Contratos*, p. 87. See also footnote 11 in Monteforte, *Monografía*, p. 519.

16. For a meticulous account of the official role of the United States in the deposition of General Orellana and the "support" of Ubico which disregards the political power wielded by private interests, see Kenneth J. Grieb, "American Involvement

17. Krehm, Democracia, p. 79.

18. The term ladino is an ethno-cultural expression which may describe a caucasian, negro, or Indian in deference to degrees of the following criteria: 1) urban residence (generally); 2) Spanish speaking; 3) literate, though this is not necessary; 4) acceptance of a surname; 5) clothing (Western trousers and shoes); and 6) anti-paganistic beliefs. Julio de la Fuente, "Ethnic and Community Relations," in Sol Tax, ed., Heritage of Conquest: The Ethnology of Middle America (Glencoe: Free Press of Glencoe, 1952), p. 79. See also Sol Tax, "Changing Consumption in Indian Guatemala," Economic Development and Cultural Change V (1957): 147-50. Seven different sectors can be identified within the term ladino. These are: a) cosmopolites; b) upper class; c) middle class; d) independent farmers; e) migrant rural workers; f) non-migrant rural workers; and g) urban workers. See Richard N. Adams, et. al., Cambios sociales en América Latina, trans. by Margarite Alvarez Franco (México, D.F.: Editorial Limusa-Wiley, 1965), pp. 315-28.


27. "Reforma a la Constitución de la República de Guatemala, decretada el 20 de diciembre de 1927,"
28. For a statement and an excellent discussion of the contracts and the non-performance thereof, see Bauer, *Capital Yáncui*, pp. 224-52. Also see León, *Contratitos*, pp. 95-103.


33. Ibid., p. 192.

34. Matthew E. Hanna, United States Minister to Guatemala, in a very candid statement to Hull, acknowledged the unequivocal support of the governing class to Ubico's reelection. Hanna to Hull, April 10, 1935, 814.00/1192, p. 616.

35. Recognition was granted on September 26, 1935, Franklin D. Roosevelt to Ubico, September 26, 1935, 814.00/69, pp. 639-40. The date of the last trade
agreement communique was December 13, 1935, Hull to Hanna, December 13, 1935, 611.1431/147, p. 610.


39. Hull to United States Minister in Nicaragua, Arthur Bliss Lane, October 8, 1935, 814.00/1255, p. 640.


44. Krehm, *Democracia*, p. 94. Various authors question the loyalty of Ubico to the United States. Not unlike the rest of the pre-World War II period and its effects on Guatemala, it warrants greater study. However, regardless of Ubico's political sympathies, there is little doubt that through the concessions granted to United States' MNCs and other official direct governmental dealings, by 1935 Ubico's political options were determined by established economic relationships. See Mario Rosenthal, *Guatemala* (New York: Twayne Publishers, Inc., 1962), p. 201. Also see Krehm, *Democracia*, pp. 93-6.
45. Quintana, Inversiones, p. 47.

46. Regarding the internment of the Germans and the confiscation of their properties, it would appear that a well established procedure was being followed. The confiscation of German properties resulted from the initial suggestions of Dulles to the State Department included in a study completed in 1917 at their request on how best to secure the Panama Canal from being blocked and also to counter German subversive activity in Central America.* Subsequent to Dulles' Central American sojourn, the government of Don Manuel Estrada Cabrera was persuaded by the United States diplomatic officials to confiscate the major German companies in Guatemala. The properties confiscated in July 1918 were the Verapaz Railroad, the Telephone Company of Quetzaltenango, and the Electric Company of Guatemala. To further confuse the issue, on February 12, 1919, Guatemala, again at the request of the United States, confiscated the remaining German properties and that of its allies. The lateness of the second decree of confiscation, after the armistice had been signed on November 28, 1918, boggles the imagination.** It has been remarked that the Germans after World War I recovered most of the property confiscated by the Guatemalans.*** The same is not true in the aftermath of World War II.****

Regarding the internment of the Germans in the United States, Victor Folsom, who was in charge of the operation, maintains that only a handful of Germans, about 74, were actually interned and that these were immediately released. Mr. Folsom further stated that U.S. investment in Guatemala during the 1944-1954 period has been much overrated by scholars. This may well be true if U.S. investment is globally compared to the rest of U.S. investment. Viewed from the monopsony position of the UFCO investment in Guatemala, this is at best an understatement. Victor Folsom, Vice-President of the UFCO, Boston, Mass., private interview held during the Thirteenth Annual Meeting of the Pacific Coast Council of Latin American Studies, Eugene, Oregon, October, 1967. *Goold-Adams, J.F.D., p. 22. **Rafael Arévalo Martínez, Ecce Pericles! (Guatemala: Tipografía Nacional, 1945), pp. 310-13. ***Monteforte, Monografía, p. 58. ****Nottebohn Case (Liechtenstein vs. Guatemala), International Law: Cases and Materials, 2nd ed. (New York: Little, Brown and Co., 1962), pp. 401-6. Josef L. Kunz, "The Nottebohn Judgement (Second Phase)," American
Evidence regarding the nature of the political negotiations between Ubico and the United States in reference to the second prorogation is rather sketchy. Circumstantially, the political events suggest that the internment of the Germans was negotiated for U.S. support and endorsement of Ubico's second term in office. Considering the perceived vulnerability of the Panama Canal and the established pattern of behavior in the political diplomatic dialogue with the United States dating back to 1917, this would be well within the boundaries of the dependency relationship.


Cf. Table 5 in Adler, Finanzas, p. 45.
base figure for the above comparison is $1,472.00 per capita income in the United States for the fiscal year 1947-1948. Ibid., p. 46.


57. The deposition of General Hernández is part of a general trend resulting from the concerted policy of the United States to bring Latin America within the Allied sphere of influence. This denied the Axis Powers access to Latin American raw materials and conversely assured the Allies of the same, particularly in the area of those elements labelled strategic materials. Though there are other indicators of the political strategy employed in Latin America by the United States prior to the advent of World War II, one of the first overt acts which signalled the policy direction was the overthrow of President Arnulfo Arias of Panama in October of 1941. Dr. Arias had attempted to chart an independent foreign policy and in the process had objected to the arming of vessels carrying the Panamanian flag, but which were owned by U.S. private concerns. Further, he refused to give the United States permission to enlarge the Panama Canal Zone defense facilities. Accused of pro-Axis sympathies, President Arias was overthrown on technical constitutional charges that had lain dormant in Panamanian constitutional history. Luis Alberto Sánchez, Historia general de América, 7th ed., vol. II (Santiago de Chile: Editorial Ercilla, S.A., 1963), pp. 364-65 and 373. See also Whitaker, Mundo en crisis, pp. 72 and 166-67.

58. For an autobiographical account of the student involvement in the effort to depose Ubico, see Manuel Galich, Del pánico al ataque (Guatemala: Tipografía Nacional, 1949), pp. 322-23.


60. Ibid., pp. 96-102.

61. Ibid., p. 123.


65. Beyond the usual coercive machinery of the state, the military and national policy, Ponce recruited 5,000 machete wielding Indians who were paid to terrorize the urban ladino population. For a description of machetismo and its political uses, see William S. Stokes, *Latin American Politics* (New York: Thomas Y. Crowell Co., 1959), pp. 300-1.


The transformation to be wrought by the economic plan was to be achieved by increasing the role of the indigenous capital in the development of Guatemala "in whose hands should be found the fundamental assets of the national economy." Foreign capital was, of course, welcome, as long as it became subject to Guatemalan laws and maintained a profile of non-intervention in "the social and political life of the country."

In the inaugural speech, Arbenz spelled out the rules of the game by which the new administration expected to conduct itself. The nagging issues facing Arbenz throughout 1951 were the nature, type, and constitution of the promised agrarian reform and the diplomatic circumvention of the newly appointed United States Ambassador to Guatemala, John E. Peurifoy, whose mission was to wipe out the focal center of communist sedition in Guatemala. The fundamental question was: could a sufficiently fast politico-economic mobilization take place through the agrarian reform to create a political force capable of withstanding the onslaught of the convergence of the governing class and MNC with external metropolitan forces?

NOTES

1. The positive assertion of core interests involves the direct use of force or coercion which will maintain, rearrange, and realign the nation-states in a limited geographic area in a pattern agreeable and in the national interests of the regional metropolitan power. Fred Warner Neal, "Lecture on Core Interests Theory," delivered at the Claremont Graduate School and University Center, October 24, 1966.


5. The fundamental principles of the "revolution" declared in Decree No. 17 were: 1) the decentralization of executive power; 2) the substitution of the designates to the President by a Vice-President; 3) an option in the exercise of the presidential office which recognizes the right of popular rebellion against its misuse; 4) the reorganization of the army to guarantee its apolitical position; 5) the administrative reorganization of the municipalities by popular election; 6) the guarantee of effective independence of the judicial powers; 7) autonomy for the university; 8) constitutional recognition of the political parties; 9) the guarantee of the right to suffrage to those who can read and write and to the "qualified" woman, though limiting the vote of the illiterates to the municipal level; and 10) the establishment of effective administrative probity. Junta Revolucionaria de Gobierno, "Decreto Número 17," Artículo I, in Luis Mariñas Otero, Las Constituciones de Guatemala (Madrid: Instituto de Estudios Políticos, 1958), pp. 605-6. See also Silvert, Study, pp. 9-10.


8. It would appear that Arana's compliance to the
letter of the decree resulted in part from a wait and see attitude on the part of the governing class which did not expect the constitution to be implemented.

9. Forty-four of the fifty-eight seats in the National Assembly were filled by students from the University of San Carlos de Borromeo under the age of 37. The composition of the 1953 National Assembly was very similar; forty-five were students under age 39 and five of these were communist affiliated. Amy E. Jensen, Guatemala: A Historical Survey (New York: Exposition Press, 1955), pp. 140 and 170. Cf. Nathan L. Whetten, Guatemala: The Land and the People (New Haven: Yale University Press, 1971), p. 92.


11. The defamatory campaign against Arevalo waged by the governing class was founded on his long residence in Argentina and his marriage to an Argentinian. The argument of both the poncistas and aranistas was simply that Arevalo was no longer a Guatemalan national, therefore not qualified to be elected President. Arevalo, "Charla al clausurarse la campaña política 16 diciembre de 1944," in Arevalo, Escritos políticos y discursos (La Habana, Cuba: Cultural, S.A., 1953), pp. 135-47.


13. Ibid., p. 659.


16. For an autobiographical description of the achievements of the "revolution," see Guillermo Toriello Garrido, La Batalla de Guatemala (Buenos Aires: Ediciones Pueblos de América, 1958). In order to balance the revolutionary enthusiasm of Toriello, see Clemente Marroquín Rojas, La derrota de una batalla; Réplica al libro "La Batalla de Guatemala" del ex-Canciller Guillermo Toriello (n.p., n.d.). The latter attempts to counter in a rhetorical fashion the assertions made by Toriello.


22. The exception to the demand-supply relationship of labor is the condition where labor is organized into syndicates or unions during a period of normalcy and has the support of the government.


25. Examples of the institutions controlled in the above manner are the Banco de Guatemala and Instituto de Fomento de la Producción. Both are public institutions but the composition of the board of directors is mixed with a preponderance of appointed governmental personnel. Víctor Manuel Gutiérrez and Gabriel Alvarado, *Breves resúmenes de economía política* (Biblioteca de Cultura Popular, vol. III. Guatemala: Ministerio de Educación Pública, 1950), pp. 95-103.

26. Arevalo's immigration policy in light of the manpower shortage was extremely pragmatic. Arevalo was not only concerned with the technical training of the individual, but with his loyalty to the "revolution." Considering the power inequalities of revolutionary Guatemala and political distribution, the immigration policy implemented by Arevalo was a political necessity. The press in the United States publicized the more salient and well known figures of communist persuasion and leftist leanings. Among these were Pablo Neruda (Chilean poet, marxist, and senator), Lázaro Peña and Blás Roca (members of the Central Committee of the Cuban Communist

27. The literature on the Latin American personnel that came to the aid of the Guatemalan "revolution" is non-existent. The little that has been written focuses on the relationship between the Cuban Communist Party and Guatemala in the light of the Cuban Revolution. The literature misses the point; it does not take into account the very close relationship between the attempted El Salvadorean Revolution of 1932 and the abortive Guatemala "revolution," 1944-1954. Worthy of note are the leaders of the El Salvadorean Communist Party, Abel Cuenca Martínez and his brother Max Ricardo Cuenca, Miguel Mármol, and Pedro Geoffrey Rivas; all of these were veterans of the 1932 El Salvadorean Revolution and performed various official functions for the Guatemalan government during the 1944-1954 period. A lesser known figure at that time, Ernesto "Ché" Guevara, was also present during the Arbenz administration in Guatemala. Jorge Ricardo Maseti, "Ché in Guatemala," Granma (Havana) 29 October 1967. Thomas P. Anderson, Matanza: El Salvador's Communist Revolt of 1932 (Lincoln: University of Nebraska Press, 1971), pp. 127-28.


29. See Art. 9, #2 of the Constitution, 1945, in Mariñas, Constituciones, p. 611.


32. Comité Interamericano de Desarrollo Agrícola y el Instituto de Investigaciones Económicas de la Universidad de San Carlos (hereafter CIDA), Tenencia


42. George C. Marshall to the Embassy in Guatemala, July 24, 1947, 814.504/7-1547, p. 706.

43. Newbegin to Wright, 30 July 1947, p. 709.


46. Arevalo, "Hombres y rumbos: Discursos del Doctor Juan José Arevalo, Presidente Constitucional de la República," *Revista de Guatemala* 1 (July-
September 1951): 220.


48. Ibid., p. 123.

49. Ibid., p. 219.

50. Ibid., pp. 335-81.

51. Ibid., p. 298.

52. Ibid., pp. 299-302.

53. Ibid., p. 19.


55. Monteforte, Monografía, pp. 433-34.


58. Mariñas, Constituciones, p. 637.


60. Suslow, Aspects, p. 71.

61. Mariñas, Constituciones, p. 637.


63. Melville suggests that Arévalo's Decree No. 712 was "ineffective," but does not provide evidence to

64. Piedra-Santa, Introducción, p. 46.


69. Suslow, Aspects, p. 66.

70. Computed from figures in Adler, et. al., Finanzas, pp. 63 and 161-63.

71. Ibid., p. 162.

72. See footnote 30 in Ibid., p. 162.

73. Ibid., p. 164.

74. Computed from figures in Ibid., p. 63.


78. Suslow, Aspects, p. 75.

79. Monteforte, Monografía, p. 428.


83. Ibid., IV (1951): 12.


85. Ibid.


88. These two documents were officially adhered to after the intervention of 1954, specifically April 1955. HAR VIII (May 1955): 156.

89. Ibid., IV (July 1951): 19.


92. Ibid. Emphasis added.

93. Ibid.
CHN loans, had been completed by July 1954.

The creation of the Banco Nacional Agrario (National Agrarian Bank—BNA) by Decree 900 on October 20, 1953 alleviated the service burden of the CHN. The BNA placed in circulation 36,077 loans in the amount of Q 8,541,390 between November 1953 and June 1954. The combined total for the duration of the agrarian reform for both banks was 53,920 loans in the amount of Q 11,912,575.10, average loan Q 220.93. The Q 8,419,378 granted in the semester of 1954 by the BNA was equivalent to 15.67 percent of the total loans granted by Guatemalan banks. However, only 4.6 million quetzals of the 8.4 million granted by the BNA in 1954 actually reached the recipients and were placed in circulation due to the truncation of the agrarian reform. The low rate of interest and easy accessibility of banking facilities (BNA offices had been opened in Mazatenango, Cobán, Chiquimula, and Quetzaltenango) were factors designed to encourage the recipient to use the rights to his property by expeditiously cultivating the land. The number of recipients and the amount of land placed under cultivation could be considered raw measures of the success of the agrarian reform. Such measures, however, proved to be highly ephemeral in the light of the composite role played by the governing class in conjunction with the UFCO.

NOTES


2. Biographical material on Arbenz is almost non-existent. There are no accounts of his three years in office. Arbenz was born in Quetzaltenango in 1913, the son of a Swiss immigrant and ladino mother (half Spanish, half Indian). His father committed suicide when Arbenz was sixteen years old. Swiss friends obtained an early appointment to the Escuela Politécnica where Arbenz acquired his education. Beyond his intellectual achievements there he was active in sports, primarily polo and boxing. He was characterized as a fervent nationalist. He was taciturn by nature given to brooding with a dry sense of humor. He was noted for his intellectual dogmatism. He pursued administrative endeavors with great intensity and boundless energy. Arbenz married María Christina Vilanova in

3. Interview with Juan José Arévalo, President of Guatemala, Guatemala City, Guatemala, 23 March 1973.

4. Arévalo had no intention of entering into a direct confrontation with the governing class and MNC. Ibid.

5. Arévalo suggested that Arbenz was courting the governing class during the first six months in office. The end result was the "acquisition" of property by Arbenz later used to cultivate cotton. Arévalo suggested that the interval between the inauguration and enactment of the first set of "reformist" legislation by Congress was expeditiously used by Arbenz to aggrandize a previously nonexistent capital base. Ibid.


8. Ibid., pp. 45-6.

9. It is argued that mass communication technology is a powerful agent inculcating alien values throughout any society. The role of the media, specifically radio and television, as a socializing agent is particularly significant given the case of an underdeveloped nation-state with a high percentage of illiteracy. Vide supra Chapter 3, pp. 57-8 and footnote 64, p. 77.
10. The Indians do not belong to a homogeneous group speaking one language and having one set of "traditional" customs; they are a heterogeneous group speaking five main languages and sixteen dialects. Dress, as well as regional specialization in a particular non-competitive type of handicraft or agricultural product, emphasizes the fact that the Indians are not a monolithic or homogeneous social category. The diversity in style of dress exemplifies the heterogeneity prevalent among the Indian population where a premium is placed on the individuality and uniqueness of each community. Nathan L. Whetten, Guatemala: The Land and the People (New Haven: Yale University Press, 1965), pp. 57 and 186-88.

11. It is worthwhile noting that 44.8 percent of the economically active population is Indian. Dirección General de Estadística, Sexto Censo de Población, 1950 (Guatemala: Tipografía Nacional, 1957), p. 114.


14. DGEG, Sexto, p. 111.

15. Ibid., p. 208.

16. Ibid.

17. Ibid., p. 205.


20. DGEG, Sexto, p. xxxxiv.


22. Ibid., pp. 206-7.
23. Ibid., p. 261.

24. The minimum legal wage was Q .81, but this varied depending on the employer. Mario Monteforte Toledo, Guatemala: Monografía sociológica (México: Universidad Autónoma de México, Instituto de Investigaciones Sociales, 1965), p. 474.


26. Adler, et. al. suggest that in proportion to their income the Indian was paying more and receiving less services from the government. Ibid., pp. 178-83.


32. The Gini Index ranges from 0 (perfect equality) to 1.0 (total inequality). The closer the figure is to 1 the greater the degree of inequality.

\[ G = 1 - 2 \sum_{i=1}^{n} F \text{ Cum A} - \sum_{i=1}^{n} F \text{ A}^* \]

\[ G = 1 - 2 (0.06467) - 0.04304 \]

\[ G = 0.9137 \]

\[ *F \text{ Cum A is percent of Farms times Cumulative subtotals of Area.} \]

\[ F \text{ A is percent of Farms times percent of Area.} \]
33. By adding the percent of cropland total, 23.84, and the percent of permanent crops total, 4.27, and the percent of land cultivation where the crop was lost, 1.54, the figure 29.65 is obtained. 29.65 multiplied by 31.5 (total arable land percent) produces 9.34 percent (total land area under cultivation in Guatemala).

34. The land under cultivation could be augmented by the utilization of the land in the pastureland and fallow land categories. The subtotal of the product of the addition of 29.65 (total land under cultivation) plus 9.98 (total fallow land) plus 15.66 (total pasture land) equals 55.29 percent. 55.29 (total land capable of being placed into production) multiplied by 31.5 (total arable land) produces 17.42 percent total possible land capable of being utilized for agriculture in Guatemala.


36. The availability of technology given the condition of cheap and captive labor has no correlation with its use. Ernst Feder, The Rape of the Peasantry: Latin America's Landholding System (Garden City: Doubleday & Co., Inc., 1971), pp. 88-90.

37. Land under cultivation (cropland, 8.941 and permanent crops, 3.54) made up a total of 12.48 percent of the arable land. Other land available (fallow land, 6.68, and pasture land, 21.362) was equivalent to 28.25 percent of the total arable land. Other land available was 2.3 times the land under cultivation.

38. The Constitution explicitly stated that: "It is the primary function of the State to promote agriculture and industry in general endeavoring in the process to have the fruits of the labor benefit the producer so as to ensure that the wealth be spread among the largest number of inhabitants of the Republic." Luis Marías Otero, Las Constituciones de Guatemala (Madrid: Instituto de Estudios Políticos, 1958), p. 636.

39. Ibid., p. 637.


42. Ibid., pp. 13-14.

43. Ibid., p. 15. Emphasis added.


47. IBRD, *Economic*, p. 152.


49. The underlying and unstated reasoning for the drive to achieve autochthonous economic development was primarily that international loans were usually accompanied by, or granted the lending institution or body, a great deal of political leverage which Guatemala sought to avoid.


51. Ibid., p. 11.


57. Ibid., Arts. 5, 6, and 43 (a,d,e), pp. 542 and 551-52.

58. Ibid., Art. 43 (b,h,i).

59. Ibid., Art. 6, p. 542.

60. Ibid., Art. 12, p. 544.

61. Ibid., Art. 9, pp. 542-43.

62. Ibid., Art. 10a, p. 543.

63. Ibid., Art. 10b.

64. Ibid., Art. 21, pp. 546-47.

65. Ibid., Art. 27, p. 548.

66. Ibid., Art. 21, p. 546.

67. Ibid., Art. 23, p. 547.

68. Ibid., Art. 32, p. 549.

69. Ibid., Art. 38, p. 550.

70. Ibid., Art. 39, pp. 550-51.

71. Ibid., Art. 49, p. 553.

72. Ibid., Art. 13, p. 544.

There existed ample legal precedent for the establishment of the DAN under executive jurisdiction. The Labor Courts founded during the Arevalo administration were the mechanism set up to implement the Labor Code. The Labor Courts' process of appeal named the President as the final arbiter, thus establishing executive dominance over the process of implementation. Executive jurisdiction over the Labor Courts was not contested. It established a precedent well within the constitutional power vested in the presidency.

It could be argued that the constitutional issue being raised by the latifundistas was based primarily on extra-legal grounds. The doctrine of separation of power was implicitly adhered to in Decree 900. The principle of judicial review, as such, was not in question. The political problem that was indirectly being raised was: What are the limits of Executive power under the Constitution?

It should be noted that the framers of the 1945 Constitution had gone out of their way to limit the power of the Executive because of the tradition and systemic proclivities towards dictatorships. By the same token, there was a legal tradition noted in the Constitution that granted the President the right to establish "departments" (administrative bodies) under his jurisdiction. Judicial review of administrative decisions was not at issue, and neither was the Doctrine of Separation of Powers.

The primary issue in question was political: Could the government be stopped from carrying out the Agrarian Reform Law through legal circumvention?


80. Monteforte, Monografía, p. 435.


83. Ibid., pp. 561-62.

84. Mariñas, Constituciones, p. 666.


86. Ibid.

87. Prior to the Agrarian Reform Law the contracts between the UFCO and the government established that conflicts would not be adjudicated by national courts but by an international board of arbitration. The Agrarian Reform Law made the MNCs subjects of Guatemalan Law. Alfonso Bauer Paiz, Como opera el capital Yánqui en Centroamérica: El Caso de Guatemala (México: Editora Ibero-Mexicana, 1956), pp. 274-75.


90. Mariñas, Constituciones, pp. 208-11.

91. The figure of 1,497 CALs by the end of 1953 is noted by José Luis Paredes Moreira, Reforma Agraria: Una experiencia guatemalteca (Guatemala: Imprenta Universitaria, 1963), pp. 56-9. Piedra-Santa, Introducción, pp. 56 and 72.

92. Piedra-Santa, Introducción, p. 57.

93. Of the 1,889 latifundistas affected by Decree 900, 1,799 were individuals and the others were legal persons (corporations) foremost among which was the UFCO. Paredes, "Aspectos y resultados de la Reforma Agraria en Guatemala, Trabajo Póstumo," Economía 12 (December 1966): 52.

95. Paredes states that 65 municipal farms encompassing 443,000 m. were distributed to the Indian communities, a substantial area increase over what was noted by Piedra-Santa. See Paredes, *Reforma Agraria*, p. 115.


98. In 1954 the total amount of loans, excluding the BNA, processed by the Guatemalan banks was Q 45,292,900. The percentage devoted to agriculture would be much higher if the BNA figure is taken into consideration. The figure noted for agricultural loans was Q 19,056,200. If to this is added the Q 8,419,378 of the BNA, the sum Q 27,475,578 is obtained which is equivalent to 51.15 percent of all loans for the year 1954. Banco de Guatemala, *Boletín Estadístico* 12 (December 1957): 26.

The political actions of the Arbenz administration had established a wide source of popular support that entrenched the position of the government. The government was no longer subservient to the interests of the governing class and the MNC. It now purported to respond to the larger needs of the Guatemalan citizenry. The agrarian reform initiated the process of societal mobilization which, if allowed to be carried to completion, might have resulted in a raised socio-political consciousness that would have fulfilled the egalitarian social ideals embodied in the Constitution. Arbenz had achieved the short term objectives of the development program advocated in the election platform. Time was needed to institutionalize the politico-economic gains of the Arbenz administration.

Arbenz was not able to liberate Guatemala from the politico-economic legacy of Ubico. However, the structure and distribution of power was substantially altered. The motivational focal center of power shifted from the governing class and the MNC to the government. The Arbenz administration achieved an implicit political goal, the capability to initiate and execute policy unfettered by the political restrictions of the governing class and the MNC. Unfortunately, the politico-economic divestiture of the governing class and the MNC did not terminate or impair their inherent capacity to launch a counter-offensive.

The continued presence of the governing class and the MNC within the Guatemalan political milieu with the mainstay of their politico-economic capability unimpaired represented a long term threat to the success of the revolution. Arbenz had successfully contained and isolated the two factions through the restructuring of the land ownership pattern and the modification of the rules of the game. The cumulative result at the end of two years in power was a political system which had undergone substantial socio-political modification and was in the process of transformation. The process, however, had not advanced to the point of irreversibility. The Revolution had not as yet taken place, but Guatemala seems to have been headed in that direction.

NOTES


2. The UFCO plantations were self contained socio-economic entities providing facilities from housing to hospitals. The major source of income for the company, outside the banana trade, was provided by the company store, according to the books, was run at a loss. In reality, for 1952 the total UFCO revenue from the company store was $19,000,000 of which $3,000,000 was gross profit. Further breakdown of the company store's income for 1952 is not available for public examination. McCann suggests that net profit was considerable. Thomas McCann, An American Company: The Tragedy of United Fruit (New York: Crown Publishers, Inc., 1976), p. 40.

3. Ibid., pp. 40-1.


5. Ibid., pp. 217-21.


9. Prior to the establishment of consular offices throughout Central America in the latter part of the 19th century, the UFCO acted as the official representative of the United States.


11. Ibid.

12. "El Pueblo de Guatemala, la United Fruit

13. Ibid.


15. May and Plaza, The United Fruit, pp. 82-5.

16. It is important to note that the total UFCO production of bananas was augmented by 9.13 to 12.18 percent from the ancillary cultivation under contract to other latifundistas. The UFCO's needs for excess land could still be revised downwards by an equivalent of 10.7 percent, this being the approximate amount of land utilized by latifundistas under contract to the UFCO. Figures computed on the basis of 10,700 acres producing about 645,200 stems in 1955. Ibid., p. 164.


19. The spillover effect was noted specifically as it applied to the Honduran strike of the UFCO in 1954. See May and Plaza, The United Fruit, p. 216.

20. Daniel James contends that the Agrarian Reform Law was a Maoist document in four respects: 1) it called for expropriation; 2) it was controlled by one man; 3) it set up machinery which the communists could easily dominate; and 4) the control of this machinery enabled the communists to control the countryside. Daniel James, Red Design for the Americas: Guatemalan Prelude (New York: John Day Publishing Co., 1954), pp. 123-39. The arguments presented by James, however, lack factual support. Mao's agrarian reform was aimed at creating communes, and to that end titles were granted to plots of land equivalent to .5 acres per peasant. The peasant could not even subsist on this land, and so communes were organized out of necessity. Further, it was not originally controlled by one man, nor did the Chinese revolutionary climate allow for such distinct party homogeneity. Franz Schurmann,


27. HAR, 11 (November 1952): 12.

28. The SAMPF was at this time in the throes of an internal struggle between communist and anti-communist forces for control of the syndicate. Whereas
the SAMF was not communist controlled at the time of the strike, April 1953, it was subject to direct pressure from the CGTG to which, as the outcome of events indicates, it acquiesced. The struggle for control was finally decided by the elections of 6 June 1953 overwhelmingly in favor of the communists. For an excellent account of the struggle see Schneider, Communist, pp. 171-84.


31. HAR, 9 (September 1953): 12.

32. HAR, 10 (October 1953): 12.

33. James, Red Design, p. 175.

34. Table 8 shows the composition of Guatemala's foreign trade between 1936 and 1948. It shows the raw percentages of the banana exports without a readjustment for the undervaluation in the export price. John H. Adler, Eugene R. Schlesinger, and Ernest C. Olson, Las finanzas públicas y el desarrollo económico de Guatemala, trans. by Carlos A. D'Ascoli (México: Fondo de Cultura Económica, 1952), pp. 49 and 52.

35. HAR, 10 (October 1953): 12.


40. Ibid., p. 174.


43. Ibid., p. 11.

44. Banco de Guatemala, p. 41.

45. Vide supra, Chapter IV, pp. 91-6.

46. Banco de Guatemala, p. 50.

47. Ibid., p. 56.

48. Ibid., pp. 52 and 56.

49. Ibid., p. 56.

50. Ibid., p. 55.

51. Ibid., p. 51.

52. Ibid.

53. Ibid., p. 57.


55. Vide supra, Chapter V, pp. 129-32.

56. McCann, An American Company, pp. 52 and 56.


60. It is a natural extension of revolutionary thought that Arbenz did not consider the various attempts to bring down Caribbean dictatorships by the Caribbean Legion an act of intervention. The actions of the Caribbean Legion were deemed proper under the ideological mask of liberation from dictatorial oppression.


64. Ibid.


1944-1954 period when Guatemala received no defense support from the United States. The massive influx of metropolitan capital recompensed the Guatemalan military for the slight received during the intervention, its earlier deprivation, and the role it played during the intervention. The aid was also to offset some of the major problems encountered by the United States during the intervention.

Throughout the intervention the United States did not know whether the alienated members of the General Staff were going to be able to control the lower ranks of the Armed Forces which were supposed to be loyal to Arbenz. The United States, therefore, broadened its military training program to include a more representative cross section of Guatemalan officers. The training program was combined with the reequipment of the Guatemalan military with the latest weaponry in the U.S. arsenal. The objective of the training program and reequipment was to broaden U.S. access to Guatemalan military officers and also create a loyal structure that would support U.S. policy in Guatemala.

The combined effect of Castillo Armas' decrees and metropolitan policy (capital investment) was to reestablish the direct linkages between governing class/MNC and the Guatemalan government. At the international level, Guatemala was fully reintegrated into the U.S. regional system. The forcible reincorporation of Guatemala within the U.S. treaty system reestablished and modernized the political linkages with the U.S. broken by the advent of the "October Revolution."

NOTES

1. Honduras was the second largest UFCO division in Central America. On April 10, 1954, dock workers refused to load a UFCO ship bound for the United States. This action spread throughout the UFCO plantations and paralyzed the Honduran economy which relies totally on the income from banana exports. The UFCO was compelled to meet the demands of its workers because by May 16 nearly 25 percent of the working force had gone on strike. Regardless of the internal justification for the Honduran strike, Guatemala was blamed for its occurrence. Revolutionary spillover had taken place and the UFCO banana empire felt threatened and with it the smug position of the governing class. John D. Martz, Central America: The Crisis and the Challenge
2. It is the author's contention that had an internal outlet been available capable of consuming the energies of the governing class and the MNC the Guatemalan government would have had a longer period of respite from external intervention. This would also have occupied the governing class and MNC on two fronts, thus dissipating some of their political energies. Unfortunately, this was not an option which the Guatemalan government chose to pursue.

Throughout this chapter, wherever reference is made to "America" or the "United States" generally, this is not intended to mean the government alone but includes the powerful non-governmental interests in the United States as well.

3. The importance of the economic issue at the TIAC was noted by a Latin American journalist in the following terms: "1) The U.S. will go to the conference without any well defined policy; and 2) It will encounter well founded demands of 'economic solidarity' instead of the well known praises of 'democratic solidarity'." See "La suerte del hemisferio se juega en Caracas," Visión (5 March 1954): 11-12.


5. "La suerte," p. 11.

6. Cabot's political divergence from Dulles' policies is exemplified by the proposed amendment to U.S. policy on expropriation. Cabot proposed that if any "country expropriates American property and is unable or unwilling to pay fairly, promptly and effectively, and if its economy is sufficiently undermined by the action to jeopardize economic stability within the country, the United States will stand ready to step in with grants, purchases, loans to the extent necessary and
for the duration necessary to preserve economic stability. The only stipulations necessary to qualify within this doctrine are: 1) The expropriating nation shall agree in principle to make payment of some sort eventually, in effect to indicate that it would like to pay if other things were not more important to it. This stipulation is regarded as met by preliminary agreement with Patiño in the Bolivian case. 2) The expropriating nation shall now show courage in confronting the problems it has created for itself. 3) The expropriating nation shall get into very bad shape so that economic stability is definitely challenged."

Hanson's Latin American Newsletter VI (December 1953): 11.


13. Gerhard von Glahn, Law Among Nations (New York: Macmillan Co., 1965), p. 15. Fenwick in dealing with the same subject inserts the same caveat as Glahn regarding the lack of consensus among jurists,
but adds that conventions, declarations and resolutions seem "to create purely moral obligations" and further that in certain cases they have created de facto binding obligations. Charles G. Fenwick, International Law, 4th ed. (New York: Appleton-Century-Crofts, Inc., 1965), p. 97.


18. Ibid.

19. Metropolitan action, to be effective, has to be carried out within a short time interval. Also, the degree of pressure applied upon the recalcitrant subservient nation-state by the regional metropole must be constantly increasing until the intervention actually takes place. Pressure and time are constraining elements that make it difficult for the recalcitrant subservient nation-state to enter into alliances with extra-regional metropoles from other blocs. It also makes it difficult, were such an alliance concluded, for the extra-regional metropole to mobilize its support in defense of the recalcitrant subservient nation-state. Conversely, the regional metropole is also operating under the constraint of time. If the extra-regional metropole is permitted to come to the aid of the recalcitrant subservient nation-state, then the crisis could escalate into an international confrontation of major proportions—an eventuality which the regional metropole did not intend and would obviously desire to avoid.

20. The Eastern financial cluster was composed of the following primary groups: Rockefellers, Standard Oil, the Morgans, and the Boston blue-bloods. The UFCO belonged to the Boston blue-bloods and was further integrated to the Sunbelt cluster (California, Texas, Florida, and Nevada) through the firm of


23. Quoted in McCann, *Tragedy*, p. 49.

24. Ibid., p. 50.

25. The intervention cast included many notable figures some of whom were later to be involved in the planning and implementation of U.S. interventions in Cuba, 1961 and the Dominican Republic in 1965. The cast was headed by John Foster Dulles and included: Spruille Braden, Under Secretary of State for Latin American Affairs and UFCO consultant; Gen. Bedell Smith, Under Secretary of State and member of the UFCO Board of Directors; John J. McCloy, President of the World Bank and UFCO Director; Charles Meyer, Secretary of State for Latin American Affairs and member of the UFCO Board of Directors. Other influential individuals who were "friends" of the company while the Guatemala campaign was at its height were: Senator Robert LaFollette, Wis.; Governor Christian Herter, later to become Secretary of State; Senator Alexander Wiley, Wis.; and Gen. Robert Cutler, Chairman of the National Security Council. This list is far from complete. McCann, *Tragedy*, pp. 54-7.


28. Ibid., p. 57.

29. Ibid., p. 59.
30. For a more detailed description of Phase II, vide supra, Chapter 8, pp. 248-49.

31. For a description of this issue and the Guatemalan response vide supra, Chapter 7, pp. 222-27.


33. Vide supra, Chapter 8, pp. 238-44.

34. The first choice was actually Juan Cordova Cerna, UFCO's legal advisor in Guatemala and presidential candidate in the 1950 elections. Hospitalization at that time, however, eliminated his possible candidacy. Jonas, "Anatomy," p. 68.


36. McCann, Tragedy, p. 60.

37. Ydigoras, My War, pp. 49-50.

38. Ibid.


45. Daniel James, Red Design for the Americas.


49. McCann, *Tragedy*, p. 60.


59. Thayer, *War*, p. 52. For a succinct statement of this policy, see John C. Dreier, Chief of the Division of Special Inter-American Affairs, "Arms Policy for Other American Republics: Memoranda addressed to Director Paul C. Daniels and Deputy

60. Toriello, Batalla, pp. 121 and 131.

61. For the Guatemalan version of the threat as of 29 January 1954, see Guatemala, Secretaria de Propaganda y Divulgación, La democracia amenazada: El Caso de Guatemala (Guatemala: Tipografía Nacional, 1954).

62. Another objective of the purchase was to appease the military's desire for weaponry. There was little doubt that Arbenz perceived the threat as real and the situation urgent. Arévalo, who had been appointed Ambassador Plenipotentiary, was instructed to enter into negotiations with President Juan Domingo Perón to obtain armaments manufactured in Argentina. Arévalo had begun the negotiations at the time the M/S Alfhem arrived in Guatemala and was embarrassed by it. Interview with Juan José Arévalo, President of Guatemala, Guatemala City, 23 March 1973.


64. Eisenhower, Mandate, p. 508.

65. It is the author's contention that this was a deliberate action concerted between the U.S. Navy and the CIA. Wise and Ross, Invisible, p. 187.


67. Ibid.

68. Ibid., pp. 508-9.


70. See Chapter 9 for a full treatment of the Guatemalan Case before the IAPC-OAS and the UN Security Council.

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71. Eisenhower, Mandate, pp. 509-10.


76. Ibid., pp. 228-29.

77. Ibid., pp. 229-30.

78. The reasons for Arbenz's resignation are not known. Arbenz, on June 27, still had the option of arming the 20,000 man militia which had been organized by the labor syndicates. The militia combined with the members of the military (officers below the rank of Major) who were loyal would have made up a force capable of containing the advance of the "liberation" forces and the internal defections. Arbenz never justified or explained why this force was never mobilized.


80. Ibid.

81. Ibid.


83. Sierra, Diálogos, pp. 90-1.

84. Ibid., pp. 100-1.

85. Wise and Ross, Invisible, p. 192.

86. Sierra, Diálogos, p. 101.
88. Sierra, Diálogos, p. 106.
89. Ibid.

90. Fear of another Patzicia resulting from the masses of Indians which had been organized, but not armed, was one of the internal threats which induced Monzón to negotiate. Ibid., p. 119.
91. Ibid., pp. 132-33.
93. Sierra, Diálogos, pp. 133-34.
94. Quoted in Martz, Central America, p. 62.
95. Jensen, Guatemala, pp. 241-42.
97. Ibid.
98. Ibid., pp. 219-221.
99. Ibid., p. 229.
101. Presidential elections in Guatemala have traditionally been held after the constitution has been drafted. In this case, Castillo Armas was elected and then the constitution was drafted.
104. Ibid., p. 95.
105. DGEG, Censo Agropecuario, 1964, vol. II

106. Sierra, Diálogos, pp. 120-21.


111. Ibid. See also Mario Efraín Najera Farfán, Cuando el árbol cae ... Un Presidente que murió para vivir (México: Editorial Stylo, 1958), pp. 244-45. See also Monteforte, Monografía, p. 872.

112. Toriello, Batalla, p. 190.

113. Sierra, Diálogos, pp. 140-44.

114. Monteforte, Monografía, p. 372.

action to a successful conclusion.

There is no question that the intervention itself was planned and implemented by the United States with the support of the UFCO. The U.S. government had anticipated Guatemala's diplomatic appeal to the international organizations and was prepared to handle such contingencies. "Try OAS First" and civil war at the UN and "threat of communism" at the OAS were the legal issues used to create an international image of Soviet "intervention" in Guatemala. Diplomacy supported by the massive application of U.S. para-military power focused on Guatemala. The application of the assembled machinery on Guatemala obtained the desired result.

Guatemala was forcibly reintegrated into the American regional treaty system. The intervention politicized the military, who now became the "guardians" of Guatemala, and a legacy of military rule was established. Finally, Guatemala's economic future was mortgaged by the debt arising out of the cost of the intervention.

NOTES


3. Toriello, Batalla, pp. 143-46.

4. Ibid., p. 144.


7. Ibid., par. 69.
8. Ibid., par. 77.

9. The term "dispute" is defined as a conflict of legal views or of interests between two or more states. To be more precise, "a dispute is a disagreement on a point of view of law or fact, a conflict of legal views or of interests between two persons." Case of Mavrommantis Palestine Concessions (Jurisdiction), P.C.I.J., Ser. A., No. 2, Hudson World Court Reports 293 (1934), cited in William W. Bishop, Jr., International Law: Cases and Materials, 3rd ed. (Boston: Little, Brown and Co., 1971), p. 747.


12. UNSCOR, S/PV/.675, par. 194.

13. Ibid., par. 158.

14. Ibid., par. 159.

15. Ibid., par. 165.

16. Ibid., par. 172.

17. Ibid., par. 200.

18. Ibid., par. 203.


20. Ibid., pars. 31-63.

21. Ibid., pars. 11-27, 64-83, and 165-81.

22. This statement anticipated the request by John C. Dreier, U.S. delegate to the OAS, for a fact finding committee which was made on June 28.
23. UNSCOR, S/PV/.676, par. 182.

24. Ibid., par. 195.

25. Ibid., par. 178.


28. Ibid.

29. Ibid.

30. The passage of this resolution was taken for granted. Quite a few key persons in the Congress were absent from the floor when the vote was taken. Among them were McCarthy and Fulbright. The only vote in opposition to the resolution was cast by Langer. Ibid., p. 8926.


33. Ibid.

34. Connel-Smith, System, p. 234.


38. The jurisdictional question was settled when a similar occurrence took place involving Cuba in 1960. It was ruled that the Latin American nation-state could choose which of the two organizations would deal with the case. Carlos Garcia Bauer, Universalismo y Panamericanismo (Guatemala: Editorial Universitaria, 1968), p. 117. See also Connell-Smith, System, pp. 246-50.
attain by the mobilization of internal resources under the direction of the metropole. Appearances were indeed deceiving as the opposite resulted; the finite nature of world resources became more evident as demographic growth reached alarming proportions, and the idea of "development of underdevelopment" came into being as the chasm separating the metropole and the subservient nation-state increased.

Given the assumptions of limited resources and high rates of demographic growth for the global system, Guatemala faces an uncertain and bleak politico-economic future. Bound by the dependency relationship which will contract as the world population crisis comes into being, Guatemala will seek help that the metropole will be unable to provide due to the magnitude of the crisis. Lacking the external source of aid, Guatemala will have to resort to an even higher degree of internal repression, particularly in the highly populated urban centers. If this occurs, the historical pattern will be maintained, and Guatemala will be worse off for the experience.

The bleak prognosis is only mitigated by the residual element of the aborted challenge to the regional metropole which created an expectancy of what might have been through the success of the agrarian reform. The dormant expectancy, now part of total historical experience, awaits the systemic conditions for resurgence. Dependency relationships viewed in long term historical perspective would indicate that the historical break essayed by Guatemala could be successful as a result of a total system transformation headed by the metropole. Herein, may lie the hope for Guatemala and the pressing problems of the underdeveloped world.

NOTES


2. It could certainly be argued that the political and economic policies followed by the Arévalo and Arbenz administrations were the result of expediency rather than intention. For example, The "repudiation" of external loans as a policy measure was equally due to the application of externally restrictive policies by institutions like the World
Bank which argued that Guatemala was unwilling to work within its parameters. Whether the source of the policy is internal, external, or their combination, does not change the result, which established a general pattern of self sufficient economic policies. See J.F. McCamant, "The Role of International Economic Assistance Programs in Economic and Political Changes in Central America," (Ph.D. dissertation, University of Washington, 1965), p. 409.

3. The human condition in the subservient nation-state and even the metropole can be disregarded by the MNC, as long as it does not threaten to decrease their rate of profit maximization. Under conditions of threat, the MNC has traditionally looked elsewhere for sources of cheap labor.
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