THE GUATEMALAN COUP D'ETAT: IN LIGHT OF THE FORMAL END OF THE GOOD NEIGHBOR POLICY AND THE EMERGENCE OF U.S. ECONOMIC EXPANSIONISM IN LATIN AMERICA

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INTRODUCTION

"In the field of world policy I would dedicate this nation to the policy of the good neighbor—the neighbor who resolutely respects himself and, because he does so, respects the rights of others."[1] These words, stated by U.S. President Franklin D. Roosvelt during his inaugural address on March 4, 1933, resembled the shift the U.S. government was about to make in its foreign policy stance towards Latin America, amidst the Great Depression. As argued by Pike (1995), this period of economic turmoil notably contrasted former times, when the U.S. understood the world as divided into comprehensible winners and losers. Now the FDR administration was, frankly, not quite sure anymore where to position themselves on this spectrum. A period of American capitalist flourishment had haltered, at least for a moment, as bank closings, previously associated with the 'primitive' economies in Latin America, now occurred in the homeland. At this backdrop, FDR initiated the Good Neighbor Policy, a period of non-interventionism towards their southern neighbors. At least for this moment, the U.S. would pause its mission to straighten out the so-called 'mess' of the Latin American economic landscape, and attempt to improve its relations in the hemisphere. Soon their neighbors would come to recognize the need for basic American economic values and the American ways of life. For now, getting their own economy running again deemed a more responsible approach to alter hemispheric relations, for them to ultimately foster economic expansionism in the hemisphere.[2]

Yet, after World War II, FDR's Good Neighbor Policy came to an end. What followed was a new era marked by intense political tension: the Cold War. Within this global stage, the Guatemalan coup d'état of 1954 emerged as a pivotal and significant moment. Being the first

[1] "Good Neighbor Policy, 1933," *Foreign Relations of the United States, MILESTONES: 1921–1936,* URL: https://history.state.gov/milestones/1921-1936/good-neighbor.
[2] Fredrick B. Pike, *FDR's Good Neighbor Policy: Sixty Years of Generally Gentle Chaos,* (University of Texas Press, 1995), 5-19.

major U.S. military intervention in Latin America after WWII, it symbolized a shift away from the Good Neighbor Policy. At its core, the issue revolved around land reform by Guatemala's democratically elected president Jacobo Árbenz Guzman. A focal point for Árbenz was to redistribute unused Guatemalan land to local farmers. Growing fears about the rise of communism in Guatemala with the accompanied threat to U.S. business interests therefore occurred, triggering strong opposition from the United Fruit Company (UFCO), a powerful American corporation with extensive land interests in Guatemala.[3]

With covert support from the CIA and the U.S. government, a coalition of Guatemalan exiles and elements within the military initiated the coup, which unfolded into a prolonged period of political unrest and authoritarian rule. This event, resulting in the removal of Guatemala's President Árbenz, was sparked by the Dulles-Arbenz report, commissioned by the U.S. government and led by Allen Dulles, operative head of the CIA. This report claimed that Guatemala "has frequently taken occasion to demonstrate its independence of US leadership and in general has been less cooperative than could be desired" and initiated a series of covert actions aimed at undermining Árbenz's economic and socialist policy practices.[4] The 1954 coup and the report therefore are a compelling illustration of the broader complexities of Cold War politics, American interventionism in Latin American affairs, and the impact of corporate interests on foreign policy. Moreover, they signaled the formal end of FDR's Good Neighbor Policy and the emergence of U.S. Cold War economic expansionism in Latin America.

This thesis therefore examines the significance of the report and the coup by answering the question: How did the Dulles-Arbenz report and the Guatemalan coup d'etat in 1954 signal the formal end of FDR's Good Neighbor Policy and the emergence of U.S. Cold War economic expansionism in Latin America? This is shown by addressing the significance of the report and

[3] Max Gorden, "A case history of US subversion: Guatemala, 1954," *Science & Society* (1971): 141.
[4] Bevan Sewell, "The pragmatic face of the covert idealist: the role of Allen Dulles in US policy discussions on Latin America, 1953–61," *Intelligence and National Security* 26, no. 2-3 (2011): 269-279; Moye, "The United States Intervention in Guatemala," 44-52.

the coup in relation to U.S. corporate and economic interest with UFCO, by illustrating how these U.S. economic interests were deliberately covered by the U.S. government and the CIA, and by illuminating the U.S. pursuit for economic power in the region. The coup did not solely resemble a political fight against communism and socialist expansionism, but was also an ideological struggle for free enterprise to reshape Latin America's economic landscape in alignment with American corporate agendas. Accordingly, this thesis contributes to the academic field on the Dulles-Arbenz report and the Guatemalan coup d'etat, by illustrating how the report and the Guatemalan coup d'etat bridge Global Political Economy (GPE) and International Relations. I emphasize how the Guatemalan coup signaled the formal end of the Good Neighbor Policy, with the resulting expansion of U.S. capitalist interest within the conquest for continuation of U.S. economic hegemony in Latin America.

This thesis approaches this question from a GPE perspective, by critically building its research around four key and political economic and historical texts. The first and the most significant one is the Dulles-Arbenz report. The main findings of this thesis relate to and evolve around the economic and historical significance of this report, which consists of all the documents, texts, and files commissioned by the operating head of the CIA, Allen Dulles, which contributed to the covert actions against the Arbenz regime and the Guatemalan coup d'etat in 1954. Additionally, this thesis elaborates the findings of Fredrick B. Pike on Franklin Roosevelt's Good Neighbor Policy, and Jason Colby's and Southgate and Roberts' writings on UFCO. Ultimately, this thesis goes into Pike's, Colby's, and Southgate and Roberts' findings to further illustrate the relevant economic context of the report and the coup, to accordingly illuminate the formal end of FDR's Good Neighbor Policy and the emergence of U.S. Cold War economic expansionism in relation to the Guatemalan coup d'etat.[5]

[5] Foreign Relations of the United States, Guatemala, 1952-1954, (Washington, D.C.: U.S. Government Printing Office, 1963), doc. 1-287; Richard Saull, *The Cold War and After: Capitalism, Revolution and Superpower Politics*, (London: Pluto Press, 2015), 1-46; Pike, *FDR's Good Neighbor Policy*, 3-10; Jason M. Colby, *The Business of Empire: United Fruit, Race, and U.S. Expansion in Central America,* 1st ed. (Cornell University

This thesis utilized a qualitative methodological approach, and I conducted a content analysis on the primary sources to answer the research question. All 287 official U.S. state documents on the Guatemalan coup d'etat from 1952 to 1954, also consisting of the Dulles-Arbenz report files, have been analyzed, of which a significant total of 45 directly related to UFCO and U.S. economic interests. The documents ranged from one paragraph telegrams to multiple page reports, have been analyzed to gather data on the report and the coup, and illustrate the U.S. corporate and economic interest with UFCO, emphasizing the deliberate concealment of economic interests by the U.S. government and the CIA, illuminating the U.S. pursuit for economic power in the region. Data from the official U.S. State Department documents has been gathered through one database, the U.S. Department of State website and its folder of 287 historical documents on the Guatemalan coup d'etat from 1952 to 1954, which is online accessible through their webpage.[6] The historical documents from this folder used in the research and analysis of this thesis were found by using the search terms 'United Fruit Company', 'covert', 'agrarian', 'land', 'imperialist', 'economic', 'capitalist' and 'propaganda'. All documents in the folder on the Guatemalan coup d'etat from 1952 to 1954 containing one or more of these terms were analyzed to gather data that formed this thesis' main statement and arguments.

Nevertheless, the research presented in this thesis might have several potential limitations. Firstly, while the analysis draws upon an extensive range of 287 official U.S. State Department documents on the Guatemalan coup d'etat, these documents may reflect certain biases or limitations inherent to governmental records. They may not provide a complete or unbiased picture of the events surrounding the coup, as some parts of the documents remain confidential, and alternative perspectives or sources could therefore offer additional insights.

Press, 2011), 178-191; Douglas Southgate and Lois Roberts, *Globalized Fruit, Local Entrepreneurs: How One Banana-Exporting Country Achieved Worldwide Reach* (University of Pennsylvania Press, 2016), 61-106.
[6] U.S. Department of State, "https://history.state.gov/historicaldocuments/frus1952-54Guat/comp1".

Also, the qualitative approach taken in this research relies on the interpretation of these documents, which introduces the possibility of subjective interpretation or bias, although a certain form of subjectivity within academic research should always be recognized. Furthermore, I utilized a specific selection of search terms for this research, which may have its limitations. If a different variety of search terms would have been used, a shift in the results and the specific focus on the Dulles-Arbenz report and its relation to U.S. corporate and economic interests with UFCO, might have been plausible.

In Chapter One, this thesis examines the historiography and illustrates how scholars have extensively explored the topic, delving into the significance of the Dulles-Arbenz report and the 1954 Guatemalan coup d'état. The research has given rise to two distinct schools of thought. The first school has a political and historical lens, focusing on U.S. anti-communism sentiment and the awareness and intentions of Congress and the Dulles brothers in respect to the role of the CIA and its covert operation in Guatemala. Conversely, the second school has an economic lens on the political discourse surrounding the report and coup. Albeit receiving slightly less attention than the political and historical lens, this school delves into the economic and corporate factors driving the coup, including the involvement of UFCO. This perspective not only emphasizes the economic rationale behind U.S. intervention but also highlights UFCO's significant land holdings in Guatemala and their impact on American foreign policy.

Chapter Two examines the historical background from the period 1933 to 1951, emphasizing the implementation of FDR’s Good Neighbor Policy up to its graduate breakdown, its relation to UFCO, and U.S. corporate interests in the early Cold War. Chapter Two serves as an elaboration on the broader picture and historical context of the research in this essay, by zooming out, illustrating the larger historical significance through a GPE perspective. Accordingly, this thesis illuminates how the formal end of FDR’s Good Neighbor Policy was a pivotal moment in U.S. foreign policy at the onset of the Cold War. The broader

historical context elaborated in this chapter therefore serves by adding to the more specific notion in this essay on the Dulles-Arbenz report and the Guatemalan coup d'etat. The historical background on the Good Neighbor Policy, UFCO, Guatemala, and US capitalist restructuring, help and assist to later understand how the Dulles-Arbenz report and the Guatemalan coup signaled this crucial shift in American foreign policy towards Latin America, with increasing U.S. global corporate interest and the forthcoming conquest for capitalist restructuring at the onset of the Cold War.

In Chapter Three, the case study, this thesis covers the period between 1952 and 1954. It starts after Jacobo Arbenz Guzman was elected in Guatemala with the accompanied growing political and economic concerns in the U.S., up to the end of the coup in 1954. It elaborates on the conducted and analyzed data from the 45 out of 287 official U.S. State Department documents on the Guatemalan coup d'etat. This chapter serves to address the significance of the report and the coup in relation to U.S. corporate and economic interest with UFCO, to illustrate how these economic interests were deliberately covered by the U.S. government and the CIA, and to emphasize how the intervention was a pursuit for U.S. economic power in the region. Accordingly, these findings substantiate how the Dulles-Arbenz report and the Guatemalan coup d'etat in 1954 signaled the formal end of FDR's Good Neighbor Policy and the emergence of U.S. Cold War economic expansionism in Latin America.

Thus, this thesis illustrates the significance of the Dulles-Arbenz report and the Guatemalan coup d'etat in relation to U.S. corporate and economic interest with UFCO, emphasizing the deliberate concealment of economic interests by the U.S. government and the CIA, illuminating the U.S. pursuit for economic power in the region. It demonstrates how the report and the coup d'etat signaled the formal end of FDR's Good Neighbor Policy and the emergence of U.S. Cold War economic expansionism in Latin America, through a nuanced examination of the economic and historical context, theoretical frameworks, and primary

source analysis. By addressing these questions, this thesis contributes to a deeper understanding of the complexities of U.S. Cold War politics, illustrating how the political and the economical are deeply interrelated, as stopping the spread of communism was highly connected to the U.S. pursuit for capitalist restructuring and corporate interests within the conquest for economic power in Latin America. Thus, as we start this exploration, we are reminded of the profound shifts in global dynamics and U.S. foreign policy that followed the end of FDR's Good Neighbor Policy, which set the stage for a new era defined by intense political tension and a struggle for economic hegemony: the Cold War.

CHAPTER ONE

Historiography: the Dulles-Arbenz report, the Guatemalan coup d'etat, and United Fruit

The Guatemalan coup d'état of 1954 emerged as pivotal and significant moment within the global stage of the Cold War, signaling the formal end of FDR's Good Neighbor Policy with the emergence of U.S. Cold War economic expansionism in Latin America. Accordingly, scholars have examined this topic densely, and two schools of thought within this debate can therefore be noted. The first school of thought has a historical and political lens on the topic, as it discusses U.S. anti-communism sentiment and the awareness and intentions of Congress and the Dulles brothers in respect to the role of the CIA and its covert operation in Guatemala. On the other hand, the second school of thought is an economic lens on the debate, as it discusses the economic and corporate motivations for the coup, and the role of UFCO within this broader context. This lens, besides the significance of communist and socialist expansionism receiving moderately more attention, sheds light on the economic motivations behind U.S. intervention, illustrating how UFCO's extensive land interests in Guatemala influenced American foreign policy.[7]

This thesis contributes to the current literature, by adding to both differing strains of understanding. The two schools of thought are deeply interrelated, as they build upon one another and are deeply interconnected processes. Stopping the spread of communism is highly connected to the U.S.' pursuit for corporate, economic, and capitalist expansion, as U.S. interventionism in the Cold War did not merely prevent countries from submitting themselves to the communist camp, but also assisted the hegemon in reconstructing the economic landscape in Latin America within U.S. corporative interest. The U.S.' and UFCO's economic

[7] Colby, *The Business of Empire,* 178-192; Southgate and Roberts, *Globalized Fruit, Local Entrepreneurs*, 61-106.

power, intertwined with broader capitalist structures, underscore the economic dimensions of the coup and the Dulles-Arbenz report. This thesis therefore links GPE to the schools of thought on the Dulles-Arbenz report and the Guatemalan coup d'etat, as it does play some role within the debate, but is not yet dominant. By connecting GPE to International Relations, the coup is understood as pursuit for capitalist restructuring and economic expansionism, as well as a geopolitical conflict and a fight against the spread of communism.

Historical and political lens

The first school employs a historical and political lens in examining the Guatemalan coup d'état, focusing on U.S. anti-communist attitudes and the involvement and knowledge of Congress and the Dulles brothers regarding the CIA's covert actions in Guatemala. Scholars such as Moye illustrate how during a National Security Council meeting in February 1952, Allen Dulles, the former Director of the CIA, expressed concern about a 'Communist infection' in Guatemala, viewing it as a crisis with far-reaching consequences. Moye underscores Dulles's belief that the diminishing friendliness of Latin American countries toward the U.S. and their decreasing political stability posed a threat to U.S. security and military cooperation. The scholar notes that amidst these increasing pressures arising from prevailing anti-Communist sentiments, U.S. leaders, most notably the Dulles brothers, understood it as an urgent necessity for immediate anti-Communist measures. Moye highlights Secretary Dulles' diplomatic interests, focusing on his efforts during the Tenth Inter-American Conference in Caracas in March 1954. During this conference, the Organization of American States (OAS) passed a resolution that argued the threat of International Communism in the region as grounds for intervention.[8]

[8] Laura Moye, "The United States Intervention in Guatemala," *International Social Science Review* 73, no. 1/2 (1998): 47-50.

Young accordingly delves deeper into Secretary John Foster Dulles' pivotal role in securing OAS condemnation of Communism in the Western Hemisphere at the same conference. This marked a critical step in justifying U.S. intervention in Guatemala, as it framed the Guatemalan crisis within the context of the global struggle between free nations and communist forces. The immediate justification for U.S.-backed intervention in Guatemala was the discovery of a significant arms shipment in May 1954. According to Allen Dulles, the revelation of arms shipments from Czechoslovakia to Guatemala alerted the U.S. to the significant Soviet support for the Arbenz regime.[9] Bowen here underscores the addition of the Monroe Doctrine by the Eisenhower-Dulles administration, emphasizing the U.S. policymakers' perception of Guatemala as their 'backyard'. This expansion of the Monroe Doctrine amplified the significance of events in Guatemala.[10]

Immerman then describes Allen Dulles' efforts to build international support for intervention. He introduced the "Declaration of Solidarity for the Preservation of the Political Integrity of the American States Against Communist Intervention" at the Declaration of Caracas. This document condemned communism as "alien intrigue and treachery" and proposed appropriate actions against communist-controlled countries, to further legitimize intervention. The role of the U.S. intelligence community is evident in the emergency session called by Allen Dulles, as described by Immerman.[11] Young, however, discusses the impatience displayed by the U.S., particularly Secretary Dulles' determination to override opposition, including the possibility of using the U.S. UN veto. The authors raise questions about the U.S.-supported invasion of Guatemala, as the intervention violated the charters of the OAS and the UN, as well as Guatemala's national sovereignty. The justifications presented by the CIA in the

[9] John W. Young, "Great Britain's Latin American Dilemma: The Foreign Office and the Overthrow of 'Communist'Guatemala, June 1954," *The International History Review* 8, no. 4 (1986): 575.
[10] Gordon L. Bowen, "US foreign policy toward radical change," *Latin American Perspectives* 10, no. 1 (1983): 99.
[11] Richard H. Immerman, "Guatemala as Cold War History," *Political Science Quarterly* 95, no. 4 (1980): 645-649.

Dulles Report centered on protecting national security and fighting communism but struggled to maintain democratic development and stability in Guatemala.

Barrett goes more into the awareness and intentions of Congress and the Dulles brothers. He discusses the probable limited role of Congress with the coup. While Congressional intentions to remove Arbenz were clear, the exact depth of their knowledge regarding the events, remains uncertain. The involvement of the CIA, State Department, and the Eisenhower White House in undermining Arbenz's government was largely hidden from Congress.[12] Sewell goes even further by distinguishing between Dulles and the Agency, particularly in internal policy discussions. Dulles often favored a cautious and pragmatic approach, in contrast to the more forceful stance of the CIA. While the CIA sought to establish links between Guatemala and the USSR through arms shipments from behind the Iron Curtain, Dulles considered these efforts excessively aggressive.[13] Gordon added to this by emphasizing that Secretary of State, John Foster Dulles, argued that "it is quite another matter to fight against internal changes in one country", as most countries did not share the U.S. view that communism in itself should be considered a danger or a threat.[14]

Contrastingly, Barrett and Streeter discuss an alternative view on Allen Dulles' and Congress' role with the coup. They state how it is believed that the Senator had prior knowledge of the CIA's involvement in overthrowing Arbenz. The unrecorded subcommittee meeting with Dulles in March 1954, scheduled to discuss rumors of CIA involvement in Guatemala, adds credibility to this assumption. Moreover, Barrett suggests that Congress, including both leaders and members, were not merely permissive but enthusiastic about removing Arbenz, as the

[12] David M. Barrett, "Congress, the CIA and Guatemala, 1954," *CIA Library*, 24-28, https://www. cia. gov/library/center-for-the-study-of-intelligence/kent-csi/vol44no5/html/v44i5a03p. htm (Accessed February 8, 2024) (2019).
[13] Sewell, "The pragmatic face of the covert idealist," 280-285.
[14] Max Gordon, "A case history of US subversion: Guatemala, 1954," *Science & Society* (1971): 130.

leaders likely possessed greater insight into the events unfolding between the CIA and Guatemala's government in 1954.[15]

Economic lens

The alternative perspective adopts an economic lens, focusing on the economic and corporate interests driving the coup, particularly emphasizing the involvement of UFCO within this larger framework. In addition to the somewhat increased consideration given to the expansion of communism and socialism, this viewpoint highlights the economic drivers behind U.S. involvement, revealing how UFCO's extensive land holdings in Guatemala shaped American foreign policy. The company's economic influence, intertwined with overarching capitalist systems, thus emphasizes the economic aspects of the coup and the Dulles-Arbenz report.

A significant element of this narrative is the U.S. business interest, particularly with UFCO. Scholars such as Moye underscore Dulles's belief that the diminishing friendliness of Latin American countries toward the U.S. and their decreasing economic stability posed a threat to U.S. access to Latin American raw materials. Moye highlights the research of Gabriel Kolko, who pointed out that various documents show entangled personal and political connections between UFCO and many U.S. officials from both Republican and Democratic parties dealing with the Guatemalan issue. Notably, key U.S. officials, including the Dulles brothers, had connections to UFCO, even though these connections were not widely known among the U.S. public, as Gordon discusses.[16]

Colby's analysis further illuminates the economic dimensions of this relationship, demonstrating how UFCO's corporate interests intertwined with U.S. foreign policy objectives in Guatemala. According to Colby, UFCO found itself in a weaker position during Arbenz' land

[15] Barrett, "Congress, the CIA and Guatemala, 1954," 29-30; Stephen M Streeter, "Interpreting the 1954 US intervention in Guatemala: Realist, revisionist, and postrevisionist perspectives," *The History Teacher* 34, no. 1 (2000): 65.
[16] Gorden, "A case history of US subversion: Guatemala, 1954," 141.

reforms. The United States was eager to prevent the company from withdrawing, but they were also reluctant to grant new concessions in the face of nationalist sentiment. UFCO attempted to ease this hostility by muting its imperial rhetoric and forming subsidiaries to mask its power, and he illustrates how, from the company's perspective, dictators could provide a friendlier and more predictable business environment.[17]

Additionally, Southgate and Roberts shed more light on the economic structures underlying UFCO's operations. They emphasize the corporation's monopolistic control over vital infrastructure such as railroads, land, and seaports, and how UFCO received many hectares of land as a reward for infrastructure development. Incorporating the perspectives offered by Colby and Southgate and Roberts enriches the understanding of the first school of thought by revealing the intricate economic implications of UFCO's involvement in the Guatemalan coup d'etat.[18]

While the economic lens on the Guatemalan coup d'état exists, it often receives less attention compared to the historical and political perspectives. This viewpoint illuminates the economic motivations driving U.S. intervention, particularly highlighting the influence of UFCO's extensive land interests in Guatemala on American foreign policy. The company's economic power, intertwined with broader capitalist structures, underscores the economic dimensions of the coup and the Dulles-Arbenz report. However, this perspective is less prominent and mainly centers on U.S.-UFCO relations, with focus on the U.S pursuit for economic power and capitalist restructuring remaining relatively unstudied. This thesis thus contributes to the current understanding by integrating both the historical and political lens and the economic lens with the insights of GPE. These perspectives are deeply interrelated, as they inform and complement each other. The suppression of communism is intricately linked to the

[17] Colby, *The Business of Empire*, 178-192.
[18] Southgate and Roberts, *Globalized Fruit, Local Entrepreneurs*, 61-106.

U.S.' pursuit of corporate, economic, and capitalist expansion. U.S. intervention in the Cold War era not only aimed to counter communist influence but also served to reshape the economic landscape of Latin America in alignment with American corporate interests. By connecting GPE to the broader debate on the Dulles-Arbenz report and the Guatemalan coup d'état, this thesis offers a more comprehensive understanding of the events, highlighting their economic underpinnings alongside geopolitical conflicts and ideological struggles.

CHAPTER TWO

The Good Neighbor Policy, UFCO, Guatemala, and corporate interest

The beginning of the Good Neighbor Policy is of great importance in understanding the historical significance of the Dulles-Arbenz report and the Guatemalan coup d'etat within this historical context. It is significant for understanding the intricate dynamics that shaped U.S.-Latin American relations during the early 20th century, as it ultimately illustrates how such historical developments could bring about a covert coup in Guatemala in the early 1950s. This chapter therefore examines the broader historical context prior to the coup and the report, as it elaborates Franklin D. Roosevelt's Good Neighbor Policy with its developments and gradual breakdown in the 1930s and 40s, illustrating how the UFCO maneuvered within this framework, as well as illuminating the political developments during the Guatemalan Revolution from 1944 to 1951. Concurrently, this chapter concludes by illuminating the forthcoming increase in U.S. corporate interests that appeared in accordance with these historical developments regarding the Good Neighbor Policy and its relation to UFCO, from 1933 to 1951.

FDR's Good Neighbor Policy

When Roosevelt took the presidential oath amidst the Great Depression on March 4, 1933, the nation was going through unprecedented economic turmoil and seemed on the brink of collapse. However, during this domestic upheaval, Roosevelt recognized the opportunity to reshape the United States' relations with its southern neighbors. As the Great Depression tightened its grip, Latin American nations now had to opportunity to reconsider their forced

hemispheric ties with the U.S. and turned toward new global powers who promised different ideologies and blueprints for prosperity, including socialism in its various forms. [19]

Against this backdrop, Roosevelt's Good Neighbor Policy emerged as a strategic response to both the domestic imperatives of the Great Depression and the evolving dynamics of international relations in the Western Hemisphere. By prioritizing mutual respect and non-intervention, the policy sought to reshape neighborly relations with Latin American nations, to accordingly secure America's interests while addressing the aspirations of its southern neighbors.[20]

The underlying objective

Roosevelt's foreign policy approach reflected his nuanced understanding of the complexities inherent to U.S.-Latin American relations. Roosevelt's commitment to establishing non-intervention as the basis of hemispheric policy originated from his recognition that U.S. interventions in Latin America could be counterproductive. Instead, Roosevelt acknowledged that a gradual alignment, where Latin American nations would increasingly value the economic, cultural, and moral benefits of American values over time, would be more advantageous to U.S. interests. Consequently, by the 1930s, the Good Neighbor Policy marked a significant shift in U.S. rhetoric and attitudes towards Latin America, as it laid the groundwork for a more favorable relationship that continued until World War II.[21]

The Good Neighbor policy reflects the differing economic and security motivations that shaped U.S. hemispheric policy during the Roosevelt era. Partially, the policy originated from a desire to create a more favorable environment for U.S. investors in Latin America. This suggests that economic interests were of prime importance in shaping diplomatic initiatives.

[19] Pike, *FDR's Good Neighbor Policy,* 19.
[20] Ibid., 5-8.
[21] Ibid., 8; Colby, *The Business of Empire*, 172.

According to this view, U.S. diplomacy was perceived as a calculated effort to maintain dominance and perpetuate dependency on U.S. economic control, albeit under the guise of free enterprise. Yet, security considerations were also as a driving force behind hemispheric policy, as security and economic pursuits in a way are inseparable.[22] While the broader context of security imperatives and Roosevelt's approach to U.S. economic control undoubtedly signify the complex nature of the Good Neighbor policy, the economic interests of U.S. investors played a significant role beyond question. Further elaborating this economic perspective sheds light on the complex motivations behind U.S. engagement in Latin America during this pivotal period of hemispheric diplomacy.

Thus, the fundamental aim of the Good Neighbor Policy was multifaceted, with economic interests and nonintervention both playing crucial roles. In the 1930s, overt intervention in Latin American affairs became less of an objective, causing Roosevelt to advocate nonintervention. Nonintervention, as perceived by Roosevelt, was appealing due to its ambiguous nature, as it provided flexibility in diplomatic maneuvers. While for Americans it primarily meant refraining from military intervention, in Latin America this was interpreted as a broader commitment to respecting their autonomy and sovereignty. This ambiguity allowed Roosevelt to act within its hemispheric relations with delicacy, as he sought to advance American interests while appeasing Latin American sensitivities.[23] However, illuminating the economic motivations behind Roosevelt's advocacy for nonintervention offers a deeper understanding of the policy's objectives and sheds light on the intricate interplay between economic interests and diplomatic strategies in shaping U.S.-Latin American relations during this period.

[22] Pike, *FDR's Good Neighbor Policy,* 7-8
[23] Ibid., 162-166.

Good Neighbor Policy in the 1930s

During the mid-1930s, the Roosevelt administration had made a comprehensive reevaluation of U.S. policy in Latin America, which marked a significant departure from past interventionist practices. With the termination of most U.S. protectorates and military interventions in the region, the administration sought to strengthen hemispheric trade through these assertive measures. It aligned itself with pro-American dictators perceived as capable of upholding political and economic stability amidst volatile conditions. However, the emergence of the Good Neighbor Policy unfolded against a backdrop of racial and labor tensions. The collapse of global trade during the 1930s exacerbated racial frictions, particularly in Latin America. Despite concerns over the radicalism of certain governments and their racial policies, the Roosevelt administration prioritized preserving its Good Neighbor image, allowing succeeding governments to maintain many of Roosevelt's policies, even at the expense of objections from influential American businesses like UFCO.[24]

Hence, UFCO also had to partake its' own role as a 'Good Neighbor' within FDR's framework, and underwent significant changes in response to the evolving landscape of Latin American politics. Facing labor shortages exacerbated by the Great Depression, the company made concessions to address racial and class tensions, such as excluding black workers from new enclaves in exchange for agreements on Pacific lowlands. This departure from past practices signaled a shift towards racial inequality and cooperation with host nations, aligning with the Good Neighbor Policy's emphasis on hemispheric cooperation.[25]

By the late 1930s and early 1940s, many Latin American nations started to gravitate towards authoritarian regimes, with examples in Guatemala, Nicaragua and El Salvador, characterized by the rise of authoritarian leaders who consolidated power through various

[24] Colby, *The Business of Empire*, 176-178.
[25] Ibid., 178-182; Southgate and Roberts, *Globalized Fruits, Local Entrepreneurs,* 61-197.

means, such as military coups or manipulated electoral processes. While U.S. officials generally regretted the emergence of authoritarianism, they pragmatically embraced right-wing dictators as a means of preserving order and securing American influence, particularly within the framework of the Good Neighbor Policy. [26] Initially, America's economic and security interests in Latin America appeared inseparable, which resulted in a heavy-handed approach that prioritized immediate profits for American investors. However, it soon became evident that such tactics risked enforcing resentment among Latin Americans, thereby putting at risk long-term prospects for sustained profits from the region's resources. The division between short-term economic gains and the imperative to maintain long-term friendly relations therefore remained complex.[27] Thus, while the temptation to prioritize immediate profits persisted, the imperative to approach Latin American relations with sensitivity and anticipation underscored the evolving nature of U.S. policy towards its southern neighbors during the late 1930s.

UFCO adjusted its approach here as well to align with the pragmatic necessity of stability and American influence, as authoritarian regimes gained prominence in Latin America. Recognizing the benefits of dictatorial regimes in providing a conducive business environment, the company prioritized predictability and expedited concession agreements over democratic governance. This shift in strategy also saw the discontinuation of labor systems reliant on British West Indian and black immigrant laborers, reflecting broader changes in U.S. expansionist policies and labor dynamics. Ultimately, these transformations underscored UFCO's adaptation to the political and economic realities of Latin America.[28]

As the 1930s came to an end, the Good Neighbor Policy began to result into tangible benefits, albeit gradually, with Franklin D. Roosevelt's long-term vision for the policy. Yet, economic determinants played a prominent role in shaping the policy during its early years

[26] Pike, *FDR's Good Neighbor Policy,* 75.
[27] Colby, *The Business of Empire*, 192-193.
[28] Ibid., 182-197; Pike, *FDR's Good Neighbor Policy,* 15-217.

with its focus on lifting the hemisphere out of the economic downturn, to lift American boats, as well as the broader objective to foster a hemispheric alliance beneficial to prosperity. Over time, this patient and nuanced approach appeared fruitful. The willingness of Latin American regimes to engage with American investors, boosted by the policy's emphasis on mutual respect and cooperation, ultimately contributed to the long-term benefit for the U.S. economy. Roosevelt's foresight in prioritizing sustainable economic relationships over short-term gains therefore underscored the enduring significance of the Good Neighbor Policy, not only in reshaping U.S.-Latin American relations, but also in laying the basis for a U.S. led global economy. [29]

Developments in Guatemala: 'La Revolución' and Arbenz' election

As the 1930s transitioned into the 1940s amidst World War II, the foundational principles of the Good Neighbor policy faced increasing challenges with the developments occurring in Guatemala. The period between 1944 and 1954, known as the 'Ten Years of Spring' or 'La Revolución', was rather transformative. This period was characterized by the overthrow of the long-standing dictator Jorge Ubico in 1944 and the subsequent rise of a reformist government under Juan José Arévalo. The revolution was fueled by widespread protests against Ubico's repressive regime, driven by exposure to global democratic ideals. Ubico's support from the ruling elite and the United States waned, and lead to his resignation in June 1944 after a pro-democracy movement spearheaded by students and labor groups.[30]

A brief military junta followed Ubico's departure, but was essentially short-lived. In October 1944, Jacobo Árbenz led the "October Revolution" coup and paved the way for open elections. Arévalo, a progressive philosopher and prominent figure in the pro-democracy

[29] Ibid., 176-228.
[30] Stephen C. Schlesinger and Stephen Kinzer, *Bitter Fruit: The Untold Story of the American Coup in Guatemala* (Garden City, N.Y: Doubleday, 1982), 24-26.

movement, won the presidency in a landslide victory. His administration implemented social reforms, including labor laws, a new tax code, and educational initiatives aimed at addressing long-standing inequalities and injustices. These changes aimed to address the long-standing inequalities and injustices that had plagued Guatemalan society under Ubico's authoritarian rule. However, Arévalo's reformist agenda raised concerns within the U.S. government, highly influenced by the economic interests of UFCO in Guatemala.[31]

In 1951, Árbenz succeeded Arévalo as president, and continued expanding upon the reforms initiated by his predecessor, as he was “determined to transform Guatemala into a modern capitalist state, to free it economically from dependence on world coffee prices and to wrest control of the economy from the U.S. corporations controlling it," as stated by Schlesinger and Kinzer. Árbenz's ambitious agrarian reform program therefore followed, known as Decree 900, expropriating uncultivated lands from large landholdings, and redistributed them to impoverished agricultural laborers. Approximately 500,000 people benefited from the decree. This policy directly challenged the interests of UFCO, which had landholdings in Guatemala. Despite a lack of concrete evidence linking Árbenz to communism, the Eisenhower administration, influenced by Cold War paranoia and the UFCO's lobbying efforts, became increasingly alarmed with Árbenz efforts. The U.S. government became growingly more concerned about Árbenz's perceived communist leanings and the potential spread of his nationalist policies across Latin America. By the end of 1951, the stage was set for a confrontation between the Guatemalan government and the United States. Árbenz's election victory that year had solidified his mandate for reform, which further alarmed the Eisenhower administration and UFCO, as the U.S. government grew increasingly hostile towards Árbenz's government.[32]

[31] Schlesinger and Kinzer, *Bitter Fruit,* 28-35.
[32] Ibid., 38-53.

WWII: The breakdown of the Good Neighbor Policy

As Guatemala experienced significant changes and the foundations of hemispheric relations began to weaken, a growing sense of empathy among Americans toward Europe and its resistance against Nazi aggression began to replace these previous sentiments. Amidst WWII, the key building block that had driven the Good Neighbor policy began to diminish, and the attention shifted towards global conflicts and alliances. Accordingly, by late 1942 and early 1943, concerns arose in the United States regarding Latin America's stance in the war effort. While some hoped to leverage the perceived successes of the Good Neighbor policy to rally Latin American support for the Allied cause, many Latin American countries remained cautiously hesitant. This uncertainty underscored the complexities of hemispheric relations during wartime, as Latin American nations contemplated their own geopolitical interests amidst global conflict. The shifting dynamics of World War II challenged the foundational principles of the Good Neighbor policy, and highlighted the evolving nature of U.S.-Latin American relations in response to the changing geopolitical circumstances.[33]

The premise of the Good Neighbor Policy was that if the United States refrained from actual intervention, that their Southern neighbors would reciprocate accordingly. Reciprocity was then believed to take form in creating environments beneficial to the operation of U.S. capital, as well as the implicit expectation that Latin American nations would join the ideological struggle against the Axis powers. This form of reciprocity hinged on the notion that if Washington turned a blind eye to practices in Latin America that deviated from American-style democracy and free-enterprise capitalism, that these nations would then align themselves against the Soviet Union. However, as World War II unfolded, the expectations of the Good Neighbor Policy and it’s believed inherent reciprocity, faced challenges. Latin American

[33] Pike, *FDR's Good Neighbor Policy,* 228-262.

nations remained cautious and pragmatic in their alignment with the Allied cause, as they prioritized their own interests within this global conflict.[34]

As World War II ended, U.S. policymakers sought to promote free-market economic principles in Latin America. Whether combating fascism or Marxist-Leninist socialism, there was a growing consensus that adherence to free-market guidelines was essential to foster economic stability and to counter ideological adversaries. This shift in strategy reflected a broader recognition of the interconnectedness between economic policies and ideological alignments, with the promotion of free enterprise emerging as a central principle of U.S. efforts to combat perceived threats to democracy and capitalism in Latin America. During the first post-World War II years, many Latin Americans remained entrenched in nationalist ideologies that vilified free-enterprise capitalism as symbolic of greed and individualism, which created the perfect conditions for the allure of Marxist-Leninist socialism. U.S. policymakers became aware of these tendencies and found themselves attempting to realize a delicate balance. While they understood Marxist ideology as precarious to U.S. interests, they also appreciated the risks that were associated with imposing free-market principles in societies resistant to such notions. Thus, there was a cautious approach in accommodating Latin American tendency towards statism, with the hope of mitigating the likelihood of a complete embrace of Marxism-Leninism.[35]

Hence, following World War II, with the economic hardships of the Great Depression well behind them, and the death of FDR marking the end of his American experiment with the Good Neighbor policy, a shift occurred in the collective mindset of Americans. The imperative of adjusting to poverty and embracing nonmaterial gratifications, including fostering friendly

[34] Ibid., 276.
[35] Ibid., 270-271.

relations with neighboring countries, gradually disappeared. This shift marked a departure from the principle of cooperation and mutual respect embraced during the Good Neighbor era.[36]

Thus, the convergence between U.S. and Latin American perspectives during the 1930s and 1940s had laid the groundwork for the Good Neighbor policy and how UFCO acted within this framework, as the shared condemnation of economic and corporate practices had formed a crucial aspect of the policy's aspiration for hemispheric unity. However, as this convergence gradually disappeared, so too did the foundation of the Good Neighbor policy. As the U.S. embraced its identity as a nation of abundance and resumed its trajectory towards political and economic dominance, the policy's gentle approach became increasingly unsustainable. In contrast, Latin America's enduring social, economic, and political challenges further strained the foundation of mutual understanding and cooperation. Hence, the end of hemispheric convergence signaled the decline of the Good Neighbor policy, and marked a shift in U.S.-Latin American relations towards a more transactional and less cooperative framework in the 1950s.[37]

U.S. corporate interests in the early Cold War

As the underlying framework of the Good Neighbor Policy broke down, the powerful economic position of UFCO had taken a hit, and political developments in Guatemala had transitioned severely after the Second World War, the U.S.' stance towards hostility and intervention in Latin America in relation to economic and corporate interest started to alter. The developments in Latin America during the 1930s and 40s illustrated the interconnectedness of socioeconomic conflict and U.S. involvement, and underscored how revolutionary movements that emerged

[36] Ibid., 282.
[37] Ibid., 15.

in the 50s, as in Guatemala, were not merely spontaneous, but rooted in deep-grooved tensions.[38]

The beginning of the Cold War mirrored conflict between socioeconomic systems, which underscores the depth of the ideological and structural confrontation that characterized this era. While superpowers like the United States represented manifestations of economic power through their organizations and institutions, the underlying socioeconomic antagonism of the early Cold War extended beyond solely state entities. Instead, it revolved around the competing interests of various social constituencies competing for economic dominance and influence over state apparatuses, of which UFCO in Guatemala would become a prominent illustration. The early stages of the Cold War were not merely a geopolitical struggle between nation-states, but also a multifaceted conflict between economic ideologies mirrored through corporate interest. Thus, different groups sought to assert control over the direction of societal development and state policies after the end the Second World War and the Good Neighbor Policy in the late 1940s and early 50s.[39]

The post-war vision of the United States was therefore centered on advocating for an open and free international economic exchange. The U.S. aimed to establish a global economic order characterized by liberalized trade, reduced barriers to commerce, and increased economic interdependence among nations, which contrasted with the protectionist and socialist policies pursued by some other nations such as the USSR, and those deeming to be influenced by the communist superpower. The U.S. thus sought to promote the principles of free trade, market competition, and unrestricted capital flows, as they viewed these as essential elements to foster economic growth, stability, and prosperity on the onset of the Cold War.[40]

[38] Saull, *The Cold War and After,* 45.
[39] Ibid., 45; Pike, *FDR's Good Neighbor Policy,* 15.
[40] Saull, *The Cold War and After,* 46.

This post-war economic agenda reflected the broader aspirations of the United States to exercise leadership in shaping the international economic system and in promoting its vision of economic liberalism and globalization. For the United States, the post-war period presented a pivotal opportunity to revitalize its economy and assert its dominance in Latin America. After almost a decade of economic stagnation and social unrest, the war served as a form of salvation for U.S. capitalism, and provided a catalyst for economic recovery and growth. Moreover, it afforded the U.S. a means to expand its influence and control over the international economy. By considering leadership in managing the international economic system, the U.S. sought to consolidate its position as a leading economic power and shape the trajectory of global economic affairs in Latin America in line with its own interests and objectives.[41]

It is therefore important to acknowledge the unique regional dynamics and ideological motivations of the revolutionary movements in Latin America. Unlike in other regions, the revolutionary struggles in Latin America were shaped by a complex interplay of historical legacies of U.S. imperialism, communist ideological currents, and pro-Soviet influences. The long-lasting history of U.S. imperialism in the region profoundly influenced these movements, and led to the emergence of states with distinct political objectives and revolutionary characters. This diversity was evident in countries like Guatemala, where revolutionary change was driven by a strong socialist and anti-imperialist sentiment and a desire to challenge U.S. dominance and economic expansion. The post-1945 era therefore marked a significant shift in the capitalist landscape in Latin America, as this period of capitalist restructuring invoked a struggle for political stability.[42]

Thus, in the late 1940s and early 1950s, the focus of conflict and revolutionary upheaval had shifted southward, which presented new challenges and geopolitical tensions. Latin

[41] Ibid., 46-48.
[42] Ibid., 205-207

America, and Guatemala specifically, would emerge as a key battleground where revolutionary aspirations collide with intertwined capitalist interests, which would set the stage for a series of crises and confrontations that would define the post-war era in Latin America. The complex interplay of ideologies, anti-imperialist sentiments, and geopolitical rivalries shaped the socioeconomic developments in the region, and would underscore the enduring struggle against imperial corporations such as UFCO and U.S. economic hegemony in the 1950s.[43]

[43] Pike, *FDR's Good Neighbor Policy,* 271; Colby, *The Business of Empire*, 193.

CHAPTER 3

Dulles-Arbenz and the Guatemalan coup d'etat

Following Arbenz's election in 1951, Guatemala entered a turbulent period where the U.S.'s fear of the spread of communism collided with its desire for economic dominance in the region. This tension culminated into the Guatemalan coup d'etat, which unfolded from June 18 to June 27, 1954. It signaled the formal end of the Good Neighbor era of corporation, mutual respect, and non-intervention, as its perceived reciprocity, beneficial to U.S. business and capital environments, came under threat. This chapter therefore delves into the period from 1952 to 1954, examining 45 of the 287 official U.S. State Department documents concerning the lead up to the coup and the event itself. It focuses on elucidating the Dulles-Arbenz report's significance and the coup's implications for U.S. economic interests, illustrating how economics were always embedded into politics. This chapter is therefore divided into three subparts: U.S. corporate and economic interests with UFCO, the deliberate concealment of economic motives by the U.S. government and the CIA, and the U.S. pursuing economic power in the region.

U.S. corporate and economic interests with UFCO

The official U.S. State Department documents unveil a compelling narrative of how U.S. corporate interests with UFCO were intricately woven into the political upheaval in Guatemala. They highlight the powerful influence of economic motives on U.S. foreign policy and its covert actions, which signaled the formal end of the Good Neighbor Policy. In a memorandum dated January 11, 1952, it was noted that Arbenz faced dire economic challenges as the "subsequent threat to withdraw from Guatemala by the United Fruit Company has made the outlook even darker". Guatemalan exile factions, including one led by Colonel Castillo Armas,

conspired against the Arbenz regime, with reports suggesting aid from UFCO.[44] Accordingly, a National Intelligence Estimate on the following March 11 states that future political developments in Guatemala would hinge on the conflict between the government and UFCO. Should the Company consent to Guatemalan demands, it would bolster the Arbenz Administration's political standing, leading to increased pressure on U.S. interests. While Guatemalan landholding and business interests, resented rising taxes and labor costs, they had not faced direct attacks like foreign interests. The government therefore preferred UFCO's presence on its terms, as did its employees and UFCO itself, keen on safeguarding its Guatemalan investment. The trajectory of events thus largely hinged on the outcome of the clash between UFCO and the Guatemalan Government.[45]

Moreover, it is evident that Allen Dulles had significant connections with UFCO. Conversations between Mr. Dulles and 'T', dated July 15 and October 8, 1952, revealed a "favor upon a change of management", as Dulles discussed how he "thought his clients, however, should pay the bill as the clients' interests were materially involved". Additionally, discussions highlighted the need to protect large American companies like UFCO, as their troubles could implicate the U.S. government. Notably, Dulles conveyed to undisclosed individuals that the Agency had clearance to proceed with the project, indicating his involvement and support for actions concerning UFCO.[46]

Also, the issue of Agrarian land reform exemplified the intertwining of U.S. corporate interests with UFCO and the fear of communist influence, as discussed in an intelligence report

[44] "2. Memorandum From the Chief of the Western Hemisphere Division, Central Intelligence Agency (King) to the Deputy Director for Plans, Central Intelligence Agency (Wisner)," *Foreign Relations of the United States, 1952–1954, Guatemala*, 3-4, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d2.
[45] "6. National Intelligence Estimate," *Foreign Relations of the United States, 1952–1954, Guatemala*, 7-12, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d6.
[46] "13. Memorandum for the Record," *Foreign Relations of the United States, 1952–1954, Guatemala*, 23, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d13; "21. Memorandum From [name not declassified] of the Central Intelligence Agency to the Chief of the Western Hemisphere Division, Central Intelligence Agency (King)," *Foreign Relations of the United States, 1952–1954, Guatemala*, 32, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d21.

on March 5, 1953, and a telegram from the Embassy in Guatemala on August 12, 1953. The implementation of Guatemala's Agrarian Reform Law was “poised to yield significant advantages for Communist interests”. Their influence was deemed to likely expand into rural areas through infiltration of the National Agrarian Department and increased control over labor organizations. The document states how challenges arose as “despite ample land being earmarked for redistribution, the desirable locations are limited”.[47] Speculation surrounded the potential redistribution of land held by UFCO, possibly up to 450,000 acres, as “Article 12 of the law indicates its applicability to foreign enterprises like UFCO, suggesting Communist influence in its formulation”. Greenberg, then Acting Manager of UFCO, reported that Guatemalan Agrarian authorities ordered the expropriation of 174,000 acres of the company’s bananera division, leaving UFCO with limited usable land.[48]

Accordingly, UFCO responded with substantial countermeasures to resist the threat of land loss, which posed a significant risk to their business holdings, thus sparking discussions regarding U.S. corporate involvement in the unfolding situation. In a memorandum on October 8, 1953, it is stated that “Castillo Armas received substantial funds from UFCO” as compensation for expropriated land. Despite this, the Guatemalan government remained silent until it sparked accusations of U.S. intervention. The document notes how “Peña criticized the company for supporting Armas, damaging the anti-Communist cause and US credibility”. He lamented UFCO's refusal to acknowledge their concerns, raising doubts about American involvement in financing revolutionary movements in Central America. Moreover, countermeasures were proposed against these land reforms, including reducing oil stocks in Guatemala, and stopping shipments to reduce UFCO’s stocks to zero. These actions aimed to

[47] "36. Memorandum for the Record," *Foreign Relations of the United States, 1952–1954, Guatemala*, 79-80, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d36.

[48] "39. Telegram From the Embassy in Guatemala to the Department of State," *Foreign Relations of the United States, 1952–1954, Guatemala*, 86, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d39.

undermine the implementation of the land reforms, indicating the extent of corporate interest in Guatemala.[49]

A Contact Report on February 10, a memorandum on March 8, and a paper on April 21, continue with the issue of land reform in 1954. In discussions on agrarian reform, "[name not declassified] indicated that he hoped to achieve an equitable set-up where ever possible". When asked about handling UFCO's demands for repayment of expropriated land, an undisclosed figure implied that returning seized land was impractical. Instead, he proposed "opening up to them new tracks of land and making available other land enterprises". This approach aimed to appease UFCO's claims by providing alternative land ventures for their technical exploitation.[50] Emphasizing the importance of agrarian reform, the memorandum states that it's crucial to integrate this into their political agenda to prevent its erosion during regime changes, and that swift adoption and dissemination of this reform could gain support from crucial demographic groups.[51] However, the paper states that the "Agrarian Reform program has provided the Communists with weapons which may be useful as their struggle for domination continues". While expropriated lands were allocated to peasants for lifetime use, the Guatemalan Labor Party leveraged these reforms to undermine landowners and UFCO, aiming for governmental dominance.[52] This dynamic underscored the multifaceted implications of agrarian reform on economic power structures in Guatemala.

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[49] "57. Memorandum for Conversation," *Foreign Relations of the United States, 1952–1954, Guatemala*, 118-119, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d57; "71. Memorandum for the Record," *Foreign Relations of the United States, 1952–1954, Guatemala*, 149, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d71.

[50] "97. Contact Report," *Foreign Relations of the United States, 1952–1954, Guatemala*, 191-192, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d97.

[51] "111. Memorandum From [name not declassified] to DC/P, C/CE, and C/PP, Central Intelligence Agency," *Foreign Relations of the United States, 1952–1954, Guatemala*, 214, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d111.

[52] "130. Paper Prepared in Operation PBSUCCESS Headquarters in Florida," *Foreign Relations of the United States, 1952–1954, Guatemala*, 240-243, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d130.

Also, during the consolidation phase up to the installation of the new government in Guatemala, U.S. state engagement and corporate interests with UFCO remained rather prominent. A memorandum from May 24, 1954, illustrates how the Office of the Deputy Assistant Director for Intelligence Coordination (ODACID) urged to coordinate with UFCO promptly during the consolidation phase. It states how UFCO was advised that ODACID would not immediately support its requests with diplomatic notes, unlike against the Communist regime, to avoid destabilizing the new government. The document states that both parties should "consider resolving disputes through an impartial commission". The new government should implement increased taxes proposed by UFCO, potentially masking compensation for expropriated land.[53] Additionally, at the coup was about to start promptly, Mr. Holland reported a planned press conference with the Secretary to address the UFCO-Guatemala financial dispute on June 7, 1954, emphasizing Guatemalan reluctance to settle the matter.[54] On July 22, 1954, as the coup had come to an end, Mr. Corcoran expressed "he had never seen anything more ill timed than the announcement of the anti-trust suit against UFCO, as it weakened their bargaining position since it was announced prior to the settlement of the strike, and would undoubtedly make things more difficult in Guatemala". He suggested offering Guatemala an increased share of profits as an opportunity to collaborate with a reasonable government, fostering a more favorable impression of the company in the Caribbean.[55]

Hence, the evidence obtained from the official U.S. State Department documents on the Guatemalan coup d'etat between 1952 and 1954 provides a compelling narrative of the intricate ties between U.S. corporate interests, particularly with UFCO, and the political landscape of

[53] "163. Memorandum From [name not declassified] of the Central Intelligence Agency to the Deputy Chief of Plans and the Chief of Plans, Central Intelligence Agency," *Foreign Relations of the United States, 1952–1954, Guatemala*, 299, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d163.
[54] "172. Memorandum for the Record," *Foreign Relations of the United States, 1952–1954, Guatemala*, 314-315, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d172.
[55] "279. Memorandum From the Chief of the Western Hemisphere Division, Central Intelligence Agency (King), to the Deputy Director for Plans of the Central Intelligence Agency (Wisner)," *Foreign Relations of the United States, 1952–1954, Guatemala,* 430-431, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d279.

Guatemala during that time. These documents underscore the pivotal role played by economic considerations, especially the protection of UFCO's interests, in shaping U.S. foreign policy decisions and covert operations in Guatemala, which formally ended the era of the Good Neighbor Policy. Despite the significance of these findings, they have often received less attention in existing literature compared to the dominant narrative focused on politics and anti-communist sentiment. This disparity highlights the need for a more nuanced understanding of the multifaceted factors driving U.S. interventionism abroad, including the complex interplay between corporate and economic interests.

The deliberate concealment of economic motives

An extensive examination of the official U.S. State Department documents also reveals how economic motives were deliberately covered by the U.S. government and the CIA. Through covert actions, alliances, and propaganda, they sought to camouflage their true corporate and economic interests in the Guatemalan case. This is also evident in two memorandums on January 11 and March 13, 1952. The first one illustrates how despite "communists have softened their overt campaign", that "it has devoted its columns to counter US propaganda".[56] A conversation in the second memorandum by undisclosed figures, reveals logistical challenges hindering the movement of Colonel Castillo Armas during the initiation of the covert operation. Despite these obstacles, there was optimism about the potential success of Castillo Armas, and states that "at this time [name not declassified] verified that only he and Mr. [name not declassified] are aware of U.S. Government interest in this matter".[57]

[56] "2. Memorandum King to Wisner," *FRUS, 1952–1954, Guatemala,* 3-4.
[57] "7. Memorandum From the Acting Chief of the Western Hemisphere Division, Central Intelligence Agency ([name not declassified]) to the Deputy Director of Central Intelligence (Helms)," *Foreign Relations of the United States, 1952–1954, Guatemala*, 14, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d7.

Furthermore, Allen Dulles explicitly emphasized the imperative for the U.S. operation to remain concealed. On October 8, 1952, during his visit to the State Department, he, along with a CIA delegation, posed three crucial questions regarding Guatemala's governance. These included whether the State Department favored a new government, its stance on forceful regime change, and its interest in CIA's covert involvement. Dulles requested "to make a Memorandum of Conversation in long-hand and deliver the one copy to him", underscoring the deliberate concealment within this context.[58]

Accordingly, the shift towards covert U.S. sponsorship within the operation became evident. A memorandum on September 3, 1953, showcases Principal Agent KS's thinking "so far been based on estimates of relatively limited support primarily on the part of the Company", now requiring adaptation as the operation transitioned to covert U.S. government sponsorship. KS aimed to devise methods for assessing the capabilities of the Principal Agent (PA), particularly within the target country, Guatemala.[59] The subsequent memorandum on September 9 illustrates how during a voting session "twenty-two voted to do nothing in order not to 'rock the boat'", to avoid drawing attention to U.S. involvement. They argued that "their position was that nothing should be done to divert attention from the main issue, which is the expropriation of Fruit Company property".[60] These deliberations underscore the nuanced considerations and strategic shifts within the covert operation.

Following these nuanced examinations of U.S. sponsorship within the operation, covert economic pressures exerted by the U.S. government came to light. A memorandum on September 11, 1953, states that "considering that Guatemalan Government economy is

[58] "21. Memorandum From [name not declassified] of the Central Intelligence Agency to the Chief of the Western Hemisphere Division, Central Intelligence Agency (King)," *Foreign Relations of the United States, 1952–1954, Guatemala*, 32, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d21.
[59] "46. Memorandum for the Record," *Foreign Relations of the United States, 1952–1954, Guatemala*, 96, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d46.
[60] "50. Memorandum for the Record," *Foreign Relations of the United States, 1952–1954, Guatemala*, 102, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d50.

susceptible to pressures, covert economic warfare methods will be applied". A group with expertise in Latin American banking, shipping, publicity, investments, and oil would therefore develop a plan of covert action. Additionally, counsel from trusted advisors in economic affairs, holding prominent positions in Guatemalan business and industry, would inform the strategy.[61] In a subsequent contact report, dated November 16, 1953, the Director of Central Intelligence (DCI) then "discussed the procedures involved in applying economic pressure through the coffee buyers in the U.S.", suggesting spreading a rumor about harmful fungi in Guatemalan coffee to restrict its import. However, concerns were raised about the risk of exposure, as certain buyers had already shown reluctance to cooperate and might "smell a rat".[62] These discussions underscored the intricacies and deliberate implementation of covert economic tactics.

Nevertheless, the CIA and U.S. government's cover within the operation became at risk, as can be noted in a telegram on January 30, 1954. It states how the Guatemalan Government alleged "in a "White Paper" that it had learned of a heavily-financed plot involving Nicaraguan President Somoza plus the Governments of El Salvador, the Dominican Republic, and Venezuela to overthrow the Arbenz regime". The government accused the "Government of the North", of supporting the plot. Additionally, they claimed that the UFCO provided arms to the conspirators.[63] As a result, two memorandums on March 26 and April 8, 1954, illustrate how the U.S. government implemented additional measures to conceal its economic initiatives. Operational inducement approaches and contacts were executed under the cover of PBSUCCESS. In certain instances, it was deemed necessary to imply unofficial approval from

[61] "51. Memorandum for the Record," *Foreign Relations of the United States, 1952–1954, Guatemala*, 103-109, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d51.
[62] "66. Contact Report," *Foreign Relations of the United States, 1952–1954, Guatemala*, 141, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d66.
[63] "89. Telegram From Operation PBSUCCESS Headquarters in Florida to the CIA Stations in Guatemala and [place not declassified]," *Foreign Relations of the United States, 1952–1954, Guatemala*, 179, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d89.

the U.S. government for the program's objectives, with assurances that all commitments would be honored. “Where success or failure of the whole program may hinge upon a ‘plausible admission’ of government backing”, decisions were deferred to higher authorities. Collaboration and information-sharing between relevant parties were emphasized to maximize secret intelligence gathering without prematurely revealing U.S. involvement. Maintaining secrecy and avoiding any indication of U.S. knowledge or interest were thus crucial to prevent premature exposure of covert economic interests.[64]

Some specific measures were the resolution of the Guatemalan-UFCO dispute which was facilitated by appointing an unbiased commission agreed upon by both parties, as well as the proposal that the new government promptly implemented the increased taxes suggested by UFCO. This could obscure the issue of compensation for expropriated land, because “then the issue of compensation for expropriated land can be masked by the tax ‘victory’”.[65] A dispatch from June 4, 1954, covered another wide range of measures. It states how the covert U.S. Government and private U.S. sources and media could serve as the basis for a coordinated public relations effort by UFCO. Recommendations were encouraged to be directly communicated to UFCO and other relevant corporations, as “all the above themes lend themselves to clandestine treatment”.[66] Nevertheless, on June 15, as the coup was about to start soon, Secretary of State Dulles deliberately indicated to the press that the Department lacked involvement with Guatemala. He remarked, “No doubt there is going on somewhat of a reign

[64] "118. Memorandum From [name not declassified] to the Chief of the Western Hemisphere Division, Central Intelligence Agency (King)," *Foreign Relations of the United States, 1952–1954, Guatemala*, 223-226, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d118; “121. Memorandum From the Deputy Director for Plans, Central Intelligence Agency (Wisner) to the Chief of the Western Hemisphere Division (King)," *Foreign Relations of the United States, 1952–1954, Guatemala*, 229, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d121.

[65] “169. Dispatch From Operation PBSUCCESS Headquarters in Florida to PBSUCCESS Headquarters, Central Intelligence Agency," *Foreign Relations of the United States, 1952–1954, Guatemala*, 306, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d169.

[66] “171. Dispatch From Operation PBSUCCESS Headquarters in Florida to PBSUCCESS Headquarters, Central Intelligence Agency," *Foreign Relations of the United States, 1952–1954, Guatemala*, 311-313, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d171.

of terror in Guatemala. There is no doubt in my opinion but what the great majority of the Guatemalan people have both the desire and the capability of cleaning their own house".[67]

In accordance with Dulles' tactics, propagandist statements to disassociate with UFCO were spread, as can be noted in telegrams from June 27 and 28, 1954, and in a memorandum from July 8, 1954. The first telegram recommended emphasizing the new regime's discontent with UFCO's outdated tactics and labor relations to create distance from the company.[68] In two telegrams on June 28, it was signaled to "emphatically declare independence from UFCO and allay labor fears liberation". These measures aimed to cover any perception of U.S. alignment with UFCO interests, thereby minimizing claims of its exclusive influence over anti-regime factions.[69] However, "the propaganda program, one of the most effective arms of the project, was exposed prematurely", as noted in a telegram from July 8, 1954. The premature revelation led to swift oppositional responses precisely when the internal organization of the propaganda program was most active.[70] This premature exposure hindered the covert operation's progress at a critical juncture, highlighting the challenge of maintaining secrecy about the U.S. government's economic motives within the coup.

Sustained propaganda activities were also apparent during the establishment of the new government in Guatemala. A briefing paper on August 24, 1954, emphasizes the imperative of maintaining strict security even after the operation's success, highlighting the CIA's clandestine

[67] "187. Telegram From the Central Intelligence Agency to Operation PBSUCCESS Headquarters in Florida," *Foreign Relations of the United States, 1952–1954, Guatemala,* 334, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d187.
[68] "240. Telegram From the Central Intelligence Agency to Operation PBSUCCESS Headquarters in Florida," *Foreign Relations of the United States, 1952–1954, Guatemala,* 388, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d240.
[69] "248. Telegram From Operation PBSUCCESS Headquarters in Florida to the CIA Station in Guatemala," *Foreign Relations of the United States, 1952–1954, Guatemala,* 395, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d248; "254. Telegram From Operation PBSUCCESS Headquarters in Florida to the Central Intelligence Agency," *Foreign Relations of the United States, 1952–1954, Guatemala,* 400, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d254.
[70] "274. Memorandum From William Robertson of Operation PBSUCCESS to the Chief of the Project," *Foreign Relations of the United States, 1952–1954, Guatemala,* 418-426, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d274.

role and the "established theory of fictional group of Anti Commie American businessmen interested in South America and desirous of eliminating Communism (not United Fruit)".[71] Meanwhile, a telegram that same day suggests that "[name not declassified] addition to junta would offer tremendous advantages including built in check and balances plus propaganda value of having [less than 1 line of source text not declassified] as member of government". However, logistical challenges are noted regarding the allocation of responsibilities and the potential resistance from other government members.[72]

Thus, the in-depth analysis of the official U.S. State Department documents on the Guatemalan coup d'etat from 1952 to 1954, reveals how economic motives were deliberately covered by the U.S. government and the CIA. Through covert actions, alliances, and propaganda, they obscured their true corporate and economic interests in the Guatemalan case. These documents highlight a concerted effort to downplay or mask economic agendas, focusing instead on anti-communist rhetoric. This intentional concealment underscores the complex interplay between geopolitical strategies and economic interests, shedding light on the nuanced nature of U.S. involvement in foreign affairs, illustrating how economics are always embedded into politics.

The U.S. pursuing economic power in the region

Investigating the official U.S. State Department documents also reveals the U.S. pursuit for economic dominance in the region. The evidence illustrates a complex interplay of motives, where actions ostensibly aimed at countering communism also served to advance capitalist

[71] "281. Briefing Paper," *Foreign Relations of the United States, 1952–1954, Guatemala,* 438, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d281.
[72] "284. Telegram From the CIA Station in Guatemala to the Central Intelligence Agency," *Foreign Relations of the United States, 1952–1954, Guatemala,* 441, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d284.

restructuring and secure U.S. economic supremacy. This ultimately signaled the formal end of the Good Neighbor era of corporation, mutual respect, and non-intervention.

With UFCO as the dominant force in Guatemalan banana production and with control over crucial transportation networks, UFCO wielded considerable economic influence. An estimate dated March 11, 1952, outlines the potential ramifications of UFCO's withdrawal for the U.S., as "a worsening economic situation would probably result". While some might initially celebrate such a departure as a moment of national triumph, the estimate warns of the sobering economic realities that would quickly follow. The cessation of UFCO's operations would not only disrupt Guatemala's economy but also impact U.S. economic influence in the region. This suggests that, beyond geopolitical considerations, the intervention also served to safeguard and advance U.S.-led capitalist restructuring in the region, ensuring the preservation of economic dominance and influence.[73]

Similar sentiments of the U.S. consolidating economic power in the region are evident in a report from October 10, 1952. The report states how "Arbenz realizes that Guatemala is economically dependent on the US but intends to bluff through his defiance of US corporations to any length short of national suicide". Despite facing potential hardships and sacrifices, the report states how Arbenz saw national control over Guatemala's key industries as crucial for sovereignty and development. Arbenz aimed to assert Guatemala's authority over foreign companies to support domestic reforms, emphasizing economic nationalism. The report illustrates how Arbenz' strategy nevertheless prioritized maintaining U.S. market access and capital while avoiding alignment with the Soviet bloc, as "Arbenz's reluctance to align with the Soviet bloc suggests a preference for US influence, as he knows this is not possible without US markets and US capital".[74] This stance reflects Arbenz's recognition of the indispensability of

[73] "2. Memorandum King to Wisner," *FRUS, 1952–1954, Guatemala,* 3-4.
[74] "27. Central Intelligence Agency Information Report," *Foreign Relations of the United States, 1952–1954, Guatemala*, 39-44, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d27.

U.S. markets and capital for Guatemala's economic stability and development, underscoring the U.S. asserting economic dominance in the region.

As political conditions evolved in Guatemala from 1952 to 1953, the U.S. government increasingly recognized the imperative for capitalist restructuring in the region, leading to strategic leveraging of trade relations, efforts to combat capital flight, and economic sabotage as key tactics in advancing U.S. economic interests. A report from December 1, 1952, highlights the increasingly dire economic situation in Guatemala, with capital flight exacerbating the crisis. President Arbenz's proposed invocation of the Economic Emergency Law and imposition of import/export taxes signaled a deepening economic turmoil, diminishing U.S. economic influence as "under this law all capital in the country, local and foreign, will be frozen".[75] A memorandum from March 8, 1953, emphasizes the necessity of coordinated political action to assert U.S. influence and deter defiance. It suggests leveraging trade relations to compel compliance, proposing potential legislation for countervailing duties to address property expropriation concerns.[76] These documents reveal the U.S. government's strategic alignment of economic pressure tactics with geopolitical objectives, reflecting its evolving approach to promote capitalist interests amidst political instability in Guatemala. A specific strategy was outlined in a contact report on November 16, 1953. The Director of Central Intelligence proposed applying economic pressure by spreading rumors through U.S. coffee buyers that Guatemalan coffee contained harmful fungi, potentially leading to its exclusion from the U.S. market. Additionally, considerations were made as "more effective economic measures could be brought about through economic sabotage rather than through direct participation by American businessmen".[77]

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[75] "32. Report Prepared in the Central Intelligence Agency," *Foreign Relations of the United States, 1952–1954, Guatemala*, 51-55, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d32.
[76] "36. Memorandum for the Record," *Foreign Relations of the United States, 1952–1954, Guatemala*, 79-80, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d36.
[77] "66. Contact Report," *FRUS, 1952–1954, Guatemala,* 141.

The U.S. thus foresaw a significant threat against its economic power should Arbenz continue to hold office amidst the perceived communist threat. An assessment dated December 28, 1953, from the Ambassador in Guatemala, suggests that "continuance of his administration until its term expires in 1957 will result in a further and dangerous advance of Communism in this country, with all the attendant peril to our security and economic interests in this area".[78] Similarly, an Operation PBSUCCESS paper from April 22, 1954, underscores that "the current political situation in Guatemala is adverse to US interests", a trend expected to persist as long as Arbenz remained in office.[79] These documents highlight the perceived correlation between political stability, economic interests, and the threat of Communism in Guatemala during this period, as stopping the expansion of communism was highly connected to pursuing the spread of capitalism and U.S. economic power. Although the U.S. attempted to conceal this, a dispatch from operation PBSUCCESS on June 2, 1954, clearly emphasizes this need for swift action to counter perceptions linking State Department intervention with the interests of big capitalists like UFCO, emphasizing that "urgent action is necessary to safeguard U.S. foreign policy interests and counter communist political warfare, protecting against accusations of attacking Guatemala in the interest of UFCO or "Wall Street"".[80] Effective measures were thus deemed crucial for PBSUCCESS and broader U.S. efforts in Guatemala and beyond.

However, the U.S. government also recognized the narrative branding 'U.S. anti-communism' as a facade for the interests of 'capitalistic monopolies', as a communist claim. This narrative, spread through Guatemalan and global communist propaganda, was understood as undermining U.S. credibility and legitimacy, according to dispatches dated June 4 and 13,

[78] "79. Letter From the Ambassador to Guatemala (Peurifoy) to the Assistant Secretary of State for Inter-American Affairs (Cabot)," *Foreign Relations of the United States, 1952–1954, Guatemala*, 160-161, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d79.
[79] "132. Memorandum From the Acting Assistant Director for National Estimates (Bull) to Director of Central Intelligence Dulles," *Foreign Relations of the United States, 1952–1954, Guatemala*, 246, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d132.
[80] "169. Dispatch From Operation," *FRUS, 1952–1954, Guatemala*, 306.

1954. The Guatemalan government employed diplomatic maneuvers such as offering non-aggression pacts and proposing talks between Arbenz and Eisenhower to depict opposition forces as instruments of foreign imperialism.[81] The USSR lend diplomatic support to Guatemala, framing it as a victim of U.S. imperialist intervention, particularly on behalf of UFCO.[82] To counter this narrative, the U.S. launched an information campaign targeting regions less familiar with Latin American affairs, as can be noted in a report from July 27. This campaign aimed to dispel skepticism and disbelief regarding the U.S. position while discrediting allegations of orchestrating the revolution and financial ties with UFCO, ultimately seeking to safeguard its image and interests after the coup had ended.[83]

However, various documents indicate that the concepts of U.S. imperialism and capitalist restructuring were not entirely unfounded but rather strategically utilized to counter Soviet imperialism. Telegrams from June 24, 26 and 27, 1954, highlight the danger posed by communist arguments framing U.S. hostility towards the Arbenz regime as merely serving the interests of UFCO. The narrative of 'invaders' and 'Yankee imperialists' aimed at undermining agrarian reform was deemed perilous not only for Guatemala but also globally, believed to impact regions such as Latin America, Asia, Africa, and even certain European countries like Italy. This is evident in a letter from June 26, 1954, signed by ten OAS members, acknowledging the communist threat and emphasizing that "the stakes are whether or not imperial Communism shall have a tactical command post in Central America" and that "instead of yelling about Yankee imperialism and invasion the free world should be grateful that a handful of brave but maybe pathetically comical exiles got the pitch and decided to do

[81] "171. Dispatch From Operation PBSUCCESS Headquarters in Florida to PBSUCCESS Headquarters, Central Intelligence Agency," *Foreign Relations of the United States, 1952–1954, Guatemala*, 311-313, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d171.
[82] "181. Dispatch From Operation PBSUCCESS Headquarters in Florida to All PBSUCCESS Stations," *Foreign Relations of the United States, 1952–1954, Guatemala,* 326-328, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d181.
[83] "280. Report Prepared in the U.S. Information Agency," *Foreign Relations of the United States, 1952–1954, Guatemala,* 433-437, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d280.

something about it".[84] The document underscores the clash between Soviet and U.S. foreign interests, rallying two differing forms of imperialism against one other.[85] Similarly, an editorial note and report from July 27, 1954, emphasizes the U.S. perceived seriousness of the situation, highlighting the threat to U.S. economic power by imperial communism in Central America.[86]

Hence, evidence from the official U.S. state department documents illustrates how the U.S. government, portraying its actions as a bulwark against communism, intertwined with the underlying motives centered on safeguarding capitalist restructuring and economic dominance in the region. This significantly contrasted the Good Neighbor era of corporation, mutual respect, and non-intervention. The pursuit of profit and the interests of economic dominance in the region emerged as driving forces behind the intervention, as the U.S. strategically leveraged economic pressure tactics, such as trade relations and potential market exclusions. This alignment of economic coercion with geopolitical objectives underscores the state's role in facilitating capitalist restructuring. It formally ended the Good Neighbor Policy, as its perceived reciprocity, beneficial to U.S. business and capital environments, came under threat. Ultimately, the intervention served to consolidate U.S. economic power and influence in Guatemala and the rest of the region, ensuring the preservation of capitalist interests amidst the perceived threat of communism.

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[84] "245. Telegram From the Central Intelligence Agency to the CIA Station in [place not declassified]," *Foreign Relations of the United States, 1952–1954, Guatemala,* 392, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d245.

[85] "231. Telegram From Operation PBSUCCESS Headquarters in Florida to the Central Intelligence Agency," *Foreign Relations of the United States, 1952–1954, Guatemala,* 378, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d231; "237. Telegram From the United States Information Agency to Certain Posts," *Foreign Relations of the United States, 1952–1954,* Guatemala, Page 385, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d237; "240. Telegram From the Central Intelligence Agency to Operation PBSUCCESS Headquarters in Florida," *Foreign Relations of the United States, 1952–1954, Guatemala,* 388, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d240.

[86] "273. Editorial Note," *Foreign Relations of the United States, 1952–1954, Guatemala,* 417, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d273; "280. Report Prepared in the U.S. Information Agency," *Foreign Relations of the United States, 1952–1954, Guatemala,* 433-437, URL: https://history.state.gov/historicaldocuments/frus1952-54Guat/d280.

CONCLUSION

Hence, the Dulles-Arbenz report and the Guatemalan coup d'etat in 1954 signaled the formal end of Roosevelt's Good Neighbor Policy with the emergence of U.S. economic expansionism in Latin America. I demonstrated how both the coup and report encompassed a critical role within this historical development, illustrating the gradual breakdown of the U.S.' foreign policy stance of being a "Good Neighbor" with the forthcoming pursuit for economic power and capitalist restructuring. This thesis has added to the existing body of knowledge on the Guatemalan coup d'etat and the Dulles-Arbenz report, by illustrating how the U.S. had corporate and economic interests with UFCO, emphasizing the deliberate concealment of economic motives by the U.S. government and the CIA, and illuminating the U.S. pursuing economic power in the region.

The implementation of the Good Neighbor Policy by Roosevelt in 1933 set the stage for a period of relative abstinence from interventionism by the United States in Latin America. Amidst the Great Depression, the U.S. acknowledged the need to prioritize their own economic well-being first to get the U.S. out of economic turmoil. Imposing U.S.-based economic narratives, favoring U.S. companies' corporate interests, seemed counterintuitive in promoting a U.S. led global capitalist system during this time. After the Second World War, the economy in the United States had improved drastically, and these sentiments started to shift. With power slowly being redistributed into a bipolar order, diverged between a U.S.-led free-market system and a USSR communist system, the U.S. understood a need to counter communist sentiment, especially in their backyard.

Guatemala went through a series of significant political developments during this time. During the Ten Years of Spring, Guatemala experienced the overthrow of long-standing dictator Ubico, with the consecutive elections of social reformist presidents Arévalo and Arbenz. After Arbenz implemented the agrarian land reform, redistributing land owned by large

companies such as UFCO to local farmers, and with communist sentiment receiving growing attention and admiration, the U.S. increasingly understood a need to intervene to safeguard their interests. Many U.S. politicians had strong connections with UFCO, and protecting their corporate interest with the company as well as their broader economic interests in the region, were deemed critical in combating communism and ensuring U.S. economic power in Latin America.

This thesis therefore illustrated how the Guatemalan coup d'etat and the Dulles-Arbenz report signaled the formal end of the Good Neighbor Policy with the emergence of U.S. Cold War economic expansionism in Latin America. In current literature, the Guatemalan coup d'etat and the Dulles-Arbenz report are understood as resulting from the U.S.' fight against communism during the early stage of the Cold War, with the aspect of economic interests receiving some, but notably less attention. While the focus on the Guatemalan coup d'état often leans towards historical and political analyses, the economic dimension is also significant.

Yet, it must be stated that this thesis was limited to a certain extent. Due to the restricted time, certain aspects of this topic that perhaps deserved more attention, analysis, and elaboration, have not been discussed sufficiently. Additionally, only official U.S. State Department documents have been examined as primary sources, while for example news articles and interviews could offer further insights on the economic implications of this topic. Other scholars can thus build upon my research, providing an even deeper understanding on the economic implications regarding the Guatemalan coup d'etat and the Dulles-Arbenz report.

Nevertheless, this thesis has illustrated how the coup and report signaled the formal end of the Good Neighbor Policy with the emergence of U.S. economic expansionism in Latin America. By bridging the political and the economical, this thesis illuminated how combating communism was intrinsically linked to U.S. efforts in corporate expansion and capitalist interests during the early stages of the Cold War. U.S. intervention in the Cold War era sought

not only to counter communist influence but also to reshape Latin America's economic landscape in alignment with American corporate agendas, of which the Guatemalan coup d'etat proved a prominent example. As the first U.S. military intervention in Latin America after World War II, the Guatemalan coup d'etat lay the groundwork for a period of economic expansionism by the U.S. in their backyard. Hence, even during this time, as stated in GPE theoretical frameworks: economics were always embedded into politics.

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