

COPY NO. 371

OCI NO. 6310

3 June 1954

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# CURRENT INTELLIGENCE DIGEST



*Item 10*

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

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*Handwritten notes:*  
1. [unclear]  
2. [unclear]

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LATIN AMERICA.

27. Communists apparently responsible for break in talks to end Honduran strike: Negotiations for settlement of the month-old strike against the United Fruit Company in Honduras broke down completely on 31 May after strike leader Cesar Augusto Coto declared that the strikers had refused to accept a limited preliminary agreement. The breakdown coincided with the appearance of José Pineda Gomez, head of the Communist-front Democratic Revolutionary Party of Honduras, as legal adviser to the strike committee. The breakdown increases the possibility of violence, according to the American embassy in Tegucigalpa.

On 1 June a fruit company official reported that back-to-work sentiment was increasing among the strikers. He added that strike leader Coto had been captured and turned over to the Honduran authorities by a group of strikers in La Lima.

Comment: A fairly reliable source reported on 23 May that if a settlement is not reached by an unspecified date, company gasoline stores will be fired and American citizens lynched or kidnaped.

Resentment against the Communists for prolonging the strike appears to be growing among the strikers.

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28.

Guatemalan army reaction to Orbit arms shipment reported:  
The American embassy in Guatemala reports that Guatemalan army morale has generally improved as a result of the recent arrival of Orbit arms, but that this does not necessarily strengthen the Arbenz regime. The embassy notes that many officers now believe the army is capable of acting independently and have spoken of a possible move to overthrow the regime. This does not mean, however, that such action is "imminent."

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Army reaction against any open move by the government to arm civilians "might have serious repercussions," according to the embassy. The chief of the armed forces, Colonel Carlos Enrique Diaz, has allegedly assured a group of officers that the Orbit arms were procured exclusively for the army and that he will not permit any of them to fall into Communist hands. One officer has suggested that Diaz could prevent this from happening in the capital area, but possibly not in the outlying departments.

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LATIN AMERICA

7. Peron believes OAS meeting should not be limited to Guatemalan situation:

Argentine president Peron told Ambassador Nufer on 1 June that an Organization of American States meeting on Communist penetration in the entire hemisphere would be preferable to one on the Guatemalan situation alone. He said care would be necessary to prevent the "impulsiveness and irresponsibility" of some Latin American governments from turning an OAS meeting into "open intervention in Guatemalan affairs."

Though Peron agreed to support convocation of a meeting on Guatemala alone, Nufer believes that in view of Argentina's sensitivity on "intervention," the United States cannot yet count definitely on Buenos Aires for support of "adequate" action limited to Guatemala.

Comment: Sentiment for an OAS meeting on Guatemala continues strong in Central America, the Caribbean, and in Colombia and Peru. No comparable support has been observed elsewhere, however. Resistance to such a meeting still appears high in Venezuela and also in Ecuador. Brazil has promised to seek support for a meeting from Chile, Uruguay, Paraguay and Bolivia, but the results of any such action are not known. |

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