

This code, which was designed to redress the unequal relationship between business and labour, by legalizing trade unions, establishing a minimum wage, and creating labour courts to adjudicate labour disputes, also raised questions in the United States about his purported communist sympathies.²⁶

In the meantime, more liberal sectors of the élite were growing restive over the slow pace of reform. By 1949, liberal and left-leaning groups, including the labour movement and the Guatemalan communists, were grouping behind Jacobo Arbenz. The assassination of Arbenz's principal rival, Francisco Arana (who had led the 1944 coup with Arbenz and who, according to some, was planning a second coup, this time against Arevalo, in order to forestall a possible Arbenz victory in the upcoming presidential elections) removed Arbenz's principal competition, virtually ensuring his election in 1950.

Arbenz was committed to an acceleration of the process of social change begun by Arevalo, particularly in the area of land reform. In June 1952, an agrarian reform bill was passed, empowering the government to take over uncultivated portions of large landholdings, many of them US-owned, with compensation to be provided in the form of interest bearing government bonds. Confiscated lands were to be parcelled out in small and medium sized plots to landless peasants. Although the programme was quite moderate (indeed, in its focus on uncultivated land, it was much less ambitious than the Salvadoran land reform of 1980 which was sponsored by the United States government), it alienated the foreign business community even further. Arbenz's apparent determination to ease the stranglehold of foreign interests on the Guatemalan economy through infrastructural development — the construction of a port to rival that owned by United Fruit and of a highway to the Atlantic which would compete with the foreign-owned rail monopoly, and the proposal to create a government-owned power company to undercut the American-controlled monopoly on electricity — strengthened this alienation.

Although, as noted above, the agrarian reform as constituted was quite moderate, it proved difficult to control. Groups of peasants, often encouraged by communist agitators, took over large numbers of farms not covered under the reform. Arbenz was reluctant to suppress the squatters' movement, as it would have meant turning against a significant part of his popular support. These land

²⁶ *Ibid.*, pp. 39-40.