

GREATER REPUBLIC OF CENTRAL AMERICA.

RECOGNITION OF THE POLITICAL UNION OF HONDURAS, NICARAGUA, AND SALVADOR.¹

Mr. Mendoza to Mr. Olney.

SAN SALVADOR, *September 22, 1896.*

SIR: I have the honor herewith to transmit to your excellency, together with the usual office copy, an autograph letter, which the Diet of the Greater Republic of Central America addresses to His Excellency Mr. Cleveland, President of the United States of North America, informing him of the new political organization agreed upon by the Republics of Honduras, Nicaragua, and Salvador.

Begging your excellency to be pleased to transmit the letter to its high destination, I have the honor to beg you to accept the assurances of my most distinguished consideration.

E. MENDOZA.

[Inclosure.]

The Diet of the Greater Republic of Central America to His Excellency the President of the United States of America.

GREAT AND GOOD FRIEND: The Republics of Honduras, Nicaragua, and Salvador, by a treaty concluded in the port of Amapala, Honduras, on the 20th day of June, 1895, which was ratified by the respective legislative bodies of the three Republics, and the ratifications of which were exchanged in this city on the 15th instant, agreed to form a single political organization for the exercise of their external sovereignty, with the title of the Greater Republic of Central America, to be represented by a diet composed of three members, elected by each of the legislative bodies.

The undersigned, having been honored by being chosen as such representatives, deem it to be their just duty to inform your excellency of the change which has been effected and of their firm purpose to continue to cultivate, with the utmost diligence, the cordial relations which have existed between the United States of America and the signatory Republics individually. They further desire to inform you that all obligations contracted by each one of them will be religiously fulfilled, provided that they are not incompatible with the new political organization which has been adopted.

With best wishes for the prosperity of the North American nation and for your excellency's personal happiness, the undersigned have the honor, etc.,

[SEAL.]

JACINTO CASTELLANOS.

E. CONSTANTINO FIALLOS.

E. MENDOZA.

SAN SALVADOR, *September 19, 1896.*

A true copy.

EUSEBIO BRACAMONTE,

Chief Clerk.

¹ See also under Honduras and Nicaragua.

Mr. Rodriguez to Mr. Olney.

[Translation.]

WASHINGTON, D. C., *December 1, 1896.*

Señor J. D. Rodriguez has the honor to offer his respects to His Excellency Mr. Secretary Olney, and to state to him that he is the bearer of letters which accredit him as envoy extraordinary and minister plenipotentiary of the Greater Republic of Central America to the Government of the United States of America, of which letters he transmits a copy.

Señor Rodriguez begs, at the same time, of His Excellency Mr. Secretary Olney to be pleased to indicate to him the day and hour when His Excellency President Cleveland will deign to receive him in his official character, and he likewise sends him in advance herewith a copy of the brief address which he proposes to make to the President on that occasion.

[Inclosure.—Mr. Rodriguez's letters of credence.—Translation.]

The Diet of the Greater Republic of Central America to His Excellency the President of the United States of America.

GREAT AND GOOD FRIEND: A few days ago we had the honor to bring to Your Excellency's knowledge the political transformation effected by the Republics of Salvador, Honduras, and Nicaragua by merging their exterior sovereignty in one sole [sovereignty]; and in the desire of continuing to cultivate the relations which have existed individually between those Republics and the United States of America we have seen fit to appoint Don José Dolores Rodriguez envoy extraordinary and minister plenipotentiary to the Government of your excellency.

The personal qualifications of Señor Rodriguez lead us to hope that your excellency will be pleased to receive him with benevolence and give full credit to all that he may affirm, especially when he assures your excellency of the friendship and sympathy with which the great nation of the continent inspires them and the prayers they offer for its prosperity and the personal welfare of your excellency.

With sentiments of the highest consideration, we have the honor, etc., your faithful and good friends.

[SEAL.]

JACINTO CASTELLANOS.
E. CONSTANTINO FIALLOS.
E. MENDOZA.

SAN SALVADOR, *October 1, 1896.*

A true copy.

EUSEBIO BRACAMONTE,
Chief Clerk.

Mr. Rodriguez to Mr. Olney.

[Translation.]

LEGATION OF THE GREATER REPUBLIC
OF CENTRAL AMERICA,
Washington, December 7, 1896.

DEAR SIR: I have the honor to inclose herewith, reduced to writing, the suggestion of which we spoke on Saturday last toward the close of

our interview, which will, I trust, as was understood, remain subject to whatever we may finally agree upon.

My secretary will likewise place in your hands the translation of the treaty of Amapala,¹ which you were pleased to intrust to me and which has been corrected by the official translator of your Department.

I am, etc.,

J. D. RODRIGUEZ.

[Inclosure.—Translation.]

LEGATION OF THE GREATER REPUBLIC
OF CENTRAL AMERICA.

The President of the United States of America, in recognizing the Greater Republic of Central America, constituted conformably to the stipulations of the treaty of Amapala, of June 20, 1895, between the Republics of Honduras, Nicaragua, and Salvador, and in entering upon diplomatic relations therewith, gives such recognition and enters upon such relations upon the distinct understanding that the responsibility of each of these Republics toward the United States of America remains wholly unaffected.

NOTE.—Mr. Rodriguez was received by the President on December 24, 1896. His address and the President's reply on that occasion are as follows:

Address of Mr. Rodriguez.

[Translation.]

MR. PRESIDENT: The Greater Republic of Central America has honored me by appointing me its envoy extraordinary and minister plenipotentiary to the Government of your excellency.

In conferring that honor upon me the diet which constitutes the bond of union between the three Republics which organized that new entity has given me special instructions to assure your excellency, as it is gratifying to me to do, that the Greater Republic of Central America entertains the same sentiment of cordial and sincere friendship toward the American Government and people as have always been held by the peoples and Governments which formed the same, and that it cherishes sincere desires that neither the energetic progress nor the power of this great nation may ever be interrupted or impaired, and also that your excellency may enjoy personal happiness.

It is highly satisfactory to me to place in your excellency's hands the letters which accredit my representation in the character mentioned.

Our firm conviction that the sentiments which I have expressed find on the part of your excellency and of the American nation the most complete reciprocity has induced us to solicit the efficient intervention of your excellency to the end of bringing to a happy termination one of the questions which most interest the confederation by reason of the influence which it may exert upon the pacific developments of its great elements of wealth and prosperity.

I trust, Mr. President, that in this, and in the other matters which I shall have to treat with the Government of your excellency, I will win

¹ For treaty see under Honduras, page 390.

your benevolent reception, and that the results which I may attain will merit the approval of those who have appointed me in additional confirmation of their friendship and gratitude for the interest which the United States of America have ever shown in favor of the well-being of the Central American Republics.

Reply of the President.

MR. MINISTER: I take pleasure in receiving at your hands the letter of the Diet of the Greater Republic of Central America, whereby, in representation thereof and of the Republics of Honduras, Nicaragua, and Salvador, which form that union, you are accredited as their envoy extraordinary and minister plenipotentiary to this Government.

In recognizing, in the name of the United States of America, the Greater Republic of Central America, constituted pursuant to stipulation of the treaty of Amapala, of June 20, 1895, between the Republics of Honduras, Nicaragua, and Salvador, and, in entering into diplomatic relations therewith, such recognition is given and such relations entered upon in the distinct understanding that the responsibility of each of those Republics to the United States of America remains wholly unaffected.

I discern in the articles of association from which the diet derives its powers a step toward a closer union of Central American States in the interest of their common defense and general welfare, and I welcome it as the precursor of other steps to be taken in the same direction, and which it is hoped may eventually result in the consolidation of all the States of Central America as one nation for all the purposes of their foreign relations and intercourse.

To you individually I extend a cordial greeting, both personal and official, and I trust that your renewed residence at the capital of this country, where you formerly held an important representative mission, will be as agreeable in its personal relations as I believe it will be useful and profitable for the countries you represent, between each of which and the United States has always existed, and it is hoped will always exist, the closest ties of friendship.

Mr. Olney to Mr. Mendoza.

DEPARTMENT OF STATE,
Washington, December 29, 1896.

EXCELLENCY: I have the honor to acknowledge the receipt of your excellency's note of September 22, 1896, wherewith you inclose, with an office copy, the letter of the Diet of the Greater Republic of Central America, addressed to the President advising him of the new political organization of the Republics of Honduras, Nicaragua, and Salvador, agreeably to the provisions of the treaty concluded between them at Amapala, Honduras, June 20, 1895, the said treaty having been formally ratified and exchanged.

I inclose the President's reply, dated the 29th instant, with the customary office copy, and request that, through your courtesy, it may properly reach its high destination.

I avail, etc.,

RICHARD OLNEY.

[Inclosure.]

Grover Cleveland, President of the United States of America, to their Excellencies Señor Don Jacinto Castellanos, Señor Don E. Constantino Fiallos, Señor Don E. Mendoza, constituting the Diet of the Greater Republic of Central America.

WASHINGTON, D. C., December 29, 1896.

GREAT AND GOOD FRIENDS: I have received your letter of September 19, 1896, in which you inform me that the Republics of Honduras, Nicaragua, and Salvador, by a treaty concluded at Amapala, Honduras, June 20, 1895—such treaty having been duly ratified and exchanged by the three Governments concerned—have agreed to form a single political organization for the exercise of their external sovereignty, with the title of the Greater Republic of Central America, to be represented by a Diet composed of three members elected by each of the legislative bodies. You inform me that you have been chosen as such representatives, and, after advising me of these circumstances, you assure me of the purpose of the Republics of Honduras, Nicaragua, and Salvador to continue to cultivate with the utmost diligence the cordial relations which have heretofore existed between each of them and the Government of the United States, and to scrupulously fulfill the contracted obligations of each of the newly adopted political organizations not being incompatible therewith.

The purpose and assurances to which you give expression on behalf of those Republics are exceedingly gratifying. I need scarcely add that whatever contributes to their welfare, peace, happiness, and prosperity finds a hearty and echoing response from the Government and people of the United States.

It will be an agreeable duty to contribute, so far as lies in my power, to that laudable end.

Cordially reciprocating your wish for the prosperity of the States composing the Greater Republic of Central America, I beg to extend to each of you personally the assurances of my highest consideration and to subscribe myself—

Your good friend,

GROVER CLEVELAND.

By the President:

RICHARD OLNEY,
Secretary of State.

ARBITRATION OF THE BOUNDARY DISPUTE BETWEEN
NICARAGUA AND COSTA RICA.¹

Mr. Rodriguez to Mr. Olney.

LEGATION OF THE GREATER REPUBLIC
OF CENTRAL AMERICA,
Washington, December 26, 1896.

The undersigned, envoy extraordinary and minister plenipotentiary of the Greater Republic of Central America, has the honor to address His Excellency Richard Olney, Secretary of State of the United States of America, officially submitting to his consideration, in pursuance of instructions received, one of the principal and most important matters

¹ See also under "Costa Rica."

of the mission of the undersigned near the Government of His Excellency Secretary Olney.

His Excellency President Cleveland, during his first Administration, had the kindness to act as arbitrator in a question relating to the validity of a treaty between the Republics of Nicaragua and Costa Rica. Unfortunately the President's decision in settling that question left, notwithstanding the rectitude of intention which has been recognized by both parties, room for doubt on secondary points which have been obstacles to the drawing of a boundary line between the territories of the two countries.

The principal difficulties which have been met with are the following:

1. The fact that the point of departure is fixed on the Atlantic side, said point being "the extremity of Punta de Castilla (Castile Point), in the mouth of the river of San Juan de Nicaragua, as both were on the 15th day of April, 1858."

The commissions charged with the drawing of the line were unable to agree on the subject. Punta de Castilla does not really exist, having been formed as it was by unstable sands which the waves and currents had thrown together at the place where it did exist, and which they have caused to disappear, replacing them by new alluvial formations. To this circumstance is due the fact that, even if the aforesaid point could be found, it could not be maintained with the exactness and stability that are required in boundaries between nations.

2. The fact that the water of the San Juan River—the ownership and control of which, from the point where it leaves the lake to that where it empties into the Atlantic, belongs exclusively to Nicaragua, according to the treaty which the decision of the arbitrator declared valid—now empties at Harbor Head, the place of the old bay, which will remain on the Costa Rican side, whatever may be the approximate locality of Punta de Castilla, if the line is to begin there; the result of which would be that the water of the river at its mouth would be Costa Rican water, which would be in violation of the express stipulation of the treaty.

3. The fact that, in laying down the rules to be observed in fixing the center of Salinas Bay, in the Pacific, the decision, without doubt unintentionally, and perhaps owing to incomplete information with regard to the localities, contains a highly important error of fact, fixing as the western boundary of the bay "a straight line drawn from Punta Arranca Barba, almost due south, to the westernmost portion of the land via Punta de Zacate," since therein are comprised 2 miles of sea which do not form part of the bay, the true boundary of which is the line running from Punta Mala to the easternmost port of Zacate, on Punta de Zacate, which lies further east, as was recognized by the Nicaraguan and Costa Rican commissioners when they undertook to fix that locality.

A notable mistake, which is prejudicial to Nicaragua, results from this error in the fixing of the end of the line, which, according to the words of the treaty, is the central point of Salinas Bay. To Costa Rica will belong, by the provisions of the decision, the major part of the water of the aforesaid bay, and seven-eighths of its coast; with the circumstance that the small portion of the coast that would belong to Nicaragua is covered with rocks, and is not suitable for the establishment of a port for commerce and traffic; while the ownership and possession of the coast would not be common to both of the contracting parties, as was agreed by them in 1858.

Proof of all this can be furnished by the undersigned, if it is desired, in

original documents of the aforesaid commissions which documents have been intrusted to him for that purpose; although no less incontestable evidence is furnished by the fact of its having been necessary to conclude a special treaty, after long and fruitless efforts in order to meet the necessity of having that line of demarcation drawn without disregarding the decision of the arbitrator or the stipulations and spirit of the treaty to which it had reference.

One of the most essential stipulations of the special treaty to which the undersigned has just alluded, is that providing for the cooperation of an engineer-arbitrator, whom the President of the United States of America is to be requested to appoint, and upon whom the delicate power is to be conferred of definitely settling the difficulties that may arise in connection with the drawing of the boundary aforesaid, which difficulties will certainly be those enumerated, and perhaps others of minor importance.

The undersigned does not send a copy of said treaty¹ to His Excellency Secretary Olney, for the reason that he understands that the Department under his charge has knowledge thereof, and because it will, in time, have to be submitted both by the legation of the Greater Republic and by that of Costa Rica.

The object of the Diet of the Greater Republic of Central America in instructing the undersigned to make this statement to His Excellency Secretary Olney, without prejudice to the formal request which it will make of the President, in confirmation with the representative of Costa Rica, to appoint the engineer-arbitrator aforesaid, is to explain the nature of the stipulation which was made on the subject by the Republic of Nicaragua before the formation of the Greater Republic, and which must now be considered as its own.

Moreover, not doubting that the President will be pleased to comply with the request to appoint the engineer-arbitrator in question from among those American engineers who are most competent in their profession and who are best known for their uprightness and spirit of justice, the Diet of the Greater Republic of Central America begs him, through me, to allow it respectfully to suggest that the instructions given to that officer should fully authorize him to settle finally such disputes as may arise between the two commissions with which he is to cooperate, and empower him, if he shall think proper, to call for an authentic interpretation of the arbitrator's decision by competent authority and in the light of the treaty of April 15, 1858, in order that he may be enabled to base his decisions on such interpretation.

The undersigned avails, etc.

J. D. RODRIGUEZ.

Mr. Olney to Mr. Rodriguez.

No. 3.]

DEPARTMENT OF STATE,
Washington, January 16, 1897.

SIR: I have the honor to acknowledge the receipt of your note of the 26th ultimo, in which, after setting forth some secondary points left in doubt by the arbitration of the boundary question between Nicaragua and Costa Rica, you announce that under the provisions of a treaty concluded recently between the two Governments the President of the United

¹ For text of treaty see under "Costa Rica," page 100, *ante*.

States is to be requested to appoint an engineer to act as arbitrator in their settlement.

The President will have much pleasure in acting upon the joint request of Nicaragua and Costa Rica when made.

Accept, etc.,

RICHARD OLNEY.

NICARAGUAN CANAL.

*Mr. Rodriguez to Mr. Olney.*¹

LEGATION OF THE GREATER REPUBLIC
OF CENTRAL AMERICA,
Washington, January 15, 1897.

The undersigned, envoy extraordinary and minister plenipotentiary of the Greater Republic of Central America, has the honor to address His Excellency the Secretary of State, informing him that, as several bills relative to the construction of an interoceanic canal through Nicaragua have been for some time pending before both Houses of the American Congress, his Government recently instructed him to examine them and to make, under certain conditions, suitable representations to His Excellency the Secretary of State.

The undersigned has consequently examined said bills, which are five in number, to wit:

Three introduced in the House of Representatives, one by Mr. Mahon, December 3, 1895, another by Mr. Doolittle, and the third by Mr. Barham, both the latter having been introduced December 6, 1895.

Two introduced in the Senate, one by Mr. Perkins, December 30, 1895, and the other by Mr. Morgan, June 1, 1896.

All these bills take it for granted, with minor differences of detail, that the American Government is to take an important part in the enterprise, and that it is to furnish the money necessary for the construction of the canal by the Maritime Canal Company of Nicaragua, whose constitution and organization they essentially modify.

Unfortunately, the undersigned observes that the provisions of these bills are at variance, both generally and in matters of detail, with the stipulations of the contract of April 24, 1887, between Nicaragua and the company aforesaid, from which contract the company derives its existence, and which is the basis of its enterprise.

That contract stipulates in its eighth article that the concession therein provided for shall in no case be transferable to Governments or to foreign public powers, and article 53 provides that any contravention of this stipulation shall entail a forfeiture of the contract. As it can not be denied that the bills to which the undersigned has reference—although they do not expressly say so—effect that transfer most fully, making the Government of the United States of America the absolute owner of the enterprise and of the canal and its rights, the result to which they inevitably conduce is the forfeiture of the contract.

Article 47 of that instrument provides that the company shall undertake, at its own expense, the final surveys of the ground and the location of the line of the canal by a commission of competent engineers, two of whom are to be appointed by the Government of Nicaragua, and the aforesaid article 53 provides that a failure to comply with this stipulation shall entail the forfeiture of the concession. The bills, however,

¹ Sent to the Senate, January 22, 1897.

provide that the canal shall be constructed under the surveillance of the Department of Engineers of the Army of the United States of America, and according to its plans, and that three engineers shall be designated by the President for that purpose, who shall make the explorations and estimates. This provision likewise conduces to the forfeiture of the contract.

The people of all nations shall be invited to contribute the necessary capital to the enterprise.

Of the capital with which the company shall organize, and which it proposes to distribute among the different countries interested in the enterprise, there shall be reserved at least 5 per cent for the Central American Government and citizens that may desire to subscribe.

These provisions of article 7 of the contract are antagonized by the bills which distribute the capital of the enterprise among the United States of America, Nicaragua, Costa Rica, and the company.

The capital stock of the final company shall be composed of shares, bonds, or obligations of any other kind, in such proportion as it may deem convenient.

This is another provision of the ninth article. The bills, however, fix the amount of the capital stock in shares, of which they dispose in such a way that they are of no use for the work of the enterprise, as they ought to be, according to the intent of the contract. For the work of the enterprise the bills create bonds, which must thus be converted into capital stock or be left out of the contract. The undersigned need not here point out the infractions which the bills involve.

According to article 10 of the contract, the board of directors is to be composed of persons at least one-half of whom shall be chosen—by the company, of course—from the promoters who may yet preserve their quality as such. The bills organize the board of directors with eleven members, eight of whom are to be appointed by the President of the United States, in different capacities, one by Nicaragua, one by Costa Rica, and one by the canal company. The difference between this provision and the stipulation referred to could not be more marked than it is.

Among the benefits which Nicaragua reserves to herself, in consideration of the valuable privileges and rights which she surrenders, is 6 per cent of the shares, bonds, certificates, or such other obligations as the company may issue with a view to raising the capital. Now, notwithstanding the fact that the company has made several issues, it has not fulfilled this obligation; and as the bills say nothing on this particular point of shares, bonds, certificates, or other obligations which were to be issued and have not been issued in favor of Nicaragua, these securities would probably either be lost in the new form of the enterprise or would be liable to troublesome and tedious litigation.

Two of the bills in question have already been reported by a committee, so that they may finally exclude the others; nothing, however, is established in them with regard to the shares that would belong to Nicaragua; and it might happen, owing to this, that Nicaragua would get none at all.

If the company were to issue a hundred or a hundred and fifty million dollars' worth of bonds in order to meet the cost of the work, which bonds, as I have already remarked, would have to be considered as capital or be left out of the contract, Nicaragua would be entitled to her 6 per cent in virtue of the stipulation above referred to; but the bills leave no door open to such a possibility, nor do they allow her any participation in the issue which is to be made in order to pay for the work already done.

The company, by article 14 of the aforesaid contract, has contracted the solemn obligation to construct at its own expense within the term of three years, reckoned from the commencement of the work upon the interoceanic canal, a navigable canal between Lake Managua and the navigable part of the Tipitapa River, near Pasquier, of sufficient dimensions to admit of the free passage of vessels drawing 6 feet, and of 150 feet in length. That term expired a long time ago, but the company, notwithstanding the most earnest solicitation, has made no pretense of meeting that obligation, or of definitively adjusting the compensation which it ought to pay in order to be discharged therefrom. The bills establish nothing on this other point, and Nicaragua's rights in this matter might thus be annulled in consequence of their silence.

By the plan involved in the new form which the bills devise for the enterprise the present company is extinguished and nothing remains of it in its relations with the enterprise save the shadow of a personality represented by a vote in a board of directors of 11 members; while in its relations with Nicaragua it may always claim full personality as the holder of the concession, although having none of the means necessary to enable it to meet its obligations.

Finally, it is to be observed that, while the bills contravene and set at naught stipulations of the contract, they do not state whether the remaining ones still remain in force or not, although among these latter there are very many which are of no great importance to Nicaragua in particular and to Central America in general.

The undersigned is convinced of the good faith of the gentlemen who have introduced these bills in both Houses, and of those who advocate their passage. He takes, moreover, pleasure in stating that he recognizes these efforts as the result of the legitimate interest which they feel in behalf of the construction of an interoceanic canal, in which the confederation that he represents is quite as deeply interested. And in calling attention to the serious objections enumerated, which would render these efforts nugatory, the only object that he has in view is to protect just rights, which he thinks are menaced by the bills aforesaid.

It seems evident that the company is unable to raise money to fulfill its contract unless the United States of America furnish it therewith, and since that contract excludes the possibility of attaining that result, the undersigned, having been duly authorized to do so, proposes to his excellency the Secretary of State that the two Governments—relying upon the favorable disposition of the Government of the United States of America—shall come to a direct understanding on the subject, on the basis of the Zavala-Frelinghuysen treaty, with such modifications as may be agreed upon, and endeavoring to reach a just arrangement with the Maritime Canal Company of Nicaragua, so that it may renounce a concession whose conditions it is unable to fulfill.

The undersigned, in thus obeying the instructions of his Government, avails himself, etc.,

J. D. RODRIGUEZ.