

NICARAGUA

ASSISTANCE BY THE UNITED STATES IN THE SUPERVISION OF ELECTIONS IN NICARAGUA¹

817.00/5235 : Telegram

The Chargé in Nicaragua (Munro) to the Secretary of State

MANAGUA, January 10, 1928—10 a. m.

[Received 12:55 p. m.]

16. The electoral law was passed by the Senate and sent to the Chamber this morning.

At my request the President and other Conservative leaders have been talking to leading members of the Chamber and I hope that it will be possible to obtain its passage there.

[Paraphrase.] At every step of the proceedings, however, I anticipate passive obstruction, if not open opposition, and several days may pass before final action can be obtained. [End paraphrase.]

MUNRO

817.00/5240a : Telegram

The Secretary of State to the Chargé in Nicaragua (Munro)

WASHINGTON, January 10, 1928—8 p. m.

10. Have had two long conferences this morning with the Nicaraguan Minister, at second of which Colonel Stimson and Minister Eberhardt were present. It was made plain to the Nicaraguan Minister that we are highly dissatisfied with the present state of affairs regarding the electoral law and saw no reason why this law should not be voted at once. We had noticed that objections to the constitutionality of the law were being put forward in the Nicaraguan Congress and we were distinctly under the impression that General Chamorro and his followers were responsible for this and other attempts which seem to be being made to defeat the effective execution of the Stimson agreement. While we were not disposed to question the willingness of the Government to cooperate in every way, we were deeply concerned over the apparent lack of cooperation on the part of Chamorro and the Conservative Party. We expected the fullest

¹ Continued from *Foreign Relations*, 1927, vol. III, pp. 350-389.

cooperation not only from the Government but from both parties in Nicaragua, and wanted to know whether we were going to get it. The Minister replied that the question of constitutionality had been raised in the Congress and was a serious one. He went on to say that in his own judgment the law in its present form was unconstitutional and therefore would not be passed. He called attention in this connection to Articles 84 and 87 of the Constitution,² and argued from them that the Congress had the exclusive power to canvass the votes and determine the result, and that this power could not be delegated to an electoral commission. Colonel Stimson then reviewed at length the discussions leading up to the final agreement for a supervised election, and analyzed the agreement itself. The point now raised, he recalled, was clearly and emphatically raised, discussed and decided in the negotiations at the time. The Foreign Minister Cuadra Pasos, himself a distinguished lawyer, speaking for the Government in the presence of both Stimson and Eberhardt, had asserted that this question had been settled by previous administrative practice in other elections, and that there was no doubt of the constitutionality of the proposed arrangement. Stimson was unwilling to enter into any such agreement and report it to the President of the United States unless this matter was first determined. It was determined, and you will remember that the proposal for a supervised election, signed and submitted to the President of the United States by the President of Nicaragua, contained the following provision:

“(A) Under the electoral law there shall be created a National Electoral Commission which shall have full and general power to supervise the election and to prescribe regulations having the force of law for the registration of voters, the casting of their ballots, and all other matters pertaining to the election that are not covered by the electoral law. Among other powers, the National Electoral Commission shall have the exclusive right to canvass the number of votes cast at the election and to determine all questions and contests as to the regularity and legality of such votes, and their determination as to the number and legality of the votes cast shall be final and shall be reported directly to Congress for its certification and declaration of the result of the election.”

This proposal was accepted by the President of the United States, so that both Governments have before them a solemn engagement on the subject. The law now before the Nicaraguan Congress, particularly Section 5 thereof, embodies precisely the agreement which was made. It is altogether too late in the day for anybody in Nicaragua now to contend that any such technical objection can be further heard and considered. The good faith of everybody involved, including the two Governments and both political parties in Nicaragua,

² *Foreign Relations*, 1912, pp. 997, 1002, 1004.

is plainly pledged to carry out the supervised election under the terms of the agreement.

The Nicaraguan Minister disclaimed having any instructions on this subject, but it was evident that he had information leading him to believe that the law would not be passed. Perhaps he reflected the ideas of Chamorro. At any rate he adhered to the position that the law in its present form was unconstitutional and should be modified.

Using as much of what has been above stated in this message as in your discretion may be advisable, you should at once confer with President Diaz and with the utmost emphasis state the position of this Government, which is substantially as follows:

1. That the objection to the pending legislation is in our judgment absolutely untenable as a proposition of constitutional law.

2. That a refusal to enact the legislation can only be regarded by us as a flagrant breach of faith pledged in a solemn agreement entered into by the Government of Nicaragua with the President of the United States.

3. That the powers conferred by the proposed law upon the Electoral Boards, constituted as therein provided, are considered to be absolutely essential to the execution of the agreement and to the holding of the fair election which this Government has pledged itself to supervise and fully intends to carry out.

4. That further delay will not only create a most painful impression here but would compel this Government to consider seriously what other measures it can and should take in order to meet the obligations which it has definitely assumed with respect to all parties concerned.

KELLOGG

817.00/5251: Telegram

The Chargé in Nicaragua (Munro) to the Secretary of State

MANAGUA, January 13, 1928—9 a. m.

[Received 12:10 p. m.]

23. Antonio Medrano, one of the substitute judges of the Supreme Court, has been selected as the Liberal Vice Presidential candidate on the ticket with Moncada.³ His friends have asked me to ascertain whether the Department sees any reason to question the constitutionality of his election. Apparently article 126⁴ is the only one which could possibly bear on the question.

MUNRO

³ Head of the Liberal Party.

⁴ *Foreign Relations*, 1912, pp. 997, 1008.

817.00/5252 : Telegram

The Secretary of State to the Chargé in Nicaragua (Munro)

[Paraphrase]

WASHINGTON, January 13, 1928—5 p. m.

14. Your telegram No. 26, January 13, 3 p. m.⁵ The Department would regard the abandonment or postponement of the enactment of the electoral law in favor of any plan for the convening of a constituent assembly as a deliberate sabotage of the Stimson agreement for a supervised election. The Department cannot for a moment give its assent to any such procedure. We could only regard it as a flagrant breach of faith. You cannot emphasize this too strongly. The original plan must be carried out.

KELLOGG

817.00/5268 : Telegram

The Acting Secretary of State to the Ambassador in Cuba (Judah)

[Paraphrase]

WASHINGTON, January 14, 1928—7 p. m.

26. For Francis White.⁶ The Department has just received the following telegram from the Chargé in Nicaragua :

"Certain personal adherents of Cuadra Pasos are among the Conservative Deputies opposing the electoral law. Cuadra Pasos could control them if he desired to do so. It is my suggestion that Cuadra Pasos be approached immediately in Habana and requested to cable these Deputies to change their attitude. It is my understanding that Cuadra Pasos has cabled already and advised that consideration of the law be delayed. While the intention of Cuadra Pasos in suggesting this was no doubt good, he should understand the importance of avoiding any further delay and also the extreme seriousness of the present situation in Nicaragua."

The Senate has passed the electoral law, but the House is opposing it vigorously. The Chargé in Nicaragua feels that the law may not be passed without amendments unacceptable to the Department although he thinks that President Diaz is using his best efforts to have the law passed as submitted. The intention of the Deputies appears to be to try to force the consent of the Government of the United States to the holding of a constituent assembly.

OLDS

⁵ Not printed.

⁶ Assistant Secretary of State, then attending the Sixth International Conference of American States. The Conference was held at Habana from January 16 to February 20, 1928; see vol. I, pp. 527 ff.

817.00/5274: Telegram

The Chargé in Nicaragua (Munro) to the Secretary of State

MANAGUA, January 15, 1928—10 a. m.

[Received 9:08 p. m.]

29. The committee report approved by the Chamber of Deputies on Friday stated the constitutional objections to the electoral law as follows:

1. That it would be a derogation of sovereignty and consequently a violation of the spirit of the Constitution to give a foreigner control of the electoral machinery. Articles 2 and 19 of the Constitution are cited in this connection.

2. That article 3 of the project involves a delegation of legislative power, when the Constitution does not permit the delegation of legislative power even to the Executive except in certain specified subjects which do not include the conduct of elections.

3. That the law would in effect deprive Congress of its constitutional right to canvass the vote and determine the result of the election.

The committee therefore proposed a substitute for project under which a representative of the United States would take part in the work of each of the electoral boards, national, departmental and local, with power to make recommendations and if necessary to propose changes in the existing laws which would be submitted to Congress for approval. No action taken by any board in the absence or without the approval of the American member would be valid. The existing electoral law would be suspended and Congress would enact a new law to govern the election of 1928.

[Paraphrase.] Yesterday I discussed the situation with Chamorro at length. He held that this project would give the United States all necessary control over the election. I replied that it was utterly unacceptable, and that a failure to pass the project of General McCoy⁷ would be simply a repudiation of the Tipitapa agreement⁸ by the Conservative Party. Chamorro asserted that his attitude was largely the result of his belief that the Department of State had decided to have General Moncada elected President. Chamorro then recapitulated the alleged instances of favoritism to the Liberals about which the Conservatives have complained in the past. Chamorro stated that his party had made up its mind that it would be defeated; that probably it

⁷ Secs. 1-7 of the "McCoy project" were transmitted in telegram No. 196, Nov. 17, 1927, 6 p. m., to the Chargé in Nicaragua, *Foreign Relations*, 1927, vol. III, p. 379; sec. 8 was transmitted in telegram No. 209, Nov. 29, 1927, 8 p. m., to the Chargé, *ibid.*, p. 382; see also telegram No. 16, Jan. 23, 1928, 1 p. m., to the Chairman of the American Delegation to the Sixth International Conference of American States, for White, *post*, p. 447.

⁸ i. e., the agreement between Colonel Stimson and General Moncada, confirmed by Colonel Stimson's note to General Moncada, dated at Tipitapa, May 11, 1927, *Foreign Relations*, 1927, vol. III, p. 345.

would not take part in the election; that it might turn the Presidency over to a Liberal selected by the Congress prior to the election. I think this is a bluff, and that Chamorro's real purpose is to try to secure some concession for the Conservative Party as the price of its cooperation. Chamorro expressed the desire to continue our conversations on Monday, and I expect to talk again with him and the President at that time. I am still hopeful of a favorable outcome.

I think in any event that the opposition of the Chamber of Deputies can be worn down eventually if the situation is handled properly. A delay of 2 or 3 weeks, although most unfortunate, will not be an irreparable disaster. I believe that I can continue to depend on the cooperation of the Senate and that the bloc in the Chamber of Deputies can be broken if the President will try to do so in good faith. I have not endeavored to work with individual Deputies, since they are now completely under the control of Chamorro, and also I feared that any effort to undermine his influence before I have exhausted every possible means of convincing him would only serve to render him more unmanageable. It is very important that the majority in Congress be persuaded to cooperate with the President because not only the electoral law, but the completion of the reorganization of the courts,⁹ the *guardia* agreement,¹⁰ and any financial arrangements which it may be desirable to make,¹¹ are at stake. [End paraphrase.]

MUNRO

817.00/5251 : Telegram

The Acting Secretary of State to the Chargé in Nicaragua (Munro)

WASHINGTON, January 16, 1928—7 p. m.

18. Your 23, January 13, 9 a. m. Department is unwilling to pass upon question of Medrano's eligibility under Nicaraguan constitution for election as vice president. It cannot be placed in the position of approving even inferentially the candidacy of any particular individual. Its interest consists in seeing that a fair and free expression of the popular will is assured and beyond that it is not prepared to go. Its statement as to Chamorro's ineligibility¹² was addressed to a special situation and by no means indicates that it will pass upon the qualifications of candidates in general.

OLDS

⁹ See *Foreign Relations*, 1927, vol. III, pp. 389 ff.

¹⁰ See *ibid.*, pp. 433 ff.

¹¹ See pp. 523 ff.

¹² See memorandum by the Assistant Secretary of State of a conversation with General Emiliano Chamorro, October 22, 1927, *Foreign Relations*, 1927, vol. III, p. 367.

817.00/5276 : Telegram

The Chargé in Nicaragua (Munro) to the Secretary of State

MANAGUA, January 16, 1928—2 p. m.

[Received 7:11 p. m.]

30. The attitude of the Chamber of Deputies toward the electoral law seems to be due in part to the circulation of reports said to come from Washington to the effect that the United States Government . . . is no longer really interested in a free election. . . .

[Paraphrase.] Today when I mentioned these reports to President Diaz he did not admit or deny that such reports had been received. . . . President Diaz suggests that it would help if a strong note or written memorandum setting forth the views of the Department as expressed in the last portion of Department's telegram No. 10, January 10, could be given to the Nicaraguan Minister in Washington with the request that he transmit it to his Government. I urgently recommend that the Department do this, and that either the text or a summary of the communication be cabled to me at the same time. I should like to show it to the Deputies if necessary. [End paraphrase.]

MUNRO

817.00/5276 : Telegram

The Acting Secretary of State to the Chargé in Nicaragua (Munro)

WASHINGTON, January 17, 1928—11 a. m.

17. [Paraphrase.] Your telegram No. 30, January 16, 2 p. m.

In response to your recommendation, we authorize you, at your discretion, to present the following note to President Diaz: [End paraphrase.]

"Various rumors have come to the attention of the Department of State to the effect that its present attitude is being misrepresented to, and possibly misunderstood by the Government of Nicaragua. In order that there may be no doubt on this subject the Department has instructed me to state:

1st. That the policy and attitude of the United States in relation to Nicaraguan affairs has undergone no change or modification whatever.

2nd. That the agreement entered into by Colonel Stimson as the personal representative of the President of the United States, and evidenced by the exchange of communications between the Presidents of the two countries, is regarded as a subsisting obligation in all its integrity, that the United States fully intends to carry out its pledges and obligations thereunder, and expects the Government of Nicaragua similarly to carry out its pledges and obligations thereunder.

3rd. That the objection to the pending legislation is, in the judgment of the Department, absolutely untenable as a proposition of constitutional law.

4th. That a refusal to enact the legislation can only be considered by the Department as a breach of faith pledged in a solemn agreement entered into by the Government of Nicaragua with the President of the United States.

5th. That the powers conferred by the proposed law upon the electoral board constituted as therein provided, are deemed to be absolutely essential to the execution of the agreement and to the holding of the fair election, which this Government has pledged itself to supervise and fully intends to carry out.

6th. That further delay would not only create a most painful impression here, but would compel this Government to consider seriously what other measures it can and should take in order to meet the obligations which it has definitely assumed with respect to all parties concerned."

OLDS

817.00/5281 : Telegram

The Chargé in Nicaragua (Munro) to the Secretary of State

MANAGUA, January 17, 1928—7 p. m.

[Received January 18—1:14 a. m.]

32. The Chamber of Deputies today finally approved the substitute electoral law. I am informed that this will constitute a final rejection of General McCoy's project unless the action is reconsidered at tomorrow morning's session. [Paraphrase.] I talked to the President most emphatically and insisted that he immediately bring every possible influence to bear on the Deputies to prevent the threatened breakdown of the Stimson agreement. He promised to see the Conservative Deputies before the session tomorrow. The Constitution of Nicaragua prohibits the consideration of the same measure twice by the same legislature. If the President's efforts are unsuccessful, the only legal method to obtain satisfactory electoral legislation will apparently be to have the McCoy project introduced in somewhat amended form. [End paraphrase.]

MUNRO

817.00/5299

The Assistant Secretary of State (White), Then in Habana, to the Secretary of State

[HABANA,] January 17, 1928.

[Received January 23.]

SIR: I have the honor to enclose herewith a memorandum of my conversation with Dr. Cuadra Pasos on January 15 and a copy of the Secretary's conversation with him on January 17 [16].

I have [etc.]

FRANCIS WHITE

[Enclosure 1]

Memorandum by the Assistant Secretary of State (White)

[HABANA,] January 15, 1928.

In company with Mr. Meyer¹³ I called on Dr. Cuadra Pasos, Minister for Foreign Affairs of Nicaragua and head of the Nicaraguan Delegation to the Sixth Pan American Conference, on Sunday morning, January sixteenth [15th], 10 a. m.

Dr. Cuadra Pasos first inquired whether I thought the question of Nicaragua would be brought up at the Conference. I told him that I did not know whether it would or not but I had no special reason to believe that it would although, of course, there are always persons who wish to enter into such matters. Dr. Cuadra Pasos stated that he has been interviewed by a great many newspaper men since he has been here and that he has told them that this is a matter purely for the United States and Nicaragua and he did not think that it could be brought up properly by anybody else and that the Nicaraguan Delegation most certainly would not bring it up. He stated that in case the matter is brought up by others he is prepared to get up and defend the position of the United States Government and explain the whole situation. I told Dr. Cuadra Pasos that I thought that this would be most helpful and that while we did not feel that this was a matter for the Conference to handle we felt that should it be brought up an explanation of the true situation would be helpful.

Dr. Cuadra Pasos then entered into a discussion of the *Guardia* Agreement and of the Electoral Law. He stated briefly that there was some feeling regarding the *Guardia* Agreement about the use of the "matériel" in case of foreign difficulties but he saw no real difficulty in this matter as the arms and munitions would in any event be in the custody of the *Guardia*. I did not press him on this matter as he immediately entered into a discussion of the Electoral Law and I told him that we were extremely disappointed that there should have been a delay in putting it through. I told him that I thought we could best understand the situation if I should briefly relate the full circumstances regarding it. The end of last April and the beginning of May, Nicaragua was upset by a bitter internal civil war. The Liberals had advanced to Tipitapa, a very short distance from the capital, and in view of the apparent disorganization of the Conservative forces it seemed not improbable that the Liberals might succeed in overthrowing the Diaz Government. President Diaz had appealed to the United States for assistance and after sending marines to the country President Coolidge sent down as his personal repre-

¹³ Cord Meyer, secretary to the American Delegation to the Sixth International Conference of American States.

sentative Colonel Stimson who, after discussing the matter with General Diaz and receiving his assurance that the Nicaraguan Government would request the United States to conduct the next Presidential elections in order that the Liberals and everybody in Nicaragua might have assurance that the coming Presidential elections would be free and fair and that the Nicaragua people could freely and fairly express their desires at the polls, had met General Moncada at Tipitapa where he persuaded him to lay down his arms. General Moncada had asked Colonel Stimson for a statement in writing that the United States was prepared to disarm by force any who did not disarm as this was necessary for him to have in persuading his generals to lay down their arms, but one of the prime considerations moving the Liberals to cease hostilities was the assurance that the United States would conduct free and fair elections. This private understanding between President Diaz and Colonel Stimson had then been confirmed in writing after Colonel Stimson's Tipitapa agreement with Moncada, by a letter and memorandum sent by President Diaz to President Coolidge.¹⁴ The situation therefore is that the Conservatives are committed to the United States to having Americans supervise their elections and giving them the necessary authority to do so and the United States is committed to the Liberals to carry out such an election.

I expressed the confidence that the Conservatives would not go back on their agreement but pointed out that even should they do so that would not relieve the United States from the obligation that it had entered into with the Liberals, and as we were committed to them we fully intended to go through with it.

I then said to Dr. Cuadra Pasos that when General Chamorro was recently in Washington I had discussed these questions with him and had pointed out the situation as I was now doing to Dr. Cuadra Pasos. General Chamorro had then said that he was afraid of the psychological effect that the granting of too great powers to the American supervisors would have on the Nicaraguan people. I had stated that there are a certain number who will always vote for Liberals and a certain number of others who will always vote for the Conservatives but that there is a large floating vote which is easily moved by considerations which we would not give importance to in the United States. Should too great powers be given to the American supervisors it might look as though the United States were favoring the Liberals and the floating vote would immediately flock to the Liberal side and give them a great advantage.

I stated that the Conservatives had been willing to agree to this supervision when they were in difficult straits last May, namely

¹⁴ *Foreign Relations*, 1927, vol. III, p. 350.

that as a result of their commitments to us and our commitments to the Liberals the latter have laid down their arms and Nicaragua is persuaded with the exception of Sandino and his followers in a small part of the province of Nueva Segovia,¹⁵ so that there is now no possibility of any movement being started to overthrow the Diaz Government, that the Conservatives should now [*not?*] hesitate in promptly and loyally carrying out the agreement which they had made when it was more or less a question of life and death with them. As to the psychological effect I stated that I thought that the policy that Chamorro is now apparently carrying out of hostility and opposition to the Electoral Law is the one most calculated to help the Liberals as it would seem to put the Conservative Government in opposition to the United States and make the floating vote feel that they should vote for the Liberals and I thought that the sound policy for the Conservatives to follow out is immediately and without question to pass the law taking the position that they do not fear in any way a free and fair election and to show their good faith and to show the Liberals that they are perfectly willing to give them proper opportunities through a fair election they have asked the United States to come in there and voluntarily have given them these powers so that there can be no question later if the Conservatives assert that they were not fairly treated.

Dr. Cuadra Pasos stated that he was in perfect agreement with me but that unfortunately Chamorro and others are not and that he and President Diaz and others are working hard to convince the leading members of the Conservative party in the sense I had indicated. He stated that he thought they would succeed but there might be a delay. I told him that I hoped they would be successful and that I thought the quicker it was done the more beneficial it would be to the Conservatives themselves.

I told him I thought it was very late now to bring up the question of the unconstitutionality of the law. This question had not been even suggested at the time of the Tipitapa Agreement and at the time the Conservatives made the understanding to the United States that they would give us the necessary authority to carry out a free and fair election. Dr. Cuadra Pasos stated that that was so; that speaking from a purely juridical point of view he thought that a mistake had been made in not immediately calling a constituent assembly last May. He stated that Latin American constitutions are not as pliable as ours and that whenever there is trouble such as exists now in Nicaragua in any of the Latin America countries, the first thing they do is to call a constituent assembly to solve the diffi-

¹⁵ For correspondence concerning suppression of bandit activities, see pp. 559 ff.

culty as there are a number of things which must be done which cannot be provided for naturally in a Constitution, and he thought that that was what should be done or in default thereof that it might be well as he had suggested to Dr. Munro to make a convention to cover the same matter as is provided in the Electoral Law. I told him that I did not think a convention was what was called for. To begin with it is an internal matter and not an international one and we wished it to remain an internal solution of Nicaragua. Furthermore, a convention would have to be ratified and if the Nicaraguan Congress is willing to ratify a convention I saw no reason why they should not vote the same provisions in the form of a law. As regards a constituent assembly I stated that as Dr. Cuadra Pasos had pointed out the present situation is an extraordinary and special one and in any new Constitution or any modification of the present Constitution which a constituent assembly would make there would necessarily have to be transitory provisions to apply until the elections take place and the new Government is installed. The proposed Electoral Law is called a transitory one and therefore the same thing is accomplished by it and I thought that it would be just as constitutional as having a constituent assembly pass transitory provisions as the Congress which would vote the transitory Electoral Law is substantially the same as was elected in the last general elections of 1924.

Dr. Cuadra Pasos stated that this was a point of view which had considerable merit and that he would cable it immediately to President Diaz and would also discuss it with Dr. Joaquin Gomez who is President of the Electoral Board in Nicaragua and a non-partisan and for that reason had been appointed to the Delegation. . . .

As regards the feeling that the United States would turn over the elections to the Liberals I told Dr. Cuadra Pasos that he could be absolutely sure that there is no truth in any such report and that he was authorized to say so categorically in Nicaragua should he so desire. The United States is not supporting any party nor any candidate [and] it is immaterial to it who is a candidate for either party and which one of the two is finally elected. Its policy is to carry out free and fair elections on this occasion and in no event to interfere in the internal political activities of a foreign country. I stated that what we want is to build up in Central America a feeling of responsibility among the people for the conduct of their own Government and I pointed to the example of Cuba. We had intervened in Cuba from 1898 to 1902 and from 1906 to 1908 or 9. On each occasion we had set up good Governments and turned it over to Cuba. When elections came both parties sent representatives to Washington to plead their cause and in 1920 when the Liberal party in Cuba wished to do this we had discouraged them and told

them that the center of Cuban activities should be in Cuba and not in Washington. At the end of 1920 there was a tremendous financial crash in Cuba, all the banks going bankrupt and closing their doors and politically, economically and financially we had every reason to intervene in Cuba affairs should we so desire. We were urged to do so by many Cubans and many Americans and almost all Cubans expected it. Instead of doing so the United States had preferred to try to build up the feeling of responsibility among the Cubans, merely giving advice and counsel. General Crowder was sent down as a special representative of the President the same as Colonel Stimson had been sent to Nicaragua and through his advice the situation had been changed and the crisis passed and the Cubans had come to feel the responsibility of the growth and development of their own political institutions and I had now thought that there was hardly even a remote chance of intervention again in Cuba. This is what we want to develop in Central America.

General Cuadra Pasos stated that he was in complete agreement with me but the situation was different in that Cuba after being a Spanish colony immediately had American assistance whereas in Central America they have been floundering around by themselves for a hundred years. I told him that this was quite true but that if they were willing to take our advice such as passing the Electoral Law they will in a short time I thought be able to obtain the same standard that Cuba has arrived at.

Dr. Cuadra Pasos also stated that he thought the policy of the United States, admirable as it is in principle, absolute impartiality between the Liberals and Conservatives is a mistake as regards the higher interests of the United States. He thought that considerations of high policy should make the United States favor the Conservatives. He gave as his reason that the Liberals are compromised through years of being in the opposition and of obtaining support in money and arms from Mexico and Guatemala so that should they come into office they should have to be most anti-American in their attitude and fulfill certain obligations which they are under to those who have contributed to their support. The basis on which they have obtained funds while they have been in opposition has been against Americanism. Should the Liberals come into office the United States would have this difficulty to contend with and as the United States is such a great country and could not with dignity contribute to the support of an opposition party the Conservatives would have to seek aid from Mexico and Guatemala also and become anti-American so that the result would be that in a very few years everybody in Nicaragua would be hostile to us and we would have a most difficult situation to contend with.

I did not ask Dr. Cuadra Pasos why Mexico and Nicaragua [*Guatemala?*] would contribute to the Conservatives who were out of office for they could have everything they wanted from the Liberals who were in office but limited myself to saying that the United States could only act in the manner I had outlined above, namely on absolute impartiality as among sacrificing citizens or individuals striving through advice to help those countries to realize their responsibilities and to lead them on to a basis of greater stability. Dr. Cuadra Pasos also remarked that the only countries where there are free elections are in the United States and England.

I again urged Dr. Cuadra Pasos to use his influence to have the Electoral Law voted as soon as possible and he stated that he would immediately cable to Managua regarding it and that he would advise me of any advices he might receive from there.

[Enclosure 2]

Memorandum by the Assistant Secretary of State (White)

[HABANA,] *January 17, 1928.*

Dr. Cuadra Pasos, the Minister of Foreign Affairs of Nicaragua, called on the Secretary of State at his apartment in the Sevilla Hotel, Habana, Cuba, at 5:30 p. m. on Monday, January 17 [16] at the latter's request. He was accompanied by Dr. Joaquin Gomez, the President of the Electoral Board of Nicaragua. Mr. White was also present.

After the usual exchange of courtesies the Secretary stated that he understood that certain people in Nicaragua have the feeling that the United States is going to put the Liberal party in office at the next elections and the Secretary wished to say categorically that there is no truth in this whatsoever. The United States will maintain a scrupulous impartiality and will favor no party whatsoever. Dr. Cuadra Pasos stated that he knew that this was the case and that the Nicaraguan Government understood it and has the utmost confidence in the disinterestedness of the American Government. It is only certain elements in the population who do not understand the situation who feel this way. The Secretary stated that if there is anything that he can do to overcome this feeling he should be very glad to do it and if the Minister of Foreign Affairs thought that a statement by him would have any effect he would be glad to make one. Dr. Cuadra Pasos replied that he thought that such a statement would be most opportune and would have an excellent effect. The Secretary said that as soon as he returns to Washington he will send such a statement to the Legation at Managua to be given out there.

Dr. Cuadra Pasos said that it was for the effect on the people in general; that the Government fully understood the situation but that he thought it would be most opportune and that this impression had perhaps been caused because certain of the marines in Nicaragua had made statements and propaganda in favor of the Liberals. The Secretary stated that if such action had been taken it was absolutely unauthorized and that the marines would not be partisans in the elections in any way whatsoever. They would be absolutely neutral as between candidates and parties and would merely carry on a free and fair election to the best of their ability. In order that there might be no misunderstanding of this point, however, the Secretary will issue orders upon his return to Washington for the marines to maintain the utmost impartiality and disinterestedness.

The Secretary then stated that as Dr. Cuadra Pasos knew the President of the United States had at the written request of President Diaz agreed to supervise and conduct the next Presidential elections in Nicaragua; the Secretary said that Dr. Cuadra Pasos should remember the situation at the time that this request was made and he inquired of Dr. Cuadra Pasos what the situation would have been had the United States not said to the Liberals that they must lay down their arms or the United States would forcibly disarm them. Dr. Cuadra Pasos said that in that event the war would still be going on in Nicaragua, the country would be torn to pieces and the present interview would not be taking place. The Secretary stated that President Diaz must know that the United States Government has supported him and that in making the agreement at Tipitapa the cardinal point insisted upon by Colonel Stimson was the continuance in office of President Diaz until the end of his present term. President Diaz had not been chosen or put in office by the United States. He was chosen by the Nicaraguan Congress in which the Conservatives had a majority. He was elected constitutionally as Dr. Sacasa was out of the country, and that Government had insisted upon his retention in office until the end of his term. The Liberals had wanted to make some other solution and had suggested picking out some neutral man to put in provisionally until the end of the present Presidential term. The United States had insisted that President Diaz finish out his term for which he had been constitutionally chosen. It was therefore the understanding of the United States Government that he would remain in office until January 1, 1929.

The Secretary stated that on the warship coming over from Key West the previous day President Coolidge had read an item in the paper to the effect that President Diaz would resign from office perhaps as a protest against the United States and that President Coolidge had naturally been very much surprised thereby. It never

occurred to President Coolidge when he agreed at the request of President Diaz to supervise the elections that President Diaz would not fulfill his term. The Secretary inquired whether Dr. Cuadra Pasos had any information on this point.

Dr. Cuadra Pasos replied that he did not but that he thought that the report was not true or he would certainly have been informed. The Secretary stated that this same report had come out approximately a month ago and he had at that time cabled to Mr. Munro, American Chargé d'Affaires at Managua,¹⁶ setting forth the views he had just expressed now stating that he considered it essential that President Diaz remain in office until the end of his term.

Dr. Cuadra Pasos stated that when the report was given out at the time the Secretary mentioned it was also said that he would go to the United States on a visit. Both of these reports were mere rumors and were without any foundation in fact. Dr. Cuadra Pasos added President Diaz' policy is close cooperation with the United States and that he desired the Conservative party to follow closely the same policy and that he felt sure President Diaz would not resign unless the Conservative party should change this policy of close cooperation with the United States. In that event he might resign but then it would be not as a protest against the Conservative party. The Secretary replied that, as he had said before, it was not the United States that had chosen President Diaz but the Nicaraguan Congress in which the Conservatives had the majority. He was therefore chosen by the Conservatives and he made the agreement in Nicaragua with Colonel Stimson as the spokesman of the Conservative party and that this Government felt that the Conservatives were just as much committed to carry out the agreement as was President Diaz personally and that the United States Government expected them to fulfill their promises. Dr. Cuadra Pasos stated that he felt sure that the Conservative party would live up to their agreement.

The Secretary stated that he sincerely hoped that this would be the case and that they must realize that President Coolidge had relied on the good faith of the Conservative party when he agreed at President Diaz' request to supervise the election and that it was on account of this belief that they would carry through the agreement that the United States had promised the Liberal party to carry out free and fair elections. The United States is committed to doing so and intends to carry it through.

The Secretary stated that he was also surprised that there should now be difficulty with regard to the passage of the Electoral Law. The passage of this law giving General McCoy the necessary au-

¹⁶ Telegram No. 216, Dec. 6, 1927, 7 p. m., *Foreign Relations*, 1927, vol. III, p. 385.

thority to conduct the elections is an integral part of the Tipitapa agreements. The Secretary understood that certain persons in Nicaragua, among them he believed, General Chamorro, now raised the question that this law is unconstitutional. Just before the Secretary left Washington to come down here the Nicaraguan Minister, Mr. Cesar, had raised this point and the Secretary had asked Colonel Stimson to come down especially from New York to discuss the matter. Colonel Stimson stated that not only was no question of unconstitutionality raised at the time the agreement was made but that Colonel Stimson had taken the matter up in person with President Diaz and Dr. Cuadra Pasos to be sure that it was constitutional and that both had given the opinion that there was nothing unconstitutional in the proposal. Dr. Cuadra Pasos stated that this was so. Colonel Stimson had discussed it with the President and with him and he had stated that the law was constitutional but the law that was drafted at that time was somewhat different from the present McCoy Electoral Law. He stated that there is only one point in the present law about which he has any doubts of the constitutionality and that is the question of giving the Electoral Board authority to legislate. Before leaving Nicaragua he had stated that he was not quite sure of this point but since his conversation with Mr. White the previous day he had telegraphed to President Diaz to say that this is a special situation which must be met in a special way and that by considering the Electoral Law as a transitory provision to bring Nicaragua through the present difficulty and start her off on the right foot again he had stated that he thought it was perfectly proper and should be passed and he would cable again to the same effect. The Secretary expressed his gratification and stated that there was no question in his mind that it is now too late to bring up any such questions and that it is absolutely essential that the law be passed. Dr. Cuadra Pasos stated that he thought it would be. The Secretary then stated that the previous evening a telegram had arrived from the Department¹⁷ stating that information had been received from Nicaragua that certain personal friends of Dr. Cuadra Pasos in the lower house of Congress were opposed to Electoral Law and inquired if he knew anything about it. Dr. Cuadra Pasos stated that at the railroad station as he was leaving Nicaragua he had told Dr. Munro that he had talked to his friends in the Senate and felt sure that the law would pass and without difficulty and it has since been passed by the Senate but he had told Munro that he was not sure with regard to the lower house but had told him that in case there should be any difficulty there he should discuss the matter with Dr. Cuadra Pasos' private secretary who remained in Managua and that

¹⁷ See telegram No. 26, Jan. 14, 7 p. m., to the Ambassador in Cuba, p. 421.

the latter would communicate with him and he would use his influence to overcome the opposition. He inquired whether the Secretary could give him the names of the opposition deputies. The Secretary replied that he did not have the names but would try to get them for him. Dr. Cuadra Pasos then stated that he would immediately cable his secretary to discuss the matter with all his friends in the Congress in his name urging the passage of the law and that, should he receive the names of those who were opposed, he would immediately cable them personally also. The Secretary thanked him.

The Secretary stated that it had been said that he had received General Moncada when the latter was in Washington and that it had been reported that this had been interpreted as favoring the Liberals. The Secretary stated that the fact was that he had refused to receive General Moncada until the latter was presented to him by the Nicaraguan Minister in Washington. The Secretary had taken the same position with regard to General Chamorro and he had declined to receive any Nicaraguan who came to Washington for political purposes unless he should be brought into him by the Nicaraguan Minister. Dr. Cuadra Pasos stated that he personally understood the matter perfectly and so did the Government. It was a question of the populace in Nicaragua and for that reason he thought that the statement the Secretary had expressed his readiness to give out would be very helpful. The Secretary replied that upon his return to Washington he would send such a statement to Nicaragua.

Dr. Cuadra Pasos stated that he was perfectly convinced that it is absolutely necessary for the Nicaraguan Government to cooperate fully and loyally with the American Government and that he is sure they will do so and that the law will be passed and that he will do whatever he can to that end and will cable urgently to President Diaz and others regarding the matter. He also stated that he felt sure that President Diaz would not resign.

Upon leaving, Dr. Cuadra Pasos and Dr. Joaquin Gomez stated that the United States Delegation to the Conference could count upon the full and loyal support and cooperation of the Nicaraguan Delegation.

Mr. White saw Dr. Cuadra Pasos at President Machado's banquet on the night of January 17 and Dr. Cuadra Pasos told him that he had already sent out an urgent cable to President Diaz to delay any action until he should receive his further detailed cable.

WHITE

817.00/5283 : Telegram

The Chargé in Nicaragua (Munro) to the Secretary of State

MANAGUA, January 18, 1928—3 p. m.

[Received 10:20 p. m.]

33. I am informed that the Chamber of Deputies confirmed yesterday's action and sent their substitute electoral project to the Senate this morning. The President saw nearly all of the Conservative Deputies before the session but was apparently unable to control the Chamorro group. I am told that they promised him to suspend action on sending the new project to the Senate but when three of the leaders called on me a little later on the way to the session they asserted that such delay was impossible under the regulations. They were unyielding in their opposition to General McCoy's project although I pointed out to them most emphatically the seriousness of the position in which they were placing their party. When they spoke of their constitutional objections to the Department's project I told them that all of the provisions of the project were essential and would be insisted upon but that if they reconsidered their action of yesterday I would on my part consider the advisability of suggesting to the Department that the main feature of the electoral procedure be specified in somewhat more detail in the law in order to meet their contention that such matters as the general method of registration and voting could not constitutionally be dealt with by mere regulations. I pointed out that this was the only constitutional objection which could be raised in good faith to the Department's project and said that while I considered this objection unfounded I did not wish questions of form to stand in the way if they were willing to approve the substance of what the Nicaraguan Government had pledged itself to accede to. I made it clear that there must be no diminution of the absolute powers which General McCoy must exercise. Manzanares, one of the leaders of Chamorro bloc, said that he and his friends had made up their minds to permit the United States to take control of the situation by force if it wished to do so and that they only hoped that we would let all of the Conservatives cast their votes when the time came. It was clear throughout that he did not intend to listen to any argument and that he did not wish his companions to continue the conversation. Six Conservative Senators called on me this morning to ask my opinion of the substitute project. I told them that it was absolutely unacceptable and obtained their promise that it would not be approved. When they asked about the reports in circulation to the effect that the action of the Chamber had been taken with the tacit consent of the Legation or the Department, I read to them the note which I presented to the Minister for Foreign Affairs in accordance with the Depart-

ment's January 17th. They explained that they were being subjected to much pressure from within their own party to adopt the same attitude as the Chamber of Deputies.

[Paraphrase.] Afterwards the President sent the Acting Foreign Minister to tell me of his efforts to persuade the Deputies and to state that the President might be able to influence his own friends in the Chamber and thus secure the passage of the McCoy project with the support of the Liberal votes, but that this would mean a definite break with Chamorro. This would simply result in the disintegration of the Conservative Party, unless this Legation should openly support President Diaz and close its eyes. My reply was that we, of course, would support the President in every way proper and aid him to maintain order, but that we could not permit ourselves to close our eyes to anything that was inconsistent with the conduct of a free election; that I thought it was the President's duty to break with Chamorro if that was the only means by which he could keep his promises and that such a break would, in my opinion, do no more harm to the Conservative Party than the course now pursued by Chamorro. [End paraphrase.]

Yesterday's action of the Chamber came as a surprise as I had been given to understand that final action could not properly be taken until later. The usual formalities were dispensed with, obviously in order to prevent us from continuing the efforts which I had started to make to convince those Deputies who were not unconditional adherents of Chamorro.

MUNRO

817.00/5283 : Telegram

The Secretary of State to the Chargé in Nicaragua (Munro)

[Paraphrase]

WASHINGTON, January 19, 1928—11 a. m.

21. Your telegram No. 33, January 18, 3 p. m. The situation has apparently developed so as to make it necessary for the Department of State to consider what measures it can and should take in the light of the definite refusal to enact the new electoral law. The Department desires immediate information on the following points:

(1) So far as the legislative situation is concerned, what further procedure, if any, is contemplated or possible? Do you think there is any hope that the law will be eventually passed in the form desired by the Department? In American procedure the natural course is to send such a bill to conference between the Senate and House. Is such a course of action visualized in Managua?

(2) Please telegraph at once the full text of the amendments adopted by the Chamber of Deputies.

(3) Is there any doubt regarding the attitude of President Diaz from now on? It is extremely important that President Diaz stand firm, without resigning or in any way weakening on the Tipitapa agreement either in spirit or letter.

Eberhardt and McCoy have been instructed to proceed to Managua without delay. Minister Eberhardt is at Puerto Cabezas today and is being instructed to expedite his arrival in Nicaragua. McCoy is now at Panama, and arrangements will be made to send him to Corinto by the speediest boat the Navy can furnish.

KELLOGG

817.00/5290a : Telegram

The Secretary of State to the Chargé in Panama (Martin)

[Paraphrase]

WASHINGTON, January 19, 1928—11 a. m.

11. For General McCoy. The situation in Managua is rapidly becoming more critical, especially because of the refusal of the Chamber of Deputies to approve the new electoral law and rumors that President Diaz may resign. I consider it most important that you proceed to Managua at once. The Navy Department should transport you from Panama by fastest boat available. Do not wait for Minister Eberhardt.

KELLOGG

817.00/5288 : Telegram

*The Chairman of the American Delegation to the Sixth International Conference of American States (Hughes)*¹⁸ *to the Secretary of State*

[Paraphrase]

HABANA, January 19, 1928—1 p. m.

[Received 7:24 p. m.]

7. From White. Last night Dr. Cuadra Pasos informed me that, in view of the rejection of the electoral law, he has urged President Diaz and Conservative members of Congress to consult fully with the Legation in order to reach an agreement with regard to possible modification of the law to make it acceptable. I again urged upon Dr. Cuadra Pasos the necessity for the Conservative Party to fulfill its agreement and pass the law.

Maximo Zepeda¹⁹ told me this morning that he had urged his friends in Nicaragua to pass the law, and that he would again do

¹⁸ Charles Evans Hughes.

¹⁹ One of the Nicaraguan delegates to the Sixth International Conference of American States.

so. He believes that an agreement can be reached by a very minor change in the phraseology, which will leave the law as effective as originally drafted. For example, he said that there would be no difficulty in passing the law if the provisions giving General McCoy authority to put into force measures that would have the force of law could be changed to read: "to have full force," or "to have full vigor," or "to have the force of regulatory decrees." I have not been informed of the exact date Congress rejected the law; but it is possible that Congress did so before the Secretary's representation to Dr. Cuadra Pasos on January 16 could have been made known to the members of Congress, and that some such change of that kind may offer a way out which will be satisfactory to all, since I did not know the complete situation or what action, if any, had already been taken by the Department. I have made no definite statement to Maximo Zepeda regarding this proposal. Copy sent to the Legation in Nicaragua.

HUGHES

817.00/5290 : Telegram

The Chargé in Nicaragua (Munro) to the Secretary of State

[Paraphrase]

MANAGUA, January 19, 1928—3 p. m.

[Received 8:42 p. m.]

35. I have been told that the Chamber of Deputies has not yet sent the substitute electoral bill to the Senate and that before doing so desperate efforts are being made to persuade the Senate not to reject it. It is now being seen, perhaps, that failure to pass any electoral law will leave the electoral machinery largely in the hands of the Liberals. Also, I think that the Chamber of Deputies is becoming apprehensive over assuming the sole responsibility for defying the United States.

After talking to President Diaz this morning regarding the Department's No. 17, January 17, 11 a. m., which plainly disturbed him, I went on to state that the United States, of course, would not permit matters to remain as the Chamber of Deputies had left them; that I would be obliged to make recommendations for dealing with the situation; but that I desired to go somewhat slowly because I was still much interested in having a genuinely fair election in Nicaragua and did not desire to do any avoidable injury to either party, and because I was still certain that he really desired to fulfill his obligations to the United States. I made the suggestion, therefore, that he make a special effort with his friends in the Chamber of Deputies, not by addressing the Deputies as a whole, but by bringing influence to bear on them individually, until he could take away at least six or more

votes from the majority against the electoral law. I told the President that I would give him a few days to do this before I recommended any further action by the Department.

I informed the President of my conversation yesterday with the Deputies. I told him that while I had absolutely no instructions except to insist on the adoption of the project of the Department as it stood, I should be willing personally to recommend such changes in form as did not in any manner lessen General McCoy's powers, if and when I should feel convinced that the Chamber of Deputies had really changed its attitude and would accept the project without further changes. Will the Department kindly inform me whether it would under such circumstances agree to the addition of a few articles setting forth the principal features of the electoral procedure so as to meet the objection that the project does not cover many phases which are properly matters for legislation rather than for regulation? Of course, I intend to consult General McCoy before accepting any changes.

MUNRO

817.00/5294 : Telegram

The Chargé in Nicaragua (Munro) to the Secretary of State

MANAGUA, January 20, 1928—9 a. m.

[Received 4:18 p. m.²⁰]

36. [Paraphrase.] [1.] The Chamber of Deputies has rejected the Department's original project. The Senate cannot now insist on it, but must accept, reject, or amend the project of the Chamber. The Senate could substitute the project of the Department in somewhat amended form and could, if it desired, request a conference, but I can see no object in doing so until we are sure that there is a favorable majority in the Chamber of Deputies. I also fear that continued discussion, or a conference between the Senate and the Chamber, might lead to the adoption of an unsatisfactory law which would deprive us of the leverage we now possess from the fact that the failure of Congress to act places the electoral machinery largely in the hands of the Liberals. I am not certain that the Senate can be depended upon if the matter is left open, because strong pressure is being brought to bear on individual Senators. I have therefore advised that the substitute project be flatly rejected, so as to place the responsibility squarely on the Chamber of Deputies. I still hope to obtain a majority in the Chamber of Deputies for the Department's project. I am exerting every effort to this end. When there is the assurance of such a majority, the project of the Department can be introduced as a new bill

²⁰ Telegram in three sections.

with changes in form to avoid the prohibition against one legislature's considering the same measure twice. In order to secure a majority, it will be necessary first to counteract the impression obtained from Minister Cesar that the Department of State is not seriously interested in the project. . . . It will also be necessary to work on other party leaders and individual Deputies, and if possible, change the attitude of Chamorro or persuade President Diaz to break with him. It was impossible to proceed effectively along these lines until the Chamber's action brought the forces working against us into the open. I believe that our efforts in this regard are just starting. [End paraphrase.]

[2.] The text of the substitute project approved by the Chamber of Deputies is as follows:

"Article 1. For the purpose of carrying out the arrangement between the President of [Nicaragua] and the President of the United States, according to which the latter will lend his friendly assistance in the election of the Supreme Authorities in 1928, the law of March 20, 1923, and its amendments are suspended, and the supervision of said elections by citizens of the United States is authorized in the manner and form hereinafter set forth.

Article 2 (a) The National Board of Elections will be assisted by a citizen of the United States appointed by the Government of Nicaragua and nominated by the United States.

(b) Each one of the departmental electoral boards will be assisted by a citizen of the United States appointed by the Government of Nicaragua and nominated by the American assistant on the National Board of Elections.

(c) Each one of the local electoral boards will be assisted by a citizen of the United States appointed by the Government of Nicaragua and nominated by the respective American assistants on the departmental electoral boards.

Article 3. In order that the elections may be fair, free, and impartially conducted, the American assistant will make to the National Electoral Board all pertinent suggestions in accord with the existing laws on the subject; and if there should have to be changes in these laws or new laws should have to be promulgated he will propose them to the Government of Nicaragua in order that the Government may submit them to the consideration of the National Congress.

Article 4. Neither the national nor the departmental electoral boards will take action without the presence of the citizens of the United States above referred to and any resolution which may be adopted or action which may be taken without their presence shall have no validity nor effect.

Article 5. Each of the directorates of the Conservative and Liberal Parties shall name a substitute member of the National Electoral Board in addition to the regular member, who shall take the place of the regular member in case of his absence, incapacity, or for any other reason (this obscurity appears in the Spanish text), and for the time during which these causes may last.

Article 6. In order to be valid, the acts of the national and departmental electoral boards must necessarily be taken with the approval of the respective American assistants and their written acts and resolutions must be signed also by the assistants to show their legality.

Article 7. The National Electoral Board, assisted by the citizens of the United States mentioned in article 1, clause (a), will give proper instructions to the American assistants on the departmental and local electoral boards about the provisions of the electoral law and its amendments which they must apply in order that their procedure may be just, equitable and in accordance with our laws.

Article 8. As the electoral law and its amendments are suspended, the Congress will enact the necessary law for the election of the Supreme Authorities in 1928.

Article 9. After the Congress has announced the results of the election for President and Vice President the intervention of the various American assistants in electoral matters will cease completely."

A few of the objections to this project are:

(1) That by doing away with the existing electoral organization it leaves the dominant party free to create a new organization under its own control;

(2) That there is nothing to prevent the electoral boards from preventing voting in Liberal districts, as for example by [*sic*], to function on election day; and

(3) That by requiring further legislation the project opens up endless possibilities of obstruction and manipulation.

3. [Paraphrase.] President Diaz cannot be relied on. His efforts to control the Deputies have been halfhearted. If I press him too hard, he threatens to resign. I feel that he will not repudiate the Tipitapa agreement and that he wants to keep faith with the United States, but that he is apparently not willing to break with Chamorro. I also think that he has been influenced by Cesar's reports and is not yet completely convinced that the electoral law must be passed.

4. I believe that we should make every possible effort to secure favorable action by the Congress of Nicaragua, because there are serious objections to any other course. I am of the opinion that if we show a resolute attitude and exert pressure in proper but effective ways, it may be difficult for Chamorro to hold the majority in line against our policy. . . . [End paraphrase.]

MUNRO

817.00/5293: Telegram

The Chargé in Nicaragua (Munro) to the Secretary of State

MANAGUA, January 20, 1928—noon.

[Received 3:45 p. m.]

37. The substitute electoral law was sent to the Senate this morning; it will be considered Tuesday.

MUNRO

817.00/5294 : Telegram

The Secretary of State to the Chargé in Nicaragua (Munro)

[Paraphrase]

WASHINGTON, January 20, 1928—6 p. m.

23. The Department is informed that General McCoy left Panama on the *Nitro* and will probably reach Managua on Sunday. After a careful review of the situation with Mr. Dodds²¹ we have the following suggestions to make:

(1) Regarding the specific objection that legislative powers, as such, are being delegated to an administrative board, while we do not consider that objection tenable, it may well be that certain amendments calculated to meet it, dealing with relatively unimportant details governing election procedure but not diminishing in any way effective supervision of the election, can be considered. For instance, according to the present draft, the Electoral Board will fix the registration and election dates. We should have no serious objection to having these dates fixed by the Congress of Nicaragua in the electoral law, provided it was done with the substantial agreement of both parties and not as the result of one party using its power to obtain an advantage over the other. Possibly General McCoy will be able to suggest further amendments along this line which will satisfy those who are making contentions on this point. We should consider it unfortunate if amendments of this sort should be proposed and made an occasion for acrimonious and prolonged discussion in Congress. Such amendments ought to be agreed to before submission and their immediate passage assured.

(2) A message was received today from Assistant Secretary Francis White.²² A copy of this message was sent to you. In this message he spoke of conversations with Cuadra Pasos and Zepeda. The idea was advanced by the latter that an agreement might be reached by a very slight change in phraseology, as, for example, in the stipulations granting General McCoy the authority to put in force measures having the force of law (article 3). Instead of employing the words "having the force of law," Zepeda suggested that such language as "to have full force" or "to have full vigor" or "to have the force of regulatory decrees" might be used. We should feel that such a change would be unobjectionable.

²¹ Dr. Harold W. Dodds, a member of the American Electoral Mission. Dr. Dodds had been engaged in 1921 by the Nicaraguan Government to assist in the revision of the electoral laws of Nicaragua. See *Foreign Relations*, 1923, vol. II, pp. 605 ff.; also *ibid.*, 1924, vol. II, pp. 487 ff. Dr. Dodds accompanied General McCoy on his trip to Nicaragua in 1927.

²² See telegram No. 7, Jan. 19, 1 p. m., from Habana, p. 438.

(3) As to the time for making any of these suggestions, you are, of course, the best judge. Naturally, if the law can be passed in its present form, we should prefer that result. We are rather apprehensive lest any sign of weakening by our proposing amendments be misconstrued and jeopardize the entire electoral law. We are relying on you to use your best judgment. Please consult General McCoy and keep us fully informed.

(4) Since preparing the above message we have received your telegram No. 36, January 20, 9 a. m., and are impressed by the desirability of standing firm, as you suggest, on our original position, at least so long as there is any hope of getting the law passed substantially in the form presented by us. What we have said above, therefore, is for your guidance only in case you reach the point where it seems necessary to agree to some such amendments as indicated in order to obtain results.

KELLOGG

817.00/5294 : Telegram

The Secretary of State to the Chargé in Nicaragua (Munro)

WASHINGTON, January 21, 1928—1 p. m.

24. With the substitute project before us, as given in Section 2 of your 36, we are now able to see more clearly the aims and purposes of the opposition. They are making their fight against the law nominally on constitutional grounds which, even in ordinary circumstances, would not be regarded as tenable. In reality they are endeavoring to scrap the Tipitapa Agreement by attacking it in its most vital feature. The substitute project is plainly intended to eliminate genuine American supervision, and throw the whole business back into the old way of doing things, with partisan control of the election machinery for all practical purposes, and partisan judgment of the result. It is easy to see that the Conservative majority in the Chamber of Deputies intends if it can to make a mockery of this election by reserving the right to deal with it in the same way that the recent departmental election in Esteli was handled. The very essence of the arrangement which Colonel Stimson made, and which was embodied in a solemn agreement by the Presidents of the two countries, was that this time at least the old system should be set aside. It was stipulated that the United States should have full control to see that every qualified voter in Nicaragua should have an opportunity to cast his ballot free from all intimidation, and to have his ballot honestly counted. A fair election means a free vote and an honest count, and it also means a declaration and recognition of the result in accordance with such count. That is what it meant to the men who laid down their arms at Tipitapa

and that is what it means to us now. Anything short of this would be an unthinkable and intolerable breach of faith. Everybody concerned agreed to have such an honest election and to abide by the result. Under these conditions no party in Nicaragua which undertakes to convert the election into anything different from what it was clearly intended to be and succeeds in setting up a Government as the result of such tactics, can expect that government to be afterwards recognized by the United States. The Congress of Nicaragua may have the power under the Constitution to do what it did in the Esteli case. We are not disposed to argue about the powers of Congress, but we are bound to say that the exercise of such power, if it exists, so as to impair effective supervision in accordance with the Agreement, or to change the count and set aside the result after its fairness had been determined and certified by the American supervising authority, would inevitably create a situation where it would be impossible for the United States to recognize the Government established by these methods. The United States obviously could not, after having undertaken to supervise a fair election and having done so, stultify itself by extending recognition to a Government established in disregard of the result to which it had certified.

Unless you see some good reason for not doing so, the Department thinks you should read the foregoing to President Diaz, and it seems to us even more important for you to read it to Chamorro. It would be well for you to be accompanied by General McCoy, especially in your interview with Chamorro. In both of these interviews you should also make plain that the foregoing statement must not be taken as in any way modifying our main position that the duties and obligations imposed by the Tipitapa Agreement must be fulfilled, and that the United States fully intends to carry them out so far as it is concerned. The above statement by pointing out the inevitable consequences of a different course explains precisely why we must and shall go ahead with what we have set out to do. There can be no weakening on that proposition.

KELLOGG

817.00/5300a : Telegram

The Secretary of State to the Chargé in Nicaragua (Munro)

[Paraphrase]

WASHINGTON, January 21, 1923—5 p. m.

25. The Department would like to know, in view of rumors and innuendos which may be circulated in Nicaragua that the United States intends to favor any particular candidate or party in this election, whether any new public statement declaring emphatically

the absolute neutrality and impartiality of the United States would be advisable. In this connection, your attention is invited to the note from the Secretary of State to the Nicaraguan Minister of November 17, 1927.²³ You have a copy of this note. The whole subject is covered in this note. Possibly the publication of this note in Nicaragua by President Diaz would be sufficient for the present purpose and would not give the matter the appearance of being on the defensive at this time. Please submit suggestions if you feel that a new declaration is necessary.

KELLOGG

817.00/5296 : Telegram

The Chairman of the American Delegation to the Sixth International Conference of American States (Hughes) to the Secretary of State

[Paraphrase]

HABANA, January, 21, 1928—9 p. m.

[Received 11:15 p. m.]

13. From White. Last night Cuadra Pasos and Zepeda expressed themselves as being optimistic that the electoral law would be passed. They maintained that the project was imperfectly translated, and that by making a revised translation which would be more exact and more directly interpret the English version, opposition would be removed. They intend to suggest that a new translation be made, but for psychological reasons the Government advises that it be called a revised project. They stated emphatically that they were urging all their friends to vote for the law drafted.

Cuadra Pasos said that he believed a statement that the United States was not attempting to place the Liberals in office, such as was suggested to the Secretary of State on January 16,²⁴ would be most helpful in preparing the way for the passage of the law.

HUGHES

817.00/5296 : Telegram

The Secretary of State to the Chargé in Nicaragua (Munro)

[Paraphrase]

WASHINGTON, January 22, 1928—1 p. m.

26. The following telegram has been received from Habana:

[Here follows the text of telegram No. 13, January 21, 1928, 9 p. m., from the Chairman of the American Delegation to the Sixth International Conference of American States to the Secretary of State, printed *supra*.]

²³ *Foreign Relations*, 1927, vol. III, p. 376.

²⁴ See memorandum by Assistant Secretary of State White, dated January 17, 1928, p. 431.

The Department would be pleased to receive your comment on these suggestions.

KELLOGG

817.05/5298 : Telegram

The Chargé in Nicaragua (Munro) to the Secretary of State

MANAGUA, January 22, 1928—5 p. m.

[Received 9:09 p. m.]

43. General McCoy arrived today.

MUNRO

817.00/5294 : Telegram

The Secretary of State to the Chairman of the American Delegation to the Sixth International Conference of American States (Hughes)

WASHINGTON, January 23, 1928—11 a. m.

13. For White. For your information we telegraphed Munro as follows on Saturday. Unless you see objection you may repeat this statement to Cuadra Pasos.

[Here follows the text of telegram No. 24, January 21, 1928, 1 p. m., to the Chargé in Nicaragua, printed on page 444.]

KELLOGG

817.00/5294 : Telegram

The Secretary of State to the Chairman of the American Delegation to the Sixth International Conference of American States (Hughes)

WASHINGTON, January 23, 1928—noon.

15. For Mr. Francis White. The following is the text of the substitute project approved by the Chamber of Deputies as telegraphed by Munro:

[Here follows the text quoted in paragraph 2 of telegram No. 36, January 20, 9 a. m., from the Chargé in Nicaragua, printed on page 440.]

KELLOGG

817.00/5321a : Telegram

The Secretary of State to the Chairman of the American Delegation to the Sixth International Conference of American States (Hughes)

WASHINGTON, January 23, 1928—1 p. m.

16. For White. The following is the English text of the electoral law as submitted to the Nicaraguan Congress:

"1. In order to consummate the arrangement made between the Government of Nicaragua, at its request, and the President of the

United States whereby the latter will extend friendly assistance to the end that the election of the year 1928 for the Supreme Authorities may be free, fair and impartial, the election law proclaimed on March 20, 1923, together with any laws or executive decrees which may have subsequently been passed or promulgated to amend or amplify said law is hereby suspended during the period of said election.

This Act shall be known and may be cited as the Transitory Provisions Governing the Election of 1928. It shall take effect upon passage and shall continue in full force and effect until the said election of 1928 has been held and the results thereof proclaimed by Congress, and the electoral law of March 20, 1923, shall have no force or effect until said results have been so proclaimed.

2. For the purpose of said election of 1928, a National Board of Election is hereby constituted, to consist of three persons appointed by the President of Nicaragua as follows: A Chairman to be appointed upon the nomination of the President of the United States and two political members, to be appointed in like manner upon the nomination of the Executive Committee of the Conservative and Liberal Parties respectively. The Chairman of the Board shall be a citizen of the United States. Two political *suplentes*, one of whom shall be a member of the Conservative Party and one a member of the Liberal Party, shall be chosen in the same manner as the political members *propietarios*. If any political member be unable or fails to perform the duties of his office temporarily on account of absence or other incapacity, his place shall be filled by the corresponding *suplente* during the period of absence or incapacity of such member *propietario*. The members of the National Board of Elections and the *suplentes* shall take possession of their offices from the President of the Republic of Nicaragua. The President of Nicaragua shall remove from office any political member of the National Board of Elections or *suplente* upon recommendation of the Chairman of the Board but no such removal shall be made without such recommendation. Any vacancy arising shall be filled in the manner of the original appointment.

3. The National Board of Elections as constituted herein shall have full and general power and authority to supervise said election and to prescribe regulations having the force of law for the registration of voters and for the casting and counting of their ballots and for any other matters properly appertaining to the election.

4. A Majority of the National Board of Elections, one of whom shall be the Chairman, shall constitute a quorum for the transaction of business; provided that the presence of the Chairman alone shall be deemed to constitute a quorum at an emergency meeting. An emergency meeting is one the holding of which is considered by the Chairman to be indispensable to the accomplishment of a fair and free election and which has been so designated by him in formal announcement, under one clear day's notice, to the political members and *suplentes*. No action or resolution of the Board shall be valid unless concurred in by the American Chairman, and in case of a tie vote the Chairman shall have power to cast a second and deciding vote. The Chairman shall also have power to declare any action or resolution, which in his judgment is indispensable to the accomplishment of a fair and free election, an emergency measure, and such measure shall come into full force and effect as an action or resolution of the National Board of

Elections 24 hours after its presentation to said Board in formal meeting assembled and its designation thereat by the Chairman as an emergency measure.

5. The National Board of Elections shall canvass the votes cast at the elections conducted under this Act, shall determine all questions and contests which may arise as to the validity and count of any such votes, and shall issue certificates of election to those lawfully elected to their respective offices. Such certificates shall be returnable to Congress to whom the National Board of Elections shall, in conformity with Article 83, clause 2 and Article 84, clause 2 of the Constitution, transmit the report of the election in detail for certification and proclamation of the results of the election.

6. With respect to the said election of 1928, the National Board of Elections, through its Chairman, is vested with the authority to command the services of the National Constabulary and to issue orders thereto for the purpose of preventing intimidation and fraud and of preserving law and order during the various acts of registration and voting.

7. The Members of the National Board of Elections constituted under Section 2 of this Act shall hold office until the results of the elections are proclaimed as provided in Section 4 hereof. Upon the taking possession of office by the members of the said National Board of Elections, the term of office of each and all persons serving as members of election boards and *directorios electorales* under the law of March 20, 1923, shall cease. Upon the proclamation of the results of the election as provided in Section 5, the electoral law of March 20, 1923, shall be restored in full force and effect.

8. Upon the restoration of the electoral law of March 20, 1923, in full force and effect, as provided in the preceding section, the National Board of Elections and the several departmental boards of elections and *directorios electorales* prescribed in said law shall forthwith be reconstituted in the manner provided by said law for the appointment of members of said boards and *directorios electorales* respectively, and the basis for the selection of chairmen of the several departmental boards of election as prescribed in Section 22 of said law shall be the presidential election of 1928.

The respective terms of office of the members of all boards of election and *directorios electorales* appointed in accordance with this section shall expire at the time they would have expired had such boards and *directorios electorales* been appointed to serve under the electoral law of March 20, 1923 in the election for the Supreme Authorities in the year 1928."

KELLOGG

817.00/5302 : Telegram

The Chargé in Nicaragua (Munro) to the Secretary of State

[Paraphrase]

MANAGUA, January 23, 1928—11 a. m.

[Received 7:05 p. m.]

44. Department's No. 25, January 21, 5 p. m., and No. 26, January 22, 1 p. m. I am of the opinion that a further statement with regard to

the impartiality of the United States would not be advisable. Such a statement would have no effect on the Conservatives unless so worded as to injure the Liberals. I fear it might give the impression that the United States was protesting too much. The real grievance of the Conservatives arises from our efforts to deprive the Government of a part of what it regards as its natural advantages in connection with the election. This opinion is concurred in by General McCoy.

With regard to the suggestion of Cuadra Pasos that the difficulty could be overcome by revising the translation of the electoral law, the Department will have perceived from my telegrams and from the substitute project that the opposition in the Chamber of Deputies has been directed against the whole idea of supervision. While I can perceive no objection to a new translation or to other changes in form, there can be no action which would be acceptable to us until the entire attitude of the Chamber of Deputies has altered.

I have conferred with the followers of Cuadra Pasos in the Chamber of Deputies. They pretended that they would have voted for our proposition if their votes would have assured its passage. It is clear, however, that they dared not oppose the Chamorro group very actively even after they received instructions from Cuadra Pasos to abandon the openly hostile attitude hitherto assumed.

MUNRO

817.00/5305 : Telegram

*The Chargé in Nicaragua (Munro) to the Secretary of State*²⁵

[Paraphrase]

MANAGUA, January 24, 1928—9 a. m.

[Received 2:45 p. m.]

46. Yesterday I saw Chamorro at his request. I again made clear to him the unalterable intention of the Department that the election should be conducted according to the agreement between the Governments. He asserted that he had not changed his position. Nevertheless, he gave me the impression that he was seeking a dignified way out; also, that he has no real intention of permitting the Conservative Party to abstain from the election. After consulting with General McCoy, I considered it better not to read the Department's telegram No. 24, January 21, 1 p. m., to Chamorro at this time, but I told him something of its contents. I read the first part of the telegram to President Diaz.

MUNRO

²⁵ Repeated by the Department to the chairman of the American Delegation to the Sixth International Conference of American States, for White, as telegram No. 20.

817.00/5302: Telegram

The Secretary of State to the Chargé in Nicaragua (Munro)

[Paraphrase]

WASHINGTON, January 24, 1928—1 p. m.

28. Referring to your No. 44, January 23, 11 a. m. The Department concurs in your present conclusion regarding the matter referred to in the first paragraph of your telegram. The Department feels, however, that it should be kept in mind as of possible assistance as the situation develops.

The Department cannot urge too strongly that you continue to exert every effort to bring about an adjustment on the basis of an electoral law, redrafted, if need be, so as to save the face of the opposition without impairing effective American supervisory control of the election. The door should not be closed to negotiations along these lines. It may well be that certain matters of relatively little importance so far as our attitude is concerned, such as were indicated in our telegram No. 23, January 20, 6 p. m., can be safely embodied in the law. According to advice from Dr. Dodds, ordinary electoral regulations of a comparatively innocuous kind originally designed to be left to the electoral commission might easily be embodied in the law itself. As things now stand, we suppose that time will work in our favor, and that informal negotiations should be encouraged and continued to the limit of possibility.

KELLOGG

817.00/5313: Telegram

The Chairman of the American Delegation to the Sixth International Conference of American States (Hughes) to the Secretary of State

[Paraphrase]

HABANA, January 25, 1928—11 a. m.

[Received 7:14 p. m.²⁶]

26. From White. Yesterday I had a long conference with Cuadra Pasos and Zepeda. I read to them your telegram No. 24, January 21, 1 p. m., to the Chargé in Nicaragua. I then urged that measures be taken immediately to have the law passed in the form originally proposed. I stated that Zepeda's translation of the law appeared to be correct and careful, but that if they believed that it would be more acceptable than the translation made in Managua, I thought that the Department of State would have no objection. Both then urged that Joaquin Gomez' proposed modified law be accepted.

²⁶ Telegram in four sections.

This proposition follows fairly closely the original except in these important points:

(1) It proposes that the American member of the National Electoral Board shall be appointed to assist the other members, rather than a regular member and presiding officer, as provided by the McCoy law.

(2) It omits the important last sentence of article 4 which gives the chairman power to promulgate any act or resolution as an emergency measure.

(3) It omits the phrase in the penultimate sentence of article 2 which reads "but no such removal shall be made without recommendation."

(4) Article 3, instead of giving the National Board of Elections the power to prescribe regulations having the force of law, provides that the board shall request the Executive to promulgate such regulations as Executive orders.

I informed them that these changes were absolutely unacceptable; that the President of Nicaragua had asked us in writing to supervise the elections; that the President of Nicaragua had promised to give us the necessary authority to do so; and that this must be scrupulously lived up to. I informed them that I had simply consented to receive a counter proposal with the understanding that it would contain everything contained in the McCoy draft; and that it would in no way diminish the complete powers necessary for him to have in conducting the election. They had told me that if they could set forth the same thing in slightly different phraseology to save the *amour-propre* of the Conservative Deputies who had voted for the substitute law in place of the McCoy law, it would then be possible to pass the law in the form desired by us. I told them very clearly that nothing else would be acceptable to the United States than the full powers required. I indicated that there was nothing in the McCoy law that was not outlined in the letter and memorandum of President Diaz to the President of the United States, May 15, 1927.²⁷ Señor Zepeda said that he had never seen the correspondence between the two Presidents and was therefore not in a position to express an opinion. I then read to him the letter and memorandum of President Diaz of May 15, 1927 and the reply of President Coolidge of June 10.²⁸ Señor Zepeda immediately replied that this changed the entire aspect of the matter so far as he was concerned. He said that there was nothing in the McCoy law that was not in the letter and memorandum of President Diaz, and that every point in the McCoy law objected to by the Congress as unconstitutional was contained in the correspondence of President Diaz to President

²⁷ *Foreign Relations*, 1927, vol. III, p. 350.

²⁸ *Ibid.*, p. 353.

Coolidge. I indicated that when this letter was sent and the agreement made Colonel Stimson received the opinion from Cuadra Pasos himself that there was nothing unconstitutional in it. This was admitted by Cuadra Pasos, who made no further remarks. Señor Zepeda said that so far as he was concerned there was now no doubt that the Conservative Party was definitely committed to the McCoy law. He said that he would very definitely take such a position with his friends and followers in Nicaragua. He said further that he would cable direct to Chamorro and give him his views and opinion on the subject and tell Chamorro that if he would not respect the obligation assumed by the Conservative Party he would have nothing further to do with him.

Cuadra Pasos then volunteered to do the same. His attitude, however, was far less convincing than that of Zepeda. Both of these gentlemen now clearly understand that we will accept nothing less than parallel with what was agreed upon. Both gentlemen stated, however, that it was necessary to make some slight changes in phraseology which can be agreed upon in Habana and cabled to Managua, saying that this is the law which must be passed without further discussion. They said they would redraft the proposal of Joaquin Gomez and place it in my hands today so I can see if it is acceptable. If I think it is acceptable, I will have it cabled to the Department in order that it may be discussed with Dr. Dodds, and to the Chargé in Nicaragua in order that it may be discussed with General McCoy. If the decision is that we can accept the modified proposal, Cuadra Pasos and Zepeda will cable it to President Diaz, and will say that the law must be passed in that form without further change, saying to President Diaz, of course, that when it is submitted to Congress he must submit with it his exchange of correspondence with President Coolidge demonstrating definitely the commitment of the Conservative Party and its obligation to fulfill its promise.

Copy sent to the Chargé in Nicaragua.

HUGHES

817.00/5317 : Telegram

The Chargé in Nicaragua (Munro) to the Secretary of State

MANAGUA, January 25, 1928—6 p. m.

[Received 6 p. m.]

47. General McCoy called on the President this morning with me and explained to him at length the position of the U. S. Government regarding the electoral law. He explained the deep interest of the President and the Secretary of State in holding a satisfactory elec-

tion here and pointed out the impossibility of disregarding the solemn obligations which we had assumed toward all parties, as set forth in President Diaz's own letter and memorandum to President Coolidge. He said that the transitory provisions were couched in almost the exact words of President Diaz's memorandum and asked the President if he was still of the same opinion regarding the form which the supervision must take. President Diaz replied that he was; that he still desired to carry out his obligations to the U. S. and was endeavoring to do so. He said however that a possible solution was being discussed at Habana and indicated that he and also Chamorro were awaiting the outcome of the discussions there before deciding on any further action.

General McCoy emphasized the strict impartiality of the U. S. as between the two parties here.

The discussion which followed strengthens the impression which I obtained from Chamorro Monday that we eventually can find a way out by letting the Deputies see the regulations which McCoy is drafting and thus allaying their fears that these regulations may favor the Liberals. If a solution is to be reached, however, the matter must be handled with the greatest care and it is very important that proposals come from Nicaraguans rather than from us. I have already made it clear that the question with us is one of principle and not one of form and that we will not refuse to discuss any solution which involves no compromise of the obligations which we have assumed towards all parties.

MUNRO

817.00/5330 : Telegram

The Chairman of the American Delegation to the Sixth International Conference of American States (Hughes) to the Secretary of State

HABANA, January 27, 1928—6 p. m.

[Received January 28—10:30 a. m.²⁹]

39. [Paraphrase.] From Francis White. Yesterday evening Cuadra Pasos sent me the proposed law. Last night I translated it, and this afternoon I discussed it with him. He is in agreement with the modifications I suggested, and it is now substantially the same as the McCoy law.³⁰ There is a new article 5. Old article 5 becomes article 6; article 6 becomes article 7; article 7 becomes article 8; and article 8 becomes article 9. I regret that the new article 5 is [not?] in accordance with section I, paragraphs (C) and (D) of the memorandum of Pres-

²⁹ Telegram in three sections.

³⁰ For text of the McCoy law, see telegram No. 16, Jan. 23, 1 p. m., to the chairman of the American Delegation to the Sixth International Conference of American States, for White, p. 447.

ident Diaz enclosed in the letter of May 15 to President Coolidge.³¹ In article 3 the words "force of law" are changed to "obligatory force." Cuadra Pasos told me that his change was made because only the Congress can enact laws, and the regulations of McCoy having "obligatory force" is the same as giving them "force of law." I told Cuadra Pasos that since the words "force of law" were used in the memorandum of President Diaz I would make reservation with regard to this change, as the Department of State or General McCoy might desire to have it changed to conform to the original draft law.

In article 9 there is omitted reference to the reconstitution of the National Board of Elections upon the restoration of the electoral law of March 20, 1923. Cuadra Pasos said that this was brought under the electoral law of 1923. The president of the National Board of Elections is chosen by the Supreme Court. He said that this could be verified readily in Nicaragua by General McCoy.

I told Cuadra Pasos that I would cable the text both to the Department of State and to the American Legation in Nicaragua and inform him later whether or not it is acceptable.

It is my personal feeling that the new text is satisfactory, and that it offers a way out for the Conservative Deputies who oppose the law as originally presented. Cuadra Pasos will cable the Spanish text to President Diaz, and in order that there be no error I shall cable the Spanish text to Munro, the American Chargé in Nicaragua, when I know that this draft is acceptable.

Cuadra Pasos said he thought that Chamorro was endeavoring to find a graceful way out, and hoped he would now support the measure. A short time ago President Diaz cabled Cuadra Pasos and Zepeda requesting them to cable Chamorro regarding the situation and to try to get some commitment from him. He stated that they cabled Chamorro, giving him an account of their conference with me, stating that, while it might be possible to secure one or two slight modifications in form, the Government of the United States absolutely insisted that the substance of the agreements made with Colonel Stimson be carried out, and they pointed out to him that the law as drafted is in compliance with the letter and memorandum of President Diaz of May 15, 1927. Chamorro replied by cable stating that the difficulty was that the United States was not strictly living up to the Stimson agreement, which provided that the Conservative Party or rather the Government of Nicaragua would appoint the local officials throughout the country. I replied that the Stimson agreement provided that *jefes políticos* would be Liberals, and that it was my understanding that the President would appoint them on the nomination of the Supreme Council of the Liberal Party. Cuadra Pasos said that the latter

³¹ *Foreign Relations*, 1927, vol. III, p. 350.

provision regarding nomination of the Liberal Party was not included in the agreement, but that he had no objection to it. I asked Cuadra Pasos if he could cite any instances where the United States had not strictly fulfilled the Stimson agreement. He replied that he could not. Cuadra Pasos added that he and Zepeda cabled Chamorro in reply, asking whether, if they could have the United States issue a statement to the effect that it would strictly live up to the Stimson agreement, he would support the electoral law. This cable was sent last night and they have not yet received a reply. Cuadra Pasos requests that the above be regarded as confidential. [End paraphrase.]

The text of the electoral law is as follows:

Article 1. In order to consummate the agreement made between the Government of Nicaragua at its request and the President of the United States, whereby the latter will extend friendly assistance to the end that the election of the year 1928 for the Supreme Authorities may be free, fair and impartial, the electoral law proclaimed on March 20, 1923, together with any laws or Executive decrees which have subsequently been passed or promulgated to amend or amplify said law are hereby suspended during the period of said election. This act shall be known and may be cited as the Transitory Provisions Governing the Election of 1928. It shall enter into effect upon passage and shall continue in vigor until the said election of 1928 has been held and the results thereof proclaimed by Congress. The provisions of the electoral law of March 20, 1923, will not reenter into effect until after such proclamation.

Article 2. For the purpose of said election of 1928 a National Board of Elections is constituted as follows:

Two political members appointed by the President of Nicaragua upon nomination by executive committees of the Conservative and Liberal Parties, respectively.

Two political *suplentes*, one a member of the Conservative Party and the other a member of the Liberal Party, will be chosen in the same manner as the political members *propietarios*.

If any political member be unable or fails to perform the duties of his office temporarily on account of absence or any other incapacity, his place shall be filled by the corresponding *suplente* during the period of absence or incapacity of such member *propietario*.

The political members will be presided over by a citizen of the United States of America, with whose presence the formation of the National Board of Elections will be completed and who will be nominated by the President of the United States of America and appointed by the President of Nicaragua.

The political members *propietarios* and *suplentes* and their chairman shall take possession of their offices from the President of Nicaragua, who will remove from office any political member if for any reason the chairman of the board so recommends, but no removal shall be made except upon his recommendation.

Any vacancy arising shall be filled in the manner of the original appointment.

Article 3. The National Board of Elections as constituted herein shall have full and general power and authority to supervise the said election and to prescribe regulations with obligatory force for the registration of voters, the deposit and counting of the ballots and regarding any other matters whatsoever which properly pertain to the election.

Article 4. A majority composed of a member and the chairman will constitute a quorum for the transaction of business. In every meeting the chairman of the National Board of Elections must be present and his sole presence at an emergency meeting shall constitute a legal quorum. An emergency meeting is one the holding of which is considered by the chairman as indispensable for the carrying out of a fair and free election and which has been so designated by him in formal announcement given one full day in advance to the political members and *suplentes*. No action or resolution of the board shall be valid unless concurred in by the American chairman. In any case of tie the chairman will have a double vote.

The chairman shall have the power to declare any action or resolution, which in his judgment is indispensable to the accomplishment of a fair and free election, an emergency measure, and such measure shall come into full force and effect as an action or resolution of the National Board of Elections 24 hours after its presentation to said board in formal meeting assembled and its designation thereat by the chairman as an emergency measure.

Article 5. The National Board has full authority to organize the departmental boards and the *directorios electorales*, both composed of an equal number of political members of both parties and which will include and be presided over by a citizen of the United States designated by the National Board with the authority which the said National Board may grant him.

Article 6. The National Board of Elections shall canvass the votes cast at the elections conducted under this act, shall determine all questions and contests which may arise as to the validity and counting of said votes and will issue the respective certificates of election to those who may be legally elected for their respective offices. Such certificates must be presented to the Congress, to which the National Board of Elections will send a detailed report of the election in accordance with article 83, clause 2, and article 84, clause 2, of the Constitution in order that the Congress may comply with those provisions.

Article 7. The National Board of Elections, through its chairman, is vested with the authority to command the services of the National Constabulary and to give it the necessary orders in order to avoid intimidation and fraud and of preserving law and order during the registration, voting and counting of the votes for the Supreme Authorities in the elections of 1928.

Article 8. The National Board of Elections will exercise its duties until Congress has complied with the provisions of article 83, clause 2, and article 84, clause 2 of the Constitution. Upon the new board

taking office the term of office of each and every one of the members of the national electoral boards and the *directorios electorales* by virtue of the law of March 20, 1923, shall cease. Upon the proclamation of the results of the elections for the Supreme Authorities of 1928 the electoral law above mentioned of March 20, 1923, shall be restored in full force and effect.

Article 9. Upon the restoration of the electoral law of March 20, 1923, in full force and effect, as provided in the previous article, the various departmental boards of elections and *directorios electorales* prescribed in said law shall forthwith be reconstituted in a manner provided in the said law for the respective appointments and the basis for the selection of the chairmen of the various departmental boards and *directorios* provided for in article 22 of the said law, shall be the results of the Presidential election of 1928. The term of office of the members of the National Board and of all the electoral boards and *directorios* appointed in accordance with this article shall expire at the time that they would have expired if such electoral boards and *directorios* had been appointed in conformity with the electoral law of March 20, 1923 to render their services for the election of the Supreme Authorities of 1928.

HUGHES

817.00/5300 : Telegram

The Secretary of State to the Chairman of the American Delegation to the Sixth International Conference of American States (Hughes)

WASHINGTON, January 28, 1928—3 p. m.

32. For Mr. Francis White. Text of new draft of proposed electoral law thoroughly satisfactory to Department and to Dodds.

It appears that the words "or *suplente*" after "political members" and before "if for any reason" in penultimate sentence of Article 2 may have been omitted through oversight. Department does not consider this point important.

Above repeated to Managua.

KELLOGG

817.00/5337a : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

WASHINGTON, January 28, 1928—6 p. m.

35. In view of fact that transitory provisions suspend electoral law of 1923 and that presidential election will not be held until November Dodds suggests that General McCoy may want to consider method of handling municipal elections which customarily occur in that month.

KELLOGG

817.00/5335 : Telegram

The Chairman of the American Delegation to the Sixth International Conference of American States (Hughes) to the Secretary of State

HABANA, January 28, 1928—6 p. m.

[Received 7:51 p. m.]

45. From White. Your 32, January 28, 3 p. m. Cuadra Pasos agrees to insertion of words "or *suplente*" in penultimate sentence of article 2. Nicaragua informed.

HUGHES

817.00/5345 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, February 1, 1928—4 p. m.

[Received February 2—1:17 a. m.]

61. President Diaz professes to have received no definite word from Havana regarding Cuadra Pasos' compromise proposal. I have not communicated it to him because it seems inadvisable to make any move here which would indicate a willingness on our part to compromise unless there is some indication of a change in the attitude of Chamorro and the Deputies. Their attitude seems more uncompromising now than it was a few days ago.

President Diaz and Chamorro had summoned about 50 prominent members of the Conservative Party from all sections of the country to meet here next Sunday to discuss the party's attitude toward the electoral law. This was admittedly an effort on the part of the President to avoid assuming responsibility for the failure of the law in Congress. While there was a possibility that such a meeting might have improved the situation, I thought it more probable that Chamorro might dominate it and thus succeed in arraying the entire Conservative Party against the execution of the Stimson agreement. I therefore suggested to him today that it would be inadvisable to permit the meeting to be held unless he was certain that the result would be satisfactory and he promised to recall the invitation and instead to confer with the Conservative leaders in small groups and to send them to the Legation.

Repeated to Havana.

EBERHARDT

817.00/5344 : Telegram

The Chairman of the American Delegation to the Sixth International Conference of American States (Hughes) to the Secretary of State

[Paraphrase]

HABANA, February 1, 1928—8 p. m.

[Received February 1—7:45 p. m.]

60. From White. I have been assured by Cuadra Pasos that he and Zepeda are cabling influential members of the Conservative Party to support the electoral law when the subject is discussed by the Council of Notables of the Conservative Party when it meets Sunday.

HUGHES

817.00/5360 : Telegram

The Chairman of the American Delegation to the Sixth International Conference of American States (Hughes) to the Secretary of State

[Paraphrase]

HABANA [undated].

[Received February 2, 1928—9:31 p. m.]

66. Today the following cable was sent to the American Legation in Nicaragua:

"February 2, 1928—5 p. m. From Francis White. Your telegram No. 61, February 1, 4 p. m., to the Department of State. Last Friday Cuadra Pasos informed me that he had that day sent the new text of the electoral law to President Diaz. Cuadra Pasos informed me today that he had sent the modifications only; that upon receipt of a request from President Diaz for the full text, he cabled it by deferred message on Tuesday, and that President Diaz should have it before him today. Cuadra Pasos reiterates that he and Zepeda are doing everything possible to support the law and have it voted, and that if you will cable the names of any individuals whom he should personally cable, he will be pleased to do so. He said that he was optimistic regarding voting of the law.

Cuadra Pasos has called César to Habana to read to him cables in private code from President Diaz in order that César might fully understand the position which President Diaz and Cuadra Pasos are taking with regard to the law. César will arrive in Habana this afternoon. He will probably return to Washington on Saturday.

Cuadra Pasos says emphatically that he is doing all he possibly can to advance the electoral law, and that if you can point out anything further that he can do, he will gladly do it. Cuadra Pasos tried to secure passage immediately to Nicaragua in order that he might personally exert his influence there in favor of the law, but found that there is no sailing before the 15th of this month. Will

you please inform me of anything you think Cuadra Pasos can do or advise me of the names of persons whom he should cable directly. Upon the receipt of such information, I shall immediately take the matter up with Cuadra Pasos."

HUGHES

817.00/5361 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, February 2, 1928—6 p. m.

[Received 9:51 p. m.]

64. From General McCoy. Have had conversation with President Diaz, General Moncada and General Chamorro, preceded and followed by conferences with Minister Eberhardt, Munro and others.

President Diaz freely acknowledged his Government's obligations to accomplish Tipitapa agreement and stated readiness to fulfill them to best of his ability. Moncada expressed reliance on the United States to effectuate the agreement which constituted the consideration for disarming. Chamorro frankly stated his intention to defeat the program and asserted his freedom from promises made by others. Have sought to counteract any remaining belief that United States would compromise or does not seriously intend to carry out Tipitapa program. Have rewritten Dodds' law and am proceeding with plans approved by the Department for putting it in effect.

Course pursued by Chamber of Deputies not necessarily the policy to which Conservative groups would commit themselves. Hope need not be excluded that Chamorro now wielding strong adverse influence may eventually cooperate to some extent.

Recommended unremitting pressure here and from Washington on President Diaz and Nicaraguan Government for fulfillment of all essential features of agreement focused in first instance on transitory provisions. Also reassertion of the United States determination to supervise election with all requisite authority.

Emphasis at present on possible withdrawal marines after elections would tend to strengthen Conservative opposition to adequately supervised elections.

Will report military and political situation in border area within a few days.

EBERHARDT

817.00/5377 : Telegram

The Chairman of the American Delegation to the Sixth International Conference of American States (Hughes) to the Secretary of State

[Paraphrase]

HABANA, February 6, 1928—1 p. m.

[Received 7:55 p. m.]

82. Following telegram sent to Managua today:

From Francis White. Señor César was in Habana for two days. Although I saw him, I felt it would be more effective to have Cuadra Pasos insist on a change in his attitude than for me to do so. During César's stay I kept in close touch with Cuadra Pasos. Cuadra Pasos advised me that César now fully understood the situation and that he has committed himself to the support of the law. He did this in a cable from Habana to President Diaz and he authorized Diaz to show the telegram to anybody in Managua he wished to. . . .

Yesterday evening Cuadra Pasos expressed the view that he cannot convince Dodds' [*sic*] followers in Nicaragua by cable, and he believed it would be necessary to wait until his return to Managua on February 25; then he can speak to them personally. I said that I was convinced that he and President Diaz have sufficient followers in Congress to pass the law with the support of the Liberals in spite of any opposition by Chamorro. I urged that this be done at once and without awaiting his return. He asserted that he would do everything possible. I shall, when I hear from you further, urge him to cable very strongly to his followers to cooperate with the Legation in accordance with your suggestion.

Chamorro is the crux of the whole situation. I believe it would be well for the Legation and General McCoy to try to convince him that it is absolutely necessary for him to support the Conservative Party in carrying out its formal written engagements that can be done only in Nicaragua.

HUGHES

817.00/5378 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, February 7, 1928—11 a. m.

[Received 8:47 p. m.]

70. [Paraphrase.] Opposition in the Conservative Party to the passage of a satisfactory electoral law is seemingly becoming more determined and more general. The leaders of the previously strong pro-American Granada group are now supporting Chamorro in his attitude, and it is not probable that we can depend much longer on the cooperation of the Senate. . . . I am also convinced that advice is still being received from Washington to oppose the electoral law. [End paraphrase.]

The Conservatives are now making less of the constitutional question than formerly. They are arguing that it will be impossible to hold a fair election this year because of the disturbed conditions in the northern and western departments and because of the general discouragement in the Conservative Party arising from the belief that the United States Government has decided to put Moncada in the Presidency. They are in reality attempting to prevent the holding of any adequately supervised election this year or at least to obtain from us concessions sufficiently substantial to improve the party's prospects. We believe that Chamorro is probably being advised from Washington that the Department is so desirous of conducting the election in accord with the Nicaraguan Constitution and laws that the Congress can defeat the whole program of supervision simply by refusing legal authorization.

We still hope that Chamorro and other Conservative leaders will begin to cooperate when they become convinced that the Department is inflexible in its purpose to hold the election regardless of opposition and not to accept any compromise which would benefit the Conservative Party at the excuse [*expense?*] of the Liberals. General McCoy has already made very clear his intention to proceed with the election and is making other preparations.

We both feel that it would be helpful at this time to give out a strong statement of our position and I should therefore like to give out the following within the next two or three days if the Department has no objection.

"Under the agreement entered into last May by the United States Government with the Government of Nicaragua and with both political parties in this country the President of the United States assumed a definite obligation to supervise the Presidential election of 1928. The manner in which this obligation must be carried out is clearly set forth in the letter and memorandum addressed by President Diaz to President Coolidge on May 15, 1927, the substance of which is embodied in the transitory provisions which have been submitted to the Nicaraguan Congress. The Government of Nicaragua has on several occasions since last May and down to the present time expressly recognized its obligation to bring about the enactment of legislation of this character. Neither the Government of the United States nor the Government of Nicaragua nor either political party in this country can without dishonoring its pledged word refuse to put into effect the arrangements agreed upon.

The constitutionality of these arrangements was carefully considered last May when advice on the matter was received from the Nicaraguan Government and from distinguished Nicaraguan and American constitutional lawyers. It has been reconsidered in the light of the objections which have been raised in the Chamber of Deputies. The Government of the United States is convinced that these objections are entirely without foundation. This also appears

to be the opinion of the Government of Nicaragua and of the distinguished citizens who compose the Nicaraguan Senate.

The Government of the United States has therefore no alternative but to supervise the 1928 election in the manner contemplated in the Tipitapa agreement and it is fully prepared to take such steps as may be necessary to carry out the obligations which it has assumed. It hopes in doing so to receive the cooperation and support of the other parties to the agreement.

It is unnecessary to add that the supervision will be carried out with the most complete impartiality. The United States has no preference as between the two political parties in Nicaragua or as between the candidates within either party. It desires only that each party should freely nominate the candidate of its choice and that the administration which comes into office on January 1st, 1929, should derive its authority from the votes of a majority of the Nicaraguan people."

EBERHARDT

817.00/5379 : Telegram

The Chairman of the American Delegation to the Sixth International Conference of American States (Hughes) to the Secretary of State

[Paraphrase]

HABANA, February 8, 1928—10 a. m.

[Received 6:12 p. m.⁸²]

90. The following has been sent to the American Legation in Nicaragua:

"From Francis White. Yesterday Cuadra Pasos showed me a telegram which he had just received from President Diaz. It stated that he was doing his best for the electoral law but that the difficulty was that Congress and the public in general feel that the United States is supporting not the Liberal Party but General Moncada personally.

I replied that I was not at all impressed by such a message. I stated that these were exactly the same tactics which were used in the past. Chamorro used the same argument in 1923 when the Government of the United States suggested that the Government of Nicaragua might want to consider the desirability of asking Dr. Dodds and experts designated by him to go to Nicaragua to help the authorities of Nicaragua to put the new electoral law into effect. After the death of President Diego Chamorro, however, Emiliano Chamorro did not hesitate immediately to say, when Martinez supported Solorzano rather than him as the candidate for President, that there could not be free and fair elections without American supervision. I told Cuadra Pasos that the attitude which was taken in any given case depended upon whether the person was in office or out of office, and that it was an old story to say that it will look like the Government of the United States is supporting somebody else.

⁸² Telegram in two sections.

I told Cuadra Pasos that such a contention could not be advanced in the present case because President Coolidge in a letter personally signed by him to President Diaz stated that the Government of the United States would run a free and fair election, and that when César, acting presumably under instructions from Chamorro, brought up the same question in November, 1927, Secretary Kellogg in a letter to him dated November 17, 1927, very definitely set forth our position.⁸⁸ I informed Cuadra Pasos that I could consider such a message only as an attempt to becloud the issue and that he could not expect me to give it any consideration.

I told Cuadra Pasos that it had been made abundantly clear to him by Secretary Kellogg when he was in Habana, by myself, and also to the Nicaraguan Legation in the United States and to the authorities in Nicaragua, that the Government of the United States was going to live up to its agreement and carry out a free and fair election. We desire to do this with the concurrence and support of the Nicaraguan Government and the Conservatives, but whether we gain their support or not, we intend to do it, and it was my hope that this would be made abundantly clear to Chamorro and any others who were obstructing the passage of the electoral law. Cuadra Pasos said that he understood perfectly our Government's position; that he is in hearty support of it, and that he had cabled it many times to Nicaragua; for that reason he had hesitated to show me the telegram from President Diaz. . . .

I told Cuadra Pasos . . . that the interests of the Conservative Party certainly lay in fulfilling their obligation and agreement, and in doing so in a manner which would show them to be in accord with, and not in opposition to, the Government of the United States. I added that it was my belief that Chamorro's own selfish interests lay in this same policy, for if Chamorro is looking for power, he cannot get it now; and that his only chance seems to be in supporting the Conservatives to the utmost to carry out their agreement and to endeavor to have the Conservatives win the election legitimately, in order that he might become the candidate of the Conservative Party 4 years from now. I told Cuadra Pasos that I thought Chamorro might well consider whether his chances for election in 4 years would be greater if the Liberal Party won the election of 1928. I stated that I believed the best interest for all lay in carrying out the agreement in perfect accord with the Government of the United States, and that by placing themselves in opposition, the contingency which Chamorro had told me in Washington—that he was fearful that the floating vote would go to the Liberal Party—would in such case be enhanced. Cuadra Pasos said that he shared my views completely and that he would again cable to Nicaragua. The cable of President Diaz stated that he was working for the electoral law. Cuadra Pasos said that he was optimistic that they would succeed. The difficulty over Chamorro is great, but the Conservative Party will overcome it because Zepeda has more influence with Chamorro than does Cuadra Pasos. I again urged Cuadra Pasos to use his influence in favor of the law. Cuadra Pasos agreed to do so, but stated that he had received no word

⁸⁸ *Foreign Relations*, 1927, vol. III, p. 376.

from Chamorro for some time, which he attributed to the fact that Zepeda has come out strongly in favor of the electoral law and is, of course, in opposition to Chamorro, and Chamorro no longer communicates with him.

Cuadra Pasos also said that he was again instructing César in Washington to cable his support of the electoral law."

I believe it would be well to ask César to call and then impress upon him the necessity for taking the action instructed by Cuadra Pasos.

HUGHES

817.00/5378 : Telegram

*The Acting Secretary of State to the Minister in Nicaragua
(Eberhardt)*

[Paraphrase]

WASHINGTON, *February 8, 1928—6 p. m.*

38. Your telegram No. 70, February 7, 11 a. m. It is the feeling of the Department that any such statement as the one proposed requires careful consideration. The Department, therefore, makes the following observations in that connection.

(1) The passage of the new electoral law is the immediate problem before us. We feel that while you are impressed by the strength and persistency of the opposition, you still entertain the hope of its passage. In this situation care must be taken to do nothing which might in any way diminish the chances of success in obtaining a proper law. We should like to feel satisfied that you, General McCoy, and Mr. Munro are wholly convinced that a statement of the kind set forth in your message would improve the prospects for the passage of the law, instead of perhaps having the contrary effect. It will be decidedly helpful to have your joint views on this subject by telegraph.

(2) You should consider the contingency that a statement of this nature, which cannot be framed without carrying an implied threat, might play into Chamorro's hands and help him to defeat the law. Chamorro may well be seeking an excuse for stating that if the United States intends to force its type of supervision, law or no law, the Congress of Nicaragua would be recording its own impotence by enacting this legislation. In other words, Chamorro might make the most of the point that we are now dictating to the Congress instead of resting upon the promises made at Tipitapa and incorporated in the agreement between President Coolidge and President Diaz. It appears that what you propose, if done now, would be merely anticipating a step which we may have to take in case the electoral law is finally defeated, and that the issuance of such a

statement now would carry risks which need not be faced at the present moment.

(3) Pending the receipt of your opinion on the above suggested questions and the decision thereon, it is clear that you should continue the effort to have the law put through along the lines already laid down.

OLDS

817.00/5398 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, February 15, 1928—5 p. m.

[Received 8:45 p. m.]

80. In the hope that Cuadra Pasos might exert a helpful influence in Congress after his return, I suggested a few days ago that it would be well for Congress to take a short vacation. Its regular session would otherwise have come to an end within a few days, under the Constitution. The Chamorro Deputies at first opposed the proposal but later agreed to it, and Congress today adjourned until March 5th.

Just before adjournment the Chamber of Deputies approved a bill suspending the registration which should legally occur in March and stating as the reason for such action, the disturbed state of the country. This was fortunately blocked in the Senate.

There is no apparent change in the attitude of the Conservative Deputies. Chamorro is still dominating the situation in Congress completely and is exercising a very great authority in the Government itself. We are hopeful however that it may be possible to bring about a change before Congress reconvenes.

EBERHARDT

817.00/5408 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, February 18, 1928—3 p. m.

[Received 7:38 p. m.]

83. There has recently been a marked revival of the unrest and rumors of impending disorder which have recurred from time to time since last May. While due in part to the excitement caused by Sandino's appearance near Matagalpa the unrest is unquestionably being fomented by Chamorro. The Conservatives are now opposing the electoral law mainly on the ground that the disturbed condition of the country makes it impossible to make preparations for an election and it is very probable that Chamorro will attempt to bring about outbreaks in several parts of the country between

now and March 5th in order to impress the Legation and the Department with the inadvisability of insisting that an election be held.

In view of this situation we have decided to have the *guardia* take over the policing of Managua at the earliest possible date, which will be about March 15th. The Government has shown an inclination to object to this step but we shall insist upon it. The present police force is completely dominated by Chamorro.

EBERHARDT

817.00/5413 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA [, undated].

[Received February 20, 1928—7:10 p. m.]

85. Moncada and Medrano were officially nominated for President and Vice President yesterday by the convention of the Liberal Party at Leon. The Sacasa-Arguello faction in Leon was represented and is said to have approved the nominations. The official proclamation of the candidates will occur today.

The convention also adopted a resolution condemning the activities of Sandino.

EBERHARDT

817.00/5419 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, February 21, 1928—11 a. m.

[Received 4:37 p. m.]

86. For White. Legation's February 17, 5 p. m., and your February 18, 11 p. m. [*a. m.*].³⁴ The Conservative press is giving great prominence to the plan for selecting a single Presidential candidate. Press despatches have been received stating that President Coolidge, Mr. Hughes and Colonel Stimson had expressed warm approval of the idea and that Mr. Hughes had promised efficient cooperation by the United States.

Moncada and his supporters will presumably oppose the plan because they feel certain of success in the elections without accepting a compromise. The Conservatives' apparent approval of the idea arises probably partly from a readiness to accept anything which will prevent the carrying out of the Tipitapa agreement and thus prevent a purely Liberal government from coming into power but more from the belief that they can thus place Moncada in the posi-

³⁴ Neither printed.

tion of blocking a proposal which would make possible the conciliation of the parties and the withdrawal of the American intervention.

EBERHARDT

817.00/5422 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

WASHINGTON, February 23, 1928—1 p. m.

42. The Nicaraguan Minister this morning brought to our attention an article published in the *Washington Star*, Monday, February 20, over the signature of David Lawrence. It is a highly colored article evidently calculated to convey the impression that the American Government favors the election of Moncada. At the same time the Minister presented an excerpt of a letter which he said he had received from a moderate Conservative in his country, stating in effect that the Conservatives were discouraged by the attitude of the American officials in Nicaragua, because they felt that such officials were showing partiality. I propose in these circumstances to issue in Washington today the following statement, and desire you to see that it is immediately published in Nicaragua.

"In view of numerous tendentious rumors and newspaper articles evidently of a propagandist nature which have come to my attention I desire once more to state with the utmost emphasis that the United States is maintaining and will continue to maintain an attitude of absolute impartiality in all matters relating to the forthcoming Nicaraguan election. The United States will favor neither any candidate nor any party in that election. All of its representatives in Nicaragua have been definitely instructed in that sense from the beginning, and this Government knows of no violation whatever of those instructions. Naturally we cannot accept any responsibility for rumors and newspaper articles of the character referred to. Frank B. Kellogg, Secretary of State."

KELLOGG

817.00/5419 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

WASHINGTON, February 23, 1928—2 p. m.

43. Your 86 February 21, 11 a. m. Suggestions or movements looking to the selection of a coalition ticket or a single presidential candidate are matters in which the United States is in no way concerned either under the Tipitapa Agreement or otherwise. Any such arrangement would have to be made, if at all, by the political parties involved. The United States has no suggestion to make on that subject. You may deny categorically that the individuals mentioned

in the first paragraph of your message have at any time expressed the views attributed to them. Please make our position clear to all concerned.

KELLOGG

817.00/5423 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, February 25, 1928—8 a. m.

[Received 11:15 a. m.]

92. My 70, February 7, 11 a. m., and Department's 38, February 8, 6 p. m. We have withheld further recommendations until we should have an opportunity to appraise the effect of Congress' decision to take a recess. All of us still feel that a statement along the lines suggested would have a good effect, first, because it would help to convince the Conservatives in Congress that the United States Government definitely intends to carry out the Tipitapa agreement and cannot be forced into any compromise.

We suggest however that the statement outlined in my No. 70 be changed as follows to eliminate the dangers pointed out by the Department:

1. Omit last sentence of first paragraph beginning "neither the Government of the United States" and ending "the arrangements agreed upon."

2. Change the third paragraph of the statement to read as follows: "The Government of the United States therefore has no alternative but to supervise the 1928 election in the manner contemplated in the Tipitapa agreement and it could not without dishonoring its pledged word entertain any proposals for a change in the essential features of the plan which it has promised to carry out. It confidently hopes to receive the cooperation and support of all other parties to the agreement in the execution of its provisions."

We feel that it would be advisable to give out this statement in the very near future in order to allow time for it to take effect and for any possible irritation to wear off before Congress reconvenes. We should like, therefore, to be authorized to make it at such time as seems most opportune. It should be realized that Congress will be in session but a few days when it reconvenes and that it is of the utmost importance that the Conservative leaders should be convinced, before Congress meets, of the necessity of approving the electoral law.

While the President and his advisers now profess to be rather hopeful that the law will be approved as the result of Cuadra Pasos' influence after his return, there is no apparent change in the attitude of Chamorro or the leaders in Congress.

EBERHARDT

817.00/5423 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

[Paraphrase]

WASHINGTON, February 27, 1928—6 p. m.

47. Your telegram No. 92, February 25, 8 a. m. The Department has carefully considered the matter and feels that the situation can be viewed from two different angles: (1) That Chamorro still hopes that he can obtain some modification of the Tipitapa plan of supervision and that a statement in writing dispelling this hope would be beneficial; (2) that Chamorro is merely waiting for the Government of the United States to commit itself definitely in writing to carry out supervision under the Tipitapa plan in any event so that he may then state that since the Government of the United States is going ahead no matter what action the Congress of Nicaragua may take the latter should either take no action at all and refrain from cooperating, or it should definitely pass other legislation so that in the event of a Conservative Party defeat at the polls they could enter the claim of illegality of the elections.

You are in Nicaragua and in personal contact with Chamorro and are in a better position than the Department to judge which of these two positions Chamorro is probably taking. In view of the emphatic statements which you, Mr. Munro, and General McCoy have made in Nicaragua that the Government of the United States will carry out its agreement to supervise the elections as agreed at Tipitapa, and the similar categorical statements made to Cuadra Pasos and Zepeda in Habana, and to César in Washington, it appears to the Department that its position must be thoroughly understood and that Chamorro, therefore, is most probably pursuing the second course stated above, and it is for this reason that the Department has been most reluctant to authorize the statement. The Department's views are as stated above. You may, nevertheless, in your discretion issue the statement as modified in your telegram No. 92, if you are convinced that Chamorro is pursuing the first course set forth above.

KELLOGG

817.00/5440 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, March 2, 1928—4 p. m.

[Received 9:30 p. m.]

105. General McCoy and I discussed with the President this morning the redraft of the transitory provisions prepared in Havana by Doctor Cuadra Pasos.

The President has accepted this redraft as an administrative measure and will submit it as such to the Nicaraguan Congress which reconvenes on the 5th instant. The President was informed that it would be acceptable if promptly enacted by the Nicaraguan Congress during the remaining days of its present regular sessions. The President was also informed that although the Government of the United States insists upon the full execution of the obligations assumed by itself and by the Government and both parties in Nicaragua, it is not disposed to insist upon questions of form so long as the substance of these agreements is executed in good faith. These oral statements were confirmed in a letter which was handed to the President with a copy of the new draft. The President stated that he believed and hoped that the redraft would be passed and seemed to feel that it would be more acceptable to the Chamber of Deputies than the original draft. He said that he had been discussing the situation with the Granada leaders who now seem inclined to approve the passage of the electoral law and who can exert a great influence on the Deputies.

Despite the President's assurances, we are by no means certain that the new draft will be approved. If the Deputies still maintain their constitutional objections we are prepared to discuss as a last resort a new draft of the law including provisions outlining the principal features of the electoral procedure. General McCoy informed the President that he had been here more than a month exercising great patience any [and] showing full faith; that in spite of the President's own political difficulties he was confident that the President would exercise his power as President and leader of his party and by his best efforts would obtain the passage of the requisite law. General McCoy said that he had gone ahead with his original plans and was ready to organize the National Board and present to it procedure and regulations based as far as possible on the laws of Nicaragua to carry out a fair and free election.

I might add that in spite of General McCoy's anomalous position the President and his Government have provided him with suitable residence for himself and his assistants, an office and other facilities for carrying on his work.

In view of the continued delay of Cuadra Pasos in Panama the Admiral has invited him at our request to proceed at once on a warship which will probably reach here Monday. He personally controls four votes and in case of a definite break with Chamorro he and the President could obtain the passage of the act.

It might be helpful if the Department would send us a strong cable early next week stating that the United States Government expects the prompt passage of the compromise proposal prepared by

the Nicaraguan Minister for Foreign Affairs at Havana, as this proposal was accepted by the United States on the assurance that it was acceptable to the Nicaraguan Government and would meet the objections which had been raised in Congress. We could show such a cablegram to the President and other Conservative leaders without making a public statement at this time unless new developments seemed to call for it.

EBERHARDT

817.00/5440 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

WASHINGTON, March 3, 1928—noon.

55. Your 105 March 2, 4 p. m. just received. I feel that I should again emphasize the extreme gravity of the present situation. The United States cannot do otherwise than insist that the remaining unexecuted portions of the Tipitapa Agreement be carried out in absolute good faith. We are not particularly concerned with matters of form, but we cannot bargain away any part of the substance of the agreement. The undertaking to supervise the election is clear and unqualified and it must be executed. We have accepted the revised draft of the electoral law prepared at Havana solely upon the assurance that it was entirely satisfactory to the Nicaraguan Government and would meet the technical objections to the original draft which had been raised in the Congress. I do not see that we can go any further without impairing substantially the obligation which the United States has assumed and is bound honorably to discharge. Further delay in the passage of the law will compel us to consider immediately the steps which it may be necessary for us to take in order to live up to that obligation; and the responsibility for the situation thus created must be fully accepted by all those who may be in any way involved in the failure to enact the electoral law.

You may in your discretion make the foregoing statement in any quarter that you deem desirable. If, as intimated in your message, the Nicaraguan Government actually controls or can command enough votes in the Congress to pass the law and fails to use its influence and power to do so, manifestly the Government could not in that event avoid full responsibility for violation of the agreement with the President of the United States. I think you should also make this plain to the President and Minister of Foreign Affairs.

FRANK B. KELLOGG

817.00/5445 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, March 5, 1928—10 a. m.

[Received 1:45 p. m.]

108. I understand that Zepeda and Gomez are lunching with President Coolidge today and it would be very helpful if Zepeda, after the luncheon, would cable Chamorro, urgently recommending that the electoral law be passed at once. At present the situation in Congress looks somewhat more hopeful than hitherto but it is desirable that every possible influence be brought to bear on the Deputies.

EBERHARDT

817.00/5445 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

WASHINGTON, March 5, 1928—8 p. m.

61. Your 108, March 5, 10 a. m. Zepeda states he will immediately telegraph Chamorro recommending that electoral law be passed at once.

KELLOGG

817.00/5455 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, March 9, 1928—3 p. m.

[Received 8:09 p. m.]

115. The President stated very definitely to General McCoy and to me this morning that he felt sure that the electoral law would be approved by the Chamber of Deputies. He talked yesterday with eight Conservative Deputies and believes that he has obtained their support. He said that the regular session would terminate Wednesday but that there would be a special session thereafter to pass on the budget and the *guardia* agreement.³⁵

I insisted that we must have a definite decision one way or the other before the close of the regular session and he authorized me to inform the Department that the law would pass Monday or Tuesday.

Chamorro's attitude is still uncertain. Until today he had been stating that he and his followers would continue to oppose the law, but this morning he sent word to General McCoy that he would consent to its passage if provisions were inserted assuring the

³⁵ See *Foreign Relations*, 1927, vol. III, p. 434.

Conservatives fair treatment in the appointment of secretaries of the local electoral boards and providing that any district where order was not restored 6 months before the election would be excluded from the election. Such provisions cannot, of course, be incorporated in the law. Chamorro has already been given ample assurances on the first point. In reply to the second, both Chamorro and the President have been informed that the United States Government was prepared to maintain order throughout the northern provinces.

EBERHARDT

817.00/5463 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, March 13, 1928—11 a. m.

[Received 6:41 p. m.]

116. Cuadra Pasos informed us yesterday that he had persuaded five Conservative Deputies to vote for the election law and two more to absent themselves when the vote was taken, thus assuring a favorable majority. He said, however, that Chamorro was more bitter than ever in his opposition to the law in its present form, because its passage now might be regarded as a personal victory for Cuadra Pasos and that Chamorro simply to save his own prestige was insisting on the amendments outlined in the last paragraph of my telegram number 115 and more especially on a further amendment to provide that the President of Nicaragua and not the Electoral Board should issue the regulations. Cuadra Pasos said that it might be well to make some concession to Chamorro if possible, in order to prevent the break-up of the Conservative Party, as Chamorro was threatening to issue a manifesto withdrawing from politics.

Since we considered it very desirable that nothing should occur which would prevent either party from participating with its full strength in the election we discussed Chamorro's proposals very fully with one of his principal followers among the Deputies and finally stated that we would accept an amendment to the law providing that the regulations prescribed by the National Board and any subsequent amendments thereto shall be published by the President of Nicaragua upon the recommendation of the chairman of the board except in the case of emergency measures. We also expressed our readiness to accept an amendment providing that each electoral board should have two secretaries, one from each party. We have not yet been informed of the Chamorristas' reaction to these proposals. We communicated them to Moncada to prevent any possible mis-

understanding and he expressed himself as entirely satisfied with them.

Nothing was accomplished at last night's session of the Chamber because there was no quorum.

In our discussions of this matter yesterday we made it very clear to all concerned that a decision one way or the other must be reached today. General McCoy emphasized especially the patience which he had displayed in an effort to meet so far as possible the view of all parties.

EBERHARDT

817.00/5464 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, March 13, 1928—10 p. m.

[Received March 14 (?)—11:15 a. m.]

117. Chamber of Deputies rejected the electoral law this evening by a vote reported to be 24 to 18. Apparently Cuadra Pasos and the President, despite their positive assurances repeated as late as this noon, failed to change the votes of more than one or two Conservative Deputies. We shall see the President early in the morning and shall thereafter telegraph further regarding our contemplated plan of action.

EBERHARDT

817.00/5466 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, March 14, 1928—2 p. m.

[Received 10:15 p. m.]

119. My March 13, 10 p. m., . . .

We have had long conferences last night and today with Cuadra Pasos and the President and also with Moncada and Aguado. We are convinced that nothing can be obtained from Congress at this session and that it is desirable that Congress adjourn tomorrow morning, when its regular session will presumably end.

We informed the President this morning that we still expected the Nicaraguan Government to bring about the passage of the necessary electoral legislation although we realized that it might take some time to change the present attitude of the Congressmen. We pointed out, however, that it was necessary in the meantime to organize the National Board of Elections and to make preparations for the election and we discussed with him the idea of his issuing a decree containing the substance of the transitory provisions under

which General McCoy could at once be placed in control of the electoral machinery. Such a decree would rest upon the provisions of article III, clauses 2 and 33 of the Constitution, and it could be ratified subsequently at a special session of Congress when the Government was able to command a majority. We pointed out that the ratification of such a decree which would be an accomplished fact would probably be easier to bring about than the passage of a law.

The President assured us positively that he still intended to comply with all his obligations under the Tipitapa agreement and that he would cooperate with us in whatever steps we considered necessary. He said that he would issue such a decree as we desired immediately after the final adjournment of Congress although he desired that nothing whatever be said about his intention until after Congress was out of the way.

In preparing the decree we propose to insist on the original transitory provisions, disregarding all compromise proposals such as the Havana redraft and the changes we offered to accept here. We shall confer today with Cuadra Pasos regarding the form of the decree.

The legality of such a decree as a basis for holding an election may be questioned, but it is the best possible measure in the present situation, separately suggested to us by Cuadra Pasos in the presence of the President, Moncada and Aguado. The existing electoral law is not being complied with in its most important provisions, as the president of the National Board is abroad and the registrations are not being held. We see no other practicable course except perhaps to have General McCoy himself issue a decree by virtue of his authority as representative of the President of the United States, a step which would be fraught with danger and would be far more likely to cause friction with and deprive us of the cooperation of the Nicaraguan Government.

Cuadra Pasos is urging upon the President a complete change of Cabinet designed to eliminate Chamorro's influence from the Government as he believes that the President could dominate Congress if he were willing to break definitely with Chamorro. When our opinion was asked on this point we replied that what we wanted was the eventual passage of the electoral law and that the choice of means must be left to the President. The latter is obviously reluctant to break definitely with the Chamorro wing of the party.

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817.00/5466 : Telegram

*The Acting Secretary of State to the Minister in Nicaragua
(Eberhardt)*

[Paraphrase]

WASHINGTON, March 15, 1928—noon.

69. For Minister Eberhardt and General McCoy. Your telegram No. 119, March 14, 2 p. m.

(1) In the present circumstances the Department approves the plan of proceeding by Executive decree, such decree to be so drawn as to provide for effective and thorough American supervision. Every compromise proposal heretofore suggested which would in any way tend to cut down or impair such supervision should now be disregarded. You should, however, consider the Habana amendments so far as they can be incorporated for the purpose of removing technical objections without touching the substance of effective American supervision.

(2) Although it would obviously be desirable to secure eventual ratification by the Congress of Nicaragua, the decree should not be conditioned upon such ratification. As we now see the situation, the Executive branch of the Government of Nicaragua must accept full responsibility for carrying out the agreement for a supervised election. Decrees issued to this end must not be subject to future modification or rejection by the Congress of Nicaragua. Furthermore, we desire to guard against any possibility of future interference with the activities of General McCoy even by Executive action setting aside or modifying the decree. In this connection it may be considered advisable for the President of the United States to make the same decree, *mutatis mutandis*, in the form of an order to General McCoy as the personal representative of the President of the United States.

(3) We doubt the wisdom of making any reference on the face of the decree to the constitutional provisions supporting it as a proper use of the Executive power. If this becomes necessary, however, we suggest that not only clauses 2 and 33 of article 111 be invoked, but also clauses 23 and 31. Clause 23 appears to be appropriate because the holding of this election in pursuance of the agreement is merely part of a general transaction directly involving the peace and security of Nicaragua. Clause 31 clearly supports the provisions of the proposed decree regarding the employment of the *Guardia Nacional* to maintain order and tranquillity during the election.

(4) We assume that you will submit the text of the decree for consideration here prior to promulgation. What is the date of the final adjournment of Congress?

OLDS

817.00/5471 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

[Paraphrase]

MANAGUA, March 16, 1928—7 p. m.

[Received 10:19 p. m.]

130. Department's telegram 69, March 15, noon. In working out the form of the decree to be issued, the Foreign Minister has urged that it would be easier to make the decree conform to Nicaraguan conceptions of constitutional procedure if General McCoy, like the president of the existing National Board of Elections, were elected by the Supreme Court of Nicaragua. There appears to be strong objection to having the Executive deprive a coordinate branch of the Government of a faculty conferred upon it by existing law. Since General Moncada and a majority of the judges of the Supreme Court have expressed their approval of this procedure, we contemplate proceeding on this basis. Cuadra Pasos is requesting Gomez to resign as president of the existing National Board of Elections, and General McCoy will be elected at approximately the same time the decree is issued. In the near future we shall submit a draft of the decree to the Department.

Participation by the Supreme Court in the arrangement has the very great advantage that that body will thus be committed to the approval of the legality of the course now being followed.

EBERHARDT

817.00/5471 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

[Extract—Paraphrase]

WASHINGTON, March 17, 1928—6 p. m.

71. . . .

The Department perceives no objection to following the course of action set forth in your telegram No. 130, March 16, 7 p. m. Our understanding would be that General McCoy would be elected by the Supreme Court on the nomination of the President of the United States. See the memorandum attached to the letter of May 15, 1927, from President Diaz to President Coolidge.

KELLOGG

817.00/5482 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, March 19, 1928—5 p. m.

[Received 7:11 p. m.]

136. With reference to the last sentence of paragraph 2 of the Department's telegram number 69 of March 15, 7 p. m. [noon]. It is our opinion that it would not be necessary or advisable so far as we can see at present for the President of the United States to issue the suggested order to General McCoy. The latter now has full and general authority to supervise the election and detailed specific instructions might in his opinion hinder his freedom of action.

EBERHARDT

817.00/5474 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

[Paraphrase]

WASHINGTON, March 19, 1928—6 p. m.

74. Your telegram No. 131, March 17, 5 p. m.,³⁶ and No. 133, March 18, 11 a. m.³⁷ The text of the proposed decree contained in your telegram No. 133 has been examined by the Department, which perceives no objection. Whom do you and General McCoy suggest be designated by the President of the United States, under article 3 of proposed decree when issued, as *suplente* for General McCoy as chairman of the National Board? The Department has communicated with Dr. Dodds, who will arrange to proceed to Nicaragua sometime in June as agreed with General McCoy.

KELLOGG

817.00/5484 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

[Paraphrase]

MANAGUA, March 20, 1928—11 a. m.

[Received 3:46 p. m.]

137. Department's telegram No. 74, March 19, 6 p. m. General McCoy and I recommend that Colonel Francis Le J. Parker be designated at once as alternate to General McCoy on the National Board of Elections.

EBERHARDT

³⁶ Not printed.

³⁷ Not printed; it transmitted the text of the proposed decree prepared by Cuadra Pasos and revised by General McCoy, which was substantially the same as the translation of the final text transmitted by the Minister in Nicaragua in his telegram No. 148, Mar. 24, p. 482.

817.00/5485 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, March 20, 1928—noon.

[Received 3:43 p. m.]

138. General McCoy took oath of office as Chairman of the National Board of Elections this morning before the Supreme Court.

[Paraphrase.] General McCoy and I hope to have the decree issued on March 21. [End paraphrase.]

EBERHARDT

817.00/5475 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

[Paraphrase]

WASHINGTON, March 21, 1928—5 p. m.

76. For General McCoy. With reference to article 8 of the decree transmitted in Legation's telegram No. 133, March 18, 11 a. m.,³⁸ it is our understanding that the purpose and effect of this provision is a delegation by President Diaz to you as a Nicaraguan official, of authority over the *Guardia Nacional* to the extent that may be necessary for carrying out the election. We understand, however, that the Navy Department in Washington is somewhat apprehensive lest the provision be construed by the *Guardia Nacional* and the marines as an attempt to establish a separate and distinct command for the *Guardia Nacional*, thereby upsetting the practical arrangement now in force. Under the present arrangement the Navy Department understands that in all matters where combined operations may be involved, the *Guardia Nacional* is under the control and command of the proper officers of the 2nd Brigade, U. S. Marines. Attention is invited in this connection to the instructions issued to the Commander of the Special Service Squadron of December 9, 1927,³⁹ particularly to paragraph (h) thereof. The Navy Department points out that it would be extremely unfortunate for us to encourage in any quarter the idea that so far as the restoration and maintenance of peace and order are concerned there is any divided responsibility or invasion of the principle of a unified command. It seems to us that this objection, while perhaps theoretically tenable, need not be regarded as at all serious as a matter of practical operation. We assume that you do not intend to take charge of the *Guardia Nacional* and operate it as a separate military unit, and that in actual prac-

³⁸ Not printed.

³⁹ Not found in Department files.

tice you would deal with and through the appropriate officers of the Marine Brigade, and make your desires and needs known to them as occasion requires, thus thereby leaving undisturbed the present system of a single control and operation of the two forces where combined operations become necessary. We should be pleased to have your views and suggestions by telegraph before communicating further with the Navy Department on this subject. In the meantime, this complication, which we feel is quite susceptible of practical adjustment, should not, in our judgment, be allowed to hold up the issuance of the decree as now formulated.

KELLOGG

817.00/5498 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, March 22, 1928—5 p. m.

[Received 7:23 p. m.]

145. From McCoy. Your 76, March 21, 5 p. m. Instructions of Navy Department referred to therein were shown me by Marine commander last Sunday. It was considered very desirable that authority of American representatives to utilize *guardia* for electoral purposes be incorporated in decree and no difficulty was apprehended in arriving at a satisfactory adjustment of details along general lines outlined in your telegram.

EBERHARDT

817.00/5508 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, March 24, 1928—10 a. m.

[Received March 25—2:32 a. m.]

148. My 146, March 23, 3 p. m.⁴⁰ Text of decree:⁴¹

"The President of the Republic, in view of the fact that the Supreme Court of Justice, by resolution adopted on the 17th of the present month, designated General Frank Ross McCoy to be President of the National Board of Elections in place of Dr. Joaquin Gomez, who had submitted his resignation; and that there devolves upon the high official named, by virtue of the office for which he has thus been named, and by virtue of his nomination thereto by the President of the United States, the duty of directing the procedure for holding the elections of 1928 for the Supreme Authorities in accordance with the agreement made for the purpose of ending the civil war that was devastating Nicaragua;

⁴⁰ Not printed.

⁴¹ Promulgated in Managua on March 21; published in *La Gaceta, Diario Oficial*, March 26 (file Nos. 817.00/5552 and /5569).

Whereas, the electoral law of March 20th, 1923, is incapable of effective application under existing conditions due to the fact that the registration of citizens could not be effected at the prescribed time and that it is also impossible immediately to effect such registration;

Whereas, the people of Nicaragua cherish high hopes, predicated upon the free exercise of electoral rights as the starting point for a stable peace and a prosperous future—hopes having their origin in the letter and memorandum addressed by the President of Nicaragua to President Coolidge, wherein was set forth the procedure in accordance with which the Government of the United States might lend its cooperation for the satisfactory conduct of free and fair elections;

Whereas, the Government of Nicaragua contracted a solemn obligation with the people of Nicaragua and with the President of the United States, who, in a friendly capacity acted as mediator between the two parties, and the fulfillment of that obligation must not be evaded, due both to high considerations of right and public welfare and to the fact that any such evasion would unquestionably be the occasion for new disturbances of peace and order in the Republic, and

Whereas, in accordance with article 111 of the Constitution the Executive branch is charged, among other duties, with that of preserving the internal peace and security of the Republic and of taking the measures necessary to insure to its inhabitants the sacred right of suffrage, decrees:

ARTICLE 1. The National Board of Elections, as now constituted under the electoral law of March 20th, 1923, with General Frank Ross McCoy as President, and with Dr. Ramon Castillo and Dr. Enoc Aguado as political members, is hereby vested with full and general authority to supervise the elections of 1928 for the Supreme Authorities and to prescribe, with obligatory force, all measures necessary for the registration of voters, for the casting and counting of ballots and regarding all other matters that may pertain to the election.

ARTICLE 2. With a view to giving effect to the agreement entered into between the Government of Nicaragua, at its request, and the President of the United States, in accordance with which the latter is to lend his friendly aid to the end that the elections of 1928 for the Supreme Authorities shall be free, fair and impartial, and subject to the provision that the present chairman and political members of the National Board of Elections shall continue in the exercise of their respective functions, the electoral law March 20th, 1923, and any other laws and Executive decrees that may subsequently have been promulgated and approved, amending or supplementing said law, are hereby suspended. This decree shall enter into effect immediately following its publication and shall continue in force until the said election of 1928 shall have been held and the result thereof shall have been proclaimed by the Congress.

ARTICLE 3. In order that absence of its members may not operate to prevent the due functioning of the National Board of Elections, the composition of said board shall include three *suplentes*, who may be appointed by the President of the Republic in the following man-

ner: The *suplente* of the chairman of the National Board of Elections shall be that citizen of the United States of America who may be nominated by the President of the United States for that office, and the two *suplentes* for the political members shall be appointed, one upon the nomination of the Supreme Directorate of each of the two political parties, Conservative and Liberal, respectively. The *suplentes* of the political members and the *suplente* of the chairman of the board shall be inducted into office by the President of the Supreme Court. The President of the Republic shall remove from office any political member or any *suplente* of the National Board of Elections if the chairman of that board so recommends but no removal may be made except upon such recommendation. Vacancies that may occur among the political members of the same or in the office of *suplente* of the chairman of the board, shall be filled in the manner in which the original appointments of the corresponding *suplentes* were made. If the chairman of the board or any political member be unable to, or fail to, perform the duties of his office, due to any absence or other reason of a temporary character, his place shall be filled by the corresponding *suplente* during the period of such absence or failure to function. Furthermore, should the office of chairman of the board become definitely or permanently vacant, the *suplente* of the chairman shall thereupon take the place of his principal and a new *suplente* shall be appointed.

ARTICLE 4. No meeting of the National Board of Elections can be held without the presence of the chairman of the board. The presence of the chairman, together with either of the political members, shall constitute a quorum for the transaction of the business of the board; but if the chairman deem necessary an emergency meeting the presence of the chairman alone shall constitute a quorum in order to permit the emergency to be met with such measures as may be indispensable to the conduct of a free and fair election. The emergency shall be declared by the chairman of the board through formal notice given 1 day in advance to the political members.

ARTICLE 5. No action or decision of the board shall be valid unless concurred in by the chairman of the board. In case of a tie the chairman of the board shall have a double vote. The chairman of the board is authorized to declare an emergency measure any action or determination which in his opinion may be indispensable for the conduct of a free and fair election; and the measure in question shall become effective as an order of the National Board of Elections 24 hours after it shall have been submitted to the said board in a formal meeting and have been declared an emergency measure by the chairman at that meeting.

ARTICLE 6. The National Board of Elections has full powers to organize departmental boards and cantonal boards (*directorios electorales*) each of which shall include an equal number of political members from the two parties and shall be completed and presided over by a citizen of the United States nominated by the National Board of Elections. The said National Board of Elections shall delegate to the departmental boards and cantonal boards such functions as it may deem expedient.

ARTICLE 7. The National Board of Elections shall count the votes cast in the elections that may be held, shall determine all questions and controversies that should arise relative to the validity and canvass of said votes and shall issue the corresponding certificates of election to those who may legally be elected to their respective offices. Such certificates shall be submitted to the Congress, to which the National Board of Elections shall transmit a detailed report, appropriate to the requirements of articles 83, clause 2, and 84, clause 2, of the Constitution, in order that the Congress may comply with those provisions.

ARTICLE 8. The chairman of the National Board of Elections shall have, from and after the publication of the present decree, and until the proclamation by the Congress of the result of the elections of 1928 for the Supreme Authorities, authority to command the services of the National Constabulary (*Guardia Nacional*) and to give to that force such orders as he may deem necessary and appropriate to insure a free and impartial election.

ARTICLE 9. Upon the proclamation of result of the elections of 1928 for the Supreme Authorities, the electoral law March 20th, 1923, and all other laws and Executive decrees suspended by article 2 of this decree shall be restored to full force and effect.

ARTICLE 10. The present decree shall go into effect upon its publication by proclamation in the departmental capitals and shall also be published in the Official Gazette.

Publish.—Executive Mansion—Managua, March 21, 1928. Adolfo Diaz—The Minister of Gobernacion—Ricardo Lopez, by special authority.”

EBERHARDT

817.00/5515 : Telegram

The Acting Secretary of State to the Minister in Nicaragua
(Eberhardt)

WASHINGTON, March 24, 1928—6 p. m.

82. The following letter dated March 22, 1928, has been addressed by President Coolidge to the Secretary of State:

“I have your letter of March 22d⁴² regarding the decree which the Department understands the President of Nicaragua will shortly issue governing the forthcoming elections in Nicaragua, and, in accordance with your recommendation, you may inform President Diaz as soon as this decree has been published that I have formally nominated General McCoy for the position of Chairman of the Commission to supervise the forthcoming elections in Nicaragua, and that I am much gratified at his election by the Supreme Court as President of the National Board of Elections. You may also at the same time say that I designate Colonel Francis Le J. Parker as Alternate to General McCoy as Chairman of the National Board of Elections.”

⁴² Not printed.

Please convey this information to President Diaz in such manner as to make it duly a matter of record.

OLDS

817.00/5532b : Telegram

*The Acting Secretary of State to the Minister in Nicaragua
(Eberhardt)*

WASHINGTON, March 28, 1928—8 p. m.

86. César and Gomez have told the Department of the difficulties in the Conservative Party and have stated that unless the Department should take some action towards helping the Conservative Party to settle its internal dissensions they fear that a very difficult situation will be created, possibly resulting in abstention from voting and then protest by Chamorro that the decree is illegal and propaganda by him to that effect and hostile to the United States throughout Central and South America.

They have been told that the Department considers that this is a matter in which it can not take any action: that it is an internal matter which must be decided by the Party itself and that the Department can not intervene in any way.

OLDS

817.00/5535 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, April 2, 1928—10 a. m.

[Received 4:20 p. m.]

166. Martin Benard, who has hitherto been strongly supported as Presidential candidate by the so-called genuine Conservative group in Granada, informs me that he had decided to accept the Vice Presidential nomination on the ticket with Rappaccioli, whom Chamorro is supporting for the Presidency. He is, however, reserving full liberty of action later should he feel that another course would benefit the party.

If Benard's friends support him in this course, it will reduce the contest in the Conservative Party to one between Chamorro and the Granada Conservatives on the one hand and Cuadra Pasos, backed more or less openly by the Diaz administration, on the other hand. There is, however, much dissatisfaction among Chamorro's friends with his support of Rappaccioli. The latter is in very bad health and is thought to be unlikely to live long.

Chamorro called this morning for the first time since the defeat of the electoral law. He spoke frankly of the situation in the party,

evidently desiring to assure himself that the Legation was not insisting upon any particular candidate. He said that it might prove necessary to carry the contest for the nomination to the floor of the Conservative Convention which will meet May 20th but that he and Cuadra Pasos had agreed to conduct the contest in such a manner as to cause the least possible bitterness and that any candidate nominated by the convention would have the support of a united party. He clearly has no present intention of not participating in the election.

Chamorro told me most definitely in the presence of Munro that he had no objection to the conduct of the elections under the President's decree and that it was more advantageous for the Conservative Party to proceed under the decree than under the former electoral law. This statement is important in view of the possibility that he may protest against the legality of the elections if the Liberals win.

EBERHARDT

817.00/5551 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

[Paraphrase]

MANAGUA, April 10, 1928—5 p. m.

[Received April 11—8:53 p. m.]

173. President Diaz showed me a manifesto which he proposes to issue tomorrow. The manifesto states that he personally favors Cuadra Pasos as the Conservative candidate for President because of his pro-Americanism. Under present circumstances the propriety of such action seems doubtful to us. Does the Department desire me to suggest that he withhold the manifesto?

EBERHARDT

817.00/5551 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

[Paraphrase]

WASHINGTON, April 12, 1928—11 a. m.

92. Your telegram No. 173, April 11 [10], 5 p. m. The Department does not feel that you should make any representations or comment in any way on the action of President Diaz. We prefer not to have anything to do with the candidates, platforms, or issues in this campaign.

KELLOGG

817.00/5619 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, May 5, 1928—3 p. m.

[Received 8:01 p. m.]

202. The results of the Conservative departmental conventions which have been held during the past week have been inconclusive. In the majority of the departments one faction or the other has walked out and there have been two conventions.

In Chontales, where both Cuadra Pasos and Chamorro attended the convention, a bitter fight developed but [it] was finally agreed to divide the delegation between the two factions. Elsewhere Cuadra Pasos seems to have won in Liberal districts where the Conservative organization is naturally controlled by officeholders, and Rappaccioli in the more strongly Conservative districts, but it is impossible as yet to obtain accurate information. There will clearly be a violent contest over the organization of the national convention when it meets on May 20 unless the two factions can reach an agreement before that time.

EBERHARDT

817.00/5629 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, May 10, 1928—noon.

[Received 7:04 p. m.]

206. My 202, May 5, 3 p. m. About half of the delegates to the Conservative Convention are still in dispute. Those definitely chosen seem to be fairly evenly divided between the two parties [*factions?*]. The decision in the contested cases will rest, according to the party statutes, with the national Conservative directorate. Chamorro claims to control this body but Cuadra Pasos asserts that each faction is sure of the votes of four members and that the three remaining members are as yet doubtful. He intimated this morning that unless an arrangement was reached before May 20 there would probably be two conventions and General McCoy would be compelled to decide which was the legal Conservative ticket. There have been frequent conferences this week between the Conservative leaders in an effort to reach an agreement but there is as yet no indication that either side will make any important concession.

EBERHARDT

817.00/5652 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, May 15, 1928—5 p. m.

[Received 8:30 p. m.]

212. The President, who is also president of the Conservative national directorate, announced publicly yesterday that he would not call a meeting of that body to decide which delegates should be admitted to the Conservative National Convention on May 20. The Chamorro faction, which claims to control a majority of the directorate, had urged that a meeting be called to decide contests. The President's action makes it increasingly probable that two conventions will be held, especially as the Cuadra Pasos faction is now seeking to close the door to any compromise on a third candidate by pointing out that according to the party statutes only a person officially registered as a candidate before April 15th can be nominated. Cuadra Pasos and Rappaccioli are understood to be the only candidates so ranking.

The party statutes apparently make the national directorate the court of last appeal in questions relating to the eligibility of delegates to the departmental conventions but the President takes the position that all such questions should have been decided before the departmental conventions met. The President's interpretation apparently leaves no method whatever for deciding the dispute by party agencies or in any way except by reference to the National Board of Elections. It is increasingly evident that the administration faction intends to force a decision by the National Board in the belief that the board would at least decide against Chamorro because of the latter's opposition to our policy and the Department's reported objections to Rappaccioli.

EBERHARDT

817.00/5657 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, May 16, 1928—6 p. m.

[Received 9:20 p. m.]

214. My 212, May 15, 5 p. m. Despite the President's announcement, 11 of the 19 members of the Conservative directorate met yesterday, summoned by the secretary, and began the work of passing upon the credentials of the delegates to the Conservative Convention. This shows clearly that Chamorro controls the majority of the directorate.

Cuadra Pasos stated definitely this morning that his faction will hold a separate convention unless a compromise is reached before Sunday.⁴³

EBERHARDT

817.00/5661 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, May 17, 1928—11 a. m.

[Received 8:10 p. m.]

216. From Colonel Parker for General McCoy.⁴⁴

"Fight between Conservative factions for party control centers for the moment about issues concerning powers and functions of *Junta Directiva Nacional y Legal*, formerly known as *Directiva Suprema*. Pertinent provisions are contained in party's *Estatuto* dated May 3rd, 1920, and supplementary resolution of *Junta Directiva* dated March 1st, 1924. Should full text of provisions be desired and not available in Washington, same will be cabled on request. Under date of May 14, 1928, President Diaz in his capacity as chairman of the *Junta Directiva* addressed to the secretary of the junta a letter wherein he directed in substance that no further meeting of the junta should be held until it should assemble May 20 to render a routine report to the Conservative Convention and to turn over its functions to a new junta to be elected that day. The President's letter expressly denied the authority of the present junta to determine contests between rival departmental delegations and in general purported to deny the junta any important functions connected with the organization of the coming convention. Later on May 14th the President, in a second letter to the secretary, Sebastian Nunez, called upon the latter for an explanation regarding a meeting of the *Junta Directiva* which the secretary had called for May 15th without instructions from the President. The secretary's reply stated that he had obeyed instructions of a member, Alfonso Estrada, who had acted as chairman at all previous meetings. Reply indicated opprobrious opposition to the President's views regarding the junta's functions and persistence in the purpose to hold the meeting. The President's interpretation of the party's bylaws, if correct, would apparently eliminate any orderly procedure for determining contests between rival departmental delegations claiming seats in the convention. Rival delegations have been named in various departments. While the party's bylaws lack desired clarity and completeness, it is believed that the functions of the *Junta Directiva* properly include the determination of contests within the party and that a convention constituted in accordance with the junta's decision would have a strong presumption of regularity in favor of itself and its nominee. A meeting of the *Junta Directiva* was actually held on May 15th and is reported to have been attended by 11 proprietary members out of

⁴³ May 20.

⁴⁴ General McCoy left Managua for the United States on April 28 (file No. 817.00/5601).

a total of 19. Indications are that Chamorro faction controls junta and is claiming and proceeding to exercise right to pass on credentials of rival departmental delegations to convention. No immediate action by the National Board in above connection is considered necessary. As, however, further developments may present a situation where prompt action may be required, or where failure to act promptly will itself tend to define the Board's future course, the conclusions arrived at relative to the functioning of the *Junta Directiva* are stated for such comment as General McCoy may wish to communicate."

I concur in the above.

EBERHARDT

817.00/5662 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, May 17, 1928—3 p. m.

[Received 8:14 p. m.]

218. My May 16, 6 p. m. Newspaper reports indicate that the Chamorro members of the Conservative directorate at the meeting referred to in my May 16, 6 p. m., and at a second meeting held yesterday completed the work of passing upon the credentials of the delegates to the National Convention.

They also elected Doctor Ignacio Suarez as alternate to the Conservative political member of the National Board of Elections. The President informed me this morning that he would not recognize the validity of any action taken by the directorate at these meetings because they had been illegally called.

EBERHARDT

817.00/5662 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

WASHINGTON, May 18, 1928—5 p. m.

114. For Eberhardt and Parker. Your 216, May 17, 11 a. m. and 218 May 17, 3 p. m. The Department has conferred at length with General McCoy and joins with him in expressing the sincere hope that the necessity for calling upon the National Board to decide, directly or indirectly, factional disputes within either party may be avoided. Certainly all legitimate expedients to that end should be exhausted. It is obviously in the interest of the whole country, as well as of both political parties, that complications of this nature should be adjusted by each party in its own way so that in accordance with previous practice and existing laws there should be but two can-

didates, each representing one of the principal parties. It is such an election that the Tipitapa Agreement clearly contemplated, and not an election involving a free-for-all contest among party factions, with the probability of throwing the result for determination into the Nicaraguan Congress, the membership of which is only partially involved in this supervised election. The task which the United States has assumed is that of doing its best to see that every citizen of Nicaragua entitled to vote has a free and fair chance to do so for the next President of Nicaragua, and any political maneuvers designed to defeat that purpose and throw the choice of the President into the Congress cannot fail to be viewed with the gravest misgivings. You are authorized to use, in your discretion, as much of this telegram as you may deem proper in discussing the situation with the representatives of both principal parties.

KELLOGG

817.00/5667 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, May 20, 1928—5 p. m.

[Received May 21—12:03 p. m.]

222. In separate and orderly conventions, the two Conservative factions contending for legal control met today. One faction nominated Cuadra Pasos, no Vice Presidential nominee; the other nominated Rappaccioli and Martin Benard.

EBERHARDT

817.00/5667 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

[Paraphrase]

WASHINGTON, May 22, 1928—7 p. m.

117. For Minister Eberhardt and Colonel Parker. Your telegrams No. 222, May 20, 5 p. m., and No. 223, May 20, 6 p. m.⁴⁵ Pending the receipt of additional and more detailed information, which we assume is being cabled, the following considerations present themselves: (1) If the split in the Conservative Party is not promptly closed through conciliatory measures adopted by the party itself, it is obvious that a serious question of policy may be presented for the Government of the United States to consider in the light of both the letter and spirit

⁴⁵ Latter not printed.

of the Tipitapa agreement. See our telegram No. 114, May 18, 5 p. m. If the situation as it has now developed continues, the fundamental question of policy will have to be carefully examined. We are not in a position to say at this moment what the outcome would be from this point of view. (2) Likewise, in these circumstances, a grave problem would be eventually presented to the National Board of Elections. You should carefully avoid any attempt to forecast the action of the National Board of Elections in the contingency that it may finally be called upon to exercise its full powers. General McCoy desires Colonel Parker to reserve all action with regard to article 9 of the regulations pending further instructions. (3) The internal troubles of the Conservative Party should not be unloaded upon the National Board of Elections. The selection of a candidate to represent the entire party is its domestic concern. You should make it plain that the Conservatives are expected to get together and solve their own difficulties in their own way.

This message should be read with our telegram No. 114, May 18, 5 p. m.

The Department would also like to have your views on the following:

(a) Bearing in mind that the ballots must be printed by the end of July, do you consider that if given a reasonable time, the two factions of the Conservative Party can straighten out their difficulties?

(b) If not, do you consider that a statement along the lines of the Department's telegram No. 114, May 18, and the considerations outlined above would help in bringing about a settlement by showing both factions that they cannot so maneuver as to throw the elections into Congress, or

(c) Do you consider that such action would now cause one or the other faction to abstain from voting?

(d) If this action is not advisable at the present time, do you think that it would be advisable later?

(e) If this action is taken, the Department assumes that you can, of course, explain satisfactorily to the Liberals that it is in order to carry out the Tipitapa agreement guaranteeing free and fair elections for the popular will to be expressed, and that it is certainly not the desire of the Department to take away any advantage which either party might have through a disagreement in the other.

KELLOGG

817.00/5677: Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

[Paraphrase]

MANAGUA, May 24, 1928—4 p. m.

[Received 8:45 p. m.]

231. After a full discussion between the Legation and Colonel Parker, the following joint message is submitted:

PART 1. The course followed here has been in accordance with the general policies set forth in the Department's telegrams No. 114, May 18, 5 p. m., and No. 117, May 22, 7 p. m. Message in preparation when the Department's telegram No. 117 was received will follow as part 2 of this message. The numbered and lettered paragraphs refer to the Department's telegram No. 117, May 22, 7 p. m.

(2) Conclusion noted; the importance of reserving complete freedom of action by the National Board of Elections has been thoroughly understood, both as regards the general course to be taken and as regards the specific questions of defining parties and regulating nominations, and the undesirability of any injection of the National Board of Elections or the Legation into questions within any party has been fully realized. In the meantime careful consideration has been given to some procedure whereby an appropriate solution by the Conservatives themselves might be brought about. The general situation within the Conservative Party is similar to what it was at the time when General McCoy departed, with such subsequent detailed developments as were reported in the following telegrams from the Legation: 202, May 5, 3 p. m.; 206, May 10, noon; 207, May 11, 5 p. m.;⁴⁶ 212, May 15, 5 p. m.; 214, May 16, 6 p. m.; 216, May 17, 11 a. m.; 218, May 17, 3 p. m.; 222, May 20, 5 p. m.; 223, May 20, 6 p. m.;⁴⁶ 225, May 22, 2 p. m.;⁴⁷ the division which has long been apparent has now been formally registered by the action of the two conventions of May 20.

(a) The two factions can unite any time provided that a few leaders, including Chamorro, can be shown that union will promote their several individual purposes and interests better than division. It is impossible to foretell what their ultimate conclusions will be on this point. In part 2 of the present message there is outlined a suggested procedure directed toward convincing them that a continuance in their present course will not conduce to success in the elections, but it is quite possible that one or both factions may purpose obstruction of the electoral plans rather than a bona fide participation in a duly supervised election.

⁴⁶ Not printed.

⁴⁷ *Post*, p. 542.

Paragraphs (b), (c), (d) and (e): It is believed that a present or future statement emphasizing the principles of the Tipitapa agreement, the party's duties and obligations, and the Department's wishes and expectations, would have little effect upon the conditions existing in the Conservative Party. It is believed that the only effective way to convince both factions that the election will be so conducted as to insure a majority vote for one of the candidates for President, thus eliminating the possibility that the election will be thrown into Congress, is for the National Board of Elections to make an announcement which would definitely restrict participation in the election to two parties. The present is not regarded as the opportune moment for such an announcement. If participation by a united Conservative Party can be brought about later, such an announcement would then probably be advisable.

This is the end of part 1. Part 2 follows.⁴⁸

EBERHARDT

817.00/5677 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

[Paraphrase]

MANAGUA, May 25, 1928—9 a. m.

[Received 9:50 p. m.]

231. PART 2.⁴⁹ The convention of each Conservative faction was a cut and dried affair. Each convention purported to register the almost unanimous choice of the total authorized number of delegates from the various departments for its candidate. Of course, such a result was brought about by manipulating each of the departmental delegations, each of which attended its respective convention. Each convention claims that its proceedings alone were regular and valid, and that the proceedings of the other convention were irregular and without effect. One question at issue is the sufficiency of the credentials of the several departmental delegations. One factor bearing on that issue is the legality of a meeting of certain members of the party's old *Junta Directiva*. In this connection see the Legation's telegram 216, May 17, 11 a. m. On May 23 the Rappaccioli faction sent a communication to the National Board of Elections, which purports to be a copy of the minutes of the national convention, and which in substance constitutes a claim for recognition of that faction as the Conservative Party. A similar communication was submitted this morning by the Cuadra Pasos faction which included a specific request for a hearing in case the validity of their claim should be

⁴⁸ See telegram No. 231, May 25, 9 a. m., *infra*.

⁴⁹ For part 1, see telegram No. 231, May 24, 4 p. m., *supra*.

questioned. No action has been taken on these communications except to file them, and no action is predicted or contemplated pending further communication from the Department. The issues which may have to be met and the various possible courses of action have been examined and discussed in connection with such information as was obtainable relative to the probable future attitude of the factional leaders. An effort should immediately be directed toward bringing about conditions which will permit dealing with the Conservative Party as a whole. If this cannot be brought about within a reasonable time, a decision as to a further course of procedure must then be taken. It is thought that the influence that will most promote a union of the factions will be a conclusion on the part of the Conservative leaders and such rank and file of the party as have any say in the matter, that continued division will not promote their respective purposes. If the ultimate purpose of either faction is obstructing the election or abstaining from participation, as is still asserted, any effort toward union will likely prove fruitless, but such an ultimate purpose should not yet be assumed. Various circumstances, including the specific mention of the Conservative Party in the negotiations at Tipitapa and in the Executive decree of March 21, have led to the general assumption that the National Board of Elections must ultimately recognize one faction if the two continue divided. A further assumption appears to prevail that the determination of the issue of recognition by the National Board of Elections must be based on the party's statutes and related rules. Neither assumption is correct; nevertheless, many Conservatives will probably continue to hold them unless some authoritative statement giving the opposite view is issued. In the event that the National Board of Elections should ultimately elect to hear and determine the issue of factional regularity under the party rules, a real question exists as to whether either faction could establish satisfactory fulfillment of the necessary steps connected with credentials, procedure and nominations. A decision of the National Board of Elections rejecting the exclusive claims of both factions would leave the members of those factions but three probable alternatives: (1) Abstaining from the election; (2) participation through such secondary party or parties as might be admitted by petition; and (3) belated union under such procedure as the National Board of Elections might sanction in the exercise of its full powers. No course of procedure has yet presented itself to which objections, such as the risk of non-participation, cannot be urged. It is recommended, therefore, that a statement essentially as follows be promptly issued by the Legation rather than by the National Board of Elections, for reasons which are believed to be apparent.

"There appears to prevail an impression that if the present division in the Conservative Party continues, there will devolve upon the National Board of Elections the recognition of one of the two factions. That impression appears to include the assumption that any such action of the National Board of Elections would necessarily be wholly based on the application of the statutes of the party to the procedure surrounding the recent national conventions. The assumption and impression set forth above are entirely unwarranted. The National Board of Elections possesses plenary powers as regards both the determination of questions of party recognition and the selection of the means for arriving at the determinations. These plenary powers would permit the National Board of Elections, in its discretion, to reject the claims to recognition of any and every faction claiming exclusive right to represent a given party. These powers would also permit the National Board of Elections to recognize a union of factions into which a party might have previously become divided. The methods by which such union might be effected would not necessarily be limited for purposes of recognition of the National Board of Elections to the method of procedure contemplated or prescribed by the internal rules of the party in question. It is the earnest hope of the United States Government that no condition may arise which will necessitate the exercise by the National Board of Elections of the broad powers mentioned above. It is obviously to the interest of the entire Nation and of its political parties that complications of this nature be adjusted by each party in its own way."

This announcement is the only action which is recommended at the present time. The announcement plainly suggests contingencies calculated to incline to union any factions which may really wish to participate in the elections. The announcement contains no definite commitment regarding future courses of action. It is believed that the risks involved are less than those incident to any other course of action offering reasonable prospects of success in uniting the factions of the Conservative Party.

EBERHARDT

817.00/5677: Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

[Paraphrase]

WASHINGTON, May 28, 1928—9 p. m.

123. For Minister Eberhardt and Colonel Parker. Your telegrams No. 231, part 1, dated May 24, 4 p. m., and No. 231, part 2, May 25, 9 a. m. Your statement as to the importance of the National Board of Elections reserving full freedom of action is in accordance with the views of the Department.

For the time being, and probably until General McCoy returns to Nicaragua, the Department prefers that the Legation should not issue the announcement contained in your telegram No. 231, May 25, 9 a. m., with the hope that the factions will get together in their own way with the full realization of the effect upon the election for President and Congress. Although the Department and General McCoy have the fullest confidence in your action in Nicaragua, nevertheless, it is believed wise to give the contending factions time to compose their differences before General McCoy returns to Nicaragua.

General McCoy, as president of the National Board of Elections, feels as you do that the National Board has plenary powers regarding both the determination of the question of party recognition and the selection of means for arriving at the determination. Nevertheless, it is obviously to the interest of both the entire nation and its political parties that complications of this nature be settled by each party in its own way.

KELLOGG

817.00/5782 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, June 27, 1928—5 p. m.

[Received 8 p. m.]

263. Upon returning to Managua ⁵⁰ General McCoy made it clear that he would not act privately as an arbiter between the two Conservative factions but that any action taken would be as president of the National Board of Elections and in cooperation [with] the two other members of the board. He has let it be known to the National Board of Elections that he is not bound by any specific instructions from the Department but is free to take whatever steps seem most conducive to the holding of a completely free and satisfactory election.

On June 21st letters were addressed by the secretary of the National Board to representatives of both Conservative factions acknowledging communications already received from them and asking that any further statements, oral or written, be submitted to the National Board on June 25th, 26th and 27th. The written statements have been submitted and oral statements are now being made by representatives of each side before the National Board and in the presence of representatives of the other faction. It has been made clear that the purpose of these proceedings is simply to give each side a full opportunity to state its position and that it is not necessarily to be

⁵⁰ General McCoy arrived in Managua on June 17.

assumed that the National Board [will] base its decision on these representations or will attempt to decide between them.

General McCoy has as yet reached no definite decision but is endeavoring to find a safe solution, bearing in mind his conversations with the Department and the dangers involved in permitting the election to be thrown into Congress.

EBERHARDT

817.00/5789 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, June 29, 1928—2 p. m.

[Received 5:54 p. m.]

265. Last night General McCoy informally exchanged views regarding the situation in the Conservative Party with the other two members of the National Board of Elections. It transpired that he and Castillo, the Conservative member, were in accord in the opinion that neither Conservative faction had made a showing entitling it to be recognized to the exclusion of the other. Aguado, the Liberal member, on his part was not ready to express a definite opinion. Castillo thereupon offered to endeavor to persuade the two factions to present one ticket which could be recognized and both General McCoy and Aguado approved this proposal. No formal action will be taken for the present by the National Board of Elections pending the outcome of Castillo's efforts.

EBERHARDT

817.00/5791 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, July 2, 1928—4 p. m.

[Received 7:07 p. m.]

268. My telegram number 265, June 29, 2 p. m. There will be a meeting tomorrow afternoon of about 16 prominent members of each Conservative faction to endeavor to reach an agreement. Neither the President nor Chamorro seems hopeful regarding the outcome.

EBERHARDT

817.00/5795 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, July 5, 1928—4 p. m.

[Received 6:35 p. m.]

270. At Tuesday's conference Cuadra Pasos' representatives proposed that both factions should ask the National Board of Elections

to decide between them and should pledge themselves to abide by the decision. This was refused by the Chamorristas. The conference adjourned without result. Later discussions between subcommittees appointed from each side and a personal conference between Cuadra Pasos and Rappaccioli have been equally fruitless. Both Cuadra Pasos and the President expressed the belief this morning that there was no prospect of any further advance toward an understanding until after the Electoral Board makes some formal decision.

EBERHARDT

817.00/5803 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, July 7, 1928—9 a. m.

[Received 6:20 p. m.]

272. My 271, July 6, 5 p. m.⁵¹ Text of resolution and statement follows:

“Resolution: Be it resolved, by the National Board of Elections:

1. That the National Board of Elections has given careful consideration to the statements of fact and the arguments upon which have been based the conflicting claims for recognition, as representing the Conservative Party, of the two factions of that party which held separate conventions in the city of Managua, on May 20th, 1928, and each of which purported to name the *Junta Directiva Nacional y Legal* of the Conservative Party; one of the said *juntas directivas* being headed by Don Adolfo Diaz with Don Alejandro Cardenas as secretary, and the other of said *juntas* being headed by Don Emiliano Chamorro with Don Ismael Solorzano as secretary.

2. That it is the decision of the National Board of Elections that neither of the two factions in question has duly established its right to be recognized as representing the historical Conservative Party to the exclusion of the other faction; and that neither faction is entitled to name the *Junta Directiva Nacional y Legal* of the Conservative Party or to designate the candidates to represent that party in the 1928 elections for Supreme Authorities.

3. That the National Board of Elections is disposed to give prompt and responsive consideration to any definite and practical plan that may be so presented to it as to evidence an expression of the will of the historical Conservative Party and that may open the way for the participation of that party in the 1928 elections for Supreme Authorities, and that, notwithstanding the statement contained in paragraph 2 to the effect that neither of the two factions is entitled to name the *Junta Directiva Nacional y Legal* of the Conservative Party, the National Board of Elections will consider as *“de facto junta directivas”* for the sole purpose of treating with them regard-

⁵¹ Not printed; it informed the Department of the passage of the resolution by the National Board of Elections and the issuance of the statement by General McCoy.

ing means that they may propose for arriving at an adjustment of differences, the two *juntas directivas* which have heretofore been designated by the respective factions."

Statement:

"In announcing the decision of the National Board relative to the difficulties of the two factions of the Conservative Party the president of the board desires to set at rest once and for all any possible misconception on the part of any portion of the people of Nicaragua to the effect that either the United States State Department or the personal representative of the President of the United States in Nicaragua is in any way committed to the candidacy of any particular individual or to the fortunes of any particular party or faction. It has been the earnest effort and hope of the American Government and of the National Board of Elections that the 1928 elections for Supreme Authorities might be held under conditions that would involve the full participation therein as such, of the two great parties whose difficulties the agreements effected by Mr. Stimson sought to compose by peaceable means. The factional division within one of the parties has to date presented serious obstacles to that purpose; but it continues to be the desire and purpose of the chairman of the National Board, approved and shared by the other members of that board, that the 1928 elections for Supreme Authorities shall be so conducted as to give any opportunity for the full and free expression of the will of the Nicaraguan people and that any such choice registered at the election shall in accordance with the Nicaraguan Constitution and the Executive decree of March 21st, 1928, be duly certified to the Nicaraguan Congress in order that it may be given effect."

EBERHARDT

817.00/5824 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, July 12, 1928—3 p. m.

[Received 6:15 p. m.]

281. After several conferences among the Conservative leaders Cuadra Pasos proposed to Chamorro that the Conservative candidate be selected by majority vote at a joint meeting of the directorates of the two factions, each of which has 20 members. Chamorro refused on the ground that the Cuadra Pasos directorate was united behind the official candidate, while his own was less reliable. Cuadra Pasos states that Chamorro then formally proposed that the two of them join in a manifesto recommending that the party should not participate in the election. When this proposal was declined it was agreed that three delegates of each faction be appointed to carry on further discussions.

The delegates met yesterday afternoon and proposed to their directorates that they be given full powers to decide the dispute either by majority vote or by unanimity. Chamorro has apparently agreed to

this with the qualification that the decision be between the two candidates already nominated by Cuadra Pasos . . .

EBERHARDT

817.00/5867: Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, July 26, 1928—11 a. m.

[Received 3:02 p. m.]

297. The President has just informed me that Adolfo Benard has been agreed upon by himself and Chamorro as Conservative candidate for the Presidency with Julio Cardenal as Vice Presidential candidate. The formal nomination will presumably be made today by the combined directorates of the two factions.

EBERHARDT

817.00/5886: Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, August 2, 1928—11 a. m.

[Received 10:20 p. m.]

301. On July 11th the National Board of Elections formally recognized the new directorate of the Conservative Party. On the same day it formally adopted the regulations to govern the election.⁵² Nominations for all offices to be filled in the election must be made by August 14th.

On July 27th the board considered communications from the Conservative Republican and the Liberal Republican Parties demanding the right to be placed on the ballot without further formalities. The former party claimed this right under an amendment of the Dodds Law passed in 1925 which formally recognized it as a legally constituted party and the Liberal Republicans or Coreistos asserted that they had really obtained 10 percent of the votes in the 1924 election but that the final canvass had been fraudulent. Both claims were denied on the ground that the Dodds Law with all its amendments had been suspended. Neither of these parties has shown any evidence of strength which would entitle it to serious consideration.

[Paraphrase.] The matter of admitting nominations by petition has not been decided yet. It will be taken up in the near future

⁵² Republica de Nicaragua, *Reglamento Electoral Para las Elecciones de 1928 de Autoridades Supremas, Dictado por el Consejo Nacional de Elecciones, en virtud del Decreto Ejecutivo del 21 Marzo de 1928* (Managua, Tipografia Alemana de Carlos Heuberger). Also printed in English. (File Nos. 817.00/5934 and /6011.)

by the National Board of Elections. According to present indications it will not be necessary to grant the right of petition because there is no serious third party movement. Apparently the autonomist movement produced no results and the party has neither put forward a candidate nor made its existence known to the National Board of Elections in any other way.

Should there be a demand for the right of petition it will come apparently solely from persons working in the interests of one of the two great parties who hope to deprive the other of votes like the Liberal Republicans are said to have done on Chamorro's behalf in 1921. All actions of the National Board of Elections thus far have been taken by unanimous vote. [End paraphrase.]

EBERHARDT

817.00/5904 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, August 10, 1928—10 a. m.

[Received 2:15 p. m.]

306. Medrano, candidate Vice Presidency, has resigned on account of serious illness.

EBERHARDT

817.00/5911 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, August 12, 1928—8 a. m.

[Received 11:47 a. m.]

307. Last night the Liberal directorate nominated Enoc Aguado Vice Presidential candidate to succeed Medrano, whose withdrawal of his candidacy was officially admitted by the same directorate.

EBERHARDT

817.00/5935 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, August 23, 1928—3 p. m.

[Received 10 p. m.]

318. Legation's August 18, 4 p. m.⁵³ On August 20th the Conservative member of the National Board presented a statement opposing the acceptance by the Board of General Moncada's nomination for the Presidency on the following grounds.

⁵³ Not found in Department files.

1. That Moncada is a Senator whose term does not expire until 1930 who cannot be relieved from that office except:

- (1) By accepting appointment under the Executive;
- (2) By resignation accepted by a two-thirds vote of the Senate;
- (3) By formal declaration of two-thirds of Congress that there is ground for criminal prosecution against him.

As it would be impossible to occupy both positions at the same time it was argued that Moncada could not legally be elected President while still a member of the Senate.

2. That Moncada was ineligible under the provisions of article 2 of the General Treaty of Peace and Amity of 1923⁵⁴ because he was Minister of War in a revolutionary government. The Conservative member cited the action of the United States in the case of Carias in Honduras in 1924 to support his contention.⁵⁵

3. That Moncada had been guilty of fraud against the public treasury. Evidence including a detailed statement signed by Hill as High Commissioner was presented to show that Moncada while occupying a position in the Senate in 1925 had obtained passage of a law ordering payment to him of a sum of money which he had already collected several years previous. It was alleged that the old document presented to support his claim had been mutilated in such a way as to prevent identification in the records of the Treasury Department.

On August 21st the National Board, with the dissenting vote of the Conservative member, decided to accept Moncada's nomination. General McCoy presented a statement in which he rejected the constitutional arguments of the Conservative member by pointing out that the Constitution contained no express prohibition against the election of a Senator to the Presidency and that there could not be set up an implied prohibition because the Constitution specifically stated in every other case the circumstances which would disqualify persons from holding office. General McCoy's position on this point is fully sustained by a precedent established in 1919 when a member of the Chamber of Deputies was elected to the Senate and permitted to take office in that body, thus showing that the theory that a member of Congress cannot be relieved from his position to accept election to another position is entirely untenable.

General McCoy's statement further pointed out that the Central American treaty referred to recognition by other Governments and could not affect constitutionally the eligibility of a Presidential candidate. It contained also the following paragraph:

"The conclusive answer to the objection to General Moncada's candidacy, based on the above-mentioned treaty, is that no recognized

⁵⁴ See *Conference on Central American Affairs, Washington, December 4, 1922-February 7, 1923* (Washington, Government Printing Office, 1923), pp. 287, 288.

⁵⁵ See *Foreign Relations, 1924*, vol. II, pp. 300-301.

Government was overthrown by the revolution in which he participated. Therefore the treaty does not apply. If General Moncada comes into power he will do so, not in succession to a revolutionary government in which he participated, but in succession through legal election to a constitutionally established Government."

On the third point General McCoy stated that the National Board of Elections could not reject a candidate merely because of an informal accusation made against him.

EBERHARDT

817.00/5998 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, September 24, 1928—5 p. m.

[Received 8:23 p. m.]

351. Yesterday was the first day of registration. Reports from nearly all districts indicate that there were no disorders and that the electoral machinery functioned smoothly.

EBERHARDT

817.00/6007 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, October 1, 1928—11 a. m.

[Received 8:50 p. m.]

355. Several weeks ago General Moncada informed the Legation that he would be glad to enter into an agreement with the Conservatives for the supervision by the United States of the election of 1932. He realized that the Department of State could not commit itself now to such supervision but he thought that it would be desirable for both parties here to commit themselves before the outcome of the election was known. Action on his suggestion by the Legation has been delayed pending the return of the Conservative candidate.

We feel that an agreement between the Presidential and Vice Presidential candidates of both parties, obligating the new administration to request effective measures by the United States over the Presidential election of 1932 would do much to promote political stability here during the next 4 years. Little of permanent value will be gained by holding a free election now if the defeated party feels that future elections will be dominated by the administration and that it therefore has no hope of subsequently attaining power except by violence. It would of course have to be understood that the United States Government was not obligated to accept the invitation to exercise its supervision but the hope that we would accept when the time came would

enable us in the meantime to exercise a powerful influence with discontented elements for the maintenance of peace. [Paraphrase.] Such an agreement would also influence the defeated party peacefully to accept the result of the election of 1928, and would lessen a rather strong possibility that there will be a deliberate obstruction of the final canvass in Congress or an armed resistance when the results are known. [End paraphrase.]

We fully realize the very serious objections to supervising another election here but we feel that if we do not do so the same conditions which have caused us so much embarrassment in the past will continue to exist and that there will be absolutely no possibility of bringing about peaceful changes of government in any other way. Now that we control the National Guard we shall more than ever be subject to well-founded criticism if we permit one party to perpetuate itself in power by dishonest elections. The situation in Nicaragua is different from that in any other Central American countries because the strength of the two parties is so nearly equal and party feeling is so bitter.

If the Department approves I will convey Moncada's proposal to President Diaz and Adolfo Benard for their consideration. I should like to say that the Department is sympathetic toward the proposal although it cannot assume any commitment regarding the action which the next administration in the United States will take.

EBERHARDT

817.00/6007 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

WASHINGTON, October 3, 1928—11 a. m.

191. Your 355, October 1, 11 a. m. The Department would of course be glad to give a most sympathetic answer—without in any wise committing the new administration—to any request from the Conservative and Liberal Parties for the United States to supervise the election of 1932, and the Department is of course much gratified at the confidence shown in the American conduct of the elections so far by General Moncada in his inquiry to you in this respect.

Should you be the intermediary, however, between General Moncada and President Diaz or the Conservative candidate, the Department is fearful lest this might be misinterpreted as pressure by this Government upon the Nicaraguan Government to join General Moncada in such a request or as indicating a desire on the part of this Government to instigate the Nicaraguan authorities to request continuance of the American occupation for another 4 years. The Department presumes

that General Moncada is on such terms with President Diaz or Señor Benard that he can approach them directly or through Nicaraguan intermediaries and not necessarily through the Legation. The Department therefore desires you, unless you see some reason to the contrary, to reply to General Moncada that, while the Department is most gratified at the confidence which he has shown in the American electoral administration and in the United States Government, and while you feel sure that it would give most sympathetic consideration to any request so made by both Parties, you feel that it would be better to take action only when the matter is presented to you by both Parties for transmission to your Government rather than acting as intermediary between the two Parties.

KELLOGG

817.00/6031 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA [undated].

[Received October 11, 1928—9:15 p. m.]

American Electoral Mission information report number 1. Returns compiled by Professor Harold W. Dodds, Princeton (member American Electoral Mission), show approximately 145,000 Nicaraguans registered for Presidential election November 4th, or about 35,000 more than in election 1924. Complete figures probably available end current week.

Large increase this year considered due measures taken by marines, Nicaraguan National Guard, protect citizens from intimidation by their political opponents. Guard detachments were stationed key positions in towns and on patrol duty on roads leading to booths throughout registration period September 23rd to October 7th.

No cases intimidation, other disturbances reported at any of 352 precincts in Republic. Restrictions on sale liquor on registration days, as enforced by National Guard, were of greatest importance in averting riots, brawls, which have marred previous registrations. Complete peace [and] order, as result pacification and amnesty measures, prevailed throughout Nicaragua with exception small area in Jinotega Province where 11 peaceable Nicaraguans were murdered by two small bandit groups under circumstances great brutality. Though rumor has attributed these killings to political differences American Electoral Mission has received no direct evidence to confirm this. Jinotega is backward district in which there have been long-standing feuds between different families. Recent raids were at isolated points

at some distance from nearest registration precincts; neither occurred on registration days.

Public sentiment appears bitter against groups responsible for outrages. Though majority victims were Liberals, President Diaz (who is also leader Conservative Party) has issued decree calling on all Nicaraguans regardless party to cooperate with marines, National Guard, in stamping out banditry. He has also authorized organization additional bodies Nicaraguan vigilantes for same purpose. Vigilantes have been operating in adjoining province Nueva Segovia and have been of assistance there in preserving order.

Although further bandit activities expected in Jinotega and vicinity before election day they are believed unlikely affect voting that province or others.

Comparatively few complaints made by either party during registration. Most challenges were on ground applicants for registration under legal age. In such cases birth certificates were required. There were also various attempts at double registration by members both parties which were checked by Nicaraguan watchers at booths.

Conduct 352 marine enlisted men who served as chairmen at precincts has been highly commended by members both political parties. These men underwent 3 months' training at schools established each province before they were assigned to their precincts. Curriculum included intensive course in Spanish and in electoral regulations. Of 352 chairmen thus trained it has been necessary replace only 6. Each chairman was assisted in duties at precinct by 2 Nicaraguans selected by two political parties. Relations between American chairmen and Nicaraguan colleagues have been excellent in practically all cases and Nicaraguans have cooperated cordially, efficiently, with Americans.

In many precincts work of chairmen attended with great hardship. Some had to travel muleback for miles in rough and mountainous country and were also burdened with ballots, ballot boxes, other electoral supplies. In eastern half Nicaragua transportation almost entirely boat during present rainy season. Native canoes, dugouts utilized in that portion country for many personnel. One electoral party which was proceeding up river on raft lost all supplies at one of rapids and men had to swim ashore.

Some precincts entirely cut off by unfordable streams. Their only communication with Managua has been by means of signals to airplanes which dropped them supplies, mail. Contact by planes was maintained with all precincts. Civilian observers from Electoral Mission watched progress registration throughout period.

Health, morale, enlisted men on election duty has been excellent and judging from native and foreign comment and testimony Nicara-

guan press their work seems to have been carried out thus far in thoroughly impartial satisfactory manner.

Owing to high illiteracy rate (reliably estimated at from 70 to 80 percent population) one feature Electoral Mission's work has been to counteract false rumors which had gained credence among certain of more ignorant inhabitants in interior. In one district report that Americans ate children was widespread and an election supervisor had to spend some time in convincing people they had been misinformed. Decision to use harmless solution to mark hands voters on election day insisted upon by both parties as measure to prevent repeating has also given rise among Indian population to rumor that mission intends to poison anybody who votes. Steps have been taken to reassure voters on this point.

Both parties appear confident winning election and thus far have conducted strenuous but orderly campaign.

EBERHARDT

817.00/6033 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, October 12, 1928—4 p. m.

[Received 7:50 p. m.]

363. Figures which are still incomplete indicate that number of voters registered will slightly exceed 150,000, which is 25 percent more than in 1924. There is an increase over 1924 in every department although the increase is small in Nueva Segovia. In Jinotega in spite of recent disorders the increase was over 20 percent.

Both sides are claiming a probable victory in November, basing their claims on the number of voters they have registered.

The Liberals are making claim to a larger majority than the Conservatives.

EBERHARDT

817.00/6040 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, October 19, 1928—3 p. m.

[Received 6:54 p. m.]

365. Department's 191, October 3, 11 a. m. Moncada is today sending a personal letter to Benard promising to request American supervision of the next election if the Liberal Party wins now, and calling upon Benard to make a similar promise.

EBERHARDT

817.00/6096

The Minister in Nicaragua (Eberhardt) to the Secretary of State

No. 832

MANAGUA, October 30, 1928.

[Received November 16.]

SIR: With reference to my telegrams, No. 365 of October 19, 3 P. M., and No. 367 of October 22, 2 P. M.,⁵⁶ I have the honor to transmit herewith copies and translations of the letters exchanged between the Liberal and Conservative presidential candidates regarding the proposed supervision by the United States of the presidential election of 1932.

Although the letters themselves were given great prominence by the Nicaraguan press, there was practically no editorial comment in any of the principal papers. It seems to be generally felt, however, that the agreement to request American supervision in 1932 materially improves the prospect for the maintenance of peace in the meantime.

It will be noted that Señor Benard's letter suggests that an agreement be reached, not only regarding the supervision of the next election, but also regarding the establishment of a sound financial system and the maintenance of the *Guardia Nacional*. These suggestions appear to have been inspired by Dr. Carlos Cuadra Pasos, who has long advocated the adoption of such an agreement between the two parties. It appears that these final paragraphs of Señor Benard's letter will remain unanswered. General Moncada has let it be known that he is not inclined to enter into further agreements or discussions of any kind with his opponents, as he feels that the Liberal party should assume full responsibility for the conduct of the Government if it should win the election.

I have [etc.]

CHARLES C. EBERHARDT

[Enclosure 1—Translation]

General José Maria Moncada to Señor Don Adolfo Benard

MANAGUA, October 19, 1928.

MY DEAR SEÑOR BENARD: By the sentiments expressed in my letter addressed to General Emiliano Chamorro on August 12, 1916, which the newspapers of this capital published on the eighteenth of the present month of October, you will have known the ideas which since the revolution of October I have held on electoral liberty and the prerogatives of citizens.

⁵⁶ Latter not printed.

The letter referred to ends in this manner:

"I understand that your (General Chamorro's) honor, that of all the chiefs of the October revolution, the honor of the American Government itself, points to that wide and luminous path as a course of action and that the hour for deep thought and prudence has arrived for all Nicaraguans. May Liberals and Conservatives go to the civic contest with their candidate freely chosen, and may that one triumph who receives the votes of the majority, without pressure and without fraud. That will be the true day of liberty, which will deserve to be engraved in marble on the altar of the fatherland."

These ideas guided my mind at Tipitapa and are certainly the characteristic feature of my political life, of my anxieties in war and in peace. As candidate of the Liberal party I maintain them still with unbreakable faith; and by means of this letter I wish to urge you, the candidate of the Conservative party, to adopt them also and that they may serve as a guide for you in the present and solemn moments of the Republic. Let there be no more fratricidal wars and let freedom and order be established forever amongst us.

Now that we are witnessing the justice with which those in charge of the American supervision are proceeding, when with generous and praiseworthy earnestness they are extending us their hand in the development of Republican institutions, by means of a true and honest electoral liberty, we who desire an era of peace and of industry for Nicaragua, could agree to accept this same supervision for one or several periods more of constitutional government.

For my part I can now promise you, when the occasion arrives, that if the Liberal party wins it will pledge itself to correspond to the good will of the American Government for absolutely free elections, promising at this time, if it suits the interests of the Conservative party, that in the subsequent Presidential election I will willingly accept the mediation of the United States in the same form and manner which the Stimson agreements established.

I offer that to you as candidate of the Conservative party to show that I always feel inclined to offer to others the same measure of justice and honesty which in every agreement has been promised to me or to mine.

Very respectfully,

JOSÉ MARIA MONCADA

[Enclosure 2—Translation]

Señor Don Adolfo Benard to General José María Moncada

GRANADA, October 20, 1928.

MY DEAR GENERAL MONCADA: I reply herewith to your courteous letter of the 19th instant which Mr. Pilar A. Ortega delivered into my hands and which I have pleasure in answering.

It is extremely gratifying to me to inform you that I am entirely in accord with your way of thinking. I understand that a stable and lasting peace, founded on the conciliation of the two historic parties into which the public opinion of Nicaragua is divided, is the most solid and efficacious support on which the prosperity of our country can rest.

That peace which we all as good Nicaraguans should endeavor to obtain, will necessarily come as the logical result of a free and honest election, in which each citizen without restrictions may cast his vote for the candidate whom his sympathies favor.

Adjusting ourselves without deviation to that rule of conduct, we will finish once for all with those lamentable internal struggles which you mention and which have cost us so much blood and so much national wealth in the past.

The American supervision has come to give us the enjoyment of that electoral freedom which without any doubt will bring with it for the welfare of all, Liberals as well as Conservatives, a long and fruitful era of national tranquility.

I believe that we should place our entire confidence without reservations of any kind in the very worthy American representatives who are to make real and effective the liberty of suffrage in the approaching elections of November. We are under the patriotic obligation to maintain that confidence unchanged, because the fruits which we gather by strengthening our friendly relations with the United States Government, have always been and will always be abundant. I have ever thought thus as a good Conservative and as a citizen cherishing the well-being of my country.

For those reasons which I have permitted myself to express to you in the course of the present letter, I appreciate in all its importance and I embrace with enthusiasm the praiseworthy idea which you have deigned to disclose to me of maintaining free suffrage for other constitutional periods under the friendly and well-intentioned mediation of the Government of the United States in the Nicaraguan electorate.

Your proposition is therefore definitely accepted, but having opened the chapter of these considerations between the two parties, so promising for the harmony of Nicaraguan citizens, it seems timely to me not to close it without also assuring other factors equally necessary for the strengthening of the basis of peace and order. I refer primarily to the economic phase which in modern politics is the most essential, and I propose to you that we agree now on extending and perfecting the Financial Plan which is now in force, in a sense to assure the honest administration and proper investment of the public funds, so that by virtue of such a system we may open up a pros-

perous future for the Republic, and above all may improve its credit, so that we may be able to carry out operations on which to establish a basis for the progressive development of our resources, indemnifying our citizens for the damages suffered in the past emergency and carrying out works of material progress for our country.

And as the principal thing is peace, I believe that another element which will effectively aid in maintaining it is the institution of the National Guard in the non-partisan form which it has been given by the agreement with the Department of State of the United States. Therefore, I propose also that we agree on some form that will assure the existence and the improvement of that military organization of the Republic.

Very respectfully yours,

ADOLFO BENARD

817.00/6060 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, November 2, 1928—2 p. m.

[Received 5:23 p. m.]

374. Two days before the election, conditions throughout Nicaragua appear to be highly satisfactory. General McCoy has recently been in personal conference with each of his departmental chairmen and all of their reports indicate that there is no apparent reason to anticipate any serious difficulties or disorder on election day. There has been a marked relaxation of the tension which existed in some sections during the first part of October. The electoral machinery is functioning smoothly and the departmental boards almost without exception have conducted their work without friction between the representatives of the two parties. The leaders of both parties have expressed themselves as satisfied with the manner in which the electoral supervision has been conducted, up to the present time.

EBERHARDT

817.00/6061 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, November 4, 1928—noon.

[Received 4 p. m.]

American electoral information report number 3. Complete order, heavy early vote throughout Nicaragua, reported noon today by American electoral supervisors, marine aviation unit, and by Nicaraguan Government officials. Polls opened 7 this morning with

crowds from 100 to 300 waiting precincts Managua [and?] elsewhere. Telegrams to Diaz from all department Governors state voting free, impartial; great enthusiasm shown all parts country.

Although polls close 5 today they be kept open longer if voters still waiting in line at closing hour. Indications are, however, voting be completed most precincts early this afternoon. In Managua up to 10 o'clock this morning average rate more than 1 vote a minute.

Final air reconnaissance made yesterday by 12 planes which flew over every one of 432 voting places Nicaragua. Major L. M. Bourne, Chief Aviation, personally inspected northern area. He reports large crowds voters dressed gala attire moving over trails to precincts. In many towns 200 to 300 voters arrived yesterday afternoon, spent night there in order vote early today. 12 planes repeating flight today and will cover same territory tomorrow to insure that American precinct chairmen reach department capitals without interference. Chairmen will carry ballots from precincts to department capitals for recount. Though no trouble anticipated, men will be accompanied by guards and planes contact with them in isolated districts.

Heavy vote indicated Jinotega, Esteli, Segovia is considered proof banditry been practically ended by marine pacification program which has given peaceable citizens complete confidence in measures taken by marines prevent intimidation of voters.

Chemical stain used to mark finger each voter in order prevent repeating appears to be working with fair success.⁵⁷ Several voters have been able wash it off with other chemicals but sufficient amount remains under finger nail to identify man who has already voted. Stain adopted National Election Board after consultation with Chemical Warfare Service, Washington, as best available for purpose. Its use demonstrates [it] can be removed from smooth surface but it is sufficiently effective block repeating in all but few cases. Mission is confident that owing to this, other precautions, no widespread repeating possible.

President Diaz set example all voters this morning by dipping fingers in solution before he cast ballot. General Moncada, Adolfo Benard, Liberal, Conservative candidates, and all high officials Nicaraguan Government did likewise before voting. Their example commented on by many humbler people Managua as new era in elections showing all citizens on par for first time.

In statement to local newspapers McCoy said Mission deeply grateful to Diaz for his fine cooperation in making election free,

⁵⁷ In telegram No. 383, Nov. 10, 10 a. m., the Minister in Nicaragua informed the Department that the "stain used was mercurochrome 5 percent." (File No. 817.00/6079.)

impartial. "President Diaz has acted not as party leader, [but] as President Nicaraguan people," McCoy said, "and has done everything in his power insure fairness without regard to interests either party."

Fullest local publicity for election returns as received by telegraph has been ordered by Mission. At same time warning been given through press and by letters to leading members both parties that no official announcement result can be made until all votes canvassed by department boards. Owing to travel difficulties many departments, this canvass cannot be completed for several days after election or until all precinct chairmen reach department capitals.

Only case disorder reported thus far is death of a steer which ran amuck in Dario and was shot by marine. Steer's owner held barbecue of remains for members his party.

EBERHARDT

817.00/6069 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, November 5, 1928—9 p. m.

[Received 11:54 p. m.]

American electoral information report number 10. Conservatives 49,666; Liberals 67,939. Precincts reported: 362 precincts; unreported, 70.

La Prensa, chief Conservative organ, headlines tonight, "The American supervision has honorably observed its promise. The elections Sunday were honest, tranquil, correct, and honorable. The Liberals obtained the victory."

El Comercio, leading Liberal organ, headlines, "The United States is vindicated before the world."

Other comment similarly.

EBERHARDT

817.00/6074 : Telegram

President Coolidge to President Diaz

WASHINGTON, November 8, 1928—1 p. m.

I have been greatly pleased to learn that the recent election in Nicaragua took place in an atmosphere of tranquillity and freedom so that the desired result, and accurate reflection of the will of the electorate, was undoubtedly attained. General McCoy informs me that he received splendid cooperation not only from you but from other officials of the Nicaraguan Government and from the representatives

of both parties on the National Board of Elections and other electoral organizations. I wish to take this opportunity to express to you my own sincere appreciation of the firm support which you and the other Nicaraguan authorities have accorded to the Electoral Mission thus making it possible to carry out in spirit as well as in letter the Tipitapa Agreement, whereby the two historic parties in Nicaragua undertook to abjure armed conflict and to seek a peaceful settlement by submitting their differences to the decision of the ballot.

Without your statesmanship and wholehearted assistance a truly free and fair election would have been impossible. I am sure that the vision and patriotism which you have displayed give just cause for pride on the part of the Nicaraguan people and mark the advent of a new and better era in the political life of your country.

CALVIN COOLIDGE

817.00/6082 : Telegram

President Diaz to President Coolidge

[Translation]

MANAGUA, November 9, 1928.⁵⁸

I have received with great satisfaction the cabled congratulations which Your Excellency sent me yesterday in connection with the presidential elections which were held on the 4th of this month. True to my promises I did everything which I could to cooperate in an efficient manner with General McCoy and the other members of the electoral mission in order that a friendly, honest and impartial election could be held. I have the honor of informing you that not only General McCoy but also the other members of the commission who composed the Departmental Boards and election supervisors complied with the mission which was confided to them by your Government. Both parties recognized the impartiality and justice with which these officials acted during the election period, as a result of which the people of Nicaragua again thank the American Government for the friendly cooperation and interest which it has always taken in order that peace and national prosperity may obtain in this Republic. Please accept my most sincere thanks for your message of congratulation.

ADOLFO DIAZ

⁵⁸ Received in the Department of State November 12.

817.00/6085 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, November 12, 1928—9 a. m.

[Received 1:55 p. m.]

385. [From] General McCoy. I beg to submit the following report upon the election on November 4th. The results stated below are based upon telegraphic returns and are not therefore to be regarded as final. All of the 432 precincts have, however, reported and present indications are that no material corrections will be necessary later. Our information now appears sufficiently complete to warrant the following observations:

No instance of disorder on election day occurred in any part of the Republic. The voting proceeded smoothly and in many urban cantons was practically completed by noon. In no reported case was it necessary to keep the polls open beyond 4 p. m. The stain with which the fingers of voters were marked was accepted in good humor and no efforts to remove it and vote twice have been reported. Its use was undoubtedly helpful in preventing fraud and inspiring popular acceptance of the results. The total reported vote was 132,949 and shows a Liberal Party majority of 19,471 votes for President and Vice President. Eighty-eight percent of the persons registered voted. This high percent was practically uniform in all the departments except Nueva Segovia and Jinotega, where the average fell to 82 percent. The results of the election appear to have been accepted in good part by all concerned. Surprisingly few votes were the subject of objection at the polls. In the canvass of votes for President, Vice President, and Senators, all such objections can be disregarded without affecting the results and no question as to these elections is expected to come before the National Board. Of the 9 Senators apparently elected the Liberals have secured 5 and the Conservatives 4 and as a consequence the two parties will be equally represented in the Senate with 12 seats each. All incoming Senators were elected by decisive majorities in which challenged votes will have no significance so far as can be foreseen. Of the 25 Deputies apparently elected the Liberals have secured 17 and the Conservatives 8; 23 of the number received majorities which appear conclusive. Two Deputies, however, were elected by majorities of but one vote in each case. It was anticipated that difficulties might arise in the final canvass of these two districts. The election in one case, that of a Conservative from Masaya, has already been confirmed unanimously by the departmental board. The other election, that of a Liberal Deputy from Granada, has been confirmed by departmental board, but not unanimously and will now come before

the National Board. Indications are that the next Chamber will contain 23 Conservatives and 20 Liberals and that the united Congress, which will proclaim the election of President and Vice President, will contain a majority of 3 Conservatives in joint session. At present departmental boards are engaged in canvassing the election results as reported by precinct and in considering any complaints or protests that may be presented. On November 12th the National Board will begin its final review of the returns as submitted by the departmental boards. In view of the apparent decisive majorities reported in all cases but those of the two Deputies mentioned above it is not anticipated that final review by the National Board will be prolonged. Upon the completion of the canvass by the National Board, certificates of election will be issued to the successful candidates. Under the Nicaraguan Constitution the election of President and Vice President is proclaimed by the united Houses of Congress after each body has passed on the election of its own members and has organized for business. According to Nicaraguan practice the elections and qualifications of Senators and Deputies are passed upon by the hold-over members of the respective Houses, who meet in preparatory sessions on December 10th to examine the credentials of the newly elected members. While, as stated above, the Conservatives will have probably a majority of 3 votes in joint session, present indications are that the decision of the National Board of Elections will be respected by the Congress. The satisfactory results above outlined were without doubt due to the complete co-operation of all American services and personnel. The protection and police arrangements made and the wise precautions of the naval, marine and *guardia* commanders, will be fully reported on later. Our report on the election of Senators and Deputies will be communicated to the preparatory bodies of the respective Houses on December 10th, and our report on the election of President and Vice President will be presented to the united Congress on or about December 15, the date fixed by the Constitution for its formal installation. The date fixed for the inauguration of the President is January 1st, 1929. Beginning November 18 my assistants will leave Nicaragua as rapidly as their services can be spared. My present plan is to leave Nicaragua with my remaining assistants as soon as the report on the election of President and Vice President has been submitted to the united Congress. I request no announcement be made nor action taken on withdrawal of troops, pending cabled recommendations from here to be forwarded in a few days. Admiral

Sellers is here and in consultation on the subject with the Minister, General Feland and myself.

It is requested that the Bureau of Insular Affairs forward a synopsis of the above, so far as it pertains to the elections held in Nicaragua, to Governor General Stimson, Manila.

EBERHARDT

817.00/6124 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, December 6, 1928—4 p. m.

[Received 9:22 p. m.]

410. The National Board of Elections completed the final canvass of the vote today. Its decision was unanimous in the case of every department except Bluefields, where the Conservative member of the National Board refused to vote for the approval of the report of the departmental board although the Conservative member of the latter had concurred therein. His objection was based on the exclusion of the votes of a few Nicaraguans admittedly resident in Costa Rica and the admission of those of four Creoles born in Nicaragua but registered in the British consulate.

The last departmental report to be approved was that of Granada where it was necessary to make full investigation of the election in the district of Nandaime. There the Liberal candidate for Deputy had won by one vote on the first count but since the investigation revealed that five Liberal votes had been improperly admitted, the National Board this morning unanimously declared the Conservative candidate elected. This will mean a Conservative majority of five in the Chamber of Deputies.

Moncada and Aguado will be formally notified of their election tomorrow. Certificates of election will be issued to them and to the members of the Congress-elect. The latter are also being notified by telegraph. The preliminary sessions for passing on the credentials of the members of Congress will begin December 10th.

[Paraphrase.] Except possibly in the case of the congressional district of San Juan del Sur, Department of Bluefields, where Chamorro's nephew was the defeated candidate for Deputy, there is no apparent reason for anticipating that the Conservatives will refuse to abide by the outcome of the election. [End paraphrase.]

EBERHARDT

817.00/6134 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, December 13, 1928—11 a. m.

[Received 4:45 p. m.]

412. Both the Senate and the Chamber of Deputies have now provisionally accepted the new members elected on November 4. In the Senate Liberal officers were elected, with Paniagua Prado as President, and several of the new Senators have already been sworn in, although the credentials will not finally be passed on until later. In the Chamber of Deputies the credentials of the new members were also approved "as to form," which constitutes an acceptance of the election and will permit the new Deputies to take their seats pending final approval in each case. In the committee appointed to examine the credentials, the majority consisting of two Chamorro Deputies reported that the credentials were incorrect but advised their acceptance in order to "avert greater evils than those from which the political existence of the Republic now suffers." Cruz Hurtado, a Cuadra Pasista, submitted a minority report stating that the elections had been legal.

It would appear from the above that Congress will be organized on the basis of the outcome of the election and that there will be no difficulty about the proclamation of the results of the Presidential elections. There may, nevertheless, be efforts to unseat certain Liberal Deputies when the final examination of credentials takes place.

EBERHARDT

817.00/6139 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, December 15, 1928—noon.

[Received 4:15 p. m.]

American Electoral Mission information report number 12. Work American Electoral Mission Nicaragua ended today with presentation certified results election to new Congress. General McCoy also presented this morning resignation as president, National Board Elections, to Supreme Court Nicaragua. McCoy, with remaining members Mission, attended Congress to hear message Diaz. Hold-over members Congress who [have] been sessioning from 10th to 14th inclusive already have accepted provisional credentials all new members and latter were seated at session this morning. New Congress is to proclaim results election as certified to by McCoy. Its composition is 12 Liberals, 12 Conservatives in Senate; 19 Liberals, 24 Conservatives in House. McCoy, with practically all remaining

members Mission, leaves Managua Monday morning returning States-ward via Panama; according present plans will arrive New York December 30 by United Fruit Steamer *Ulua*. Election figures as presented Congress ward [*sic*] show total registration 148,831, total vote 133,663, or 89.7 percent registration. Vote this year approximately 50,000 more than in 1924.

EBERHARDT

817.00/6146 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, December 19, 1928—5 p. m.

[Received 8:15 p. m.]

419. The credentials of the greater part of the Deputies elected on November 4th have now been finally approved and the Deputies have been definitely seated. The credentials of four Liberal Deputies-elect, however, have not been finally approved and the committee examining the credentials has indicated that it considered their election invalid for various reasons.

I spoke to the President today of the necessity for taking measures to dissuade the Conservative Deputies from their evident intention of rejecting the certificates issued by the National Board of Elections in these four cases. I have also spoken to Chamorro, who is probably back of the Deputies' action. I consider it probable however that these Deputies will be unseated in spite of my representations.

A strong statement from the Department to be shown privately to those concerned might be helpful. Since Chamorro and other leaders have been especially persistent in inquiring to what extent the Conservatives could expect us to protect them from mistreatment under the new regime the Department might well indicate that a party which acted in bad faith in regard to the elections would be in no position to ask that we use our influence to protect them either from oppression or from arbitrary action in political matters.

EBERHARDT

817.00/6146 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

WASHINGTON, December 22, 1928—7 p. m.

226. Your 419, December 19, 5 p. m. In view of Section 2 of Article 83 of the Nicaraguan Constitution⁵⁹ giving each house of Congress the right to pass upon the elections and credentials of its

⁵⁹ *Foreign Relations*, 1912, pp. 997, 1002.

members the Department does not desire to issue a statement such as you suggest. You may state informally however to those concerned that the United States Government having at great trouble and expense to itself aided in the carrying out of a free and fair election at the request of both parties and the elections having taken place in a manner generally accepted as completely acceptable and all controversial questions relating to the election of individual candidates having been settled by the decisions of the National Board of Elections in a thoroughly impartial manner and without respect to party considerations, the Department feels that there is a moral obligation for the Nicaraguan Congress to accept the certificates of the Board and thus to cooperate in making effective the will of the Nicaraguan electorate. For the Congress to do otherwise would tend to nullify in part the results of these free and fair elections and the work of the National Board of Elections.

KELLOGG

817.00/6158 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, December 29, 1928—10 a. m.

[Received 11:50 a. m.]

427. Last night the Congress in joint session with only one dissenting vote approved the report of the National Board of Elections and declared Moncada and Aguado constitutionally elected President and Vice President.

EBERHARDT

817.001 Moncada/8 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, January 1, 1929—1 p. m.

[Received 7:20 p. m.]

1. Moncada was inaugurated this morning at an orderly and impressive ceremony on a platform in front of the National Palace. He and President Diaz drove together from the latter's residence to the palace and after the ceremony the entire party attended a *Te Deum* at the Cathedral and then proceeded to the Presidential Palace where there was an informal reception attended by members of both parties. Tonight there will be an inaugural ball. General Beadle, the chief of the *guardia*, was responsible for most of the arrangements for the inauguration and the success of these arrangements reflected much credit on his organization.

EBERHARDT

COOPERATION OF THE UNITED STATES IN REARRANGING THE
FINANCES OF NICARAGUA ⁸⁰

817.51/1886 : Telegram

The Chargé in Nicaragua (Munro) to the Secretary of State

[Paraphrase]

MANAGUA, *January 13, 1928—11 a. m.*

[Received 2:15 p. m.]

24. A financial plan which differs in material respects from that prepared by the bankers ⁸¹ is being prepared by Dr. Cumberland. The Department may desire to transmit this information to the bankers in order to avoid a duplication of effort.

MUNRO

817.51/1886 : Telegram

The Acting Secretary of State to the Chargé in Nicaragua (Munro)

[Paraphrase]

WASHINGTON, *January 14, 1928—6 p. m.*

16. Your telegram No. 24, January 13, 11 a. m.

(1) The Department agrees that a duplication of effort should be avoided. What the Department has primarily desired from Dr. Cumberland is a recommendation as to the financial requirements and borrowing capacity of the Government of Nicaragua based on a careful financial and economic survey. The Department has not contemplated that Dr. Cumberland should prepare a financial plan, inasmuch as the Department is now discussing with the bankers a draft financial plan prepared by them. No definite conclusions have yet been reached, and the financial plan prepared by the bankers, which does not deal directly with financial requirements and borrowing capacity, would naturally be complemented by the recommendations of Dr. Cumberland.

(2) The Department has been informed that President Diaz has had a conference with Dr. Cumberland, that you were present, and that certain possible arrangements between the Department and the Government of Nicaragua were discussed. If this be true, please inform Dr. Cumberland that the Department does not wish him to discuss such matters with officials of Nicaragua or to submit to them any report or recommendations without first definitely ascertaining the views of the Department.

⁸⁰ Continued from *Foreign Relations*, 1927, vol. III, pp. 406-421.

⁸¹ J. & W. Seligman & Co. and Guaranty Trust Company of New York.

(3) In order that the Department may have before it at the earliest practicable moment the results of his survey of financial and economic needs, the best procedure, it seems, would be for him to complete the gathering of the various statistical and other data necessary for the formulation of his final recommendations, and not to postpone his departure from Nicaragua for the period needed to organize the data and prepare his report in final form. An additional consideration is the fact that the funds which the Department can allocate to the survey are distinctly limited.

OLDS

817.51/1890 : Telegram

The Chargé in Nicaragua (Munro) to the Secretary of State

[Paraphrase]

MANAGUA, January 21, 1928—4 p. m.

[Received January 22—9:41 p. m.]

40. The following is from Dr. Cumberland in reply to Department's 16, January 14, 6 p. m.:

"(1) In reply to a question from President Diaz regarding the probable cost of new loan for Nicaragua I said that such cost would depend in large measure on the attitude of the United States toward the proposed financing, but what that attitude might be was not discussed with President Diaz or with other officials of Nicaragua, although it is obvious that the attitude of the United States determines the rate of interest and the proper amount of the proposed loan, and until I am advised on this point no sound recommendations can be made.

(2) In his letter of November 29, 1927, the Secretary of State instructed me to make a comprehensive economic and financial study of Nicaragua, and to present recommendations.⁶² This study has already convinced me that the financial plan proposed by the bankers is merely a revision of the financial plan which has shown its inadequacy, that such revision does not serve the best interests of Nicaragua, would form no basis for permanent financial expansion and development, and would not be accepted by the Government of Nicaragua. The proposals in the bankers' plan for the settlement of claims are particularly unacceptable and unjust. Therefore, in order to present concrete recommendations to the Department, I am preparing an alternative financial plan in addition to my report. Such a plan can only be intelligently prepared in Nicaragua where the views of the responsible officers of the Government of Nicaragua may be secured on different points as they arise. Otherwise, a program unacceptable to Nicaragua would almost be certain to result, as is the case with the bankers' plan. A well-considered project is necessary, with special emphasis on administrative efficiency, budgetary responsibility, allocation of treasury resources to constructive purposes, payment of any foreign obligations, and provision for future financial requirements in orderly fashion over a considerable number of years.

⁶² *Foreign Relations*, 1927, vol. III, p. 419.

(3) My estimate of 2 or 3 months as the time necessary for a study of the finances of Nicaragua, as I stated when I received my appointment, still seems to be accurate. A shorter study would be dangerous and a waste of time and money."

Dr. Cumberland and I both had understood, from our conversations with the officials of the Department and from the Department's instructions to Dr. Cumberland, that the Department desired Dr. Cumberland to recommend changes in the existing system which would rid it of its defects and make possible the most effective utilization of the resources of the country. Such changes could only be brought about by a new financial plan—one more comprehensive than the plan proposed by the bankers. I believe that the bankers' plan would be wholly unacceptable to the Government of Nicaragua because it affords little real hope for opening communications with the east coast, and because it makes no real provision for the payment of claims. Dr. Cumberland and I feel that the bankers' plan does not meet the present situation in Nicaragua. I have made no attempt to report in detail on the situation recently because it was my understanding that the Department would take no action until it was in possession of the Cumberland report, which would be much more useful than any report I could make.

MUNRO

817.51/1901

The Minister in Nicaragua (Eberhardt) to the Secretary of State

[Extract]

No. 608

MANAGUA, February 7, 1928.

[Received March 7.]

SIR: I have the honor to say that one of the problems which calls for the most serious consideration in the execution of the program which the United States has undertaken to carry out in Nicaragua is that connected with the finances of the Nicaraguan Government. The technical and economic aspects of this problem will of course be dealt with fully by Dr. Cumberland in the report which he is preparing, but there are certain primarily political aspects which in my opinion should receive early consideration and which must very materially affect any consideration which may be given to the question as a whole.

The nature of Nicaragua's financial problem has completely changed during the past few months. A short time ago the first requisite was apparently to obtain new funds to assure the solvency of the Government and to repair the losses suffered during the recent revolution. Interest in the proposed foreign loan centered mainly on the acquisition of money to pay war claims, to make up possible deficiencies in the Government's revenues and to meet the extraordinary expenses inci-

dental to the organization of the new *Guardia Nacional*⁶³ and the supervision of the elections.⁶⁴ The question of establishing sound financial administration and adequate financial control, while of obvious importance, was less urgent. The unexpected increase in the Government's revenues and the remarkable prosperity of the country since the termination of hostilities has completely changed this situation. It is believed that the majority of those who suffered losses during the war are now in a position where the payment of their claims is not urgently necessary to enable them to recover financially. The Government has money on hand and in sight to pay necessary current expenses and to provide for the *Guardia* and the election and there is every prospect that there will be a large sum of money available before the end of the year for other purposes.

I have [etc.]

CHARLES C. EBERHARDT

817.51/1896 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, February 25, 1928—10 a. m.

[Received 4:09 p. m.]

93. In view of the Department's 16, January 14, 6 p. m., and pending a reply to the Legation's 40, January 21, 4 p. m., to which no reply received thus far, Cumberland has not felt free to discuss frankly here the principal financial problems covered by his report. This has seriously handicapped him in obtaining information. We think that he should discuss his conclusions rather fully with the principal leaders in both parties before completing his report, not only to obtain the local point of view, but also to bring the prominent people in both parties here, so far as possible, into accord with his conclusions. His report will otherwise be practically useless so far as any practical results are concerned. Cumberland expects to leave Managua within about 2 weeks.

EBERHARDT

817.51/1896 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

[Paraphrase]

WASHINGTON, February 27, 1928—7 p. m.

48. Your telegram No. 93, February 25, 10 a. m. Department has no objection to Dr. Cumberland's discussing the principal financial

⁶³ See *Foreign Relations*, 1927, vol. III, pp. 433 ff.

⁶⁴ See pp. 418 ff.

problems covered by his report with President Diaz and other authorities. It believes, however, that while Dr. Cumberland might discuss his conclusions as hypothetical, he should take care not to make it appear that the conclusions are definite or that they have the approval of the Department of State, because the Department, for various reasons, may be unable to follow his suggestions in all particulars and may find it necessary to modify the measures which he advocates. If after President Diaz and others in Nicaragua had been allowed to expect that certain recommendations would be approved and put into effect it should later be found necessary to modify them in some important particulars, it would be embarrassing to all concerned.

KELLOGG

817.51/2024

Dr. W. W. Cumberland to the Secretary of State

MANAGUA, March 10, 1928.

[Received March 29.]

SIR: In conformity with your instructions of November 29, 1927,⁶⁵ there is submitted herewith a report on the economic and financial condition of Nicaragua, together with a draft of a financial plan which embodies recommendations for remedying the difficulties in present arrangements which have been detected.⁶⁶

The financial condition of the Nicaraguan government is comparatively satisfactory. Revenues are adequate, the budget is balanced, the currency is stable, and the public debt is small. Only one pressing matter confronts the treasury, namely, payment of revolutionary claims. This can be effected in some three years from current revenues, unless funds for that purpose are obtained in connection with a general plan of refunding and financial reorganization.

Although present conditions are favorable, Nicaragua must be regarded as in a state of unstable economic equilibrium. This is caused by the fact that coffee constitutes an undue proportion of exports, with the result that either diminished volume or reduced price would seriously disturb both public and private finances.

Nicaragua is reasonably well endowed with natural resources, but those resources are difficult of development, due to deficient population, insufficient capital and inefficient leadership. No relief from these difficulties is in sight until security of life and property

⁶⁵ *Foreign Relations*, 1927, vol. III, p. 419.

⁶⁶ See W. W. Cumberland, *Nicaragua: An Economic and Financial Survey Prepared, at the Request of Nicaragua, Under the Auspices of the Department of State* (Washington, Government Printing Office, 1928).

is assured and until the currency is protected from the constant threat of being manipulated for convenience of the treasury. Finally, certain revenues are ineffectively collected, and no adequate control is exercised over expenditures.

General financial reorganization is therefore desirable. It should include refunding the present debt, unification of revenue collections and control over expenditures. Debt charges should constitute a first lien against all revenues, and priority in unpledged funds should be assigned to adequate support of the newly created constabulary. Currency stability should be assured by sale of majority interest in the National Bank of Nicaragua to an American financial group of recognized strength and integrity.

Nicaragua is not at present in financial condition to undertake construction of a railroad to the Atlantic coast. If a refunding and improvement loan is floated, adequate funds would be available for the construction of a highway from Managua to the Atlantic coast, and this is recommended.

If, however, the foregoing plan of financial reorganization for Nicaragua is at present impracticable, three things should at least be done immediately:

1. Majority interest in the National Bank should be sold;
2. Sufficient financial support for the constabulary should be assured;
3. Claims should be paid by assignment of specified revenues to that purpose.

If the United States should take an active interest in the finances and general administration of Nicaragua, the utmost care should be exercised in selecting American personnel for those purposes. At best the task will not be easy, and incompetent or unsympathetic American officers could well create more serious problems than those which they would be supposed to solve.

Very truly yours,

W. W. CUMBERLAND

817.51/1902 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, March 14, 1928—9 a. m.

[Received 12:48 p. m.]

118. Cumberland sailed for New York on March 12. We have read the greater part of the excellent report which he has prepared and are in accord with his recommendations. Before his departure he discussed his principal recommendation briefly and informally

with the President, the Minister of Finance and General Moncada,⁶⁸ all of whom expressed themselves as in complete accord therewith.

EBERHARDT

817.51/1905½ : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, March 26, 1928—4 p. m.

[Received 6:35 p. m.]

151. From General McCoy. During the last month of Doctor Cumberland's work here I was in close touch and sympathy with his methods and results. I have read and discussed the draft of his report and concession [*recommendation?*] and feel strongly that these should be approved and acted upon by the Department. I hope both the Secretary and the President will be interested in talking to Doctor Cumberland on the general situation here as well as with J. T. Williams who is returning with him.

EBERHARDT

817.51/1906½

Brief Description of the Financial Plan for Nicaragua Recommended by Dr. Cumberland

[WASHINGTON,] March 30, 1928.

The financial plan provides for an agreement between the Republic of Nicaragua and New York bankers (to be determined later) and contains the following provisions:

1. All revenues and receipts of the Republic are to be collected by a Collector General of National Revenue nominated by the Secretary of State and appointed by the President of Nicaragua. (Art. 2, Sec. 1)

(Note: The financial plan now in force⁶⁹ provides for a Collector General of Customs nominated by the bankers, approved by the Department of State, and appointed by the President of Nicaragua. Colonel Clifford Ham has held this position since 1911.)

2. The Collector General of National Revenues will collect all revenues and receipts of the Republic, whether general or special, including internal revenues, and will submit to the Secretary of State an annual report. (Art. 2, Sec. 2)

(Note: The financial plan now in force provides that the Collector General of Customs shall collect only customs revenues and certain

⁶⁸ Head of the Liberal Party.

⁶⁹ For a description of the financial plan of 1920, see Department of State Latin American Series No. 6: *The United States and Nicaragua: A Survey of the Relations From 1909 to 1932* (Washington, Government Printing Office, 1932), p. 37.

special taxes, but can take over the collection of internal revenues under certain specified conditions. The internal revenues are collected at the present time by the Nicaraguan Government.)

The total cost of collection shall not exceed 7% of gross customs receipts, and 10% of internal revenue receipts. (Art. 2, Sec. 2)

(Note: Under the plan now in force the cost of collection is limited to 6%.)

3. The Collector General can be removed by the Secretary of State acting on his own initiative, or by the Secretary of State at the request of the Nicaraguan Government, if the Secretary approves of this request. (Art. 2, Sec. 4)

(Note: Under the plan now in force the Collector General can be removed at the request of the Bankers.)

4. Legislation governing existing revenues and receipts of the Republic shall not be amended in a manner to reduce such revenues and receipts without the consent of the High Commission. (Art. 2, Sec. 5)

(Note: The financial plan now in force provides that such legislation can only be enacted with the consent of the bankers parties to the financial plan.)

5. The Republic is authorized to contract a loan of not to exceed \$30,000,000, secured by a first charge on all of its revenues and receipts, this loan to be issued in series, each series to bear such rate of interest and such maturity as may be determined at the time of issue; but after the first series no subsequent series must be issued unless and until average revenues and receipts of the Republic for the preceding period of five fiscal years shall have equaled four times the interest and amortization charges of the entire outstanding debt, plus such charges on the series which it is proposed to issue. (Art. 3, Sec. 1).

The first series, which will amount to \$12,000,000, is to be expended as follows:

For refunding and liquidating outstanding indebtedness	\$6,000,000
For payment of revolutionary claims	2,000,000
For highway construction	3,000,000
For election expenses of 1928	150,000
For paving and sanitation of Managua	350,000
For miscellaneous purposes	100,000
For cost of floating the loan	400,000
	<hr/>
	\$12,000,000

(Art. 3, Sec. 2)

(Note: The banking firms of J. & W. Seligman and Company and the Guaranty Trust Company have an option on the financing.)

6. An Auditor General shall be nominated by the Secretary of State and appointed by the President of Nicaragua. The office of Auditor General (and of Collector General of Revenues) shall continue in force so long as there remain outstanding and unpaid any of the bonds authorized in the present financial plan. (Art. 4, Sec. 1).

(Note: The present financial plan provides for no Auditor General.)

7. The Auditor General is empowered and instructed to examine the accounts and records of each branch of the public administration and to prescribe the keeping of such records and books of accounts, and the rendering of financial reports. Orders of payment against funds of the Republic must bear the signature of the Auditor General. The Auditor General is empowered and instructed to examine and audit the national bank at least twice each fiscal year. The Auditor General shall submit reports to the Minister of Finance of Nicaragua and to the Secretary of State showing all expenditures of the Republic. The tribunal of accounts and the national treasury shall act through the Collector General and the Auditor General. (Art. 4, Sec. 2)

Nicaraguan officials shall have the right to examine the records of the Auditor General; but his accounts shall be considered approved unless specific objection is made thereto within thirty days. (Art. 4, Sec. 3)

The Secretary of State may remove the Auditor General on his own initiative or at the request of the Nicaraguan Government if he considers such request justified. (Art. 4, Sec. 4)

8. A High Commission shall be established consisting of the Minister of Finance, the Collector General of National Revenue, and the Auditor General. (Art. 4, Sec. 5)

(Note: The financial plan now in force provides that the High Commission shall consist of (1) the resident American High Commissioner, nominated by the Secretary of State and appointed by the President of Nicaragua; (2) the Minister of Finance; and (3) a non-resident American member to act as referee in case of dispute between the other two members.)

9. The High Commission shall agree upon detailed estimates of expected revenues and receipts and prepare a consolidated and summarized budget of expenditures for submission by the Minister of Finance to Congress. (Art. 4, Sec. 6-8)

(Note: The present High Commission has no authority over the preparation of the budget but approves of expenditures from a special fund of about \$26,000 per month.)

10. In preparing the budget priority shall be given to the costs of the collection of customs and internal revenues; to the interest

and amortization on all outstanding government obligations; and to the maintenance of the national constabulary. (Art. 4, Sec. 9)

11. The legislative body shall have the power to reduce or eliminate items in the budget but shall not increase any item above that recommended by the High Commission. If the legislative body fails to authorize a budget for any fiscal year, the budget already in effect shall continue in force. (Art. 4, Sec. 10)

12. A treasury reserve of at least \$1,000,000 or 25% of the average revenues (whichever is greater) shall be established and maintained, and any surplus revenues above this amount can only be expended on the recommendation of the High Commission, and be devoted to productive public benefit. The treasury reserve may be utilized for anticipating service on the public debt, redeeming currency, and certain other specified purposes. (Art. 4, Sec. 13)

13. The Republic agrees to sell 51% of the stock of the National Bank of Nicaragua, the Board of Directors of the bank to consist of nine members, one of whom shall be appointed by the Secretary of State. (Art. 5, Sec. 1)

14. The bank is appointed fiscal agent of the Republic for receiving all revenues and effecting all payments. The bank is authorized to conduct an ordinary banking business, with certain stipulated reserves against deposits. The currency of the country continues to be governed by the existing law, but the High Commission may require the issue of additional quantities of currency, subject to the provisions of the law. The exchange fund (at present about \$2,000,000) shall be deposited in banking institutions approved by the High Commission, with certain stipulations as to the manner in which it is to be invested. The bank shall present a detailed statement to the High Commission and to the Secretary of State. (Art. 5, Sec. 1-5)

15. There shall be attached to the *Guardia Nacional* a public works service which shall be administered by an Engineer in Chief who shall be nominated by the Secretary of State and appointed by the President of Nicaragua. (Art. 6, Sec. 1)

(Note: The reason for attaching this office to the *Guardia* is in order that an American Army Engineer may be detailed for this work.)

This office shall be in charge of construction, operation, maintenance and repair of all public works in the Republic, including the telephone and telegraph service. (Art. 6, Sec. 1)

16. The Pacific Railway may borrow the equivalent of \$2,250,000 on terms approved of by the High Commission, secured by a first mortgage on all the property and assets of the railroad, the loan to be used for repairs and rehabilitation, and for the purchase of the

wharf at Corinto from the private interests which now own it. (Art. 7, Sec. 1-3)

17. A Claims Commission shall be established consisting of two Nicaraguan members appointed by the President of Nicaragua and one (American member) nominated by the Secretary of State and appointed by the President of Nicaragua. Of the Nicaraguan members, one shall be a member of each of the principal political parties. All claims against the Republic, both on the part of Nicaraguans and foreigners, shall be adjudicated by the Claims Commission and awards shall be rendered by two assenting votes of the Commission, provided that one of the assenting votes shall be that of the member nominated by the Secretary of State. When all claims have been adjudicated the Commission shall be dissolved. (Art. 8, Sec. 1-2)

817.51/1912a : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

[Paraphrase]

WASHINGTON, April 19, 1928—4 p. m.

97. For Minister Eberhardt and General McCoy. We are carefully studying the Cumberland report and financial plan, copies of which were forwarded in last Tuesday's pouch. The plan contemplates a far-reaching and definitely articulated program of economic development and financial stability, and takes into account all basic factors like the unification of the revenue services, the supervision of expenditures, the revision of the budgetary structure, the National Bank and currency stabilization, the establishment and maintenance of a permanent national constabulary, the railway and other public works, public health, public instruction, and a claims commission, the entire program to be worked out through the medium of a loan which will involve the refunding of the public debt, and will provide for the control of the collection and expenditure of revenues, the national budget and the currency system through a Collector of Revenue (an American), an Auditor General (an American), and a High Commission composed of these two officials and the Minister of Finance.

Dr. Cumberland finds that the present financial condition of the Government of Nicaragua is comparatively satisfactory, and the argument for the proposed financial plan rests, therefore, not on immediate necessity, but on the desirability of undertaking at the proper time to bring about in this way permanent economic and financial stability. Although it may be assumed in the light of the communication of May 15, 1927 from Minister of Finance Guzman to Colonel Stimson ⁷⁰

⁷⁰ *Foreign Relations*, 1927, vol. III, p. 406.

that the Government of Nicaragua would view a plan of this nature with satisfaction, nevertheless, the details would have to be considered by the Government and by the banks. Moreover, action by the Congress of Nicaragua would be necessary. With every effort and disposition to expedite matters, we are apprehensive that in all the circumstances delay is inevitable. We must take note of the serious political difficulties that would attend the proposal and adoption of such a measure at this time. A powerful weapon would be placed in the hands of those who criticize us in the United States and elsewhere, who would undoubtedly charge that the Government of the United States was taking advantage of a so-called military occupation of Nicaragua to impose upon it a permanent economic and financial domination. In the face of Dr. Cumberland's finding that the existing financial conditions are satisfactory and that a loan was not needed for immediate purposes, the charge that would be made, although fundamentally specious and misleading, would not be easy to meet. As an independent problem, detached from all connection with pending operations, permanent economic and financial reconstruction should in principle be postponed until the country has passed through this electoral transition phase. The considerations that militate against such a policy are: (1) The risks indicated in Legation's despatch No. 608, February 7, 1928; (2) the possible difficulty of obtaining agreement in Nicaragua on any kind of financial plan after the election is over and one of the political parties assumes control. We ought to be prepared to take the risk on the second possibility, but we are frankly in doubt on the first, and feel that additional information in that respect is needed for a final decision. We must definitely insist upon an honest, as well as a free election. Without the control over the revenues and expenditures contemplated in Cumberland's financial plan, reliance must be placed upon President Diaz, and any guarantees and assurances which he can give that the public funds, under any circumstances, will not be directly or indirectly used for corrupt purposes. It is especially important that President Diaz should guarantee the allocation of the surplus revenues to the upbuilding and maintenance of the constabulary. We have found no reason to question the courage and sincerity of President Diaz, and we are hopeful that he could and would resist any pressure that might be put upon him to weaken in any way when it comes to the administration of the public funds and revenues during this critical time. In short, we see so many difficulties and delays in establishing an effective control through a financial plan that we are strongly inclined to contend that every expedient should be exhausted in other directions to guarantee the honesty of the election. There may well be no other way to proceed. We should be pleased to have your considered views on the entire situation, and because of the obvious difficulty in adequately

dealing with the subject by correspondence, we suggest that it would be extremely helpful if General McCoy could conveniently come to Washington for a conference at this time. Whether he can come to Washington in the near future will depend upon whether he can safely leave Nicaragua while plans are being formulated for the election. General McCoy will have to decide that. I believe that it would also be well for you and General McCoy to consult with President Diaz and ascertain his views with respect to the project of making a loan and putting the financial plan into force now . . .

KELLOGG

S17.51/1913 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

[Paraphrase]

MANAGUA, April 25, 1928—9 a. m.

[Received 1:45 p. m.]

187. Department's telegram No. 97, April 19, 4 p. m., arrived badly garbled. We still regard the dangers set forth in despatch No. 608 of February 7 as extremely serious. We also feel that we should emphasize the grave risk that the stability of the whole financial structure of Nicaragua will be impaired if the National Bank and the railroad are left subject to purely political control. It is very possible that so much injury would be done to those institutions and to the currency system before January 1, 1929 that the set-up for a future loan would have to be used for rehabilitating them rather than for constructive purposes. Furthermore, if the January surplus is dissipated in advance, and it is almost certain that it will be, the lack of funds for the maintenance of the *Guardia Nacional* will place it in a most precarious condition.

With respect to the criticism attending a financial operation at the present time, it is our feeling that there will be much more criticism from Nicaraguan sources if a new financial plan is adopted by the new administration. A loan at the present time would be part of the general plan for the rehabilitation of the country, and would be made, if at all, with the approval of both parties, whereas, if a President should accept a new financial plan later on, he would be accused of having accepted it in advance as the price of his election.

In view of the above it is our feeling that it would be far better, as contemplated, to proceed immediately with the Cumberland financial program. We have, however, appreciated the difficulties attending its realization, not the least of which is the doubt whether the Liberal Party would accept a comprehensive financial reform at this time. We have, therefore, been giving the entire matter most

careful consideration. It is our belief that the above-mentioned dangers could at least be diminished by adopting the following:

(1) To approve the purchase by the bankers of a controlling interest in the National Bank which President Diaz is anxious to sell. We understand from Rosenthal ⁷¹ that the Department's opposition has prevented the sale thus far. We are fully aware of the objections to this transaction under present conditions, but we have a feeling that the criticism to which we would be subjected would be less justified than the criticism which would follow a collapse of all the benefits obtained from American financial aid during the past 17 years. Foreign control would ensure respect for the financial plan and prevent a dissipation of the currency reserve, thereby keeping from the Government the chief resources which it might use to buy the election. However, unless such a control is definitely and permanently established, it will be difficult to expect President Diaz to refrain from profiting by the Government's control of the National Bank when such abstinence may simply mean leaving the resources of the bank to be dissipated after January by his political enemies. We regard the sale of the bank as of the greatest importance.

(2) To arrange with President Diaz and the management of the bank that no commitments of any kind be made against the January surplus until \$500,000 for the maintenance of the *Guardia Nacional* to July has been accumulated. We have arranged to apply almost the entire July surplus to the expense of the *Guardia Nacional*.

(3) To remind President Diaz that United States control of the internal revenues has been insisted upon by the Liberals, and that Colonel Stimson considered it essential to the holding of a fair election, and to say that the Government of the United States is withholding its opinion on this point as long as the deposits of the revenues in the bank are satisfactory, and as long as there is no evidence that improper use is being made of alcohol from the warehouses of the Government. By arranging for some supervision of the warehouses by the *Guardia Nacional*, the use of alcohol for political purposes could be further checked.

(4) To persuade President Diaz to contract for the completion of the projected repairs on the Pacific railroad. The railroad is in bad condition and the cash surplus of over \$500,000 is urgently needed for repairs. Unless the surplus is tied up by contract it will be diverted to other purposes. The management of the railroad is being drawn more and more into politics, even now. President Diaz told me that he would like to turn over the entire management of the railroad to the White Management Corporation.

It is our feeling that the course of procedure above outlined would be only partly effective, and that it would require constant vigilance and interference by this Legation. President Diaz cannot be relied upon to cooperate in a wholehearted manner. The President would be bitterly disappointed by the decision of the Department not to sanction a loan, as the adoption of a comprehensive financial reform

⁷¹ Manager of the National Bank of Nicaragua.

during his administration has been his most cherished ambition. President Diaz would not be very enthusiastic over plans for rendering such a loan unnecessary. We do not feel, therefore, that he could be relied upon to cooperate in carrying out such plans except under unrelenting pressure from us. The President would be so strongly influenced by pressure from other members of the Conservative Party, by his own desire for a Conservative victory, and by a national [*natural?*] reluctance to turn over any funds or assets to the new administration, that no guaranties which he gave us could be entirely relied upon. In view of this we do not believe that it would be advisable to discuss the entire situation frankly with the President until the Department has given the matter further consideration.

Before Dr. Cumberland left he discussed his conclusions tentatively with President Diaz and with General Moncada, and he has doubtless informed the Department of the result. Until there is something more concrete to present to them, it seems inadvisable to us to try to obtain a more definite statement from either of them.

Funds for the final payment of the million dollar loan were remitted to New York on April 21. In view of this, both the railroad and the bank from now on will be subject to the exclusive control of the Government.

General McCoy concurs in the foregoing. He can return to the United States to discuss the matter, but on account of recent developments he would prefer to remain in Nicaragua for at least a week more.

EBERHARDT

817.51/1913 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

[Paraphrase]

WASHINGTON, April 28, 1928—6 p. m.

105. In reference to your 187, April 25, 9 a. m. The election is our primary immediate concern. This must be free, fair and honest. General McCoy cannot be expected to certify to a result which has been purchased by either party. The considerations which were set forth in your despatch No. 608, February 7, and reemphasized in your telegram No. 187 suggest a practical problem of the first importance. It may be granted that a comprehensive financial plan, coupled with a loan, would be the ideal solution. It would constitute at the same time the first logical and necessary step toward the economic and financial rehabilitation of the country, which we are vitally interested in promoting. Nevertheless, we do not find very much encouragement in your report for the suggestion that the election difficulty as a practical matter can be effectively met by the

financial plan formula. In order to carry the guaranties which seem to be an urgent requirement, the plan would have to be agreed to by all interested parties and put in force without delay. This means an immediate and united action by the Government of Nicaragua, the Congress, the Conservative and Liberal Parties, and the bankers. We are apprehensive that even with the finest spirit of cooperation in all quarters, it might take months to work out this solution. We are quite ready to support a sincere effort on this line. Meanwhile, the dangers and risks which you state are already imminent would not be eliminated, and much of the damage would be done before the essential safeguards provided in the financial plan come into play. The situation might be immediately clarified if the Government of Nicaragua and the Conservative and Liberal Parties, without further discussion and leaving the details to be worked out over a period of a very few weeks, should voluntarily commit themselves in principle to a program along the broad lines of Dr. Cumberland's report, and at the same time take measures to establish, as a provisional measure, to be effective immediately, the American controls over the collection and expenditure of the revenues, the National Bank, and the railroad, as contemplated in the Cumberland plan. In the absence of any such arrangement, we should have to revert to temporary expedients and halfway measures, such as those set forth in the numbered paragraphs of your telegram, and which do not appear to be sufficiently far reaching and reliable. The sale of the National Bank and a contract committing the railroad surplus to expenditure for necessary repairs would still leave the treasury surplus available . . .

In short, the problem is to place all the public funds and revenues under American control for the next few months at least, in order that they cannot constitute any temptation so far as the election is concerned. Since there is no financial plan in force calling for such control, and since there is no immediate prospect of getting things in that shape, the end must be accomplished, if at all, either by a provisional arrangement ancillary to the eventual elaboration of a plan, or by direct action to be taken by the President of Nicaragua himself quite regardless of a financial plan. We do not feel that it is at all impossible to solve this difficulty if the President will in good faith courageously use all the power at his disposal. A few men designated by General McCoy and appointed by the President of Nicaragua to key positions in the Finance Ministry, the railroad, the National Bank and the revenue service might be all that is required. Simple action by the President in this sense will place General McCoy in a position practically to know exactly what

is going on and check abuses. We do not see any more objection to this course than to the Executive decree establishing supervision of the election in its more technical aspects. Subject to your discretion and judgment, we should think that the time had come for a very frank and full discussion of the entire situation along those lines with the President.

KELLOGG

817.51/1917: Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

[Paraphrase]

MANAGUA, May 2, 1928—4 p. m.

[Received 10:59 p. m.]

201. This morning we discussed the contents of the Department's 97, April 19, 4 p. m., and 105, April 28, 6 p. m., with President Diaz.

We explained to the President that it was our understanding that the Department was prepared to support an effort to work out a loan and a new financial plan along the lines recommended by Dr. Cumberland, but that this would take time, and that meanwhile it would be necessary to adopt some measures to carry out the assurances given through Colonel Stimson to the Liberals in 1927 regarding the control of funds during the period of the election. President Diaz readily consented in principle to the immediate adoption of the principal measures of financial control recommended by Dr. Cumberland, provided that the Liberals also agreed to these measures, and provided that it were clearly understood that the establishment of such control was preliminary to the flotation of a loan later on. The President stated that he would like to see the Cumberland report before he committed himself definitely, and we agreed to go into the matter in greater detail when the Cumberland report was received here. I assume that we will be authorized to show the Cumberland report to the President and to the Liberals when it is received.

In the meantime we will work out and submit to the Department some concrete recommendations along the lines set forth in the Department's 105, April 28, 6 p. m.

It is still our feeling that the solution of this entire problem would be greatly facilitated by the immediate sale of a controlling interest in the National Bank, because the freedom of the bank from political control is of the greatest importance. There is no other way permanently to assure its safety and the safety of the currency system.

Colonel Parker⁷² concurs in the above.

EBERHARDT

⁷² Col. Francis Le J. Parker, alternate to General McCoy as chairman of the National Board of Elections.

817.51/1924 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

[Paraphrase]

MANAGUA, May 16, 1928—7 p. m.

[Received 11:54 p. m.]

215. Department's telegram No. 105, April 28, 6 p. m., and my No. 201, May 2, 4 p. m. Following are the points in the Cumberland program which should be considered in a preliminary arrangement such as was suggested in the Department's No. 105, April 28, 6 p. m.:

- (1) Sale of the National Bank.
- (2) Assurance of adequate financial support for the *Guardia Nacional*.
- (3) Protection of the railroad from political exploitation and looting.
- (4) Appointment of an auditor, and
- (5) Unified collection of the revenues.

(1) The matter of the sale of the National Bank has already been fully discussed. We still consider it extremely desirable. While the President might agree as an alternative to continue the present board of directors and management, this would not be sufficient. This is demonstrated by the transaction set forth in my telegram of April 23, 4 p. m.,⁷³ and by a more recent loan of \$7,000 made to . . . with the understanding that it would be repaid from the 5% contribution exacted from the employees of the Government. It will be impossible to keep the National Bank out of politics so long as it belongs to the Government. Since President Diaz desires very much to sell the control of the National Bank, further action in this direction rests entirely with the Department and with the bankers. Some arrangement regarding the use of the proceeds of the sale, however, would be advisable.

(2) Inasmuch as it would presumably be inadvisable to apply the Cumberland recommendations regarding budget reorganization until a new loan made possible the complete revision of the existing financial plan, sufficient funds for the maintenance of the *Guardia Nacional* can only be obtained during the coming year by allocating the surplus revenues. We still believe, therefore, that President Diaz should be requested to promise not to anticipate the January 1929 surplus in any way until \$500,000 for the *Guardia Nacional* has been accumulated, and that promises in writing should be obtained from candidates for President to turn the sum over to the *Guardia Nacional* in January. If the bank were under American control, the assurances thus obtained would be sufficient, and the practical result would be that practically no por-

⁷³ Not printed.

tion of the ordinary revenues would be available for political purposes except the limited amount which could be diverted from the monthly budgetary allowance and the school funds, and that part of the internal revenues which was not deposited in the bank. It is not likely that there will be any large available balance from the next July surplus, after the amounts already promised for the *Guardia Nacional* have been deducted.

(3) Probably it would also be impracticable to apply the Cumberland recommendations respecting the Pacific railroad until a comprehensive financial program is worked out. Meanwhile, if the Liberals would agree, I have no doubt that President Diaz would be willing to make some arrangement for the nonpolitical control of the railroad. A contract for the continued operation of the railroad and the completion of repairs by the J. G. White Company would apparently be sufficient.

(4) and (5) The appointment of an auditor, whose approval would be necessary before any funds could be withdrawn from the National Bank, and the establishment of a unified control over the collection of the revenues, is extremely desirable. . . . President Diaz has indicated that he would accept such an arrangement, provided it were clearly understood that it was preliminary to the flotation of a loan, and provided the Liberals also approved it. We have no information as to the extent to which it would be proper to hold out the hope that a loan can be secured. We ought to have full information on this point before we take up the matter again with President Diaz in order that there may be no possible subsequent question of misrepresentation or unfulfilled promises, as in 1911, and in 1920.

If the above program could be carried out, it is our belief that there would be no serious difficulty with regard to the misuse of Government funds during the election. We do not feel that anything worth while could be accomplished through the appointment of persons designated by General McCoy in key positions in the National Bank and the Treasury Department, as the Department suggested in telegram 105, April 28, 6 p. m., because the financial system of Nicaragua would not lend itself to effective control by this method.

The agreement of both parties on points (4) and (5) may be very difficult to secure. If the appointment of an auditor and the unification of the collection of revenue prove to be impracticable, the action which was suggested under headings (1), (2) and (3) should still, we believe, be taken, because it would fully protect the largest resources that might otherwise be used for electoral purposes. If the National Bank were under nonpolitical management, serious abuses of the internal revenues could probably be discouraged by appropriate representations when the deposits fell off, and by super-

visory control over the alcohol warehouses; and the misappropriation of current budgetary and school funds could not be carried very far without seriously inconveniencing the Government itself.

I am advised that General Moncada sent word to Rosenthal through Aguado that he would approve the sale of a controlling interest in the National Bank if the Legation requested such approval.

EBERHARDT

817.51/1927 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

[Paraphrase]

MANAGUA, May 22, 1928—2 p. m.

[Received 7:20 p. m.]

225. My telegram No. 215, May 16, 7 p. m. I have been informed by Rosenthal that the sale of the stock of the National Bank would probably require the ultimate approval of Congress. He has recommended, therefore, that the purchase price be held in escrow pending the approval of Congress. I concur in this recommendation. I suggest that it be agreed that the purchase price be used to defray the expenses of the *Guardia Nacional* after January 1, 1929. Such an arrangement would prevent the misuse of the money during the election campaign, and would also assure funds for the *Guardia Nacional*, which otherwise will be in a precarious condition, for it now seems probable that the surplus becoming available on January 1, 1929 will be a small one. The anticipation of the January surplus for political purposes can be prevented by asking the National Bank to make no advances against it.

I agree with Rosenthal that it would not be advisable to consult Chamorro respecting this matter while the split in the Conservative Party continues, because Chamorro's action will be guided solely by a desire to embarrass the administration.

EBERHARDT

817.51/1928

Memorandum by the Economic Adviser (Young) of a Conference on the Nicaraguan Financial Situation, May 23, 1928

[WASHINGTON,] May 23, 1928.

Present: The Secretary of State, Mr. Olds, Mr. White, Mr. Morgan and Mr. Young; General McCoy; Dr. W. W. Cumberland; Mr. Baillie and Mr. Breck of J. & W. Seligman & Co.; Mr. Loree, Mr. Tillinghast and Mr. Shriver of the Guaranty Company.

The bankers, having examined the report and financial plan prepared by Dr. Cumberland, called by appointment for the purpose

of discussing their possible action in relation to the Nicaraguan financial situation. Dr. Cumberland participated in the conference at the instance of the Department.

Secretary Kellogg stated that he is deeply interested in the working out of a suitable plan for dealing with the financial difficulties of Nicaragua, and that, assuming that the plan to be devised would be fair and just to Nicaragua, he would be prepared to have it taken up at the present time. Mr. Bailie and Mr. Loree stated that the question of terms on which a loan might be made would depend to a considerable extent upon whether the Secretary of State would be willing to authorize the inclusion in the prospectus of the loan of certain statements regarding the interest of the United States in Nicaraguan affairs. Secretary Kellogg stated that the United States is deeply interested in Nicaraguan affairs, both because of the possibility that a Nicaraguan canal will be built and because of the concern which this Government has by reason of the recurrent internal disturbances of the country. As to the form of statement to be made, the Secretary of State would be prepared to authorize a statement that he would aid in the execution of the financial plan by assisting in the selection of competent American experts. He stated that he had no authority to approve the terms of a loan. In the course of the discussion it was suggested that the bankers formulate a tentative statement of what they would like to say in the prospectus. They undertook to do so.

In reply to a question by the Secretary of State, the bankers stated that in principle they are in agreement with the main provisions of Dr. Cumberland's financial plan. They had, however, some suggestions as to changes which it was agreed they would discuss with him. They felt that at the present time it would not be advisable for Nicaragua to refund either the outstanding balance of about \$3,297,000 of the loan of 1909 or the customs guaranteed bonds outstanding in the sum of about \$2,372,000. They believed also that Nicaragua should not borrow such a large sum that money would be held for any considerable time before being needed. They considered it preferable that additional series of loans be floated for the further needs of Nicaragua, as might be deemed advisable. Dr. Cumberland stated that he is personally in agreement on that point, and that his original suggestion of a larger loan had been made because he felt that the bankers might deem it necessary to refund the existing bonds. He believed, however, that the Nicaraguan Government would wish to feel reasonably assured that subsequently funds would be forthcoming in amounts sufficient to carry out the construction of desired public improvements and for the payment of claims.

The possibility of hypothecating 51% of the stock of the National Bank of Nicaragua and maintaining its control in the hands of the

bankers, rather than selling the institution, as recommended by Dr. Cumberland and recently desired by the Nicaraguan Government, was also discussed. The conclusion was reached that the choice between hypothecation and sale was one properly to be made by the Nicaraguan Government.

Similarly it was concluded that the question whether it would be preferable that roads rather than a railroad be constructed was also a matter for determination by the Nicaraguan Government, in the light of the facts and arguments set forth in Dr. Cumberland's report and also in the light of further examination of the subject by experts. As to the existing railroad, the bankers were of the opinion that no large loan would be necessary, and that its requirements might be met out of current receipts to a large extent. They also were of the opinion that a direct loan to the railroad would not be as satisfactory a procedure as for the Government to borrow directly any sums that might be found necessary for the purposes of the railroad.

There was also discussion of the subject of arbitration of disputes. Dr. Cumberland stated that he had not included in his plan specific provision for adjustment of disputes, because he felt that, with the proper personnel, disputes would lend themselves to adjustment without any formal provisions. The bankers stated that they would prefer a statement to the effect that any disputes arising under the plan would be settled by the arbitration of the Secretary of State or of an arbiter appointed by him. This suggestion was agreeable to Dr. Cumberland and to the representatives of the Department.

It was agreed that the bankers would give further consideration to the financial plan and would discuss details with Dr. Cumberland, after which they would again consult with the Department of State.

A. N. Y[OUNG]

817.51/1944a : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

WASHINGTON, June 14, 1928—5 p. m.

132. The Department has been much disappointed at the attitude of the bankers as shown by their draft of a proposed Financial Plan of 1928 (copy forwarded to the Legation on June 9).⁷⁴ This Plan departs rather radically from the Cumberland plan with especial reference to the amount and allocation of the loan, the duties of the Auditor General, the safeguards of the National Bank, et cetera. While little progress was made in the conference yesterday in reconciling the conflicting views of the bankers and the Department, Department is still hopeful that a satisfactory agreement will be arrived at. It will be

⁷⁴ Not printed.

helpful to the Department in its negotiations with the bankers to know how the Cumberland plan was received by President Diaz and any other Nicaraguan political leaders to whom he may have shown it. Please cable Department your personal views based on information already in your possession and such comments as you may have heard, but without making direct inquiries from the Nicaraguan leaders and officials, whether the Cumberland plan is acceptable to them or whether they would desire substantial modifications, and whether you think there is reasonable possibility that the Nicaraguan Congress would enact this plan as a law coupled with an enabling act permitting the Government to ask the bankers for bids.

The bankers' plan provides for a total loan of \$3,500,000 of which not more than \$2,000,000 would be allotted for claims. They are satisfied to take a second lien on the customs duties and allow the 1909 and 1918 bonds to remain outstanding. The Department of course is in accord with this latter provision. In yesterday's conference, however, the bankers stated they wish to leave claims out of the Financial Plan and make no provision for them from the loan. They wish merely to provide for public works, preferably the Atlantic Railroad. In their plan there are no assurances when or to what extent further series may be issued but presumably not in any substantial amounts until after final payments of the 1909 and 1918 bonds. Department would like also to know your personal views as to whether a plan along the lines of the bankers' proposal above described would be likely to be acceptable to the Nicaraguan Government and the high officials of both parties.

KELLOGG

817.51/1947 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

[Paraphrase]

MANAGUA, June 16, 1928—3 p. m.

[Received 9:45 p. m.]

257. Department's telegram No. 132, June 14, 5 p. m. It is very difficult to ascertain what the political leaders of Nicaragua really think of the Cumberland plan . . . President Diaz, moreover, has been unable to give it careful consideration because of illness. . . . He has, however, expressed general approval of its principal features.

It appears certain that neither Chamorro nor President Diaz will support any loan project that does not definitely assure the eventual construction of the Atlantic railroad. President Diaz has repeatedly expressed the opinion that the railroad would be insisted on by Con-

gress. If it could be demonstrated that this line could be constructed, the approval of the remainder of the Cumberland recommendations could probably be obtained.

It is possible that Congress would pass an enabling act embodying the Cumberland financial plan and authorizing the Government to call for bids on a loan; but if the matter were handled in this way, it would be difficult to dissuade Congress from making undesirable or impractical changes. In addition, there would be considerable loss of time.

With respect to the bankers' plan, it seems difficult to us to justify at the present time a loan which made no provision for the payment of claims. Such payment is an immediate financial necessity, whereas the proposed public works are not urgently needed during the present administration, although the attendant financial reforms are. Unless the claims are provided for now, the Government will continue to have a large floating debt, and the next administration will undoubtedly spend large sums making unduly generous settlements with politically favored claimants to the exclusion of foreigners and other Nicaraguans. Again, a provision for the settlement of claims will mean additional political support for the loan. Rosenthal is in accord with our views on this subject.

If it is possible, will the Department please send me at once three additional copies of the Cumberland report⁷⁵ to be shown when advisable to Chamorro and other political leaders whose views on the subject it may later be necessary to ascertain.

EBERHARDT

817.51/1958 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

[Paraphrase]

MANAGUA, July 3, 1928—4 p. m.

[Received 9:36 p. m.]

269. The draft financial plan transmitted in instruction No. 383, June 16,⁷⁶ seems to be very satisfactory, especially with the incorporation of the amendments indicated in the right hand column. This Legation offers the following suggestions:

(1) The fiscal agents should retain some control over the expenses of the customs collectorship of the Auditor General and of the Engineer in Chief. Otherwise, there will be friction between these officials in apportioning the amount allowed them jointly for expenses, and there will be danger of abuses in fixing salaries of

⁷⁵ They were sent on June 22 (file No. 817.51/1947).

⁷⁶ Not printed.

subordinate officials. The salaries of subordinate customs officials in Nicaragua are considered too high at the present time.

(2) It is unnecessary to make provision for the expenses of the election from the loan because sufficient funds have already been turned over to General McCoy.

(3) Experience has demonstrated that the amount provided for the *Guardia Nacional* by the agreement of December 22, 1927 is entirely inadequate. It will be necessary to conclude either a supplementary agreement or a new agreement when the status of the *Guardia Nacional* is regularized by Congress. It is preferable that subdivision 3 of article 3 read: "The Collector General shall provide sums sufficient to assign the minimum requirements of the National Guard as established by agreement between the Government of Nicaragua and the Government of the United States."

(4) There will be much opposition to the financial plan if it creates the impression that the construction of the Atlantic railroad is doubtful or that it will be delayed by further surveys and studies. Of course such surveys and studies will be necessary, but a better impression would be produced if section 1 of article 8 made it the first duty of the Public Works Commissioner to prepare estimates and plans for the construction of a railway to the Atlantic Coast. This would not prevent the Public Works Commissioner from recommending a road later on, if it should appear advisable. It is believed that with the rapid increase of automobile traffic, insistence upon a railroad as opposed to a road will become less in the near future. Possibly the new administration will be less insistent upon a railroad than the present administration.

(5) It is very important that there be retained in section 2 of article 7 the new provision requiring the countersignature of checks by the Collector General. Unless the new plan contains very definite and effective provisions it will be extremely difficult to stop the spending for one purpose of sums appropriated for another. This is the principal abuse under the present financial plan.

(6) In view of the unfortunate experiences with the Claims Commission, Corinto wharf, etc., it would be advisable to insert a provision prohibiting any official serving under the plan from undertaking functions outside his regular duties and from receiving any compensation beyond his salary without the express permission of the fiscal agents. We have been able to learn the views of President Diaz and General Chamorro respecting the principal features of the Cumberland plan through discreet inquiries by Rosenthal. They approve almost all of those features which reappear in the bankers' plan, but they insist that the construction of an Atlantic railroad is essential, especially for political reasons. They also feel that a real provision must be made for the payment of claims, but

they think that partial payment in cash and the remainder in well-secured bonds would be satisfactory. If the National Bank is taken over by American bankers, they would like to see a mortgage department established. I think they have hoped for a much larger loan than the present plan provides. If one of only \$3,500,000 is obtained, I believe they and the investors in general will be much disappointed.

EBERHARDT

817.51/1958 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

[Paraphrase]

WASHINGTON, July 7, 1928—3 p. m.

140. Your telegram No. 269, July 3, 4 p. m., paragraph 5. The bankers have signified their willingness to include in section 2, article 7, a provision requiring the countersignature of checks by the Collector General, provided that this official be nominated by the Secretary of State. In the last draft we went back to the old method of the Collector General being nominated by the bankers, approved by the Secretary of State, and appointed by the President. The bankers state that they would not consider including this provision with the Collector General appointed by them, for the bankers point out that the Collector General would doubtless often have checks presented to him in a rush for countersignature and that he might thus inadvertently sign a check which would be used for purposes other than that appropriated for and that as a result the bankers' appointee would be a direct party to the transaction, which would react unfavorably on them. The bankers feel that, with the supervision of the Auditor General and the publicity which would be given to any improper act on the part of the Finance Minister, there is sufficient protection, and that once such a case had been brought to light and published, the humiliation of its publication would deter any future incumbent from taking the same action. The Department would like to have your views by telegraph.

KELLOGG

817.51/1961 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

[Paraphrase]

MANAGUA, July 9, 1928—4 p. m.

[Received 8:55 p. m.]

274. Department's telegram No. 140, July 7, 3 p. m. A provision for the countersignature of checks is regarded by us as abso-

lutely essential to any effective control of expenditures. The principal defect of the present financial plan is its failure to prevent the expenditure for one purpose of sums appropriated for another, and this practice is so generally accepted as a part of the system that there is no hope that publicity or remonstrances by the American officials would stop it. The Finance Minister would probably actually maintain that he had the right to continue the practice if the plan went through in its present form, for it should be remembered that expenditure of Government funds by the Executive without legal sanction is considered perfectly proper and natural in Nicaragua. It would be unfortunate if the success of the new financial organization were to be jeopardized at the start by a controversy over this point, and it would be extremely inadvisable to have this Legation attempt to interfere in cases of individual payments by the Finance Minister. So long as the Government is in a position to use public funds for purposes not authorized by the Congress and the budget commission, it is obvious that there can be no effective system of budget control or sound financial administration.

EBERHARDT

817.51/1958 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

[Paraphrase]

WASHINGTON, July 17, 1928—11 a. m.

145. Your telegram No. 269, July 3, 4 p. m. The points you raised were taken up with the bankers. They agreed to the control of the apportionment of expense moneys.

As for the costs of the *Guardia Nacional*, to be met out of the third priority, the bankers stated that:⁷⁷

"We of course are entirely agreeable to a revised figure but we feel that a definite figure must be included in the Plan as finally submitted to Nicaragua. You will readily understand that prospective investors will have a right to know exactly what the Republic is committed to in such an important feature of its program. We ourselves should like to be assured that the figure to be finally chosen for the minimum requirements of the National Guard will not be materially higher than the one contemplated in the agreement of December 22. We are hoping that the inaccuracy of which the Legation speaks lies in the direction of excess rather than underestimation. We have set up our proposed budget for Nicaragua on a very careful computation of its workability in actual practice, and we would feel very much disturbed if a priority were included the amount of which was to be determined after the enactment of our Plan. When the figure is being established, it should be borne in mind that appropriations for the National Guard, over and above

⁷⁷ Quotation not paraphrased.

the minimum requirements, are contemplated in the ordinary budget (page 23, lines 26 to 32, proof of July 1). Any material increase in the size of the third priority might affect very seriously the soundness of the budget set-up and thereby the protection for our bonds."

If you are able to suggest a definite figure at the present time, the Department will be glad to have you do so. As you suggested, the bankers are covering the matter of the railroad and mortgage department in the National Bank.

Regarding the matter of countersigning checks, the bankers stated:⁷⁸

"As for the countersigning power, we can only repeat what we said before, that the Fiscal Agents as a part of the present program, including the Plan, are unwilling to place this responsibility on a nominee of theirs. We have given this subject much thought, and would like to consider with you a plan which we hope might be a satisfactory compromise of the various viewpoints. Our tentative suggestion which might be incorporated in the Financial Plan would be that the Auditor General, whenever he discovers funds being spent improperly or illegally, should draw up a formal statement of such irregularities and present it to the High Commission and to the parties who nominate, approve and appoint him. The High Commission would then be empowered, in its discretion, if it found such statement has accurately represented the facts, to introduce such form of control over the Republic's disbursements, including a countersigning authority, as in its judgment would effectively prevent the continuance of abuses. The High Commission would be able to alter or suspend such control in accordance with later circumstances."

Will you please cable your view?

The bankers will provide for the matter mentioned in section 6 of your telegram No. 269, July 3, 4 p. m.

KELLOGG

817.51/1968a : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

WASHINGTON, July 23, 1928—4 p. m.

150. Bankers have submitted Department another draft of Financial Plan. The main objection to it is that it merely provides for a loan of \$3,500,000, principal amount to be used mainly for railroad construction and \$500,000 for the payment of small claims. The following may also be included: \$65,000 to Salvador, \$300,000 for purchase of Corinto Wharf if recommended by the Commissioner of Public Works, \$7526.04 for redemption of outstanding balance of the emergency issue of bank notes, \$7,500 for expenses of special session of legislative body (this will be taken out if Department

⁷⁸ Quotation not paraphrased.

desires), and \$50,000 for paving of Managua until Commissioner of Public Works can make an examination. Additional series of bonds may be issued from time to time when revenues of the Government are sufficient on a basis of three and one-half times coverage over 3 year period. Bankers state they can not make a definite obligation to take bonds at a later time with conditions which they can not foresee but will put in following stipulation:

"The Republic intends to create and to market from time to time, and in accordance with the conditions of this Article 2, additional series of bonds of the national loan, with the special purpose of completing the construction of the railway to the Atlantic Coast. The Fiscal Agents agree to use their best endeavors to assist the Republic in the accomplishment of its aims through the issuance of such series."

The bankers state that the borrowing capacity of Nicaragua at present, should the guaranteed customs bonds and the sterling bonds be called for redemption would permit them at six and one-half per cent and 90 to sell \$11,696,400 of bonds which after deducting \$1,405,026 for miscellaneous purposes would leave \$10,291,374 for the railroad. They add that should Nicaragua's credit go up and the guaranteed customers [*customs*] bonds and sterling bonds not be redeemed until it is absolutely necessary to do so this amount will be very much increased. There is, of course, no direct commitment for further series but merely the statement quoted above. As regards claims it is provided that in addition to the \$500,000 for small claims the proceeds of the sale of 51 per cent of the stock of the national bank if sold to the Fiscal Agents within 6 months of the date upon which the plan becomes effective, shall be applied to the payment of small claims. It is further provided as a priority in the application of the revenues that the Collector General shall set aside 5 per cent of all the revenues and receipts of the Republic collected and administered by him in a special fund to be known as the Republic of Nicaragua Claims Certificates Fund to be administered by the High Commission and to be used for the purchase and retirement of the Republic of Nicaragua Claims Certificates. These claims certificates will be non-interest bearing, non-assignable, non-maturing certificates of indebtedness of the Republic and will be given to all claimants after their claims have been adjudicated, after the payment of the small claims from the two funds above mentioned.

Please cable as promptly as possible the views of yourself, General McCoy and Munro regarding this matter and whether you think that a plan which provides for claims in this manner and which does not involve a definite commitment on the part of the bankers for more than \$3,500,000 would be acceptable to all parties in Nicaragua.

The following will be inserted in the plan regarding the Mortgage Department:

"It is the intention of the Fiscal Agents to work out a plan for the establishment of a Mortgage Department in the national bank, provided that the establishment of such a Department can be satisfactorily arranged, based on the experience of similar institutions in other countries and on the feasibility of establishing such a Department in Nicaragua and on the enactment of special legislation, if and as needed, for such purpose."

KELLOGG

817.51/1971 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, July 26, 1928—3 p. m.

[Received 10 p. m.]

298. Department's 150, July 23, 4 p. m. While it is impossible to predict with any confidence what the attitude of the Nicaraguan Congress would be, we think that the plan as outlined would probably be acceptable and we feel that it would be very advisable to present plan and to do so as soon as possible. If it is not submitted within the next month it is very possible that developments during the political campaign will prevent consideration of it on its merits.

The provision regarding claims seems satisfactory, except that we should suggest that it be made possible to assign the certificates, but only to banks as security for loans.

[Paraphrase.] Regarding the purposes for which the proceeds of the first issue are to be used, we are of the opinion that the items for the wharf, redemption of bank notes, expenses of the special session, and paying should be included, but that the payment to Salvador should be taken out, with the idea, however, that the payment might be restored later as a concession to the Government if the latter insisted. [End paraphrase.]

EBERHARDT

817.51/1972a : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

WASHINGTON, July 27, 1928—noon.

154. The bankers are sending the following telegram to Rosenthal:

"As you know for several months we have been spending a great deal of time, effort and some money at the special request of Department of State to try to work out a Financial Plan for Nicaragua. We have had protracted discussions with Cumberland and officials of Department of State at Washington. Throughout our long discussions the Department of State and the bankers both realized the

unusual character of the problem. In spite of the fact that Department of State and the bankers understand that the representatives of both political parties in Nicaragua are desirous of working out a Financial Plan Department of State and the bankers have agreed in view of the impending elections in Nicaragua and also because the market for securities in the United States is now somewhat inactive that it seems wisest to postpone the whole matter for the present. We hope that it may be revived after the Nicaraguan elections. We of course regret exceedingly that it seems impossible to bring this matter to a successful conclusion at present especially because we believe that the Plan as now drafted would be of great assistance to Nicaraguan finances and to the general welfare of the country. It is our hope and belief that the months of intensive effort in examining this problem will serve as a substantial ground work for completion of the entire program at a reasonably early date. We would like to have you advise the proper people fully as to the above."

[Paraphrase.] The Department feels that a financial plan which does not provide definitely for more than \$3,500,000, and which ties up all the resources of Nicaragua is not one which it wishes to sponsor in advance. In other words, should the Government want such a financial plan, the Department would, of course, raise no objection, but the Department would not wish to approve such a financial plan in advance and then have the matter presented to the Government of Nicaragua on the basis that the financial plan met with the approval of the Department. The foregoing is for your strictly confidential information only, and is not to be communicated to anyone. [End paraphrase.]

KELLOGG

817.51/1973 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, August 1, 1928—2 p. m.

[Received 9:20 p. m.]

300. [Paraphrase.] It is the feeling among us all here that a postponement of the loan negotiations would be most unfortunate. Aside from the fact that the prevention of abuses in the collection of internal revenue and in the distribution of *aguardiente*⁷⁹ during the election would be much more difficult if it cannot be effected through an amendment to the financial plan, it is our feeling that a postponement of the negotiations until after the election would very probably mean their complete failure. The opposition party, whichever it might be, would probably vociferously oppose any loan simply to embarrass the administration, and this opposition would cause the defeat of the loan if a Liberal Party candidate were elected

⁷⁹ Liquor.

President because at least one House of Congress will almost certainly be Conservative. [End paraphrase.]

The present financial plan is unsound and dangerous now that the obligations secured by the surplus have been overcome, because, after making only an inadequate provision for the current expenses of the Government, it leaves very large sums of money each year to be disposed of without restriction by the Executive. We feel that an indefinite continuance of this arrangement effected originally through the Department's good offices, and the continued presence of the American High Commissioner without power to assure proper financial administration will be highly undesirable.

Furthermore, unless a new financial plan is adopted, the situation of the *Guardia Nacional* will be extremely precarious, as it will depend for the greater part of its funds upon a surplus which can easily be dissipated in advance by loans from the National Bank or merely by failure to collect the internal revenues. In a bad year there may be no surplus. If virtually all other expenses of the Government take priority over the *Guardia* budget, the complete collapse of this organization will merely be a question of time.

When I informed President Diaz of the postponement of the loan negotiations he expressed very keen disappointment. He suggested that even if the Department deemed it advisable to wait until after the election the plan be sent down now in order that the leaders of all parties might consider it and commit themselves to it and that a special session of Congress be called immediately after the election to adopt it. He said that a small initial loan would be satisfactory, provided it made possible the beginning of work on the railroad and provided the door was left open for future issues. Chamorro also has sent word to me that he would support any loan which carried with it the Atlantic railroad. General Moncada told me yesterday that he favors a loan for the Atlantic railroad and considers a small initial loan satisfactory. He suggested that action be postponed until the regular session of Congress in December because he feared that Chamorro might prevent approval in a special session. He said, however, that the plan would have the full support of the Liberals in Congress at any time.

After very full discussion and efforts to foresee conditions which will exist here a few months from now we all feel strongly that action on the new financial plan should be taken before the situation is complicated by developments in the political campaign and in order to simplify the conduct of the election. We can see no difficulty so far as the situation here is concerned in defending a small initial loan with a set-up which will give reasonable prospect of subsequent issues. We feel so strongly about this matter, particularly in view of its effect upon the future of the *Guardia*, that we venture to recommend most urgently that the new financial plan be submitted at once for consideration

here, even though the Department is not fully satisfied with all of its details.

EBERHARDT

817.51/1973 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

[Paraphrase]

WASHINGTON, August 3, 1928—4 p. m.

158. Your telegram No. 300, August 1, 2 p. m. The bankers are unwilling to proceed with further negotiations because of the impending election and the inactive market for securities in the United States. The Department, therefore, doubts whether anything can be done at the present time. Certainly nothing could be done unless the Department approved in advance and agreed to recommend to the Government of Nicaragua and to all parties a plan of financing which pledges all the revenues, internal and customs duties, the railroad stock and the National Bank stock for a loan in the first instance of only \$3,500,000. Any additional advances would depend entirely upon the willingness of the bankers to make them. This would not assure money to build a railroad or to pay claims. Nevertheless, if the Government of Nicaragua desires to have a copy of the existing project in order that the leaders may study it and familiarize themselves with it, the Department certainly would raise no objection if the bankers desired to make a copy available. The Government of Nicaragua doubtless could arrange this through César, the Nicaraguan Minister in Washington, or Rosenthal. If, after studying this plan, the Government of Nicaragua should decide that the plan was satisfactory and wished to submit it to Congress, and if the bankers were prepared to conclude the plan on this basis, the Department would hesitate to object, but would like to have time to consider it after it learns the views of the Government of Nicaragua.

KELLOGG

817.51/1981 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, August 7, 1928—10 a. m.

[Received 2:20 p. m.]

303. Department's 158, August 3, 4 p. m. Rosenthal left here yesterday and will reach New York about August 20. He is carrying letters from President Diaz to the bankers expressing the President's interest in the loan and in financial reform. He will visit the Department. The President said yesterday that he felt that it would be a mistake to postpone the new financing even though the bond market now might

not be entirely satisfactory and that he was fully prepared to accept the bankers' plan so far as he understood it. He again said that a small initial loan would be satisfactory provided that the construction of the railroad were assured and he concurred in our view that a good financial plan embracing control of all revenues would in itself offer reasonable assurance that the Republic's credit would make future issues possible as needed. He referred, however, to the difficult and embarrassing position in which he was placed by his ignorance of the plan which the Department and the bankers have been discussing and asked if we could not obtain a copy of the plan for his examination.

Could not the Department send me via Tegucigalpa a copy of the latest draft of the financial plan to be shown to the President with the explanation that it is merely intended as a basis for discussion and has not received the Department's approval? He would then have an opportunity to study it by the time that Rosenthal reaches New York. I do not think that he would wish to ask the bankers for a copy of the plan through César. We all feel that an especial opportunity for a constructive program for Nicaragua will be lost if action is postponed until after the election and General McCoy feels that such action would contribute immeasurably toward the success of a fair and free election, particularly in view of the very evident plan of the Conservatives to use money in the elections.

EBERHARDT

817.51/1981 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

WASHINGTON, August 14, 1928—7 p. m.

163. Your 303, August 7, 10 a. m. Department has again communicated with bankers who prefer to reserve decision about giving out Financial Plan until Rosenthal arrives.

KELLOGG

817.51/1981 : Telegram

The Acting Secretary of State to the Minister in Nicaragua (Eberhardt)

WASHINGTON, August 25, 1928—noon.

169. Your 303, August 7, 10 a. m., and Department's 163, August 14, 7 p. m. The bankers have now definitely decided that they do not wish to submit a copy of the draft Financial Plan to President Diaz at the present time.

WHITE

817.51/1997 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, September 11, 1928—4 p. m.

[Received 9:15 p. m.]

339. Legation's 312, August 18, 5 p. m. and Department's 167, August 22, 2 p. m.^{79a} President Diaz has informed the Legation in writing that he has ordered the Treasury Department to see that \$380,000 from the next surplus is set aside for the exclusive use of the National Guard. He further states that it is his definite intention not to obtain advances against the next surplus for any other purpose.

The Minister of Finance has given the National Bank irrevocable instructions to give this payment to the *guardia* preference over all other payments which may be ordered when the surplus becomes available. The Legation will now seek to obtain Moncada's promise to abide by this arrangement if he should be elected, and will take up the matter along similar lines with Benard⁸⁰ after his return unless the Department considers it advisable to discuss it with him in Washington.

EBERHARDT

817.51/1995 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

[Paraphrase]

WASHINGTON, September 11, 1928—5 p. m.

177. Your telegram No. 336, September 8, 3 p. m.⁸¹ The Department communicated with the bankers and the latter state that they are in receipt of a request from the President of Nicaragua for a railroad dividend of \$100,000, and that the President agreed that the money would not be used for political purposes. The bankers say that there is a very large sum available for dividends and that they see no grounds on which a dividend of \$100,000 can be withheld, provided that assurances are given that the money will be properly used. . . .

The Department, however, wishes you to tell the President that it has been informed of his request for a dividend, coupled with his assurance that the money will not be used for political purposes, and that it presumes this to mean that the money will not be used for political purposes either before or after November 4. Please ask President Diaz to confirm this understanding.

KELLOGG

^{79a} Neither printed.⁸⁰ Adolfo Benard, Conservative candidate for the Presidency of Nicaragua.⁸¹ Not printed.

817.51/1999: Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

[Paraphrase]

MANAGUA, September 14, 1928—11 a. m.

[Received 4:50 p. m.]

343. Department's 177, September 11, 2 [5?] p. m., last paragraph. President Diaz has readily given the desired assurances.

We still feel that it would be desirable to have the greater part of the proceeds of the dividend withheld until after the election. President Diaz desired this to protect himself from pressure to make it available for political or other irregular purposes. Otherwise it would be difficult for President Diaz to resist such pressure and it would be entirely impossible for the Legation to ascertain how the money was in fact being used.

EBERHARDT

817.51/1997

The Secretary of State to the Minister in Nicaragua (Eberhardt)

No. 425

WASHINGTON, September 15, 1928.

SIR: The Department has received your telegram No. 339, of September 11, 4 p. m. and has been much pleased to note that President Diaz has informed the Legation in writing that he has ordered the Treasury Department to see that \$380,000 from the next surplus is set aside for the exclusive use of the National Guard; and that President Diaz has further stated that it is his definite purpose not to obtain advances against the next surplus for any other purpose. Please express to President Diaz on behalf of the Secretary of State the latter's gratification at this manifestation of the intention of President Diaz to give to the National Guard all necessary financial support.

The Department approves of the Legation's intention to obtain General Moncada's promise to abide by this arrangement if he should be elected, and would be glad to have the Legation take the matter up along similar lines with Mr. Benard, after his return to Managua.

Mr. Benard has already had interviews with various officials of the Department and has stated that his visit to Washington is purely for the purpose of visiting his daughter and son-in-law, and that his call at the Department was merely a visit of courtesy; not for the purpose of discussing political questions. The Department desires that its relations with Mr. Benard while he is in Washington remain on this footing and therefore prefers not to discuss with him questions of policy contingent upon his election to the Presidency.

I am [etc.]

For the Secretary of State:

FRANCIS WHITE

817.51/1999 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

WASHINGTON, September 17, 1928—2 p. m.

181. Your 343, September 14, 11 a. m. The Department has again communicated with the bankers and is informed that the dividend has already been declared and paid over to the Government. The Department desires you to suggest to President Diaz the desirability of paying over the balance of the dividend not immediately needed for the paving contract to the National Guard fund. This would effectually prevent the use of the money for political purposes, and also protect the President from pressure to make it available for such purposes.

KELLOGG

817.51/2011 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, October 31, 1928—1 p. m.

[Received 5:25 p. m.]

372. Referring to my cable of September 11, 4 p. m., and despatch 801 of September 20th.⁸² I have just received a letter from Benard promising to set aside for the *guardia* \$380,000 from the next surplus.

EBERHARDT

ASSISTANCE BY THE UNITED STATES MARINES IN THE SUPPRESSION OF BANDIT ACTIVITIES IN NICARAGUA⁸³

817.00/5218a : Telegram

The Secretary of State to the Minister in Honduras (Summerlin)

[Paraphrase]

WASHINGTON, January 3, 1928—6 p. m.

2. Active steps to round up Sandino's band are being taken by the Marine Corps. For this purpose the Marine Corps is immediately ordering another regiment under General Feland to Nicaragua. When the campaign is undertaken it is possible that Sandino and many of his followers will seek refuge in Honduran territory. Please request the Government of Honduras to take active measures to prevent Sandino's forces from crossing into Honduras or to intern effectively any of his followers who cross the Nicaraguan-Honduran frontier. Should the Government of Honduras be unable to under-

⁸² Latter not printed.⁸³ Continued from *Foreign Relations*, 1927, vol. III, pp. 439-453.

take this it would be very helpful if you could have the Government of Honduras request the Government of the United States to prevent the bandits from entering Honduras, using the territory of Honduras as a base for operations if necessary.

KELLOGG

817.00/5222 : Telegram

The Minister in Honduras (Summerlin) to the Secretary of State

TEGUCIGALPA, January 5, 1928—5 p. m.

[Received 9:54 p. m.]

12. Department's No. 2, January 3, 6 p. m. This afternoon President Paz stated to me that within 3 days a sufficiently large Honduran force will have arrived at the border with a view to preventing any of Sandino's forces from entering Honduras and that specific orders have been given to arrest and intern either at Yuscaran or Choluteca any of them who do cross the border.

He added that should these measures prove ineffective he would make the request contained in the final sentence of the Department's telegram under acknowledgment. Repeated to Nicaragua.

SUMMERLIN

817.00/5243 : Telegram

• *The Chargé in Nicaragua (Munro) to the Secretary of State*

MANAGUA, January 11, 1928—3 p. m.

[Received 9:07 p. m.]

19. Department's 236, December 28, 4 p. m.⁸⁴ Because of the increased seriousness of the situation and in view of the very great embarrassment which is being caused by the lack of legal authority to hold bandit prisoners, I venture to urge that the Department give further consideration immediately to the question of declaring a state of war in Nueva Segovia. The Nicaraguan Government is now very desirous of taking such action and would do so if I merely said that I saw no objection. The authorities are placed in a most embarrassing position when suspects or prisoners of war bring habeas corpus proceedings and the marines and *guardia* are being hampered in the actual conduct of operations against the bandits. I feel that they should receive every possible assistance in the delicate and dangerous situation which confronts them.

MUNRO

⁸⁴ Not printed.

817.00/5243 : Telegram

The Secretary of State to the Chargé in Nicaragua (Munro)

[Paraphrase]

WASHINGTON, January 13, 1928—11 a. m.

13. Your telegram No. 19, January 11, 3 p. m., raises serious questions.

(1) From the international point of view, a formal declaration of a state of war by the Nicaraguan Congress would probably have the effect of converting Sandino's status from that of mere bandit to that of leader of an organized rebellion, with possibilities of a recognition of his belligerency by any nation which might deem it desirable to act in that sense.

(2) But even if it be assumed that what is intended is a mere declaration of martial law as set forth in your telegram No. 382, December 22, 4 p. m.,⁸⁵ coupled with a suspension of constitutional guarantees under paragraph 21 of article 85 of the Constitution of Nicaragua,⁸⁶ we should still regard this measure as entailing grave embarrassments and responsibilities. Under existing circumstances, martial law, if established in the troubled area, would be administered practically by and under the direction of American officers. We do not desire to have Americans engaged in holding courts martial on Nicaraguans, even captured bandits.

In view of all the circumstances we believe emphatically that the present state of affairs, as far as this question is concerned, for the present will have to be maintained in spite of its inconveniences and difficulties. If the situation changes materially, we shall be willing to review the matter.

KELLOGG

817.00/5451

The Chargé in Nicaragua (Munro) to the Secretary of State

No. 601

MANAGUA, January 27, 1928.

[Received March 7.]

SIR: With reference to my telegram No. 39 of January 21, 3 P. M.,⁸⁵ I have the honor to inform the Department that Admiral Sellers, during his recent visit to Managua, asked my opinion regarding the advisability of making a final effort to persuade Sandino and his followers to lay down their arms before the extensive military operations which are now contemplated should be carried into effect. I considered the idea an excellent one, not so much because there appeared

⁸⁵ Not printed.⁸⁶ See *Foreign Relations*, 1912, pp. 997, 1003.

to be any probability that Sandino would accept any proposal for his surrender as because the moral position of the United States Government in the matter would be stronger if it could be shown that every effort for a peaceful settlement had been made before measures were undertaken which seemed likely to result in the extermination of a part at least of Sandino's forces. I understand that General Lejeune and General Feland were of the same opinion.

There is transmitted herewith a copy of the letter which was sent in English, with a Spanish translation, to Sandino. The letter was composed by Admiral Sellers and a Spanish translation was prepared under his direction.

In order to reach Sandino a Nicaraguan named Lobo from Jinotega, who had been imprisoned here for some weeks on suspicion of connection with the Sandino movement was released upon his promise to see that the letter reached its destination. Two additional copies were dropped from airplanes upon outlaw bands near Chipote. No reply has thus far been received.

I may say that several efforts to impress upon Sandino the desirability of surrendering have been made by the marine command during the past few months and they have in each case met with a defiant and usually a very insulting answer. Despite the probability that the present attempt will be received in the same manner, I believe that there will be a decided advantage in having on record a letter to Sandino couched in conciliatory terms showing clearly that the United States Government did not take final action against him until it had exhausted every means of a peaceful settlement.

I have [etc.]

DANA G. MUNRO

[Enclosure]

*The Commander of the U. S. Special Service Squadron (Sellers) to General Sandino*⁸⁸

SIR: As you are aware, the United States government, in accordance with the so-called "Stimson Agreement," signed in May last,⁸⁹ has undertaken to protect the lives and property of both American and foreign citizens and to preserve order in Nicaragua pending the regular presidential election to be held in November next.

During the past few months the task assigned to the United States forces stationed in Nicaragua has been much hampered in the Province of Nueva Segovia by the hostile activities of a certain portion of the population under your leadership.

This refusal of yourself and your colleagues to accept, or abide by, the provisions of the Stimson Agreement, taken in conjunction with

⁸⁸ File copy is undated. Sandino in his reply, February 3, 1928 (*post*, p. 569), refers to this letter as of January 20th.

⁸⁹ i. e., the agreement between Colonel Stimson and General Moncada, confirmed by Colonel Stimson's note to General Moncada, dated at Tiptapa, May 11, 1927, *Foreign Relations*, 1927, vol. III, p. 345.

the unlawful operations of your men, has resulted in causing a considerable amount of blood to be shed unnecessarily and has created a situation in the province that is intolerable.

Fully realising the solemn obligation to preserve order in Nicaragua that the United States assumed in disarming the population, the forces under my command have recently been very largely augmented with men and munitions and it is our intention to utilize fully all of the vast resources that our government has placed at our disposal.

It is needless for me to assure you that our sole object in view is to restore order in Nueva Segovia and bring about such conditions as will enable all peaceful, law-abiding citizens of Nicaragua to live with their families and property in that measure of security that they have a right to expect.

It is equally superfluous for me to point out that the energetic and intensive campaign that our forces are shortly to inaugurate can have but one final result.

The unnecessary sacrifice of human lives is a very serious matter and it has occurred to me that, while heretofore you have refused, in the light of subsequent events you might now be willing to consider the advisability of discontinuing the present armed resistance to the United States forces and that you might be willing to follow the example of your countrymen of both political parties who in May last agreed to settle their differences in a high-minded and patriotic manner without further bloodshed.

Carrying out the policy of my government to restore order as expeditiously as possible, I do not feel justified at this time in halting any of the preparations that are now going forward energetically, unless you see fit to notify me immediately and in writing that you are willing to discuss ways and means for an acceptance by you and your colleagues of the Stimson Agreement.

I shall be glad to receive any communication that you may care to send me, addressed in care of the United States Legation, Managua.

Very truly yours,

D. F. SELLERS

Rear Admiral, U. S. Navy

817.00/5382 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, February 8, 1928—4 p. m.

[Received 9:11 p. m.]

72. From McCoy.⁹⁰ Except as indicated below, conditions throughout Nicaragua are generally peaceful and orderly. This condition is, however, due solely to the presence, under impartial American officers,

⁹⁰ Gen. Frank R. McCoy, American member of the National Electoral Commission designated by the President of the United States. See pp. 418 ff.

of the Marine Corps and *guardia* forces which give assurance to those who are peacefully disposed and which hold partisan violence in check. Pending the elimination of certain lawless bands that still infest parts of the disturbed area, clashes are to be expected from time to time between those lawless elements and the troops engaged in protecting life and property. Since bombing on January 14 and occupation of Sandino stronghold at Chipote his forces have disappeared from that locality. On February 4 our aeroplanes under Major Rowell definitely located the presence in San Rafael del Norte in northwest part of the Department of Jinotega of an organized force of about 150 armed men. Marines who entered San Rafael on February 5 transmitted unconfirmed reports from native sources to the effect that Sandino had been with the force at San Rafael. A despatch from Summerlin dated February 5 transmitted information received from the President of Honduras to the effect that Sandino with about 200 men had on February 2 crossed into Honduras from Jalapa heading northward toward wild region about Catacamas. Report indicated this last force as dwindling. Other Honduran and Salvadorean elements from Sandino's forces have also been reported as crossing the Honduran frontier at various places. A despatch from (Cruse)²¹ dated February 7 states that reliable information is to effect that Sandino was at Dipilto on February 2nd and that increasing evidence tends to confirm his later crossing into Honduras east of Jalapa.

Reliably informed American who left Matagalpa at daylight February 6th states that reports to which the American attaches full credence had reached Matagalpa on the evening of February 6th to the effect that bandit forces under Sandino had that day occupied two German properties about 10 miles east of Jinotega and were advancing on coffee plantation Lafundadora situated about 14 miles north of Matagalpa, owned by Charles Potter, a British subject. On afternoon February 7 Potter telegraphed an American here indicating Potter's property had been occupied and that occupation by a detachment from Sandino's forces with total alleged strength of several hundred men is also reported in a despatch dated February 7th received by Legation today from American consular agent at Matagalpa.

Having in view above conflicting reports, probability is believed to favor conclusion that Sandino with force of several hundred men is now in coffee area near Matagalpa owned largely by Americans and other foreigners. Reinforcements are now moving toward threatened area both from here and from northern area and part of these should reinforce regular Matagalpa garrison this evening.

EBERHARDT

²¹ Maj. Fred T. Cruse, military attaché.

817.00/5387 : Telegram

• *The Minister in Nicaragua (Eberhardt) to the Secretary of State*

MANAGUA, February 9, 1928—4 p. m.

[Received February 10—1:34 a. m.]

74. From McCoy. Colonel Parker, who returned from Ocotal February 6, reports as follows on conditions in Nueva Segovia:

Outside of localities under immediate control of troops incidents of lawless violence are not uncommon and local civil authorities, where such exist, appear unable or unwilling to punish guilty parties who are usually members of roving bands operating intermittently. In many cases political considerations have affected the persons and properties subjected to these aggressions; both Liberals and Conservatives have suffered though not always at the hands of the same bands. The crimes committed frequently involve robbery as one feature but their significance is as [an?] expression of the bitter Government and personal animosities that exist. Many of these enmities are of long standing and have their real origin in class and family struggle for local supremacy and in hatreds engendered during the recent civil war in Nueva Segovia. Both Liberals and Conservatives are inclined to violence or oppressive measures [toward] political adversaries when opportunity offers and law and order exist only where enforced by marines and *Guardia Nacional*. As the military operations now being directed to breaking up the larger and more organized lawless bands succeed in accomplishing that purpose more troops will become available for establishing and supporting civil authority in the municipalities, and conditions throughout Nueva Segovia should become more settled. Of 17 municipalities of Nueva Segovia, civil authorities are now functioning in only 7, which are under Marine Corps protection. Reestablishment of civil authority in the remaining municipalities is planned as rapidly as necessary local protection can be given by troops. From the standpoint of renewal of productive activities in the disturbed area, the most important factors are coffee, cattle, mining and food crops. The two principal mines involved are American properties owned in the [*sic*] California and Pennsylvania. The general area Jicaro, Jalapa, Murra and the coffee region in the vicinity of Populi Paneca are specially important from an economic viewpoint. Rains in the mountainous country east of Ocotal permit planting and maturing of foodstuffs during the dry season extending from December to May, inclusive. Indications are for some shortage of food in the disturbed area during the present year but that it will not extend to serious lack of necessary subsistence. While former political exiles of both parties are now in Nueva Segovia, their circulation is confined closely to localities garrisoned by marines. Few of larger property holders have resumed residence

on their rural property and renewal of agricultural, cattle raising, and mining district activities is correspondingly delayed; confidence in marines and *guardia* on part of responsible elements both parties is general and outspoken. The opinion is freely expressed by members of both parties that the continued presence of these forces until the civil authorities can be first established following a free election is the only hope of avoiding a complete break-down of public order.

EBERHARDT

817.00/5421 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, February 23, 1928—[3 p. m.]

[Received 7:59 p. m.]

90. The following telegram is being sent to Tegucigalpa:

February 23, 3 p. m. Honduran General Sequeira, associate of Sandino, reported to be in Honduras on mission for Sandino and is expected to return to Nicaragua soon. Our latest information indicates Sandino was on River Coco February 20, headed for Tibuca Mountains in Nueva Segovia, awaiting Sequeira's return. Please consider advisability of requesting arrest of Sequeira before his final departure and keep us advised of his movements and plans. We have learned that Sandino's forces are short of ammunition. Request redoubled efforts to prevent further supply being sent to him across the border.

EBERHARDT

817.00/5432 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, February 23, 1928—noon.

[Received 6:30 p. m.]

98. In order to discourage the dissemination of unfounded and harmful stories like that mentioned in the Department's 41, February 20, 5 p. m.,⁹⁸ I asked the President to have the authorities at Esteli investigate the reports of murders committed in that department. The *jefe politico* has now replied that he has no information regarding any murders of Conservatives in the department. The report of the murders of two women is entirely false and that regarding Senator Mejia's brother is unconfirmed.

During the past 6 months there have been frequent reports of murders and atrocities by both sides. Nearly all of these have proved to be unfounded when investigated by the marines. From now on increasing numbers of such reports will probably be furnished to the

⁹⁸ Not printed.

Department and the American press by the Conservatives in their attempt to show that a free election cannot be held under present conditions. The secretary of the national directorate of the Conservative Party has recently been giving the Legation long list[s] of Conservatives who have been murdered in Liberal districts. There is reason to believe the greater part of the persons included in the lists were killed during the revolution or just after the Stimson agreement and before the restoration of order.

As a matter of fact the Conservatives are now receiving efficient protection through the *guardia* in Leon and Chinandega and they cannot reasonably complain of lack of protection in the other departments, where they control both the police and the courts. They frequently use police and courts for partisan purposes, as for example in Nueva Segovia, where one of the judges who has since been removed at the Legation's request issued orders for the imprisonment of 348 Liberals in order to disfranchise them. Sandino and his followers have terrorized and plundered Conservatives and Liberals alike in certain limited and not very populous areas and his activities in my opinion have not injured one party more than another.

EBERHARDT

817.00/5433 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, February 28, 1928—2 p. m.

[Received 6:05 p. m.]

99. For advance and confidential information: Air patrol returning to Managua this noon reports an attack last night upon pack train returning from Yalito Condega in which marines suffered some casualties. Details will be furnished as soon as they can be ascertained.

EBERHARDT

817.00/5449 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, March 6, 1928—1 p. m.

[Received 5:08 p. m.]

113. Frequent reports have reached here about subscriptions which have been taken up for Sandino in New York, Mexico City, Guatemala, Santiago, Chile, Buenos Aires, and other places. General Feland requests that an effort be made to ascertain where these funds are being sent and that every effort be made to intercept any arms and ammunition which may be purchased with the funds.

EBERHARDT

817.00/5449 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

[Paraphrase]

WASHINGTON, March 7, 1928.

64. Your telegram No. 113, March 6, 1 p. m. Although reports have been received from various sources that funds are being raised for the purchase of medical supplies for Sandino the Department has not been informed of any attempt to purchase arms or ammunition with such funds. The Department believes that the amounts thus far raised are relatively small. The activities in connection with these alleged funds are being investigated when warranted. The Department will endeavor to prevent the shipment of arms and ammunition destined to the forces of Sandino.

KELLOGG

817.00/5489

The Minister in Guatemala (Geissler) to the Secretary of State

No. 1835

GUATEMALA, March 8, 1928.

[Received March 22.]

SIR: With reference to despatch 1805, of February 17, 1928,⁹⁴ in which I reported concerning a *Note Verbale* which I had handed to Minister for Foreign Affairs Toledo Herrarte, bringing to his attention the fact that, for the alleged benefit of the "Red Cross of the Sandino Army", money is being solicited in Guatemala for the aid of persons engaged in hostilities against the Government of Nicaragua, I now have the honor to transmit, with translations, copies of a *Note Verbale* of the Foreign Office, dated March 2,⁹⁴ and of its enclosures, and a copy of a Memorandum of a personal conversation, which I handed Acting Minister for Foreign Affairs Aguilar on March 5,⁹⁴ and in which I pointed out, in effect, that the activities of pro-Sandino collection committees in Guatemala are apparently in conflict with Article 3 [XIV?] of the Central American Treaty of Peace and Amity,⁹⁵ and I beg leave to report, that Mr. Aguilar has told me, orally, that the Government will see to it that none of the funds referred to leave the country, and that they are returned to the donors.

I have [etc.]

ARTHUR H. GEISSLER

⁹⁴ Not printed.⁹⁵ See *Conference on Central American Affairs*, pp. 287, 293.

817.00/5590

The Secretary of the Navy (Wilbur) to the Secretary of State

P9-2/EF49(280227)

WASHINGTON, March 16, 1928.

SIR: I have the honor to forward herewith copy of a letter from Commander Special Service Squadron of February 27, 1928, on affairs in Nicaragua.⁹⁶ Your attention is particularly invited to the enclosure with this letter which purports to be a reply written by Sandino to the letter of the Squadron Commander mentioned in previous correspondence.⁹⁷

Respectfully,

CURTIS D. WILBUR

[Enclosure—Translation]

General Sandino to the Commander of the U. S. Special Service Squadron (Sellers)

SAN RAFAEL, February 3, 1928.

9 Mr. D. F. SELLERS,
Representative of Imperialism in Nicaragua,
Managua:

I had formulated a reply, in which I answered concretely, point for point, your letter of January 20th, but special circumstances prevent me from delivering it directly.

I refer to the final point of your letter. Don't believe that the present struggle has for an origin or base, the revolution just passed. Today this is a struggle of the Nicaraguan people in general, to expel the foreign invasion of my country. Regarding the Stimson-Moncada treaties, we have reiterated a thousand times our ignorance of them.

The only way to put an end to this struggle is the immediate withdrawal of the invading forces from our territory, at the same time replacing the present President by one who is a Nicaraguan citizen and who is not running as a candidate for the Presidency, and supervising the coming elections by representatives of Latin America instead of by American Marines.

Country and Liberty,
 A. C. SANDINO

⁹⁶ Not printed; its enclosure is printed *infra*.

⁹⁷ See undated letter from the Commander of the U. S. Special Service Squadron to General Sandino, p. 562.

817.00/5481 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, March 19, 1928—3 p. m.

[Received 7 p. m.]

135. Planes returning today report having been fired on north of Murra by a band of outlaws of considerable size. They returned the fire in a manner believed to have caused a number of losses among the outlaws. Details will follow.

EBERHARDT

817.00/5571 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

No. 635

MANAGUA, March 28, 1928.

[Received April 18.]

SIR: With reference to the Department's confidential instruction No. 327 of March 5, 1928,⁹⁸ in the enclosure to which it is stated that funds are being forwarded monthly . . . to Sandino's representative in New York City, I have the honor to inquire whether it would not be possible to prosecute those persons in New York and elsewhere who are openly encouraging and furnishing material support to the revolutionary activities now being conducted by Sandino in Nicaragua. It is well known in Nicaragua that not only Salomon de la Selva and Doctor Timoteo Baca, but also Toribio Tijerino, Socrates Sandino and others are materially assisting the rebels. It seems extraordinary that such activities, which are directed not only against the Nicaraguan Government but against American forces here, should be permitted to be publicly conducted without apparent efforts on the part of the United States Government to check them.

I have [etc.]

CHARLES C. EBERHARDT

817.00/5568

The Ambassador in Mexico (Morrow) to the Secretary of State

No. 501

MEXICO, April 11, 1928.

[Received April 17.]

SIR: I have the honor to acknowledge receipt of the Department's strictly confidential instruction No. 232 of April 3, 1928,⁹⁸ transmitting for my information copy of a report to the War Department with regard to the alleged forwarding of officers and men from Mexico to assist Sandino in Nicaragua.

⁹⁸ Not printed.

As indicated in the Department's instruction under reference, a copy of the report received by the War Department had already reached the Military Attaché of this Embassy. Colonel MacNab informs me that he places no reliance in the report in question; nor has he any information that would confirm the statement made therein that officers and men were sent or are being sent from Mexico to assist Sandino or the statement that Mexico is continuing to send forward fighting men in small detachments for that purpose.

While, as previously reported, the Mexican Government has not concealed its belief that the policy of the United States in Nicaragua is a mistaken one, I am persuaded that its disagreement with us in that respect finds no expression in secret aid to Sandino and others in Nicaragua who are now engaged in hostilities against the United States forces in that country. . . .

The Department is aware, of course, of the existence in Mexico, as elsewhere, including the United States, of a so-called *Comité pro-Sandino*, which collects funds openly in public places and by private solicitation, ostensibly for the purpose of sending medical supplies to Sandino's forces. This organization is understood to be an entirely private one and to have no connection whatever with the Mexican Government . . . The organization seems to enjoy the particular favor of the *Ucsaya*, which is also active in this country but which, likewise, has no connection with the Mexican Government. The newspapers here occasionally report the dispatch of funds collected by the *Comité pro-Sandino* to Sandino and the forwarding of medical supplies, but it is believed that the funds collected are quite inadequate to recruit officers and men, supply and equip them, and forward them to Nicaragua.

I have [etc.]

DWIGHT W. MORROW

817 00/5573 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, April 20, 1928—11 a. m.

[Received 4 p. m.]

182. The marines have just informed me of the results of operations conducted 2 weeks ago in eastern Nueva Segovia. As there were indications that the outlaws were preparing a new base in this [region?] several columns were sent into it from different directions and a number of storehouses were found. Besides a moderate quantity of arms and much powder and ammunition, food estimated to be sufficient for the support of 300 men for 6 months was destroyed. This included about 45 tons of corn. Few bandits were encountered as the majority had gone to their homes for Holy Week. The destruc-

tion of stores will obviously make it much more difficult for the bandits to conduct organized operations during the rainy season.

Officers returning from the district where these operations took place state that it is generally believed by the people there that Sandino has left Nicaragua, probably on his way to Mexico. It would be most important to verify his presence in Mexico if possible.

EBERHARDT

817.00/5578a : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

WASHINGTON, April 21, 1928—2 p. m.

98. La Luz Mining Company, Delaware Corporation, advises Department that it has just received cable via Bragman's Bluff through Standard Fruit and Steamship Company that Sandino on April 12 raided its mine in the Prinzapolka district, looting all gold bullion, currency, merchandise and animals, and taking all employees of the Company prisoners including the Assistant Superintendent, Mr. George B. Marshall.

Please cable as soon as possible all information available.

KELLOGG

817.00/5579 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

WASHINGTON, April 23, 1928—5 p. m.

99. Department's 98, April 21, 2 p. m. La Luz Company reports receipt of further advices from Bluefields stating that four Americans and Harry J. Amphlett, British subject, Superintendent of the mine, have been captured by bandits who raided the mine. They request that all possible steps be taken for their recovery and safety. Please investigate and request Marine Commandant to do everything possible for their safety. Report by cable.

KELLOGG

817.00/5583 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, April 24, 1928—5 p. m.

[Received 7:35 p. m.]

186. It has thus far been impossible to get definite information by messenger. Seems to be little doubt that a force of two or three hundred bandits raided La Luz Mine about April 12th and the same or another force was at Bonanza Mine April 14th. Those who wished to leave the latter mine had time to do so but nothing definite has been learned about the fate of foreigners at La Luz.

142 men left Corinto for east coast this morning, to be joined by 52 more at Balboa. The commanding officer of the marines on the east coast has instructions to do everything possible to patrol the routes into the mining area and to make plans for sending troops into this area.

EBERHARDT

817.00/5586 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, April 25, 1928—4 p. m.

[Received 8:35 p. m.]

189. My [*The?*] marine commander, Puerto Cabezas, reports that all information indicates two bands of 150 men each are entrenching and operating mines in neighborhood of Neptune Mine which is in Pis Pis area. Sandino does not seem to be with these groups although several of his chief lieutenants are there. Another band is reported to be coming down Wanks and Wasspuc Rivers but this has not been confirmed. It is extremely difficult to obtain any reliable information.

Manager of La Luz Mine arriving at Puerto Cabezas has confirmed report of capture of Marshall and two other prisoners. Bandits had written orders from Sandino to make raid. They asserted their intention of going on to Puerto Cabezas. Much looting at the mine.

EBERHARDT

817.00/5606 : Telegram

The Consul at Bluefields (Fletcher) to the Secretary of State

BLUEFIELDS, May 2, 1928—11 a. m.

[Received 1:40 p. m.]

La Luz and Bonanza Mines again invaded by Sandinistas; La Luz totally destroyed, Bonanza partially. Rumors indicate Marshall still in hands of invaders but unharmed up to the 23rd of April. Apparently all other Americans safe.

FLETCHER

810.43 Anti-Imperialist League/65

• *The Minister in Nicaragua (Eberhardt) to the Secretary of State*

No. 668

MANAGUA, May 7, 1928.

[Received May 25.]

SIR: I have the honor to transmit herewith two pamphlets¹ which appear to be circulating in the United States calling for contributions

¹ Entitled *Enlist With Sandino and Defeat the War Against Nicaragua*; not printed.

to finance the Sandino movement in Nicaragua. I should like particularly to call the Department's attention to one of the paragraphs on the last page of the smaller pamphlet, in which the All-America Anti-Imperialist League advocates mutiny among the marines sent to Nicaragua and states that their only proper course is to desert to Sandino. I should like to inquire whether it would not be possible to take legal action of some sort against those responsible for propaganda of this nature.

I have [etc.]

CHARLES C. EBERHARDT

817.00/5646 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, May 13, 1928—6 p. m.

[Received 10:45 p. m.]

209. General Feland states that all available information points to the conclusion that the greater part of the Sandinista forces amounting to approximately 275 men are in the region between the Pis Pis mining district, Bocay, Coco River and Wasspuc River. The marines are closing in on them and preventing their escape to the south, east, or northeast. If this conclusion is confirmed the only escape for this force is into Honduras or up the Coco. The latter route would be very difficult and troops from Segovia are disposed so as to intercept them.

It seems certain that the main object of the Pis Pis raid was to procure ammunition and that this object was not attained. All of the outlaws are still very short of ammunition and very few recruits were obtained by them in the mining region.

General Feland also believes that his troops are properly disposed to prevent the entrance of the outlaws into any other populated part of the country should the above conclusions as to their whereabouts prove incorrect.

EBERHARDT

817.00/5747

The Consul at Bluefields (Fletcher) to the Minister in Nicaragua (Eberhardt)²

BLUEFIELDS, May 26, 1928.

SIR: I have the honor to transmit a copy of a letter received by the Manager of the La Luz y Los Angeles Mines and its English translation.

In this consulate's letter to the Legation dated May 17, 1928, paragraph 4, rumors indicated that Sandino had not sanctioned the wan-

² Copy received in the Department June 5, 1928.

ton destruction of American property, but the attached letter dated April 29th, 1928, if authentic,³ indicates the present policy of Sandino to be one of unrestrained destruction.

Rumor reached this port on the 22nd of May that Marshall had been murdered. I have been unable to secure any authentic information regarding this report, but the American military authorities stationed in this city doubt the truth of the rumor.

With reference to the rumor that 50 raiders were operating near Rama on the Escondido river you are advised that the patrol sent out to investigate the report have returned to this city. They failed to make any contacts.

I have [etc.]

SAMUEL J. FLETCHER

[Enclosure—Translation '1]

General Sandino to the Manager of the La Luz and Los Angeles Mines

LA LUZ, April 29, 1928.

MY DEAR SIR: I have the honor to inform you that on this date your mine has been reduced to ashes by order of this command and to make more tangible our protest against the warlike invasion your Government⁴ has made of our territory with no other right than that of brute force.

Until the Government of the United States orders the retirement of the pirates from our territory there will be no guarantee in this country for North American residents therein.

In the beginning I confided in the thought that the American people would not make themselves creditors of the abuses committed in Nicaragua by the Government of Calvin Coolidge, but I have been convinced that North Americans in general uphold the attitude of Coolidge in my country; and it is for that reason that everything North American which falls into our hands is sure to meet its end.

The losses which you have had in the mine mentioned you may collect from the Government of the United States—Calvin Coolidge, who is the only one truly responsible for the horrible and disastrous situation through which Nicaragua is now passing.

If you are a just man, you will understand that what has been mentioned above is an effective reality.

The pretext that Mr. Calvin Coolidge gives for his intervention in Nicaragua is to protect the lives and interests of North Americans and other foreign residents in the country, which is a tremendous hypocrisy. We Nicaraguans are respectable men and never in our history

³ In a communication to the Navy Department dated June 2, 1928, Admiral Sellers reported that Sandino was at the mine in person on April 23, and left the letter (file No. 817.00/5766).

⁴ File translation revised.

⁵ For the actual nationality of the mine superintendent, see Department's telegram No. 99, Apr. 23, 5 p. m., p. 572.

have there ever been registered events like those now taking place which is the fruit harvested from the stupid policy of your Government in our country.

The most honorable decision that your Government ought to make in the present conflict with Nicaragua is to retire its forces from our territory, thus permitting us Nicaraguans to elect our national Government, which will be the only means of pacifying our country.

Upon your Government depends the preservation of good or bad friendship with our national Government; and you, the capitalists, will be appreciated and respected by us as long as you treat us as equals and not in the erroneous manner of today, believing yourselves lords and masters of our lives and property.

I am your affectionate servant,

Fatherland and Liberty,
A. C. SANDINO

817.00/5704: Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

[Paraphrase]

MANAGUA, May 29, 1928—5 p. m.

[Received 9:12 p. m.]

237. I have been informed by President Diaz that he is considering asking the Honduran Government to comply with its obligations under the Central American treaties by taking action against . . . who is openly giving aid to Sandino. Such action would probably greatly embarrass Sandino and have a good psychological effect in Nicaragua, but we hesitate to encourage President Diaz to proceed without knowing whether such action, taken by him and on his own responsibility, would embarrass the Department elsewhere.

Repeated to the Legation in Honduras.

EBERHARDT

817.00/5711: Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, May 31, 1928—4 p. m.

[Received 7:59 p. m.]

242. General Feland has furnished me the following summary of the military situation on May 31.

"A concentration of guerrilla forces with about 200 rifles appears to have formed in the wild country north of Pena Blanca; most of these probably returned from the Pis Pis area. This force is in rugged and heavily wooded terrain, making reconnaissance difficult.

[Paraphrase.] Preparations have been completed and operations against them will proceed at the proper time. Operations to clear out any remaining outlaws in the country surrounding Pis Pis are now proceeding. [End paraphrase.]

A small band of outlaws remains in the southwest corner of Nueva Segovia very near the frontier of Honduras. It is believed that this band frequently crosses the border to escape continuous pressure of marine patrols."

EBERHARDT

817.00/5713 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, May 31, 1928—5 p. m.

[Received 9:55 p. m.]

243. My May 29, 2 p. m.⁶ The group which attacked the police and the revenue guards at Masaya later attacked the police station at Niquinohomo, obtaining four more rifles. They then fled southward. They are being closely followed by marines and *guardia*, who have already recovered 10 rifles and killed 2 men.

The facts about this raid are still obscure and all political factions are disclaiming responsibility. Several Conservative military leaders and professional gunmen are more or less implicated and the *guardia* are now holding Luis Zelaya and Joaquin Espana, both Conservative generals. On the other hand, three Liberals who were arrested yesterday at Granada are alleged by the Conservative authorities to have stated that they were on their way to join an expected Liberal uprising. President Diaz informs me that he regards the movement as an evidence simply of disaffection and Sandinista sentiment among the lower classes.

[Paraphrase.] We suspect very much that the raid was instigated by one or both of the factions for some political purpose. [End paraphrase.] It is notable that no resistance was made either by the police or by the revenue guard and that some members of both forces seem to have joined the assailants. General Feland regards the incident as unimportant from a military point of view and feels that its prompt suppression will have an excellent effect.

There are persistent rumors that a similar movement will occur in the near future at Leon. Several days ago there was an assault on the *guardia* post at Posoltega and there is a strong suspicion that the assailants were members of the revenue guard.

EBERHARDT

⁶ Not printed.

817.00/5704 : Telegram

The Secretary of State to the Minister in Nicaragua (Eberhardt)

WASHINGTON, June 1, 1928—3 p. m.

125. Your 237, May 29, 5 p. m. Action contemplated by Nicaraguan Government would not embarrass this Government, and would appear proper under Central American treaties. The Department does not desire however to appear as pressing for such action. Repeated to Tegucigalpa.⁷

KELLOGG

810.43 Anti-Imperialistic League/65

*The Secretary of State to the Minister in Nicaragua (Eberhardt)*⁸

No. 381

WASHINGTON, June 12, 1928.

SIR: The Department has received your despatch No. 668 of May 7, 1928, transmitting copies of circulars issued by the All-America Anti-Imperialist League. You inquire whether it may be possible to take legal action against those responsible for propaganda of this nature.

For your information in the above matter, there is enclosed a copy of a decision refusing the issuance of an injunction against an order of the Post Office Department barring from the mails matter bearing the so-called Sandino stamps issued by the All-America Anti-Imperialist League, said decision having been rendered by the United States District Court for the Southern District of New York, in the case of Manuel Gomez, individually and as Secretary and Acting Treasurer of the All-America Anti-Imperialist League, Plaintiff, versus the Postmaster of the City of New York and the Postmaster General of the United States of America.⁹

For your confidential information the Department informs you that the United States Attorney will now consider whether the acts of the persons connected with the All-America Anti-Imperialist League constitute a violation of any criminal statute. It is, therefore, desired that you inform the Department of any information in your possession which may indicate that the funds collected by the All-America Anti-Imperialist League in the United States are being used for the purchase of munitions for the Sandino forces in Nicaragua.

I am [etc.]

For the Secretary of State:

FRANCIS WHITE

⁷ Sent to Honduras as telegram No. 42.⁸ The same instruction was sent on the same date to the Ministers in Guatemala (No. 1091), Honduras (No. 263), and Salvador (No. 134).⁹ See *Gomez v. Kiely, Postmaster of City of New York, et al.*, 27 F. (2d) 889.

817.00/5780

The Chargé in Costa Rica (De Lambert) to the Secretary of State

No. 1237

SAN JOSÉ, June 14, 1928.

[Received June 26.]

SIR: Referring to despatch No. 1225 of May 31, 1928,¹⁰ with regard to the presence of former followers of Sandino in Costa Rica, I have the honor to report that on June 13, 1928 there appeared in *La Tribuna* of this city an interview purporting to have been given to a representative of that paper by the "Nicaraguan General Alberto Larios, one of the chiefs of the recent uprisings".

In this interview Larios was quoted as saying that he had been leading more than 180 of Sandino's forces for some time and that on May 28th last he and his men were defeated at Masaya by 660 marines and 20 national guards, that his forces were so badly routed and scattered that it was impossible to get them together again so he and forty-five of his followers had fled into Costa Rica, many of his men being seriously wounded and he himself having at the present time three wounds in his right arm. The report states that Larios came to San José, leaving his men in Liberia, the capital of the province of Guanacaste, in the northwestern corner of Costa Rica. Liberia is approximately forty-five miles from the Nicaraguan border.

But the following statement also was attributed to Larios: "I shall do everything possible to rejoin Sandino as soon as possible in order to continue fighting in defense of our beloved Nicaragua. My companions also will return and again put themselves at the disposal of the chiefs who are fighting for the liberty and sovereignty of Nicaragua. The forty-five who accompanied me have remained in Guanacaste, among them four of my staff, and only await the opportunity to rejoin the army."

How much of this may be bravado and how much truth I am not in a position to state, but I felt that if Sandino's men are fleeing to safety in Costa Rica with the intention of remaining here only long enough to recondition themselves and perhaps to secure some of the elements of war, and then to return to rejoin Sandino, it is time for the Costa Rican Government to take such action as may be necessary to prevent its territory from being used as a temporary sanctuary or as a base of hostilities.

Therefore I have discussed the matter with the Secretary of State for Foreign Affairs and he has assured me that his Government will lose no time in having an investigation made and also in having such steps taken as the case may require. He also promised to advise me as soon as he has any information in the matter.

¹⁰ Not printed.

The Department will, of course, be kept advised of any developments.

I have [etc.]

R. M. DE LAMBERT

810.43 Anti-Imperialistic League/71

The Minister in Guatemala (Geissler) to the Secretary of State

No. 1997

GUATEMALA, June 25, 1928.

[Received July 6.]

SIR: With reference to the Department's Confidential Instruction No. 1091 of June 12, 1928,¹¹ I have the honor to state, that the Legation is not in possession of any information indicating for what the funds collected by the All-America Anti-Imperialist League in the United States are being used, except the reputed purpose of the organization to foment trouble for the United States.

I have [etc.]

ARTHUR H. GEISSLER

810.43 Anti-Imperialistic League/73

The Minister in Salvador (Caffery) to the Secretary of State

No. 1217

SAN SALVADOR, June 25, 1928.

[Received July 12.]

SIR: I have the honor to acknowledge receipt of the Department's instruction No. 134 of June 12, 1928,¹¹ transmitting for my information a copy of a decision refusing the issuance of an injunction against an order of the Post Office Department barring from the mails matter bearing the so-called Sandino stamps issued by the All-American Anti-Imperialist League. The Department informed me that the United States Attorney would consider whether the acts of the persons connected with the All-American Anti-Imperialist League constitute a violation of any criminal statute. It was therefore desired that I inform the Department of any information in my possession which might indicate that the funds collected by the All-American Anti-Imperialist League in the United States were being used for the purchase of munitions for the Sandino forces in Nicaragua.

In this connection, I have the honor respectfully to refer to my despatch No. 1090 of April 25, 1928,¹² in which I stated that I had sent a telegram to the Legation at Tegucigalpa reading as follows:

"I hear that Sandino adherents in this country are endeavoring to transmit money for Sandino to . . . at Tegucigalpa and that they will probably endeavor soon to send an emissary bearing funds from them to him."

¹¹ See footnote 8, p. 578.

¹² Not printed.

I have been frequently told by the Salvadorean authorities that they have reason to believe that all communication between Sandino and his adherents in this country passes through the hands of . . . at Tegucigalpa; that, if any funds are sent from Salvador they are sent to . . . I have not been able to secure evidence that funds have actually been sent to him, although at one time or another I have heard rumors that funds were about to be sent to him. On the other hand, I have heard that small amounts collected ostensibly for Sandino were eventually divided up among the collectors.

I have [etc.]

JEFFERSON CAFFERY

810.43 Anti-Imperialistic League/72

The Minister in Honduras (Summerlin) to the Secretary of State

No. 647

TEGUCIGALPA, July 2, 1928.

[Received July 11.]

SIR: I have the honor to refer to the Department's confidential instruction No. 263 of June 12, 1928,¹³ (file No. 810.43 Anti-Imperialist League/65), directing me to report any information I may have which would indicate that the funds collected by the All-America Anti-Imperialist League in the United States are being used for the purchase of munitions for the Sandino forces in Nicaragua.

According to reliable information it does not appear that arms and ammunition purchased from any source are reaching Sandino through Honduras, except possibly in entirely negligible quantities. It is not the same, however, in regard to money. There is no doubt that . . ., who is Sandino's openly avowed agent in Tegucigalpa, is sending money in considerable amounts to Sandino, although it would be difficult to prove in a court of law. The money is said to come to . . ., by messengers, directly from Mexico City. According to information received by the Legation, all money collected for Sandino goes to . . . or . . ., both addresses in Mexico City. It is more than probable that the larger portion of these funds is collected in the United States and forwarded via Mexico, to . . . and possibly other agents of Sandino in Central America. There appears to be little doubt too, although there is no tangible proof, that . . . is in touch with, if he is not actually an agent of, the All-America Anti-Imperialist League in the United States. The enclosed propaganda sheet issued by the League,¹⁴ came from . . . office and I understand that it is planned to have a translation into Spanish made and to distribute the sheet in that language in Tegucigalpa.

I cannot understand why the Government of Nicaragua has not long ago demanded, under the Treaties of 1923, that this Government

¹³ See footnote 8, p. 578.

¹⁴ Not printed.

curb the activities of . . . In view of widespread native sympathy for Sandino and the weakness of Dr. Paz's Government it is not within reason to expect him to take such action unless an appropriate demand is made upon him. . . . whole activity indicates that he feels he can act with impunity and it may be that he has received advices from Nicaragua that no serious attempt will be made to interfere with him, for it appears that Sandino enjoys considerable popular sympathy even in Nicaragua.

I have [etc.]

GEORGE T. SUMMERLIN

817.00/5815 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, July 11, 1928—4 p. m.

[Received 8:35 p. m.]

278. A short time ago the Nicaraguan Government offered amnesty to all former bandits in Nueva Segovia who might wish to resume their lawful occupations. One hundred eighty-nine men have taken advantage of this offer in the past few days and have registered with the marine commander before returning to their homes. Many of them had been living in Honduras or in hiding on the Nicaraguan side of the frontier. Their return should do much to promote the reestablishment of normal conditions in the north, where conditions have greatly improved in the past few days.

EBERHARDT

817.00/5704 : Telegram

The Secretary of State to the Minister in Honduras (Summerlin)

WASHINGTON, July 14, 1928—3 p. m.

63. Department's 42 June 1, 3 p. m.,¹⁶ and your despatch 647 of July 2, 1928, third paragraph. Department informed by Legation at Managua that Nicaraguan Government instructed its Minister in Tegucigalpa on June 21, 1928, to deliver note to Honduran Government requesting that Government to curtail activities of . . .

In view of the initiative taken by Nicaraguan Government you may bring informally to the attention of the Honduran Government the profound and friendly interest which the United States has in Central American peace and stability. The Honduran Government is of course fully aware of its obligations under the Treaties of 1923 and of its responsibility for the subversive acts of persons within its territory against the recognized governments of other Central American countries. This Government therefore concurs fully in the

¹⁶ See footnote 7, p. 578.

request made by the Nicaraguan Government that the Honduran Government take steps to curb the activities of those persons in its territory now aiding subversive movements in Nicaragua or engaging in such activities in the future. Such action by the Honduran Government would necessarily be welcomed as evidence of its sincere desire to comply with its obligations under the Central American Treaties.

KELLOGG

817.00/5844a : Telegram

The Secretary of State to the Minister in Honduras (Summerlin)

WASHINGTON, July 21, 1928—noon.

66. Legation Managua telegraphs¹⁷ reliable information indicates that what is apparently main body Sandino's force is just north of Patuca River in disputed boundary area in very favorable position for aerial attack. General Feland, General McCoy and Eberhardt consider matter so important that they are sending Munro to Tegucigalpa by aeroplane today to discuss matter with you. Please take matter up immediately upon Munro's arrival with President Paz and endeavor to obtain an immediate consent to this action and cable authority to Managua.

KELLOGG

817.00/5846 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, July 21, 1928—3 p. m.

[Received 8:30 p. m.]

292. General Feland has just reported the following to this Legation :

"July 21st, 1928. Today 2 planes of this command while on reconnaissance duty in northeastern part of Nueva Segovia discovered a band of armed outlaws on the north bank of the Patuca River about 10 miles up that stream from its mouth. Our planes were fired upon by the outlaws' machine guns and rifles. The planes dropped some handbills, were uninjured, and did not return the fire."

Repeated to Tegucigalpa.

EBERHARDT

817.00/5860 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, July 25, 1928—7 p. m.

[Received 10:50 p. m.]

295. General Feland reports that five aeroplanes returned today from region described in Legation's 292, July 21, 3 p. m., reporting

¹⁷ Telegram No. 289. July 20, 2 p. m.; not printed.

that they were again subjected to machine gun and rifle fire, three aeroplanes being hit by rifle fire but not seriously damaged. They returned the fire, but results not yet reported and difficult to ascertain due to dense forest. This occurred at a lumber camp owned by a German citizen which the outlaws had seized and were occupying.

EBERHARDT

810.43 Anti-Imperialistic League/79

The Minister in Nicaragua (Eberhardt) to the Secretary of State

No. 760

MANAGUA, July 31, 1928.

[Received August 18.]

SIR: With reference to my despatch No. 744 of July 18,¹⁸ in which I reported that it was impossible to obtain any evidence indicating that funds collected by anti-imperialist organizations in the United States are being used for the purchase of munitions and war supplies for the outlaws in Nicaragua, I have the honor to report that information obtained from the Military Attaché at Tegucigalpa indicates that the funds collected by friends of Sandino in the United States and other countries are not sent directly to his forces . . . Military supplies purchased with these funds, therefore, would not necessarily be shipped from the United States.

Although very large sums must have been collected during the campaign which has been carried on in several foreign countries, including the United States, only a few thousand dollars appear to have reached Sandino. This has been sent to him through . . . in Tegucigalpa, who appears to be Sandino's sole means of communication with the outside world. Several messengers from . . . to Sandino have been killed and robbed during recent months because of the supposition that they might be carrying money.

From the character and past record of those who are most prominent in the campaign in foreign countries on behalf of Sandino it may safely be assumed that the greater part of the funds collected are used for the immediate benefit of those who collect them. An investigation would probably show that agitation against the policy of the United States in Nicaragua has been a very profitable occupation for such persons as . . . Sandino, on the other hand, has not appeared to be well-supplied with money or with other military necessities, and it is not thought probable that any great quantity of supplies could reach him under present conditions.

I have [etc.]

CHARLES C. EBERHARDT

¹⁸ Not printed; it was a reply to the Department's instruction No. 381, June 12.

817.00/5894 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, August 9, 1928—8 a. m.

[Received 10:33 a. m.]

305. On August 7th Captain Edson, proceeding up Coco River with 46 marines, attacked what believed to be the main body of outlaws about 20 miles below Wamblan, inflicting known losses on the enemy of 10 killed, 3 wounded. One marine named Meyer Stengel was killed and 3 wounded, the latter being now cared for at Puerto Cabezas. Outlaws believed to be the retreating survivors of the forces which engaged the American planes on July 25th.

EBERHARDT

817.00/5906

The Minister in Nicaragua (Eberhardt) to the Secretary of State

No. 775

MANAGUA, August 24, 1928.

[Received September 7.]

SIR: I have the honor to transmit herewith a copy and translation of a decree issued by the Nicaraguan Government on August 9th¹⁹ granting full and unconditional amnesty to all bandits who may surrender voluntarily to the authorities before September 15th of this year. This decree has been given extensive publicity throughout the Republic and many copies and leaflets relating to it have been dropped from airplanes in the northern sections of the country.

During the past few weeks, taking advantage of this proclamation and of earlier promises of amnesty, more than 1200 persons have registered with the authorities in Nueva Segovia as former bandits. A few of these appear to have been active members of Sandino's forces. Many of the others were members of an extensive organization created by the Liberal leader, José Leon Díaz, to resist aggression on the part of the authorities and the Conservative bandits some of whom were apparently operating with the connivance of the authorities. Díaz himself with his immediate followers apparently operated at times in connection with Sandino, but it is doubtful whether he ever fully admitted Sandino's authority. Very few of those who registered have surrendered any weapons. I do not believe that any large number of them were ever actively engaged in acts of real banditry, but the fact that they have renounced their connection with outlaw organizations indicates the great improvement which has taken place in Nueva

¹⁹ Not printed.

Segovia. The Conservative bandits Hernandez and Torres are now in the penitentiary at Managua, whereas José Leon Diaz is hiding in the North and has been inactive for several months.

The Legation has recently received from the Chief of the *Guardia Nacional* an interesting report regarding the operations of a mobile patrol of *Guardia* which visited several points in the former bandit country around San Juan de Telpaneca during July. The patrol leader reported that the inhabitants of this region were still somewhat demoralized and terrorized and that it would be difficult to persuade them to till their fields and thus restore normal economic conditions until their confidence in the re-establishment of order was more complete. The people seemed well-disposed and friendly, however, and the *Guardia* Commander was able to organize several large groups of vigilantes who promised to cooperate with the *Guardia* and the Marines by furnishing information regarding bandit activities by acting as guides and scouts and by disseminating propaganda.

I have [etc.]

CHARLES C. EBERHARDT

817.00/5977 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, September 13, 1928—noon.

[Received 4:20 p. m.]

341. The following telegram was sent to the Legation, San Jose:

"September 13, 10 a. m. A letter has been intercepted here which states that . . . has been recruiting men for a revolt in Nicaragua about September 15th. The party will go apparently by way of the Zapote River to Rivas. The letter indicates that there is a conspiracy to start movements at other places in Nicaragua at the same time, presumably in order to prevent the registration of voters. . . . is probably participating. The letter is from . . . at Limon.

Will you kindly inform me at once of any information which you may have or can obtain about this and also of the steps which the Costa Rican Government is taking or will take to stop these activities against Nicaragua.

General Feland considers this information important. . . . was one of the leaders of the Masaya uprising last May and is understood to have been openly conducting Sandinista propaganda in Costa Rica since then. Many reports have been received lately indicating that some form of attack from that side was to be expected.

President Diaz has requested the Legation to ask the Department to request the Costa Rican Government on his behalf to take immediate measures to prevent the organization of movements of this kind in Costa Rica and to arrest or deport those involved."

EBERHARDT

817.00/5978 : Telegram

The Chargé in Costa Rica (De Lambert) to the Secretary of State

SAN JOSÉ [,September 13, 1928—5 p. m.]

[Received 9:18 p. m.]

60. The following telegram was sent to the Legation, Managua:

"September 13, 5 p. m. Your September 13, 10 a. m.²⁰ No information now available, but the Costa Rican Government is taking immediate steps to investigate and Foreign Minister indicates desire to assist in every way possible to prevent such activities. Will inform you as soon as I have any information. Repeated to the Department."

DE LAMBERT

817.00/5978 : Telegram

The Secretary of State to the Chargé in Costa Rica (De Lambert)

WASHINGTON, September 14, 1928—4 p. m.

30. Your 60, September 13, 5 p. m. Please watch developments carefully and keep the Department and the Legation at Managua fully informed.

KELLOGG

817.00/5984 : Telegram

The Chargé in Costa Rica (De Lambert) to the Secretary of State

SAN JOSÉ, September 18, 1928—4 p. m.

[Received 11 p. m.]

61. Department's telegram September 14, 4 p. m. President Gonzales Viquez has informed me that he has learned that . . . has gone to some unknown destination with "lots of money which he took from . . ." and . . . is reported to be leaving Tilaran, near Canas, in the greatest poverty, for Nicaragua today via Guanacaste. This information evidently came through a woman connected with . . . party.

The Costa Rican Government believes that they are moving about merely as individuals, as it has been able to find no evidence of any organization with intent of armed invasion of Nicaragua, although . . . has been traveling around to various communities in Guanacaste in company with several persons of both sexes giving shows.

The President promises to keep me informed and expresses desire to cooperate in prohibiting any armed or organized expedition from Costa Rican soil but also expresses desire not to interfere with movements of individuals crossing the border on legitimate affairs.

Repeated to Legation at Managua.

DE LAMBERT

²⁰ See telegram No. 341, Sept. 13, noon, from the Minister in Nicaragua, *supra*.

817.00/6013

The Minister in Nicaragua (Eberhardt) to the Secretary of State

No. 800

MANAGUA, September 20, 1928.

[Received October 4.]

SIR: I have the honor to report that the operations conducted by the Marines against Sandino and other outlaws in northern Nicaragua have now reached a point where it appears extremely improbable that the outlaws can seriously interfere with either the registration of voters or with the election itself. For several months these outlaws have been confined to the wildest and most sparsely settled sections of Nicaragua and to the equally wild adjacent portions of Honduras, and the Marine patrols have made their movements in these districts more and more difficult. Although they have avoided contact even with small groups of our forces, airplanes and ground patrols have been able to inflict serious damage on them in the few encounters which have recently occurred.

Information received from various sources, including reports from persons who have actually visited the camps of the principal leaders, indicates that the combined strength of the various outlaw groups does not exceed two hundred men, and that these are poorly armed and equipped. For the most part, the bands are now composed of professional bandits and other border ruffians, of the type which has always infested the frontier districts. A recent and apparently reliable report indicates that Sandino's main force now consists of approximately eighty men.

The situation has changed radically since a year ago, when Sandino was able to terrorize practically the entire area of the Departments of Nueva Segovia, Estelí, and Jinotega, and when a very large part of the population in those and many other districts, not only sympathized with but actively aided the outlaws. Popular sentiment in the Northern provinces is now friendly, rather than hostile, to the Marines, who are finding it far easier than formerly to obtain information and assistance from the inhabitants. More than sixteen hundred persons who were formerly associated with Sandino or one of the other bandit leaders have recently availed themselves of the President's amnesty proclamation and registered with the authorities as a pledge of future good conduct. The growing conviction that the election would be really free and fair has led many others, who had formerly sympathized with the outlaw movement, to align themselves with the Liberal Nationalist party in order to take part in the presidential campaign. So far as Nicaraguan internal politics are concerned, in fact, the Sandinista movement has lost practically all of its significance.

It must not however be assumed that there is no further possibility that Sandino or other disaffected elements may cause grave embarrassment during the electoral period. Although life and property are probably more secure, and general conditions more peaceful, both in the northern departments and throughout the Republic, than ever before in the history of Nicaragua, it is entirely impossible with any forces which could possibly be made available to prevent the movement of small armed bands in the mountainous country of the North, and it is very probable that such bands will continue to commit depredations and acts of terrorism from time to time. There will even be danger that some of the more remote polling places may be attacked, although every effort has been made to assure their safety. No operations which Sandino could conceivably conduct with his present forces would have any appreciable effect upon the outcome of the election, but the mistreatment of a few voters or a raid on two or three villages might later enable the defeated party to assert that the election had not been held under conditions which enabled it to poll its full vote.

There is in fact some probability that one or the other of the two political parties, if it believes itself likely to lose, will deliberately attempt to create disturbances in the northern departments or in the interior, in an attempt to prevent the holding of the election or to provide an excuse for maintaining that it was invalid. At the present time, when both parties are apparently confident of victory, there is no immediate reason to fear such activities, but one or the other may become discouraged after the results of the registration of voters become known, as each party keeps a careful check on the number of its partisans registering. Even with continued confidence in both parties, furthermore, there will be danger that Conservative or Liberal leaders will foment disturbances in districts where they see a possibility of keeping their opponents from the polls by intimidation. It is hoped that the presence of a large force of Marines and the policing of every town and village in the country by them or by the *Guardia Nacional* will render such manoeuvres fruitless if they do not altogether prevent them.

I have [etc.]

CHARLES C. EBERHARDT

817.00/5999 : Telegram

The Chargé in Costa Rica (De Lambert) to the Secretary of State

SAN JOSÉ, September 25, 1928—4 p. m.

[Received 10 p. m.]

64. Department's telegram September 14, 4 p. m. Indications are that . . . has not returned to Nicaragua. Foreign Office today informed me that he last Saturday arrived at Las Juntas in southern Guanacaste with small theatrical troop and is under surveillance.

Repeated to Managua.

DE LAMBERT

817.00/8019 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, October 8, 1928—4 p. m.

[Received 8:08 p. m.]

359. On September 26, the Liberal political member and the Liberal secretary to the local electoral board in the Canton of Santa Cruz, Department of Jinotega, together with several [others?] were attacked and murdered at a farm near that place. On October 1st Juan Carlos Mendieta and two other Liberals were murdered at San Marcos, 11 miles west of Jinotega, while campaigning for Moncada. While the first of these murders may have been the result of an old private feud the second was clearly a premeditated and purely political crime. The authorities, including the Liberal *jefe político*, have reported that it was committed by a band under Pedro Altamirano, a notorious outlaw of this region, and one of Sandino's principal leaders. It now appears fairly well established that this was the case although the leading Liberals in Managua, all of which are intensely excited, still profess to believe that both sets of murders were either committed by Conservatives or by Sandinistas instigated by the Conservatives. The tone of the Liberal press has been so extreme that we have urged Moncada to use his influence to prevent the publication of articles which might incite the Liberals to reprisals.

At the suggestion of the Legation the President has issued a decree calling upon the public to assist in the capture of the criminals and authorizing the chief of the *guardia* to organize volunteer non-partisan forces of vigilantes under American officers for this purpose. In the discussion of this matter we have encountered a curious reluctance on the part of some of the President's advisers to commit the administration to a public reprobation of the murders.

While difficulties of communication have thus far made it impossible to obtain satisfactory information it is possible that both sets of murders were part of an effort to carry out Sandino's public threat to create such conditions that the election would be impossible. There is much uneasiness in Jinotega and totally unfounded rumors of battles and impending bandit attacks are constantly being received. Fortunately this situation apparently arose too late to prevent a fairly satisfactory registration of voters in the department. Every effort will be made to establish completely peaceful conditions throughout the region before election day.

Outside of this one region conditions throughout the registration period which ended yesterday have been completely satisfactory and the total registration will apparently be large.

EBERHARDT

817.00/6029 : Telegram

The Minister in Nicaragua (Eberhardt) to the Secretary of State

MANAGUA, October 11, 1928—noon.

[Received 3:53 p. m.]

362. The following telegram was sent to the Legation, San Jose:

Information has reached us from two separate sources that . . . is preparing to invade Nicaragua from Costa Rica about the end of this month. One report states that he has a force of about 80 men at Paris Mina and that he is preparing to attack San Carlos presumably by way of the San Juan River. The other, coming from El Cairo farm between Siquierres and La Estrella, indicates that he has been enlisting laborers on farms in that vicinity but that he plans to invade Nicaragua by way of the west coast. The United Fruit Company could perhaps furnish information regarding his whereabouts. Any information which you can obtain or any steps which can be taken to check . . . activities would be very helpful.

EBERHARDT

817.00/6032 : Telegram

The Chargé in Costa Rica (De Lambert) to the Secretary of State

SAN JOSÉ [undated].

[Received October 12, 1928—3:40 p. m.]

68. The following telegram was sent Managua:

October 12, 11 a. m. Your telegram October 11, noon.²¹ President Gonzales Viquez states that he will try to secure further information about . . . and that he will have orders sent to Paris Mina and Colorado to be especially watchful and to report any activities, but at the same time he minimizes possibility of any real trouble arising here.

The United Fruit Company also is investigating.

Repeated to the Department.

DE LAMBERT

817.00/6037 : Telegram

The Minister in Costa Rica (Davis) to the Secretary of State

SAN JOSÉ [undated].

[Received October 17, 1928—7:40 p. m.]

70. The following telegram was sent Managua October 17, noon:

The following telegram from the Assistant Inspector of Hacienda at Colorado Bar relative to the activities of . . . was given to me today by the President:

"I arrived at Boca Sarapiquí where I learned that the person commissioned to receive . . . and companions was . . . , also a Nicaraguan, who had been there and departed for Boca de San Carlos. I also learned there that he had entered this place and decided to follow him. In effect he is here and it appears that tomorrow

²¹ See telegram No. 362, Oct. 11, noon, from the Minister in Nicaragua, *supra*.

he will depart for Nicaragua according to what he says. I have given this information to the Sub-Inspector here and I expect to leave tomorrow, returning to the Barra, at the same time watching . . . Of . . . and his agent I only know that they are in effect expected, but I do not know where they are nor where they will enter, although the presence of . . . here makes it appear that it will be through here."

After a conversation with the President he stated that he would immediately instruct Costa Rican authorities to watch . . . and his friends and detain them should they attempt an invasion of Nicaragua. He also stated that he would disarm individuals leaving Costa Rica for Nicaragua and that he would keep me advised of the movements of . . . and his friends.

Second section follows.²² Repeated to the Department.

DAVIS

BOUNDARY DISPUTE WITH COLOMBIA

(See volume I, pages 701 ff.)

²² Not printed.