

## NICARAGUA

### ASSISTANCE BY THE UNITED STATES MARINES IN THE SUPPRESSION OF BANDIT ACTIVITIES IN NICARAGUA<sup>1</sup>

817.00/6165 : Telegram

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

MANAGUA, January 3, 1929—4 p. m.

[Received 8:07 p. m.]

6. Admiral Sellers, General Feland, General Beadle, Munro<sup>2</sup> and I called on President Moncada this afternoon to discuss with him the recommendations which the Admiral wished to make regarding the number of marines to be retained here for the present. The Admiral stated that he proposed to recommend that the force be reduced to 3,500 men for the present upon the understanding that the Nicaraguan Government would make every effort to increase and strengthen the Guardia Nacional so as to permit a further reduction when the guardia had demonstrated its ability to assume an added share of responsibility for the situation in the north.

The President said that he fully concurred in this recommendation. He was glad to have as many marines retained here as we might wish and for as long a time as we considered desirable. He stated however that he wished himself to assume more of the responsibility for checking banditry in the north and to organize a Nicaraguan force of about 500 carefully selected volunteers who would conduct an active campaign against Sandino and whose operations would make it unnecessary for the marines to continue their present active field work. This force would merely be a temporary expedient to be disbanded as soon as order was restored and he would wish to have it placed under guardia and marine officers. He felt that the operations of this force would make possible a very much larger reduction of the marines in the near future.

The President also said that he desired to make the guardia more efficient principally by more careful selection of its members. He expressed admiration for the work already done by the organization

<sup>1</sup> Continued from *Foreign Relations*, 1928, vol. III, pp. 559-592.

<sup>2</sup> Rear Admiral David Foote Sellers, U. S. N., Commander of the Special Service Squadron; Brigadier General Logan Feland, U. S. M. C., Commander of the Second Brigade, U. S. Marines; Brigadier General Elias R. Beadle, Chief of the Guardia Nacional of Nicaragua; Dana G. Munro, Foreign Service Inspector.

but said that he thought it would require two years to bring it to the highest level of efficiency. He expressed particular interest in the establishment of a school for officers and said that he contemplated placing the appointment of all local police chiefs and other police officials under the control of the guardia. He said that he would always wish to have American officers in this organization.

As a result of this conversation the Admiral is recommending that the marine forces here be reduced to 3,500 men which he considers sufficient to continue the work of maintaining order in the interior and the present active campaign against outlaws in the north.

EBERHARDT

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817.00/6177 : Telegram

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

MANAGUA, January 9, 1929—2 p.m.

[Received 6:11 p. m.]

17. In connection with his plan to have the volunteer forces assume a large part of the burden of cleaning up the scattered outlaw bands still marauding in the north, President Moncada wishes to establish martial law in the departments affected. He and General Feland feel that this would greatly facilitate their operations because it would make it possible to arrest and hold outlaw agents and spies who now come and go freely, obtaining information about troop movements and maintaining contact with sympathizers in the interior. It would also relieve both the marines and the guardia of the embarrassment resulting from the absence of legal authorization for holding outlaw prisoners.

General Feland states that the marines would have no direct part in the enforcement of this martial law except to turn over to guardia officers any prisoners who might be taken with the evidence. They would however be in a position to prevent any serious abuses or unnecessarily severe action by the Nicaraguan leaders in charge of native volunteer patrols.

Since the establishment of martial law would be very helpful as a military measure and is an essential part of General Moncada's plan to clean up the bandit situation through direct efforts of the Nicaraguan Government, I feel that we should consent to it unless the Department sees some objection. Please instruct as soon as possible.

EBERHARDT

817.00/6177 : Telegram

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

[Paraphrase]

WASHINGTON, January 15, 1929—noon.

8. Your 17, January 9, 2 p.m. It is the feeling of the Department that this is a matter in which the decision and responsibility should rest with the Government of Nicaragua alone. If martial law is established, it should be carried out by the authorities of Nicaragua only.

KELLOGG

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817.00/6185 : Telegram

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

MANAGUA, January 21, 1929—4 p. m.

[Received 7:28 p. m.]

24. Information contained in Department's telegram 8, January 15, noon, has been conveyed to General Feland. Congress is now in session and President Moncada proposes to ask tomorrow that it declare martial law for the Departments of Matagalpa, Jinotega, Esteli and Nueva Segovia.<sup>3</sup>

EBERHARDT

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817.00/6233a : Telegram

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

[Paraphrase]

WASHINGTON, March 12, 1929—6 p. m.

35. Practically no information has been received recently from the Navy Department with respect to the military situation in Nicaragua. The Department desires, therefore, that you should report all developments of importance and that you should send from time to time general reports describing the military situation. Any such report when marked strictly confidential will be regarded as for the confidential information of the Department of State only.

Especially would the Department like to have an early mail report on the operations of the volunteer forces which were organized in January and to know the details regarding the capture and execution of Jiron. The Department has been somewhat concerned to learn from the press that a leader of the type of Escamilla is in charge of a pa-

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<sup>3</sup> In telegram No. 40, February 4, 4 p. m. (not printed), the Legation reported that the law declaring martial law (*estado de sitio*) had been signed by the President on February 2 to go into effect immediately (817.00/6199). In subsequent communications (not printed), dated April 11, June 17, August 8, October 4, and December 7 respectively, the Legation reported that the law had been extended for periods of 60 days (817.00/6257, 6359, 6395, 6431, 6509).

trol and is ordering executions. The Department would be pleased to receive your personal and confidential views on this matter.

KELLOGG

817.00/6244

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

No. 938

MANAGUA, March 16, 1929.

[Received March 27.]

SIR: With reference to the Department's telegram No. 35 of March 12, 1929 (6 p. m.), I have the honor to report that, as pointed out in my despatch No. 908 of January 31, 1929,<sup>4</sup> President Moncada after taking office wished to assume more of the responsibility for checking banditry in the northern departments and to organize a small non-permanent force of carefully selected native volunteers under Nicaraguan chiefs to conduct an active campaign against the outlaws. This force was organized and at the present time consists of approximately three hundred men selected from a greater number of volunteers. It is divided into three groups and the President chose three Nicaraguan Generals to lead them. The Generals in command of the three columns at the present time are Juan Escamilla, a Mexican; Felipe Flores, a Nicaraguan; and Alejandro Plata, a Honduran. These three Generals fought in the recent revolution<sup>5</sup> with General Moncada, who has expressed confidence in their ability to successfully carry on operations for the suppression of bandits.

These groups of volunteers are administered by the Guardia Nacional, which has charge of the expenditure of the funds appropriated for their support and equipment and which conducted a short preliminary training before the departure of the members for the North. They operate in conjunction with the Marines and the Guardia in combined operations under the tactical control of the Commanding General of the Marine Brigade and the subordinates designated by the latter. They are at all times directed and assisted by the Marine forces which are always in close support.

One group has been operating in Eastern Segovia, another in Western Segovia and the third in the area northeast of Jinotega. Recently the first two mentioned groups were in Eastern Segovia and in conjunction with the Marines operated effectively in that section. The third group after having operated some time in the Jinotega area, was sent to the section northeast of Yalí, and has done good work in conjunction with the Marines.

General Logan Feland commanding the Marine Brigade in Nicaragua states that these forces have operated in a most efficient and

<sup>4</sup>Not printed.

<sup>5</sup>See *Foreign Relations*, 1927, vol. III, pp. 285 ff.

aggressive manner, and that their services have been extremely valuable in the outlaw-infested regions principally because their knowledge of the people, their language and customs and the nature of the country has enabled them to detect and apprehend the outlaw spies, agents and sympathizers of the Sandino bands. He is also of the opinion that the organization of these volunteer forces has made a favorable impression on the ignorant people of the northern departments in that it has made them realize that the Nicaraguan Government is taking a direct interest in the wiping out of banditry and in the pacification of the country.

Early in February General Jirón, a Guatemalan, was captured by the Marine forces. He stated that he had abandoned Sandino and that he was on his way out of the country. He also said that a number of other leaders had already given up or were on the point of giving up their activities, and subsequent events tend to confirm that information. He acted as a guide for the Marines in later operations, and was subsequently taken to Ocotal for the purpose of obtaining as much information as possible from him. Late in February, under a promise of clemency in the form of a parole providing he was instrumental in clearing of bandits the Murra area with which he was familiar, he acted as a guide with the volunteer group under the leadership of General Escamilla. On March sixth General Escamilla reported to President Moncada, that after a trial by court-martial authorized by the latter, he had executed Jirón for treacherously misleading the Nicaraguan column. It will be recalled that Jirón was the leader who conducted the raid on the mining area in April, 1928, in which a large amount of American and foreign property was destroyed and stolen. According to reports from police officials and Marine officers, he robbed numbers of Nicaraguans leaving them destitute and starving, and he also made Mr. Marshall a prisoner and held him in captivity until his death.

As the Department was informed in my despatch No. 911 of February 7, 1929,<sup>6</sup> the Nicaraguan Congress recently passed a bill providing for a state of martial law (*estado de sitio*) in the four bandit-infested departments of the North. I have been assured by General Feland that the members of the Marine Brigade in Nicaragua take no part whatever in the enforcement of martial law. It is carried out entirely by Nicaraguan officials in accordance with the Nicaraguan martial law code. When the Marines capture a suspected person, he is turned over to the appropriate Nicaraguan officials. It is understood that the Government has appointed two *fiscales de guerra*, one for the northern area at Ocotal and the other at Jinotega for cases arising in that district. The execution of Jirón

<sup>6</sup> Not printed.

was apparently a purely Nicaraguan affair, conducted entirely by Nicaraguan officials, and the sentence was carried out as the result of a decision of a court-martial which acted under the authorization of President Moncada.

With reference to the military situation, it may be stated that immediately after the election it was apparent that the morale of the outlaws had reached a low point. They were poorly clad, were experiencing difficulty in securing the necessary food supplies, were short of ammunition and were evidently beginning to understand that Sandino had no real mission. Statements of deserters were to the effect that they realized the futility of sustaining their cause any longer. The so-called patriotic motives of Sandino were no longer evident to the most ignorant members of the outlaw bands, and whereas Sandino had formerly obtained and held his following by persuasive methods, he had recently resorted to compulsory means and to threats of punishment. Intensive patrol operations were then conducted by the Marines and Guardia on a greater scale than was possible during the electoral period. The results to date indicate a further and more complete disintegration of the outlaw structure. Eastern Segovia and the area northeast of Yalí have been almost entirely cleared of outlaws, and reports indicate that a large number of the foreign bandits with their leaders have left the country. Banditry is apparently no longer as lucrative a profession as formerly, and it is believed that the outlaws have come to realize this. General Feland is of the opinion that as soon as the Guardia Nacional is able to assume the function of effectively policing the northern departments, it will be possible to further materially reduce the number of Marines stationed in Nicaragua.

At the present time the bandit leader, Altamirano, is in the area northeast of Jinotega, and indications are that his band has split into small groups. He is evidently a professional bandit, and the Commanding General of the Marine Brigade does not believe that he has ever concerned himself with the so-called patriotic ideals of Sandino, and that while he has cooperated with the latter, he has done so merely as a matter of expediency. The leaders, Orteza and Salgado, have recently been reliably reported to be moving in the direction of the Río Negro (Department of Chinandega), and the information is such that it would indicate a very strong possibility that they are attempting to reach the Gulf of Fonseca, probably with the intention of embarking for some other country. A few very small groups still exist in the San Juan de Telpaneca district.

I have [etc.]

CHARLES C. EBERHARDT

817.00/6236 : Telegram

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

MANAGUA, March 17, 1929—10 a. m.

[Received 9 p. m.]

72. Brigade headquarters reports that on March 14 marine patrol encountered a group of bandits at Department of Chinandega, two miles west of San Juan de Limay. One bandit killed. On March 15th combined marine and *voluntario* force encountered bandits in the same vicinity, killing four and capturing three. No marine or *voluntario* casualties. Marines believe that bandits constituted Salgado's main group and that they crossed into Honduras about March 16th.

Repeated to Tegucigalpa.

EBERHARDT

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815.00/4391 : Telegram

*The Minister in Honduras (Summerlin) to the Secretary of State*

TEGUCIGALPA, April 1, 1929—9 p. m.

[Received April 2—1:21 a. m.]

30. I have received note dated today from the Foreign Office, signed by the Subsecretary:

"Following instructions of His Excellency the President of the Republic, I have the honor to inform Your Excellency that my Government has learned, from private sources, that the North American military forces in Nicaragua wish to provoke a conflict with Honduras.

My Government will be grateful to Your Excellency if you will investigate this matter.

Awaiting, et cetera."

I had a conference this afternoon with the President of the Republic just before this note was received and he did not mention this matter.

Repeated to Managua.

SUMMERLIN

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815.00/4391 : Telegram

*The Secretary of State to the Minister in Honduras (Summerlin)*

WASHINGTON, April 2, 1929—1 p. m.

26. Your 30, April 1, 9 p. m. In reply to the Sub-Secretary's note you may inform him that this Department has received no information whatever which would indicate that there was any basis for such a preposterous report. The American forces in Nicaragua have always had instructions scrupulously to respect the territory of Honduras, and

it is believed that they have made every effort to maintain friendly relations with the Honduran border authorities, many of whom have extended to them a cooperation which has been deeply appreciated. You will request that the Honduran Government furnish to you all the information upon which these very grave charges against the American forces in Nicaragua are based.

A report on this subject is being requested from Managua.

STIMSON

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815.00/4391: Telegram

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

WASHINGTON, April 2, 1929—1 p. m.

46. Referring to telegram No. 30, April 1, 9 p. m. from Legation at Tegucigalpa. The Department is replying as follows:

[Here follows substance of telegram No. 26, April 2, 1 p. m., to the Minister in Honduras printed *supra*.]

Please inform the Department at once whether there has been any friction along the frontier which would afford a basis for the statements of the Honduran Government.

STIMSON

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815.00/4392: Telegram

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

MANAGUA, April 3, 1929—noon.

[Received 3:40 p. m.]

83. Department's 46, April 2, 1 p. m. Brigade commander reports that there has been absolutely no friction along the frontier. He states that majority of followers of Salgado and Orteza are Hondurans and when hard pressed by marines these men cross into Honduras and their many friends there immediately report to Tegucigalpa that marines have invaded Honduras. He reports that General Mendoza is the only Honduran leader who is cooperating with marines.

Repeated to Tegucigalpa.

EBERHARDT

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715.1715/313: Telegram

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

MANAGUA, April 3, 1929—3 p. m.

[Received 8:05 p. m.]

84. President Moncada has furnished me with a copy of the following telegram, dated April 2nd, which he sent to the President of Honduras:

"I beg of you to take into consideration the costs to both countries of the troops stationed on the border. The sooner we terminate this

abnormal situation the less danger there will be for us in the interior and the exterior.<sup>7</sup> Partial compliants [*compliance?*] injure only us, I beg of you to cooperate in the peace of both republics. I shall always be the best friend of Honduras. If our constitutions prevent the crossing of frontiers and if for this reason we are unable to end the disaster, God save both countries. Hatred of the Americans blinds many, eventually that hatred might well carry us to disaster."

Repeated to Tegucigalpa.

EBERHARDT

815.00/4399

*The Minister in Honduras (Summerlin) to the Secretary of State*

No. 848

TEGUCIGALPA, April 6, 1929.

[Received April 17.]

SIR: With reference to my telegram No. 33 of April 5, 11 a. m.,<sup>8</sup> giving the substance of a telegram from General José Sánchez to the President of the Republic relative to the activities of Sandino's Jefes Salgado and Ortez and stating that General Sánchez was in possession of a bomb dropped from American airplanes at Las Limas, I have the honor to transmit herewith a copy and translation of a note from the Foreign Office including a second telegram on the subject from General Sánchez.<sup>8</sup>

Although neither of the notes transmitting these telegrams mentions the Foreign Office's note of April 1, last, a translation of which was forwarded in my telegram No. 30 of April 1, 9 p. m., nor my reply thereto written in compliance with the Department's telegram No. 26 of April 2, 1 p. m., they are both doubtless meant as substantiation of the charges that the American Forces in Nicaragua desire to promote a conflict with Honduras.

President Mejía Colindres has sent Señor Blas Henriquez, Sub-secretary of the Interior, out to the points in question on the frontier to make an investigation and I do not expect a reply to my note until his report to the President has been made.

Inasmuch as the Honduran Government is continually receiving exaggerated reports from the Honduran-Nicaraguan frontier, I place very little if any credence in the charges made in these telegrams.

I have [etc.]

GEORGE T. SUMMERLIN

<sup>7</sup> See vol. I, pp. 976 ff.

<sup>8</sup> Not printed.

715.1715/314 : Telegram

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

MANAGUA, April 8, 1929—9 a. m.

[Received 2:45 p. m.]

89. Legation's April 3, 3 p. m. Nicaraguan Government has furnished Legation with a copy of the following reply, dated April 2nd, from the President of Honduras to the telegram of President [Moncada?]:

"I have been considering for some time the very just motives which Your Excellency has expressed to me; I have desired still more not only to fulfill what I consider my international obligations but to strengthen the strong social, personal and political ties which have united Your Excellency to me for a long time prior to the official [position] which our respective peoples have entrusted to us. You should have absolute faith in the sincerity of those sentiments and those aspirations. Unfortunately great happenings at the moment, which wound the sovereignty of my country and the dignity of my people who have confided in me the direction of their destinies, oblige me to cordially request Your Excellency to please give urgent instructions for the regular forces of your Government to retire from our territory and avoid any invasion which may give rise to unfortunate consequences. I have given instructions to the [forces] of my Government to notify your [forces] in the sense indicated and to attack the Sandinista revolutionists if they do not give up their arms and surrender quietly. Your Excellency must be convinced with intimate and profound conviction that my Government will fulfill its international obligations and will do everything to make tangible the sympathies which within the law and the bonds of mutual respect friendly governments should have towards one another and that I regret, Excellency, both officially and personally the special reasons to which I have referred."

The Foreign Office requests the foregoing telegram be brought to the attention of the Department in order that if the Department was willing the brigade commander be given instructions to avoid friction with the Government of Honduras.

I have discussed this matter with the brigade commander who assures me that the Honduran border is being respected by the troops engaged in combined operations under his command including the marines, guardia and volunteers.

Repeated Tegucigalpa.

EBERHARDT

817.00/6252 : Telegram

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

MANAGUA, April 9, 1929—9 a. m.

[Received 2:37 p. m.]

94. The brigade commander sent the following telegram to commander special service squadron today:

"Referring to press despatch this morning from Tegucigalpa concerning bombing of Las Limas. On March 31st while aviators were working planes of our border patrol near Brajil they were fired on by outlaws a few hundred yards to the north, and one plane was hit. Aviators immediately bombed and dispersed this group. There is but one house in that vicinity. As far as is known no representation was made by Honduran Government to the Nicaraguan Government or our Legation. Forces of all concerned are cooperating and such cooperation recently resulted in dispersing Salgado's group and with assistance of our forces from Nicaraguan side Honduran chief of border forces, General Sanchez, reports he is in pursuit of other group under Orteiz. Sanchez says bandits were in Las Limas April 3rd and such facts were confirmed by our forces. Limas and Brajil are so close to border that both countries claim them. There are no officials of either Government in either place mentioned."

Repeated to Tegucigalpa.

EBERHARDT

715.1715/314 : Telegram

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

WASHINGTON, April 9, 1929—2 p. m.

47. Legation's eighty-nine, April 8, 9 a. m. The Department assumes that you have conveyed to President Moncada the assurances given by the Brigade Commander as reported in the last paragraph of your telegram.

STIMSON

715.1715/314 : Telegram

*The Secretary of State to the Minister in Honduras (Summerlin)*

WASHINGTON, April 9, 1929—2 p. m.

28. You may supplement your statements to the Honduran Government based on the Department's twenty-six, April 2, 1 p. m., with the information contained in the last paragraph of Minister Eberhardt's message of April 8, 9 a. m. which was repeated to your mission.

STIMSON

817.00/6262a : Telegram

*The Secretary of State to the Minister in Nicaragua (Eberhardt)*<sup>9</sup>

WASHINGTON, April 13, 1929—6 p. m.

53. Press reports that a conference is being held on the frontier between high officials of the Honduran Government and American Marine officers for the purpose of agreeing on measures to prevent "further invasions of Honduran territory". Please keep the Department fully informed about this matter.

STIMSON

817.00/6265 : Telegram

*The Minister in Honduras (Summerlin) to the Secretary of State*

TEGUCIGALPA, April 15, 1929—11 a. m.

[Received 3:20 p. m.]

39. Department's telegram number 31, April 13, 6 p. m.<sup>10</sup> In view of the apparently exaggerated reports which have been telegraphed by Honduran officials stationed on or near the Nicaraguan border, President Mejia sent the Subsecretary of the Interior some days ago to the frontier districts to investigate and report the facts in the matter. It is possible that this official has conferred with Marine Corps officials, but I was informed at the Foreign Office this morning that no report has yet been received from him.

Please see my despatch number 848 of April 6th.<sup>11</sup>

SUMMERLIN

817.00/6263 : Telegram

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

MANAGUA, April 15, 1929—11 a. m.

[Received 3:25 p. m.]

104. Your 53 of April 13, 6 p. m. Office of brigade commander states that the only conference held was that of April 6th near Las Manos when chiefs of border patrols of the two countries met to discuss plans for closer and more effective cooperation towards stamping out banditry along the border with the gratifying results reported in the Legation's 94, April 9, 9 a. m. The only official of either Government present was the Subsecretary of Gobernacion of Honduras and there was neither complaint nor discussion of past or "further invasion of Honduran territory".

EBERHARDT

<sup>9</sup> The same on the same date to the Minister in Honduras as telegram No. 31.

<sup>10</sup> See footnote 9.

<sup>11</sup> Not printed.

817.00/6269 : Telegram

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

MANAGUA, April 17, 1929—11 a. m.

[Received 5:16 p. m.]

108. The following on the military situation:

Brigade commander reports that the dispersal of the Salgado and Sanchez groups has been confirmed and that other chiefs including Maldonado, Gomez, Gonzalez, and Escalante are abandoning operations. Three other colonels have been granted amnesty by Honduras. Ortiz is in Honduras and Sandino is believed to be there. Altamirano and a few very small groups are being hard pressed. In general the military situation is excellent.

Brigade commander expressed hope at weekly conference yesterday that a gradual reduction of from five hundred to one thousand marines might be possible by July. He said that the exact number would of course depend on the bandit situation and the development of the guardia.

Mobile battalion of two hundred guardia is on its way to Jinotega. It will operate in the Pena Blanca area in groups of fifty.

McDougal<sup>12</sup> is taking measures to stimulate recruiting in the Guardia.

Dunlap<sup>13</sup> and McDougal have been ordered to Corinto to confer with Admiral Sellers who arrived there last night. General Williams<sup>14</sup> is reported due at Corinto today. Admiral Sellers does not intend to visit Managua.

EBERHARDT

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817.00/6276 : Telegram

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

MANAGUA, April 19, 1929—4 p. m.

[Received 7:47 p. m.]

114. Reference Legation's 6, January 3, 4 p. m., and 108 of April 17, 11 a. m., last paragraph.

Admiral Sellers following conference in Corinto with General Williams, Colonel Dunlap and Colonel McDougal sent me a memorandum expressing his intention to recommend to the Navy Department a further reduction in the marine forces in Nicaragua of approximately 800 men and a corresponding number of officers.

<sup>12</sup> Douglas C. McDougal, Chief of the Guardia Nacional of Nicaragua.

<sup>13</sup> Robert Dunlap, Commander of the Northern Area of Nicaragua.

<sup>14</sup> Brigadier General Dion Williams, U. S. M. C., Commander of the Second Brigade in Nicaragua.

I called upon the President this morning accompanied by General Williams, Colonel Dunlap, Colonel McDougal and Mr. Beaulac<sup>15</sup> and left President Moncada a copy of the Admiral's memorandum, expressing at the same time my concurrence. President Moncada stated that the memorandum also met with his approval. I explained to him that the reduction would probably be gradual and would be effected by July 1st, stressing the fact that this would depend of course upon the military situation and the development of the guardia. He concurred in this. Admiral Sellers is being advised through the brigade commander.

EBERHARDT

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817.00/6287 : Telegram

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

MANAGUA, April 29, 1929—3 p. m.

[Received 6:20 p. m.]

122. Orders issued for discontinuance of all marine posts on the Coco River from the Poteca River eastward. Several other posts in the eastern area also being abandoned. Fifteen officers and two hundred and fifty men being withdrawn tomorrow on the transport *Bridge*. It is anticipated that by July 1st marine forces will be reduced to twenty-five hundred regular forces and three hundred aviation.

EBERHARDT

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817.00/6305

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

No. 508

WASHINGTON, May 6, 1929.

The Department transcribes below two paragraphs of a report dated at San José, Costa Rica, April 12, 1929, prepared by the Military Attaché, Major Fred T. Cruse, with respect to the activities of Sandino.

The Department will be pleased to receive from the Legation any comment it may desire to make with reference to the reports, mentioned in the second paragraph, by Escamilla, Plata, and Flores:

"The original Sandino situation, the one which might have kept the United States in trouble with Latin America for years, has ceased to exist. Sandino, as a Latin-American hero fighting the whole power of the United States as represented by the Marines, is finished. The jolt that did his heroic standing the most harm was the reports made by the commanders of Moncada's three volunteer forces after their first campaign in Nueva Segovia.

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<sup>15</sup> Willard L. Beaulac, Second Secretary of Legation.

Of these three commanders Escamilla is a Mexican, Plata a Honduran, and Flores a Nicaraguan. All three, in separate reports, stated that the appalling destruction in the Segovias had been done, not by the Marines, but by Sandino and his men; that these outrages were senseless and unnecessary and clearly committed by the worst kind of bandits; and finally that since the Chipote fight in December 1927, Sandino and his men had not been fighting the marines at all, but simply harrying a lot of defenseless people of his own race. There is no doubt that all three commanders were genuinely shocked at the condition of the country which had been occupied by the Sandino element."

[File copy not signed]

817.00/6280

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

No. 509

WASHINGTON, May 6, 1929.

SIR: Supplementing the Department's telegram No. 53 of April 13, 6 p. m., and with reference to the Legation's telegram in reply, No. 104 dated April 15, 11 a. m., concerning aerial military operations on the Honduran-Nicaraguan frontier, there is transmitted herewith a copy of despatch No. 856, dated April 16, 1929,<sup>18</sup> together with its enclosures, that has been received from the American Legation at Tegucigalpa on this subject.

In the Legation's telegram above cited it is stated that at the conference at Las Manos on April 6 "there was neither complaint nor discussion of past or further invasion of Honduran territory". In the report to the President of Honduras made by the Subsecretary of the Interior, Señor José Blas Henríquez, as transcribed in the enclosure to the accompanying despatch, there is quoted the text of an agreement said to have been signed at the conference at Las Manos by the representatives of Honduras, of Nicaragua, and of the United States Marine Forces, Article 1 of which states that the Nicaraguan and Marine forces will from that date onward cease the pursuit of Sandinistas on the Honduran frontier with American airplanes in view of the damage caused within Honduran territory by such operations.

You are requested to obtain from the Brigade Commander and forward to the Department a full report of this conference and of the agreement entered into with the Honduran representatives.

I am [etc.]

For the Secretary of State:  
FRANCIS WHITE

<sup>18</sup> Not printed.

817.00/6300 : Telegram

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

MANAGUA, May 8, 1929—9 a. m.

[Received 12 noon.]

133. President Moncada told me yesterday that he is greatly perturbed by the failure of the Honduran Government to prevent sympathizers in Honduras from furnishing arms and other material and assistance to Nicaraguan rebels along the Honduran frontier, especially to rebels who often escape unarmed into Honduras and subsequently return armed to Nicaragua. He said that his repeated representations to the Honduran Government and his personal appeal to the President of Honduras have not improved the situation and that consequently he desires to present the matter to the Department in the hope that it may make appropriate representations to the Honduran Government.

[Paraphrase.] President Moncada pointed out that military operations in Nicaragua are being directed by American officers and for that reason he is not disposed to interfere and adopt the vigorous measures along the frontier which he believes to be essential . . . [End paraphrase.]

EBERHARDT

817.00/6320

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

No. 983

MANAGUA, May 10, 1929.

[Received May 24.]

SIR: I have the honor to transmit herewith a copy of a memorandum, dated May 6, 1929, from the Commander of the Second Brigade, U. S. M. C., regarding the military situation in Nicaragua on that date.

I have [etc.]

MATTHEW E. HANNA

[Enclosure]

*The Commander of the Second Brigade, U. S. M. C. (Williams), to the Minister in Nicaragua (Eberhardt)*

MANAGUA, 6 May, 1929.

## PRESENT PERSONNEL SITUATION

The strength of the forces ashore at present is about 3100, exclusive of Aviation. It is the present intention of the Commanding General in accordance with recommendations submitted by the Admiral to the Navy Department to effect a further gradual reduction between now and July 1st of about 600. No reduction of Aviation is contemplated

prior to July 1st but East Coast Aviation will be returned to Managua by June 1st.

In Eastern Area all stations have been ordered discontinued except Puerto Cabezas, Bluefields, El Gallo and the mining detachments in the La Lux [*Luz?*] and Pis Pis areas.

Several Southern Area stations have been discontinued.

Several Northern Area stations are being taken over by Guardia.

Bluefields at present has 6 officers and 53 Guardia and the Guardia is sending an experienced and capable field officer to that place today. Bluefields is the Headquarters of Guardia in the Eastern Area and very shortly it is planned to take Marines away from that place.

It is believed that all changes will be effected and reductions contemplated will be made without embarrassment to anyone concerned.

#### GUARDIA SITUATION

The Guardia National shows continued and what is believed to be lasting improvement.

The energetic measures taken by General McDougal and his appreciation of what the true role of the Guardia should be, has contributed greatly to our recent successes.

#### VOLUNTEER FORCES

Fifty Volunteers were mustered out about a month ago. The Plata group will be mustered out within the next few days.

The Flores group will be mustered out before the end of the month.

When the Plata group is mustered out about 150 Volunteers will remain. It is believed that the complete mustering out of the Volunteers will be accomplished prior to June 30th.

When the above is accomplished steps should be taken by those concerned to have the decree on martial law put out of force.

The Volunteers have done good work. The work has been of such a nature that Volunteers were more suitable for it than Guardia or Marines.

There was little abuse of authority and but 4 bandits were executed in the field.

#### PRESENT MILITARY SITUATION

The military situation can be said without fear of contradiction to be excellent, and this country has never been in such a peaceful state.

There are but two organized bands in existence at present, Orteiz' and Altamirano's.

Orteiz has been and is still in Honduras with a small band of about 30 men.

Altamirano's band has suffered considerably in the last few weeks. Several members of his band have been captured and killed and some were executed.

It is not believed that there is any organized group in alliance with Sandino at present, or that any bandits are in the field for Sandino patriotic motives.

It is fairly certain that Sandino is out of this country and his exit will most certainly result in the loss of any remaining prestige he might have had.

There are a few small groups in and around Telpaneca who assemble often, commit a few minor depredations and then disperse. They are Liberals and being such are difficult to apprehend.

It should be realized that it will be very difficult to stamp out all banditry. There has always been banditry in Nicaragua as there is in other Central American countries.

#### CONCLUSION

The military situation at present is such as to be susceptible of little improvement.

DION WILLIAMS

817.00/6325

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

No. 1008

MANAGUA, May 24, 1929.

[Received May 29.]

SIR: I have the honor to report that on a number of occasions recently when I have been in conference with President Moncada he has brought up the subject of bandit activities and, in the course of his remarks, has pointed out that the military operations against the bandits are completely under the direction of American officers, and that he has carefully abstained from interfering with their plans because, as a military man himself, he realizes that interference would be a violation of sound military procedure. It appears to me that he made this statement without intending to criticise although it doubtless reflects his preoccupation if not his dissatisfaction with existing conditions. I do not know that he intended the statement to be a disclaimer of responsibility but it amounts to that and also implies that the United States Government and its military agents here are primarily if not entirely responsible for the re-establishment of order in Nicaragua. It would seem that President Moncada has thus presented a situation that should receive early and careful consideration.

As stated in the Legation's telegram of May 8, 9 a. m., concerning the first of the conferences mentioned above. General Moncada inti-

mated that he thought much more vigorous measures would have to be adopted before banditry is suppressed, and that he comprehended that the Marine forces are operating under conditions and limitations which restrain them from adopting measures which might be resorted to if Nicaraguan forces under the command of Nicaraguan officers were responsible for the character of the operations. He also expressed the opinion that native troops, because of their lighter impedimenta, familiarity with the country, greater endurance under the special conditions and other reasons, are better adapted for continuous and close pursuit of bandits than are the Marines, especially during the six months rainy period which has just begun. In a subsequent conference he repeated this opinion and, by way of illustration, mentioned what had been accomplished by Escamilla, the Mexican who has been in command for some time of a considerable force of the recently created Volunteers. Practically all of the volunteer forces have been disbanded with the exception of Escamilla's and even his have been materially reduced. It seemed to me that President Moncada does not approve of the proposed disbandment of Escamilla's forces. On the contrary, he thinks that they should be materially strengthened and that their field of operations should be greatly increased.

President Moncada probably finds himself in a trying position with respect to military operations in Nicaragua. There is a continual outcry in the press here concerning the disorder in the country. The Conservative press has been attacking the employment of Escamilla and the Liberal press expresses general dissatisfaction with the failure to stamp out disorder. Much of the criticism is directed against the President. At the same time, General Moncada, as a military man, probably has decided ideas as to how he would proceed if he were personally conducting the operations. Under the circumstances, it would seem that he is exercising great self-restraint in publicly disregarding the criticism and in continuing to give his loyal support to the American officers in command.

The situation described above was fully discussed with Generals Williams and McDougal at the last weekly conference in the Legation on the 22nd of this month. They are not in complete accord with General Moncada's views as to the comparative effectiveness of military operations by Marines and natives. Neither do they place such a high estimate on the services rendered by Escamilla and his forces. Of course they are both opposed in principle to the existence of a force of volunteers separate from the Guardia and it has been a part of General McDougal's plan to lose no time in mustering out the volunteers. At the same time, they desire to give President Moncada's wishes the importance they merit and they now have them under consideration. The advisability of taking Escamilla and his

command into the Guardia has been mentioned and General McDougal spoke of the possibility of giving him command of a selected force within the Guardia which might be termed "scouts".

To dispense with Escamilla's services at this time would undoubtedly be displeasing to General Moncada and his closest advisers. The accounts of his operations indicate that he is energetic and at times ruthless in his methods, but many Nicaraguans probably think such methods necessary. He has been bitterly criticised in the opposition press as a Mexican adventurer, a mercenary soldier, a murderer and cut-throat, and his operations described as a series of outrages against innocent parties. On a number of occasions this portion of the press has appealed to the President to relieve him of his command and deport him from the country. This outcry, however, may be an indication of the effectiveness of his methods. The Liberal press does not have much good to say of him but neither does it oppose or criticise his operations. He is looked upon as the agent of the Government, not of the Guardia, and all the criticism for employing him is directed against the Government and not against the Marines and Guardia. For this reason it would seem preferable, if his services are retained, not to attach him to the Guardia but to permit him to continue operating as a force for which the Government is primarily responsible.

In my opinion the following facts stand out very clearly in relation to the military situation:

The eradication of banditry and the complete restoration of public order in all Nicaragua must be accomplished before there can be real progress in any other direction. It is believed here, and perhaps quite generally in Latin America, that we have assumed the task of pacifying this country. The result of our present effort to aid this country will be judged largely by our success in performing that task. The bandit infested regions are still in a state of great disorder and improvement is not rapid. If the existing methods for restoring order are to be made more effective or if they are to be supplemented by others, the initiative must come from us. A failure to restore order within a reasonable period would be unfortunate to say the least.

I understand from military officers here that the banditry has reached a phase that seemingly can not be combated effectively by force alone. Some officers of long experience go so far as to say that the task of exterminating the remaining bandit groups is not a military problem. The proximity of the Honduran frontier and the seeming improbability of preventing the outlaws from freely crossing it add greatly to the difficulties of the problem.

It would seem that the time had come when military operations against the bandits should be supplemented by other methods which

may induce the outlaws to return to the pursuits of a peaceful existence. It is reasonable to suppose that they are made up in a large part of misguided souls who would abandon their present precarious mode of existence if they could escape the influences that are holding them and find some other method of supporting themselves and those dependent upon them. I am strongly of the opinion that if they could be assured a steady job at reasonable pay with a positive guarantee against punishment or persecution for previous offenses, they would desert their leaders and once more become law-abiding citizens. A concrete method for doing this would be to start road construction in the bandit infested regions in accordance with a carefully matured plan which would give work to all who applied from specified districts, and would guarantee protection for the laborers, preferably through amnesty.<sup>17</sup>

I have touched upon this subject with President Moncada as well as with his Minister for Foreign Affairs and Minister of Gobernación, all of whom have received the idea favorably, the two latter, however, with more enthusiasm than the former. The President probably hesitates because he does not know how he could procure the necessary funds for carrying on the work without giving up other projects, such as railway construction, roads in other regions, schools, and municipal improvements, to which he has committed himself. However, it ought to be possible to convince him that nothing should stand in the way of restoration of order and that it is unsound policy to undertake extensive public works and other improvements in the public service before order has been reestablished in the Republic.

The Minister of Gobernación, Mr. Sotomayor, who is a resident of Nueva Segovia, gave me an idea of what it might cost to carry out such a plan. He estimated the total unemployed in the portion of Nueva Segovia which would be embraced in the operation of such a plan, including bandits, at one thousand men, and said a reasonable wage would be sixty cents per day without food. He said the number in Jinotega would be much less, probably only one-half so many. Even allowing a large factor for error in his estimates and for other necessary expenditures, the total cost per day would probably not exceed \$1,500.00, or approximately \$40,000.00 per month of 26 working days. This is about half the present average cost of the Guardia.

Of course, the construction of roads in these regions would have a lasting influence for peace and would at the same time greatly facilitate the quelling of disorder should it occur in the future. General Williams has repeatedly told me that the absence of roads or even trails in a portion of the region makes military operations well-nigh impossible unless communications are first opened. In other words,

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<sup>17</sup> See pp. 696 ff.

the Marine forces are confronted by the necessity of opening up roads as an incident in their military operations, and if they have not the authority at the present time to engage in such work it would seem that the authority should be given together with ample funds, whatever the amount, to do the work with native labor. The Marines can not be expected to do such work themselves in this climate. Without such authority and funds from the Navy Department the Marines can not thoroughly penetrate the infested districts, but if they can engage in this road construction they will not only make their military operations effective but will also assist in restoring order by peaceful means. It is the most powerful as well as economical weapon our Government can place in their hands.

I have not discussed this subject of road construction by the Nicaraguan Government and the Marines with either General Williams or General McDougal, because I have not wished to divert their minds from their purely military task and encourage any tendency which may exist to consider that task completed, but I have reason to believe that they would both support my ideas in general. Nor do I wish to pursue the subject with Nicaraguan officials if it should be deemed unwise by the Department. Admiral Campbell<sup>18</sup> is expected here in about a week or ten days and General Williams told me yesterday that he and the Admiral desire, at that time, to confer very fully with the Legation on all matters relating to the military operations. It would be appreciated and most helpful if the Department could furnish me with its views before the Admiral's visit.

I have [etc.]

MATTHEW E. HANNA

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817.00/6331 : Telegram

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

MANAGUA, June 4, 1929—2 p. m.

[Received 6:25 p. m.]

154. The bandits have been committing depredations in the Matagalpa area since June 1. They raided the hacienda of William Hawkins, an American, on June 1 but were driven off by the guardia, one bandit being killed. They raided the hacienda of Harry Trewin, a British subject, on June 2. These haciendas are approximately fifteen miles from Matagalpa. Mr. Alexander Sullivan, an American citizen, and his niece were reported to be in danger on his hacienda and a strong patrol of marines was despatched to escort them to Matagalpa.

Twenty property owners of various nationalities including Americans have telegraphed to President Moncada requesting him to "take

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<sup>18</sup> New Commander of the Special Service Squadron.

energetic measures not taken up to now to protect them in this terrible situation" and have furnished the Legation with a copy of the telegram. The British Chargé d'Affaires here is disturbed by the occurrence and has conferred with General Williams and me concerning measures that may be taken to insure the safety of numerous British subjects in that region.

General Williams sent Colonel Backstrom to Matagalpa today to take charge of the situation. The marine forces in that area have not been reduced recently and General Williams says that they will be increased if necessary to meet the situation adequately.

HANNA

817.00/6349

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

No. 1028

MANAGUA, June 7, 1929.

[Received June 24.]

SIR: With reference to the Department's instruction No. 509 of May 6, 1929, directing the Legation to obtain from the Brigade Commander and forward to the Department a full report of the conference held at Las Manos on April 6, 1929, and of the agreement said to have been entered into with the Honduran representatives, I have the honor to transmit herewith a copy of a letter dated June 4, 1929, addressed to the Legation by the Brigade Commander outlining the facts which he has been able to gather with reference to the conference up to date.

The Brigade Commander states that with respect to the reported agreement he is still unable to furnish definite information since Captain Stockes is still on leave in the United States. He has informed the Legation, however, that Captain Stockes is expected to return shortly and additional information should be available at that time.<sup>19</sup>

It is noted that in the second paragraph of the Department's instruction referred to, the following appears, "Article I of which states that the Nicaraguan and Marine forces will from that date onward cease the pursuit of Sandinistas on the Honduran frontier with American airplanes in view of the damage caused within Honduran territory by such operations."

That portion of the text of article 1 of the reported agreement, as transmitted by the Legation at Tegucigalpa is as follows: "1. Los representantes de las fuerzas del Gobierno de Nicaragua y del Comandante General de Nueva Segovia, Coronel J. A. Rossell, se obligan a que terminen de hoy en adelante la persecución de sandinistas, en la forma en que se ha venido desarrollando, por los aviones

<sup>19</sup> No further report appears to have been made to the Department of State.

americanos, en la frontera de Honduras con Nicaragua, porque se tiene en cuenta los perjuicios que puedan causarse en territorio hondureño, etc."

This article is translated by the Legation at Tegucigalpa as follows: "The representatives of the forces of the Nicaraguan Government and of the Commandant General of Nueva Segovia, Colonel J. A. Rossell, bind themselves from today on to end the pursuit of Sandinistas in the form in which they have been using, by the American airplanes, for the damage which it can cause in Honduran territory as taken into consideration and etc."

A more accurate translation of that portion of Article 1 would probably be the following: "The representatives of the forces of the Government of Nicaragua and of the Commandant General of Nueva Segovia, Colonel J. A. Rossell, bind themselves to cause to be terminated from today on the persecution of Sandinistas in the manner in which it has been carried out on the Honduran-Nicaraguan border by American airplanes, taking into account the damage which may be caused in Honduran territory, etc."

The Department will be kept fully informed of any additional information concerning the conference at Las Manos which may become available.

I have [etc.]

MATTHEW E. HANNA

[Enclosure]

*The Commander of the Second Brigade, U. S. M. C. (Williams),  
to the Chargé in Nicaragua (Hanna)*

[JUNE 4, 1929.]

MY DEAR MR. HANNA: I have the honor to acknowledge receipt of your communication of 29 May, 1929, which requests more information concerning a conference participated in by Captain George F. Stockes and others and the Honduran border patrol commanders.

As stated before, the conference was held on April 6th at Las Manos, and the object of such conference was to seek, without delay, ways and means for better cooperation in eliminating banditry on the border. At that time Salgado and Orteza were both in Honduras as a result of very energetic operations conducted against them. When they went across into Honduras our hands were of course tied and recourse must be had to other means. With that end in view and in order that no time be lost in securing permission from higher authorities, the conference was arranged with the consent and approval of Lieutenant-Colonel Rossell who was then in command of the Northern Area.

It is believed that the military necessity and situation were such at the time as to justify the holding of such a military conference.

At the conference Señor Henríque stated that it would be better to use only ground troops as the principal complaint against airplanes was the fright occasioned upon their approach. He also stated that in the air attack of March 31 mentioned in previous correspondence, that no one had been hurt.

At the conclusion of the conference there was turned over to Señor Henríque a list of names of people in Honduras (near the border) who had been aiding the bandits.

The agreement reported to have been entered into is as follows:

"Las Manos, Honduras-Nicaragua, on the 6th day of the month of April, 1929, the undersigned, General Felipe T. Flores, Expeditionary Chief of the Forces of the Government of Nicaragua, Captain George Stockes, Representative of the Commanding Officer of Nueva Segovia, and the Generals Juan B. Mendoza and Jose A. Sanchez and the lawyer (attorney) Jose B. Henríquez, in their capacity as Expeditionary Chiefs the first two and the last as Jefe Director and Expeditionary Delegate (for the Executive Power) have agreed upon the following after the statements that each party made to the other in order to clean up the border of Honduras and Nicaragua in regard to bandits:

1st. The Representatives of the Forces of the Government of Nicaragua and of the Commanding Officer of Nueva Segovia, Colonel J. A. Rossell, bind themselves to discontinue (stop) from this date on the persecution of Sandinistas in the way it has been done by the American Avions on the border of Honduras and Nicaragua, because it is taken into consideration the damages that they may cause on Honduranian territory, on account of the good relations of friendship cultivated (maintained) by the Government of Honduras and Nicaragua and with the Government of the United States of America.

2nd. The expeditionary Chiefs of the Government of Honduras hereby bind themselves to continue their activity on the border or in Honduranian territory, with the object of disarming Sandinistas, in order to stop the intranquillity that they cause the families that live on said border.

3rd. The two parties mentioned in number 1 and 2 aforesaid bind themselves to comply reciprocally the contents of said numbers to accomplish the task of tranquilizations (pacification) and to maintain the Honduranian and Nicaraguan families in procuring their individual safety and of their property."

Attention is invited to the fact that the Nicaraguan Government forces were represented by the Expeditionary Chief of Volunteers, Flores, and by the Guardia Nacional officer, Lieutenant Hamas.

It was necessary for Captain Stockes to act as a spokesman, as he was the senior in command of all operations in that particular area.

In answer to a telegram sent by Señor Henríque in which he stated

he appreciated the opportunity for the meeting, Colonel Rossell sent the following telegram to that official:

"To the Honorable Jose B. Henriquez, sub-secretary of Gobernacion, Alauca, Honduras. Your kind telegram of this date received at the moment General Flores, Captain Stockes and Lieutenant Hamas marched into town. Already they have told me how kind and attentive you and your associates were at the conference. They assure me of your determination to cooperate in all future movements to stamp out banditry and to allow the citizens of both countries to enjoy the fruits of their labor. I shall need your assistance in exterminating Orteiz either near Las Manos or in the region of Malacate. Preliminary to this move I shall ask another conference at the time and place which I shall communicate later. All pledges made by Captain Stockes are fully guaranteed by me. Very sincerely."

The results of these informal meetings have been gratifying. Better cooperation has been secured and banditry on the northern border is no longer lucrative. Orteiz is the only Jefe of any consequence in that region.

Due to the fact that Captain Stockes is still absent on leave in the United States I am unable to inform you definitely whether or not he signed any agreement, but the information is such that there is reason to believe that he did. However if Captain Stockes did sign any agreement with Honduran authorities, such action on his part was without any sanction of higher authority and he had no right to exercise such authority on his own initiative. Such agreement, if it was made and signed as reported, is therefore in no way binding upon the Brigade Commander or officers acting under his orders.

With the reports previously given you, I hope this will give you the necessary information requested in your letter.

With assurance [etc.]

DION WILLIAMS

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817.00/6325 : Telegram

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

WASHINGTON, June 10, 1929—5 p. m.

85. Your despatch No. 1008, March [May] 24, 1929. The Department concurs in your view that it would be better for the Guardia to avoid responsibility for the actions of Escamilla's forces, but it feels that these forces should be disbanded and all field and police work taken over by the Guardia as soon as practicable. While such marine forces as may be necessary should be retained in towns like Ocotul and Jinotega for the present to support the responsible Guardia forces, the Department hopes that these forces may be gradually withdrawn in proportion to the then existing strength of the Guardia Nacional and in accordance with then existing conditions.

With respect to road construction, the Department feels that the Nicaraguan Government ought, as in the past, to provide the necessary funds, but it would hesitate to suggest a program calling for so large an expenditure as forty thousand dollars monthly.

The Department has not had recent information showing exactly what sections of Nicaragua are still in a seriously disturbed condition. It had hitherto understood from reports received from the Marines that bandit activities were practically terminated in all settled portions of the country. In this connection please report further details regarding the recent bandit raid in Matagalpa. Which outlaw leader was responsible and how serious is the situation in that department considered?

The Department will be glad to have you discuss these matters with General Williams, Admiral Campbell and General McDougal and report further recommendations to the Department before taking them up with the Nicaraguan Government.

STIMSON

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817.00/6339 : Telegram

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

MANAGUA, June 12, 1929—noon.

[Received 8:11 p. m.]

160. Department's telegram No. 85, June 10, 5 p. m. I have conferred with Generals Williams and McDougal. The volunteers have been reduced recently from about two hundred and fifty to less than one hundred men and it is expected to effect their complete disbandment as soon as possible. However, President Moncada's wishes in this matter may necessitate some delay and some appropriate occupation must be found for Escamilla. The guardia forces are being gradually increased as much as possible in the Matagalpa and Ocotal areas but it is not deemed advisable to reduce the marine forces in those areas for the present.

Bandit activity in the Matagalpa area has increased during the past three weeks. General Williams believes this is due (1) to encouragement of anti-administration elements in an effort to discredit the administration, marines and guardia; (2) to considerable numbers of unemployed floaters following the discharge of several hundred men until recently employed on the Matagalpa road and termination of the coffee picking season. The British Chargé d'Affaires has informed me officially that bandits attacked in that area the plantation of Charles Potter, a British subject, on June 5. General Williams believes that the attacks on foreign-owned plantations have been made to obtain supplies and loot and also in an effort to show that the administration

supported by the marines and guardia is not giving complete protection to foreign interests. It is believed that Altamirano and Blandon are the responsible outlaw leaders. The situation in this area is considered serious but has been met by increasing the strength of both marines and guardia and by a stronger and more active patrol service. I am also informed that the bandits were encouraged by reports current in that area that the marine forces in Nicaragua were being reduced.

Concerning road construction, General Williams is emphatically of the opinion that the expenditure of money for this purpose is desirable for military reasons alone. He says that transportation of military supplies over various poor roads by bull carts costs approximately ten times as much and transportation by pack animals over trails twenty times as much per unit of weight as transportation by motor truck over good roads. For this reason alone he believes it in the interest of economy for the Government of the United States to construct roads passable for motor trucks from some point on the railroad to Ocotal, Matagalpa and Jinotega. General McDougal concurs emphatically in this opinion. Although this road work would not be in the heart of the disturbed areas, nevertheless it would have an important quieting influence by giving work to unemployed, many of whom are potential bandits. Both officers concur in my views as to the effect that road construction in the heart of the infested areas would have on the elimination of banditry and the desirability of beginning such construction with the least possible delay as set forth in my despatch 1008, May 24th, 1929. After further investigation I believe that an adequate program for road construction could be carried out at a cost not to exceed twenty-five thousand dollars a month and Mr. Willey,<sup>20</sup> whose experience in this class of work is known to the Department, confirms this estimate. If this receives the Department's favorable consideration I would appreciate an expression of the Department's views that I can make use of when I take the matter up with the Nicaraguan Government.

HANNA

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817.00/6372 : Telegram

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

MANAGUA, July 17, 1929—4 p. m.  
[Received 6:15 p. m.]

193. Admiral Campbell arrived here July 13th and will leave tomorrow. Under his orders from the Navy Department he has conferred with Generals Williams and McDougal and the Legation, and has recommended by telegram to the Navy Department the withdrawal of twelve hundred enlisted marines and a proportionate

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<sup>20</sup> Presumably John A. Willey, American Consular Agent at Matagalpa; employed by the Nicaraguan Government as engineer in road construction.

number of officers. He recommended no reduction in aviation at this time. His recommendation is based on the assumption that the guardia will be kept at present strength of two thousand enlisted [men?]. General Williams concurs.

I regret that I cannot concur in the foregoing. The proposed withdrawal is a fifty percent reduction in marine forces now in Nicaragua exclusive of aviation, and the percentage of reduction in marines available for active field work in the disturbed regions is still greater. There are now approximately seven hundred guardia in those regions and General McDougal says he can increase only to approximately eight hundred, and that only about one half of this force can be on active field work at one time. The consensus of opinion in Nicaragua appears to be that there is but little if any improvement in the military situation as compared with a year ago. The political situation is becoming increasingly acute with the probability of increased disturbance as a natural result. I believe there is grave danger that any reduction of marines at this time, however small, would stimulate discontented elements and be followed by increased disturbance involving outrages on Americans and other foreigners and their interests in Nicaragua. I therefore recommend that no reduction be made in the existing marine forces until the situation has materially improved.

The Legation is making every effort to prevent the nature of the conferences with Admiral Campbell from becoming public here, because I think that the mere knowledge that a reduction is being discussed would have unfortunate consequences.

I have given a copy of this telegram to Admiral Campbell and General Williams.

HANNA

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817.00/6376 : Telegram

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

MANAGUA, July 23, 1929—5 p. m.

[Received July 24—11:35 a. m.]

200. Department's telegram No. 106, July 22, 11 a. m.,<sup>21</sup> third paragraph; and my 193, July 17, 4 p. m.

The present strength of the marines in Nicaragua is 144 officers and 2422 enlisted, of the aviation detachment 12 officers and 196 enlisted, and of the Navy 21 officers and 91 enlisted.

Order has not been restored in Nicaragua. Extensive regions in the north are dominated by lawless elements and the resumption therein of peaceful pursuits is impossible. Incursions by these out-

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<sup>21</sup> Not printed.

laws upon neighboring productive centers ordinarily peaceful still occur. The raid into the Matagalpa coffee region some weeks ago is an example. As recently as July 5th there was an engagement in which 16 bandits were killed. The British Chargé d'Affaires here has consulted me frequently of late concerning adequate protection for his nationals.

Few, if any, informed people here, so far as I know, think the situation much, if any, better than it was a year ago. Even the most optimistic consider the situation bad. A reduction in the forces operating against outlaws under existing conditions might have disastrous results. I believe the danger too great to justify such reduction. If by chance the outlaws are discouraged and desirous of returning to peaceful pursuits this is the time for more active operations against them, and not an occasion to encourage the zone leaders and other influences interested in instigating disorder, as would be the case if the marines are reduced.

It should not be overlooked that the elements opposed to the Moncada administration would be glad to see the marines withdrawn. They seek to discredit that administration, and a continuance of disorder in Nicaragua is to their liking. They play upon the discontented element. The reduction of the marines would be used by them to stimulate a recrudescence of disorder.

The reduction of marines on active field work would be immediately felt in the disturbed region especially as the force of guardia now in those regions cannot be materially increased. I believe as do many here that the influence of Sandino is greater now than it was just prior to his leaving Nicaragua. His propaganda is being published by a part of the press here and one paper recently referred to him as a Nicaraguan patriot. His name has a distinct appeal. It remains to be seen if this is but a temporary condition.

I have not overlooked the stabilizing effect of the engineer battalion when it reaches Nicaragua but it can have little direct influence on the state of disorder in the north. Neither have I overlooked the desirability of reducing the marine force if that were at all practicable, and I regret that I cannot recommend a reduction. Instead I am strongly of the opinion that this is the moment to initiate a more vigorous campaign than ever before against the outlaws with every available man of the combined marine and guardia forces and I recommend that orders to that effect be issued. I believe if this is done in conjunction with measures now under consideration which would extend amnesty and work to those outlaws who are ready to return to peaceful pursuits a condition of public order may be speedily reestablished such that a reduction of the marines at the beginning of next year may be hoped for.

HANNA

817.00/6390

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

No. 1127

MANAGUA, August 22, 1929.

SIR: In accordance with orders from the Navy Department received by the Brigade Commander on July 24, 1929, calling for the withdrawal from Nicaragua of 1200 enlisted marines and a proportionate number of officers, I have the honor to inform the Department that the United States Navy Transport *Henderson* sailed from Corinto on August 21, 1929, for New York with 732 enlisted marines and 18 officers. It is stated that the remainder of the allotted 1200 men and corresponding number of officers will sail for the West Coast of the United States shortly.

The departure of this considerable contingent of marines was effected quietly. Most of them left in a special train from Managua. Among the officers leaving was Colonel Robert Dunlap, until his departure Commander of the Northern Area of Nicaragua, who has rendered exceptional and notable service to Nicaragua in suppressing banditry. The Sub-Secretary of Gobernación and his wife, who are personal friends of Colonel Dunlap, went to the station to see the marines leave; otherwise no official notice of their departure by the Government of Nicaragua was observed. The newspapers, likewise, failed to comment.

Brigade Headquarters advises that of the 1300 enlisted marines who will remain for the present in Nicaragua one battalion of about 400 are in Ocotal, a second battalion of about 400 are in Matagalpa, and a third battalion of about the same number are in Managua. The entire aviation command, which has not been reduced so far, is concentrated in Managua.

The Guardia distribution outside of Managua is as follows: Eastern Area comprising the Department of Bluefields, 257 men and officers; Western Area comprising the Departments of Leon and Chinandega, 218 men and officers; Southern Area comprising the Departments of Granada, Carazo, Chontales, Masaya and Rivas, 311 men and officers; Northern Area comprising the Departments of Nueva Segovia and Esteli, 609 men and officers; Central Area comprising the Departments of Jinotega and Matagalpa, 414 men and officers.

I have [etc.]

MATTHEW E. HANNA

817.00/6490

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

No. 1246

MANAGUA, December 6, 1929.

[Received December 12.]

SIR: I have the honor to transmit the following information re-

ceived from Brigade Headquarters concerning recent contacts between the Guardia Nacional and bandits.

On November 27, 1929, a group of bandits estimated from twenty-five to one hundred attacked the Guardia garrison of ten enlisted men at La Colonia in the vicinity of Jinotega, killing three and seizing all arms and ammunition on hand. The remainder of the garrison fled but are understood to have reported in later. The bandit group fled to the north and are reported to have fired on the Guardia garrison near Blandon's Crossing.

A small Guardia patrol out from Daraili on a police mission on November 30 encountered a group of bandits and killed two. Four native scouts ran into a group of thirty men armed with shotguns and machetes and killed one.

A Guardia patrol was ambushed just outside of Santa Rosa in the vicinity of El Sauce. The Guardia shot and killed two bandits and captured one pistol, one rifle and three shotguns. There were no Guardia casualties. The contact was believed to have been on November 29.

There is considerable apprehension among the foreign and native coffee growers in the vicinity of Matagalpa following the above evidences of renewed bandit activity. This apprehension has been increased by rumors that Admiral Campbell, the Commander of the Special Service Squadron who is now visiting Nicaragua, will recommend a further reduction in the Marine Corps strength.

I have [etc.]

WILLARD L. BEAULAC

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GRANTING OF ASYLUM IN MEXICO TO GENERAL SANDINO AS A  
POLITICAL REFUGEE FROM NICARAGUA

817.01/42 : Telegram

*The Chargé in Mexico (Schoenfeld) to the Secretary of State*

[Paraphrase]

MEXICO, January 31, 1929—1 p. m.

[Received 6:12 p. m.]

14. My despatches No. 1323, January 8, and No. 1354, January 21.<sup>22</sup> This morning I inquired of Señor Estrada, the Acting Minister for Foreign Affairs, as to the significance of the two press statements recently issued here regarding the relations of the Government of Mexico with the new Government of Nicaragua. Señor Estrada replied that it was the intention of the Government of Mexico not to resume diplomatic relations with the Nicaraguan Government until the forces of occupation were withdrawn. Señor Estrada stated that

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<sup>22</sup> Neither printed.

no such statement of course had been made by the Government of Mexico since it did not desire "to wound susceptibilities", but that so long as the forces of occupation remained in Nicaragua the Government in Nicaragua could not be regarded as independent and the attitude of the Government of Mexico was therefore in conformity with its general policy in such situations.

SCHOENFELD

817.01/43 : Telegram

*The Ambassador in Mexico (Morrow) to the Secretary of State*

[Paraphrase]

MEXICO, February 21, 1929—3 p. m.

[Received 11:45 p. m.]

31. Embassy's 14, January 31, 1 p. m. Upon my return I immediately took up the question of Mexico's future relationship to Nicaragua with Señor Estrada and told him that while it was not of great importance to the United States it would be hurtful to Mexico if Mexico delayed recognition to Nicaragua on the ground that American marines were still in Nicaragua. About a week ago I had a second talk with Señor Estrada on the same subject and I explained to him the extent to which the enemies of Mexico in the United States could use an incident of that sort to attempt to prove that Mexico was the leader of the propaganda against the United States in Latin America.

During our conversation Señor Estrada informed me that after the Nicaraguan elections he had instructed the Mexican Minister in Costa Rica, who was previously also assigned to Nicaragua, to proceed to Nicaragua temporarily thus causing resumption of relations. Señor Estrada explained that at the same time the press statement quoted in Embassy's despatch No. 1320 [1323?], January 8,<sup>23</sup> was given out by him in an endeavor to prepare public opinion in Mexico on the subject. Estrada stated that immediately after the publication of this statement President Gil received hundreds of telegrams and letters protesting against recognition and that on account of that evidence of what they considered public opinion the authorities thought it necessary to cancel the orders to Mediz Bolia.

I went to see President Gil yesterday at his request and he brought up the subject of Nicaragua. The President said that Sandino had sent an emissary to the Mexican Minister in Costa Rica asking the Government of Mexico to grant him an asylum. The President stated that he wanted my advice on this subject because he wished, if possible, to use this occasion in such a way as to improve the relation-

<sup>23</sup> Not printed.

ship between his country and mine. The President therefore proposed, if agreeable to us, to grant asylum to Sandino under an express stipulation that Sandino cease all of his activities against the United States. He thought that Mexico might contribute toward peaceful conditions in Nicaragua by taking this course. He recognized that there might be temporary ovations and press comments on Sandino's arrival in Mexico, but it was his feeling that the temporary disadvantages of these would be outweighed by the permanent advantage of the cessation of armed strife in Nicaragua.

I inquired of President Gil whether the Government of Mexico would issue a statement if it decided to grant asylum to Sandino. He answered that it would be in a form somewhat as follows: Sandino has requested permission to reside in Mexico; the Government of Mexico has decided to grant Sandino this permission on condition that he abstain from any activities which might be construed as hostile to the United States while enjoying the hospitality of Mexico.

I told President Gil that I, of course, was not familiar with the situation in Nicaragua and therefore could not inform him how the State Department would view this suggestion. I indicated however that there might be some objections to the proposed form of statement because of the fact that Sandino's activities have been directed against the Government of Nicaragua rather than against the United States. I made the suggestion that possibly it might be better if the conditions placed on Sandino were that he is not to engage in revolutionary activities against Nicaragua while enjoying the hospitality of Mexico. President Gil agreed that this might be preferable.

This morning I called upon Señor Estrada to present Mr. Morgan.<sup>24</sup> Señor Estrada himself brought up the Nicaraguan matter and inquired about my conversation with President Gil. Señor Estrada made it clear to us that if the Government of Mexico permitted Sandino to have asylum in Mexico it would not be difficult to keep him in a remote state like Yucatan, Chiapas, or Tabasco. I asked Señor Estrada if they could prevent Sandino from coming to Mexico City. Señor Estrada replied that they would only have to tell him that he could not come.

I told President Gil and Señor Estrada that I would submit this suggestion immediately to the Department. I should be pleased to have the Department's comment as soon as possible.

MORROW

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<sup>24</sup> Stokeley W. Morgan, Counselor of Embassy in Mexico.

312.1722 Sandino/2½: Telegram

*The Secretary of State to the Ambassador in Mexico (Morrow)*

[Paraphrase]

WASHINGTON, February 25, 1929—2 p. m.

33. Your 31, February 21, 3 p. m. Persons guilty of political offenses have always found a safe asylum in the United States and the extradition treaties of the United States with many countries specifically provide that persons charged with political crimes shall not be subject to extradition therefor (Moore, *International Law Digest*, vol. IV, page 332; Malloy, *Treaties*, index *sub voce* Political offenses). This principle finds general acceptance among nations. In affording asylum to Sandino, Mexico will thus be entirely within her rights. But my view accords with yours that the proposal to give Mexican asylum to Sandino is a matter primarily affecting Mexico and Nicaragua, rather than Mexico and the United States. The United States is not making war on Sandino; the United States is merely assisting the Government of Nicaragua at its request to establish and maintain in Nicaragua domestic peace which Sandino has been disturbing. The United States, of course, is as deeply interested that peace shall obtain in Nicaragua as it is that peace shall obtain in other nations. It has done and will continue to do all it properly may to promote peace among all peoples, whether under conventional obligations, the rules and principles of international law and comity, or the demands of a good neighborhood.

A situation not essentially dissimilar from the present one arose in 1909 when Zelaya, upon his resignation as President of Nicaragua, sought and was given an asylum in Mexico. This subject is discussed in *Foreign Relations*, 1909, pages 458, 459, and *Foreign Relations*, 1910, pp. 739 ff. While it is not printed in *Foreign Relations*, yet it is a fact that on December 20, 1909, an *aide-mémoire* from the British Embassy informed the Department that the British Government had sent instructions to the commander of the *Shearwater* to afford asylum to Zelaya and convey him to a neutral port on condition that His Excellency engaged not to return to Nicaragua and that the protection of British interests did not require the immediate presence of His Majesty's ship. Sir Edward Grey further added that the President could not be sent for; he had to find his own way to the ship.

It would seem obvious that by affording an asylum to Sandino the Government of Mexico will assume a moral responsibility to make sure that Sandino does not use Mexico as a base for operations against the Government of Nicaragua nor as a safe refuge from which he may direct or foment further revolutionary activities against the Government of Nicaragua.

If, as suggested by President Portes Gil, the Government of Mexico could make an announcement embodying the foregoing principles such as would also make clear to the Nicaraguan rebels that the granting of refuge to Sandino was not to be construed as an expression of sympathy for, or an endorsement or a fostering of, the rebel cause, the resumption of complete domestic tranquillity in Nicaragua would be materially served.

In your discretion you may communicate the substance of the foregoing to President Portes Gil or Subsecretary Estrada, at the same time expressing the appreciation of the Government of the United States for the renewed assurance of friendliness which is shown by their consulting you in regard to this matter.

The Department would much prefer to have Sandino in Mexico under surveillance than in Costa Rica, Guatemala, or Honduras, where he might otherwise go.

KELLOGG

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312.1722 Sandino/3½ : Telegram

*The Ambassador in Mexico (Morrow) to the Secretary of State*

[Paraphrase]

MEXICO, March 1, 1929—noon.

[Received 4:20 p. m.]

40. Your 33, February 25, 2 p. m. At interviews had with the President and the Acting Secretary of State I communicated to them the substance of your telegram and both expressed satisfaction and appeared to agree with your views. It is my belief that if Sandino continues to be of the same mind with regard to seeking asylum in Mexico, the matter may be expected to proceed along the lines indicated.

MORROW

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312.1722 Sandino/3 : Telegram

*The Minister in Honduras (Summerlin) to the Secretary of State*

TEGUCIGALPA, April 10, 1929—noon.

[Received 3:32 p. m.]

35. The Subsecretary for Foreign Affairs has just informed me by direction of the President of the Republic that the Minister of Mexico has requested permission for Sandino to pass unarmed through Honduras on his way to Mexico. Doctor Duron appeared to view the request sympathetically, but stated that no reply has yet been made to the Mexican Minister.

Repeated to Managua.

SUMMERLIN

312.1722 Sandino/4 : Telegram

*The Secretary of State to the Minister in Honduras (Summerlin)*<sup>25</sup>

[Paraphrase]

WASHINGTON, April 11, 1929—7 p. m.

30. Your 35, April 10, noon. In response to a telegram from Ambassador Morrow in Mexico reporting that Sandino had requested asylum in Mexico, the Department replied that the Government of Mexico in accordance with the general principles of international law would be entirely within its rights in affording such asylum, but that it would, of course, assume a moral responsibility by so doing to make sure that Sandino should not use Mexico as a base for operations against the Government of Nicaragua. Ambassador Morrow was authorized to convey this opinion to President of Mexico.

Accordingly, if your opinion should be requested, you may very informally indicate to the Honduran authorities that the Government of the United States will interpose no objection to the transit of Sandino from Nicaragua to Mexico.

Repeat your telegram to El Salvador and Guatemala.

STIMSON

312.1722 Sandino/7 : Telegram

*The Chargé in Guatemala (Hawks) to the Secretary of State*

GUATEMALA, April 24, 1929—9 a. m.

[Received 1:40 p. m.]

52. Referring to the Legation's telegram of April 15, noon.<sup>26</sup> The Minister for Foreign Affairs informed me last night that yesterday the Mexican Ambassador had requested permission for Sandino to pass through Guatemala from Salvador to Mexico; that this permission was granted and that Sandino will be escorted through Guatemala, precautions being taken to prevent any demonstration whatever.

Repeated to Nicaragua, Honduras and Salvador.

HAWKS

312.1722 Sandino/10 : Telegram

*The Ambassador in Mexico (Morrow) to the Secretary of State*

MEXICO, April 30, 1929—2 p. m.

[Received 6:25 p. m.]

230. Department's 333, April 25, 9 p. m.<sup>27</sup> The President informed me yesterday afternoon that Sandino would take up his residence at

<sup>25</sup> Substance repeated on same date to Nicaragua as No. 50, to El Salvador as No. 8, and to Guatemala as No. 15.

<sup>26</sup> Not printed.

<sup>27</sup> Not printed; it repeated the text of telegram No. 52, April 24, 9 a. m., from the Chargé in Guatemala, *supra*.

Merida, Yucatan. He assured me that Sandino would not be allowed to come to Mexico City en route to Yucatan.

MORROW

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312.1722 Sandino/20 : Telegram

*The Ambassador in Mexico (Morrow) to the Secretary of State*

MEXICO, May 4, 1929—10 a. m.

[Received 2:05 p. m.]

236. Department's 355, May 3, 4 p. m.<sup>28</sup> The Foreign Office informs me that Sandino is still in Nicaragua pending the final arrangement of details concerning his transportation to Mexico. It is hoped that arrangements can be made for him to sail from Puerto Cortes to Progreso and thence go direct to Merida where he is to remain. It may be possible for him to start within a few days. The hope was expressed at the Foreign Office that he would not now be interfered with as he has definitely decided to come to Mexico and has accepted the conditions laid down by the Mexican Government. The Foreign Office promises to inform me of further developments.

Repeated to Managua.

MORROW

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312.1722 Sandino/28 : Telegram

*The Secretary of State to the Ambassador in Mexico (Morrow)*<sup>29</sup>

WASHINGTON, May 8, 1929—1 p. m.

360. Your 236, May 4, 10 a. m. When this Government is informed of the date on which Sandino will leave Nicaraguan territory and of the route which he will follow to the port where he embarks, or to the place where he crosses the frontier, it will give instructions to the forces in Nicaragua to avoid any interference with Sandino's departure. Conditions in northern Nicaragua, however, are such that no definite assurances can be given and no responsibility for Sandino's safety can be assumed.

The Mexican Ambassador informs the Department that it is now contemplated that Sandino should be brought directly to Chiapas by boat without passing through Honduras, and that he would be taken from Chiapas via Vera Cruz to Mérida.

STIMSON

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<sup>28</sup> Not printed.

<sup>29</sup> Substance repeated to the Minister in Nicaragua on the same date as No. 67.

312.1722 Sandino/26 : Telegram

*The Minister in El Salvador (Robbins) to the Secretary of State*

SAN SALVADOR, May 14, 1929—3 p. m.

[Received 10:50 p. m.]

32. Minister of Foreign Affairs told me this morning that Mexican Minister here had reported to him that Mexican Foreign Office had advised on May 11th that Sandino would shortly arrive in Tegucigalpa traveling incognito and that he would travel thence through Salvador and Guatemala to Mexico.

Mexican Minister promised to let the Minister for Foreign Affairs know as soon as he learned of Sandino's departure from Tegucigalpa to Salvador. I shall endeavor to keep the Department informed.

Repeated to Mexico City, Tegucigalpa, Managua, San Jose, and Guatemala.

ROBBINS

312.1722 Sandino/30

*Memorandum by the Under Secretary of State (Clark) of a Conversation With the Mexican Ambassador (Téllez), May 17, 1929*

The Ambassador told me that Mr. Morgan had been around to see the Foreign Office with reference to a communication which our Embassy in Mexico had received regarding Sandino. (It would seem that the telegram in question was probably ours of May 8.) The Ambassador assured me that the Mexican Government was not interceding upon behalf of Sandino and were under no obligations to him, but that he had applied for asylum and just as we gave asylum to Mexican rebels, they had felt they could give asylum to Sandino.

Upon his expressing some apprehension about Sandino's safety, I told the Ambassador that we would do what we could to prevent any injury to Sandino from the regular Nicaraguan forces and from the Guardia, but that I understood the northern part of Nicaragua was in a very disturbed condition with the result that we were not in a position to guarantee Sandino's safety. I told him that we would, of course, request the Guardia not to injure Sandino, but that I did not know how far any request that we might make would go.

The Ambassador left with the statement that so soon as they knew that Sandino was ready to come out they would advise us in order that we might advise the proper persons. I told him that we would leave the matter in that shape.

J. R[EUBEN] C[LARK]

312.1722 Sandino/39

*The Ambassador in Mexico (Morrow) to the Secretary of State*

No. 1718

MEXICO, June 28, 1929.

[Received July 3.]

SIR: I have the honor to report that according to a press statement, General Augusto Sandino, the Nicaraguan bandit, arrived in Mexico day before yesterday, entering at Tapachula, Chiapas, from Guatemala, and that he is said to be en route to Yucatan, where he will fix his residence.

Mr. Sierra, of the Foreign Office, today renewed to a member of the Embassy the previous assurance that Sandino would not be allowed to come to Mexico City and stated that if through any circumstance he should come to the capital, no demonstration of any kind in his behalf would be permitted.

I have [etc.]

DWIGHT W. MORROW

817.00/6492a : Telegram

*The Vice Consul at Progreso (Lane) to the Secretary of State*

PROGRESO, July 11, 1929—10 a. m.

[Received 7 p. m.]

Sandino arrived at Progreso this morning; proceeded to Merida.

LANE

817.00/6441½

*The Secretary of State to the Ambassador in Mexico (Morrow)*

No. 849

WASHINGTON, November 7, 1929.

SIR: There are enclosed herewith two copies of a despatch dated October 22, 1929, submitted to the Department by the American Consul at Bluefields, Nicaragua, accompanied by copies of a manifesto to the Nicaraguan people purporting to have been issued by Sandino.<sup>30</sup>

The Department is particularly interested to know if and when Sandino contemplates returning to Nicaragua. The Department is sending this instruction to you with this end in view and leaves to your discretion the advisability of your making any inquiries in the premises. The Department would also be interested to know whether the printing shop "El Porvenir" exists in Progreso at the address stated on the manifesto. It is suggested that you may see fit to communicate with the Vice Consul at Progreso to obtain this information.

I am [etc.]

For the Secretary of State:

J. P. COTTON

<sup>31</sup> Not printed.

817.00/6492

*The Ambassador in Mexico (Morrow) to the Secretary of State*

No. 2034

MEXICO, December 4, 1929.

[Received December 11.]

SIR: I have the honor to refer further to the Department's instruction No. 849 of November 7, 1929, in which the Department states that it is particularly interested to know if and when Sandino contemplates returning to Nicaragua. Reference is also made to my despatch No. 2007 of November 20, 1929.<sup>31</sup>

I have mentioned the matter informally to the Minister for Foreign Affairs, who stated that his Ministry has no information whatever relative to the alleged plans of Sandino. I suggested to him that it would be helpful in furthering good will between the United States and Mexico if the Mexican Government might find it possible to prevent Sandino's leaving this country directly for Nicaragua; that if he should leave for Europe or some other part of the world and from there go to Nicaragua, the Mexican Government naturally would have no responsibility.

Mr. Estrada agreed with the desirability of carrying out this suggestion and said that his Government would do what it could to prevent Sandino's leaving directly for Nicaragua. He added, however, that inasmuch as Sandino is not a Mexican citizen, it was rather difficult for them to take any decided action to restrict his movements.

I have [etc.]

DWIGHT W. MORROW

817.00/6492A : Telegram

*The Secretary of State to the Chargé in Mexico (Johnson)*

WASHINGTON, December 11, 1929—5 p. m.

539. There is reason to believe that Sandino may be planning to return to Nicaragua in the near future. We desire prompt information about his movements. Please endeavor to arrange in any proper way to obtain information about his movements, and if practicable to learn anything which he may have divulged about his plans, and to forward such information promptly by cable to the Department and to the American Legation at Managua.

STIMSON

817.00/6499 : Telegram

*The Chargé in Mexico (Johnson) to the Secretary of State*

MEXICO, December 19, 1929—3 p. m.

[Received 7:33 p. m.]

382. My 377, December 14, 1 p.m.<sup>31</sup> General Tapia, Chief of the President's Military Staff, tells me that according to his information

<sup>31</sup> Not printed.

Sandino is endeavoring to purchase a farm near Merida on which to live and that he finds difficulty in securing the purchase money. General Tapia says he has no information whatever that would indicate Sandino is planning to return to Nicaragua.

Repeated to Nicaragua.

JOHNSON

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CONCERN OF THE DEPARTMENT OF STATE OVER REPRESSIVE  
MEASURES OF PRESIDENT MONCADA

817.00/6251 : Telegram

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

MANAGUA, April 8, 1929—4 p. m.

[Received 10:00 p. m.]

93. In recent weeks some sixteen men of known or reported Conservative leanings have been imprisoned in Managua by the present Government. Most of them have been released after a few days' imprisonment, and no legal charge of misdemeanor or offense appears to have been brought against them. Last Friday two nephews of General Chamorro were so imprisoned and also the well-known editor Gabry Rivas. So far as this Legation is informed the latter three are still imprisoned. General Chamorro called personally to request the Legation's special attention to his own case and guarantees such as he states President Hoover offered him verbally in their conversation on the *Maryland*. He left Saturday for his ranch across the lake and was accompanied on the trip by an American marine.

Opinion seems to be divided as to the extent to which this attitude will be carried by the Government but seems rather general to the effect that intimidation rather than terrorization or reprisal is meant.

EBERHARDT

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817.00/6251 : Telegram

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

WASHINGTON, April 9, 1929—6 p. m.

48. Your 93, April 8, 4 p. m. Were these arrests made by the Guardia and if so by whose orders? Was not the Guardia informed of the charges leading to the arrests? Please report in detail by telegraph such information as the Guardia can give you on each case. Where are the prisoners held? If they are in the penitentiary or police station it should be easy for you to ascertain from the Guardia whether Gabry Rivas and the other mentioned are still in jail, and if so whether they are being legally held. Please rush reply.

STIMSON

817.00/6254 : Telegram

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

MANAGUA, April 10, 1929—11 a. m.

[Received 4:10 p. m.]

95. Department's telegram April 9, 6 p. m. Arrests were made by guardia upon President's order written or verbal; guardia not informed of charges. Prisoners held in penitentiary under guardia. They are treated with consideration and not placed with common prisoners. Guardia advises Gabry Rivas and the two nephews of Chamorro are still detained. Detailed report including investigation of legality of arrests is being prepared by the guardia.

EBERHARDT

817.00/6256 : Telegram

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

MANAGUA, April 11, 1929—11 a. m.

[Received 3:25 p. m.]

96. Legation's 95, April 10, 11 a. m. In conversation with the President yesterday he brought up the matter of the recent imprisonments. He stated that all of the arrests made at his order were legal in every way, that warrants had been issued in all cases, and that no man had been detained beyond the period of ten days permitted by Constitution. He stated that these men or the elements they represented were [not?] attempting to incite the people to revolution but he states he did have good reason to believe that they were conspiring to promote intranquillity and lack of confidence in his regime. He suspects the two nephews of Chamorro of having helped to furnish supplies to Altamirano. In the case of Gabry Rivas he states that the latter, with a home of his own, hired a room in a building very close to the Presidential palace where he and other undesirable Conservatives were in the habit of meeting. I expressed to President Moncada the hope that he would not find it necessary to continue this series of arrests much longer and he promised me that he would not abuse the powers placed in him by the Constitution. According to the President, only the three persons mentioned in the Legation's 95 and one other are at present being detained by his order and he expects to order their release at the end of the legal period of 10 days.

EBERHARDT

817.00/6254 : Telegram

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

WASHINGTON, April 11, 1929—8 p. m.

51. Your 95, April 10, 11 a. m. Department believes that the Guardia should not be asked to make arrests without having full information of the reasons therefor. Please discuss this point with McDougal<sup>33</sup> and inform Department of your views and his either by cable or as part of the detailed report to which you refer. Do not make representations on this point to Moncada at present unless you and McDougal consider it necessary to do so. Please expedite report, sending it by air mail if possible.

STIMSON

817.00/6260 : Telegram

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

MANAGUA, April 12, 1929—11 a. m.

[Received 4:25 p. m.]

99. Department's April 11, 8 p. m. McDougal is investigating entire situation and is preparing a formal method of procedure to be followed in making arrests. This will be presented to the President when ready and it is hoped that it will obviate the necessity of representations by the Legation. Under this plan the Guardia will insist on full information in the case of each arrest.

McDougal quite correctly does not wish us [to] act hastily in this matter and he prefers to delay action until he has prepared a complete plan to replace the present informal procedure. This of course will require a minute study of Nicaraguan law and criminal procedure. In the meantime the few prisoners still held are being well treated and there is apparently no immediate cause for alarm. It is hoped that the plan of procedure being prepared for the President will clarify the whole situation.

EBERHARDT

817.00/6267 : Telegram

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

MANAGUA, April 16, 1929—2 p. m.

[Received 5:31 p. m.]

105. Legation's 99 April 15 [12], 11 a. m. The President stated to me this morning that no prisoners were now being held at his order. Gabry Rivas and Adolfo and Enrique Vargas are being held by order of the Criminal Judge of Managua, the first for leading and

<sup>33</sup> Douglas C. McDougal, Chief of the Guardia Nacional of Nicaragua.

the other two for complicity in the assault on the International Club August 28, 1925. Under the law, he stated, they had eight days to present their case and demonstrate why they should not be tried on these charges. The President admitted that he did not find sufficient evidence to justify holding them beyond the legal period of ten days on the original charge of conspiring against public order. He said that the case was now in the hands of the court and that he had nothing more to do with it.

EBERHARDT

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817.00/6307

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

No. 961

MANAGUA, April 25, 1929.

[Received May 13.]

SIR: I have the honor to refer to various telegrams addressed by the Legation to the Department with reference to a series of arrests made by the Guardia at the order of President Moncada under the authority given to him by Article 112 of the Constitution of Nicaragua, which is translated in part: "When public tranquillity is threatened the Executive may issue orders (*ordenes*) of arrest against persons presumed to be guilty and examine them, placing them at the disposal of a competent Judge within ten days." There are enclosed copies and translations of a letter dated March 25, 1929, addressed to the Legation by the National and Legal Board of Directors of the Conservative Party in Nicaragua and of its enclosure, a report on alleged cases of arrest and persecution of members of the Conservative Party by the present Government.<sup>34</sup>

There are also enclosed copies of a report to the Legation made by the Chief of the Guardia on April 10, 1929, giving the details as far as they were then known of the cases referred to in the paragraph above.<sup>34</sup>

General McDougal has informed the Legation that no prisoners are at present being held by order of the President.

Dr. Cuadra Zavala, a Magistrate of the Supreme Court and a prominent member of the Conservative Party, has assured me that the procedure followed by General Moncada in the cases referred to was entirely legal.

General McDougal is still engaged in drawing up a formal system to be presented to the Nicaraguan Congress for its approval, to be followed in the case of all arrests. Under this procedure formal warrants will take the place of the present informal method of order-

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<sup>34</sup> Not printed.

ing arrests. General McDougal is somewhat handicapped at present by the fact that there is no law officer attached to his command. He expects to effect the transfer of the Brigade law officer as soon as a relief for the latter arrives.

The Department will be informed as soon as General McDougal has completed a draft of the new procedure to be recommended.

I have [etc.]

CHARLES C. EBERHARDT

817.00/6314

*Memorandum by the Assistant Secretary of State (White)*

[WASHINGTON,] May 2, 1929.

Doctor Sacasa, Minister of Nicaragua, called on the Secretary on Thursday, May 2. He handed the Secretary a memorandum<sup>35</sup> with reference to the arrest and imprisonment of Gabry Rivas and Vargas, stating that he had received a telegram from President Moncada to the effect that the Department had not received exact information in the matter as these arrests had been ordered on account of an attempt to assault the Presidential house. The men were kept in jail for ten days, which is permitted under the Constitution, and that during this time personal enemies of Rivas accused him before the court of assaulting the International Club on August 25. The Secretary observed that that was prior to the issuance of the Amnesty Decree. The Minister agreed and said that President Moncada, in view of the separation of the executive and judicial functions under the Constitution, did not feel that he could interfere. The Secretary stated that Presidential action was not called for but perhaps a Presidential whisper would be sufficient. The Minister stated that the Supreme Court is composed of a majority of Conservative judges and, as Rivas is a Conservative, he thought the matter might well be left there. The Secretary told the Minister that if he were writing to President Moncada he thought it might be well to point out the advisability of living strictly up [to] the Amnesty Decree. Of course, the Secretary was here in Washington and President Moncada was on the ground, but he thought, for his own sake, in order to protect himself against attacks by his enemies, President Moncada would do well to have the Amnesty Decree enforced fully. The Minister said that he would communicate in that sense with President Moncada.

F[RANCIS] W[HITE]

<sup>35</sup> Not printed.

817.00/6347½

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

No. 1021

MANAGUA, June 5, 1929.

[Received June 24.]

SIR: With reference to the Legation's despatch No. 961 of April 25, 1929, I have the honor to inform the Department that the Court of Appeals of Granada has ordered the liberty of Gabry Rivas and the other persons involved in the assault on the International Club on the ground that the proceedings against the accused were not properly conducted by the Judge of the Criminal Court in Managua. A translation of the important paragraphs of the Court's decision is enclosed.<sup>36</sup> It would appear from the decision that the Judge of the Criminal Court in Managua is free to reopen the case if he so desires.

Gabry Rivas was released from the penitentiary on June 3. The other persons involved were already at liberty under bail.

Mr. Rivas called at the Legation yesterday and expressed the intention of leaving Nicaragua and traveling to California. He stated that it would probably be some time, however, before he could carry out this intention since he would be required to remain here until his case is completely closed.

I have [etc.]

MATTHEW E. HANNA

817.00/6400

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

No. 1130

MANAGUA, August 24, 1929.

[Received September 3.]

SIR: I have the honor to inform the Department that President Moncada on August 21, 1929, ordered the arrest and confinement of Gabry Rivas on the charge of conspiracy to assassinate him. Included in the conspiracy were also said to be a prisoner in the penitentiary named Simón Torres and an individual named Adán Morales Z. A copy and translation of President Moncada's letter to the Jefe Director of the Guardia Nacional ordering the arrest of these individuals and their release at the end of ten days in case the evidence against them is not sufficient to bring them before the courts are transmitted herewith.<sup>36</sup>

Gabry Rivas was arrested by the Chief of Police of Managua on the evening of August 21 and is now confined in the local penitentiary. It is understood that Adán Morales Z., one of the other two accused, is a brother of the owner of the house in which President Moncada

<sup>36</sup> Not printed.

lives and has only recently returned from the United States where he served as a Nicaraguan Consular Representative.

It is understood that Gabry Rivas was preparing to leave Nicaragua and that he applied at the Foreign Office for a passport on the day he was arrested and confined.

I have [etc.]

MATTHEW E. HANNA

817.00/6438

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

[Extract]

No. 1143

MANAGUA, September 9, 1929.

[Received October 28.]

SIR: Supplementing my despatch No. 1130 of August 24, 1929, I have the honor to inform the Department that Gabry Rivas and Adan Morales Z. were released from confinement nine days after their arrest on the charge of conspiracy. Investigation of the charge did not produce sufficient evidence to justify a formal accusation against them.

I have [etc.]

MATTHEW E. HANNA

817.00/6439

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

No. 1144

MANAGUA, September 9, 1929.

[Received October 28.]

SIR: Supplementing my despatches No. 1021 of June 5, 1929, and No. 1143 of September 9, 1929, I have the honor to report that warrants of arrest were issued on September 7, 1929, by the District Criminal Judge of Managua against the individuals involved in the assault on the International Club, Alfredo Rivas, Manuel S. Miranda, J. Antonio Artilles, Enrique and Adolfo Vargas, Agustín Ruiz and Gabry Rivas. All of the accused persons have presented bail and are at liberty. The charge against Gabry Rivas has been modified to an attempt against personal liberty and the firing of a weapon at the person of General Moncada. He was originally charged with frustrated homicide.

I have [etc.]

MATTHEW E. HANNA

817.00/6411

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

No. 1157

MANAGUA, September 19, 1929.

[Received September 23.]

SIR: I have the honor to report that on a number of occasions recently President Moncada has brought to my attention evidence

indicating that elements within and without Nicaragua opposed to his administration are plotting against his Government. The evidence is mainly circumstantial, consisting of reports from his agents, intercepted telegrams and letters and the suspicious acts of individuals.

A day or so ago when I was lunching alone with the President he brought up this subject and showed me the latest batch of such evidence received by him. It is evident that he is greatly disturbed by the menace of the plotting and is pre-occupied with the problem it presents.

The Vice-President, Dr. Enoc Aguado, recently called upon me and discussed one phase of this plotting, and I transmitted a memorandum of our conversation in a personal letter to Mr. Francis White, dated September 17, from which it would appear that Dr. Aguado shares the President's belief that the assassination of President Moncada is a part of the plan of the plotters. Reference is also made in that memorandum to the most recent imprisonment of Gabry Rivas because the President was convinced that Rivas was one of the principal instigators of the proposed attempt against his life, but that he was subsequently set at liberty by President Moncada's order because the President lacked evidence of the sort that would convict Rivas.

The Minister for Foreign Affairs called upon me this morning by the President's direction and, after referring to what the President had told me in this connection when I lunched with him, said that, while it is the President's intention to exercise extraordinary vigilance to prevent any act which may disturb the peace and order of the country, he will nevertheless proceed in this matter with the greatest circumspection and will not resort to extreme measures without having evidence in his possession which will completely justify prosecution in the manner established by law. Dr. Cordero Reyes said that the President wished me to inform the Department that his attitude is as just stated. I asked Dr. Cordero Reyes if there had been any new developments which furnish evidence of the kind mentioned, and he replied in the negative and added that the President merely wanted the Legation and the Department to be advised as stated in the event that he should have to proceed energetically at some future time. The attitude of President Moncada as stated by the Minister of Foreign Affairs is a confirmation of what the President has previously told me on more than one occasion and of the statement made in a public gathering which is mentioned in my memorandum referred to above.

Dr. Aguado told me in his recent conversation with me that he, as a lawyer, had advised the President not to act on incomplete evidence as in the last imprisonment of Gabry Rivas but to increase

the vigilance of his agents and allow the plotters to entangle themselves in a net-work of evidence sufficient to convict them. It may be that the President has accepted this advice and has instructed the Minister for Foreign Affairs to deliver the message stated above in anticipation of possible arrests and prosecutions in the near future.

I have [etc.]

MATTHEW E. HANNA

817.00/6417

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

No. 1170

MANAGUA, September 25, 1929.

[Received October 3.]

SIR: Supplementing my despatch No. 1157 of September 19, 1929, concerning reports of plotting against the Nicaraguan Government, I have the honor to transmit herewith a memorandum which briefly summarizes a number of reports of this nature which have recently been made to President Moncada.<sup>28</sup>

The reports were handed to me yesterday by the Minister for Foreign Affairs who called at the Legation for this purpose by direction of President Moncada. Dr. Cordero Reyes said that the President desires to keep the Legation and the Department informed of these developments. I told him I had already made an appropriate report to the Department in the matter and would also transmit this additional evidence.

Dr. Cordero Reyes then stated that, in view of the increasing danger that the plotters may succeed in instigating disorder if nothing is done to put an end to their activities, the President is contemplating adopting some repressive measure. He said that there is not sufficient evidence to convict any of the individuals under suspicion and that the President therefore hesitates to throw them into prison because he knows that he could not keep them confined indefinitely without assuming dictatorial powers. He says the President continues to assert that he does not wish to adopt this extreme measure unless it is absolutely necessary and that therefore he is also considering giving the appearance of legality to such a procedure by declaring martial law in the Departments affected. He said that the President is greatly disturbed by the responsibility confronting him in this situation which threatens to create conditions in the country which would be a menace to the stability of his Government, and that he fears it will be necessary for him to resort to extreme measures in spite of his previously asserted determination not to do so.

I told Dr. Cordero Reyes that I understood that the President's purpose in keeping the Legation advised in this matter is informative only. I told him that I could not presume on my own responsi-

<sup>28</sup> Not printed.

bility to give any advice as to any measures which might be adopted in the circumstances but that I might be permitted to say that, if the character of the evidence is carefully weighed, the situation may not appear so serious or threatening as this Government seems to think. I added that all America apparently is being favorably impressed with the progress President Moncada is making in re-establishing order and peaceful activities in Nicaragua and that it would be regrettable if measures should have to be adopted which would give a serious setback to this favorable impression. I inquired if the President had considered the practicability of meeting the existing emergency by deporting the suspected individuals. He replied that he did not know but that he had already formed the intention of suggesting this measure to the President, combined with a request to neighboring Central American governments that the deported individuals be refused admission to the other Central American states.

I do not doubt that more or less continuous plotting is going on within and without Nicaragua because it is what is normally to be expected, but I do doubt that it is as serious as President Moncada thinks. The statement in the enclosed memorandum attributed to Toribio Tijerino indicates that his plan is to foment banditry throughout the country, and it may be surmised that giving aid to existing banditry would form an essential part of any plan of this sort.

In this connection, the Legation, on August 17, 1929, received a telegram from the Legation at Tegucigalpa transmitting an inquiry of Toribio Tijerino as to whether or not the Marines had any objection to his returning to Chinandega. After discussing the inquiry with the Marine Commander and the Minister for Foreign Affairs, I replied that it would appear that Toribio Tijerino should address his inquiry to the Nicaraguan Government, and I informed the Legation at Tegucigalpa confidentially at the same time that the Nicaraguan Government did not desire Tijerino's return.

I have [etc.]

MATTHEW E. HANNA

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817.00/6412 : Telegram

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

MANAGUA, September 29, 1929—5 p. m.

[Received 8:30 p. m.]

238. My despatch 1157, and 1170<sup>80</sup> forwarded by air mail September 20 and 27 respectively.

A warrant was issued on September 27 by direction of President Moncada for the arrest of 13 individuals in Managua, 17 in Masaya, 4

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<sup>80</sup> *Ante*, pp. 596 and 598.

each in Leon and Granada and 1 each in Chinandega and Corinto. The warrant states that "this measure has been taken by the President because there exists complete information that the persons mentioned are endeavoring to alter the order and peace of the Republic," and was addressed to the Chief of the National Guard.

The arrests have been made with the exception of one or two and the prisoners are now confined in the national penitentiary. General McDougal informs me that most of the prisoners have records of previous subversive activities. The list includes no one of outstanding importance. I understand this Government is considering deporting some or all of the prisoners.

HANNA

817.00/6414 : Telegram

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

MANAGUA [October 1, 1929—2 p. m.]

[Received October 1—5:30 p. m.]

241. Supplementing my telegram number 238, September 29, 5 p. m. President Moncada in a long statement published in today's papers gives his reasons for the recent arrests. He states that he has evidence that Conservatives have agreed on Sandino and Pedron in the north, importing arms for them through Honduras as well as supplying them from within the Republic. He says that letters from Sandino to newspapermen in Managua have been found and that one such letter was given to the Minister for Foreign Affairs by a nephew of ex-President Diaz. Toribio Tijerino is charged with conspiring in Honduras to foment banditry throughout Nicaragua. The President refers to specific meetings of persons, whom he names, where plans were made to assassinate and rob. He states there is evidence that General Chamorro is implicated in the movement but is not being molested because he is a Senator and being an habitual revolutionist he covers his tracks. As further evidence of the preparations for disorder he mentions the arms and ammunition which the Government of Panama reported to have been found in the hands of Nicaraguans in Chiriqui Province. He closes the statement with a reference to his duty and says that if energetic action is necessary to save the country he will act with energy.

HANNA

817.00/6418 : Telegram

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

MANAGUA, October 3, 1929—4 p. m.

[Received 7:20 p. m.]

243. Supplementing my telegram 241, October 1, 2 p. m. Ortega Diaz, editor of *La Prensa*, was arrested today. His paper has published a number of bitter attacks on President Moncada in connection with the recent arrests, one of which was over his signature. The Minister for Foreign Affairs has just told me that Diaz's arrest was not because of these articles but because of his connection with the alleged plot to assassinate President Moncada. The Minister for Foreign Affairs also told me that he understands some of the prisoners are to be deported and the remainder set at liberty if further investigation does not warrant their trial. Detailed report being forwarded in despatch number 1176 by air mail today.<sup>40</sup>

HANNA

817.00/6420 : Telegram

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

MANAGUA, October 4, 1929—noon.

[Received 2:55 p. m.]

244. My 243, October 3, 4 p. m. The following eight prisoners were sent to Corinto this morning for deportation to Mexican port on the steamship *Colombia* due to leave Corinto this evening: Gabry Rivas; Adolfo Ortega Diaz; Salomon de la Selva; Gustavo Manzanares, in whose house the conspirators recently met . . . ; Alfredo Rivas, one-time chief of La Loma fortress and said to be an aide of Chamorro's at the present time; Fernando Larios, alleged to be cooperating with Tijerino and Selva; Enrique Aviles, alleged agent of Tijerino recently returned from Honduras; and Adan Morales, alleged leader in the plot mentioned in my despatch number 1130, August 24, 1929.

I understand that these deportations are based on evidence that those deported were conspiring to create disorder in Nicaragua, and are made under authority of article 112 of the Nicaraguan Constitution.

HANNA

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<sup>40</sup> Not printed.

817.00/6434

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

No. 1185

MANAGUA, October 9, 1929.

[Received October 25.]

SIR: Supplementing my telegram No. 244 of October 4, 12 Noon, I have the honor to inform the Department that the eight prisoners referred to therein were deported from Corinto on October 5, 1929, aboard the American steamer *Colombia* of the Panama Mail Steamship Company.

Consul Steger at Corinto informed the Legation by telephone late in the afternoon of October 4 that the deportees had been given neither passports nor visas to permit them to enter any foreign country and that the master of the *Colombia* had refused to accept them as passengers for that reason. The Legation immediately communicated with the Nicaraguan Government which instructed the comandante at Corinto to provide the men with passports and to see that they were supplied with the necessary visas to permit them to be landed at some port between Corinto and San Francisco.

Consul Steger reported on October 5 that the master of the *Colombia* still refused to accept these passengers on the ground that they did not possess the necessary documents to permit their entry into Mexico, to which country the Nicaraguan Government wished to send them. I communicated again with the Foreign Office and was informed that the Nicaraguan Government assumed full responsibility for any losses which might be incurred by the company as a result of the transportation of these passengers. I transmitted this information to Consul Steger at Corinto by telephone and with this understanding the master of the *Colombia* accepted the deportees as passengers. Consul Steger reports that they were issued tickets for Champerico, Guatemala.

I have [etc.]

MATTHEW E. HANNA

817.00/6433

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

No. 1189

MANAGUA, October 11, 1929.

[Received October 25.]

SIR: Referring to my despatch No. 1179 of October 4, 1929,<sup>41</sup> transmitting a decree declaring martial law in the Department of Chontales, I have the honor to report that the latest act of the Executive in the Department of Chontales, according to local newspapers, has been to remove the municipal governments in the towns of Boaco, San José de los Remates, Acoyapa, San Pedro de Lóvago, Comalapa, La

<sup>41</sup> Not printed.

Libertad, Santo Domingo and San Lorenzo, all in the Department of Chontales, and replace them with Local Boards (*Juntas Locales*) made up of Liberal citizens.

This act of the Executive Power has of course given rise to bitter criticism by the Conservative press which links this circumstance up with the series of political arrests which have lately been made and states that the latter were carried out merely to give the Government an excuse to remove the Conservative Municipal Governments of Chontales and replace them by Liberal Boards. The Conservatives point this out as an example of the extreme to which President Moncada will go to influence the coming municipal elections in Nicaragua.

I have [etc.]

MATTHEW E. HANNA

817.00/6428 : Telegram

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

MANAGUA, October 17, 1929—1 p. m.

[Received 2:08 p. m.]

254. My 244, October 4, noon. I understand that the Nicaraguans in reference were refused entrance to Mexico and are proceeding to San Francisco.

HANNA

817.00/6443

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

No. 1203

MANAGUA, October 26, 1929.

[Received October 31.]

SIR: Supplementing my despatch No. 1185 of October 9, 1929, I have the honor to report that señor Cristino Paguaga Núñez, who succeeded señor Adolfo Ortega Díaz as director of *La Prensa*, was arrested and confined on October 24 by order of President Moncada. The immediate cause of his arrest was the publication in *La Prensa* on October 20 of an editorial attacking American policy in Nicaragua in general and in particular accusing Lawrence Dennis, one time American Chargé d'Affaires ad interim in Nicaragua, of having been instrumental in bringing about the Lomazo of 1925.<sup>42</sup> A translation of the editorial is enclosed.<sup>43</sup>

*La Prensa* of October 25 reproduces señor Paguaga's version of the questions propounded to him by the local police judge following his arrest. A translation of the article is enclosed.<sup>43</sup>

Señor Paguaga is known to be an ardent Chamorrista and has endeavored since he has been director of *La Prensa* to continue that

<sup>42</sup> For an account of the seizure of the Loma, a fortress dominating the city of Managua, see telegram No. 150, October 25, 1925, 3 p. m., from the Chargé in Nicaragua, *Foreign Relations*, 1925, vol. II, p. 639.

<sup>43</sup> Not printed.

newspaper's policy of rabid opposition to the government and to American policy in Nicaragua.

The general opinion appears to be that President Moncada's action in this case is consistent with the attitude that he has taken toward persons suspected of plotting against his government although it is considered by many that the actual pretext for the arrest of señor Paguaga was flimsy. General Emiliano Chamorro called at the Legation on October 25 but made no reference to señor Paguaga's arrest.

I have [etc.]

MATTHEW E. HANNA

817.00/6433

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

No. 583

WASHINGTON, October 29, 1929.

SIR: The Department refers to the Legation's despatch, No. 1189 of October 11, 1929, concerning the reported removal of the municipal governments of several towns in the Department of Chontales and their replacement by Juntas Locales made up of members of the Liberal party.

The Department fears that this practice, if continued, might, in view of the nature and intensity of political partisanship in Nicaragua, provoke difficulties for President Moncada's administration. You are accordingly authorized, if in your opinion such action appears advisable and upon verification of the accuracy of the report, to discuss this subject orally and informally with President Moncada, stating to him that you have reason to believe that the Department would view with much regret the initiation of a policy which might be interpreted by his opponents as constituting unwarranted interference in the normal political and administrative activities of the Republic.

I am [etc.]

HENRY L. STIMSON

817.00/6459

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

No. 1220

MANAGUA, November 5, 1929.

[Received November 11.]

SIR: With reference to my despatch No. 1203 of October 26, 1929, I have the honor to report that Señor Paguaga Núñez, the Director of *La Prensa*, was released from the local penitentiary on October 30 after paying a fine of C\$40.00 imposed by the Local Police Judge. The reason for the fine as explained by *La Prensa* the following day was the publication of the editorial transmitted with my despatch No. 1203, entitled "Those of the Surrender and Youth".<sup>44</sup>

I have [etc.]

MATTHEW E. HANNA

<sup>44</sup> Editorial not reprinted.

817.00/6443

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

No. 591

WASHINGTON, November 9, 1929.

SIR: The Department acknowledges the receipt of your despatch No. 1203, dated October 26, 1929, reporting the imprisonment of Señor Cristino Paguaga Núñez, director of the newspaper *La Prensa*, because of an editorial published by him in which the policies of the United States Government in Nicaragua were attacked.

The Department has read the translation of the editorial in question that was transmitted with your despatch, and while the article undoubtedly misjudges and misrepresents the policies of this Government and its representatives the Department is of the opinion that it is not of such a nature as to justify the imprisonment of Señor Paguaga Núñez.

The Department considers that the adoption by President Moncada of any general policy of imprisoning those whose political activities seem aimed against his administration, and as in the present instance against the policies of the Government of the United States, would be most unwise and might very easily lead to greater evils than those which by this means he might seek to overcome. The Department would be especially concerned at the adoption of such a practice because it would involve the Guardia Nacional and consequently the American Marine officers who are detailed to duty with that organization. It is felt that in carrying out the wishes of President Moncada in connection with the detention or deportation of persons whose offenses appear to be merely political, the resentment certain to be incurred would be deflected also toward the Guardia and its American officers, and would thus impair the usefulness of this arm of Government.

You are directed to convey the substance of the foregoing orally and most informally to President Moncada, adding that, as he will of course realize, the ultimate success of the Guardia Nacional de Nicaragua rests upon its non-partisan character, and that when the American Marines shall have been withdrawn the responsibilities of the Guardia will obviously be enormously increased, and unless it shall then enjoy the confidence of the Nicaraguan people it will be unable adequately to meet those responsibilities.

I am [etc.]

For the Secretary of State:  
FRANCIS WHITE

817.00/6420: Telegram

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

WASHINGTON, November 11, 1929—5 p. m.

158. Your 244, October 4, noon. The Department has informed the Labor Department that so far as it is concerned it has no objection to the admission of these Nicaraguans. Final decision however rests under the law with the Labor Department.

Please communicate the substance of the foregoing orally to ex-President Diaz as the reply to his recent telegram to Minister Eberhardt who has interested himself in the case as the ex-President requested.

STIMSON

817.00/6507

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

No. 1230

MANAGUA, November 19, 1929.

[Received December 28.]

SIR: Supplementing my despatch No. 1144 of September 9, 1929, I have the honor to inform the Department that the jury in the case of Gabry Rivas and his associates in the assault on the International Club arrived at a verdict on November 15, 1929. They pronounced Alfredo Rivas and Gabry Rivas guilty of the offenses with which they had been charged and declared Manuel S. Miranda, J. Antonio Artiles, Adolfo Vargas, Enrique Vargas and Agustín Ruiz innocent. A copy and a translation of the verdict published in local newspapers of November 17 are transmitted herewith.<sup>45</sup>

I have [etc.]

WILLARD L. BEAULAC

DISINCLINATION OF THE UNITED STATES TO CONSENT TO AMENDMENTS TO THE GUARDIA NACIONAL AGREEMENT<sup>46</sup>

817.1051/239: Telegram

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

MANAGUA, January 23, 1929—1 p.m.

[Received 4:45 p. m.]

27. The agreement for the establishment of the Guardia Nacional has been before Congress since January 15th. In spite of President Moncada's assurances that the bill will pass without change, the fact that it has not already passed and his apparent willingness to permit Congress to discuss all sorts of proposed amendments, lends color to

<sup>45</sup> Not reprinted.<sup>46</sup> For text of agreement, signed December 22, 1927, see *Foreign Relations*, 1927, vol. III, p. 434.

the frequently expressed belief that at heart he is against the bill and while not openly opposing it, would welcome any turn which might cause it to fail to pass Congress. I have felt that I could assure him that the Department has firm faith in his willingness and power to effect the early passage of the bill unamended. A cabled statement to me to this effect at this time from the Department might prove very helpful.

EBERHARDT

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817.1051/239 : Telegram

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

WASHINGTON, January 25, 1929—4 p. m.

12. Your 27, January 23, 1 p. m. You may inform President Moncada that the Department feels that the enactment without any amendments whatever of the law establishing the Guardia Nacional is of vital importance for the welfare and future peace and prosperity of Nicaragua, and add that the Department feels confident that President Moncada can and will effect the passage of this law at an early date.

You may say further that the Department sees no good reason for the re-establishment of the Hacienda Guards, and feels very strongly that such action would be prejudicial to the best interests of the country. It would, furthermore, be contrary to the expressed views of President Moncada himself that order should be maintained throughout the country only by a nonpartisan constabulary under American leadership.

KELLOGG

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817.1051/243 : Telegram

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

MANAGUA, January 26, 1929—3 p. m.

[Received 9:15 p. m.]

31. The contents of Department's telegram 12, January 25, 4 p. m., have been conveyed to President Moncada and he again expressed his desire to cooperate in every way with the Department. He has furnished me a copy of the amended guardia agreement as passed by the Chamber of Deputies, which must now go back to the Senate for its approval. He stated that he considers the changes as clarifications rather than amendments and he is desirous of obtaining the Department's consideration and if possible its approval of the amended agreement.

The changes made in the agreement are the following:

Paragraphs 2, 3 and 4 of the preamble have been omitted entirely.

Article 1. The second paragraph has been changed to read: "The above-mentioned provisions shall be the only ones which shall be authorized for the maintenance of the Guardia Nacional and any increase or distribution of them shall be made only by virtue of the prior and express authorization of the Congress."

The third paragraph has been changed to read: "Any surplus from the same above-allotted provisions, if there are any, may be applied by the chief of the Guardia Nacional with the strict [*sic*] consent of the President of the Republic to enlarge the said guardia with a suitable coast guard and aviation unit, similarly officered and manned with appropriate ranks and subject to regulations and discipline as provided herein for the personnel of the Guardia Nacional de Nicaragua."

Article 2. The first sentence is changed to read: "The Guardia Nacional de Nicaragua shall be considered the military and police force of the Republic and the Comandante General shall control it in order to guarantee domestic peace and the security of individual rights." The second and third sentences remain unchanged. In the fourth sentence the following words have been inserted after the word President of Nicaragua "through the proper mediums and". The fifth sentence remains unchanged.

Article 3. The following words have been added at the end of the article "and always under the control and command of the President of the Republic."

Article 4. The first sentence has been changed after the word penitentiaries to read "shall be proposed by the chief of said guardia and approved and issued by the President of the Republic." The second sentence has been changed after the words "under regulations" to read "proposed as above stated by the chief of the Guardia Nacional and approved and issued by the President of the Republic."

Article 5. The first sentence remains unchanged. An entirely new second sentence has been inserted as follows: "Civil offenses or those not included in the foregoing article committed by members of the Guardia Nacional shall be investigated and tried by the judicial authorities of the country who may order sent to them any judicial proceedings investigated by officials of the guardia for the due classification and punishment of the offense." The third sentence reads the same as the second sentence in the original agreement.

Article 7. This entire article has been changed as follows: "Persons violating the regulations and the laws governing the traffic in arms, ammunitions and military stores, shall be punished by the civil authorities with fine, arrest or imprisonment for which purpose the Government of Nicaragua will present to Congress a project of law to establish or amend the criminal laws in the sense indicated."

Articles 6, 8, 9, 10, 11, and 12 remain unchanged.

The foregoing proposed amendments have been submitted to the Department merely as a courtesy to President Moncada, to whom I have made it plain that in my opinion the changes do not merely "clarify" the meaning of the language, as he states, but change the agreement so radically as virtually to destroy the purpose for which it is intended and to leave the Department little recourse but to refuse to accept them. For instance, in the penultimate paragraph of the article 1 the word "only" has been substituted for "minimum"; in article 2 the word "sole" has been omitted entirely when reference is made to the military and police force.

Please cable early reply since the agreement is expected to be resubmitted to the Senate on the 29th.

EBERHARDT

817.1051/243 : Telegram

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

WASHINGTON, January 28, 1929—noon.

16. Your 31, January 26, 3 p. m. Please request that no further action be taken on the Guardia agreement until the Department has had an opportunity to study the proposed amendments and consider very carefully all phases of the new situation.

KELLOGG

817.1051/243 : Telegram

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

[Paraphrase]

WASHINGTON, January 29, 1929—7 p. m.

18. Your 31, January 26, 3 p. m. Please telegraph whether request contained in Department's 31, January 26, 3 p. m. [16, January 28, noon?] is being complied with and approximately how much longer Congress will be in session. Also, give your personal opinion on the following questions:

(1) Whether Congress or President Moncada is responsible for the amendments.

(2) What the probable effect on the situation would be if the Department should decide that it is unable to agree with these amendments.

(3) The probability that the existing agreement will be continued in force as hitherto if Congress should adjourn without taking final action.

Please telegraph carefully considered estimate of the situation including a discussion of the relations between Congress and the President.

KELLOGG

817.1051/257

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

No. 907

MANAGUA, January 30, 1929.

[Received February 9.]

SIR: With reference to my telegrams No. 27 of January 23rd (1 p. m.) and No. 31 of January 26th (3 p. m.), I have the honor to report that shortly after the opening of the present Congress the Acting Minister of Foreign Affairs submitted to the Chamber of Deputies for its consideration the agreement between the United States and Nicaragua for the establishment of the Guardia Nacional. It will be recalled that at the last session of Congress this agreement was approved without any changes by the Nicaraguan Senate on January 10, 1928.

The agreement was referred by the Chamber to committee. It was also submitted to the Supreme Court for its opinion, and that body replied that the agreement should be either accepted or rejected in its entirety by Congress but that it should not be amended or changed in any way, since it was an international convention. The committee submitted a favorable report in the sense that it should be approved without modifications.

Discussion of the agreement on the floor of the Chamber of Deputies began on January 15th. In spite of the favorable reports of both the Supreme Court and the House Committee, very marked opposition to the agreement immediately manifested itself from both Liberal and Conservative deputies. Numerous amendments were proposed, and a number of them were passed after rather heated debates.

In the midst of the discussions a motion was passed to invite the Acting Minister of Foreign Affairs to appear before the Chamber to explain what the attitude of the Executive would be regarding changes or modifications in the agreement. The fear was expressed by certain Deputies that in view of international arrangements entered into, obviously referring to the Tipitapa Agreement,<sup>47</sup> the Executive might later on consider itself obligated to give its approval to and promulgate the unamended convention by decree, as was done in the case of the Electoral Law, thus injuring the prestige of the Congress.

The Acting Minister of Foreign Affairs on January 18th appeared before the Chamber of Deputies and his remarks were in substance the following. He stated that one of the provisions of the Tipitapa agreements was the establishment of a Guardia Nacional which would

<sup>47</sup> 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.

exercise the military and police control in Nicaragua; that the Tipitapa agreements, entered into for the purpose of putting an end to a disastrous and bloody revolution, created a special extraconstitutional status of law in the Republic; and that while the agreement had not been approved by Congress, the Guardia Nacional as a vital necessity for the country had existed up to the present time by virtue of that special status of law. He then expressed the opinion that the special status had been terminated by the carrying out of a free and fair election; that consequently the Congress obviously had the right and the obligation to study the agreement and decide whether it conformed to the Constitution and laws of the country; and that he knew of no commitments of the Nicaraguan Government beyond those expressed in the letter of the agreement itself. He added that the agreement responded to a vital national necessity and that the Executive believed that the Guardia Nacional, as it is planned in the convention, is the only means of preserving peace and order in Nicaragua. He also defended the Guardia against the numerous attacks which had recently been appearing in the press against it, and said that the necessities of the electoral period, the maintenance of peace and the brief time allowed to organize it did not permit those in charge to put into practice as careful a selection of its members as was desired nor to give the organization the necessary preliminary training.

This expression of the opinion of the Executive that Congress had the right and duty to decide whether the convention conformed to the Constitution and laws of Nicaragua undoubtedly encouraged the Deputies to persist in their intention of materially modifying the agreement.

During the discussion of the agreement by Congress I called several times on President Moncada to urge him to use his influence with Congress to bring about the enactment of the law without amendments because of its vital importance for the welfare and future peace and prosperity of Nicaragua. On each occasion he expressed his desire to cooperate in every way with the Department and he assured me of his belief that the Chamber of Deputies would pass the law without changes in spite of the fact that all sorts of amendments were being proposed by certain Deputies. He finally informed me that he would have had the bill approved at once by the House if he had the power to do so, but that this was not possible because there was a Conservative majority in the Chamber and the same element which had prevented its passage last January under Chamorro's leadership were opposing it at the present time, still influenced in this attitude by Chamorro. It is true that the loudest denunciations of the agreement have emanated from a few hothead Conservative deputies who were formerly and probably still are

followers of Chamorro, but it is also well known that a number of Liberal members strongly opposed it.

All the newspapers of Managua, Leon and Granada, both Liberal and Conservative, with the sole exception of the Independent Conservative *Diario Nicaraguense* of Granada, have recently been violently attacking the Guardia agreement chiefly on legal and constitutional grounds and have been publishing exaggerated reports of improper conduct by enlisted members and some junior officers of the Guardia. In view of the splendid work of this organization under the administration of President Diaz, which has been almost universally recognized, it can only be assumed that this unjust and unfavorable comment has been principally inspired by leaders of both parties who, it is generally believed, are at heart opposed to a constabulary with such broad powers, and it is felt that either side would defeat the bill if in so doing it could successfully place the blame on the other party.

As the Department was informed in my telegram No. 31 of January 26th (3 p. m.), the bill was passed on first reading by the Chamber of Deputies with various amendments, and a copy of the modified agreement in Spanish is transmitted herewith.<sup>48</sup> When President Moncada supplied me with the text of the amended agreement, he stated that he considered the changes as clarifications rather than amendments and that he was desirous of obtaining the Department's consideration and, if possible, its approval of the modified convention. I have made it plain to him that in my opinion the changes did not merely clarify the meaning of the language as he stated, but that they changed the agreement so radically as to virtually destroy the purpose for which it was originally intended.

The bill must now be resubmitted to the Senate. In compliance with the request contained in the Department's telegram 16 of January 28th (12 m.), I have been assured that further action will be postponed on the Guardia agreement until the Department has had an opportunity to study the proposed amendments.

I have [etc.]

CHARLES C. EBERHARDT

817.1051/245 : Telegram

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

[Paraphrase]

MANAGUA, January 31, 1929—2 p. m.

[Received 8 p. m.]

34. Complying with request contained in your 16, January 28, noon, I have the following to report:

Congress is now (today) in its 40th session with 5 more regular and 15 extraordinary to follow.

<sup>48</sup> Not printed.

My personal opinions with regard to the Department's questions are:

(1) Congress is primarily responsible for the amendments.

(2) If I should hand to President Moncada in the form of a strong note the Department's decision that it cannot accept the amendments, preferably in the presence of both Sellers and Feland<sup>49</sup> early next week, the agreement should pass unamended. This is concurred in by the best informed Nicaraguans and Americans here.

(3) It appears very probable that the existing agreement will be continued in force as heretofore should Congress adjourn without taking final action, but Vice President Aguado has informed me confidentially that he is certain that it will not reach that stage.

The people of Nicaragua are seemingly unanimously in favor of the guardia under American officers. Many political leaders of both parties are opposed to a strong constabulary and would defeat it if by doing so they could throw the blame on their opponents. For a time this appeared to be Moncada's own attitude, but my insistence that the bill be passed unamended appears to have had its effect, and it is believed that he can and will effect this. Moncada's statement that the Conservative majority would prevent him from carrying out our wishes is hardly to be taken too seriously. Some weeks ago he told me that even with this majority he felt that he could always find a way to win over the required votes from the Conservatives if this became necessary. This morning he stated that it seemed best to let Congress discuss the guardia bill for a few more days at the end of which he felt he could secure the passage of the bill unamended.

EBERHARDT

817.1051/256: Telegram

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

MANAGUA, February 9, 1929—4 p. m.

[Received 8 p. m.]

46. Referring to my cable of January 31, 2 p.m. The present Congress now has but 13 sessions before adjournment. While further consideration of the guardia agreement by Congress has been suspended in compliance with Department's request, it is becoming increasingly difficult for the President to withstand the pressure of certain deputies to take final action on it at once. It is now reported that still further amendments are being contemplated. Since the arrival of Admiral Sellers here, he has definitely stated to me and to Rosenthal, Lindberg<sup>50</sup> and others that in conformity with General

<sup>49</sup> Rear Admiral David Foote Sellers, U. S. N., Commander of the Special Service Squadron; Brigadier General Logan Feland, U. S. M. C., Commander of the Second Brigade.

<sup>50</sup> L. S. Rosenthal, manager of the Banco Nacional de Nicaragua; Irving A. Lindberg, Collector General of Customs and member of the High Commission of Nicaragua.

Feland he does not see why amendments to the agreement satisfactory to the Nicaraguan Government should not be accepted. There appears to be little doubt that this attitude of both the Admiral and Feland is having the effect of encouraging President Moncada to disregard my representations that the Department feels strongly that the agreement should be ratified without modifications.

In view of the short time left for Congress to consider the agreement, an early instruction regarding the Department's views would seem desirable.

EBERHARDT

817.1051/260 : Telegram

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

MANAGUA, February 14, 1929—3 p. m.

[Received 7:40 p. m.]

48. On February 4 the jefe politico of Rivas telephoned to the guardia chief of that department and demanded that the entire guardia outpost at Belen be relieved and replaced by new men. The former gave as his reason for this order that these men were on friendly relations with certain unnamed persons whose actions are antagonistic to the present administration. In view of the very serious effect of such a precedent, General Beadle<sup>51</sup> requested the President that when troop movements are recommended by jefes politicos such recommendations be submitted to him by the President. The private secretary of the President under instructions replied in substance that the emergency law of the Guardia Nacional confers on the President complete control of this institution, but that the orders of the Executive are sent through the medium of his Secretaries of State. He stated that according to the law governing jefes politicos they are the representatives of the Executive in their respective departments. Consequently the chief of the guardia in each department must obey the jefe politico in all matters over which the law gives him jurisdiction, and when the departmental guardia chiefs are required to carry out such orders of the jefes politicos they must obey upon receipt of the orders advising General Beadle who in turn will communicate with the President through the Secretaries of State. He said also that the jefe politico of Rivas acted correctly in the above instance. He added that the President intends to exercise control over the guardia through his Secretaries of State and his jefes politicos without contravening the law or the Constitution but giving each one his due, and that the same considerations must be given to the judiciary whom the Guardia Nacional must obey. The tone of the letter is distinctly antagonistic.

<sup>51</sup> Elias R. Beadle, Chief of the Guardia Nacional of Nicaragua.

On various occasions recently General Moncada has expressed to me his opinion that a non-partisan guardia cannot be established at the present time and it is becoming increasingly evident that he intends to make it a partisan organization. In view of the apparent attempt to weaken the guardia, the Conservatives are expressing deep concern and feel that under the circumstances they cannot expect the protection and justice which they were led to believe they would enjoy under the present administration.

The many recent interferences with the conduct of the guardia are tending to create a spirit of discouragement among the American officers of that organization. I am informed that several of those whose two years of duty will expire shortly and who planned to continue in Nicaragua are now preparing to leave. Others now on leave in the United States who intended to come back for duty here with the guardia have decided not to return.

EBERHARDT

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817.1051/256 : Telegram

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

[Paraphrase]

WASHINGTON, February 14, 1929—6 p. m.

26. Your 46, February 9, 4 p. m. It was the hope of the Department, as stated by you previously, that President Moncada would be able to secure the passage of the bill without amendments. Of course you will appreciate that it is vitally important that a satisfactory agreement be voted and if, by accepting certain of the suggested amendments, it will help to bring this about, the Department would have no objection. For example, there would seem to be no objection to the amendment of the preamble, as telegraphed up by you, nor of the second paragraph of article 1, and, if insisted upon, the proposed amendments to articles 4, 5 and 7 also would appear to be acceptable. Likewise, although the Department would prefer that the second amendment to article 2 and the amendment to article 3 should not be made, it would not insist if the changes suggested would bring about the acceptance of the agreement.

The Department feels that it must insist that no change be made on the following two principal points: The first amendment to article 1 in which it is stipulated that the foregoing provisions shall be "the only ones" which shall be authorized, rather than regarded as "the minimum requirements." Similarly, the Department feels that it cannot accept the first change suggested in article 2. The Department regards it as essential to the proper functioning of the guardia and the carrying out of the Stimson Agreement that the Guardia Nacional shall be "the sole military and police force of the Republic."

It is the desire of the Department that you impress upon President Moncada that the purpose of the Tipitapa Agreement was to bring about permanent peace, order, and stability in Nicaragua, and the Department is confident that he will agree with it that this condition has not yet been brought about. The Department, prior to the elections, exerted its utmost influence with the then Nicaraguan Government to have it scrupulously live up to that Agreement and during all that time General Moncada was insisting upon strict compliance with it. The concern of this Government is in having peace and order prevail in Nicaragua and it has not and will not support any political party or faction. The Department is obliged therefore to call just as firmly to the attention of President Moncada's Government the obligations of that agreement as it did to his predecessor's government; and if President Moncada will consider the matter in this light, the Department feels confident that he will support the original text of the guardia agreement in the cases mentioned above. Particular reference in this case is made to the provision in the Stimson Agreement that the guardia will be the sole military establishment of the Republic of Nicaragua. This provision cannot be carried out with the amendment to article 2 as proposed. Likewise, if the guardia is to be effective and efficient, it should not be hampered through a curtailment of funds such as would be possible should the first amendment to article 1 be made.

The changes referred to above, you will understand, are those set forth in your previous telegram. It might be possible, in view of the statements made in your previous despatch, that President Moncada could get the agreement through more easily without any modifications by standing on the Tipitapa Agreement and the advisory opinion given by the Supreme Court to the Congress. The Department therefore wishes you to communicate the above to President Moncada, and to him only, in strict confidence, making it clear to him that he is considered by the Department responsible for the whole matter.

Regarding the independent political activities of officers of the American armed forces in Nicaragua, the Department's attitude with reference thereto has been set forth to you in the past and is in point in the situation described in your telegram No. 46. This is fundamental and the Department wishes it to be fully understood that there is no difference of opinion with the Navy Department regarding this. I hope that it will not become necessary for the Navy Department to issue any direct orders to the officers immediately concerned on this subject.

KELLOGG

817.1051/260 : Telegram

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

WASHINGTON, February 15, 1929—6 p. m.

27. Withhold action on Department's 26, February 14, 6 p. m., pending further instructions.

KELLOGG

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817.1051/256 : Telegram

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

[Paraphrase]

WASHINGTON, February 16, 1929—noon.

29. This is to supplement the Department's telegram No. 26 of February 14, 6 p. m.

The Department must insist, in view of your telegram No. 48 of February 14, 3 p. m., that the second proposed amendment to article 2 shall not be made and the agreement shall continue to provide, as drafted, that the guardia "shall be subject only to the direction of the President of Nicaragua". Your telegram under acknowledgment would seem to indicate that these changes come from President Moncada himself. It is desired that you explain very carefully to President Moncada that the Department will look to him for the handling of this situation and you will also make it clear that a non-partisan guardia is provided for in the Stimson Agreement and that any attempt to make the guardia a partisan organization is a direct violation of that agreement; that if it is persisted in this Government will be obliged to consider very carefully withdrawing not only the marine officers who are in the guardia but all of the marines as well. Please point out to him the dissatisfaction existing among the American officers in Nicaragua, which has been caused by the many recent interferences in the conduct of that organization, as described in the last paragraph of your telegram referred to, and state that if this dissatisfaction continues it will inevitably mean the disruption of the guardia, and that should it continue this Government would naturally not feel like insisting that its officers remain in Nicaragua.

You will please point out to President Moncada very frankly that the future peace, order, and prosperity of Nicaragua is involved in this matter and that if he persists in his present attitude toward the guardia, he will make himself responsible for the disorder and turbulence which is bound to follow.

By laying the situation frankly and forcibly before the President, the Department feels that it has discharged its duties in the matter; and if President Moncada decides to hamper and turn the guardia into a partisan organization, after having been thus fully advised

of the consequences which this Government feels must inevitably follow, he alone will have to shoulder the responsibility. If this Government should withdraw from the guardia and withdraw its marines at this time, it would be impelled, of course, in fairness to itself, to state publicly and frankly the reasons which have prompted it to do so.

The Department has consulted Admiral Hughes and General Lejeune,<sup>52</sup> since sending its telegram No. 26 of February 14, 6 p. m., with respect to the proposed amendments and supports their recommendations that the second amendment to article 1 and the amendments to articles 5 and 7 should not be made.

KELLOGG

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817.1051/261 : Telegram

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

MANAGUA, February 18, 1929—5 p. m.

[Received 8:45 p. m.]

49. The pertinent parts of the Department's 26, February 14, 6 p. m., and 29, February 16, noon, have been placed frankly and squarely before President Moncada today.

With reference to the guardia agreement, the President stated in substance that it is his opinion and that of some of the best local lawyers that the original article 5 without the proposed amendment is unconstitutional and that he cannot therefore insist that Congress approve this article without that amendment. He assured me that if the Department would accept it with this single amendment he would have no difficulty in having the agreement approved by Congress. He said that rather than insist that Congress pass the law without this amendment to article 5 he would prefer that Congress be permitted to adjourn and allow the guardia agreement to continue in force as heretofore. In the latter case he would give it his full support to make it effective as at present.

I have requested the opinion of some of the best local lawyers and several of them state that they can not find anything unconstitutional in the agreement and it appears to depend very much on the political affiliations of the lawyers as to their opinions in this case. I am strongly of the belief that the proposed amendment [to] article 5 is very harmful and would be a dangerous weapon which might be used to weaken the guardia or to make it a partisan organization and that it would be preferable, if the original agreement cannot be approved without any amendment, to allow it to continue in force as heretofore without being discussed further by the present Congress.

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<sup>52</sup> Charles F. Hughes, U. S. N., Chief of Naval Operations; John A. Lejeune, U. S. M. C., Commandant of the Marine Corps.

An early instruction from the Department as to whether it can accept the above-mentioned amendment is requested. On February 21 Congress plans to take a recess for about two weeks to study the budget, after which recess there will be but three sessions. It is intended to follow the usual custom to indefinitely prolong the last session to take up all unfinished business. While it is possible that the guardia agreement might be discussed tomorrow or Wednesday it appears more probable that its consideration will be deferred until after the recess.

When I called President Moncada's attention to the recent tendencies to inject partisanship into the guardia, he stated that General Beadle had worked so long with the former Conservative administration as to have become partisan in favor of the Conservatives, but that any successor to Beadle who demonstrates his fairness will be given a free hand in the control of the guardia. He added that the new chief of the guardia will be given instructions by him that he must cooperate closely with the commander of the marines. This Legation is convinced that Beadle has been entirely non-partisan, and this is the opinion of all fair-minded people. It is evident that Moncada's opposition to Beadle is based largely on the fact that he cooperated so successfully with a Conservative administration.

EBERHARDT

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817.1051/263 : Telegram

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

MANAGUA, February 20, 1929—4 p. m.

[Received 8:35 p. m.]

51. The guardia agreement was passed yesterday by both Houses of Congress with important amendments, the text of which will be telegraphed later to the Department. When the President gave me this information he stated he had endeavored unsuccessfully to prevent Congress from discussing the agreement further until a reply had been received from the Department as to whether it could accept the amendment to article 5. . . . When the agreement was about to be brought to a vote in the Lower House, after they were unsuccessful in preventing its consideration, all but three of the Chamorrista Conservatives left the chamber in the hope that there would not be a quorum, but sufficient Cuadra Pasista Conservatives remained to form the desired quorum. I suggested to the President that he withhold his executive approval today so that consideration might be given to the views of the Department requested in my telegram 49, February 18, 5 p. m., but he declined to do so for the reason that he still strongly favored the agreement with amendments.

EBERHARDT

817.1051/265 : Telegram

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

MANAGUA, February 21, 1929—noon.

[Received 4:19 p. m.]

52. Supplementing my 51, February 20, 4 p. m. The President has now furnished me with a copy of the amended guardia agreement as passed by Congress. The modifications are the same as those described in my telegram 31, January 26, 3 p. m., with the following exceptions:

Article 1. In the last paragraph the words "strict consent" should read "written consent".

Article 2. In the first sentence the word "sole" which was omitted has been replaced. In the fourth sentence after the words "it shall be subject only to the direction of the President of Nicaragua" the following phrase has been inserted "through himself or through the proper mediums".

Article 5 has been completely changed and now reads in its entirety: "Infractions not included in the foregoing article and which constitute civil crimes or offenses which are committed by the members of the Guardia Nacional shall be investigated and tried by the civil authorities of the country."

Article number 8. At the end of the first sentence the following words have been added "through himself or through the proper mediums".

Article number 9. At the end of the last sentence the following words have been added "with the approval of the President of the Republic".

Article 12. In the second sentence after the words "all American officers serving with the Guardia Nacional of Nicaragua" the following words have been inserted "must speak Spanish and".

EBERHARDT

817.1051/264 : Telegram

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

MANAGUA, February 21, 1929—5 p. m.

[Received 7:35 p. m.]

53. The guardia agreement with the amendments described in my telegram 52, February 21, noon, has been signed by the President.

Congress went into recess today for the purpose of studying the budget. It will reconvene on March 5th for its two final sessions.

EBERHARDT

817.1051/268 : Telegram

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

MANAGUA, March 7, 1929—3 p. m.

[Received 7:54 p. m.]

68. The President this morning advised me that funds necessary for minimum strength of guardia as provided in amended bill are included in budget ready to be presented to Congress, and that additional funds necessary during the year will be supplied by him out of the surplus.

I reminded him that new guardia bill did not become effective until agreed to by the United States. He told me that he would act in accordance with that theory, but maintained that technically the new agreement was law as soon as published.

He intimated that he would like to be informed of the Department's attitude regarding the amended bill. The President stated that no official copies of the law had been prepared yet pending minor corrections in the text.

EBERHARDT

817.1051/272a : Telegram

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

WASHINGTON, March 27, 1929—6 p. m.

45. Please confer with McDougal and report fully by telegraph regarding the present situation of the Guardia and Moncada's attitude toward it. Does McDougal feel that he is being allowed sufficient independence and given sufficient support by the Government to enable him to develop the organization properly? Is there any difficulty regarding funds? Has there been friction in connection with the volunteer forces and the reestablished Hacienda Guards? Is recruiting proceeding satisfactorily? The Department would like to have full information on these points, and on any other matters of importance relating to the Guardia, and desires your recommendations and those of McDougal if any action toward improving the status of the Guardia appears necessary.

The Department assumes that President Moncada understands that this Government still has under consideration the proposed amendments to the Guardia Agreement and that it is not to be understood that the Department has acquiesced in these amendments.

KELLOGG

817.1051/280

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

No. 942

MANAGUA, March 30, 1929.

[Received April 10.]

SIR: I have the honor to enclose a copy and a translation of the amended Guardia Agreement as passed by the Nicaraguan Congress on February 21, 1929, and signed by President Moncada.

As the Department was informed in my telegram No. 68 of March 7 (3 p. m.), I have reminded President Moncada that the bill, being in the nature of an international agreement, cannot go into effect unless and until approved by both parties to it. He stated at that time that that would be his attitude toward it, although, as a matter of fact it was law as soon as published. I have not since discussed the matter of the legality of the amended agreement with him since he has shown no disposition to try to enforce it.

## BUDGET

The new budget carries a provision for \$689,132 for the maintenance of the Guardia, or the sum needed for the maintenance of the minimum strength provided for in the original agreement. President Moncada has promised in addition to make available from surplus revenues a sufficient sum to raise the total for the maintenance of the Guardia to \$1,000,000.

## GENERAL McDUGAL

General McDougal, who relieved General Beadle as Chief of the Guardia has lately completed a tour of inspection of the northern area, during which he has been able to form certain impressions concerning the Guardia which conform in the main to those already formed by the Legation.

## VOLUNTEERS

General McDougal, in the first place, is convinced that President Moncada's force of Volunteers has no place in the military system as envisaged and provided for by the Guardia Agreement.

Both he and Colonel Dunlap, at present commanding the Brigade, agree that certain advantages have followed the operations of the Volunteers. In the first place their activities have given the Nicaraguans resident in the affected area a feeling that the Nicaraguan Government is firmly behind the Marines in their campaign against the bandits. In the second place the Marines have acquired from the Volunteers much useful information. Thirdly, operations of the Volunteers have released many Marines for work in other sectors.

On the other hand these same advantages would have accrued to a greater or less degree had a corresponding additional number of Guardia been provided for with the funds used for the maintenance of the Volunteers and the application of the funds to the Guardia would have been productive of more permanent good. This was the opinion of General Beadle and is that of General McDougal. The Legation concurs in it fully.

General McDougal has pointed out to President Moncada that the Volunteers are themselves potential bandits. He foresees possible difficulties when large numbers of them are released without money, employment or adequate clothing. It would be difficult even now to prevent groups of them from deserting and themselves engaging in bandit operations.

### MOBILE BATTALION

General McDougal has obtained the President's consent to the formation of a Mobile Battalion of 200 to 250 Guardia to be used in active operations against the bandits. General Feland, prior to his departure, consented to an arrangement under which this Battalion would assume the responsibility for operations against bandits in the dangerous Peña Blanca area.

The Mobile Battalion will be placed under the command of Colonel Lowell, G. N., and the Brigade will cause to be withdrawn from the area affected all Marine officers not junior to Colonel Lowell so that the latter will be the senior officer present and, therefore, in charge of combined Marine and Guardia operations.

It is anticipated that the new Mobile Battalion will be given a period of sixteen days intensive training, commencing April first, and that they will proceed to the Peña Blanca area immediately thereafter. General McDougal intends to use the Mobile Battalion as an entering wedge with which to bring about the eventual elimination of the Volunteers. Practically all of the \$45,000. appropriated for the maintenance of the latter has been expended and a large number of the Volunteers themselves are being withdrawn at their own request. One group of forty-seven have resigned and turned in their arms during the last few days.

### HACIENDA GUARDS

General McDougal agrees with the Legation that the system of Hacienda Guards is vicious and calculated to detract from the effectiveness of the Guardia.

These men are disorganized and not uniformed and on at least one occasion lately a patrol of Marines narrowly escaped from firing on a group of them which they met on a trail, under the impression that they were bandits. The danger of an accidental clash be-

tween the Marines and the Guardia, on the one hand, and the Hacienda Guards, on the other is always present.

The Conservative Party and press justly observe that the Hacienda Guards constitute a Liberal Army subject only to the will of the Executive. The possibilities of abuse of power by the Executive through these Guards are evident.

#### OPINION OF LEGATION

There can be no doubt that both the system of Volunteers and that of the Hacienda Guards are in direct violation of the Guardia Agreement, which provides in Section II that "The Guardia Nacional de Nicaragua shall be considered the sole military and police force of the Republic, clothed with full power to preserve domestic peace and the security of individual rights".

It is very apparent that President Moncada has been permitted to violate the above section of the Guardia Agreement in an open and flagrant manner.

It is likewise apparent to observers in Nicaragua and especially to those who have had experience in similar situations in other countries that such flagrant and open violation of the letter and spirit of the Guardia Agreement, if allowed to persist, will largely destroy the effectiveness of the Guardia and will place the United States in the position of lending its men and influence to maintain in force a regime which is violating its international agreements and the obligations it solemnly incurred toward both the United States and the people of Nicaragua.

It is too early to say that it is General Moncada's purpose to definitely evade the responsibilities which his Government incurred under the Tipitapa Agreement and later promises, although the Minister of Foreign Affairs in his discussion of the Guardia Agreement before Congress early in February stated in so many words that the Tipitapa Agreement could no longer be considered to be binding. He explained to the Congress that the Tipitapa Agreement, entered into under the very special conditions existing in the country at that time, created what might be called an extraconstitutional status of law, and it was by virtue of this special status that the original Guardia Agreement was entered into. This special extraconstitutional status was terminated when the supervised elections of 1928 were successfully completed.<sup>53</sup> At that time the country returned to its constitutional status and the Tipitapa Agreement ceased to be binding upon the Nicaraguan Government. It followed, therefore, that the Nicaraguan Congress should look into the Guardia Agreement with a view to determining whether it might not be necessary to make certain amendments to it to make it conform to the reestablished constitutional status.

<sup>53</sup> See *Foreign Relations*, 1927, vol. III, pp. 350 ff.

It is believed that in the beginning of his administration President Moncada received and followed bad advice, and his insistence on the maintenance of the Volunteers and the Hacienda Guards may arise from that circumstance rather than from any firm purpose to defeat the agreements entered into by the Nicaraguan Government. Indeed, in many ways, he has lately shown a real desire to exert his influence to enhance the prestige of the Guardia.

It is not believed, however, that this circumstance should in any way induce the Department to agree to any compromise calculated in the long run to defeat the purpose of our cooperation, such as the continued co-existence with the Guardia of such military organizations as the Volunteers and the Hacienda Guards.

The Legation has preferred not to discuss these matters of late with President Moncada largely since the latter is naturally waiting for the re-action of the new administration in the United States and the Legation has believed it best that the Department's decision with reference thereto be presented with all the force of a permanent policy arrived at by the new administration after mature and careful study.

It is believed that the Tipitapa Agreement and the original Guardia Agreement form a basis on which the United States can effectively cooperate to promote security and permanent progress in Nicaragua. No radical departure therefrom or serious compromise tending to weaken the authority of the United States should be contemplated. The authority of the United States derived from these agreements represents in the opinion of the Legation the minimum under which the United States can work with reasonable hope of accomplishing permanent good and without fear of actually using its power and influence to perpetuate and emphasize the very weaknesses in the Nicaraguan system which those agreements seek to remedy.

I have [etc.]

CHARLES C. EBERHARDT

[Enclosure—Translation<sup>44</sup>]

*Amended Guardia Nacional Agreement as Passed by the Nicaraguan Congress, February 21, 1929*

## I

The Republic of Nicaragua undertakes to create without delay an efficient constabulary to be known as the Guardia Nacional de Nicaragua, urban and rural composed of native Nicaraguans, the strength of which and the amounts to be expended for pay, rations, and expenses of operation, et cetera, shall be as set forth in the following table:

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<sup>44</sup> File translation revised.

## COMMISSIONED PERSONNEL

	<i>Per Annum \$Gold</i>
1 Brigadier general.....	\$3,000.00
1 Colonel, Chief of Staff.....	2,500.00
3 Colonels (Line), at \$2400 per annum.....	7,200.00
1 Colonel, quartermaster.....	2,400.00
1 Colonel, medical.....	2,400.00
4 Majors (Line), at \$2100 per annum.....	8,400.00
1 Major, paymaster.....	2,100.00
1 Major, general headquarters inspector.....	2,100.00
1 Major, law officer.....	2,100.00
2 Majors, medical, at \$2100 per annum.....	4,200.00
10 Captains, at \$1800 per annum.....	18,000.00
2 Captains, medical, at \$1800 per annum.....	3,600.00
20 First lieutenants, at \$1200 per annum.....	24,000.00
2 First lieutenants, medical, at \$1200 per annum....	2,400.00
20 Second lieutenants, at \$900 per annum.....	18,000.00
3 Second lieutenants, medical, at \$900 per annum...	2,700.00
20 Student officers (cadets), at \$600 per annum.....	12,000.00
93	\$117,100.00

## ENLISTED PERSONNEL

4 Sergeants major, at \$40 per month.....	\$1,920.00
10 First sergeants, at \$35 per month.....	4,200.00
10 Q. M. sergeants, at \$30 per month.....	3,600.00
60 Sergeants, at \$25 per month.....	18,000.00
120 Corporals, at \$18 per month.....	25,920.00
20 Field musics, at \$14 per month.....	3,360.00
840 Privates, at \$12 per month.....	120,960.00
1064	\$177,960.00

## BAND

1 Leader.....	1,200.00
1 Assistant leader.....	900.00
10 Musicians, 1st class, at \$30 per month.....	3,600.00
10 Musicians, 2nd class, at \$25 per month.....	3,000.00
15 Musicians, 3rd class, at \$20 per month.....	3,600.00
37	\$12,300.00

## ENLISTED MEDICAL PERSONNEL

1 First sergeant, at \$35 per month.....	420.00
4 Sergeants, at \$25 per month.....	1,200.00
20 Corporals, at \$18 per month.....	4,320.00
10 Privates, at \$12 per month.....	1,440.00
35	\$7,380.00

## OPERATIONS AND MAINTENANCE

Per Annum  
\$Gold

Civil employees; uniforms and clothing; arms equipment and target practice; remounts and forage; motor vehicles and maintenance; repairs and replacements; transportation of supplies and troops; maps, stationery, and office supplies; intelligence service; rent, repairs and construction of barracks; gasoline, kerosene; lights; tools and miscellaneous expenditures for operations and maintenance of the constabulary . . . . .	\$200, 000. 00
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## RATIONS

Expenses of procuring and preparing rations for 1136 enlisted at \$0.30 per diem . . . . .	\$124, 392. 00
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## PRISONS AND PENITENTIARIES

Operation and maintenance . . . . .	\$40, 000. 00
Medical supplies and maintenance of constabulary hospitals, prison dispensaries, etc . . . . .	10, 000. 00
Grand total . . . . .	\$689, 132. 00

The foregoing provisions shall be the only ones which shall be authorized for the maintenance of the Guardia Nacional, and any increase or distribution thereof shall be made only by virtue of the prior and express authorization of Congress.

The surplus from the same above-stated provisions, should there be any, may be applied by the Chief of the Guardia Nacional with the written consent of the President of the Republic to enlarge said Guardia with an adequate Coast Guard and aviation unit; the organization of these bodies and their management being made by officers with appropriate ranks and subject to the regulations and discipline established in this agreement for the personnel of the Guardia Nacional de Nicaragua.

## II

The Guardia Nacional de Nicaragua shall be considered the sole military and police force of the Republic and the Comandante General shall make use of it (*y de que dispondrá el Comandante General*) to preserve domestic peace and the security of individual rights. It shall have control of arms and ammunition, military supplies and supervision of the traffic therein throughout the Republic. It shall have control of all fortifications, barracks, buildings, grounds, prisons, penitentiaries, vessels, and other government property which were formerly assigned to or under the control of the Army, Navy, and

Police Forces of the Republic. It shall be subject only to the direction of the President of Nicaragua, through himself or through the proper channels (*por sí o por los organos correspondientes*) ; all other officials desiring the services of the Guardia Nacional de Nicaragua shall be required to submit requests through the nearest official of that organization. The Guard of Honor for the Palace of the President shall be a company of selected men and officers from the personnel of the Guardia Nacional, and will wear distinctive insignia while employed on this service.

### III

All matters of recruiting, appointment, instruction, training, promotion, examination, discipline, operation of troops, clothing, rations, arms, and equipment, quarters and administration, shall be under the jurisdiction of the Chief of the Guardia Nacional and always under the control and command of the President of the Republic.

### IV

Rules and regulations for the administration and discipline of the Guardia Nacional de Nicaragua, prisons and penitentiaries, shall be proposed by the Chief of said Guardia and approved and issued by the President of the Republic. Infraction of these rules and regulations by members of the Guardia Nacional may be punished by arrest, imprisonment, suspension from duty without pay, fine, or dismissal, under regulations proposed, as above stated, by the Chief of the Guardia Nacional and approved and issued by the President of the Republic.

### V

Infractions not included in the preceding article and which constitute civil crimes or offenses which are committed by members of the Guardia Nacional shall be investigated and tried by the judicial authorities of the country.

### VI

Courts-martial constituted under the rules and regulations of the Chief of the Guardia Nacional may try native Nicaraguan officers and enlisted men of the Guardia for infraction of the rules and regulations. The findings of the courts-martial of the Guardia Nacional after approval of the Chief are final, and not subject to appeal or review except by the Supreme Court of Nicaragua and then, only in questions of excess of power or questions of jurisdiction.

### VII

Persons violating the regulations or the laws governing traffic in arms, ammunition and military stores, shall be punished by

the civil authorities with fine, arrest or imprisonment, for which purpose the Government of Nicaragua will present to Congress a project of law to establish or amend the criminal laws in the sense indicated.

### VIII

The Guardia Nacional de Nicaragua shall be under the control of the President of Nicaragua, who will himself, or through the proper channels, issue all orders pertaining to the Guardia Nacional to the Chief thereof. The other employees who may require protection or the services of the Guardia Nacional will make application to the senior officer of the Guardia Nacional in that locality.

### IX

An adequate amount as provided in article I of this agreement shall be appropriated annually to defray the expenses for pay, allowances, equipment, uniforms, transportation, administration and other current expenses of the Guardia Nacional de Nicaragua. Allotments for the various needs of the Guardia Nacional shall be made from this sum by the Chief of the Guardia Nacional with the approval of the President of the Republic.

### X

Reports of expenditures shall be made by the Chief of the Guardia Nacional as directed by the President of Nicaragua and audited in accordance with the law.

Savings effected under any title may be expended under any other title upon written approval of the Chief of the Guardia Nacional.

### XI

The laws necessary to make effective the above provisions shall be submitted to the legislative body of Nicaragua.

### XII

In consideration of the foregoing the Government of the United States in virtue of authority conferred on the President by the Act of Congress approved May 19, 1926, entitled "An Act to authorize the President to detail officers and enlisted men of the United States Army, Navy and Marine Corps to assist the Governments of the Latin-American Republics in military and naval matters" undertakes to detail officers and enlisted men of the United States Navy and Marine Corps to assist the Government of Nicaragua in the organizing and training of a constabulary as herein provided.

All American officers serving with the Guardia Nacional de Nicaragua must speak Spanish and shall be appointed from personnel of the United States Navy and Marine Corps by the President of Nicaragua upon nomination of the President of the United States. They will be replaced by Nicaraguans when the latter have successfully completed the course of instructions prescribed by the Chief of the Guardia Nacional [de Nicaragua] and have shown by their conduct and examination that they are fit for command.

Officers and enlisted men of the United States Navy and Marine Corps serving with the Guardia Nacional will not be tried by Nicaraguan civil courts or courts-martial but will be subject to trial by court-martial under the laws of the United States for the government of the Navy.

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817.1051/280

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

No. 519

WASHINGTON, May 29, 1929.

SIR: The Department has received and carefully considered the Legation's despatch No. 942 of March 30, 1929, as well as earlier despatches and telegrams regarding the amendments proposed by the Nicaraguan Government in the Agreement for the establishment of the Guardia Nacional.

This Government desires as far as possible to meet the wishes of General Moncada and the Congress of Nicaragua with respect to the Guardia Agreement, and has no desire to insist upon its own point of view with respect to unessential details. It has, however, found itself unable to accept certain of the changes proposed by the Congress of Nicaragua because it can not take the responsibility of lending officers of its armed forces for the organization of the Guardia unless it feels certain that the outcome will not reflect discredit on them and that they will never be placed by the operation of the Agreement in a situation inconsistent with their position as officers of the United States. This Government considers it especially necessary that the Agreement, while making the Guardia Nacional subject of course to the command of the President of Nicaragua, should give the Chief of the Guardia a sufficient measure of control over such matters as recruiting, internal organization and discipline to enable him to maintain the strict non-partisanship which under the terms of the Tipitapa Agreement must be its essential characteristic.

The amendments in which this Government has found itself unable to concur are the following:

Article I. The proposed changes in the penultimate paragraph if put into effect would apparently compel the immediate reduction of the

Guardia to a strength which has been shown by experience to be inadequate for the fulfillment of its mission. The Department would have no objection to a definite provision regarding the number of officers and men and the amount of money to be appropriated, with a further provision that increases must be approved by Congress, but if Article I is to be amended in this manner it must obviously authorize a sufficient force and a sufficient appropriation to cover the actual minimum needs of the Guardia at the present time. The best information now available would indicate that the Guardia under present conditions requires an annual appropriation of approximately \$1,000,000. This Government is gratified to know that this amount is now being made available. It would seem advisable that a further study of this matter should be made in the near future by the Nicaraguan Government, the American Legation and the Chief of the Guardia in order that both Governments may be more fully informed regarding the present needs of the organization, and in order that arrangements may be made to provide for its financial requirements in a satisfactory and permanent manner.

Article II. This Government cannot consent to a provision which might be interpreted to require subordinate officers of the Guardia to take orders from local Nicaraguan officials. Such an arrangement would prevent any unity of command or policy in the organization. Furthermore, because of the inevitable differences in points of view, it might lead at times to situations where local Guardia officers might be called upon to take action which they considered inconsistent with the nonpartisanship and exact justice which must characterize the conduct of the organization if American officers are to be connected with it. Friction and loss of efficiency would necessarily result. The Department feels that this difficulty can only be avoided and that the prestige of the Guardia as an organization can only be maintained if the force is subject solely to the direct command of the President of the Republic, acting in his own name or through the appropriate member of his cabinet.

Article III. The amendment of this article apparently contemplates an increased supervision by the President of the Republic over matters pertaining to the internal organization of the Guardia. While this Government of course desires that the policy pursued by the Chief of the Guardia in the direction of the organization should always be satisfactory to the President it does not feel that the aims of the organization can be best attained unless the Chief of the Guardia is given full authority and responsibility over matters such as recruiting, training and discipline. The non-partisanship of the new force cannot otherwise be maintained. The Department has no doubt that President Moncada would always uphold the Chief of the Guardia in maintaining the best standards in its internal organi-

zation, but it wishes to point out that a situation might easily arise at some time in the future and under another administration when it would be of the utmost importance for the Chief of the Guardia to have the necessary authority with respect to its internal administration to maintain it on the high plane contemplated by the Tipitapa Agreement. It is suggested, therefore, that the original wording of Article III be retained.

Article V. Nicaraguan members of the Guardia who commit ordinary offenses will of course be subject to prosecution in the local courts, and there will be no disposition on the part of their American officers to shield them or to hinder a thorough investigation of their actions. The efficiency and morale of the Guardia might, however, be gravely affected if the Nicaraguan members of the organization were exposed to prosecution by local judicial authorities for acts performed in the line of duty or in extreme cases to judicial persecution for political or personal reasons. The United States would not wish to conclude an agreement under which its officers might be placed in a position where their subordinates might be subjected to prosecution for acts committed in good faith under their orders. The Department feels that the original wording of Article V amply safeguards the rights of all concerned in this respect.

Article VIII. The proposed amendment to this article is unacceptable for the same reason as the proposed amendment to Article II.

Article XII. The amendment to this Article if interpreted to mean that all officers must speak Spanish at the time of their detail to the Guardia would be very difficult of enforcement. Every effort will be made to detail Spanish-speaking officers to the Guardia and to require those who do not already speak that language to learn it, but it would be inadvisable to restrict the selection of officers to the relatively small number of members of the navy and marine corps who now possess this qualification.

While a reconsideration by the Nicaraguan Congress of the proposed amendments would in the Department's opinion be the most satisfactory method of reaching an accord, the Department feels that many if not all of these objections to the amendments as outlined above might adequately be dealt with by an exchange of notes between the two Governments if President Moncada considers it preferable to arrive at the necessary understanding in this manner. You may discuss this suggestion with him, showing him the enclosed drafts of notes to be exchanged which embody the Department's views as to the points which should be covered.

It is noted that General Moncada has stated to the Minister in conversation that he is disposed to continue the operation of the Guardia under the present arrangement. While this Government considers

this arrangement highly unsatisfactory and would not desire to have the Guardia continue indefinitely to operate under Executive Decree, it is disposed, because of its deep interest in assisting President Moncada to maintain peace and order, to continue temporarily to cooperate with the Nicaraguan Government on this basis. It hopes, however, that President Moncada will confirm his statement to you in a formal request for the continuance of American officers in the Guardia as at present constituted.

Before communicating the above to President Moncada the Department desires that you should discuss the matter again with the Chief of the Guardia, showing him this instruction and inquiring whether he has any comments to express regarding the Department's views as herein set forth, and whether any of the other amendments proposed by the Nicaraguan Government are in his opinion sufficiently objectionable to require action by this Government. Unless, after consultation with General McDougal, you consider it advisable to make further recommendations to the Department, you may present to President Moncada the Department's views as set forth above.

I am [etc.]

HENRY L. STIMSON

[Enclosure 1]

*Draft of a Note To Be Presented by the Nicaraguan Government*

I have the honor to transmit herewith a certified copy of the Agreement for the creation and establishment of the National Guard embodying the amendments to this Agreement which were proposed by the Congress of Nicaragua and approved by the President of the Republic.<sup>55</sup> For the information of the Government of the United States in considering whether these proposed amendments are acceptable to it, I have the honor to explain further in this note the intent of the amended provisions and the procedure which will be followed in carrying them out.

My Government does not interpret the penultimate paragraph of Article I of the Agreement as prohibiting the Executive Power of Nicaragua from making such further provision for the needs of the Guardia as may be necessary, utilizing for this purpose funds taken from the surplus revenues or other sources. It is understood that the amount necessary for the efficient maintenance of the Guardia will be the subject of study by the two Governments, and that pending a further agreement between them regarding this amount the Nicaraguan Government will make available to the Chief of the Guardia for the use of that organization the sum of five hundred thousand cordobas during each period of six months.

<sup>55</sup> See translation, p. 625.

In accordance with the provisions of the Tipitapa Agreement the Guardia Nacional will be the sole military and police force of the Republic and consequently the Hacienda Guards will be disbanded in each Department as the Guardia forces become available.

Articles II and VIII of the Agreement have been amended to provide that the President may issue his orders to the Guardia through the proper channels (*organos correspondientes*). It is understood that this term refers to the Ministers of Gobernacion and Hacienda and that the Chief of the Guardia will not be required to give effect to any order not signed by those officials or by the President himself, and furthermore it is understood that all orders for the Guardia will be issued only through the Chief of the Guardia.

With regard to Article III it is understood that the words "control and command" refer to the general authority of the President of the Republic, who will issue orders in general terms as to the policy to be followed. The Chief of the Guardia, however, will have full authority and full responsibility with regard to the details of its internal administration, including matters relating to recruiting, appointment, instruction, training, promotion, examination, discipline, operation of troops, clothing, rations, arms and equipment, and quarters and administration.

In executing Article V the following procedure will be followed:

If a Nicaraguan member of the Guardia is charged with a common law offense the judicial authorities before whom the charge is made shall inform the Commanding Officer of the Guardia in that district. The latter, after investigating and ascertaining that there is evidence that an offense has been committed which is not within the competence of the Guardia tribunals established under Article VI, shall deliver the accused to the judicial authorities.

Article XII is not interpreted to mean that officers of the Guardia must speak Spanish at the time of their detail to that organization.

[Enclosure 2]

*Draft of a Note To Be Handed to the Nicaraguan Government by  
the American Minister*

I have the honor to acknowledge the receipt of the note of . . . . .  
. . . . . with which Your Excellency transmitted a certified copy of the Agreement for the creation and establishment of the National Guard embodying the amendments to this Agreement which were proposed by the Congress of Nicaragua and approved by the President of the Republic.

I have informed my Government of the text of these amendments and of Your Excellency's explanation of their meaning and

the procedure to be followed in executing the provisions of the Agreement as amended. In this connection Your Excellency made the following statement:

"My Government does not interpret the penultimate paragraph of Article I of the Agreement as prohibiting the Executive Power of Nicaragua from making such further provision for the needs of the Guardia as may be necessary, utilizing for this purpose funds taken from the surplus revenues or other sources. It is understood that the amount necessary for the efficient maintenance of the Guardia will be the subject of study by the two Governments, and that pending a further agreement between them regarding this amount the Nicaraguan Government will make available to the Chief of the Guardia for the use of that organization the sum of five hundred thousand cordobas during each period of six months.

"In accordance with the provisions of the Tipitapa Agreement the Guardia Nacional will be the sole military and police force of the Republic and consequently the Hacienda Guards will be disbanded in each Department as the Guardia forces become available.

"Articles II and VIII of the Agreement have been amended to provide that the President may issue his orders to the Guardia through the proper channels (*organos correspondientes*). It is understood this term refers to the Ministers of Gobernacion and Hacienda and that the Chief of the Guardia will not be required to give effect to any order not signed by those officials or by the President himself, and furthermore it is understood that all orders for the Guardia will be issued only through the Chief of the Guardia.

"With regard to Article III it is understood that the words 'control and command' refer to the general authority of the President of the Republic, who will issue orders in general terms as to the policy to be followed. The Chief of the Guardia, however, will have full authority and full responsibility with regard to the details of its internal administration, including matters relating to recruiting, appointment, instruction, training, promotion, examination, discipline, operation of troops, clothing, rations, arms and equipment, and quarters and administration.

"In executing Article V the following procedure will be followed:

"If a Nicaraguan member of the Guardia is charged with a common law offense the judicial authorities before whom the charge is made shall inform the Commanding Officer of the Guardia in that district. The latter, after investigating and ascertaining that there is evidence that an offense has been committed which is not within the competence of the Guardia tribunals established under Article VI, shall deliver the accused to the judicial authorities.

"Article XII is not interpreted to mean that officers of the Guardia must speak Spanish at the time of their detail to that organization."

In view of the above statement I have the honor to inform you that my Government accepts the provisions of the Agreement as amended by the Nicaraguan Government upon the understanding that these amendments will be interpreted in accord with the understanding arrived at by this exchange of notes.

817.1051/280

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

No. 521

WASHINGTON, June 6, 1929.

SIR: With reference to the Department's instruction No. 519, May 29, regarding the proposed amendments to the Agreement for the establishment of the Guardia Nacional, you are informed that the Department has given the most careful consideration to the question of the jurisdiction of the local courts over Nicaraguan members of the Guardia in cases of civil offenses. The Department desires that all members of the Guardia who commit such offenses should be brought to trial before the ordinary courts, and that there should be no effort whatever on the part of their American officers to shield them from the consequences of wrong-doing. As stated in the instruction above referred to, however, it has felt that the purposes of the Guardia Agreement might be defeated if there were no check whatever upon the action of the courts in cases where suits were brought for the obvious purpose of political or personal persecution, and where the attitude of the local judge was such as to preclude the probability of a fair trial.

The provisions of Article V of the Agreement, if they are accepted by the Nicaraguan Government in the form proposed by the Department, will impose a very heavy responsibility upon the American officers of the Guardia, because it would be extremely unfortunate to create an impression that members of this force enjoy any immunity from the consequences of misconduct. The Department desires, therefore, that each case arising under Article V should be dealt with with the utmost care, and that the Department should be informed in each case of all of the circumstances and of the action taken. It is suggested that it would be desirable for the Chief of the Guardia to reserve to himself the authority to refuse to permit the local courts to assume jurisdiction over a member of the Guardia who is accused of an offense, and that he should furnish to the Legation full information regarding each case where such refusal is considered necessary, and a brief statement regarding each case where a member of the Guardia is tried by the local courts. It is assumed that he will consult with the Legation in cases which appear likely to give rise to difficulties with other branches of the Nicaraguan Government. The Department does not desire, however, that the Legation should assume the responsibility of deciding questions of this nature.

It is further desired that the Legation should transmit to the Department by mail, or in specially important cases by telegraph, all information which it receives regarding such cases, in order that the Department may be fully apprised of the circumstances if there should

be complaints from the Nicaraguan Legation at Washington or criticism in the United States.

I am [etc.]

HENRY L. STIMSON

817.1051/304

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

No. 1066

MANAGUA, July 2, 1929.

[Received July 8.]

SIR: With reference to the Department's instruction No. 519 of May 29, 1929, (received here June 29, 1929) in regard to the amendments proposed by the Nicaraguan Government in the Agreement for the establishment of the Guardia Nacional, I have the honor to submit for the Department's consideration the following developments in this matter which seemingly were unknown to the Department when the instruction was drafted:

The instruction states near the bottom of page 2 in connection with a discussion of the strength and cost of the Guardia that "it would seem advisable that a further study of this matter should be made in the near future by the Nicaraguan Government, the American Legation and the Chief of the Guardia, in order that both Governments may be more fully informed regarding the present needs of the organization, and in order that arrangements may be made to provide for its financial requirements in a satisfactory and permanent manner", and a reference to the study thus proposed is made in the drafts of the notes to be exchanged by the Legation and the Nicaraguan Government, copies of which were transmitted with the instruction. A study of the nature indicated was nearing completion when the instruction was received by the Legation.

The circumstances which gave rise to the study were as follows; the cost of the Guardia has been for some time a subject for criticism by the press of Managua directed against President Moncada and indirectly involving the marines as well as the Government of the United States. More recently the criticism took on added violence when it became known that General McDougal had asked for and the President had authorized an allotment of ¢1,000,000. (one cordoba equals one dollar) for this purpose annually, previous allotments having been made on a basis of ¢760,000. annually. The criticism became still more serious shortly thereafter when General McDougal requested that ¢650,000. of the surplus on July 1, 1929, be set aside for the Guardia. Additional detail in this connection was reported in the Legation's despatches 1056 and 1057 of June 25, 1929.<sup>56</sup>

This criticism, made by the press of Managua irrespective of party affiliation with one exception, greatly disturbed President Moncada.

<sup>56</sup> Neither printed.

He had touched upon the subject on a number of occasions when I was conferring with him on other matters, and on June 24, when the latest attacks became most virulent, he asked me if I would be willing to assist him by making a thorough investigation of the whole subject of the expenses of the Guardia. His request took the form of a strong appeal for my personal as well as official cooperation. He asserted his determination to defend the Guardia against every unjust attack and to maintain it at a strength commensurate with its duties and added that he would do this even though there was no Guardia Agreement and solely because he thinks it absolutely essential. He said that he could not disregard, however, the storm of criticism and protests and that it was essential for all concerned that the strength and cost of the Guardia should not exceed the absolute necessities of the situation.

I immediately conferred with General McDougal and, as was to be expected, I found him no less desirous than myself of cooperating with President Moncada in the study which he wished to have made. General McDougal lost no time in making a thorough study of the question in all its phases, and our conclusions in the matter were embraced in the seven points mentioned on the enclosed memorandum. It will be noted that the enlisted strength of the Guardia is not to exceed 2,000 men. This number is actually the present enlisted strength of the Guardia although that fact is not stated in the memorandum. An effort is also to be made to make a further reduction of 200 in the enlisted strength but this may be stopped at any moment by the Chief of the Guardia if it becomes apparent that such further reduction is inadvisable.

It will also be noted that by points five and six President Moncada agrees to the disbandment of the Hacienda Guards and the Voluntarios. On more than one occasion recently I have taken advantage of opportunities to remind President Moncada of the undesirability of these two organizations and he had told me that he desired to get rid of them. In the last days of June he gave the Minister of Hacienda an Executive Order to disband the Guards beginning on July 1. I also told President Moncada, in the course of the study that General McDougal and I made of this matter, that the disbandment of the Voluntarios would be an essential point in any conclusions that we would reach.

Under point three of the memorandum the total strength of the Guardia may be restored to what it now is or even to a greater strength if changing conditions should make such an increase necessary.

Finally, point seven of the memorandum is intended to meet the keen desire of the Nicaraguan authorities that the Guardia should

make more effective use of the Jueces de Mesta, a desire in which General McDougal has concurred provided a way could be found to place the Jueces de Mesta more directly under the control of the Guardia. President Moncada has stated that he believes this can be done.

There will be an immediate saving to the Nicaraguan Government of ¢100,000. annually on the cost of the Guardia, and an additional annual saving of approximately ¢400 per man for such reduction in the enlisted strength as may be made under point 2 of the memorandum. There will be a further saving of about ¢30,000. annually with the disbandment of the Voluntarios and of probably ¢50,000. annually by the disbandment of the Hacienda Guards. The total saving for the Government should be at least ¢200,000. and may reach ¢250,000. A further advantage of considerable immediate importance to President Moncada is that General McDougal will now require ¢550,000. from the surplus available on July 1 instead of ¢650,000. which he recently requested, thus setting free an additional ¢100,000. of the surplus for other purposes.

I called upon President Moncada today accompanied by General McDougal and gave him a copy of the enclosed memorandum as expressing the result of our study. He agreed to all of its provisions without hesitation or reservation and expressed his appreciation and gratitude for the cooperation we had given him. I directed his special attention to points five and six and he stated in reply that the Hacienda Guards have just been disbanded by Executive Decree and that the Voluntarios will also be disbanded without delay. He said that he desires the Guardia to take over the major part of the duties of the Hacienda Guards but that a small force of special agents in the nature of detectives, plain clothes men without military organization, will also be employed. I also understand that the President's only serious problem in connection with the disbandment of the Voluntarios is to find some position, temporarily at least, for General Escamilla.

In view of the developments set forth above, it would appear that an appropriate change should be made in the second paragraph of the draft note to be presented by the Nicaraguan Government. For the same reason the Department may desire also to make an appropriate change in the third paragraph of the note which refers to the Hacienda Guards.

General McDougal suggests with respect to paragraph four of the draft note concerning Articles II and VIII of the amended Agreement that its last sentence be so modified as to convey the following meaning:

It is understood that this term refers to the Ministers of Gobernacion and Hacienda but that all orders issued by or through them shall have their signatures as well as the signature of the President himself,

and furthermore it is understood that all orders for the Guardia will be issued only through the Chief of the Guardia.

General McDougal fears that the Ministers mentioned may issue orders to him on their own initiative and responsibility without consulting President Moncada, and his suggestion is for the purpose of preventing this if possible.

With respect to the penultimate paragraph of the draft note regarding the execution of Article V of the Agreement I am in some doubt whether the term "Common law offenses" is an entirely accurate description in Nicaragua of offenses in mind.

I will await the Department's further instruction before taking up this matter with President Moncada.

I have [etc.]

MATTHEW E. HANNA

[Enclosure]

#### MEMORANDUM

1. The Guardia will be maintained at an enlisted strength of 2,000 men at an annual cost that will not exceed 900,000 cordobas.

2. An effort will be made to make a further reduction of 200 in the enlisted strength and a corresponding reduction in the cost, on the following basis and understanding:

(a) The reduction to be made by natural losses, except that men whose enlistments expire and who are desirable will be reenlisted.

(b) This additional reduction may be stopped at any moment if it becomes apparent to the Chief of the Guardia that the Guardia is being reduced below the absolutely necessary minimum for the performance of the duties imposed upon it, and the total enlisted strength of the Guardia may, if necessary for the performance of those duties, again be increased to a total of 2,000 enlisted.

3. The total enlisted strength of the Guardia and its cost may be increased or decreased in the future to meet changing conditions, and Paragraphs 1 and 2 above are subject to this condition.

4. The commissioned strength of the Guardia will be kept at a minimum for efficient administration and operation at all times.

5. The Hacienda Guards will be disbanded in accordance with Executive orders already issued and their duties will be taken over as necessary by the Guardia.

6. The existing force of Voluntarios will be disbanded and replaced by the Guardia.

7. A study will be made to bring about effective cooperation of the Jueces de Mesta with the Guardia Nacional.

JULY 1, 1929.

817.1051/309

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

No. 1069

MANAGUA, July 9, 1929.

[Received July 15.]

SIR: I have the honor to transmit herewith a copy of the Articles for the Government of the Guardia Nacional of Nicaragua prepared by General McDougal and approved by President Moncada on July 5, 1929.<sup>57</sup>

Article I provides that the personnel of the Guardia will be subject for all military offenses and for acts committed in the line of duty to the jurisdiction of military tribunals, and that the findings of such tribunals are not subject to appeal or review except by the Supreme Court of Nicaragua and then only on questions of excess power or questions of jurisdiction. The Article further provides that:

Other offenses committed by members of the Guardia Nacional de Nicaragua shall be investigated by officers of the Guardia Nacional as directed by the Chief of the Guardia Nacional. If it should appear upon investigation that the offense is not subject to military jurisdiction, the offender will be turned over to the civil authorities.

The foregoing provisions of the Articles have a bearing upon the matters discussed in the Department's instructions No. 519 of May 29, 1929, and No. 521 of June 6, 1929, concerning the amendments proposed by the Nicaraguan Government in the Agreement for the establishment of the Guardia Nacional, especially upon Paragraph 6 of the draft note to be presented by the Nicaraguan Government to this Legation which was enclosed with instruction No. 519 just mentioned.

I have [etc.]

MATTHEW E. HANNA

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[In a letter dated December 5, 1929, to Allen Dulles, in care of Sullivan and Cromwell, New York, Francis White, Assistant Secretary of State, wrote as follows with respect to the agreement as passed in amended form by the Nicaraguan Congress on February 21, 1929:

"The Department has not yet acquiesced in the amendments to this joint agreement, but has in mind certain modifications designed principally to insure that regular budgetary provision will be made for the upkeep of the Guardia, and to adjust the agreement in other ways to meet certain technical requirements." (817.1051/339a)]

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<sup>57</sup> Not printed.

OBJECTIONS TO NICARAGUAN LAW GRANTING COURTESY RANK OF  
MINISTER TO CERTAIN OFFICERS OF THE UNITED STATES NAVY  
AND MARINE CORPS

817.452/1 : Telegram

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

MANAGUA, January 7, 1928 [1929]—3 p. m.

[Received 8:30 p. m.]

13. The President has signed an act passed by Congress<sup>58</sup> giving Admiral Sellers and General Feland<sup>59</sup> the precedence accorded to ministers plenipotentiary on special mission at all official functions. The law is the result of several recent painful incidents caused by General Feland's insistence that he be placed ahead of the British, the Italian and other charge des affaires at official functions. It has naturally aroused resentment among the members of the Diplomatic Corps.

Before the law was passed the Legation pointed out to General Feland and to Admiral Sellers the unfortunate complications which would result and the wrong impression which might be created among the representatives of other Latin American Republics by giving such unusual treatment to American military officials and suggested that it would be appropriate for General Feland himself to suggest that the project be dropped. They did not however concur in my views.

A representative of the Foreign Office informed the Legation today that the Government interpreted the law as requiring that General Feland be seated ahead of the dean of the Diplomatic Corps and myself at an official banquet to be given tonight in honor of the special delegations here for the inauguration. He was informed that would be entirely improper and it was decided that the General should be seated after the ministers but before the charge des affaires. I understand however that the General will not be able to attend.

I am reporting this matter because I fear that one of the other governments represented here will make a formal protest and that the resulting publicity will be unfortunate. We have endeavored on such occasions as Mr. Hoover's visit and the inauguration to avoid any display which might give an impression of American military domination here and I feel that it would be very unfortunate to have attention focused on the position of the chief of

<sup>58</sup> The law went into effect January 4, 1929. (817.452/7)

<sup>59</sup> Rear Admiral David Foote Sellers, U. S. N., Commander of the Special Service Squadron; Brigadier General Logan Feland, U. S. M. C., Commander of the Second Brigade in Nicaragua.

the American military forces by a controversy over questions of precedence.

EBERHARDT

817.452/2 : Telegram

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

MANAGUA, January 9, 1929—1 p. m.

[Received 3:25 p. m.]

16. The Diplomatic Corps held a meeting yesterday to discuss the law referred to in my telegram No. 13, January 7, 3 p. m. I did not attend. They decided not to make any protest at present but simply to transmit direct to their Governments the Foreign Office's note advising them of the text of the law.

EBERHARDT

817.452/3 : Telegram

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

WASHINGTON, January 10, 1929—2 p. m.

7. Your thirteen January 7, 3 P. M. and 16 January 9, 1 P. M. The Department regrets that such a law should have been passed and wishes you to make it plain to all concerned that this was not done at the instigation of the Department or with its approval. The Department sees no reason why American military or naval officers should take precedence over chiefs of mission either ministers or chargés d'affaires (the Department presumes that your telegram referred to the British and Italian and other chargés d'affaires and not charge des affaires as transmitted). The Department notes that you have endeavored on such occasions as Mr. Hoover's visit and the inauguration to avoid any display which might give an impression of American military domination and feels very strongly that this same policy should be followed at all times.

KELLOGG

817.452/5 : Telegram

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

MANAGUA, January 25, 1929—4 p. m.

[Received 9:16 p. m.]

30. Department's 11, January 25, 3 p. m.<sup>60</sup> Full text of the law of January 4th as follows:

"Article 1. That the admiral commanding the squadron of the United States Navy on vigilance service in the waters of Nicaragua and the high officials with grade of general in the American armed forces who are in command of the American mission of pacification,

<sup>60</sup> Not printed; it requested the Minister to cable full text of law.

will be accorded, for the purposes of protocol and courtesy, the rank of ministers plenipotentiary and envoys extraordinary of the United States on special mission near the Government of the Republic of Nicaragua.

Article 2. This decree will come into force from its publication by *bando*.”\*

EBERHARDT

817.452/9 : Telegram

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

[Paraphrase]

WASHINGTON, February 2, 1929—7 p. m.

22. (1) I have been advised by the Secretary of the Navy that both Feland and Beadle are being relieved from duty in Nicaragua. I understand that Williams will replace General Feland and Colonel McDougal will replace Beadle. Beadle will not remain in Nicaragua.

(2) The Navy Department has detailed an officer of the Marine Corps to make an audit of the accounts of the Guardia Nacional.

(3) Referring to your 13, January 7, 3 p. m. I have discussed the law of January 4 with the Secretary of the Navy and he agrees with me that it is unfortunate that such a law should have been passed, giving special precedence in Nicaragua to specified American officers. I am doing nothing further about the matter at the present time as the Navy Department wishes to work it out itself in order not to cause embarrassment. The same applies to having an American officer as adviser in military and other matters. It is to be arranged in the future that this should be the Chief of the Guardia Nacional and not the Commander of the United States Marine forces in Nicaragua. The Navy Department will likewise make it clear to the new appointees that the American Minister in Nicaragua and, in his absence the Chargé d’Affaires, is the only personal representative of the President of the United States in Nicaragua, and that the officers of the American armed forces in Nicaragua should not advise the President of Nicaragua or other Nicaraguan officials independently. Whenever the officers of the American armed forces desire to discuss matters with the President or a Minister of the Cabinet, the Navy Department will arrange that they should request the American Minister or Chargé d’Affaires to request the interview and take them to it, and that matters in which they may disagree with the Chief of Mission shall not be taken up with the Government of Nicaragua without first being submitted to the Government of the United States for its decision.

KELLOGG

\* i. e. by oral proclamation. [Notation on original in ink in the handwriting of Assistant Secretary of State Francis White.]

817.452/15 : Telegram

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

WASHINGTON, April 24, 1929—5 p. m.

59. Department's 22, February 2, 7 p. m. Before leaving Managua the Department desires you to inform the Government that in your absence the Chargé d'Affaires, as the representative of the United States, will take precedence over both the Commander of the Special Service Squadron and the Brigade Commander. The Navy Department has directed the Commander of the Special Service Squadron to be guided accordingly.

STIMSON

817.452/16 : Telegram

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

MANAGUA, April 29, 1929—5 p. m.

[Received 7:55 p. m.]

124. The information contained in Department's 59, April 24, 5 p. m., will be conveyed to the Nicaraguan Government before my departure. Precedence of the Chargé d'Affaires of this Legation over the Admiral and Commanding General will also give him precedence over foreign chargé[s] d'affaires if these latter take precedence after the Admiral and General as contemplated in the recently enacted Nicaraguan law and this is liable to result in disagreeable incidents. It would prove very helpful if the Department could induce the Navy Department to instruct the Admiral and Commanding General to express the Navy Department's appreciation of the Nicaraguan Government's act and its regret that the honor cannot be accepted since it is in conflict with diplomatic usage and custom. If this procedure is not practicable this Legation would be glad to inform the Nicaraguan Government that the American Government would be gratified to see the law repealed. Please expedite reply.

EBERHARDT

817.452/19 : Telegram

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

WASHINGTON, May 1, 1929—4 p. m.

61. Legation's 124, April 29, 5 p. m. The American Chargé d'Affaires ad interim will take precedence with respect to his colleagues in accordance with universal practice and the local protocol. The American military representatives will take precedence after the American Chargé d'Affaires ad interim. If this understanding is not shared by the American military representatives, please report.

STIMSON

817.452/21

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

No. 982

MANAGUA, May 7, 1929.

[Received May 24.]

SIR: With reference to the Department's confidential telegrams No. 59 of April 24 (5 p. m.) and No. 61 of May 1 (4 p. m.), regarding the precedence of the Chargé d'Affaires of this Legation with respect to the Commander of the Special Service Squadron and the Brigade Commander, I have the honor to report that I have informed the Nicaraguan Government as desired by the Department and have also brought the telegrams to the attention of General Williams, the Brigade Commander.

General Williams. I am pleased to inform the Department, is in full accord with the Department's views in the matter. He showed me an order of the Navy Department directing him to be guided by the views of the Department of State as set forth in a letter of Secretary of State to the Secretary of the Navy, a copy of which accompanied the order. The pertinent paragraph of that letter stated in substance that the Secretary of State had noted the opinion of the Secretary of the Navy to the effect that the special rank conferred upon the Commander of the Special Service Squadron and the Brigade Commander by the Nicaraguan Congress applied only to the officers who occupied those respective positions at the time the legislation was enacted and did not apply to their successors. General Williams stated to me that that was also his understanding of the matter, and he requested me so to inform President Moncada and to say that he, General Williams, felt that, in view of all the circumstances, he could not accept the honor conferred by the legislation in question.

When I saw General Moncada today he brought up this subject and said that he had considered asking Congress to repeal the legislation but had decided that it would be preferable to allow the legislation to stand but to disregard it entirely in practice.

I have [etc.]

CHARLES C. EBERHARDT

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ASSISTANCE BY THE UNITED STATES IN THE SUPERVISION OF  
ELECTIONS IN NICARAGUA <sup>61</sup>

817.00/6218

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

No. 914

MANAGUA, February 13, 1929.

[Received February 23.]

SIR: With reference to my telegram No. 8 of January 4th (4 p. m.),<sup>62</sup> I have the honor to transmit herewith a copy and an English transla-

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<sup>61</sup> Continued from *Foreign Relations*, 1928, vol. III, pp. 418-522.

<sup>62</sup> Not printed.

tion of a note from the Acting Minister of Foreign Affairs in which he states that the President of Nicaragua, being desirous of laying the foundation for lasting peace in the Republic by the practice of free institutions and as the first step in a general plan aiming at the attainment of truly free elections in the future, requests that the President of the United States designate an American citizen to be appointed by the Supreme Court of Nicaragua as President of the National Board of Elections.

I have been informed by the President that, the Presidential elections of November 1928 having been completed in accordance with the Executive Decree of March 21, 1928, and General McCoy having resigned as President of the National Board of Elections, the Dodds Electoral Law of 1923 has again come into effect.

I have [etc.]

CHARLES C. EBERHARDT

[Enclosure—Translation]

*The Nicaraguan Acting Minister for Foreign Affairs (Cordero Reyes) to the American Minister (Eberhardt)*

No. 64

MANAGUA, February 12, 1929.

EXCELLENCY: Under special instructions from His Excellency the President I have pleasure in informing Your Excellency that my Government being desirous of laying the foundation for peace in the Republic in a firm and stable manner, by the practice of free institutions, has arrived at an agreement with the Honorable Supreme Court of Justice, by which this High Tribunal, in the exercise of the powers which are conferred on it by the Electoral Law of March 20, 1923, will appoint a citizen of the United States of America, previously designated by His Excellency the President of the United States, as President of the National Board of Elections, in order to assure complete impartiality of this official, and as the primary part of a general plan aiming at the attainment of truly free elections in the future.

The President desires to obtain in a permanent way the valuable cooperation of the United States in the stability of the Republic in Nicaragua; and to this end, I venture to request that Your Excellency be so kind as to bring to the knowledge of the enlightened Government at Washington the aims above mentioned and to opportunely urge the designation of the American citizen to preside over the National Board of Elections.

I am also authorized to advise Your Excellency that the Government of the Republic will pay to the said President a salary of eight thousand dollars a year.

With confidence that Your Excellency's enlightened Government will agree to continue lending us its assistance for such noble ends, I am pleased to convey to Your Excellency in advance the deep appreciation of my Government.

I avail myself [etc.]

M. CORDERO REYES

817.00/6245

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

No. 937

MANAGUA, March 16, 1929.

[Received March 27.]

SIR: I have the honor to transmit herewith a copy and an English translation of a law passed at the present session of Congress<sup>63</sup> which took effect on March 15, 1929, and which governs the holding of elections for municipal authorities in Nicaragua.

Under the Organic Law of Municipalities of 1901, the Municipal Mayors and Sindicos held office for a period of one year, but this term has been extended to two years by the above-mentioned law, and the City Councilors will now be elected in their entirety at the same election as the Mayors and Sindicos for a period of two years.

As the Department was informed in my despatch No. 914 of February 13, 1929, the Dodds Electoral Law of 1923 was considered to have been temporarily suspended by the Executive Decree of March 21, 1928<sup>64</sup> which provided for American supervision of the national elections, and to have again come into effect upon the resignation of General McCoy as President of the National Board of Elections on December 15, 1928. Consequently, the election of municipal authorities which would have normally been held on November 4, 1928, did not take place, and the incumbents have remained in office pending the enactment of appropriate legislation to regularize the situation. This extended tenure of office of the present city officials has been legalized by the above-mentioned law, and the elections of municipal authorities will be held on the first Sunday of November 1929 and every two years thereafter.

I have [etc.]

CHARLES C. EBERHARDT

817.00/6218 : Telegram

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

WASHINGTON, May 13, 1929—6 p. m.

71. Your despatch No. 914 of February 13. Before reaching a definite decision regarding the designation of an American citizen to act as President of the National Board of Elections, I should like to have more complete information regarding the facilities which would be accorded to this official in performing his duties. It would be desirable, in order to assure full impartiality in the conduct of the elections, to have Americans also as Chairmen of the Departmental Electoral Boards, and it is believed that each of these Americans, to assure efficient administration, would require two American

<sup>63</sup> Not printed.<sup>64</sup> See telegram No. 148, March 24, 1928, from the Minister in Nicaragua, *Foreign Relations*, 1928, vol. III, p. 482.

assistants. With the necessary office force in the Central Board a total force of approximately forty-five Americans would be needed. The expense of an election conducted with such an organization would of course be materially less than the expense of the 1928 election, when a very much more elaborate organization was required.

If an American nominated by this Government is to assume responsibility in connection with the elections it would be necessary that the existing law should be so amended as to give the Departmental and National Boards the same authority to regulate the electoral machinery and to decide electoral appeals and contests and other disputes which the electoral boards enjoyed in 1928; and also so as to give the Chairman of the National Board authority to call upon the Chief of the National Guard for assistance in electoral matters if he should find it necessary to do so.

I do not think that it would be either necessary or desirable for the American officials to reside permanently in Managua, as their services would be needed only for a few months before and immediately after each biennial election. It would obviously be more economical for the Nicaraguan Government not to employ them on a full time basis.

If President Moncada concurs in the views above set forth you will be authorized to discuss in more detail with the President the necessary changes in the electoral law. Further instructions will be sent to you for this purpose.

STIMSON

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817.00/6313 : Telegram

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

MANAGUA, May 16, 1929—11 a. m.  
[Received 2:35 p. m.]

138. President Moncada concurs in the views set forth in the Department's 71, May 13, 6 p. m., and is ready to discuss the necessary changes in the electoral law. He said the president of the National Board of Elections should reside permanently in Managua and would like him designated in ample time to assist in the municipal elections in November of this year.

The President said he is convinced that American supervision of elections in Nicaragua will be essential for many years. He desires therefore to establish the supervision on an enduring basis and is considering the advisability of making changes in the Constitution to insure greater certainty in this respect, although he believes the situation at present can be adequately met with changes in the electoral law. He said the Constitution does not preclude the appointment of foreigners as presidents of electoral boards but that it might be desirable to

make specific provision in the Constitution for such appointments. He assured me that the Supreme Court will appoint the president of the National Board as soon as his name is submitted.

HANNA

817.00/6355: Telegram

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

MANAGUA, June 28, 1929—5 p. m.

[Received 8 p. m.]

177. My 138, May 16, 11 a. m. The Minister for Foreign Affairs says that President Moncada intends to constitute the National Board of Elections which is to supervise the municipal elections on the first Sunday in November, the additional registrations for which should be made in the beginning of September. The President will appoint a Nicaraguan as temporary president of the board with the understanding that he will vacate the position if the Department desires to name an American as president of the board.<sup>65</sup> The supervision will be in accordance with the Dodd law.

The Minister for Foreign Affairs, who is one member of the present board, thinks that effective American supervision cannot be had under the Dodd law and that American supervision is not desirable unless it is effective. I concur in this opinion. He says this situation will be adequately corrected at the next session of the Nicaraguan Congress. President Moncada would prefer permanent supervision but if the Department deems supervision impracticable for municipal elections he wishes it in any event for congressional and presidential elections.

HANNA

817.00/6356: Telegram

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

MANAGUA, June 29, 1929—10 a. m.

[Received 12:30 p. m.]

178. My telegram number 177 June 28, 5 p. m. The Supreme Court by decree dated yesterday accepted the resignation of General McCoy as president of the National Board of Elections and appointed Doctor Albino Roman y Reyes as his successor.<sup>66</sup>

HANNA

<sup>65</sup> A memorandum dated July 27, 1929, prepared for Assistant Secretary of State White by the Chief of the Division of Latin American Affairs states: "It was the Department's hope that Doctor H. W. Dodds, the author of the 1923 Law, would be willing to accept appointment as Chairman of the National Board of Elections and to undertake the redrafting which his original law now appears to require. Unfortunately, however, Doctor Dodds does not feel that he can again interrupt his duties at Princeton." (817.000/6383½)

<sup>66</sup> In telegram No. 39, May 8, 1930, 7 p. m., the Secretary of State instructed the Minister in Nicaragua to inform President Moncada that the President had designated Captain Alfred Wilkinson Johnson, U. S. N., for appointment as chairman of the Board of Elections of Nicaragua, and that the Department was considering the necessary changes in the 1923 electoral laws (817.00/6218).

ASSISTANCE BY THE DEPARTMENT OF STATE IN REORGANIZING  
THE FINANCES OF NICARAGUA <sup>77</sup>

817.516/168a : Telegram

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

[Paraphrase]

WASHINGTON, July 27, 1929—2 p. m.

111. The Department has learned that the President of Nicaragua is insisting that the National Bank loan \$50,000 to . . . The National Bank feels that this is very unsound business as . . . has not the resources to justify such a loan which the manager of the bank <sup>78</sup> feels confident will be defaulted. The manager states he fears the President of Nicaragua will insist upon the matter being presented to the advisory board of the National Bank. The manager states that under the by-laws the advisory board passes on loans recommended by the manager and as he will not recommend this loan it should not come before the advisory board. However, the President of Nicaragua may insist and the board will approve. It will then have to be submitted to the board of directors in New York which he feels confident will support the manager and refuse the loan. This may cause the advisory board to resign or it may cause the President of Nicaragua to change the directors, in which case there would be a change of management also.

If the policy is pursued of overruling the manager of the National Bank in matters of this sort of purely business judgment and good business management, the National Bank may well be bankrupted and the stability of the currency affected causing a serious situation.

Discreetly investigate this matter; and, should you find the facts to be as stated, please call on the President of Nicaragua and discuss the matter informally with him in a most friendly manner pointing out the folly and danger of administering the National Bank on any but sound business principles and of interfering with the technical staff of the bank in such matters. It is my sincere hope that the President of Nicaragua will concur with my views in this matter, in which case he might care to withdraw the request for the loan in question, or at least authorize you to inform the Department of State for the information of the bankers that he does not expect a reply to his recent telegram insisting upon a loan. You may state that the Secretary of State has personally discussed and carefully considered the matter and that he is much troubled over the consequences, which he fears would follow, to the financial stability of Nicaragua if the policy should be adopted of interference by public officers with the purely business operations of the National Bank.

STIMSON

<sup>77</sup> For previous correspondence, see *Foreign Relations*, 1928, vol. III, pp. 523 ff.<sup>78</sup> L. S. Rosenthal.

817.516/169 : Telegram

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

[Paraphrase]

MANAGUA, July 29, 1929—5 p. m.

[Received 7:15 p. m.]

206. Your July 27, 2 p. m. I saw the President of Nicaragua. He states that it has never been his intention to do more than indicate his desire that the loan in question be made provided it could be made on sound business principles. The President is not aware of a telegram from him insisting upon the loan if it is unsound business. My talk with the President leaves the matter to the judgment of those administering the National Bank.

HANNA

817.516/171 : Telegram

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

MANAGUA, August 26, 1929—3 p. m.

[Received 9:55 p. m.]

217. My telegram 206, July 29, 5 p. m. At the regular meeting of the advisory board of the bank on August 14, President Moncada, after expressing the opinion that the refusal of the board of directors to grant the loan to . . . is unjust, announced that the advisory board in its monthly meetings merely receives the report and reads the written minutes of the transactions without having voice or vote in the decisions of the bank and that for this reason he will refrain from attending the sessions and will delegate his powers to the Minister of Hacienda. He then requested that his statement be recorded in the minutes and that a certified copy be furnished him to forward to the Department of State.

After the board had adjourned he made a statement about as follows to its members:

"I have no objections in stating to you that I am opposing no one; there are few persons in Nicaragua who desire American co-operation as much as I; I do not wish to sacrifice the bank; I propose that it be administered by an American company but, as President of the Republic, I wish the bank to help Nicaraguans and if the President of the Republic who knows Nicaraguans, their reputation and necessities, can do nothing to help Nicaraguans, the real owners of the bank, there is no purpose in his losing time by attending these meetings."

The *Diario Moderno* yesterday featured an attack on the bank management, intimating that Rosenthal has mismanaged its affairs and that the Department of State is of that opinion. This paper is very close to President Moncada.

Detailed report will be forwarded by air mail August 28.

HANNA

817.516/171 : Telegram

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

WASHINGTON, September 3, 1929—6 p. m.

123. Your 217, August 26, 3 p. m. The Guaranty Trust Company and Seligman and Company inform the Department that they feel that they will have to withdraw their representatives from the directorate of the National Bank because of President Moncada's attitude, and particularly because of his withdrawal from membership in the Advisory Board and the statement which he made in withdrawing. They state that the bankers have no interest in the National Bank sufficient to lead them to continue their connection therewith at the risk of a controversy with the Nicaraguan Government which would react unfavorably on the large interests of both institutions in other Latin American countries.

The Department is interested in this situation only because it feels that the economic welfare of Nicaragua and the stability of her finances are dependent upon the efficient management of the National Bank. It has no interest in seeing this management remain in the hands of any particular group, but it feels that the withdrawal of the present management because of differences of opinion regarding the soundness of particular loans or banking policies would make it extremely difficult for the Government of Nicaragua to find another equally strong and reputable group which would be willing to take over the management. The danger of placing the bank in the hands of less experienced and reliable directors is too evident to require discussion. A false step of this sort might do irreparable injury to Nicaragua's credit and financial stability in a very short time.

I should like to have you bring my views as expressed above to President Moncada's attention in a most informal and friendly manner, telling him that I personally am so deeply interested in the welfare of Nicaragua and the success of his administration that I cannot refrain from pointing out the possible danger which might result from any ill-considered step in connection with the National Bank, which is the keystone of Nicaragua's whole financial structure. I am also informing the bankers that the Department would very much regret the withdrawal of the present group from the management of the bank.

Tell the President that I am sending him a personal letter dealing with this subject.<sup>68</sup>

STIMSON

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<sup>68</sup> Not printed.

817.516/173 : Telegram

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

MANAGUA, September 5, 1929—4 p. m.

[Received 9:23 p. m.]

222. Department's telegram 123, September 3, 6 p. m. I have brought your views to President Moncada's attention. He expressed appreciation of your interest and wished me to assure you that he is in complete accord with you in the matter. He said he withdrew from the advisory board because he thinks that in view of the limited authority of the board it is not appropriate or desirable for the President of Nicaragua to have membership in it. He said the refusal to grant the . . . loans was not the reason for his withdrawal, but he added that his opinion concerning the soundness of that loan has been confirmed by the action of a local bank in granting the loan on less security than was offered the National Bank.

He insists that he wants the bank under American management and says he hopes the present banking group will continue its management. By way of emphasizing this he told me he had given Rosenthal full power to negotiate a loan of \$3,000,000 with the existing management and that his wishes in this connection have not changed. He insists, however, that the Government of Nicaragua should have more influence in shaping the policy of the bank and said, by way of illustration, that there are serious objections to the bank engaging in the purchase and sale of coffee and that he desires to present this matter for consideration.

The President thinks the situation is largely the result of misunderstandings and that they would disappear and a satisfactory arrangement be reached if the subject were submitted to a representative of this Government, a representative of the bankers and a representative of the Department for adjustment, and he requested me to submit this proposal for your consideration. He mentioned Doctor Sacasa as his representative in such a conference but told me in the course of our conversation that neither Doctor Sacasa nor Carazo Morales is favorably disposed toward the present banking group.

HANNA

817.516/181 : Telegram

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

MANAGUA, September 20, 1929—2 p. m.

[Received 8:05 p. m.]

228. My 225, September 17, 3 p. m.<sup>70</sup> Tomas Soley Guell has been appointed representative of this Government for the proposed con-

<sup>70</sup> Not printed.

ference. He is a Costa Rican reputed to be an expert in financial matters and to have been instrumental in stabilizing the currency of Costa Rica. He organized the Mortgage Bank of Costa Rica and has just completed a plan for organizing a similar bank in Guatemala. He will be fully instructed and will have full powers. He will be joined in Costa Rica by Emilio Pereira, a high official of the Department of Hacienda, who will accompany him to the United States on an early boat from Port Limon.

President Moncada has just told me that in appointing an expert to this commission he hopes to present the Nicaraguan case with completeness and clarity and take advantage of this opportunity to terminate this controversy in a complete and satisfactory manner. He said he does not want to interfere in questions of loans but that he wishes to establish definitely the prerogative of the Nicaraguan Government. He said there should be an auditor to keep this Government informed and that he wants the bank to engage in no business activities other than those of a bank of loans and [omission?].

HANNA

817.516/187

*The Secretary of State to Mr. Earl Bailie of J. & W. Seligman & Co.*

WASHINGTON, September 30, 1929.

MY DEAR MR. BAILIE: Mr. White has reported to me today the conversation which you had with him over the telephone on September twenty-sixth. I write to say that after fully considering the matter with Mr. White I do not wish to urge you to withhold your resignation and that of Mr. Loree as directors of the Bank of Nicaragua.

I regret that you should have felt harassed by the request of the President of Nicaragua for an investigation into the affairs of the bank with a view to its future conduct, but since you do, I can not give you any assurance that such provocation may not recur. It is one of the consequences of occupying a position of responsibility and trust with respect to a financial institution which is owned by a foreign country. Such a position inevitably involves the exercise of much patience and tact.

Very sincerely yours,

HENRY L. STIMSON

817.516/190 : Telegram

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

WASHINGTON, October 7, 1929—6 p. m.

141. By a letter dated October fourth Mr. Bailie of J. and W. Seligman advises the Department<sup>71</sup> that he, Mr. Loree, and the

<sup>71</sup> Not printed.

other American directors and officers of the National Bank and of the Pacific Railway of Nicaragua will present their resignations to the respective Boards at the meeting on October ninth. The resignations will take effect at the pleasure of the Boards but not later than December 31. The J. G. White Management Corporation will at the same time give notice to the Government of Nicaragua that it desires to cease to act as manager of the railroad properties. The letter adds that Brown Brothers and Seligman are advising the Corporation of Foreign Bondholders that they intend to take immediate steps to withdraw as "bankers" under the Financial Plans.<sup>72</sup>

STIMSON

817.77/248 : Telegram

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

MANAGUA, October 29, 1929—3 p. m.

[Received 4:55 p. m.]

258. Department's No. 141 October 7, 6 p. m. President Moncada has just told me that Mr. Kennedy, local manager of the Pacific Railway, notified him this morning that the White Corporation will terminate its management on November 9. I have discussed this with the President and agree with him that the situation which would be thus created would seriously jeopardize the affairs of the railway, and I concur in his hope that the corporation will continue its management until this entire matter has been adjusted. I am sending this telegram with President Moncada's knowledge.

HANNA

817.77/248a : Telegram

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

WASHINGTON, October 31, 1929—11 a. m.

148. Legation's 258, October 29, 3 p. m. The Department has been informally advised that the J. G. White Management Corporation stated that it would terminate its management of the railroad on November 9 or at such other date prior to December 31 as the Board of Directors of the Railroad Company may decide. It is assumed, therefore, that the Nicaraguan Government will have full opportunity to make other arrangements before the White Management Corporation withdraws.

STIMSON

<sup>72</sup> For the financial plans of 1917 and 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), pp. 33-39; also *Compilacion de Contratos Celebrados con los Banqueros de New York, con el Ethelburga Syndicate de Londres y con el Banco Nacional de Nicaragua Inc., Leyes Relativos a los Mismos Contratos, 1911-1928, Arreglada por Cesar Arana* (Managua, Tipografia y Encuadernacion Nacionales [1928]), 3 vols. For the plan of 1917, see *Foreign Relations, 1917*, pp. 1138-1141.

817.77/249 : Telegram

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

MANAGUA, November 1, 1929—5 p. m.

[Received 8 p. m.]

260. In view of the information contained in the Department's telegram 148, October 31, 11 a. m., President Moncada told me this morning that he will proceed on the assumption that the White Corporation will continue its management of the railroad until the end of this year.

HANNA

817.77/251 : Telegram

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

MANAGUA, November 9, 1929—1 p. m.

[Received 5:40 p. m.]

268. By Presidential decree dated November 8, Mr. Kennedy is appointed acting manager of the Pacific Railway "with the obligation to deposit in the National Bank to the order of the government all funds of the railway," and Señor Porto Carrero is appointed assistant manager.

President Moncada has informed me that he has taken this action to insure continuity in the local management and that it does not alter his hope expressed in my telegram 258, October 29, 3 p. m. Kennedy is requesting cable instructions of the White Management Corporation.

HANNA

817.77/251 : Telegram

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

WASHINGTON, November 12, 1929—3 p. m.

159. Your 268, November 9, 1 p. m. The Pacific Railway is the property of a company incorporated in the United States and legally under the control of its Board of Directors, who are responsible for its management and its funds. While the Government which owns the stock is, of course, free to do whatever it likes with the company, it would appear that any disposition of the property should be made in a legal manner through action by the Board of Directors and not by arbitrarily assuming control of the property and of the funds. I feel constrained to ask you to point this out to President Moncada, because I fear that the action reported in your telegram above referred to, if persisted in, will not only interrupt the orderly operation of the railroad, but also make a most unfortunate impression on any new bankers who may look into the Nicaraguan situation. It is difficult to see how a railroad can continue to operate when all of its funds are deposited to the credit of the Government.

The Department has taken a very unusual step in expressing to American bankers its interest in President Moncada's efforts to reorganize Nicaragua's financial administration. I hope, therefore, that it may be found possible to avoid action which is likely to render futile the Department's efforts to be helpful.

The Board of Directors will meet Wednesday afternoon and it would be desirable that the President should send them before that time any new instructions which he may have to impart.

STIMSON

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817.77/252 : Telegram

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

MANAGUA, November 13, 1929—noon.

[Received 1:55 p. m.]

271. I laid your telegram 159, November 12, 3 p. m., before President Moncada last night. He has just told me that he would immediately give Dr. Sacasa cabled instructions in the matter and direct him to say that it was not the intention of the Government of Nicaragua to proceed in an illegal manner when it issued the decree reported upon in my 268, November 9, 1 p. m., nor to terminate its contract with the railway management.

HANNA

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817.77/252 : Telegram

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

WASHINGTON, November 22, 1929—6 p. m.

160. Your 271, November 13, noon. At a meeting on November 13 the American members of the board of directors of the railroad resigned, giving as their reason the decree reported in your November 9, 1 p. m. The Nicaraguan directors had no instructions regarding a modification or postponement of the decree, but they had been instructed to proceed at once with the liquidation of the railroad company. They refused to consider suggestions by the Department and also by the bankers that the meeting might be postponed in order to allow time for further instructions to arrive. The Department understands that the railroad company is now being dissolved.

I am frankly somewhat embarrassed and much disturbed by these developments. The efforts which the Department has made to induce other bankers to assist Nicaragua in reorganizing her financial administration have been based on the assumption that President Moncada desired that the new bankers should manage both the railroad and the bank on behalf of the Government, in order to assure an efficient and non-political administration, and also upon the as-

sumption that, pending the negotiations, the President would not take steps which would radically affect the situation and the financial soundness of these enterprises. The dissolution of the railroad company does materially affect the situation, and I fear that it may well discourage the bankers who are looking into the matter. It would be especially unfortunate if the railroad's funds should be transferred to the Government and diverted to purposes not connected with the railroad.

[Paraphrase.] The Department has also been informed indirectly that Soley's instructions contemplate the operation of the National Bank under a Nicaraguan board of directors and the possible issue of paper money by the Government of Nicaragua. In his conversations with the Department Soley has suggested a Nicaraguan board of directors.

Because of the foregoing I feel that the Department should have more definite information regarding the President's plans for the bank and the railroad before asking the new bankers to spend further time and money in considering the situation. Take up this matter very frankly with the President and make it clear to him that you have been instructed to do so simply because it is my desire to be of service to him and to Nicaragua. [End paraphrase.]

STIMSON

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817.77/258: Telegram

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

MANAGUA, November 23, 1929—4 p. m.

[Received 8:25 p. m.]

274. Department's 160, November 22, 6 p. m. [Paraphrase.] I discussed frankly with the President the situation as outlined and your deep concern over recent developments. . . . [End paraphrase.]

He first stated that he had given no instructions regarding the dissolution of the railroad company but later stated that he desired that the company be organized in New York with headquarters in Nicaragua. He said that he was informed that the company had already been dissolved. I pointed out to him the embarrassing position in which this action placed you and he told me that I could state to you that he would send immediately instructions to the board of directors of the railroad not to dissolve the railroad company or take any further action with respect to the railroad or the bank without the knowledge and prior approval of the Department. He said that I could tell you that and at my request he consented to give me a copy of his instructions in that sense which I shall forward as soon as received.

He stated that Soley Guell had no instructions beyond those he had furnished you in condensed form in personal letters. He insisted that he wanted the railroad to be an American company with American directors while still expressing his determination that headquarters of the company should be in Nicaragua. I pointed out the inconsistency in the two things but frankly can give no assurance that the President was impressed.

After I had referred to the difficulty which might be encountered in finding bankers to interest themselves in Nicaragua under present conditions, he stated that if this could not be done he would sell the bank. He repeated that everything was in your hands and I told him that they could not be in your hands while his agents acted independently of you and in a manner to create difficulties for you and for him. He said that he was not moved by passions but that he thought his representatives in the United States probably were. I reminded him that the responsibility in that case was his.

He said that any arrangement you made with any group of bankers would be satisfactory to him but immediately afterwards stated that he would rather sell the bank than permit it to buy and sell coffee. Still later he said that that was simply an objection he had and he would not insist upon it if you did not agree with him. He then referred to Nicaragua's need of new banking laws to restrict the activities of all banks.

[Paraphrase.] I made no mention of the information which you had concerning the possibility of the Government's issuing paper money.

. . . With the permission of the Department I should like to take Mr. Rosenthal to see the President next week and have a frank unofficial talk with him concerning the entire situation. [End paraphrase.]

BEAULAC

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817.77/261 : Telegram

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

MANAGUA, November 25, 1929—noon.

[Received 1:40 p. m.]

275. Supplementing my 274, November 23, 4 p. m. The Minister of Finance following decree of November 8th, appointing Kennedy acting manager, instructed the National Bank in writing to place railroad funds at order of the Government. This order was later countermanded verbally by President Moncada. Government is paying salaries of railroad employees with money borrowed from the Anglo-South American Bank.

Rosenthal has cabled to New York office of the National Bank requesting that it ascertain from new board of directors of railroad whom the board has authorized to draw funds needed for payrolls, et cetera. In order to preserve railroad funds and still carry on, it is suggested that new board of directors direct the National Bank from time to time to place certain funds at the disposal of the Government or local officials of the railroad, such funds being limited strictly to needs of operation.

BEAULAC

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817.516/212 : Telegram

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

WASHINGTON, December 3, 1929—4 p. m.

167. Legation's 278, December 1, 3 p. m.<sup>73</sup> While the Department would view with much satisfaction the adjustment of the relations of the Government of Nicaragua and the American Bankers, it does not perceive how it could with propriety assume the initiative in suggesting to President Moncada that he send another representative to the United States for that purpose or in suggesting to the Bankers that they reconsider their intention to withdraw.

Should President Moncada indicate his views on this subject in a more direct and specific manner, the Department would of course give them its earnest consideration.

STIMSON

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817.516/220 : Telegram

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

MANAGUA, December 6, 1929—4 p. m.

[Received 7 p. m.]

283. Legation's 280, December 5, 2 p. m.<sup>73</sup> President Moncada has asked me to tell you that he will give immediate instruction to his agents in the United States to cease negotiations with the bankers. He would like you to name a person to confer with the present group of bankers or with another group and he states that he will accept any suggestion by you or that person whether it be to continue with the present group if they are willing or will interest another. In the meantime he would like you to ask the present group to continue beyond December 31 until definite arrangements have been made. He states that he is well satisfied with the present bankers, that he is of the opinion that they have been of great assistance to Nicaragua and that his desire is that dividends which the bank and railway

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<sup>73</sup> Not printed.

may fairly declare without in any way prejudicing themselves be made available to him for public works of which the country is in urgent need. The above has been shown to President Moncada and meets his approval.

There are indications that the President would like nothing better than to have the present banking group remain. Aside from that however the obvious next step would appear to be to induce the bankers to stay on at least for a time. You have already given President Moncada many indications of your confidence in the present banking group and I believe that a suggestion that he request them to continue to serve the Government of Nicaragua would soon be entirely in order and would assist President Moncada in extricating himself from his present predicament. He could make the request through the Department and a favorable report of the auditors would enable him to justify himself before his followers, many of whom are exerting great pressure upon him to nationalize the bank and the railroad.

The President said that he had lost confidence in both . . . and . . . , both of whom wished to nationalize the bank and the railroad and that he hoped they would resign.

BEAULAC

817.516/220 : Telegram

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

WASHINGTON, December 9, 1929—2 p. m.

171. Your 283, December 6, 4 p. m. Please speak with the President again and explain to him that the Department cannot under the circumstances endeavor to persuade the present bankers to continue their connection with Nicaraguan affairs. These bankers have definitely stated their intention of withdrawing and the new group who became interested in the situation through the Department's efforts to help Nicaragua in this matter have already spent much time and incurred some expense in studying Nicaragua's financial problems. Consequently it is only fair to permit them to present a plan for consideration and to see whether satisfactory arrangements can be made with them.

You may further explain that the Department could not carry on negotiations with the bankers on behalf of the Nicaraguan Government. It has endeavored in every proper way to facilitate their investigations and it hopes that they will soon be able to submit a plan as a basis of discussion with the Nicaraguan Government. If President Moncada does not wish the Nicaraguan representatives here now to continue negotiations with the bankers there would appear to be no reason why their proposals and recommendations should not be transmitted directly to him through the Nicaraguan Legation here or through you.

While the Department does not feel that it can now ask the present bankers to continue their connection indefinitely it is prepared to ask them not to withdraw definitely from the bank's management until a short time after December 31 if a delay proves necessary and advisable. It feels, however, that such a request can best be made when the negotiations with the other bankers are further advanced.

Please emphasize the fact that this Government desires to help the President in this matter in every proper way.

Tell the President that I shall send a reply by air mail in the very near future to his personal letters of December 2 and December 3, which have just reached me.<sup>75</sup>

STIMSON

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817.516/222 : Telegram

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

MANAGUA, December 13, 1929—4 p. m.

[Received 7:24 p. m.]

285. Department's 171, December 9, 2 p. m. President Moncada has every pleasure at your message and requests that the proposals and recommendations of the bankers be transmitted to him through this Legation. He says that he has instructed his representatives in Washington to cease to intervene in the matters under discussion.

BEAULAC

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817.516/225a : Telegram

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

WASHINGTON, December 18, 1929—6 p. m.

173. The new bankers have submitted a proposal for a preliminary agreement covering the management of the bank. Sacasa has sent this proposal by air mail, which should reach Managua tomorrow. The text is as follows:

"Preliminary Agreement between the Republic of Nicaragua (hereinafter called the Republic) and Otis and Company, The Equitable Trust Company of New York and Whitney National Bank of New Orleans (hereinafter called the bankers).

The Bankers agree to accept appointment as the Fiscal Agents of the Republic on the following terms and conditions:

1. The Bankers will familiarize themselves with the financial problems of the Republic in order that they may be able to give the benefit of their judgment on any specific question of financial policy which the Republic may refer for their consideration. The Bankers on their part may also submit their recommendations to the Republic whenever they deem it to be in the interest of the Republic to do so. The

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<sup>75</sup> Not printed.

Bankers may retain experts and consultants in connection with any studies or investigation which they may make respecting the financial problems of the Republic. The Republic will facilitate such investigations, cooperate fully with the bankers and their representatives, and make available such information, records and reports as may reasonably be requested. The Republic will keep the Bankers fully informed as to all matters of public finance.

2. The nominee of the Bankers will take over and conduct the management of the National Bank of Nicaragua (hereinafter called the Bank) on the condition that the Republic shall make arrangements acceptable to the Bankers to insure the continuity of policy of the Bank under such management. Whitney National Bank of New Orleans will designate the person who will act as Manager of the Bank and supervise its operations. The Republic will forthwith furnish the Bankers with an audit of the Bank satisfactory to them and by accountants whom they approve. The Republic agrees that, prior to the time such Manager takes over the management of the Bank, it will not make or permit any change in the condition of the Bank as represented by such audit, except such changes as occur in the regular and normal course of business.

3. The Republic agrees that the matter of handling the funds of the Bank shall be left entirely to the Management of the Bank and further agrees that all funds of the Republic and of the Bank maintained in the United States shall be deposited with the Bankers or as the Bankers may direct. The terms of such deposits shall be subject to mutual agreement.

4. In case the Republic shall contemplate any external financing it will first negotiate solely with the Bankers. If the terms of the Bankers are not acceptable, it is understood that the Republic may then negotiate with others, but in this event the Bankers shall have the right to take over the financing in question at the price and on the terms offered by any other responsible banking house.

5. The Bankers assume no obligation with respect to any financial agreements or plans which the Republic has heretofore entered into and no duties, obligations or responsibilities of any nature are to be implied from this agreement except as herein specifically set forth. Further, it is clearly understood that this agreement does not create any trust or obligation in favor of, or confer any privileges or benefit on, any bondholder or creditor of the Republic.

6. The Republic represents that it is not a party to any agreement which in any respects is inconsistent with the terms of this agreement.

7. Having in mind the very proper desire of the Republic to keep its expenses at the lowest possible point, the Bankers renounce any claim for compensation for their services as Fiscal Agents. From time to time, if specific services are rendered, arrangements will be made by mutual agreement for compensation for such services. The Republic will reimburse the Bankers for all their expenses in connection with this agreement, and will defray the compensation and expenses of such experts, auditors or other consultants as the Bankers may retain, and the fees and expenses of counsel to the Bankers in connection with the preparation and execution of this agreement.

8. The Bankers reserve the right to resign at any time on thirty days notice to the Republic, delivered at the Legation of the Republic in Washington, D. C., or cabled to the Minister of Finance at Managua, Nicaragua.

9. This agreement has been submitted to the Secretary of State of the United States who has assured the parties that he perceives no objection thereto. It is understood that the agreement shall not enter into effect until it has been approved by the Executive and the Congress of the Republic."

The draft was accompanied by the following statement:

"Prior to entering into the annexed agreement the Republic through its duly authorized representative shall address a communication to the Bankers requesting them to act as Fiscal Agents and outlining in terms satisfactory to the Bankers the program of the Republic with respect to financial and economic matters. Appropriate reference may be made to this letter in the agreement."

You may discuss this matter with the President and furnish him with the text if he has not received it from other sources. You may say that this preliminary agreement is believed to offer a practicable solution for the problem of providing a temporary management for the bank pending the working out of a more comprehensive plan which will require time. Please inform the Department by cable of any views which the President may express regarding the draft agreement.

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STIMSON

817.516/226 : Telegram

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

MANAGUA, December 20, 1929—10 a. m.

[Received 12:10 p. m.]

287. Legation's 283, December 6, 4 p. m. Rosenthal has been instructed by the bankers to turn over to the senior Nicaraguan officer December 26th. There is great danger that this action will produce a run on the bank with serious results. Many of the principal depositors, including the United States Marine Corps, have privately expressed their intention of withdrawing funds when Rosenthal leaves. His departure will also be construed locally as a move on the part of the present bankers to wreck the bank. I strongly urge that the Department take immediate steps before the holiday season to request the present bankers to stay on until the new group takes over.

BEAULAC

817.516/226 : Telegram

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

WASHINGTON, December 20, 1929—6 p. m.

174. Legation's 287, December 20, 10 a. m. As was indicated in the Department's 171, December 9, 2 p. m., it has been the Department's opinion that it could with more propriety request the present bankers to continue in the management of the National Bank of Nicaragua for a short while longer when the negotiations with the new bankers had assumed a more tangible form.

With the Department's 173, December 18, 6 p. m., there was forwarded to you a copy of the preliminary agreement for the management of the bank which has been proposed by the new bankers. If this proposal has met with President Moncada's approval and arrangements with the new bankers based on it seem likely to be concluded in the near future, the Department would feel justified in requesting the present bankers to continue their management of the bank for the brief period remaining until it is taken over by the new group.

Please report President Moncada's views on this matter immediately by cable.

STIMSON

817.516/227½ : Telegram

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

MANAGUA, December 20, 1929—10 p. m.

[Received December 21—11:10 a. m.]

288. Department's 174, December 20, 6 p. m. I delivered the text of the proposed preliminary agreement to President Moncada who requested time to study it in detail. I requested an interview with him today but he asked me to postpone my call until 9 o'clock tomorrow morning. I have just received from him the text of a "counter proposal made to the bankers in the form believed most favorable to Nicaragua." The counter proposal differs from the proposed preliminary agreement as follows.

Article 1. After the third sentence is inserted the following: "The retention of such experts and consultants however should be subject to mutual agreement."

Article 3. At the end of the article is inserted the following: "However, it is hereby understood that 90 per cent of all funds in excess of the normal requirements of a reserve fund shall be subject to the control of the Republic for the purpose of expending on the advancement of national projects; and it is further understood that the amount of the reserve fund retained to meet emergencies shall

be in the same proportion as that provided for by the national bank rate laws of the United States."

Article 7. In the third sentence after the word "compensation" the phrase "and expenses" is omitted. At the end of the paragraph the expression "in connection with the preparation and execution of this agreement" is omitted. At the end the following has been added "however, the appointment, compensation and expenses of such experts, auditors, counsel or consultants shall be subject to mutual agreement."

Article 8. At the end of the article the following has been added "the Republic also reserves the right to cancel and conclude this agreement on 90 days notice to the bankers delivered at the Consulate at Washington, D. C. or cabled to bankers. And it is further understood that in case this agreement is at any time canceled and concluded that the bankers will not relinquish control of and supervision of the operation of the bank until an audit of the bank has been concluded by a group of auditors selected by mutual agreement."

A new article 9 has been included as follows: "The Republic reserves the right to appoint, subject to mutual agreement, a first assistant manager of the bank; and it is also understood that the Republic reserves the right to make an audit of the bank if and when the Republic considers such audit desirable. In case such audit is made the accountants will be selected by mutual agreement."

Article nine in the original is as ten of the counter proposal.

BEAULAC

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817.516/228 : Telegram

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

MANAGUA, December 21, 1929—10 a. m.

[Received 1:30 p. m.]

289. Legation's 288, December 20, 10 p. m. I have just seen President Moncada who requests that the following clause be added to his counter proposal: "In case of a disagreement arising between the Republic and the bankers, it is hereby understood that both parties to this agreement will abide by the decision in the matter under discussion of the Secretary of State of the United States or a representative duly appointed by him."

President Moncada stated that his counter proposal was in the way of a suggestion and that he would not insist on points unacceptable to the bankers or to the Department. Without my suggesting it in any way he requested me to ask you to request the present bankers in his name to stay on temporarily until new arrangements for the bank have been made.

BEAULAC

817.516/227½ : Telegram

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

WASHINGTON, December 23, 1929—6 p. m.

175. Referring to your No. 288, December 20, 10 p. m., and No. 289 December 21, 10 a. m.

The new bankers and the Department have been informed that Soley has been discussing possible arrangements for the management of the National Bank and also of the Pacific Railroad with several bankers, apparently in an endeavor to obtain terms more satisfactory than those which Otis & Company and their associates have proposed. In view of the fact that the Nicaraguan Government is still negotiating with the bankers whom the Department suggested to them this has placed the Department in a somewhat embarrassing situation and has made Otis & Company and their associates doubtful about the advisability of proceeding further. When the Department asked Dr. Sacasa and Soley about this the latter said that he had discussed the Nicaraguan problem informally with several bankers in an effort to ascertain what were the best terms which he could obtain, and that he had done so because he was under the impression that President Moncada had rejected the proposal made by Otis & Company and communicated to you in the Department's 173, December 18, 6 p. m. He was informed that the Department had no interest in any one group of bankers and wished only to assist the Nicaraguan Government in any proper way in making an arrangement which would be satisfactory to it, but that it was embarrassing to the Department to find that the matter was being discussed with other bankers when the proposition made by the bankers whom the Department had interested in the matter was still pending.

After the receipt of your No. 288, December 20, 10 p. m. the Department again conferred with Sacasa and Soley, but found that they had no instructions about making any counter proposal.

It was perhaps President Moncada's intention that the Department should convey his counter proposal to Otis & Company and ascertain their reply. The President will realize, however, that the Department cannot very well conduct the negotiations as his representative, and that it would be preferable for the Nicaraguan Government itself to deal with Otis & Company. The President may wish either to instruct Soley to present a counter proposal, instructing him along the lines of the statement contained in last paragraph of your 289, December 21, 10 a. m., or to invite the bankers to send a representative to Nicaragua who could deal with the President and the Minister of Finance directly. The Department believes that the bankers would accept such an invitation if the Nicaraguan Government paid the expenses of the representatives.

In discussing the above with the President please make it clear that the Department is simply trying to be helpful and not in any sense seeking to direct the President's action. In particular the Department desires that there should be no suggestion of any complaint regarding the conduct of Sacasa and Soley. The Department is laying the situation very frankly before the Nicaraguan Government, because it fears that it will be difficult to reach an arrangement with Otis & Company or any other bankers unless a satisfactory method of conducting subsequent negotiations is adopted. In the Department's opinion direct negotiations in Managua would produce the most satisfactory results.

The Department has informally stated to Seligman and Company that it would be helpful if the former bankers would continue their connection with the bank for a time.

STIMSON

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817.516/231 : Telegram

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

MANAGUA, December 27, 1929—5 p. m.

[Received 8:46 p. m.]

292. Department's 175, December 23, 6 p. m. President Moncada is very anxious to reach an immediate agreement with the bankers which he can present to Congress to offset pressure upon him to nationalize the bank. With this in mind he states he will send to Sacasa the following telegram:

"With reference to the proposed preliminary agreement with the new bankers transmitted by you on (date to be inserted) you are informed that I have transmitted to the Department of State through the American Legation in Managua a counter proposal embodying certain suggested changes. You are hereby authorized to present that counter proposal to the bankers and to sign on behalf of the Government of Nicaragua the proposed preliminary agreement embodying such of the changes suggested by me as are acceptable to the bankers and meet the approval of the Department of State."

With reference to the next to last paragraph of the Department's telegram 173 of December 18, 6 p. m., President Moncada says he will ask Sacasa to suggest that the agreement to be signed contain a clause providing that the agreement will not be effective until the communication to the bankers has been made and accepted by them.

President Moncada states that both Soley and Carazo Morales have presented their resignations and he fears that Sacasa is not strongly in sympathy with his ideas.

BEAULAC

817.516/227 : Telegram

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

WASHINGTON, December 27, 1929—6 p. m.

176. Department's 175, December 23, 6 p. m. At the meeting of the Board of Directors of the National Bank on December 24 the Nicaraguan representatives made no request that the American directors continue after December 31. In view of this the former bankers continued with their plans to turn over the management of the bank to the two senior Nicaraguan officers on December 26.

The Department in informally requesting the bankers to continue their connection with the bank for the present acted in accordance with President Moncada's request as conveyed in your 283, December 6, 4 p. m. The Nicaraguan members of the Board of Directors, however, apparently received no instructions in the premises.

STIMSON

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**ASSISTANCE BY THE DEPARTMENT OF STATE IN THE ESTABLISHMENT OF THE PROVISIONAL CLAIMS COMMISSION<sup>70</sup>**

417.00/310a : Telegram

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

[Paraphrase]

WASHINGTON, February 1, 1929—7 p. m.

20. The bankers have shown us a telegram from the Collector General of Customs, received January 23, stating that the Nicaraguan Government proposes to reestablish the Claims Commission and issue internal bonds, interest and amortization which will be provided for by certain additional import and export duties. The bonds presumably will be used to liquidate the claims.

Discreetly investigate and report the plans of the Government with regard to reestablishing the Claims Commission and the payment of claims. The Department feels that the advisability of issuing a new series of internal bonds for the payment of claims is a very important matter and one to be decided upon only after very careful consideration, and it believes that the financial structure of Nicaragua should be made more simple and not more complicated.

KELLOGG

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<sup>70</sup> For previous correspondence concerning the establishment of a Claims Commission, see *Foreign Relations*, 1927, vol. III, pp. 458 ff.

417.00/311 : Telegram

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

MANAGUA, February 5, 1929—11 a. m.

[Received 3:15 p. m.]

41. Department's 20, February 1, 7 p. m. A despatch on this subject is in the mails.<sup>77</sup> The President requests the early appointment of the American member in order that the Claims Commission may resume work. Both he and Lindberg<sup>78</sup> are of the opinion that the American High Commissioner should not act on claims. It is almost impossible to secure a suitable American in Nicaragua. The President has suggested the name of Colonel Cornelius Smith, retired army officer, who served here with the McCoy election mission.<sup>79</sup> Please reply by telegram whether his appointment or that of another is being considered and any other information which may prove useful to the President. The Department's attitude toward issuance of a new series of internal bonds referred to in the same cable has also been explained to the President.

EBERHARDT

417.00/311a : Telegram

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

WASHINGTON, February 8, 1929—6 p. m.

25. Your 41, February 5, 11 a. m. The Department feels that the question of reconvening the Claims Commission and providing for the payment of awards will require very careful consideration and thorough study before any further steps are taken. This subject is of the greatest importance to the Department, because of the large amount of claims which have been filed by American citizens. The Department had presumed that further legislation would be enacted, even though not necessary for reconvening the Commission, and such further legislation was mentioned in your despatch 727, July 7, 1928<sup>77</sup> in connection with the proposed new Financial Plan. Inasmuch as no new Financial Plan materialized, and none is in prospect in the immediate future, it would appear that the question of reconvening the Claims Commission and making provision for the payment of awards will have to be considered as a separate measure. The Department is prepared to consider the selection of a suitable American representative when the time comes for the new Commission to be created. In the meantime, however, the Department de-

<sup>77</sup> Not printed.<sup>78</sup> Irving A. Lindberg, Collector General of Customs and member of the High Commission.<sup>79</sup> See *Foreign Relations*, 1928, vol. III, pp. 418 ff.

sires you to discuss the question of the reconvening of the Claims Commission and the preparation of new legislation, if any seems necessary, with President Moncada, and report to the Department fully his and your views on this whole subject.

KELLOGG

417.00/313

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

No. 917

MANAGUA, February 16, 1929.

[Received March 1.]

SIR: With reference to the Department's telegrams No. 20 of February 1st (7 p. m.) and No. 25 of February 8th (5 p. m. [6 p. m.]) and my despatch No. 910 of February [2]<sup>81</sup> and telegram No. 41 of February 5th (11 a. m.), I have the honor to transmit herewith a copy and an English translation of a note from the Foreign Office<sup>81a</sup> in which it is stated that it is the intention of the Government of Nicaragua that the Claims Commission created by the law of December 3, 1926,<sup>82</sup> resume its functions shortly, and therefore President Moncada formally requests that the United States Government designate the American member on that Commission.

Some weeks ago President Moncada informally expressed to me his desire that the Claims Commission which was created for the purpose of passing on claims for damages which arose from the recent revolution and which has been inactive since March 31, 1928, resume its activities at an early date. He therefore desired to take up the matter of the appointment of an American member designated by the United States Government to succeed Mr. Roscoe R. Hill who had resigned. In view of the fact that the Department felt that the question of reconvening the Claims Commission and providing for the payment of awards was one which required careful consideration and thorough study before any further steps were taken, I discussed with the President the subject of the re-establishment of the Commission and the preparation of new legislation if any seemed necessary. He informed me that he would submit his views on these matters in writing so that they might be transmitted to the Department for its consideration.

The result of my interview with him was the above-mentioned note, which is very indefinite and conveys no idea regarding his plans. Consequently it was necessary for me to again confer with President Moncada. He stated confidentially to me that it was his intention to

<sup>81</sup> Despatch not printed.

<sup>81a</sup> Not printed.

<sup>82</sup> See despatch No. 310, December 9, 1926, from the Chargé in Nicaragua, and its enclosure, *Foreign Relations*, 1927, vol. III, p. 461.

wait until after the adjournment of Congress before actually re-establishing the Claims Commission, because he felt that the Legislature would display its usual strong opposition to the appointment of foreigners to official positions in the Nicaraguan Government, especially if the American member were given the veto power. He referred to the recent opposition on alleged legal and constitutional grounds to the appointment of General McCoy as President of the National Board of Elections. He therefore preferred to provide for the reconvening of the Commission by Executive Decree after the close of the present session of Congress when he would consider any suggestions regarding such amendments to the proposed decree as may seem necessary.

I specially mentioned to him three important points which had not been included in the law of December 3, 1926, and which should apparently be considered before the new Decree is promulgated: (1) Giving the veto power to the American member of the Commission. It is understood that this feature appeared in the original draft of the law of December 3, 1926, but that it was eliminated by the Chamber of Deputies; (2) the inclusion of a provision that the proposed Commission would have jurisdiction over claims for personal injuries to noncombatants, as suggested in the Department's instruction No. 228 of May 14, 1927;<sup>83</sup> and (3) the extension of the authority of the Commission to include losses suffered since June 30, 1927, in the Departments where fighting and disorders have been going on since that date.

With reference to the first mentioned, General Moncada said that he was strongly in favor of granting veto power to the American member of the Claims Commission. In regard to the other two points, he stated that he was inclined to favor such amendments as they appeared to him very just, and that they would be studied before the issuing of a new decree. I explained to him that these matters were of such a nature that they should, if approved, be included in the law itself instead of being provided for in any Regulations which may be issued by the reconstituted Commission.

In regard to the method of payment of the awards of the Commission, the President stated that he was strongly opposed to the floating of a loan for this purpose at this time, and he believed that by the exercise of rigid economy in Government expenditures they could be met out of current revenues. He felt also that public opinion was very adverse to a loan. He asserted that his plan is to issue internal bonds the interest and amortization of which would be provided by using the funds produced by the re-enactment of the special tax law of January 21, 1927, approval for the continuation of which

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<sup>83</sup> *Ibid.*, p. 463.

has now been granted by the bankers and the High Commission. The Government received from this source during the life of the tax approximately \$300,000 annually, and it is his hope that the entire amount of the claims may be gradually reduced at this rate.

On February 10th there was published in the local press a project of law of the Minister of Hacienda which would provide for the authorization of an issue of internal guaranteed customs bonds up to a sum of five million dollars for the payment of the awards of the Claims Commission. A copy of this project is transmitted herewith.<sup>84</sup> It will be seen that it follows closely the lines of the law authorizing the Guaranteed Customs Bonds of 1918, and that the funds to be provided as guarantee of the bonds are the revenues from the twelve and one-half per cent surcharge on import duties established by the law of January 21, 1927; the additional tax on import duties on liquors and tobacco created by the same law; by re-enacting the additional tax on coffee exports established by the same law, which tax expired on January 25, 1929; and in the absence of sufficient revenues derived from the above duties and surcharges, any part of the surplus revenues remaining after the expenses of the Guardia Nacional and the service of the Bonds of 1909 and 1918 have been met.

Immediately after the publication of this project, I saw President Moncada and expressed surprise that the Nicaraguan Government planned to enact such legislation at this time, since the question of the payment of awards of the Claims Commission required very careful consideration and thorough study before any definite steps were taken. He informed me that this project was published merely for the purpose of satisfying public opinion and that he had no intention of having such a law presented to Congress for enactment at this time. He stated that in any event he would not recommend the issuance of internal bonds for a sum larger than three million dollars.

President Moncada is of the opinion that the Claims Commission should begin as early as possible its work of adjudicating the claims arising out of the recent revolutionary disturbances, and desires that the United States Government designate the American member as soon as it can conveniently do so. I concur in his opinion, since it is important to have some idea of the total amount of the claims before the question of the payment of the awards can be intelligently considered. The Department's views on the question of the re-establishment of the Claims Commission and the payment of awards are respectfully requested.

I have [etc.]

CHARLES C. EBERHARDT

<sup>84</sup> Not reprinted.

417.00/321a : Telegram

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

WASHINGTON, April 22, 1929—4 p. m.

57. Your despatch No. 917 of February 16. It would apparently be impossible for this Government to designate a new American member of the Claims Commission until the law of December 3, 1926 is amended so as to remove the requirement that the President of the Commission be the American member of the High Commission. Certain further amendments in the law seem desirable to meet present conditions:

1. The salary of the American member should be increased. The Department believes that \$10,000 would be an appropriate salary, since it will be necessary to find some good man to go to Nicaragua for this work.

2. The present law and the amendments made in March, 1928, apparently do not extend the jurisdiction of the Commission to include losses caused by the outlaw raids in Rio Grande and Prinzapolka. Furthermore, the language of the law of March 19 does not clearly cover all claims by persons or companies who suffered losses in the other Departments where the outlaws were operating as it refers only to inhabitants of these Departments. It would seem desirable that new legislation should clearly authorize the Commission to deal with the losses occasioned by the operations of the outlaws in the north up to the date of the reconvening of the Commission.

3. The Department understands that the Commission at its previous sessions received and classified all claims against the Nicaraguan Government up to June 30, 1927, acting under the authority of the Presidential Decree of November 10, 1927. The existing laws limit the authority of the Commission to passing upon claims for war exactions, requisitions and war damages to property. It would seem that the jurisdiction of the Commission might well be extended to cover all other pending obligations of the Nicaraguan Government arising since October 25, 1925 as the result of the civil strife.

President Moncada may also wish to have the law amended so as to give the American member the veto power in accord with his opinion as expressed at the time of the Tipitapa Conference and during his visit to Washington.<sup>85</sup> The Department believes that this matter should be left to his discretion after it has been brought to his attention.

The Department has hitherto suggested that the jurisdiction of the Commission be extended to include personal injury claims and

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<sup>85</sup> See telegram No. 168, October 28, 1927, 6 p. m., from the Chargé in Nicaragua, *Foreign Relations*, 1927, vol. III, p. 466.

the Nicaraguan Government in its note to you of June 14, 1927,<sup>86</sup> promised to initiate legislation to this end. The Department is not, however, disposed to insist on such an amendment.

Since President Moncada apparently contemplates reconvening the former Commission I assume that any new appointments of Nicaraguan members will be made in the manner contemplated by the Tipitapa Agreement—that is upon the nomination of the central authority of the political party to which the outgoing member belongs. Please ask him to confirm this understanding.

The Department's experience with other claims commissions in Nicaragua and elsewhere has indicated that the settlement of claims and the acceptance by claimants of the awards is greatly facilitated if definite provisions for payment are made before any claims are adjudicated. It would appear desirable, therefore, for the Nicaraguan Congress promptly to enact a law covering the method of payment. The Department sees no objection in principle to the plan for payment in internal bonds but believes that any legislation on this subject should be discussed with the High Commission and the bankers before final adoption, in order to make certain that no difficulty arises by reason of conflict with the Financial Plan. With respect to the specific project transmitted with your despatch No. 917 the Department desires to point out that there would be a great saving to the Nicaraguan Government and probably a more rapid amortization of the bonds if the High Commission were required to purchase bonds for the semi-annual amortization at market price if below par, and to resort to drawings only if the market price were above par.

Past experience has also shown the desirability of paying a part of the awards and especially the very small awards in cash. The special taxes will doubtless provide a considerable sum during the interval before the new internal bonds are issued in payment of the Commission's awards and it is suggested that this sum might be used for cash payments.

You may suggest to President Moncada the advisability of presenting the legislation above outlined to Congress at its forthcoming special session. You may say that the Department views with sympathetic interest the project for reconvening the Claims Commission and will be most glad to cooperate by appointing an American member as soon as the existing law is changed so as to make such an appointment possible.

STIMSON

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<sup>86</sup> Not printed; but see despatch No. 429, June 15, 1927, from the Minister in Nicaragua, *Foreign Relations*, 1927, vol. III, p. 463.

417.00/322 : Telegram

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

MANAGUA, April 23, 1929—5 p. m.

[Received 8:48 p. m.]

119. Department's April 22, 4 p. m. paragraph three. Legation believes that jurisdiction of Commission should be extended also to unpaid obligations of the Nicaraguan Government incurred during that period. An example is the loan of the Hibernia Bank to the Chamorro Government.

With reference to provision for payment of claims, the Legation believes that legislation providing for such payment should be coincident with legislation creating the Commission and that such legislation should be presented to the Legation, the High Commission and the bankers and approval obtained before submission to Congress. The present special session will probably terminate early next week. There is obviously not time to prepare adequate legislation, obtain its approval, and have it passed by Congress before the present session adjourns. It is estimated that the work involved would take at least three months. It is therefore recommended that this matter be submitted to Congress at the next regular session.

The Legation believes it important that any legislation intended to provide funds for payment of claims should be considered by the Department and the bankers in connection with the proposed new financial plan.

I shall not discuss this matter with the President until the Department's reply is received.

EBERHARDT

417.00/323 : Telegram

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

MANAGUA, May 1, 1929—10 a. m.

[Received 2:10 p. m.]

128. Legation's April 23, 5 p. m. President Moncada expressed to me yesterday his desire to create a temporary claims commission by Executive decree to meet very soon to study and classify claims, pending the creation by Congress in its next regular session of a permanent commission with authority to adjudicate claims. The President suggested that some local American such as Mr. Frizzell be named at \$300 a month on the temporary commission. If the Department preferred to send a man from the United States he would pay a higher salary. He again suggested Colonel Cornelius C. Smith as acceptable to him on both the temporary and permanent commissions.

I suggest to the Department the possible convenience of Colonel Smith or another appointee serving on both the claims commission and the national council of elections.

EBERHARDT

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417.00/323 : Telegram

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

WASHINGTON, May 2, 1929—6 p. m.

63. Your 119, April 23, 5 p. m. and 128, May 1, 10 a. m. In the Department's opinion the most practical and generally satisfactory procedure would be to constitute immediately a Commission authorized to settle as well as to study and classify the claims. It is not thought that the preparation of the necessary legislation should take very long. You may informally inquire whether it would not be possible for the present Congress to take a short recess or to be convened later in another special session as soon as the draft of the legislation is ready. The Department is inclined to the belief that it would be better to deal with this whole question now without awaiting a revision of the Financial Plan.

With regard to the extension of the jurisdiction of the Claims Commission over general obligations of the Nicaraguan Government, the Department feels that this is a matter for that Government to decide. The Department particularly desires that the Legation take no action with respect to the Hibernia Bank claim.

STIMSON

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417.00/324 : Telegram

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

MANAGUA, May 7, 1929—2 p. m.

[Received 8 p. m.]

131. Department's 63, May 2, 6 p. m. President Moncada told me this morning that he plans to constitute a Claims Commission by presidential decree very soon after the present extraordinary session of the Nicaraguan Congress adjourns at the end of this week. The American member of the Commission will have absolute veto power. The Commission will receive and settle all claims arising since October 25, 1925, as the result of the civil strife. The work of the Commission will be revised and the amount of all claims definitely fixed by another similar commission to be created with the approval of the Nicaraguan Congress at its next regular session. Provision for the payment of the claims will also be submitted to the Congress at that regular session.

The President does not deem it prudent to submit the matter to Congress before the regular session but thinks he can carry through the plan outlined above and is eager to create a Commission without delay. He will submit the decree for the Department's consideration before making it public.

EBERHARDT

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417.00/325 : Telegram

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

MANAGUA, May 21, 1929—4 p. m.

[Received 6:12 p. m.]

143. Legation's telegram 131, May 7, 2 p. m. President Moncada told me today that he is anxious to constitute the proposed Claims Commission and is only awaiting the Department's designation of the American member. He said nothing of submitting the decree creating the Commission for the Department's consideration.

He also brought up the subject of American supervision of Nicaraguan elections (see my telegram of May 16, 11 a. m. 138)<sup>87</sup> and said he would appreciate the Department's further views in the matter.

HANNA

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417.00/325 : Telegram

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

WASHINGTON, May 25, 1929—3 p. m.

80. Your 143, May 21, 4 p. m. If President Moncada wishes to submit a formal request for the designation by this Government of a member of the Claims Commission, stating the terms of employment and giving full information about the manner in which the Commission will be constituted and the powers which it will enjoy, the Department will be very glad to consider the immediate designation of some qualified person. A copy of the decree which the President proposes to issue would be most useful in this connection.

The Department has not yet been informed how President Moncada proposes to have the Nicaraguan members of the Commission appointed. Please obtain information on this point.

STIMSON

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<sup>87</sup> *Ante*, p. 649.

417.00/326 : Telegram

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

MANAGUA, May 27, 1929—4 p. m.

[Received 8:32 p. m.]

146. I have brought your 80, May 25, 3 p. m. formally to the attention of the Nicaraguan Government.

It appears from a conversation I had with President Moncada a few days ago that there has been a misunderstanding in this matter. He said it is and has been his intention to create the Claims Commission under authority of the law of December 3, 1926, as amended in March 1928 and not under authority of an Executive decree. He added that if the Commission cannot be created in that manner its creation will have to be postponed until the Nicaraguan Congress convenes in ordinary session. He had thought the Department might name an American member other than the resident American member of the High Commission in spite of article 2 of the law.

I have consulted with Lindberg and he says he can make arrangements to give the Commission at least half of his time now and more later on. He would bring Downing, the Deputy Collector on the Atlantic Coast, to Managua until Crampton, his Deputy Collector, returns from leave in September. If President Moncada's reply to your 80 is what I anticipate this will probably be the best if not the only way to create the Commission.

HANNA

417.00/327 : Telegram

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

MANAGUA, June 7, 1929—11 a. m.

[Received 2:10 p. m.]

156. My 146, May 27, 4 p. m. I now have the formal reply of the Minister of Foreign Affairs. He says that although article 2 of the convention [*law*] of December 3, 1926, creating the Commission provides that the two Nicaraguan members of the Commission shall be appointed by the Executive, it is President Moncada's desire and intention that they be appointed by the directing boards of their respective parties "in order thus to fulfill the aims of conciliation and justice which inspired the Tipitapa Agreements." The formal request for the designation of the American member of the Commission was made in the Foreign Office note transmitted with the Legation's despatch of February 16th, 1929.

President Moncada told me he fears that the Conservative Party, because of existing dissensions, may not be able to agree upon its

member but said he would find a way to meet that difficulty should it arise.

Lindberg can begin work on the Commission without delay if named as the American member.

HANNA

417.00/327a : Telegram

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

WASHINGTON, June 7, 1929—6 p. m.

84. Legation's 156 [146], May 27, 4 p. m. The Department considers it impracticable for the American Member of the High Commission to serve on the Claims Commission but is prepared to designate a suitable American member if notwithstanding Article two of the Law of December 3, 1926, the Nicaraguan Government feels that it can appoint another person and provide suitable compensation for him as discussed in the Department's No. 57 of April 22, 4 p. m.

What arrangements are contemplated by President Moncada for the payment of the Commission's awards?

STIMSON

417.00/328 : Telegram

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

MANAGUA, June 8, 1929—noon.

[Received 3:15 p. m.]

157. Department's 84, June 7, 6 p. m. The Commission is to be created under the law of December 3rd, 1926. Article 8 of that law fixes the salary of each member and article 2 prescribes who the American member shall be. I know of no process by which the law can be legally changed in these respects before the Nicaraguan Congress reconvenes. President Moncada might assume the responsibility of disregarding these provisions of the law if he thought we would approve and I strongly recommend against our making any suggestion that might be thus interpreted by him or make us appear as a party to loose interpretation of law in this country. I also think it highly desirable that the American member of the Commission be an American now in this country thoroughly acquainted with conditions by long residence and that the number of high salaried Americans serving this Government should be kept at the minimum consistent with efficiency. Lindberg is admirably qualified for the position and can do the work without prejudice to his other duties. I have been repeatedly assured that he is acceptable to this Government.

I desire respectfully to invite attention to the foregoing and to receive your further instructions before making additional representations in the matter.

HANNA

417.00/329 : Telegram

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

MANAGUA, June 20, 1929—3 p. m.

[Received 6:25 p. m.]

171. My 157, June 8, noon. Minister of Hacienda has formally requested the directing boards of the Liberal and Conservative Parties to name five candidates each, in order that President Moncada may appoint the respective representatives of those parties on the Claims Commission.

HANNA

417.00/328 : Telegram

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

[Paraphrase]

WASHINGTON, June 20, 1929—6 p. m.

92. Legation's telegram No. 128, May 1, 10 a. m., indicated that the President of Nicaragua wished to create a temporary Claims Commission with an American, other than a resident American member of the High Commission, as president. The suggestion of the Department in its June 7, 6 p. m., was made on the supposition that the President felt that he could legally carry out this program. If the President cannot do so, the Department feels that it would be preferable to wait until the law is amended by Congress.

Your 157, June 8, noon. The Department is unwilling to accept Lindberg as president of the Claims Commission. The Department understands that he has engaged in private business transactions, such as personal loans and investments in local enterprises in Nicaragua, and this, the Department feels, would make him ineligible.

If you consider it necessary you may explain informally to the President and to Lindberg that the Department feels that the president of the Claims Commission should be a person who has had no previous connection with Nicaraguan affairs, in order to eliminate all possibility of a feeling on the part of claimants that the decisions of the president of the Claims Commission are influenced by local considerations. The Department also feels that the person selected should be able to devote his entire time to the work.

STIMSON

417.00/334 : Telegram

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

MANAGUA, June 25, 1929—3 p. m.

[Received 10:20 p. m.]

174. Department's 92, June 20, 6 p. m. In view of the seeming impossibility to create the Claims Commission at this time under the law

of December 3rd, 1926, President Moncada proposes that a temporary commission be created by Executive decree, composed of two Nicaraguan members, one Liberal and the other Conservative, to be selected by the Executive from candidates nominated by the respective parties, and one American member to be selected by the Department of State. The functions of the commission will be advisory only and are to receive and consider claims yet to be presented and prepare them for final adjudication by the Claims Commission to be created in accordance with a new law to be enacted at the next session of the Nicaraguan Congress. The American member will receive a salary of ten thousand dollars a year and his traveling expenses coming to and returning from Nicaragua. He will be paid from available funds until the Nicaraguan Congress can provide otherwise.

The decree creating the commission will contain the following provisions covering suggestions made by the Department from time to time in this connection :

1. No award of the commission will be valid unless concurred in by the American member of the commission.

2. The commission will be authorized to deal with claims arising up to the date of the reconvening of the commission.

3. The jurisdiction of the commission will be extended to include
  - (a) Claims for losses in the Departments of Rio Grande and Prinzapolka;

- (b) Claims by persons or companies suffering losses in all Departments where outlaws have operated, as the present law refers only to inhabitants of these departments;

- (c) All pending obligations of the Nicaraguan Government arising since October 25, 1925, as the result of the civil strife in Nicaragua;

- (d) Claims for personal injury.

If the foregoing arrangement is satisfactory to the Department, the Nicaraguan Government will draft the decree and will submit it for the Department's consideration before it is issued here.

The foregoing has been prepared in consultation with President Moncada and has received his approval. I favor the creation of the commission at this time. It can do useful work, the American member will doubtless continue on the commission to be created later, and much is gained by the acceptance now of point 1 mentioned above.

HANNA

417.00/334 : Telegram

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

WASHINGTON, July 2, 1929—11 a. m.

95. Legation's 174, June 25, 3 p. m. The plan contemplated by President Moncada would appear to afford a practicable method for initiating action with respect to pending claims and the Department

is now prepared to nominate the American member of the temporary commission when it shall have had the opportunity to examine the proposed decree establishing the provisional commission.

As it is important that the Conservative member of the commission shall be fully representative of the Conservative Party and presumably should be designated by the Junta Directiva, the Department would be glad to receive by telegraph an expression of your views with respect to the present organization of the party and the representative status of the Junta.

STIMSON

417.00/337

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

No. 1072

MANAGUA, July 11, 1929.

[Received July 16.]

SIR: With reference to the Department's telegram No. 95 July 2 (11 a. m.) and other communications in this connection, I have the honor to transmit herewith a copy and translation of the draft decree for the creation of a Provisional Claims Commission.<sup>89</sup>

The decree is intended to cover all the points mentioned in my telegram No. 174 of June 25 (3 p. m.) The words "and other obligations" (*y otras obligaciones*) in Article I are intended to extend the jurisdiction of the Commission to include all pending obligations of the Nicaraguan Government arising as a result of the civil strife in Nicaragua.

Article V of the decree provides that no decision of the Commission will be valid unless it is concurred in by the American member of the Commission.

Article VIII is intended to meet the Department's desire that the jurisdiction of the Commission be extended to include claims by persons or companies suffering losses, thereby correcting a defect in the existing law which refers only to inhabitants of Nicaragua.

Article IX extends the jurisdiction of the Commission to cover claims arising "in all the territory of the Republic" (*en todo el territorio de la Republica*) thus meeting the Department's wishes in this regard. It was deemed preferable to make the decree embrace the entire territory of the Republic rather than to specify certain Departments and probably omit some district where outlaws have operated or where claims have arisen from other causes.

The last paragraph of Article IX extends the jurisdiction of the Commission to include claims for personal injury suffered by foreign citizens or subjects. Claims for personal injury to Nicaraguan citizens are omitted by the express wish of President Moncada because, in

<sup>89</sup> Draft not printed; but see the signed decree, p. 689.

his opinion, to include them would result in such a deluge of claims of this nature that the work of the Commission would be indeterminate and the total of such claims would be beyond the financial possibilities of Nicaragua.

Article X provides that there shall be paid to the American member, as salary and for his expenses of establishing himself and during his stay in Nicaragua, the sum to be fixed by the President of the Republic in agreement with the Department of State of the United States of America; but in no case will said sum exceed  $\text{Q}10,000$ . annually. This phraseology was employed for two reasons; one, to avoid criticism of the amount paid the American member by pointing out that it is to cover both salary and expenses in Nicaragua and, two, to leave the Department free to appoint a competent person at a smaller total than  $\text{Q}10,000$ . yearly if that be possible. I understand that the total amount agreed upon will be paid without requiring the American member to submit vouchers for his expenses while in Nicaragua, and that he will be paid in addition his expenses coming to and returning from Nicaragua.

Article XII reads as follows in translation:

"Claimants may not be members of the Commission. Members of the Commission may not take cognizance of the claims of their relatives within the fourth degree of blood relationship and the second degree of affinity; and when one of them is inhibited by this reason, the American member will have double vote."

This provision is a compromise with the Conservative Party. President Moncada recently advised the Directing Boards of the Conservative and Liberal Parties that they should not nominate for a member of the Commission a person who has a claim before the Commission or who is a blood relative of a claimant in the fourth degree or in the second degree by marriage. The leaders of the Conservative Party have contended that this provision made it practically impossible to select a competent member of the Commission from that Party, and they appealed to me to present their views to President Moncada. Dr. Cuadra Pasos suggested to me yesterday that the Party be left free to select its candidates regardless of whether they or their relatives and connections have claims before the Commission, and to provide that in case such claims are presented the member interested may not vote upon them and that the American member will have a double vote for the settlement of those claims. I submitted this view to President Moncada and he immediately accepted it as modified in Article XII quoted above. I have not yet had an opportunity to communicate this to Dr. Cuadra Pasos but I feel confident it will be satisfactory to the Conservative Party. I concur in the view that the list of competent members for the Commission from either the Conservative or the

Liberal Party would be greatly reduced, and perhaps the most competent names eliminated, if all persons were barred who are related to claimants in the degrees mentioned above.

Article III states that the Nicaraguan members of the Commission will be appointed by the Executive. This is merely a repetition of a similar provision in Article II of the existing law. It leaves the Executive Power free to appoint the Nicaraguan members if that necessity should arise, but it is President Moncada's fixed purpose to appoint these members from the candidates proposed by the Directing Boards of the respective Parties.

I am sure it will be greatly appreciated here if the Department can present its views concerning the decree by telegraph at the earliest practicable date.

I have [etc.]

MATTHEW E. HANNA

417.00/336 : Telegram

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

MANAGUA, July 12, 1929—3 p. m.

[Received 8:18 p. m.]

188. Department's 95, July 2, 11 a. m. The proposed decree establishing the Provisional Commission was transmitted to the Department in today's air mail.<sup>90</sup> If the decree is satisfactory, the Nicaraguan Government will appreciate the early arrival here of the American member of the Commission.

Doctor Cuadra Pasos told me this morning that the provisions of article 12 of the decree are satisfactory to the directing board of the Conservative Party and that it will select five candidates for the Conservative member early next week who will be representative of the party. I believe however that existing dissensions in the party will play an important role in making the selections and that consequently the responsibility of President Moncada for the ultimate choice will be increased.

The existing directing board is the same as when created as a compromise in the last presidential campaign and its character and composition are known to the Department. The Chamorro influence is probably somewhat stronger than that of the other faction. Diaz and Cuadra Pasos are thoroughly dissatisfied with the unrepresentative character of the board, even of their own partisans on it, and they are laboring for a favorable opportunity to bring about a reorganization which ordinarily would not occur until the next presidential campaign.

The party itself is rent by dissension and I cannot see that the Chamorro influence is on the wane. I am reliably informed that the

<sup>90</sup> See *supra*.

board will announce in a few days that the party will not participate officially in the municipal elections of this year, assigning lack of confidence in the impartiality of Dr. Roman y Reyes (see my telegram 178 of June 29, 10 a. m.)<sup>91</sup> as the reason for the action. The real reasons however of the Cuadra Pasos faction, as stated to me, are:

(1) To avoid stirring up additional factional fights in the party at this time; and,

(2) To establish the necessity for American supervision next year and in 1932.

I may add that the Liberal Party is also in danger of a complete split between the eastern element led by the President and Dr. Carlos Morales and the western faction whose principal leaders are Leonardo Arguello and Dr. Sacasa. President Moncada seems fixed in his determination not to be dominated by the latter faction and there appears to be but little disposition to compromise. Already there is subdued talk of a possible realignment of political elements by a union temporarily at least of the older Liberals and the Cuadra Pasos Conservatives.

HANNA

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417.00/338: Telegram

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

MANAGUA, July 24, 1929—3 p. m.

[Received 4:33 p. m.]

201. My 188, July 12, 3 p. m. second paragraph. Conservative Party selected five candidates yesterday and the President told me this morning that he will appoint one of these [as] Conservative member of the Claims Commission.

HANNA

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417.00/336: Telegram

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

WASHINGTON, July 27, 1929—1 p. m.

110. Legation's despatch No. 1072, July 11, and telegram No. 188, July 12, 3 p. m. The Department has examined the draft decree for the creation of a Provisional Claims Commission and perceives no objection to its provisions. In accordance with the wishes of President Moncada the Department now proposes as the American member of the Provisional Claims Commission Mr. J. S. Stanley. Mr. Stanley was for many years a member of the Philippines Customs Service and served as American member of the Mixed Claims Commission in Haiti, rendering notably efficient and satisfactory

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<sup>91</sup> *Ante*, p. 650.

service in both capacities. Mr. Stanley would be unable, however, to accept this employment for less than \$10,000 annually with traveling expenses to and from Nicaragua.

As stated in the Department's telegram No. 95 of July 2, 11 a. m., it is important that the Nicaraguan members of the Commission shall be representative of and acceptable to the two political parties, and you are directed to impress upon President Moncada the necessity for a careful selection from the lists of names submitted by the respective Directing Boards.

STIMSON

417.00/339 : Telegram

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

MANAGUA, July 30, 1929—3 p. m.

[Received 6:04 p. m.]

207. Department's telegram number 110, July 27, 1 p. m. The Minister for Foreign Affairs has notified me formally that the Nicaraguan Legation will appoint Mr. Stanley American member of the Provisional Claims Commission at a salary of ten thousand dollars annually and expenses going to and returning from Nicaragua.

The decree creating the Commission and naming its members will be published soon.<sup>92</sup> This Government would appreciate information concerning the probable date of Mr. Stanley's arrival here.

HANNA

417.00/342

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

No. 1100

MANAGUA, August 2, 1929.

[Received August 7.]

SIR: With reference to the Legation's despatch No. 1072 of July 11, 1929, and to its telegram No. 207 of July 30, 3 p. m., I have the honor to transmit herewith copies of the Presidential Decree of July 30, 1929, establishing a Provisional Claims Commission, as published in *La Gaceta* of July 31, 1929, as well as a copy and translation of the Foreign Office's note No. 157 of July 31, 1929,<sup>93</sup> transcribing a Presidential Decree dated July 31, 1929, appointing Mr. J. S. Stanley President of the Commission.

Paragraph sixteen of the draft submitted to the Department is omitted in the published decree. This paragraph provided for the naming of the members within the decree itself but it was omitted principally because the Liberal party at the time the decree was

<sup>92</sup> See *La Gaceta*, No. 204, September 11, 1929, for presidential decrees naming J. S. Stanley, president of the Provisional Claims Commission, and Ignacio Suarez, Enoc Aguado and Mariano Arguello V., Conservative member, Liberal member, and first lawyer, respectively (417.00/365).

<sup>93</sup> Note not printed.

published had not nominated its candidates for the Commission. The salary of the secretary of the Commission has been increased from one hundred cordobas to two hundred cordobas monthly. The above are the only two changes from the draft decree submitted to the Department. In the second line of Paragraph two there is a typographical error. "5 de diciembre" should obviously read "3 de diciembre".

I have [etc.]

MATTHEW E. HANNA

[Enclosure—Translation <sup>64</sup>]

*Decree of July 30, 1929, Establishing a Provisional Claims  
Commission*

THE PRESIDENT OF THE REPUBLIC,

In use of the general powers conferred on him by articles 190 and 111, No. 36 of the Constitution, and considering:

That the Claims Commission created by the law of December 5 [3], 1926, cannot be reconvened, among other reasons because the appointee of the Department of State of the United States of America on the High Commission is prevented from forming part of that tribunal because he is in charge of the office of Collector General of Customs, and because the work of said tribunal requires his entire attention to the exclusion of all other employment or office;

That it is indispensable to delay no further in receiving and studying the claims against the State, originating during the last civil war, in order to establish their total amount and consider the form of payment and the funds available for that purpose;

That in order to give foreign claimants the best guarantee of impartiality and justice and to carry out the evident intention of the law of December 3, 1926, referred to, the presence of an American judge on the tribunal who will concur with his vote in rendering decisions is necessary; taking advantage of the assistance offered Nicaragua by the Government of the United States of America,

DECREES:

ARTICLE 1. There is established in the capital of the Republic a Provisional Claims Tribunal or Commission which shall receive and take cognizance of all claims for exactions, requisitions, war damages and other obligations not liquidated and pending against the Government of Nicaragua as a consequence of the civil war, from October 25, 1925, until the date when the Executive shall declare the country officially at peace.

ARTICLE 2. The claims presented to the Commission created by the law of December 3, 1926, shall be received and passed upon by the

<sup>64</sup> Translation supplied by the editor.

Provisional Commission without necessity of a second presentation by the interested parties.

ARTICLE 3. The Provisional Claims Commission shall be made up of three members: One from the Conservative Party, another from the Nationalist Liberal Party, and another who shall act as President and who shall be an American citizen named by the President of the Republic, after nomination by the Department of State of the United States of America. The President of the Republic will name the Nicaraguan members.

The Commission shall meet not later than 60 days following the publication of this decree in the *Diario Oficial*.

ARTICLE 4. The Provisional Commission shall cease in its functions as soon as the Congress of the Republic enacts a new organic law of the Claims Commission; but it shall not have the right to continue functioning longer than 18 months from the date of its first meeting. Within this time all the claims of which cognizance has been taken should be passed upon.

ARTICLE 5. The decisions of the Commission shall be made by the three members, each one having the obligation to give and explain his respective vote. The tribunal shall decide by a majority vote, but no decision shall be valid unless it is concurred in by the American member of the Commission.

ARTICLE 6. For the study and decision of claims, the Commission shall proceed with the powers of arbitrators or friendly mediators.

ARTICLE 7. The Commission is authorized to formulate its rules and regulations of procedure or to adopt those of the Commission created by the law of December 3, 1926. The said rules shall be published in the *Diario Oficial* and the tribunal shall begin to function 10 days after their publication. The claims shall be presented according to the requirements of the rules, without prejudice to the requirements of article 2 of this decree.

ARTICLE 8. Nicaraguan citizens and juridical persons, and foreign societies or corporations and citizens or subjects, shall have equal rights, without any exception, to present themselves before the Provisional Commission, whether they be inhabitants of the territory of the Republic or not. Claimants who do not present their claims within six months from the date on which the Executive shall have officially declared the peace, shall not have the right to do so later and shall lose the right to all judicial and extrajudicial indemnification.

ARTICLE 9. There shall be considered among the claims against the State exactions, requisitions and war damages caused by both sides in the last civil war, as well as those caused by acts of banditry in all the territory of the Republic. But the benefits of this decree shall

not accrue to foreign societies, citizens or subjects who have taken part in the civil war or in acts of banditry.

The Commission is also authorized to receive and pass upon, within the period established, claims for personal injuries which foreign citizens or subjects may have suffered, provided they have not taken part directly or indirectly in the civil war or acts of banditry.

ARTICLE 10. The Nicaraguan members of the tribunal shall receive a salary of 300 cordobas monthly; and there shall be paid to the American member, as salary and for his expenses of installing himself and of his stay in Nicaragua, the sum to be fixed by the President of the Republic in agreement with the Department of State of the United States of America; but in no case shall the said sum exceed 10,000 cordobas annually.

ARTICLE 11. The secretary of the Commission shall be a Nicaraguan, named by it, and he shall receive a monthly salary of 200 cordobas. The Commission shall have available 4,000 cordobas annually for office expenses and investigations, in the form prescribed in the respective rules.

ARTICLE 12. Claimants shall not have the right to be members of the Commission. Members of the Commission shall not have the right to take cognizance of the claims of their relatives within the fourth degree of consanguinity and the second degree of affinity; and when one of them is inhibited for this reason, the American member shall have double vote.

ARTICLE 13. All members of the tribunal shall remain in the capital on all working days without absenting themselves therefrom except for justifiable cause. In case any member absents himself persistently and without good cause, or for any reason shall be incapacitated for the fulfillment of his duties, the members who attend shall notify the Executive power to this effect, and the latter will proceed immediately to name the person to replace him.

ARTICLE 14. The Treasury shall be represented before the tribunal by one or more lawyers named by the President of the Republic, and these lawyers shall be given hearings and opportunity to examine documents under the law. They shall receive a salary of 150 cordobas monthly each.

ARTICLE 15. The decisions of the Provisional Commission created by the present decree shall not constitute a judgment or obligation of the State until the Congress of the Republic so directs upon enacting the new organic law of the Claims Commission.

ARTICLE 16. The present decree shall go into effect upon its publication in the *Diario Oficial*.

Done at the Casa Presidencial, in the city of Managua, on the 30th day of July, 1929. J. M. MONCADA—The Minister of Hacienda—  
ANTONIO BARBERENA.

417.00/342

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

No. 553

WASHINGTON, August 26, 1929.

SIR: The Department refers to the Legation's despatch No. 1100, of August 2, 1929, enclosing a copy of the Presidential decree of July 30, 1929, providing for the establishment of a Provisional Claims Commission to adjudicate claims of American nationals against Nicaragua growing out of the Civil War from October 25, 1925, until the date on which peace is officially declared, together with a copy and translation of the Foreign Office's note No. 157, of July 31, 1929,<sup>95</sup> transcribing a Presidential decree dated July 31, 1929, appointing The Honorable J. S. Stanley as President of the Commission.

Judge Stanley has been notified of his appointment and will proceed to Nicaragua on the steamship *El Salvador*, sailing from New York on September 5.

It will be noted that the decree of July 30, 1929, empowers the Commission to formulate regulations, or to adopt those framed by the Commission created by the law of December 3, 1926; requires that claims must be presented to the Commission within six months from the official declaration of peace, and that claims not filed within this period are to be barred.

In order that the Department may notify American claimants in the United States, it is desired that you advise the Department promptly by telegraph, to be confirmed by mail, when peace is officially declared in Nicaragua, and, in addition, that you forward copies of the regulations as soon as they are adopted by the Commission.<sup>96</sup>

The Department desires that the Presidential decree of July 30, 1929, information of the date on which peace is officially declared, and the regulations adopted by the Commission, be given the widest possible circulation among American citizens and organizations in Nicaragua.

I am [etc.]

For the Secretary of State:  
NELSON TRUSLER JOHNSON

<sup>95</sup> Note not printed.

<sup>96</sup> See Comisión Provisional de Reclamaciones, *Ley Creadora, Decreto de Nombramientos y Reglas de Procedimientos* (Managua, Imprenta Nacional, 1929), copies of which were transmitted to the Department in despatch No. 1228, November 15, 1929 (not printed). (417.00/369)

417.00/364

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

No. 1187

MANAGUA, October 11, 1929.

[Received October 25.]

SIR: I have the honor to inform the Department that Mr. J. S. Stanley, American Member and President of the Provisional Claims Commission, arrived at Managua on October 5. Mr. Stanley took his oath of office on October 8 and the Commission held its first meeting on October 9, 1929.

I have [etc.]

MATTHEW E. HANNA

417.00/366

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

No. 1210

MANAGUA, October 29, 1929.

[Received November 4.]

SIR: I have the honor to transmit herewith copies with translations of a letter addressed to the Minister of Hacienda by the Provisional Claims Commission dated October 14, 1929, and the reply of the Minister of Hacienda dated October 16, 1929.<sup>97</sup> It will be noted that the Minister of Hacienda, in answering the Commission's inquiry, has taken advantage of the opportunity thus presented to assume what would appear to be unwarranted interference in matters solely within the jurisdiction of the Commission itself. The Commission, in consulting the Nicaraguan Government in this connection, may have given him some justification for expressing his views as he did.

This exchange of letters was brought to my attention a few days ago by Mr. J. S. Stanley, American member of the Commission, who sought my advice in the matter. After discussing the subject we reached the conclusion that the Commission, in view of its international character and the international agreement in which it finds its authority, should be free to interpret the decree creating it and defining its powers and limitations, and that it could not permit the Nicaraguan Government to instruct it in the manner set forth in the letter of the Minister of Hacienda.

Mr. Stanley subsequently informed me that he had discussed the matter with Dr. Enoc Aguado, one of the Nicaraguan members of the Commission, and that he concurred in the view set forth above. This was confirmed later on by Dr. Aguado who called upon me for that purpose. Dr. Aguado was positive in his acceptance of this view of the matter and said that he had reason to believe that it was also President Moncada's view. This was also confirmed to me per-

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<sup>97</sup> Neither printed.

sonally by President Moncada when I saw him this morning. He did not fail to point out, however, that the question was raised, not by the Nicaraguan Government, but by the Commission in asking the Government for its opinion. The President said that he believed there would be no further misunderstanding on this point. I am not so sure that the Minister of Hacienda will drop the subject thus lightly and the Department may desire to give me instruction to guide me should the subject come up again.

Both Mr. Stanley and Dr. Aguado are dissatisfied with the indefiniteness of the period during which claims may be presented. It will be noted that the Minister of Hacienda is seemingly of the opinion that a state of peace, within the meaning of the Claims Convention, exists in at least a portion of the republic. I understand that the Commission will disregard this opinion and act on the assumption that a state of peace has not been declared in any part of the republic, which assumption appears to be in accord with the facts. Consequently, claims may be submitted for a period of six months after a date which has not yet been determined, and the Commission finds this uncertainty very objectionable. They now have this matter under consideration and consulted me as to how it could be corrected. I expressed the opinion that any correction which involved a modification of the Convention would necessarily have to receive the approval of both governments. I understand that the Commission is now considering the presentation of a proposal for some such modification. I reminded the Commission, however, that curtailing the period within which claims could be submitted arising from future acts in regions still overrun by bandits would mean that the work of the Commission might not be as complete as was contemplated when the Convention was entered into.

Dr. Aguado, as well as Mr. Stanley, sympathizes with the desire of the Nicaraguan Government as expressed in the letter of the Minister of Hacienda to eliminate the claims for back pay of soldiers or civilian employees not covered by the budget who may have been in the service of the Nicaraguan Government as a consequence of the war. Dr. Aguado is of the opinion, nevertheless, that, in view of the comprehensive wording of the Convention, it would be difficult to interpret it in such manner as to omit these claims, because he thinks the clear intention of the Convention is to include them. Consequently, it would seem that this point might also be cleared up in a supplemental informal agreement between the two governments.

I have [etc.]

MATTHEW E. HANNA

417.00/366

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

No. 593

WASHINGTON, November 14, 1929.

SIR: Reference is made to the Legation's despatch No. 1210, dated October 29, 1929, concerning the Provisional Claims Commission and its relationship to the Government of Nicaragua.

The Department has observed that it apparently is believed by the Legation as well as by the American member of the Commission that the Provisional Claims Commission has been established through a "Claims Convention" and that it enjoys therefore an "international character" by virtue of which it should have unrestricted independence of action and be free from control by the Nicaraguan Government.

Although the establishment of a Claims Commission was contemplated by the so-called Tipitapa Agreements as a necessary step to be taken by Nicaragua in order to place its economic affairs in order and maintain its domestic and external credit, the actual establishment of the present Commission has resulted from the Legislative Decree of December 3, 1926, and the Presidential Decree of July 30, 1929. Its status and jurisdiction are therefore determined solely by Nicaraguan legislation, and it does not appear inappropriate for the Commission to consult with the Nicaraguan Government regarding matters of procedure and policy. It is obvious that the Commission should be completely independent in the actual decision of cases and in any other matters which might affect the justice and impartiality of its awards.

The foregoing is not to be construed, however, as indicating that the operations of the Provisional Claims Commission have no international character or that they are not a matter in which this Government is keenly interested. The Government of the United States, in view of the several claims of considerable importance that undoubtedly will be submitted to the Commission for consideration on behalf of injured American interests, as well as similar claims on the part of foreigners, takes a keen interest in the Provisional Claims Commission and is most anxious that it shall initiate its labors at an early date and carry them forward as speedily as possible and with the greatest possible freedom. It is hoped, therefore, that you will lend such assistance whenever possible and appropriate as will serve to facilitate the work of the Commission.

I am [etc.]

For the Secretary of State:  
FRANCIS WHITE

[Legislation creating a permanent Claims Commission was passed by the Congress and signed by President Moncada on February 6, 1930—*La Gaceta*, No. 34, February 10, 1930 (417.00/380).]

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ASSISTANCE BY THE UNITED STATES IN MAKING SURVEYS FOR  
ROADS IN NICARAGUA

817.00/6341: Telegram

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

MANAGUA, June 13, 1929—noon.

[Received 2:10 p. m.]

162. Supplementing my 160, June 12, noon.<sup>98</sup> There is a strong desire among Nicaraguans for the construction of good roads and the impression is increasing, especially among leading men in the bandit infested region, that the construction of roads in these regions if continued for a sufficient period of time would result in the elimination of banditry. This impression is also growing among many of President Moncada's advisers and I believe that he will offer no serious objection to the plan other than the difficulties of finding funds to carry it out. I believe, however, that the funds may be obtained by a readjustment of existing expenditures and plans for public improvements in other directions.

HANNA

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817.00/6342: Telegram

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

MANAGUA, June 13, 1929—5 p. m.

[Received 8:17 p. m.]

164. My June 13, noon. Beaulac<sup>99</sup> has just returned from three days' visit to the Matagalpa and Jinotega districts and says that the sentiment there is that road construction in those areas is the logical corrective measure for the bandit [situation?] as it exists at this time. I encountered a similar sentiment in Ocotal when I recently spent two days in that region. Marine officers familiar with the conditions are among the strongest advocates of this plan in all the regions mentioned above.

HANNA

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<sup>98</sup> *Ante*, p. 575.

<sup>99</sup> Willard L. Beaulac, Second Secretary of Legation.

817.00/6341 : Telegram

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

WASHINGTON, June 14, 1929—4 p. m.

89. Legation's 160, June 12, noon;<sup>1</sup> 162, June 13, noon; and 164, June 13, 5 p. m. The Department regards with interest the proposal to construct roads in the bandit areas but before authorizing you to discuss the subject with the Nicaraguan Government desires to receive from you a report describing the roads it is contemplated to build, the number of persons who would be employed, and related features. In this connection you are advised that it is the Department's opinion that any road construction undertaken should contemplate the permanent needs and economic advancement of the Republic as well as immediate military advantage.

CLARK

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817.00/6344 : Telegram

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

MANAGUA, June 16, 1929—4 p. m.

[Received 9:35 p. m.]

167. Department's 89, June 14, 4 p. m. Of the many factors retarding economic developments in Nicaragua, in my opinion, the existing state of banditry and the deplorable condition of the public roads are two of the most serious. Good roads and banditry are antagonistic. There can be no permanent economic advancement here until banditry is eliminated and an enduring condition of peace and public order assured, and when that is obtained the existing outcry for better roads will increase in all sections of the Republic. The intelligent expenditure of any reasonable sum on roads at this time would be money wisely spent. Good roads are needed for economic reasons alone in almost every section of this country and, while opinions may differ as to where they are needed most, every such road would meet an economic need of the Republic.

As a matter of fact among the sections admittedly in the greatest need of roads are the districts about Matagalpa, Jinotega and Ocotal bordering upon the regions occupied by bandits, and work upon the important highways leading out of those towns, although it be in the immediate neighborhood of the towns, will act as a magnet to draw men from even the more remote bandit areas. At least that is what I am told by men who know the habits of the natives and whose opinion should be sound. For every \$25,000 monthly set aside for this

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<sup>1</sup> *Ante*, p. 575.

work it should be possible to employ at least 1,000 men at 60 cents per day and pay all incidentals necessary for good road construction under the conditions in this country. Experience will show whether this amount will have to be increased to accomplish the purpose in view. If, as I believe, money spent in this manner will materially assist in putting an end to banditry this Government may wisely spend any amount within its possibilities for this purpose.

It will be of material help if the Marine commander here can begin construction at the same time with Marine funds as recommended in my previous communications on this subject. I am informed that bull cart transportation alone for the Marine command up to the end of last year was approximately \$700,000 which according to Marine estimates was ten times what the cost would have been for truck transportation over good roads. The transportation of freight and passengers by five Fokker airplanes, made necessary by the absence of good roads, and transportation by pack animals are not included in this amount.

This plan if adopted will in any event serve an important and necessary economic purpose in improving this country's roads. To be of material assistance in eliminating banditry it should be systematically followed for at least six months, when the coffee harvest season may afford some relief. I believe this Government will accept the idea but will need advice and assistance in executing it completely and intelligently. The Department may deem this an appropriate opportunity to offer this Government the services of two or more young engineer officers of the Navy or Army to assist in the work. They could be attached to the guardia and given the status of a Nicaraguan officer if that should appear desirable. It is expected that this Government will spend large sums on road construction during the next few years and it will badly need technical control over such construction if the money is not to be wasted in unintelligent work as at present. Nicaragua needs American technical assistance for the construction of roads just as badly as Managua needed such assistance for the construction of its streets. I believe President Moncada might be glad to accept such assistance if the Department could authorize me to tender it.

HANNA

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817.154/38 : Telegram

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

WASHINGTON, June 20, 1929—5 p. m.

91. Legation's 167, June 16, 4 p. m. The Department perceives no objection to a discussion by you with President Moncada of the road

building plan but does not desire to have you urge the adoption of the plan by him. Would not the rainy season prevent any road building activities for some time yet? The Department is informed by the Navy Department that no funds are available for expenditure in Nicaragua for road building by the Marine forces there.

Should President Moncada evince interest in the plan and request that American Government engineers be detailed for service in that connection, the Department will be glad to give consideration to the matter.

STIMSON

817.154/40 : Telegram

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

MANAGUA, June 28, 1929—4 p. m.  
[Received 7:54 p. m.]

176. Department's 91, June 20, 5 p. m. President Moncada intends to start the road building program with the least possible delay and has asked me to request that three American Government engineers be detailed for service in that connection. He has also requested General Williams<sup>2</sup> to cooperate with the services of qualified members of his command. I have conferred with General Williams and he believes that three officers of the civil engineer corps of the Navy should be attached to the Brigade staff or the Guardia Nacional to take charge of this work and says that officers qualified to assist them can be detailed from Marine personnel now in Nicaragua. I concur.

HANNA

817.154/43 : Telegram

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

MANAGUA, July 9, 1929—5 p. m.  
[Received 7:25 p. m.]

183. My 176, June 28, 4 p. m. General Williams has a telegram from the Navy Department inquiring concerning the length of time the engineers will be needed and the magnitude of the work they will supervise. I have just seen President Moncada and he said the engineers will be needed for at least six months and that he proposes to spend at least \$25,000 monthly on road construction in the bandit area. He said that he would also greatly appreciate the assistance of the engineers in conjunction with other public works now under construction or projected.

HANNA

<sup>2</sup> Brigadier General Dion Williams, U. S. M. C., Commander of the Second Brigade.

817.154/40 : Telegram

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

WASHINGTON, July 24, 1929—5 p. m.

107. Legation's 176, June 28, 4 p. m. The Department has consulted the Departments of War, Navy, Agriculture, and Commerce with respect to President Moncada's desire to obtain the services of American Government engineers to assist the Nicaraguan Government in its road building program.

No reply has yet been received from the Department of Agriculture. The Department of Commerce states that while it does not have available for assignment any engineers especially qualified in road building, it would be in a position to suggest the names of one or more engineers with experience in ground and air survey work in connection with topographic map making. The Navy Department states that it has made arrangements for the assignment of Marine officers or officers of the Civil Engineer Corps of the Navy to duty in Nicaragua for this purpose. The War Department states that two engineer officers can be detailed to accompany the troops which will make the Canal survey under the supervision of Major Dan I. Sultan if desired.<sup>3</sup>

You may inform President Moncada of the foregoing, pointing out that civilian engineers presumably would have to be employed under salary and transportation contracts, whereas the Army or Navy engineers could be assigned to duty in Nicaragua with the Canal survey forces or the Marine or Guardia Nacional forces at less expense to the Government of Nicaragua. In view of the extensive topographical survey work which presumably will be conducted by Major Sultan's Canal survey forces, it might perhaps be most effective and economical for the Government of Nicaragua to entrust this work to Major Sultan.

STIMSON

817.154/50 : Telegram

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

MANAGUA, July 26, 1929—noon.

[Received 4:05 p. m.]

204. Department's 107, July 24, 5 p. m. President Moncada says he will be grateful for either Army or Navy engineers. Of the men available he would of course like those best qualified for the special work he has in mind.

HANNA

<sup>3</sup> For correspondence regarding the canal survey, see pp. 703 ff.

817.154/50 : Telegram

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

WASHINGTON, August 1, 1929—6 p. m.

115. Legation's 204, July 26, noon, and Department's 107, July 24, 5 p. m. Navy Department reports that it is prepared to assign Commander Ralph M. Warfield and Lieutenant Rufus C. Harding to duty under the commander of the Guardia Nacional for road construction work if desired. Commander Warfield is a graduate from Worcester Polytechnic Institute, is a civil engineer in the Navy and has served in engineering capacities in the United States, Guam, the Dominican Republic and Panama, in connection with which his services embraced the construction of numerous extensive and important works and highways. Lieutenant Harding is a graduate from the University of Arkansas, is a civil engineer in the Navy and has had engineering experience in the United States and Haiti. His experience embraces the construction and maintenance of roads, bridges and other important public works.

The War Department reports that Major Sultan who would have general supervision over this road work if entrusted to the Canal Survey Expedition, has been engaged in engineering work connected with the duties of the Corps of Engineers for twenty-two years embracing in that period all phases of road building and other public activities. Major Charles P. Gross, who would be assigned to duty under him, has studied road building at Cornell and at the Engineer's School and has had several years practical engineering experience.

In view of the extensive cooperation by the Navy Department in Nicaragua and the existence there of the organizations through which most effective road building aid probably could be rendered it is suggested that perhaps President Moncada may prefer to accept the services of the two Navy engineers referred to.

STIMSON

817.154/62a : Telegram

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

[Paraphrase]

WASHINGTON, September 11, 1929—11 a. m.

126. In view of the existing financial situation in Nicaragua and the relations between the Government of Nicaragua, the Banco Nacional de Nicaragua, and the railroad management,<sup>4</sup> the Department desires that Commander Warfield should not propose any large road construction program to the President without first giving the

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<sup>4</sup> See pp. 651 ff.

Department an opportunity to consider it and particularly to consider the manner in which funds are to be obtained. The Department feels that it will be to the best interest of Nicaragua if Commander Warfield will study first the general needs of Nicaragua either for railroad or road construction and the routes thereof and submit a preliminary report as soon as possible.

The Department has been informed that the Finance Minister of Nicaragua recently asked the board of directors of the railroad to declare a large dividend to be used for road construction and that the American directors do not feel that the railroad can properly do so. It is, of course, important that further friction between the Government of Nicaragua and the bankers over matters of this kind should if possible be avoided. It is suggested, therefore, that the question of the extent of the program and the manner in which funds shall be provided should be dealt with at the conference proposed by the President of Nicaragua as reported in your telegram No. 222, September 5, 4 p. m.<sup>5</sup> I have accepted suggestion of the President regarding this conference in a personal letter which was forwarded by air mail September tenth.

STIMSON

817.154/64 : Telegram

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

MANAGUA, September 30, 1929—11 a. m.

[Received 2:15 p. m.]

239. Commander Warfield has just returned from a prolonged inspection trip and I have discussed with him the matter presented in the Department's telegram number 126, September 11, 11 a. m. He will be guided by the Department's wishes in this connection and I expect to forward his preliminary report in time for its consideration at the approaching conference of bankers. In the absence of specific instructions I have not suggested to President Moncada that the road construction program, and the manner in which funds shall be provided for it, should be dealt with at the conference.

HANNA

817.154/66

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

No. 1180

MANAGUA, October 5, 1929.

[Received October 9.]

SIR: With reference to my telegram No. 239, September 30 (11 a. m.), concerning the Department's wishes with respect to the attitude of Commander Warfield in the matter of a road construction program in

<sup>5</sup> *Ante*, p. 654.

Nicaragua, I have the honor to transmit herewith a copy of Commander Warfield's preliminary report which he has submitted to the Legation in response to the Department's wishes.

I have [etc.]

MATTHEW E. HANNA

[Enclosure—Extract]

*Commander Ralph M. Warfield, G. N., to the American Chargé in Nicaragua (Hanna)*

Roads are better suited to Nicaragua's present needs than additional railroads. The hauls are short and imports and exports can be economically handled over roadways. The present Ferrocarril del Pacifico de Nicaragua extends from Granada on Lake Nicaragua to Corinto, a seaport on the west coast via Managua, León and Chinandega. This serves the area west of the Lakes and with roads from Managua to Matagalpa and Jinotega, and a road from Sébaco to Ocotal via Estelí most of the population and the best developed agricultural lands will be served and much undeveloped agricultural land made of value.

The eastern section of Nicaragua is sparsely settled and future development can be made to this area as population increases to justify it.

Nicaragua is primarily an agricultural country and the development of its rich coffee lands and other fertile area in agricultural production is essential to prosperity. Roads are necessary to provide for the transportation of these agricultural products and the imports and supplies required in their production.

Sufficient engineering data has not been obtained to provide the basis for an accurate estimate of the cost of the road construction, but it is believed that on the route from Sébaco to Ocotal recommended, construction of macadam road eighteen feet wide with three feet shoulders, culverts and proper ditches, can be provided for (twelve thousand to fifteen thousand per mile) \$12,000 to \$15,000 per mile including all bridges except the one over the Coco River near Ocotal.

RALPH M. WARFIELD

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#### NICARAGUAN CANAL SURVEY

817.812/473 : Telegram

*The Acting Secretary of State to the Minister in Costa Rica (Davis)*

WASHINGTON, June 12, 1929—6 p. m.

21. The War Department has notified the Department<sup>6</sup> that the President has authorized the dispatch to Nicaragua of a battalion

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<sup>6</sup> In letter of June 8, 1929; not printed.

of Engineer troops to make the investigation and survey for the purpose of ascertaining the practicability and the approximate cost of a canal route through Nicaragua provided for in Public Resolution No. 99 of the Seventieth Congress.<sup>7</sup>

You are directed so to advise the Costa Rican Government and request its consent for parties of these Engineer troops to enter Costa Rican territory at the places and times they may desire for the purpose of compiling the requisite information and data with reference to the proposed canal route, such as rainfall, stream flows, et cetera.

CLARK

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817.812/473 : Telegram

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

WASHINGTON, June 12, 1929—6 p. m.

88. The War Department has notified the Department that the President has authorized the dispatch to Nicaragua of a battalion of Engineer troops to make the investigation and survey for the purpose of ascertaining the practicability and the approximate cost of a canal route through Nicaragua provided for in Public Resolution No. 99 of the Seventieth Congress.

You are directed so to advise the Nicaraguan Government requesting its consent that these Engineer troops may take such stations as they may choose and conduct such operations as may be necessary to serve the purpose contemplated. Please report results by telegraph.

CLARK

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817.812/475 : Telegram

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

MANAGUA, June 13, 1929—4 p. m.

[Received 6:47 p. m.]

163. Department's number 88, June 12, 6 p. m. I have advised the Nicaraguan Government as instructed and now have the reply of the Minister for Foreign Affairs as follows:

"By instruction of the President, I am pleased to inform you that my Government sees with the most justified pleasure the realization of the preliminary studies of a work which, if executed, would mean for Nicaragua the assurance of a happy and brilliant future; and that consequently, in the fulfillment of a patriotic duty, grants the requested permission in the most ample form."

The Minister for Foreign Affairs requests that this exchange of telegrams be made public in Washington and Managua at the same time.<sup>8</sup>

HANNA

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<sup>7</sup> Public Res. 99, 70th Cong., 2d sess., S. J. Res. 117, approved by Congress, March 2, 1929, 45 Stat. 1539.

<sup>8</sup> See Department of State press releases, June 14, 1929.

817.812/478 : Telegram

*The Minister in Costa Rica (Davis) to the Secretary of State*

SAN JOSÉ, June 19, 1929—5 p. m.

[Received June 20—12:32 a. m.]

43. Department's telegram 21, June 12, 6 p. m. The Costa Rican Minister for Foreign Affairs has replied as follows to my note requesting consent to a proposed survey:

"I am pleased to state that my Government has no objection to the permission requested and for that reason is disposed to grant it."

Full report by mail.

DAVIS

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["Under the command of Maj. Dan I. Sultan, of the Engineer Corps of the United States Army, field work on the survey of the Nicaraguan route began on August 29, 1929, and, except for a continuation of the hydrographic and meteorological work, was finished before July 1, 1931."—*The United States and Nicaragua, a Survey of the Relations from 1909 to 1932*, page 113.

Other documents concerning the canal survey are printed in House Document No. 139, 72d Cong., 1st sess.: *United States Army Inter-oceanic Canal Board*.]

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**BOUNDARY DISPUTE WITH COLOMBIA**

(See volume I, pages 934 ff.)

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**BOUNDARY DISPUTE WITH HONDURAS**

(See volume I, pages 975 ff.)