BOLIVIA
REVOLUTION IN BOLIVIA

824.00/495 : Telegram

The Chargé in Bolivia (Hibbard) to the Secretary of State

LA PAZ, May 29, 1930—11 a. m.
[Received 11:15 a. m.]

31. My telegram No. 30, May 28, 4 p. m. President Siles resigned last night turning over the Executive power to the Cabinet. Elections for a constituent assembly to revise the Constitution have been called for June 29. The assembly will be composed of the usual number of Senators and Deputies making up Congress and will meet on July 28th.

HIBBARD

824.00/496 : Telegram

The Chargé in Bolivia (Hibbard) to the Secretary of State

LA PAZ, May 29, 1930—6 p. m.
[Received May 30—2:25 p. m.]

32. My telegram No. 31. I have received the following note from the Minister of Foreign Affairs.

"La Paz, May 28, 1930.
Mr. Chargé d'Affaires: The decree, copy of which I have the honor to enclose herewith, will inform you that today His Excellency, the President of the Republic, Dr. Hernando Siles, has resigned his high constitutional office and that the Cabinet (Council of Ministers) has assumed the functions of the Government.

I also have the honor to inform you that while the National Convention is being assembled, the Council of Ministers will continue the functions of the Executive power in all normality, respecting international conventions and all obligations of the state.

Requesting you to be so kind as to inform your Government of the contents of this note, I am pleased to offer you the assurance of my high consideration. Signed F. Vega."

1 Not printed.
2 Telegram in two sections.
3 Supra.
Decree.

"The Council of Ministers considering:

That the President of the Republic, Dr. Hernando Siles, basing his opinion on the grave condition of the state and desiring to consolidate the institutionality of the country, has resigned today irrevocably his high office, thus preventing himself from intervening in the solution of the political problem raised by parliamentary and popular manifestations soliciting his continuance in the Government;

That it is necessary to normalize the institutional progress of the Republic, giving the Nation the possibility of resolving its own problems by itself with high civic spirit;

That the majority of the Nation has manifested the urgent necessity of proceeding with the constitutional reform for which it is indispensable to have recourse to the popular will, fountainhead of sovereignty;

That the ordinary National Congress is not endowed with sufficient power to resolve the existing problems nor to fix the standard conducive to the normalization of the institutional life of the Republic;

That the public administration cannot remain unattended without producing grave disorder and jeopardizing the stability of the Nation;

That the merely transitory functions imposed upon the Council of Ministers, by the exceptional circumstances of the present time, should last only for the time strictly necessary to consult the desire of the country, meanwhile [directing] the administration and fulfilling the external obligations which the Republic has incurred,

Decrees:

Article 1. The Council of Ministers assumes the functions of the Executive power.

Article 2. The conventional elections are convoked for Sunday, June 29th, next, for the purpose of electing Senators and Deputies in the entire Republic, who will jointly constitute the National Convention.

Article 3. The National Convention will begin its functions on July 28 of this year, in the city of La Paz, and will proceed immediately to resolve the political problem and to consider the constitutional reforms which may be proposed. Their work finished as members of the convention, the Senators and Deputies will exercise the functions of the ordinary Legislative power until they complete their term of office.

Article 4. A supplementary decree will regulate the elections.

Done in the Palace of Government in the city of La Paz, this 28th day of May 1930. Signed G. Antelo Araúz, Minister [of Government] and Justice; F. Vega, Minister for Foreign Affairs and Worship (ad interim) and War; F. Mercado, Minister of Hacienda; J. Aguirre Achá, Minister of Public Instruction; Lieutenant Colonel Toro, Minister of Fomento and Communications; Colonel Banzer, Minister of Agriculture and Colonization."

I have acknowledged the receipt of this note, stating that in accordance with the request contained therein I have informed my Government of its contents.
This afternoon there was a meeting of the diplomatic corps to discuss what attitude should be taken toward the new Government. Three points were raised:

1. Whether, in view of the fact that this Government is in reality a continuation of President Siles' administration although unconstitutional, relations should not be continued normally with the exception of treaty negotiations.

2. Whether if relations are continued normally this does not give tacit recognition to an unconstitutional government which might prove embarrassing later, particularly as there is a grave possibility that the power may be seized by an individual before the Constituent Assembly meets.

3. Whether a formal act of recognition should be made and if so to whom should it be addressed.

The consensus of opinion was that nothing should be done which would embarrass the present administration and that it was therefore desirable to have uniformity of action by all representatives. However no one was prepared to commit his Government and it was decided that each should cable for instructions. I therefore respectfully request instructions as soon as possible as there will be another meeting of the corps on Monday afternoon in view of the arrival of the new Minister for Foreign Affairs.

As far as American interests are concerned the question of recognition has importance as the bankers must decide whether they will permit this Government to draw on funds now deposited in New York for future payments on the service of the Bolivian external debt.

HIBBARD

824.01/1: Telegram

The Chargé in Bolivia (Hibbard) to the Secretary of State

LA PAZ, May 31, 1930—11 a.m.
[Received May 31—10:45 a.m.]

33. My telegram No. 32, May 29, 6 p.m. The Brazilian Minister has just called to inform me that he has received instructions from his Government in the following sense concerning the recognition of the present Bolivian Government. Brazil will assume the same attitude as that taken in 1920 at the time of the Saavedra revolution when Brazil and the United States acted in unison in maintaining cordial relations with the Provisional Government but refused to recognize Government constitutionality or to negotiate with it. Brazil hopes that the United States will also take this attitude, as it is felt that to do otherwise would establish a dangerous precedent.

HIBBARD

The Acting Secretary of State to the Chargé in Bolivia (Hibbard)

WASHINGTON, June 2, 1930—noon.

20. Your 32, May 29, 6 p.m., and 33, May 31, 11 a.m. The Department does not desire to raise any question regarding the recognition of the new regime in Bolivia. It desires that you should continue normal diplomatic relations with the Government and that you should not take part in any joint action of the diplomatic corps. You may inform the Brazilian Minister confidentially regarding the above.

CARR

The Chargé in Bolivia (Hibbard) to the Secretary of State

LA PAZ, June 3, 1930—11 a.m.

[Received 11:40 a.m.]

34. All diplomatic representatives received practically the same instructions as contained in Department’s telegram 20, June 2, noon. There are signs of dissonance among the members of the Cabinet Council and reports from the interior indicate that some of the departments, particularly Cochabamba and Potosi, are not satisfied with the present regime. Fidel Vega appears to be strongest Minister and it is commonly expected that he will place himself at the head of the Provisional Government, thus becoming a formidable rival for Siles should elections actually be held. Both the Liberal and Republican Parties have invited Saavedra to return, but so far he has given no indication of his plans.

I gather from conversations with the Paraguayan Minister that his Government will not begin direct negotiations on the Chaco question until there is a constitutional government here.4a

HIBBARD

The Chargé in Bolivia (Hibbard) to the Secretary of State

LA PAZ, June 18, 1930—noon.

[Received 3:25 p.m.]

35. During the past week there have been several demonstrations of the Nationalist Party in favor of Siles and his reelection. They have been fairly orderly although the windows of Saavedra’s house have been broken. There have been smaller counter-demonstrations, during one of which the headquarters of the Nationalist Party were

4a For correspondence relating to entrance by Bolivia and Paraguay into direct negotiations for settlement of the Chaco dispute, see pp. 327 ff.
destroyed. For not controlling the latter, the Chief of Police and his assistant have been transferred to the provinces.

An official report this morning announces that Villazon on the Argentine frontier was attacked yesterday by Communists but that the situation is well under control. There is much Communist activity at present particularly among unemployed miners in the Oruro district. Headquarters are said to be in Montevideo.

The Minister of the Interior and Justice Department has resigned and his position filled by Lieutenant Colonel Toro, formerly Minister of Public Works and Communications. Colonel Banzer, previously Minister of Agriculture, has taken the position left vacant by Toro thus giving the Army possession of the two most important Cabinet positions for controlling elections. Ezekiel Romero has been made Minister of Agriculture.

HIBBARD

824.00/500 : Telegram

The Chargé in Bolivia (Hibbard) to the Secretary of State

LA PAZ, June 22, 1930—3 p. m.
[Received June 23—8: 55 a. m.]

37. My telegram No. 36, June 20, noon.\(^{49}\) The situation in La Paz and throughout the country remains very tense. Last night an attempt against the Government here, including plans for Siles’ assassination, was frustrated. There were street demonstrations last night and this morning. In the latter two students agitating against the Government were killed. There is no doubt that the Government exaggerates these demonstrations for the purpose of putting on heavier military restrictions but the situation is serious and there may be grave trouble before the elections next Sunday, particularly as those opposed to the Government are lining up with Communist elements.

HIBBARD

824.00/503 : Telegram

The Chargé in Bolivia (Hibbard) to the Secretary of State

LA PAZ, June 25, 1930—3 p. m.
[Received 3: 10 p. m.]

41. My telegram No. 40, June 25, noon.\(^{49}\) Oruro has been taken by revolutionists. Federal troops there refused to take any action against the rebels. There is dissatisfaction among troops here and the Government fears to send any to Oruro for this reason and because the situation is too critical in La Paz. All regular communications are cut between La Paz and Oruro. It is expected that there will be a movement against the Government here tonight or tomorrow.

HIBBARD

\(^{49}\) Not printed.
Press Release Issued by the Department of State on June 30, 1930

The Department has received a telegram, dated June 27, 10 a.m.,\(^5\) which was delayed in transmission from Mr. Frederick P. Hibbard, the American Chargé d’Affaires at La Paz, to the effect that on Wednesday night, June 25, at 9 o’clock, the cadets of the military college revolted against the Government following the receipt of the news of the successful revolt in Oruro. There was heavy street fighting all during the night and Thursday morning in which other elements opposed to the Government joined and during which the military college was bombarded. The Government troops were able to put down the uprising temporarily, although the majority of the cadets and their sympathizers had not yet surrendered and were barricaded on the outskirts of the city. Several members of the Diplomatic Corps appealed to General Kundt in the interest of humanity to halt the firing, which he did. The telegram adds that the Army has taken control of the Government and a military junta of six ranking colonels is in charge. Most of the members of the cabinet and the nationalist leaders have taken refuge in foreign legations. Ex-President Siles and his family are in the Brazilian Legation. However, the Nationalist Party still refuses to concede control to a military régime, and Mr. Hibbard stated that until this was settled there might be further trouble. Oruro, Cochabamba, Sucre, and Potosí are all in control of military juntas. Everything is quiet in those cities, although there has been street fighting. They are prepared to join La Paz in temporary Army control of the country, but insist that the Nationalist control of the country be broken and that Siles be exiled. Their program is to maintain the present constitution and, when tranquillity is established, to hold the elections in a normal manner. The telegram added that the atmosphere in La Paz was still tense, that shops and public utilities were closed, and that, although the American Legation was in the direct line of firing, no damage had been done to it or to any American property.

The Department has received a further telegram, dated June 28, 1 p.m., from Mr. Hibbard, stating that the cadets, students, and other elements opposed to the Government, who were barricaded on the Altiplano Thursday were joined by the aviation forces and several regiments. Meanwhile, there were continued demonstrations against the Government at La Paz, the crowds demanding the release of political prisoners. The Prefect, Colonel Julio Sanjines, also a member of the military junta, was eventually forced to resign, and the prefecture,

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\(^5\) Reprinted from Department of State, Press Releases, July 5, 1930, p. 1.

\(^6\) Telegrams from the Chargé in Bolivia, upon which this release is based, are not printed.
as well as all other Government offices, was taken over by the mob. All political prisoners were released amid a wildly enthusiastic reception. The cadets, aviation troops, line regiments, and armed civilians marched into La Paz where they were joined by the crowd and other military units. During the day there was spasmodic firing. Mr. Hibbard adds that for the time being the Government is controlled by Colonel Pando as military chief, Otero as prefect, with Bustamante, President of the Banco Central, and Elio, former Minister for Foreign Affairs, as advisers. They are awaiting the arrival of military representatives from the other provinces when a new military junta will be formed to govern until constitutional elections can be called. The telegram adds that Friday afternoon the houses of ex-President Siles, Taborga, Romecin, Sanjines, Vega, Kundt, and other Nationalist leaders were sacked and the contents destroyed. Ex-President Siles' grand piano was burned in the street before the Brazilian Legation. The telegram adds that the battle cries have been for the constitution without mention of individual names and that a white flag is carried with the Bolivian flag. The Army has turned against General Kundt, and he has taken refuge in the German Legation along with the other German military instructors. The majority of the Army is being concentrated at La Paz. Except for enthusiastic street parades with bands, the city is quiet, although many shops are closed and rail and wire communications are irregular. Those in control are taking every measure to prevent further reprisals.

Mr. Hibbard adds that every legation excepting the American and the Italian have political refugees and that it is presumed that arrangements will shortly be made to take them out of the country, or else guarantees will be given them. On Wednesday and Thursday of last week, Bustamante, President of the Banco Central, was in the American Legation. Mr. Hibbard adds that the fact that the American Legation is next to the military college and has been in the center of the trouble, with troops surrounding it, has prevented it from being the asylum of other refugees.

Walter I. Gholz, an American teacher in the American Institute, was slightly wounded in the leg by machine-gun fire during the night of Wednesday, June 25, but no other Americans or American property have been injured.

A telegram, dated June 28, 4 p.m., from Mr. Hibbard, states that the following junta will govern the country for the present: Colonels Osorio, Pando, Lanza, González Quint, and Bilbao, with Doctor Bustamante as adviser.

The telegram states that the junta declares that it will respect the constitution of the nation calling shortly for free elections for deputies and senators and the consequent formation of a constitutional cabinet,
and furthermore that it will comply strictly with the internal and external obligations of the Republic. The telegram added that everything was quiet during the afternoon of June 28, although the people were enjoying a holiday and all shops and offices remained closed.

824.01/5: Telegram

The Ambassador in Chile (Culbertson) to the Secretary of State

SANTIAGO, July 1, 1930—6 p.m.
[Received 9 p.m.]

51. Foreign Office informs me that Siles will arrive in Arica tomorrow afternoon escorted by Brazilian Secretary and Chilean Military Attaché and that Chilean Minister in La Paz has been instructed to express good will privately to the junta, but recognition for the present is not contemplated.

CULBERTSON

824.00/514: Telegram

The Chargé in Bolivia (Hibbard) to the Secretary of State

LA PAZ, July 2, 1930—5 p.m.
[Received July 3—4:22 a.m.]

47. The military junta remains well in control of the situation. On Sunday there were threatening demonstrations before those Legations in which political leaders had taken refuge and it was necessary for the diplomatic corps to call on the junta to demand greater protection. This was granted at once and there has been no further trouble. Siles left by automobile at 4 o'clock this morning accompanied by the Secretary of the Brazilian Legation and the Military Attaché of the Chilean Legation and with the protection of the junta. The troops at first refused to let him leave but were pacified and he was taken outside the city and placed on a special train for Arica, where he is now. The other refugees remain where they are but some will leave tomorrow with full guarantees. General Kundt offers the greatest problem. The feeling against him is intense and if he leaves the German Legation it will be difficult for the Government to protect him. On the other hand they do not wish him to leave the country, as it is feared he will sell or divulge Bolivian military plans to neighboring countries. The junta intends to proceed legally against members of the previous Government for malfeasance in office in an effort to secure the return of Government funds. Should the money not be returned, property will be confiscated. Charges are being prepared now.
All politicians exiled by Siles are returning but it is interesting to note that there is no mention of party or individuals. For the time being the country is solidly behind the junta. A decree giving the plans of the junta has been issued and has received general approbation. Freedom of the press is guaranteed, martial law, which has been in force for thirty-three months, is lifted and each member of the junta pledges himself not to run for any office.

With the aid of the banks, the Government has today telegraphed funds to New York to cover the June 5th and June 15th service payments on the external loan. The Chambers are cooperating fully with the Government in every way. The junta is reducing the number of public employees 25 percent and promises to reduce army expenditure. An economic council has been formed to study the needs of the country and make recommendations. Each Ministry is in charge of a member of the junta with a high-class civilian technical adviser. Decrees will be signed by the Under Secretary, the officer in charge, and General Galindo.

Elections will be called as soon as there is complete calm. I believe this will not be for some months as it is the desire of the junta and the people in general that all traces of the previous regime be removed and a new start made. Certainly there is an opportunity for a fine example to Bolivia and other South American republics if the junta can follow its original intentions.

I am informed that the junta has approached Chile, Brazil, Argentina and Peru for recognition. No answers have yet been received. The question has not yet been raised with the Embassy [Legation] although I know the junta is eager for the recognition of the United States. My impression is that the United States will not be asked until they know what reception the request has received in the countries mentioned.

HIBBARD

824.00/620: Telegram

The Chargé in Bolivia (Hibbard) to the Secretary of State

LA PAZ, July 9, 1930—6 p. m.
[Received July 10—10:10 a. m.]

48. My telegram No. 47, July 2, 5 p. m. In conversation with an individual in the confidence of the junta, I was informed that the present Government has made no overtures to any neighboring Governments for recognition. The junta, while desirous of recognition, hoped that it would come "spontaneously". I was asked whether the United States would accord recognition. I stated that I could only reply personally but that my opinion was that the United States would continue normal diplomatic relations with Bolivia; that as far
as I was aware it had not been customary for the United States to
grant de jure recognition to governments constituted as the present
Bolivian Government and I advised against raising a question which
might prove embarrassing, particularly in view of the announcement
of the junta that constitutional elections would be called shortly. I
added however that should the Government desire to make a formal
request I would, of course, transmit it to the Department at once.

This afternoon I called on General Blanco Galindo in accordance
with the Department’s telegram No. 24, July 8, 6 p. m.7 He expressed
the warm admiration of Bolivia for the United States and a hope
that relations would always remain cordial. He added that he hoped
relations would shortly be closer between the two countries but that
he understood it was not customary for the United States to grant
recognition under the circumstances. I made no comment.

I have conferred with my Brazilian and Peruvian colleagues who
state that in spite of repeated expressions by the junta of the desire
to maintain normal and cordial relations with their countries the
question of recognition has not been raised. They do not intend
to take any action. The Chilean Minister is more vague and my im-
pression is that Chile will endeavor to find some way to strengthen
her relations here either by recognition or otherwise in order to hold
a predominating influence later.

HIBBARD

The Chargé in Bolivia (Hibbard) to the Secretary of State

No. 505

LA PAZ, August 22, 1930.
[Received September 20.]

Sir: I have the honor to report that the Junta Militar of Bolivia
has announced elections for the 4th, 5th, and 6th of January, next.
On January 4th the electorate will vote on certain amendments or
changes in the Bolivian Constitution which have not yet been an-
nounced but are now being prepared. These will probably include
an extension of the presidential term from four to six years as well
as an extension of the congressional term, the inclusion of an article
protecting the financial institutions of the country, particularly
those established by the recommendations of Professor Kemmerer,
such as the Banco Central de Bolivia, the Contraloría General de la
República, the National Tax Collecting Company, etc., an article
guaranteeing more effectively freedom of speech and action, an article

7 Not printed.
making the continuance of martial law impossible beyond a limited
time, certain educational reforms and other reforms in the electoral
law making the control of one party impossible.

Elections for the presidency and vice presidency will be held on
January 5th and elections for the Senate and the Chamber of Deputi-
ties on January 6th. The old civil registers have been abolished
and the citizens of the country will shortly be permitted to re-register.
The registration will be controlled by military officers as well as
the actual voting though in the latter there may be civil assistants
appointed. The stamp tax on cards of identity, which are required
of all voters has been abolished and only the voting requirements
specified in the Constitution will be demanded. It is expected thus
to secure a more popular and representative vote.

During the past week representatives of the three political parties,
the Liberal, Republican and Genuine Republican, have met at the
invitation of the Junta Militar to discuss plans for a representative
election which would make possible the accomplishment of the revolu-
tionary ideals and a popular government. There has been much spec-
ulation as to what means could be taken to avoid party rivalry and
whether the party leaders would be able to submerge their personal
ambitions for the benefit of the country. After much discussion of a
highly patriotic character, a solution has been reached which seems
to be the only one possible. The official representatives of the three
parties have officially committed themselves to the following ticket.
For the Presidency, Doctor Daniel Salamanca, first vice president,
Doctor Ismael Montes, second vice president, Doctor Bautista
Saavedra. In this way each party has a representative, although such
a system will necessitate a slight change in the Constitution which was
amended in 1920 to abolish the position of second vice president. It
is presumed that the Congress and Cabinet will likewise be coalition in
character.

The announcement of this program has been received with universal
pleasure. Doctor Salamanca has occupied a unique position in the
political life of the country as he has always remained free of party
affiliations in spite of his service in various governmental offices. He
is honest and intelligent but lacks the force to lead the country from
its present crisis. The weakness of his health is a great handicap
both physically and temperamentally. His aloofness from party affil-
itations will also be a handicap as it is impossible for the political life
of the country to remain on such an elevated plane and he will be
unable by temperament to combat party struggles which must neces-
sarily arise in such a coalition.

Respectfully yours,

FREDERICK P. HibbARD
Memorandum by the Assistant Chief of the Division of Latin American Affairs (Thurston)

[WASHINGTON,] August 23, 1930.

The Bolivian Minister called this morning to read a telegram received from the Military Junta at La Paz announcing the coalition of the political parties in Bolivia and their selection of the following gentlemen as candidates for President, First Vice President and Second Vice President in the elections which are to be held January 5 and 6, 1931:

For President .............. Daniel Salamanca
For First Vice President ......... Ismael Montes
For Second Vice President ....... Bautista Saavedra

The Minister stated that the telegram instructed him to inform this Government of the foregoing and he stated that if he might he would report that he had complied with the instructions and that the Department had expressed gratification at the developments cited. I told him that he could of course make such a statement, as we were indeed gratified by any developments which seemed, as this does, to hold promise for the future stability of Bolivia. I told him that we have not as yet received any report from the Legation at La Paz on this subject.

W. C. T[Horst]on]

The Chargé in Bolivia (Hibbard) to the Secretary of State

LA PAZ, August 30, 1930—noon.

[Received 2:35 p.m.]

57. I am reliably informed that the military junta in Bolivia is negotiating with the military junta in Peru for mutual recognition. Bolivia hopes thus to secure favorable modification of the terms of the treaty between Chile and Peru. A member of the junta or a confidential agent will probably leave for Lima early next week. The Peruvian Chargé leaves for Lima Monday. He tells me he will endeavor to prevent any modification of the treaty.

Repeated to Lima.

Hibbard

824.01/12 : Telegram

The Minister in Ecuador (Dawson) to the Secretary of State

QUITO, September 9, 1930—11 a.m.
[Received 5:45 p.m.]

25. Ecuadorean Government has decided to give full recognition to existing Governments of Bolivia and Peru and sent yesterday telegraphic instructions to this effect to its mission in La Paz and a note to Peruvian Minister in Quito.

Dawson

824.01/13 : Telegram

The Minister in Bolivia (Feely)* to the Secretary of State

LA PAZ, September 10, 1930—4 p.m.
[Received 9:30 p.m.]

59. During the past week there have been several demonstrations of unemployed, many of which have been inspired by Communists. In the southern districts, particularly Oruro and Potosi, several mining camps have been damaged. While the Government is apparently well in control, there is a distinct feeling of uneasiness, especially as there is good reason to believe that members of the former Government are aligning themselves with Communist elements.

In view of this situation, I have not yet made informal contacts with members of the junta as I have not wanted to make any move which might be interpreted as even tacit recognition. The question of recognition by the United States frequently arises, especially since the recognition of this Government by Peru and Ecuador and the probable recognition by Argentina. For these reasons my position here is embarrassing and I would prefer to leave La Paz until such time as the situation is more normal. I respectfully request the Department's instructions.

Feely

824.01/14 : Telegram

The Chargé in Bolivia (Hibbard) to the Secretary of State

LA PAZ, September 11, 1930—4 p.m.
[Received 5:20 p.m.]

60. Chile officially recognized the present Bolivian Government yesterday afternoon.

Hibbard

*Assigned June 4, 1930, but had not yet presented his credentials.
The Secretary of State to the Minister in Bolivia (Feely)

[Paraphrase]

WASHINGTON, September 16, 1930—2 p. m.

38. On Thursday, September 18, you will please inform the Foreign Minister, or the official in charge of that Ministry, that you are instructed by the Government of the United States to enter into full diplomatic relations with the governmental junta of Bolivia, and that you are ready to present your letters of credence to the person indicated by them as empowered to receive the credentials of foreign Ministers.

An announcement of this will be made here late Wednesday afternoon. Until released here the above should be treated as confidential. Similar action will be taken as to Argentina and Peru.

STIMSON

The Chargé in Bolivia (Hibbard) to the Secretary of State

La Paz [, undated].

[Received September 18, 1930—5:52 p. m.]

63. Department's telegram number 38, September 16, 2 p. m. In accordance with the Department's instructions I called on Colonel Osorio with Mr. Feely this morning at 10 and informed him that I had been instructed by the Government of the United States to enter into full diplomatic relations with the Government of Bolivia. I also handed him a note confirming this and requesting him to set the date for Mr. Feely to present his credentials. In discussing the question of credentials, I informed Colonel Osorio that these documents were addressed to the President of Bolivia and inquired whether it would be inconvenient to present them in that form and was informed that the Junta would prefer to have the credentials addressed to His Excellency General Carlos Blanco Galindo, President of the Military Junta of Government of Bolivia. However the Junta is anxious to avoid delay in receiving Mr. Feely. Accordingly it is being arranged for him to be received by General Galindo probably Saturday. Upon receipt of new credentials these will be deposited at the Ministry for Foreign Affairs. If the Department approves it will be appreciated if new credentials can be sent by the next pouch.

HIBBARD

\footnote{For press statement by the Secretary of State of September 17, 1930, regarding the policy of recognition, see p. 387.}

\footnote{See "Revolution in Argentina," pp. 378 ff.}
DISINCLINATION OF THE UNITED STATES TO APPOINT OFFICIAL
REPRESENTATIVE ON AMERICAN BANKERS COMMISSION TO DEAL
WITH BOLIVIAN ECONOMIC AND FINANCIAL PROBLEMS

824.51/564 : Telegram

The Minister in Bolivia (Feely) to the Secretary of State

LA PAZ, October 13, 1930—4 p. m.
[Received 6:15 p. m.]

70. In view of increasing difficulty in meeting foreign debt service
and critical financial outlook, this Government is planning to invite
a commission of interested American bankers to visit Bolivia for the
purpose of discussing plans of consolidation of outstanding indebted-
ness and for recommending other steps toward avoidance of financial
collapse, moratorium, etc. Government will suggest that one member
of commission to [sic] represent State Department or Commerce De-
partment, and also plans the appointment of Bolivian representatives,
probably Martinez Vargas and Carlos Arimayo, to proceed to New
York for the same purpose.

Former Minister for Foreign Affairs Elio in an article yesterday's
La Razon recommends the suspension of foreign debt service; and
pressure is apparent to reduce gold value of boliviano from 18 pence to
12 pence which, in my opinion, might result in collapse of entire
financial structure.

Financial situation grows more critical daily and unless some plan
can be evolved to reduce debt service materially a long period of default
seems inevitable beginning with heavy payments due in December
and January.

Respectfully suggest that bankers should be notified of forthcoming
invitation.

Feely

824.51/565 : Telegram

The Minister in Bolivia (Feely) to the Secretary of State

LA PAZ, October 18, 1930—10 a. m.
[Received 2:30 p. m.]

71. My telegram No. 70 of October 13, 4 p. m. Minister for Foreign
Affairs today handed me legalized copy of the Supreme Economist
Council, saying that this memorandum represented the views of his
Government as to practical remedies for the threatening financial
crisis. Memorandum which is being forwarded by air mail recites
at length causes for present depression, including fall in prices of
Bolivia's principal exportable products, large budget deficit, heavy
foreign debt service and unemployment, and points out danger of
spread of communism as a result, and probable inability to meet December and January quotas of debt service in spite of Government's desire to maintain its credit abroad.

Memorandum arrives at certain conclusions which Minister for Foreign Affairs requested I transmit as an official invitation to the bankers concerned, at the same time intimating that the Bolivian Government would welcome the appointment of an official representative of the United States Government on the proposed commission.

The conclusions are as follows: That a commission made up of representatives of the American bankers interested be immediately organized and that the Republic of the United States be requested to appoint an official representative on the commission; that said commission recommend a plan of consolidating foreign debt; investigate the possibility of investment American and Bolivian capital in new industries; that the organization of the commission be negotiated simultaneously with the United States Government and American bankers by the American Minister in La Paz and Martínez Vargas already appointed Bolivian Special Agent in New York and Washington; that if Martínez Vargas decides consolidation can be arranged in New York commission need not come to La Paz; that as December-January debt service amounts to $1,838,000 negotiations should be undertaken immediately so that commission's recommendations may be made effective and if possible short-term credit accorded by bankers for December-January service if consolidation plan is not completed then.

In accepting the memorandum I expressed the opinion that, while the Department would undoubtedly be pleased to transmit the invitation to the bankers and would follow the course of any negotiations with interest, I could not assure him that my Government would accept an invitation to participate officially. The Minister for Foreign Affairs then suggested that invitation be transmitted to the bankers and that I ask what the Department's attitude would be toward the appointment of an official representative on the commission. Telegraphic instructions would be appreciated.

Feely

824.51/565: Telegram

The Secretary of State to the Minister in Bolivia (Feely)

WASHINGTON, October 20, 1930—5 p.m.

45. Your 71, October 18, 10 a. m. This Government does not desire to have a representative on the proposed Commission which is to deal with Bolivian economic and financial problems. Please so inform the appropriate Bolivian authorities orally and in-
formally, making it clear that while this Government is keenly sympathetic with the Government of Bolivia in the difficulties which confront it, the active participation of this Government in their solution would be contrary to usual practices. This does not mean that Department would not welcome any cooperation by you with the Bolivian officials in any way you can be helpful and which will be welcomed by the Bolivian Government.

Department will transmit project to bankers and will be glad to cooperate informally with Bolivian representative and bankers.

STIMSON

THE CHACO DISPUTE BETWEEN BOLIVIA AND PARAGUAY

(See pages 309 ff.)