CUBA

POLITICAL UNREST IN CUBA

837.00/2809

The Ambassador in Cuba (Guggenheim) to the Secretary of State

No. 258 HABANA, June 23, 1930.
[Received June 27.]

SIR: I have the honor to refer to my confidential despatch No. 221 of May 28, 1930,[1] and to state that since my last report to you I have had numerous conversations with President Machado, Colonel Mendieta and other leaders of both the Government and the Unión Nacionalista. My aim has been to encourage coöperation between them, so that the reforms to which both the President and his opponents are committed in principle might be the more readily carried out. The arguments that I have used to both parties to bring about this compromise were those of patriotism and enlightened self-interest. I think the President would be favorably disposed to the inclusion of members of the Unión Nacionalista in his government. However, the Unión Nacionalista has as yet been unwilling to consider any compromise that does not include an agreement on the part of President Machado to hold a new presidential election within at least three years. I have consistently refused to have anything to do with this proposal, and the insistence of the Unión Nacionalista upon this point has made it thus far impossible to reach any satisfactory conclusion.

Nevertheless, the general situation has improved since my last report. The satisfactory settlement of the telephone controversy (see my despatch No. 247 of June 4, 1930),[1] the procedure along strictly legal grounds of the investigation of the Artemisa affair,[2] the firmness with which the Government has refused to tolerate any seditious movement and, at the same time, the moderation with which it has evidently conducted its relations with the press, all have contributed to create a distinctly better atmosphere in Cuba. With the one exception of comments on the American tariff, the newspapers have been singularly free in the past two or three weeks from violent criticism or attacks of any kind, and it is obvious that a calmer and more optimistic attitude toward Cuban economic and political conditions prevails.

I have [etc.] HARRY F. GUGGENHEIM

[1] Not printed.
[2] Riots of May 18 at Artemisa.

837.00/2812 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

[Paraphrase]

HABANA, July 10, 1930—4 [*3?*] p. m.
[Received 6:15 p. m.]

95. President Machado informed me that he will send a message to Congress asking approval of laws providing for immediate new census and reform of electoral code making possible reorganization of political parties and organization of a new one. If these projects are carried out in good faith, which I believe is President Machado's desire, they should satisfy all legitimate demands of the Unión Nacionalista.

GUGGENHEIM

837.00/2815

The Ambassador in Cuba (Guggenheim) to the Secretary of State

No. 291 HABANA, July 15, 1930.
[Received July 21.]

SIR: I have the honor to report that further efforts to reconcile the differences between the Machado administration and the Unión Nacionalista have apparently failed because the latter will not relinquish their issue of the constitutionality of the present administration.

The negotiations were conducted through Mr. Antonio Gonzalez Mendoza, a prominent business man who is a friend of mine and a close friend of Colonel Mendieta. I was at all times informed of the discussions and used my personal good offices to bring the two groups into agreement; but the continued obstinacy of Colonel Mendieta and his associates in demanding Machado's resignation made it impossible to reach an accord.

The President made every reasonable concession to his opponents. He was willing to ask Congress to enact legislation to provide for a new census, to modify the electoral laws in such a way as to bring them into conformity with the spirit of the Crowder Code [4] and to permit the reorganization of the political parties and the organization of new ones. In other words, he would make it possible for the Unión Nacionalista to organize as a party and to present candidates at the forthcoming elections. He refused point blank, however, to admit any discussion of the constitutionality of his election.

In the face of this impasse, the President, at my suggestion, determined to go ahead with the beforementioned legislative program

[4] See *Foreign Relations*, 1919, vol. II, pp. 1 ff; also *Ley Orgánica del Poder Ejecutivo y Reglamento para el Gobierno de las Secretarias de Despacho de Cuba de Enero 26 de 1909* (Habana, 1909).

and to inform the Nacionalistas of his intentions. He felt, and I believe rightly, that this would cut most of the ground out from under their feet. He therefore sent for Antonio Mendoza, but the latter took the occasion to request the proposals mentioned above and to add the stipulation that the President should resign and call for a new presidential election if the Nacionalistas returned a majority of the 24 Senators and 59 Representatives to be elected.

The President agreed to accept these proposals and instructed Clemente Vasquéz Bello, President of the Senate and of the Liberal Party, to draft an electoral law and appropriate covering message to Congress. The Nacionalistas, however, refused to accept.

It is my well considered opinion that President Machado has proceeded in this matter in good faith and has been animated by a real desire to compose his differences with the Nacionalistas. There can be no question that he was disposed to make important concessions to them. He was even willing to take some of their leaders into his Cabinet and would probably have been persuaded to grant amnesty to the persons indicted in connection with the riot at Artemisa last May.

The Nacionalistas, however, showed themselves to be most stubborn and uncompromising. They have made much of their so-called ideals and demands for electoral reforms and have asserted that they represent a majority of the Cuban people. Yet when offered practically everything for which their program calls excepting the actual resignation of the President, they declined. The inference from this is obvious: in the last analysis the Nacionalistas want only one thing, to satisfy their own personal ambition to get into office.

I am of the opinion that Colonel Mendieta and his associates are almost at the end of their resources and that if the President will honestly carry out the census and the reform of the electoral laws the Nacionalistas will in due course either be forced to cooperate with him on his own terms or play their last card by attempting to start a revolution.

I have [etc.] HARRY F. GUGGENHEIM

837.00/2816

The Chargé in Cuba (Reed) to the Secretary of State

No. 298 HABANA, July 18, 1930.
[Received July 21.]

SIR: Confirming the Ambassador's telegram No. 99 of July 16, 5 p. m.,[5] I have the honor to transmit herewith a copy and translation of President Machado's message to Congress[5] asking approval of a Law

[5] Not printed.

to permit the Unión Nacionalista to participate as a political party in the November elections, as well as to authorize the Government to carry out the decennial census prior to the elections of 1932, and recommending that Congress study the matter of reforming the existing electoral laws.

The President furnished the Ambassador a copy of this message on the day preceding the latter's departure. It has not yet been made public and the project of law mentioned therein is apparently not yet available. It appears likely that the President is waiting until the draft of the law has been completed before giving out the text of his message.

It will be noted that the contents of this message fall somewhat short of what the President told the Ambassador were his intentions (see Embassy's telegram No. 95, July 10, 3 p. m. and despatch No. 291 of July 15). As far as the Embassy has been able to ascertain, the President was willing to go ahead with the entire program which he outlined to the Ambassador, but was dissuaded by Mr. Clemente Vasquéz Bello who felt that any re-organization of the Liberal Party, of which he is President, would at the present time be extremely bad political tactics.

I have [etc.] EDWARD L. REED

837.00/2821

The Chargé in Cuba (Reed) to the Secretary of State

No. 329 HABANA, August 8, 1930.
[Received August 11.]

SIR: With reference to my despatch No. 326 of August 5, 1930,[6] I have the honor to report that the Lower House on August 5 rejected by a vote of 86 to 1 President Machado's message and accompanying project of law providing for electoral reforms.

The practical unanimity of the vote against the message came as somewhat of a surprise. It was believed, and I had been so assured by persons highly placed in the Government, that the Liberal congressmen at least would comply with the President's wishes as expressed in the message. It would appear, however, that after the Nacionalistas issued their manifesto refusing to accept the President's offer, General Machado gave Congress a free hand in voting on the bill. I saw him this morning for a few minutes and although he did not actually confirm the foregoing impression, he did refer in injured tones to the "aggressive attitude" which the Nacionalistas had displayed in the matter.

[6] Not printed.

This is the first time that the Cuban legislature has refused to assent to an executive message of President Machado. The decision to vote against the message was taken by each party group meeting in committee prior to the session. Various reasons were given in the resolutions adopted by the committees. The Liberals announced they were actuated by the rejection of the measure by the Nacionalistas. The Conservatives expressed the opinion that a measure which conferred special privileges on any single group of citizens was unconstitutional. The Populars were motivated principally by their opposition to the provisions of the bill authorizing the merger of political parties.

In the circumstances, the Government does not consider that the adverse vote on the message indicates any lack of confidence in the Administration. They are unquestionably right in so interpreting the action of the Liberal majority. Debate on the bill disclosed antagonism toward the Government only on the part of the small minority of Congressmen who have habitually refused to cooperate with the Administration. The other speakers concerned themselves almost entirely with the inadequacy of the bill and its inutility, now that the Nacionalistas had declined to accept it.

As reported in my despatch under reference, Mr. Antonio Mendoza is again actively engaged in exploring the possibilities for an agreement between the President and the Nacionalistas. He now has another plan, different from that described in my No. 326, which would involve the postponement of the November elections until March 1 and an agreement by the President to resign on May 20, 1931, if the Nacionalistas should return a majority of their candidates. He called upon me twice on August 6 and discussed this plan with me at considerable length. A memorandum of these conversations is enclosed.[7] The Nacionalistas have accepted the plan in principle and have authorized Mendoza to discuss it with the President. He has not yet done so, however, because the President was out of town until this morning. I understand that he will try to obtain an audience some time today.

The Department's attention is particularly invited to Mr. Mendoza's insistence in his conversation with me on the Embassy's lending its moral support to the carrying out of the plan which he has elaborated. I cannot escape the feeling that it would be unwise for the Embassy to assume any such responsibility. We might, it is true, find it expedient and politic to do so if it were the only means of assuring the maintenance of peace in Cuba. I am not, however, convinced that such a contingency has yet arisen. If the President accepts the plan we should, of course, be free to determine at any time in the future and in any given circumstance whether action by the Embassy to insure the

[7] Not printed.

carrying out of the plan is necessary and desirable, but I am of the opinion that we should endeavor to avoid any general commitment until the need therefor is apparent.

It will be noted from the minute of my conversation with Mr. Mendoza that I declined to give him the assurance which he requested; that I told him, however, that I felt sure that the Ambassador could properly lend his informal good offices in encouraging both sides to abide by the terms of any agreement which might be reached, provided the agreement did not entail the American Government's undertaking to act as an arbiter or policeman in any controversy which might arise, and that he could tell the Nacionalistas this but should make it clear that the statement was made on my own personal responsibility.

When he returned on the afternoon of August 6, Mr. Mendoza assured me that this was exactly what he had told the Nacionalistas. He added that it did not entirely satisfy them but that it was apparently sufficient to enable him to induce them to authorize him to discuss the plan with the President.

With respect to Mr. Mendoza's latest plan, a copy and translation of which are enclosed,[8] it may be pointed out that it is very similar to the one which the President was willing to accept a month ago and which was described in the Embassy's despatch No. 291 of July 15, 1930. The principal difference resides in the proposal to postpone the elections until March 1, which would give the Nacionalistas plenty of time to organize as a party. It is, therefore, very much more advantageous to the Nacionalistas and the President may consequently be less disposed to accept it. Furthermore, the Liberal party is unalterably opposed to converting the parliamentary elections into a plebiscite to determine whether General Machado shall remain in office. They feel that they are the strongest party, but that General Machado is losing his popularity and they do not desire to be made to suffer the consequences. My authority for this is the President of the Liberal party.

This despatch should be read in conjunction with the Ambassador's No. 291 of July 15, 1930, and previous despatches reporting his conversations with the President, Colonel Mendieta and Mr. Antonio Mendoza regarding negotiations looking toward a *rapprochement* between the Nacionalistas and the President. As these conversations may continue for an indefinite period, I should be very glad to have the benefit of any instructions which the Department may desire to furnish me concerning the attitude which it considers proper for the Embassy to assume in the premises.[8a]

Respectfully yours, EDWARD L. REED

[8] Not printed.

[8a] Apparently no instructions were sent in reply to this despatch.

837.00/2834

The Chargé in Cuba (Reed) to the Secretary of State

No. 360 HABANA, September 16, 1930.
[Received September 19.]

SIR: I have the honor to report that press agency despatches containing an alleged statement by the Undersecretary of State regarding the possible attitude of the United States in the event of a revolution in Cuba have occasioned widespread comment in the local press.

This statement as furnished the *Havana Post* by the Associated Press reads as follows:

"In conference with newspapermen earlier in the day, Secretary Cotton declared there had been no political report on Cuba and that the question of a possible United States attitude in the event of revolution in Cuba had not been brought to his attention.

"Closely questioned he agreed that special treaty relations with Cuba placed 'a definite duty of assistance in Cuba' on this government in the event of general disorder in the island. He said, however, that a prophecy could not wisely be made as to what action this government would take in event of a Cuban revolution.

"The secretary said the treaty relations with Cuba were not duplicated in this country's relations with other countries to the South, in answer to the suggestion that the United States might be just as disinterested in Cuba as in Argentina and Peru, he recalled the Platt amendment [9] to show that the suggestion of this possibility was unfounded.

"The acting secretary said, however, it could be of no benefit to outline a course of action for this government in regard to Cuba before some event in the island necessitated the formulation of an official attitude. He said he did not care to 'speculate' concerning Cuban conditions."

The opposition newspaper *El Pais* interprets the remarks attributed to Mr. Cotton as confirming the great interest of the United States Government in Cuban affairs. In the same edition, this paper published a report, which was later denied, that Ambassador Guggenheim had been ordered to return to Cuba immediately in view of the gravity of the situation here.

The Government press, represented by *Heraldo de Cuba*, construed the statement as reported as manifesting the intention of the Department of State to discourage any revolutionary activities in Cuba and to support the constituted authorities in the event of an outbreak.

While the reports of Cuban unrest which apparently have been published in the American press are exaggerated, it is nevertheless true that rumors of an alarming nature have been more prevalent

[9] For text of act of U. S. Congress, approved March 2, 1901, see *Foreign Relations*, 1902, p. 320; or 31 Stat. 897. For text of treaty of May 22, 1903, between the United States and Cuba, see *Foreign Relations*, 1904, p. 243.

during the last few days than at any time here during the last year. The reason for this is probably to be found in the proximity of the elections and in the desire of the Administration's opponents to cause them to be postponed until after electoral reforms and a reorganization of the parties shall have been carried out. Although the Nacionalistas profess to be opposed to American intervention in any form, their present campaign of propaganda is undoubtedly inspired to a considerable extent by the hope that the Government of the United States can be induced to suggest the desirability of putting off the elections to a later date.

. . . . . .

Respectfully yours, EDWARD L. REED

837.00/2838

The Chargé in Cuba (Reed) to the Secretary of State

No. 372 HABANA, September 23, 1930.
[Received September 26.]

SIR: I have the honor to submit the following report on recent political developments in Cuba:

While continuing without respite their attacks on the constitutionality and conduct of the Machado administration, the Nacionalistas have, during the last fortnight, concentrated their efforts on one point in their program, namely, the necessity of postponing the November elections until such time as the electoral reform which they consider essential can be put into effect. They appear to have gained several important adherents to this view, chiefly from the Conservative Party. Ex-President Menocal, himself, has emerged from his political retirement with the avowed purpose of mediating between the Government and the Opposition and he is understood to advocate the postponement of the elections, although he has thus far failed to make his promised public declaration regarding his position and his views.

General Menocal's return to the political stage has aroused more speculation and conjecture than anything that has happened here recently. The Nacionalistas are trying to use him for their own purposes in the hope that if they can persuade him to declare publicly that the elections should be postponed, the Conservative Party will follow him into a joint opposition with the Nacionalistas. Other Conservative leaders are, however, unwilling to see their chief manoeuvered into such a position and are generally believed to be at their wits' end to find some way of extricating the former President from the rather delicate situation into which his failure as a mediator and his supposed advocacy of delayed elections have placed him.

Furthermore, Menocal's renewed political activity is interpreted as indicating his desire to succeed to the Presidency in 1935, or earlier, if President Machado can be induced to resign. It has even been suggested in certain quarters that Machado should appoint Menocal Secretary of State and then retire from office, leaving the latter at the head of the Government as provisional President. Although little importance need be attributed to such propositions at the present time, Menocal's professed disinterestedness in trying to discover a solution of existing political differences is open to serious doubt and the probabilities are that he sees an opportunity of deriving some personal advantage from the unrest and discontent that now prevail in Cuba.

That such unrest and discontent exist is undeniable and the resultant political situation naturally lends itself to exploitation by any strong politician whether he be unprincipled or not. Up to the present Menocal and Mendieta are the only persons who have the necessary following to enable them seriously to embarrass the Government, . . . Together, however, they might represent a danger to Machado's administration and it is my opinion that the President will find means to keep them from uniting. . . .

The difficulties of the political situation are increased by the ill considered and exaggerated publicity given in the United States to minor events in Cuba and by the declarations of returning visitors who, after remaining in Habana for a few days and listening only to the complaints of persons hostile to the Government, appear to regard themselves as qualified to predict dire results unless the United States Government takes a hand in Cuban domestic affairs. Such publicity and such statements only serve to exasperate the Cuban authorities and to encourage the Government's enemies to look to the United States for assistance in turning out President Machado. The Nacionalistas neither expect nor desire American intervention in the sense of a temporary occupation, but they realize only too well that if the American Government could be induced to demand that President Machado adopt any given course of action such, for instance, as a postponement of the elections, he would be ruined politically whether he acquiesced or not.

President Machado's own views on the political situation, as expressed to me recently on two occasions, are that the present tension is merely the logical concomitant of Cuba's economic depression. He professes not to be seriously concerned by the activities of his adversaries and hopes to be able to satisfy their legitimate demands for political reform after the elections which, he intends, shall be held regardless of all opposition.

There is so much truth in the assertion that the country's political discontent is attributable in large measure to its economic ills that

discussion of the point seems unnecessary. I may say, however, that in every conversation I have had with Cubans and Americans who are opposed to the Machado administration I have asked the following question: "If sugar were selling at 3 cents a pound, would the present political agitation continue?"; and the answer has invariably been: "No."

In spite of the President's professed lack of serious concern over the political situation, there is abundant indication that he is not disposed to under-estimate the strength of the opposition. During the last ten days he has visited Pinar del Rio and Santa Clara where he was the object of what appear to have been carefully arranged ovations on the part of the military forces stationed in those provinces. This week he will attend a similar function at Matanzas and in the near future he is to be the guest of a monster banquet at Camp Columbia in which it is reported that enlisted men to the number of 3,000 will participate. This injection of politics into the military establishments has drawn the fire of the Nacionalistas who contend that it is illegal for the army to have anything to do with political matters, but the President has lent a deaf ear to their protests and can be expected to make the most of these opportunities to demonstrate the army's loyalty to him and to his Administration.

A cause of possible trouble to the Government has been temporarily eliminated through the action of the authorities of the National University of Habana in postponing the annual opening of that institution until after the elections. The Government places responsibility for this decision on the Rector of the University, but no one can be expected to believe that it was not taken after consultation with the public authorities. As explained to me by one of the President's closest political friends, it had been ascertained that the students were planning to turn the opening ceremonies into an anti-Government demonstration and the Government considered it desirable to avoid any possibility of disorders.

The Government's attitude toward the press is not always consistent and it appears that a new system of harassing anti-Administration publishers is being developed which involves delaying the transmission of press telegrams from the interior and raids by the police on the plants of offending journals, for which acts the police officer in charge of the raiding party assumes all the blame, while the Government refuses to accept any responsibility and insists outwardly at least on conformity with the legal procedure. This is what occurred in the case of the seizure of the comic weekly *Karikato* which apparently has attracted widespread attention in the United States.

In conclusion, I may express the opinion that the Government is strong enough to cope with its enemies and will be able to hold the elections in November without encountering serious opposition. The

elections will be held and so far as they go, will, I believe, be conducted as fairly as any preceding elections in Cuba. The only persons interested in their results are the candidates and their immediate supporters. The Liberals will win in every province excepting perhaps in Pinar del Rio; the Conservatives will finish a poor second; the Populars will elect a senator or two and a handful of representatives and the Nacionalistas, whose strength cannot be estimated although they are certainly as numerous as the Conservatives, will, of course, have to wait until 1932 before they can vote for candidates of their own, provided always the President keeps his promises regarding electoral reforms.

Respectfully yours, EDWARD L. REED

837.00/2840

The Chargé in Cuba (Reed) to the Secretary of State

No. 376 HABANA, September 26, 1930.
[Received September 29.]

SIR: I have the honor to transcribe below, as of possible interest to the Department, the texts in English translation of Associated Press and United Press despatches published here, purporting to give the substance of remarks by Mr. Cotton with regard to the recent statement on the Cuban situation made by Senator David I. Walsh of Massachusetts.

Washington, September 22 (A. P.).—The Acting Secretary of State, Joseph P. Cotton, to-day announced, in connection with the predictions made by the democratic senator Walsh regarding possible disorders in Cuba in the near future, that the reports received in the Department contain nothing which justifies the alarm which the senator is trying to disseminate regarding present conditions in Cuba.

It is believed in certain quarters that in speaking of such reports, Mr. Cotton referred to the conversations which the United States Ambassador in Cuba, Mr. Harry F. Guggenheim, had recently with Secretary Stimson and with Cotton, himself, last week.

The Acting Secretary of State added that Ambassador Guggenheim shares the opinion of the officials of the Washington Government that conditions in Cuba would in no way warrant any action on the part of that Government.

Washington, September 22 (U. P.).—The reports reaching the Department of State regarding the situation in Cuba are at variance with those in possession of the democratic senator Walsh of Massachusetts, according to a statement made to-day by Acting Secretary of State Cotton.

In a statement issued yesterday Senator Walsh declared that serious disorders are brewing in the Republic of Cuba and may have disastrous consequences unless the United States intervenes with its aid to prevent them. Commenting on this, Cotton said that the reports

received from Habana indicate that the situation in Cuba is tranquil and that there is no indication that there is any possibility of political or other disturbances.

Secretary Cotton further declared that the reports received by the Department of State concerning Cuba are exceptionally good (*sic*) and that the Department's information does not indicate that there exists in the Island any alarming situation, as Senator Walsh's statement seems to indicate.

The Secretary added that he saw nothing which might require action by the United States in Cuba at the present time. He explained that Harry F. Guggenheim, United States Ambassador in Cuba had called at the Department of State last week and expressed an opinion regarding the Cuban situation entirely different from that described by Senator Walsh.

The above statements were, of course, welcomed with unconcealed jubilation by the friends of the Machado Administration and with corresponding chagrin by its opponents.

Respectfully yours, EDWARD L. REED

837.00/2842 : Telegram

The Chargé in Cuba (Reed) to the Secretary of State

HABANA, September 30, 1930—7 p. m.
[Received 11 p. m.]

114. Clashes occurred this morning between police and University students, several hundred of whom were attempting to stage an anti-Government demonstration. There was some shooting on both sides; and two students, one labor agitator, and one policeman were badly wounded. Eight policemen, an unknown number of students, and a few bystanders were slightly injured.

Order was restored in a short time; but extreme precautionary measures adopted by the authorities and great display of police force seem to indicate that the Government is seriously concerned. All approaches to the Palace have been heavily guarded all day by police, and traffic in its immediate vicinity suspended. These measures seem scarcely calculated to inspire confidence.

The Government insists that students, accompanied by Communist agitators, first attacked police who were attempting to break up their procession and that police retaliated in self-defense. This is denied by the students, several of whom together with a professor have been arrested. It seems impossible to obtain an impartial account of the incident but I am inclined to doubt that the police acted without provocation.

The Government expected trouble at the University today and large forces of police and troops were concentrated there early this morning.

There were no further disorders this afternoon. The incident has caused a tremendous sensation, and the opinion is freely expressed that other similar clashes will follow.

The Nacionalista leaders disclaim any connection with today's demonstration and assert that they endeavored to discourage it.

REED

837.00/2843 : Telegram

The Chargé in Cuba (Reed) to the Secretary of State

HABANA, October 1, 1930—noon.
[Received 4:19 p. m.]

115. My 114, September 30, 7 p. m. There have been no further disorders. Extra police have been withdrawn excepting those guarding the University. It is hoped that all of the wounded will recover. Morning newspapers severely criticize police for lack of forbearance in dispersing students. A special judge has been designated to investigate matter. Press censorship was established by decree this morning.

Fernandez came to see me this morning after conference with the President. He said that there was no indication that Unión Nacionalistas were responsible for students' demonstration but that President felt that they were indirectly responsible because of inflammatory statements which they have been publishing in the newspapers especially in *El País*. The President has information that Nacionalistas are planning a large concentration in Habana prior to public meeting scheduled for October 11, and he expects trouble. He therefore determined to adopt a less lenient attitude toward the press.

I have just had a talk with a prominent official who is opposed to Machado. He blames the Government for not allowing students to assemble in the University and expresses opinion that if any of wounded students die funeral will be occasion for serious rioting. He believes that situation is rapidly approaching a crisis and that unless President yields to demand that elections be postponed, he will be forced to resign.

[Paraphrase.] My opinion is, that while there is cause for uneasiness due to widespread popular discontent and growth of sentiment against holding elections in November, yet the Government will be strong enough to dominate any situation that may arise, unless there is unforeseen disaffection in the Army. [End paraphrase.]

REED

837.00/2844 : Telegram

The Chargé in Cuba (Reed) to the Secretary of State

HABANA, October 2, 1930—11 a. m.
[Received 1:40 p. m.]

118. All morning newspapers carry report that President is sending message to Congress requesting immediate suspension of constitutional guarantees in Habana municipal district. I hope to obtain official confirmation of this before noon.

One of wounded students died last night; every precaution being taken to prevent disorders at funeral this afternoon.

REED

837.00/2844½

Memorandum of Conference by the Secretary of State With the Press on October 2, 1930

[Excerpt]

A correspondent said that press dispatches from Havana report that President Machado contemplates asking Congress to suspend constitutional guarantees until after the forthcoming elections. The correspondent enquired whether this Government has any attitude or policy on that. The Secretary said that the Department has a policy toward Cuban affairs, and that he would give the correspondents the background.

The correspondents could state authoritatively that the Department is carefully watching the situation in Cuba. The Secretary has gained the impression that some of the correspondents had the idea that perhaps we were not watching. We have no idea of minimizing any situation which may exist but are carefully watching it.

To be used merely as background and not to be attributed to the Secretary, the Department or any official.

The Secretary then gave the correspondents the following information for their guidance. One should always remember the official and regular policy of this Government. It was stated nearly thirty years ago interpretative of our duty to Cuba under the Platt Amendment. A great many people seem to think that the Platt Amendment gives us a protectorate over the internal affairs of Cuba and that we are to go in there any time the Cubans seem to be running their government in a little different way from what the Secretary of State or the President of the United States think they should run it.

That view is entirely different from the attitude of this Government as it was officially stated at the time the Platt Amendment was made. At that time the Secretary of War, Mr. Elihu Root, sent a cable to General Wood then the Governor General of Cuba containing the following statement:

"You are authorized to state officially that in the view of the President the intervention described in the third clause of the Platt Amendment is not synonymous with intermeddling or interference with the affairs of the Cuban Government, but the formal action of the Government of the United States, based upon just and substantial grounds, for the preservation of Cuban independence, and the maintenance of a government adequate for the protection of life, property, and individual liberty, and adequate for discharging the obligations with respect to Cuba imposed by the treaty of Paris."

The statement was made because at that time there was a good deal of fear in Cuba as to the intent of the Platt Amendment and doubt as to whether we might impose our views on their internal affairs much more freely than was intended by the amendment.

The Secretary called the attention of the correspondents, by way of background, to the fact we have never intervened in Cuba except once in 1909 [*1906*] [9a] when there was no government there. The government that had been in power had resigned and armed forces of rebels were all through the country. Another time we made a pretty strong threat, and that was during the war and was made as a war measure. There was danger the crops of Cuba, on which we were depending, might be destroyed, but that was wholly a war measure. That is the background of the policy under which this Government will act; and under that background we are watching the situation very carefully, and we will guide our conduct accordingly.

A correspondent said that he understood the Secretary to mean by intervention the actual sending of armed forces into Cuba, that he would not consider the sending of electoral observers as we had in 1921 as intervention.[9b] The Secretary said when we did so in 1921, we did it on the invitation of the Cuban Government. General Crowder went to Cuba in 1919 on their invitation and drew up the electoral law and in the elections of 1920 we had not more than a half dozen observers throughout the island.[10] They had no authority, but merely advised us. A correspondent said he had been wondering whether the State Department had made any suggestions to the Machado Government toward the liberalization of its regime. The Secretary said he would rather not say anything about that. We have an Ambassador in Havana, who has regular relations with the

[9a] See *Foreign Relations*, 1906, pt. I, pp. 454 ff.
[9b] See *ibid.*, 1921, vol. I, pp. 670 ff.
[10] See *ibid.*, 1919, vol. II, pp. 1 ff., and *ibid.*, 1920, vol. II, pp. 1 ff.

Cuban Government, the relations which an Ambassador should have, and it would not be proper to say publicly what he has or has not said. We have made no formal suggestions of any sort. There is no situation yet which, in our opinion, would lead to that. The correspondent said the whole matter seemed to him to turn on the question of whether in the event of an outbreak American forces would be landed to maintain the present regime. The Secretary said the correspondents could say that has never been done in the past. American forces have never landed in Cuba when there was any regime to maintain. The only times we have gone into Cuba was when there was no government. The Secretary reiterated he was speaking merely for the background of the correspondents and was not making any statements. The reason he did not want to make any statements was that he did not want to have any inadvertent word given now regarding action of this Government in the future. The Secretary was merely trying to give the correspondents precedents which could be followed whenever we have to take up the case. The correspondent explained to the Secretary that the reason he and his colleagues were interested in the subject was because the question came up repeatedly during the Secretary's absence. It came up through members of the Senate as to what the policy of the United States would be in case of a revolution in Cuba. Undersecretary Cotton did not make any commitments at all, but said our relations with Cuba, obviously, through the Platt Amendment were different from our relations with Peru, Bolivia and Argentina. The Secretary said he also had made the same statement. All the Secretary wished to do was to give the correspondents information as to what has been done and the precedents under which we will have to act if action should become necessary, just in the same sense that no court ever decides a case until it has the actual case before it, so no government would ever want to say what it will do until the question comes up. As a matter of precedents the Secretary said emphatically we have never intervened in Cuba to maintain an existing government. The Platt Amendment is for the purpose of maintaining the independence of Cuba and not the maintaining of any particular government. The policy of the Administration is to carry out the policy laid down in the beginning and carry out that policy in the light of such situations as shall come up, but which we cannot foresee.

A correspondent enquired whether his understanding was correct that it is not the policy of the United States to intervene in behalf of any particular regime or party, but it might be the policy of the United States to intervene to restore order. The Secretary said the language of the Platt Amendment is this: "the Government of

Cuba consents that the United States may exercise the right to intervene for the preservation of Cuban independence and the maintenance of a government adequate for the protection of life, property and individual liberty, and for discharging the obligations with respect to Cuba imposed by the Treaty of Paris on the United States." The Secretary said that that is quite distinct from supporting any particular Government.

The Secretary declined to comment concerning this Government's attitude toward the suspension of the constitutional guarantees. *End of section for background and guidance only, not to be attributed to the Secretary, the Department, or Government officials.*

The Secretary said the correspondents could say that it was pointed out at the State Department that there was never an intervention in Cuba to support a Government. The Secretary suggested that the correspondents be very careful about this. They asked him whether they might say they had learned from the Department that no intervention had ever taken place. The Secretary said there was always the possibility in the quotation of a single thing without the guarding circumstances around it, that it might be used by some factions for their encouragement. It is possible that a junta might take that as encouragement to revolt. There is that danger in intimation that we would not interfere. Therefore the Secretary asked the correspondents to say it was pointed out at the State Department that while it is true there was never an intervention in Cuba to support a government, every case in the future will be judged on its merits and a situation might exist which would distinguish it from the preceding one. A correspondent enquired whether it would not help to clarify if the correspondents were to bring in the quotation which the Secretary had read of Mr. Root's telegram to Governor General Wood. The Secretary said he was perfectly willing the correspondents should use that which has been the national policy of this government for twenty-seven years. It is our policy as applied to questions which come up before us, about which we cannot prophesy now.

837.00/2845 : Telegram

The Chargé in Cuba (Reed) to the Secretary of State

HABANA, October 2, 1930—1 p. m.
[Received 2:45 p. m]

119. My No. 118, October 2, 11 a. m. I am officially advised that the President has sent a message to Congress requesting authorization to suspend, in his discretion, constitutional guarantees in Habana

municipal district in accordance with articles 40, 41 and 42 of the Constitution. Congress will probably grant this authority tomorrow.

My informant assures me that President merely wishes to be armed with this authority in case of unforeseen emergency. He will, however, use it to prevent public meeting of Unión Nationalista as scheduled for October 11.

Warnings to newspaper publishers have apparently accomplished the purposes of a press censorship although no official censorship has yet been established. Situation outwardly calm here this morning.

REED

837.00/2856½

Memorandum of Conference by the Secretary of State With the Press on October 3, 1930

[Excerpt]

A correspondent stated he had been away for a few days with the President and asked if he could be enlightened on the Cuban situation. The Secretary referred the correspondent to the statement made the previous day. Mr. Stimson answered in the affirmative the enquiry of a correspondent whether there might be an objection to the use of the Secretary's name in connection with the statement. A correspondent pointed out that the morning newspapers had already attributed the statement to the Secretary. Mr. Stimson replied that the statement made by him had been intended entirely for background purposes with two exceptions which had been specifically indicated.

. . . . . .

837.00/2846 : Telegram

The Chargé in Cuba (Reed) to the Secretary of State

HABANA, October 3, 1930—10 a. m.
[Received 11:30 a. m.]

120. Student's funeral passed off quietly. There is no sign of further disturbances. Congress meets this afternoon to act on President's message requesting authorization to suspend Constitutional guarantees not only in Habana, as previously reported, but anywhere in the country.

Press censorship actually although not officially declared.

REED

837.00/2850 : Telegram

The Chargé in Cuba (Reed) to the Secretary of State

HABANA, October 4, 1930—10 a. m.
[Received 11:30 a. m.]

121. My telegram No. 120, October 3, 10 a. m. Congress last night passed law authorizing the President, whenever he deems it necessary, to suspend constitutional guarantees for 20 days but only in city of Habana and adjacent townships. Measure was warmly debated in both Houses. Vote in Senate 15 for, 5 against; in House 88 for, 10 against.

REED

837.00/2868 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

[Paraphrase]

HABANA, October 13, 1930—10 a. m.
[Received 11:45 a. m.]

125. The hope inspired by the sugar stabilization plan and the growing realization that your policy is not to intermeddle or interfere with the affairs of the Cuban Government have created a distinctly better atmosphere here. President Machado has dealt firmly with the situation, and the Opposition are no longer encouraged with the thought that agitation and demonstration will bring American diplomatic interposition or intervention. The fact that the leaders of the Opposition are in straitened financial circumstances or that their political fortunes are at stake still causes me anxiety lest desperate acts be committed especially between now and election.

As yet there has been no sign of disaffection in the Army except in the case of one officer merely under suspicion who has been given leave of absence in the United States.

GUGGENHEIM

837.00/2875

The Ambassador in Cuba (Guggenheim) to the Secretary of State

[Extract]

No. 404 HABANA, October 23, 1930.
[Received October 25.]

SIR: I have the honor to report that conditions continued to remain quiet and orderly in Habana and, for the most part, throughout the Island. There are fewer surface indications of any tension; the currency of the more exaggerated rumors has largely subsided; the police

are no longer searching automobiles on their way into Habana; and there is no unusual display of policemen on the streets. . . .

. . . . . .

The emergence of Mario G. Menocal, former President of Cuba, as a strong political factor in the present situation, is of particular interest. Retrieving some of the once great popularity that was dissipated in the hatred surrounding his departure from office, he has come from retirement to resume leadership of the Conservative Party. Under his influence some effort has been made to rally the different units of the opposition group around him, and I have been reliably informed that Carlos Mendieta, leader of the Unión Nacionalista, offered to Menocal the leadership of all the elements in opposition to the government. This is the more surprising in view of the traditional hostility between Menocal and Mendieta, the latter having been a violent and bitter critic of Menocal during the Menocal administration.

Since my return, I have had conferences with both of these individuals. Mendieta appeared at his request at the Embassy residence on October 7 to repeat all the arguments which he had presented to me in the past and to ask that the United States invoke the Platt Amendment to prevent the November elections and to restore constitutional government. I replied that our policy had recently been defined by the Secretary of State, and that we would not intermeddle in the affairs of the Cuban Government. He then specifically asked that we adopt a "policia preventativa" (preventive policy).

The same demand for intervention was the theme of an unexpected conference with Menocal the next day at luncheon, at which the latter denounced the Machado government for the usual reasons and then denounced the United States Government for its policy of non-intervention. I expressed surprise that he should advocate American interference in Cuban affairs since the Embassy's records were full of protest from him during his Presidency against such interference. I repeated to him that our policy was clear and would not be changed, and when he demanded that the coming elections be postponed, I reminded him that he was no doubt familiar with the negotiations which had taken place last Spring in order to make it possible for the Unión Nacionalistas to go to the polls. He declared that Mendieta had no right to speak for any opposition in the country; that he, Menocal, alone could speak with authority for those opposing the Government.

The last statement, which was made before the reported Mendieta alliance, is an interesting illustration of dissension within the opposition group itself. President Machado's control of the situation seems to have been strengthened within the past two weeks, and it is only from the desperate straits surrounding some of the opposition

leaders that immediate trouble is likely to arise, although the Government financial situation is giving me serious alarm. This will be fully discussed in another despatch, No. 403, October 22, 1930.[11]

Respectfully, HARRY F. GUGGENHEIM

837.00/2878 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

HABANA, November 1, 1930—7 p. m.
[Received 9:20 p. m.]

128. Today's partial congressional elections are thus far reported to have passed without incident throughout Republic. Polls closed at 3 p. m.; the efforts of Nationalists and the Menocal group of Conservatives to persuade abstention from voting had limited response. Military and police reserves for maintenance of order not used, although undoubtedly public knowledge of precautionary measures had salutary effect.

GUGGENHEIM

837.00/2882 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

HABANA, November 11, 1930—2 p. m.
[Received 4:05 a. m.]

133. Opposition continues active agitation. Student disorders in Habana Sunday; demonstrations in Pinar del Rio Monday; and more violent disturbance in Santiago Sunday and Monday where several students including girls injured in clash with police. Following the student demonstration, students reinforced by a group from the city in a demonstration to secure release arrested leaders tore down busts of Governor Barcelo of Oriente and the Mayor of Santiago and attempted to damage a statue of President Machado. The police reinforced by the Army promptly dispersed the crowd, several of whom were injured and one killed, and restored order.

GUGGENHEIM

837.00/2886 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

[Paraphrase]

HABANA, November 13, 1930—4 p. m.
[Received 9 p. m.]

137. Student disorders have occurred daily in Habana since November 9. They have become general throughout Cuba. The Government

[11] Not printed.

believes that these demonstrations are instigated by the Opposition and by radical labor factions which hope to win public sympathy from clashes of police with students, many of whom are of no more than high school age. National leaders in Santiago have been arrested under this charge. It is now apparent that students make up only a small part of the disorderly groups. The secondary public schools have been closed. President Machado intimates [he has?] appointed Senator Barerras, a person of distinction, to seek an adjustment of the student situation.

Last night in a street demonstration in Habana the sister-in-law of the assistant editor of the *Diario de la Marina* was killed on balcony by a stray bullet. The *Diario de la Marina* was temporarily suspended this morning because of hostile comments on this incident in addition to recent provocative articles. Tonight the same action will be taken against *El Pais*.

On November 9 a decree was signed appointing military supervisors in each province to direct the maintenance of order. Today President Machado suspended the constitutional guarantees in accordance with the authority granted by Congress on October 3, reported in telegram 121, October 4, 10 a. m. To maintain order in Habana the police have been reinforced by troops. The Government states there have been no disorders in the provinces today.

GUGGENHEIM

837.00/2887 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

[Paraphrase]

HABANA, November 14, 1930—10 a. m.
[Received 1:55 p. m.]

138. In an endeavor to terminate the present disorder and agitation, I am extending my unofficial good offices to bring about a *modus vivendi* between Machado and General Menocal and Mendieta heading Opposition, in the hope that these difficulties can be peacefully settled by proposed political reforms. Since the Opposition's rejection of a proposed peace last spring, the present situation is the first occasion in which any advice on my part would be helpful rather than harmful. The events of yesterday have somewhat modified the method for developing a *rapprochement*. As yet it is too early to judge whether these efforts can succeed.

GUGGENHEIM

837.00/2888 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

HABANA, November 14, 1930—4 p. m.
[Received 8 p. m.]

139. No disorder at Habana since yesterday afternoon when knowledge of suspension of constitutional guarantees became general. Provinces reported quiet.

Publication of all important Habana daily and weekly newspapers in press association last night agreed to suspend in order not to submit to Government supervision. Two Government dailies and foreign-language newspapers still published.

In rioting yesterday afternoon, Arturo Tagle y Soria, claiming native American citizenship, was gravely wounded. Accounts of disinterested American witnesses substantially agree that he was among group ordered to disperse by troopers. He was slow in movement and when urged forward by machete blows he turned in anger and wrested machete from soldier and employed weapon against him and troopers who came to their comrade's assistance with machetes and was shot while so engaged. His affidavit and affidavit of a Cuban witness are not in agreement with foregoing. He disclaims all responsibility but admits striking trooper in self-defense. Claims birth at Key West, January 10, 1906, and to be member coast artillery unit National Guard there. Father, Luis Felipe Tagle, resides 1108 Division Street, Key West.

GUGGENHEIM

837.00/2887 : Telegram

The Secretary of State to the Ambassador in Cuba (Guggenheim)

[Paraphrase]

WASHINGTON, November 15, 1930—2 p. m.

129. Your 138, November 14, 10 a. m. While I fully appreciate your desire to be helpful in the present difficult political situation in Cuba, yet I am somewhat troubled at the implications involved in your taking any initiative in extending good offices between President Machado and the Opposition leaders, particularly in your saying anything to the Opposition which they might take as encouragement at this critical time. If President Machado asks your informal cooperation and help, the matter would have a somewhat different aspect. I think you should be very careful not to originate any move which might be interpreted as interfering either by the Government of the United States or by you personally in Cuban internal political affairs.

STIMSON

837.00/2891 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

[Paraphrase]

HABANA, November 16, 1930—10 a. m.
[Received 3:15 p. m.]

141. Your 129, November 15, 2 p. m. I am sorry that my telegram No. 138, November 14, 10 a. m., gave you the wrong impression. My actions have avoided the dangers you pointed out.

I was first approached by Señor José Rivero, Director of the *Diario de la Marina*, and a mutual friend of General Menocal and myself. At the request of President Machado I continued conversations with Señor Rivero who proposed "a six months' armistice" during which the economic problems of Cuba should be cared for. My efforts were confined to finding a way for General Menocal to save his face and cease agitation. Circumstances have been altered by events of the last few days, and General Menocal undoubtedly has hope of arousing public opinion in the United States to interfere in Cuba. General Menocal is expectantly awaiting the convening of the Congress of the United States. His changed views had ended my conversations prior to the receipt of your telegram.

The Government has published report circulating for some time of a plan to damage American property in Cuba, certain properties specifically designated and heavily guarded by police. Possibly such actions may be taken with the deliberate intention of provoking American interference. Number of shots fired outside Embassy residence midnight of November 14 resulting, according to police report, from an attack on a policeman who was stationed there. There have been no disorders in Habana since November 13 and only minor student disorders in the provinces.

GUGGENHEIM

837.00/2894 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

HABANA, November 19, 1930—5 p. m.
[Received 7:30 p. m.]

144. Cavalry no longer patrolling streets of Habana and troops have been withdrawn from active police duty. Habana quiet and no reports of any disorders of size in the interior. Newspapers still refusing to publish under Government supervision. Senator Barerras announced today that his negotiations with students were at an end since the latter would not confine their demands to University ques-

tions but extended them to political topics. Condition of Tagle improved.

Widespread dissatisfaction with what might be called deadlock between the Government and Opposition.

GUGGENHEIM

837.00/2899 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

HABANA, November 22, 1930—noon.
[Received 2:25 p. m.]

145. Tagle died yesterday morning. Foreign Office has been requested to investigate. Report being made to Department with affidavits by Tagle and eyewitnesses to incident.

Thursday,[12] Senate passed bill authorizing President to suspend constitutional guarantees when deemed necessary in any part of Cuba for 60 days and authorizing President to use Treasury funds in any manner desired for enforcement without accounting for extraordinary expenditures to Congress. Lower House expected to act Monday. This is unofficially stated by Government as answer to students demand for the fall of Machado regime.

GUGGENHEIM

837.00/2912

The Ambassador in Cuba (Guggenheim) to the Secretary of State

No. 442 HABANA, November 24, 1930.
[Received November 28.]

SIR: I have the honor to report on the present grave situation in Cuba. In my personal letter to you of October 11, 1930,[13] I summarized four serious problems that it seemed to me were the essential factors in averting a crisis in Cuba. These problems were:

"(1) A solution of the fundamental economic problem which is the removal of the surplus sugar."

The sugar stabilization plan has been enacted into law. The price of sugar has, as a consequence, had a forty to fifty per cent rise. This plan has inspired hope, but its final success is, of course, still not certain. At the present time a Cuban-American Committee is en route to Holland to negotiate an agreement with European and Javanese producers of sugar.

"(2) A restoration of Cuban political liberties."

[12] November 20.
[13] Not found in Department files.

The President has sent a message to the Senate, which it is now considering, calling for the restitution of the Crowder Electoral Code in its pristine condition, which, among other benefits, will permit the organization of new parties. The House of Representatives has before it a bill for the prompt taking of a census. Immediately thereafter, it is planned that there be a reorganization of the old parties.

"(3) A further drastic reduction in the budget and readjustment of the Government finances."

At the time I wrote you my letter of October 11, I was engaged in the study of the Government finances. On October 22, in my confidential despatch No. 403,[14] I pointed out this very unsatisfactory condition. In this despatch, which reported a conference with President Machado, I said,—

"It seemed to me there was only one way to avert a (financial) collapse, and that was to settle the political agitation and to win the general support of the country so as to make possible the severe budget reductions."

The President has reduced the budget as far as expediency permits, but the Government's financial problem is far from solved, and he has not won the support of the country, although it must be admitted that no one could win its full support under present conditions. (See my despatch No. 408 of October 27, 1930.) [14]

I hoped, before now, to have come to Washington to discuss the finances of the Cuban Government with you, and to get your instructions on what our attitude should be under the circumstances in consideration of Article II of the Platt Amendment. The political situation has made it impossible for me to do so. Unfortunately, the Government finances are taking the course anticipated in my despatch No. 403. Cuba's financial problem is so bound up with its political problem that I hesitate at the moment to make any specific recommendation. If President Machado is able to stabilize the country, I should like to come to Washington to discuss with you the merits and demerits of interposing no objection to temporary financial aid to the Cuban Government by bankers interested in Cuba and, if you deem advisable, discussing the Cuban financial situation with American bankers but, at the present moment, I am neither able to leave Cuba, nor am I justified in making recommendations for the solution of this vital problem. In the meanwhile, the Government's financial status becomes daily worse.

"(4) The immediate prevention of the spread of revolutionary sentiments which are particularly prevalent in this period before election day."

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[14] Not printed.

Immediately after your statement of policy and upon my return here, there was a marked decrease in revolutionary agitation, to such an extent that the election was held without disorder. When the usual election excitement had subsided, it seemed at one time as if my good offices would be helpful in arranging a *modus vivendi* between the Government and the opposition, since the latter was in a mood for compromise. The situation changed rapidly, however; the student agitation became critical, public opinion was inflamed by the vigorous methods of the Government in maintaining order, and all the opposition groups joined forces, with the avowed purpose of unseating the Machado Government. As soon as I sensed that they would not compromise with this intention, I realized that further efforts on my part would be useless and withdrew immediately from the negotiations. These events have been fully reported to you. At the present moment, due to the suspension of the constitutional guarantees, rioting has subsided. While the Government has as yet failed to reach a compromise with either the students or the press, it holds apparently the position of vantage. All but the Government-controlled Habana newspapers still refuse to publish unless the Government agrees to remove all censorial supervision; but the financial loss which this attitude involves each day makes it likely that they will shortly resume publication. In its mediation with the students, the Government, in an attempt to rid the country for all time of student agitation, has offered autonomy to the University, with Government subsidy—a plan similar to that governing our own State institutions. The student leaders, "taking a leaf from the book of the opposition," have replied that they cannot deal with an unconstitutional government and now demand the resignation of President Machado. Within the last day or two, however, another more reasonable Student Committee has been found, and there is evidence that the Government will succeed in effecting the desired settlement of student grievances.

In this situation, there are indications that the anti-Machado propagandists will redouble their efforts in the United States to induce an intervention in Cuba, which will put the present Government out of power.

The political history of the Republic of Cuba is a history of periodic conspiracy to overthrow the government. The inevitable means employed is the establishment of a "Junta" in the United States for the dissemination of highly-colored propaganda to the public in general and our Congress, in particular. The recent events in Cuba have been partially due to the successful campaign of these propagandists who have been encouraged to renew their efforts to force our interference in Cuba.

I sincerely hope that these efforts will not set in action forces that will precipitate the thought of an intervention. Intervention has,

of course, always been resented by the Cuban people in the past; it would be particularly resented today, however, both in and out of Cuba, and could only have the most harmful consequences for the United States. Even the opposition, which has been privately asking me for a preventive intervention policy solely to unseat the Machado regime and give their own faction a chance at the spoils of power, would strenuously object to any intervention which did not have that result, or which continued after that result was indicated. Nevertheless, this policy is, for the moment, the opposition's best, and possibly only, chance of success. At first the tactics of the opposition were to create the impression that the Machado dictatorship was maintained in power by the Government of the United States. When your policy of non-interference was announced, these tactics were changed to the promotion of intervention. As I have stated, they have already asked me privately for American interference, and their propaganda has reached the extent of newspaper attacks on you and me personally, threats of violence, and destruction of American life and property in Cuba. Unfortunately, the revolutionary movement is not instigated by inspired leaders, but is born of the misery on the island fathered by aspiring politicians.

Respectfully yours, HARRY F. GUGGENHEIM

837.00/2904 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

HABANA, November 26, 1930—2 p. m.
[Received 3 p. m.]

146. Referring to my telegram No. 145, November 22, noon, House last night passed a Senate bill authorizing President to suspend constitutional guarantees.

GUGGENHEIM

837.00/2915 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

HABANA, December 1, 1930—10 a. m.
[Received 12:47 p. m.]

150. President Machado will sign decree today restoring constitutional guarantees which were suspended in Habana for twenty days on November 13 and also decree reopening University of Habana. On Saturday troops were withdrawn from University and yesterday Rodriguez Molina appointed new rector ad interim. Legislation for University autonomy being studied.

GUGGENHEIM

837.00/2916 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

HABANA, December 4, 1930—noon.
[Received 1:50 p. m.]

155. At reopening of University yesterday morning students were permitted to hold mass meeting without molestation by authorities. Leaders incited attack upon administration building following which group marched without permit toward center of city for purpose of arousing students at normal school and institute. One of the police who were attempting to stop demonstration killed by unknown person. All students arrested were released last night.

GUGGENHEIM

837.00/2918 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

HABANA, December 8, 1930—3 p. m.
[Received 4:40 p. m.]

156. University open in theory but students refuse to attend. Various rectors have no sooner been suggested than their withdrawals have been forced by the student directory, the activities of whom are political and not academic. The student question is being agitated by the Opposition in their campaign of disorder in an endeavor to keep the public in a state of alarm.

GUGGENHEIM

837.001M18/49 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

[Paraphrase]

HABANA, December 10, 1930—3 p. m.
[Received 5:15 p. m.]

160. President Machado informed the members of his Cabinet that he wanted them to confer and advise him whether in the best interests of Cuba he should resign the Presidency.

GUGGENHEIM

837.00/2920 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

[Paraphrase]

HABANA, December 11, 1930—2 p. m.
[Received 3 p. m.]

162. Student demonstrations are taking place in various cities of the Island and are openly supported by Opposition. Great pressure is being brought to bear on President Machado to resign.

GUGGENHEIM

837.00/2921 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

[Paraphrase]

HABANA, December 11, 1930—5 p. m.
[Received 7:07 p. m.]

163. My 146, November 26, 2 p. m. This afternoon President Machado signed the bill authorizing him to suspend constitutional guarantees, and simultaneously suspension of the constitutional guarantees was decreed.

GUGGENHEIM

837.00/2922 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

[Paraphrase]

HABANA, December 12, 1930—4 p. m.
[Received 8:47 p. m.]

164. I have analyzed the present critical situation in Cuba as follows. The Opposition, realizing the depleted condition of the Treasury and taking advantage of the general poverty, has successfully renewed campaign to keep the country in a state of constant alarm without actual revolution and to interference with the operation of Government and business. As a result there exists an almost universal dissatisfaction with the Government and the funds in the Treasury have been reduced to a point of dangerous exhaustion.

The basic cause of the revolutionary sentiment is poverty, especially in the cities. The immediate occasion is found in the indignant idealism of the students. The leaders of the Opposition here cleverly organized the students into a movement for political purification, the sincerity of which is rendered doubtful by the past records of the leaders who have themselves practiced what they condemn. Under the

cloak of student protests, all factions opposed to the Government including the Communists and the unemployed are supporting the street demonstrations which have been temporarily halted by the suspension of the constitutional guarantees.

Among possible developments are these:

(1) President Machado's immediate resignation. This would probably be followed by a chaotic condition for an undetermined period.

(2) A *coup d'état* by the Opposition. In view of the political rivalry and the lack of solidarity among President Machado's opponents, this would probably also lead to a chaotic state of affairs. At present the Army is loyal to President Machado.

(3) An unsuccessful attempt at a *coup d'état* which might end in the destruction of the Opposition.

(4) If President Machado can maintain order through the next two months of the suspension of the constitutional guarantees, and if there should be an immediate rise in the price of sugar with general improvement in economic conditions, it might result in the return of President Machado to a state of reasonable prestige. This is highly improbable though possible.

(5) The development of a constitutional plan for a change in the Government involving President Machado's resignation within a reasonable time; the appointment of a Provisional President; the righting of the wrongs of the last constitutional convention to be followed by a general election after the census has been taken and the parties reorganized. While this would satisfy all of the reputed aspirations of the Opposition, yet their real desire probably is a *coup d'état* and an immediate chance at their turn at government. By setting them against each other, President Machado might successfully appeal over their heads to the people in support of this plan. But the difficulties would be very great.

The impoverished state of the Treasury and the constant diminution of revenues makes any form of government extremely difficult.

GUGGENHEIM

837.00/2922a : Telegram

The Secretary of State to the Ambassador in Cuba (Guggenheim)

[Paraphrase]

WASHINGTON, December 12, 1930—5 p. m.

142. An Associated Press despatch from Habana dated December 11, 1930, reported that President Machado had suspended the constitutional guarantees throughout Cuba. The despatch adds:[15] "The

[15] Quoted passage not paraphrased.

President's action followed a secret meeting of the Cabinet at which the United States Ambassador Harry F. Guggenheim was reported to be present, and it was known that important developments were expected." A further paragraph reports a number of rumors said to be current in Habana, and adds that all were denied. It is assumed that the report of your attending the Cabinet meeting is also unfounded. I should be glad to receive your report thereon.

Inform Department fully in regard to developments including reported Cabinet changes, and any information about the report of the Cabinet in the matter mentioned in your 160, December 10, 3 p. m.

STIMSON

837.00/2923 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

HABANA, December 13, 1930—1 p. m.
[Received 2 p. m.]

167. Order reported restored throughout Island. Troops quartered in Havana but not patrolling streets. Opposition movement continues to draw adhesions [*adherents?*] from professors, graduates, lawyers, physicians and from various labor organizations.

GUGGENHEIM

837.00/2924 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

[Paraphrase]

HABANA, December 13, 1930—1 p. m.
[Received 2:25 p. m.]

169. Your 142, December 12, 5 p. m. The report of my attendance at Cabinet meeting is without foundation. I reported all Cabinet changes to you in despatch No. 455, December 10,[16] with the exception of the appointment of Molinet as Secretary of Public Instruction ad interim in addition to his regular post of Secretary of Agriculture. The Cabinet advised President Machado against resignation at this time, which would probably involve Cuba in chaotic conditions, and advocated stern measures for restoring order.

GUGGENHEIM

[16] Not printed.

837.00/2935

The Ambassador in Cuba (Guggenheim) to the Secretary of State

No. 467 HABANA, December 15, 1930.
[Received December 20.]

SIR: I have the honor to refer to the Department's telegram No. 142, December 12, 5 p. m., and my reply thereto, No. 169, December 13, 1 P. M., reporting as without foundation the rumor that I had attended a secret Cabinet meeting of the Cuban Government.

The Embassy is continually embarrassed by rumors of this kind and by the distortion of news in the press, tending to give the impression that the United States Government is upholding the Machado Administration. In the past two months these misrepresentations have assumed the definite character of a campaign undertaken by the opposition with the two-fold object of intensifying the bitterness against Machado in Cuba and arousing popular sympathy in the United States for the opposition cause. An outstanding example of this is the misinterpretation of the Embassy's telegram No. 128, November 1, 7 P. M. to the Department on the elections stating that the efforts of the opposition to "persuade abstention from voting had limited response." This was apparently released to the press by the Department and was printed in distorted form in the Cuban newspapers, giving the impression that the Embassy had praised the elections as honest and fair. This interpretation was immediately seized upon by the opposition as evidence that the Embassy was in sympathy with the Government and wilfully misrepresenting the opposition cause. It is this incident, more than anything else, which is still being cited as indicating the Embassy's partisanship.

More recent news despatches from Washington also are illustrative of this sort of propaganda. The Associated Press seems to be one of the worst offenders in this regard. Its despatch on December 11 stating that I attended a Cuban Cabinet meeting has already been mentioned. In the same article, publicity is given to the rumor that I had summoned two American cruisers from the United States Naval base at Guantánamo. Similarly, on December 12, the Associated Press referred to the fact that the State Department's attention was again centered on the Cuban situation "with the resignation of President Machado considered a possibility." The Department's refusal to comment on the situation was interpreted "as a change in attitude on conditions in Cuba." Today the Associated Press carries a statement by Octavio Seigle, head of the opposition Junta in New York that "the Department of State hitherto has not published the real information about the existing conditions in Cuba." The statement proceeds to describe the formation of the

Cuban Patriotic League, with Seigle as secretary, which will handle the opposition's propaganda in New York and Washington. The Scripps-Howard syndicate also has a story under a New York date line of December 13, that,—

"There is dissatisfaction in Congressional circles over the apparent conflict between first-hand reports from Cuba picturing grave unrest bordering on revolution and State Department information, which is, in effect, that everything is about normal."

Manifestos issued here frequently accuse me of giving an inaccurate report of Cuban conditions and this impression is perhaps enhanced by such propaganda for the other side as found in the United Press despatch from Washington, in *Heraldo de Cuba*, the Government's paper, stating that Secretary Stimson is in receipt of a report that "President Machado has control of the situation, and is in a position to cope successfully with the opposition."

Propaganda of this sort plays upon what seems to be a fixed impression among the Cuban people—that the United States intends to support the Machado Government. The opposition have claimed that they would have led a successful revolution against Machado except that the United States would not permit it. Your statement of a non-interference policy placed them in an embarrassing position. Since they have no military support for a revolution, they are forced to continue with the propaganda that the United States is supporting Machado. As the bitterness against Machado increases with the increase of poverty, the ill feeling against the United States will increase. Newspaper comments in favor of the United States are infrequent under any circumstances, partly because it is usually good politics to decry "Yankee Imperialism." Of particular interest, therefore, are the two editorials attached in original and translation, one from *Heraldo de Cuba*, the Government paper before mentioned, the other from *El Mundo*, of a semi-government character, which comment appreciatively on the American policy of non-interference. The original press report that the Senate Foreign Relations Committee would take no further action on the Barlow case [17] caused an extremely good effect here, largely counteracted by the subsequent statement of Senator King that further investigation might be necessary. The statements by the United States Senators criticizing the Department's policy and attacking me personally are, of course, excellent material for the opposition's effort to discredit the Embassy's position. For example, the handbills and manifestos which are appearing daily and are increasingly violent in text have recently been printing the accusations that I have been bribed by the Cuban Government, or by the American bankers interested in Cuba—an

[17] See pp. 697 ff.

insinuation made publicly against me by Senator Thomas in an address in Oklahoma.

The Embassy has taken particular care that its actions should not have any semblance of political partisanship for Machado. Since my assignment to this post, all of my public utterances have been free from even the innocent polite praise that is so often bestowed upon a President by the head of a mission accredited to him.

Respectfully yours, HARRY F. GUGGENHEIM

837.00/2929 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

HABANA, December 16, 1930—2 p. m.
[Received 4:23 p. m.]

171. Only very minor disturbances of peace in last two days, but several hundred arrests have been made of alleged agitators.

GUGGENHEIM

837.00/2934 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

HABANA, December 20, 1930—11 a. m.
[Received 1:15 p. m.]

174. The authorities suspended publication of *Diario de la Marina* last Thursday and arrested editor because of alleged subversive articles. There have been no disorders during the week, excepting minor disturbances resulting from nightly explosions of small bombs on streetcar tracks and in vicinity of Government buildings. Closing of University and suspension of faculties last Monday has deprived professors and the employees of means of livelihood and correspondingly increased general discontent.

GUGGENHEIM

837.00/2938 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

HABANA, December 27, 1930—11 a. m.
[Received 12:30 p. m.]

175. Little change during the week in the political situation. *Diario de la Marina* permitted to resume publication 25th. Government announces discovery of abortive attempt at uprising Christmas eve. Colonel Hevia, prominent leader of Unión Nacionalista, and several other alleged conspirators arrested yesterday and confined in military prison pending trial by court martial.

GUGGENHEIM

837.00/2939 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

HABANA, December 29, 1930—3 p. m.
[Received 5:08 p. m.]

177. Authorities closed Habana Yacht Club yesterday afternoon, alleging that building was being used as meeting place by persons conspiring against the Government. This measure affects only the best social element among whom it has engendered increased bitterness toward Government.

GUGGENHEIM

837.00/2940 : Telegram

The Ambassador in Cuba (Guggenheim) to the Secretary of State

HABANA, December 31, 1930—11 a. m.
[Received 1:55 p. m.]

178. Police yesterday arrested retired Colonel Eduardo Puyol and 8 other intimates of ex-President Menocal as they were leaving latter's house. Charge understood to be that of conspiring to foment rebellion.

GUGGENHEIM

APPROVAL BY THE GOVERNMENT OF THE UNITED STATES OF NEW FINANCING ARRANGEMENTS BY THE GOVERNMENT OF CUBA

837.154/100

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

No. 73 HABANA, January 24, 1930.
[Received January 27.]

SIR: Supplementing my despatch No. 44 of January 10, 1930,[18] with reference to the financing of the Central Highway, I have the honor to report that the proposal made by Warren Brothers has not been accepted.

From a conversation which I had with President Machado on January 23, 1930,[19] I learned that the Cuban Government has decided to conclude arrangements with the Chase National Bank of New York, which will obviate the necessity for the temporary financing proposed by Warren Brothers and also by the Compañía Cubana de Contratistas.

It is understood that the Cuban Government was on the point of accepting the proposal when Mr. R. I. Barr, vice president of the

[18] Not printed.
[19] See despatch No. 75, January 29, *infra*.

Chase National Bank arrived in Habana. Apparently Mr. Barr came for the express purpose of concluding the negotiations that have been pending for a number of weeks between the Government and the Bank. The fact that the Government was about to conclude an arrangement with Warren Brothers, even though it was a professedly temporary arrangement, doubtless hastened action by the Bank. The latter's local attorney, Dr. Enrique Hernández Cartaya, had advised against the acceptance of the Warren Brothers proposal, not merely because it was unnecessary in view of the Bank's proposal but also because it might give rise to legal complications.

According to the terms of the final agreement, as outlined by Mr. Barr, there has been no important change in the Bank's original proposal. The proposal is that the Cuban Government consent to the conversion of the public works certificates which the Bank now holds in its portfolio in the amount of $40,000,000 and which under existing contracts must, with the $20,000,000 of certificates issued to the American public, be paid off by 1935, into bonds maturing in 1945, under the same conditions as to security for payment of principal and interest, that is, by a pledge of 90 per cent of the special public works revenues. The bonds would bear 5½ per cent interest and would be amortized in ten annual payments beginning with 1935 or 1936.

As a result of this conversion the Government would be free to apply to further construction work at least $15,000,000 per annum for the next five years. In delaying a public offering of the $40,000,000 of public works certificates it now holds, the Bank, Mr. Barr feels, has done the Cuban Government a great favor, since, with the issuance of these certificates, it would probably have been difficult for the Government to raise additional loans against the public works revenues prior to 1935, when the last of the certificates would mature.

An important feature of the Bank's proposal is the offer to extend a fresh credit of $20,000,000 to be availed of during the year 1930. The Government wanted the Bank to increase its additional commitment to $40,000,000. This the Bank felt would be an unwise undertaking on its part, according to Mr. Barr, not only because the Bank cannot be certain as to conditions in the bond market later this year or at any time next year but also because it is not convinced of the wisdom of the Government in borrowing so large an amount at this time.

Apparently, the Government was convinced that the Bank would not increase its commitment beyond $20,000,000. The Bank made some concessions in the matter of commissions, etc., to be paid on the certificates it holds, but won its point with reference to the price at which the certificates are to be converted into bonds, namely 94 per cent of par. The Bank felt that the bonds could not be offered to the

public at more than 98 and that a spread of at least four points was necessary to cover the cost of underwriting, distribution, etc.

It would seem, therefore, that the further financing of the special public works program has been definitely arranged and it is probable that the Department will be called upon shortly to give its opinion on the proposal of the Chase Bank. As stated by the President in my interview with him on January 23, 1930, the Cuban Government proposes to follow the same procedure as was adopted in 1928 in the case of the $50,000,000 credit of the Chase National Bank,[20] that is, to have the bankers submit the loan proposal to the State Department, and to have the latter in due course instruct this Embassy to inform the Cuban Government as to its decision.

I shall send you a further despatch on this phase of the subject in relation to the Platt Amendment[21] in the near future.

I have [etc.] HARRY F. GUGGENHEIM

837.154/103

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

No. 75 HABANA, January 29, 1930.
[Received February 4.]

SIR: Referring to my telegram No. 15 of today's date,[22] I have the honor to submit the following report of a conversation which I had with President Machado on January 23, regarding the proposed flotation of a Cuban loan, in the course of which he agreed to furnish me facilities for obtaining such information concerning Cuban Government finances as will, I feel, enable me to formulate definite recommendations as to the desirability of the financing in question.

. . . . . .

I told him that I wished to discuss with him the pending Cuban government loan. Various bankers had talked with me, in the fullest detail about the proposed financing for the Government, and I had encouraged these bankers to open negotiations with the Cuban Government, as it seemed to be essential that Cuba should have its finances put on a better basis. Inasmuch as the President was about ready to close a loan transaction with the Chase Bank, under normal circumstances, the Chase representatives would request the Department of State for its approval and the Department would undoubtedly ask me for advice and recommendations. In order that I might be in a position conscientiously to make final recommendations on this sub-

[20] See *Foreign Relations*, 1928, vol. II, pp. 642 ff.
[21] See *ibid.*, 1902, pp. 320–321; *ibid.*, 1904, pp. 243–246.
[22] Not printed.

ject, there was certain information that I would like to have. I suggested, as agreeable to the President, that Mr. Jones, whom he knew was here as my personal economic adviser, be placed in contact with some appointee of his in the Treasury Department so that he could thus informally get the information that I needed. I told him incidentally that the information desired would be of the same character as that which any Cuban citizen might request from Washington and which would be available in our many published reports.

The President replied that it would be unnecessary to go to the trouble of such an arrangement inasmuch as he personally would give me the information and tell me all about the matter now. I explained to him that I was thoroughly familiar with the terms of the proposed loan, but that I wanted certain fundamental data in regard to the financial status of the Government. I told him that I had not come to him on instruction from my Government, but that I felt we could make very much better progress if these matters could be studied in the informal way that I suggested. The President replied that, in the first place, he did not consider this loan an exterior loan, but, regardless of all that, he would give me any information of any character that I desired. In regard to the Platt Amendment, he wished to pursue the course that had been pursued before; it was not his intention to write to the State Department asking permission to contract for this loan; the bankers would ask permission of the State Department and after permission had been granted, we should address a note to him advising him of our decision. I told him that I would be glad to communicate this information to the State Department and to get their instructions, and that, in my opinion, the matter of real importance was to preserve the spirit of the Platt Amendment; that quite obviously the excellent credit which Cuba enjoyed at the present moment was due to the Platt Amendment. For example, the fact that her bonds were selling on a like basis with those of Denmark and very much higher than those of most Latin American republics was a result of the Platt Amendment. The President agreed with this and volunteered the suggestion that the way the Platt Amendment would lose its force would be through lack of need for its use. I told him that that was certainly the state of affairs that everyone desired and was interested in reaching.

The President said he was very pleased that I had brought an economist here on my staff; that he had a love for his country which was greater than any other sentiment and that my action was an indication of a desire to help his country and he appreciated it, and that I would see he was making every effort to improve the financial situation. He was working night and day to accomplish this, and he sincerely hoped I would study these questions so that he could have the benefit of my advice in regard to them. He proposed to apply the

new loan partly to reimburse certain special funds for money advanced for Public Works accounts and the balance would be devoted to specific limited Public Works appropriations which could not be overrun. First consideration would be given to the Central Highway. I assured him that my only desire was to be of assistance to him and that the fruits of our studies would be entirely at his disposal.

From the foregoing it would appear that President Machado no longer has any lack of confidence in our desire really to be helpful and such reservations as may have been in his mind since my arrival seem to have disappeared. He said that he would instruct the Secretary of the Treasury to get in touch with me and to arrange a method for getting the desired data.

I have [etc.] HARRY F. GUGGENHEIM

837.154/102

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

No. 77 HABANA, January 31, 1930.
[Received February 3.]

SIR: Referring to the Embassy's telegraphic despatch No. 15 of January 29, 1930,[23] I have to report that the investigation of the Cuban financial position is proceeding satisfactorily. Following the direction of President Machado, the Secretary of the Treasury has been very helpful in furnishing information. In anticipation of the probable satisfactory outcome of the investigation, I believe it would be advisable to be prepared to act promptly in order that the conclusion of the arrangements by the Chase Bank may not be delayed by the necessity for action on the part of the Department or of the Embassy.

With reference to the general question of Article II of the Permanent Treaty,[24] I am strongly inclined to believe that the relations between Cuba and the United States will continue to be improved if the provisions of this Treaty, which is frequently considered by the Cubans as a brand of inferiority and inequality, are obtruded as little as possible into the correspondence between the two governments. It would seem that this policy could be followed without in any way derogating from the full validity and efficacy of the Treaty provisions.

A study of the precedents in the files of the Embassy on Cuban financing, indicates that in the past the United States Government has followed varying methods for acquainting the Cuban Government

[23] Not printed.
[24] Treaty between the United States and Cuba, signed May 22, 1903, *Foreign Relations*, 1904, p. 243.

with its objections or lack of objections to particular financing proposals. The prevailing aim seems to have been to keep alive the rights and responsibilities under Article II of the Treaty. In view of the present attitude of President Machado in fully coöperating with the Embassy in its study of the present financing, I believe that the rights of the United States under the Treaty may be adequately protected without suggesting to the Cuban Government that it is under financial tutelage. I would therefore recommend that after the Department has informed the Chase Bank that it does not object to the proposed financing, I be instructed to address the Cuban Government as follows:

"I am instructed by my Government to inform you that it has been advised by the Chase National Bank of New York of a proposal for new financing by the Government of Cuba. The Bank was informed that in view of the circumstances the Government of the United States does not see any occasion for raising any objection to the proposal in question."

I will inform the Department by cable when the investigation here has been completed.

I have [etc.] HARRY F. GUGGENHEIM

837.154/102 : Telegram

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

WASHINGTON, February 4, 1930—4 p. m.

23. Your despatch No. 77, of January 31, last paragraph. When will investigation be completed? Department desires to act promptly in proposed Chase loan.

COTTON

837.154/104 : Telegram

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

HABANA, February 5, 1930—noon.
[Received 12:35 p. m.]

17. Referring to Department's urgent 23, February 4, 4 p. m.; and my despatches numbers 75 of January 29 and 77 of January 31.

Financial statements promised for February 3 have not yet all been received. Have informed Chase representatives that within six hours after receipt of these statements we will be in a position to

make our recommendation. Chase representatives here admit that the business preliminary to bringing out loan are proceeding without interruption and that withholding of final approval of the Department is not delaying this transaction. Much of the data on Government's financial status has not been available to the Embassy and the only way we can form intelligent opinion on Cuban finances is by having these figures. The rest of the data has been promised for today.

GUGGENHEIM

837.154/105 : Telegram

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

HABANA, February 6, 1930—11 a. m.
[Received 12:30 p. m.]

20. My telegram number 17, February 5, noon. Investigation enables me to say that the present status of Cuban Government finances would not in my opinion justify our Government in raising objection to the proposed Chase loan.

GUGGENHEIM

837.154/107a

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

No. 63 WASHINGTON, February 8, 1930.

SIR: With reference to your recent reports concerning the negotiations entered into by the Government of Cuba with the Chase National Bank for the purchase by the latter of an additional issue of Cuban Government bonds, and in confirmation of the Department's telegram No. 27, dated February 7, 4 p. m., 1930,[25] you are advised that the Department has informed the Chase National Bank that it has no objection to offer to the proposed financing.

You are accordingly directed to present to the Cuban Secretary of State a memorandum in the following terms:[26]

"I am instructed by my Government to inform you that it has been advised by the Chase National Bank of New York of a proposal for new financing by the Cuban Government, and that in view of the circumstances of the case the Government of the United States does not perceive occasion for raising any objection to the proposal in question."

[25] Not printed.

[26] Presented in note of February 12, 1930; receipt of memorandum acknowledged by Cuban Secretary of State on February 17, 1930 (837.154/115).

As you will observe, the wording to be employed in this memorandum differs to some extent from that suggested in your despatch No. 77, of January 31, 1930. It has seemed to the Department, however, inadvisable to relinquish entirely the recognition of our position in such matters resulting from the Platt Amendment. It is believed that the memorandum as drafted, meets this need, while at the same time it would seem to avoid any possibility of wounding the sensibilities of the Cuban Government.

For your information there is enclosed herewith a copy of a letter dated January 31, 1930, addressed to Assistant Secretary of State White by the Chase National Bank, summarizing the arrangements which are contemplated with respect to the present financing.[27]

I am [etc.] For the Acting Secretary of State:
FRANCIS WHITE

837.154/116

The Ambassador in Cuba (Guggenheim) to the Secretary of State

No. 402 HABANA, October 23, 1930.
[Received October 25.]

SIR: I have the honor to report that negotiations between the Cuban Government and the contractors for the Central Highway (Warren Brothers and the Compañía Cubana de Contratistas) for financing work done or to be done on the Central Highway in the amount of $19,000,000 are about to be completed.

A copy of a memorandum under date of October 14, 1930, containing the terms proposed by the Contractors was handed me by Dr. Fernández, at the suggestion of President Machado. Copies of this memorandum and of a translation thereof will be sent the Department within a few days.[28] As yet this Embassy has had no word from Warren Brothers.

It will be recalled that in February, 1930, the Cuban Government authorized the issuance of Special Public Works Gold 5½ per cent Bonds, maturing in 1945, in the amount of $80,000,000, upon the security of the revenues of the Special Public Works Fund established under Law of July 15, 1925; that the Chase National Bank took $40,000,000 of these bonds at 95 per cent of par in payment of Public Works Certificates previously discounted by the Bank and subsequently issued the bonds on the New York market; that the Bank simultaneously opened a credit of $20,000,000 for the continuance of the Public Works Program, the advances under this credit to be secured by the remaining $40,000,000 of bonds; and that the Bank

[27] Not printed. For text of decree No. 189 relative to financing agreement with the Chase National Bank of New York City, see *Gaceta Oficial*, February 10, 1930.
[28] Not printed.

received an option, good to August 8, 1930, to purchase all or any portion of these bonds at 95 per cent of par.

Because of the difficulties encountered in placing the first $40,000,000 of the bonds and because of unfavorable conditions in the New York bond market, the Chase National Bank did not exercise its option under the contract made last February. In the meantime, the $20,000,000 credit has been exhausted, but the Contractors have continued work on the Central Highway. On August 31, 1930, there was due the Contractors for work done the amount of $8,937,331.95, according to figures furnished by the Department of Public Works.

Negotiations with the Chase National Bank were reopened in September, when Mr. Eddy, a Vice President of the Chase Securities Corporation, and Mr. Mudge, attorney for the Corporation, came to Habana. These negotiations, which continued for several weeks, had no result, two propositions submitted by Messrs. Eddy and Mudge being rejected by the Cuban Government. Thereupon the Contractors offered to arrange for the financing of their work.

The essential features of the proposals made by the Contractors are as follows:

1. The Cuban Government shall at once issue to the Contractors *Obligaciones del Tesoro al Portador* (payable to bearer), for work done to August 31, 1930, and additional Obligaciones of the same character on October 20, November 20, and December 20, for work done to the end of September, October and November, respectively.

2. The Obligaciones to be taken at 95 per cent of par and to carry interest at the rate of 5½ per cent per annum.

3. The Obligaciones to be issued in the total nominal amount of $20,000,000.

4. The Obligaciones to be secured by

(*a*) The unissued $40,000,000 Special Public Works Gold Bonds now deposited with the Chase National Bank. (The proposed contract refers to these bonds as subject to a lien in favor of the Bank but provides that they shall not be sold except for the purpose of obtaining cash with which to redeem the new Obligaciones);

(*b*) The unpledged surplus of the revenues of the Special Public Works Fund for the years 1931-1935, inclusive;

(*c*) The unpledged surplus of the said revenues for the years 1935–1945, in so far as they may be required to pay in full the principal and interest on the Obligaciones;

(*d*) The credit of the Cuban Government.

5. The Contractors not to issue the Obligaciones payable to bearer prior to December 31, 1930.

6. If the Obligaciones payable to bearer should be retired by payment in cash prior to December 31, 1930, the Contractors shall receive 95¼ per cent of par for them.

7. If the Government should sell the bonds pledged as security for the Obligaciones, it must apply at least 70 per cent of the proceeds to retirement of the said Obligaciones, being free to dispose of not more than 30 per cent for other purposes, including the payment of interest accruing up to June 30, 1933. If by December 31, 1930, the Government should have made provision for the payment in cash of the Obligaciones al Portador to be issued as above indicated, in payment for work executed up to September 30, 1930, the Contractors agree to accept in payment for work executed after that date 5½ per cent *Obligaciones Nominativas* (registered obligations) in an amount sufficient to pay the cost of the work executed after September 30, 1930. These *Obligaciones Nominativas* will be issued in the name of the Contractors and may be negotiated only with two endorsements.

8. If, on the contrary, the Government should not be able to provide full payment in cash to each Contractor on or before December 31, 1930, for the work done prior to September 30, 1930, *Obligaciones Nominativas* will not be issued and the Contractors may freely dispose of the Obligaciones al Portador which they may have received and which they may thereafter receive.

9. The interest due on the Obligaciones for the period ending December 31, 1932, shall be paid on June 30, 1933. If, in the period between the issuance of these obligations to the Contractors and June 30, 1933, the Government should effect any financial operation respecting the $40,000,000 in bonds pledged as security for the payment of these obligations, the Government shall set aside from the 30 per cent corresponding to it the amount necessary for the payment of the entire accumulation of interest due on these obligations up to June 30, 1933. This amount shall be deposited with the fiscal agent immediately upon the conclusion of the sale of the bonds.

10. The Obligaciones, whether Nominativas or al Portador, to be issued to the Contractors will mature June 30, 1935, or at any interest date prior thereto, if sufficient funds should become available from the sale of the Public Works Bonds. Likewise, the Government may retire these Obligaciones at any time between interest dates at 102 plus accrued interest. The total nominal amount of the Obligaciones that may be issued in accordance with this agreement may not in any case, without previous understanding with the Contractors exceed $20,000,000.

Yesterday (October 21) I had a long conference with the President, which I shall make the subject of a subsequent despatch. In the course of this interview the President brought up the question of the proposed financial arrangement with the Contractors. He stated that, since the Chase National Bank was not prepared to issue any

part of the remaining $40,000,000 of Special Public Works Bonds, some other arrangement was urgently required, if the work on the Central Highway were to be completed. I told the President that personally I perceived only one vital objection to the proposed agreement with the Contractors but that it would be necessary for the State Department to pass upon the matter before a definite statement could be given him. The principal objection raised by me was with regard to the right of the Government to apply not more than 70 per cent of the proceeds from the sale of the Special Public Works Bonds, in excess of the $20,000,000 required to retire the outstanding credit of the Chase National Bank, to the payment of the Obligaciones to be taken by the Contractors. This I told him would be tantamount to increasing the total indebtedness secured upon the revenues of the Special Public Works Fund to an amount in excess of the $100,000,000 which had been regarded as the maximum in the discussions of last January and February. The President argued that the revenues available in the period between January 1, 1933, when the amortization of the $20,000,000 of Deferred Public Works Certificates offered in the United States in 1929 will have been virtually completed, and July 1, 1935, when amortization of the Special Public Works Bonds commences, would be more than ample to provide for the Obligaciones to be taken by the Contractors plus the deferred interest payments thereon. I then called his attention to the marked decline in the Public Works revenues in recent months and suggested the need for great caution in issuing additional obligations secured thereon. I stated that my Government would probably reserve judgment with respect to any increase beyond $100,000,000 of the total indebtedness charged upon the Public Works revenues.

I suggest that if the Department perceives no objection in this financing, it would be appropriate for me to address a letter to President Machado in the sense of the following:

In reference to the proposed bases for the financing of the Central Highway operations, set forth in the "Minuta Número Dos", of October 14, 1930, which was handed me by Doctor Fernández and which you discussed with me when I had the pleasure of visiting you at your *finca* on October 21, my Government has instructed me to advise you that as the Obligaciones del Tesoro to be issued under the proposed financing appear to be merely substituted, for the present, for one-half of the forty millions of the authorized but unsold Special Public Works Bonds to the sale of which my Government offered no objection, when the latter was brought to its attention last January, my Government will not interpose any objection to this financing. I am directed to say, however, with particular reference to certain provisions of the proposed contract the execution of which might involve the issue of bonds and obligaciones in excess of $100,000,000, that the absence of objection by my Government at this time does not imply the approval of any increase beyond $100,000,000 of the total indebtedness charged upon the Public Works revenues.

In view of the urgency of this matter, I venture to suggest that the Department instruct me by telegraph with respect to any action which it may desire me to take.

Respectfully yours, HARRY F. GUGGENHEIM

837.154/120

The Ambassador in Cuba (Guggenheim) to the Secretary of State

No. 416 HABANA, October 31, 1930.
[Received November 7.]

SIR: Referring to my despatch No. 405 of October 25, 1930,[29] I have the honor to report that the proposal made by the Warren Brothers Company and the Compañía Cubana de Contratistas for financing work on the Central Highway was duly accepted in terms substantially the same as those contained in said despatch; and a contract embodying this proposal was signed on Thursday, October 30, 1930, following the publication of Executive Decree No. 1434, which was signed October 24, 1930, but was not published until October 29, 1930.

Prior thereto I had received the Department's telegram No. 116 of October 29, 1930,[30] reading as follows:

"Department approves letter quoted in your despatch 402, October 23 last, regarding Public Works financing."

and had sent to President Machado the letter (copy enclosed)[31] referred to in my despatch No. 402 of October 23, 1930.

A copy of the said Executive Decree No. 1434, approving the proposal of the contractors, as appearing in the *Official Gazette* of October 29, 1930, together with a translation, is transmitted herewith.[32]

Respectfully yours, HARRY F. GUGGENHEIM

837.154/121

The Ambassador in Cuba (Guggenheim) to the Secretary of State

No. 418 HABANA, November 6, 1930.
[Received November 10.]

SIR: Supplementing my despatch No. 416 of October 31, 1930, relative to the financing by the Warren Bros. Company and the

[29] Not printed; it transmitted copies of the proposal (*Minuta Número Dos* of October 14, 1930) of the contractors, Warren Brothers Company and the Compañía Cubana de Contratistas, for financing work on the Central Highway.
[30] File No. 837.154/116.
[31] Not printed; the letter is dated October 29, 1930.
[32] Not printed.

Compañía Cubana de Contratistas of the work that is being done by them on the Central Highway, I have the honor to report that I have received a letter, dated November 4, 1930, from President Machado acknowledging receipt of my letter of October 29, 1930, and stating his conformity therewith.

Copies of President Machado's letter and of a translation of the same are transmitted herewith to the Department.

Respectfully yours, HARRY F. GUGGENHEIM

[Enclosure—Translation [33]]

The President of Cuba (Machado) to the American Ambassador (Guggenheim)

HABANA, November 4, 1930.

MY DEAR MR. AMBASSADOR: Pursuant to your letter of October 29, last, relative to the issue of Treasury Certificates (Obligaciones del Tesoro) to pay for the work on the Central Highway until its completion in February, next, I am pleased to state to Your Excellency that the said issue constitutes solely an advance against the proceeds of the sale of the $40,000,000 of Public Works Gold Bonds (Bonos Oro de Obras Publicas), which are encumbered only by the loan of $20,000,000 made by the Chase National Bank, and that the whole of the debt charged upon the Public Works revenues shall not exceed $100,000,000, for the following reasons:

(1) Even though in one of the bases of this new negotiation 70 per cent of the net proceeds of the sale of the $40,000,000 is stipulated as guarantee, that being required by the Contractors, yet the Government has the right to apply the whole of the said proceeds to the taking up of the new certificates.

(2) The new issue has been authorized up to $20,000,000 and it is my desire to endeavor not to carry it to its limit, in order that the balance not used may offset any loss that may occur in the sale of the prior issue.

(3) The anticipated amortization of the 5½ per cent Public Works Series Certificates, for which $1,000,000 has already been deposited with the Chase National Bank, is being effected and will be continued in accordance with the terms of the contract.

I renew [etc.] GERARDO MACHADO

[33] File translation revised.

THE JOSEPH E. BARLOW CLAIM TO CERTAIN PROPERTY IN CUBA

Extract From a Press Release Issued by the Department of State on May 9, 1930 [34]

The text of a statement by the Department of State, together with a despatch dated April 21, 1930, from the American Ambassador to Cuba, and a summary of a full report transmitted with the despatch in question regarding the claim of Joseph E. Barlow to certain property in Cuba, follow:

STATEMENT BY THE DEPARTMENT OF STATE

The American Ambassador to Cuba has filed with the Department a report on the Joseph E. Barlow claim.

This case involves a claim to possession and title to a certain tract of swamp land, largely undeveloped, in the city of Habana. There are conflicting claims to title and the land has been the subject of litigation in Cuba for over eleven years. The conflicting claims grow out of questions of priority of grant and the meaning of certain conveyances and maps under Cuban law, for Cuban law must govern Cuban titles. The questions are complicated. This Department has not passed and does not now pass on the final merits of the respective claims to title.

The Ambassador's report shows that Mr. Barlow has not exhausted the legal remedies available in Cuba. Such a condition, under international law, must generally speaking be fulfilled before a case between private parties becomes a matter for diplomatic interposition. Mr. Barlow has claimed a right to immediate possession of these lands under a court order obtained in 1917 in an ex parte proceeding to which neither the Cuban claimant who disputes Mr. Barlow's possessory right nor his predecessors in title were parties. Such a proceeding, according to an opinion of the Cuban Supreme Court does not constitute proof of possessory rights. The Cuban superior courts consistently refused to recognize this court order as giving Mr. Barlow right to possession.

Mr. Barlow still has legal remedies open to him in Cuba. Mr. Barlow has, however, frequently expressed the belief that the Cuban courts are prejudiced against him for personal reasons. The Department felt that without going into that question his objections on this point could be met by a plan of private arbitration before a neutral tribunal which, though not a part of the Cuban court

[34] Reprinted from Department of State, *Press Releases*, Weekly Issue No. 32, May 10, 1930, p. 226. The portion of the press release not reprinted here is the despatch of April 21, 1930, from the Ambassador in Cuba, and the summary of the full report transmitted with that despatch.

system, would nevertheless decide the controversy according to Cuban law. Such a plan was prepared by the American Ambassador to Cuba and has been approved by the Department.[35] It was designed to be fair to both parties to the controversy and to expedite the ending of the dispute. Neither Mr. Barlow nor the Cuban title claimant could be forced to arbitrate, nor would the Department take a position to force them. Either may stand on his rights to have the case adjudicated in the Cuban courts, but if both parties should approve the plan of arbitration it would dispose of the controversy expeditiously and finally and more cheaply than could be otherwise done. If the Cuban claimant accepted the arbitration it would show that he had confidence in his ability to support his claim before a neutral tribunal. If Mr. Barlow declined to arbitrate, it would tend to show that he did not desire to proceed in the orderly process which the Department so much commends for the settlement of international difficulties. The Cuban claimant agreed to the arbitration. Mr. Barlow emphatically declined and stated he did not regard the arbitration as fair. The Department differs with him in that regard.

In the present position the Department does not feel that any action in regard to Mr. Barlow's claim would be now appropriate.

[35] See Department of State, *Press Releases*, Weekly Issue No. 20, February 15, 1930, pp. 61 ff.