GUATEMALA

REVOLUTION IN GUATEMALA

814.001 Ch 34/17: Telegram

The Chargé in Guatemala (McCafferty) to the Secretary of State

[Paraphrase]

GUATEMALA, December 12, 1930—3 p. m.
[Received 8:55 p. m.]

95. The Foreign Minister just called me to the President’s residence where he informed me that President Lazaro Chacon had a cerebral hemorrhage, that his present condition is serious, and that eight physicians have signed a statement declaring him incapacitated. This morning the Cabinet met and decided to name the Second Designate, Baudilio Palma, to act as President for the period of Chacon’s incapacity. The Foreign Minister assured me that everything would be carried out legally, that the constitutional guarantees would not be suspended, and that the Cabinet’s action would be presented to the Legislative Assembly for its approval today at 5 p. m.

It has already been stated by several deputies that Congress would insist that the elections be called within the time prescribed by the Constitution, as they believe that the decision of the Cabinet to name Baudilio Palma for the period of Chacon’s incapacity is an attempt to keep him in power illegally for an indefinite period. There is much unrest and the political situation is extremely serious.

McCafferty

314.0022/1: Telegram

The Chargé in Guatemala (McCafferty) to the Secretary of State

[Paraphrase]

GUATEMALA, December 12, 1930—5 p. m.
[Received 10:30 p. m.]

96. Legation’s 95, December 12, 3 p. m. This afternoon, when General Jorge Ubico arrived from his plantation, he found that his house was surrounded by about eighty soldiers and police, so he came to the American Legation and requested protection and asylum. I thereupon took up the matter with Baudilio Palma and the Minister for Foreign Affairs and reminded them of their promise to me that
persons who conducted themselves properly would not be molested. After my representations all the soldiers and police were removed except two. I was assured that General Ubico would have full protection but considering that Herlindo Solorzano, his bitter enemy, is in control I doubt very seriously whether this assurance can be actually carried out. I am convinced that General Ubico's life is in grave danger. Many prominent Americans with whom I have discussed the matter are of the same opinion. Furthermore, if General Ubico were to be assassinated, it is certain that a revolution would follow. Therefore, with a view to avoiding bloodshed and disorder I am permitting General Ubico to have asylum in the American Legation while danger exists, unless I am instructed otherwise.

McCafferty

814.00/1022: Telegram

The Chargé in Guatemala (McCafferty) to the Secretary of State

[Paraphrase]

GUATEMALA, December 13, 1930—9 a. m.
[Received 3:43 p. m.]

98. With reference to my 95, December 12, 3 p. m. I have been reliably informed that the Minister of War, General de Leon, who was First Designate before he accepted the post in the Cabinet, has been held incommunicado since the serious illness of President Chacon. This is confirmed by the fact that Herlindo Solorzano, the Director General of Police, has had complete control and that the Minister of War has remained in Chacon's residence. . . . Guatemala City is being patrolled by the police and it appears that the new Government is doubtful of the loyalty of the army.

McCafferty

314.0022/2: Telegram

The Chargé in Guatemala (McCafferty) to the Secretary of State

GUATEMALA, December 13, 1930—1 p. m.
[Received 5:01 p. m.]

99. Referring to my telegram of December 12, 6 [5] p. m., after the personal assurance of the Provisional President to both General Ubico and me that absolute protection would be given to him, Ubico left the Legation for his home at noon today.

[Paraphrase.] I think that my action in permitting General Ubico to stay in the Legation has had an excellent effect in preventing the persecution of persons suspected of not being sympathetic to the present Government. [End paraphrase.]

McCafferty
The Secretary of State to the Chargé in Guatemala (McCafferty)

WASHINGTON, December 13, 1930—4 p. m.

73. Your 96, December 12, 5 p. m. In view of your statement that you are convinced that Ubico’s life is in grave danger and that you have discussed the matter with others who are of the same opinion, you may keep Ubico in the Legation while you discuss the matter with the Acting President, the Minister of Foreign Affairs, and the Chief of Police, and obtain satisfactory assurances for his safety.

Department desires to call your attention however to the consistent policy of the Department with respect to the doctrine of asylum and the fact that no condition of civil strife appears to prevail in Guatemala City. The Department therefore does not desire that you should harbor Ubico in the Legation beyond the continuance of the emergency.

STIMSON

814.001 Palma, Baudillo/4: Telegram

The Chargé in Guatemala (McCafferty) to the Secretary of State

GUATEMALA, December 13, 1930—4 p. m.
[Received 6:26 p. m.]

101. I have just been officially notified by the Foreign Office that yesterday the Legislative Assembly appointed Baudilio Palma to take charge of the Presidency of the Republic while the illness of the constitutional President Lazaro Chacon lasts and that he assumed charge yesterday.

McCafferty

814.00/1023: Telegram

The Chargé in Guatemala (McCafferty) to the Secretary of State

GUATEMALA, December 13, 1930—5 p. m.
[Received 8:40 p. m.]

102. The political situation has now improved considerably and the new Government seems to have complete control of the situation. At the present there does not seem to be danger of any outbreak or unrest in the immediate future.

McCafferty
The Secretary to the President (Richey) to the Secretary of State

Washington, December 13, 1930.

My dear Mr. Secretary: By direction of the President I am sending you for the appropriate attention of the Department the enclosed message from Baudilio Palma, Guatemala.

Sincerely yours,

Lawrence Richey

[Enclosure—Translation]

The Acting President of Guatemala (Palma) to President Hoover

Guatemala [December 12, 1930].

Excellency: As General Lazaro Chacon, President of the Republic, is unable to exercise his functions because of a severe illness, I have been called upon by the Council of Ministers, in accordance with the Constitution, to assume charge of the Presidency of the Republic as I have the honor to communicate to Your Excellency.

Baudilio Palma

President Hoover to the Acting President of Guatemala (Palma)

Washington, December 15, 1930.

I have received your courteous communication of December 12 announcing the serious illness of His Excellency President Lazaro Chacon and your assumption of office as Acting President of the Republic. I deeply deplore the affliction which has visited General Chacon and express the hope that he may soon be restored to complete health. I desire also to wish you success, in the high office which has been thus confided to your hands.

Herbert Hoover

The Chargé in Guatemala (McCafferty) to the Secretary of State

Guatemala, December 15, 1930—3 p.m.

[Received 6:16 p.m.]

103. The Minister for Foreign Affairs informed me today that the Provisional President has decided not to accept any of the resignations of the Cabinet Ministers. It appears that the new administration has been established in accordance with the Constitution and that it is a legal continuation of the former government, although
there are certain sections of the opposition which insist that elections should be called within eight days to take place within six months. The Minister of Foreign Affairs assured me this morning that the present Government is desirous of cooperating in every way with the Government of the United States. The chiefs of missions will call on the Provisional President tomorrow at 11 a.m. [Paraphrase.] If the Department perceives no objection, I will reply to the Foreign Minister's note, mentioned in my 101, December 13, 4 p.m., in the sense that the American Legation in Guatemala will be happy to continue, as in the past, to cultivate friendly relations with the Government of Guatemala. [End paraphrase.]

McCafferty

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314.0022/4 : Telegram

General Jorge Ubico to the Secretary of State

GUATEMALA [undated.]

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

Greatly obliged. Express my highest esteem for United States on the occasion of your very opportune protection.

Sincerely your friend,

GENERAL JORGE UBICO

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814.00 Revolutions/57 : Telegram

The Chargé in Guatemala (McCafferty) to the Secretary of State

GUATEMALA, December 16, 1930—5 p.m.

[Received 8:44 p.m.]

104. A revolution apparently started at 4 p.m. today. There is firing in various parts of the city. I have not yet been able to obtain any information, but I believe it is a revolt of the Army against the Government.

McCafferty

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814.00/1025 : Telegram

The Chargé in Guatemala (McCafferty) to the Secretary of State

GUATEMALA, December 16, 1930—8 p.m.

[Received 11:20 p.m.]

105. Situation looks very serious as the Army seems to be divided. I believe that bloodshed might be avoided if a warship were sent to San José de Guatemala or to both San José de Guatemala and Puerto Barrios. San José de Guatemala is much nearer the Capital than Puerto Barrios. The situation is most urgent.

McCafferty
The Secretary of State to the Chargé in Guatemala (McCafferty)

WASHINGTON, December 17, 1930—noon.

74. Your 105, December 16, 8 p.m. Please report at once what American interests may be affected by the present situation in Guatemala and consequently require protection.

Has Mr. Edwin C. Wilson arrived? If so, transmit his opinion with regard to the situation.

STIMSON

The Chargé in Guatemala (McCafferty) to the Secretary of State

GUATEMALA, December 17, 1930—2 p.m.

[Received 5:09 p.m.]

106. Referring to my telegram of December 16, 8 p.m., when I requested warship, conditions were chaotic and American lives and property were in imminent danger. The situation, due to my good offices and that of several other chiefs of mission, has considerably improved. Therefore my request for warship is temporarily canceled, because of an armistice arranged in my presence between the Government and the revolutionary forces. Up to the present time there have been no casualties among Americans or foreigners as far as I can ascertain.

The Provisional President has presented his resignation to the Assembly.

The revolutionary military forces are in complete control. General Orellana who is in control of the situation has promised me personally that Americans and foreigners will have absolute protection.

Mr. Edwin C. Wilson arrives tonight.

Full details will follow by cable this afternoon as I have been in constant conference endeavoring to prevent further bloodshed.

McCafferty

The Chargé in Guatemala (McCafferty) to the Secretary of State

GUATEMALA, December 17, 1930—4 p.m.

[Received 7:27 p.m.]

109. Congress met today in special session and accepted the resignation of Provisional President Palma and appointed General Orel-

1 Foreign Service Inspector.
lana, the head of the revolutionary movement, as Provisional President. This appointment is illegal because it is contrary to article 65 of the Constitution and the pacts of 1923. Several Deputies have told me that the Congress was surrounded by armed forces and the Deputies were forced by threats to vote for General Orellana.

McCafferty

814.00 Revolutions/00: Telegram

The Chargé in Guatemala (McCafferty) to the Secretary of State

GUATEMALA, December 17, 1930—9 p. m.
[Received December 18—6:25 a. m.]

110. Late in the evening of December 15th I heard persistent rumors that the forts of Matamoros and San Jose, which guard the Capital, would revolt against the government of Baudilio Palma at midnight. The Government apparently was informed of such a plot as the Provisional President spent the night at the barracks of the Guardia de Honor. However, nothing occurred that night but at 4 p.m. on December 16th there was sudden firing on the city. It later became known that the Matamoros Fort commanded by General Manuel Orellana had revolted against the Government and had advanced on the city. They arrived at the Central Plaza and attacked the Guardia de Honor and the Presidential Palace. The police who were loyal to the Government were unable to withstand the attack and the revolutionary forces were successful. The Minister of War was killed and it is estimated that the total deaths were 50. There was grave danger that the two forts might shell the city, chaos reigned, and looting and disorders began. The President escaped to the Guardia de Honor and later took refuge at German Legation which was the nearest foreign mission. At 8 o'clock I was called to the German Legation and when I arrived there, after my car had been stopped several times by soldiers, I found the Provisional President with all his Cabinet, a delegate of the revolutionary forces together with the Ambassador of Mexico and the Ministers of Germany, Chile, Spain and Colombia, who were the only chiefs of mission who could be communicated with. Both parties requested our good offices to assist in making an arrangement which would prevent further bloodshed and we agreed to do so but made it clear that we were acting unofficially for humanitarian reasons. The Provisional President had received a letter from General Orellana that the sole purpose of the armed movement was to restore Chacon to Presidency from which he had been

illegally removed. Two delegates were named by both parties and in our presence they agreed to the following conditions:

(1) An armistice was declared until noon on December 17th but this could be extended further by agreement between both parties if more time were necessary to bring about an accord.

(2) Both parties agreed to each name a doctor and these would name a third who would examine Chacon at 8 a.m. to decide if he were capacitated to continue in the exercise of the Presidency. If they decided in the affirmative, Chacon would immediately resume office; and, in case of an adverse decision, both sides would mutually agree as to the best course to pursue for the good of the country. The opinion of the doctors was to be presented at 10 a.m. to all parties assembled at the Mexican Embassy.

(3) Orellana agreed to police the city and prevent disorders during the armistice, at the termination of which the troops would be returned to their original stations.

The meeting broke up at 4:30 a.m. About midnight an emissary of General Orellana requested me to call on him. When I arrived I informed him that I had come only in a personal capacity but was deeply concerned about the protection of the lives of American citizens and property and the prevention of further bloodshed. He assured me that he would do everything possible to grant absolute protection and said he desired only that the situation should be normalized according to the Constitution. I suggested that his delegates should treat with the Government delegates in a spirit of conciliation and he agreed to instruct them in that sense. We gathered at the Mexican Embassy and all the chiefs of mission were present except the French Chargé d’Affaires, but the British Minister withdrew as he did not feel that his Government would approve of his presence as a witness even for humanitarian reasons. The physicians presented their opinion that Chacon was physically incapacitated to resume office. The delegates of both sides then began conversations with a view to putting an end to the abnormal situation. The Government delegates stated that the revolutionary forces were in control, that no further resistance was possible and they asked what were the terms of the rebels. They demanded the resignation of Palma and said the Assembly would be called to elect a Provisional President. The Government delegates agreed, the Cabinet immediately resigned, and Palma sent his resignation to Congress. The Department has already been informed of the action of the Assembly in my cable No. 109 of December 17, 4 p.m. The appointment of the leader of the armed movement against the constituted government is undoubtedly a violation of articles 65 and 69 of the Constitution and the pacts of 1923 and I presume that under the circumstances the Department will not desire to recognize a government which has been established through violence. It is fairly certain that the military
were dissatisfied during Chacon’s administration because of their gradual loss of power and had intended to revolt but with the turn of events they used the pretext of the illegality of Palma’s selection as Provisional President and their loyalty to Chacon and the Constitution to carry out their original plans. The bad example of the Guatemalan Army may seriously affect the present political situation in Salvador.

McCafferty

814.00 Revolutions/01: Telegram

The Chargé in Guatemala (McCafferty) to the Secretary of State

GUATEMALA, December 18, 1930—8 p. m.

[Received December 19—12:23 a. m.]

111. From Wilson. Reference Department’s telegram No. 74, December 17, noon, and the Legation’s 106, December 17, 2 p. m. I am in entire agreement with McCafferty that things have quieted down for the moment and that there is no immediate danger for American interests. The situation however is very serious. Regardless of whether Palma had taken office legally (and I think there is a reasonable argument that he had) there is no doubt that the Orellana coup was unconstitutional and should not be countenanced under the Washington treaty. To recognize Orellana would be tantamount to scrapping that treaty and inviting revolutionary movements in other Central American countries.

[Paraphrase.] Some plan must eventually be worked out under which Orellana would resign, thereby leaving Congress free to appoint a temporary President who was not connected with the recent movement and who could call an election for a constitutionally qualified President. Chacon, who is apparently entirely incapacitated, could resign of his own volition or Congress could declare him incapacitated.

The present Government has no funds and cannot maintain itself long without recognition. Realizing this, they sent a delegation to the Legation today to ask for support. It is my opinion that they might be induced to work out some such plan as that outlined above if they were informed that they could not be recognized under the treaty of 1923. [End paraphrase.]

You will, of course, want to await Whitehouse’s arrival Sunday and his recommendations before instructing the Legation to take any action, but I think some indication of our views should be made as soon as possible in an effort to be helpful in the present situation.

3 Sheldon Whitehouse, Minister in Guatemala.
I venture to submit the foregoing merely as my personal views based on a series of conversations today with well-informed people. I may add that I am in full accord with all that McCafferty has done and think he has handled the situation admirably. [Wilson]

McCafferty

814.001 Orellana, Manuel/2

The Guatemalan Minister (Recinos) to the Secretary of State

[Translation 4]

No. 103

WASHINGTON, December 18, 1930.

EXCELLENCY: Under instructions from the Minister for Foreign Affairs of Guatemala, I have the honor to inform Your Excellency that, by virtue of the resignation of Licentiate don Baudilio Palma, the Legislative Assembly in yesterday’s session named General Manuel Orellana as Acting President of the Republic during the illness of General Lázaro Chacón.

Please accept [etc.]

Adrián Recinos

814.00 Revolutions/65; Telegram

The Chargé in Guatemala (McCafferty) to the Secretary of State

GUATEMALA, December 19, 1930—10 p. m.

[Received December 20—9:55 a. m.]

114. With reference to my telegram of December 18, 8 p. m., No. 111, yesterday a delegation from General Orellana came to see me to ask for support and to explain the reason for their overthrow of the established government. Their contentions are the following:

1. Mauro de Leon should have been called as First Designate to take charge of the Presidency because, although he had sent his resignation to Congress, it had not been accepted.
2. The Cabinet was wrong in accepting the opinion of doctors who were not sent by Congress to examine Chacon’s health.
3. In calling Palma to take charge of the Presidency, the Cabinet had acted illegally as this should have been done only by Congress.
4. That Congress was compelled by threats to vote for Palma.

In reply to these contentions, the Government’s argument is as follows:

1. Mauro de Leon, when he accepted the post of Minister of War, automatically ceased to be First Designate and therefore the acceptance by Congress of this resignation was not necessary.

4 Translation supplied by the editors.
2. The physical incapacity of Chacon brought about a very serious situation and it was necessary for the Cabinet to act quickly so as not to leave the country without a chief executive.

3. That the Cabinet complied with the law by immediately calling Congress into session and it chose Palma.

4. The five physicians who signed the statement regarding Chacon's incapacity were highly reputable men and would not have signed a false declaration and moreover Congress accepted the statement of these physicians when they declared Palma in charge of the Presidency.

[Paraphrase.] I think that there is a reasonable argument that Palma obtained office in a constitutional manner and that his government was a legal continuation of the Chacon administration. The arguments of the revolutionists are based on petty technicalities. [End paraphrase.]

McCafferty

214.001 Ch34/18: Telegram

The Chargé in Guatemala (McCafferty) to the Secretary of State

GUATEMALA, December 20, 1930—2 p. m.
[Received December 21—5:29 p. m.]

117. General Chacon and his family are planning to leave for New Orleans on Thursday, December 25th, presumably for the purpose of medical treatment and rest for him. I understand that the Orellana government is anxious for him to go, believing that this will facilitate Orellana’s remaining in charge of the Presidency for the remainder of Chacon’s term.

This morning Chacon’s secretary brought to me, for a diplomatic visa, a diplomatic passport issued to Chacon by the present Government under today’s date. I informed him that it would be necessary for me to request the Department’s authorization by telegraph. Please instruct.

McCafferty

214.00 Revolutions/68: Telegram

The Secretary of State to the Chargé in Guatemala (McCafferty)

WASHINGTON, December 20, 1930—8 p. m.

76. Your 112, December 19, 11 a. m. While the Department is willing to have you discuss with your colleagues steps for the safeguarding of foreign lives in case of political disturbances, I desire to point out that the position of this Government with regard to the Cen-

* Not printed.
central American Governments is somewhat different from that of many of the other countries enumerated in your telegram. You should not therefore enter into any discussions with your colleagues for joint action in the matter of recognition.

The policy of this Government in the recognition of new Governments in the Five Central American Republics was publicly stated by Secretary Hughes on June 30, 1923, as follows: [Here follow the eighth, ninth, and tenth paragraphs of the press release issued by the Department of State on September 17, 1930, printed in volume I on page 387.]

The Secretary of State on September 17 in his statement announcing the recognition of the Argentine, Peruvian and Bolivian Governments, said: [Here follow the sixth, seventh and last paragraphs of the press release issued on September 17, 1930.]

This is still the policy of this Government and you will please so informally and orally inform the authorities now in control of the Government of Guatemala. While the Department does not desire to make a public statement at this time you may in conversation with other leading Guatemalans make the same statement.

Immediately upon his return, the Department desires the Minister to examine the situation very carefully with a view to making constructive suggestions in the premises. The Department, as stated above, upholds the 1923 Treaties. In order that the action of the present Guatemalan authorities may not result in a long period of non-recognition, the Department will be glad to have the Minister examine the situation and let it know what steps may possibly be taken by the Guatemalan authorities to put the Government back on a constitutional basis and also whether he feels that there is likelihood of the present authorities taking such steps.

STIMSON

813.01/A: Telegram

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

WASHINGTON, December 20, 1930—8 p. m.

31. The Department has today advised the Legation at Guatemala City that this Government supports the 1923 Treaties. The Legation was instructed to advise informally and orally the Guatemalan authorities that this Government’s policy in the recognition of new Governments in Central America is as stated by Mr. Hughes on June 30, 1923 and as reaffirmed by the Secretary on September 17 last. While the Department does not desire to make a public state-

* The same on the same date to the diplomatic missions in Costa Rica (34), Honduras (93), and Nicaragua (137).

528037—45—18
ment at this time, it desires you to make known its position in conversation with the officials of the Government and other political leaders of the country to which you are accredited.

STIMSON

814.001 Ch 34/21: Telegram

The Secretary of State to the Minister in Guatemala (Whitehouse)

WASHINGTON, December 22, 1930—6 p. m.
77. Legation’s urgent telegram No. 117, December 20, 2 p. m.
   1. Under the circumstances the Department considers it preferable not to grant a diplomatic visa to General Chacon and his family on a diplomatic passport issued by the authorities now in control of the Government.
   2. If he possesses a valid diplomatic passport covering himself and his family issued during his tenure of office you may grant a diplomatic visa upon such document.
   3. If he does not possess such a diplomatic passport you may grant to him and to his family gratis visas under Section 3 (1) of the Immigration Act of 1924, placing such visas upon duplicate consular Form 257 which would then serve as his travel document. Personal appearance at the Legation in order to apply for such visas may be waived at your discretion.
   4. Telegraph Department final action taken by you as well as names of the members of his party and the vessel, date and port of arrival in the United States.

STIMSON

814.01/17: Telegram

The Minister in Guatemala (Whitehouse) to the Secretary of State

GUATEMALA, December 22, 1930—10 p. m.
[Received December 23—5:35 a. m.]
120. Your telegram No. 76, December 20, 8 p. m. arrived most opportunely. I had already seen President Chacon who is paralyzed on the right side but recognized me and said he wanted me to help him get away. He will be incapacitated for so long that his possible return to power is out of the question. This afternoon I saw Skinner
Klee⁷ who is in bed and in a bad nervous condition. I told him you considered the 1923 treaty applied and would not recognize an Orellana government. He agreed you were right and suggested my seeing Palomo, Acting Minister of Foreign Affairs. I went there and Palomo tried to argue but I told him it was useless. He then asked me to notify Rodríguez Beteta, Secretary General of the Government and apparently the political brains of the Orellana movement.

Rodríguez Beteta came at six and I communicated your decision. He talked lengthily about their point of view but I told him such discussions were useless. He then said it would be difficult to get back to a constitutional regime and asked if you would be satisfied if General Orellana decreed new elections. I replied in the negative. He then asked what suggestions I could offer. I said I presumed it would be possible to arrange for a Provisional President who had had no connection with recent events and could be appointed constitutionally to hold the elections. He pondered this for a while and finally said he thought something could be done along these lines. He then asked me to see Orellana's son as he would like some one to bear witness to our conversation, to which I naturally agreed.

Rodríguez Beteta and young Orellana came together just now. The latter tried to argue but appeared very crestfallen at your decision. They said they would try and think of some constitutional way out and presumably will let me know. I have informed the Central American Ministers and some other colleagues and important Guatemalans of our course of action which I believe will have salutary effects.

Mexican Ambassador has just informed me that he has received instructions from his Government not to commit himself in any way.

Whitehouse

814.01/18: Telegram

_The Chargé in Honduras (Higgins) to the Secretary of State_

**TEGUCIGALPA, December 23, 1930—noon.**

[Received 5:05 p. m.]

130. Department's telegram No. 93, December 20, 8 p. m.⁸ Minister for Foreign Affairs states that his Government's policy will conform to that of the United States Government with regard to the recognition of the Guatemalan Government.

Higgins

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⁷ Alfredo Skinner Klee, Minister for Foreign Affairs.
⁸ See footnote 6, p. 183.
The Minister in Guatemala (Whitehouse) to the Secretary of State

[Paraphrase]

GUATEMALA, December 23, 1930—2 p.m.
[Received 7:06 p.m.]

121. Every one with whom I have talked is agreed that there is one way of returning to a constitutional regime, namely, to have General Chacon resign the Presidency and then for General Orellana to restore to the Assembly the powers conferred upon him, which were for the duration of the President's incapacity. The resignation of the President would end the incapacity and bring about a vacancy in the Presidency. Since all the Vice Presidents are dead or have resigned, the Assembly would then elect others and the first of these would constitutionally become the Provisional President and call an election. There is one unconstitutional point in this procedure, namely, that the Assembly is only empowered to elect the Vice Presidents during ordinary sessions, and this would have to be an extraordinary one. There appears to be no other practical way, however, and no one will make any difficulty about it.

General Chacon is . . . quite ready to resign, and since there are already signs of a split among the present authorities I think that Orellana will eventually agree to be eliminated. The real difficulty will be for the various parties to agree on a choice for Provisional President because he will be a decisive factor in the coming election. Two candidates for the regular election are being talked of, Recinos and General Ubico.

WHITEHOUSE

The Minister in Guatemala (Whitehouse) to the Secretary of State

GUATEMALA, December 24, 1930—6 p.m.
[Received December 25—1:34 a.m.]

124. As I had some reason to believe that your decision not to recognize the Orellana Government had either not been communicated to Orellana or else greatly softened in transmission, I arranged a meeting with the General this afternoon at the house of the president of the Assembly. The General started off with the usual remarks about his having restored the constitutional regime, how wonderfully it has been received by the country, how he was going to reform all abuses, had no personal ambition and would be only too glad to turn back the power to Chacon when the latter's health was restored. I answered him briefly that your decision was final not to recognize his government and that I did not wish to enter into a constitutional
discussion as it would be futile. However, as he said he had no personal ambition it seemed to me a way could be found to return to a recognized constitutional regime by the method I outlined in my 121, December 23, 2 p.m. He objected sharply to this, said he would summon the Assembly to elect a Vice President and would follow strictly the constitution. I then pointed out that if he intended to remain in power the Assembly could not constitutionally elect Vice Presidents until the March session. Their election now could only be justified by a vacancy in the Presidency and three Vice Presidencies. I added that if he had illusions about being recognized by other countries I was positive he was wrong and sincerely hoped he would endeavor to find a solution of the present situation which the United States could accept. As he then started back over old ground I changed the conversation to General Chacon’s desire to leave the country and asked if he had any objection to his doing so. He replied none whatever, and that he would summon the Assembly so that the necessary permission could be granted.

[Paraphrase.] Despite his intransigent attitude I still have hopes that he will be more reasonable when he has had time to think matters over. Also, from all reports reaching this Legation, as the news of our attitude spreads his position is weakened. [End paraphrase.]

Whitehouse

814.00/1029: Telegram

The Secretary of State to the Minister in Guatemala (Whitehouse)

WASHINGTON, December 24, 1930—7 p.m.

78. Your 123, December 23, 6 p.m. 8a Department’s position fully explained to Recinos this afternoon. He finally agreed that Orellana is debared by constitution and made a suggestion of way out similar to that in your number 121 9 and said he would make such a suggestion to Guatemalan authorities and requested no public statement be made for a few days. Recinos was told that solution of matter is one for the Guatemalan authorities to deal with and that the Department’s concern is merely that the arrangement should not be imposed by force and should be constitutional. He was further told that Department’s position regarding recognition of Orellana having been communicated to Guatemalan authorities and other Central American Governments no public statement is contemplated in immediate future.

Recinos feels Congress can legally appoint designate in extraordinary session as constitution merely stipulates that such action

8a Not printed.
9 Dated December 23, 2 p.m., p. 186.
shall take place before March 15th each year. He will suggest appointment of first designate after January 1st, resignation of Orellana and appointment of first designate by Congress in agreement with Chacon as temporary President during Chacon's illness. In case of death of Chacon acting President would then as first designate call for elections within 6 months.


814.00/1032: Telegram

The Minister in Guatemala (Whitehouse) to the Secretary of State

GUATEMALA, December 26, 1930—10 a.m.

[Received 4:22 p.m.]

125. Rodriguez Beteta and Orellana's son came to see me last night and told me the General was ready to follow the plan outlined in my 121, December 23, 2 p.m., but wanted a little time . . . I asked how much; and they replied three or four days, which seemed reasonable. They explained that the new Provisional President must be someone that guarantees them from molestation and asked if you would recognize him at once. I told them I thought so if he was a suitable person. Time, in my opinion, is of great importance to avoid further trouble, and the sooner we have a regularly elected President the better. There are a good many people who, for personal reasons, desire to gain time before the elections, and among them is Recinos, but the country as a whole will suffer.


WHITEHOUSE

814.00/1033: Telegram

The Minister in Guatemala (Whitehouse) to the Secretary of State

GUATEMALA, December 27, 1930—4 p.m.

[Received 9:45 p.m.]

126. President Chacon was to have resigned this afternoon but, owing to the absence of the Chief Justice whom he desired as a witness to his signature, the act is postponed till Monday 10 morning. Congress is to meet on Tuesday. No agreement yet reached as to who is to be Provisional President, but the names mentioned are General Reyes, Reina Andrade, who is a deputy, and General Arisa, who is apparently a candidate of the opponents of Ubico.

[Paraphrase.] Everything seems to be headed towards a peaceful and constitutional settlement of the crisis, but the place is a powder mine and there are many careless smokers. I should appreciate

10 December 29.
instructions as to recognition of the new Provisional President, and I venture to suggest, in case anything unexpected occurs, that I be given discretion as to the time of recognition because it might be advisable to delay the same until he has actually issued the call for new elections. [End paraphrase.]

Whitehouse

814.00/1028 : Telegram
The Secretary of State to the Minister in Guatemala (Whitehouse)

WASHINGTON, December 27, 1930—6 p. m.

79. Your 121, December 23, 2 p. m. Has third designado Luis Chacon resigned? Did Palma resign as second designado or only as provisional president?

Stimson

814.00/1034 : Telegram
The Minister in Guatemala (Whitehouse) to the Secretary of State

GUATEMALA, December 28, 1930—10 a. m.
[Received 10 p. m.]

127. Replying to your December 27, 6 p. m., Luis Chacon's resignation as Third Designado was submitted to the Legislative Assembly, on December 17, 1930, but Congress had never accepted or rejected it. Palma has only resigned as Provisional President.

Whitehouse

814.00/1035 : Telegram
The Minister in Guatemala (Whitehouse) to the Secretary of State

GUATEMALA, December 28, 1930—8 p. m.
[Received December 29—3:12 a. m.]

128. Have just had another interview with Orellana . . .
Prior to this discussion I had told him I considered four points of great importance:

First, that there should be forgetfulness of recent events.
Second, that no one involved in them should be a member of the Provisional Government.
Third, that elections should be held as soon as possible.
Fourth, that the Provisional President should not meddle in the elections.

[Paraphrase.] First. It resulted in talk about his own patriotism.
Second. He did not answer.
Third. He agreed at once that they should be held before March 1
Fourth. He inquired, rather surprised, if I wanted free elections, to which I naturally replied that I did.
Since he can force his nominee through the Assembly, unless I openly oppose it, it is urgent that I know what will satisfy you, and what importance you attach to my second point because I hear rumors that he desires to become Minister of War. I think that the moral benefit of our stand to Central America will be lost if we content ourselves with a sham. According to my best information your stand has met with general approval with the exception of some . . . involved.

In view of the meeting of the Assembly on Tuesday, December 30, please answer immediately. [End paraphrase.]

WHITEHOUSE

814.09/1030 : Telegram

The Minister in Guatemala (Whitehouse) to the Secretary of State

GUATEMALA, December 29, 1930—noon.

[Received 3:20 p.m.]

129. President Chacon has just resigned in the presence of the president of the Assembly and the Chief Justice. I was in the room at the time. The document was put in the possession of the president of the Assembly.

[Paraphrase.] The majority of the Assembly is clearly hostile to General Orellana and unless overawed by display of force by General Orellana its course of action is uncertain. If things go wrong, they will go very wrong, and, as I suppose no warship is nearer than Panama, it is recommended that one be ordered immediately to San José. If things go peaceably, the Provisional President might be strengthened if the captain and a few other officers came to Guatemala City to pay their respects to him. If otherwise, the mere presence of a warship in San José might prevent greater disorders. [End paraphrase.]

WHITEHOUSE

814.00/1035 : Telegram

The Secretary of State to the Minister in Guatemala (Whitehouse)

WASHINGTON, December 29, 1930—4 p.m.

80. Your 128, December 28, 8 p.m. Department concurs in your four recommendations to General Orellana and it attaches imperative importance to the second point. The Department believes that it would vitiate the new provisional Government were any of the persons concerned with the military movement of December 16 carried over into it. If such further action seems necessary, you may inform General Orellana of the attitude of the Government of the United States in that respect.

STIMSON
GUATEMALA

814.01/23: Telegram

The Secretary of State to the Minister in Guatemala (Whitehouse)
[Paraphrase]

WASHINGTON, December 29, 1930—7 p.m.

81. Your 126, December 27, 4 p.m. While the Government of the United States is disposed to accord prompt recognition of the Provisonal President who may be constitutionally appointed, yet it wishes to reserve its decision until it is in possession of all the facts in the case. Furthermore, the Department may wish to exchange views with the Governments of the other Central American Republics before acting. Please keep the Department fully informed of all developments, but do not extend recognition until specifically instructed to do so.

STIMSON

814.00/1037: Telegram

The Minister in Guatemala (Whitehouse) to the Secretary of State

GUATEMALA, December 30, 1930—noon
[Received 3:15 p.m.]

131. Baudilio Palma’s resignation as Second Vice President was sent to the Assembly this morning. Owing to the delay in securing it and the absence of a good many Deputies, the meeting of the Assembly has been postponed until tomorrow. Meanwhile, eight or ten people are either under arrest or being looked for.

[Paraphrase.] I have just told Orellana that I thought no more arrests should be made and that those arrested should be set free. He replied that it was a preventive measure and that they were being held only until after the meeting of the Assembly. . . . I then asked that there be no armed forces in the precincts of the Assembly to which Orellana agreed.

My view is that General Reyes will probably be elected First Vice President which will be satisfactory . . .

WHITEHOUSE

814.00/1036: Telegram

The Secretary of State to the Minister in Guatemala (Whitehouse)
[Paraphrase]

WASHINGTON, December 30, 1930—3 p.m.

82. Your 129, December 29, 12 noon. In the absence of immediate danger to American lives and property or other very compelling motives, the Department considers it to be inadvisable to dispatch a war vessel to Guatemala at this time. The Department is following the situation with the greatest concern and in order to be in readiness
it desires to receive full and timely reports of all developments, together with such further recommendations as you may judge necessary.

Also, the Department desires you to telegraph a statement of the American citizens and the American interests which may be endangered by civil disturbances.

**Stimson**

814.00/1038: Telegram

*The Minister in Guatemala (Whitehouse) to the Secretary of State*

**Guatemala, December 30, 1930—5 p. m.**

[Received 11:40 p. m.]


[Paraphrase.] When I recommended that a warship be sent to San José I did not mean to imply that it would be necessary to send any forces to the Capital, but merely that the presence of a warship in port would have a quieting effect. If trouble comes, it will come suddenly.

The difficulty is that the present Assembly was elected under Chacon, and many Deputies are endeavoring to profit by our action either to regain lost power for their group or to place obstacles in the way of their enemies without the slightest thought for the good of the country. They admit that if the elections are held soon they cannot beat Ubico because they have no candidate; but if the elections can be put off for the full 6 months they hope to be able to whip one up.  

**Whitehouse**

814.00/1040: Telegram

*The Minister in Guatemala (Whitehouse) to the Secretary of State*

**Guatemala, December 31, 1930—6 p. m.**

[Received 11:34 p. m.]

134. Assembly met at 4 p. m., accepted resignation of Palma and Luis Chacon, then elected Reina Andrade First Vice President by 50 votes to 11 for General Arisa and 3 for Chief Justice Medrano.
eral Reyes was elected Second Vice President and General Solorzano, Third. First reading was then given to President Chacon's resignation and also to the Amnesty Bill. Second readings will be tomorrow and third Friday, when Andrade will assume the Provisional Presidency. The meeting of the Assembly was orderly and so far everything has gone all right.

WHITEHOUSE

INABILITY OF THE GOVERNMENT OF THE UNITED STATES TO UNDERTAKE TO EXTEND DIRECT ASSISTANCE TO THE GOVERNMENT OF GUATEMALA TO OBTAIN A LOAN

814.51/651

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

No. 2753

GUATEMALA, February 5, 1930.

[Received February 13.]

SIR: I have the honor to report that at the request of President Chacón, I called upon him on January 29 and he asked me if I would assist him in the desire of the Government of Guatemala to obtain a loan. The Minister of Finance, Mr. Samuel Franco, was present at the interview. I replied that I would be very glad to be of any proper assistance in the matter. He stated that it was desired to obtain a loan to consolidate various of the outstanding debts of the Republic and to provide enough funds to put into operation the National Mortgage Credit Bank (see previous despatches), all of which would necessitate approximately ten or eleven million dollars. I told the President that I felt that he should realize that it might be difficult to obtain a loan at this time, as the bond market in New York was rather weak, but that I would be glad to discuss the details of this matter with the Minister of Finance and submit the proposal to the Department of State at Washington, in the hope that it might be able to interest American banking institutions therein. Immediately after this interview I called upon the Minister of Finance at his office and he stated that it was the desire of the Government to fund the following debts covering at present the following amounts:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal debt</td>
<td>$ 37,271.67</td>
</tr>
<tr>
<td>Bonds of Ferrocarril al Norte</td>
<td>30,210.00</td>
</tr>
<tr>
<td>Bonds of Ferrocarril de Los Altos</td>
<td>2,790,000.00</td>
</tr>
<tr>
<td>Bonds of International Railways of Central America</td>
<td>2,408,000.00</td>
</tr>
<tr>
<td>Automatic Telephones, A. E. G.</td>
<td>620,555.65</td>
</tr>
<tr>
<td>Debt to Anglo-South American Bank, Ltd.</td>
<td>1,134,599.54</td>
</tr>
<tr>
<td>Construction of Ferrocarril de Oriente</td>
<td>830,000.00</td>
</tr>
<tr>
<td>(Branch from Zacapa to Salvador of International Railways of Central America)</td>
<td>$7,850,616.86</td>
</tr>
</tbody>
</table>

II January 2, 1931.
He said that two or three million dollars more would be necessary in order to establish the National Mortgage Credit Bank bringing the total to approximately eleven million dollars, the amounts to be allotted for the service of this funding debt being the same as those allotted previously to each individual debt, namely:

<table>
<thead>
<tr>
<th>Debt Description</th>
<th>Revenue Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Debt</td>
<td>no special revenue</td>
</tr>
<tr>
<td>Ferrocarril al Norte</td>
<td>no special revenue</td>
</tr>
<tr>
<td>Ferrocarril de los Altos</td>
<td>5 cents tax per bottle of aguardiente</td>
</tr>
<tr>
<td></td>
<td>3% Consular invoice tax</td>
</tr>
<tr>
<td></td>
<td>2% Parcel post tax</td>
</tr>
<tr>
<td></td>
<td>Annual revenues from the Railway and the Santa Marfa Electric Plant.</td>
</tr>
<tr>
<td>International Railways of Central America</td>
<td>3% Consular invoice tax</td>
</tr>
<tr>
<td>Automatic Telephones, A.E.G.</td>
<td>2% Parcel post tax</td>
</tr>
<tr>
<td>Debt to Anglo-South American Bank.</td>
<td>Monthly revenues from the telephones</td>
</tr>
<tr>
<td></td>
<td>50 cents of the two dollar per quintal export tax on coffee.</td>
</tr>
</tbody>
</table>

I asked Mr. Franco whether the revenue allotted to these various debts would be sufficient to service the loan contemplated. He replied that he thought so but was not sure. I then inquired what the attitude of the Government was concerning allotting a portion of the customs for the service of the loan. He stated that this had been discussed with the President but that the latter was not ready at this time to take such action. I mentioned the possibility that perhaps the bankers might not be willing to make any loan without a control of the revenue assigned thereto. Mr. Franco stated that, of course, he understood and appreciated that any bank lending money would wish to supervise the collection of whatever funds were set aside for the payment of the loan but that at the present time he did not believe that the Government would be willing to commit itself to handing over the customs, leaving aside the question as to whether or not such a measure could be put through the National Legislative Assembly. My conversation with the Minister of Finance was entirely personal and understood as such by him. I said that I would be very glad to submit his proposition to the Department of State with the request that it endeavor to interest banks in the United States.

With regard to the debts as listed above to be consolidated, it should be pointed out that it is probable that the internal debt amounts to slightly more than the figure given above, the same being true of the Ferrocarril al Norte. The advisability of including this latter debt in any funding operation is very questionable. . . . According to this information, these bonds have been bought at a very cheap price as a gamble with the hope that, in the event of a funding operation, a very large profit could be made. There also arises in this connection
the possibility of certain persons trying to have the Department exert pressure upon the Government of Guatemala to have these bonds redeemed at a price near their face value. See the Legation's strictly confidential despatch No. 2622 of October 25, 1929.12

Concerning the revenues received from the amounts to be allotted for the service of the above debt, the following figures may be of interest:

<table>
<thead>
<tr>
<th>Year</th>
<th>Five Cent Liquor [Tax]</th>
</tr>
</thead>
<tbody>
<tr>
<td>1925</td>
<td>$313,432.00</td>
</tr>
<tr>
<td>1926</td>
<td>353,721.00</td>
</tr>
<tr>
<td>1927</td>
<td>351,418.00</td>
</tr>
<tr>
<td>1928</td>
<td>400,590.00</td>
</tr>
<tr>
<td>1929</td>
<td>271,737.70</td>
</tr>
<tr>
<td></td>
<td>(first six months)</td>
</tr>
</tbody>
</table>

The combined six percent Consular invoice tax plus the four percent parcel post tax:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1928</td>
<td>$1,195,825.78</td>
</tr>
<tr>
<td>1929</td>
<td>1,168,598.11</td>
</tr>
</tbody>
</table>

The fifty cents of the two dollar per quintal export tax on coffee:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1927</td>
<td>$499,628.00</td>
</tr>
<tr>
<td>1928</td>
<td>615,840.00</td>
</tr>
</tbody>
</table>

Accurate figures for 1929 are not yet available.

The revenue from the Automatic Telephones is said practically to cover the service on that debt.

Up to the present time there has been no profit from the Los Altos Railway nor from the Santa Maria Electric Plant and there is not likely to be for several years to come.

In the contemplated loan proposed by the Government, it is not proposed to include the British Debt nor is any provision made for the deficit in the budget which on December 31, 1929 is estimated to have been 1,973,852 quetzales and which, due to the lack of the necessary retrenchment in the Government administration, the decrease in imports and other causes, will probably be increased rather than diminished during the last six months of the current fiscal year.

Since my return to Guatemala I have been struck by the extreme pessimism expressed on all sides as to the financial condition of the Government and the country. I have discussed this situation with several people, including members of the Government, and everyone seems to agree that a practical state of general moratorium exists in which nearly everybody owes everybody else and nobody pays.

12 Not printed.
As far as I have been able to ascertain, the Banco Central still maintains its legal reserves but there is not much doubt but that it has exceeded its lawful rights in the question of making loans on mortgages and thus a great deal of its assets are tied up in frozen paper of one kind or another. The impression seems to exist that the President does not realize the seriousness of the financial situation due to his being told by his close advisers that everything is all right. I have endeavored to impress upon various officials with whom I have discussed this matter informally the absolute necessity of not allowing the value of the quetzal to start falling below par as this would ruin the credit of the country abroad.

Either one of two types of loans might be feasible at present, one: a strictly funding loan plus sufficient money to establish the National Mortgage Credit Bank, such as is now proposed by the Government, or two: a funding loan plus money for the Mortgage Bank and an additional six or seven million dollars for essential public works, principally roads. It is the opinion of a great many people, in which I concur, that this type of loan with the proper control would be the better for the present situation as it would provide employment, increase imports and give the country a chance to recover itself. In order to obtain such a loan it would probably be necessary to pledge a portion of the customs receipts and, while the Government states that it is not willing to do so, it is my opinion that if it is necessary in order to obtain a loan the Government will agree to it.

The attitude of the general public has changed to a great extent during the past few months towards the question of a loan. Most of the people, both in and outside of the Government, who have knowledge of such things, freely admit that that is the only thing which will pull the country out of its present bad financial condition and I think that even the general public would approve of a loan but only provided that it was given the strictest control both as to receipts and expenditure . . .

I have [etc.]

STANLEY HAWKS

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

No. 1234

WASHINGTON, February 20, 1930.

Sir: Reference is made to the Legation's confidential despatch No. 2753, dated February 5, 1930, in which it is reported that the President of Guatemala has requested the Legation to extend its assistance to the Government of Guatemala in its efforts to obtain a loan in the United States.
This Government, as you are of course aware, cannot undertake to extend direct assistance in matters of this kind. It is accordingly suggested that you inform President Chacón of the Department's regret at its inability to be of assistance to him in the present instance, and to suggest to him that he authorize his representatives in the United States to initiate direct negotiations with responsible banking institutions.

The Department, in this connection, can be of assistance and it will be very glad indeed to ascertain for the representatives of Guatemala in the United States the responsibility and standing of any such banking institutions in which they may become interested.

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

FRANCIS WHITE

BOUNDARY DISPUTE WITH HONDURAS

(See volume I, pages 344 ff.)