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## RELATIONS OF THE UNITED STATES AND GUATEMALA DURING THE EPOCH OF JUSTO RUFINO BARRIOS

Relations between the United States and Guatemala were intimate during the fourteen years following the seizure of the Guatemalan government by Miguel García Granados and Justo Rufino Barrios in 1871. These two leaders owed the success of their thrust for power in considerable measure to Remington and Winchester rifles imported from the United States<sup>1</sup> and therefore had good reason from the outset to appreciate the technological achievements of their Anglo-Saxon neighbor. Barrios promptly began to admire the skill, energy, and industry of the United States. His attitude toward the North Americans, as he called them, soon became one of cordial esteem. He was eager for their collaboration in the modernization of Guatemala. He wished also to obtain their aid in settling a boundary dispute with Mexico and for his cherished plan to weld the five republics of Central America into a single nation.

Barrios was not a man who expected favors for nothing. He assumed that reciprocity would be required. He expected to win the support of the United States by giving assistance in the acquisition of naval bases and a canal route and by offering North Americans profitable opportunities for investing their money and talents in Guatemala.

<sup>1</sup> Casimiro D. Rubio, *General Justo Rufino Barrios* (Guatemala City, 1935), p. 81; Víctor Miguel Díaz, *Bronses patrios; Barrios ante la posteridad* (Guatemala City, 1935), p. 49; Paul Burgess, *Justo Rufino Barrios* (Philadelphia, 1926), pp. 69-72.

It is unnecessary to dwell upon the strategic aspect of these relationships. Barrios offered to cede Ocos Bay on the Pacific coast of Guatemala to the United States for a naval base. He also revealed a disposition to lend his aid in effecting the acquisition by the United States of the Bay Islands from Honduras and a canal concession from Nicaragua. That part of the story is fairly well known.<sup>2</sup> The primary purpose of this article is to deal with a neglected phase of the subject and to present a summary of the important economic relations of the two countries during the Barrios period.

The inventions of technology began to flow from the United States into some parts of Latin America before the middle of the nineteenth century. By the 1870's and 1880's the stream had expanded. It was flowing not merely into Mexico; it had reached Guatemala and the countries beyond. No large sums of North American capital were involved, for a surplus had not yet accumulated. The investment was mainly one of skill in technology and business management.

When García Granados and Barrios took charge of the Guatemalan government early in 1871, Guatemala had no railways, no steamboats on its lakes and rivers, no plumbing installations, little agricultural machinery, no barbed-wire fences, no telegraphs, and of course no telephones or electric lights, because electric lights and telephones had not been invented. When Barrios was killed on the field of battle in April, 1885, all these technological devices had been introduced through his efforts and those of his Guatemalan colleagues with the help of foreigners and especially North Americans.

Minor activities and contributions of citizens of the United States may be dismissed with a few sentences. A physician from the United States had charge of the army hospital in Guatemala City.<sup>3</sup> A police expert from New York assisted in the training and reorganization of the Guatemalan police

<sup>2</sup>J. Fred Rippy, "Justo Rufino Barrios and the Nicaraguan Canal," *The Hispanic American Historical Review*, XX (May, 1940), 190-197; Cornelius A. Logan to James G. Blaine, No. 183, Guatemala City, May 27, 1881, *Despatches, Central America*, Vol. 17 (National Archives, State Department).

<sup>3</sup>Díaz, *op. cit.*, p. 371.

force.<sup>4</sup> Captain V. S. Storm, aided by a special tariff concession, labored energetically to introduce barbed-wire fence. He also imported machinery for the coffee, rice, and sugar-cane industries as well as other modern farming implements.<sup>5</sup> Captain Robert Cleves established in Guatemala a model diversified farm, importing from the United States such recent inventions as gang-plows, planters, cultivators, reapers, mowers, threshers and such animals as Jersey cows, Merino sheep, and Berkshire hogs.<sup>6</sup> The animals were brought from California, where Rollin P. Saxe was busily engaged in persuading Guatemalan visitors to introduce into their country the best breeds of horses, cattle, sheep, hogs, and fowls.<sup>7</sup> W. J. Forsyth was granted a subsidy by Barrios for assisting in the importation and cultivation of quinine trees.<sup>8</sup> Doctor John Protherve of California was given land for an ostrich farm and a reward of 250 pesos for each ostrich introduced.<sup>9</sup> Engineers from the United States were employed in surveying the boundary between Guatemala and Mexico.<sup>10</sup>

In the field of public utilities citizens of the United States made significant contributions. This was emphatically true in the case of railway construction.

The first line of telegraph was built in Guatemala in 1873. It connected Guatemala City with the Pacific port of San José, passing through a number of intervening towns on the way.<sup>11</sup> By 1882 Guatemala had more than twelve hundred miles of telegraph wire and over sixty offices.<sup>12</sup> Although

<sup>4</sup> *Ibid.*, p. 382; Rubio, *op. cit.*, p. 405; Burgess, *op. cit.*, p. 201.

<sup>5</sup> *Leyes emitadas por el gobierno democrático de la República de Guatemala* (4 vols., Guatemala City, 1881-1886), III, 14. Hereafter cited as *Leyes*. See also *House Executive Document*, No. 50, 49 Cong., 1 Sess. (Serial No. 2392), p. 199. This government document contains reports of the commission sent by the United States to Central and South America in 1884-1885 to investigate trade conditions. Another report, which will be cited below, was published as *House Executive Document*, No. 226, 48 Cong., 2 Sess. (Serial No. 2304). Storm appeared before this commission when it arrived in Guatemala City.

<sup>6</sup> *House Executive Document*, No. 50, 49 Cong., 1 Sess., pp. 215-216.

<sup>7</sup> *Ibid.*, No. 226, 48 Cong., 2 Sess., p. 330; Díaz, *op. cit.*, 314-315.

<sup>8</sup> *Leyes*, III, 379-380, IV, 179-180.

<sup>9</sup> *Ibid.*, IV, 16-17.

<sup>10</sup> *Ibid.*, IV, 67, 127.

<sup>11</sup> J. Méndez, *Guía del inmigrante en la República de Guatemala* (Guatemala City, 1895), p. 64.

<sup>12</sup> Díaz, *op. cit.*, p. 242.

Stanley McNider, who is said to have been a Canadian, is entitled to more credit for the system than any other foreigner,<sup>13</sup> a good deal of the mileage was constructed by experts from the United States in connection with the railways. By the early 1880's Guatemala had the benefit of a cable connection with the outside world through the port of Libertad, El Salvador. This connection was provided by the Central and South American Telegraph Company, a corporation located in the United States. By virtue of an agreement signed with Jacob A. Scrymser, the president of this company, on January 13, 1880, Barrios obtained a voice in the fixing of rates in return for the use of Guatemala's territorial waters.<sup>14</sup>

Citizens of the United States played an important part in the modernization of Guatemala City. Californians installed a system of street lighting in 1879, using naphtha gas; but the system was unsatisfactory and their contract was revoked in 1881.<sup>15</sup> Electric lights were installed in 1884-1885 by Guatemalans in collaboration with foreign experts. The leading spirit in this enterprise was a Polish engineer named Piatkowski, who may have been a naturalized citizen of the United States.<sup>16</sup> The telephone system was established in 1885 by a company composed of Guatemalans and Californians. Barrios granted the concession to Roderico Toledo and other Guatemalans. The manager of the company was J. D. Tracy.<sup>17</sup> The street railways were constructed by J. B. Bunting and D. P. Fenner, citizens of the United States, under a contract dated August 6, 1878.<sup>18</sup> The horsecars began to move in Oc-

<sup>13</sup> *Ibid.*; *Leyes*, III, 16-17, 45-50.

<sup>14</sup> *Leyes*, II, 425-429, for a copy of the Scrymser contract.

<sup>15</sup> Correspondence regarding the operations and difficulties of this gas company will be found in the National Archives of the United States, Archive of the State Department, Despatches from Central America, Vols. 17, 18, 19, 27, and 32. See especially Logan to Blaine, No. 167, April 2, 1881, No. 170, April 18, 1881, and No. 219, Aug. 2, 1881. For the final terms of settlement with the company, see Mizner to Blaine, No. 71, Feb. 2, 1890.

<sup>16</sup> Consult *Leyes*, III, 374-376, IV, 163-164, for the contract and an extension of the time limit for installing the system.

<sup>17</sup> *Ibid.*, IV, 241-242, 309, 367-369.

<sup>18</sup> For the original contract and the early relations between the Guatemalan government and this street railway company, see *Leyes*, III, 12-13, 42-43 and IV, 6-7, 131, 167-168, 181, 620-621. *Leyes*, II, 468, give Aug. 6, 1879, as the

tober, 1882, and by March 1, 1885, the system embraced nearly five miles of trackage.<sup>19</sup> Under a contract signed on July 12, 1883, Roderico Toledo assumed responsibility for improving the waterworks of the Guatemalan capital city and installing a sewer system.<sup>20</sup> It is likely that he organized a company consisting of foreigners as well as nationals and employed North American experts. Toledo had intimate contacts with California, which he visited frequently, and since he had associated Californians with himself and other Guatemalans in the telephone company, it seems logical that he should also have employed Californians in connection with this new system of water supply and sewerage.<sup>21</sup>

Construction engineers from the United States had charge of all railway building in Guatemala during the whole of the Barrios epoch. Hardly more than a hundred miles of railroad were in operation at the time of the dictator's death; but railway construction in Guatemala was not an easy task, and well over four hundred additional miles were projected. Although the first contracts were signed in the early 1870's, construction did not begin until 1878.

The first Guatemalan railway opened to traffic was a short line of approximately twenty-six miles between San José and Escuintla. It was built under a contract signed with William Nanne on April 7, 1877, and was completed in June, 1880. The enterprise was given a government guaranty of a net return of fifteen per cent annually on a million pesos; but in consideration for government advances for construction this guaranty was surrendered in 1880. The railway was owned and operated by a corporation organized by Nanne in California: the Guatemala Central Railway Company.<sup>22</sup>

date of the first contract; but the copy of this contract published in *Leyes*, IV, 620-621, is dated Aug. 6, 1878.

<sup>19</sup> Díaz, *op. cit.*, p. 404; Rubio, *op. cit.*, p. 545.

<sup>20</sup> *Leyes*, IV, 8-10, 233-236.

<sup>21</sup> Díaz, *op. cit.*, pp. 243-244; *House Executive Document*, No. 226, 48 Cong., 2 Sess., p. 320. Toledo appeared before the Central and South American Commission during its sessions at San Francisco.

<sup>22</sup> Consult *Leyes*, II, 481-482, 544-548, for the original contract at its modification. Here the name of the railroad is given and the statement that the line was opened to traffic on June 18, 1880, will be found on page 482.

The ultimate objective of this railway was Guatemala City, some forty-six miles beyond Escuintla; and on July 13, 1880, William Nanne and Lewis Schlessinger signed a contract to build this line. Guatemala agreed to pay an annual subsidy of 125,000 pesos for twenty-five years and to advance half a million pesos at once in treasury certificates. A grant of 1,500 *caballerías* (a Guatemalan *caballería* was at that time, at least, the equivalent of nearly 112 acres) of public lands was also included. The surveys already had been made by Albert J. Scherzer, a citizen of the United States, and the railway was virtually completed four years later. At any rate, the first train made the run from San José to Guatemala City in July, 1884, with Barrios on board.<sup>23</sup> In the meantime, the two lines, some seventy-two miles in length, had been consolidated under a single corporation, the Central American Pacific Railway and Transportation Company. This seems to have been a New York corporation; but it was largely owned by Archer P. Huntington, Leland Stanford, and Charles Crocker, who were noted for the construction of the western portions of the Central and Southern Pacific Railways of the United States.<sup>24</sup> The use of the word transportation in the company's name probably forecast steamboat aspirations. On July 7, 1884, the corporation obtained from Guatemala a contract for placing a steamboat on Lake Amatitlán and the erection of a hotel on the borders of the lake.<sup>25</sup>

Before the first steam locomotive puffed into Guatemala City to the excitement and rejoicing of the residents, another short railway had been constructed by engineers of the United

<sup>23</sup> *Leyes*, II, 482-488; Díaz, *op. cit.*, pp. 459-465; Rubio, *op. cit.*, pp. 506-507.

The train arrived in the capital on July 19, Barrios's birthday. The event was followed by a week of celebration. The festivities are described by Rubio and Díaz. There were banquets, abundant wine, oratory, poems, and music.

<sup>24</sup> *Leyes*, III, 223; *House Executive Document*, No. 226, 48 Cong., 2 Sess., p. 333.

<sup>25</sup> *Leyes*, IV, 225-226.

Already Barrios had granted concessions for the placing of steamboats on the Polochic and Motagua rivers in eastern Guatemala. A contract for operating steamers on the Polochic was obtained by J. F. Anderson and William Owen on March 11, 1881, and they had a steamer on this river by 1882 (*Leyes*, II, 528-529). The contract for placing steamboats on the Motagua was ceded to William Weber on Oct. 4, 1882 (*ibid.*, III, 267-268). See also Díaz, *op. cit.*, p. 418.

States in Guatemala. It was a road some twenty-seven miles long between the Pacific port of Champerico and the rich coffee region around Retalhuleu. On March 12, 1881, J. H. Lyman, D. P. Fenner, and J. B. Bunting obtained a contract to build this railway. The Barrios government agreed to pay a subsidy of 700,000 pesos and to grant the contractors a thousand *caballerías* of public lands to be chosen anywhere in the country. The line was finished and opened to traffic on July 4, 1883. It was built by Thomas Bell of Falker, Bell & Company, located in San Francisco, California, and Sanford Robinson was a prominent member of the company. The railroad was owned and managed by the Champerico and Northern Transportation Company, a California corporation.<sup>26</sup>

What appeared at the time to be a far more important railway enterprise than any hitherto undertaken in Guatemala was envisaged in a contract signed by Barrios with Ulysses S. Grant on October 6, 1882, while the Guatemalan chief executive was in the United States. Grant and his associates already had secured a railway concession from the Mexican government, and the purpose of this Guatemalan contract was to obtain an extension across Central America. Grant agreed to construct 250 miles of railroad in Guatemala within two and a half years from the time his Mexican line reached the Guatemalan frontier; but the severe financial reverses soon encountered by the Civil War General resulted in failure to carry out his railway enterprises.<sup>27</sup>

A rail connection between Guatemala City and Guatemala's Caribbean coast was a project dear to the heart of Barrios. He had initiated plans for such a railway as early as 1880 and had tried in vain to raise a loan in France.<sup>28</sup> Later he levied a head tax on nearly every adult male in Guatemala and collected sufficient funds to pay a railway commission, make surveys, and begin construction.<sup>29</sup> Sylvanus Miller, a North

<sup>26</sup> *Leyes*, II, 538-542, IV, 94, 98-99; Burgess, *op. cit.*, p. 226; Rubio, *op. cit.*, pp. 540-541; *House Executive Document*, No. 226, 48 Cong., 2 Sess., p. 333.

<sup>27</sup> See *Leyes*, III, 268-271, for the contract; Burgess, *op. cit.*, pp. 213-214, gives a full summary of its terms. <sup>28</sup> *Leyes*, II, 516-522, III, 208.

<sup>29</sup> *Ibid.*, IV, 18-77, contains the various decrees issued in preparation for the

American, headed the corps of engineers which surveyed the route.<sup>30</sup> In 1884 Barrios approved two contracts for building the main line and its branches, the total length of the railroad being estimated at some 240 miles. The first contract was signed on May 1, 1884, with Tully R. Cornick, who represented the construction firm of Shea, Cornick & Company of Knoxville, Tennessee. This company agreed to build a pier at Puerto Barrios on the Caribbean and to construct sixty-two miles of track starting from that port, which recently had been named in honor of the Guatemalan dictator. The contractors were to receive 30,000 pesos in cash for each mile constructed and accepted by the Barrios government. Seven days later a contract was signed with J. H. Lyman and J. B. Gordon of New York, who assumed responsibility for building the entire railroad, including the part already assigned to the Tennessee construction company and payment of this company for their work. Lyman and Gordon were to receive 50,000 pesos in Guatemalan bonds for each mile of railway constructed in connection with the entire enterprise. They were also granted 2,500 *caballerías* of public lands, which were to be selected when the railway was finished and accepted by the Guatemalan government; and they agreed to complete the main line and its branches by June 30, 1888.<sup>31</sup>

Lyman and Gordon also obtained a contract on May 12, 1884, to build a railroad from Cobán to the head of navigation on the Polochic River in northeastern Guatemala.<sup>32</sup> They failed, however, to fulfill the terms of their contracts and both were forfeited early the following year. In fact, Lyman and Gordon did not even begin construction on either railway, although they are said to have organized in New Jersey a corporation called the Guatemala Northern Railway Company.<sup>33</sup> Shea, Cornick & Company began work soon after

construction of this railway. The archbishop of Guatemala even issued a pastoral letter urging contributions to the project (Díaz, *op. cit.*, p. 466).

<sup>30</sup> *Ibid.*, IV, 66, 73; *House Executive Document*, No. 50, 49 Cong., 1 Sess., p. 210. Miller was interviewed by the Central and South American Commission while it was in Guatemala City.

<sup>31</sup> *Leyes*, IV, 181-188, 191-197.

<sup>32</sup> *Ibid.*, IV, 197-199.

<sup>33</sup> *Ibid.*, IV, 317-318, 324-325; Rubio, *op. cit.*, pp. 541-542; *House Executive Document*, No. 50, 49 Cong., 1 Sess., pp. 209, 210-211.



they obtained their contract; but war between Guatemala and El Salvador, the death of Barrios, and shortage of funds interrupted their operations in twelve months or so.<sup>34</sup>

Railway construction in that part of Guatemala was extraordinarily difficult. Heavy rains, swamps, and matted jungle were encountered. The laborers introduced from New Orleans and other parts of the United States by Shea, Cornick & Company were soon exhausted by humid heat and tropical fevers. The authorities at Washington sent a government vessel to Puerto Barrios in the spring of 1885 to bring some of the victims back home. Many others were buried in Guatemala; some found employment in the plantations along the Caribbean coast.<sup>35</sup> The Guatemala Northern Railway was not completed until 1908.<sup>36</sup>

Barrios granted a number of mining concessions to North Americans. The streams and hills of northeastern Guatemala contained considerable quantities of gold. William Friedman received two concessions, one on May 31, 1881, and another in the same month of the following year. Thomas J. Potts and John W. Knight received a similar concession on July 30, 1883. Both covered placer-mining districts in the department of Izabal.<sup>37</sup>

Barrios was eager to attract immigrants in order to place under cultivation vast stretches of rich but undeveloped lands. He preferred to attract them from the United States. He offered a bonus of some thirty acres to laborers on the Northern Railway<sup>38</sup> and made at least a few colonization grants to North Americans. On September 26, 1882, Dr. Byron H.

<sup>34</sup> *Leyes*, IV, 345, 473-476. This construction company continued to work intermittently from May, 1844, until the end of July, 1885, when its contract was revoked.

<sup>35</sup> *House Executive Document*, No. 50, 49 Cong., 1 Sess., p. 183; William T. Brigham, *Guatemala* (London, 1887), pp. 60-63. Brigham visited Puerto Barrios in March, 1885, and noted the slow progress being made, some of the difficulties confronted, and the misfortunes of the workmen. At that time six miles had been graded and four miles of track had been laid on the eastern end of the road. Some grading also had been done on the western end of the sixty-two-mile stretch included in the Shea, Cornick contract.

<sup>36</sup> Chester Lloyd Jones, *Guatemala, Past and Present* (Minneapolis, 1940), p. 253.

<sup>37</sup> *Leyes*, III, 55, 221-222, IV, 14-16.      <sup>38</sup> *Ibid.*, IV, 217.

Kilbourn of Milwaukee, Wisconsin, was ceded 1,800 *hectáreas* (some 4,500 acres) in the department of Izabal on condition that sufficient settlers be introduced within five years to bring half of the tract under cultivation. On June 21, 1883, F. F. Millen was granted 225 *hectáreas* for every hundred adult immigrants he might introduce from abroad, each immigrant to receive from the Guatemalan government a farm of forty-five *hectáreas*. On December 7, 1882, Charles W. Luck, representing the Tropical Products Company of Boston, purchased a tract of 2,000 *hectáreas* at sixty cents a *hectárea*, to which he added on December 17, 1883, another block of 3,000 *hectáreas* bought at the same price; and it was reported in 1885 that the Andes Agricultural Company had acquired 250,000 acres. All these lands were located in the departments of Izabal, Livingston, or Alta Vera Paz.<sup>39</sup> Comparatively few settlers arrived during the Barrios period; but the foundations of the future thriving banana industry in eastern Guatemala were laid at this time.<sup>40</sup>

On the whole, the relations between Barrios and citizens of the United States were mutually satisfactory. The Guatemalan government raised complaints regarding accidents on the railway between San José and Guatemala City and with reference to failure of the trains to conform to their schedules;<sup>41</sup> but the building and management of the Champerico and Northern did not provoke any criticism and no difficulties were encountered with reference to the fixing of rates on either road. The nullification of the Lyman and Gordon concessions was in strict accord with the terms of the contracts. Shea, Cornick & Company suffered from delay in the payment of their accounts; but an apparently fair and honorable settlement was soon effected.<sup>42</sup> The California company which undertook to light the streets and plazas of Guatemala City with gas lost both its contract and its property; but

<sup>39</sup> *Ibid.*, III, 265-266, 339-340, 407-409, IV, 105-106, 391; *House Executive Document*, No. 50, 49 Cong., 1 Sess., p. 212.

<sup>40</sup> *United States Consular Reports*, Vol. 27 (1888), 417-427.

<sup>41</sup> See the letter of Francisco Lainfiesta, minister of Fomento, to A. J. Finlay, manager of the railway, October 29, 1884, *Leyes*, IV, 254-256.

<sup>42</sup> *Ibid.*, IV, 473-476, 565-566. This settlement was finally effected in November, 1885, several months after the death of Barrios.

compensation was finally paid in 1890.<sup>43</sup> Citizens of the United States usually expressed admiration for Barrios<sup>44</sup> and Barrios never ceased to appreciate and admire the efficiency and drive of North Americans. Shortly before his death he proclaimed his confidence in the United States and declared his conviction that closer contacts between the people of the two nations would prove beneficial in every way for Guatemala.<sup>45</sup> Relations between the United States and Guatemala during the Barrios epoch were conducted for the most part in the spirit of the good neighbor, and they seem to have contributed to the welfare of both countries.

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<sup>43</sup> See note 15.

<sup>44</sup> The United States commissioners to Central and South America wrote of Barrios early in 1885: "There is no public man in Central and South America with more progressive ideas or more ardent ambition for the advancement of his countrymen." The members of the commission dwelt on the economic and educational progress which Guatemala had made during the last decade, and mentioned with approval the recent arrival of a Presbyterian missionary (*House Executive Document*, No. 50, 49 Cong., 1 Sess., pp. 185-186). Robert Cleves hoped the commission would give the Guatemalan ruler "a good name," for Barrios deserved it. "The opinion I have given," said Cleves, "is that of all the Americans I am acquainted with . . ." (*ibid.*, pp. 216-217).

The name of the Presbyterian missionary who is said to have accompanied Barrios on the latter's return from the United States late in 1882 was John J. Hill. Barrios later sent his children to the mission school, thus revealing his appreciation for North American educators. (Burgess, *op. cit.*, pp. 214-216; William Eleroy Curtis, *The Capitals of Spanish America*, New York, 1888, pp. 84-86.) Curtis was a member of the commission sent to Central and South America in 1884-1885.

<sup>45</sup> Díaz, *op. cit.*, pp. 471-474. Barrios expressed these sentiments in letters of June, 1884, written to the chief executives of three of the Central American republics.