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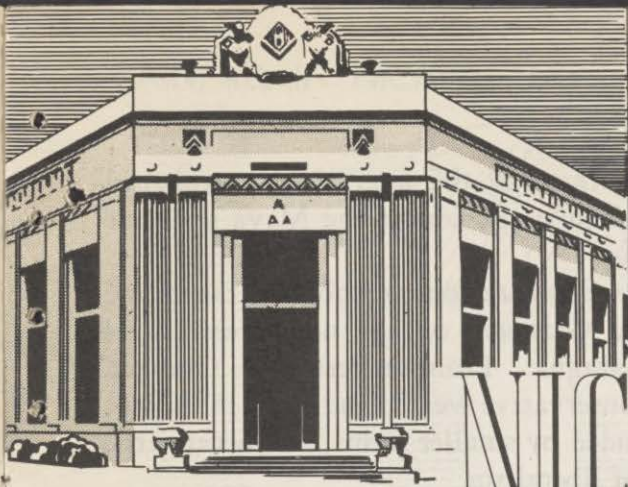
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Nicaragua

Lakes and Volcanoes

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*The National Bank of Nicaragua
at Managua*

NICARAGUA

LARGEST and least densely populated of the Central American republics, triangular Nicaragua lies in the center of the isthmus between the two American continents. Closely linked to the United States throughout her modern history, Nicaragua has been an ally in two world wars and a source of valuable materials in both war and peace.

The country was touched by Columbus when, racked by storms during his fourth and last voyage, his little fleet rounded *Cabo Gracias a Dios* (Cape Thanks be to God) and found shelter in the Coco (or Wanks) River. One of his ships was wrecked, and he went on to try to find a passage to the Indian Ocean. Conquest came two decades later, when Spanish adventurers pushed up the west coast from Panama, founding the cities of León and Granada.

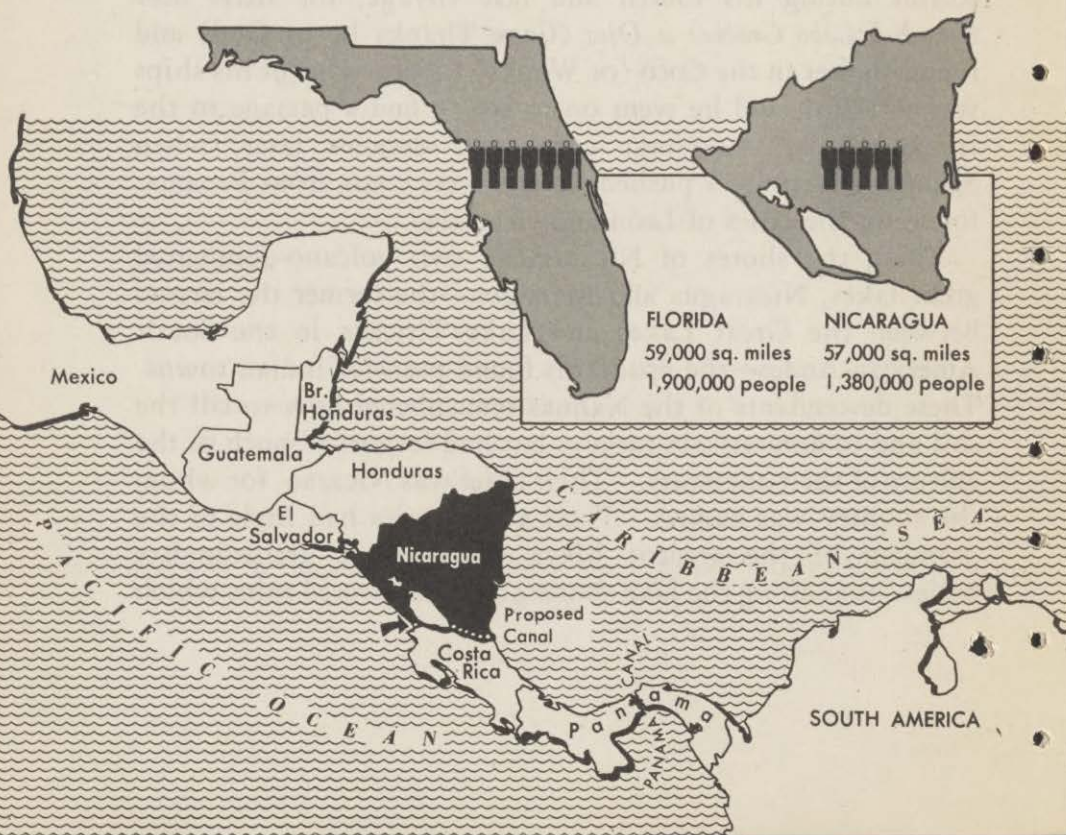
Along the shores of Nicaragua's two volcano-dominated great lakes, Nicaragua and Managua—the former the largest between the Great Lakes and Lake Titicaca in the South American Andes—the Spaniards found peaceful Indian towns. These descendants of the Nahuas remembered how to till the soil and to domesticate turkeys but had forgotten much of the culture of their ancestors. Their chief was Nicarao, for whom the country was named. Their adobe cities had little of the grandeur of the ancient Maya centers, but archeologists believe that along the lake shores are undiscovered ruins which

might rival in splendor those of the later cities established after the as yet unexplained migration of the Maya tribes to Yucatan and Honduras.

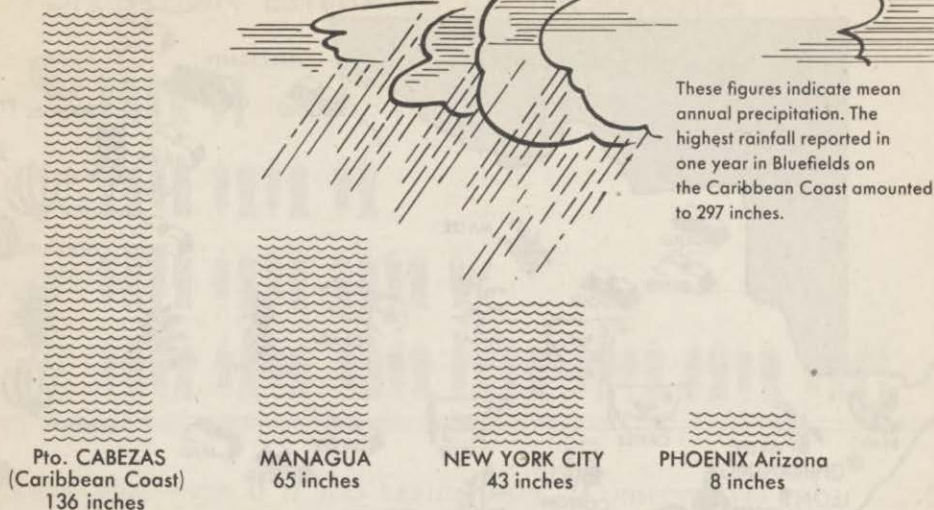
Large cattle ranches and plantations of tobacco, cacao and sugar sprang up around Granada, on the northwest tip of 115-mile long Lake Nicaragua. From earliest times Granada has been the center of conservative wealth and trade in indigo, while León was surrounded by smaller farms, and became the center of learning and of liberalism.

The colony was soon a battleground. English freebooters established a foothold along the Caribbean Mosquito Coast of Nicaragua and Honduras, and sent expeditions over to the west to sack the Spanish cities. Horatio Nelson (later Lord Nelson) lost his eye in 1780 during the siege of a fort on the San Juan River.

The fact that every one of the European colonial powers, including Spain herself, saw in the San Juan River and Lake Nicaragua a ready-made isthmian canal (awaiting only dredging, docks and a seventeen-mile cut through to the



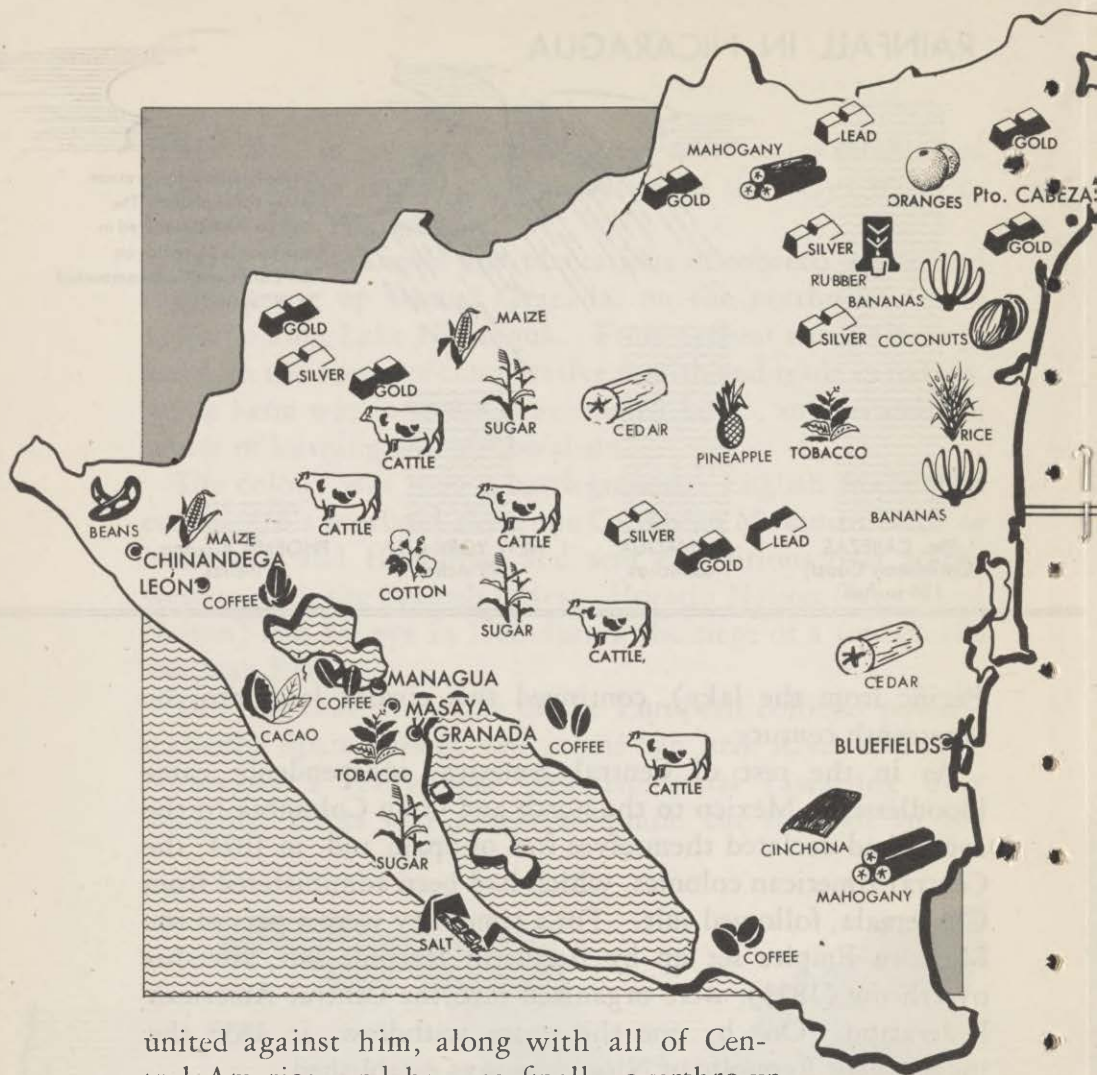
RAINFALL IN NICARAGUA



Pacific from the lake), continued this rivalry late into the nineteenth century.

As in the rest of Central America, independence came bloodlessly. Mexico to the north and Gran Colombia to the south had declared themselves free of Spain and, in 1821, the Central American colonies, which had been administered from Guatemala, followed suit. For a time they were a part of the Mexican Empire set up by Augustín Iturbide but, after his overthrow (1823), were organized into the Central American Federation. One by one the states withdrew; in 1838 the independent Republic of Nicaragua was established.

Political control of the new republic oscillated between the Conservatives from Granada and the Liberals from León, the bitter struggle at times reaching civil war. During one of these periods, in 1855, the Liberals called in William Walker, a filibuster from the United States, who proved to be a Frankenstein. In spite of the fact that with the fifty-seven members of his "American Phalanx" he had stormed and held the Conservative stronghold of Granada, a newly elected Conservative president made him head of the army. Joined by hundreds of other United States adventurers, Walker had himself "elected" president of Nicaragua. Both parties

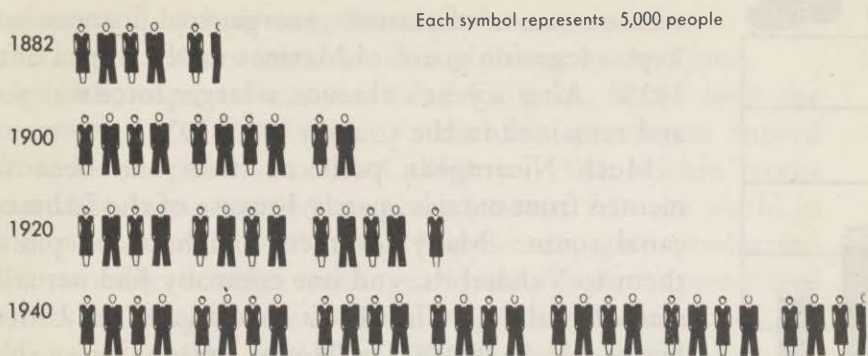


united against him, along with all of Central America, and he was finally overthrown in 1857, through the improbable combination of Commodore Cornelius Vanderbilt and an army brought in from Costa Rica.

Vanderbilt had a hand in the affair because, during the California gold rush, he ran a fleet of paddlewheelers from the Caribbean and across Lake Nicaragua. From there, passengers traveled in smartly painted blue coaches, drawn by fine horses, to San Juan del Sur on the Pacific, where they took ship for California. Walker made the mistake of playing a rival in the company against the old Commodore and cancelling the company's franchise.

Walker, reprehensible as he was, did succeed in uniting

POPULATION ESTIMATES OF NICARAGUA



Nicaragua—even if it was against him. Conservatives were elected and, for the next three decades, known to Nicaraguans as “*the thirty years*”, there was peace and development, with an effort on the part of the Conservatives to solve some of the chronic discord by separating the church and state. Rivalry between Granada and León, each of which thought it ought to be the capital, was eased by the choice of Managua, halfway between, in 1858.

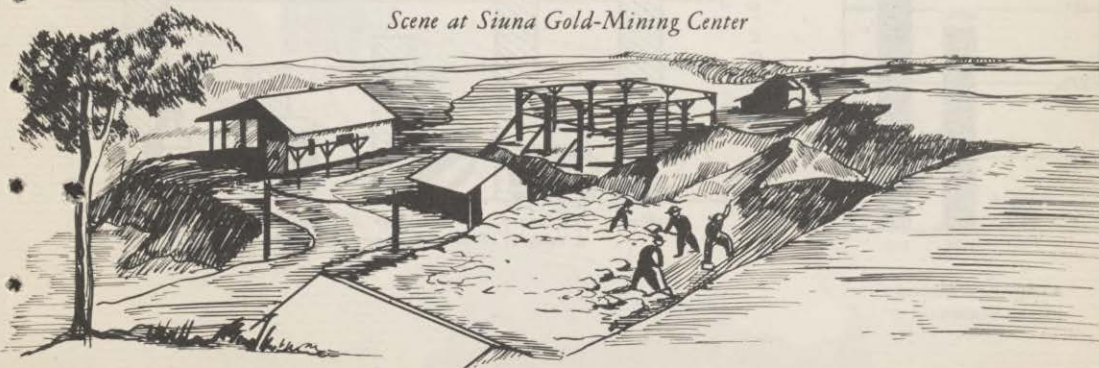
Along the Mosquito Coast, meanwhile, the British had established a protectorate, ruled by the English-speaking Kings of the Mosquitos, royalty who were descended from freebooters, Negroes and Indians. “*The thirty years*” was followed by the dictatorship of José Santos Zelaya who, ruthless with his enemies, did build up trade and, in 1894, overthrew the Mosquito Kingdom and forced the English to withdraw.

Civil strife had hampered production and increased the public debt to such an extent that by 1911 creditors were clamoring for satisfaction. The United States took over



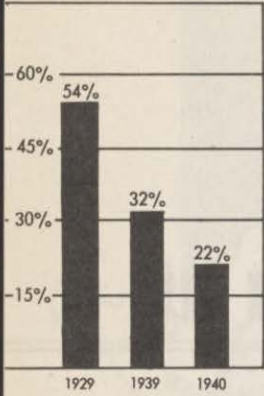
Sesame—The Plant and Fruit

Scene at Siuna Gold-Mining Center

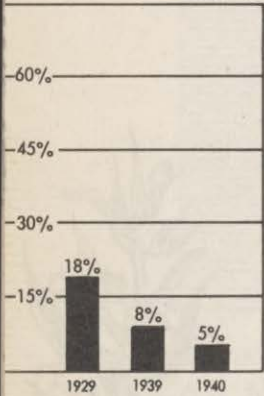


NICARAGUAN
EXPORT TRENDS

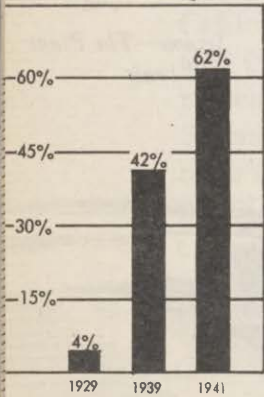
Coffee



Bananas



Gold



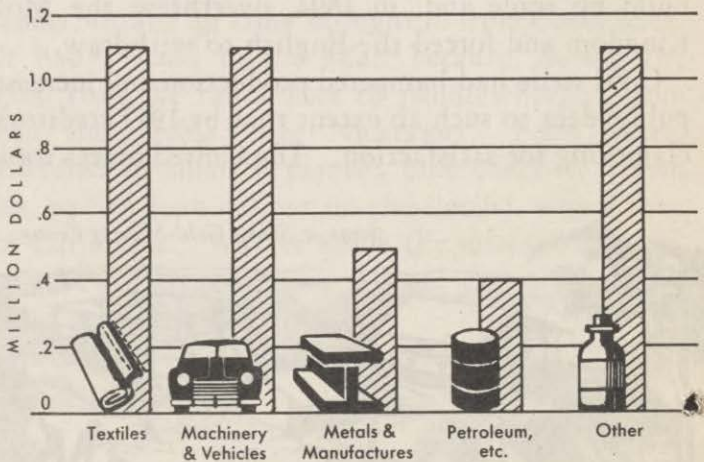
All figures in percent
of total exports

administration of customs, reorganized finances, and kept a legion guard of Marines in Nicaragua until 1925. After a year's absence, a larger force was sent and remained in the country until 1933.

Much Nicaraguan political strife had been fomented from outside, partly because of the isthmian canal route. Many contracts had been let, one of them to Vanderbilt, and one company had actually started building. In 1914 a treaty gave the United States, for \$3,000,000, a 99-year option, renewable, to build the canal and naval bases in the Gulf of Fonseca and in the Corn Islands. The route was surveyed in 1931, and a recent treaty between Costa Rica and Nicaragua provides for improving navigation on the San Juan River.

Nicaragua's president is General Anastasio Somoza, who has been in office since 1937. A belligerent in the First World War, Nicaragua declared war on Japan on December 9, 1941, and on the other Axis powers three days later. Defense sites for guarding the outer reaches to the Panama Canal have been leased to the United States and the Nicaraguan government is assisting United States

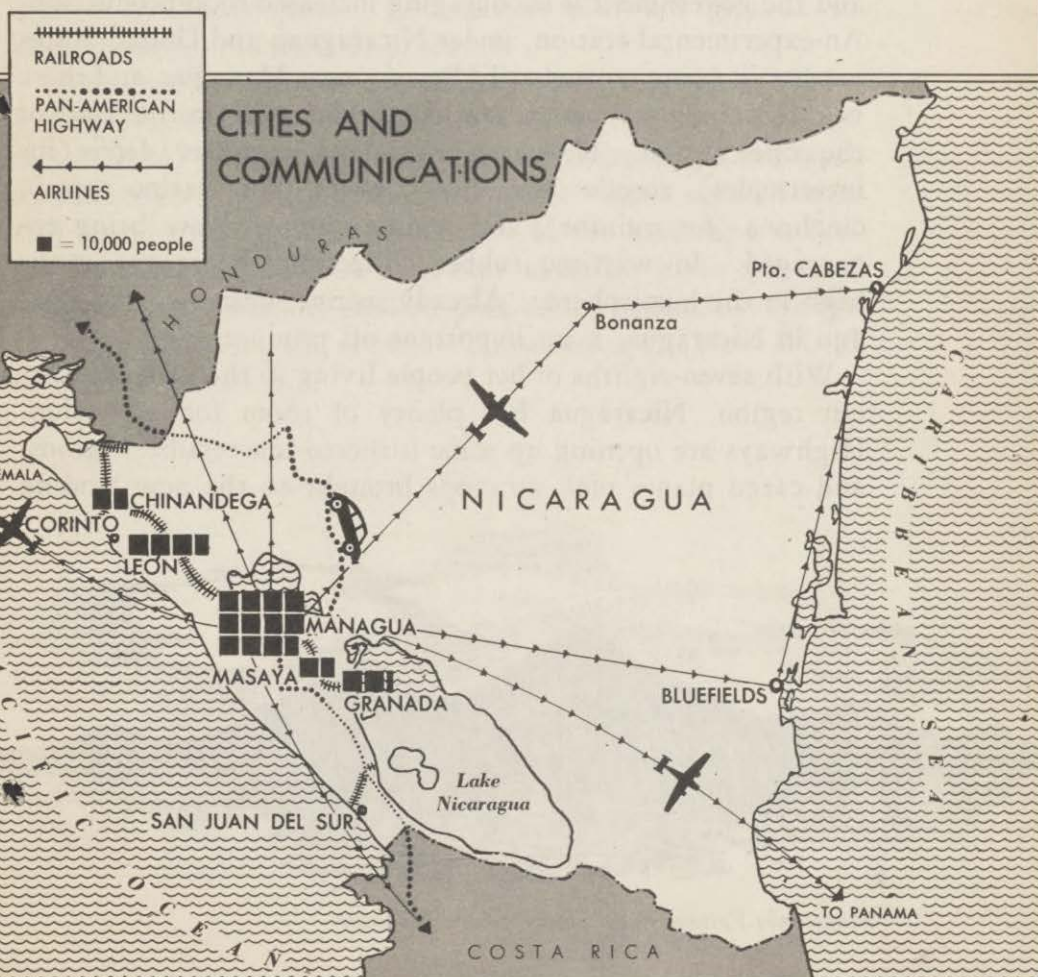
WHAT THE U. S. SELLS TO NICARAGUA 1939



engineers in completing Nicaragua's section of the Inter-American Highway from the United States to the Canal.

Spanish *conquistadores*, searching for gold, found only the ornaments of the Indians. Vanderbilt's passengers rushed across Nicaragua and on to California. Yet, within recent years, Nicaragua has become seventh country in the world in gold production. Within the last decade, gold production has virtually doubled each year until, from 5 percent of exports in 1930, it now is above 60 percent in value, and has outstripped coffee, traditional export leader. Airplanes fly into the modern mining centers, in the mountains and in the eastern lowlands, and new roads are opening up other gold regions. Gold-mining is government-regulated, and is largely done by big Canadian and United States companies.

Most Nicaraguans work the land. There are still many



great estates, given over generally to the production of fine-flavored coffee, and still the paradox of a relatively large urban population in an agricultural nation. Once the "granary of Central America", famous for its wheat (there are many abandoned flour mills in the interior highlands), Nicaragua is again trying, by increasing production of corn and rice, to regain this position. Some corn and rice are exported, as is sugar.

For a time the banana was king in alluvial valleys of the Caribbean region, but all except one of the large plantations have been abandoned because of the banana disease. Cattle have been important in the highland plateaus since colonial days. The grass is good, and the colonial *criollo* cattle, used for milk, beef and as work-oxen, thrive. A program of improvement is under way, with importations of breeding stock of Brown Swiss, Holstein and other types.

Most small farms are given over to subsistence agriculture and the government is encouraging increased food production. An experimental station, under Nicaraguan and United States experts, is being created at El Recreo, near Managua, and there is a Central Experimental Station at Masatepe, in the heart of the coffee region. New cash crops, such as rubber, derris (for insecticides), roselle (for fibers), abacá (for marine ropes), cinchona (for quinine), and sesame (for oils) are being encouraged. In wartime rubber collection, Nicaragua ranks high in the hemisphere. Already sesame, unknown six years ago in Nicaragua, is an important oil producer.

With seven-eighths of her people living in the narrow western region, Nicaragua has plenty of room for expansion. Highways are opening up some hitherto inaccessible regions, and cargo planes pick up crops brought to the new landing



Momotombo Volcano on the Shores of Lake Managua

fields by oxcart. The few factories process foods or turn out such consumer products as cement, textiles and matches. The eastern forests are full of hardwoods, and mahogany (for PT boats) is exported, although lack of adequate facilities for getting out logs has restricted cutting. The light-weight balsa wood, used for fuselages in many types of airplanes, is another export of wartime importance.

Health experts from the United States work with Nicaraguans on a cooperative health and sanitation program. Malarial control at the important port of Corinto, site of a United States naval base, has been completed, as have projects for protection of rubber tappers. The first of six projected health centers, that at Corinto, is now in operation.

To stimulate industrial production a law was passed in 1940 under which companies may obtain government loans to develop new business, provided 75 percent of the capital stock is owned by Nicaraguans. Concessions also are granted to develop forest and mineral products.

Managua, the capital, was almost completely destroyed by earthquake in 1931, although some of the colonial buildings were spared. In its rebuilding, it has become one of the most modern cities of its size in the hemisphere. León and Granada still retain their colonial character. In the handsome cathedral at León, which took a century to build, is the grave of Rubén Darío, foremost modern poet of the Spanish language and a leader among the writers who turned to the New World for their inspiration.

