

tically stopped, being confined to the requirements of the small groups settled in the immediate vicinity."¹⁷

A port created on one of the "lagoons" situated further to the north which, like that of Caceres, is connected with the River Paraguay, has suffered the same fate as Puerto Suarez. Dr. Cornelio Rios stated in 1925 that the best position for a port was on the Gaiba Lagoon, because the hinterland consisted of elevated and fertile land. In 1900 Puerto Quijarro had been founded there, and, according to the report made in 1901 by Captain H. Bolland, the results of the explorations which he had undertaken for the Bolivian Government on the upper course of the Paraguay and in the Gaiba Lagoon were entirely satisfactory, for the Upper Paraguay was undoubtedly navigable as far as the Gaiba Lagoon, the channel at all times of the year having a depth of not less than six feet.¹⁸ A syndicate known as the Bolivian Oil and Land Syndicate, founded in London in 1902, obtained from the Bolivian Government concessions which were transferred in 1926 to Bolivian Concessions Limited. These concessions, which covered about thirty million acres, gave the holders the right to prospect for oil and minerals and to construct a port at Gaiba and a railway connecting this port with Santo Corazón, with the possibility of extending it to Santa Cruz. In 1931, the company went into liquidation.¹⁹

In general all available information goes to show that, whereas the undertakings along the river south of Bahía Negra in the Paraguayan zone of occupation have made progress, the position is entirely different in the Bolivian zone of the north. The reason given by the Bolivians for this state of affairs is that they do not possess any outlet on the River Paraguay further south.

Chapter II

THE CHACO DISPUTE

In the first half of the nineteenth century there was no dispute between Bolivia and Paraguay concerning the Chaco. During the long dictatorship of Francia, her first President, from 1811, when Spanish rule came to an end, down to 1840, Paraguay existed in a state of complete isolation and deliberately held aloof from the outside world. After Francia's death, the Congress, assembled at Asunción, approved in 1842 the Act of Independence of the Republic. The communication of this act to foreign countries marks the recognition of the independence of Paraguay, who concluded with the Argentine in 1852 a Frontier and Navigation Treaty, Article 4 of which specifies that the "River Paraguay shall belong from bank to bank in full

¹⁷ Argentine Neutrality in the Conflict between Bolivia and Paraguay, publication of the Argentine Ministry of Foreign Affairs, 1933.

¹⁸ Dr. Cornelio Rios: *Bolivia en el primer Centenario de su independencia*, Buenos Aires, 1925.

¹⁹ Oil and Petroleum Year-book, 1928 and 1931.

sovereignty to the Republic of Paraguay down to its confluence with the Paraná."

The Bolivian Chargé d'Affaires at Buenos Aires immediately lodged a protest against this text, without awaiting instructions from his Government. He noted "that in this general declaration no mention has been made of Bolivia's right, as a riparian State on its western bank, to the River Paraguay between parallels 20, 21 and 22'." He therefore protested, on behalf of the Bolivian Government, against this provision in so far as it might tend to prejudice the absolute rights of the Bolivian nation in respect of the waters of the River Paraguay.²⁰

In the following year, Bolivia, by a decree which became law in 1855, declared the waters of all navigable rivers flowing through her territory into the Amazon and the Paraguay to be open to the trade and merchant shipping of the whole world. Furthermore, Port Magariños, on the Pilcomayo, Bahia Negra and Fuerte Borbón, on the western bank of the Paraguay, were declared to be free ports in Bolivian territory open to the trade and shipping of all merchant vessels irrespective of the flag they flew, their origin or their tonnage. Relying on Bolivia's undoubted right to navigate these rivers down to the Atlantic, the Bolivian Government invited all nations to make use of them and promised: (1) to grant in Bolivian territory from one to twelve square leagues of land to any individuals or companies who succeeded in reaching from the Atlantic any of the localities designated as ports, and who created agricultural and industrial establishments there; (2) to grant a bonus of 10,000 pesos to the first steamer which, coming up the River Plate, reached any one of the points mentioned.²¹

When this decree was published, Bolivia was not actually in occupation on the Paraguay either of Fuerte Borbón—now known as Olimpo—which the Paraguayans had continued to hold after the termination of Spanish rule, or of Bahia Negra to the south of the territory of which Oliden had taken possession in 1836 in the name of the Bolivian Government, and where he had remained for eight years. (In point of fact, the Bolivian Suárez Arana undertaking was only installed on the Bahia Negra in 1885.)

Magariños, on the Pilcomayo, was so named in memory of the explorer whom the Bolivian Government sent out in 1843 to survey the course of that river as far as Asunción, and who, on an expedition which did not achieve its purpose, founded a port on its banks.

While Bolivia was thus staking her claims, the Paraguayans, under the dictatorship of Carlos Antonio Lopez, founded a few settlements in that part of the Chaco which faced Asunción. The most important of these was *Villa Occidental*, founded in 1855, under the auspices of the Paraguayan Government, by French colonists. When these colonists left, the Paraguayans occupied "Nueva Burdeos," which became *Villa Occidental*.

²⁰ Miguel Mercado Moreira: *El Chaco Boreal*, La Paz, 1929, page 82.

²¹ *Ibid.*, page 75.

THE FIRST NEGOTIATIONS BETWEEN BOLIVIA AND PARAGUAY WITH A VIEW
TO SETTLING THE DISPUTE

After the war which Paraguay waged from 1865 to 1870 against the Triple Alliance (Argentine, Brazil and Uruguay), and which came to an end when she had lost practically the whole of her male population, she concluded in 1876 a Boundary Treaty with the Argentine whereby she finally recognized that the Chaco territory up to the main channel of the Pilcomayo (*i.e.*, the central Chaco to the south of that river) belonged to the Argentine. The territory lying between the main arm of the Pilcomayo and Bahia Negra was deemed to be divided into two parts: one situated between Bahia Negra and the Rio Verde, and the other situated between the Rio Verde and the main arm of the Pilcomayo, Villa Occidental being included in the latter. While the Argentine Government finally renounced all its claims to or rights over the first portion, the question of the ownership of or right over the second portion was submitted to the President of the United States of America for arbitration.

From the outset of Paraguay's conflict with her neighbors, Bolivia remained on her guard to ensure that the arrangements reached for the settlement of the conflict should not adversely affect what she believed to be her own titles to the Chaco. She still possesses documents—which need not be enumerated here—proving, as she believes, that her rights were not affected either by the Boundary Treaty of 1876 or by the arbitral award of President Hayes who, two years later, allotted to Paraguay the territory between the Rio Verde and the main arm of the Pilcomayo, including Villa Occidental (which out of gratitude to the arbitrator is now called Villa Hayes).

The first negotiations between Bolivia and Paraguay to determine their common frontier were, on the proposal of Bolivia, begun less than a year after President Hayes had given his award.

The Bolivian representative, Quijarro, arrived at Asunción in September 1879. Three weeks later, he signed with the Paraguayan Chancellor Decoud the first agreement for the settlement of the dispute. Before the beginning of the present century, two other agreements were drawn up. As it was impossible to secure the necessary ratifications, none of these agreements came into force.

These attempts to reach a settlement by compromise—each new attempt, it will be noted, is more advantageous to Paraguay than its predecessor—were subsequently regarded as dark pages in the national history of both countries. The negotiators were accused on both sides of having consented to a compromise which sacrificed indisputable titles. The real explanation of this attitude was that public opinion in both countries was becoming increasingly interested in the Chaco question; that ever wider research by historians and jurists brought to light documents from archives and furnished legal arguments which convinced both nations that they possessed rights

that were being disregarded by the other party, and that increased efforts were being made by both countries to establish themselves in the Chaco.

Thus, particularly from the beginning of the present century, the position grew more and more dangerous and became a cause of anxiety to the neighboring countries.

The three treaties are summarized in the following table:

Decoud-Quijarro Treaty
(1879)

Paraguay renounces, in favor of Bolivia, all rights to the territory lying between Bahia Negra (south of the 20th parallel) and the parallel which, starting from the mouth of the Rio Apa (south of the 22nd parallel) extends to the Pilcomayo. Bolivia recognizes that the southern portion down to the main arm of the Pilcomayo belongs to Paraguay.

Aceval-Tamayo Treaty
(1887)

The territory to the west of the River Paraguay is divided into three sections:

(1) The part between the main arm of the Pilcomayo and a parallel starting from a point on the bank of the River Paraguay opposite the middle of the mouth of the Rio Apa, and extending to the intersection of this parallel with Paris meridian 63°, which forms the western boundary of this section.

(2) The part between the above-mentioned parallel and the parallel which runs one league to the north of Fuerte Olimpo, as far as the above-mentioned meridian 63°, which forms the western boundary of this section.

(3) The part between the parallel running one league to the north of Fuerte Olimpo and Bahia Negra.

The first section is recognized as belonging to Paraguay, and the third to Bolivia. The question of the ownership of or rights over the second section is to be submitted for final decision to an arbitrator (the King of the Belgians).

Benites-Ichaso Treaty
(1894)

Bolivia and Paraguay agree to fix their frontiers definitively in the territory situated between the right bank of the River Paraguay and the left bank of the main arm of the Pilcomayo, by a straight line starting three leagues to the north of Fuerte Olimpo on the right bank of the River Paraguay and crossing the Chaco until it meets the main arm of the Pilcomayo where the river crosses Greenwich meridian 61° 28'.

PINILLA-SOLER PROTOCOL (1907), THE LAST ACT CONTAINING THE TERMS OF A SETTLEMENT BY COMPROMISE AND THE FIRST ACT FOR THE SETTLEMENT OF THE QUESTION OF THE "STATUS QUO"

The two parties having accepted the mediation of the Argentine Republic, their representatives, Dr. Pinilla (Bolivia) and Dr. Soler (Paraguay), signed

a new agreement at Buenos Aires on January 12, 1907. This act aimed at settling two questions: the "question of the frontiers between the two countries" and also "that of the *status quo* of their possessions" in the Chaco. The pushing forward of these possessions, and in particular of the Bolivian and Paraguayan "posts," which were drawing nearer and nearer to each other, appeared even then to constitute a danger to peace between the two countries—a danger which subsequent events have proved to be only too real.

The provisions for the settlement of the frontier question included an agreement to accept the arbitration of the President of the Argentine Republic in respect of the "zone between parallel 20° 30' and the line claimed on the north by Paraguay; within the territory between Greenwich meridians 61° 30' and 62°." Whereas the three previous treaties only required parliamentary ratification to bring them into force, it was stipulated that the agreement of 1907 must first be ratified, within a period of four months, by the two Ministries of Foreign Affairs and that then the "Arrangement for Limited Arbitration" should be signed by the two plenipotentiaries named (Dr. Cano and Dr. Dominguez). If either Ministry of Foreign Affairs failed to produce the above-mentioned ratification, the plenipotentiaries were to negotiate an agreement defining the zone which was to be the subject of an arbitral decision, the *status quo* referred to in Article 7 being meanwhile continued.

Article 7 specified that, pending the conclusion of the agreement, the contracting parties undertook "hereby to refrain from making any change or from pushing forward existing possessions." Under no circumstances was the *status quo* to be terminated sooner than twelve months from the date laid down in Article 3 (the article which stipulated ratification by the two Ministries within four months). The *status quo* was to be loyally observed under the guarantee of the Argentine Government.

The Pinilla-Soler Agreement was ratified by the two Governments. But almost as soon as the plenipotentiaries Cano and Dominguez began to negotiate, it was seen that they would never succeed in reaching agreement and in signing the "Arrangement for Limited Arbitration." The death of the Bolivian plenipotentiary in November 1907, followed in 1909 by the Argentine President's renunciation of his arbitral powers owing to the serious incidents which had occurred at La Paz when the award he had given in the Bolivo-Peruvian frontier dispute was announced, postponed indefinitely any prospect of arbitral settlement.

The provisions regarding the observance of the *status quo*, instead of bringing about improved relations as was intended, gave rise to a long quarrel which has continued to this day. One of Paraguay's main complaints is that Bolivia has not observed the *status quo* of 1907, the lines of that *status quo* coinciding—so Paraguay says—with those specified in the Pinilla-Soler Protocol for the limitation of the zone to be submitted to arbitration.

AYALA-MUJIA PROTOCOL (1913): FIRST ACT CONTAINING A SIMPLE UNDERTAKING FOR SETTLEMENT BY ARBITRATION AND MAINTAINING THE "STATUS QUO" OF 1907

In 1913, Dr. Eusebio Ayala, Paraguayan Minister for Foreign Affairs, now President of the Republic, and the Bolivian Minister, Dr. Ricardo Mujia, signed a new agreement at Asunción. The history of the negotiation of this agreement and its actual terms demonstrate the growing difficulties in the way of an understanding between the parties.

This agreement *ad referendum*, which was to be approved by the two Governments within four months, contained a simple undertaking to negotiate a final boundary treaty within two years from the date on which the agreement was approved. The first point to be examined was the possibility of a treaty by direct settlement, due regard being had to the commercial interests of the two countries. If unable to reach agreement by this method, the parties were to submit their boundary dispute to legal arbitration.

The next stipulation, which refers to the *status quo*, is regarded by Paraguay as confirming, and even as defining with greater clearness, the 1907 undertaking, which, so she contends, Bolivia has violated. It reads as follows:

Pending the conclusion of the direct agreement or the announcing of the arbitral award, the *status quo* stipulated in the Agreement of January 12, 1907, shall remain in force, the two parties declaring that they have not modified their respective positions since that date.

Stress is laid by Paraguay on the importance of the substitution of the word "positions" for the word "possessions," which appeared in the 1907 Agreement. "Positions," it is argued, is a military term, and in particular, according to Paraguay, the text quoted recognizes as illegal the construction of Bolivian posts east of the 62nd meridian, this being the western limit of the zone which, under the 1907 Protocol, was to be the subject of an arbitral decision.

Bolivia explains the substitution of the word "positions" for "possessions" as due purely to inadvertence. She has frequently protested against "the Paraguayan interpretation, which identifies the *status quo* line of the 1907 Protocol with the lines of the arbitration zone mentioned in this latter agreement, which was declared to have lapsed in 1913." Bolivia maintains "that, immediately after the Agreement of 1907, Paraguay began to construct railways, grant concessions with a lavish hand, and establish military posts outside the possessions which she was bound to respect in conformity with the *status quo*, and which have no connection with the arbitration lines mentioned in the agreement."²²

²² Circular letter from the Bolivian Ministry of Foreign Affairs of April 11, 1931, quoted by M. Enrique Finot: *Nuevos Aspectos de la cuestión del Chaco*, La Paz, N.D., page 392.

Article 5 of the Protocol of 1913 concerning the lapsing of the Agreement of 1907 reads: "In virtue of the foregoing clauses, which modify the stipulations of the Agreement of January 12, 1907, the high contracting parties agree to declare the said agreement to have lapsed."

THE PROTOCOL OF 1913 EXTENDED ON SEVERAL OCCASIONS

The two-year period stipulated in the 1913 Protocol for the negotiation of a boundary treaty was found to be too short. Negotiations began at Asunción in March 1915 between Dr. Mujia and the Paraguayan plenipotentiary, Fulgencio R. Moreno. In July, the plenipotentiaries signed a new protocol, extending that of 1913 until July 28, 1916, "the negotiators to conclude their work before this date by agreeing either upon a direct settlement or upon an arbitration treaty."

Negotiations were continued on the basis of this protocol and, after an exchange of memoranda, Dr. Mujia handed Dr. Moreno in November 1915 a voluminous historical and legal work, consisting of three volumes of exposition, five volumes of appendices, and various maps.²³

This was the definite beginning of the controversy concerning legal titles, the scope of the rule of the *uti possidetis* of 1810 in American law,²⁴ the interpretation of the acts of the Spanish Crown before that date, the narrations of the expeditions of the conquistadors, the evidence of explorers and that furnished by geographical maps. The dispute has never ceased since then. It has only become more and more bitter, because it has been accompanied by controversies, magnified by the press, over inaccurate or truncated quotations, tendentious interpretations and alleged deliberate "lies." This battle of historians and jurists, convinced of the justice of their own cause and of the adversary's bad faith, has helped to create the noxious atmosphere surrounding the dispute. In this atmosphere any compromise has become more and more difficult. Those who have suggested a compromise have been regarded as traitors to their country, and since arbiters, being but men and therefore fallible, may fail to recognize an incontrovertible right or may be inclined to pronounce a judgment of Solomon, arbitration itself has come to be regarded as a danger against which precautions must be taken by refusing to accept an arbitration agreement unless it affords a good prospect of pre-judging the award.

To reply to Dr. Mujia at sufficient length Dr. Moreno needed time,²⁵ and the period for concluding the negotiations was extended by a new protocol (1916), and then by two instruments signed by the two negotiators in 1917 and 1918. The final outcome was neither a direct arrangement nor arbitration, as had been provided for in the event of a direct arrangement being

²³ Ricardo Mujia, *Bolivia-Paraguay*. State Publications Office, La Paz, 1914.

²⁴ In her dispute with Paraguay, Bolivia has relied upon the principle of the *uti possidetis juris* of 1810, whereby the boundaries of the Spanish-American Republics are the boundaries corresponding to the former colonial demarcations from which they took their configuration, subject to the modifications made in some of these demarcations by the War of Independence. In Paraguay it is pointed out that, in her dispute with Peru, Bolivia upheld an entirely different principle—that of the *uti possidetis de facto*.

²⁵ Dr. Moreno's reply is contained in the publication by the Paraguayan Ministry of Foreign Affairs, *Cuestion de Límites con Bolivia, Negociaciones Diplomáticas (1915-1917)*, Asunción, 1917.

found impracticable. The undertaking as to the *status quo*, however, subsisted, and likewise the controversy concerning the observance of that undertaking.

BEGINNING OF SERIOUS MILITARY INCIDENTS IN THE CHACO (1927)

The first of the manifold serious incidents due to the pushing forward of the military positions in the Chaco took place in February-March 1927.

On February 26 a Paraguayan patrol was captured at the Bolivian fort, "Sorpresa." On the 27th, the Bolivian Chargé d'Affaires at Asunción protested against the violation of his country's territorial sovereignty. The patrol-leader, Lieut. Rojas Silva, was killed later when attempting, according to the Bolivian note of March 17, to escape, after wounding the sentry on guard over him.

This incident helped to raise the question of the *status quo* in an acute form. Paraguay stated that she would exact punishment if the patrol had exceeded its orders and crossed into the *status quo* zone of the 1907 Agreement west of the Greenwich meridian $61^{\circ} 30'$, but that if the patrol had been encountered east of the said meridian, it was "in territory unquestionably under Paraguayan jurisdiction" and the Bolivian army had violated Paraguay's territorial sovereignty.

PROTOCOL OF APRIL 22, 1927, AND THE NEGOTIATIONS AT BUENOS AIRES

In the course of the month following the death of Lieut. Rojas Silva, M. Diaz Leon, the representative of Paraguay, and M. Alberto Gutierrez, the Bolivian Minister for Foreign Affairs, signed a protocol at Buenos Aires by which both countries reiterated their acceptance of the good offices of the Argentine Government with a view to bringing about the cordial resumption of negotiations for the settlement of the boundary dispute.

When the two Governments had approved this protocol, their plenipotentiaries were to meet at Buenos Aires and decide upon the subjects to be considered in the course of their deliberations. The arguments or proposals to be put forward for determining the frontier line might include relevant legal documents or precedents, and also suggestions for a compromise solution or territorial compensation. It was further provided that if the plenipotentiaries failed to reach agreement on the final tracing of the frontier, they were to draw up a statement explaining the causes of their disagreement and specify the exact area which was to form the subject of an award by an arbitral tribunal, which they were jointly to designate.

Paraguay subsequently informed Bolivia of her view that the protocol should in no way affect the previous agreements and that it was on that condition that she was prepared to ratify it. Bolivia concurred, and this enabled Paraguay to ask the Conference of Buenos Aires to begin by examining the question of the *status quo* in force, to ascertain whether any advances or changes had been carried out by the parties, and, if so, to indicate the means of rectifying the situation.

The Conferences of Buenos Aires, which were opened in September 1927, adjourned from the end of December to March 15 of the following year and actually resumed in May of that year, only to be again adjourned on July 12, demonstrated, as the act of adjournment recognized, that the plenipotentiaries were unable "to reach agreement on the questions considered at the conference."

In Bolivia, Paraguay is accused of having caused the failure of the Buenos Aires Conferences by insisting on priority being given to the question of the *status quo*, just as later, when hostilities were already in progress, she was to insist on priority being given to the question of their cessation, the settlement of the substantive question being in both instances relegated to the Greek calends. In Paraguay, Bolivia is held to have brought about the failure of the Buenos-Aires negotiations by insisting, as she continued to do in the later stages of the dispute, on priority being given to the arbitral settlement and by proposing that such settlement be based upon principles which were unacceptable.

On the Bolivian side it is recalled that, on December 13, 1927, the Argentine Government, in its desire to find a way out of the deadlock prevailing after two months of discussion devoted in the main to the question of the priority of the *status quo*, made the following suggestion:

- (1) That Paraguay should consent to immediate arbitration on the substantive question;
- (2) That Bolivia and Paraguay should demilitarize all their posts or withdraw those that faced each other fifty kilometres to the rear, these measures to be applied under the supervision of a military commission from a third State;
- (3) That it should be laid down that any advance carried out by either country had created a *de facto* situation which, however, did not invest it with any legal right and which could not be relied upon before the arbitral tribunal in support of its claims.

In Bolivian quarters it is maintained that the foregoing suggestion was necessitated by the distaste which Paraguay had shown for arbitration on the substantive question, but that, although the suggestion was in principle accepted as a way out of the deadlock, "behind each new suggestion or formula it was always possible to detect the underlying idea of the Paraguayan plan for the withdrawal or abandonment of the posts."²⁶

In Paraguay it is the Bolivian Government which is held responsible for the failure of the conference, because that Government rejected Paraguay's proposal for arbitration on the question of the *status quo*, and, as a condition for arbitration on the substantive question, insisted upon proposals which Paraguay was unable to accept; at the same time, Paraguay was putting forward proposals which appeared inadmissible to Bolivia.

²⁶ Statement by the Bolivian delegate, M. Sanchez Bustamante, at the meeting of the conference held on June 18, 1928.

THE INCIDENTS OF DECEMBER 1928 IN THE CHACO

The profound disagreement recorded in the act of adjournment of the Conferences of Buenos Aires—for agreement appeared to be impossible either on the settlement of the substantive question or on the establishment of a *modus vivendi*—was to be still further accentuated when, in December 1928, serious incidents occurred at Vanguardia and in the Boquerón sector between Bolivian and Paraguayan military forces; as a result of these incidents the matter was taken up by the Council of the League of Nations, which was then in session at Lugano, and by the International Conference of American States on Conciliation and Arbitration, sitting at Washington.

SETTLEMENT OF THE INCIDENTS OF DECEMBER 1928. POSTPONEMENT OF A SETTLEMENT OF THE SUBSTANTIVE QUESTION

The Commission appointed by the International Conference of American States, on which were represented (in addition to the two parties) the United States of America, Colombia, Cuba, Mexico and Uruguay, was able, in September 1929, to settle the question of the incidents of December 1928 by conciliation, thus rendering unnecessary the report on the results of its enquiry which the Commission was to present only in the event of conciliation failing. The resolution of the Commission re-established the *status quo ante* as at December 5, 1928, by the handing over of Fortin Vanguardia to Bolivia and the abandonment by the Bolivian troops of Fortin Boquerón.

The resolution further stated in its preamble—a point to which Bolivia has not failed to draw attention on frequent occasions—that “the historical account of the facts reveals that the incident at Vanguardia preceded the events which took place in the Boquerón sector” and “the employment of coercive measures on the part of Paraguay in the Vanguardia incident caused the reaction of Bolivia.”

The neutral members of the Commission, “in order to prevent new conflicts and establish conciliation on firm and permanent bases,” further thought it “indispensable to procure a settlement of the fundamental question.” The two parties having agreed to the neutral Commissioners submitting a scheme of settlement for their consideration, the latter studied the various aspects of the problem, with the unofficial help of experts, geographers, economists, etc. They then sounded the Bolivian and Paraguayan delegations with a view to ascertaining their respective aspirations and suggesting to them a scheme for a direct settlement. The two Governments concerned declined to consider such a scheme, and the neutral Commissioners prepared a proposal for arbitral settlement in the form of a draft convention, which was transmitted to the two delegations on August 31, 1929.

Both delegations agreed in principle to the idea of arbitral settlement, but did not accept the draft convention. The efforts of the neutral Commissioners came to an end when the Bolivian delegation informed them that its full powers had expired, and that it could not in consequence communicate with

the Bolivian Government. At the same time, the neutral Commissioners, before separating, recommended their respective Governments to offer their good offices to the parties should the occasion arise when they could be of use.²⁷

PREPARATION OF NEGOTIATIONS FOR A PACT OF NON-AGGRESSION

The settlement of the incidents of December 1928 made possible the resumption of diplomatic relations between the two countries on May 1, 1930.

After the assumption of power by President Salamanca, the Bolivian Foreign Office sent a circular on April 11, 1931, to its legations in foreign countries, stating, amongst other things, that Bolivia and Paraguay would do well to prepare "a preliminary plan with a view to making, before anything else, a supreme effort at direct understanding and arbitration, and in the meanwhile ensuring the observance of an attitude of non-aggression, increasing harmony and security for judicial solutions."

Nine days later, the Government of Paraguay approached the Governments of the United States of America, Colombia, Cuba, Mexico and Uruguay, represented on the Conciliation Commission of 1929. It recalled the fact that these Governments had offered their good offices for the conduct of negotiations with a view to finding means of settling the frontier dispute with Bolivia, and confirmed its acceptance, on behalf of Paraguay, of these good offices. It added that, since a constitutional Government had taken the place of a *de facto* Government in Bolivia, the moment had arrived to ascertain whether the latter was or was not disposed to accept the good offices of the neutrals.

At the end of June, Bolivia again broke off diplomatic relations with Paraguay, having taken offence at statements made by the Paraguayan Chargé d'Affaires at Washington.

To the new offer of good offices made by the five neutral Governments, the Bolivian Government replied on July 24 that it was disposed to proceed immediately with the study, not of a settlement of the substantive question, but of "a pact of non-aggression in the Chaco, ensuring international peace and tranquillity, with a view to entering into negotiations—thanks to a regime conducive to peaceful settlement—having as their object an equitable and final settlement of the territorial dispute."

On August 21, the Paraguayan Government declared its readiness to consider a pact of non-aggression, and appointed its plenipotentiaries on October 7.

CONFERENCES HELD AT WASHINGTON WITH A VIEW TO THE CONCLUSION OF A PACT OF NON-AGGRESSION

Negotiations began on November 11, 1931, in Washington. In the previous month, Bolivia had reported two Paraguayan attacks on the post of

²⁷ The work of the Commission of Inquiry and Conciliation is to be found in an important document published in English and Spanish, in which the League of Nations Commission has found documentary material of the utmost value—namely, the Proceedings of the Commission of Inquiry and Conciliation, Bolivia and Paraguay, Washington, 1929.

Agua Rica, and it had been thought that the conference would not be able to take place.

From the outset of the conference, deep-seated divergences were apparent in the view of the Bolivian and Paraguayan delegations as to what the pact of non-aggression should be. In the eyes of Bolivia, its primary purpose should be to prohibit attack or invasion of the positions at present held in the Chaco. In the eyes of Paraguay, its purpose should be to stipulate for the abandonment by Bolivia of all the positions held by her in the zone adjudicated by President Hayes' arbitral award to Paraguay, together with a return to the *status quo* for which the Agreement of 1907 provided. Bolivia, at the conferences held in Buenos Aires, had already contested, not merely the interpretation given by Paraguay to the agreement, but the validity of the agreement itself.

Bolivia wished the treaty to be for a brief period only (one year), for the reason that, "by putting a truce to the grave apprehensions of the two countries, it would prepare the way for a future settlement of the old controversy." In Paraguay's view, what was required was the establishment of "a *modus vivendi* based, not on the position of fact, but on the rights of the parties, to last as long as the controversy on the substantial question should continue."

Bolivia accused Paraguay of endeavoring, by the submission of proposals of this kind in connection with the study of a simple agreement of non-aggression, not merely to raise the question of the conflict itself in its fundamental aspects, but also to settle the conflict in its own interest. "Paraguay," said Bolivia, "has put forward her proposals with the secret design of bringing about the failure of the negotiations."

Paraguay, for her part, stated that she was unable to conceive of a pact of non-aggression based on a situation tantamount to permanent aggression, to which it was essential at the outset to put a stop. "Such a pact would only serve to consolidate with the lapse of time improper occupations, by rendering a solution of the substantive question more difficult as the result of the creation of interests of all kinds."

In order to find an issue out of the deadlock to which the conversations begun in November 1931 were tending, as previous conversations had done, the President of the Conference, Mr. White, handed to the two delegations the draft of a pact of non-aggression; but the news from the Chaco again compromised the success of the negotiations, this time definitively.

BEGINNING OF THE PRESENT HOSTILITIES (JUNE 1932)

It was at this juncture that incidents occurred in the Chaco which, though not in themselves so serious as those of December 1928, were nevertheless followed—in default of a settlement—by more serious developments leading up to the hostilities which are still proceeding.

On July 6, the Paraguayan Minister for Foreign Affairs notified the lega-

tions of the countries represented on the Commission of Neutrals that, on the morning of June 15, Bolivian forces had taken by surprise the post of Carlos Antonio Lopez (formerly Pitiantuta). The Paraguayan Government, on being informed by Colonel Estigarribia, commanding the First Division, sent a commission to the spot, which confirmed the facts. Accordingly, the Paraguayan Government withdrew its delegates from the Conference in Washington.

At the request of the neutrals, the Paraguayan Government furnished the following additional particulars on July 15. The Carlos Antonio Lopez post, situated approximately in longitude 60° 20', to the north of the parallel passing through Fuerte Olimpo and the bank of the Pitiantuta Lagoon, was held by five soldiers and a corporal. During the attack, the corporal and one soldier disappeared, while the others made their way through the bush and arrived three days later at the quarters of the Coronel Toledo regiment, some 150 kilometres away. The Divisional Commander, Lt.-Col. Estigarribia, sent a patrol to the spot, and in a reconnaissance on June 29, in the course of which two men were killed, the patrol ascertained that the post was held by some 200 Bolivians.

According to the version supplied by Bolivia to the neutrals, a Bolivian detachment occupied the west bank of the Chuquisaca Lagoon, in the centre of the Chaco, on June 15. It found only two empty huts. On the 29th, the Bolivian detachment was attacked by fifty Paraguayans, losing one officer and three men in the engagement.

The two Governments did not immediately report these initial incidents to the Council of the League. The Council was merely informed by the Bolivian representative of the subsequent attack on July 15, in which, according to the Bolivian version, the Bolivian detachment on the Chuquisaca Lagoon was again attacked, this time by 500 Paraguayans "with a fair amount of artillery in support." The Bolivian detachment retired with some loss.

This engagement of July 15 is described by the Paraguayans as the recapture of the Carlos Antonio Lopez post.

On July 20, at the instance of the neutrals, the Paraguayan Government telegraphed to its delegates to return to Washington. Four days later Bolivia finally withdrew from the conference, after protesting against the Paraguayan attack of the 15th.

In the course of the following months, during which further serious incidents occurred in the Chaco, the neutrals made various proposals to the two parties, which were not accepted.

SUPPORT GIVEN TO THE WASHINGTON COMMISSION OF NEUTRALS BY THE
COUNCIL AND AMERICAN STATES

In a letter addressed to the Secretary-General on July 29, and subsequently communicated to the delegates of Bolivia and Paraguay, M. Matos (Guatemala), the President of the Council, requested the two Governments

to lend all possible assistance to the other American Republics, which were endeavoring to restore a peaceful atmosphere in the spirit of the Covenant of the League.

On August 1, the President of the Council sent a telegram to Asunción and La Paz recalling that, on the occasion of the incidents of December 1928, the Council had obtained from the two Governments a solemn promise to have recourse to a procedure of pacific settlement in conformity with the Covenant and to take urgent measures to prevent fresh incidents liable to compromise the success of any pacific procedure. The President of the Council addressed an urgent appeal to the two Governments to lend themselves to the moderating action of friendly nations and to seek a settlement of their dispute without departing from peaceful methods.

On August 3, the representatives of the nineteen American Republics met in Washington and addressed to the Governments of Bolivia and Paraguay the following message:

Respect for law is a tradition among the American nations, who are opposed to force and renounce it both for the solution of their controversies and as an instrument of national policy in their reciprocal relations. They have long been the proponents of the doctrine that the arrangement of disputes and conflicts of whatever nature or origin that may arise between them can only be sought by peaceful means.

The history of the American nations shows that all their boundary and territorial controversies have been arranged by such means. Therefore, the nations of America declare that the Chaco dispute is susceptible of a peaceful solution, and they earnestly request Bolivia and Paraguay to submit immediately the solution of this controversy to an arrangement by arbitration or by such other peaceful means as may be acceptable to them.

As regards responsibilities which may arise from the various encounters which have occurred from June 15 to date, they consider that the countries in conflict should present to the Neutral Commission all the documentation which they may consider pertinent and which will be examined by it. They do not doubt that the country which this investigation shows to be the aggressor will desire to give satisfaction to the one attacked, thus eliminating all misunderstanding between them.

They furthermore invite the Governments of Bolivia and Paraguay to make a solemn declaration to the effect that they will stop the movement of troops in the disputed territory, which should clean up the atmosphere and make easy the road to the solution of good understanding, which America hopes for in the name of the permanent interests of all the countries in this hemisphere.

The American nations further declare that they will not recognize any territorial arrangement of this controversy which has not been obtained by peaceful means nor the validity of the territorial acquisitions which may be obtained through occupation or conquest by force of arms.

On August 6, the four neighboring States (the Argentine Republic, Brazil, Chile and Peru) signed an agreement at Buenos Aires, in which, without expressing any opinion as to the origin of the conflict or the responsibility for the incidents by which it had been marked, they invited Bolivia and Paraguay to make a supreme effort at reconciliation by abandoning their warlike attitude, putting a stop to mobilization in all its forms and preventing the outbreak of war. The four Governments jointly offered their good offices to both nations and stated their willingness to receive and take appropriate ac-

tion on any suggestions or proposals which the parties might wish to put forward for an amicable arrangement, in accordance with the declaration signed on August 3 by nineteen American countries and in consultation with the Commission of Neutrals. The four signatory Powers also undertook to continue their joint action and to offer their support and coöperation to the Commission of Neutrals sitting in Washington, with a view to using their influence as neighboring countries to prevent war between the Republics of Bolivia and Paraguay.

On September 10, the President of the Council, in view of press reports to the effect that the situation was being further aggravated, asked the Secretary-General to forward a new appeal to the Governments of the two countries. Referring to their declarations that they intended to seek a pacific settlement of their dispute and to the efforts being made in America to arrive at a peaceful solution, he expressed the hope that the two Governments would shortly communicate, for the information of his colleagues on the Council and the members of the League, the measures which they intended to take to put an end to a situation which was dangerous to peace.

On September 12, the Government of Paraguay replied to this appeal and stated that Paraguay had refrained from resorting to the League owing to the fact that the Commission of Neutrals was continuing its mediation. It had accepted all the procedures proposed to avoid armed conflict, as well as arbitration or the jurisdiction of the Hague Court for a settlement of the dispute. It had just informed the neutrals of its readiness to accept a suspension of hostilities.

On September 13, the Bolivian Minister for Foreign Affairs stated that his Government had reiterated its acceptance of the truce proposed by the neutrals in order to seek fundamental solutions. He declared that Bolivia was standing on the defensive and that the cessation of hostilities did not lie in her hands.

When the Council met on September 23, it declared its readiness to assist the efforts of the American Republics to bring about a peaceful settlement, and decided to appoint a committee of three members (Irish Free State, Spain, Guatemala) to follow developments.

END OF THE NEGOTIATIONS AT WASHINGTON

In spite of the support which it thus received, the efforts of the Commission of Neutrals failed. Following the specific proposal for the cessation of hostilities and the settlement of the dispute which this Commission made to the parties on December 15, the Government of Paraguay withdrew its delegation and thus put an end to the Washington negotiations.

On December 31, the Commission of Neutrals informed the Council that it had asked the four countries adjacent to Bolivia and Paraguay what steps they would be prepared to take in order to prevent further bloodshed. The Commission of Neutrals was convinced that, by concerted efforts, the nations of America could safeguard peace in that hemisphere, and it therefore re-

quested the active coöperation of the four countries nearest the scene of hostilities.

THE COMMITTEE OF THE COUNCIL CONSIDERS THE QUESTION OF SENDING OUT A COMMISSION. THE PROPOSAL IS ADJOURNED

After the breakdown of the negotiations at Washington, the committee of three members appointed to follow the question considered whether it should ask the Council to send out a commission to the scene of the conflict. On being consulted on this point, however, the representatives of Bolivia and Paraguay pointed out that a new concerted effort was being made by the neighboring countries, more especially the Argentine and Chile, in coöperation with the Commission of Neutrals at Washington. While thus approving in principle the suggestion made by the Committee of the Council, the two Governments agreed that its application should be postponed.

THE QUESTION OF THE SUPPLY OF ARMS AND WAR MATERIAL TO BOLIVIA AND PARAGUAY

The Council took note of this agreement between the parties and, pending the result of the fresh intervention of which it was informed, proceeded to consider a question to which its committee had called attention as far back as November 1932. Bolivia and Paraguay had each expressed the fear that the suspension of hostilities might enable the other to rearm. As, however, neither country produces arms and war material, any increase in their military strength depends on shipments from abroad.

On February 25, 1933, the Governments of the United Kingdom and France stated, in a memorandum, that hostilities between Bolivia and Paraguay continued and were even becoming more acute, that the Council had not been able to determine whether or in what measure the two States had complied with the obligations devolving upon them under the Covenant, but that, in spite of the difficulties of that situation, it was bound to take measures designed to safeguard effectively peace amongst nations. In that connection, the suggestions of the Committee of Three concerning arms and war material might be effective if all States joined in their application. The Governments of the United Kingdom and France were prepared, so far as they were concerned, to give effect to these suggestions and to consult the States not members of the League whose coöperation was essential in the matter. They proposed that the Council should study measures which, in application of Article 11 of the Covenant, might be suggested with a view to preventing the supply of arms and war material to Bolivia and Paraguay.

THE DISPUTE SUBMITTED TO THE COUNCIL UNDER ARTICLE 11 BY THE MEMBERS OF THE COMMITTEE OF THREE

As hostilities continued in the Chaco, the representatives of the Irish Free State, Spain and Guatemala, members of the Committee of Three, asked, on

March 6, that the question of the dispute between Bolivia and Paraguay, which the Council had so far considered in virtue of its powers under Article 4 of the Covenant, should be placed on the Council's agenda under Article 11.

FAILURE OF THE EFFORTS BASED ON THE ACT OF MENDOZA

When the Council met on March 8, it had before it a summary of the confidential Act of Mendoza of February 2, which had been communicated to the parties on the 24th and forwarded on March 1 by the Bolivian Government with the following comment:

On receiving these confidential proposals, we have given evidence of our intention to consider them in the best spirit, although they arrive on the eve of the declaration of war announced by Paraguay.

This last statement referred to the message which, on the very day of the signature of the Mendoza Agreements, the Paraguayan Executive had addressed to Congress, asking for authority to declare a state of war with Bolivia. That authority was granted on March 8.

Apart from the question of the supply of arms, which was discussed by its members, the Council considered that the first step it could take under Article 11 of the Covenant would be to obtain as quickly as possible all official information regarding what had happened concerning the Mendoza proposals.

Those proposals, the text of which had been drafted by the Argentine and Chilian Foreign Ministers, M. Saavedra Lamas and M. Cruchaga Tocornal, during their conversations on February 1 and 2, were designed to secure both a settlement of the substantive question by arbitration and the final cessation of hostilities.

With regard to the settlement of the substantive question, all matters arising in connection with the final settlement of the Chaco dispute were to be submitted to legal arbitration. In case of difficulty in determining the zone in dispute or submitting any particular point to arbitration, it would be suggested that the Permanent Court of International Justice be asked for an advisory opinion.

Further, the two parties would at once declare hostilities at an end, and would agree (1) to withdraw their troops—Bolivia to Ballivian and Robore, and Paraguay to the River Paraguay; (2) to reduce their armies to peace strength, and consequently to demobilize.

In addition, in the Final Act of Mendoza, the Argentine and Chilian Foreign Ministers agreed more particularly to recommend that, in the capital of one of the countries bordering upon the contending countries, an economic conference should be held which would consider, in respect of countries occupying a landlocked position or frontier regions in a similar situation:

- (1) The establishment of a transit trade system by land and water, to develop trade between the landlocked countries and the maritime countries;

(2) The study of possible agreements relating to rail or road communications for the different geographical areas of certain of those landlocked countries, or for frontier regions in a similar situation;

(3) The drafting of an agreement between the riparian States of certain international rivers for the purpose of improving their navigability.

The Act of Mendoza was communicated to the Brazilian and Peruvian Governments, and the four neighboring States agreed to deliver copies of it to the Bolivian and Paraguayan Governments on February 24.

On the 27th, the Paraguayan Government accepted the bases suggested in the Mendoza formula, but proposed certain amendments. In the arbitration formula, it wished to substitute for the words "zone in dispute" the words "specific subject of the dispute," observing that, from its point of view, there was no question of a "zone," but only of "boundaries," and that, consequently, any reference to a zone would be equivalent to prejudging the question. With regard to the withdrawal of the Bolivian troops, it raised no objection to their withdrawal in the north to Robore, but for its own safety it demanded that, in the west, they should evacuate Bolivian and withdraw to the edge of the Chaco—*i.e.*, to Villa Montes. As to the limitation of effectives, Paraguay asked that both countries should reduce them for five years to the minimum required to assure the internal security of each. She also desired an international enquiry to determine the aggressor and the responsibility.

Lastly, in some observations and suggestions appended to its reply, the Paraguayan Government remarked that, in its opinion, the clauses dealing with the cessation of hostilities and with security must be put into execution forthwith if the action was to be successful.

The Paraguayan Government pointed out that the arbitration procedure would naturally take time. It must be borne in mind that the arbitration agreement (constitution of the court, definition of the matter in dispute, procedure, and other details of the arbitration) would have to be embodied in a treaty subject to ratification by the legislature, at all events according to the Constitution of Paraguay. On the other hand, the cessation of hostilities and the system of security could be dealt with in an agreement and be put into effect by the Governments without the prior sanction of their Congresses.

On March 1, Bolivia announced her reply.

For the purposes of arbitration, all previous diplomatic projects and acts were to be considered non-existent; the question was to be settled by arbitration in accordance with the principles of the declaration of the American nations dated August 3, 1932, and the award was to apply the principle of the *uti possidetis juris* of 1810; the territory to be arbitrated upon was to be awarded to the country which had the better titles, all validity being denied to acts of force and occupation: it was to include the Hayes zone, and to be

bounded on the east by the River Paraguay, on the south by the Pilcomayo, on the north by latitude 21°, and on the west by longitude 59° 55' west of Greenwich.

When an agreement had been reached on these points, consideration would be given to such cognate questions as the details of the armistice, the body to be entrusted with the arbitration, and the exchange of prisoners.

In order to assist the neighboring States in carrying out the mission they had undertaken, the Bolivian Government expressed in advance its views on these questions: as regards the cessation of hostilities, Bolivia reiterated her view that each party should maintain the positions it occupied at the time of the armistice; with regard to arbitration, Bolivia would propose that it be entrusted to the Presidents of the Supreme Courts of Justice of the American States.

The representatives of the neighboring countries and the United States appealed to the Paraguayan Government to withdraw its amendments in order to facilitate the acceptance of the Act of Mendoza. The Paraguayan Government withdrew its reservation concerning the retirement of the Bolivian troops at Ballivian. As to the other amendments, it would agree to their being considered at a later stage, when the arbitration agreement came to be negotiated.

Representations were then made to Bolivia to induce her to accept the Act of Mendoza. These requests failed, and the correspondence between the Bolivian and Argentine Governments in that connection was such that when, at the beginning of May, the Secretary-General of the League of Nations appealed to the Argentine and Chilean Governments and to the Washington Commission of Neutrals, on behalf of the Committee of the Council, to support the efforts that the latter intended to make, the Argentine Government replied that it would be pleased to cooperate to the utmost with the Council, once the Bolivian Government had given a satisfactory reply to its note of May 8.

FURTHER EFFORTS BY THE NEIGHBORING STATES

As has been mentioned in the introduction to the present report, the neighboring States subsequently made a further effort after the Council had decided, at the request of the two parties, to postpone the despatch of the Commission and to propose that the neighboring States should endeavor to suggest a formula such as would establish a just and lasting peace.

The unsuccessful efforts made by the neighboring States in August and September 1933 are described in the documents which M. de Mello Franco, Brazilian Minister for Foreign Affairs, who presided over the neighboring States, transmitted to the Council in their name, and which he was good enough to communicate personally to the members of the Commission on October 31.

The initial point for the Commission's work was the situation found to

exist by the neighboring States when they declined the Council's invitation. Hence, before we describe the Commission's activities, it will be desirable to recall with special care the main lines of the proposals made by the neighboring States and their reception by the parties.

On August 25, 1933, the neighboring States, after conferring together, proposed that the two parties should sign an instrument expressing their readiness to submit the whole question of the Chaco to legal arbitration. By the instrument establishing arbitration, the parties were to undertake to stop military operations as soon as they had signed the said instrument. They were to accept the moral guarantee offered by the neighboring States for the complete execution of the above-mentioned plan.

Following the signature of the proposed instrument, the two parties were to agree upon a South American capital as the seat of a conference to meet under the auspices of the A.B.C.P., in order to reach a final settlement of the questions that had led to the conflict.

On September 1, the Bolivian Government, in agreement with the parliamentary commissions, put a preliminary question, through its Minister at Rio de Janeiro, to the chairman of the representatives of the neighboring States as to the words "whole question of the Chaco." If the expression could bind the parties to submit indeterminate areas of their territory to arbitration or cause the disputed zone to be fixed by previous arbitration, this would be incompatible with the position maintained by Bolivia throughout the negotiations.

According to the telegram²⁸ sent to his Government by the Bolivian Minister at Rio de Janeiro on September 2, M. de Mello Franco informed the Bolivian Minister that he was bound to place the question asked by Bolivia before the A.B.C.P., but that if Bolivia adhered to her point of view the effort at mediation would fail, because Paraguay, as she had already stated, would never accept arbitration upon a specified zone. In view of this situation, M. de Mello Franco desired to transmit, together with Bolivia's question, a Brazilian suggestion which would make it possible to overcome the difficulty and to summon the conference immediately. He also desired that this suggestion should take into account the Bolivian point of view.

As the Brazilian Minister at La Paz had just informed him that the Bolivian Government would consent to the fixing of an extensive area within which the zone to be arbitrated upon would be determined and that it could agree to this area being the area proposed by the neutrals in 1932—*viz.*, that bounded by parallel 20°, by meridian 62°, and by the Rivers Paraguay and Pilcomayo—M. de Mello Franco made the following proposal: when transmitting the question put by Bolivia, he would suggest to the other representatives of the neighboring States that the area described above should be declared to be the disputed territory. The two belligerents would recognize

²⁸ *El mandato de la Liga de las Naciones al A.B.C.P.*, publication of the Ministry of Foreign Affairs, La Paz, 1933.

this area as being the disputed territory and would at the same time sign an armistice for thirty days, which would be renewable. Plenipotentiaries of the two parties would immediately meet in conference to determine the zone to be arbitrated upon within the said disputed territory. If within thirty days agreement had not been reached on this point, the A.B.C.P. would determine the zone in question, the armistice in that case being automatically renewed for a further thirty days.

On September 5, the Bolivian Government accepted the Brazilian suggestions, with the following modifications:

(1) The disputed territory to be the territory bounded by the parallel passing 25 kilometres south of Bahia Negra, by meridian 61°, and by the Rivers Paraguay and Pilcomayo;

(2) Within this territory the plenipotentiaries of the parties, meeting immediately at Rio de Janeiro under the auspices of the A.B.C.P., to fix within thirty days the territory to be arbitrated upon, at the same time laying down effective conditions for prompt arbitration and for the loyal execution of the award;

(3) If no agreement could be reached between the parties regarding the territory to be arbitrated upon within the aforesaid period, the disputed territory described above was to be submitted to legal arbitration, the conditions for ensuring such arbitration being agreed upon by the plenipotentiaries;

(4) When the agreements regarding the territory to be arbitrated upon and the terms of arbitration had been duly approved by the two Governments, hostilities were to be suspended, the two parties to remain in their positions until the arbitral award was pronounced;

(5) This procedure was not to preclude proposals for a settlement by compromise.

On September 7, M. de Mello Franco called together the representatives of the neighboring States, and subsequently despatched to the Brazilian Legation at Asunción a telegram announcing that he had put before them certain preliminary bases for the settlement of the Chaco question, in particular:

(1) That if the A.B.C.P. States accepted the invitation from the League Council, the belligerents should be convened to a peace conference at which the following plan would be discussed. The expression "the whole question of the Chaco" contained in the telegram sent to the belligerents on August 25 was to be taken to mean that the dispute related to a vast territory which might be regarded as representing the maximum specific subject of the dispute, and within which, by the methods suggested below, the territory to be submitted to arbitration would be fixed. The limits of the disputed territory might be the following: to the north, parallel 20°; to the south, the River Pilcomayo; to the east, the River Paraguay; and to the west, meridian 62°;

(2) That the plenipotentiaries of Bolivia and Paraguay, met in conference as proposed above, would fix, within these limits and within a period not exceeding thirty days, the territory to be submitted to arbitration;

(3) That if no agreement was reached between the parties within the

period fixed above, the territory in question was also to be determined by arbitration;

(4) That hostilities were to be suspended immediately upon the approval by the two Governments of an agreement which would precede and make possible the opening of the peace conference; by this agreement they would undertake to accept procedures of conciliation and arbitration, in accordance with the recent proposal of the Chilean Minister for Foreign Affairs, and to accede to the anti-war pact prepared by the Argentine Minister for Foreign Affairs. The parties were to remain in the positions occupied by them until the final arbitration agreement had been signed.

On September 8, the Paraguayan Government sent a reply, not to the Brazilian additional suggestion mentioned above, but to the original proposal made by the four Powers on August 25. It stated:

(1) That it intended to submit the questions connected with the Chaco dispute to legal arbitration and was prepared to sign an instrument declaring that such was its intention;

(2) That it was prepared to undertake in the same instrument to terminate, *ipso facto*, military operations;

(3) That it accepted the moral guarantee offered by the mediating States for carrying through the proposed plan, without prejudice to other effective means of preventing a resumption of hostilities and ensuring the tranquil course of the subsequent negotiations.

On September 15, the Brazilian Minister at Asunción telegraphed to M. de Mello Franco the reply of Paraguay to the new Brazilian suggestion.

Paraguay contended that, in the A.B.C.P. proposal, the words "the whole question of the Chaco" were not open to interpretation in the manner suggested by Brazil. The Chaco, Paraguay argued, was a territory with natural boundaries that could be determined by appropriate methods. It could not therefore be cut down to mean the territory between parallel 20° and the River Pilcomayo, and between meridian 62° and the River Paraguay. To admit this suggestion would be tantamount to curtailing the rights upheld by Paraguay and would at the same time make large concessions to the Bolivian claim. The object of Bolivia had throughout been to obtain an area in the Chaco without arbitration of any kind. The proposal now put forward rendered this possible at the expense of Paraguay's rights, which she was not prepared to surrender. It was incorrect to speak of "the whole question of the Chaco" if it were to be thus limited in favor of Bolivia. To claim to indicate beforehand the limits of the zone which was to be submitted to arbitration was neither reasonable nor likely to promote the success of the present efforts. In the Paraguayan view "the whole question of the Chaco" was identical with the entire dispute existing or capable of arising in virtue of the conflict between the two countries, whether in respect of territory, frontiers or responsibility, or any other matter connected with the conflict.

As to the proposal to suspend hostilities, leaving the armies in position pending the signature of the definitive arbitration agreement, that was in

accordance with the Bolivian claim to negotiate under armed pressure. So long as the armies remained confronting one another, there would also be danger of a resumption of hostilities in the event of disagreement. In the opinion of the Paraguayan Government, the new proposal was not in accordance with the proposal of August 25. It was a proposal for the suspension of hostilities and not for the close of operations. The result would be that the negotiations would take place during a precarious armistice. Real peace could only be reestablished by the signature of the arbitration treaty—and that would be months, or years, later.

Paraguay accordingly adhered to the reply made by her to the proposal communicated on August 25 by the four neighboring States.

As, on the other hand, Bolivia was not prepared to accept the proposal of August 25 unless supplemented by the Brazilian suggestions of September 1, and amended in the manner indicated by Bolivia herself on August 5, all attempts to bring together the very divergent views of the Governments remained vain.

When the President of the Argentine Republic visited the President of the United States of Brazil a few days later, the possibility of suggesting a new peace formula was considered in the course of the conversations on that occasion at Rio de Janeiro.

This attempt marked the close of the efforts of the neighboring States.

From the study of the latest documentary material and the additional explanations furnished to it, the Commission was in a position to draw the conclusion, before it began its labors, that the two countries had become more and more uncompromising in their views in the course of years of fruitless negotiations, and that war had rendered the national standpoints even more unalterable. Paraguay was not prepared to negotiate a settlement of the substantive question so long as hostilities continued, while Bolivia insisted that a final agreement must ensure such a settlement.

Chapter III

THE COMMISSION'S WORK FOR A SETTLEMENT OF THE CONFLICT

In the introduction to this report, reference has been made to the terms of the reports of May 20 and July 3, 1933, and January 20, 1934, in which the Council defined the Commission's terms of reference.

Inasmuch as the Council reserved the option of calling upon it later for "an enquiry into all the circumstances of the dispute, including the action of the two contending parties"—a question which will be dealt with in Chapter IV—the Commission was essentially a negotiating commission, with the task of endeavoring to bring about the cessation of hostilities, which had begun in June 1932, and the settlement of the dispute, which dated from the last century.