Soft “Nation-Building”

The Economic Weapon Developed by the US in Bolivia

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Abstract

Declassified documents show that when President Harry Truman created his Point IV Program (1949), he launched a global operation of soft “nation-building” through technical and economic assistance. Point IV Technical Cooperation Agreements were the master keys to intervening in other nations. This work covers the period from January 1951 to April 12, 1952, showing in detail how Bolivia became a laboratory for US experiments in these kind of interventions. On March 14, 1951, a pro-US Bolivian government signed the Agreement. The US did everything to prevent the rise of a revolutionary movement, but despite its efforts people mobilized, defeated the military and deposed pro-US government in the bloody revolution of April 1952. The MNR revolution set the stage for the definitive test of the effectiveness of the soft “nation-building” programs against a true leftist and anti-imperialist government.

Keywords


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Resumen

Documentos desclasificados muestran que cuando el presidente Harry Truman creó su Programa Point IV (1949), lanzó implícitamente una operación global de soft “nation building” instrumentalizada a través de la asistencia técnica y económica. La llave maestra para intervenir en otras naciones fue la firma de los Acuerdos de Cooperación Técnica Punto IV. Este trabajo abarca el período comprendido entre enero de 1951 y el 12 de abril de 1952, y muestra en detalle cómo Bolivia se convirtió en un laboratorio para los experimentos de los EE. UU. en este tipo de intervenciones. El 14 de marzo de 1951 un gobierno boliviano pro estadounidense firmó el Acuerdo y los EE. UU. hicieron todo lo posible para evitar el surgimiento de un movimiento revolucionario, pero a pesar de sus esfuerzos, el pueblo se movilizó, derrotó al ejército y depuso al gobierno en la sangrienta revolución de abril de 1952.

La revolución del MNR preparó el escenario para la prueba definitiva: la efectividad de los programas de soft “nation-building” contra un gobierno izquierdista y antiimperialista.

Palabras claves
Asistencia técnica de Estados Unidos, Construcción de Nación, Departamento de Estado de los Estados Unidos, Embajada de Estados Unidos en La Paz, Harry Truman, Naciones Unidas, Programa Punto IV, USAID

The year 1951 was a continuation of events from the previous year. Bolivian President Mamerto Urriolagoitia was making every effort to muzzle and sabotage the MNR five months before the May 6 general election and US Ambassador Irving Florman was supporting those efforts. In Washington, final touches were given to the ambitious Point IV Program. On January 27, President Urriolagoitia received Ambassador Florman and, as usual, invited him to sit next to him to talk. According to a telegram from the Embassy, the meeting lasted for one hour (Telegram 343, January 29, 1951. From the US Embassy in La Paz to the Department of State. Facsimile 1). Among other things, the President informed the Ambassador that the incumbent candidate, Gabriel Gonsalvez, had no ties with President Perón of Argentina or with anyone else and that there were arrangements for the Ambassador to meet with the candidate in a social event to hear what Gonsalvez had to say about the United States.

The big problem for the political Right in Bolivia was that its policies were quite unpopular because of their dependence on the United States, submission
to US intervention and plundering of the country's natural resources. The Left was against imperialism and was defending national sovereignty and natural resources. Something that draws attention in the Embassy's reports to the Department of State is the way in which the diplomats described Bolivian reality. The ruling Partido Unión Republicana Socialista (PURS) was described as a moderate center-left party that favored democratic principles, believed in Pan-Americanism, and more or less sympathized with the United States. In contrast, the MNR was described as follows:

Founded in 1940 by German collaborator Víctor Paz Estenssoro, MNR came to power through revolution in December, 1943, was typically rightist totalitarian, governed in tyrannically ruthless fashion, was guilty of numerous political assassinations and outrages, lost power when the VILLARROEL regime was overthrown by the people in July, 1946. (Despatch 783, page 4, March 7, 1951. From the United States Embassy in La Paz to the Department of State. Subject: May 6th Presidential Election. Facsimile 2)

It is noteworthy that while knowing that the MNR’s links with Nazi Germany were a total fabrication of the British intelligence agency MI6 and the CIA, the Department of State continued to repeat the infamous libretto. At the time when the MNR and the other opposition parties were repressed, exiled and gagged, the Mamerto Urriolagoitia government opened the doors to the United States to enter Bolivia with all its agencies and take the reins of the country. He did so on March 14, 1951, by signing the historic Point Four General Agreement for Technical Cooperation between the United States of America and Bolivia. This treaty was quietly signed in La Paz by representatives of the United States and Bolivia: US Ambassador Irving Florman and Foreign Minister of Bolivia Pedro Zilveti Arce. The Agreement is drafted with the subtlety of legendary American euphemism, so fair in its rhetoric that only by taking into account the enormous asymmetry of forces between the signatory countries, might the reader glimpse its real purpose. Article I establishes:

1.- The Government of the United States of America and the Government of Bolivia undertake to cooperate with each other in the interchange of technical knowledge and skills and in related activities designed to contribute to the balanced and integrated development of the economic resources and the productive capacities of Bolivia. (Point Four General Agreement for Technical Cooperation between the United States of America and Bolivia 673)
Apparently, there would be simply an exchange of knowledge useful for Bolivia’s development. However, considering that the US was the superpower of the developed world and Bolivia a small, poor and underdeveloped country, there would be no real exchange, but rather paternalism from the powerful country over the poor one with the aim of taking charge of Bolivia’s “development.” In other words, the US took over the Bolivian “nation-building” project with American style and for convenience.

The Agreement as drafted was harmless with no evidence of submission, at least explicitly. The trap was that it would function as a framework for future agreements in which paternalism would be more explicit:

> Particular Technical cooperation programs and projects will be carried out pursuant to the provisions of such separate written agreements or understandings as may later be reached by the duly designated representatives of Bolivia and the Technical Cooperation Administration of the United States of America, or by other persons, agencies, or organizations designated by the governments. (Point Four General Agreement... 673)

It is noteworthy that Bolivia, in addition to signing agreements with the US Technical Cooperation Administration, would also do so with other "people, agencies, or organizations." It should be clarified that the US had a large number of "agencies" and "organizations," all with apparently different objectives, but with the same underlying political ideology.

The 1951 Agreement also clarified that it was not signed in substitution of previous ones, but rather as complementary, not invalidating existing agreements. From that date on, the bilateral relationship was officially between a powerful country, donor of assistance with conditions and a poor country that complied with those conditions in order to access the assistance it so desperately needed.

What the servile government of Mamerto Urriolagoitia did by signing that treaty before the elections was, to a large extent, surrender national sovereignty because the Point IV Program would function as the US master key to open the doors of "recipient" countries invaded with impunity. New and sophisticated mechanisms of domination would soon be manifested.

During the political campaigns for the May elections, the revolutionary odyssey of Gualberto Villarroel and its tragic end were still fresh in the collective memory of Bolivians. The hung president was more present than
ever in political life as his collaborators and enemies aspired to the Bolivian presidency. All the leaders of the political Right participated in the elections with the support of the United States, the Bolivian mining oligarchy and the complacent Urriolagoitia government. Revolutionary leaders, on the other hand, were still in exile and their Congressmen prevented from occupying their seats in Congress.

A strangely notorious character for both the government and the US was Guillermo (Willy) Gutiérrez, who was running for President with the Bolivian Civic Action party. The Embassy described him as follows:

During Villarroel’s regime he headed the first open reaction against it. On June 13, 1946, with about 10 young friends, he seized the military air base at the alto and sent planes to bomb the Presidential Palace (one dud missed its mark by 90°). Government reinforcements attacked this air base, killed three of the insurrectionaries, and Guitierrez himself was wounded in the right shoulder by a rifle bullet. Guitierrez was placed in a hospital, awaiting trial as a "traitor to the Nation" and would probably would have been shot had not the successful revolution of July 21 made him a national hero! (Despatch 894, pages 4-5, April 19, 1951. From the United States Embassy in La Paz to the Department of State. Subject: Background and Evaluation of the Presidential Candidates and their Chances. Facsimile 3)

In this view, the murderers of President Villarroel were national heroes and the assault on the Government Palace was considered a true revolution. In stark contrast to the US dislike for the MNR, the Embassy described its leader, Dr. Víctor Paz Estenssoro, with greater objectivity:

He is 43 years of age (born on October 2, 1907), 5’6” tall, bespectacled, shy, calm, and scholarly. Paz Estenssoro was born in Tarjia of a well-to-do traditional family. Studious to the point of brilliance during his youth, his father has to hide his books to force him to play with other children. He studied law and graduated with honors at the University (of San Andrés). He has practiced law only occasionally, for at an early age he began his work as a public servant, invariably in jobs related to public finance. During the Chaco War he saw service in the front lines and at the age of 30 was made Under-Secretary of Finance. For a few months Paz Estenssoro worked for the Patiño Company, but left voluntarily and began teaching economics in the University of San Andrés in 1939. He was elected National Deputy from Tarjia in 1940 and automatically became leader of the group which thereafter became the MNR. He was one of the outstanding congressmen and he concentrated on economics, emphasizing the Nation’s right in a bigger share of the tin profits. As a political speaker, Paz expounds his position with exceptional clarity, barely leaning on demagoguery. He neglected his political leadership, however, when he became Minister of Finance during the Villarroel regime. By many
persons he was regarded as "the best Minister of Finance in the past twenty years" and under his administration even the tin producers found that the financial policy was not extreme, but steady and reasonable. (Despatch 894, pages 2-3)

The candidate’s impeccable qualities were not enough to save him from a fierce boycott by the US and its puppet government in Bolivia. Two months before the elections, while all the candidates roamed the country with their campaigns, Víctor Paz (Estenssoro) was still not allowed to return, even after five years of exile in Argentina. Many MNR leaders had to re-enter illegally. Such was the case of Hernán Siles Zuazo, the prominent vice-presidential candidate, who was immediately arrested and deported to Chile. In these circumstances, the leader of the party, Dr. Víctor Paz Estenssoro, exiled in Buenos Aires, chose to enter Bolivia legally. He was granted permission, but without any guarantee that he would not be arrested once on Bolivian soil for crimes alleged against the Villarroel government.

So effective had been US plotting against the MNR in 1946 that five years later a government servile to the US was still using it to arrest Víctor Paz for having participated in a government crushed by US intervention. On April 3, 1951, the Embassy reported to the Department of State:

It doubted police will make move at airport but would not be surprising if Paz arrested day or two thereafter "at request of some judge." (Telegram 449, April 3, 1951. From the US Embassy in La Paz to the Department of State. Facsimile 4)

Indeed, "some judge" could order Víctor Paz's arrest because the justice system was another mechanism for political warfare controlled by those in power. However, Bolivian people mobilized in support of Víctor Paz as he began the fight to get an airline to transport him to La Paz from Buenos Aires. This was a difficult task because Bolivia's international flights were covered by American companies. Panagra airlines sold him a ticket for April 5, 1951, but shortly before he could board, the ticket was cancelled because the Company had been ordered not to transport him (Despatch 888, page 2, April 16, 1951. From the US Embassy in La Paz to the Department of State. Subject: Paz did not Reach La Paz. Facsimile 5). When Víctor Paz demanded a written explanation, Panagra signed a document citing official orders from La Paz, giving the impression that it was the Bolivian government who had issued the order. However, in the Embassy’s report to the Department of State, dated April 11, 1951, the background of this matter is described:
Official company orders had been given by Panagra’s Lima headquarters, but the Bolivian Government had made no request, nor had Panagra’s La Paz office. However, statements by Panagra representatives at La Paz made at the request of the government were disregarded, and Paz is still placing blame on the government while at the same time he has threatened to sue Panagra. (Despatch 877, page 2, April 11, 1951. From the US Embassy in La Paz to the Department of State. Subject: Latest Political Developments. Facsimile 7)

The excuse for not transporting Víctor Paz was that the dangerous crowd expecting him in Bolivia could jeopardize the lives of passengers and the integrity of the aircraft. Violence was heralded as imminent because of the arrest warrant against Víctor Paz and the popular rally that would defend him.

Although newspapers in La Paz reported that Víctor Paz would not be on the Panagra plane, a crowd of approximately 500 people concentrated in El Alto airport in the hope that the leader would arrive. When they finally realized that Dr. Paz was not among the passengers, they returned disillusioned to La Paz to join the ten thousand people who were waiting there to carry out a massive protest march against the violation of democratic rights. (Despatch 877, page 1)

The word “Panagra” was an acronym for Pan-American Grace Airways, the American company that during the Chaco war in 1935 had obtained a twenty-year contract to cover Bolivia’s international routes despite protests by Lloyd Aéreo Boliviano (LAB) workers. Additionally, Panagra obtained the large amount of money that Bolivia paid for subsidies. It was clear that Bolivia depended on the US even for international air transport, but Víctor Paz, trapped in Buenos Aires, was still trying to enforce his rights. He first tried it on April 10, and at that time, 10,000 people gathered to welcome him in La Paz. He tried again two days later, without succeeding. Finally, considering that Panagra’s refusal was not a request from the Bolivian Government, Braniff sold him a ticket for April 14, 1951.

To convince the executives of the company, apart from advocating eloquently for his rights, Victor Paz assured them that there would be no disturbances in La Paz. In the worst case, if the government forbade their landing, he would voluntarily continue on to Lima, Peru. Everything seemed to be resolved, but according to the Embassy’s declassified Despatch 888 of April 16, 1951, the Braniff office in La Paz received a mysterious telephone call from the "Bolivian police" on April 13, at 6:10 p.m. ordering them to cancel Dr. Paz’ ticket. Immediately Braniff sent a telegram giving the order to its office in
Buenos Aires. As a precautionary measure, another telegram was sent to Asunción, Paraguay, the first stop of the flight, to make Víctor Paz Estenssoro deplane in case the Buenos Aires office had not fulfilled the first order. On April 14, Dr. Paz had managed to overcome obstacles and he was in mid-flight to Santa Cruz de la Sierra, the second technical stop in the flight plan to La Paz, when the pilot received orders from the Bolivian police to return to Asunción because he had no authorization to land. So, it had to be done and as soon as the plane landed in Asunción, Dr. Paz Estenssoro was taken off and returned to Buenos Aires.

At one o’clock in the afternoon, before the news was made public, the Embassy sent a telegram to the State Department reporting that the plane had been diverted back to Asunción. The curious thing is how they drafted the paragraph about the explanation that Braniff would use to justify its decision:

Braniff Asuncion failed take Pas Estenssoro off plane there. Braniff La Paz in light Bol Govt orders not bring Paz here, while plane en route Asuncion Sta. Cruz, ordered it back Asuncion, plan reply any inquires saying it refused bring Paz here accordance definite orders Bol Gov. (Telegram 473, April 14, 1951. From the US Embassy in La Paz to the Department of State. Facsimile 7)

When the Braniff office in La Paz consulted the Embassy to see if the Bolivian police had overreached its functions, the Embassy transmitted the question to the Government Palace. President Urriolagoitia replied saying that although he did not give the order, he agreed with the action taken. (Despatch 888, pages 1-2). The origin of the boycott against the MNR was not clear then, but with information now available it is obvious that both the US Embassy in La Paz and the Bolivian government were involved. At the end of the day the Bolivian government carried out the US Government will, even assuming all the responsibility for dirty work and allowing Washington to maintain its impeccable image as defender of democracy.

On the evening of April 14, 1951, a multitude waited for the MNR presidential candidate. When people realized that he would not arrive, the protest grew more intense and the police used tear gas to repress it. When a teenager died from gunshot, the mob accused the government of this crime and of preventing the legal exercise of democratic rights. That night, about 100 MNR leaders were arrested and accused of conspiracy to overthrow the government. They were held in “confinement” camps in remote and
inaccessible places along with 1,200 people formally accused of abuses during the Villarroel government.

Three days before the riots, the Embassy sent a despatch expressing fear for the mine workers. The background for that comment goes back to the Peñaranda government when the mines had been militarized and constant repression turned miners into sworn enemies of military and government complacent with the United States. On April 12, 1951, newspapers published that the Minister of Government, attempting to undermine allegations of police pressure on voters in the mines, declared that he would withdraw all his policemen from those areas and that he planned to ask the military to do the same. The opinion of the Embassy was as follows:

Of all the wild ideas rampant this seems to be about the most dangerous one, and it is seriously hoped that the President will overrule his minister. (Despatch 877, page 4)

In his report to Washington on April 16, the Embassy’s Chargé d’affaires recognized that a probable victory of the MNR was causing fear among the right wing parties and the government. He stated that perhaps that was the reason why they decided that the best way to avoid that Víctor Paz win the May 6 elections would be to prevent his return, make up histories about the MNR intentions to overthrow the government and magnify facts and events that had no transcendence. (Despatch 888, pages 2-3). The long exile of the MNR leaders sanctioned for participating in the Villarroel government remained in place with the pretext that this party intended to overthrow the government through a coup d’état. On April 17, Víctor Paz sent a telegram from Buenos Aires to President Urriolagoitia with copy to the US Embassy denying the existence of any subversive attempt, which would be “inconceivable for party that just showed its strength and possibilities for victory in elections.” The telegram also stated that the Government’s attitude keeps “a period of unrest and tension indefinitely open.” (included in Despatch 894, page 3)

Nevertheless, when the Embassy reported this to Washington, twisted the meaning of the text by adding the observation that the last part of the telegram "can be understood as a threat of further and probably unavoidable violence" (Despatch 894, page 3). It is clear, in this case, that while Víctor Paz made efforts to express his party’s democratic vocation and denounce the antidemocratic attitude of the government, the US Embassy found a way to reverse reality by demonizing revolutionary nationalists as a threat to democracy.
As Víctor Paz had predicted in his telegram, tension and restlessness continued to increase, not because the MNR would overthrow the government, but because the latter, supported by the United States, refused to respect the democratic rights of the MNR. Public pressure in defense of these rights continued to escalate when Hernán Siles Zuazo, the MNR’s vice-presidential candidate managed to enter the country clandestinely, this time on foot, crossing the border somewhere near the highway from Arica and from there hitchhiking to the city of La Paz. Encouraged by the news of his presence in La Paz, the wives, sisters and daughters of the detainees invaded the Palace of Justice and announced a hunger strike demanding full amnesty. (Despatch 902, page 1, April 23, 1951. From the US Embassy in La Paz to the Department of State. Subject: Political Notes – Feeling of Unease Prevails Facsimile 8)

Meanwhile, a conflict between the workers and foreign executives persisted in the Catavi and Corocoro mines. The Embassy’s April 23, 1951 despatch to the State Department clearly illustrated the conflict caused by foreign control in the mines and how the foreign executives were linked to the Embassy. Worried about Corocoro events, where foreigners had already been evacuated from the American Smelting and Refining’s plants, the manager of the Patiño Mines and Enterprises at Catavi phoned the Embassy in La Paz, reporting that it was ready to immediately evacuate all its foreign staff if the Embassy so advised. The Chargé d’affaires transcribed the conversation in the following terms:

He repeated that while for various obvious reasons he would greatly dislike having to pull his people out, he would do so if the Embassy should so advise him. (Despatch 902, page 2)

The word "advise" also means “recommendation” or “instruction.” In the context of the high degree of influence that the US had in Bolivian politics and the control that it exerted in the evacuation of American citizens (usually in airplanes belonging to the military mission), what the manager of the Patiño Mines and Enterprises (head-quartered in New York and with US shareholders) asked of the US Embassy in La Paz was clearly an “instruction” rather than “advise.”

What had happened in Corocoro was that abuses by a Yugoslav mine foreman had depleted the patience of workers who asked for his dismissal. The administration, instead of responding to the workers´ demand, prepared for
confrontation by evacuating the wives and children of all foreign staff. On April 13, 1951, workers of both the American smelter and the refinery refused to work in protest against foreign executives who had to be evacuated. Decisions about evacuating American staff were made by the US Embassy in La Paz. Once the executives were evacuated, the workers returned to work but found that they did not have the keys to the offices or the warehouses where materials were stored, including dynamite, so that production was paralyzed. (Despatch 902, pages 2-3)

On April 21, 1951, fourteen days before the national elections, Mr. Johnson, vice-president of the American Smelting and Refinery Company headquartered in New York, arrived in La Paz. Through the Embassy, he requested an interview with the President of Bolivia, and there began the classic spectacle of Bolivian governments subject to US economic power trying to cover their shame and save face with the people. Urriolagoitia instructed Johnson to first meet with the Minister of Labor, allegedly to solve the Corocoro conflict. After that, the two men would meet to seal the settlement agreements. The interview with the minister, however, was a simple show to cover up appearances given that the resolution of the conflict had already been decided in New York. The Embassy despatch described that ruse in the following term:

The interview as usual was pleasant, but accomplished nothing. Johnson is interested in continuing operations of the mine, is disposed to be conciliatory, but as instructed by his New York headquarters he will refuse to surrender the prerogatives of management. (Despatch 902, page 3)

In a separate paragraph, the Embassy's Chargé d'affaires describes the terms of the agreement that was being prepared to save the US from being perceived as the aggressor and to send the message that the Bolivian Government was acting in defense of the abused party, the workers:

The authorities it is understood are prepared to demand the dismissal of a Yugoslav mine foreman. Johnson is not unalterably opposed thereto, but will agree to it only if, after compliance with the procedures set up by the Ministry of Labor itself, the charges are proved. In the meantime, the Minister informed the press that the "law of residence" is to be applied against the foreman, which means that he is to be deported. If this act is accomplished before Johnson meets the President, it could serve as a face-saving device for all concerned, since Johnson could resign himself more or less philosophically to what would have become an, while at the same time,
the Government would not have to face up to its own written labor regulations. (Despatch 902, page 3)

As usual, the conflict was not resolved according to Bolivian laws, but according to the ritual of keeping up appearances in Bolivia in order to please the United States.

Among the founding leaders of the MNR was Juan Lechín Oquendo, the Secretary General of the Federación Sindical de Trabajadores Mineros (Trade Union Federation of Mining Workers). When the miners spontaneously proclaimed Víctor Paz and Lechín as candidates for the Presidency and Vice-Presidency respectively, the Associated Press immediately denounced a pact between the MNR and the Communist Party on the basis that Lechín was a Trotskyist. On April 23, Víctor Paz issued a statement from Buenos Aires denying the rumor and explaining that the proclamation had been spontaneous, without prior agreement and only recognized that the MNR was a great popular force supported by the labor masses. (Despatch 908, April 25, 1951. From the US Embassy in La Paz to the Department of State. Subject: Further comment on communist support of Víctor Paz Estenssoro. Facsimile 9)

All this was transcribed by the Embassy to the Department of State in the Despatch of April 25, 1951. It was even reported that the Communist Party had confirmed the absence of any political agreement with the MNR. Nevertheless, the demonization campaign against the MNR continued.

On May 3, the government ordered the suspension of political activities from midnight of May 4 so that, according to electoral law, there was no campaigning for 48 hours prior to the May 6 elections. Even in that period, the enormous difference between the privileges of the Right and the disadvantages of the revolutionary Left was noticeable. That night the usual abundance of posters stuck on the walls of houses continued as did the pamphlets distributed to the public. The Embassy informed the Department of State that the MNR had not put posters on the walls nor pamphlets in the hands of the public, probably due to lack of funds, but that the forces of the ruling party (PURS) and "Willy" Gutiérrez continued to distribute pamphlets to the crowds. (Despatch 930, page 1, May 7, 1951. From the US Embassy in La Paz to the Department of State. Subject: Bolivian elections-part I. Facsimile 10)

The boycott of the MNR was so obvious that the International News Service, another US news agency, took the liberty of issuing an offensive statement attributed to Ambassador Florman that had to be answered by the
MNR vice-presidential candidate, Dr. Hernán Siles Zuazo:

The action of the Government, known both inside and out of Bolivia (in preventing the return of Paz Estenssoro), shows the quality of the elections which will take place tomorrow and ridicules the statements of the Ambassador of the United States, Mr. Florman, who named Mr. Urriolagoitia as the reincarnation of Simón Bolivar, or something like it. The name of Bolivar is synonymous with liberty and that of Mr. Urriolagoitia, unfortunately, is equivalent to the denial of these sacred attributes of man. It is regrettable that a great people, such as the United States, has a man so naive as an Ambassador. (Despatch 930, page 2)

On May 5, one day before the elections, the editors of Tribune, a publication that supported the ruling party, announded that “all votes cast for Paz would be invalid” since his candidacy had not been officially “inscribed in the registration books” and because he had pending charges with Justice over his participation in the excesses of the MNR in 1946. (Despatch 933, page 1, May 8, 1951. From the US Embassy in La Paz to the Department of State. Subject: Bolivian elections - Part II. Facsimile 11)

The irony here is that the aforementioned "excesses" of 1946 allude to the death of two “golpistas” and two defenders of the Villarroel government during the failed coup d'état led by the director of the official newspaper La Razón, Willy Gutiérrez. The “defense” of President Villarroel, demonized as Nazi-Fascist, unleashed the planned reaction of the Bolivian Right, the Catholic Church, and the agents of American interests, who in perfect coordination produced the final assault on the Palace, the massacre, and the hanging of the President and his collaborators, things not remotely regarded as “excess” by any of the parties involved.

In the realm of irrationality, the Villarroel collaborators who escaped lynching were demonized as aggressors in the 1951 elections while the assassins participated as heroes and saviors of the country. An efficient control of public opinion had been established in Bolivia in the best American style. So intense was the boycott of the MNR that "experts" of the US Embassy gave it very little chance of success. They considered that MNR supporters would have to vote for a party that had not been able to campaign and whose candidates were in exile or in hiding and barely able to deny the disqualifications leveled in media campaigns. Accordingly, the MNR was practically ruled out, which is why the elections of May 6, 1951 are an historical fact worthy of analysis, not only for the results of the popular vote, but also for subsequent actions.
The partial voting results were published by *La Razón* and until Tuesday, May 8, once finished the urban vote count, Dr. Víctor Paz Estenssoro was winning with 45 per cent in an election in which 10 political parties participated. The government decided to suspend publication of results, leaving the provincial votes in limbo. In La Paz there was widespread rumor that the MNR had reached the “fifty percent plus one vote” required by the Constitution to win an election. In response, the government launched two operations commonly used to deceive the people with respect to democracy: an advertising campaign pretending to respect the popular vote while several undercover operations do the contrary.

On the one hand, Urriolagoitia issued a statement confirming that if Paz Estenssoro won the election he would give him the presidency on August 6, as established by the Constitution (Despatch 933, page 1). On the other, one day after the election the United Press news agency launched an international campaign demonizing the MNR. Its correspondent in La Paz invented slanders that the press in the US spread as if they were true. In Bolivia, it was said that:

Estenssoro presented a declaration of principles advocating a program of liberating Bolivia from imperialism and assuring a Bolivia without North Americans. He also proposes the nationalization of tin mines, the railroads, the power plants, and other public services; the redistribution of land and the establishment of collective farms. In the field of international relations, the MNR stands for the expulsion of the Yankee military missions, the outlawing of the atomic bomb, and solidarity with the USSR. (Despatch 1786, May 16, 1951. From the US Embassy in Buenos Aires, Argentina, to the Department of State. Subject: Victor Paz Estenssoro, Bolivian Presidential Candidate, Accuses the United Press of Misrepresentation. Facsimile 12)

On May 7, 1951, the United Press News agency published in the United States:

A militant extremist pledged to driving U.S. interests out of Bolivia has established a commanding lead in the nation’s presidential elections, latest returns showed today. Víctor Paz Estenssoro, candidate of the Nazi-like National Revolutionary Movement (MNR) had won 33,434 votes so far with support from the outlawed Communist Party. (“Anti-U. S. Group Ahead in Bolivia,” United Press. May 7, 1951. Facsimile 13)

In a single “news” article, the US press managed to accuse the MNR as both Nazi-like and communist, two ideologies not only adverse but irreconcilable, as evidenced by the fact that it was the Russian army that gave
the final blow to Hitler in World War II. The only explanation for such a twisted approach was that, at the moment, those were the excuses that the US used to stigmatize governments that resisted their policies.

From Buenos Aires, Víctor Paz denounced these actions in a telegram to the director of the news agency based in New York with copies to the embassies of the US in Buenos Aires and La Paz. Simultaneously, he issued a new statement, which in its outgoing parts said:

Un despacho de hoy del corresponsal Luis Zavala de la United Press en La Paz, me atribuye una declaración de principios prosoviética en materia internacional y un programa de tipo comunista sobre problemas bolivianos. Jamás he formulado esas declaraciones ni tal programa figura en ningún documento del MNR. Tal aseveración es absolutamente falsa en ambos aspectos.

La orientación del MNR es perfectamente conocida […]. El MNR tiene sus propios objetivos de lucha, que responden a los intereses de las varias clases sociales que forman en sus filas; se ajustan a la etapa de desarrollo en que se encuentra Bolivia y reconocen los imperativos de la realidad política y geográfica continental.

Es porque se identifica con esa orientación que el pueblo boliviano ha consagrado al MNR. Ahora, el partido oficial, ante su aplastante derrota urde una intriga internacional por medio del corresponsal de UP que al mismo tiempo es encargado de propaganda del PURS, para crear dificultades al MNR triunfante en los comicios. No ha medido, sin embargo, una consecuencia que lógicamente se desprende de sus afirmaciones y que constituiría en hacer aparecer en una posición antagónica a los Estados Unidos a todo ese pueblo que ha dado sus votos por el MNR. Es un viejo recurso de los opresores del pueblo boliviano pretender reducir la amistad internacional al círculo de sus intereses, atacando permanentemente a un pueblo que acaba de dar el más alto ejemplo de práctica democrática. (Enclosure N°1 to Despatch 1786, pages 1-2, May 16, 1951. Facsimile 12)

[A news item by correspondent Luis Zavala of the United Press in La Paz attributed to me a statement of pro-Soviet principles in international affairs and a communist-type program on Bolivian problems. I have never made these statements nor does such a program appear in any MNR document. The declarations attributed to me are absolutely false in both respects.

The orientation of the MNR is well known […]. The MNR has its own objectives of agenda that respond to the interests of the various social classes that form in its ranks; [those interests] respond to the stage of development in which Bolivia is at the present, and recognize the imperatives of the political and geographical reality of the continent.
It is because it identifies with this orientation that the Bolivian people have devoted to the MNR. Now the official party, facing its overwhelming defeat, urges an international intrigue by means of the correspondent of United Press, which at the same time is in charge of propaganda of the PURS (ruling party), to create difficulties to the MNR, triumphant in the elections. It has not measured, however, a consequence which logically follows from its assertions and which would constitute to make appear in an antagonistic position to the US all that people who have given their votes to the MNR. It is an old resource of the oppressors of the Bolivian people, seeking to reduce international friendship to the circle of their interests, permanently attacking a people who have just given the highest example of democratic practice.

The campaign against the MNR was encouraged, if not directed, from the United States. However, as Víctor Paz said, friendship between those two countries could not be reduced to the interests of imperialism and looting. Proof of this is that there were people in the US who perfectly understood the Bolivian reality and did not remain silent. This was the case of Texas lawyer and politician, Sproesser Wynn, who was one of the US government executives responsible for purchasing Bolivian metals during World War II and was receptive to the Bolivian cause in order to continue trading despite the political blockade imposed by Washington. In those circumstances he had the opportunity to meet Víctor Paz Estenssoro, who was part of the Villarroel government. Reading the United Press article, this prominent lawyer, then in the private sector, wrote to express his support for Victor Paz and to scold the State Department. Below are some fragments from the second letter:

Chief of Latin America Division  
Department of State  
Washington, D.C.

Dear Sir:

I am enclosing a copy of a letter I have written to Victor Paz Estenssoro. The enclosed newspaper clipping appeared in the Fort Worth Press yesterday. Articles like that can only serve to drive man like Victor Paz into the enemy camps.

If the Bolivians do elect him president, I certainly want him on our side. He is a man, in my opinion, dedicated to the cause of his country, firmly sold on the fact that his country cannot continue to be a mining camp run by mine owners.

At one time, we had Victor Paz around to the view point that from a purely nationalist viewpoint for Bolivia, its future was linked with the welfare of the United States. There is no question of his popularity with the people.
But when our country applauded the assassination of President Villarroel and the exiling of his wife and children along with Víctor Paz Estenssoro, Víctor Andrade, and other educated national Bolivian leaders, and cheered the restoration to power of the mine owners, we could not expect these ousted leaders to retain too much love for us. It is in hopes of being of assistance in recouping some of Víctor Paz’ respect, which he formerly held for us, that I have written him the enclosed letter -as a private citizen.

I trust it may serve some useful purpose to your Department.

Sincerely and respectfully

Sproesser Wynn

(Letter from Sproesser Wynn to the Department of State, May 8, 1951. Facsimile 14)

The letter to Víctor Paz was kind but unfortunately offered just moral support given that Mr. Wynn was retired from politics and therefore could do very little to change State Department actions towards Bolivia.

The State Department could not understand how a situation they thought was under control could have gotten so out of hand. On May 10, the Embassy in La Paz, supposedly “expert” on Bolivian reality, sent a despatch explaining the reasons for the electoral defeat. After correctly mentioning the Bolivian people’s desire for change and the ineptness and lack of direction of the Urriolagoitia government, two revealing factors are mentioned. First, the despatch recognized that not having allowed Paz Estenssoro to enter the country had turned him into a martyr in the eyes of the people. As expected, the despatch blamed the Bolivian government for the mistake, but could not avoid mentioning the American interests that were deeply involved behind the scenes:

On the occasion of Paz’ first attempt to return by air from Buenos Aires, MNR leaders at the large public demonstration blamed the Government rather than Pan-American Grace Airways, which was actually responsible. (Despatch 939, page 2, May 10, 1951. From the US Embassy in La Paz to the Department of State. Subject: Hindsight - Reasons for PURS Defeat and MNR Victory. Facsimile 15)

Another interesting argument quoted by the Embassy to explain the MNR victory was the excess of confidence that both the Government and the other parties had in the political Right, inducing them not to use mechanisms to steal the election:
This confidence probably accounts for the absence of significant ballot box stuffing. (Despatch 939, page 3)

On May 11, five days after the election, but before the official results were known, a desperate political pilgrimage began to the US Embassy in search of support to thwart the MNR victory. One of the first to arrive was Héctor Ormachea Zalles, founding president of the Centro Boliviano Americano (Bolivian American Center) and frustrated presidential candidate. He reported that President Urriolagoitia had summoned the leaders of the political parties, except for the MNR, to consult them about what they would do in the face of an MNR victory. (Telegram 530, May 11, 1951. From the US Embassy in La Paz to the Department of State. Facsimile 16)

One of the ministers called the US ambassador with alleged evidence of a pact between the MNR and the Communist Party (which was not even among the losers with a minimum vote). The goal of the United States, the mining tycoons, the Bolivian government, the military and traditional politicians was to prevent Víctor Paz Estenssoro from becoming president.

It was later reported that after the arrival of the outstanding votes, the percentages did not change. The MNR won with 45.5 percent, which meant that Víctor Paz was lacking 4.5 percent to reach the direct election within the framework of the Constitution. The contest was then transferred to the Congress, where the newly elected parliamentarians would be forced to elect the President from among the three most voted candidates. Given this rule, to prevent Paz Estenssoro from getting to the presidency all the losers of various tendencies would have to unite in Congress, something as shameful as improbable.

While the Right representatives in Congress prepared to rob the MNR of its victory, the people were preparing to march and concentrated in front of the Congress to demand that the popular vote be respected. Estimates were that the protest could bring together up to 60,000 people and that the Congress faced the dilemma of naming Víctor Paz as President or unleashing a civil war. (Telegram 530)

At first glance, the US actions in Bolivia were totally illogical. Now, analyzed in historical context and in the light of declassified documents from the Embassy in La Paz, it is clear that the logic was the long run consolidation of control over the economy, politics and Bolivian “reality.” With this goal achieved, any Bolivian president, including Víctor Paz, would become
circumstantial because he would be forced to respect the conditions of submission already established. Víctor Paz, in his own way, had already begun to accept US conditions and its new world order, although in order not to alarm his supporters, he had done it in an almost ciphered language, only understandable to politicians in the United States. MNR objectives (he pointed out) respond to Bolivia’s current stage of development and recognize the political and geographical imperatives of continental reality (information included in Enclosure N°1 to Despatch 1786, page 2). This was a subtle way of subordinating the Bolivian Government to US development and cooperation programs imposed throughout the continent by overwhelming American hegemony.

Significant Point IV investments were already on the way to Bolivia and no matter how “anti-imperialist” Víctor Paz Estenssoro might like to be, it was both inconvenient and impossible to resist a tempting economic flow that was already a consummate fact.

The next step can be seen as the historic beginning of the MNR's ideological softening process. On May 12, 1951, a US Embassy representative met with Paz Estenssoro in Buenos Aires to hear about his government program and his economic plan for Bolivia's development. According to the Embassy's report of the meeting, Paz's projects included mechanization of communal agricultural farms in the Altiplano; confiscation of non-producing rural lands and giving them over to peasant cooperatives; increasing rice and sugar production in Santa Cruz, cotton in Villamontes, and meat and timber in Beni. Paz also said that his fiscal policy would be based on getting better shares of the foreign exchange earned from mineral exports. Perhaps most interesting for the US was the firm control of power that Víctor Paz would exercise:

His economic plan is based on a twenty-year period and he said his party is prepared to stay in power that long; although "the presidents would be changed from time to time," there would be a continuation of the basic program. (Despatch 1776, page 2, May 14, 1951. From the US Embassy in Buenos Aires to the Department of State. Subject: Conversation with Dr. Víctor Paz Estenssoro. Facsimile 17)

Notably, in that conversation Víctor Paz mentioned several things that interested the United States. Apart from the plan to govern for twenty years, he mentioned economic diversification, an old Bolivian longing in which Washington had also shown interest in using it as a control mechanism and to dispute Brazil's influence in the Region. With those statements Victor Paz sent
Washington clear signals that he was not a dogmatic radical, but a rational economist well-placed in the Bolivian reality, including its great dependence on the United States. It was an implicit disposition to cooperate that Washington did not use at the time, but kept in its arsenal of future possibilities in case Víctor Paz indeed came to power, at that time something still avoidable.

The government of Mamerto Urriolagoitia legitimized the Point IV Technical Assistant Agreement between the United Nations and the Government of Bolivia, but once it was signed and the ruling party lost the elections, that government ran short of time. Urriolagoitia had to give up the country’s driver seat just when the US had become the motor and financer of Bolivia’s “development.” Faced with this reality, he considered it logical to establish a government that would favor such development plans. Specifically, it was time to put in power a tough military government that could control the reaction of the people and the MNR.

On May 15, 1951 at 7:00 p.m., the US ambassador in La Paz sent another urgent and confidential telegram to his boss, the Secretary of State in Washington, announcing the execution of the expected operation:

First warning this may be “it” came in long distance phone call from Derringer Catavi.\(^2\) Reports reaching him from special sources had it trouble will come within 24 hours. He asked planes be alerted evacuate personnel if blow comes. Have teled [telegraphed] Carter Emb [Embassy] Panama.\(^3\)

Unconfirmed Report recd [recorded] 1800 today that Urriolagoitia resigned.


[Redacted] to take place midnight tonight and wholly military Junta to take over. (Telegram 539, May 15, 1951. From the US Embassy in La Paz to the Department of State. Facsimile 18)

The way Derringer referred to that power transfer continues to be classified by the Department of State. Curiously, sixty-three years after the events described in the telegram, that key phrase remains classified as category B1, which means that it is still redacted "for reasons of national

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\(^2\) Derringer was the American Manager of the Patiño mines and Enterprises in Catavi.

\(^3\) Explanations in bracket by the author.
security or foreign policy." The first cause is automatically dismissed because Bolivia is such a peaceful and small country. So the only logical explanation for why this information is still hidden is foreign policy reasons i.e. to cover up American participation in the coup d'état and thereby preserve the image of the US as a respectful country that advocates for democracy.

Indeed, that night saw what passed into history as the "Mamertazo": the coup d'état of President Mamerto Urriolagoitia against himself and the handing of power to a Military Junta presided by General Hugo Ballivián Rojas. Without delay and to avoid popular protests, Rojas declared a state of siege and a curfew that closed cinemas, bars and restaurants at 9:00 p.m. and prohibited transit after midnight. The self-coup was planned well ahead and the Department of State knew all the details 22 days in advance. On April 23, 1951, the Embassy in La Paz had sent a special Despatch to Washington that established "political events-rumors that the military could take control":

The rumor had been heard and reported several times in the past few weeks that if MNR should pool more votes in the forthcoming May 6th elections the armed forces would kick over the traces, establish a junta, and some time thereafter call for a new election. According to the rumor personable General Hugo BALLIVIÁN, who recently was named Sub-Secretary of Defense, was to head the junta. (Despatch 903, page 1, April 23, 1951. From the US Embassy in La Paz to the Department of State. Subject: Political Developments - Rumor that Military Could Take Over. Facsimile 19)

It is worth noting that this was not a mere rumor, as suggested by the heading of the Despatch, since in the following paragraphs the same document confirmed the validity of the information:

A Controlled American Source, as well as the Military Attaché, upon seeking to run down just what there might be to the reports, both obtained information from sources within the Government which confirmed that something was up and that if plans developed a junta would probably take over by April 23rd.

On May 16, at 6:00 p.m., another telegram from the Embassy in La Paz to the Department of State was even more revealing. It said that the day had passed calmly, but reports that sixty to one hundred people had been arrested, including the vice-presidential candidate for the MNR, Dr. Hernán Siles Zuazo and the editor of the Última Hora newspaper, Alfredo Alexander. The telegram also reported that attempts to capture Juan Lechín Oquendo had been unsuccessful and that the new government would issue a decree summoning
all public employees, including the railway workers, into Government service, as had been done in the past in the US (World War II). The telegram explains that these actions would be taken to avoid any attempt to strike that could disrupt public transportation. (Telegram 544, May 16, 1951. From the US Embassy in La Paz to the Department of State. Facsimile 20)

After three key phrases, covering "foreign policy" reasons, the telegram warned that there would be problems in the mining areas, with greater force in Catavi where the miners had weapons and dynamite and from there the problem could spread to the rest of the country. Patiño Mines and Enterprises hired two charter flights to evacuate the wives and children of the foreign executives the next day.

It was further reported that the Military Attaché had informed the Embassy that Urriolagoitia was in Arica, Chile, that he had been appointed Commissioner of the new Government to go to Washington in search of US recognition for the Bolivian Military Junta and that he planned to apply for a visa for his diplomatic passport which had not yet been issued. Then, the Embassy asked the Department of State for instructions on the visa issue. (Telegram 544)

This telegram also shows the respect that other world powers had for the United States. It was reported that “French Amb Brit charge want be kept informed whenever thought given recognition Junta Govt.” Obviously, the idea was to follow US leadership out of respect for its hegemony not only over Bolivia but over the region and the entire hemisphere.

On May 17, another telegram from the Embassy reported that military attaché informants had announced that retired military men would be appointed as prefects (governors) in all the country’s departments and a military man would be the Police Commander-in-chief. The telegram also reported that the Embassy had issued a diplomatic visa to former President Urriolagoitia (now a confidential agent of the Military Junta) as well as to the military Chief who would accompany him to Washington. It was also mentioned that both documents had been sent to Arica, that the interested parties would travel that weekend and that as soon as the Embassy knew the exact day of arrival in Miami and the flight number, it would report them to the contact person in that city. (Telegram 545, May 17, 1951. From the US Embassy in La Paz to the Department of State. Facsimile 21)

On May 18, the Embassy reported on the proposal that Urriolagoitia made to Washington to obtain recognition for the military regime. To do this, they
used a copy of the regime’s first official letter, dated May 16, 1951, during its first day of government. The letter was sent with a brief presentation note with the subject in capital letters: TRANSMITTING FOREIGN OFFICE NOTE MAKING BID FOR RECOGNITION OF JUNTA. (Despatch 960, May 18, 1951. From the US Embassy in La Paz to the Department of State. Subject: Transmitting Foreign Office Note Making Bid for Recognition of Junta. Facsimile 22)

After mentioning the voluntary resignation of President Urriolagoitia, the first official letter of the dictatorship informed the US government of the names of its members and ministers, all of them military. The paragraph in which the Military Junta explained its objectives reveals its subordination to State Department interests. After having violated the constitution, civil rights and democracy by seizing power through force, the letter cynically declared that:

El nuevo gobierno de Bolivia tiene [...] el firme y primordial propósito de mantener la vigencia de las instituciones democráticas de la República, y de respetar los tratados que Bolivia tiene firmados con los países amigos, con los cuales desea vivamente mantener sus tradicionales relaciones de amistad. (Letter from Colonel Tomás Suárez C., new Minister of Foreign Relations of Bolivia to Thomas J. Malcady, Chargé d’affaires, US Embassy in La Paz, page 2, May 16, 1951. Facsimile 23)

[Bolivia’s new government has [...] the firm intention to maintain democratic institutions, respect treaties signed with friend countries, and to continue friendly relations with them]

This clearly shows that the coup was framed in response to the “news” launched by the United Press about the MNR intentions to impose communism in Bolivia, move away from the US and ally itself with the Soviet Union.

Another fact that corroborates American involvement in the coup is that Washington was always informed about the Urriolagoitia government plans. Already in its despatch of May 8, 1951, two days after the elections and a week before the self-coup, the Embassy reported the following:

Since the final returns will probably not be available for a week or more the Government may decide, in the interim period, to change its composition by adding military men to the Cabinet or it may even go so far as to allow a military junta to take over. This radical step might be taken if there appeared to be no alternative to an MNR victory.

If the army takes over, bloodshed must follow. The MNR can not be expected to sit by and not protest should Paz Estenssoro be thwarted
another time. The party probably does not have adequate funds now to achieve a successful revolution against the Government but in view of its popular support as shown by the election returns it should be able to obtain financial assistance. Business firms and individuals desiring to climb aboard the bandwagon can be expected to come across and each day the MNR leaders remain free there is additional opportunity to solicit contributions. (Despatch 933, pages 2-3. Facsimile 11)

In this case, the Report by William B. Cobb Jr., Second Secretary of the Embassy, was not just simple information about events, but also a thorough and detailed analysis of the political situation in Bolivia. The analysis recommended the extrajudicial arrest of MNR leaders and the establishment of a repressive regime, all of which was fulfilled to guarantee governability for the dictatorship.

So obvious was the US control of Bolivia and that no politician could come to power without Washington’s approval that even Víctor Paz Estenssoro from his exile in Buenos Aires chose to exempt the US from all responsibility for the self-coup d’état and blame it entirely on Bolivians. On May 24, the US Embassy in Buenos Aires reported on two interviews that Víctor Paz had given to an American reporter.

David Wilson, of the INS agency, had reported to the Embassy personal information he had obtained about the Bolivian politician in exile. According to Wilson, Víctor Paz with his sick wife and two children lived and had his offices in two apartments on the third floor of a building without an elevator located in a middle class neighborhood. Using cheap furnishings and wearing frayed clothes, Paz had no sign of opulence: he lived on a modest pension of 500 pesos provided by the Argentine government as a result of an agreement at the time of his departure from Bolivia. The main feature noted by Wilson about Paz’ way of life was that the place was supposedly full of loaded revolvers. He asserted that he saw them all over the tables, under all paper and behind every book. The most curious thing about his information, however, was that Víctor Paz did not blame the US for the coup d’état in Bolivia.

He expressed regret that the Argentine press was blaming the United States for the political coup in Bolivia whereby the government was turned over to the military, saying that it would damage his position with the United States. (Despatch 1844, page 1, May 24, 1951. From the US Embassy in Buenos Aires to the Department of State. Subject: US Correspondent Interviews Paz Estenssoro. Facsimile 24)
On June 6, 1951, the Military Junta nullified by decree the May 6 elections. It likewise cancelled the mandate of the members of the two chambers of Congress curiously preserving the "rule of law" by clarifying that the Constitution, existing laws and other provisions would govern all judicial acts. In addition, the decree recognized all existing international treaties and agreements and established that the country's foreign policy would be based on democratic order and concepts. (Despatch 1014, June 7, 1951. From the US Embassy in La Paz to the Department of State. Subject: May 6 Elections Nullified by Decree. Congressional Mandate Cancelled. Facsimile 25)

Euphemisms aside, the military dictatorship would have to sign an Agreement with the United Nations, an institution that required democratic ratification of the treaties. In this way, the Bolivian Military Junta defined itself as a dictatorship internally, but as a democracy for foreign policy purposes, an incoherence that was accepted by both the UN and the United States to validate the signing of treaties that were already being drafted.

The reason for such an aberration became obvious July 31, when Irving Florman, the US ambassador in La Paz, sent the Department of State a telegram informing that the previous night the Military Junta had in principle approved the Keenleyside Report of the UN, although reserving the right to reject, modify or postpone the implementation of recommendations that by common agreement might be considered as non-applicable. Notably, the UN Keenleyside Report recommended providing Bolivia with foreign "advisers" and "technicians" to reorganize all of its public administration, from the Banco Central (Central Bank) and the Caja de Seguridad Social (Social Security Fund), to the ministries and the Presidency of the Republic.

The Bolivian Cancillería (Foreign Ministry) requested that UN agents be sent to Bolivia to discuss the terms and sign an appropriate technical assistance agreement. (Telegram 50, July 31, 1951. From the US Embassy in La Paz to the Department of State. Facsimile 26). Clearly, the supposed reconsideration of what had been agreed with the Urriolagotía government was just another tactic to whitewash the dictatorship's image given that the return of the Commission to sign an Agreement had been already approved. The Agreement, therefore, was already made; only the signatures were missing. In play was the surrender of political and economic power to the US with the complicity of the UN. Although his political aspirations led Paz Estenssoro not to criticize the United States, the MNR began questioning the United Nations.
From the perspective of the Department of State, the political environment in Bolivia was unstable because, despite the state of siege, the imprisonment of a large number of political leaders and multiple deportations, popular discontent continued to escalate, leading to fears that the MNR would use a revolt to assert its electoral victory. The Department of State’s concern was that an MNR coup d’état would jeopardize the signature of the agreements. There was so much fear in Washington that Ambassador Irving Florman sent two communications with the same information. In a despatch titled Bolivian Political Psychosis, he explained that the helplessness of the Bolivian people was the fundamental reason for his prediction that there would be no possibility of a revolution:

The Bolivian revolutions are subversive and man made, there is no one here now to cause a revolution. There will be no revolution in Bolivia this month, nor the half of next month.

Organized labor, who are the weak and the poor, will not take a life with impunity. If those in power now cause a revolution, Bolivia is unfit to be called a commonwealth. No one in the present Bolivian Government is base enough to cause an upheaval. Revolutions always begin against a tyrant; there is no tyrant in Bolivia at this time. (Despatch 84, August 2, 1951. From the US Embassy in La Paz to the Department of State. Subject: Bolivian Political Psychosis. Facsimile 27)

He failed to clarify that the leadership of both the political opposition and the labor unions had been arrested and confined or deported, leaving the “weak and poor” workers unprotected and that under those conditions, the repressive forces were ready to attack them with any pretext. The certainty that there would be no impunity for the workers came from knowing that if one dared to organize a protest, the military would immediately produce a death (take a life) to justify a massive repression. The Report continues:

It is sheer incomprehension to assume that Bolivians would cause an upheaval against themselves. The US and the American people have a substantial venture in Bolivia and I was sent here by the President of the United States, Harry S. Truman, to protect that venture. I therefore implore the Department of State to look for the roots of Bolivia’s evils in countries other than Bolivia, for La Paz is as safe a city now as Norfolk, Virginia.

The city of Norfolk, 194 miles south of Washington D.C., was already a military city in 1951. Its activity gravitated around modern naval and aerial training bases important for the allied victory in World War II. Undoubtedly,
Florman’s report showed that Bolivia’s importance to the United States went far beyond the simple desire to help a poor country. Perhaps inadvertently, Florman implored the Department of State to look for the roots of Bolivian problems abroad including Washington DC where decisions about Bolivia’s fate were made. In any case, by imploring that this powerful external influence factor be understood, he exposed the false accusation of his own embassy that Bolivia blamed the US for its ills unfairly.

Ambassador Florman himself acknowledged having been sent by President Truman to protect a substantial venture of the US government in Bolivia. What could this important venture be? According to declassified documents, (it was) to raise the degree of intervention from high to unavoidable solidifying Bolivia as the guinea pig of American experiments in covert intervention, as well as in destruction and reconstruction of nations without military intervention. Such was Florman’s urgency for this information to reach Washington, that the day after sending it by air in a diplomatic pouch, he repeated the information in a secret telegram sent at 11:00 a.m. on August 3, 1951. (Telegram 61. Facsimile 28)

As expected, on September 18 the United Nations Commission returned to La Paz to finalize the agreement that would implement the Keenleyside Report recommendations. This time, the head of the Commission was the American Carter Goodrich, who answered press questions in general terms. The US Embassy reported on September 21 that the initial meeting between Bolivian technicians and the UN Commission took place on the 20th of that month and that final agreements for the Treaty would be ready for signing by the end of the month. The report includes information that reveals the degree of intervention implied in the "agreement":

Bolivia, for its part, will insist that the UN coordinator in the Presidency be a Bolivian citizen. (Despatch 241, page 1, September 21, 1951. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 38. Section I. Facsimile 29)

In other words, Bolivia was willing to accept a foreign auditor in each branch of its public administration, including ministries, but would prevent that such intervention reach the presidency of the Republic. Pathetic defense of national sovereignty.

In the next paragraph, the document indicates that the Keenleyside Commission Report enjoyed political support from the Liberal Party. At its
annual convention, Tomás Elío, the President of the party, said that Bolivia needed a “surgeon’s scalpel, not a medical diagnosis,” and urged the Government to adopt the Report’s recommendations immediately.

The Technical Assistance Agreement between the United Nations and the Government of Bolivia was signed on October 1, 1951. In Article III, the Bolivian government “requested” the services of administrative assistants and technical experts to reorganize the following government offices: Ministry of Finance, Taxation and Budget, Comptroller General of the Republic, Central Bank of Bolivia, the projected Development Bank, Ministry of Agriculture, Ministry of Mines, Petroleum and Economic Affairs, Ministry of Labor and Social Welfare, Social Security, Ministry of Public Works and Transportation, public administration in general, and public service. With the exception of the Presidency of the Republic, the entire public administration would be in the hands of United Nations "experts," under the direction of Carter Goodrich. ("Technical Assistance Agreement..." 268, 270, 280)

The accepted practice of intervention was skillfully implanted in Bolivia, but the US “hand” behind the United Nations was so obvious that the public began to confuse the programs, linking them directly with the United States. Predictably, there was criticism from the opposition, especially from MNR leaders, who although in exile were able to make their statements public. For these reasons, the Bolivian government began to fear an insurrection and by the end of the year increased its repressive operations considerably.

The Embassy’s Despatch 484 dated December 20, 1951, from the US Embassy in La Paz to the Department of State, refers to this repression under the title of Extensive Precautionary Arrests of MNR Adherents. Given that political and union leaders were already deported or imprisoned and Ambassador Florman himself had already assured that workers were unprotected and that there was no one in Bolivia who could promote insurrection, a new wave of “precautionary” mass arrests aimed at the militant bases of the MNR and workers. The despatch opens by stating that as the State Department already knew, the Embassy had received information about an MNR plot to overthrow the government on December 20, but that further news indicated that the plan had been aborted because the army officers decided to back out given the MNR’s insufficient supply of weapons.

The repressive operation, however, was carried out to warn the MNR against attempting a coup on December 20, anniversary of its 1943 coup that brought to power President Gualberto Villarroel. Once again, Villarroel's ghost
appeared in Bolivian politics. The Embassy despatch indicated that a group of MNR sympathizers gathered in San Francisco church to attend a commemorative mass. The police alleged that after mass the participants marched to the cemetery and in front of the tomb of the former revolutionary President, made speeches that denounced the government, constituting an open attack on the Military Junta. As a result, the police arrested some thirty to forty people in La Paz and others in other cities. The story of the facts is as interesting as the analysis made by the second Secretary of the Embassy William B. Cobb Jr.: "The four-day detention period for many of the MNR adherents will expire December 21." (Despatch 484, page 2, December 20, 1951. From the US Embassy in La Paz to the Department of State. Subject: Extensive Precautionary Arrests of MNR Adherents. Facsimile 30)

The Government had made the arrests on December 17 after the mass at the memorial service for Villarroel, but no charges were made against the detainees, so it was decided to retain them for at least four days and release them on the 21st, one day after the anniversary of the 1943 Revolution. The odd part here is that the Embassy wrote the Despatch on the 20th knowing in detail what had happened and what was going to happen:

The Embassy believes that the arrests probably have served their purpose and, in addition, have caused MNR adherents to realize that their plans are generally known to the Government. This, in itself, should serve to discourage plotting among underlings and may mean that the MNR will endeavor to secure the support of a large segment of the army prior to planning a future revolt. (Despatch 484, page 1)

On January 11, 1952, the Embassy reported that President Hugo Ballivián and Commanding General Torres Ortíz were at “swords point over the question as to when elections should be held.” Torres Ortíz wanted early elections to relieve the military of political responsibility, but President Ballivián believed that “all problems, particularly economic, must first be solved,” and that this “cannot be accomplished in six months or even a year” (Despatch 527, January 11, 1952. From of the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 2. Section I. Facsimile 31). The implicit message was that, according to the recently signed treaties with the US and the United Nations, Bolivia’s economic problems would be solved with foreign assistance and guardianship.

An example of Bolivia’s economic, political and administrative submission to the US was mentioned in the economic section of the same document,
where we learn that the Bolivian coordinator for the United Nations Technical Commission had set off on a three-week trip to New York and Paris to, among other things, review the lists of nominees for a number of “administrative assistant” positions. All parties involved knew those were not “assistants” but interveners with deciding power.

The despatch also indicates that before leaving, the Coordinator suggested to the Military Junta that the allocation of funds for new industrial equipment be postponed until the arrival of the UN experts. It also observed that such a suggestion was a bad omen because it was leaked, provoking negative reactions from the opposition, particularly from Paz Estenssoro, who from his exile in Buenos Aires severely criticized the Military Junta for allowing the violation of national sovereignty. (Despatch 528, page 1, January 11, 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 2. Section II. Facsimile 32)

While equipment for new industries would have to wait for the arrival of the UN “experts”, the Banco Central authorized a loan of 60 million bolivianos to complete the Santa Cruz-Montero road, built jointly with the Cochabamba-Santa Cruz road, both by American companies.

It is worth noting that one form of intervention is through contracts to US corporations in countries that receive "assistance," even though such "assistance" is provided in the form of loans and not subsidies.

The US rivalry with Brazil for the Santa Cruz development project was laid bare in Despatch 550, dated January 18, 1952. This communiqué reported that Brazil and Bolivia had exchanged notes ratifying the treaties of February 25, 1938 with the revolutionary president Germán Busch for the construction of the Corumbá-Santa Cruz railway and for an oil concession in Bolivia controlled by the Bolivian-Brazilian Commission. Embassy analysts observed that those notes were indicative of Brazil’s determination to maintain its oil rights in Bolivia. Obviously, the development of Santa Cruz had become the apple of discord between Brazil and the United States. President Busch had already granted that development to Brazil. However, the US was not resigned and increased its control over the Bolivian government in order to reverse or diminish in some way that treaty’s implementation, so that the development of Santa Cruz would fit its own economic interests and geopolitical objectives.

The despatch also informed that executives from Standard Oil Co. of New Jersey had arrived in La Paz to make arrangements with Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), the state owned oil company, for
Standard Oil’s re-entry into Bolivian territory. According to the Embassy’s report, there was concern that YPFB might receive a loan from the Export-Import Bank for drilling, setting a bad precedent of state-controlled production. According to them, the YPFB’s application was being watched very closely throughout Latin America and a loan approval could accelerate restrictive trends already evident in Brazil, Peru, Chile, and Argentina. In other words, the Rockefeller Empire, through its Standard Oil Corporation, wanted the US to prevent YPFB from taking off.

It was also reported that a former US government geologist was already in Bolivia representing American mining interests and that his efforts had been fruitful because his application for a petroleum concession was being considered favorably. Additionally, he had taken control of the potentially productive Gioconda tin mine and was also trying to take control of what he considered to be very rich sulfur deposits on the border with Chile. (Despatch 550, January 18, 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 3. Section II. Facsimile 33)

Concerned about the tin contracts with England and the United States, the Bolivian press began to express their hope that the US would give Bolivia a better price than it had given to Malaya (Malaysia), considering the high production costs in Bolivia and that the Malayan prices were based on *quid pro quo*, ignoring that the problem was not high production costs in Bolivia, but the low cost of Malayan production. It should be noted that Malaya was one of the territories where the British Empire began industrial cultivation of rubber tree seeds stolen from the Bolivian and Brazilian Amazon. Malaya also operated tin mines under colonial models of exploitation that made this country one of the most profitable colonies of the British Empire and the world’s largest supplier of both products. When all that production passed to Japanese control during the Second World War, Latin America became the "good neighbor" that would supply raw materials to the United States and England. After the war, Malaya began a slow process of self-determination that ended on August 31, 1957, with the independence of what is now known as Malaysia. Therefore, in February 1952, the US unilaterally decided the price of Bolivian tin, using as reference the low price of a country even more subjected to looting than Bolivia. Such prices were arbitrary and not subject to the free fluctuation of supply and demand as would happen in an authentic market economy.

Faced with this situation, the workers’ union at Unificada mine and the Cochabamba taxi drivers’ union decreed a short and symbolic strike against the
policy of tin prices established by the Reconstruction Finance Corporation. The aforementioned despatch of January 18, 1952, provided an account of the growing popular resentment about the scarcity of basic products for the elaboration of bread: flour, sugar and lard.

The January 25, 1952 economic despatch informed that the press in La Paz was aware of the presence of Standard Oil executives and that the newspaper Última Hora had published an editorial opposing the very idea that the transnational might return. But because government decisions were made by a Military Junta at the service of the United States, the same despatch indicated that YPFB had informed the Embassy that the group of technicians in the United Nations Assistance Program included two experts in petroleum law who would be in charge of drafting a new basic law acceptable to private companies. It also clarified that the regulatory decree previously developed by YPFB was unacceptable to private companies and therefore had been ruled out. (Despatch 560, page 1, January 25, 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 4. Section II. Facsimile 34).

In reality, the YPFB’s report to the Embassy was a formality because the United Nations was already managing the situation as an umbrella to hide Washington’s intervention. Both sides knew perfectly well that the two experts were lawyers from the American firm Schuster & Davenport, who had been hired to write the Bolivian Petroleum Code that the US wanted and that would become known as the Davenport Code.

As for the mining industry, the Embassy also reported to Washington that the Bolivian press had expressed satisfaction that the Reconstruction Finance Corporation raised the price of tin to $1.21 per pound, but that the (US) government expected to receive a preferential price in Bolivian contracts. Bolivia depended so much on the tin prices established by its buyers (USA and England) and the military dictatorship was so confident of US support, the same Embassy document reported what was a case of extraordinary psychological manipulation of the Bolivian Government. It said that a “large American company” had recently visited Bolivia, expressed its intention to invest in mining and written a prominent Bolivian politician stating that his sources had assured him that the US would give Bolivia the price of $1.30 per pound of tin together with other forms of financial assistance resulting in an effective price of $1.50 and that the Bolivian President would be invited to the US to sign the contract. Notably, there was an historical precedent to such an invitation. In the recent past, the US had rewarded another Bolivian President for his loyal
service to US interests: General Enrique Peñaranda had been invited to the White House. The Embassy concluded its report by describing that the aforementioned politician had immediately rushed to give the good news to the president. (Despatch 560, page 2). What could have been the reason for an American company to assure the Bolivian Government of such extraordinary income? In only a few days, the answer would be revealed.

Another despatch also dated on January 25, 1952 provided revealing information. In its political section, this document states that the worldwide response to the United Nations call for technicians interested in working under contract in Bolivia had been surprisingly good, to such a point that several technicians from the original mission were interested, including an American citizen. The UN representative, Carter Goodrich, and the Bolivian coordinator, Alberto Crespo, would arrive from New York the following week and the project was expected to start in the second quarter of 1952. (Despatch 559, January 25, 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 4. Section I. Facsimile 35). The following paragraph illustrates US urgency to consolidate its control before the MNR could start a revolution:

Surface calm prevails politically but under-cover maneuvering continues, both within the MNR, which reportedly is stepping up its campaign to collect arms and ammunition, and within the group attempting to form a united front to oppose MNR. It is too early to judge whether the attempt will be successful.

In these circumstances, the effect of the psychological manipulation on the government of Bolivia, based on the “information” that the US would pay Bolivian tin at $US 1.50, began to manifest itself. The Military Junta published its national budget for 1952 with the surprise that in “revenue” the tin price was taken into account at $US 1.30 per pound plus 420 million pesos in "extraordinary income," resulting in an effective price of $US 1.50, exactly as the high level “information” had divulged.

Ironically, this operation did not benefit any US corporation. It was not a manipulation for economic purposes but rather political ones, since it simply sought to persuade the Military Junta to include in its annual budget US resources not yet committed, thereby establishing an even greater dependence on and submission to Washington. The budget projection for 1952 had been published at the end of the previous year and was 2.7 billion pesos. However, with the promised income the budget was raised 5 billion pesos with significant increases in the presidency and agricultural sectors.
So powerful was the American control over Bolivian politics and economics, that when a French commercial attaché arrived in La Paz to investigate oil investment possibilities, he first reported to the US Embassy, expressing that his country wanted to participate in joint ventures with US and Bolivian capitals and that if there were no objections from the Department of State, he would begin negotiations with YPFB. (Despatches 575 and 576, February 1, 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 5. Sections I and II. Facsimile 36)

The US consistently used the counterrevolutionary threat to advance its intervention in Bolivia. It should be remembered that the Bohan Plan, prepared by the US to “nation-build” Bolivia in its own way, had been drafted during the puppet regime of General Enrique Peñaranda, filed away during the revolutionary government of Gualberto Villarroel and rescued under the administration of the anti-communist Harry Truman in the US. The Bohan Plan was ready for implementation by April 1952 during the also counter-revolutionary government of General Hugo Ballivián and under the mask of legitimacy provided by the UN technical missions and, of course, before the MNR could come to power. It is therefore clear that Bolivia’s economic diversification in the hands of the US included a counter-revolutionary ideology opposed to a national revolution founded on the principles of defending sovereignty and the natural resources of the Bolivian people.

While real US objectives in Bolivia were long term and very skillfully pursued, the Bolivian public was oblivious of this reality and totally distracted by the superficial spectacles of day to day politics. It happened, for example, that all foreign personnel at the American Smelting and Refining Company in Corocoro had to flee to La Paz when a crowd formed in reaction to a fist fight between the assistant manager and the head of the Corocoro union. The mine remained in the hands of the Bolivian staff and the Ministry of Labor began negotiations with the Federation of Mining Workers in an attempt to “arrange some face-saving means for the return of the foreign staff.” (Despatch 576, page 1)

On February 1, 1952, the Embassy informed that an unofficial source with its own intelligence agents had informed the Minister of Government, General Antonio Seleme and the Embassy, that the MNR continued preparing

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4 It was Truman who started the process of invading Bolivia through the Technical Assistance Program ratified in March 1951 by the government of Mamerto Urriolaguitia.
to overthrow the Military Junta. There was a rumor that several Army and Air Force officers were with the MNR and that they had rifles, machine guns and dynamite at their disposal. It was also said that the President of Argentina, Juan Domingo Perón, would make available ten planes that would take off from a special airstrip between La Quiaca and Jujuy. A stepped-up Argentine propaganda campaign led to the belief that Perón envisaged the possibility of putting Bolivia under his hegemony, that politicians of both countries had been negotiating the purchase of copper by Argentina and that other Argentines were looking for radioactive minerals (Despatch 575). For the United States, Bolivia was a strategic country and it was not willing to jeopardize any bit of its control to either Brazil or Argentina.

Meanwhile, food shortages worsened in the city of La Paz with the aggravation that bad weather prevented the arrival of meat from Beni department. In these circumstances, the government announced the arrival of 200 Argentine cattle to supply La Paz for a week, a mediocre palliative for food shortages as there was also a severe lack of flour, sugar, and lard to bake bread. (Despatch 576, page 2)

On February 5, it was reported that to protest shortages of basic food items, the MNR mobilized the “La Paz University Student Union” and led a public demonstration that gathered approximately 2,000 people who were dispersed by riot police using tear gas, among other things. As a result, a union leader was wounded and the students called another march for February 8, but this time with weapons to defend themselves if the police attacked them again. (Despatches 598 and 599, February 8, 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week № 6. Sections I and II. Facsimile 37)

In an attempt to ease the protests, the Military Junta used military trucks to distribute flour and sugar to the bakeries. However, given the proximity of the announced protest, both the US Embassy and the government were concerned about the threat of armed people. The Military Junta informed the Embassy that it calculated as 5,000 the number of MNR militants in possession of “cachorros de dinamita” (explosive devices made by mining workers with the same dynamite they used in the mines). The Embassy then reported to Washington that a non-governmental source had informed that 10,000 dynamite bombs of different sizes were available to the MNR. (Despatch 598, page 1)
On February 7, the Minister of Government, Antonio Seleme, had announced that the Military Junta would convene elections for September so that the new constitutional Government could assume command that year. He said that the first objective of the country's pacification had been fulfilled and that progress had been made towards economic stabilization.

Perhaps in another attempt to lower tensions, it was reported that Standard Oil executives had left the country. The Embassy reported to Washington that they had left after being cordially greeted by YPFB and the government, while the reaction of the press, on the contrary, had been unfortunate. The newspaper Última Hora, for example, had expressed that while other companies may enter Bolivia, Standard Oil should be barred. (Despatch 599, page 2)

During a second protest march, gases again caused dispersion before the protest reached the Plaza Murillo. This time several miners in possession of explosives were arrested. On the morning of February 9, 1952, the day of the expected coup attempt, the Embassy informed Washington that the police arrested about 30 MNR leaders, disconcerting their followers and probably avoiding major problems. It was clear to the Military Junta and the US Embassy that the mining unions had become the greatest organized force behind the MNR and were only awaiting orders from their leader Juan Lechín Oquendo to march to La Paz and launch the revolution. The Embassy, however, reported that Minister Seleme had appeased Lechín by keeping him on his payroll. (Despatches 610 and 611, February 15, 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 7. Sections I and II. Facsimile 38)

On February 21, the Embassy informed Washington of its progress in conducting its programs in Bolivia through the United Nations. It reported that a selection of eleven UN administrators and technicians had been announced in La Paz on February 20, that there were no American citizens among the appointees and that everything indicated that even when the selection was completed only two or three Americans would be included. According to the report, the absence of US staff should alleviate the general confusion that existed between the US and the United Nations. Carter Goodrich, representative of the UN Secretary General, would return to New York the following week to meet the technicians expected to travel to Bolivia in March or April. (Despatch 620, February 21, 1952. From the US Embassy in La Paz to the Department of State. Subject: Week Nº 8. Section I. Facsimile 39)
In retrospect, it is evident that aggressive American intervention was timidly resisted in Bolivia and that the United States, in addition to having many resources at its disposition, had developed mechanisms to disguise it, including the use of the UN.

A February 29 despatch reported that YPFB had reached an agreement with the US-based William Brothers to operate an oil refinery in Cochabamba and a new plant in Sucre that would begin activities as soon as crude oil production merited it. It was believed (or rather claimed) that this would allow savings in administrative expenses. William Brothers was already operating pipelines in Bolivia under an agreement subject to the approval of the Export-Import Bank. (Despatch 630, February 29, 1952. From the US Embassy in La Paz to the Department of State. Subject: Week Nº 9. Section II. Facsimile 40)

The same despatch stated that US consulting engineers for the Cochabamba-Santa Cruz highway estimated that the total cost to complete the road would be about three million dollars more than the original estimate.

So great was the American appetite to control production areas in Bolivia that its geologists frantically traversed the country in a race against time, while the military dictatorship repressed its own people for protesting against food shortage and the plundering of Bolivian riches. The Embassy reported that an American geologist, this time representing the powerful United States Steel Corporation, had spent a week on the border between Santa Cruz department and neighboring Brazil collecting information in the Mutun area, site of the second largest iron reserve in the world. Oddly, the geologist was not looking for iron but manganese and was disappointed at not finding it. Americans were so accustomed to high profit margins that this geologist had hallucinated with the fantasy that Mutun's immense mountains of ferrous were rather manganese. The report concluded this segment indicating that weather conditions had prevented the geologist from visiting the region again and that the United States Steel Corporation was anxious that possible interest in Mutun be kept secret. (Despatch 644, March 7, 1952. From the US Embassy in La Paz, to the Department of State. Subject: Joint Week Nº 10. Section II. Facsimile 41)

As for the oil industry, the Embassy reported that the Joint Brazilian-Bolivian Petroleum Commission (Comisión Mixta Brasileña-Boliviana) had $2 million available to purchase drilling equipment. Additionally, it pointed out that while the Commission intended to do the drilling on its own, an American company would sell the drilling rigs and try to persuade for an American drilling
company to be hired. The same report mentions the arrival of an American drilling expert to supervise operations in Camiri, contributing with his "expert" opinion about the equipment to be used.

Apparently, the US would use any means to prevent a state oil industry from flourishing in Bolivia without the involvement of private American companies. Only in this context can the US strategic delay in resolving the purchase price of Bolivian tin be understood. The insolvency of the Bolivian State was instrumental for US plans: on the one hand, it prevented the country from exploiting its own resources; on the other, it opened the doors for continued US investment in Bolivia, deepening its dependence and subordination.

On March 21, a commission of Air Force officers reportedly visited Cochabamba on a US military plane to inspect newly acquired land for the relocation of Air Base No. 2 and then traveled to Santa Cruz to inspect the new Air Force School, scheduled to begin operations in June or July. (Despatch 671, March 21, 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 12. Section I. Facsimile 42)

A March 28, 1952, despatch reported that the mysterious American geologist (whose name was never mentioned), had obtained a three-month option in a YPFB concession, was already conducting explorations with the executives of a Texas group and that, if the results were satisfactory, the group was prepared to invest 200 million dollars. Representatives of Williams Brothers and Foster-Wheeler, two of the US companies that built oil pipelines and infrastructure in Bolivia, went to the Embassy to express their belief that YPFB was trying to eliminate independent producers and put the country back into Standard Oil hands. (Despatch 687, March 28, 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 13. Section II. Facsimile 43)

These activities suggest that the analogy of predators devouring a downed prey is not exaggerated. As in the animal world, where different species of predators fight over injured prey, in the human domains of politics and economics, the US had immobilized Bolivia to make it available exclusively to its corporations, which in turn fought a fierce contest among themselves. In the case of trapped Bolivia, the US government considered itself the owner of the prey. Predatory corporations appealed to its authority for protection and favoritism. They all appealed to the true owners of power as did Bolivia's puppet government.
It also seems that America's tardiness in resolving the contract to purchase tin after having already done so with Indonesia and the Belgian Congo was a deliberate delay that explains why the Bolivian Foreign Minister affirmed that President Ballivián had written a personal letter to President Truman regarding the "negotiations." (Despatch 687, page 1)

In the realm of agriculture, it was reported that the construction of a Bolivia-owned modern slaughterhouse and meat processing plant was near completion in La Paz and that it had been built under the supervision of an American company according to international specifications. Additionally, a prominent private agricultural company was seriously considering investing two million dollars to build a sugar mill near Santa Cruz with the capacity to process 15,000 metric tons. To avoid direct competition with imported sugar subsidized by Bolivia, the project startup would be postponed until the government adopted a more practical policy. (Despatch 687, page 2)

Discontent over the ineptitude of the Military Junta reached even the military ranks. A group of officers requested the replacement of four ministers, including the Minister of Government, General Antonio Seleme, blamed for not having reduced the size of the National Police, increased during the Urriolagoytía government to counteract the Army. (Despatches 711 and 712, April 4, 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 14. Sections I and II. Facsimile 44)

In response, Seleme began to conspire. He met clandestinely with Dr. Hernán Siles Zuazo, deputy chief of the MNR, and proposed a quick and non-violent coup that did not involve the mining workers who would demand a more radical turn in the new government. The idea was to form a mixed government, with General Seleme as President of the Republic. To seal the agreement, Seleme swore allegiance to the MNR, handed some weapons to civilians and prepared the coup.

After midnight on April 9, 1952, the coup d'état led by Seleme began. Police officers loyal to him patrolled the streets together with MNR civilians. At 6:00 am., on April 10, Radio Illimani announced over its nationwide network the triumph of the insurrection. But that was not the end of the story. The army loyal to the military dictatorship went into the streets to retake control of the city, but found a massive MNR insurrection. The crowd improvised barricades in each street and began an unequal confrontation between a well-armed army and people who, although they lacked weapons, had conviction and numerical superiority. The government called all the units from surrounding garrisons to
come to La Paz to reinforce the attack. The people, on the other hand, managed
to take a military arsenal and increased their resilience with those weapons.
Fighting continued throughout the day and casualties began to mount. During
the night of April 9, General Seleme had a negative analysis of the situation in
that (while) the army was beginning to win the fight and numerous
reinforcements from neighboring garrisons would arrive soon, he understood
that the struggle was lost. He ordered the withdrawal of his police forces and
took refuge in the Chilean Embassy.

Hernán Siles Zuazo attempted to make an arrangement with the Military
Junta but was rejected and threatened with a bombing the next day if the MNR
did not unconditionally lay down their weapons. Nonetheless, the people were
not willing to surrender and went to the streets to fight with sticks, stones and
as many weapons as they could find.

What had started as a coup d’état became revolution. The entire city of
La Paz, supposedly safer than Norfolk Virginia, became a battlefield where
civilians fought for the control of every corner and every street in a slow but
sustained confrontation with the military. From the second day of combat, the
army grew demoralized because ammunition was exhausted and
reinforcements from surrounding garrisons had not arrived. Peasants from
neighboring communities had blocked the highways to the city, tenaciously
resisting the blows of troops trying to break the siege. As fighting in the
highways became bloodier, the army was surprised by explosives from mining
workers who attacked them from behind while fellow workers held the
blockade. That was the action that decided the fight. The first army regiment
surrendered, but another six extended the carnage for a time amidst military
rifles and mortars versus puppy dynamite that exploded in rocky terrain and
converted stones into projectiles. The people managed to defeat all the
garrisons and the army finally entered the city of La Paz humiliated, parading
like defeated forces escorted by the workers’ militias that from that moment
became the true defenders of the revolution.

On April 12, the American Embassy in La Paz informed Washington about
the victory of the National Revolution. It summarized the story in the following
terms:

The Military Junta is out, MNR is in. The attempt made recently to revamp
the Junta cabinet, which would have left Minister of Government General
Seleme out in the cold, decided him to throw in his lot with MNR. He took
the police with him. Revolution broke out at dawn of the 9th. Seleme armed
the populace. The night of the ninth it seemed the opposition had lost. Seleme took asylum in the Chilean Embassy. Next day the army ran low on ammunition, lost the initiative. The army was routed yesterday, all eight regiments which took part in the fray at La Paz. Seleme left the Embassy, tried again to take command. Siles Zuazo, MNR interim President, gave him the boot.

There was no trouble of magnitude outside La Paz.

MNR party chief Paz Estenssoro, is due back from Argentina today or tomorrow. He will be given red carpet treatment. The carpet figuratively will be a much deeper red from the blood of casualties estimated as high as 10,000 dead and wounded. (Despatch 721, April 12, 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 15. Section I. Facsimile 45)

With these words, the Embassy blamed the MNR for the bloodshed, which was very cynical in the light of its May 8 despatch two days after the elections that the MNR had won:

If the army takes over, bloodshed must follow. The MNR cannot be expected to sit by and not protest should Paz Estenssoro be thwarted another time. (Despatch 933, page 2. Facsimile 11)

The United States, therefore, knew what would happen, but rather than choosing to avoid Bolivian bloodshed, it opted to consolidate its control over the government and the economy of the country. Another odd fact about the despatch of April 12, 1952 is the change of opinion regarding what the US could expect from a MNR government in the hands of Paz Estenssoro:

The new government is expected to be markedly anti-communist, pro-Argentine. What its attitude toward US and UN missions will be remains to be seen. It is already discounted that mining companies and capitalism in general are in for a rough time. (Despatch 721)

Despite "historical" accusations against the MNR as communist and fascist, when the party came to power, the Embassy showed interest in its leader Dr. Víctor Paz Estenssoro, the man they had described as a serious economist who defended his positions with the consistency of numbers and not with demagoguery; a man who, above all, was politically moderate and rational.

Analyzed in retrospect, this sudden "sympathy" for the Bolivian leader had been forced by the adverse circumstances in which Washington found
itself after the triumph of the revolution. Not only had the political structure of the Right been dismantled, but its eternal defender, the Army, had been dissolved and the only real force was now in the hands of armed labor unions turned into revolutionary civil militia. From the American perspective, these unions were under the influence of Stalinist and Trotskyists leaders. In this scenario, Dr. Paz’s moderation was much more attractive to the US than those ideologies and political forces that got to power through weapons. The US had already trapped the Bolivian economy and was patiently waiting for the MNR government, in the hands of the nicknamed Dr. cifras [Dr. Figures], to make his first move.

The hook that Washington used to ensure Bolivian dependence was a development program legitimized by the United Nations. The bilateral treaties of the Point IV Program and of Technical Assistance with the UN reinforced this economic siege. Promises of loans and assistance for Bolivian “nation-building” were the tempting, tasty and irresistible bait that covered the hook. The temptation was very dangerous, but Víctor Paz was curiously willing to bite the hook on behalf of the entire Bolivian people in exchange for economic support for a development plan and political support for the twenty-year period that his party planned to stay in power.

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---. DESPATCH 1014. 7 June 1951. From the US Embassy in La Paz to the Department of State. Subject: May 6th Elections Nullified by Decree. Congressional Mandate Cancelled. NARA Decimal Central Files 724.00/4-2351.
---. DESPATCH 1776. 14 May 1951. From the US Embassy in Buenos Aires to the Department of State. Subject: Conversation with Dr. Víctor Paz Estenssoro. NARA Decimal Central Files 724.00/5-1451.

---. DESPATCH 1786. 16 May 1951. From the US Embassy in Buenos Aires, Argentina, to the Department of State. Subject: Víctor Paz Estenssoro, Bolivian Presidential Candidate, Accuses the United Press of Misrepresentation. NARA Decimal Central Files 724.00/5-1651.

---. DESPATCH 1844. 24 May 1951. From the US Embassy in Buenos Aires to the Department of State. Subject: US Correspondent Interviews Paz Estenssoro. NARA, Decimal Central files 724.00/5-2451.

---. 1952. DESPATCH 527. 11 January 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 2. Section I. NARA Decimal Central Files 724.00 (W)/1-1152.

---. DESPATCH 528. 11 January 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 2. Section II. NARA Decimal Central Files 724.00/1-1152.

---. DESPATCH 550. 18 January 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 3. Section II. NARA Decimal Central Files 724.00 (W)/1-1852.

---. DESPATCH 559. 25 January 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 4. Section I. NARA Decimal Central Files 724.00 (W)/1-2552.

---. DESPATCH 560. 25 January 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 4. Section II. NARA Decimal Central Files 724.00 (W)/1-2552.

---. DESPATCH 575. 1 February 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 5. Section I. NARA Decimal Central Files 724.00 (W)/2-152.

---. DESPATCH 576. 1 February 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 5. Section II. NARA Decimal Central Files 724.00 (W)/2-152.

---. DESPATCH 598. 8 February 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 6. Section I. NARA Decimal Central Files 724.00 (W)/2-852.

---. DESPATCH 599. 8 February 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 6. Section II. NARA Decimal Central Files 724.00 (W)/2-852.
---. DESPATCH 610. 15 February 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 7. Section I. NARA Decimal Central Files 724.00 (W)/2-1552.

---. DESPATCH 611. 15 February 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 7. Section II. NARA Decimal Central Files 724.00 (W)/2-1552.

---. DESPATCH 620. 21 February 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 8. Section I. NARA Decimal Central Files 724.00 (W)/2-2152.

---. DESPATCH 630. 29 February 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 9. Section II. NARA Decimal Central Files 724.00 (W)/2-2952.

---. DESPATCH 644. 7 March 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 10. Section II. NARA Decimal Central Files 724.00 (W)/3-752.

---. DESPATCH 671. 21 March 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 12. Section I. NARA Decimal Central Files 724.00 (W)/3-2152.

---. DESPATCH 687. 28 March 1952. From the US Embassy in La Paz to the Department of State. NA Subject: Joint Week Nº 13. Section II. RA Decimal Central Files 724.00 (W)/3-2852.

---. DESPATCH 711. 4 April 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 14. Section I. NARA Decimal Central Files 724.00 (W)/4-452.

---. DESPATCH 712. 4 April 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 14. Section II. NARA Decimal Central Files 724.00 (W)/4-452.

---. DESPATCH 721. 12 April 1952. From the US Embassy in La Paz to the Department of State. Subject: Joint Week Nº 15. Section I. NARA Decimal Central Files 724.00 (W)/4-1252.

---. LETTER from Sproesser Wynn to the Department of State. 8 May 1951. NARA Decimal Central Files 724.00/5-851.

---. LETTER from Colonel Tomás Suárez C., Bolivia’s Minister of Foreign Relations to Thomas J. Malcady, Chargé d’affaires, US Embassy in La Paz. 16 May 1951. NARA Decimal Central Files 724.00/5-1851.
---. TELEGRAM 343. 29 January 1951. From the United States Embassy in La Paz to the Department of State. NARA Decimal Central Files 724.00/1-2951.

---. TELEGRAM 449. 3 April 1951. From the US Embassy in La Paz to the Department of State. NARA Decimal Central Files 724.00/4-351.

---. TELEGRAM 473. 14 April 1951. From the US Embassy in La Paz to the Department of State. NARA Decimal Central Files 724.00/4-1451.

---. TELEGRAM 530. 11 May 1951. From the US Embassy in La Paz to the Department of State. NARA Decimal Central Files 724.00/5-1151.

---. TELEGRAM 539. 15 May 1951. From the US Embassy in La Paz to the Department of State. NARA Decimal Central Files 724.00/5-1551.

---. TELEGRAM 544. 16 May 1951. From the US Embassy in La Paz to the Department of State. NARA Decimal Central Files 724.00/5-1651.

---. TELEGRAM 545. 17 May 1951. From the US Embassy in La Paz to the Department of State. NARA Decimal Central Files 724.00/5-1751.

---. TELEGRAM 50. 31 July 1951. From the US Embassy in La Paz to the Department of State. NARA Decimal Central Files 724.00/7-3151.

---. TELEGRAM 61. 3 August 1951. From the US Embassy in La Paz to the Department of State. NARA Decimal Central Files 724.00/8-351.


DIGITAL FACSIMILES

Note to the Reader: Microsoft application does not allow inserting the author’s facsimile documents at full quality. This electronic version reproduces them at the highest possible quality.

The reader should also note that these facsimiles are available online only.
Facsimile 1: Telegram 343. January 29, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/1-2951
Facsimile 2: Despatch 783. March 7, 1951
From the United States Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/3-751
Representatives of the parties indicated were willing to talk with him but each wanted its own man in the driver's seat, and it was made clear to Canelas that the President and his cabinet had handpicked then-Ambassador-to-Argentina Gabriel Gonsalvez and that the latter would have to be accepted or "no deal". Canelas, whose genuine date back to 1914, resented this attitude of the Johan-gone-lately-Socialists, brought about withdrawal of the Semininos from FUBS.

**PARTIDO REPUBLICANO SOCIALISTA (Saavedristas)**

Saavedristas leader and Senate President Waldo BERMONTES POOL undergoing treatment in the Naval Hospital at Bethesda for leg wounds received during the September, 1950 student rumpus, acting leader Ramal BALCAZAR in December past told FUBS a few things. Among others, that the Genuinos and the Socialists having been represented in the Presidency by Kertsog (1947-49) and Urrutia (1949 to date), the turn had come for a Saavedrista to be nominated for president. A motion he put to that effect at the Goeldizes-delegate-packed FUBS National Convention held in January being summarily and overwhelmingly voted down, he and his fellow-Saavedrista delegates "took a walk", and this sector a day or two later also formally withdrew from what Balcazar said had been an alliance only and not a fusion with the other two sectors which it had formed the FUBS.

**FUBS-SOCIALISTAS-GENUNOS-SAAVEDRISTAS—GENERAL**

Some Genuinos and Saavedristas refused to go along with their leaders and withdrew from the FUBS, their motive, as it is taken for granted was the case with Foreign Minister GILBERT Arce for example, no doubt being a desire to hang onto their plum of office. The defection of the two sectors in question thus left the Socialists the sole remaining unit of FUBS, and Liberal Party terms for a FUBS-Liberal coalition having proved unacceptable to it, FUBS began dickering with the Partido Social Democrata, is understood to have offered PSD two seats in the recently reshuffled cabinet and to be willing to give it the No. 2 spot on the presidential ticket.

Since the Genuinos and Saavedristas withdrew from FUBS both Canelas and Balcazar have been hustling around, so far unsuccessfully, trying to form an opposition front. Their efforts might have been successful with either the Liberals or Guillermo (Willie) OYHEROS' Acción Civic Bolivia, if they had been willing to accept the Vice Presidential candidacy. However, Balcazar insisted upon a new start from scratch, i.e., that Liberal nominee and Saavedrista Marcelo ELIO and Catíbreas take their chances again at a joint convention, a condition neither would accept at the time.

So - the FUBS Socialists were weakened, and the Genuinos and Saavedristas are muddling along and have gotten nowhere insofar as the top two posts are concerned, albeit they will put up candidates for Senate and chamber of deputies seats and no doubt will garner some of these.
That, without rehash of superfluous or tedious detail, is the situation of the three parties which until recently constituted the administration party. It is especially pertinent, though, by way of indicating orientation, to point out that in his acceptance speech PERNOS nominee Osvaldo while saying that the time is not yet ripe for nationalization of industry nevertheless plunged for "revolutionary" socialism that recently returned from PERON’s paradise, he mouths of Peron’s "social justice". But – office sometimes sobering an incumbent, and if he should come to the Presidency as he has a very good chance of doing, Osvalde might not turn out to be as much a matter of concern to us as it now appears he can be.

PARTIDO LIBERAL (Liberals)

Founded in 1880 the party was represented in the presidency several times prior to 1926, but while active and ably represented in congress since the date last mentioned, and while remaining a well-organized and well-disciplined party, its attempts to obtain the presidency have been fruitless over the past thirty years.

Doctrinaire liberal, and while led by men well along in years, the party nevertheless has continued to appeal to "bright young men" as well; and in the last session of congress it introduced a bill to give women the vote in national as well as in municipal elections. The basic plank of the party platform is "free enterprise". The party is wedded to democratic principles, and leaders both in the older and the younger sections are sympathetic to our aims and ideals.

Realizing that if the vote should be split among several candidates it would find it difficult to elect its ticket, the party several months ago entered into conversations with representatives of other parties looking to the formation of a "Democratic Opposition Front". Conversations were held likewise with administration party leaders, and willingness was expressed to take part in an all-party convention. After these conversations broke down the party named its chief, Tomás Elío, for the presidency but like PERNOS held the vice presidential post out as bait for any other party desiring to team up with it. But while continuing to indicate that it still was prepared to listen to proposals from other parties until a few days ago it insisted that its own candidate must head the joint ticket. A few days ago, however, presidential candidate Elío revealed that he might possibly yield on this point.

Strong in the La Paz area, the Liberals are weak in the hinterland, and in order to attract votes in the latter, also in view of the fact that Elío is a La Paz man, it has now nominated Senator from Santa Cruz Baldrón MERCADO for the Vice Presidency.
MOTIVACIÓN NACIONALISTA REVOLUCIONARIO (MNR)

Founded in 1946 by German collaborator Victor Paz Estenssoro, MNR came to power through revolution in December, 1943, was typically rightist totalitarian, governed in tyrannically ruthless fashion, was guilty of numerous political assassinations and outrages, last power when the Villarreal regime was overthrown by the people in July, 1946.

Its leaders in exile since 1946 and its members of congress prevented from taking their seats, the party has been responsible for a number of abortive revolutions and for the Civil War of August, 1949, in which all principal cities except La Paz were seized by the MNR rebels.

Undoubtedly one of the strongest parties if not the strongest numerically, its power might have weakened progressively had the administration refrained from "persecuting" its leaders. Instead, and with time to some extent helping to obliterate memories of their ruthlessness, MNR leaders in the minds of many became transformed into martyrs and, rather than wasting away, MNR strength has remained at least at its former high level. Many claim that under equal circumstances MNR probably can poll more votes than any other party.

Despite an amnesty decree passed late last year, and despite administration promises that the election will be clean and free, the return of recently-nominated MNR presidential candidate Paz was denied until March 5th, when at the request of Pomp Guiselles authorization for return was granted.

MNR workers in the country deny any desire to come to office through revolution, profess confidence they can win at the polls if given proper access thereto. There may be many whose protestations of propriety are sincere; but others undoubtedly keep alive a spirit of hate and vengeance and if the party should come to power and they to office would again be ruthless, particularly against those who have barred them from the treasury trough since 1946.

There is little doubt in anyone's mind but that if unsuccessful in the forthcoming election the party will charge it was not given a proper chance and will consider this a license once more to attempt revolt.

MNR, as stated typically totalitarian when in office from 1943 to 1946, probably would still be anything but democratic; and, while Soviet Russia is anathema to MNRites and self interest would counsel going along with the United States such going along with us would be tempered by aggressive nationalism.

Labor leader Juan Ischun who is in exile in Chile was mentioned as a running mate for Paz but has denied interest in the vice presidency, and no other name has yet been mentioned for that spot.
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This party, formed in late 1950 around the figure of recently-resigned Ambassador to the US Guillermo Gutiérrez, is made up of heterogeneous groups of students, workers and ex-Chaco veterans. Backed financially by its magnate AMARCO, whose secretary he once was and whose daily newspaper La Randía he long edited, Willie would hardly do anything to prejudice mine owners' interest but could be expected to lean more to liberalism than conservatism and also to do something to improve the lot of the downtrodden, poverty-stricken worker. A democrat, he is sympathetic to the United States and could be expected to cooperate fully with us in hemisphere and United Nations matters.

Before auto-proclamation as his party's presidential candidate, and in the light of the defection of two of the three heretofore component FUSC sector, it was thought Gutiérrez might make a deal with the administration party and turn up as its vice presidential candidate. The theory was that he might thereby be able effectively to counteract any possibly drastic socialist plans of FUSC candidate Saavedra.

When this did not work out Gutiérrez, guided and counseled by Aramayo, went out on his own. Conceded by most observers only a modest chance of winning, the administration apparently rates his chances somewhat better inasmuch as appreciable effort was made to sabotage rallies held by and for him at Potosí and Sucre. Small in size, juvenile in appearance, the only active opposition campaigner to date, neither Gutiérrez nor his party should yet be discounted.

To offset Gutiérrez' relative youth, venerable Julio SALINAS - presently rector of a university at Santa Cruz, not long since proclaimed by students throughout the country as the Maestro de la Revolución, a sometime Foreign Minister - is expected to swing votes ADEward in strongly-MNR Santa Cruz and in Eastern Bolivia in general.

PALANGA SOCIALISTA BOLIVIANA (PSB)

Forced shortly after the Chaco War, PSB went along with the odious MNR in the revolution which brought the Villarceaux régime to power in 1943 and supported it until only a few months before the latter's overthrow in July, 1946.

Its elected congressmen having been prevented by the present administration from taking their seats because of alleged participation in some of the numerous attempted revolutions which have plagued the country in the past three years, PSB as a party has lived the unhappy life of the "bota", and party chief Oscar UNZAGA de la Vega, the same kind of life personally.

Permitted to return from enforced exile in Chile no more than two weeks ago, Unzaga de la Vega instead of indulging in expected recriminations spoke sensitively to newsmen who interviewed him. He said the country is not satisfied with presidential tickets and a few vague phrases ostentatiously constituting a platform, but wants to know what each party has to offer, then asked he would

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shortly come up with a sound, detailed platform. Asked whether his party others reminded that FSB delegates from the start had evidenced willingness—being more specific would have to consult other party leaders.

Strange as it may seem in view of administration treatment of that party, FUBA flirted with FSB, as well as with it, in order to replace the voting strength lost to the administration party when the Serafin and Saavedristas defected. FSB’s top council, now in session, yesterday rejected the suit.

PARTIDO SOCIALISTA DEMOCRATICO (PSD)

Coalition from a political group to a party after the 1947 elections, when it won several congressional seats, PSD’s name was then changed from Acción Social Democrática to its present one. During the most recent session of congress its members, led by Deputies Roberto ARO and Alberto CRESPO Oñate, lent a note of seriousness to interpellations of cabinet members. While critical of the government’s errors, their purpose was constructive. The party’s original declaration of principles stated that democracy is the only political system capable of harmonizing the liberty and dignity of man with the interests of the collectivity; condemned violence as a political method; voiced the desire for creation of an atmosphere favorable to “socially productive private capital”; and favored international, especially hemispheric cooperation.

The party held several so-called conventions in recent months, at the last of which there was a rift regarding policy. The leftists reportedly won out, as against the so-called rightists, but the principles above recorded were not changed, and in fact neither group could be termed extremist, businessman Crespo Oñate who succeeded Arce as titular leader therefore finding no cause for worry after the rift.

The party’s present leader has been engaged in conversations with FUBAS candidate Gómez during recent weeks, looking towards coalition. At FSB’s instance, talks were held with that party, but whether anything may come of them remains to be seen. It is reliably reported that in the latest cabinet reshuffle FSB was offered two posts, but declined them, possibly fearing that this might somehow do it out of the FUBA vice-presidential nomination which apparently is the price it is asking for going along.

PARTIDO DE LA IZQUIERDA REVOLUCIONARIA (PIR)

Formed in 1940, PIR joined up with the Gómez, Saavedristas and the Socialists to form the Unión Democrática Boliviana (USB) in opposition to the Villarceal regime and the latter’s totalitarianism. PIR continued to go along with the three parties indicated, when, with the addition of the Liberals, the USB gave way to the Frente Democrático Antifascista (FDA) in December, 1945, but withdrew from the coalition after Villarceal was overthrown in July, 1946, and put up its own candidates in the January, 1947 election which was won by the FUBAS.
Soft “Nation-Building.” The Economic Weapon Developed by the US in Bolivia

Dominate by Communist José Antonio ANAYA from its inception, progressed, however, these non-Communists in its ranks. As time
with are away in exile for more than a year progressive decadence set
banded about and the split in the party became wider, culminating
report of the clandestinely held VIIIth Plenary. This report was an
acute criticism of the United States and those on our side in the Korean
War, plus the declaration of hostility to Soviet Russia; and resulted in
the defection among others of the outstanding FNR personality still in
the country, Senator Alfredo MEDRIZÁBAL of Cochabamba, the latter place,
incidentally, FNR’s strongest ballast.

Hardly a day passed but that word is published of the withdrawal
of still other individuals from the party, individuals who, liberal and
even radical in thought, cannot stomach communism. These withdrawals
invariably are followed by notices that the person or persons concerned
have been expelled from FNR.

Some months ago word spread that MNR and FNR had entered into
a pact for the forthcoming election, but it developed subsequently that
this was the was the work of some exiles in Chile and not of the leaders
of the two parties. Although, as stated, a period of progressive decadence
has set in in the FNR, its disordered core has not given up and again within
the past few days Anaya made a so far vain plea to MNR to side with it.

FNR’s strength lies in Cochabamba, where a large proportion
of university professors and the majority of the municipal council are FNRistans,
and in certain mining centers. Following the imposition of a state of siege
in November FNR was prevented from holding political meetings. In January
and subsequently, particularly when the government authorized MNR to hold
meetings even though the state of siege was still on, FNR repeatedly
requested the same permission. So far the Ministry of Government has
refused to reply to FNR’s request, probably will refrain from granting the
requested authorization until some date close to the May 6th election date.
In strongly-FNR districts the party will try to manage to win some congress-
ional seats, but as of now it seems unlikely that it will put up or get on any
presidential ticket, and the government’s maneuverings probably will cause
a cut in the party’s congressional representation.

PARTIDO OBRERO REVOLUCIONARIO (POR)

Coming onto the national scene following the revolution of July 21,
1946, POR is strong in the Oruro mining area. While the party does
constitute a source of living for its officers, and while it has some
influence in the area indicated, it has wielded no great power on the
national political stage albeit it has been and remains somewhat of a
thorn in the side of the administration.
According to its Secretary General, a member of the 17th International, the "legatee of the glorious revolutionary traditions of Marx, Engels, Lenin and Trotsky . . . ." and while unconditionally pro-CHEK, it does not take instructions from the Kominform and has nothing to do with the "sinister figure of Stalin 'that great organizer of death' . . . ."; nor does it "receive instructions from the Argentine PCE as alleged in a series of articles recently published in the (La Paz daily) "La Razon.""

It advocates nationalization of mines, electric companies, banks and railroads; calls for expropriation of landed estates and free distribution of lands to workers; would control foreign trade; expel foreign missions since these allegedly "serve as spies and agents of imperialism". In the international field PCE calls for world peace; condemns use of the atomic bomb and demands international control thereof; desires the resurrection of diplomatic and commercial relations with the USSR, "democratic" China and other "young, popular democratic" countries; and on the other hand demands that relations with Fascist FRANCO be broken off.

At the moment PCE may keep workers stirred up, but has no chance of coming to power nor any but a remote possibility of obtaining representation in congress.

GENERAL

One of the several existing groups of Chaco ex-combatants has nominated General BILBAO RIOJA for the presidency. While three or four thousand votes might be cast for him, his candidacy on this veteran's ticket would have as much chance of success as the proverbial snowball; but in the scramble for votes by the ten parties listed and described in the foregoing pages Bilbao's potential is of interest and his name may conceivably appear on one or another of the final tickets.

It had been planned here in, in addition to brief sketches of the parties presently in the race, to furnish a short study on their chances. This study will be incorporated in a separate dispatch.

Thomas J. Maloney
Counselor of Embassy

cc: William F. Hudson, Esquire
ARA: USA:
WDC Room 4205 N.S.
Department of State
Washington, D.C.

DECLASSIFIED
Authority:

229:65
Facsimile 3: Despatch 894. April 19, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/4-1951

Transmitted herewith are personality sketches of
the candidates for the forthcoming election. These sketches
were prepared by an independent Bolivian newspaper man who
has a keen intellect and wide connections. The sketches
provide insight into the personalities which is not available
from other sources. The Embassy has not attempted to
verify the individual details given in the sketches, but
insofar as can be ascertained, the pictures painted are
essentially valid and the opinions expressed are natural and
thoughtful.

1. Gabriel Gosalvez

He is 52 years of age, bony, 5’ tall, rather pale and
sombre looking, was born in the Yungas Section of La Paz
Province. As a youth he was a good, serious student and
graduated as “licenciado” in commerce and finance in 1926.
He then taught commerce for a short time and in 1928 became
secretary to President Silva, thus beginning a long career
in public office. Gosalvez was on four occasions Minister
of State and at one time Minister without Portfolio. At
the beginning of BUSCH’S Government he was generally con-
sidered its mastermind and as such acquired the nickname
of “Grey Eminence” (Rasputin). When conditions deteriorated
and Busch assumed the administration of his own Government,
Gosalvez was named Ambassador to the Holy See and left
Bolivia. He is conceded to be clever, honest, efficient,
extremely reserved and smooth and by all odds the shrewdest
politicians of the country. He does not, however, have an
especially warm personal appeal to the masses but manages
to be on good terms with everyone, without acquiring their
real friendship.

Gosalvez’ capacity as administrator has been proven by
his excellent performance while he was the President of the
Central Bank in 1940 after his return from Italy when
he managed the American-owned Desoto-Chrysler agency in
La Paz.
Juan Carlos Zambrana Marchetti

Following this position he was appointed Ambassador to Argentina. In this capacity he won the confidence and personal friendship of Perón and Evita, who received him at all times without the formalities of protocol. Gosalvez used to speak highly of the Perón administration, but refrained from doing so when his opponents began accusing him of being Perón’s instrument and prospective imitator.

Gosalvez' program is one of evolutionary state socialism, emphasizing getting more for Bolivia from the tin producers. As candidate of the official administration party (FURS), he has the advantage of a well-oiled political machine which is effective particularly in the provinces where the influence of the press and public opinion is not widespread and where the Chiefs of Police and Province Deputy Governors usually keep things under control. On the other hand, Gosalvez is handicapped by the discredit of the official party. Many people who consider him a good, prospective President, capable of running an efficient, sound, administration will refrain from voting for him for fear of keeping FURS in power for four more years. Privately Gosalvez says that he will eventually get rid of the FURS and use men from the Partido Social Democratico in the key positions of his administration.

Gosalvez neither drinks nor smokes, rarely goes to parties, makes a favorable impression by seeming to agree with everyone talking to him. He is, however, firm and knows what he wants for Bolivia. With the slogan, “Bolivian Socialism for Bolivia”, he will probably get the largest number of votes, but not enough to win the election outright.

Gosalvez is married and has two teen-age daughters who are enrolled at the Centro Boliviano-Americano but do not attend the eldest of whom is a great fan of Evita.

2. Victor Paz Estenssoro

He is 43 years of age (born on October 9, 1907), 5'6" tall, bespectacled, shy, calm, and scholarly. Paz Estenssoro was born in Tarija of a well-to-do traditional family. Studious to the point of brilliance during his youth, his father had to hide his books to force him to play with other children. He studied law and graduated with honors at the University (of San Andres). He has practiced law only occasionally, for at an early age he began his work as a public servant, invariably in jobs related to public finance. During the Chaco War he saw service in the front lines and at the age of 30 was made Under-Secretary of Finance. For a few months Paz Estenssoro worked for the Patiño Company, but left voluntarily and began teaching economics in the University of San Andres in 1939. He was elected National Deputy from Tarija in 1940 and automatically became leader of the group which he thereafter became
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the MNR was one of the outstanding Congressmen and he con-
centrated on economics, emphasizing the Nation's right in a bigger
share of the tin profits. As a political speaker Paz expounds his
position with exceptional charity, barely leaning on demagoguery.
He neglected his political leadership, however, when he became
Minister of Finance during the Villarroel regime. By many persons
he was regarded as the "best Minister of Finance in the past
twenty years" and under his administration even the tin producers
found that the financial policy was not extreme, but steady and
reasonable.

Paz, being cold and bookish, does not have the personal
appeal of a typical Latin "caudillo". His present popularity comes
mainly from the fact that he is head of the MNR and much of the MNR’s
comeback can be attributed to his outstanding performance as the
financial brain of Villarroel's regime.

It is said, and it is very possible, that Paz and Gosalvez
had a "non-aggression understanding" in Buenos Aires and for this
reason Gosalvez wrote a public letter to President Urriolagoitia
interceding in favor of Paz. When Paz requested authorization to
enter Bolivia it was granted, provided that he would face criminal
charges for the crimes committed during Villarroel’s regime. The
time behind this was probably to put him in jail after he arrived,
but the Government’s wavering policy changed and permission was
refused, not directly, but on the excuse that the safety of the
passengers arriving on the Panagra plane would be endangered. In
spite of this, the MNR staged a demonstration of welcome which was
the biggest outpouring to date in the electoral campaign. Though
many persons were disappointed by the contradictory news concerning
the arrival and did not parade, some 5,000 to 6,000 people took
part. The demonstration was orderly and well disciplined and it
gave no excuse whatsoever to the Government for repression. Then
the Government got really scared and decided not to take any chances.
As an excuse to cancel definitely his permission to enter Bolivia,
the Government "discovered a new revolution" and arrested and exiled
several score MNR leaders who have been in charge of the campaign.
These new arrests took place while Gosalvez was out of town
campaigning in the interior.

On April 17th Paz sent a telegram to President Urriolagoitia
denying any revolutionary attempt, "inconceivable for party that
just showed its strength and possibilities for victory in elections."
The telegram also stated that the Government's attitude keeps a
period of unrest and tension indefinitely open. This last state-
ment can be understood as a threat of further and probably unavoid-
able violence. The second time Paz was supposed to arrive April 17
MNR supporters began gathering by a new demonstration, when
announcement was made concerning Paz’s inability to arrive, supporters
tried to parade but were dissolved by police using tear gas. One
young boy was killed by a mysterious bullet and the police and the
MNR now accuse each other of murder. Violent speeches were made
to the demonstrators in which the Government was accused of closing
the doors for a legal democratic campaign by the MNR. The assertion
was made that the MNR, as the strongest party in Bolivia today,
will win in one way or another because Bolivia wants Paz in power.
For the general public, the dilemma is whether the MNR once again in power, would repeat its record of violence and take revenge for the bloody revolution in which Villarroel was hanged and for the past four years of relentless persecution, or whether now they are no longer connected with the "Kidnaps" Military Lodge (which was directly responsible for the political murders of November 20, 1944), they will show that they can be decent and good. However, the latest developments seem to make this last possibility doubtful. It is said that if he wins the election, will call Paz Estenssoro to cooperate with him.

It is difficult to say to what extent the recent deportation of MNR leaders will damage Paz' chances, because despite their absence there will be an emotional reaction in his favor and he will undoubtedly be one of the three candidates with the largest vote.

Paz does not like parties, does not drink, but smokes steadily. He has no special hobbies, except reading, mainly on economic subjects. He is married and has two children.

3. Guillermo ("Willy") GUTIERREZ

Although baby faced, he is 40 years old, of light complexion, is 5'6" tall, and he is regarded as the "child prodigy" of the election. Born in La Paz of an upper-class family, Gutierrez was intelligent but anarchic during his school years, constantly fighting with schoolmates and arguing with teachers. He barely finished high school and never attended the University, but saved valorously in the Chaco War, becoming something of a hero. He began working as a newspaper man and later became personal secretary to Carlos Victor AHAMAYO, who made him editor of his newspaper, La Razón, at the age of 30. As editor of La Razón, but without Aramayo's permission, Gutierrez had the seven-story La Razón building constructed, purchased new machinery, and raised the circulation of the paper from 3,000 to 20,000 in four years. During his administration La Razón became the leading Bolivian newspaper and one of the best in South America. However, Gutierrez quarreled with Aramayo and left the paper to start his own tourist agency and hotel business.

During Busch's dictatorship Gutierrez was, together with General TORO, one of the leading conspirators. At one time he was caught by the police, became ill and was taken to a Government hospital but made his escape by disguising himself in a surgeon's white apron and cap. He hid temporarily in a farm on the altiplano and finally fled to Peru. During Villarroel's regime he headed the first open rebellion against it. On June 15, 1946, with about ten young friends, he seized the military air base at the alto and sent planes to bomb the Presidential Palace (one dug missed its mark by 90'). Government reinforcements attacked this airbase, killing Gutierrez and the insurgents, and Gutierrez himself was wounded in the right shoulder by a rifle bullet. Gutierrez was placed in a hospital, awaiting trial as a "traitor to the Nation" and would...
Gutiérrez was appointed President of the Bolivian Development Corporation and in this position demonstrated his integrity by denouncing the mismanagement of the Norayn-Warren Company, whose contract to construct the Cochabamba-Santa Cruz highway was eventually cancelled. President HERTZOG made him Minister of Public Works, but he resigned after a dispute with Gabriel Gonsalvez, then Ambassador to Argentina. Gutiérrez and Gonsalvez did not like each other intensely, yet Gutiérrez always speaks of Gonsalvez as “Gabriel.” Gutiérrez was next appointed Minister to Cuba and afterwards Ambassador to the Organization of American States. While in Washington, he took the opportunity to have surgical work done on his shattered shoulder.

No one knows exactly how Gutiérrez got the bright idea of being a candidate for the presidency. Gutiérrez is accused of using Aramayo’s money for the election and, therefore, being an instrument of the tin barons. This accusation, together with his youth, are his greatest handicaps. The administration press, which is his bitter enemy, calls him an “insolent kid.”

Gutiérrez is a doer and to assist him in his campaign he has organized a small group called Acción Cívica Boliviana, his personal party. His campaign is carried on with a grand manner through the use of radio, movie stills, and big advertisements in the local newspapers. He promises new, young, clean methods against the corruption and failures of the past. Gutiérrez has a great personal appeal, sensitive instinct and courage. His chances are the biggest question mark of the election but he will probably be one of the three candidates with the largest vote, thus bringing his name before the Congress for the final election.

Gutiérrez was divorced by his first wife, who was a beautiful English-Spanish girl whom he met while travelling in Europe with Aramayo, who married a very pretty Bolivian lady. He has no children and no particular hobbies, but loves dogs. He has a clear mind, little background knowledge but grasps subjects rapidly. As he is quoted as saying, “I have always put my destiny and my life in one card,” actually, the dynamics of his life are such that he may well become President, or be shot in the belly any day. For him there seems no middle road, especially since he will be satisfied with nothing but the top jobs.

4. Liberal Party Leader, Tomás Manuel ELIO

Elio is a heavy set man, 5’6” tall, was born in La Paz 66 years ago. He obtained his law degree in 1907 and is considered one of the two or three top corporation lawyers in Bolivia. He has been a Deputy, Senator and Minister of State many times. At the end of the Chaco War he was the Minister of Foreign Affairs and at present he is Senator from La Paz. He is an excellent parliamentary orator, capable, and has acquired the prestige of an elder-statesman. Dr. Elio does not actually believe he can win the election but he says that he is a candidate because of his duty to take part in the democratic process.
Dr. Elío is married and has six children, the two oldest being prominent local attorneys. He smokes no cancer and gardens as a hobby. He reads political biographies extensively and is an expert in the political history of Bolivia.

BILBAO Ríoja

Bilbao was born of mestizo and Indian parents 65 years ago in a small province of Potosí Department, now named General Bilbao in his honor. Dark skinned, heavy set, 5'3" tall, he was not especially brilliant in school. He attended the Bolivian Military College, was in the infantry and became a pilot and a flying instructor. During the Chaco War his performance was outstanding, especially when, after leading 700 volunteers, he was able to stop the advancing Paraguayan army thus preventing certain defeat for the Bolivians in the early stages of the war. As a result of his experience he has acquired a following among the veterans of the war. During the regime of President QUINTANILLA, Bilbao was Chief of Staff, accused of trying to overthrow the regime he was almost beaten to death by political hoodlums. He was sent abroad as Military Attaché to various missions in Europe and during World War II, while in England, he flew several combat missions with the Royal Air Force. He voluntarily retired as a Lt. Colonel and studied industrial engineering by mail. He has written books on flying, jungle warfare, history of the Chaco War and the study of internal combustion engines and is extremely proud about it. At one time he was President of the Bolivian Development Corporation, where he showed honesty and organizational skill. Although not famous for his intellectual achievements, he has a hard working and respected as a solid citizen and he has a tremendous sense of responsibility and a strong character.

General Bilbao is president of the Bolivian YMCA and smokes and drinks very little. He has an English wife and no children.

As the candidate of the Falange Socialista Boliviana and the Chaco veterans, he has no visible chance to win the elections.

JOSÉ ANTONIO ARZÉ

He is 47 years old, was born in Cochabamba of a middle class family. In appearance he is a thin, tall, green-eyed man. He is 5'3" tall. At school he was brilliant but lazy yet he obtained his law degree at the age of 22 but has never practiced. For two years he taught English, French and Spanish grammar at the public high schools and at 24 became professor in the University of Cochabamba. Until fairly recently, he taught constitutional law and sociology and the history of Indian law. He speaks fluent English and French and at one time studied Russian and Esperanto. He has written
scores of essays on sociology, translated several sociology books from French, and to express his ideas frequently draws charts and diagrams for his students. For a while he was an instructor in inter-American relations at Williams College in the United States. He has served as Under-Secretary and Minister of Labor, three times in the National Chamber of Deputies and once as a Senator.

Arze began his political career as a university leader in 1941 and founded the FIR of which he is the head. Although he is the undisputed mastermind of the FIR, he has never been an effective practical leader but is rather, respected as a scholar and an ideologist.

Seriously wounded in the right shoulder by MNR and Falange fanatics in 1943, Arze has since that time been in poor health. He now has diabetes.

Unlike the other candidates, Arze has never married but he loves women. He drinks moderately, smokes constantly, crushing his cigarettes soon after he lights them, and is of extremely nervous temperament. He can recite poetry or discuss economics with equal ease. Arze did not side with the communist faction which deserted from the FIR and he is, at the moment, in exile in Chile.

His chances as presidential candidate of the FIR are none.

William H. Cole, Jr.
Second Secretary of Embassy

UNCLASSIFIED
Facsimile 4: Telegram 449. April 3, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/4-351
Facsimile 5: Despatch 888. April 16, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/4-1651

After his passage had been cancelled by Pan American Grace Airways just as he was about to board the plane at Buenos Aires on April 5th, AGR presidential nominee Dr. Extensoro was expected to arrive by a Braniff Airways plane first on April 10th, then on April 12th, again on April 14th.

Knowing that a crowd of 10,000 people had turned out to welcome Paz on the day of his first scheduled arrival, and fearing that the authorities might attempt to arrest the traveler at the airport and possibly endanger the plane, passengers and airport installation, Braniff was not happy. The government, having made it clear following Pana’s action in refusing to carry Paz that this was not done at government request, Braniff sold him a ticket, reserved space for him on the plane scheduled to arrive April 14th.

However, when at 6:10 p.m., the afternoon of the 13th the police telephoned to Braniff and told it to cancel Paz’s passage an appropriate cable was immediately sent to the company’s Buenos Aires office. As a precautionary measure against the possibility that this cable might be delayed, another message was sent to Braniff, Asunción, instructing that Office to offload Paz if by chance Buenos Aires had allowed him to board the April 14th flight.

Braniff, Buenos Aires, despite receipt of the cable from here nevertheless allowed Paz to proceed; and Asunción failed to deplane him. The La Paz office, upon learning the foregoing, only a short while before the plane was due to land at Santa Cruz to refuel and take on “jato” equipment, thereupon ordered the plane back to Asunción, where the passenger was deplaned and from whence he has now returned to Buenos Aires.

Braniff’s representative here, upon receiving the government’s request to cancel Paz’s passage late Friday, conveyed the information to the Embassy at once. He thought that Chief of Police MILLAN might have exceeded his authority, asked whether the Embassy could assist in finding out whether or not this was the case.
During the course of a reception that evening I expressed Breznev’s doubt to President UNICALQUISTI. The President in reply said that while he had issued no direct order to cancel the passage he approved of the action. We went on to say that he had at first feared permitting Paz to return. However, he mentioned that the blowing up two nights earlier of a powder storehouse at the army’s ammunition depot on the outskirts at La Paz, presumably by NOBists, plus reports that NOBists might attempt a coup, had caused his concern. What had disturbed him most, though, he continued, was a report that relatives of people killed during the della VARRAGNEL regime of which Paz had been a part planned to assassinate Paz upon arrival. If the latter should be assassinated, he was convinced that no one could be made to believe otherwise than that the act had been Government-instigated. Therefore, he concluded, he had instructed the Minister of Government to conduct an investigation and thereafter take whatever steps might be necessary and admissible, which steps he presumed included the order to cancel Paz’ passage.

Later that evening, Friday, the 13th, police rounded up from 50 to 100 NOBist leaders, including Secretary General ALVAREZ Plata. Minor leaders were released, some, including Alvarado, are still under arrest, and it is reported although still unconfirmed that others were put across the border into Argentina, Peru and Chile. Police patrols were heavier than ever that evening, and there existed an air of tense expectancy.

The local press on Saturday morning, the 14th, carried a press dispatch saying Paz had left Buenos Aires. Despite the arrest of top party leaders, members and sympathizers gathered to welcome Paz both at the airport and at several plazas between the airport and downtown La Paz. Nothing untoward occurred at the airport when Paz failed to arrive. The gatherings in the plazas were broken up by police, through use of tear gas. Several of the gas shells were fired at close range, in addition to being gassed several people were wounded, and according to latest reports at least one of the wounded has since died.

While most papers commented factually, the pro-administration daily TRIUNFO played up what happened to a fare-yay-well, proclaiming that the NOB marches on arrival in downtown La Paz planned to lay siege to the presidential palace, different ministries, police stations and army barracks. TRIBUNA also echoed police reports that as a result of revelations by one of the NOBists arrested Friday night caches of arms, ammunition and dynamite were found at different points.

No directives having been forthcoming to the rank and file because of the arrests of leaders on Friday night, nothing unusual occurred yesterday, the 15th. NOBists deny the charges of improper intentions, are wrathful over developments, say "UNCLASSIFIED."
The Government will rue its action; and many are fearfully confident that MNR will sooner or later react as it has several times in the past, i.e., will attempt to overthrow the administration by force.

The Embassy believes that President Urriolagoitia himself took reports which reached him at face value, but feels that others in the administration, and the latter's presidential candidate - greatly concerned at the demonstration of MNR strength on April 5th and fearful that if Paz were to return he might win - may have decided the best thing to keep Paz from winning the forthcoming May 6th election was to prevent his return, whereupon the so-called plot was "cooked up" or non-transcendental facts and occurrences were unduly magnified.

Thomas J. Maleady
Chargé d’Affaires a.i.

cc: William P. Hudson, Esquire,
Bolivian Desk,
Department of State,
Washington 25, D. C.
Facsimile 6: Despatch 877. April 11, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/4-1151

With only three and a half weeks remaining before the May 6th election date the pace of political campaigning is going into high.

ACB's presidential nominee Willie GUTIÉRREZ made a somewhat abortive tour some weeks ago, at which time administration supporters broke up his meetings at Oruro and Potosí; he has not gone on the road again; he is presently laid up by illness; but his running mate, venerable Maestro de la Juventud Salomón, recently came to La Paz from his home town of Santa Cruz to help out, albeit with no great effect.

A week ago Liberal presidential and vice presidential candidates ELLIO and MERGADO set out, without great ado but determined to do what they could to garner votes for themselves and their congressional candidates.

And two days ago the administration PUMS party nominees GOSALTEZ and ABRE (the latter of allied PSD) likewise departed on tour, accompanied by a sable committee said to include two ex-ministers, an alternate senator and two converted members of the MNR and Liberal parties.

MNR Nominee Paz Estenssoro’s Troubles

As was reported opportunely, MNR’s presidential candidate Paz Estenssoro was scheduled to arrive from Buenos Aires, after five years in exile, by Panagra plane. His cohorts at La Paz had whipped up considerable enthusiasm, were highly disappointed when, Panagra at the last minute having refused to carry him out of fear of danger to the plane and other passengers, he failed to arrive.

Despite reports in the April 5th editions of La Paz papers that Paz would not be aboard the plane, five hundred supporters assembled at the airport. Finally convinced that their candidate was not aboard, they nevertheless headed a parade of an estimated ten thousand marchers downtown to La Paz, where all listened to eight speeches and thereafter
disbanded without incident. Knowing that Paz had cases pending against him for his part in the abuses and excesses of the VILLARNEUL regime of which he was a part, the word had gone out to maintain order, party leaders feeling that the government, which had authorized his return without prejudice to his situation vis-à-vis the courts, would not arrest him unless disorder occurred.

Paz had been somewhat timorous about returning, but made up his mind to do so when told by the party to get back "or else another candidate would be named"; and he likewise probably had been informed that judicial police who stemmed from the courts intended to arrest him either at the airport or shortly after his arrival. Not wanting to lose his ascendancy over the party, he resolved to broadcast what might come; and when refused passage by Panagra, he squeezed the last drop of political capital out of the incident. A Panagra official at Buenos Aires in a statement furnished at Paz' request had laid the action to "official orders from La Paz". Official company orders had been given by Panagra's Lima headquarters, but the Bolivian Government had made no request, nor had Panagra's La Paz office. However, statements by Panagra representatives at La Paz made at the request of the government were disregarded, and Paz is still placing blame on the government while at the same time he has threatened to sue Panagra.

After a long distance telephone conversation on April 7th between the candidate and the party's top group here, it was expected that Paz would arrive by Braniff Airways plane yesterday. He did not, and it is not now known when he will. In the meantime, instructions to WNBists to keep things quiet continue to be followed; and at the moment all seems to be sweet and serene, as, for example, at American Smelting and Refining's Corocoro copper mine, where up until a few days ago the WNB-controlled union had so stirred up matters that the management had evacuated women and children as a precautionary measure.

It is doubted that the candidate will come in by train, since both he and his followers felt and still feel that to do so would offer the government or others who hate him the opportunity to cause bodily harm. It is expected that when he does arrive, and if he gets away from the airport without being arrested, he will hole up somewhere under strong guard; and if the police should attempt to seize him at his abode they will have to resort to force and will precipitate trouble which in the light of last week's demonstration of strength, could readily spread into serious rioting and disorder.
EDMUNDO VASQUEZ, who resigned the Ambassadorship to Rio de Janeiro a few months ago to resume his position as PUNA party leader, and who was deposed as the latter during the national convention last January, has issued a call for a new cabinet. He did this in a letter to President URRIOLAGOTITIA which was published in this morning’s edition of La Paz papers, choosing this means rather than private conversation in an attempt to convince the people that what he said was the result of mature thought and not a case of “sour grapes”, i.e., reflection of displeasure at losing his job.

After recalling the various unsuccessful attempts to form coalitions to date, he said that no one of the candidates has any definite ideology or well-thought-out political platform, that some even have no fellow-party representatives in congress, that only 80,000 votes will be cast, that no candidate will receive more than thirty or forty percent of the votes; and that the foregoing being the case the candidate selected by the congress (where decision falls when no candidate obtains more than half-plus-one of votes cast) is bound to run into difficulties in governing. Therefore he advocated, in order to assure the public that no candidate may appear to enjoy any improper advantage at the polls, that a new cabinet be named with all parties in the presidential race participating therein. This, Vásquez held, would prevent non-administration parties from claiming dirty work by the incumbent government in favor of its candidate.

What may come of the suggestion remains to be seen. It is the general view that Foreign Minister ZILVSTI after his early return from the Foreign Ministers Meeting at Washington will resign and be named Ambassador to Argentina; that Minister of Hacienda ALVARADO will be moved to the Embassy at Montevideo; and that perhaps Minister of Defense FONCE Lozada may be sent as Ambassador to Mexico; all of which might provide a propitious opportunity to comply with Vásquez’ suggestion.

Who Congress Will Have To Choose From

Political wiseacres have reached the conclusion that, inasmuch as it appears unlikely that any ticket will win enough votes to decide the election at the polls, the final choice will perform go to congress. The three candidates obtaining the highest number of votes will thus have a second chance. It is taken for granted that two will be the PUNA and AUN tickets, with the third either that of AGB or the Liberals, opinion being slightly greater that AGB will nose out the Liberals.
The Army is a question mark in this instance. From one side it is heard that more officers are pro-MNR than otherwise. From the other it is heard that top echelons will have none of MNR and that if the latter's ticket should turn up the army will seize the government and sooner or later call for a new election. This report, heard earlier from confidential sources, was echoed by Vásquez, in his letter to the President.

Police And Army To Be Pulled Out Of Mining Areas

Today's papers likewise reported Minister of Government SAAVEDRA Suárez as saying that in order to obviate claims of police pressure on voters he will pull all police out of the mining areas (in some of which leading opposition party MNR is strong) and that he plans to ask the army to do the same. Of all the wild ideas rampant this seems to be about same. Of all the wild ideas rampant this seems to be about the most dangerous one, and it is seriously hoped that the President will overrule his minister.

Saavedra also told the reporters that he is about to authorise the return from exile of mining leaders Juan LECHIN, Mario TORREZ and Guillermo LORÁ, the latter of whom is under indictment as the intellectual author of the sorry May, 1949 happenings at Catavi.

Thomas J. Maleady
Chargé d'Affaires, a.i.

cc - William P. Hudson, Esquire,
Bolivian Desk
Facsimile 7: Telegram 473. April 14, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/1-1451
Facsimile 8: Despatch 902. April 23, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/4-2351
Pro-MNR Union Leaders If Refused Presidential Audience Had Planned to Call a General Strike

A number of pro-MNR union officials from various mines for two weeks held discussions with the Minister of Labor regarding their demands for wage increases and settlement of other claims. Talks with the Minister proving unsatisfactory they requested an audience with the President. Unable for days to obtain it they reached the decision that if efforts proved fruitless as of Friday noon past, April 20th, they would return to the mines and proclaim a general strike of all mine workers.

The audience was granted at the last minute, however; and while their demands were not immediately met the threat of immediate strike nevertheless was eliminated when the President promised to give the most sympathetic personal consideration to the written petition he asked them to furnish.

Patiño Mines Manager Has Heard Rumblings Of Trouble At The Mines

The Patiño mining group manager a few days ago telephoned to the Embassy asking for its "estimate of the situation". Saying that everything is calm at Catavi he nevertheless referred to the recent flight of staff personnel from American Smelting and Refining's Corocoro mine, said he had heard rumblings of dissatisfaction at other mines, added that he would immediately evacuate all staff personnel if trouble should break out. He repeated that while for various obvious reasons he would greatly dislike having to pull his people out, he would do so if the Embassy should so advise him.

The manager being anything but a flighty or scary individual, his inquiry at this time was considered significant and interpreted as revelatory of not only the prevalent feeling of unease but also of greater knowledge of miners' discontent than he dared to convey over the telephone.

The Corocoro Situation

As likewise was reported opportunely, the whole foreign staff was pulled out of the Corocoro mine to La Paz on April 13th, after both pit and mill men refused to go on duty for the daylight shift. Following the flight of the foreign staff and their wives (wives with children had been evacuated some days earlier) the miners went back to work, but not being in possession of keys to the storehouses where necessary daily-used supplies such as dynamite are kept, all work subsequently ceased except for operation of the powerhouse which produces
In compliance with a request from President UNRIGLAUOTIA American Emailing and Refining's regional Vice President JOHNSON arrived here April 21st and, through the Embassy, requested an audience with the President. The latter instructed that newly arrived Johnson first talk to the Minister of Labor, after which he would receive him. The talk was held with the Minister, during which the same ground which had been gone over several times previously was again gone over. The interview as usual was pleasant, but accomplished nothing.

Johnson is interested in continuing operation of the mine, is disposed to be conciliatory, but as instructed by his New York headquarters he will refuse to surrender the prerogatives of management. The authorities it is understood are prepared to demand the dismissal of a Yugoslav mine foreman. Johnson is not unalterably opposed thereto, but will agree to it only if, after compliance with the procedures set up by the Ministry of Labor itself, the charges are proved. In the meantime, the Minister informed the press that the "law of residence" is to be applied against the foreman, which means that he is to be deported. If this act is accomplished before Johnson meets the President it could serve as a face-saving device for all concerned, since Johnson could resign himself more or less philosophically to what would have become a fait accompli, while at the same time the government would not have to face up to its own written labor regulations.

Had the government shown greater firmness via a via the Corocoro miners some time ago the situation would have been less ticklish now; but by the same token if the Assistant Manager in charge several weeks ago had not in a nervous moment shipped out the Yugoslav mine foreman and the two Bolivian industrial relations officials who aroused the ire of the miners the situation would not have become so bad.

All Schools at La Paz Ordered Closed

Strike trouble extended in recent days even to the field of education.

Students at professional institutes such as normal schools recently filed a petition demanding various things. They demanded, for example, that a building be made available for student meetings; that the amount charged for room and board be reduced; that a telephone be transferred from one building to another; and other things of like relative unimportance. Despite assurances from recently-designated Minister of Education MENDOZA López that all reasonable points would be taken care of in due course, the Federation of Students of Professional Institutes struck, whereupon, in order to obviate the possibility of anything untoward happening to students at other schools the Minister on
April 19th ordered all La Paz schools closed. Quite a number of people were displeased by Foreign Minister ZILVETI Arce’s recent offer at Washington of troops for the UN effort. University students among others decried the offer, and egged on by anti-administration members, likewise reportedly by pro-communist students, threatened to stage a protest demonstration upon Zilveti’s return. And anti-administration elements as well as communists also reportedly prompted the strike by the professional school students. The strikers planned to parade in protest, but no parade has yet taken place, and the Minister therefore ordered the reopening of the closed schools as of today. Withal, the strike development even if it has had no untoward repercussion up to now, is another worry to the administration and a contributing factor to the prevailing state of uneasiness.

Thomas J. Maleady
Chargé d’Affaires, a.i.
Facsimile 9: Despatch 908. April 25, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/4-2551

The spontaneous proclamation, without previous agreement, in which the Communist Party of Bolivia announced its support for myself and Juan LEHIN, also of the MNR and executive secretary of the Federación Sindical de Trabajadores Mineros, signifies only a recognition that the MNR is a great popular force which has the support of the mass of Bolivian workers.

The MNR is not ultra-nationalistic since its plans are adjusted to the stage of economic development in which Bolivia finds itself, and it recognizes the conditions of political and geographic reality with which it is faced. In accordance with this understanding of conditions, the MNR has nominated myself and Dr. Hernán EHRENZUZO as its candidates.

The pronouncement of the Communist Party does not indicate the existence of any pact whatsoever, nor does it signify that the MNR will follow the communist program, because of all the parties which are not at the service of the large companies exploiting Bolivian workers, the MNR is the only one which has a possibility of winning and has a sincere position in favor of the workers, which has been proven by the fact that despite the opposition of the past five years it has had the power to maintain itself against the inhuman repressions of the Government party.

The National Committee of the MNR and the Communist Party Committee have both issued similar statements denying that there is any formal agreement or pact between the two parties.

William B. Cobb, Jr.
Second Secretary of Embassy
Facsimile 10: Despatch 930. May 7, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/5-751
The Minister of National Defense in a last minute statement said that the Army would repress whatever acts of violence might come up, but that in accordance with the laws of Bolivia the Army would remain in the barracks during the voting and would only leave if requested to do so by the police. The Director General of Police, Ricardo CANARIO, announced that the carabineros were, for the most part, in their barracks but that a portion of the force would patrol the streets in order to prevent any acts of violence.

The statements issued by the various presidential and vice presidential candidates were for the most part unexceptional. There were no adverse remarks about the United States in any of the statements, but the NSS vice presidential candidate, Héctor SIERRA Zuazo, commented on the statement attributed to Ambassador Florenz to the International News Service as follows:

"The action of the Government, known both inside and out of Bolivia / In preventing the return of Mr Humeasery/ shows the quality of the election which will take place tomorrow and vindicates the statements of the Ambassador of the United States, [name deleted]. Mr. Florenz, who named Mr. Urriolagutia as the reincarnation of Simon Bolivar, or something like it. The name of Bolivar is synonymous with liberty and that of Mr. Urriolagutia, unfortunately, is equivalent to the denial of these sacred attributes of man. It is regrettable that a great people, such as the United States, has a man so naive as an ambassador."

Election Day

The weather on election day was good throughout the country and although in La Paz there were few buses and taxis available to carry the voters to the polls the turnout was comparatively heavy. Most of the people以下简称 began delivering envelopes to the voters soon after 9:00 a.m. and throughout the city, complete order was maintained. Platoons of carabineros patrolled the streets in trucks, but their presence provoked no untoward incidents. The people seemed insistent on casting their ballots and there were no deterrents. In some polling places the crowds were so great that prospective voters had to wait in line upwards of one and a half hours in order to obtain their envelopes, but in others voting was comparatively light. Reports received by Le Nota from all of the cities in the country show that, with the exception of Santa Cruz, complete order was maintained without any disturbance.
In Santa Cruz rival MNR factions clashed and as a result three persons were killed and four others were seriously wounded. One of the victims in Santa Cruz was an MNR candidate for the House of Deputies, Octavio Maldonado, who was killed in a clash with Herman Solano, a former MNR member but running for the House of Deputies as an independent candidate.

Although in many cities voting began did not begin to function for several hours after 6:00 a.m., that complaints were registered and the most notable fact of election day was the absolute orderliness which prevailed. In its edition of May 9, La Paz complained to the Government on the commendable restraint and the absence of forces which led it and various complaints were also made to the political parties who had successfully endeavored to prevent demonstrations by their members.

As soon as the polls closed after 2:00 p.m. the counting began and by 5:00 p.m. most polling centers in La Paz had made substantial progress toward tabulating the ballots. It was then that the unexpectedly strong showing made by the MNR was apparent. As soon as news that the MNR candidate led all the others in La Paz and when in La Paz totaled the La Paz margin of 6,050 votes as 28,138 votes cast, OESAMEZ, the administration candidate, was a poor second with 15,650 votes and General Mitre Ríos received 3,455 votes. Guillermo "Willis" Gutierrez ran fourth in La Paz with 1,659 votes, Tomás Manuel Ríos obtained 1,087 and PIR candidate José Antonio Aceñolaza received only 654.

The first reaction to the MNR strength was that of considerable surprise. The attack on Constituyent movement for Gosálvez-Arau scheduled for 8:00 p.m. went unheard when that station went off the air. After the demonstration of April 7, there was to suggest that the MNR counted with more viable supporters in La Paz than any other party, who its ability to roll more than twice the number of votes than the administration could turn out in the city was unexpected. In all the other major population centers of the country the results were similar. Only in the cities of Sucre and Tarija did Gosálvez even come near reaching the total obtained by Paz Estenssoro. Paz and virtually a two-to-one lead over the government candidate in the cities of Sucre, Potosí, Oruro and Santa Cruz. In the minor Departmental capitals of Trinidad and Cochabamba, Gosálvez obtained a substantial proportion of the votes but the lead piled up by the MNR candidates in the other cities were too great to overcome. In its edition of May 9, La Paz tabulated the returns it had received via telephone from its correspondents in all parts of the country. The preliminary figures, although lacking returns from 14 departments show that out of 46,900 votes cast Paz Estenssoro obtained 36,000. Copies of the La Paz tabulation are transmitted herewith.
By subtracting the totals cast in the cities from those cast in the provinces as a whole, it may be seen that in the rural areas Guisalves and Paz ran almost neck and neck. This last fact was especially surprising to long-time political observers who had felt that the government would be able to produce a substantial majority of votes for their candidate in the outlying sections of the country. In only three electoral districts, of those reporting in time for the morning edition of El Diario, were the returns such as to indicate a fraudulent action on the part of government officials. In Urua the returns showed that Guisalves obtained 464 votes, Gutierrez 44 and none of the other candidates received any. In Potosimanga El Diario showed that Guisalves had 346 votes, Paz 535 and none of the other candidates received any. In Caraguara the returns showed that Guisalves had obtained 900, Paz 1020. In other mining zones, Gutierrez 63 and Milro Noja 17. In many of the mining districts the government candidate had an overwhelming majority. In Huasuni, for example, Paz obtained 686 votes, Guisalves 45, Milro Noja 34, Gutierrez 84 and Jose Antonio Arce 7. Such Milro Noja’s strength in the mining districts was not however unexpected for Guisalves was never able to get a substantial following from the miners. Thus, it would seem that the tempering with the ballots which took in some of the outlying districts, had little over-all effect on the outcome.

The first candidate to issue a statement after the election results showed the strong 562 trend was Guillermo Gutierrez. Gutierrez did not name Paz as the winning candidate nor did he congratulate him, but stated that he would accept the wishes of the majority. Since 20 out of 70,000 votes he polled less than 4,000, “Paz” could hardly 50 otherwise. His campaign had been an orderly one and from the beginning well called financially by Carlos Victor Araquito and Gutierrez himself had advanced his conviction that he had a chance to win. The effect of the results can not be anything but disillusioning for the results do and at the moment his present plans are unknown. The results do show and quite clearly that to obtain popular support in Bolivia more than money is necessary.
Facsimile 11: Despatch 933. May 8, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/5-851
The Economic Weapon Developed by the US in Bolivia

A news item from La Paz attributed to me certain declarations of pro-Soviet principles in international affairs and a program of the Communist type for Bolivia. I have never made these statements nor does such a program appear on any MNR platform. The declaration attributed to me are absolutely false in both respects.

He then repeated his earlier statement that there was no pact or agreement between the MNR and the Communists (see dispatch No. 908 of April 28, 1951). Paz said that the charge that he was under Communist influence was just an old ruse designed to make it appear that the MNR was antagonistic to the United States. The Bolivian people, Paz said, gave in the elections the highest possible proof of their democratic ideals.

Reliable sources have informed the Embassy that the Government has a set of election returns which show a much narrower margin of victory for Paz Estenssoro over Gabriel Gonsalves. It is likely that these returns will be used if the La Razón returns show that Paz has an absolute plurality by a very small margin. The Government will maintain that the returns transmitted by the prefects are the official figures, the La Razón figures incorrect, and insist that the election be determined in Congress. If, however, the La Razón tallies do not give Paz an absolute plurality the Government will probably not produce the returns now in reserve but will accept the La Razón count, which the Embassy believes to be as accurate as humanly possible in Bolivia.

Since the final returns will probably not be available for a week or more the Government may decide, in the interim, to change its composition by adding military men to the Cabinet, or it may even go so far as to allow a military junta to take over. This radical step might be taken if there appeared to be no alternative to an MNR victory.

If the Army takes over, bloodshed must follow. The MNR can not be expected to sit by and not protest should Paz Estenssoro be thwarted another time. The party probably does not have adequate funds now to achieve a successful revolution against the Government but in view of its popular support as shown by the election returns it should be able to obtain financial assistance. Business firms and individuals desiring to climb aboard the bandwagon can be expected to come across
and each day the MNR leaders remain free there is additional opportunity to solicit contributions.

At the moment the MNR leaders seem to be avoiding any form of overt activity. Reports that Paz Estenssoro is already unfounded, and the Embassy is unable to determine whether he has made any plans for immediate return. Therefore, despite orderly elections in which a decisive segment of the voters showed their preference for the MNR, the situation remains fluid.

Part III will be transmitted when final and complete returns are available.

William E. Cobb, Jr.
Second Secretary of Embassy
Facsimile 12: Despatch 1786. May 16, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/5-1651

As the Department is undoubtedly aware, a UP despatch from La Paz recently contained the following statement:

"Estenssoro presented a declaration of principles advocating a program of literating Bolivia from imperialism and assuring a Bolivia without North Americans. He also proposes the nationalization of tin mines, the railroads, the power plants, and other public services; the redistribution of land and the establishment of collective farms. In the field of international relations, the MNR stands for the expulsion of the Yankee military missions, the outlawing of the atomic bomb, and solidarity with the USSR."

Paz Estenssoro immediately sent a telegram to Hugh Eisenhower protesting against the UP despatch, which he claims does not represent his real views. This telegram, together with two statements which he was made to the press in Buenos Aires, is attached, having been given to an officer of the Embassy by Emilio Sarmiento, a member of Paz Estenssoro's entourage. They are transmitted herewith to the Department and to the Embassy in La Paz just on the off-chance that they may not have been received from other sources.

John G. Pool
First Secretary of Embassy

Enclosure:
Copy of Paz Estenssoro's telegram and declarations.
Copy to River Plate Affairs
Copy to AmEmbassy, La Paz.

DECLASSIFIED
Authority: WP 22965

MAY 1, 1951

ACTION COPY — DEPARTMENT OF STATE
The action officer should return this permanent record copy to DCIR file with an endorsement of action taken.
DECLARACIONES PARA LAS AGENCIAS DE NOTICIAS.

Un despacho de hoy del corresponsal Luis Závala de la United Press en La Paz se atribuye una declaración de principios prosoviética en materia internacional y un programa de tipo comunista sobre problemas bolivianos. Jamás se forjó esa declaración ni tal programa figura en ningún documento del MNR. Tal aseveración es absolutamente falsa en ambos aspectos.

La orientación del MNR es perfectamente conocida, en 23 de abril hizo la siguiente declaración a las agencias noticiosas, con motivo de la espontánea y no acordada adhesión electoral del partido comunitista a mi candidatura:

"El pronunciamiento del partido comunista no obedece a la existencia de un pacto ni significa que el MNR va a seguir el programa comunista. El MNR tiene sus propios objetivos de lucha, que responden a los intereses de las varias clases sociales que forman en sus filas; se ajustan a la etapa de desarrollo en que se encuentra Bolivia y reconocen los imperativos de la realidad política y geográfica continental."

Es porque se identifica con esa orientación que el pueblo boliviano ha consagrado al MNR. Ahora, el partido oficial, ante su aplastante derrota urde una intriga internacional por medio del corresponsal de UP que el mismo tiempo es encargado de propaganda del FURS, para crear dificultades al MNR críticamente en los comicios. No ha medido, sin embargo, una consecuencia que lógicamente se desprende de sus antígonas y que consistiría en hacer aparecer en una posición antagónica a los Estados Unidos a todo ese pueblo que ha dado sus votos por el MNR. Es un viejo recurso de los opresores del pueblo boliviano pretender reducir la amistad internacional al círculo de..."
sus intereses, atacando permanentemente a un pueblo que acaba
de dar el más alto ejemplo de práctica democrática.

Buenos Aires, 7 de mayo de 1951.


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DECLARACIONES PARA LAS AGENCIAS DE NOTICIAS.

La proclamación espontánea y sin acuerdo previo, que ha hecho el Partido Comunista de Bolivia de mi nombre y el de Juan Lechin, también del MNR y a la vez Secretario Ejecutivo de la Federación Sindical de Mineros, como candidatos a la Presidencia y Vice-presidencia de la República, no tiene otro alcance que el reconoci-
cimiento objetivo de ser el MNR la gran fuerza popular que encarna
los anhelos de las masas trabajadoras bolivianas. El MNR, que no
es un partido ultramacionalista sino que se guía por un planteamien-
to adecuado a la realidad de un país acomodátemente no desarrollado
y a las peculiaridades bolivianas, tiene sus propios objetivos de
lucha, que responden a los intereses de las varias clases sociales
que forman en sus filas, es ajustan a la etapa de desarrollo en que
se encuentra Bolivia y reconocen los imperativos de la realidad po-
lítica y geográfica continental. De acuerdo a ello es que los or-
ganismos partidarios proclamaron la candidatura constitu-
tudida por mi nombre y el del Dr. Silas Zuno.

El pronunciamiento del Partido Comunista no obedece a la existencia
de un pacto ni significa que el MNR va a seguir el programa comu-
nista. Se explica porque cualquier partido o grupo político que no
esté al servicio de los grandes consorcios que explotan al pueblo
boli

Buenos Aires, abril 23 de 1951.

Facsimile 13: “Anti-U.S. Group Ahead in Bolivia”

Antiu-U. S. Group
Ahead in Bolivia

By United Press

LA PAZ, Bolivia, May 7. — A
militant extremist pledged to driv-
ing U. S. interests out of Bolivia
has established a commanding
lead in the nation’s presidential
elections, latest returns showed
today.

Victor Paz Estenssoro, candidate
of the Nazi-like National Revolu-
tionary Movement (MNR), had
won 33,434 votes so far with sup-
port from the outlawed Commu-
nist party.

Gabriel Gosalvez, representing
the moderate government Repub-
lican Socialist Union party
(PUSR) trailed with 20,609 bal-
lots. Three other candidates
trailed badly.
Facsimile 14: Letter from Sproesser Wynn to the Department of State, May 8, 1951

Source: NARA Decimal Central Files 724.00/5-851
Facsimile 15: Despatch 939. May 10, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/5-1051

The principal reason behind the defeat of the Administration Party FURS was a desire for a change on the part of a large majority of Bolivian voters. This desire for a change finds its basis in the loss of direction demonstrated by the administration of President Uribaltica.

The President himself, although well meaning and well intentioned, has been unable to obtain compliance with many of the forward-looking ideas which he has for Bolivia. His inability to make his moderately socialistic program effective can be attributed in large part to the fact that he did not have political support. Though he was elected Senator in 1946 after a long period of time abroad and Vice President in 1947, Uribaltilo did not count with a loyal band of supporters but rather was dependent on Alfredo Roldos, former Minister of Government, for his political backing. Roldos's personal following in the Congress did not Uribaltilo a certain influence in the House and Senate, but after he broke with Roldos over labor policy in March, 1950 the lack of direction which characterized the Government was very evident.

Even within the various Ministries, Uribaltilo was unable to make his directives as effective as they should have been. The various Ministers were personally loyal to him but their control over the employees in their Ministries was not all that good administration requires. Publicity was given to outstanding frauds in the Ministry of Health, in the Bolivian-American Railroad Commission and the Teachers Retirement System, and other anomalies, although perhaps not so large, have gone unnoticed.

The Government's inability to devise effective means of combating the high cost of living was another factor which aggravated the desire for a change. Prices of articles of prime necessity were subsidized to bring them within the reach of low-income groups; but these articles were frequently not available in the local markets. Prices of other commodities rose by leaps and bounds, especially during the last quarter of 1950, and the Government instead of making any attempt to hold the line desired wage increases to offset...
the effect of these high prices on individual incomes. Thus, instead of reducing the pressure it increased it and the vicious spiral continued, spurred on by the inflation of local currency.

Recognition of the Government’s ineptness was widespread. La Paz businessmen who had dealings with the Central Bank or the Ministry of Finance invariably felt an absence of satisfaction with the results obtained. Delays in action on requests for exchange and import permits added resentment against the administration and the last-minute efforts by the Government to rectify this condition by issuing in 1951 import permits hand over fist did not erase the impressions gathered over a period of months.

The desire for a change, in itself, does not explain why the Movimiento Nacionalista Revolucionario gained the largest number of supporters. There is no doubt but that the MNR was able to realize on almost unanimous support from the laboring classes and the miners, but this does not account for the MNR’s ability to obtain twice as many votes as the FURS in La Paz and Cochabamba and to acquire a commanding lead in the other cities.

Reaction against the persecution which the MNR faced during the Hertzog-UrríaLAGOTIN administration was one of the principal factors for its popularity. More than 1,500 persons were under indictment by the Government for the “abuses of the Villarroel regime” and the grouping of so large a number together had a cohesive effect on MNR supporters. Almost nine months before the election took place, Demetrio CAMELAS, editor of Los Tiempos, expressed the opinion that in indicting so many persons the Government had gone too far. Cañalas said that those guilty for the MNR excesses could hardly be numbered more than 50 and that the Government’s wholesale accusations were unjust.

Another factor which assisted the MNR, despite the fact that its leaders were out of the country, was the Government’s refusal to allow Paz to return to Bolivia. This made him in the eyes of many people a martyr. On the occasion of Paz’ first attempt to return by air from Buenos Aires MNR leaders at the large public demonstration blamed the Government rather than Pan-AmericanGrace Airways, which was actually responsible, and on the second occasion, April 14, when Braniff Airways, which had brought Paz as far as Asunción, the Government ordered this line to refuse to carry the prominent passenger. Thus, the administration created great popular sympathy for a man who had had little contact with the average Bolivian voter for almost five years.
A third factor which developed sympathy for the MNR was the arrest of approximately 100 leaders on April 10. The men were arrested on the undocumented charge of conspiring to overthrow the government, with their detention in remote parts of the country evoked widespread rebuke. Augmented by a hunger strike, the cause of the MNR leaders became the cause of the people. The release of the detainees did not create support for the administration.

In Bolivia, opposition to the mine owners is traditionally the most popular cause of all. The Government, by its repudiation of the August 12 decrees and the adoption of the decree of October 30 providing a better deal for the mine owners than had existed for several years, became, in the eyes of many, supporter of the “prosperity.” The MNR was the only prominent party opposed to the mining interests and as such benefited from the natural tendency of those voters who also opposed the Big Three.

Non-labor support for the MNR came from the recognition that during its time in office the MNR provided better public administration than the PUNA was able to give. Charles GROSSDE, long-time employee of the Pacific Interests, said on several occasions before he left Bolivia that Paz Estenssoro had been the best Minister of Finance in the past twenty years. A hope that an MNR government would be more straightforward in its dealings probably animated many persons in the middle and upper classes.

Though the administration through the newspaper Tribuna tried to play up the record of MNR abuses, stressing the absence of civil liberties and the negation of civil rights, the factors mentioned above outweighed these considerations and the MNR was able to obtain approximately 45 percent of the votes cast in the election.

A third element, in addition to the desire for a change and the sympathy for the MNR which enabled the combined opposition to poll 70 percent of the votes was the freedom of the election. Almost everyone regarded Uribe’s continued assertions that he would do all in his power to guarantee a free election as mere polite pronouncements. Without exception the opposition parties, even up to the day of the election, believed that the Government would command a substantial lead in the returns. The Liberals, PRistas, Falangists, and the supporters of “Willie” GUTIERREZ were unanimous in the assertion that the Government would do all in its power to obtain a majority for Gabriel GONZALEZ. Government party members also took for granted that their candidate would have the top place when the votes were finally counted and this confidence probably accounts for the absence of significant ballot box stuffing.
Gosalvez did obtain a slight lead in the Departments of Pando, Pile up in all of these provinces sufficient votes to offset the lead obtained by Victor Paz Estenssoro in the city of La Paz alone. A person close to Gosalvez reports him as being bitter toward President Urriolagoytia, saying that Urriolagoytia did not lift a finger to help him and only sat reading his books. In this Gosalvez may be correct and those people of Bolivia who value freedom and the free expression of the people's choice owe the President a debt of gratitude for his hand's-off policy.

William B. Cobb, Jr.
Second Secretary of Embassy
Facsimile 16: Telegram 530. May 11, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/5-1151
Facsimile 17: Despatch 1776. May 14, 1951
From the US Embassy in Buenos Aires to the Department of State
Source: NARA Decimal Central Files 724.00/5-1451
that it could not land.

Dr. Paz claimed that he has prepared an economic plan for Bolivia’s development, which he will place in effect “upon taking over the presidency”. He said that projects include: mechanization of “communal” farms on the Altiplano, confiscation of non-producing rural lands and turning them over to Indian co-operatives, increased production of rice and sugar (Santa Cruz area), cotton (Villamontes), and meat and timber (Beni). His fiscal policy, he said, would be based on obtaining higher percentages of foreign exchange from mineral exports. There was some indication that he might confiscate “La Razon”. He was highly critical of the government’s petroleum policy and said they had failed to co-ordinate production with refining capacity. His economic plan is based on a twenty-year period and he said his party is prepared to stay in power that long; although “the presidents would be changed from time to time”, there would be a continuation of the basic program.

Jack B. Neathery
Second Secretary of Embassy

Copy to Officer in Charge, River Plate Affairs;
Copy to La Paz;
Copy to Santiago.
Facsimile 18: Telegram 539. May 15, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/5-1551
Facsimile 19: Despatch 903. April 23, 1951
From the US Embassy in Buenos Aires to the Department of State
Source: NARA Decimal Central Files 724.00/4-2351

[Facsimile Image]

The rumor had been heard and reported several times in the past few weeks that if MNR should fall more weak in the forthcoming May 5th election the armed forces would kick over the truce, establish a junta, and some time thereafter call for a new election. According to the rumor personable General Hugo BALLIVIAN, who recently was named Sub-Secretary of Defense, was to head the junta.

Usually reliable sources reported on April 19th that a meeting of top echelon officers had taken place the evening before, that growing unease required that action be taken earlier than anticipated, that administration party elements had been apprised of what had been decided, and that a junta to be made up of ten military men and civilians would take over some time before April 23rd. In addition to General Ballivian's name others mentioned as having participated in discussions, either earlier or at the time, were Minister of Defense PORCH Losada; Colonel KIDWA, presently in the United States with the Bolivian Delegation to the unveiling of the status of BOLIVAR at its new site in New York; General TORRES Ortiz, commanding officer of the military garrison at Robore.

The sources referred to added that the change probably could be effected without bloodshed since some administration party leaders had been consulted, and it was said further that President UNAGLAGUITA even had tendered his written resignation to General Ballivian and upon being deposed would go to London as Ambassador, also that PFUS nominee GELAYEV would be included in the junta.

A Controlled American Source, as well as the Military Attaché, upon seeking to run down just what there might be to the reports, both obtained information from sources within the Government which confirmed that something was up and that if plans developed a junta would probably take over by April 23rd.

The administration party presidential and vice presidential nominees suddenly cut short a campaign tour of the interior to return to La Paz, giving as their excuses the facts that the wife of one was having a birthday and that the daughter of the other was in the hospital for an appendectomy, excuses found hard to swallow as the real reason for their return. Nevertheless.

[Declassified]

Unclassified

FROM: La Paz 903 April 23, 1951

SUBJECT: POLITICAL DEVELOPMENTS
RUIN ON THAT MILITARY WOULD TAKE OVER

The rumor had been heard and reported several times in the past few weeks that if MNR should fall more weak in the forthcoming May 5th election the armed forces would kick over the truce, establish a junta, and some time thereafter call for a new election. According to the rumor personable General Hugo BALLIVIAN, who recently was named Sub-Secretary of Defense, was to head the junta.

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both promptly met with the President and told the press there-
after that they had discussed the latest “revolutionary plans

Word soon leaked to the public and press that something
might happen and that the military were in on it. This in-
creased the existing uneasiness caused by various factors,
even though the man in the street went his normal way even if his
ears were attuned to capture any upsetting note.

La Paz is a relatively small place, the rumor crop is so
abundant that it is difficult even for astute Bolivians to
figure out what is well-founded and what not, and it would be
a bold alien observer who would dare say “this is what is going
on, this is what is likely to occur”. In this instance, however,
given the sources from which the information came, it is obvious
that something was in the wind and still may take place.

Thomas J. Maleady
Chargé d’Affaires, a.i.
Facsimile 20: Telegram 544. May 16, 1951
From the US Embassy in Buenos Aires to the Department of State
Source: NARA Decimal Central Files 724.00/5-1651
Facsimile 21: Telegram 545. May 17, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/5-1751
Facsimile 22: Despatch 960. May 18, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/5-1851
Facsimile 23: Letter from Colonel Tomás Suárez C., new Minister of Foreign Relations of Bolivia to Thomas J. Malcady, Chargé d’affaires, US Embassy in La Paz. May 16, 1951

Source: NARA Decimal Central Files 724.00/5-1851
Teniente Coronel señor Facundo Moreno M.,
Ministro de Agricultura y Colonización.

Coronel de Sanidad señor Valentín Gómez.
Ministro de Higiene y Salubridad.

El nuevo gobierno de Bolivia tiene, tal como lo ha declarado en el manifiesto que ha dirigido hoy a la Nación, el firme y pri-
ordial propósito de mantener la vigencia de las instituciones democráticas de la República, y de respetar los tratados que Bolivia tiene firmados con los países amigos, con los cuales desea vivamente mantener sus tradicionales rela-
ciones de amistad.

Ruego a Vuestra Señoría llevar a conocimiento de su Excelentísimo Gobierno la informa-
ción precedente.

Reitero a Vuestra Señoría las seguridades de mi más alta consideración.

[Signature]
Facsimile 24: Despatch 1844. May 24, 1951
From the US Embassy in Buenos Aires to the Department of State
Source: NARA Decimal Central Files 724.00/5-2451
would be, but told Mr. Wilson he would be "the first to know". Nor did he give any indication as to what was the attitude of Perén toward him.

Two plainclothesmen are on continual watch at each end of the block in which Pan's apartment is located, both show great interest in newspaper reading. Sometimes they stand on one side of the street, sometimes on the other.

John C. Pool
First Secretary of Embassy

Coppy to River Plate Affairs
Embassy, La Paz
Facsimile 25: Despatch 1014. June 7, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/4-2351
Facsimile 26: Telegram 50. July 31, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/7-3151
Facsimile 27: Despatch 84. August 2, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/8-251
Facsimile 28: Telegram 61. August 3, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/8-351

INCOMING TELEGRAM

Department of State
ACTION COPY

SECRET

DATE:  August 3, 1951

NO:  61, August 3, 11 a.m.

FROM:  La Paz

TO:  Secretary of State

SUBJECT:  Revolutionary Activities

Enclosed is a copy of a dispatch now entering La Paz from the Bolivian Ministry of Labor. The dispatch, as translated by the Bolivian government, follows:

As pleased to report that there is not (yet not) the remotest hazard that the Bolivians will start a revolution in Bolivia. Revolutions begin against a tyrant. There is no tyrant in Bolivia at this time. The American people have a substantial venture in Bolivia. I was sent here by the President of the United States, Harry S. Truman, to safeguard that venture. I therefore respectfully request that the Dept. look at the roots of Bolivian perplexities which exist in countries other than Bolivia.

Floorman

EML: EWM

This copy must be returned to RG 59 central files with notation of action taken.

DECLASSIFIED
E.O. 13526, sec. 3.

RECEIVED

DEPARTMENT OF STATE

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Facsimile 29: Despatch 241. September 21, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/9-2151

The United Nations Commission sent here to conclude an agreement to carry out the recommendations of the Keeslaysia report arrived September 15th. They received a cordial welcome. Chairman Carter GODDARD responded to reporter's questions in general terms, saying only that the Mission hoped to assist Bolivia. The initial working session at which members of a Bolivian Technical Commission exchanged ideas with the UN group was held September 20th, and arrangements for the final signing of the contract between Bolivia and the UN may be completed by the end of the month. Bolivia, for its part, will insist that the UN coordinator in the Presidency be a Bolivian citizen.

Support for the Keeslaysia report came from Tomás RUGO, President of the Liberal Party, at the latter's annual convention this week. Rugo said Bolivia needs a surgeon's scalpel, not a medical diagnosis, and he urged the government to adopt the report's recommendations immediately.

Also meeting this week was the Falange Socialista Boliviana, the party which obtained third place in the now-cancelled presidential elections. Relationship between Falange candidate retired General RUIZ and Junia President RALLYL has been close and the Falange hopes its strategy will enable the party to rise to the top. Major RUIZ'S PARTICIPATION publicly showed his political colors by active participation in the convention, was named to the most important committee.

The University (La Paz) students continued on strike despite the University Council's threat to terminate the school year September 20th and to deny academic credit unless students returned to classes by that date. The Council announced on September 1st that it was disposed to consider revision of the statutes pertaining to student participation on faculty boards, and chances seem good that the strike will soon be over.

Op. Eugenio CANDIDO, Director General of Police, is most interested in Embassy reaction to the series of three shorter he is giving this week on "The Geopolitical, Political and Insurrectional Danger of Communism." It is his plan to publish a booklet in the near future embodying his findings on the threat of National and International Communism. It is his hope that the Embassy might write a preface for such a booklet and possibly have it distributed in the United States. The Director plans to travel to Spain in approximately 3 months and would like to complete the preparation for his book before his departure.
La PAX 241 September 21, 1951

The Junta by decree abolished a 26-year-old press law. Newman believes this action was not aimed at them (press treatment of the Junta has been generally favorable) but rather at authors and distributors of handbills violently attacking the government and distributed clandestinely by the MNR and others.

It is reported that there is schism in MNR circles in important MNR-center, Cochabamba. One group continues pro-PAX Estenssoro. Another favors cooperation with the Junta and FDS.

MILITARY
Negative.

NAVY
Negative.

AIR
Negative.

Thomas J. Webster, Chargé d’Affaires, a.i.

Embassy, Buenos Aires
- Asunción
- Santiago
- Lima
- Panamá

Bolivian Desk
Gail Burns

RESTRICTED
Soft “Nation-Building.” The Economic Weapon Developed by the US in Bolivia

Facsimile 30: Despatch 484. December 20, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/12-2051
The government on the night of December 18 issued a communiqué saying that the arrests were made in accordance with the junta’s determination to insure peace and order in the country, that although it desired that all Bolivians should work together in harmony and within their homes the preventive action was taken because of proof of subversive intent. The government’s press release also said there was proof of clandestine traffic in arms and that subversive propaganda had been infiltrating from abroad. This was commented on by Tribune in its edition the following day. Tribune said that MNR adherents in Argentina were abusing the hospitality of that government and that it was sure Ford was unaware of the plotting that his government would not approve of it.

The four-day detention period for many of the MNR adherents will expire December 21. The Embassy believes that the arrests probably have served their purpose and, in addition, have served MNR adherents to realize that their plans are generally known to the government. This, in itself, should serve to discourage plotting among underlings and may mean that the MNR will endeavor to secure the support of a large segment of the army prior to planning a future revolt.

The Embassy has been informed, too, that possibilities for trouble may be expected from the Falange Socialista Boliviana, whose members have been “courted” by General Salem. Falange police officers who were deposed in July 1960, following an unsuccessful attempt to overthrow the UNIDAD CONSULTIVA regime, have been reinstated in their former positions by Salem, according to Eduardo Carriego, Director General of the Federal Police now on leave. Salem has also named Falange members to positions as municipal interventors in many cities and towns. Whichever reason, Salem might believe the time propitious for an endeavor to assume control of the government, he probably will rely on USR support.

cc: William P. Hudson, Esquire, Bolivian Desk.
Facsimile 31: Despatch 527. January 11, 1952
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00 (W)/1-1152
Facsimile 32: Despatch 528. January 11, 1952
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00 (W)/1-1151

FOREIGN SERVICE DESPATCH

FROM: Ambassador, La Paz
TO: The Department of State, Washington.

REF: Action Assigned to:

SUBJECT: Joint Nekha No. 1 (JENK SADU)

R. D. S. Used Only

Rec. Jan 11, 1952

Bolivian Coordinator for the UN Technical Commission CRESPO Contreras has departed on a three weeks trip to New York and Paris, among other things to examine panels of nominees to various "administrative assistant" posts. The unfavorable reaction to CRESPO's confidential suggestion to the Junta, which was made public, that the grant of official exchange for capital equipment for new industries be delayed until the arrival of the UN experts, was ominous. More ominous, self-called leader PMK Estensoo of the powerful AMP opposition has attempted to make political capital of the Junta action in permitting UN " usurpation of Bolivian sovereignty" with a violent, demogogue denunciation.

Finance

After months of floundering, accompanied by brave talk of the progress being made, the Junta has apparently not as yet determined how it can turn the trick of presenting a balanced budget.

Recent resources to the Central Bank (see Nekha number 51 December 21) for funds has been kept from the public. The Embassy nevertheless has confirmed that 760,000,000 bolivianos was obtained at the end of December. Indicative of that the Junta's sense of humor is every bit the equal to that of its predecessors, is the decision that this "touch" is to be accounted for as an "advance against anticipated 1951 budgetary receipts".

As a result of the Government's assertion of "seignorage" rights to small denomination coins, the Central Bank has paid 316,000,000 bolivianos to the Government as its "profit", after printing charges, on its own outstanding issues of 3, 5 and 10 bolivianos notes. The 150,000,000 bolivianos advance previously obtained against this anticipated profit is now to be redeemed by that from a further emission of new small denomination notes and coins.

Comment: The financial wizardry of the Junta is becoming increasingly difficult to follow.

Commercial Relations with the Argentine

Continuing vacillation as to whether to import cattle from Western Argentina followed the discovery that the cost of Argentine cattle at "MESSAGE CENTRE"

Talamanca/10tharring

DECLASSIFIED

ACTION COPY

OF STATE

The action copy must return this permanent record copy to DGR files with an endorsement of action taken.
of exchange was too high to permit sale of meat in Bolivia at the controlled price,
barred continuing suggestions that another commission be sent to Buenos Aires,
that the La Paz municipality undertake to import the cattle, etc.

Communications

A 60,000,000 boliviano Central Bank loan to the Bolivian Development
Corporation has been authorized for the completion of the construction of the
Santa Cruz-Montevideo road, concurrent with completion of the Cochabamba-Santa Cruz
road. In drafting the decree, the initial purpose in sending the Bolivian
Development Corporation seems to have been remembered.

Labor

Fatso Mines again succeeded in dissuading Labor Minister Sánchez from
traveling to Cotavi. The company feared that the Minister would be unable to
resist the blandishments of the handful of Cotavi workers now agitating for a
union. Fatso is not opposed to a union but does not want bumbling Minister
Sánchez to have a hand in its organization.

Thomas J. Malesy,
Chargé d’Affaires, a.i.

cc: Embassy, Lima
Santiago
Asunción
Panama
Buenos Aires
Bolivian Desk
Col. Burns
Facsimile 33: Despatch 550. January 18, 1952
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00 (W)/1-1852
The union at the Hochschild Uniflrama mine and the union of taxi cab drivers of Cochabamba staged a short “symbolic” work stoppage in protest against the tin purchase policy of the Reconstruction Finance Corporation.

Aviation

The Defense Ministry’s move to make the Bureau of Civil Aeronautics a more appendage of the Ministry is being opposed by commercial carriers. It is possible the measure will again be shelved.

Shortage of Food Necessities

Popular resentment is growing at continued irregular and insufficient supply of staples such as flour, sugar, bread and butter, sometimes even at black market prices.

Comment. The often improbable and inconsistent explanations offered support to a suspicion that a basically serious condition exists. The bread shortage at times reached serious proportions, although no shortage of the more profitable “sweets” is apparent. It is uncertain whether Government claims that normal amounts are being put into distribution are accurate, but its repeated notices to “speculators” spawn an official suspicion that important portions of available supplies are being smuggled abroad or hoarded.

cc—Ambassador, Lima

Asunción
Buenos Aires
Santiago
Panama

Col. Burns
Bolivian Desk

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Authority UND 22/9/65

RESTRICTED
SECURITY INFORMATION
Facsimile 34: Dispatch 560. January 25, 1952
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00 (W)/1-2552
The Bolivian press expressed satisfaction at BPD’s action in raising the tin selling price to $1.21 1/2. There was no comment during the week on the US-UK tin purchase arrangement. Bolivian officials still expects to receive preferential price treatment.

A representative of a large American metal firm, who recently visited Bolivia and expressed his firm’s interest in mining investments, wrote to a prominent Bolivian politician indicating that his sources in Washington led him to believe that the US will give Bolivia a tin price of $1.30 a pound, and that other forms of financial assistance to Bolivia also will be forthcoming, resulting in an effective price of $1.50. He wrote further that the Bolivian President is to be invited to the United States to be present at the signing of the contract. The Bolivian politician immediately rushed to President Ballivian with the good news.

Food Supply

Food shortages continue. While an official statement alleges that last month 30 percent more than the normal amount of flour consumed in La Paz was put into distribution, a following paragraph states that normal supplies will be available once the difficulties posed by rolling stock shortages are overcome. It now appears that the discharge of two shipments of wheat at Mollendo, where large stocks of sugar destined for Bolivia also are held, is causing acute congestion at that port. These shortages may last well into February or until expected wheat shipments are received at Antofagasta. A reported railroad bridge wash-out may bar Aroa shipments for a month.

Seasonal inclement weather has greatly curtailed the meat airlift, and the Argentine meat normally imported at this time is unavailable. Real hardship in the border areas traditionally dependent on Argentine food supplies is reported.

Aviation

Summoned by the President, the Minister of Communications gave a summary report of the opposition which airlines have expressed to transferring the Civil Aeronautics Bureau to the Ministry of Defense. The President’s reported reaction, as well as other reports, indicates that the measure now has less than an even chance of enactment.
Facsimile 35: Despatch 559. January 25, 1952
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00 (W)/1-2552
Facsimile 36: Despatches 575 and 576. February 1, 1952
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00 (W)/2-152
Viciously anti-US GPT publication, are distributing thousands of copies of Hitler's recently-published personal history and thousands of Peronist lapel emblems. A purchase of a copper property. Other Argentines are searching for radioactive minerals and endeavoring to corner available columbite.

The ex-head of the Federal Police, recently assigned to set up a bureau to investigate Communist activities, says a Yugoslav Catholic priest who recently delivered anti-Communist lectures is sponsored by Trotsky. In his portfolio of speeches the priest has two lectures denouncing the US, the Jews, THUMAN.

MILITARY

See Political.

NAVAL

Negative.

AIR

See Political.

cc—Embassy, Panamá
 Lima
 Santiago
 Asunción
 Buenos Aires
 Col. Burns
 Bolivian Desk

Thomas J. Walsh, Jr.
 Chargé d’Affaires, a.i.

DECLASSIFIED
Authority NWD 22905
The Bolivian national budget for 1952 as published in the local press indicates 5.046 million boliviano income and a deficit of only 66 million bolivianos. The estimated yield of direct and indirect taxes is ninety percent greater than the 1951 budget estimate on average tin price of $1.30 a pound. 440 millions of "extraordinary income" are anticipated. The Budget Office’s September detailed estimate of 1952 income, published last week, was 2.7 billion bolivianos. While the Finance Minister declared that the new budget estimates are "absolutely adjusted to reality", indication of the basis of the new estimate income was omitted.

The estimated expenditures are approximately the same as 1951 estimates for the Ministry of Education and Economy, 6 to 10 percent higher for Justice, Interior, Public Works, Labor and Health, 15 to 30 percent higher for Defense, Foreign Relations, Finance and Communication and over 100 percent more for Agriculture and the Presidency.

Labor

The Paraguayan Ambassador told the Embassy that 12 Bolivian union leaders will shortly visit Paraguay ostensibly for the purpose of persuading Paraguayan labor to participate in a Perú-sponsered labor conference scheduled to be held at Montevideo in the near future. The Montevideo conference will organize a confederation of Latin American workers designed to counter the CBIT. The Bolivians’ trip to Paraguay, the Ambassador stated, would be financed by Perú.

The entire foreign staff of the American Smelting and Refining Company’s Corocoro copper mine again fled to La Paz this week when a mob formed following a fist fight between the company’s assistant manager and the head of the Corocoro union. The mine is now in the hands of Bolivian staff employees. The Ministry of Labor, as well as the FSTE, is attempting to arrange some face-saving means for the return of the foreign staff.

Petroleum

A French Commercial Attaché has arrived at La Paz for the purpose of investigating possibilities for investment of French capital in Bolivian petroleum operations.
we informed the Embassy that French capital desires to participate in mixed companies with Bolivian and American capital. If there is no policy objection on the part of the Department of State to this proposal he will begin negotiations with YPFs.

An American geologist representing American private capital interests has succeeded in obtaining a 120-day option on the Las Konco-Agua Salada structures. Representatives of other foreign oil companies are continuing their on-the-spot investigations but have not as yet entered into concrete negotiations with YPFs.

A visiting director of the British-owned "Fabulosa" tin mine, producer of 3 percent of total Bolivian production, stated that the company is considering shipping the mine's entire output to England for smelting. Permission to import concentrates of sufficient value to pay off a sterling bond issue was refused by the UK, presumably because Great Britain already has a 95 percent adverse balance of trade with Bolivia. However, the director indicated that a British import license would be obtainable if the tin is to be reexported. Should an RFC contract not be entered into by April, export of Fabulosa concentrates on this basis is to be undertaken.

TRANSPORTATION

Part of a Guanipu-La Paz rail bridge near Guani washed out late last week, halting sorely needed incoming wheat shipments from Molleando. High water from continued rains made repairs greatly difficult.

Agriculture

Severe shortage of flour and meat continues as the Government upped fines for hoarding and speculation, and announced that flour will be delivered to twenty La Paz bakers where strict control will be exercised by authorities. The government also announced the expected arrival in February of 200 head of Argentine cattle (approximately one week's supply of meat for La Paz). Distribution will be effected through special city-controlled outlets and the meat sold to public at cost.

cc-Embassy, Panamá

Lima

Asunción

Buenos Aires

Santiago

Col. Burns

Bolivian Desk

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Facsimile 37: Despatches 598 and 599. February 8, 1952
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00 (W)/2-852
It has been learned that the transfer of the 13th Regiment from La Paz to Oruro, having just been completed, was made to prevent its immobilization by the MNR opposition if the National Congress meets and follows the example of the other governments. It is thought that the MNR would attempt to oust the Junta once the Congress is recalled. The Minister of Government played down a report that the MNR was planning to move between February 5-10, immediately following receipt of the report from the Ministry of Defense, that several general staff liaison officers were ordered to the Oruro-Catawã area to establish conditions.

NAVAL

Negative.

AIR

Negative.

Thomas J. Mallyady,
Charge d'Affaires, a.i.

co-Embassy, Lima
- Santiago
- Asunción
- Buenos Aires
- Panamá

Col. Burns
Bolivian Desk
A new classification of imports in terms of the rates of exchange at which they can be financed has been promulgated. A class of imports previously eligible for official exchange at the rate of 100 bolivianos to the dollar, is now limited to the mining bank’s “barter” rate of exchange at 130. Total probable availabilities of this “barter” exchange are not known, as heretofore disposition of this exchange to only three firms had been privately arranged. Since an existing practice is merely being formalized, the upgrading of the classification of these imports does not create a partial additional devaluation. A number of other changes in classification were wrought, with the list eligible for official exchange being increased by a number of items of limited importance. Of more importance may be the current practice of promptly approving applications for import licenses when financing with privately held exchange is proposed, although the import is theoretically eligible for official exchange, e.g., agricultural and industrial machinery.

Bolivia’s penchant for reordering minuscule and ineffective taxation is further indulged. The existing clutter of taxes and commissions payable on the transfer of privately held exchange through the Central Bank on obtaining of import licenses, was abolished in favor of two new imports collectible in foreign exchange. A commission of one-twelfth of one percent is for the Central Bank and a tax one half of one percent is for a new special account “Materials and Armament, National Arms”. The latter tax is not chargeable as a cost, but is to be borne out of the importer’s profit margin.

In the absence of any effective tax on gasoline, the heavy Prestación Vial, a tax to which all sales between the ages of 15 and 60 are subject, in lieu of 4 days labor on the roads, has been quadrupled to 200 bolivianos. Even at La Paz collections approximate only one tenth of the total theoretically collectible at the old rate.

The national government’s commission on the collections of taxes destined for entities other than universities has been raised from 10 to 15 percent.
Labor

The Argentine OUT delegates now in Bolivia succeeded in persuading approximately 10 leading Bolivian labor leaders to attend a Peronista-sponsored session conference. All are reported to have left this week, 5 of them bearing official passports. They will first go to Buenos Aires for "orientation." The group is representative of all sectors of Bolivian labor including mines, factory, and rail workers. The Communist head of the bank employees union was also included and is traveling on an official passport.

Most of the foreign staff returned to the Cerro Coro copper mines this week only to face fresh trouble when workers staged a 2 hour strike in protest against an increase in the commissary price of sugar. The company restored the old price and things quieted down.

Petroleum

Visiting representatives of the Standard Oil Company of New Jersey and affiliates left Bolivia this week after having been received cordially by the government and YPFB. Press reaction to the visit, however, was unfortunate. A former president of YPFB took exception to certain remarks of one of the Standard Oil officials with the result that the old question as to who was to blame in the expropriation controversy of 1937 was again brought up and head-lined in Ultima Hora. The latter is now taking the position that while other foreign oil companies may enter Bolivia, Standard Oil should be barred.

Mining

The president of the Bancor Minero left this week for Europe reportedly for the purpose of negotiating the sale of tin, antimony, lead and zinc minerals to smelters in England, Belgium, Holland and Germany. He will also investigate the possibilities for new barter arrangements.

Agriculture

After seven weeks of unusually severe shortages of foodstuffs, particularly flour and sugar, the Government was finally able during the current week to restore a supply of bread to the La Paz outlets. This action undoubtedly was taken in time to avert serious trouble, since a public demonstration at La Paz had already occurred on February 5th which had to be suppressed by force. Despite the reappearance of limited supplies of wheat and flour, other foodstuffs continue in critically short supply. This condition is likely to exist for some weeks, since the Government was able to transport wheat from the Pacific port in sufficient amounts only at the cost of postponing the transportation of other essential foodstuffs.

Unfavorable weather conditions have prevented the transportation of meat from the Sud, but the failure of the Government to import cattle from Argentina has
The Economic Weapon Developed by the US in Bolivia

Thomas J. Maley, Chargé d’Affaires, a.i.

cc: Embassy, Lima
     Santiago
     Asunción
     Buenos Aires
     Panama

Col. Burns
Bolivian Desk

DECLASSIFIED
Authority NIDG 22965
Facsimile 38: Despatches 610 and 611. February 15, 1952
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00 (W)/2-1552
Soft “Nation-Building.” The Economic Weapon Developed by the US in Bolivia

The next reported target date for an attempted coup is February 24-29. No date yet having been set for an election, all agree that MNR will have to make an all-out move sooner or later, or lose out politically.

Commanding General Tadeo Ortiz, who wanted an early election to get the military out of government, in the light of MNR's failure to repudiate Communist collaboration is said now to be less insistent that elections be held in May, and it is understood that recent coolness between him and the Junta President is disappearing.

Failure to obtain a satisfactory tin price agreement is doing the Junta no good and all in all the situation is not a happy one.

The Junta received a request for 'agreement for a Czechoslovak Minister, one Richard Jirak, now Chargé at Montevideo. The Junta wants to refuse, the reason being the MNR's collaboration, and because of fear that the Minister if accepted would go all out to help establish a pro-communist government. It feels, however, that it must act extremely cautiously in doing so.

MILITARY

See POLITICAL.

NAVAL

Negative.

AIR

Negative.

Thomas J. Walsby,
Chargé d'Affaires, a.i.

co-Embassy, Panama
  " Lima
  " Santiago
  " Asunción
  " Buenos Aires

Col. Burns
Bol. Desk

DECLASSIFIED

Authority H/M P8 22/85
Agriculture

Following six weeks of extreme shortage of foodstuffs, particularly flour and sugar, the Government succeeded during the current week in providing sufficient supplies of these two commodities at La Paz to forestall serious public disorders.

The Government statistics bureau reports that the cost of living index for La Paz has risen from 100 in 1950 to 1,950 at the end of 1951.

A Government decree designed to protect the domestic lumber industry was approved this week. The decree prohibits the importation of lumber with the sole exception of certain types which cannot be produced locally. It also provides for credits to the lumber industry for the modernization of plants and the construction of roads from sawmills to consumption centers, and prohibits the use of imported lumber in the housing and furniture-manufacturing industries.

Import Licensing

Described as an interim measure pending conclusion of BPF tin contract only “necessities” are to be licensed for import during the first quarter. The importation of essential foodstuffs during this quarter will receive priority in the issuance of foreign exchange. A Finance Ministry circular requires that licenses involving official exchange are not to be granted for machinery and implements until Central Bank exchange availabilities improve and are evidenced by establishment of regular exchange quotes for all importers.

Labor

The Communist CNT issued a press release stating that it was not participating in the Fonland labor conference at Asuncion. The release was notable, however, for the absence of any criticisms or even implied disapproval of the conference. On several occasions during the week the local CNT published articles revealing the true nature of the conference, but the local CNT affiliate, the CNT, has failed to issue any statement of disassociation reportedly out of fear that the Minister of Labor might take reprisals against it.
With respect to the tin question La Razón again editorialized this week to the effect that the US-OIN agreed tin price of $1.18 cannot be considered a fair market price because of the high pro quo involved. The United States has already committed itself to pay a bonus price to Bolivia, La Razón said, referring to the JOHNSON Committee report.

**Petroleum**

General Julio SANTINES was sworn in as new president of YPFB.

Thomas J. Maleady, Chargé d’Affaires, a.i.

cc-Ambassasy, Lima
   • Santiago
   • Panamá
   • Asunción
   • Buenos Aires
   Col. Burns
   Col. Desk
Facsimile 39: Despatch 620. February 21, 1952
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00 (W)/2-2152
Soft "Nation-Building." The Economic Weapon Developed by the US in Bolivia
Facsimile 40: Despatch 630. February 29, 1952
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00 (W)/2-2952

[Image of the facsimile despatch]

The despatch details the following:

- **FROM**: US Embassy, La Paz
- **TO**: The Department of State, Washington
- **DATE**: February 29, 1952

**SUBJECT:**
- FFHE has entered into an agreement with Williams Brothers for operation of the Cochabamba refinery and subsequently for the operation of the new plant when such time as there is sufficient crude production to warrant such action. It is believed that a savings in administrative expense will result since Williams Brothers already operate the pipeline. This agreement is, of course, subject to approval by the Export Import Bank.

**Labor**
- PFHE head Juan LEGHIN “suspended” several officers of the union for failing to visit the Pukara mine as he had instructed. lavoro was suspended for 15 days, Oscar MONTES and Moisés CASTILLO for 30 days. The Embassy believes that this split in the PFHE high command is due to personal differences between Araújo and Leghín and has nothing to do with the PFHE’s action in sending a representative to the Asunción conference.

The La Paz unions of construction workers and factory workers issued statements to the effect that their representatives at Asunción went with full authorization of the membership.

**Mining**
- The US technical expert in the field of mining has been busy this week. He will first concentrate on reducing costs of small and medium producers.

**Industry**
- The Canadian electric power company supplying La Paz announced that its new 1,500 kw unit would begin operation in March. The additional power to come from this plant will amount to an approximate 12 percent increase in the La Paz supply.

**Communications**
- The American consulting engineers for the Cochabamba project are now working on the project.

[Image of the facsimile despatch]

DECLASSIFIED

[Signature]

MAR 5, 1952

The document is signed by [Signature] with the notation "DECLASSIFIED" and "MAR 5, 1952".
have estimated that the total cost of completing the highway will be about 3 million dollars more than originally estimated.

Preliminary patching was carried out over more than 30 kilometers of the 48 kilometers completed section of the highway leading from the Cochabamba terminus.

The International Road Federation-ICA pilot school for highway and agricultural equipment operators and mechanics concluded a thoroughly successful 6 week trial. Private enterprise supplied the major contribution in initiating and operating the school.

Telecommunications

The Bolivian Radiocommunications Administration, in an official report published this week, stated its opinion that the functions of the Inter-American Radio Agreement organization at Havana have become somewhat superfluous, being duplicated and apparently accomplished more effectively by Region 6 and other activities of the ITU.

Agriculture

Although bread was available in most La Paz bakeries during the current week, flour continues difficult to obtain and other foodstuffs such as powdered milk, sugar and rice remain in very short supply. Reports received during the week from other large Bolivian cities indicate that scarcities of basic foodstuffs, particularly bread continue.

Immigration

Press reports indicate that 300 Mennonite families desire to emigrate from Paraguay to Bolivia, provided they can be furnished with land in wheat-growing areas. Although Bolivia is anxious to receive Canadian colonizing groups, doubt exists as to the desirability of a sect which adorns the terrors of polygamy and opposition to bearing arms under any circumstances.

cc-Asschansky
Lisa
Asunción
Paraguay
Buenos Aires
Santiago
Col. Burns
Bolivian Desk

DECLASSIFIED
Authority MMP 22765
Facsimile 41: Despatch 644. March 7, 1952
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00 (W)/3-752
Weather conditions did not permit him to visit the region. United States Steel is anxious that its possible interest in nitro be kept secret.

**Communications**

The Junta Cabinet this week again took up the question of whether to transfer the Civil Aeronautics Bureau to jurisdiction of the Defense Natioacy Secretaryship for Air. Apparently only two ministers, Communications and Railways, opposed the President deferred action on the proposal pending his own further personal study. La Razon editorially spoke up against the proposal, but pressure from the air force group desiring the move continued obviously strong.

**Railways**

The Coroico-Santa Cruz railroad special bids commission met at La Paz to open sealed bids for the supplying of 7,500 metric tons of rails to complete track-laying. A bid to supply "foreign" (presumably European) tracks will probably be accepted. Six sets of plans for the bridge to be built across the Río Grande were also given preliminary consideration.

**Industry**

A series of articles appearing in El Diario may elicit a full investigation of where and how Bolivian Development Corporation funds have gone since the BDC was created almost ten years ago. The government corporation's operations have been the origin of some major activities, such as the Beni meat-lift in which several companies now engage; but appear to be wide-open to attack from the point of view of general administrative laxity.

**Agriculture**

Shortages of bread and sugar are again developing at La Paz following two weeks of relatively plentiful supplies. The press and civic organizations called on the Government to take appropriate action. Consideration is being given to a Governmental decree which will freeze prices and rents, and utilize the armed forces to a greater extent to prevent smuggling and hoarding.

The Ministry of Agriculture announced that the Government's wheat subsidy plan is a failure. In view of higher prices obtainable for maize and barley, agriculturists have neglected the cultivation of wheat, despite the fact that the Government has been spending 30,000,000 bolivianos annually to subsidize the crop. The multiple exchange rate system is also blamed for the situation, since it permits the importation of wheat and wheat-flour at preferential rates thus encouraging clandestine re-exports of this commodity to neighboring countries.

Thomas J. Madsen
Chargé d'Affaires, a.i.
Facsimile 42: Despatch 671. March 21, 1952
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00 (W)/3-2152
This week a committee of Air Force officers headed by the Sub-Chief of the General Staff, Col. Carlos SUAREZ Duran, visited Cochabamba in the USAF Mission aircraft to inspect the land recently acquired for the relocation of Military Air Base No. 2. The party then proceeded to Santa Cruz to inspect the new Air College which will occupy its new buildings in June or July this year.

Thomas J. Melandy,
Chargé d’Affaires, a.i.

cc: Embassy, Lima
    Santiago
    Buenos Aires
    Asunción
    Oruro

Col. Burns
Bolivian Desk
Facsimile 43: Despatch 687. March 28, 1952
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00 (W)/3-2852
The Communist-led bank workers published their wage demands this week—a 100 percent increase, plus fringe benefits. With Minister of Labor SÁNCHEZ on the side of the workers, it appears that serious labor trouble is in the offing.

Agriculture

President Baldivieso reports that an emergency decree to freeze rents and prices of essential foodstuffs is being studied. Meanwhile, the press reports recurring shortages of bread and sugar at La Paz, although a government investigating commission declares that flour quotas delivered to local bakeries are at least 30 percent in excess of the real needs of the community.

A modern slaughtering, meat processing, and packing plant is nearing completion at La Paz with dedication ceremonies scheduled for July and actual production to commence in August. This Bolivian-owned plant is being constructed under supervision of an American company according to specifications of the B.A.T. It will be as modern and up-to-date as any in the world.

A prominent private agricultural development company reports serious consideration is being given to the investment of $7,000,000 in the construction of a sugar refinery near Santa Cruz of 15,000 metric tons capacity. In order that the company’s investment will be protected from competition of imported sugar subsidized by the Government at preferential rates of exchange, commencement of the project is being deferred until the Government adopts a more practical foreign exchange policy.
Facsimile 44: Despatches 711 and 712. April 4, 1952
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00 (W)/4-452
Another source, of undetermined reliability, reports that instead of being removed from the cabinet General Salume is to replace General Ballivián, who might go to Washington.

General TORRES, who for a time this year was believed at odds with the Junta is now reported to be back in good graces with all.

Persons rumored as possible presidential candidates whenever an election is held are Eduardo SIBERI García, former Mayor of La Paz; Major Elias HELMONT, now in the US as inspector of consulates; and about-to-be-retired ambassador to the US MARTÍNEZ Vargas.

Lack of progress in the tin negotiations has discouraged local leaders. Feeling under great pressure because of RFC settlements with Indonesia and the Belgian Congo, Bolivian negotiators are now awaiting a firm US offer which they fear will not satisfy local demands. The crisis is rapidly approaching and a solution satisfactory to all parties does not appear in sight.

MILITARY
See Political.

NAVAL
Negative.

AIR
Negative.

Thomas M. HALES
Chargé d’Affaires, a.i.

co-Embassy, Lima
Santiago
Buenos Aires
Asunción
Panamá

Col.
Bolivian Desk

DECLASSIFIED
Authority/1107/P.3/2905
FOREIGN SERVICE DESPATCH

FROM: AnSesajo, La Paz
TO: THE DEPARTMENT OF STATE, WASHINGTON
REF: 724-00(4) 1/4-452

SUBJECT: JOINT MISSION NO. 14 (FROM SALT)

ECONOMIC

The letter to RFC Administrator MARCHAND occasioned widespread press comment, all bitterly critical of the Senator's stand and US tine policy in general. The Department's language in a short statement saying that the tin negotiations are not proceeding well.

Minister of Labor of Labor appealed to all unions to continue wage demands until the signing of the transportation contract. His management believes that there is no less a sign to the Government will deictic a general 50 percent wage increase and at the same time give management some relief by permitting it to make obligatory foreign exchange deliveries at 100 bolivianos to the dollar.

The Minister of Labor informed U.S. Labor representative, WALLACE, visiting Bolivia on point in matters, that he would like to send Bolivian union leaders to the U.S. for training. In view of the Minister's Fronde's sympathy it is questionable whether he was sincere. The big tin companies have now decided it would be dangerous to send nine labor leaders to the U.S., and instead plan to send Fronde's on the spot by buying control of newspapers in mining areas and sending out propaganda bulletins.

Agriculture

Popular resentment over continuing shortages of imported foodstuffs such as flour, sugar, rice and edible oil and failure of the government to take extreme measures to remedy conditions is reflected by increasing demands for wage adjustments, presumably to cover the costs of black market foodstuffs.

The president of the Agricultural Bank will soon proceed to Washington to seek an agricultural development loan from the Export-Import Bank. He

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will propose that a percentage of payments to Bolivia under the projected contract be withheld by the United States to guarantee the loan.

The Bascui-La Paz railroad was under attack this week for having brought in only 5,000 tons of wheat to La Paz during March. The President told the press that the Government will try to see that the railroad gets more rolling stock, so that it can bring in 10,000 tons a month. A 3,000 ton per month rate means that one railroad is carrying almost a third of the entire country’s requirements—but a good, honest scopage was apparently needed.

Thomas J. Malesky
Chargé d’Affaires, a.i.

c/o US Embassy, Lima
- Santiago
- Buenos Aires
- Asunción
- Panamá

Col. Burns
Bolivian Desk

DECLASSIFIED
Authority NIOD 1229085
Facsimile 45: Despatch 721. April 12, 1952
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00 (W)/4-1252