

Soft “Nation-Building”

*The Economic Weapon Developed by the US in Bolivia*¹

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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

Department of State, Harry Truman, Point IV Program, Soft “nation-building”, United Nations, USAID, U.S. Embassy in La Paz, U.S technical assistance

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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 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 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 Tarija 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 Tarija 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, Víctor 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 anti-democratic 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 ag, 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 Bolívar, or something like it. The name of Bolívar 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, announced 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: Víctor 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 appears 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 Villarreal government. Reading the United Press article, this prominent lawyer, then in the private sector, wrote to express his support for Víctor 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 Víctor 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 Víctor 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 Víctor 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 financier 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.

MILATT [Military Attaché] recd cryptic message [from] Bol [Bolivian] Army source, which interpreted confirms Derringer's message.

[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

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 Urriolagoitia 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 N^o 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 communique 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 N° 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 N° 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 N° 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.⁴ 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

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 Urriolagoitia.

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 N° 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 N° 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 N° 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 N° 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 N° 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 N° 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 N° 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 Urriolagoitia 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 N° 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 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.

POINT FOUR GENERAL AGREEMENT FOR TECHNICAL COOPERATION BETWEEN THE UNITED STATES OF AMERICA AND BOLIVIA. *UNITED STATES TREATIES AND OTHER INTERNATIONAL AGREEMENTS*. VOL. 2. PART 1, 1951. 671- 678. Washington: United States Government Printing Office. 671-678.

TECHNICAL ASSISTANCE AGREEMENT BETWEEN THE UNITED NATIONS AND THE GOVERNMENT OF BOLIVIA. 1951. United Nations Treaty Series. *Treaties and International Agreements Registered or Filed and Recorded with the Secretariat of the United Nations*. Vol. 104. Nº 1447. 263-287. [<https://treaties.un.org/doc/Publication/UNTS/Volume%20104/v104.pdf>] downloaded June 14, 2018.

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 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

FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

SECURITY: RESTRICTED

TO: Department of State

FROM: LA PAZ 783 March 7, 1951

REF: Enclosure to Desp. No. 619 of Nov. 21, 1946.

SUBJECT: MAY 6TH PRESIDENTIAL ELECTION.
 PARTIES NOW IN THE RACE.

PRIORITY: Air Priority

724.00/3-751
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DEPARTMENT OF STATE
 BUREAU OF INTERAMERICAN AFFAIRS
 MAR 12 1951

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NUMBER OF PARTIES IN THE PICTURE

With the administration party split three ways, there are now ten parties on the political scene, not to mention the outlawed Communists and different other groups such as the Chaco ex-Combatants which pretend to political influence. The ten are the:

- Partido Unión Socialista Republicana (PURS)
- Partido Republicano Geminio (Geminios)
- Partido Republicano Socialista (Sasvedristas)
- Partido Liberal (Liberalas)
- Movimiento Nacional Revolucionario (MNR)
- Acción Cívica Boliviana (ACB)
- Falange Socialista Boliviana (FSB)
- Partido Socialista Democrático (PSD)
- Partido de la Izquierda Revolucionario (PIR)
- Partido Obrero Revolucionario (POR)

Pertinent information regarding each of the foregoing parties is furnished in following sections hereof.

PARTIDO UNION SOCIALISTA REPUBLICANA (PURS)

This, the present administration, party came into being in November 1946 when the Partido Socialista joined up with the Geminios and the Sasvedristas. The three-party combination succeeded in putting Geminio party chief Enrique HERTZOG into the Presidency and Socialist Mamerto URRUTIA into the Vice Presidency in the January 5, 1947 election. Despite common socialistic pretensions all three components actually were close to being middle-of-the-roads ideologically, favored democratic principles, believed in Pan Americanism, were and remain more or less sympathetic to the United States.

PARTIDO REPUBLICANO GEMINIO (Geminios)

Late last Fall, Geminios leader Demetrio CANELAS - longtime politician, onetime Foreign Minister, presently a newspaper publisher - wanting to give the extremist left no encouragement and envisaging chaos if a half dozen candidates were to split the vote (if no candidate obtains an actual majority) decision lies with the Congress) - proposed that the PURS, Liberal, FSB, PSD, and MNR parties get together and present a common ticket.

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724.00/3-751

DECLASSIFIED
 Authority: NND 88 22905

-2- LA PAZ 783 March 7, 1951

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 GOSALVEZ and that the latter would have to be accepted or "no deal". Canelas, whose Genuinos date back to 1914, resented this attitude of the Johnny-come-lately-Socialists, brought about withdrawal of the Genuinos from PURS.

PARTIDO REPUBLICANO SOCIALISTA (Saavedristas)

Saavedrista leader and Senate President Waldo BELMONTE Pool undergoing treatment in the Naval Hospital at Bethesda for leg wounds received during the September, 1950 student rumpus, acting leader Mamel BALCAZAR in December past told PURS a few things. Among others, that the Genuinos and the Socialists having been represented in the Presidency by Hertzog (1947-49) and Urriolagoitia (1949 to date), the turn had come for a Saavedrista to be nominated for president. A motion he put to that effect at the Gosálvez-delegate-packed PURS 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 with it had formed the PURS.

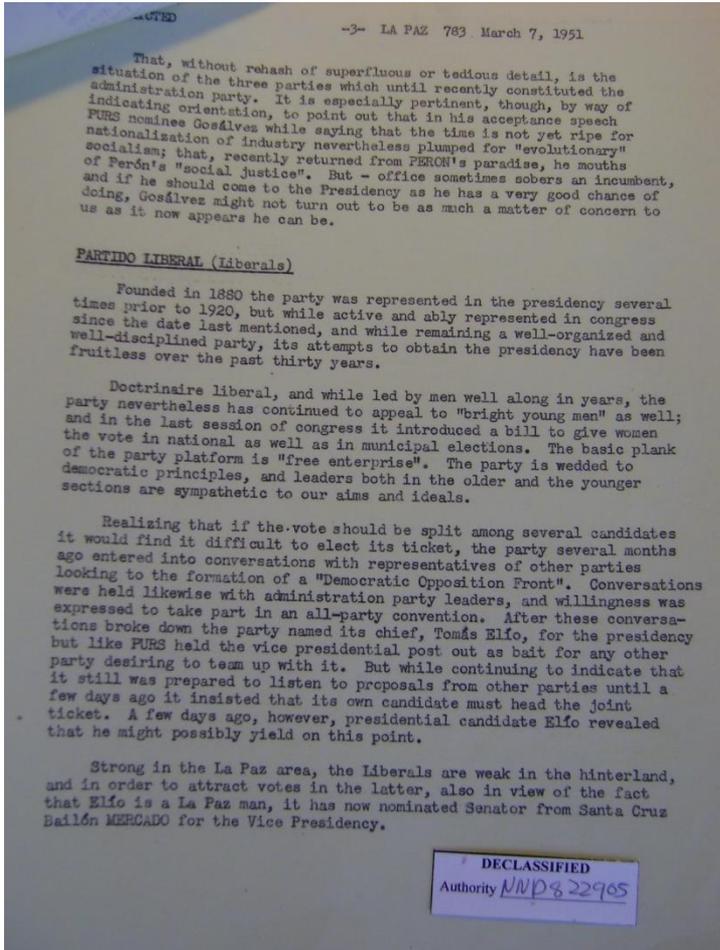
PURS-SOCIALISTS-GENUINOS-SAAVEDRISTAS--GENERAL

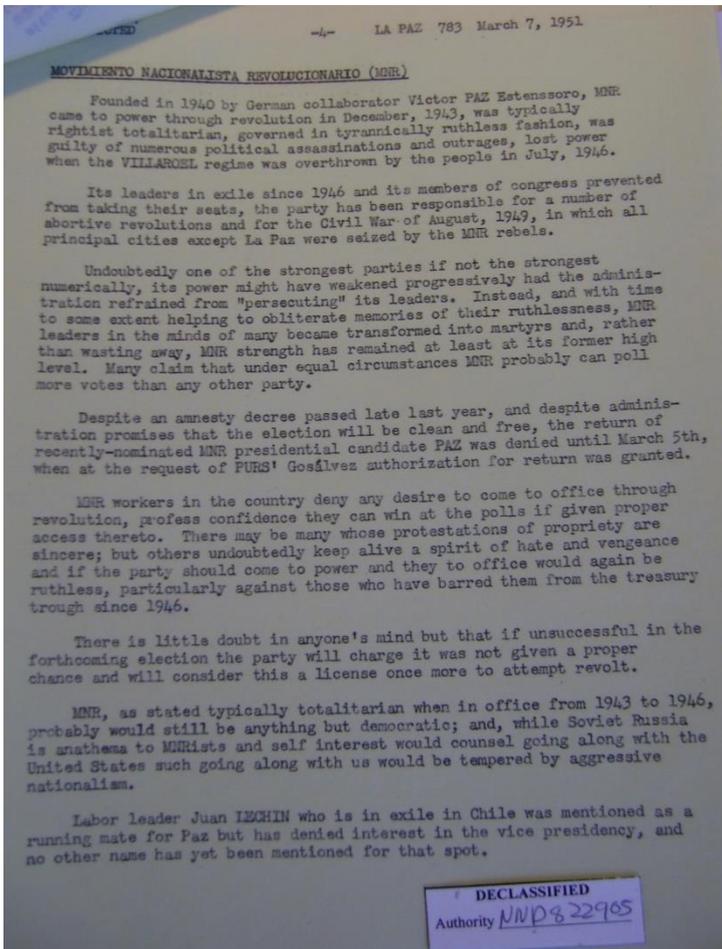
Some Genuinos and Saavedristas refused to go along with their leaders and withdraw from the PURS, their motive, as it is taken for granted was the case with Foreign Minister ZILVESTI Arce for example, no doubt being a desire to hang onto their plums of office. The defection of the two sectors in question thus left the Socialists the sole remaining unit of PURS, and Liberal Party terms for a PURS-Liberal coalition having proved unacceptable to it, PURS began dickering with the Partido Social Demócrata, 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.

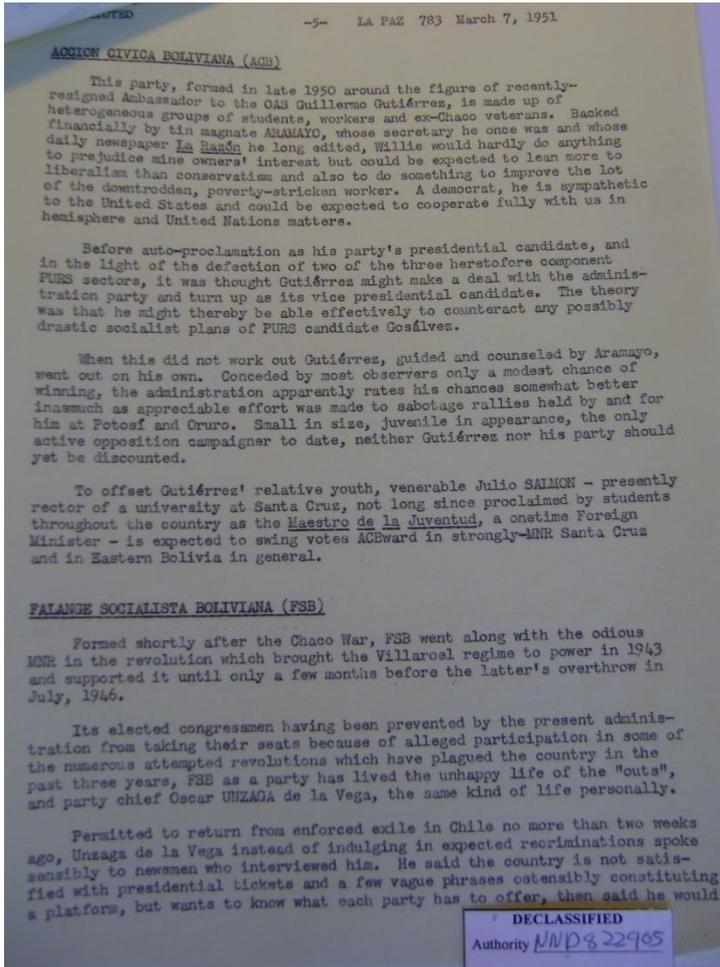
Since the Genuinos and Saavedristas withdrew from PURS both Canelas and Balcazar have been hustling around, so far unsuccessfully, trying to form an opposition front. Their efforts might have been successful with either the Liberals or Guillermo (Willie) GUTIERREZ' Acción Cívica Boliviana if they had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

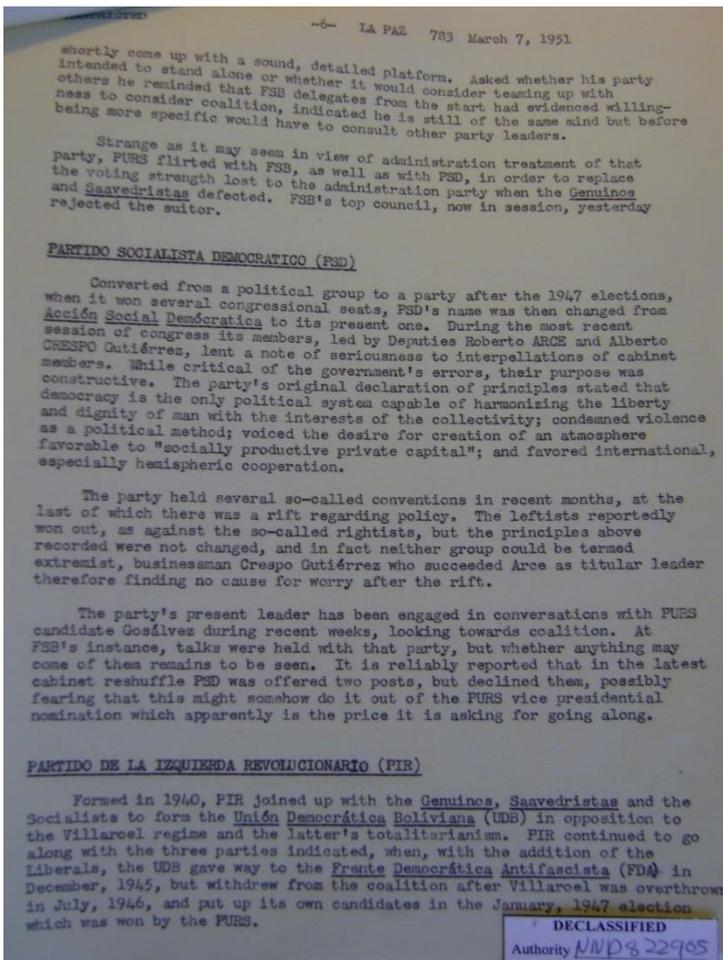
So - the PURS Socialists were weakened, and the Genuinos and Saavedristas are muddling along and have gotten nowhere insofar as the top two posts are concerned, albeit they will put up candidates for senate and chamber of deputies seats and no doubt will garner some of these.

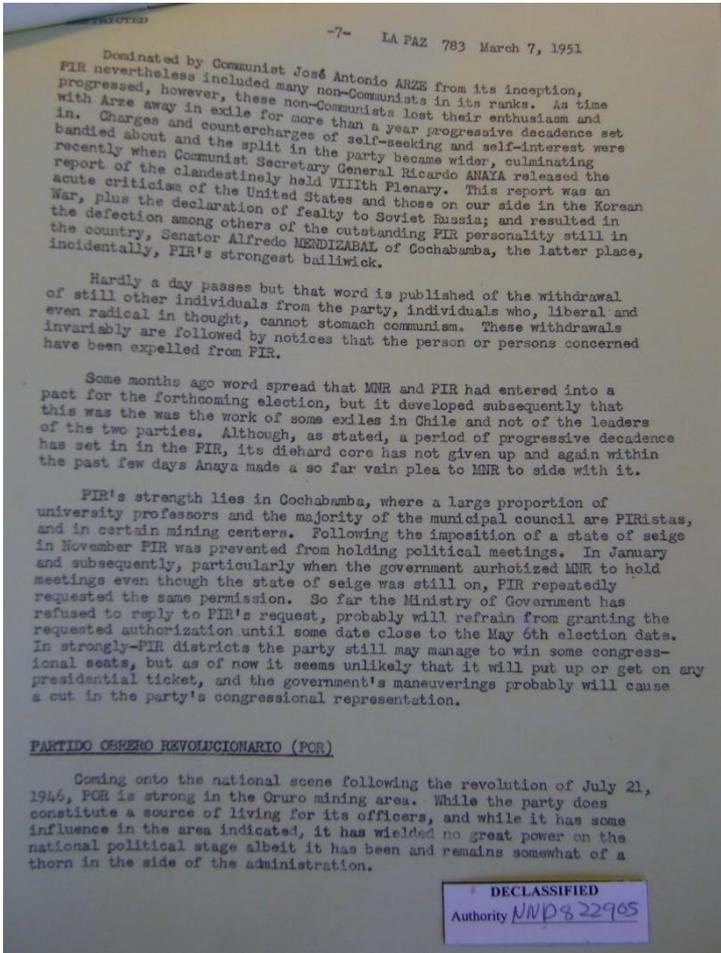
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-8- LA PAZ 783 March 7, 1951

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According to its Secretary General, a member of the IVth International, the "legatee of the glorious revolutionary traditions of Marx, Engels, Lenin and Trotsky and while unconditionally pro-USSR it does not take instructions from the Kominform and has nothing to do with the sinister figure of Stalin 'that great organizer of defeats' ..."; nor does it "receive instructions from the Argentine POR as alleged in a series of articles recently published in the (La Paz daily) La Razón".

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 POR calls for world peace; condemns use of the atomic bomb and demands international control thereof; desires the resumption 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 POR 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 veterans' 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 herein, 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 despatch.

Thomas J. Maleady
Thomas J. Maleady
Counselor of Embassy

cc-William P. Hudson, Esquire
ARA:CGA:NWC Room 4205 N.S.
Department of State
Washington, D.C.

DECLASSIFIED
Authority *MNP 8 22905*

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

FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

SECURITY: **UNCLASSIFIED** PRIORITY: AIR POUCH

TO: Department of State F760006-0723 724.00/4-1951

FROM: LA PAZ 894 April 19, 1951

REF: BUREAU OF INTER-AMERICAN AFFAIRS

SUBJECT: BACKGROUND AND EVALUATION OF PRESIDENTIAL CANDIDATES AND THEIR CHANCES.

Transmitted herewith are personality sketches of the candidates for the forthcoming elections. 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 mature 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 1920. He then taught commerce for a short time and in 1925 became secretary to President SILES, 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 considered 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 politician 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.

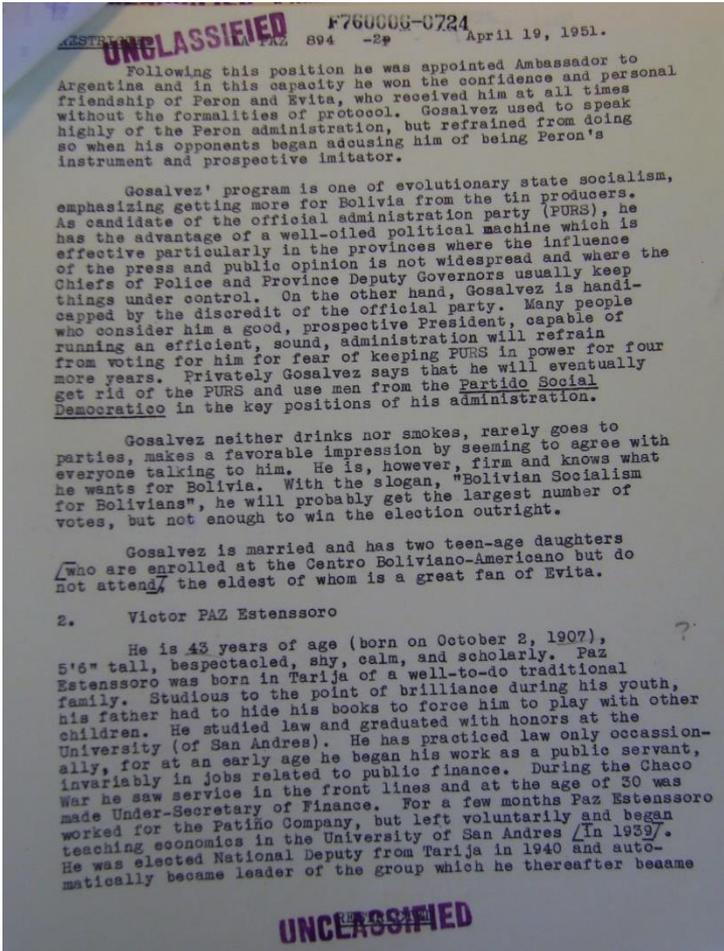
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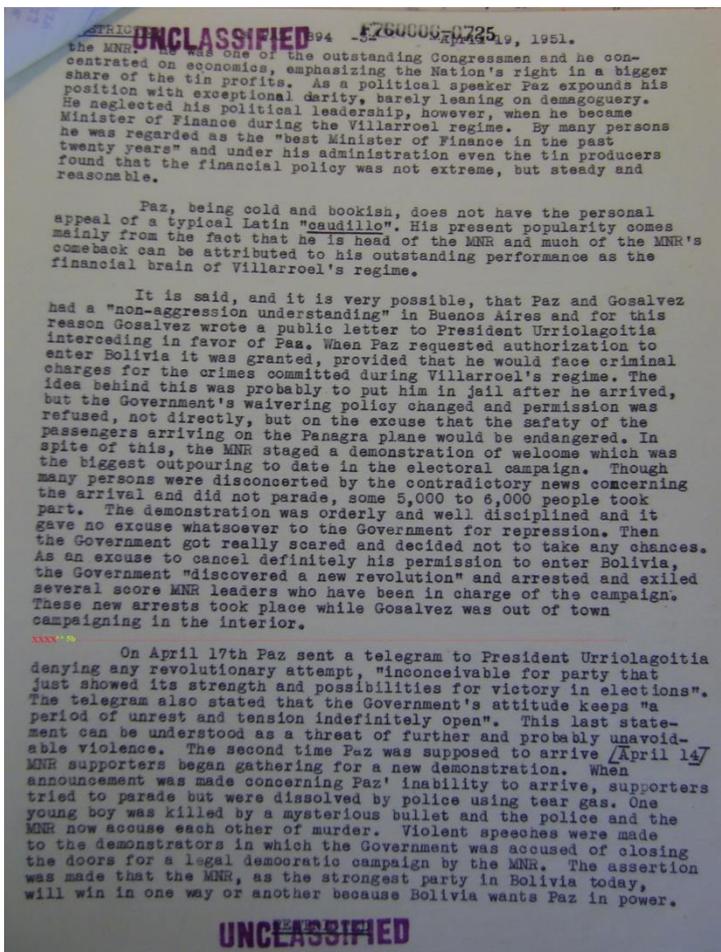
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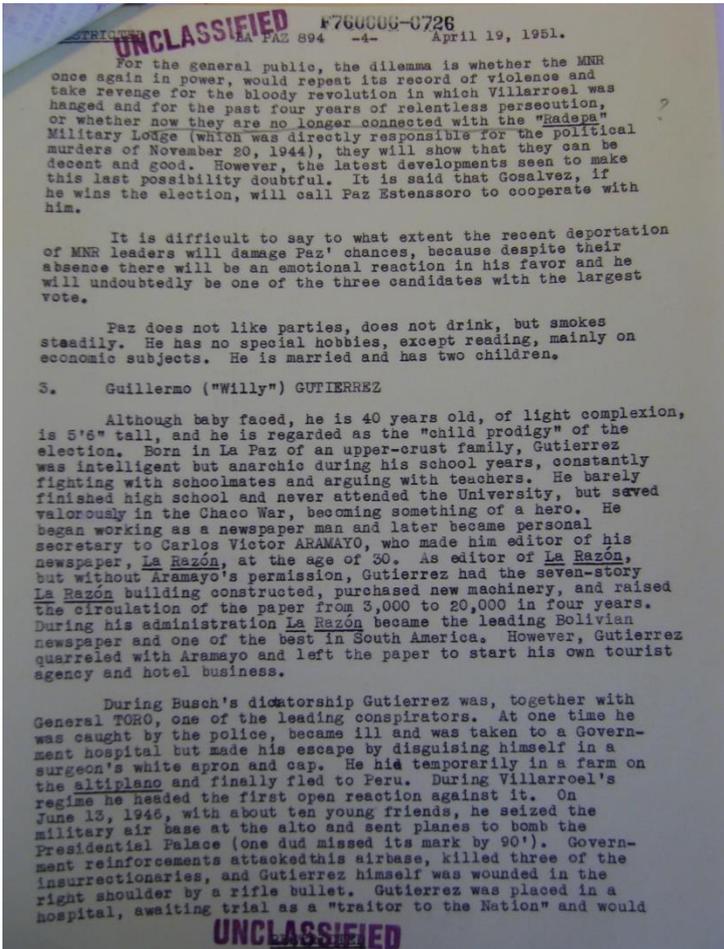
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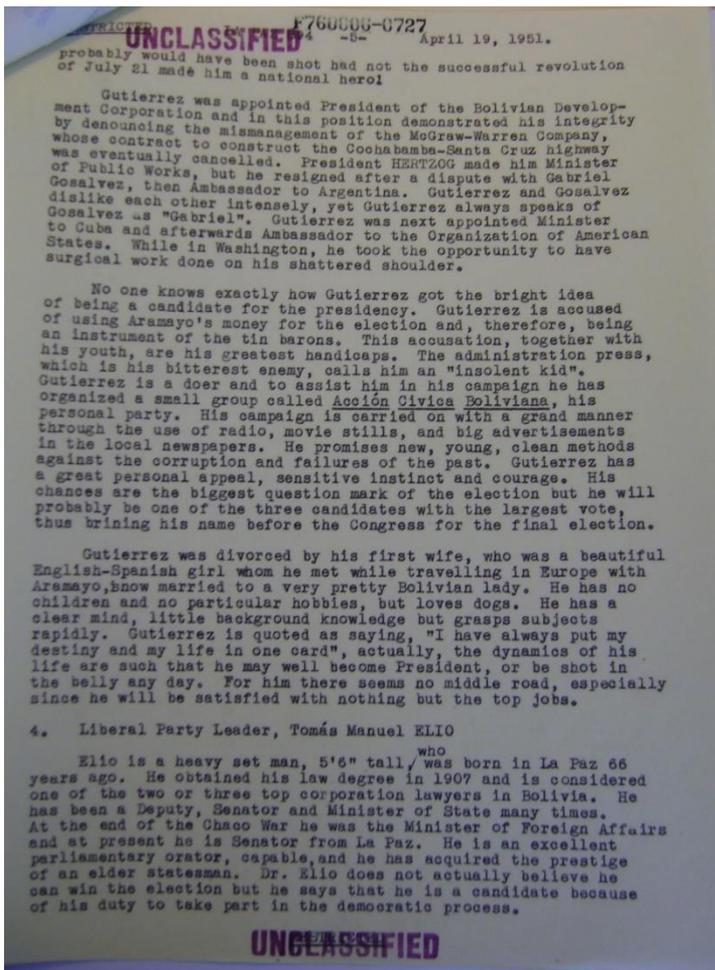
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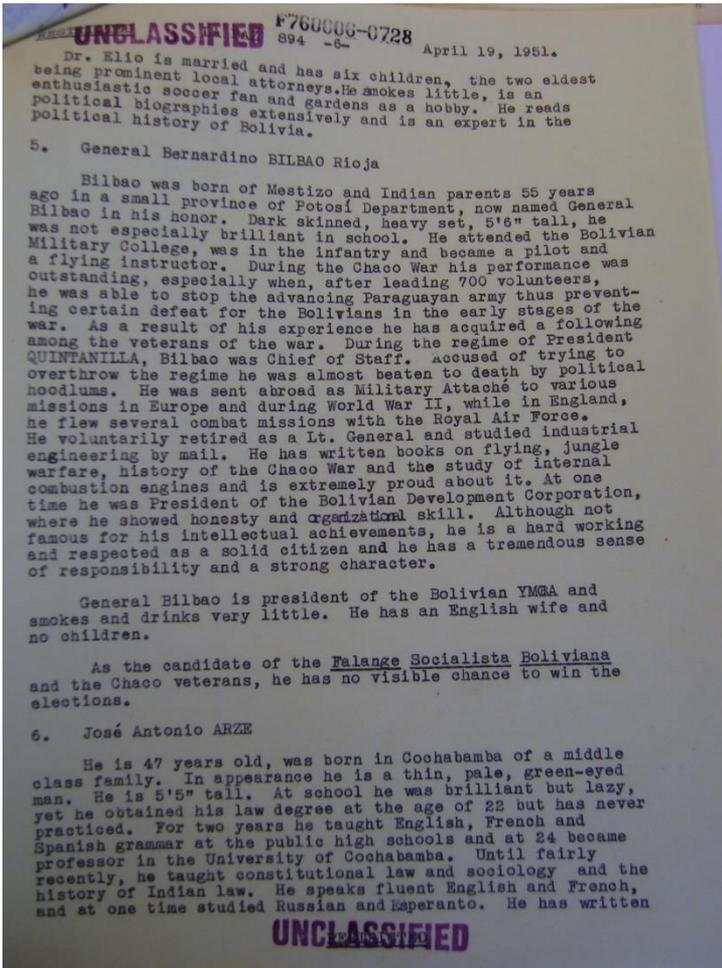
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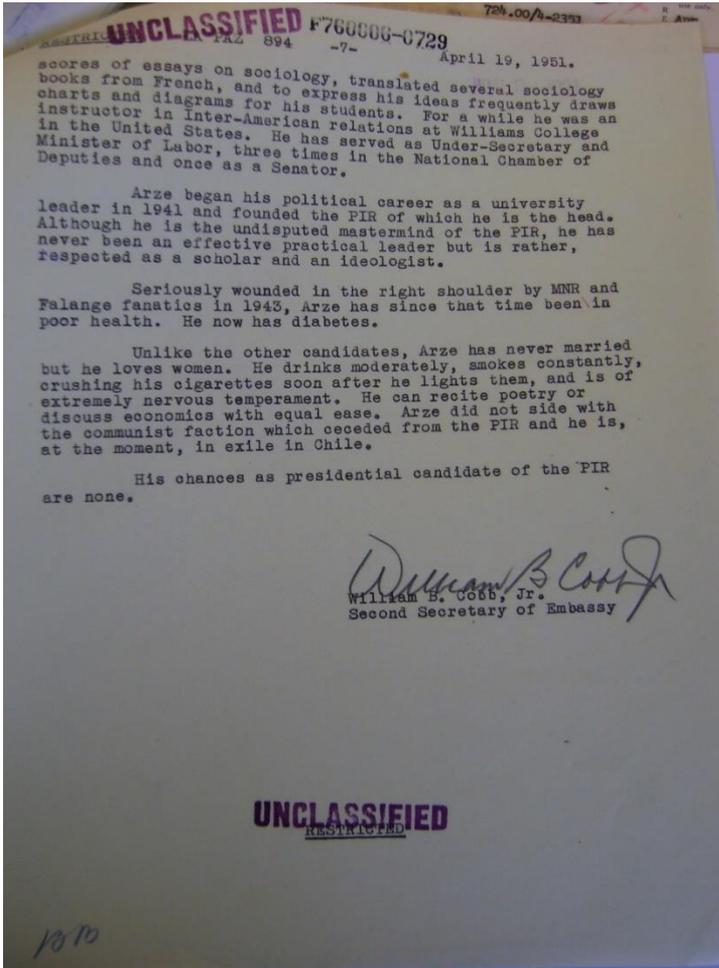




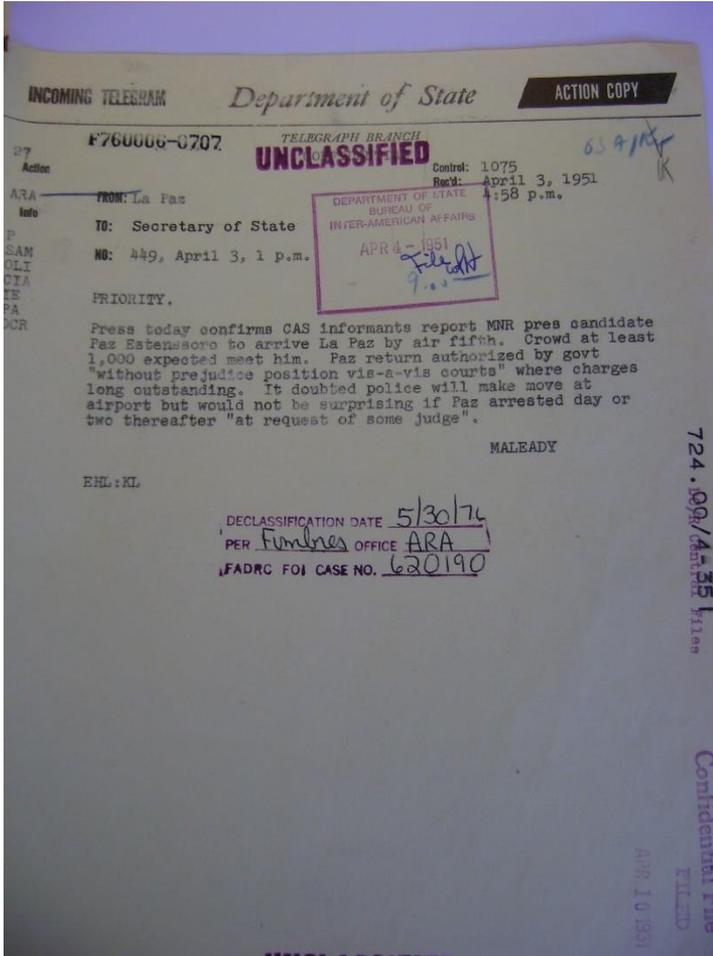








Facsimile 4: Telegram 449. April 3, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/4-351



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

#760006-0717

FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

SECURITY: CONFIDENTIAL

UNCLASSIFIED

PRIORITY: AIR PRIORITY

TO: Department of State

FROM La Paz 888 April 16, 1951

REF:

SUBJECT PAZ DID NOT REACH LA PAZ

724.00/4-1651
DEPARTMENT OF STATE
BUREAU OF
WESTERN AMERICAN AFFAIRS
APR 20 1951

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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, MNR presidential nominee PAZ Estenssoro 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 Panagra'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' 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 of 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' 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.

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Confidential File
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APR 17 1951

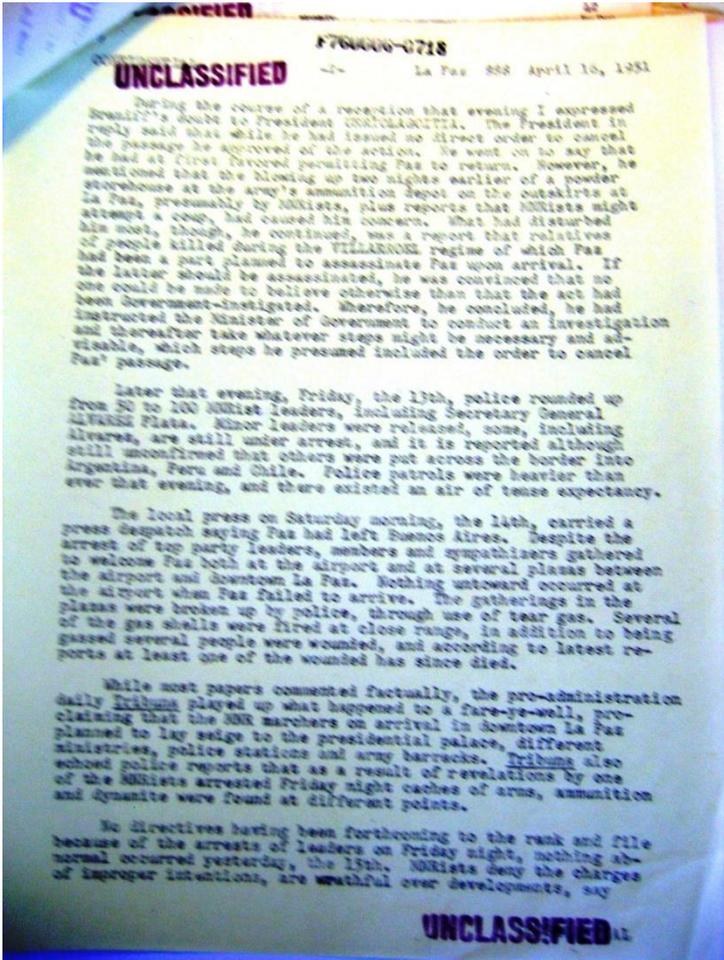
DECLASSIFICATION DATE 5/30/76
PER *Funder* OFFICE ARA
FADRC FOI CASE NO. 620190

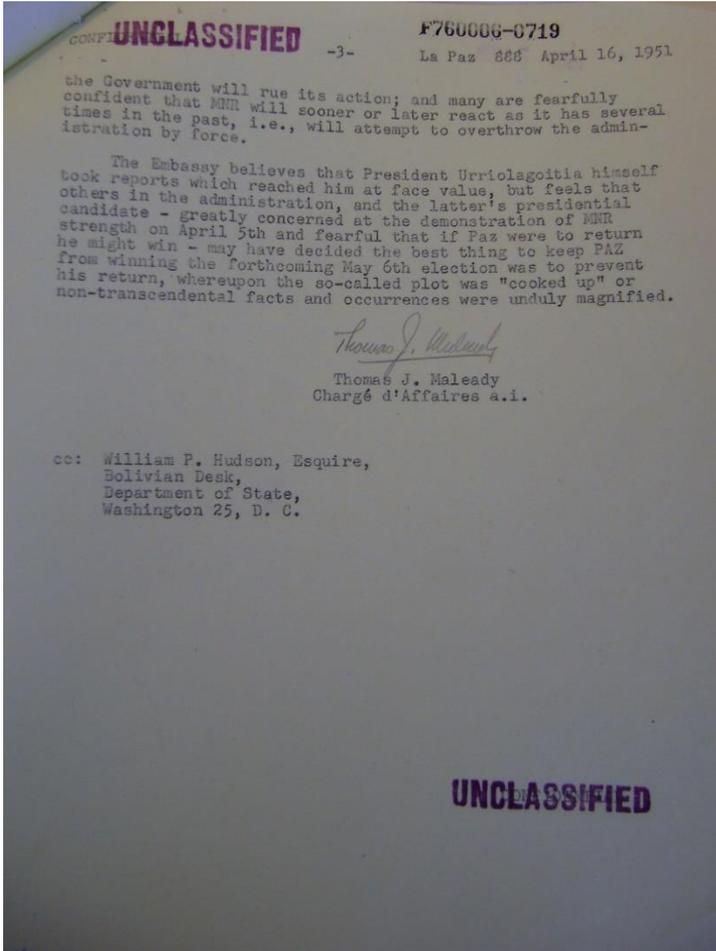
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The action office must return this permanent record copy to DC/R file with an endorsement of action taken.





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

FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

SECURITY: RECLASSIFIED **UNCLASSIFIED** PRIORITY: AIR POUCH *USA/K* 1-1
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use only.

TO: Department of State **F760006-0711** 724.00/4-1151 RECD
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FROM: La Paz 877 April 11, 1951

REF:

SUBJECT: Latest Political Developments

DEPARTMENT OF STATE
 BUREAU OF
 INTER-AMERICAN AFFAIRS
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Candidates On Campaign Tours

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 GUTIERREZ made a somewhat abortive tour some weeks ago, at which time administration supporters broke up his meetings at Cruro 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 Salmón, 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 ELIO and MERCADO 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 PURS party nominees GOSALVEZ and ARCE (the latter of allied PSD) likewise departed on tour, accompanied by a sizeable 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 through downtown La Paz, where all listened to eight speeches and thereafter

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APR 11 1951

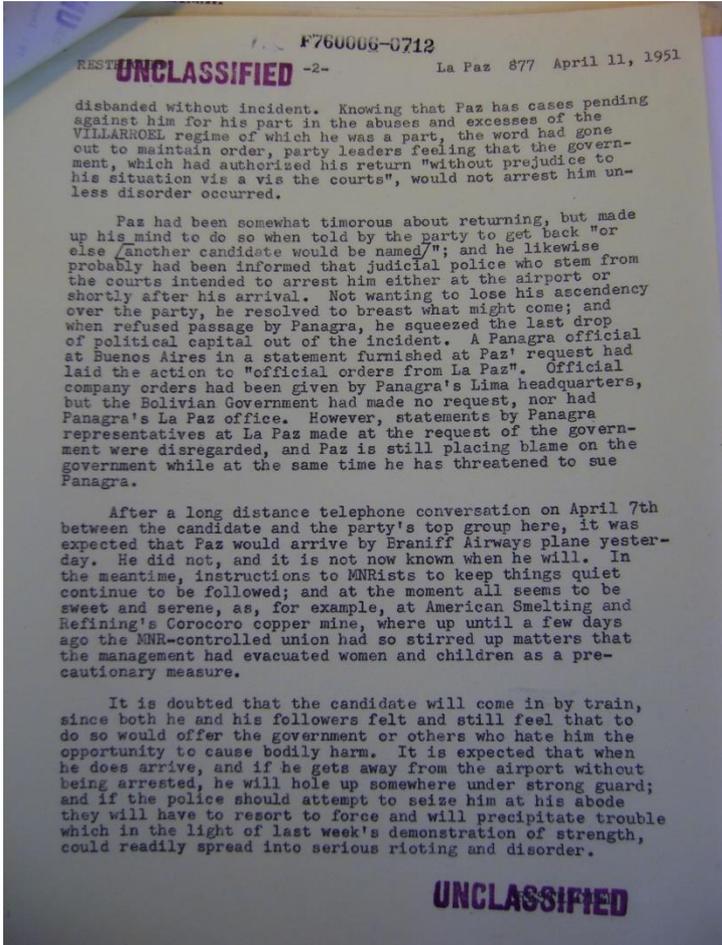
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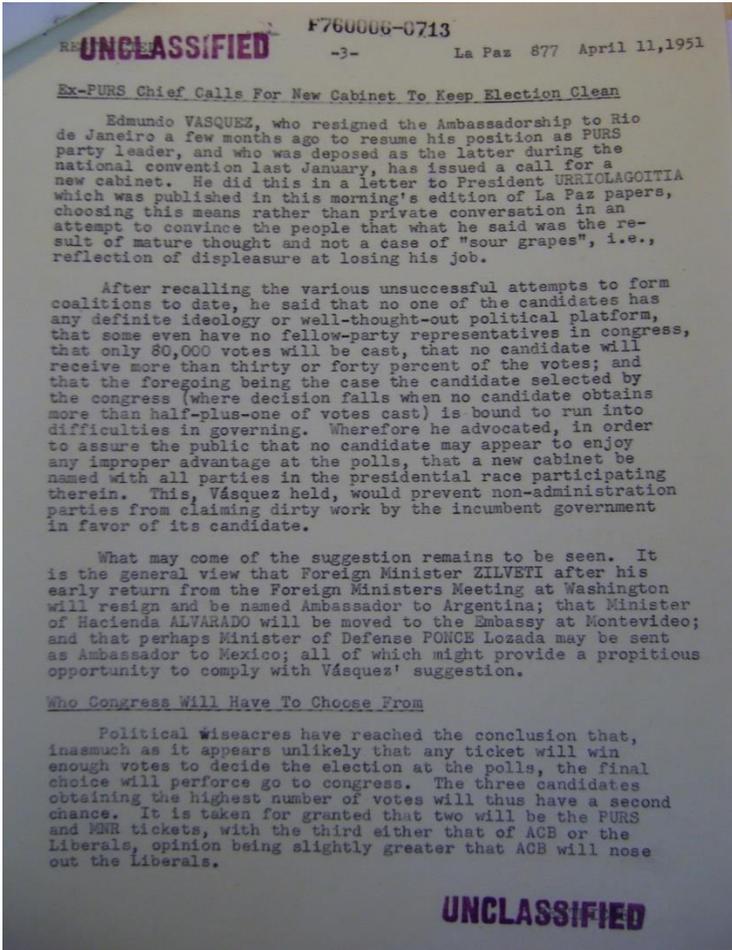
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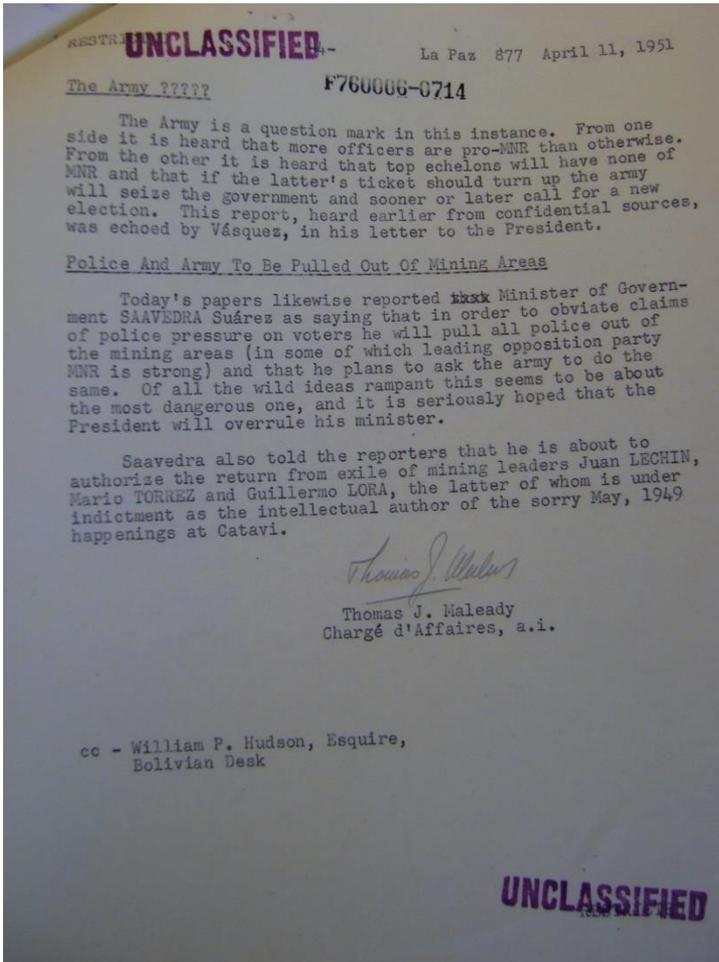
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PER UNCLASSIFIED OFFICE ARA
 FADRC FOI CASE NO. 620170







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

INCOMING TELEGRAM Department of State **ACTION COPY**

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UNCLASSIFIED Control: 7291
Rec'd: April 14, 1951
3:47 p.m.

F768006-0716

FROM: La Paz

TO: Secretary of State

NO: 473, April 14, 1 p.m.

PRIORITY

REMYTEL 472 April 14.

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Braniff Asuncion failed take Paz 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 inquiries saying it refused bring Paz here accordance definite orders Bol Gov. MNR-ists gathering here welcome Paz. When they learn not arriving, and with party secretary Gen. Alvarez Plata in jail, since arrest last night, no telling what might happen. May be nothing will, may be plenty.

MALEADY

RSP:MR

Note: Mr. Barall (OSA) informed 5:15 p.m., 4/14/51, DES.

DECLASSIFICATION DATE 5/30/76
PER Funder OFFICE ARA
EADRC FOI CASE NO. 620190

724.00/4-1451
DC/R Central Files
Confidential File
CMI

PERMANENT RECORD COPY

UNCLASSIFIED

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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

FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

SECURITY: ~~RESTRICTED~~ **UNCLASSIFIED** PRIORITY: AIR PRIORITY

TO: Department of State **F760006-0730** 724.00/4-2351

FROM: La Paz 902 April 23, 1951

REF:

SUBJECT: POLITICAL NOTES - FEELING OF UNEASE PREVAILS

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DEPARTMENT OF STATE
 BUREAU OF
 INTERAMERICAN AFFAIRS
 APR 25 1951
File with

MNR Vice Presidential Nominee
Sneaked Back into The Country

As the Department was informed opportunely, Movimiento Nacional Revolucionario presidential nominee Victor PAZ Estenssoro, although in possession of previously issued authorization to return from exile, was twice at the last minute refused entry. Approximately 100 MNR leading lights had been arrested at La Paz the evening preceding his second attempt, April 13th. There was some excitement on Saturday, April 14th, when the police sought to break up demonstrations by MNRists and sympathizers who had gathered to welcome the candidate. The two things, refusal to permit Paz to enter the country and the arrest of party leaders, both ostensibly because "revolution was planned", left the rank and file floundering, wondering what to do, wondering if their leaders might be released promptly.

Some people, both within and without the party, thought the latter's back had been broken, but such does not seem to be the case. MNR vice presidential nominee Hernán SILES Zuazo is now in La Paz. Siles, who returned surreptitiously from Perú some months ago and attempted to take his seat in the Chamber of Deputies only to be seized and promptly bundled off to Chile, came across the border at a point near Arica and hitchhiked his way here, where at the moment he still is in hiding.

Knowledge of Siles' presence served as a tonic to the party, the wives, mothers, daughters and sisters of some of those recently arrested invaded the Palace of Justice and immediately started a combination sitdown and hunger strike, and it has been announced that a street parade will be held this afternoon. It is believed that the police will pick Siles up at once if he should make a public appearance. If he is arrested clamor will arise not only from his own party members but from non-MNRists as well, including Saavedrist and dissident-PURsist Acting Senate President Manuel BALCAZAR, who never loses an opportunity to needle the administration, particularly when the immunity of a member of congress is concerned.

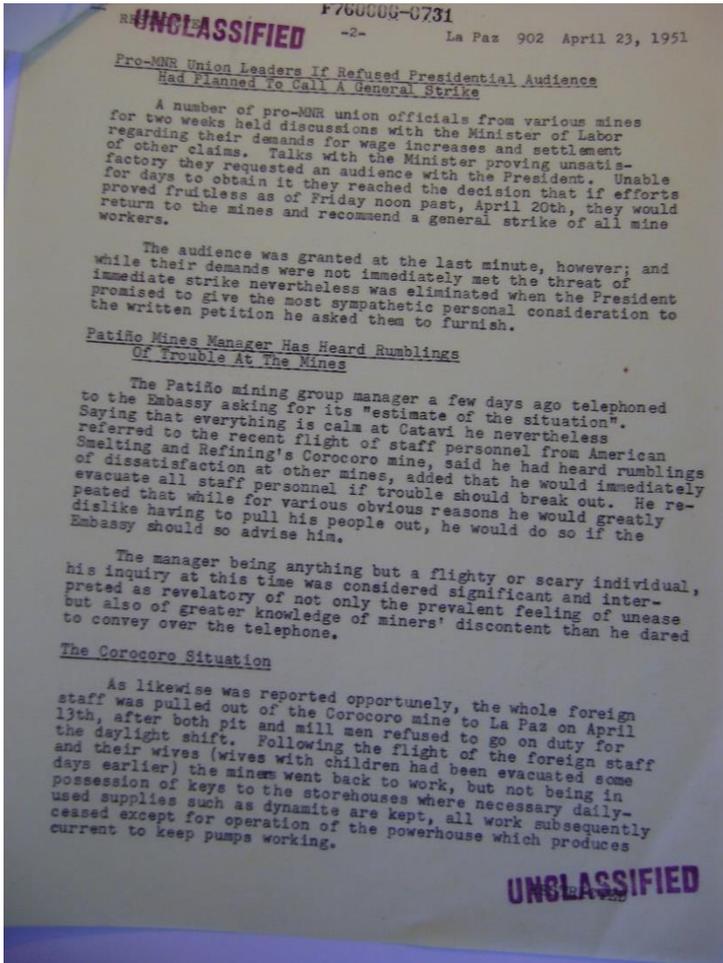
724.00/4-2351
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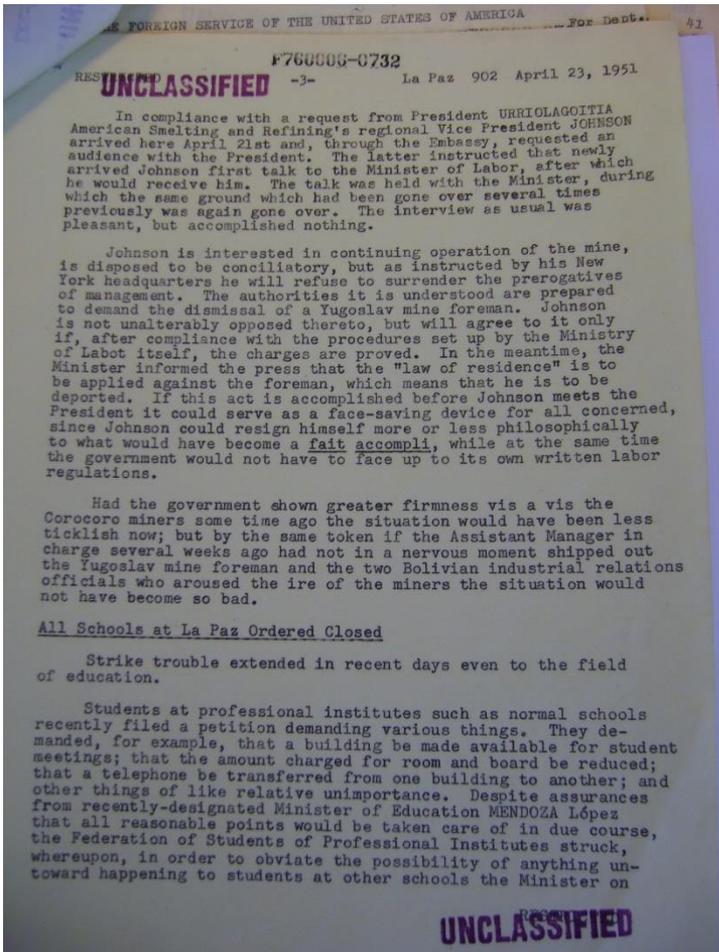
DECLASSIFICATION DATE 5/30/74
PER Furness OFFICE ARA **UNCLASSIFIED**
FADRC FOI CASE NO. 620190

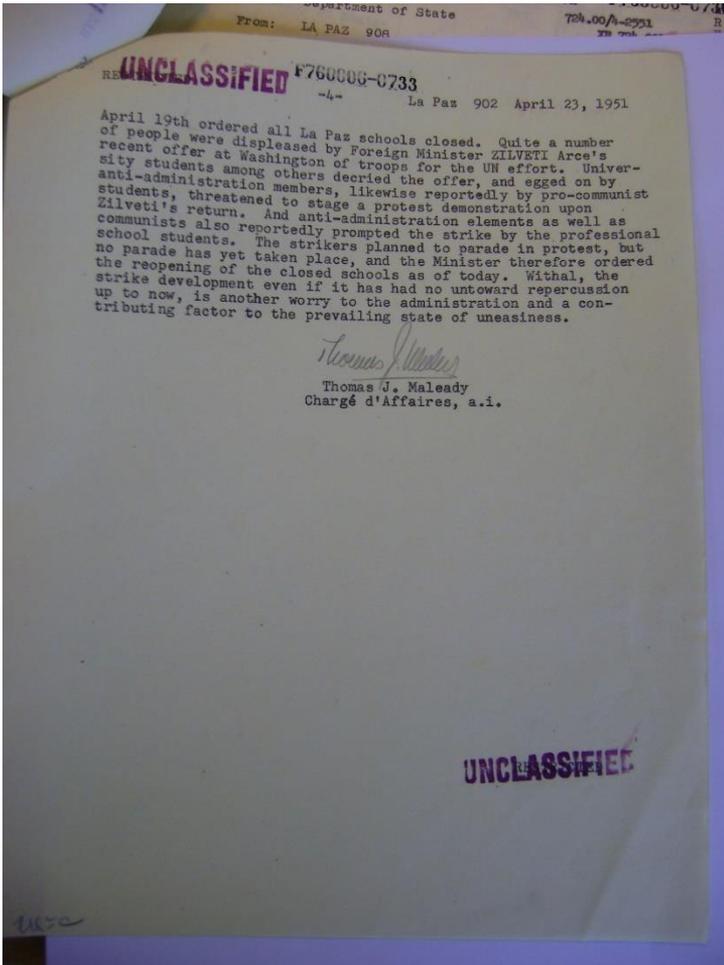
TJMalady/bl

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The action office must enter the permanent record copy to DCR file with an endorsement of action taken.







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 FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

Security: UNCLASSIFIED PRIORITY: AIR POUCH #760000-0736 For Dept. only

To: Department of State 724.00/4-2551 R 24
AIR 724.0012 APR 25

From: LA PAZ 908 April 25, 1951. O
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Ref: Embassy despatch No. 904 of April 23, 1951. A
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Subject: FURTHER COMMENT ON COMMUNIST SUPPORT OF VICTOR PAZ ESTENSSORO. DE SA/M

DEPARTMENT OF STATE
INTRA-AMERICAN AFFAIRS
July 1951

620190 5/30/76
This document released to public per FOIA b7c, AAA

724.00/4-2551

Having previously declined to express his views on the report of communist support for his candidacy Victor Paz Estenssoro, according to a United Press story from Buenos Aires, has now issued the following statement:

"The spontaneous proclamation, without previous agreement, in which the Communist Party of Bolivia announced its support for myself and Juan LEZHIN, 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 SILES Zuazo 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."

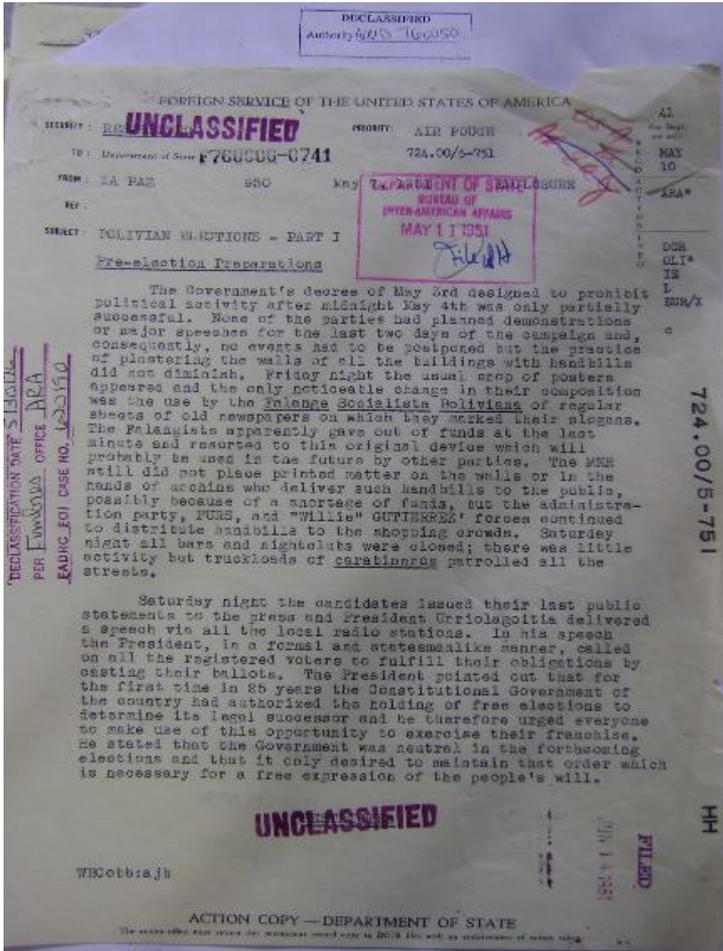
The National Committee of the MNR and the Communist Party Committee have both issued similar statements denying that there is any formal agreement or pact between the two parties.

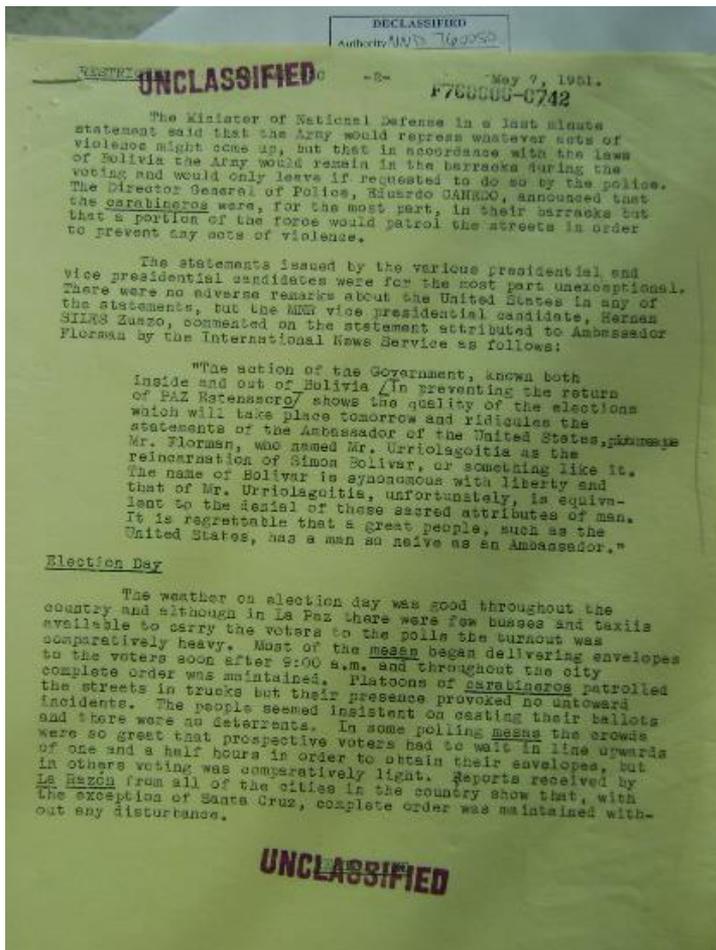
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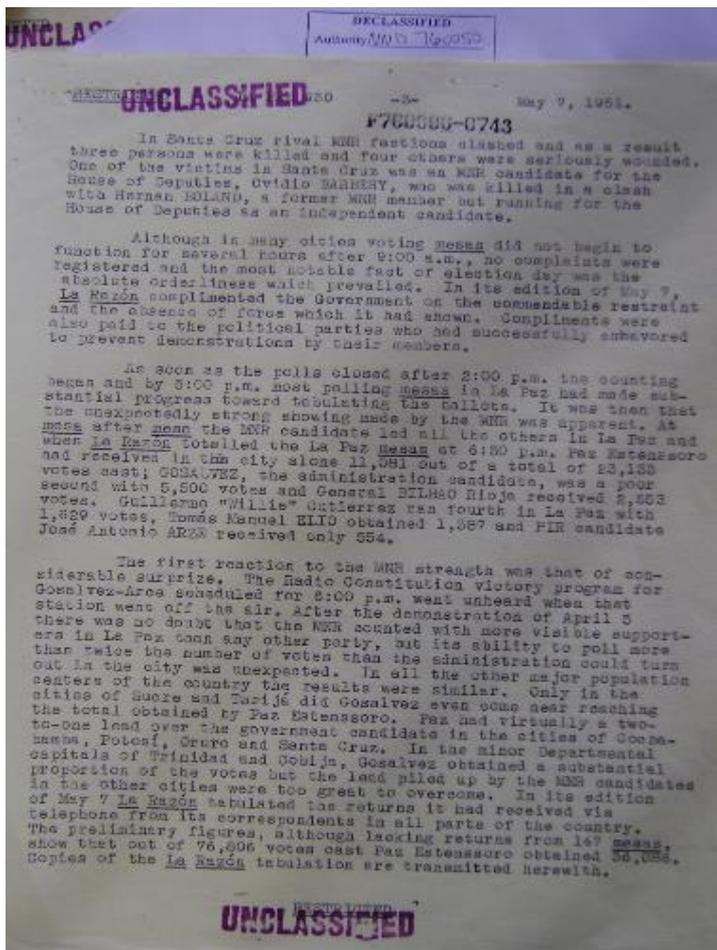
William B. Cobb, Jr.
Second Secretary of Embassy

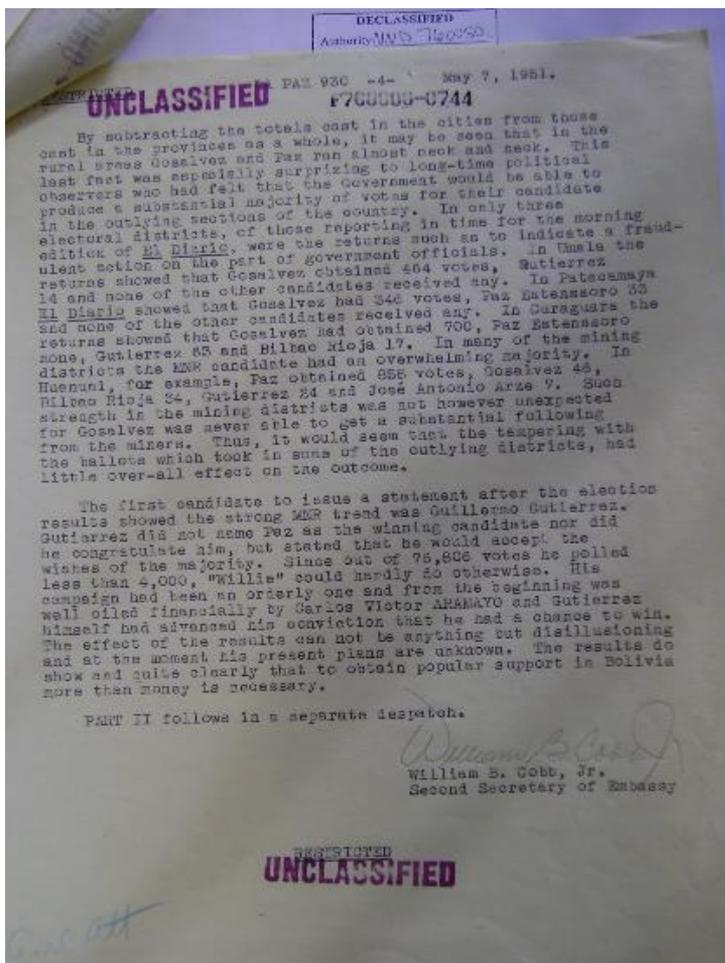
MAR 1951
THHD

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









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

FOREIGN SERVICE OF THE UNITED STATES OF AMERICA *OSAK/K*

SECURITY: **UNCLASSIFIED** PRIORITY: AIR FOUR *24*
TO: Department of State **F760006-0749** 724.00/5-851
FROM: LA PAZ 933 May 8, 1951
REF: Embassy despatch No. 930 of May 7, 1951
SUBJECT: BOLIVIAN ELECTIONS - PART II

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DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
MAY 11 1951
File with

Aftermath

As the votes continued to be tallied by La Hazon on Monday there was no significant change in the lineup of the candidates. During the day Paz Estenssoro's total passed the 40,000 mark and at that time the La Paz rumor mill outdid itself with the story that Paz had more votes than all of the other candidates combined and thus had obtained the absolute plurality required for unconditional victory. This rumor took on special significance since President Uriolagottia had, at noon, issued the following statement:

"As Constitutional President of the Republic I declare, in accordance with my previous statements, that I will respect the verdict of the people as pronounced in the elections. If the candidate of the MNR, Victor Paz Estenssoro, obtains the absolute majority of the votes I will turn the office of President over to him on the 6th of August."

This commendable statement on the part of President Uriolagottia served to clear the air but it did not reveal any plan which the Government might have should the MNR not have an absolute majority. The latest returns show that out of 105,961 votes, Paz Estenssoro has 48,234 or 45.5 percent. He is followed by Gosalvez with 31,818; Bilbao Rioja 10,894; Gutierrez 5,496; Elio 5,218; and Arze 4,251. Seventy-three ~~mesas~~ remain unreported and the final returns may not be received for at least a week.

Indication of the Government's attitude toward a Paz Estenssoro victory appeared in Tribuna on May 5. In that issue the editors alleged that all votes cast for Paz would be invalid. It based this contention on the fact that Paz, not being inscribed in the registration books, is ineligible to serve as President. It also pointed out that a judicial process is outstanding against him as a result of his part in the MNR excesses of 1946. Further indications of the Government line were to be found in Tribuna of May 7 which

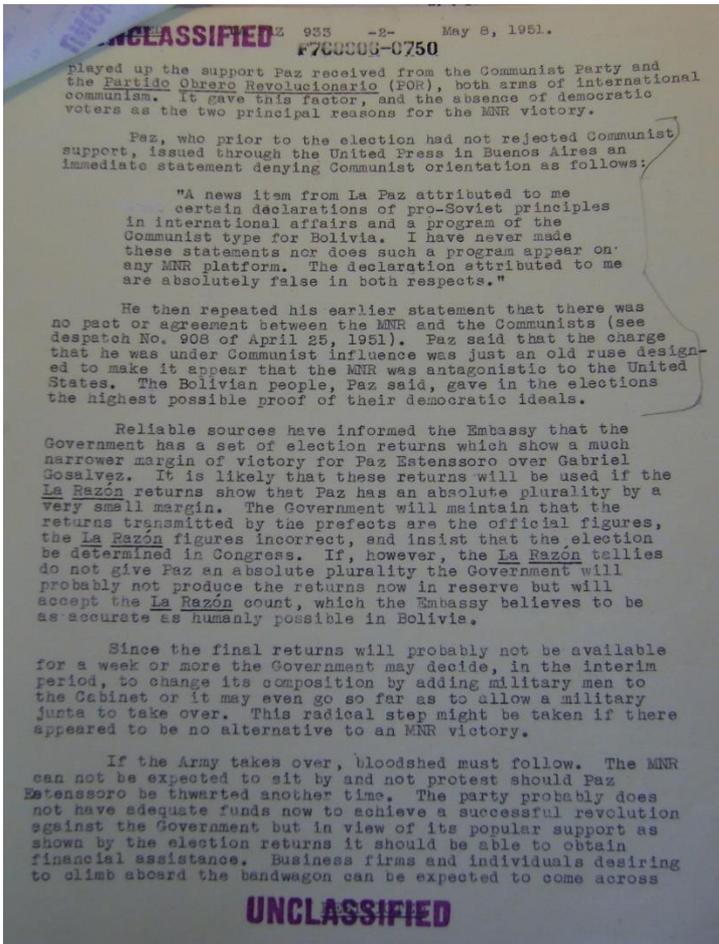
DECLASSIFICATION DATE 5/30/76
PER FUNNED OFFICE APA
LADRC FOI CASE NO. 6210710

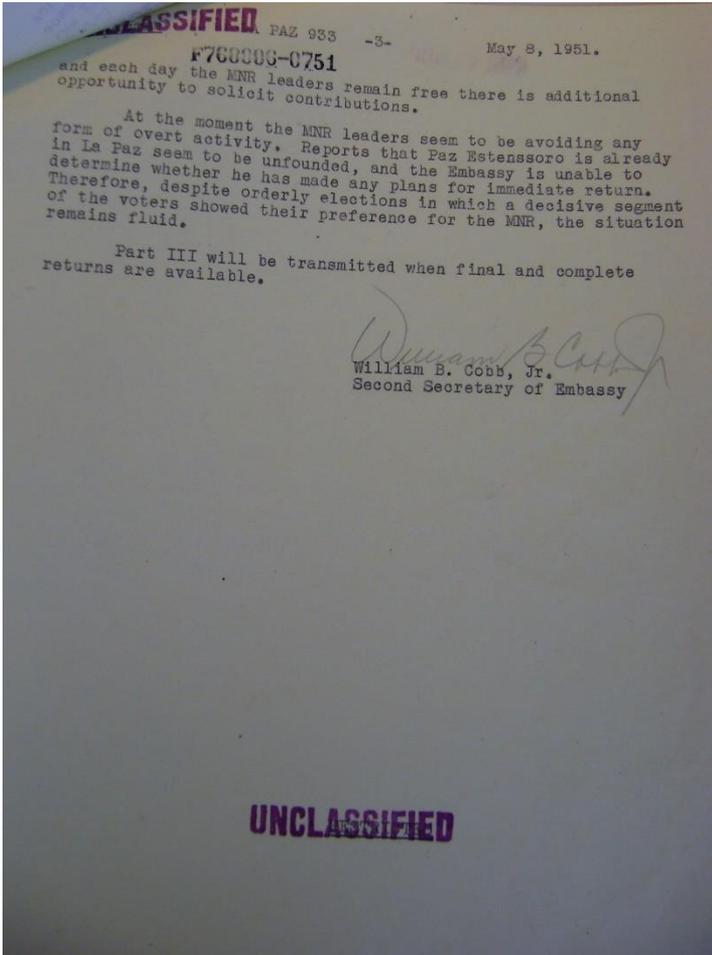
724.00/5-851

WRCobb:ajh
MAY 8 1951
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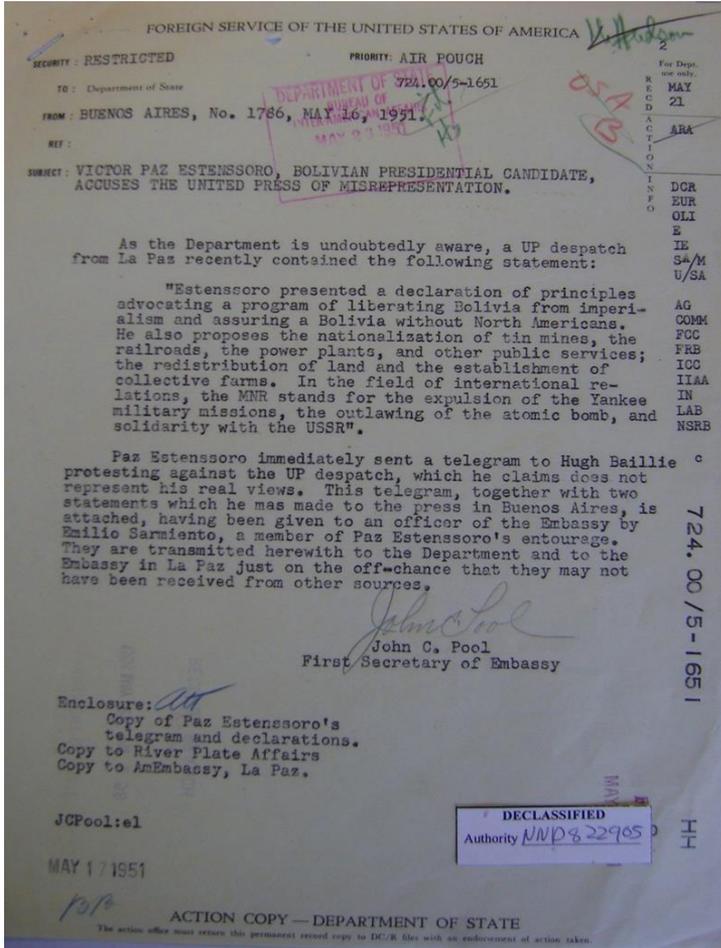
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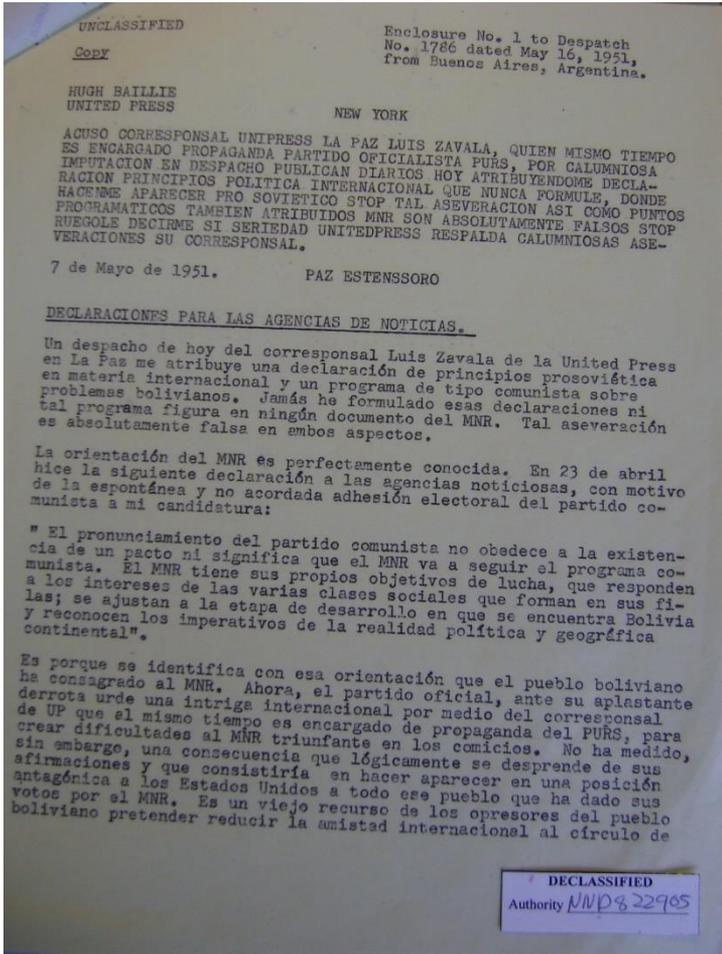


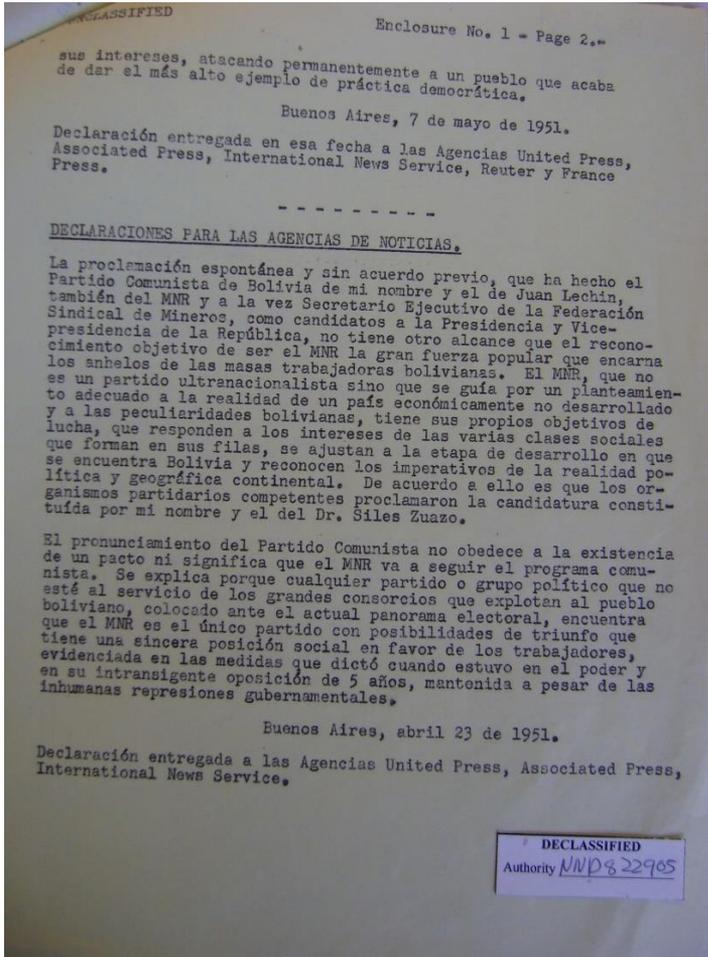




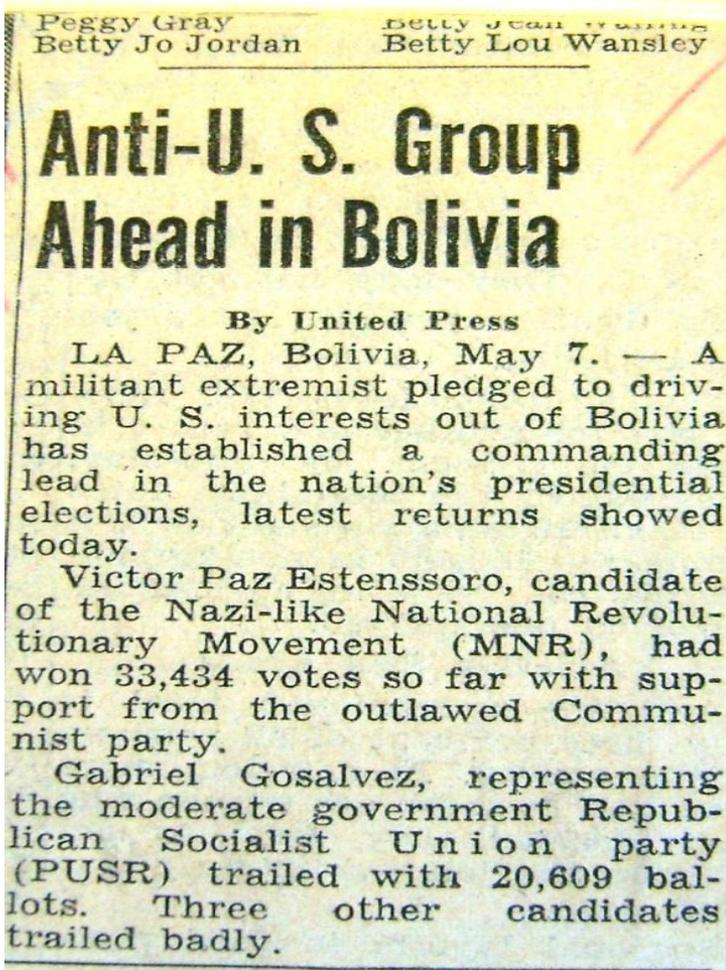
Facsimile 12: Despatch 1786. May 16, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/5-1651



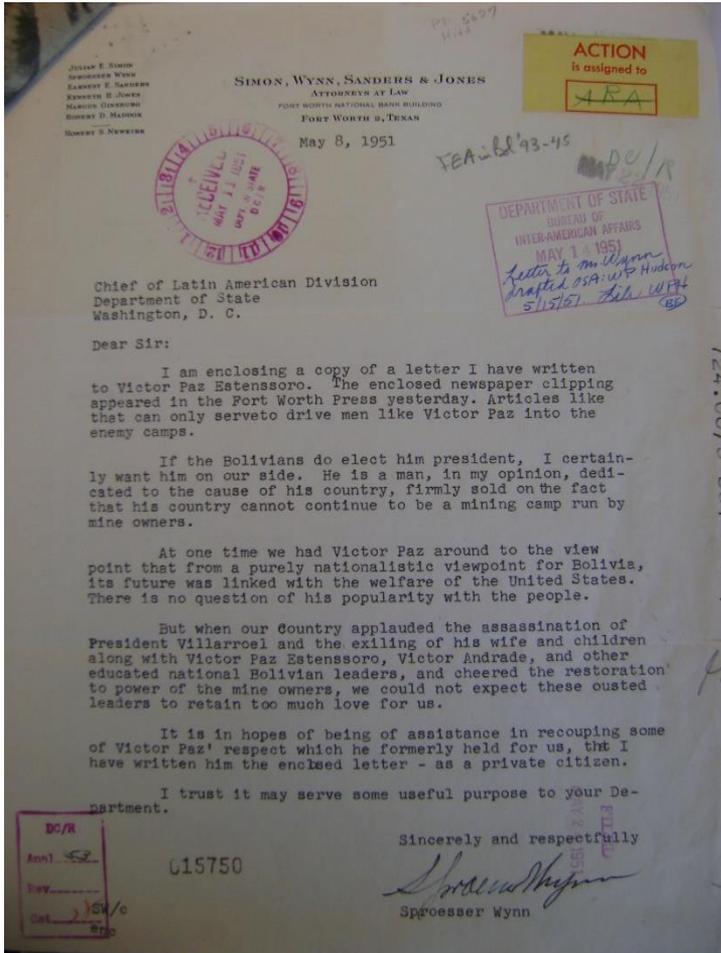




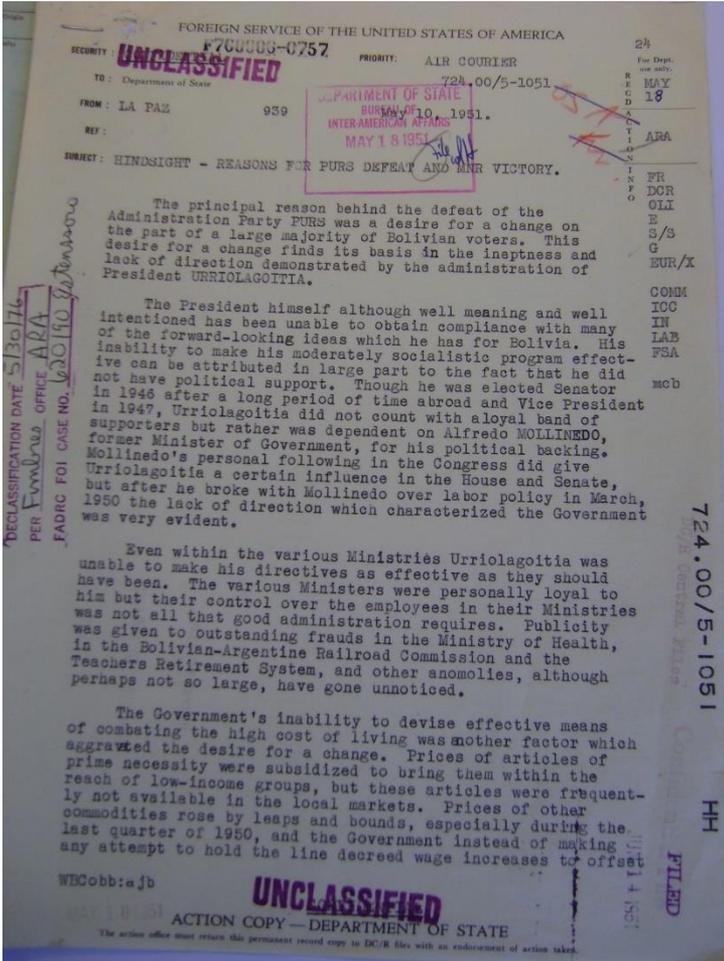
Facsimile 13: "Anti-U.S. Group Ahead in Bolivia"
 Source: *United Press*, May 7, 1951. Fort Worth Press, Texas

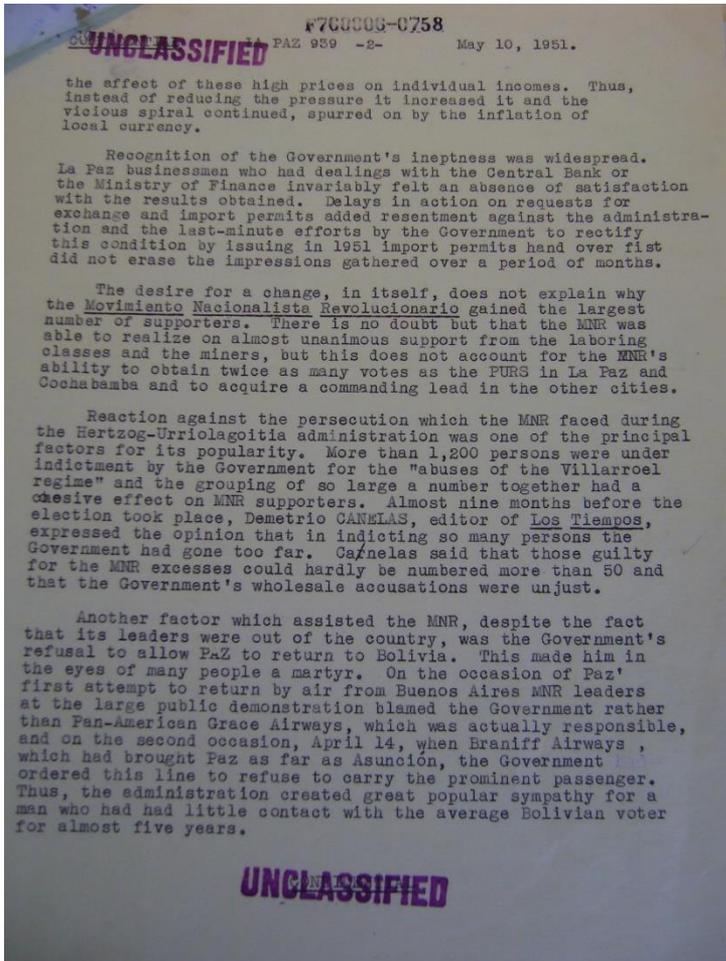


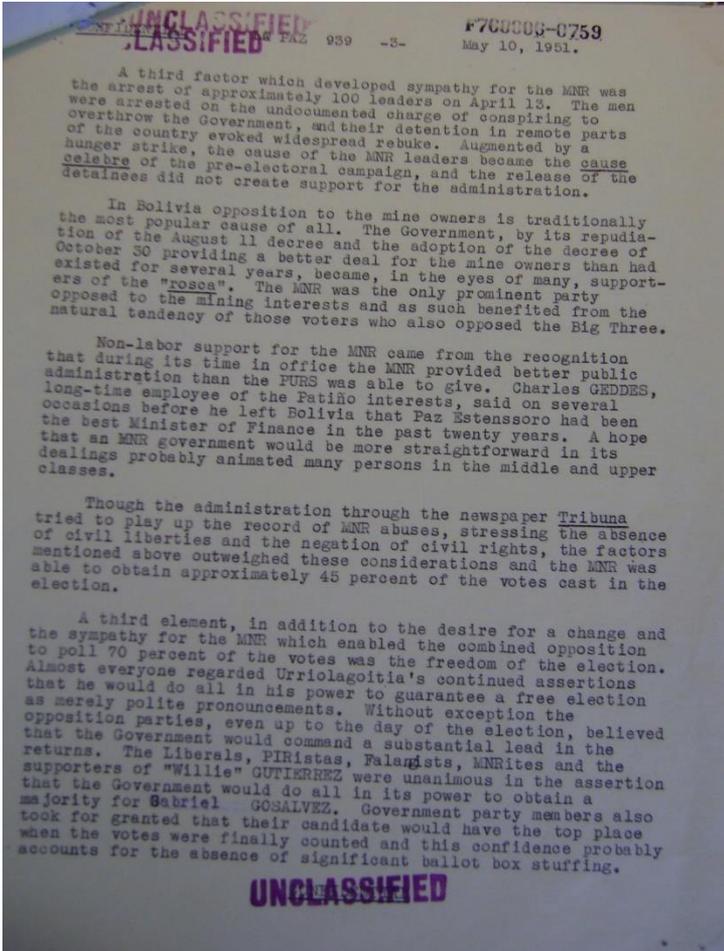
Facsimile 14: Letter from Sproesser Wynn to the Department of State, May 8, 1951
Source: NARA Decimal Central Files 724.00/5-851

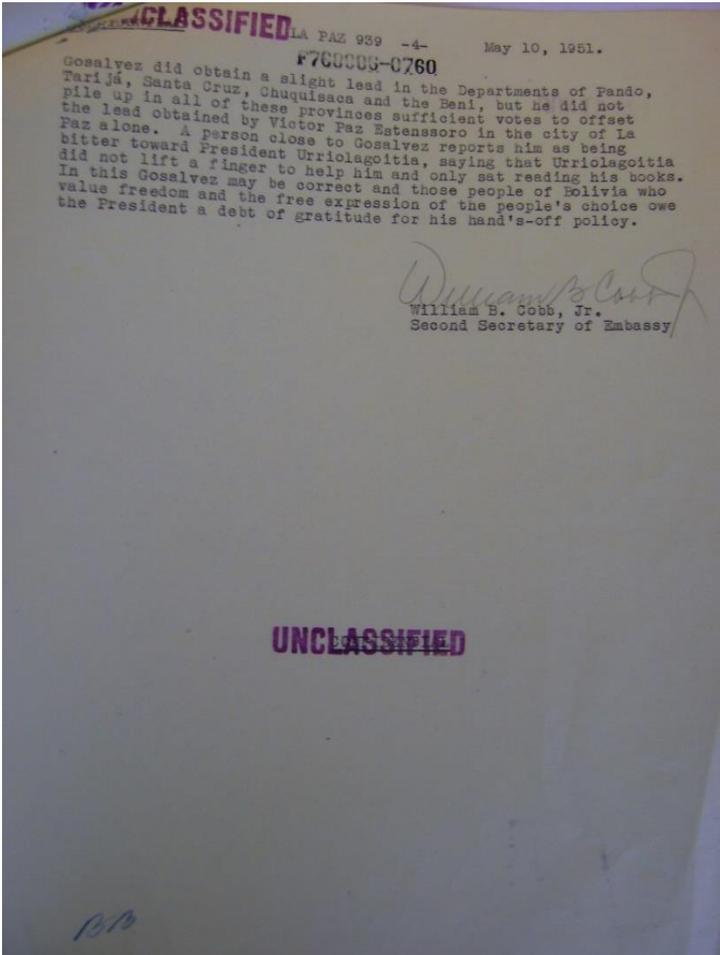


Facsimile 15: Despatch 939. May 10, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/5-1051









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

INCOMING TELEGRAM *Department of State* **ACTION COPY**

TELEGRAPH BRANCH
UNCLASSIFIED

2 Action ARA
F700006-0762
Control: 6029
Rec'd: May 12, 1951 12:15 a.m.

FROM: La Paz
TO: Secretary of State
NO: 530, May 11, 10 p.m.

DEPARTMENT OF STATE
BUREAU OF INTER-AMERICAN AFFAIRS
MAY 12 1951
*Tell La Paz May 14
File 1151*

NIACT.
PASS TO DEPT DEFENSE.

liberal Party leader Hector Ormachea Zalles told me this afternoon Pres Urriola Goitia called reps all parties except MNH last day or two to ask what should be done in face big MNR lead (but not majority required in last Sunday's election to win).

Ormachea said he recommended all party Cabinet be formed at once, including MNR, and that first act be issue decree general amnesty. He said this should prove to MNR and public that govt did not intend willy-nilly deprive MNR of victory. He added that when Congress meets Aug 6 to choose from three candidates receiving highest vote, i.e., PazEstenssoro, Gosalvex and Bilbao Rioja, MNR could muster 60,000 people in Plaza outside Congress and with present congress would not dare do otherwise than name Paz who received greatest popular vote.

Ormachea said he wanted us to know what is going on, wanted to know how we might feel about it. I told him the whole thing is purely domestic Bolivian matter.

In reply to my inquiry as to when the Pres might decide whether to accept his suggestion Ormachea said decision would be made by Monday.

Simultaneous Ormachea's departure FONMIN sent urgent message come see him. He showed me a document dated May 3 bearing purported signatures MNR rep Felman Velarde, Communist Party's Quiroga Vargas and FSTMB's Juan Lechin. Document was agreement CP would support MNR but that when latter came to office Comies while taking part in policy formation and enjoying other privileges such as right to broadcast Communist line freely would not hold official posts. This according FONMIN clearly proves MNR Communist. He showed original letter dated April 9 purportedly signed by MNR VP candidate Siles Zuazo which constituted instructions to MNRist Ovidio Barberry of Santa Cruz to "take care of" the two individuals who were

DECLASSIFICATION DATE 5/30/76
PER FOM/MSD OFFICE NPA
FADRC. FOI CASE NO. 620190

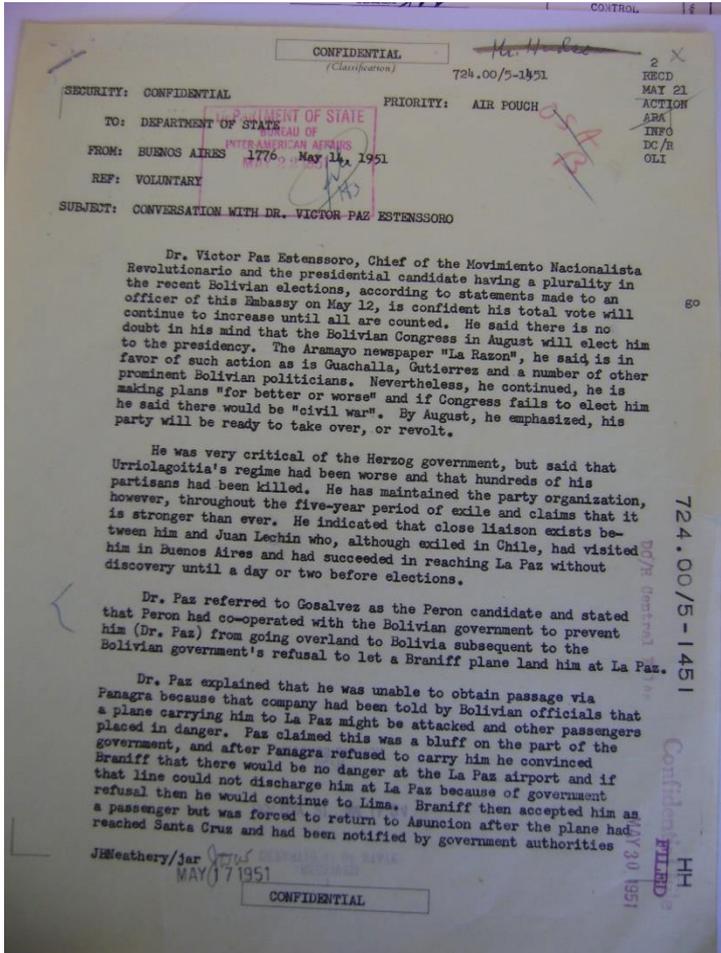
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Dc/R Central Files
Confidential File
MAY 1 1951
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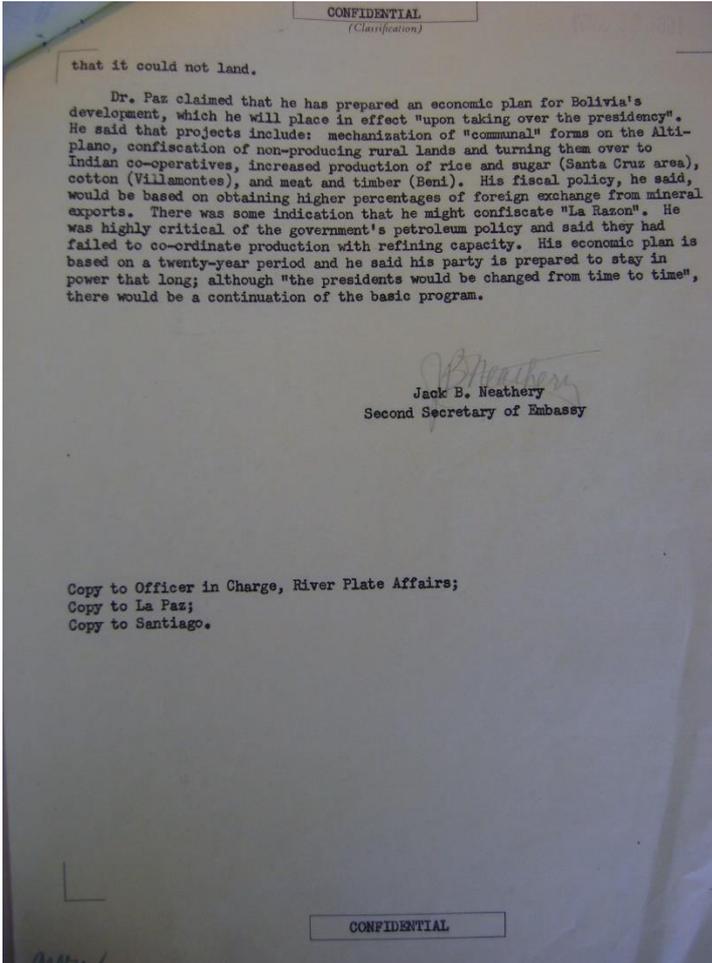
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Facsimile 17: Despatch 1776. May 14, 1951
From the US Embassy in Buenos Aires to the Department of State
Source: NARA Decimal Central Files 724.00/5-1451





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

INCOMING TELEGRAM *Department of State* **ACTION COPY**

TELEGRAPH BRANCH
CONFIDENTIAL

24-B
Action

Control: 7596
Rec'd: May 15, 1951
10:18 p.m.

ARA FROM: La Paz
Info TO: Secretary of State
SS NO: 539, May 15, 7 p.m. *MAY 16 1951*
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DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS

OSAK

NIACT

First warning this may be "it" came in long distance phone call from Derringer Catavi. Reports reaching him from special sources had it trouble wld come within 24 hours. He asked planes be alerted evacuate personnel if blow comes. Have teled Carter Emb Panama.

Unconfirmed report recd 1800 today that Urriolagoitia resigned.

MILATT recd cryptic message Bol Army source which interpreted confirms Derringer's message.

mjo
5-15-51
noted

FOIA(b)1 [redacted] to take place midnight tonight and wholly mil Junta to take over including ex Pres retired Gen Toro Gen Ballivian DIRGEN police Canedy* (rpt Canedo*) head present mil household Col Edgar Ruch* (rpt Ruck*) few others. Gosalvez not in on deal.

FOIA(b)1 [redacted] fed mine workere ready call miners strike if coup effected, which may be converted overall gen strike. Further, that federation receiving arms across Argentine border.

MALEADY

AB:JEO

Note: Mr. Krieg (OSA) notified 5/15/51, 10:45 p.m. ENB
* As received.

FOIA(b)1 [redacted]

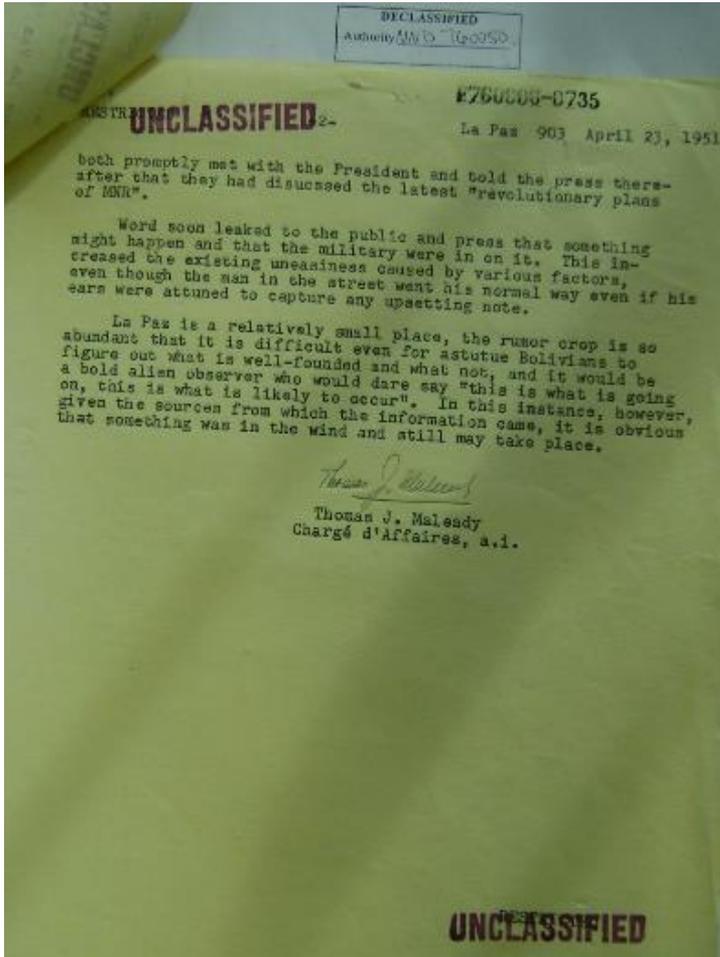
724.00/5-1551
MAY 23 1951
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Facsimile 20: Telegram 544. May 16, 1951
From the US Embassy in Buenos Aires to the Department of State
Source: NARA Decimal Central Files 724.00/5-1651

Department of State **ACTION COPY**

INCOMING TELEGRAM

TELEGRAPH SERVICE
U.S. GOVERNMENT PRINTING OFFICE
BUREAU OF INTER-AMERICAN AFFAIRS
MAY 17 1951

Control: 8276
Rec'd: May 17, 1951
12:52 a.m.

7-D Action ARA

Info: **FROM: La Paz**

SS **TO: Secretary of State**

G **NO: 544, May 16, 6 p.m.**

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Day passed quietly. Sixty to hundred people including top MNRists, allegedly including veep candidate Siles Zuazo also director Alexander of daily ULTIMA HORA arrested. Threatened Attempt grab labor leader Juan Lechin unsuccessful. University ed strike factory workers La Paz not evident yet. University students reportedly to meet tonight "to consider situation and action called for their part". [redacted] decree t and action tonight drafting all railroad other public service be issued into govt service as done in past in US, this in attempt scotch any intent strike tie up transportation. [redacted] La Paz chauffeurs also plan strike tomorrow, ostensibly protest vs. gas price increase.

5/16/51

[redacted] trouble unquestionably coming, biggest blow off at Catavi where [redacted] mining areas, with dynamite, after which miners amply supplied small arms and dynamite, after which may spread any, everywhere. Patino chartered two planes evacuate women, children to Cochabamba daylight tomorrow 17th.

MILATT says Urriolagoitia now Arica designated commissioner proceed Wash seek recognition Junta. FONOFF plans ask me vis his as yet unissued dipl passport (Pls instruct this point)

French Amb Brit charge want be kept informed whenever thought given recognition Junta Govt.

MALEADY

ECC:AFH

FOIA (b) 1

DECLASSIFIED
Authority NND 8,22905

724-00/5-1651
MAY 23 1951
FILED
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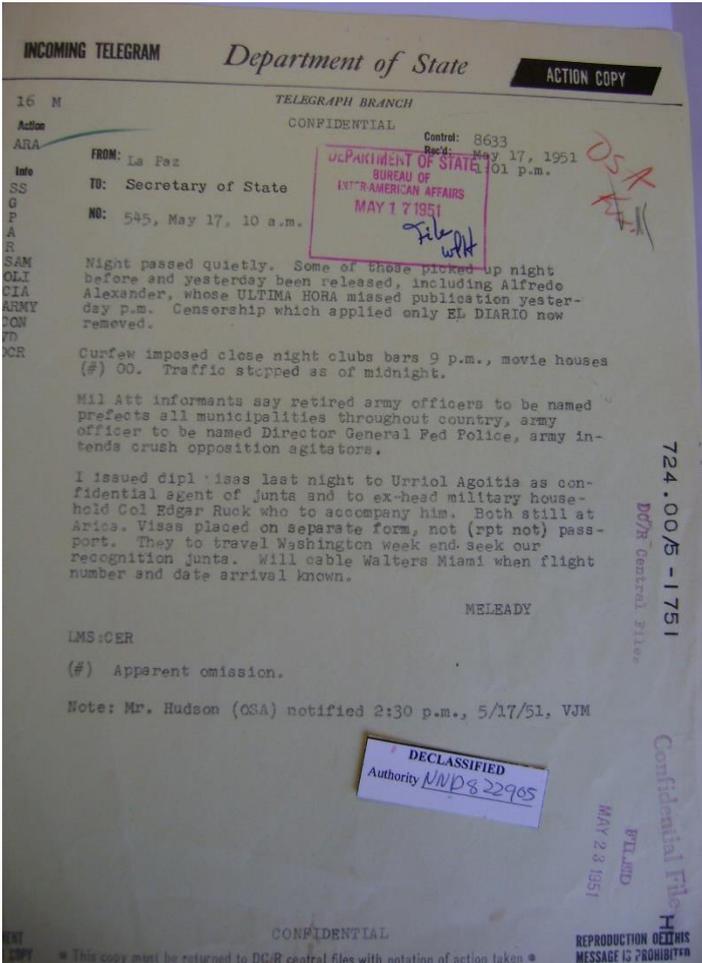
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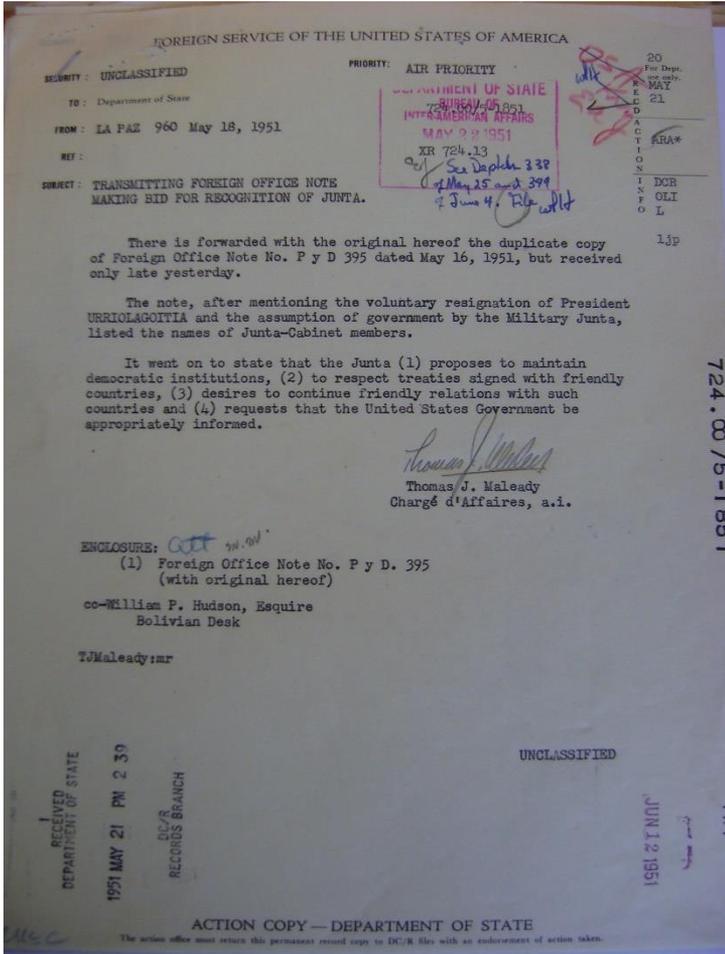
CONFIDENTIAL

REPRODUCTION OF 1 MESSAGE IS PROHIBITED

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

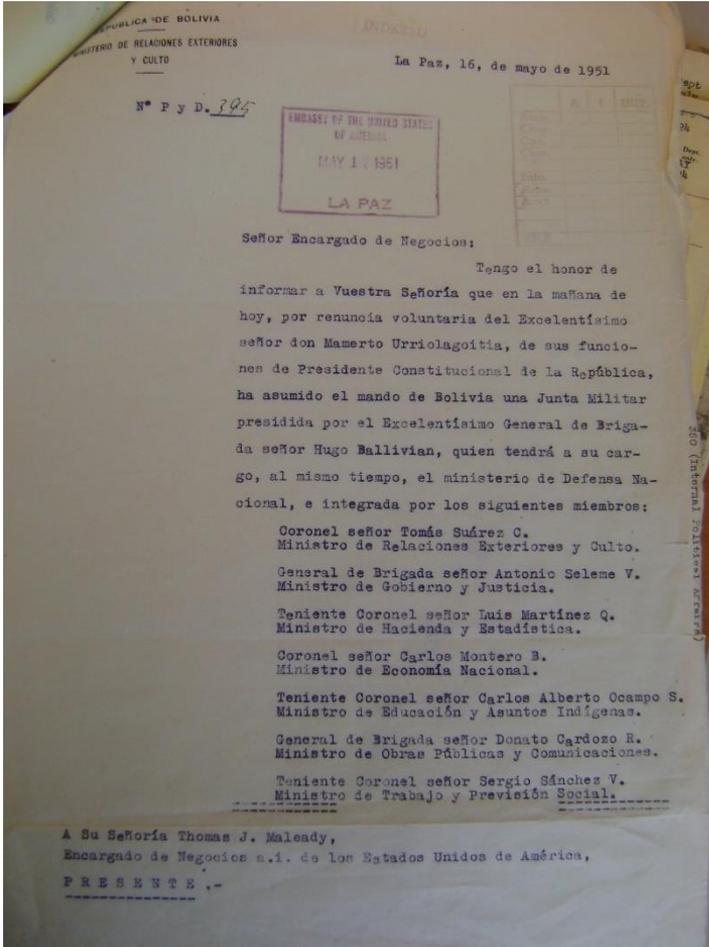


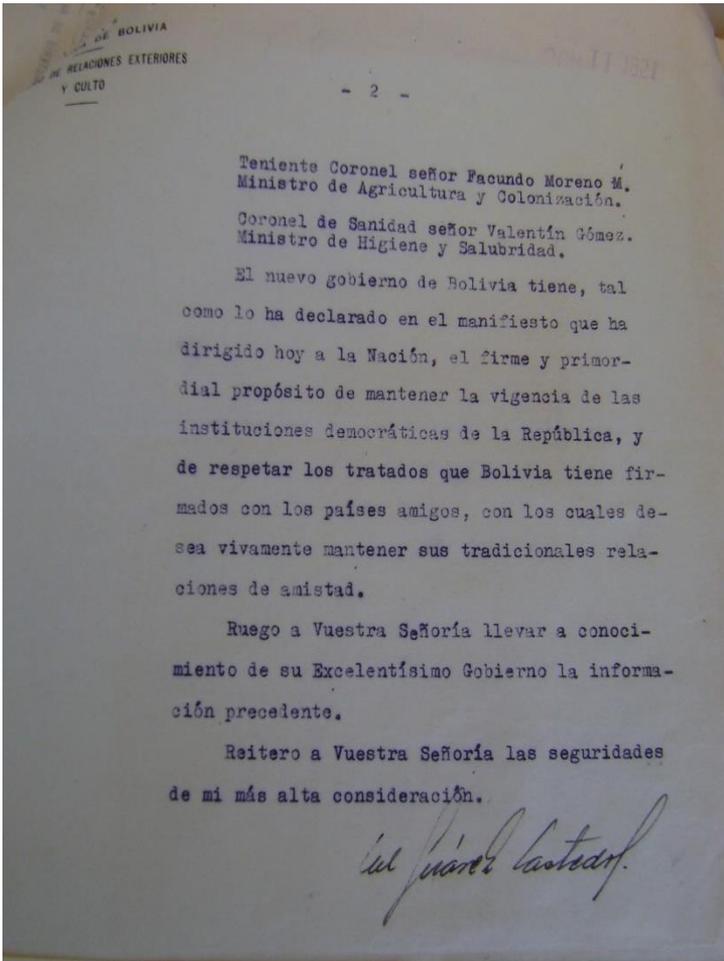
Facsimile 22: Despatch 960. May 18, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/5-1851



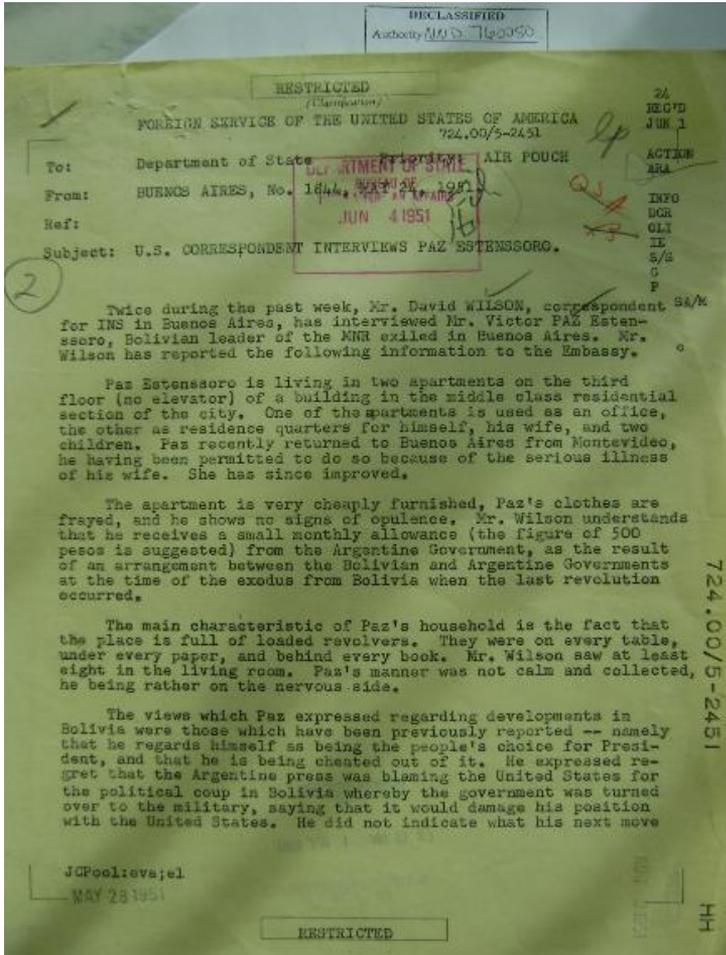
Facsimile 23: Letter from Colonel Tomás Suárez C., new Minister of Foreign Relations of Bolivia to Thomas J. Malcady, *Chargé d'affaires*, US Embassy in La Paz. May 16, 1951

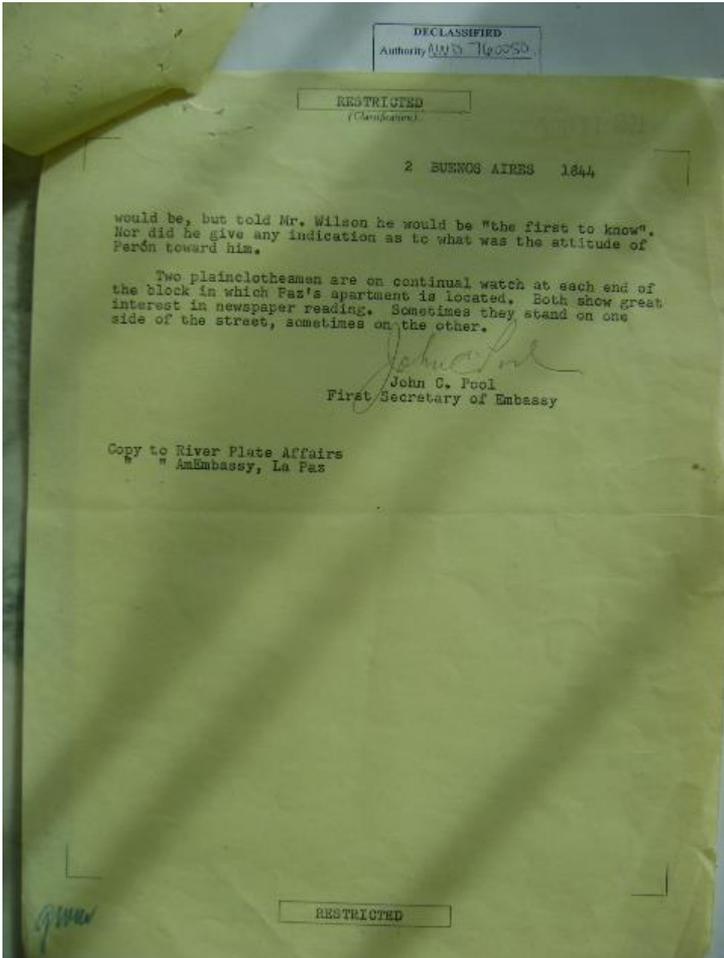
Source: NARA Decimal Central Files 724.00/5-1851



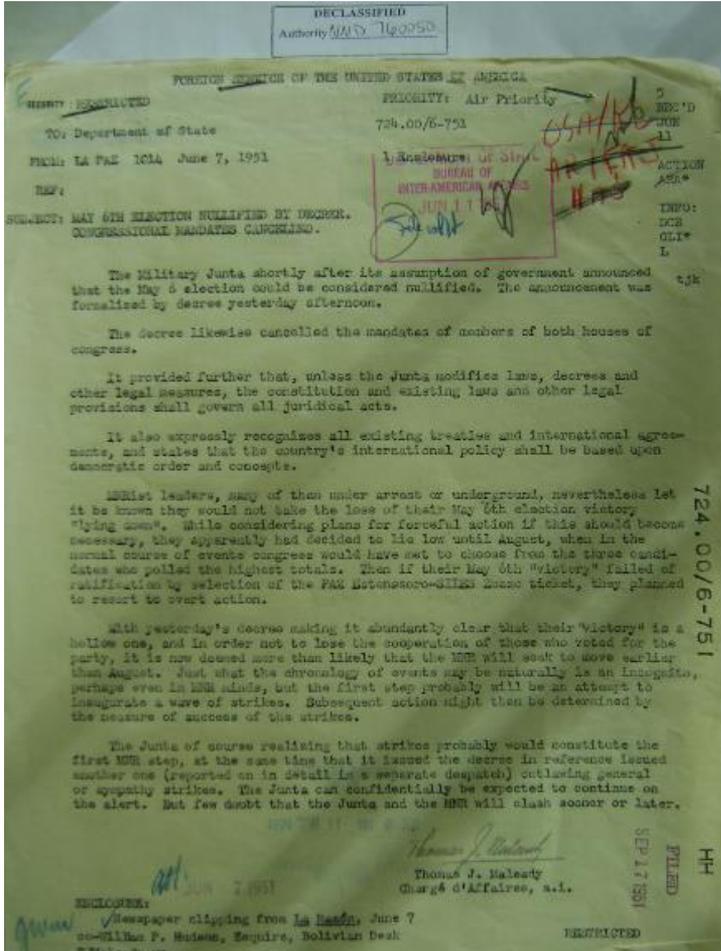


Facsimile 24: Despatch 1844. May 24, 1951
From the US Embassy in Buenos Aires to the Department of State
Source: NARA Decimal Central Files 724.00/5-2451

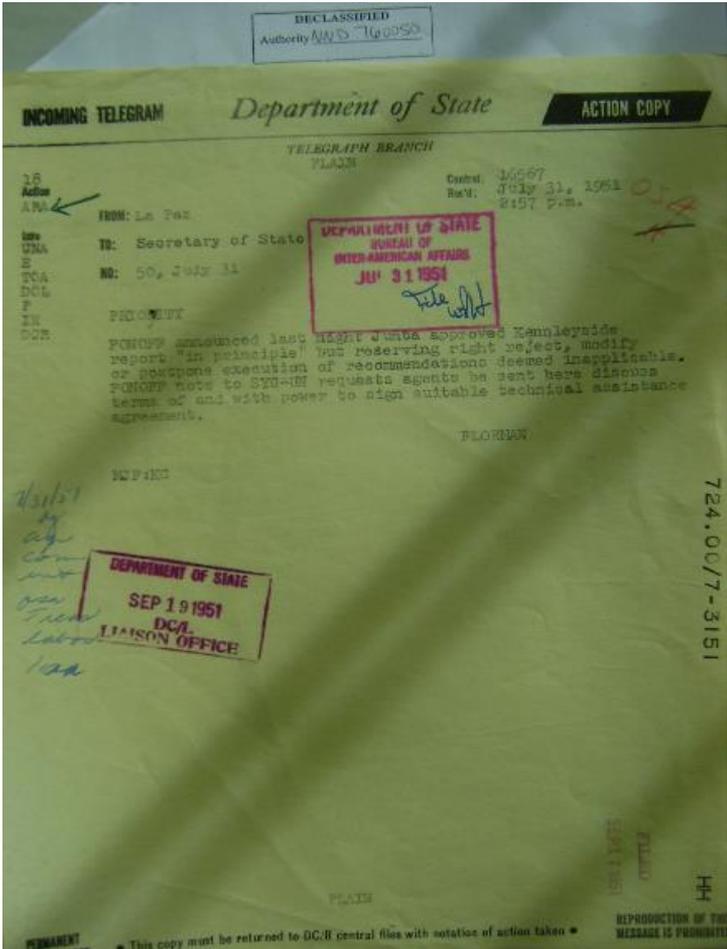




Facsimile 25: Despatch 1014. June 7, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00/4-2351



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

DECLASSIFIED
Authority: NARS 160050

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(Foreign Classification)

DO NOT TYPE IN THESE SPACES
724.00/8-251

AIR POUCH
FOREIGN SERVICE DESPATCH

FROM: AmEmbassy, La Paz 81
TO: THE DEPARTMENT OF STATE, WASHINGTON. August 2, 1951.

REF:

DATE	CLASS.	INDEX
Aug 2 1951	81	FOR OLI S/S G
Aug 6		

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
AUG 7 1951
File with

SUBJECT: BOLIVIAN POLITICAL PSYCHOSIS

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.

Our own American Revolution began in a rebellion against an unjust tyrant named George III. In one sense that is true, for we joined with the English people in the rebellion against that German-minded monarch. Hence English historians say that the American Revolution freed England. That is why there were so many English statesmen and commoners whose sympathies were with us during the Revolutionary War. That is why Washington's statue was erected in London.

It is sheer incomprehension to assume that Bolivians will cause an upheaval against themselves. The United States 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 root of Bolivia's evils in countries other than Bolivia, for La Paz is as safe a city now as Norfolk, Virginia.

724.00/8-251

Irving Florman
Irving Florman
Ambassador

DECLASSIFIED
E.O. 13526, Rev. 3-8
AND EXECUTIVE
BY: K 24, NARA, Date 11/21/07

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DEPARTMENT OF STATE
AUG 6 AM 0 41
RECEIVED BRANCH
Florman:ajb

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

DECLASSIFIED
Authority *NND 680050*

INCOMING TELEGRAM *Department of State* **ACTION COPY**

TELEGRAPH BRANCH
~~SECRET~~

OS **Adm**
ASA
Info
SS
CF
A
EXR

FROM: La Paz **Encl:** 1754
TO: Secretary of State **Date:** August 3, 1951
RE: 61, August 3, 11 a.m. **Time:** 1:59 p.m.

DEPARTMENT OF STATE
BUREAU OF
INTERAMERICAN AFFAIRS
AUG 6 1951
File with

05-11-51

As pleased to report that there is not (rept not) the remotest hazard that the Bolivians will start a revolution in Bol. Revolutions begin against a tyrant. There is no tyrant in Bol at this time. The American people have a substantial venture in Bol. 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 Bols perplexities which exist in countries other than Bol.

FLORMAN

EHL:EW

724.00/8-351

*Agent Walter Hoffman
Panama City*

DECLASSIFIED
E.O. 13526, Sec. 3.3
NND 68000
By *Ken*, NARA, Date *9/19/87*

SECRET FILE - JMD
FILED
AUG 10 1951

~~SECRET~~

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Egan informed 10:05 - 4 Aug 51
for " 11:05 " "
US-Bombard " 11:45 " "



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

DECLASSIFIED
Authority: NND 7160050

RESTRICTED

FOREIGN SERVICE DESPATCH

724.00(W)/9-2151

Air Priority

FROM: Embassy, La Paz

TO: DEPARTMENT OF STATE, Washington, D.C.

DATE: September 21, 1951

SUBJECT: JOINT MEXICA No. 38 (FROM SAIR)

ACTION Assigned to [Signature]
ACTION Taken [Signature]
DATE OF LETTER [Signature]

REF: [Signature]	Action	I Dept.	Use of Action	2-22-51
For Dept. [Signature]	M	N	Use of Action Symbol	100
Use of [Signature]	F Other	C	Use of Letter	[Signature]

ARMY
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724.00(W)/9-2151
MAR 1953
RP

SECTION I

POLITICAL

The United Nations Commission sent here to conclude an agreement to carry out the recommendations of the Keenleyside Report arrived September 18th. They received a cordial welcome. Chairman Carter GOODRICH 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 Keenleyside Report came from Tomás ELIO, President of the Liberal Party, at the latter's annual convention this week. ELIO 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-annulled presidential elections. Relationship between Falange candidate retired General BILBAO Rizo and Junta President BALLEVIAN has been close and the Falange hopes its strategy will enable the party to rise to the top. Major ELIAS REINOLTE publicly showed his political colors by active participation in the convention, was named to the most important committee.

The San Andrés 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 21st 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.

Col. Eduardo CARRERO, Director General of Police, is most interested in Embassy reaction to the series of three lectures he is giving this week on "The Ideological, Political and Insurreccional 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 prologue 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.

WGCobb/EdBurns/EdSevier:ar

RESTRICTED

-2- LA PAZ 241 September 21, 1951

The Junta by decree abolished a 26-year-old press law. Newsmen believe 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-PAZ Estenssore. Another favors cooperation with the Junta and PSB.

MILITARY

Negative.

NAVAL

Negative.

AIR

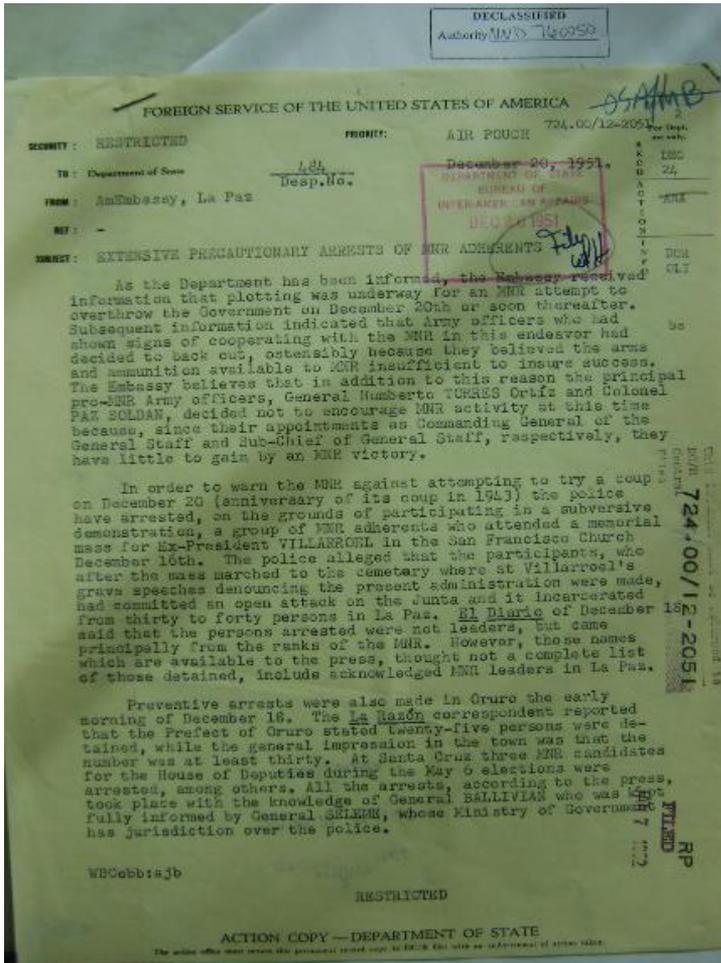
Negative.

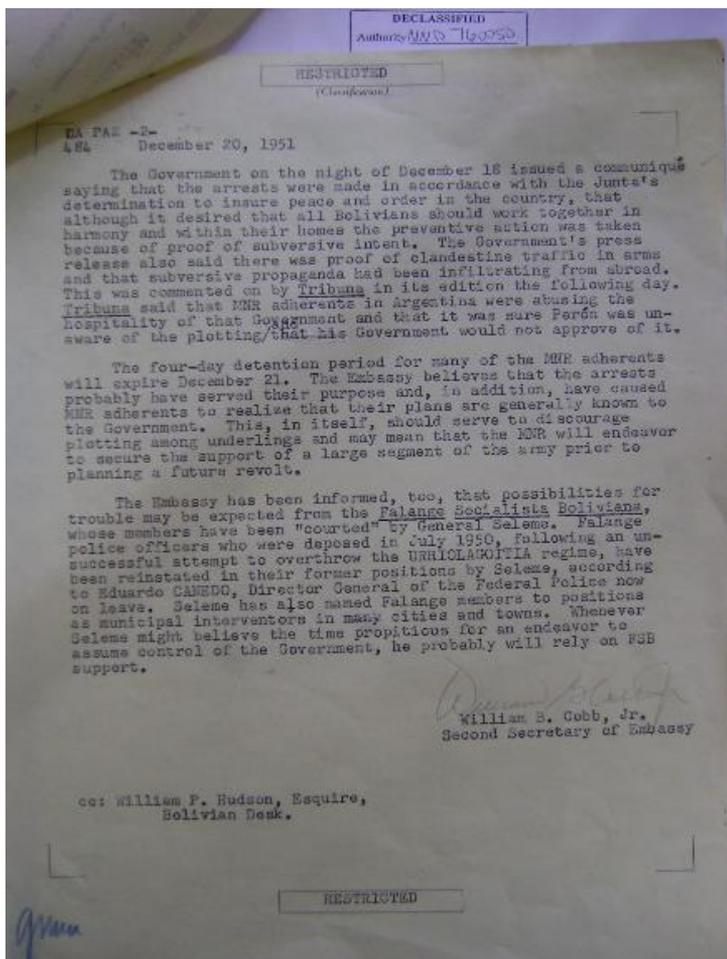

Thomas J. Malowdy,
Chargé d'Affaires, a.i.

cc-Ambassy, Buenos Aires
" Asunción
" Santiago
" Lima
" Panamá
Bolivian Desk
Col. Burns

RESTRICTED

Facsimile 30: Despatch 484. December 20, 1951
From the US Embassy in La Paz to the Department of State
Source: NARA Deciml Central Files 724.00/12-2051





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

SECURITY INFORMATION
RESTRICTED
(Classification)

DO NOT TYPE IN THIS SPACE
724.00(W)/1-1152

FOREIGN SERVICE DESPATCH

FROM : AmEmbassy, La Paz Action Assigned to [Signature]

TO : THE DEPARTMENT OF STATE, WASHINGTON. Action Taken not DESP. NO. 527 January 11, 1952

REF : Air PRIORITY 5

SUBJECT: JOINT WEEKA NO. 2 Date of Action 1-11-52 For Depts. Use Only

(FROM SAIR) Action Office Symbol 14D H JAN

Name of Office SECTION I C 15

Direction to DCR 200 D

POLITICAL A C OLT

Junta President Ballivian and Commanding General Torres Ortiz are at swords point over the question as to when an election should be held and the Government turned back to civilians. Torres wants an early election, to relieve the military of political responsibility. Ballivian says all problems, particularly economic, must first be solved, that this cannot be accomplished in six months or even a year.

Torres seemed to go along with the MNR party's desire for an election in May, held talks with MNR leaders. When the public learned of such talks Ballivian while publicly pooch-pooching the matter nevertheless bawled Torres out, told him to keep his nose out of political matters.

Following publication of a statement by Ballivian intended to let the public know that he and the Junta are too deep, Torres pointed out to a newsmen that the Junta was appointed by the military establishment, is responsible to and can be removed by the latter, and that Ballivian's title of Captain General is merely an honorary one borne by anyone occupying the presidency.

A usually reliable source informed the embassy that Torres would attempt to remove the present Junta a couple of days ago, install another one.

It is the consensus of opinion that Ballivian or Torres will be out of his present job before much time has passed.

In the meantime the FSB party, which recently broke with the Junta, is seeking to form a united front to oppose MNR whenever an election is held. Out and out anti-Communist, FSB holds that MNR leaders including party chief PAZ Estenssoro are Marxists, if MNR came to office it would make Bolivia a Communist Republic. To prevent the latter FSB approached the "traditional" parties, held informal talks which have encouraged hope for a common front. But between initial expressions of interest and arrival at joint agreement on platform, tactics and a common candidate for the presidency there is a long gap.

Whereas MNR wants an election in May, FSB wants one called only after the united front is formed. To hold an election DEPARTMENT OF STATE RECEIVED would be to make a gift of office to MNR, since the best estimate of the formation of the united front would require three months and three months more at the least would be necessary to educate the electorate.

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SECURITY INFORMATION MESSAGE CENTER Authority NND 93229

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THIS DOCUMENT CONTAINS NEITHER RECOMMENDATIONS NOR CONCLUSIONS OF THE CIA
724.00(W)/1-1152
FEB 24 1952

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

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(When Applicable)

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724.00(W)/1-1152

FOREIGN SERVICE DESPATCH

FROM : Embassy, La Paz *Action Assigned to Marchetti*
 TO : THE DEPARTMENT OF STATE, WASHINGTON. *Action Taken*

REF : 528 DESP. NO. January 11, 1952 DATE

SUBJECT: JOINT WEEKA NO. 2 (FROM SAIR) *Date of Action 1-11-52*
Action Office Symbol 184
Name of Office SECTION III
Director UN Technical Assistance

ECONOMIC

Air
PRIORITY 5

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Bolivian Coordinator for the UN Technical Commission CRESPO Gutierrez
 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 equip-
 ment for new industries be delayed until the arrival of the UN experts, was
 ominous. More ominous, self-exiled leader PAZ Estenssoro of the powerful MNR
 opposition has attempted to make political capital of the Junta action in
 permitting UN "usurpation of Bolivian sovereignty" with a violent, demagogic
 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 recourse to the Central Bank (See Weeka number 51 December 21) for
 funds has been kept from the public. The Embassy nevertheless has confirmed
 that 370,000,000 bolivianos was obtained at the end of December. Indicative
 that the Junta's sense of humor is every bit the equal to that of its prede-
 cessors, 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 "seigniorage" 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 outstand-
 ing issue of 1, 5 and 10 boliviano notes. The 150,000,000 boliviano 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.

DEPARTMENT OF STATE
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JAN 17 1952

Commercial Relations with the Argentine

Continuing vacillation as to whether to import cattle from the Argentine
 followed the discovery that the cost of Argentine cattle at the MESSAGE CENTER

TAG:lambos/JCAnott:mr
REPORTER(S)

DECLASSIFIED
Authority NND 8 22905

PREPARATION TIME

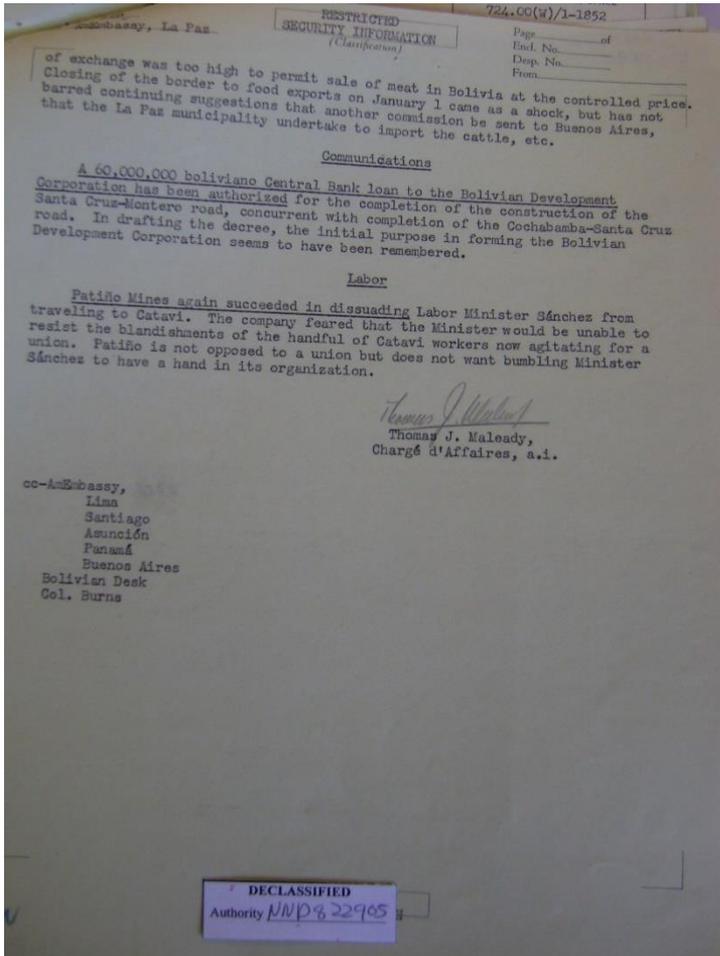
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THIS INFORMATION IS UNCLASSIFIED
DATE 724.00(W)/1-1152 BY SP-6/BJL/STP

FEB 25 1952 RP





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

SECURITY INFORMATION
Assigned to [redacted] (Classification)

DO NOT TYPE IN THIS SPACE
724.00(W)/1-1852

FOREIGN SERVICE DESPATCH

FROM : AmEmbassy, La Paz noted 550 DESP. NO. January 18, 1952 DATE

TO : THE DEPARTMENT OF STATE, Washington, D.C. Air PRIORITY

REF : Date of Action

SUBJECT: JOINT MEXICO NO. 3 (Petroleum) Section II
Direction to DC/R
Brazilian Petroleum Rights Defined

ECONOMIC

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Petroleum

A group of Standard Oil of New Jersey officials arrived in La Paz this week to see what arrangements could be made with YPFB for reentering the Bolivian petroleum picture. They were concerned about the possibility that YPFB may receive a production loan from the Export-Import Bank for drilling, fearing that such a loan might set a bad precedent. They pointed out that the YPFB loan application is being closely watched by all Latin America, and that the granting of the loan might accelerate restrictive tendencies already evident in Brazil, Peru, Chile and Argentina.

Mining

The activities of a former US Government geologist now in Bolivia representing American interests have been fruitful so far. His application for a petroleum concession is reportedly being favorably considered, he has taken an option on the potentially good Gioconda tin mine and is trying to gain control of what he considers to be very rich sulphur deposits on the Chilean border.

Somewhat worried by the new British-United States tin contract, the La Paz press is voicing hopes that the United States will give Bolivia a better price than it gave Malaya because of Bolivia's exceptionally high production costs. The Malayan price, they say, is based on a quid pro quo.

Labor

Minister of Labor SANCHEZ accompanied by the Minister of Economy is making another tour of the mining areas and reports that newspaper reports is being enthusiastically received by the workers.

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DEPARTMENT OF STATE

TAGalambos/CPaine/JCAMott/
JCquick:mf (FORTE:1)

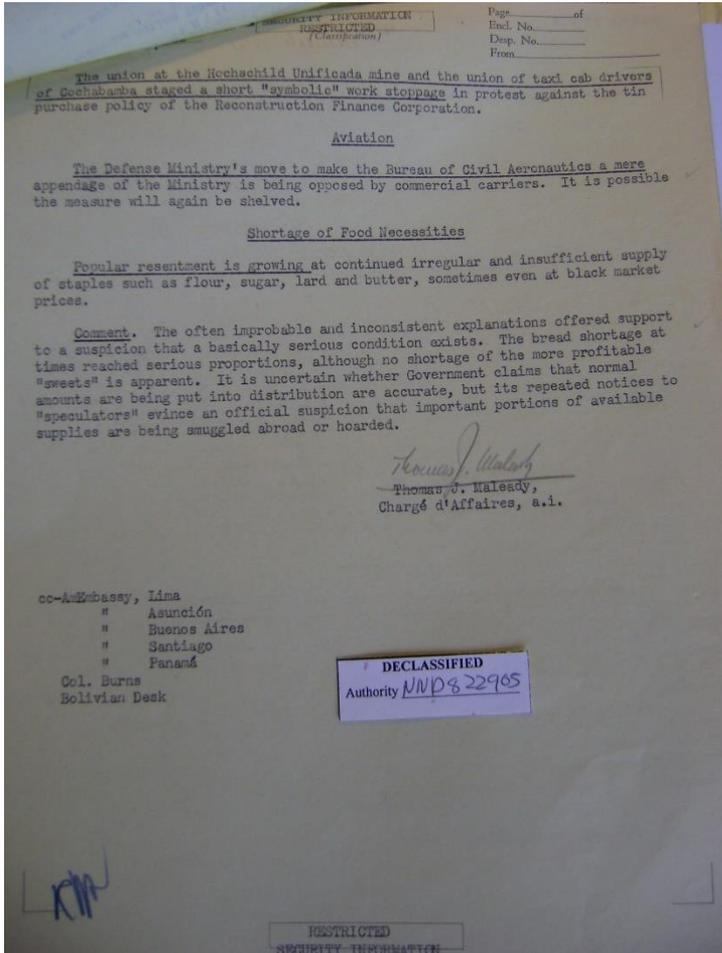
DECLASSIFIED JAN 24 1952
Authority MND 822905
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724.00 (W) / 1 - 1852
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RP





Facsimile 34: Despatch 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

SECURITY INFORMATION RESTRICTED (Classification)		DO NOT TYPE IN THIS SPACE	
FOREIGN SERVICE DESPATCH <i>Marchetti</i>		724.00(W)/1-2552	
FROM :	AmEmbassy, La Paz	Action Taken <i>2-28</i>	560 DISP. NO.
TO :	THE DEPARTMENT OF STATE, WASHINGTON.		January 25, 1952 DATE
REF :	Date of Action <i>1-31-52</i>	Air PRIORITY	18
SUBJECT:	JOINT WEEKA NO. 4 (FROM SAIR) Use Symbol <i>LAP</i>	CIA LAB	For Dept.
	Name of SECTION II <i>File</i>	MSA TAR	Use Only
ECONOMIC	UN Development <i>File</i>	RFC TR	R O F
		tk XMB	JAN 30
		ARMY	K C D
		NAVY	A G I
		AIR	A G I

To make the opposition to the Junta consistent and not to be outdone by MNR leader Paz ESTENSERGO, FSB's recent candidate for president, BILEAO Rios, slashed at the concept of a UN commission playing a role in Bolivian affairs and the affront to Bolivian technicians implicit by their very presence Ultima Hora which is mobilizing opposition opinion, also elicited an attack on the UN from FIR leader ANAYA.

Labor

Minister of Labor SANCHEZ this week ordered the Hochschild company to fire or transfer three employees who incurred the displeasure of the union at the Unificada mine. Although as reported in recent Weeka No. 51 the companies planned to resist this type of interference with management decisions, it appears that Hochschild will take the Minister's latest order lying down.

The Ministry of Labor also struck at the Patiño company this week by instituting labor court proceedings against the Huanuni mine for alleged infractions of the General Labor Law.

Unknown dynamiters destroyed a pit head in the Unificada property which was recently assigned by the Ministry of Labor to a group of independent mine workers. The PSTME promptly issued a statement signed by Juan LECHIN placing the blame on the Hochschild company and calling for immediate nationalization of all mines as the only means by which future incidents of this nature might be prevented.

Petroleum

The press got wind of the presence of a Standard Oil investigating team in Bolivia. The newspaper Ultima Hora editorially shuddered at the prospect of Standard Oil's return.

YPFB informed the Embassy this week that the UN technical assistance group now being chosen will include two experts in petroleum legislation who will be charged with drafting a basic petroleum law acceptable to private companies. A regulating decree previously drafted by YPFB was found to be objectionable to private companies and has therefore been discarded.

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Authority *NND 8 22905* JAN 31 1952
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 No. 360
 Embassy, La Paz

SECURITY INFORMATION
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 (Classification)

Page _____ of _____
 Encl. No. _____
 Disp. No. _____
 From _____

Mining

The Bolivian press expressed satisfaction at EFC'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 officialdom 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 Arica shipments for a month.

Seasonally 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 portents, indicates that the measure now has less than an even chance of enactment.

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

cc-AmEmbassy, Lima
 " Buenos Aires
 " Santiago
 " Asunción
 " Panamá
 Bolivian Desk; Col. Burns

DECLASSIFIED
 Authority NND 8 22965

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

SECURITY INFORMATION
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(Classification)

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724.00(W)/1-2552

FOREIGN SERVICE DESPATCH

FROM : AmEmbassy, La Paz 559 January 25, 1952
DESP. NO. DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON. Air
PRIORITY

REF :

SUBJECT: JOINT WEEKA NO. 4 (FROM SAIR)

18
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 Use Only
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POLITICAL SECTION I

Worldwide response to the UN call for technicians to work under contract in Bolivia has been surprisingly good. Several technicians of the original Mission staff, including one American, are interested. UN representative Carter GODRICH and Bolivian Coordinator Alberto GRESPO are expected here from New York next week. The project is expected to get underway during the second quarter of 1952.

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.

A Franciscan priest of Yugoslav origin created a commotion when he invited local Communists to offer rebuttals at a series of anti-Communist lectures in La Paz this week. An audience sympathetic to the priest packed the Municipal Theatre auditorium and shouted down the Communists who took up the invitation, with strained tempers resulting on both sides. The priest made much of the fact he is not in our employ, told listeners they could verify the fact by inquiry of our embassy.

MILITARY

The press announced today the permanent relocation of the infantry regiment "Sucre", one of the traditional defenders of La Paz, in Achacachi (16°4'S, 68°11'W). No disclosure of the reason for this redeployment was given but it may be connected with serious trouble, including several murders, which the police and local authorities have been unable to control.

NAVAL

Negative. DEPARTMENT OF STATE
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 JAN 31 1952
 Negative. OLI - IAD
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Action Assigned to *Vincelotti*
 Action Taken *2/20*

Date of Action *1-31-52*
 Action Officer *Sambor* *IRB*

cc-AmEmbassies: Lima, Asunción,
 Buenos Aires, Santiago, Panamá.
 Bol. Desk; Col. Burns.
 WEGobb/EJBurns/Wrentamr

Thomas J. Maloney,
 Chargé d'Affaires, a.i.i.
 Direction to DCI *File*

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 Authority *NND 822905*

PREPARATION TIME
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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

Air
PRIORITY

SECURITY INFORMATION
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 (Security Classification)

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 724.00(W)/2-152

FOREIGN SERVICE DESPATCH

FROM: AmEmbassy, La Paz 575
File No.

TO: THE DEPARTMENT OF STATE, WASHINGTON. February 1, 1952
DATE

REF: Action Assigned to [Signature]

18 Per Dept. Use Only mlr	ACTION DET REC'D FEB 7	DEPT. I N O	DCR ARA IE P OTHER	Action Taken <u>[Signature]</u>
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SUBJECT: JOINT WESKA NO. 5 (FROM SAIR) Date of Action 2-8-52

SECTION I
Dissemination Office Symbol AP

POLITICAL
Name of Officer [Signature]

An unofficial source who has his own corps of intelligence agents told the Minister of Government and the Embassy that MNR is continuing active preparations for an early attempt to oust the Junta.

The reported target date for the attempt has been moved ahead from February 24 to February 5-10.

Several army officers, some airforce officers are said to be in with MNR.

Rifles, machine guns, dynamite and other materiel are supposedly at hand in suitable quantity.

Perón will make 10 planes available, the source also states. They are to take off from special airstrips between La Quiaca and Jujuy, Argentina.

Part of the MNR plan is said to be to seize 80 hostages, American and Bolivian top personnel, in the Catavi area; others at other mining centers. Mine management has made plans for evacuation of foreign personnel, hopes to get people out in time if uprisings occur.

Apprised of the foregoing, the Minister of Government said not to worry, the Junta is aware of all MNR activities, has everything under control.

Several armed service officers were called to unexpected duty on recent evenings, both at La Paz and elsewhere. While the officers will say nothing, it is likely that the calls were occasioned by alerts connected with MNR maneuverings.

The Minister of Government said privately yesterday that the Junta is considering issuing a call for an election next September, the election to be held 90 days thereafter, the new Resident to take office in August, 1953.

A stepped-up Argentine propaganda campaign leads to the belief that PERON envisages the possibility of bringing Bolivia under his hegemony. Recently-arrived CGT officials and a team of football players brought thousands of copies of a

DEPARTMENT OF STATE
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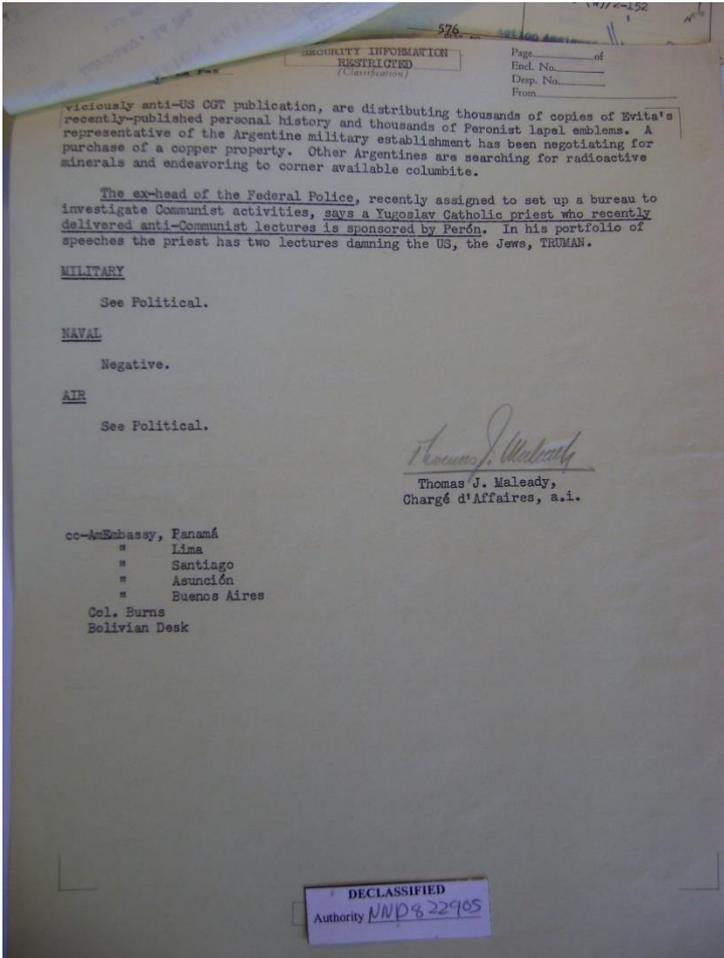
T. Malesady/E. Burns/W. Trenta:
mlr REPORTER

ACTION C

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General 724.00(W)/2-152



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~~FORNIGN SERVICE DESPATCH~~

FROM: Embassy, La Paz 576 DEPT. NO.

TO: THE DEPARTMENT OF STATE, WASHINGTON.

REF: Action Assigned to [Signature]
Action February 1, 1952
DATE

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SUBJECT: JOINT WESKA NO. 5 (FROM SAIR)

SECTION II
Finance

ECONOMIC

The Bolivian national budget for 1952 as published in the local press indicates 5,043 million boliviano income and a deficit of only 64 million bolivianos. The estimated yield of direct and indirect taxes is ninety percent greater than the 1951 budget estimate premised on average tin price of \$1.30 a pound. 420 millions of "extraordinary income" are anticipated. The Budget Office's September detailed estimate of 1952 income, published last month, 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 estimates of income was omitted.

The estimates of expenditures are approximately the same as 1951 estimates for the Ministry of Education and Economy, 6 to 19 percent higher for Justice, Interior, Public Works, Labor and Health, 25 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 Peron-sponsored 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 ORIT. The Bolivians' trip to Paraguay, the Ambassador stated, would be financed by Peron.

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 FSTMB, 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.

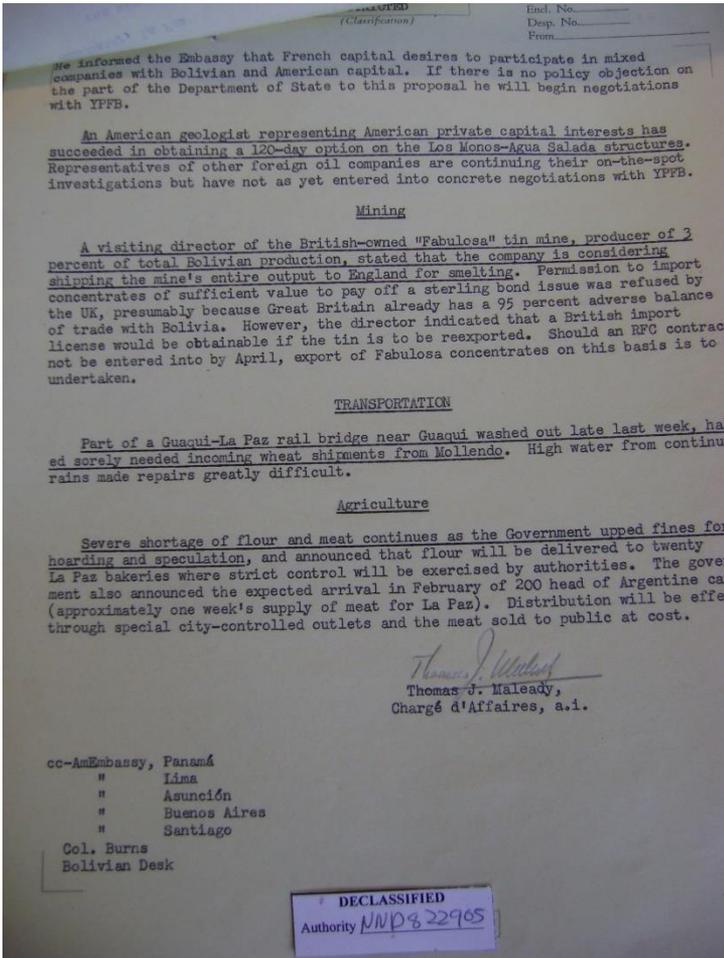
DdeLima, TAGalambos, JCamott, CEPAine, JQueikera

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Authority NND 8 22905

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724.00 (W) / 152

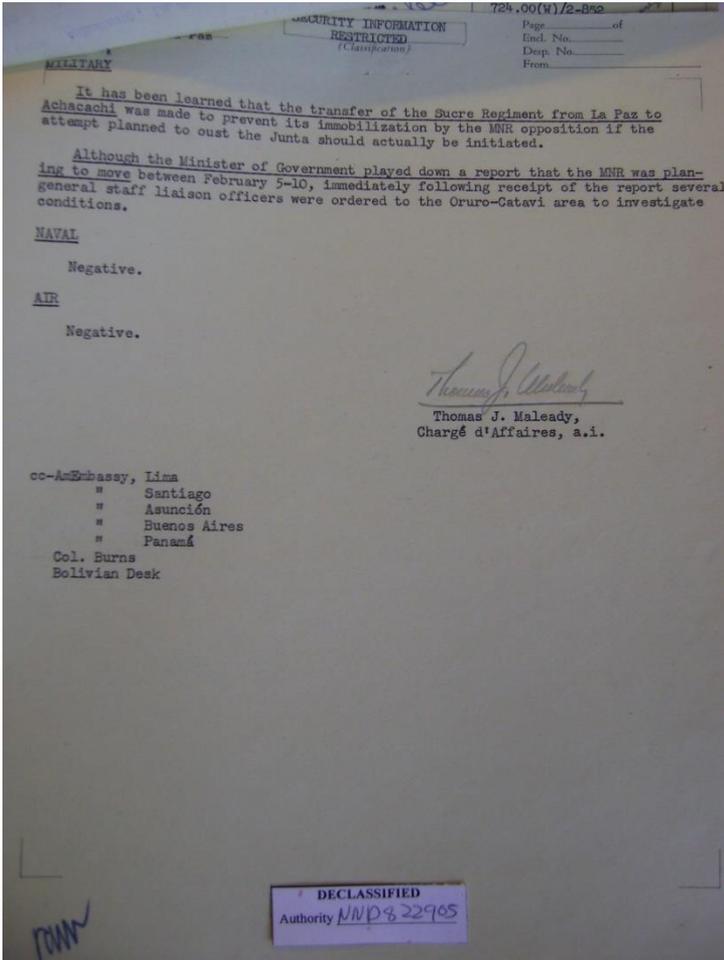


Facsimile 37: Despatches 598 and 599. February 8, 1952
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00 (W)/2-852

SECURITY INFORMATION RESTRICTED (Security Classification)		DO NOT TYPE IN THIS SPACE 724.00(W)/2-852	
Air PRIORITY FOREIGN SERVICE DESPATCH			
FROM: <u>Embassy, La Paz</u>		598 DESP. NO.	
TO: THE DEPARTMENT OF STATE, WASHINGTON.		February 8, 1952	
REF:		Action Assigned to <u>11-11-52</u> Action Taken <u>not</u>	
24 For Dept. Use Only	ACTION REC'D	DEPT. IN F O	DCR ARA IE P ARMY NAVY AIR CIA
mob	FEB 12		State of Action <u>2-14-52</u>
SUBJECT: <u>JOINT WESKA NO. 6 (FROM SAIR)</u>		Action Office Symbol <u>180</u> Issue of Officer <u>White</u>	
SECTION I Title of Officer <u>White</u>			
POLITICAL			
<p>With two more days left of the reported February 5-10 target period for an MNR attempt to oust the Junta, the latter remains alert, and an official communiqué promised that if made the army will use all of its resources to defeat the attempt.</p> <p>The Junta President nevertheless plans to travel to Oruro over the weekend as planned earlier, to attend the annual pre-carnaval ceremonies celebrated there.</p> <p>Ostensibly to protest shortages of basic food items the MNR-controlled La Paz University Student Union led a public demonstration February 5. Police using tear gas broke up the group which numbered about 2,000 as they tried to enter Plaza Murillo. The union head was wounded and student leaders have called for another demonstration, requesting followers to bring arms to defend themselves if attacked by police. This demonstration is scheduled for tonight.</p> <p>One report has it that the students, abetted by MNR and FSB, will present an ultimatum, to be answered by tomorrow night, that civilians be taken into the Junta.</p> <p>Making extraordinary efforts to supply flour to bakeries the Junta hopes to ease the bread shortage sufficiently, thus alleviating the principal cause of unrest and dissatisfaction. Public notice has been given of the retail outlets supplied with flour and sugar, and bread was distributed from army trucks as production increased.</p> <p>The La Paz Police Chief disclosed the arrest of an MNR bomb carrier who was caught with five small products of his art. The police chief asserted that at least 5,000 more MNR supporters are believed to have dynamite bombs in their possession. A non-government source told the Embassy that the MNR has 10,000 dynamite bombs of various sizes available.</p> <p>Reports that the government would call an election some time after September seem to be confirmed by an official Junta announcement, made yesterday, of intention to "constitutionalize" Bolivia during 1952. The announcement, made by Minister of Government SEIZEM, said the Junta had succeeded (?) in achieving its first goal, i.e., pacification of the country, and claimed that progress has been made toward the achievement of economic stability. It is likely that a congressional election will be held first, and that if the MNR does not gain control of congress a presidential election will be called thereafter.</p>			
T. M. Leahy / W. Cobb / E. Burns		W. Trentain	
ACTION CO		RECEIVED DEPARTMENT OF STATE FEB 12 1952	
DECLASSIFIED Authority <u>NND 93 22905</u>		MESSAGE CENTER	

The action office must return this permanent record copy to DCR/R files with an endorsement of not taken.

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FOREIGN SERVICE DESPATCH

FROM: AmEmbassy, La Paz *SECRET* 599 DESP. NO.

TO: THE DEPARTMENT OF STATE, WASHINGTON. DATE: February 8, 1952

REF: *2-19-52*

18 For Dept. Use Only	ACTION Only REC'D FEB 12	DEPT. I N O	DEPT. DATE OF ACTION REP. DCR OTHER ACTION OFFICE	ARA 180 E	TE P	ARMY NAVY AIR CIA FRB IN LAB TAR TR XMB
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SUBJECT: JOINT WEEKA NO. 6 (FROM SAIR) DCR *file*

SECTION II
Commerce and Finance

ECONOMIC

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 listed as eligible for 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 connote a partial additional devaluation. A number of other changes of classifications 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 obtention of import licenses, was abolished in favor of two new imposts collectible in foreign exchange. A commission of one-eighth 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 Army". 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 hoary Prestación Vial, a tax to which all males between the ages of 18 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.

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FEB 11 1952

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Authority: *MMP 6 22905*

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Labor

Two Argentine CGT delegates now in Bolivia succeeded in persuading approximately 10 leading Bolivian labor leaders to attend a Peronista-sponsored Asunción 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 mine, 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 Corocoro copper mine 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 Banco 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.

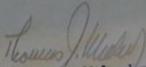
Agriculture

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 Beni, but the failure of the Government to import cattle from Argentina has

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Authority *NND 8 22905*

been the principal reason for the continued meat shortage. The outlook for the early reestablishment of normal food distribution throughout the country continues gloomy.


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

cc-AmEmbassy, Lima
" Santiago
" Asunción
" Buenos Aires
" Panamá
Col. Burns
Bolivian Desk

DECLASSIFIED
Authority NND 822905

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

SECURITY INFORMATION -
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(Security Classification)

DO NOT TYPE IN THIS SPACE
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FOREIGN SERVICE DESPATCH

FROM: Embassy, La Paz 610
DESP. NO.

TO: THE DEPARTMENT OF STATE, WASHINGTON. February 15, 1952
DATE

REF: _____

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For Dept. Use Only	REC'D mi	I N O	DCR ARA IE P	Date of Action	2-15-52	Action Office Symbol	148	Name of Officer	Holt
	FEB 19		ARMY NAVY AIR CIA	Direction to Div	746				

SUBJECT: JOINT WEEKA NO. 7 (FROM SAIR)

SECTION I

POLITICAL

The MNR-sponsored, Communist-supported, student-workers demonstration of February 5-10 failed to develop into anything greatly serious. Two marches toward the Presidential Palace failed to attract any large number of workers, as had been hoped for. Police on both occasions blocked access to the Plaza Murillo, dispersed the marchers with tear gas. After the second demonstration was scattered a hundred or so hoodlums regathered, stoned windows of the daily La Razón, threw stones and a few Molotov bombs at police cars, were again routed by gas. A few shots were fired on this occasion, by the police, into the air.

Junta President Ballivián cancelled a long-planned trip to Cruro because of the potentially dangerous situation.

All troops and the police were on the alert, although the former did not have to be called out.

Police picked up half a dozen hoodlums each of whom had from five to fifty homemade bombs in his possession.

On the morning of the 9th, the day of the expected big blowup, 30-odd MNR leaders were seized. This step disconcerted followers, probably prevented serious trouble.

Officers sent by the Army Inspector General to the Cruro-Catavi mining area verified reports that MNRists have been stocking matériel and have received appropriate instructions for action whenever X-day comes.

X-day, these officers reported, will be that on which mine workers leader Juan LECHIN either shows up in the mining area or otherwise gives the word. He did neither last week.

SECRET WORKS

Minister of Government SEIEME has Lechin on his payroll, ostensibly believing this will keep Lechin from playing ball with the MNR. Lechin is a "compleat" opportunist who might flop either way.

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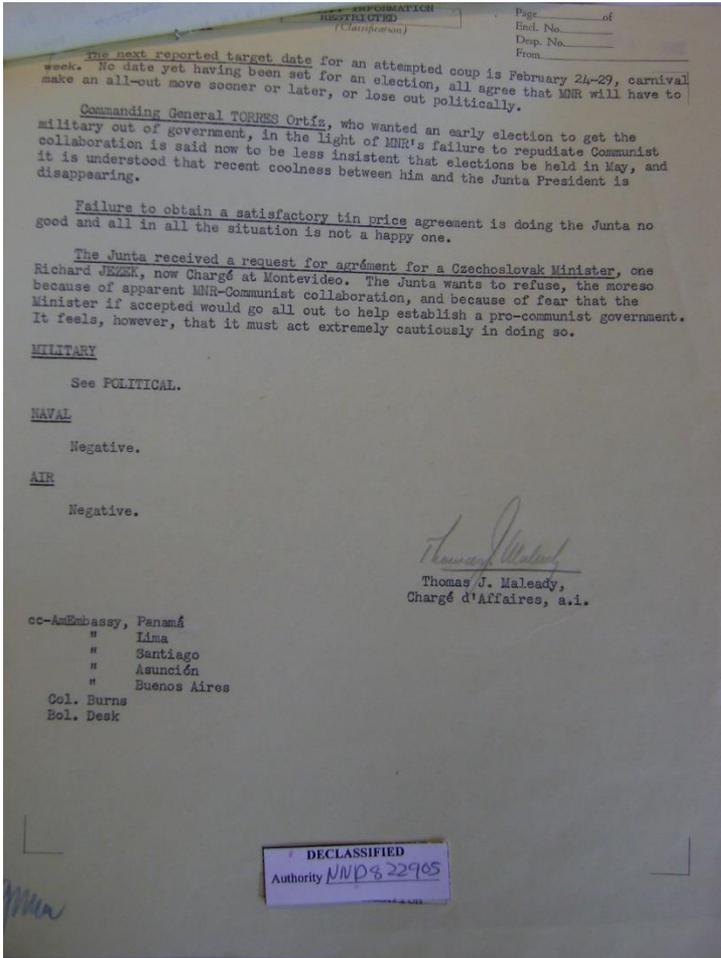
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E:Burns REPORTER

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FOREIGN SERVICE DESPATCH

FROM: AnEmbassy, La Paz

TO: THE DEPARTMENT OF STATE, WASHINGTON.

REF:

611
DEPT. NO.

Action Assigned to *[Signature]*

February 25, 1952
DATE

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SUBJECT: JOINT WEEKA NO. 7 (FROM SAIR)

SECTION II

Direction to DCS *[Signature]*

ECONOMIC

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 1936 to 1,590 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 RFC 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 quotas for all importers.

Labor

The Communist CBTB issued a press release stating that it was not participating in the Peronista labor conference at Asunción. The release was notable, however, for the absence of any criticism or even implied disapproval of the conference. On several occasions during the week La Razón published articles revealing the true nature of the conference, but the local ORIT affiliate, the CBT, has failed to issue any statement of disauthorization reportedly out of fear that the Minister of Labor might take reprisals against it.

724.00 (W) / 2-1552

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Authority *NND 8 22905*

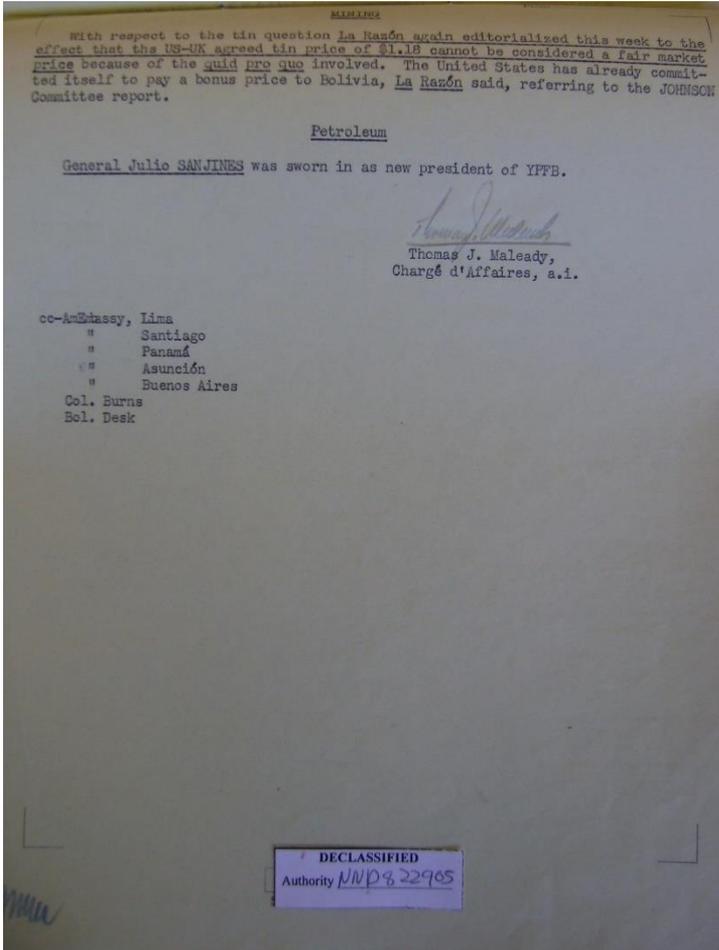
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JCRICKHAR REPORTER

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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

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(Security Classification)

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FOREIGN SERVICE DESPATCH

FROM: AmEmbassy, La Paz 620 Action Assigned to [Signature]
TO: THE DEPARTMENT OF STATE, WASHINGTON. Action Taken [Signature]
DATE: February 21, 1952

REF: _____

5 For Dept. Use Only DS	ACTION	DEPT.					Date of Action
	CL I	DGR ARA IIA P					Action Office Symbol <u>117D</u>
RECD	FEB 25	OTHER	ARMY	NAVY	AIR	CIA	Name of Officer <u>[Signature]</u>

SUBJECT: WEEKA NO. 8 (FROM SAIR) Direction to US [Signature]

SECTION I

POLITICAL

Political tension in La Paz eased noticeably during the week. MNR supporters arrested February 9, continued to be held, however, and additional arrests were made in Oruro and Potosi, thus removing from "behind the scenes" several MNR leaders capable of stirring up trouble.

A report that General TORRES Ortiz is no longer pressing the Junta to call elections contributed to the relaxed attitude. Torres is said to have received Junta assurance that elections will be held in October. Announcement to that effect it is reported further will be made May 15th, the first anniversary of the Military Junta's assumption of office.

Effort of the Communist-dominated Bolivian Workers Confederation to call a Congress of Agricultural Workers for March 1 have been impeded by Interior Minister General SELME. Ordering the meeting postponed indefinitely, Selme announced this step was taken to prevent political infiltration and plotting under the cloak of a congress. His action shows an awareness of potential trouble-making superior to that of his colleague, Labor Minister SANCHEZ, who has not hesitated to encourage any meeting (Communist as well as others) which might applaud his PERON-aping activities.

Selection of 11 United Nations Administrators and technicians was announced in La Paz, February 20. No US citizens were among those named, and indications are that even when selection is completed only two or three will be included. The absence of American personnel should alleviate widespread confusion between the US and the UN. Carter GOODRICH, representing the UN Secretary General, will return to New York next week to brief the technicians who are expected to proceed to Bolivia in March and April.

The Fonoff told the Bolivian Ambassador at Buenos Aires to stall off the Czech Minister there who had requested agreement for Richard JEZEK as Minister here. This tactic of refusing agreement by having the Ambassador at Buenos Aires say he has received no reply from the Foreign Office is to be continued indefinitely if necessary.

MILITARY

See POLITICAL.

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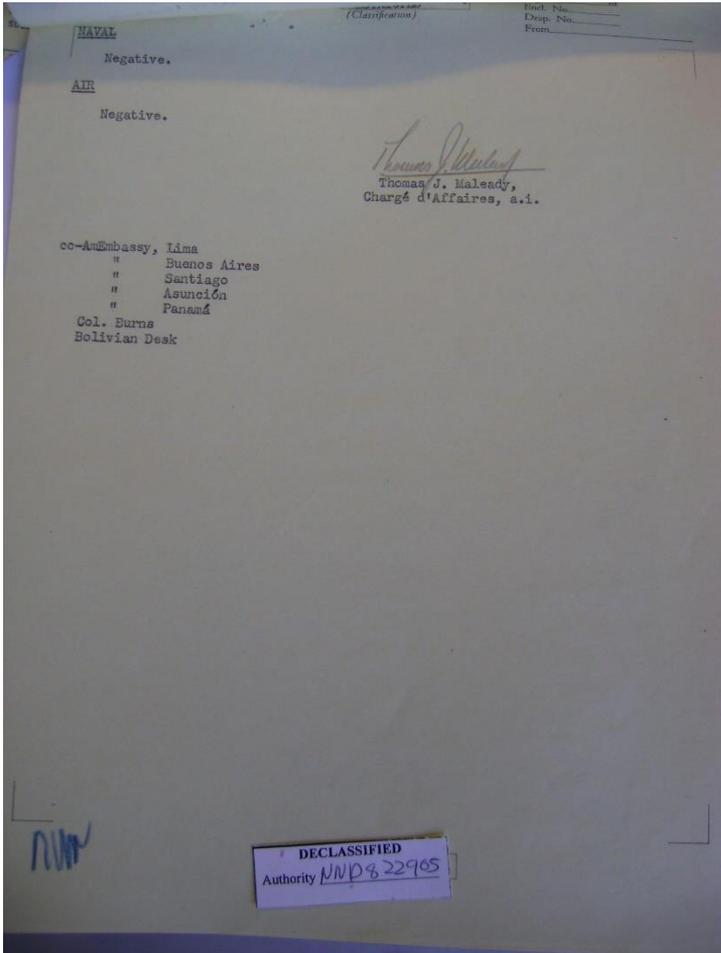
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Facsimile 40: Despatch 630. February 29, 1952
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00 (W)/2-2952

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(Security Classification)

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FROM : Embassy, La Paz 630
TO : THE DEPARTMENT OF STATE, WASHINGTON. February 29, 1952
REF : ACTION ASSIGNED TO [unclear] Action Taken [unclear]

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DATE OF ACTION: 3-5-52

SUBJECT: JOINT MESKA NO. 9 (FROM SAIR) Action Office Symbol: [unclear]

ECONOMIC SECTION II Name of Officer: [unclear]
Petroleum Direction to DC/R: [unclear]

YFFE has entered into an agreement with Williams Brothers for operation of the Cochabamba refinery and subsequently for the operation of the new Sucre unit at 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

FSTME head Juan LECHIN "disciplined" several officers of the union for failing to visit the Palsayo mine as he had instructed. Grover ARAUJO was suspended for 15 days, Cesar RODRIGUEZ and Modesto CASTILLO for 30 days. The Embassy believes that this split in the FSTME high command is due to personal differences between Araujo and Lechin and has nothing to do with the FSTME'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 UN technical expert in the field of mining began work 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 4,500 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-Sucre project

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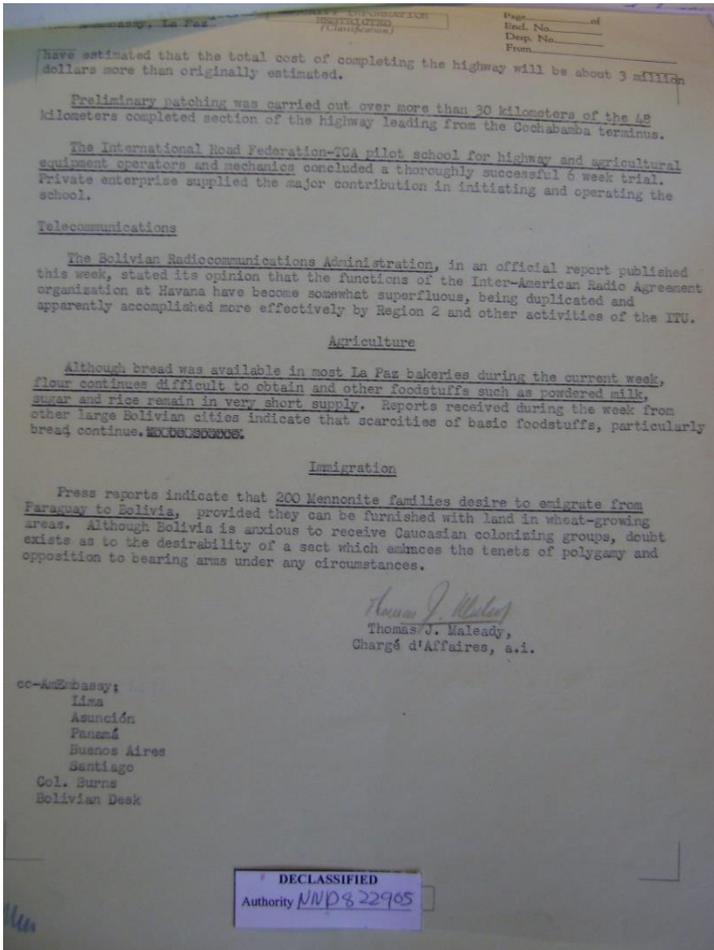
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Authority NND 822965

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from Ambassador, La Paz

Weather conditions did not permit him to visit the region. United States Steel is anxious that its possible interest in Mutún be kept secret.

Communications

Aviation

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

Railways

The Corumbá-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) trackage will probably be accepted. Six sets of plans for the bridge to be built across the Rio 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 50,000,000 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. Malsady
Thomas J. Malsady,
Chargé d'Affaires, a.i.

cc-Ambassy, Lima
" Santiago
" Asunción
" Panamá
" Buenos Aires

Malsady
Col. Desk
Col. Burns

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Authority NND 93 22905

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

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(Security Classification)

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FOREIGN SERVICE DESPATCH

FROM : AmEmbassy, La Paz 671 DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON, March 21, 1952
Action Assigned to the States
Action Taken *acted*

REF :

5 For Dept. Use Only	ACTION ORI	DEPT. I N O	DCR ARA IIA P	Date of Action	3-27-52
1 jlp	REC'D MAR 25	F O	ARMY NAVY AIR CIA	Action Office Symbol	110

SUBJECT: JOINT WEEKS NO. 12 (FROM SAIR) Name of Officer *Vincenti file*
Direction to DC

POLITICAL SECTION I

Plans to oust Commanding General TORREZ Ortiz continue. Those concerned discussed the matter with Junta President BALLIVIAN, hope he will do the ousting and at the same time reshuffle the Junta cabinet. If Ballivián does not move, the planners say they will resort to other means.

Torres Ortiz is reported to have come down off his high horse of pretending he can dictate to the Junta, is said to have asked the latter to allow him to remain on as Commanding General until after an election. He returned Thursday from a flying visit of inspection to several provincial garrisons. Some believe his trip was made to strengthen his position with army leaders outside La Paz. A Bolivian officer in Cochabamba told a US Air Force Mission officer he felt Torres would "be on top" within two weeks.

The Junta decreed annulment of voters registration lists throughout the country and established procedures for new registration under army supervision to begin May 16. This action was designed to remove pressure to call an early election.

Hope for a tin price closer to Bolivia's asking figure was clouded by reports that Indonesia had accepted and Belgium was inclined to accept the \$1.18 price offered by RPC. It is known Bolivia reduced its asking price, and feeling is it would grudgingly accept something between \$1.25 and \$1.30, but not \$1.18.

The remains of War-of-the-Pacific hero ABAROA were brought back from Chile this week and are to be interred in La Paz Sunday. A lengthy parade and program are scheduled. The cynical say the to-do of elaborate ceremonies is intended to divert attention from food shortages.

MILITARY

General of Brigade Ricardo RIOS Rossel, Bolivian Military Attaché to Spain, France, Great Britain, Holland and Belgium, returned this week for reassignment.

A supreme decree, No. 02998, issued by the Junta, March 6, 1952, makes it obligatory that officers graduating from military specialists schools, such as the Military Geographic Institute, Engineers, Aviation, etc., serve two years in the Army or Air Force for each year of attendance at such schools.

T. Malady/WECobb/EJBurns/
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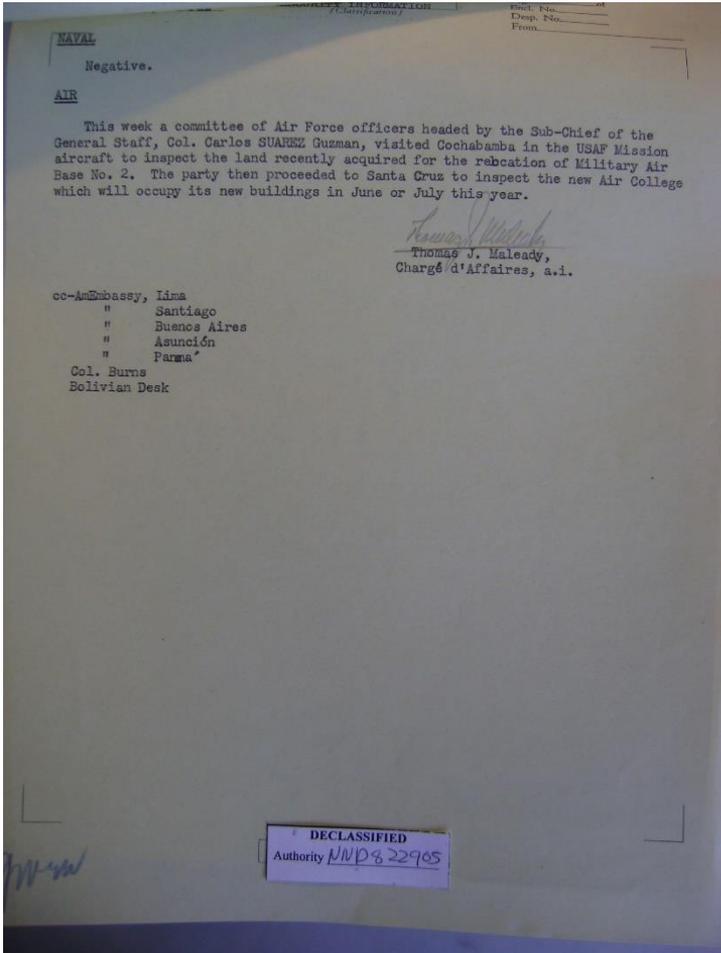
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Facsimile 43: Despatch 687. March 28, 1952
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00 (W)/3-2852

SECURITY INFORMATION
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AIR
PRIORITY
FOREIGN SERVICE DESPATCH

FROM : AmEmbassy, La Paz 687
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. March 28, 1952

REF : Action Assigned to [handwritten]
Action Taken [handwritten]

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SUBJECT: JOINT WEEKA NO. 13 (FROM SAIR) Date of Action [handwritten]

ECONOMIC SECTION 11
Name of Officer [handwritten]
Routing Direction to DC [handwritten]

Press comment regarding tin negotiations has been on a discouraging note. La Razón appears to have taken it for granted that Bolivia will not receive a satisfactory price; blamed the RFC, and suggested that a monument be erected to that agency in Moscow. El Diario states it has unofficial information that Bolivia is asking \$1.39 a pound; that the US is offering only \$1.25, and that the evil genius of the negotiations is still Mr. Welsh of RFC. The Foreign Ministry confirmed a report that President Ballivián has written a personal letter to President Truman concerning the negotiations.

Petroleum

An American geologist who holds a three months option on a YPF oil concession, is in Bolivia with representatives of a group of Texas independent companies. They are studying the situation and if satisfied are prepared to invest \$200,000,000. Officials of Williams Brothers and Foster-Wheeler in visits to the Embassy have expressed their belief that YPF would now like to get the independents out of the picture and bring in Standard Oil of New Jersey.

Labor

The National Federation of Mine Workers (FSTMB) held an internal conference this week out of which came several communiques. The first outlines FSTMB wage policy as follows: 1) All mine unions should immediately petition for wage increases, 2) workers at all tin mines should base their petitions on the tin contract price (if the price is \$1.12 a 60 percent increase should be demanded. For every cent above \$1.12 the "ante" will be increased 10 percent), 3) Workers at other mines should request 100 percent increases. All this in addition to demands for heavy fringe benefits, which include living allowances for concubines. The second communique defended Juan LECHIN against the "vile attacks of the newspaper La Razón". The third announcement also was directed at La Razón and attempted to set the record straight concerning FSTMB political policy. The FSTMB, it said, is not a Trotskyite organization and obeys no "international". While the Thesis of Pulacayo is still FSTMB dogma, the clause advocating expropriation of the mines by the workers means that they will be evoked only in case of a "lock-out".

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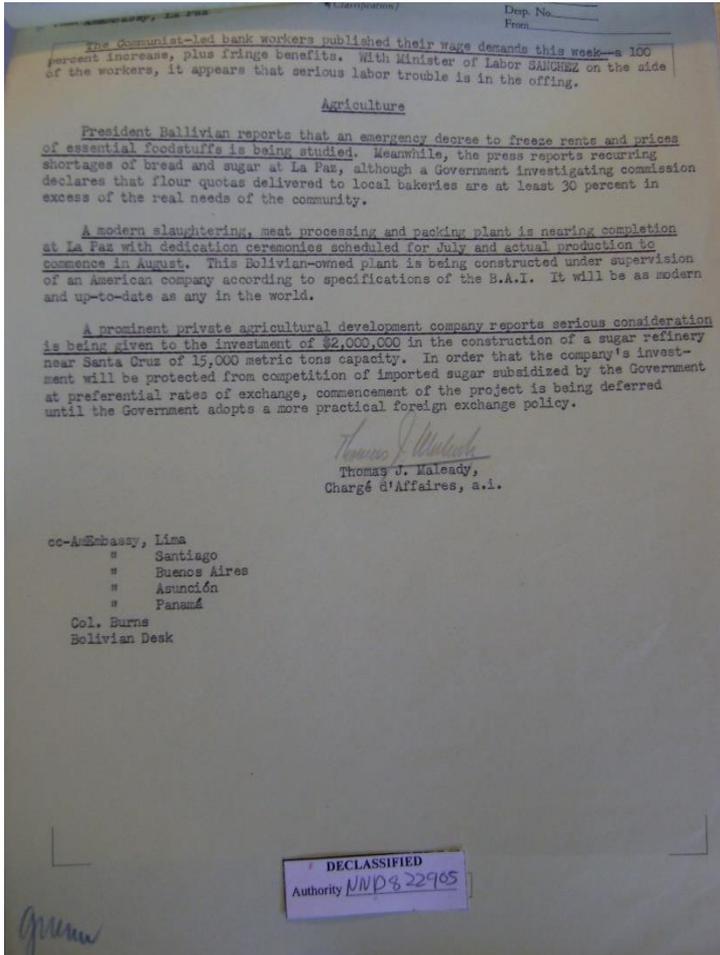
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Authority MNP 8 22905

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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

CONFIDENTIAL INFORMATION
(Security Classification)

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FOREIGN SERVICE DESPATCH

FROM : Embassy, La Paz 711
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. April 4, 1952
Action Assigned to Line 10-52
Action Taken Noted

REF :

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SUBJECT: JOINT WEEKA NO. 14 (FROM SAIR) Date of Action 4-10-52
Action Office Symbol 04
Name of Officer Belton
Direct. Sup. to DC 6

SECTION I

POLITICAL

The oft-repeated cabinet shuffle theme dominated the week's political currents. Because of floundering, ineptness, illness and personal political ambitions several Junta members may be on their way out. Names most prominently mentioned are:

- 1) Economy Minister MONTERO, supposedly a logistics expert, but who has been unable to cope with the problem of maintaining stocks of basic necessities for public consumption;
- 2) Labor Minister SANCHEZ. In a recent speech to workers at a mine near La Paz Sanchez said BALLIVIAN was only a figurehead and that he, Sanchez, was running the administration. Reportedly reprimanded therefor at the weekly Junta meeting, Sánchez is said to have offered to resign, but the offer was rejected for the moment, although it is known that neither the Junta nor the Army is happy over Sánchez' obvious ambition to be another Perón;
- 3) Finance Minister MARTINEZ, who has little or no idea what he is doing or is supposed to do;
- 4) Minister of Government General SEBASTIAN, who is charged with failure to have reduced the size of the Federal Police which during the URUGUAGUITA administration was built up to counterbalance the Army;
- 5) Defense Minister CAREAGA. Because of ill health Careaga has submitted his resignation several times. An Army source reports that General RIGG Rossel, recently Military Attaché in Europe, may replace him.

Officers at Cochabamba have asked Junta President Ballivián to make the first four changes mentioned above, and it is reported that the President seemed inclined to take action. When this might be taken is uncertain. Should Careaga insist on resigning immediately, the opportunity to make these or other changes would be present.

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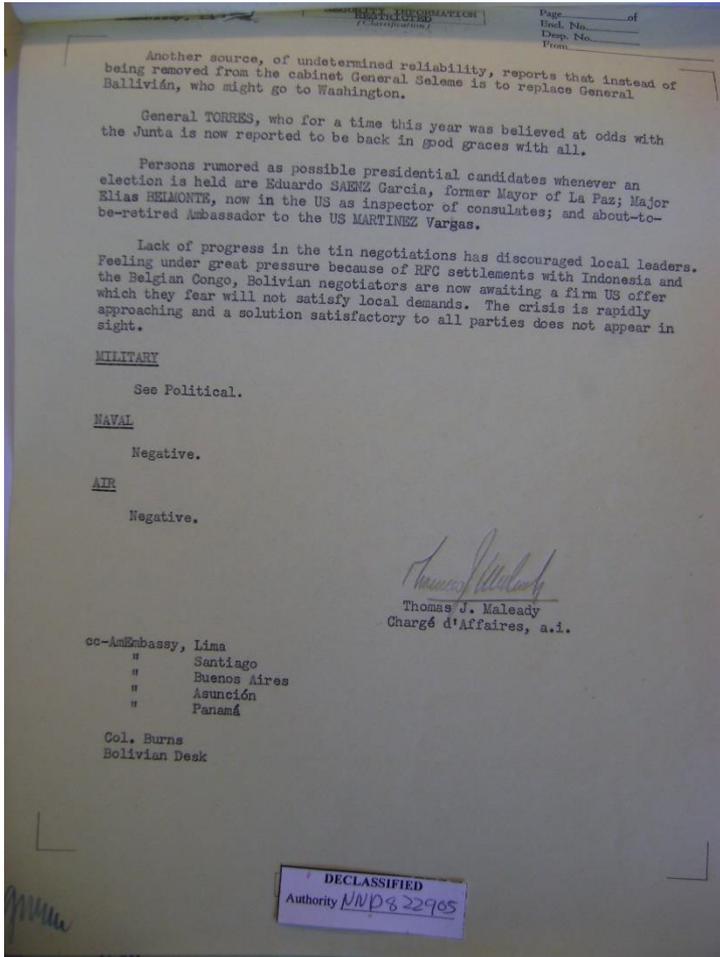
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FOREIGN SERVICE DESPATCH

FROM : AmEmbassy, La Paz

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF :

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SUBJECT: JOINT WEEKA NO. 14 (FROM SAIR)

Name of Officer: *Adams*
Direction to DC: *(File)*

SECTION II

ECONOMIC

Mining

Senator JOHNSON's letter to RFC Administrator MacDONALD occasioned wide-spread press comment, all bitterly critical of the Senator's stand and US tin policy in general. The Foreign Minister issued a short statement saying that the tin negotiations are not proceeding well.

Labor

Minister of Labor SANCHEZ appealed to all unions to postpone wage demands until after the signing of the tin contract. Mine management believes that when the contract is signed the Government will decree 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 told U.S. Labor Department representative, WALLACH, visiting Bolivia on Point IV matters, that he would like to send Bolivian union leaders to the U.S. for training. In view of the Minister's Peronista sympathies 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 combat Peronism 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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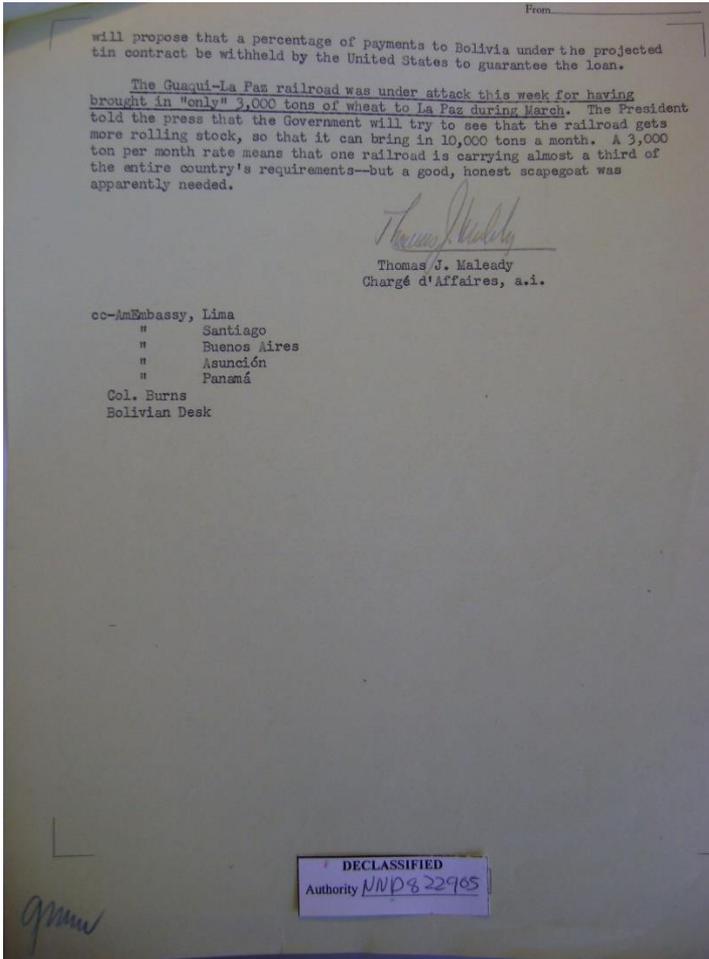
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Facsimile 45: Despatch 721. April 12, 1952
From the US Embassy in La Paz to the Department of State
Source: NARA Decimal Central Files 724.00 (W)/4-1252

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 From: Air Pouch

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 From: _____

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FROM: AmEmbassy, La Paz

TO: Department of State, Washington

DATE: April 12, 1952

SUBJECT: JOINT WEEKA NO. 15 (FROM SAIR)

SECTION I

POLITICAL

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 Suazo, MNR interim President, gave him the boot.

There was no trouble of magnitude outside La Paz.

MNR party chief PAZ Esensoro 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.

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.

MILITARY
 (See Political)

NAVAL - AIR
 Negative

cc-AmEmbassies: Lima, Asunción, Santiago, Panamá, Buenos Aires; Col. Burns; Bol. Desk

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

Action Assigned to *Marchetti*
 Action Taken *2500*

Date of Action 4-16-52
 Action Office Symbol 1A2
 Name of Officer *Marchetti*
 Direction to DC/ *66*

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 Authority NND 822905

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