

**THE MNR PARTY  
AND  
THE VILLARROEL ADMINISTRATION  
1943–46**

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## ABSTRACT

The *Movimiento Nacionalista Revolucionario* (MNR) party and its leader, Víctor Paz Estenssoro, played a major role in Bolivian politics for twenty-two years beginning in 1942. In that year, the MNR members of congress pushed for an investigation which revealed the harsh tactics the executive branch had used to suppress the Catavi miners' strike of December 1942. This investigation brought notoriety to the nascent MNR party. It also brought considerable backing from the lower and middle classes of Bolivian society. In 1943 the MNR united with a group of middle-rank army officers to overthrow the government of President Enrique Peñaranda del Castillo (1940–43).

On 20 December 1943 the MNR and a small military faction toppled the Peñaranda government and installed as President army Major Gualberto Villarroel López. Three leading members of the MNR subsequently received ministerial appointments to the Villarroel cabinet. However, the selection of a military man as President indicated a dominating influence by the armed forces.

Villarroel and his military colleagues in the executive branch wielded most of the power during the two and one-half year administration. Civilian political influence was concentrated in the MNR, first in the cabinet and later in the legislature. However, the final word in government policy rested with the army.

International developments likewise weakened the MNR position in the administration. The United States considered MNR members of the junta to be pro-Nazi and therefore unsympathetic toward the Allied cause. Only after the junta cleansed itself of MNR membership did the United States extend its recognition in June 1944. Despite these developments, the MNR later returned to assume some positions of authority.

After winning control of congress in July 1944 and returning to the cabinet at the end of that year, the MNR introduced a number of socio-economic and political reforms. However, disagreement in policies between the MNR and the military and opposition from big business interests prevented full implementation of the reform decrees and legislation.

A combination of factors eventually resulted in the downfall of the Villarroel regime. Weakened by the nonrecognition problem, disagreements within the MNR-military alliance, and inability to substantially increase tin revenues, the government made a serious error in late 1944 with its brutal reprisals following a small revolt in Oruro. The gradual revelation of the

details surrounding the Oruro incident occasioned the loss of much popular support for the government. Discontent reached a peak in July 1946 when a mob murdered Villarroel and hung his corpse from a lamppost in front of the Presidential Palace. MNR leaders were forced into hiding or exile to neighboring countries.

## PREFACE

What is today the nation of Bolivia gained its independence from Spain in 1825 but more than a century passed before most of its inhabitants acquired their full rights as citizens. It was not until well into the twentieth century that Bolivia's Indians, comprising about 73 percent of the population, took an active role in shaping the destiny of their homeland. As late as the 1940s Bolivian Indians had practically no political influence and in general received little protection under the law. Their social position was so inferior that they could not walk on some of the principal streets in La Paz. When the Indian found it necessary to approach a fair-skinned member of the upper-class society, he had to kneel to address his superior and kiss the hand of the person with whom he wished to converse.

Indigenous Bolivians suffered an economic plight parallel to their social standing. A few owned the land they worked or lived on Indian communal lands. But the vast majority served a landed oligarchy which held large tracts sometimes encompassing two or three million acres on which the peasants labored as virtual serfs. Indians living within these private estates worked for a period of one to five days a week in return for the right to till a small plot of land for their own needs. The same indigenous population worked the nation's tin mines.

A few mining entrepreneurs profited in the exploitation of the mineral wealth of Bolivia while Indian workers had to endure long workdays under poor conditions for subsistence wages. Just three men—Simón Iturri Patiño, Carlos Víctor Aramayo, and Mauricio Hochschild—controlled 80 percent of the national tin production. Mineral exports between the years 1900 and 1950 usually accounted for 95–99 percent of all exports, with tin making up 70–75 percent of this figure. Tin was therefore essential for the acquisition of foreign exchange used to purchase foodstuffs and other imports. Most profits went straight into the pockets of the mine owners, and Bolivia remained a poor country where the three tin barons used their money and influence to persuade political leaders to keep export taxes low and the exchange rate favorable. This maximized ore production profits and permitted mine owners to use the minimum amount of foreign exchange when acquiring local currency needed to pay miners' salaries.

The masses lacked the means to alter this system of exploitation. Literacy requirements made most adults ineligible to vote, thereby limiting the

franchise to a select minority of about 3 percent of the population. For example, in 1940 army General Enrique Peñaranda del Castillo won election to the presidency by receiving the majority of a total of eighty thousand votes cast from a population of nearly three million. Only the educated, propertied, upper- and middle-class white or *mestizo* (mixed-blood) elite cast their ballots in 1940. Soon after this election, a small group of politically active young intellectuals united to form a new party dedicated to remedying some of Bolivia's socio-economic and political inequalities.

The following chapters discuss the birth and early accomplishments of this new political movement which called itself the *Movimiento Nacionalista Revolucionario* or MNR party. By 1942 the MNR had formulated a strongly nationalistic platform aimed at eliciting the backing of first the middle class and then the Indian masses who worked in the mines and on the landed estates. During the administration of President Gualberto Villarroel López (1943–46), the MNR won control of congress where it pushed through reform legislation, passage of which would have been inconceivable just a few years before. This was an unprecedented move by a major political party. Traditionally, political parties served only the interests of landowners and mining entrepreneurs. Now a new breed of politician appeared, a type unwilling to be swayed by bribes or special favors. These men of the MNR shook the foundation of Bolivian society with their emphasis on equal representation for all their countrymen and much more government control over the mining industry.

There is no detailed historical investigation of the MNR and the Villarroel administration available in English, and the best Spanish language source, *El presidente colgado* by Augusto Céspedes, is a political defense of the MNR. It mentions the main events of the period but the work is biased and incomplete. Main events such as the problem of the Villarroel government obtaining United States recognition and social reforms passed by the Bolivian congress between 1943 and 1946 are not examined in detail. The following will therefore contribute to an effort to fill a gap in available literature on the topic.

This study has yet another objective. It will provide perspective for the later events of the social revolution of 1952–53 when the MNR returned from six years of exile to lead the destruction of a social system that had changed little since Bolivian independence. Beginning in 1952 the MNR first overpowered and disarmed the military, then displaced the old political oligarchy, decreed universal adult suffrage, and nationalized the privately-

owned mining empire, bringing it under direct state ownership and control. The massive landed estates were also nationalized and the land distributed to the Indians. While these changes culminated during the twelve years the MNR controlled the government between 1952 and 1964 the process had its beginnings in the period 1941–46.

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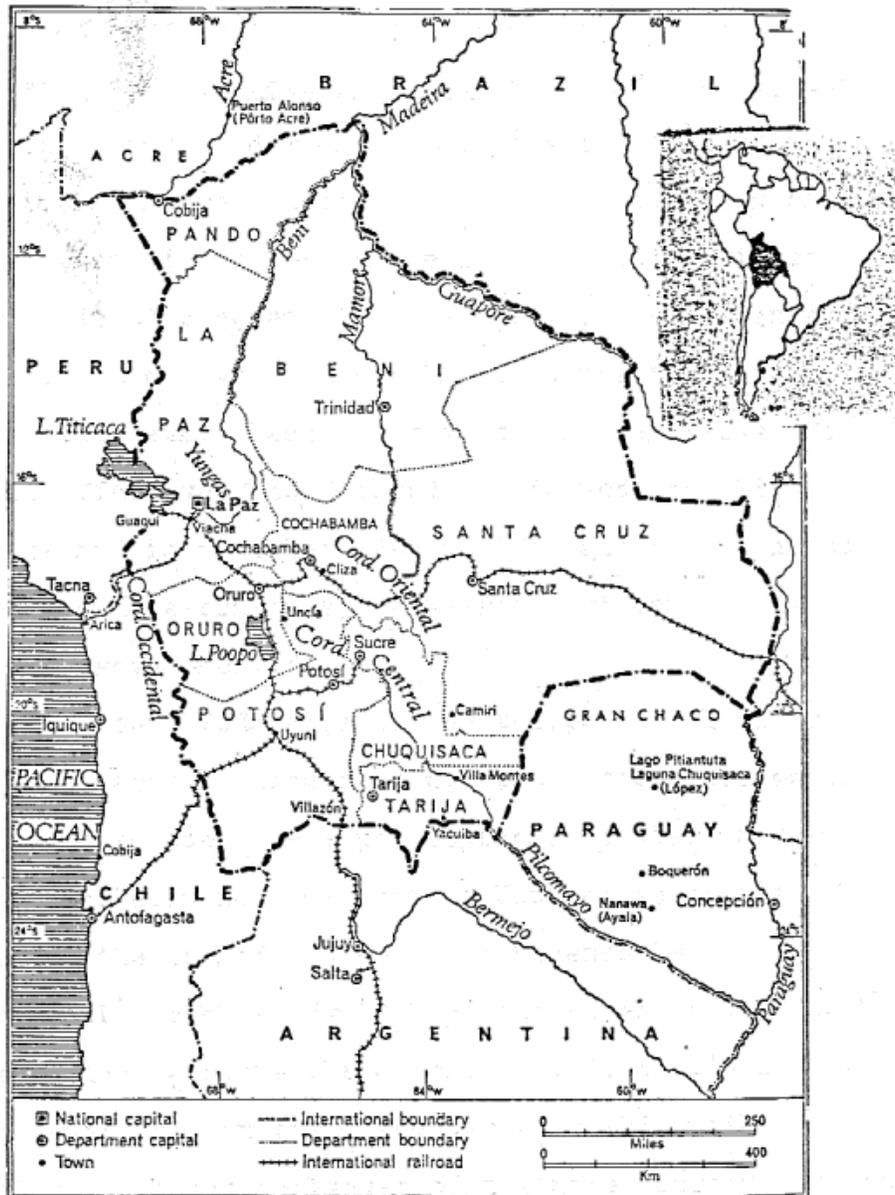
# CHAPTER I

## THE MNR PARTY AND THE DOWNFALL OF PRESIDENT PEÑARANDA

Bolivia, the home of the MNR and center for the events of the following study, lies in the heart of South America. The fifth largest country on the continent, it remains one of the least populated nations of the world, with just over ten persons per square mile.<sup>1</sup> Of its nearly 4.7 million inhabitants more than half are Indians, most of them belonging to two groups: The Quechuas and Aymaras.<sup>2</sup> The next largest segment of the population, the *mestizo* class, developed from miscegenation between Indians and Spaniards. Most Indians and *mestizos* live on the *altiplano*, a lofty, semi-arid plateau ranging in elevation from ten thousand to fourteen thousand feet above sea level. In the northwestern part of the *altiplano*, situated at twelve thousand feet, is the nation's principal city of La Paz which holds the distinction of being the highest capital in the world. It was here in April 1940 that army General Enrique Peñaranda del Castillo assumed office as constitutionally elected President of Bolivia.

The events of the Peñaranda administration provide an introduction to the discussion of the *Movimiento Nacionalista Revolucionario* (MNR) party and later developments during the presidency of Major Gualberto Villarroel López (1943–46). In 1940 six of the founders of the MNR were elected to the Bolivian lower house of congress (Chamber of deputies); January 1941 marked the birth of the MNR as a political party; in 1942 the Catavi Massacre gave the MNR an issue which it used effectively to discredit Peñaranda and

Map 1



Bolivia

his cabinet; and in December 1943 the MNR along with a small group of middle-rank army officers overthrew the Peñaranda government.<sup>3</sup>

President Peñaranda lacked the political expertise to silence or discredit his opposition. His entire life had been spent as a professional soldier, not as a politician. Born in 1892 near La Paz, he began his career at the age of sixteen when he enrolled in military high school. By 1934 he had risen through the ranks to become commander in chief of Bolivia's armed forces embroiled in the Chaco War (1932–35) with Paraguay. His post as leader of the armed forces was not an easy one to fill since at the time of his appointment Bolivia had little hope of a military victory.<sup>4</sup>

Despite the country's deteriorating position in the war, Peñaranda did not receive much criticism. His countrymen already saw clearly at the time he took over that inferior leadership by his predecessors had brought Bolivia to the brink of disaster; so when the fighting stopped in 1935 with the Bolivian military disgraced, public opinion tended to exonerate Peñaranda of much of the blame. He was therefore able to muster sufficient support, especially from among the wealthy, propertied, voting minority, to win a clear victory in the presidential contest of 1940. Once in office, however, he was to endure a stormy presidency as the result of criticism from discontented elements in the Chamber of Deputies (*Cámara de Diputados*).

The Bolivian electorate showed their dissatisfaction with the inferior political leadership during the Chaco War by voting into office in 1940 a number of independent deputy (*diputado*) candidates. The independents accused political opponents who had held congressional offices during the war years of having bungled the war effort. They said members of traditional parties had listened only to big business whose interests had been centered on avoiding payment of taxes rather than on Bolivia winning the war.<sup>5</sup> Since few citizens had escaped the hardships of the wartime period, even the privileged ones who held the franchise had been shaken enough by the conflict to shift support to anti-establishment candidates. Independents argued effectively that former congressmen served only the selfish goals of business and therefore must be replaced by new political leaders.<sup>6</sup> Unable to interrupt this rhetoric expressed during the normal election process without endangering his position as future constitutionally elected President, Peñaranda had little hope of preventing a confrontation between his administration and hostile members of congress. Among the most outspoken of his critics were six deputies who numbered among the founders of the MNR party.<sup>7</sup>

Bolivia's party of the masses, the MNR, grew up and matured into an

identifiable political party during the Peñaranda presidency. Its beginnings go back to sessions of congress in 1940 when a few young intellectuals from Bolivia's middle-class society found they had enough in common to warrant forming a special group advocating some economic, social, and political changes in Bolivia. The MNR's basic aims were brought out in an early document which recorded the founding of the MNR. A handwritten account of a meeting on 25 January 1941 stated the reasons for the formation of the MNR party. It said that those attending the meeting saw grave dangers present in Bolivia because of the traditional policies of the nation's leaders. They therefore resolved to found a political party which would defend national interests and struggle for just government.<sup>8</sup> Four months later on 10 May 1941 the MNR published an announcement stating its intensely nationalistic sentiment. It said the MNR was a patriotic movement emphasizing the Bolivian nationality and advocating more governmental influence in the distribution of profits obtained through exploitation of Bolivia's natural resources.<sup>9</sup>

The MNR's platform was summarized in the following seven points:

1. Demands for cancellation of privileges which permitted non-Bolivians or foreign businesses to exercise special rights enabling them to export tin and wolfram at excessive profits while paying very low export taxes
2. Denunciation as unpatriotic any foreign influence in internal Bolivian politics, news reporting, or economic policy; and a demand that all foreign companies register their employees and provide the Bolivian government with a detailed description of their work and salaries
3. Opposition to Jewish immigration because such immigrants allowed to enter Bolivia to become farmers were instead going into small businesses in competition with native Bolivians
4. Emphasis on the movement's confidence in the people of Bolivia; the native Bolivian would defend the common good before his own and could thereby build a nation where social justice ruled
5. Insistence upon higher wages for civil servants and an end to child labor
6. A change in ownership in agricultural lands so the indigenous farmer who tilled the land had some right also to ownership

7. A plea for backing from all laborers, teachers, farmers, and society as a whole so that by working in common these goals of the MNR could be realized<sup>10</sup>

The MNR enlisted support for its ideals from additional independents who entered the *Cámara de Diputados* after the 1942 congressional elections. President Peñaranda's hands-off policy during the elections permitted dissident forces opposed to his political orientation to reach a near majority in the Chamber of Deputies, constituting a serious threat to the normal operation of his government. Their voices echoed through congressional halls in 1942 as deputies called for many changes, especially in the area of economic policy.<sup>11</sup>

MNR leaders and their sympathizers reflected a strong nationalism that demanded maximum government supervision of extraction and exportation of Bolivian natural resources. They called for a reversal of Peñaranda's close cooperation with the United States regarding the low prices paid for Bolivian wartime exports of tin, wolfram, and rubber, all strategic raw materials vital to the Allied cause. Three entrepreneurs who directed most of Bolivia's extractive mineral industry were singled out as prime examples of selfish business leaders who exploited national tin reserves virtually unmolested by government regulations.<sup>12</sup> The MNR wanted more of their earnings channeled into government coffers. The President's enemies in congress accused him of allowing private enterprise to operate free of any administration supervision. Adamantly opposed to such a laissez-faire position, the MNR used an effective constitutional weapon to harass Peñaranda and his cabinet. The MNR was able to summon nearly every cabinet minister at one time or another to stand before congress and endure a trial atmosphere as each had to answer accusations that they were bowing to the wishes of economic imperialists.<sup>13</sup>

Bolivia's 1938 Constitution endowed its Chamber of Deputies with an interpellant recourse which it used repeatedly between 1940 and 1943 to summon numerous cabinet appointees to answer for actions unpopular with that house of congress. As stated in Articles 80 and 81 of the Constitution, the legislative prerogative of interpellation gave congress the right to question officers of the executive branch concerning their official conduct and policies. In response to a written request from one of its committees or members, either the Senate or the Chamber of Deputies, with a simple majority in favor, could exercise its right to summon cabinet members to legislative chambers.

Congressmen could then question the ministers to obtain the desired information, whether for purposes relating to legislation, investigation, or censure.<sup>14</sup> Legislators from the lower house who were unsympathetic toward the President took advantage of these powers to plague his cabinet ministers with so much interpellant pressure that Peñaranda averaged two major cabinet reshufflings a year during his presidency. Chief among those ardent debaters in the Chamber of Deputies was the leader of the MNR party.

Víctor Paz Estenssoro (1907– ) led the MNR from the time of its inception. Trained in law and economics, Paz made up for his late start in politics by his considerable display of energy once he did enter Bolivia's political arena. Shortly after completing military service in the Chaco War he returned to his native Tarija and, at the age of thirty, won a seat as that area's representative to the Constitutional Convention of 1938. Following his term as delegate, he won the race for deputy from Tarija in 1940 and in 1942 was re-elected to the lower house.<sup>15</sup> Paz maintained his official leadership of the newly founded MNR during this period as *diputado*. Under his direction the party fared well during the Peñaranda administration, with one major exception consisting of a foreign-instigated hoax which connected the MNR with Nazi and subversive elements.<sup>16</sup>

The Nazi *Putsch* episode of July 1941 provided Peñaranda with a rare opportunity to take the offensive in his political battle with Paz's group. On the eighteenth of July, United States Ambassador Pierre de Lagarde Boal delivered to the Bolivian government a photocopy of what United States intelligence sources claimed was a letter to the German minister in La Paz from Major Elías Belmonte Pabón, the Bolivian military attaché in Berlin. The Belmonte letter, as it appeared in the 20 July 1941 La Paz newspapers, recommended a July coup to liberate Bolivia from its weak government of excessively capitalistic inclination.<sup>17</sup>

The document went on to attack Bolivian government leaders for their compromising attitude toward the United States and the economic policy of the Allies which infringed on the sovereignty of Latin American nations wishing to trade freely with all world powers. Allied control of transportation routes and marketing practices forced Latin American nations to sell their exports only to the Allies at prices below what could be obtained from Axis powers. Both Great Britain and the United States placed undue pressure on Bolivia to make sure its strategic raw materials sold at low prices. Therefore, continued the letter, Bolivia must rid itself of Peñaranda even if it meant revolution. The text of the letter did not identify by name the

conspirators who were to take part in the revolutionary plot. It mentioned only Belmonte and the German minister in the form of a return address, the opening salutation, and Belmonte's signature. However, in addition to the text itself, the United States Ambassador stated that the source of the document merited full confidence even though the State Department could not guarantee the authenticity of the signature since its files held no sample of his handwriting.<sup>18</sup>

Belmonte, the central figure in the dispute over the alleged correspondence, was a controversial officer whom Peñaranda had assigned to Germany to get him out of the country. Trained during the 1930s by German military advisors, Major Belmonte had participated in a military coup which took over the Bolivian government in 1936 and in another similar action in 1937. Belmonte's political philosophy clashed with that held by Peñaranda whose close ties with the United States contrasted with the position of some earlier military regimes which preferred closer ties with Germany over the United States.<sup>19</sup>

On the basis of the document supplied by the United States and the subsequent confirmation by the Bolivian military that the signature on the letter was that of Belmonte, the Peñaranda government proceeded on 19 July 1941 to declare the German minister *persona non grata* and to expel him from the country. The German Ambassador protested, stating that he had engaged in no correspondence with Belmonte and knew nothing about the conspiracy. He added that the Belmonte letter was apocryphal and fabricated outside of Bolivia by a foreign country.<sup>20</sup> Within forty-eight hours the German minister boarded a train for Chile. His departure did not end the incident since many Bolivians were accused as accomplices in the alleged Nazi *Putsch* supposedly scheduled for late July.

Using powers derived from a state of martial law declared on the twentieth of July, the Peñaranda government launched an attack on its major opponent, the MNR. Police closed three periodicals sympathetic toward the MNR, including the daily newspaper *La Calle*. The editor of this latter publication and three members of his staff numbered among those arrested and imprisoned. Congressman Paz escaped arrest only because of his Parliamentary immunity. Paz at once took his fight to the congressional chambers where, in a series of speeches given before the *Cámara*, he charged the ruling administration with deceit and suppression of all criticism.<sup>21</sup>

Paz accused the government of instigating a crisis situation through the use of evidence consisting of what the MNR termed an obvious fabrication.

Referring directly to the Belmonte letter, the congressman scoffed at the ridiculous nature of its contents which spoke of a large-scale use of bicycles to facilitate the quiet nighttime movement of revolutionaries through the streets of La Paz. Yet the city's steep avenues made such an idea absurd, the suggestion of someone obviously unfamiliar with the terrain of La Paz.<sup>22</sup> His pleas for a thorough investigation of the Belmonte letter failed to bring results; but in the meantime other aggressive actions allowed the MNR to push the Nazi *Putsch* incident into the background and proceed with its efforts to undermine Peñaranda's base of power. In early August, Paz stood before the Chamber of Deputies reproaching the Peñaranda administration for what he termed favoritism toward big business interests in Bolivia.

A *Cámara* debate concerning alleged fraud in a contest for one of that chamber's seats in the 1942 congressional elections gave Paz and his colleagues a sounding board for their political views. Paz claimed that the election for deputy from the southwestern Bolivian Province of Sud Lipez should be nullified because one of Bolivia's rich tin mining magnates had intervened to assure that his candidate would win. Paz said local police officials had prevented all but the winning candidate from campaigning in Sud Lipez and that such action warranted a finding that the election was invalid. Therefore, he continued, the new deputy should be denied his seat in the Chamber of Deputies. Paz went on to denounce the corporations which controlled most of Bolivia's tin mining industry, as well as government passivity which permitted the businesses to interfere in constitutional elections. A final vote on the nullification of the Sud Lipez election illustrated anti-government power in the *Cámara*: the MNR resolution for nullification carried forty to thirty-seven. This vote of 14 August 1942 gave Peñaranda a preview of future performances from the MNR members of congress.<sup>23</sup>

Antagonistic deputies challenged executive policies from August of 1942 until the lower house recessed in late November. The Ministers of Foreign Relations, Finance, and Economy each testified in late August before the Chamber of Deputies in defense of the administration's growing economic cooperation with the United States.<sup>24</sup> On 2 September 1942 the Ministers of Government and Labor tried in vain to convince Paz and other representatives that Peñaranda and his cabinet had no obligation to intervene in the settlement of a strike by the Bolivian newspaper workers' union, the Minister of Labor commenting that labor salary disputes were none of his business.<sup>25</sup> Paz countered with an accusation that the government persistently refused to help labor secure higher wages but did not hesitate to spend huge sums

from the national treasury to make a cash settlement with Standard Oil of New Jersey in payment for that company's assets nationalized in 1937.<sup>26</sup> Finally, these and subsequent interpellations brought such an intense pressure on Peñaranda's ministers that after testimony on various topics the exasperated cabinet resigned en masse on 26 November 1942. Nevertheless, troubles for the Peñaranda administration had only begun. A new cabinet faced even more severe tests.

A few days after the swearing in of the newly appointed cabinet a widespread strike by tin mine workers set in motion a series of events culminating in an incident that would be remembered as the Catavi Massacre of 21 December 1942. The first days of December were filled with optimistic reports of initial success in government efforts to resolve a massive walkout involving thousands of tin miners. Workers in Oruro went back to their jobs on the second of December; and six days later similar news came from Potosí. However, one last significant mining complex of Catavi near Oruro remained on strike. Nearly nine thousand Catavi workers would not retreat from their demands for immediate payment of a year-end bonus and the reopening of management-operated supply stores where employees bought food and other necessities at discount prices.<sup>27</sup> But mine owners kept negotiations deadlocked with their statement calling for a return to work as the prerequisite for any further discussion. President Peñaranda responded to the impasse by decreeing a state of martial law and sending troops to Catavi with instructions to maintain order. Accounts of what took place after the soldiers arrived varied a great deal. The Minister of Labor claimed that when troops and workers clashed on the twenty-first of December the soldiers' bullets killed or wounded no more than forty-nine strikers.<sup>28</sup> Other sources placed the casualties as high as seven hundred.<sup>29</sup> The MNR capitalized on the incident by vehemently denouncing the killings as a slaughter of innocent men, women, and children marching in a peaceful demonstration. Paz called for a thorough inquiry with a public examination of all the facts as soon as congress convened eight months later in August 1943.<sup>30</sup>

An interpellation backed by the majority of the deputies brought numerous cabinet members before the lower house for a month of interrogations beginning 18 August 1943. Besides questioning cabinet officials about the alleged violation of miners' rights during the Catavi strike, congressmen sought to review the constitutionality of Peñaranda's unilateral declarations of martial law. The MNR felt that the administration's actions showed a partiality toward mine owners.<sup>31</sup> As one Bolivian historian put it: "It seemed as if

nine thousand Catavi miners had been transplanted to the halls of congress in order to loose their sentiments injured by the tragedy of the year before.”<sup>32</sup>

The interpellation gave deputies the opportunity to question the entire Peñaranda cabinet which presented itself before the Chamber of Deputies at 4:00 P.M. on 18 August 1943.<sup>33</sup> The first deputy to speak prefaced his questions by saying that the executive branch had acted in an oppressive manner and was therefore worthy of the strongest sanctions for the way it contributed to the Catavi Massacre. Peñaranda’s Minister of Government responded by accusing the *diputado* of speaking for a small political group consisting of nothing more than a cell of the Third International, obedient to orders from Russia.<sup>34</sup> The chamber’s galleries at this juncture of the proceedings came alive with shouts and jeers directed at the cabinet member. This type of emotional response by spectators became a common occurrence in subsequent sessions. Two days later the *Cámara* had to adjourn early after onlookers became so involved that proceedings were completely disrupted.<sup>35</sup>

Order had been restored to the lower house chambers by Monday afternoon of the twenty-third of August as spectators in the galleries listened attentively to two lengthy discourses accusing members of the cabinet of being indirectly responsible for the deaths at Catavi. The first speaker, Alfredo Mendizábal, a deputy from Cochabamba sympathetic with the MNR cause, analyzed the events leading up to the Catavi Massacre.<sup>36</sup> His remarks provided a summary of how certain cabinet officials blocked peaceful efforts by mine unions to negotiate their complaints prior to the work stoppage of December 1942.

Mendizábal explained that on 30 September 1942 the *Sindicato de Metalúrgicos y Oficios Varios de Catavi*, acting as the bargaining agent for the Catavi miners, petitioned the Labor Minister for a hearing at which it could present workers’ grievances. For forty-eight days the Labor Ministry had ignored this petition. Mendizábal stated that this peaceful attempt at a solution was ignored because the government would listen only to promptings from a few powerful and influential mining firms whose primary interests centered on a ruthless exploitation of Bolivia’s mineral wealth. The Labor Ministry’s delay, observed the deputy, exemplified the administration’s general indifference toward the plight of labor. Mendizábal claimed union officials were snubbed at every opportunity.<sup>37</sup>

After much government procrastination, labor leaders were told they could come to La Paz and present their case in November 1942. Mendizábal recounted to the Labor Minister and the *Cámara* how the labor delegates

endured continued humiliation as they were subjected to eighteen more days of silence from the Labor Ministry. Deputy Mendizábal maintained that the Peñaranda administration purposely disregarded employees' cries from a readjustment of their wages: "From September thirtieth to December ninth of 1942 government officials had sufficient time to resolve the workers' petitions, but they did not do so."<sup>38</sup>

Mendizábal next cited as unwarranted Peñaranda's declaration of martial law to silence press criticism and public outrage following the Catavi tragedy. In January of 1943 a month after the incident, the President decreed a state of martial law which remained in effect until April of the same year. He issued another decree a short time later. This second decree was issued before the end of 1943 so, said the deputy, it violated Article 34 of the 1938 Constitution which clearly established as illegal a second declaration of martial law within the same year without previous congressional approval. The fact that congress was not in session did not excuse the chief executive since the Article required legislative action even if a special session of congress had to be called to acquire the necessary approbation.<sup>39</sup> In summary, Mendizábal said Peñaranda knowingly violated the Constitution but "the military has become accustomed to tearing up the Constitution as if it were an old rag."<sup>40</sup>

Mendizábal's most serious charges came at the end of his discourse when he referred to those responsible for the Catavi Massacre. He cited Articles 169 and 170 of the Constitution which stated that the army was entrusted with the preservation of order within the nation and along its borders. The military was to perform this duty under the ultimate command of the President. Therefore, observed Mendizábal, in the case of the Catavi, the soldiers only followed orders when they fired upon the miners: "The army is the people armed and cannot shoot its own brothers without being forced to."<sup>41</sup> Mendizábal terminated his commentary with this statement and the deputy from Tarija, Paz Estenssoro, rose to speak.

Paz reiterated accusations voiced previously while stressing what he termed the manifest partiality of the government in the service of the large mining companies and its employment of violent tactics for solving social conflicts, a political maneuver which Paz said culminated in the Catavi Massacre.<sup>42</sup> He went on to attack the favoritism of the cabinet toward businesses whose common aim was to extract excessive profits at the expense of Bolivia and its people. For more than two hours, he spoke out against the administration's alleged disregard for the well-being of Bolivia's masses. To back up his argument, Paz quoted statistics from a then recently published Interna-

tional Labour Organization (ILO) report on labor conditions in Bolivia.<sup>43</sup>

The ILO report provided Paz with an up-to-date and reputable source of information regarding the plight of the Bolivian working class. Early in 1943 the ILO, an internationally financed association dedicated to the promotion of social justice in all countries, had acted as consultant for a Joint Bolivian-United States Labour Commission organized to conduct a survey of working conditions in Bolivia. The Commission arrived in La Paz on 2 February 1943. It had completed its study by mid-March. Shortly thereafter it prepared a report from which five months later Paz quoted extensively.

Pointing to the Commission's findings, Paz expounded on the destitute life of the majority, lower-class population of Bolivia, which lacked even basic food commodities necessary for their nutritional needs. Paz read to the *Cámara* a section of the report which described the diet of the average Bolivian worker as falling considerably below international minimal standards considered necessary for good health. A diet characterized by corn, wheat, and potatoes lacked the essential dietary elements found in meats, vegetables, and dairy products. In general, the ILO Commission concluded that the average consumption of all varieties of food in Bolivia was low in relation to the need, even when expressed in terms of quantity. Paz claimed that this report served to prove that the Peñaranda administration failed to consider the needs of the masses. His regime instead cared more for the selfish objectives of a small number of private mining companies that wielded excessive political influence.<sup>44</sup>

Having made his point concerning the problems of the Bolivian laborers, Paz concluded the four-hour house session by saying that if Peñaranda and his cabinet were not sanctioned for their part in the Catavi incident, then the people would react violently to free themselves from the chains of unrepresentative government.<sup>45</sup>

Threatening speeches delivered by Paz in the Chamber of Deputies held considerable meaning since by August 1943 he and his colleagues at the MNR party had allied themselves with a secret military brotherhood called *Razón de Patria* or Radepa.<sup>46</sup> Many of the young officers belonging to this group had been imprisoned together in Paraguay during the Chaco War. Their disillusionment with the war contributed to Radepa members assuming views similar to those expounded by the MNR in its party platform.<sup>47</sup> They too wanted a change to more competent political leadership which would endorse the MNR's nationalistic stance, condemning excessive foreign influence in internal politics and economics. Radepa and the MNR also wanted relief from

Bolivian governments at the service of tin mining enterprises. These two groups—the MNR as the civilian political faction, and Radepa's contingent of dedicated army officers—schemed and awaited the day when their opportunity would come.<sup>48</sup> During a series of meetings held in November and December of 1943 Radepa and MNR leaders made formal plans which included decisions as to who would assume the respective government offices left vacant after their envisioned coup.

How the various posts were to be apportioned served to indicate the relative power of Radepa in comparison to the MNR. Reserved for Radepa was the office of President and Ministries of Defense, Public Works, and Education. MNR party bosses received assurances that they would fill the vacancies in the Ministries of Agriculture and Finance, the latter being reserved for Paz. Also, an MNR member would hold the position of General Secretary to the governing coalition or junta.<sup>49</sup> A prestigious cabinet post, that of Minister of Government, had to be left for Major Alberto Taborga Terrazas, Chief of the La Paz Traffic Police.<sup>50</sup>

Confident that they could confine the revolt to the capital city, the conspirators realized that Taborga had to be part of their forces. As head of the well-armed and disciplined Traffic Police, he constituted an essential ally in any coup in La Paz. The plotters contacted the ambitious Taborga who agreed to betray Peñaranda in exchange for an important post in the future junta government. Yet Taborga was not the only high official ready to turn against the President.

General Antenor Ichazo, Army Chief of Staff and confidant of the President, had personal aspirations for the presidency, whether by way of general elections scheduled for 1944, or sooner if he could win enough backing from administration opponents.<sup>51</sup> Cognizant that Paz and the MNR possessed a growing influence as champions of the masses and discontented middle class, Ichazo secretly made contact with Paz to determine whether the MNR would join with him in a bid for power. Since both men came from the same area of Tarija in southern Bolivia, Ichazo thought he could take advantage of this fact to make friends with Paz, possibly enlisting the MNR chief in a scheme to overthrow Peñaranda. Paz met once with the general, but nothing came from their meeting since the young politician learned enough to satisfy himself that Ichazo would not be a serious threat to his own ambitions.<sup>52</sup> Nevertheless, despite the fact that the coalition sought by Ichazo failed to materialize, the Ichazo-Paz meeting and other similar activities eventually produced such an atmosphere of crisis in the government that Peñaranda

implemented defensive measures.

As various factions schemed to depose the chief executive, Peñaranda began reacting to the influx of rumors suggesting subversive plotting. By November 1943 the President's suspicions had been sufficiently aroused for him to call a meeting with the officers of his cabinet to discuss a counter-plan aimed at thwarting any attempted coup. The following month, on the thirteenth of December, he declared a state of emergency which placed all areas of national importance, such as the press and military garrisons, under close government surveillance.<sup>53</sup> Peñaranda drew up a general order three days later, effective 26 December, that would have transferred any suspected military personnel to garrisons distant from the capital.<sup>54</sup> To silence the opposition press, authorities closed down *La Calle*, a major La Paz daily which consistently featured articles critical of the administration. The same fate befell the small, pro-MNR periodical *Pregón*. Meanwhile, the Radepa-MNR conspiracy decided upon 21 December, the first anniversary of the suppression of the Catavi mine strike, as the date for the coup. At the last minute, this had to be moved up two days to avoid countermeasures being adopted by Peñaranda.

During the night of 19–20 December 1943 the MNR-Radepa-Taborga coalition successfully executed a coordinated, practically bloodless coup d'état which overthrew the Peñaranda government. The revolt began late Sunday evening, the nineteenth of December, when MNR militants seized the La Paz telephone exchange. Armed only with a few revolvers, the conspirators overpowered the staff at the exchange and proceeded to interrupt vital communications between army posts in and near the capital.

Once in command of the single most important communications link in La Paz, the MNR confounded and disorientated Peñaranda's defenders. A key army detachment at the Viacha railroad junction fifteen miles from La Paz received false telephone messages informing the commander there that all was lost and that any type of maneuver would be fruitless since the President had capitulated. Similar calls to garrisons in Calama, Illimani, and Escolta within the capital left any military personnel confused or neutralized.<sup>55</sup> In the meantime, the Transit Police under Taborga captured prominent officials including Ichazo who responded to a telephone call telling him to go to the home of Peñaranda where he would be needed to direct the revolution.<sup>56</sup>

Rebellious forces under the personal direction of Taborga captured Peñaranda at his residence. At 2:30 A.M. on Monday, the President received word at home that anti-administration forces were in the process of

taking the capital. His attempt to contact the city army garrisons failed because the telephone exchange had already been taken. He then shouted to his guards, normally a contingent of thirty soldiers. They had deserted; in their place stood Taborga and traffic policemen. After delaying as long as possible, Peñaranda submitted to a hopeless situation by accompanying his captors to the General Police Office. There the rebels unsuccessfully tried to persuade Peñaranda to formally renounce his office. While Peñaranda and most of his cabinet endured the confinement of the Traffic Police Office, the rebellion continued into the daylight hours of Monday morning.

The victorious leaders of the revolt congregated at the office of Radio Nacional in the Plaza Venezuela at 7:00 A.M. to address the nation. Paz and others spoke of the end of repressive measures such as those employed by the Peñaranda regime to maintain powerful tin barons in control of the nation and its economy.<sup>57</sup> They spoke further of the need for order now that government resistance had almost ended and the rebels were preparing to assume officially the control of the central government.

Paz, Taborga, and the other MNR-Radepa leaders gathered at the Presidential Palace in the early afternoon of Monday, 20 December 1943 to proclaim their victory and participate in the swearing-in ceremony for the new Bolivian President and his cabinet. Peñaranda had been displaced by train to exile in Chile, all resistance had ceased, and the junta held firm control. The junta formalized its position by joining together for an official ceremony at 3:00 P.M. at the Palace. The respective cabinet members took their oath of office and a virtually unknown military officer, army Major Gualberto Villarroel López, took over as President.<sup>58</sup>

Villarroel was born 15 December 1908 in the valley of Cochabamba about 280 miles southeast of the capital. Very little is known about his family background. Records show he entered military school in 1925. Three years later he graduated top in his class with the rank of lieutenant. He fought in the Chaco War, returned home with the rank of captain, and by 1940 was a major.<sup>59</sup> In 1943 he led the Radepa faction which helped depose Peñaranda, thereby making it possible for him to take office as President of Bolivia.

Thus did rule by a military figure championing traditional socio-economic and political behavior fall prey to a combined nationalistic military-civilian force promising basic changes for Bolivia. MNR militants, comprising the civilian contingent of the force, set the stage for the successful revolt by effectively enlisting popular support for a program offering a better life for the middle and lower classes through tight government control of the nation's

tin exports and its economy.

Perhaps more than any other single development during the Peñaranda years in the Presidential Palace, the Catavi Massacre contributed to the weakening of his hold on the government. This incident gave his opponents, especially the MNR, an opportunity to mount against his administration an effective campaign of destructive criticism. The eleven months following the Massacre found the President in a deteriorating situation, unable to counteract MNR accusations that his regime had compromised its obligations to the fatherland and in particular to the Bolivian laboring class.

Between 1940 and 1943 the MNR under the leadership of Paz had succeeded in spreading a nationalistic social ideology which contributed significantly to the end of the Peñaranda government. This process laid the groundwork for later reform measures made law during the Villarroel administration after that regime obtained diplomatic recognition and some economic cooperation from an unsympathetic, powerful nation far to the north.

# CHAPTER II

## NORMALIZATION OF DIPLOMATIC RELATIONS WITH THE UNITED STATES

The most pressing need confronting the Villarroel government during its first six months in power was the normalization of diplomatic relations with Bolivia's principal trading partner, the United States. That nation purchased nearly all Bolivia's tin exports; and export taxes on tin sales provided more than half of the Bolivian government's total revenue.<sup>1</sup> In early 1944 the United States suspended talks with Bolivia on a new tin contract pending its determination of whether or not to recognize the junta government. This led the Villarroel administration to consider diplomatic recognition by the United States as a prerequisite in assuring continued sales of tin and progress in the tin contract negotiations. United States withdrawal from the talks came at an especially poor time because Bolivia wanted the United States to be receptive to its requests for an extension of an important clause in their tin purchase agreement.

Villarroel and his advisors were very worried about a probable sharp drop in tin prices that would come about in December 1944 as a result of the expiration of a 1942 amendment to the five-year (1940-45) tin-purchasing contract between the United States and Bolivia. Indicators from the United States Department of State left the Villarroel regime gravely concerned; there appeared to be little hope of a permanent extension of the 1942 amendment

whereby the United States agreed to pay \$0.60 a pound for tin rather than the original 1940 contract price of \$0.435 a pound. The State Department informed the Bolivian economic representative in Washington in late December 1943 that the United States procurement agency would continue to purchase tin at sixty cents a pound only on a day-to-day basis. Concurrently, United States Secretary of State Cordell Hull instructed the procurement agency to accept deliveries of Bolivian tin in such a manner as would enable the agency to withdraw from the market without prior notice.<sup>2</sup>

Secretary Hull's actions could have been interpreted as a bluff; however, Bolivia had little choice but to take the State Department seriously. Japan controlled the Malay Peninsula, the Dutch East Indies, and Thailand so Bolivia remained the only other major world supplier of tin for the Allies. This made the United States vulnerable to an interruption in tin imports. On the other hand, Bolivia was in a weaker position. Bolivia's shipping lanes were controlled by the Allies, its tin mining output was always shipped via the west coast of South America to the United States or through the Panama Canal to Great Britain, and the fiscal solvency of the Bolivian central government required an uninterrupted flow of tax revenue from tin sales. Bolivia was therefore very vulnerable to even a temporary lull in tin exports or drop in tin prices.

Both the Bolivian mining conglomerates and the country's treasury needed a steady influx of American dollars.<sup>3</sup> By the year 1943 the United States' share of Bolivia's total export market reached a point where the United States purchased an average of 61 percent of total Bolivian exports, with tin being by far the largest single item.<sup>4</sup> In 1943 total exports amounted to \$81,328,000 with tin sales making up \$54,988,000 of this amount.<sup>5</sup> Awareness of these facts made the Bolivian government quite cognizant of the need to obtain diplomatic recognition from the nation supplying the largest part of its foreign exchange income. In view of this, within days after the coup, the Bolivian embassy in Washington extended assurances to the State Department that the junta would fulfill all agreements then in effect with the United States and continue to support the Allied cause with a foreign policy like that exercised by the prior Peñaranda administration.

In messages to the State Department, the junta stressed the urgency of a speedy return to the cordial relationship which existed between the two countries before the events of December 1943. The Villarroel government referred to the mutual dependence of the two nations that made immediate resumption of diplomatic and economic relations in the best interests of both

Bolivia and the United States.<sup>6</sup>

Bolivia offered the Allied nations abundant quantities of strategic raw materials in exchange for dollars needed to import foodstuffs and manufactured goods. Besides tin, Bolivia exported cinchona, whose bark was required for the manufacture of quinine medication used by the Allied soldiers to combat malaria. Bolivian officials mentioned these points as they expressed an eager willingness to renew full diplomatic, economic, and cultural relations. However, such were not the sentiments of the State Department.

Secretary Hull summarized the United States position in a dispatch of 10 January 1944 addressed to the "Diplomatic Representatives of the American Republics Except Bolivia and Argentina." In it he said that because the new Bolivian government rose to power with the assistance of Nazi Germany and contained elements hostile to continental defense, it was unlikely that the United States would recognize it.<sup>7</sup> Continuing in the same communiqué, Hull termed the MNR members of the junta pro-fascists who were inclined to glorify an all-powerful state without regard for Nazi Germany's threat to hemispheric security. Hull accused MNR leaders of having had connections with Nazi groups in Germany and Argentina. Paz, head of the MNR and at that time Minister of Finance, was said to have frequented the German embassy in La Paz and received funds from Nazi agents to disseminate pro-German propaganda through the MNR's official newspaper, *La Calle*. German money allegedly bought space in this La Paz daily which printed anti-Semitic and pro-Nazi articles.<sup>8</sup> Mention was also made of probable MNR connection with the purported Nazi-inspired subversive activities of Major Elías Belmonte who supposedly plotted to overthrow the Peñaranda government in July 1942.<sup>9</sup>

Hull's dispatch likewise condemned the Radepa segment of the new junta government, describing it as being made up of officers who had been under Nazi influence as associates or followers of Major Belmonte. Secretary Hull said President Villarroel and at least two Radepa members of his cabinet had expressed Nazi-inspired views closely associated with those earlier demonstrated to Hull's satisfaction to have been stated by Belmonte.<sup>10</sup> In addition to this antagonistic attitude of the United States Department of State, actions by a Latin American-based organization further complicated the Bolivian recognition problem.

The Third Foreign Ministers' Conference of American Nations meeting in Rio de Janeiro in 1942 had authorized the establishment of the Emergency Advisory Committee for Political Defense with an aim to investigate and

publicize subversive activities in the hemisphere during World War II.<sup>11</sup> The Conference selected Montevideo, Uruguay as the seat for this Committee, the latter to be made up of representatives from the United States and six Latin American republics. Committee members met for the first time in April 1942 and elected the Vice-President of Uruguay, Alberto Guani, as their chairman.

Guani (1877–1956) had been a prominent Uruguayan statesman since the time of World War I. Prior to becoming Vice-President, he served as Uruguayan Ambassador to various European countries, President of the Assembly of the League of Nations (1927), and Minister of Foreign Affairs (1938–42). Under his direction, the Committee energetically set out to fulfill its intended purpose of developing ways of combating the political warfare of the Axis.<sup>12</sup>

The most dramatic occasion for the exercise of the Committee's responsibility came in 1943 with its response to the twentieth of December Bolivian coup. Fearing that this particular coup represented merely the start of a possible series designed to break down the existing anti-Axis front in the hemisphere, the Committee reacted on 24 December 1943. On that date, the Committee adopted Resolution XXII which recommended that, for the duration of the war, the American nations agree to consult among themselves prior to according recognition to any new government established by force. Finding rapid general acceptance among the American states for this resolution, the Committee went even further on 5 January 1944 when it adopted Resolution XXIII, this time specifically mentioning the Bolivian revolution as an instance in which Resolution XXII should be implemented. The second resolution reiterated the proposals set forth in Resolution XXII, adding the suggestion that usual diplomatic channels be utilized as a mechanism for effectuating necessary exchanges between the American republics.<sup>13</sup>

Thus did the so-called "Guani Doctrine" encourage American nations as a group to question whether any change in government involved a threat to hemispheric defense. Without requiring it, Resolutions XXII and XXIII suggested a joint recognition decision on the part of the Allied nations of the Western Hemisphere before any individual country would take the initiative to recognize a new revolutionary regime such as that in Bolivia. These announcements from an organization set up to monitor threats to hemispheric defense could only harm the image of the Villarroel government. Guani, therefore, received a strong rebuttal from Bolivia.

La Paz newspapers printed the full text of the junta's note of protest sent to the Committee along with editorials abhorring the treatment being

afforded the sovereign nation of Bolivia.<sup>14</sup> *La Calle* insisted that the subject of recognition should be an individual matter for each country to decide independently and condemned the Committee for meddling in Bolivian internal affairs.<sup>15</sup> The newspaper pointed out the incongruity between the Guani Doctrine and international justice. Guani, said *La Calle*, questioned the right of every nation to freely choose the type of government under which it will live. Guani was said to have ignored the basic sovereignty of Bolivia; a position of nonrecognition under the Committee proposal was equivalent to indirect intervention in Bolivian politics.

The Villarroel administration saw World War II as a fight to assure the right of peoples to select the government of their choice. Yet Resolution XXIII introduced a modern theory of prior consultation and investigation to ascertain why an independent nation desired a new administration. Bolivia saw this as a violation of the very principles for which the Allies were fighting. Under the guise of an appeal for continental solidarity, Guani sought to impose an international examination of the Bolivian conscience. Most irritating in the Guani proposal was the complete lack of representation granted Bolivia. Villarroel received no invitation to send a delegate to stand before the Committee examining the junta's actions.<sup>16</sup> While the Villarroel administration and the Bolivian press attacked the work of the Emergency Advisory Committee, the Bolivian foreign office defended the junta against the hostile attitude of the United States.

In January of 1944 the junta responded to harsh criticism from the United States Department of State and Secretary Hull with a conciliatory statement to the State Department stressing Bolivian solidarity with continental defense efforts. The official position of the junta emphasized that the Villarroel administration in its entirety backed the Allied cause. The Bolivian foreign office said its leaders were not pro-Nazi but rather were pro-Bolivian, receiving their orientation from all parties ranging from the conservative to the extreme liberal. The junta accused former President Peñaranda of misleading the State Department labeling as Nazi Bolivian political groups opposed to his regime. The Villarroel administration claimed to represent a new generation of men interested more in fundamental internal changes than in international developments. These men felt disgust toward political graft, desired to better the lot of the Bolivian working class, and hoped to promote an environment of social justice in their country.<sup>17</sup> The United States answer to this position was silence, a reaction indicative of maneuvers by the State Department to isolate Bolivia.

On 28 January 1944 Secretary Hull informed the United States embassies in Latin America that all of the nineteen republics participating in the consultations and exchange of information regarding the Bolivian revolution had stated publicly that they too would not grant recognition to the junta government.<sup>18</sup> Subsequent actions by the State Department indicated continued United States displeasure with the Villarroel regime.

The United States increased pressure on Bolivia during the first months of 1944. The American embassy in La Paz received instructions to refuse visas to Bolivian political figures traveling with passports issued by the new government. State Department directives also brought to a halt military aid under the Lend-Lease agreement, stopped the processing of papers for Bolivian imports from the United States, and suspended most United States technical assistance programs.<sup>19</sup>

Faced with the skepticism and hostility of the State Department, the Bolivian government sought out ways to discern just what Secretary Hull wanted as prerequisites for recognition. On 28 January 1944 a Bolivian confidential agent in Washington called upon the Assistant to the Director of the Office of American Republic Affairs and was told that the junta as it then stood contained elements wholly unacceptable because of their Nazi taint.<sup>20</sup> The continued presence in the junta of certain individuals precluded recognition. After this brief encounter, the Bolivian confidential agent returned to La Paz with the message that Bolivia supposedly knew best what elements in the junta were undesirable to the United States and should act accordingly.<sup>21</sup>

By February 1944 developments in La Paz showed that Bolivia was ready to follow State Department wishes. Villarroel announced on the ninth of February the first of a series of actions aimed at convincing State Department officials that the junta could be depended upon to rid itself and the country of suspected Nazi influences. The announcement consisted of an expropriation decree which provided for the seizure of industrial and commercial enterprises held by subjects of Axis nations living in Bolivia.<sup>22</sup>

Article 108 of the Bolivian Constitution gave the basis under law justifying the expropriation decree. The article regulated commerce and industry when national security or the public good required government intervention. Villarroel's regime reasoned that since Bolivia was at war with the Axis, the expropriation decree constituted a security measure to collaborate fully with the Allied powers.<sup>23</sup>

The President and his cabinet therefore decreed: first, that the public good required expropriation of businesses controlled by citizens of Axis na-

tions with which Bolivia was at war; secondly, the expropriation would be conducted in such a way so as to reimburse those affected; thirdly, the possessions seized would either be transferred to Bolivian nationals who were not in any way connected with Axis firms, or be handed over to an agency of the Bolivian government; and lastly, the money obtained through the sale of these businesses would be deposited in special accounts in the Bolivian Central Bank for the duration of the war with the exception of sufficient funds to allow for the subsistence of the former owners who remained in Bolivia.<sup>24</sup> In this manner, the junta took what it considered a major step in the direction of mollifying State Department suspicions.

A few days later, on the twelfth of February, the junta embarked upon a further action along the same lines, removing from the cabinet some of its more controversial members by accepting the resignations of three cabinet members labeled pro-Nazi by the United States. Only Major Alberto Taborga, Minister of Government, hinted in his departing words the true reason for his leaving the cabinet: "If my departure from the revolutionary junta should lessen the international lack of understanding of Bolivia, then I will have once again served my country."<sup>25</sup> When the cabinet changes and expropriation decree failed to bring a favorable reaction from the United States, the official government newspaper made known its surprise.

A *La Calle* editorial of 5 March 1944 expressed bewilderment at the continued nonrecognition policy of the United States. An unsigned editorial entitled "The Expropriation of Axis Firms and the Nonrecognition by American Nations" pointed out that Peñaranda had allowed Axis firms to take out of Bolivia as much as two million dollars in foreign exchange. Peñaranda ignored the fact that Axis businesses exchanged Bolivian currency for dollars without guarantees that the foreign exchange would be used for purchasing import items needed for business improvements within Bolivia. This resulted in the flight of foreign currency acquired by Axis diplomats under false pretenses. The State Department, continued the editorial, looked favorably upon the Peñaranda administration yet failed to give due credit to the junta for taking essential steps toward ending the war and providing final victory for the Allies. The newspaper pointed out that recent sacrifices made by the Villarroel administration at the very least placed Bolivia in a weakened financial position since, however cautious the expropriation action, there would result a flight of capital and a temporary imbalance of national commerce.<sup>26</sup>

*La Calle* expressed Bolivia's pride in being among the eight American

nations that had expropriated Axis commercial interests. Mexico, Cuba, Brazil, and Peru were especially careful to receive prior guarantees of compensation from the United States. Bolivia received no promise of financial aid to recover monies lost through expropriation actions. Yet, concluded the 5 March 1944 editorial, the United States treated Bolivia in a manner far inferior to treatment accorded nations such as Chile, Paraguay, Colombia, and Venezuela which had poor records relating to their efforts to cut ties with Axis firms.<sup>27</sup>

Minister of Economy Paz spoke out in the same issue of *La Calle* in a full-page interview relating to Paz's views on United States continued non-recognition policy. One reporter asked Paz what guarantees Bolivia had made on the international scene to assure its loyalty to the aims of the United Nations and the Allied cause. Paz answered that the junta, almost immediately after taking control, made known its resolution to renew all agreements for exportation of strategic minerals, augmenting this production if necessary. It accepted the United States proposal for exportation of Bolivian petroleum, resolved the stalemated situation occasioned by the Peñaranda government's lack of interest in developing quinine trade, and took the necessary measures to insure increased quinine production. Later, continued Paz, the Villarroel regime made public its willingness to nationalize Axis firms in Bolivia. Paz concluded by emphasizing that the junta had no obligation to carry through with all these measures unless the United States expressed a desire to negotiate.<sup>28</sup> His words brought no favorable result as the United States apparently desired more before changing its attitude toward recognition.<sup>29</sup>

The junta next tried the dual approach of cleansing itself of all MNR influences and announcing elections for July 1944. Villarroel issued a decree on the twentieth of March setting congressional elections for the following July. He designated the second of July as the date for elections of deputies and senators as a means to normalize the political structure of the nation.<sup>30</sup> His announcement pointed out that this action fulfilled a promise made by the junta at the time of its takeover when it pledged that free elections would be proclaimed as soon as possible. The decree instructed elected congressmen to assemble in La Paz on 1 August 1944 in the capacity of a Constitutional Convention. This Convention would function for ninety days during which it would elect a President and Vice-President, consider constitutional changes consolidating the ideals of the 20 December 1943 revolution, and dictate the necessary laws to implement new constitutional reforms. Subsequently, beginning 6 August 1945 the senators and deputies would function as an

ordinary legislature. Wording in the decree also provided for the smooth exit from the junta of the last of the MNR cabinet ministers.<sup>31</sup>

Article 5 of the decree gave the remaining members of the cabinet branded Nazi by the State Department an excuse to resign while not seeming to bow under pressure from the United States. It required public functionaries who desired to run for congressional offices to resign their posts at least sixty days before the elections. Two weeks after the publishing of the decree, Paz resigned as Minister of Finance and two MNR colleagues stepped down as Minister of Agriculture and General Secretary.<sup>32</sup> Each man said he wanted to abide by the directives as set forth in the election decree and also devote his full energies to campaigning for the upcoming elections.<sup>33</sup>

The removal of the so-called pro-Nazi elements in the Villarroel cabinet and announcement of elections brought a positive reaction from the State department, which interpreted these maneuvers as manifestations of good intentions on the part of the Bolivian government. Secretary Hull's only reservation regarding the junta's actions was concern over the legality of having the Bolivian congress elect the President and Vice-President. So Hull cabled the United States embassy in La Paz for clarification. The embassy's reply assured the Secretary of State that selection of the Bolivian chief executive by Constitutional Convention traditionally was more common a practice than direct election.<sup>34</sup> This satisfied Hull that continued discussion of recognition would not indirectly condone a violation of the Bolivian Constitution by possibly insinuating that the United States would approve of any unconstitutional procedure. Following the clarification of the election process, Hull began to study the advisability of sending a special envoy to Bolivia in order to obtain a firsthand report on the situation in La Paz.

In early May of 1944 Avra M. Warren, the United States Ambassador to Panama, was selected to head a mission to La Paz to study the Bolivian situation with a view to possible renewal of diplomatic relations. A career Foreign Service officer, Warren had served in various Foreign Service posts in Argentina during the 1930s, was United States Ambassador to the Dominican Republic (1942–43), and in March 1944 was appointed Ambassador to Panama.<sup>35</sup> The delegation headed by Warren left for Bolivia on 4 May 1944.

Ambassador Warren notified Secretary Hull on the eighth of May that he had attended two meetings with Villarroel during both of which the President expressed a desire to cooperate in every way with the United States in return for normalization of diplomatic and commercial relations. Warren's communiqué further noted that the Bolivian government regarded United

States recognition as a fundamental need and would trade deportation of Axis nationals in return for such recognition.<sup>36</sup> The Ambassador added that the Villarroel administration wanted to identify itself with the Allied cause and prove its solidarity with hemispheric defense efforts through detention and expulsion of Axis nationals.<sup>37</sup> Unanimous cabinet approval of the deportation resolution strengthened the government's commitment to follow through with this plan. The United States enthusiastically endorsed the deportation offer.

Two days after Villarroel proposed the expulsion of Axis nationals, Warren informed Hull that steps were being taken to prepare a schedule so that German and Japanese aliens could be rounded up simultaneously throughout Bolivia. The Commander of the United States Sixth Air Force made available the necessary planes and personnel to fly the detainees to Panama. The deportation took place on the eighteenth of May using American Flying Fortresses. Concurrently, Secretary Hull cabled the governments of Latin America explaining that the Villarroel regime wished to deport these Axis nationals to show its desire to work together with the Allied powers.<sup>38</sup> Hull's communiqué stated that the United States helped the Bolivian government in the deportation process at the request of Villarroel. His message closed with assurances that the deportation was not connected with the question of recognition.<sup>39</sup> Ambassador Warren arrived back in Washington on 23 May 1944 to report on his trip.

His formal report as circulated to the nations of Latin America on 2 June 1944 strongly implied that the time had come to recognize the Villarroel regime. The report described Paz and the MNR as pro-Nazi, opposed to the United Nations, and sympathetic toward Axis subversive activities in South America. Therefore, Warren concluded, the inclusion of the MNR in the junta government prevented the extension of recognition to the Villarroel administration.<sup>40</sup> Warren went on to say that the recent action of dropping the MNR members from the cabinet removed the main obstacle preventing normalization of diplomatic relations.<sup>41</sup> This and other actions by the Bolivian government showed its accord with the Allied cause.

The Warren report mentioned a second reason for improvement in the Bolivian situation. This further manifestation of hemispheric solidarity consisted of the junta decree providing for expropriation and nationalization of Axis-owned firms located in Bolivia. By late May 1944 several properties were already reorganized under Bolivian management. The report viewed this move as effectively neutralizing German and Japanese incursions into

the Bolivian national economy.<sup>42</sup>

Lastly, Warren praised Villarroel for his order to detain and deport eighty-one German and Japanese nationals all of whom, according to Warren, were documented enemies of the American republics.<sup>43</sup> This and other gestures, said Warren, showed an irrevocable commitment to the cause of the United Nations, warranting a reexamination of the issue of Bolivian recognition.

The final pages of the report surveyed the current political situation in Bolivia and, in so doing, strongly implied that recognition should be granted the Villarroel government. The purge from official positions of MNR members left an internal political environment conducive to actions favorable to the Allied cause. Warren added that United States intelligence sources predicted that the MNR would fare quite poorly in the July 1944 elections. This would allow Villarroel supporters and other pro-United States and United Nations elements to enter the Bolivian congress. From the point of view of the internal political scene, concluded Warren, there was no doubt that the recognition of the Villarroel government would strengthen forces sympathetic toward the Allied cause.<sup>44</sup> Actions by the State Department subsequent to its study of the Warren report showed it was ready to grant recognition to the junta.

During the first week of June 1944 Hull sent a special communiqué to each of the United States embassies in Latin America. In it he included a copy of the Warren report and instructions that it be transmitted to the respective governments. Hull suggested that the Latin nations study the report and decide whether there should be any change in their present policy toward the new Bolivian government.<sup>45</sup> The Secretary of State added his comments, reviewing the simultaneous announcement of nonrecognition issued the previous January. Hull then stressed the importance of again proceeding in unison to reach any change in this nonrecognition policy, and to do so without any publicity. Although Hull stated that the United States was scrupulously refraining from making any decision before the receipt of information from the other American nations, the fact of the communiqué itself implied that the United States wished to recognize Bolivia at that time.

Within two weeks after the transmission of the Hull communiqué, the American republics agreed to a joint recognition and selected the twenty-third of June for the announcement. Hull on the fifteenth of June had already cabled the American embassies saying that Mexico had received the report which favored recognition and that the Mexican foreign office had in turn suggested the American nations simultaneously recognize the junta gov-

ernment on 23 June 1944.<sup>46</sup> All the American republics, with the exception of Argentina—which, independently, had recognized the new regime on the third of January—granted recognition to the Villarroel government on the date suggested by Mexico.

It had taken the Villarroel administration six months of diligent effort to overcome the major obstacle of obtaining United States recognition. The junta during that period saw that its economic survival necessitated the reopening of diplomatic channels with the United States. Major concessions had to be made to secure recognition.

The Villarroel government made significant internal changes in 1944 to convince the State Department of its support of the Allied cause. Villarroel offered increased production of strategic raw materials, he rid his cabinet of suspected pro-Nazi members, expropriated Axis business firms, called elections, and arranged to expel Axis nationals. Avra Warren reviewed these actions in May of 1944 and shortly thereafter nineteen American republics, including the United States, agreed to recognize the junta regime. With diplomatic channels again open to its trading partners, the Villarroel administration could, it was hoped, now concentrate on domestic issues.

But the new regime had hardly overcome its first major challenge when an attempted coup confronted the Villarroel government with a new problem in late 1944.