

The United States, Germany, and the Bolivian Revolutionaries (1941-1946)

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NATIONS, LIKE INDIVIDUALS, have obsessions and compulsions which may give rise to patriotic causes or political crusades. The aggressive drives men expressed in the past in religious conflict often work themselves out today in secular ideological struggle. Masses of men are mobilized for great causes more often by appeals to their emotions than to their reason, and patriotic fervor may take punitive and cruel forms, sweeping aside all opposition.

For almost a quarter of a century Americans have been in a fluctuating state of apprehension about international Communism. During that time fear of the Soviet Union and China has, perhaps, shaped U.S. policy toward faraway Latin America more than any other single factor. The United States has sometimes seemed more zealous in resisting Russians in its relations with Guatemala, Cuba, and Santo Domingo than in its relations with the Soviet Union itself. Irresistible political pressures, partly the product of the nation's emotional state, have caused all kinds of distortions in U.S. policy.

The intensity of the anti-Communist crusade in postwar U.S. policy in Latin America should come as no surprise to those who followed U.S. policy there during World War II. In this earlier period Nazis and Fascists bore the brunt of the nation's zeal. Much of the U.S. diplomatic and intelligence effort against Nazis in Latin America was directed at Axis sympathizers in Argentina. Some United States officials also believed that there was a dangerous Nazi-Fascist movement in Bolivia, fomented and controlled from Berlin and Buenos Aires. The United States never established this latter point conclusively, as we shall see below, but this did not prevent U.S. officials from a relentless pursuit of the perceived enemy.

The U.S. campaign against "Nazi Fascism" in Bolivia involved three interrelated episodes, each having far-reaching implications for

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Bolivian internal development and U.S.-Bolivian relations. The first was the "Nazi Putsch" of 1941; the second, the initial refusal of the U.S. to recognize the Villarroel government in 1944; and the third, the 1946 publication of the Blue Book against Perón. A central consideration in these episodes was the charge of Nazi Fascism against the Movimiento Nacionalista Revolucionario (MNR), a charge that was widely believed not only in government circles but in U.S. universities and by the public at large. The campaign "against the Axis" in Bolivia in the 1940s left an indelible mark on Bolivian political history and the record of U.S. diplomacy in the region.

Captured German documents, documents in the Department of State archives,¹ recently published memoirs, and interviews with leading participants now make it possible to describe these episodes more fully than ever before. One intriguing mystery which these documents help solve is the origin of the Belmonte-Wendler letter, an incriminating document the publication of which set the stage for the first episode, the "Nazi Putsch." To understand that, background on Bolivian-German relations is useful.

Germany and the Bolivian Military

Germany had great influence in Bolivia during the 1930s. Her nationals controlled the local airlines and were extremely influential in local trade and finance. Argentina, whose ties with Germany and Italy were also strong, maintained close relations with Bolivia, and the traditional military rivalries with such neighbors as Paraguay and Chile did not mar Bolivian-Argentine ties. Many leading Bolivians were educated in local German schools and looked to Germany as other Bolivians looked to France or England. Revolutionary groups in Bolivia tended to direct their ire at English tin interests and U.S. oil interests, a form of anti-imperialist attack to which the Germans were not subject.

Respect for and sympathy with Germany was greatest in the armed forces. A German military mission had trained the Bolivian army, and a German general, Hans Kundt, had served as commander-in-chief. Bolivian officers admired Germany's technical and military prowess, most dramatically illustrated by the German armed forces' shattering achievements of the late 1930s and the early 1940s. To

1. I have examined the U.S. diplomatic archives on Bolivia through 1944, the material 1942 through 1944 subject to official clearance. All of my notes on the 1942-44 materials were cleared and returned to me, some with restrictions on direct quotation and attribution. The archival materials on Bolivia published in *Foreign Relations of the United States* were consulted through 1946.

many officers and their civilian associates, Germany's totalitarian methods appeared as a solution to the corruption and divisions of Bolivia's small middle class and appropriate to a country whose population was composed largely of illiterate Indians.

When the young military leaders from the Chaco War, David Toro and later Germán Busch, seized the Bolivian presidency and swept aside the traditional leadership, some of the Bolivian officers looked increasingly to the Nazi model. In April 1939 the then President Germán Busch sought desperately to overcome corruption, inertia, and the breakdown of popular support for his government through "drastic measures of 'purification' and rejuvenation."² He proposed the end of constitutional government and the establishment of a dictatorship along totalitarian lines. Before making this political bombshell public, he sought German support.

On April 9, 1939, he invited the German Minister, Ernst Wendler, to his private quarters to seek the "moral and material support" of Germany and the other anti-Comintern powers "to establish order and authority in the state through a complete change in the system and the transition to a totalitarian state form."³ To achieve these goals he sought the assistance of a German Government Commission of advisors for constitutional, administrative, financial, economic, social and educational questions. He expressed his interest in German assistance especially in view of the possible opposition to his move from the United States and elsewhere. President Busch's initiative fired the excitement of Minister Wendler who sent off a series of cables to Berlin including plans for economic collaboration and a discussion of the possibility of forming an anti-Comintern group in South America of Argentina, Bolivia, and Peru.⁴

Concerned with weightier problems in Europe, the German Foreign Office was alarmed by this spate of activity from the mountain vastness of South America, and before assembling a comprehensive reply, sent a short message cautioning Wendler to be reserved and cease giving advice to the Bolivian government.⁵ Berlin took nearly two weeks, that is until April 22, to reply:

We believe that it would not be in the interests of the President himself nor in the interest of good relations between

2. Herbert S. Klein, *Parties and Political Change in Bolivia 1880-1952* (Cambridge, 1969), p. 308.

3. Telegram 8 of April 9, 1939. La Paz to Berlin. German Foreign Ministry archives microfilm serial 203/141600. Unless otherwise indicated, this and other translations from the German are by the author.

4. Telegram 18 of April 11, 1939. La Paz to Berlin. Serial 203/141601.

5. Telegram 15 of April 13, 1939. Berlin to La Paz. Serial 203/141602.

our two countries if the introduction of a change in the system and the transition to a totalitarian form of government could be linked in any way with German support. The German government wishes to avoid any conspicuous measures, such as the sending of a staff of advisors before any such change had taken place.⁶

Replying for the Foreign Office, Weizsacker also cautioned Wendler to avoid a rift with Busch and said that the question of advisors could be considered later. He suggested that Wendler make clear he did not speak for the other anti-Comintern powers and that his future cables on the subject *not* be addressed to the Führer and the Chancellor.

As promised, President Busch ended the constitutional government and established a dictatorship on April 24. Thereafter, his government introduced revolutionary decrees including a new labor code and controls over all foreign exchange arising from tin sales. Busch's suicide in August 1939 ended his revolutionary program and any hopes of comprehensive support from Nazi Germany. Within a few years, the MNR leadership enshrined Busch as an honored hero in the Party's pantheon of precursors.

This early Bolivian exchange with the Nazis is significant not for what it produced in itself but rather as an indicator of the tenuous nature of the Bolivian-German relationship and the limited capacity of the two powers to meet each other's needs. President Busch's primary preoccupation was with Bolivia's domestic problems and keeping his own government and program afloat. The diplomatic exchanges give no sign of any German controlled mass movement. Busch was reaching out desperately for help wherever he could find it. And the German Foreign Office, while not wishing to dash cold water on the hopes of a potential ally, was clearly wary of open-ended involvements, the cost and repercussions of which could not be predicted.

After Busch's death, tradition-minded military leaders took over and Bolivia's old elite, the "Rosca," returned fully to power with the election of General Peñaranda to the presidency in 1940. The new government, closely linked to the tin interests, was more sympathetic to the United States and Great Britain.

The "Nazi-Putsch"

When the Peñaranda government took office, Bolivia's relations with the United States were troubled by a dispute involving the

6. Telegram 20 of April 22, 1939. Berlin to La Paz. Serial 203/141605-6.

Standard Oil Company. In 1937 then President David Toro had annulled the company's petroleum concession and seized its properties. In part, this action resulted from national indignation over government charges that the company was guilty of tax evasion and had illegally exported oil to Argentina. In addition, the company had not provided the assistance the government desired during the Chaco War (1932-35). The government's anti-imperialist stand appeared to temper national frustrations and disappointments over defeat in the war.⁷

Many of the men who later founded and led the MNR were among the sponsors and supporters of the seizure.⁸ Víctor Paz Estenssoro, Under Secretary of Treasury in the Toro government, spoke out strongly in defense of the "nation's resources" (linking oil with the tin question) and supported efforts of the subsequent Busch regime to control the large tin companies and enforce the decree against Standard Oil.⁹ The founders of the MNR charged that Standard Oil was attempting to recover possession of its oil rights and properties, not simply seeking indemnification. They signed a manifesto in July 1941 opposing any change in the disposition of the case.¹⁰ The MNR men stuck firmly to their guns partly because the oil dispute related to their "anti-imperialist" position on tin and to the important principle that Bolivia should control its own natural resources rather than let them be exploited by foreign countries.

This fierce and open opposition to Standard Oil's claims brought the MNR into direct conflict with the United States government. The latter was concerned not simply with securing compensation for a single private U.S. company, but with the principle of compensation since the U.S. had so much property at stake in Latin America.

The Bolivian oil controversy also had far wider political and strategic implications. As the war clouds gathered in Europe, the U.S. was concerned about access to oil in the Western Hemisphere. Moreover, the U.S. needed a good working relationship with the Bolivian government in order to insure easy access to tin, the Asian sources of which were first threatened and later cut off during the war. After hostilities broke out in Europe, the U.S. became increasingly pre-

7. Bryce Wood, *The Making of the Good Neighbor Policy* (New York, 1967), 168 ff. See also Herbert S. Klein, "American Oil Companies in Latin America: The Bolivian Experience," *Inter-American Economic Affairs*, Autumn 1964.

8. Luis Peñaloza C., *Historia del movimiento nacionalista revolucionario 1941-1952* (La Paz, 1963), p. 21.

9. José Fellman Velarde, *Víctor Paz Estenssoro: El hombre y la revolución* (La Paz, 1954), p. 88 ff.

10. Alberto Mendoza López, *La soberanía de Bolivia estrangulada* (La Paz, 1952), p. 159.

occupied with control of Axis nationals in Bolivia and elsewhere in the Americas. To encourage cooperation in continental defense, Washington was prepared to provide extensive economic assistance to Bolivia, but it was awkward to reward a government which had refused to cooperate with the United States in arranging compensation for the confiscated Standard Oil property.

Tempted by the prospects of economic assistance and less committed to the move against Standard Oil than its predecessor governments, the Peñaranda administration which took office in 1940 sought a compromise with the United States. Unable to command a majority in the Congress, the Peñaranda administration feared flying in the face of political opposition, including the MNR, especially in view of public sentiments against giving in to Standard Oil.

As the world conflict deepened in the summer of 1941, both governments were seeking a pretext for resolving the dispute over the Standard Oil properties in order to clear the way for Bolivian participation in hemispheric defense and in the expected economic benefits associated therewith. The so-called "Nazi Putsch" episode of July 1941 set the stage for the realization of these objectives.

The origin of the episode was an alleged plot to overthrow the Bolivian government. On the morning of July 18, 1941, Douglas Jenkins, the U.S. minister in La Paz, gave Foreign Minister Ostria Gutiérrez a photocopy of what purported to be a letter addressed to the German minister in La Paz, Wendler, from Major Elías Belmonte, the Bolivian military attaché in Berlin.¹¹ The letter declared that "the time is approaching to carry out our coup to liberate my poor country from a weak government of completely capitalist inclinations." The letter also recommended that the coup take place in the middle of July and it proposed the concentration of "our forces" in Cochabamba.¹² Jenkins said that the source of the information merited full confidence, but that the Department of State was unable to guarantee the authenticity of the signature because Belmonte's signature was unknown in the Department.

Belmonte, an army major trained by General Kundt, opposed the pre-Chaco War military leadership, and was active in the military takeovers of the 1930s. He exercised considerable influence in the administration of Germán Busch, for a short time as Minister of Gov-

11. Alberto Ostria Gutiérrez, *Una revolución tras los Andes* (Santiago, Chile, 1944), p. 133 ff.

12. *Ibid.*, p. 134. The text of the supposed letter is also contained in Elías Belmonte Pabón, *Justificativos de nuestra rebelión* (1942, publisher unknown). The text is on p. 268 ff. Unless otherwise indicated, this and other translations from Spanish are by the author.

ernment. His writings favored an authoritarian state for Bolivia in view of the low cultural and political level of the people. Belmonte was a long-standing critic of Standard Oil and held the company responsible for attempts to discredit him with Busch while he was still in La Paz.¹³

On the basis of the document supplied by Jenkins and of other political and security considerations, the Peñaranda government decided on July 19, 1941 to declare the German minister *persona non grata* and expel him from the country. Belmonte was dismissed from the army effective July 24 for "treason" while still in Germany.¹⁴ Also, the government declared a state of siege throughout Bolivia to cope with the supposed insurrectionary threat.

The Bolivian government charged that Nazi-Fascists in Bolivia were preparing to overthrow the government as part of Nazi Germany's efforts to establish her hegemony in Bolivia and to engulf the entire continent. Sumner Welles, the Under-Secretary of State, indicated the existence of evidence against the German minister and publicly supported the Bolivian government's actions.¹⁵ Washington interpreted the Bolivian government's prompt and decisive action in nipping the alleged coup in the bud as solid evidence of Bolivia's intention to collaborate with the United States in continental defense against the mounting Axis menace.

Under powers deriving from the state of siege, the government closed three periodicals published by leaders of the MNR, including the daily, *La Calle*. A group of military officers and civilians were arrested and imprisoned, figuring among the latter the MNR leaders Armando Arce, Walter Guevara Arze, Carlos Montenegro, and Augusto Céspedes. Some were imprisoned for up to several months. Víctor Paz Estenssoro and others of their associates who were members of congress were spared arrest because of parliamentary immunity. The government's action associated those arrested with "Nazi Fascism" in the public mind and temporarily silenced some of the government's most vocal critics.

On August 1, ten days after the alleged "Putsch" and the government's efforts to suppress it had been made public, the Bolivian minister in Washington received a note from the Department of State proposing a long-term plan of collaboration "to foster continued mutually beneficial economic relations between the United States and Bolivia and to develop the national economy and national resources

13. Belmonte, *Justificativos*, chapters 21 through 24.

14. *Ibid.*, p. 266.

15. *New York Times*, July 22, 1941, p. 5.

of Bolivia.¹⁶ Newspapers in La Paz carried varying estimates of how much the loan might come to, varying from \$20 million to \$200 million.¹⁷ The timing of the U.S. announcement makes it difficult to escape the conclusion that the offer of economic assistance rewarded a country which took a firm public stand in support of U.S. efforts to check German influence in the Americas.

The other development which facilitated the government's wishes to achieve a settlement with the United States was the Japanese attack on Pearl Harbor on December 7, 1941. The latter established a climate of sympathy for the United States in La Paz, thereby facilitating a settlement of the Standard Oil controversy as well as Bolivian participation in U.S. plans for continental defense.

The Inter-American meeting in Rio de Janeiro about one month later provided a forum for a broad settlement. On January 27, 1942, the Bolivian government and the Standard Oil Company of Bolivia and of New Jersey reached a settlement for \$1.7 million. The very next day in Rio de Janeiro the United States signed a \$25 million economic development program with Bolivia, based on studies of an economic mission headed by Mervin L. Bohan, and the Bolivian government announced the severance of diplomatic relations with the Axis.

The settlement with Standard Oil was criticized widely in Bolivia, not the least by the MNR. Víctor Paz Estenssoro charged that the Bolivian government was more concerned with the interests of Standard Oil than those of Bolivia, and that the company would probably use the compensation for payoffs in Bolivia.¹⁸ Augusto Céspedes called the settlement a "vulgar deal" which was an infringement on Bolivian sovereignty and national pride.¹⁹

In fact, the settlement provided grounds for satisfaction on the part of both parties.²⁰ Bolivia received \$25 million in economic assistance following a payment of \$1.7 million to Standard Oil. The United States government succeeded in having the principal of compensation recognized, and the expulsion of the German Minister paved the way for military collaboration with Bolivia in the war effort. Whether, as the MNR group maintained, the United States would have provided economic assistance to Bolivia in the face of a refusal to settle with Standard Oil will never be known. In any case, it is a

16. U.S. Department of State, *Foreign Relations of the United States, 1941* (Washington, 1963), VI, 436.

17. *Ibid.*, 438.

18. Augusto Céspedes, *El presidente colgado* (La Paz, 1966), p. 86.

19. *Ibid.*, p. 84 ff.

20. Wood, *Making of the Good Neighbor Policy*, p. 197 ff.

fair presumption that the settlement substantially expedited U.S. economic assistance and had a direct bearing on the amount of assistance extended.

The Falsified Belmonte-Wendler Letter

Documents available in the U.S. and German archives and other sources now make it possible to unravel the mystery of the origins of the Belmonte-Wendler letter. On April 16, 1941, the American legation in La Paz reported Foreign Minister Ostría Gutiérrez' charge that the "German government was sending out communications from Belmonte in the German legation's pouch, and that the German Minister endeavored to deliver these messages from Belmonte to the Bolivian army officers and others concerned."²¹ On May 16, 1941, Embassy Bogotá reported that:

British have absolutely reliable information that Belmonte, Bolivian Military Attaché Berlin, is sending now (repeat now) via Lati incriminating documents in German Diplomatic Pouch to La Paz. It is believed that these include plans for overthrow of present Bolivian government which, while timid to take action itself, has indicated to British willingness to assist in seizing bag and if plans are found to break relations with Germany.²²

On July 5, 1941 the Department of Justice transmitted to the Department of State the photocopy of the Belmonte-Wendler letter.²³ In transmitting the photocopy to the U.S. Minister in La Paz, Douglas Jenkins, Laurence Duggan wrote that "I am not, of course, in a position to judge as to the authenticity of Belmonte's letter."²⁴ In any case, the Department of State took an even more cautious line about the document's authenticity thereafter.²⁵

Hitherto unpublished material in the archives throws light on the

21. Dispatch 759 of April 16, 1941 from La Paz. Department of State Archives, 824-00/1038.

22. Telegram 155 of May 16, 1941 from Bogotá. Department of State Archives 824.00/1043.

23. The Department of Justice's letter of transmittal is not available for public examination, but its existence is proved by an entry in the Department of State Log Book.

24. Letter of July 10, 1941 from Laurence Duggan to Douglas Jenkins. Department of State Archives, 824.00 Revolutions/68. Mr. Duggan's instructions tend to confirm the account of the later meeting as described by Dr. Ostría Gutiérrez in his book, *Una revolución tras los Andes*.

25. Telegram of July 24, 1941 sent from Washington to La Paz. Department of State Archives, 824.00 Revolution/91A.

Bolivian government's motives at this time. Not long after delivering the letter, Jenkins reported that the "Minister [Foreign Minister] requests me to say that speedy economic help is the most important thing our government can do for the Bolivian government at this time and begs that loan be arranged before Congress meets August 6. As in the past he urges strongly arrangements to complete Santa Cruz railway . . . I have been opposed . . . but President Peñaranda, Ostria Gutiérrez, and other ministers seem to regard this matter so important politically at this time that I am inclined to suggest you give it renewed consideration."²⁶

Washington's doubts about the letter's authenticity were confirmed a few days later when Ambassador Spruille Braden sent the following telegram from Bogotá:

Referring my telegram 155, my informant (described in my telegram 209) tells me in strictest secrecy (repeat secrecy) that having been unable to get possession of German pouch, documents were manufactured and given to Bolivian authorities. He believes these papers which he describes as "works of art" were basic influence in Bolivian Government's action over the week end but admits possibility that genuinely incriminating evidence may also have been uncovered in La Paz.

My informant whose operative in Bolivia is I am told an American engineer John L. Middleton declares he has told no one but me, not even British Minister. The latter in discussing Bolivian events with me this morning stated he proposed to capitalize on incident in conversation with Colombian Foreign Minister and expressed hope I would do likewise.²⁷

The informant described in telegram 209 was a former "honorary attaché to the British legation at Havana" who was "largely concerned with intelligence work."²⁸

Meanwhile, the Bolivian government's revelation of the "plot" had thrown the German legation into an uproar, and there was a flurry of coded diplomatic cables between La Paz and Berlin. I have reviewed hundreds of these messages, none of which give any indication that the letter was authentic. In a confidential telegram dated July 20 Wendler asserted that "The charges against the legation are

26. Telegram 162 of July 21, 1941 from La Paz. Department of State Archives, 824.00 Revolutions/73.

27. Telegram 284 of July 21, 1941 from Bogotá. Department of State Archives, 824.00/1062.

28. Telegram 209 of June 14, 1941 from Bogotá. Department of State Archives, 701.4121/16.

pure fabrications.”²⁹ In a coded message to Berlin the following day Wendler issued an even more categorical denial: “I have never been in contact with Major Belmonte and during my assignment to La Paz I have never received any such transmission of letters or other messages from Bolivians locally or from Bolivians abroad.”³⁰

Still mystified by the affair, Under Secretary Ernst Woermann wired Santiago, to which city Minister Wendler had repaired, that the Foreign Minister requested him to report “for internal use only the unvarnished circumstances of the real background of the Bolivian government’s action against you.”³¹ The message expressed concern that Wendler might be “compromised” and to indicate whether there was any evidence against him. Wendler’s reply on July 27 was once again categorical:

For the action of the Bolivian government, three facts are manifestly conclusive. First and foremost, the falsified Belmonte letter which was apparently delivered [to the Bolivian government] by the United States. Second, the false denunciations of Jewish and political emigrés. Third, the propaganda against the plutocracies which has been very burdensome [to the Bolivian government] and to the United States. In the latter connection our interests have coincided with the steadily growing totalitarian minded opposition in socialist and military circles. The leader of the movement was supported by us.

There are no antecedents which could compromise me. I have never given anything in writing and when they have spoken to me of the necessity of a coup, I have always objected orally that any such thing would be hopeless under existing conditions. Now, should such plans really have existed, then I am completely uninvolved.³²

Simultaneously, Woermann sought to check out the facts with Belmonte who returned to Berlin from a vacation in the south. Woermann showed him the text of the alleged letter on July 26 and Belmonte declared with complete “decisiveness” that “he had never been in touch with Wendler, nor had he ever received a letter from

29. Telegram 211 of July 20, 1941 from the German Legation in La Paz to the Foreign Ministry. German Foreign Ministry archives microfilm serial 199/140898-99. Full text translated in U.S. Department of State, *Documents on German Foreign Policy 1918-1945*, Series D, Volume XIII, 195.

30. Telegram 21 of July 21, 1941 from the German Legation in La Paz to the Foreign Ministry. Serial 203/141644.

31. Telegram 398 of July 24, 1941 from the Foreign Ministry to Wendler in Santiago. Serial 203/141660.

32. Telegram 396 of July 27, 1941, from Wendler in Santiago to the Foreign Ministry. Serial 203/141672. Translation assistance from Dr. Gert Müller.

him nor had he sent a letter.”³³ Belmonte said the whole thing was an “obvious falsification.” After describing Belmonte’s participation in the Busch administration, Woermann said that Belmonte “had opposed American influence in Bolivian petroleum.” British Intelligence appeared to be having the time of its life for Belmonte admitted, when queried by Woermann, that he had received a telegram from “Fritz” in Buenos Aires the text of which was as follows: “Watch out. Letter stolen. Fear possibility you are in danger.” Belmonte told Woermann he didn’t know “Fritz” and the contents of the telegram were incomprehensible.

In his memorandum of the conversation Woermann expressed his personal impression of Belmonte:

Belmonte, who apparently has Indian blood, has a revolutionary nature despite his controlled bearing. He makes no secret that he is against the present Bolivian government and expressed himself as friendly towards Germany if he should sometime come to power. Under the circumstances and in accord with my personal impression, I exclude the possibility that he is in a plot with him [Wendler] and is putting on a show against us [to deceive us].³⁴

The German archives show that the German Foreign Office remained in contact with Belmonte after his dismissal from the Bolivian army and describe meetings with him especially in connection with the publication of a book, no doubt that cited in footnote 12. Belmonte remained in Germany until 1944, later traveling to Spain, Argentina, and Peru, where he is now in private business. He indicated that the Bolivian army formally withdrew the charges of treason against him in 1965 on the grounds of insufficient evidence. Belmonte now looks back philosophically on the letter episode which was so decisive for his career, claiming that “if it had not been for the letter, I would have probably become a general and ended up with a miserable pension.”³⁵ After the war Ernst Wendler settled down in a family business in West Germany, and correspondence with him throws no further light on the affair.

The Belmonte-Wendler letter was fabricated by Station M. This was a British facility controlled by the Chief of British intelligence in the United States, William Stephenson, who was resident in New

33. Foreign Ministry memorandum, Berlin, July 26, 1941, signed by Ernst Woermann. Serial number 199/140876 through 140880.

34. *Ibid.*

35. Interview, July 8, 1969, Lima, Peru.

York.³⁶ Station M, perhaps named for the British playwright, Eric Maschwitz, who then worked for British Intelligence, fabricated letters and other documents mostly for use against Nazis in Latin America. In his memoirs Maschwitz refers only briefly to Station M:

The operations with which I was concerned under a genius known as "Little Bill" [William Stephenson; Big Bill was Wild Bill Donovan, later chief of the OSS], were many and curious. In them I was associated in turn with a German ex-cabinet Minister, an astrologer, a South American professor, a stock broker, an industrial chemist, and two splendid ruffians who could reproduce faultlessly the imprint of any typewriter on earth. I controlled a chemical laboratory in one place, a photographic studio in another. My travels took me to Canada, Brazil, and Bermuda; I spent a good deal of time in Washington, D. C.³⁷

In *Room 3603* H. Montgomery Hyde describes many documents fabricated by Station M for use against Germans in Latin America. In the immediately following section, he also describes the "Nazi Putsch" episode in detail. Hyde says J. Edgar Hoover expressed his concern to Stephenson about a possible Nazi coup in Bolivia early in May 1941. In fact, Hoover's concern may have stemmed partly from the British Intelligence report quoted above (note 22) that Belmonte was using the German diplomatic pouch. Stephenson thereupon sent Hyde to Bolivia. Hyde's account is ambiguous, perhaps deliberately so, leaving the impression with the casual reader that the Belmonte-Wendler letter was genuine, while in fact not being explicit one way or the other. For example, Hyde gives as authority for the theft of the letter a report of an FBI agent that "he understood that a British agent had managed to deprive Fenthol [Fritz Fenthol, a German 'businessman'] of a letter in an overcrowded lift," rather than any British source. Hyde does confirm that Stephenson handed the letter to J. Edgar Hoover. Also, there are a number of places in the text where an attentive reader may infer that Hyde is proud of Station M's handiwork without wishing to take credit for it openly. There are several possible reasons for his not openly assuming responsibility, apart from the usual reluctance to describe clandestine operations openly. If U.S. officials did not know the letter was fabricated, the British misled their American colleagues. If the latter did

36. H. Montgomery Hyde, *Room 3603* (New York, 1962), p. 134 ff. Published in Great Britain under the title, *The Quiet Canadian*.

37. Eric Maschwitz, *No Chip on My Shoulder* (London, 1947), pp. 144-145.

know, then the U.S. was a party to a British intelligence operation against the Germans before Pearl Harbor.

In a recent letter to Mr. Hyde, I inquired about the correctness of my conclusion that the Belmonte-Wendler letter was a product of Station M. He replied in a letter to me dated March 18, 1971:

Your conjecture is quite correct. The Belmonte letter was in fact fabricated by British Intelligence at Station M. After the job had been done I took the letter to the principal handwriting expert at the RCMP headquarters in Ottawa, together with some genuine examples of Belmonte's autograph signature. After a very thorough scrutiny and testing, the signature on the letter was pronounced to be 'almost certainly authentic.'

At the time I wrote THE QUIET CANADIAN [Room 3603] I thought it better to be rather noncommittal on the point, but at this passage of time I have no objection to your quoting me by way of confirmation of the statement made by the high U.S. official you mention. [Spruille Braden—note 27]

The falsification of the Belmonte-Wendler letter was one of the clever and successful intelligence operations of World War II. The British-arranged maneuver eventually led to the elimination of German influence in Bolivia and her closer association with the United Nations. Since Bolivia was one of the nations with closest ties to Argentina, the former's expulsion of the German Minister was a landmark in the British campaign to isolate Argentina and bring the rest of the American nations over to the Allied side. Perhaps, even more important, the British maneuver deeply committed the still neutral U.S., which served as the channel for the delivery of the forged document, to mobilizing the Latin American nations against Germany. The Bolivian government declared war on the Axis in April 1943.

I have uncovered no evidence that the United States deliberately sought to discredit the MNR leaders at this time, and no reference was made to the MNR leaders in the so-called Belmonte-Wendler letter. Nevertheless, the effect of the "Nazi Putsch" episode was precisely that. The "Nazi Putsch" provided the Bolivian government with an opportunity to jail the MNR leaders, silence the MNR press, put the opposition on the defensive, and gave color to the Bolivian government's charge that the MNR was pro-Nazi. It thus appears that the MNR became a victim of the Peñaranda administration's maneuvers in domestic and international politics as well as of United States anti-German policy in South America. What later became most hurtful to U.S.-Bolivian relations was the U.S. campaign against

the MNR in early 1944, for which the Belmonte-Wendler letter set the stage.

The U.S. Versus the MNR: Non-recognition (1944)

Whereas the MNR group appeared to be only an incidental casualty in diplomatic moves of July 1941, the U.S. took direct action against the MNR some two years later. On December 20, 1943, some young military officers acting together with the MNR leadership overthrew President Peñaranda and installed Major Gualberto Villarroel as head of the government. One of the first items on the new regime's agenda was recognition by the United States, which was necessary in order to continue negotiations over the tin sales so vital to Bolivia.

Within hours of its assumption of control, the Villarroel government sought to reassure Washington about its desire to have good relations with the United States and support the United Nations in the war against the Axis. By December 23 the new government had transmitted a formal statement to the American Ambassador to this effect. The Villarroel administration committed itself to negotiations for the exclusive sale of quinine and anti-malarial products to the United States, the nationalization of companies of German and Japanese citizens, the freezing of funds associated therewith, and a new tin contract, preferably at higher prices.³⁸

Meanwhile, the State Department had instructed the Ambassador on December 22 *not* to call at the Foreign Office as he had planned and publicly announced that considerations of hemispheric security were relevant to the recognition of the new regime, that it needed to determine, with respect to the coup, "whether outside influence unfriendly to the Allied cause played any part." Secretary Cordell Hull continued that "it must never be forgotten that the Hemisphere is at present under sinister and subversive attack by the Axis, assisted by some elements within the hemisphere itself."³⁹ The American Ambassador in La Paz reported to the Secretary of State that it was probable that the MNR had received financial support and small arms from German and possibly Japanese firms in La Paz and Argentina.⁴⁰

Argentina promptly recognized the Villarroel government early in the new year (1944). The United States, on the other hand, continued to withhold recognition, and on January 10 Secretary Hull

38. U.S. Department of State, *Foreign Relations of the United States, 1943* (Washington, D.C., 1965), V, 537.

39. *Ibid.*, p. 536.

40. *Ibid.*, p. 539 ff.

circulated among the other American republics (except Argentina) on a confidential basis a memorandum describing the pro-Axis orientation and activities of the MNR excerpts from which follow:

1. The Bolivian revolutionary regime is made up of two groups: members of the MNR, a pro-fascist political party, and young army officers . . . under Nazi influence as followers or associates of the notorious Major Elías Belmonte.

2. The recently-published official program and platform of the MNR [are] . . . hostile to continental interests. . . . disparage democracy, are anti-Semitic, glorify the leadership principle and an all-powerful state and disregard the threat to hemisphere security from Nazi Germany.

3. The MNR leaders have been connected with Nazi groups in Germany and Argentina. Paz Estenssoro . . . frequented the German Embassy in La Paz and received money from Nazi agents for carrying on pro-German propaganda together with party associates . . . Céspedes, . . . and . . . Montenegro . . .

He was involved in 1941 in Nazi-inspired subversive activities of Major Belmonte. In 1942 Paz Estenssoro formed connections with Dionisio Foianini, associate of Belmonte who was engaged in a plot with the help of the German Ambassador in Buenos Aires against the Peñaranda government. The official newspaper of the MNR—*La Calle* received German subsidies and its articles expressed an attitude of hostility to the democracy. MNR congressional deputies opposed adherence of Bolivia to the Declaration by United Nations and filibustered to impede legislation to speed the war effort. . . . [Paz Estenssoro] associated with Argentine pro-Nazis such as Pertiné, Mayor of Buenos Aires, Iburguren, publicist and writer, and others. . . .

5. Members of the Junta received financial support from pro-Nazi sources. [Paz Estenssoro] received money from Admiral Scasso, and . . . made arrangements for arms and additional financial assistance. . . . Three million bolivianos were secured from German and Argentine sources for the revolt.⁴¹

The United States not only firmly expressed its own intention to withhold recognition from the new regime, but also exerted its influence through the Emergency Committee for Political Defense in Montevideo and through bilateral conversations to the end that the remaining American Republics would withhold recognition as well. By January 28 Secretary Hull was able to cable his Ambassadors that all nineteen governments participating in consultations regarding

41. U.S. Department of State, *Foreign Relations of the United States, 1944* (Washington, D.C., 1967), VII, p. 431 ff.

the new Bolivian regime had publicly refused recognition, an "achievement" which he considered a "timely tribute" to their solidarity.⁴²

In his public statement explaining the "negative" disposition of the recognition question, Secretary Hull said that the Villarroel coup of December 20, 1943, was "but one act committed by a general subversive movement." He linked the coup to subversive groups hostile to the Allied cause who have been "plotting disturbances against American governments cooperating in defense of the Hemisphere against Axis aggression."⁴³

When the Bolivian representative in Washington asked a high State Department official, Laurence Duggan, on January 28, 1944, to explain the U.S. policy and inquired how this government might get back in "our good graces," Duggan replied that the composition of the revolutionary junta precluded recognition.⁴⁴ In a telegram to the embassy in La Paz the Department of State was more communicative, and explained that a decision about recognition would be based upon "the extent to which the new organization would constitute a strong representative central government with pro-Axis influences eliminated."⁴⁵

Washington kept up the pressure. The Department instructed the Embassy to refuse visas to Bolivian political figures traveling under passports issued by the new regime, to stop processing papers for Bolivian imports from the U.S., and to suspend certain technical assistance programs. When the Bolivian representative asked on February 9 when the lendlease shipments to Bolivia could be resumed, Duggan told him "very frankly that there would be no further lendlease shipments as long as there was an unrecognized government . . . [and] the more difficult would become relations between the two countries."⁴⁶

Meanwhile, the Villarroel government attempted to reassure Washington and dropped three cabinet members, including two of the top leaders of the MNR, Augusto Céspedes and Carlos Montenegro. Nonetheless, Washington stuck to its guns and cabled its Ambassadors in Latin America on February 17 that "it is not felt that these shifts have materially altered the character of the Junta."⁴⁷

42. *Ibid.*, pp. 443-444.

43. *Ibid.*, p. 440.

44. *Ibid.*, pp. 445-446.

45. M. M. Whiteman, *Digest of International Law*, II (Washington, D.C., 1963), 259. The quote is from Whiteman and not in the above memorandum of conversation. The telegram was not published in *Foreign Relations*, 1944, VII.

46. *Foreign Relations*, 1944, VII, 449.

47. *Ibid.*, p. 451.

The economic and political complications from non-recognition mounted. The Bolivian Foreign Minister told the American chargé in La Paz that "he was very discouraged because he had become convinced that our Government is hoping for the overthrow of the Bolivian Provisional Government."⁴⁸ Referring to the U.S.'s "glacial silence," he added that "the Bolivian people as a whole now appear to be convinced that the current revolutionary plotters have the approval of the Government of the United States."⁴⁹

Unable to resist any longer, the three remaining MNR ministers—Paz Estenssoro, Rafael Otazo, and Walter Guevara Arze—left the cabinet early in April under a legal pretext. Later that month Víctor Andrade, the Minister of Labor and a delegate to a conference of the International Labor Organization in Philadelphia, publicly denied the charges of Nazism and called on the U.S. to recognize the new government.⁵⁰ He has since said that Frances Perkins, then U.S. Secretary of Labor, was instrumental in turning the tide in favor of recognition.⁵¹ These various events set the stage for the visit to La Paz of special U.S. representative Avra Warren, then Ambassador to Panama, to advise Washington on recognition.

Ambassador Warren arrived in La Paz early in May and cabled Secretary Hull on May 9:

. . . the Provisional Government has decided to detain and expel Axis nationals from Bolivia in line with our discussions of Sunday evening. Baldovino emphasized that this decision is based on the desire of the Villarroel Government to identify itself positively with the Allied war effort and to give further evidence of its solidarity with the United States and the other American Republics . . .⁵²

On May 23 Ambassador Warren recommended to the State Department the immediate recognition of the Villarroel government, explaining that: "There is now no MNR official in any position of prominence in Bolivia."⁵³ The deportees sent to internment camps abroad numbered 83: 29 Japanese and 54 Germans.⁵⁴ These indi-

48. *Ibid.*, p. 453.

49. *Ibid.*, p. 454.

50. *New York Times*, April 20, 1944, p. 9.

51. Interview, June 27, 1969, La Paz.

52. *Foreign Relations*, 1944, VII, 457.

53. *Ibid.*, pp. 463-464.

54. *New York Times*, May 21, 1944, p. 12. Independent sources roughly confirm these figures, with slight variations.

viduals, identified as dangerous Axis agents by U.S. intelligence agencies, were arrested and deported without trial to U.S. internment camps on airplanes of the U.S. Sixth Air Force.

The United States and the remaining American governments which had not already done so extended recognition to Villaruel on June 23, 1944. Then in the July 1944 elections the MNR won a sweeping victory, and Paz Estenssoro and other MNR leaders returned to the cabinet in January 1945.

Non-Recognition Policy Evaluated

The U.S. charges in the non-recognition episode of 1944 are complex and controversial. Crucial to their evaluation is an examination of the U.S. memorandum of January 10, 1944, mentioned above, setting forth the case for non-recognition. The charges against the MNR included: 1) anti-semitism, 2) hostility to the democracies, 3) connections with Nazi groups in Germany and Argentina, including financial support from Axis sources. Were they valid?

First, the MNR program and the MNR press took an extremely critical view of the many Jewish immigrants to Bolivia, and the tone was sufficiently hostile to justify the charge that the MNR was anti-Semitic. The most persuasive evidence in this respect may be found in the party's program of June 7, 1942.⁵⁵ The program held Jews responsible for the systematic degeneration of public and private life, associated them with bribery, contraband, fraud, speculation, etc., and charged Jews with exploiting Bolivia's resources at the expense of the Bolivian workers.⁵⁶ The program did not reflect Nazi views about the inferiority of the non-Aryan races, views which the Nazis played down in propaganda to Latin America. The MNR leaders, many of whom were mestizo, sought to identify with the aspirations and interests of the Indian and the mestizo.

Augusto Céspedes explained the "anti-semitism" of the MNR as a reflection of popular sentiment, not originating in any way from Hitler's doctrines, but having "developed naturally among the public in the face of a sudden massive immigration."⁵⁷ He pointed out the alarm of artisans and small merchants faced by ruinous competition, adding "we were not anti-semites, neither were we circumsized."

55. *Movimiento Nacionalista Revolucionario*, signed June 7, 1942 by the "Comando del Movimiento," Victor Paz Estenssoro, chief. Date and place of publication unknown. Page 42 missing from the copy examined.

56. *Ibid.*, pp. 27-28.

57. Céspedes, *El presidente colgado*, p. 57.

Elsewhere, Céspedes maintained that the MNR's anti-semitism was "mainly tactical."⁵⁸

Víctor Paz Estenssoro gave the most authoritative explanation:

The position of my party . . . while not antisemitic, seeks to serve as an antidote to the Jewish immigration . . . we oppose it because it constitutes an unproductive immigration . . . the Jews have created serious problems relating to subsistence and housing in almost all Bolivian communities. They came to Bolivia in rather large numbers and accustomed to a standard of life which, if low by Western standards, turns out to be high compared to our own. They dedicated themselves not as originally thought to agriculture . . . but to office work and trade in low-priced goods which requires neither large nor stable capital. The Jews created destructive competition from which the small merchant, the artisan, and even the people suffer because of the usurious instinct which makes of the Semite a lender, a smuggler, or to sum up, the eroder of the vitality of the people.⁵⁹

Second, the Department's memorandum also charged the MNR with hostility to the democracies. The statement is correct insofar as the MNR took an anti-imperialist position critical of the United States and her Allies' "exploitation" of colonial and semi-colonial countries. Minister Wendler took note of that in his explanatory telegram to Berlin quoted above. The MNR maintained, also, that Bolivia should take a much firmer line vis-à-vis the United States in negotiations on the sale of its raw materials, that is, that the Bolivian government should insist on higher prices rather than "selling out" the national interests. Another point of conflict with the U.S. was that the MNR philosophy called for much greater government intervention in the regulation of the economy than had ordinarily been welcome in Washington. Also the MNR had not supported the resolution in the Chamber of Deputies on November 27, 1943 providing for Bolivian adherence to the United Nations Declaration. Seven of the eight MNR deputies walked out of the Chamber, and the eighth voted against the resolution.⁶⁰

The foregoing was not sufficient, in my opinion, to demonstrate

58. James M. Malloy, "Bolivia: A Study in Revolution." (Ph.D. dissertation, University of Pittsburgh, 1967), p. 163.

59. Víctor Paz Estenssoro, *Discursos parlamentarios* (La Paz, 1955), pp. 222-223.

60. Memorandum of January 8, 1944 from the Department of State to American Diplomatic Officers in other American Republics except Argentina and Bolivia. Department of State Archives, 824.00/1491.

that MNR participation in the government constituted a strategic threat to the United States. Indicative of the MNR approach was a call which Víctor Paz Estenssoro made on the American Ambassador in October 1943 before the Villarroel coup. Paz wished to establish communications with the American Embassy in order to head off possible difficulties later. He told the Ambassador that the MNR would not put up with the Peñaranda government's tampering with the forthcoming municipal elections; this he meant as a hint of a possible coup, a hint which he said the American Ambassador did not get.⁶¹ Incidentally, in his interview with the Ambassador Paz reasserted Bolivia's interest in higher prices for her raw materials. In the light of other available evidence there is no reason to doubt Paz's version of this meeting.

In September 1944 Paz attempted to explain why the only attitude Bolivia could take was one favorable to the United Nations.

Bolivia, a landlocked country, a backward country, is on the American continent; . . . We are the producers of raw materials [for] the commercial market of the United States . . . The United States is the first power, not only of the New World but also of the old, and must exercise her hegemony on the continent, not only in the economic order, but also in military. And this not because she responds to a deliberate and optional imperialist principle of a political tendency, but because she responds to naturally determined factors . . . Since the United States became involved with one side in the present war, . . . and since we are an economically dependent country, . . . Bolivia could not, and cannot, for its own interest, be against the United States.⁶²

In order to show that his present opinion was not a result of Axis defeats, he referred to his earlier statement in 1941 after the "Nazi Putsch," that "America, willy nilly, has been democratic, like the United States. Moreover, the shipment of our raw materials to Germany . . . is ridiculous: how should we send them? By air? By submarine, from Lake Titicaca?"⁶³

The Villarroel government's hasty efforts to reassure the U.S. immediately upon assuming power were the first testimony of its willingness to cooperate with the U.S. in the war. To be sure, Foreign Minister Tamayo sought briefly and unsuccessfully to build an independent southern bloc of Argentina, Chile, and Bolivia once the U.S.

61. Interview with Víctor Paz, July 9, 1969, Lima, Peru.

62. Paz, *Discursos* . . . , pp. 226-228.

63. *Ibid.*, p. 80.

policy of non-recognition was clear.⁶⁴ Chile aborted this ill-conceived effort, and Tamayo was forced to resign. Thereafter, the Villarroel government cooperated in a broad gamut of measures associated with the prosecution of the war against the Axis.

The third group of charges in the State Department memorandum of 1944 link the MNR with Fascism and Nazism. Much of the material in the confidential 1944 memorandum was later expanded on the basis of German documents captured at the close of the war and used in the Blue Book on the Argentine situation published in February 1946.⁶⁵ The 1944 memorandum and the 1946 Blue Book charge that Paz Estenssoro and other MNR leaders maintained connections with Nazis and pro-Nazi Argentines. Much of the evidence presented suggests only contact, such as "frequenting" the Germany Embassy or "visits" with individuals. The charges attempt to establish guilt by association, and the meetings are the kind these leaders had with political leaders and diplomats of many different political persuasions.

In the Blue Book the Department attempts to substantiate further the charges against Major Belmonte, as well as Nazi involvement in the Villarroel coup of December 1943. Much of the report is devoted to details, many of which not directly relative to the charges, designed to depict Major Belmonte as a powerful and dangerous planner and leader of a Nazi movement to take over the Bolivian government. I have read many, if not all, the German records on which the charges against Belmonte are based. My readings of the memorandum of the desk officer dealing with Belmonte in Germany give an impression totally different from that of the Blue Book. Whatever may have been the nature of his earlier connection with the Germans, Belmonte emerges from these reports as a Bolivian military officer stranded in wartime Germany with insufficient financial resources, and to whose support the German Foreign Office contributed. The writing of his memoirs, cited elsewhere, was in recompense for these payments. If the propaganda work for Germany for which he was allegedly paid was of any great significance, the files I read do not show it. Nor do I see how it was physically possible for him to direct a revolution in Bolivia from Berlin at any time, much less in 1943.

One of the most interesting German documents is a telegram from the German Embassy in Buenos Aires describing an interview with Dionisio Foianini, Busch's Minister of Mines and Petroleum, which

64. Céspedes, *El presidente colgado*, p. 149.

65. U.S. Department of State, *Consultation Among the American Republics with Respect to the Argentine Situation* (Washington, D.C., 1946), Inter-American Series 29, Publication 2473.

confirms, incidentally, Belmonte's inability to lead such a movement from Germany.⁶⁶ The document provides the basis for a large section of the Blue Book charges. Again, my impression is totally different than that of the Blue Book. The German document suggests that Foianini's call was a crude effort to involve the Germans in his own maneuvers in Bolivian politics, and provides no evidence of close German ties with Bolivians at the already late date of June 1942.

The Blue Book also asserts that Paz Estenssoro was one of those who were to take over in Belmonte's absence. No document was cited to substantiate this charge, nor have I seen any such. In the absence of any substantiation, the Blue Book theme, namely that the Villarroel coup of 1943 was an MNR-Nazi plot, should not be permitted to stand.

The foregoing discussion, however, does not face directly the important question of whether Nazi Germany provided financial support to the MNR. Paz Estenssoro answers this charge in regard to the December 1943 coup with the fairly credible explanation that no financing was needed; the coup was carried out by the military groups associated with Villarroel.⁶⁷ During the early years of the war the information services of Great Britain and the United States, on the one hand, and Nazi Germany, on the other, vied for the support of local newspapers. Germany spent large sums and had great influence on the Bolivian press and radio in the 1930s and early 1940s. The Nazis controlled much of Bolivia's newsprint, and spent hundreds of thousands of bolivianos on various La Paz newspapers, including *La Calle*, and on *Radio Nacional*, which they controlled.⁶⁸

Minister Wendler's admission in his confidential telegram of July 27, 1941, quoted above, that the Germans were supporting the "leader of the movement" cannot be ignored. Yet it is not clear from the

66. Telegram 2085 of June 22, 1942, from the German Embassy in Buenos Aires to the Foreign Ministry. German Foreign Ministry archives microfilm serial 203/141766.

67. Interview with Víctor Paz, July 7, 1969, Lima, Peru.

68. Friedrich Katz called the author's attention to two important studies giving further details on German propaganda efforts in Bolivia: Manfred Kossok, "Sonderauftrag Südamerika" in "Zur deutschen Politik gegenüber Lateinamerika 1938 bis 1942," in *Lateinamerika Zwischen Emanzipation und Imperialismus, 1810-1960* (Berlin, 1961), p. 247; and Wolfgang Schallock, "Lateinamerika und die Rundfunkpropaganda der Nazis in Theorie und Praxis," *Der Deutsche Faschismus*, p. 170. I have seen Schallock's chapter, but not Kossok's. An interview with Billy Grupp, July 4, 1969, La Paz, Bolivia, also confirmed German and Allied subsidies to Bolivian newspapers. Mr. Grupp was an employee of the German legation in La Paz in the early 1940s. For comment on the pro-Axis position of *La Calle*, the MNR newspaper, see Klein, *Parties and Political Change . . .*, p. 336 ff. See also note 72.

context to which movement Wendler referred, nor was the nature of the "support" specified. One would not be surprised, however, if the Germans tried to influence the MNR with money and arms. In view of La Paz's psychological and geographical distance from the European conflict, and given the revolutionaries' needs, support would have been difficult to decline. This, however, is not the major question.

That question is whether Nazi agents in South America actually controlled the MNR. A Soviet scholar, who does not hesitate to attack the MNR, maintains that the fact of MNR contact with certain pro-Nazi elements provides "no foundation at all for saying that Paz Estenssoro was a Nazi or that the activity of the party was directed from Berlin."⁶⁹ Even the summary of the Department of State does not go so far as to charge that. In fact, a dispatch from the American Embassy in April 1944 reconfirmed an opinion expressed earlier that "no definite proof was ever available, even at the time of the 'Nazi Putsch' to establish a direct connection between the MNR and the Nazi Party. At the present time it seems doubtful that the Party was anything but a completely national one . . . but . . . good material for Nazi influence, if there is any such party."⁷⁰

The fact that most of the charges against Belmonte and the MNR were not proved does not clarify the extent to which the Germans and Bolivians like Major Belmonte may have been involved in clandestine activities in Bolivia before and during World War II. We still know very little about them because the archives of the German intelligence services have not been opened for public examination. Friedrich Katz has shown by evidence of the German Minister's involvement in a plot against the Peruvian government that by early 1941 the Nazis did not reject in principle the encouragement of coups in Latin America.⁷¹ The Germans may actually have had close financial and other ties with a number of Bolivians.

The non-recognition episode reflects the tendency in diplomacy (and in other bureaucracies, public and private) for policies to be

69. I. E. Ershov, "Osvoboditel'noe revoliutsionnoe dvizhenie v Bolivii," in Akademiia Nauk SSSR, *Osvoboditel'noe dvizhenie v Latinskoj Amerike* (Moscow, 1964), p. 272. Author's translation. See also Klein, *Parties and Political Change* . . . , p. 372, and Charles H. Weston, Jr., "An Ideology of Modernization: The Case of the Bolivian MNR," *Journal of Inter-American Studies*, 10:1 (January 1968) p. 101.

70. Embassy Dispatch 1586 of April 29, 1943 is the source of this quote. It was requoted and reaffirmed in Dispatch 3162 of February 15, 1944 from La Paz, Department of State Archives 824.00/1825.

71. Friedrich Katz, "Einige Grundzüge der Politik des deutschen Imperialismus in Lateinamerika 1898 bis 1941" in *Der deutsche Faschismus in Lateinamerika*, (Berlin, 1966), p. 45 ff.

made sometimes by leading personalities on their basis of the whims, prejudices, interests, and ignorance, rather than by professionals at the working level on the basis of their experience, knowledge, and judgment. When the full record becomes available for public examination, I believe it will show that men like Laurence Duggan and Philip Bonsal in the Department of State, or Norman Stines, a young foreign service officer in La Paz, had a well-balanced view of the nature and extent of German influence in Bolivia, as well as penetrating insights into the role of the MNR in Bolivian politics.

After leaving the Department of State, Duggan made public his views on some of the controversial matters bearing on U.S. policy towards Bolivia. For example, he said the Peñaranda government was "corrupt, thoroughly discredited as a tool to mining interests, [and] has permitted all sorts of activity beneficial to the Axis." With regard to the MNR and Germany, Duggan said that "the MNR leaders were glad to accept Nazi subsidies for their newspapers in exchange for printing the Nazi version of the war news. The United States thus justifiably began to regard them as Nazi agents, though purely domestic factors determined the origin and main purposes of the movement."⁷²

The widespread belief in the United States and elsewhere about Nazi influence in the MNR may have been fomented by members of the international Communist movement. José Antonio Arce, the leader of the Partido de Izquierda Revolucionaria (PIR), which represented the Bolivian Stalinists, publicly sought participation in the first Villarroel cabinet, a move promoted partly on the grounds that the Villarroel administration would thereby receive a better reception in the United States at the height of U.S.-Soviet collaboration in World War II. The participation of Arce, a vocal supporter of Soviet policies, presumably would have served to deny credibility to the charge of Nazism against the MNR. When Arce's bid was rebuffed and the MNR's confidential representative in Washington was dismissed for pressing Arce on Villarroel, the PIR turned bitterly against the MNR and later helped overthrow Villarroel in 1946. In this connection Arthur Schlesinger, Jr., who was then serving as an OSS analyst in Washington, believed that the chief of his Latin American section was giving reports on Bolivia a "clear Communist slant," especially in

72. The first quote comes from Laurence Duggan's *The Americas' Search for Hemispheric Security* (New York, 1949), p. 106, and the others from "Background to Revolution," *The Inter-American*, September 1946, p. 17 ff. For criticism of management in its relations with Bolivian labor under Peñaranda, see International Labour Office, *Labour Problems in Bolivia* (Montreal, 1943), p. 17.

calling the MNR coup a "simple pro-Nazi putsch." Schlesinger, who interpreted the coup as a social revolution against intolerable economic conditions, was silenced at that time, but had "the eventual satisfaction of knowing that Maurice Halperin, the chief of the Latin American section, was indeed a member of the Communist Party who after the war took refuge behind the Iron Curtain."⁷³

Other influential personalities were able to convince U.S. representatives in other capitals of their charges against their MNR enemies. Among the ambassadors who took an interest in the Bolivian case were Jefferson Caffery in Rio, Spruille Braden in Bogotá and Havana, and Claude Bowers in Santiago. The latter stayed in close touch with Alberto Ostría Gutiérrez who presided over the "Nazi Putsch" episode of 1941 as Bolivia's Foreign Minister. By 1943 Ostría Gutiérrez was reassigned to Santiago as Ambassador and remained there in exile during Villarroel's government. Ambassador Bowers, his colleague and friend, had direct access to President Roosevelt and did not hesitate to use it. The President, incidentally, was disturbed about the Bolivian situation in January 1944 and expressed the opinion that "it is not yet proved in the sense that we have full documentary evidence, but I believe the plot is more widespread than most people believe."⁷⁴ The President, who entertained Peñaranda in Washington in 1943, remained in touch with him after Villarroel's coup.

Although not an impartial observer (he had been imprisoned in the "Nazi Putsch" and forced out of the cabinet in 1944), Augusto Céspedes was in a position to judge the impact of the non-recognition policy. According to him, "Non-recognition wounded the Villarroel government incurably. Obligated to reduce the collaboration of the MNR and to compensate with an apolitical policy, its revolutionary impetus checked, and economically sabotaged, it lost its popular force."⁷⁵ Offbalance and on the defensive from the start, the Villarroel regime never was able to establish itself firmly even after the MNR returned to the cabinet in 1945.

The Blue Book on Argentina

During the balance of 1944 and 1945 relations between the United States and Bolivian governments developed fairly well despite under-

73. Arthur Schlesinger, Jr., *A Thousand Days* (Boston, 1965), p. 171. See also Céspedes, *El presidente colgado*, p. 135 ff. and *Foreign Relations, 1943*, V, 542. Compare with later judgment of Soviet scholar, note 69.

74. President Roosevelt's memorandum of January 12, 1944, to the Secretary of State. Department of State Archives 824.01/351.

75. Céspedes, *El presidente colgado*, p. 152.

lying frictions. The Villarroel government sold tin to the U.S., cooperated in the prosecution of the war, and received economic benefits of wartime collaboration. The suspicions, hostilities, and frictions of earlier years persisted near the surface. The animosities of the past were reopened and stirred up once again by the Department of State's publication of the Blue Book of February 11, 1946, leveled at the Perón regime in Argentina.

Most of the charges in the 86 page pamphlet were made against the Argentine military government in an effort to discredit the Perón group in advance of the presidential elections scheduled in March. The charges included "collaboration with enemy agents for important espionage and other purposes," creation of a "Nazi-Fascist state," and conspiring with the enemy to "undermine governments in neighboring states." In the latter connection two pages were devoted to reiterating the charges against Belmonte and others. It is doubtful that the Department of State would have published such a statement solely and expressly to damage the Villarroel government, but it clearly was willing to discredit that government in pursuit of its campaign against Perón. Before the Blue Book was published the United States had maintained normal diplomatic relations with the Villarroel government for a year and a half; at the time, the war against Germany had been over for eight months. As a result, the impact on public opinion in Bolivia was profound. Céspedes interpreted the State Department's "slander" as giving the green light to proceed with a conspiracy against Villarroel.⁷⁶

Tensions between the United States and the Villarroel government continued to mount in 1946. The story of the relations between the two governments during the balance of Villarroel's presidency lies outside the scope of this article, and will be discussed in another manuscript on U.S.-Latin American policy now being prepared for publication. Villarroel was overthrown and murdered on July 19, 1946.

Conclusions

In one sense, it seems remarkable that a letter fabricated by British intelligence could have had such a far-reaching impact on U.S. policy, and that the Department of State policy was so profoundly influenced by unproven or exaggerated charges. On the other hand, the passions of World War II were often blinding; the State Department would have had difficulty in resisting the patriotic imperatives of the day even had it so wished. Under such influences, large-power

⁷⁶ *Ibid.*, p. 207.

protestations of non-interference in domestic affairs often have a hollow ring. It would be hard to find a more dramatic case of foreign political influences being used to determine the composition of another country's government than the U.S. non-recognition policy towards Villarroel in 1944. Great Powers have *great* power and often use it when they judge, correctly or not, that their security is threatened.

Retrospective appraisal of the MNR's early policies shows the heavy price the movement paid for intransigence on the issues arising from the expropriation of Standard Oil's properties, and its unwillingness to come out earlier and stronger behind the United Nations in the war. From the beginning the MNR leaders insisted that tin, not oil, was the main question. But by directing their political fire at oil as well as tin interests, they incited the opposition of the powerful Standard Oil Company and the U.S. government, and helped array them both on the side of their political enemies. Standard Oil's explorations had been a failure, there were no producing fields of significance, and the issue was largely symbolic for both sides. The United States government permitted itself to be used as a channel for British intelligence in 1941 partly because of Bolivian, including MNR, opposition to the compromise oil settlement. Without these antecedents, it is difficult to see how the U.S. could have carried through its non-recognition policy of 1944, or its subsequent policies, all of which were so damaging to the MNR's first major effort in national leadership.

The fabricated Belmonte-Wendler letter served the immediate purposes of Britain and the U.S. very well indeed, especially since these were confirmed by the outbreak of war with Germany a few months later. The MNR leaders were, in part, its innocent victims. Thereafter, the U.S. anti-Nazi campaign in Bolivia appears to have hampered rather than promoted U.S. purposes. By late 1943 and 1944 the MNR knew that Germany had lost the war and its leader, Paz Estenssoro, had long since decided that Bolivia had no choice but to collaborate with the U.S. As a result, the non-recognition policy represented an unnecessary and costly diversion of effort and caused long-term misconceptions and distortions in American policy. Charging the MNR with Nazi Fascism and making that label stick was a major part of the strategy of the tin mining and other traditional interests in Bolivia. In a sense, the United States was used to help sustain exaggerated and false charges, and was thus arrayed on the side of traditional interests against a reformist opposition. Nor can

the United States escape responsibility for the arbitrary arrest and deportation of Axis nationals from Bolivia.

What is, perhaps, most instructive and unusual about the Bolivian case is that neither the MNR nor the U.S. government repeated these costly mistakes in the 1950s. Seizing the government for a second time in 1952, the MNR concentrated its efforts on tin, and provided reassuring guarantees for U.S. and other foreign investors in other fields. Similarly, in its second try, the MNR aligned itself publicly and unmistakably with the U.S. in the East-West struggle. For its part, the United States reevaluated the now shop-worn charges of Nazism against the MNR and rejected trumped-up charges of Communism. Whereas the weight of U.S. policy had been on the side of the traditional ruling groups in the 1940s and earlier, the United States ultimately provided extensive economic and military assistance to a government which carried out revolutionary changes, especially the nationalization of the large tin mines and a comprehensive redistribution of agricultural lands.⁷⁷

77. See Cole Blasier, "The United States and the Revolution," in James Malloy and Richard Thorn, editors, *Beyond the Revolution: Bolivia Since 1952* (Pittsburgh, 1971). Readers may also be interested in Spruille Braden's account of the Belmonte-Wendler affair in his *Diplomats and Demagogues: The Memoirs of Spruille Braden* (New Rochelle, New York: 1971), pp. 248-253, received too late to be noted earlier.