

History of the 1952 Revolution in Bolivia

Setting the Stage

In the countryside, agricultural landowners, *gamonales*, owned hundreds of thousands of hectares of land, cultivated using the semi-feudal methods of *pongueaje*, an institution inherited from the kingdom of the Incas, which the Spanish colonists had adapted to their needs--hundreds of thousands of peasants were forced to serve the *gamonales*, in most cases for free. 8% of the landowners held more than 95% of arable land. Among them, 615 landowners with holdings greater than 10,000 hectares¹ owned half of all arable land in the country. Another two million farmers survived outside the cash economy on subsistence agriculture.

The vast majority of the population was indigenous, and 90% were illiterate.

At the same time, the combined and uneven character of the development of Bolivia had created a powerful export sector. Mining produced 25% of the Gross Domestic Product (GDP). Three families (Patiño, Aramayo and Hochschild) controlled 80% of this industry which represented 80% of national exports. During the Second World War, Bolivian tin came to represent 50% of world production. The tin barons, popularly known as *la rosca*, controlled all aspects of social, economic and political affairs in an alliance with the *gamonales*: they owned the main banks, published the most important newspapers, installed and removed governments and bought politicians and presidents.

This ruling class had no interest in developing a domestic market, through the improvement of the living conditions of the masses. The landowners needed the continuation of the regime of semi-feudal exploitation in the countryside, while the mining barons exported their products to the world market.

Revolution of 1952

After the Revolutionary Nationalist Movement (MNR) won a plurality victory in the presidential elections of 1951, the military intervened directly and formed a junta government.

The 1952 revolution began when a hunger march through La Paz attracted most sectors of society. The Bolivian military was severely demoralized, and the high command called unsuccessfully for unity in the armed forces; many officers assigned themselves abroad, charged each other with coup attempts, or deserted.

By the beginning of 1952, the MNR again tried to gain power by force, plotting with General Antonio Seleme, the junta member in control of internal administration and the National Police (Policía Nacional). On April 9, the MNR launched the rebellion in La Paz by seizing arsenals and

¹ A hectare is the size of two football fields; the VVC campus (including the lower campus) is almost exactly 100 hectares.

distributing arms to civilians. Armed miners marched on La Paz and blocked troops on their way to reinforce the city. After three days of fighting, the desertion of Seleme, and the loss of 600 lives, the army completely surrendered; Paz Estenssoro assumed the presidency on April 16, 1952.

Across the country, workers armed themselves and fought the army. In Cochabamba, Oruro, Potosí, workers took up arms and marched to the capital La Paz. Miners occupied the railway station, seized a military supply train and marched on La Paz. Their arrival in the capital (as the arrival of the miners during the Red October in 2003) decided the outcome of the struggle.

The army was completely defeated, the prisoners captured by the workers were humiliated and forced to march through the centre of the capital in their underwear. On April 11 there was no longer an army in Bolivia. The only armed force in the country was between 50 and 100,000 men organized into armed militias by the unions. Real power was in the hands of workers.

The "reluctant revolutionaries," as the leaders of the multiclass MNR were called by some, looked more to Mexico than to the Soviet Union for a model for their government. But during the first year of Paz Estenssoro's presidency, the radical faction in the party, which had gained strength when the party embraced the workers and their ideology, forced the MNR leaders to act quickly. In July 1952, the government established universal suffrage, with neither literacy nor property requirements. In the first postrevolutionary elections in 1956, the number of eligible voters increased from approximately 200,000 to nearly 1,000,000 voters. The government also moved quickly to control the armed forces, purging many officers associated with past Conservative Party regimes and drastically reducing the forces' size and budget.

Although the MNR, a broad coalition, had successfully waged and won the 1952 revolution, it was plagued by strife and infighting between its factions. This infighting weakened the MNR, and it eventually dissolved in 1964, which left Bolivia once again in chaos. The most important leader of the MNR, Víctor Paz Estenssoro, was president of Bolivia in 1952–56 and instituted the most revolutionary part of the party's program. In 1956 he was replaced by the more conservative Hernando (Hernán) Siles Zuazo, whose primary concern was to stop inflation, which had completed the revolutionary process by virtually destroying the older middle-class supporters of the MNR. Siles initiated an economic program, with massive financial support from the United States, that brought inflation under control; at the same time, he also suspended most of the advanced social programs of the revolution. The government ended worker coadministration of the nationalized mine companies and cut back on social services. It also invited North American petroleum companies back into Bolivia for the first time since 1937, when Standard Oil of Bolivia had been confiscated by the Toro government.

When Paz Estenssoro returned to the presidency in 1960, he further consolidated the achievements of Siles and revived, with U.S. support, the power of the army. Paz Estenssoro's

attempt in 1964 to renew his presidential term for another four years splintered and temporarily destroyed the MNR, however, and the military overthrew his government.

Return to military rule

With the support of many conservatives and the peasant masses, the vice president, General René Barrientos, seized the government and proceeded to dissolve most of the organized labour opposition, marking the beginning of a string of military leaders. From 1964 until his death in 1969, Barrientos continued with the process of conservative economic reform and political retrenchment, and he attempted to demobilize all popular groups except the peasants, who had gained some power as a result of the National Revolution. Partly because of that empowerment, the Argentine-born Cuban revolutionary Che Guevara failed to mobilize peasants in a remote region of the country, and in 1967 his poorly organized guerrillas were destroyed by units of the Bolivian Armed Forces, who had been trained by the U.S. military and supported by the U.S. Central Intelligence Agency.

Measures Taken by the Revolutionary Government

The government began the process of nationalizing the mines of the three great tin companies. First, it made the export and sale of all minerals a state monopoly to be administered by the state-owned Mining Bank of Bolivia. Then it set up the Mining Corporation of Bolivia (Comibol) as a semiautonomous enterprise to run state-owned mines. On October 31, 1952, the government nationalized the three big tin companies, leaving the medium-sized mines untouched, and promising compensation. In this process, two-thirds of Bolivia's mining industry was turned over to Comibol.

A far-reaching agrarian reform was the final important step taken by the revolutionary government. In January 1953, the government established the Agrarian Reform Commission, using advisers from Mexico, and decreed the Agrarian Reform Law the following August. The law abolished forced labor and established a program of expropriation and distribution of the rural property of the traditional landlords to the Indian peasants. Only estates with low productivity were completely distributed. More productive small and medium-sized farms were allowed to keep part of their land and were encouraged to invest new capital to increase agricultural production. The Agrarian Reform Law also provided for compensation for landlords to be paid in the form of twenty-five-year government bonds. The amount of compensation was based on the value of the property declared for taxes.

During the first years of the revolution, miners wielded extraordinary influence within the government. In part, this influence was based on the miners' decisive role in the fighting of April 1952. In addition, however, armed militias of miners formed by the government to counterbalance the military had become a powerful force in their own right. Miners immediately organized the Bolivian Labor Federation (COB), which demanded radical change as well as participation in the government and benefits for its members. As a result, the government included three pro-COB ministers in the cabinet and accepted the demand for *fuero sindical*, the legally autonomous status that granted the COB semisovereign control over the workers of Bolivia. The MNR regime gave worker representatives veto power in all Comibol decisions and allowed for a cogovernment in mine administration. The government also established special stores for the miners, increased their salaries, and rehired fired workers.

The peasants also exerted a powerful influence. At first, the government was unable to control the occupation of land by the peasants. As a result, it could not enforce the provisions of the land reform decree to keep medium-sized productive estates intact. But the MNR eventually gained the support of the *campesinos* when the Ministry of Peasant Affairs was created and when peasants were organized into syndicates. Peasants were not only granted land but their militias also were given large supplies of arms. The peasants remained a powerful political force in Bolivia during all subsequent governments.

The country faced severe economic problems as a result of the changes enacted by the government. The nationalization of the mines had a negative effect on the economy. The mines of Comibol produced at a loss because of the lack of technical expertise and capital to modernize the aging plants and nearly depleted deposits of low-grade ore. Declining tin prices on the world market contributed to the economic problems in the mining sector. Nevertheless, workers in the management of Comibol increased salaries and the work force by nearly 50 percent.

The decline of agricultural production contributed to the rapidly deteriorating economy during the first years of the revolution. Although anarchy in the countryside was the main reason for the decrease in production, the peasants' inability to produce for a market economy and the lack of transport facilities contributed to the problem. The attempt to increase agricultural production by colonizing the less densely populated valleys was not successful at first. As a result, the food supply for the urban population decreased, and Bolivia had to import food.

High inflation, primarily caused by social spending, also hurt the economy. The value of the peso, Bolivia's former currency, fell from 60 to 12,000 to the United States dollar between 1952 and 1956, affecting primarily the urban middle class, which began to support the opposition.

The bankrupt economy increased the factionalism within the MNR. Whereas the left wing demanded more government control over the economy, the right wing hoped to solve the nation's problems with aid from the United States. The government had sought cooperation with the United States as early as 1953, a move that had given the United States influence over Bolivia's economy. Because of United States pressure, the Bolivian government promised to compensate the owners of nationalized tin mines and drew up a new petroleum code, which again allowed United States investments in Bolivian oil. During the presidency of Siles Zuazo (1956-60 and 1982-85), who won the election with 84 percent of the vote, United States aid reached its highest level. In 1957 the United States subsidized more than 30 percent of the Bolivian government's central budget. Advised by the United States government and the International Monetary Fund (IMF), the Siles Zuazo regime then in power reduced inflation with a number of politically dangerous measures, such as the freezing of wages and the ending of the government-subsidized miners' stores.

Siles Zuazo's stabilization plan seriously damaged the coalition between the MNR and the COB. The COB called immediately for a general strike, which threatened to destroy an already disrupted economy; the strike was called off only after impassioned appeals by the president. But the conflict between the government and the miners' militias continued as the militias constantly challenged the government's authority. Siles Zuazo faced not only labor unrest in the mines but also discontent in the countryside, where peasant leaders were competing for power. In an effort to quell the unrest, he decided to rebuild the armed forces.

During the Siles Zuazo administration, the strength of the armed forces grew as a result of a new concern for professionalism and training, technical assistance from the United States, and an increase in the size and budget of the military. In addition, the military's role in containing unrest gave it increasing influence within the MNR government.

Conflicts within the MNR increased during Paz Estenssoro's second term (1960-64). Together with the United States and the Federal Republic of Germany (West Germany), Paz Estenssoro endorsed the "Triangular Plan," which called for a restructuring of the tin-mining industry. The plan demanded the end of the workers' control over Comibol operations, the firing of workers, and a reduction in their salaries and benefits; it was strongly opposed by the COB and Lechin's MNR faction.

In 1964 Paz Estenssoro decided to run again for president, using a revision of the 1961 Constitution that would allow for a consecutive term, and he forced his nomination at a party convention. Lechin, who had hoped to become the presidential candidate, broke away to form the National Leftist Revolutionary Party (PRIN). With his support in the MNR dwindling and opposition from the labor sector mounting, Paz Estenssoro accepted General René Barrientos Ortuño as vice presidential candidate. Because most opposition groups abstained, Paz Estenssoro was reelected with the support of the military and the peasants. Paz Estenssoro had come to rely increasingly on the military, whose role as a peacekeeper had made it an arbiter in politics. But this support was to prove unreliable; the military was already planning to overthrow him. Moreover, rivalry among peasant groups often resulted in bloody feuds that further weakened the Paz Estenssoro government.

During its twelve-year rule, the MNR had failed to build a firm basis for democratic, civilian government. Increasing factionalism, open dissent, ideological differences, policy errors, and corruption weakened the party and made it impossible to establish an institutional framework for the reforms. Not even the peasants, who were the main beneficiaries of the revolution, consistently supported the MNR.

US Relations with Bolivia²

The Natural Resources Issue

Vice President Nixon visited Bolivia in May 1958 and President Hernán Siles Zuazo took advantage of the opportunity to point up the problems afflicting the Bolivian economy, particularly in light of reduced exports of and prices for tin. He asked for Nixon's support for additional loans from the Development Loan Fund. Nixon promised to support such loan applications, but he stressed the importance of continuing Bolivian efforts to establish an effective financial stabilization program. He also indicated that prospects for Congressional support for financial aid for Bolivia would be enhanced if Bolivia would complete the compensation of U.S. shareholders of the mines that had been nationalized in Bolivia in 1952.

State ownership of Bolivia's natural resources was a central tenet of the governing party, the Nationalist Revolutionary Movement. It was politically difficult for President Siles' government to meet foreign demands for full compensation for expropriated properties, and it was correspondingly difficult for Bolivia to attract new foreign capital to develop such assets as unproven oil reserves while maintaining the principle of public ownership. As a result, the Bolivian Government pressed the United States repeatedly for development loans to the state-run companies which managed the Bolivian mining and oil industries. The U.S. response was to point to the continuing compensation problem in the mining industry, and to defer to private sources of development funds, such as Gulf Oil in the oil industry, and the German Salzgitter firm in the mining industry.

In 1960, however, the Soviet Union offered to build tin mining facilities and to provide oil drilling equipment and technicians in exchange for the establishment of full diplomatic relations between Bolivia and the Soviet Union. Faced with the danger of expanding Soviet influence on the South American mainland, and the possibility that anti-American sentiment and an economic crisis might lead in the direction of another Communist government in Latin America, policymakers in Washington altered their strategy and offered direct loan support for Comibol, the Bolivian state-owned mining company, and for Yacimientos Petrolíferos Fiscales Bolivianos, the state-owned oil company.

U.S. Concerns Over Bolivian Political Stability

The Eisenhower administration was, in fact, sensitive throughout the period to the danger that political instability, exacerbated by economic problems, might lead to a more radical, anti-American government in Bolivia. The uncertain prospects for the ruling party were highlighted by an unsuccessful coup attempt in October 1958, and anti-American sentiment underscored by

² This section is taken from the US State Department Office of the Historian documents entitled *Foreign Relations of the United States, 1958-1960, American Republics, Volume V*, Document 229 Editorial Note, and "Agreement for a Joint United States-Bolivian Program."

violent anti-American demonstrations in March 1959. It was in the U.S. interest, therefore, to try to shore up the Siles government and the successor government of Victor Paz Estenssoro, which took office in August 1960. To that end, the United States provided Bolivia with substantial economic aid, amounting to \$26 million for fiscal year 1959.

Agreement for a Joint United States-Bolivian Program

La Paz, June 22, 1955.

The following program has been agreed upon between the United States and Bolivia as a series of measures directed toward achieving common objectives. Proposed by the United States, it was accepted by Bolivia without modification:

1. Agreement on an engineering, geological and management survey of the mining industry by a qualified group of United States technicians, with the objective of determining what is needed to create in Bolivia a sound mining industry, economically profitable to the country, and attractive to private capital. The study should include the feasibility of establishing a tin smelter or beneficiating plant in Bolivia, and the desirability of a codification of Bolivian mining law. It would be expected that the recommendations of the survey would be followed up, with both countries making whatever contributions are within their power toward a stable and profitable mining operation.
2. Agreement on a commission of United States experts to suggest and oversee on a continuing basis a revision of Bolivian financial and fiscal structures, with a view to controlling inflation, establishing workable exchange rates, installing sound budgetary procedures, and utilizing Bolivian credit as efficiently as possible.
3. Agreement to maintain continuing contact with the Foreign Bondholders Protective Council concerning the defaulted bonded indebtedness, looking toward the establishment of terms and conditions leading to resumption of debt service.
4. Promulgation as promptly as possible of a Bolivian petroleum code which will afford a sound and attractive basis for private foreign oil companies to invest in Bolivia.
5. Negotiation of an agreement on investment guaranties.
6. Issuance of an official Bolivian statement of policies and treatment to be accorded private foreign capital, with special reference to legislation and regulations pertaining to the treatment of such capital.

9. Extension to Bolivia of approximately \$6 million additional grant aid during fiscal 1955 consisting of surplus agricultural commodities, development items and funds for transportation, sufficient to cover Bolivian needs through December 31, 1955.
10. Continuation of integrated technical assistance, with particular emphasis on its usefulness for Bolivia's economic development.
11. Continuation and intensification of the Bolivian efforts to eradicate the influences of international Communism in that country.