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CENTRAL INTELLIGENCE GROUP

FORTHCOMING ELECTIONS IN BOLIVIA

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COPY NO. 30CENTRAL INTELLIGENCE GROUPFORTHCOMING ELECTIONS IN BOLIVIA \*

The Bolivian Junta de Gobierno, which assumed power following the angry popular revolt against the Villarroel regime on 21 July of this year, now regards as accomplished its self-imposed mission to restore constitutional democracy in Bolivia. It has, accordingly, scheduled a general election for 5 January, and given assurances of its intention to step aside, as soon as the votes are counted, in favor of a popularly chosen president, vice-president, and congress. The achievements of the Junta caretaker government and the issues in the elections are discussed in the Enclosure hereto.

Junta President Tomas Monje Gutierrez, a respected member of Bolivia's judiciary, has pledged that the 5 January elections will be the freest in Bolivia's history. We believe that this pledge will be kept. This is indicated by the success of Monje Gutierrez' drive to eliminate Villarroel sympathizers from all strategic posts in the armed forces and the civil service, by the fact that he is not himself a candidate in the elections, and by the energy and impartiality with which he and his colleagues have maintained the indispensable electoral freedoms of expression and assembly throughout the campaign. Moreover, it is highly improbable that any disaffected elements will attempt to prevent the elections by an appeal to arms, since the Monje Gutierrez caretaker government today enjoys the support of all the important organized groups in Bolivia save the Miners' Federation.

While a detailed forecast of the voting pattern is complicated by the fact that the strength of Bolivia's political parties has not been tested in a fair election for many years and by the elimination of a major political party (the Movimiento Nacional Revolucionario, which supported the Villarroel dictatorship), we believe that:

(a) The predominantly non-Communist left-wing FIR (Partido de Izquierda Revolucionaria) commands a notably larger popular following than any other party participating in the elections, and will therefore win at least a considerable plurality of the seats in the lower house of Congress. (Under Bolivia's electoral law, no single party can win a top-heavy plurality in the Senate.)

(b) For the Presidency, ex-Ambassador to Washington Luis Guachalla, supported by a loose four-party coalition organized by the FIR, will defeat ex-Minister of Labor Jose Enrique Hertzog, who is supported by a three-party conservative coalition.

\* This report has the concurrence of the intelligence agencies of the War and Navy Departments and the Army Air Forces. State Department comment is not yet available; substantial dissent, if any, will be reported when received.

(c) Guachalla will not be assured of easy control of Congress because, although his coalition will probably win a majority of the seats in both houses, each party therein is presenting and will control its own congressional candidates.

(d) Bolivia's 40,000 organized miners, who insist that the elections are being held prematurely, may yet decide to run their own candidate or, failing that, to support neither Guachalla nor Hertzog.\* Their decision, however, is not likely to exert a decisive influence on the electoral results, since they account for less than 10% of the electorate.

4. While the resultant government will, because of Bolivia's dependence on Argentina for essential food supplies be under great pressure to join Peron's projected economic bloc (Argentina, Chile, Paraguay, Uruguay, Bolivia, Peru), it will resist this pressure to the utmost and show a marked preference for a pro-US economic orientation. The US, in view of its interest in a hemisphere source of tin, will derive great long-run benefits from any increase in tin production, and any improvement in relations between capital and labor in the tin industry, that the new government may be able to achieve on the basis of a moderately leftist approach to the nation's economic problems.

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\* US Embassy La Paz, by telegram dated 24 December 1946, reported that the Partido Obrero Democratico Boliviano has nominated for President ex-General Felix Tabera, said to be associated with the leader of the Miners' Federation.

ENCLOSUREFORTHCOMING ELECTIONS IN BOLIVIA

Achievements of the caretaker government. The Bolivian economy is a chronically "sick" economy, because of (a) the cumulatively disadvantageous position of Bolivian tin in the world tin market, (b) inadequate and ill-distributed natural resources, (c) a capital famine which renders impossible the development of the country's transportation system, and (d) the constant pressure of population upon an insufficient food supply.

Besides these continuing problems, the Monje Gutierrez Junta inherited from the Villarroel dictatorship a monetary inflation, a foreign policy whose orientation towards Argentina had caused many of the country's neighbors to withhold recognition from its government, and a tense internal economic and political situation which had been aggravated by more than two years of police-state exploitation and oppression. The monetary inflation remains a problem; but when the newly elected President takes over next month, Monje Gutierrez will be able to point to such solid accomplishments as (a) the at least temporary withdrawal of Bolivia from the orbit of Argentine political influence, (b) the achievement of diplomatic recognition by all the American Republics, (c) a series of modest but long-overdue economic readjustments that have stemmed the rising tide of discontent among the masses of the population, and (d) the return of control over Bolivia's destinies to its 80,000 qualified voters.

The issues in the elections. Both candidates for the presidency have pledged themselves to carry out the program of reconstruction, democratization, and social reform which the Monje Gutierrez caretaker government has initiated during its five-month tenure of power. This program includes as minima a wide measure of government intervention in economic affairs, "progressive" labor and educational policies, and popular control over government. Adoption of these objectives by the new government is to be expected no matter who wins the election. Bolivia must therefore be added to the growing list of South American countries -- Argentina, Colombia, Chile, Venezuela -- in which the traditionally conservative elements have evidently found themselves without their popular following. This does not mean, however, that there are no issues at stake in the election. Hertzog, while he makes his appeal for votes in the name of "moderate socialism", has avoided specific and detailed promises of rapid change, while the PIR, mentioned above as the largest of the parties supporting Guachalla, promises the Bolivian masses higher living standards, a less "regressive" tax system, a generous social welfare and public health program, and redistribution of land ownership. The other large party in the Guachalla coalition, the Liberal Party, while supporting some of the PIR proposals, stresses its faith in free individual enterprise, and can, if Guachalla wins, be counted upon to exercise a moderating influence on PIR extremists in Congress. Both the PIR and the Liberal Party direct attention to the crisis in the tin industry as a

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major Bolivian economic problem, promising "modernization" of production methods to offset the difficulties attendant upon (a) the inferior quality of Bolivian ore, and (b) the fact that the mine owners have already "creamed off" the country's richest deposits.

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