From La Paz, Bolivia.

September 7, 1933.

I have just received your confidential airmail letter of August 26th, requesting such information as I may have regarding the story that our government has been backing Bolivia with arms and money.

This is the first that I have heard of this rumor. In my opinion the rumor must have originated as a growth from one fact and one rumor. A story was current a year ago, but has decreased in currency since then, that the Standard Oil Company was financing Bolivia in the war. Denials of the truth of this story have been frequent from New York, from the local Standard Oil Agent, and from Bolivian officials. I think no Bolivian believes the story, although he wishes it had truth. The fact lies in the purchase by the Bolivian government of second-hand uniforms and equipment. I have seen U. S. Marine Corps buttons and other insignia when the goods were imported about a year ago. In La Paz, I have seen no soldiers dressed in American uniforms, but probably they have been used elsewhere.

This letter is in the nature of a preliminary report. I shall be very discreet in my inquiries. You will be informed of any information secured. This letter is being written now in order to catch the last airmail for a week.
From Buenos Aires, Argentina.

Confidential report. 

September 8, 1933.

I have much pleasure in referring to your airmail letter to me of August 26, 1933, suggesting that I send you a memorandum by air mail as promptly as possible, for your personal and confidential information, on the rumors that the United States has been backing Bolivia with arms and money.

The memorandum indicates that the two known sources of these rumors are the Havas Agency and interests identified with the Argentine Government petroleum corporation. I have some hope that in the next two weeks it will be possible to identify accurately the official in the Yacimientos Petroliferos Fiscales, the Argentine oil company, who has been putting out propaganda by word of mouth. I doubt if he will be sufficiently indiscreet to afford documentary evidence.

An acquaintance of mine, an American priest from Chicago, has just returned from a four months tour through Paraguay and that part of the State of Matto Grosso bordering on Paraguay and Bolivia. He is a keen observer and spent some time caring for the Paraguayan wounded in their hospital ships and in their improvised hospitals. He reports that he received no indication from the soldiers fighting Bolivians that they feel Bolivia has the support of the United States. On the other hand, their impression and recollection is that the better Bolivian fighters are German officered, that the planes are flown mostly by Germans, assisted by seven Bolivian airmen, and the greater part of captured ammunition and war supplies indicates German manufacture. Motor trucks and automobiles are of American make, but they know that most of them were purchased in Argentina from Argentine agents and their feeling was that Bolivian tin money provides the sinews of war rather than money from the United States. He travelled about the country habitually as an American priest, and found the Catholic Mission stations established by the Redemptorist Order in the United States to have the respect of Paraguayans and Brazilians. There is no anti-American propaganda at this time in the north of Argentina, as reported to me by Consul Bailey on returning from a two weeks trip of observation through all of the northern Argentine Provinces. On the other hand, he learned that the best Provincial newspapers in the Provinces Santa Fe, Cordoba, Salta, Tucuman, Jujuy and Catamarca are all interested in subscribing to the weekly airmail editorial and news service recently inaugurated by Mr. Joshua B. Powers from New York. Mr. Powers is the American representative of the PRENSA of Buenos Aires, and sailed for the United States on August 26. If you are interested in his impressions of intimate gossip and rumor now current in Argentina, I know that he would be most glad to come to Washington and see you. He has been, in his recent three months stay in Argentina, closely identified with the efforts of a group of leading American business men, with whom I am also associated, in studying foreign organized propaganda in Argentina with a view to the development of successful measures that may be taken, either individually or collectively, by Americans here for self protection if it may be necessary in the early future.
MEMORANDUM.

There has been no recent revival in Argentina either in the press or in press agencies of the rumors prevalent in this country between December, 1932, and March, 1933, to the effect that the United States was supporting Bolivia through the sale of soldiers' equipment, airplanes, motor trucks and other automotive equipment, gasoline and oils, and the supply of credits necessary to make purchases of these materials. The only recent rumor on this subject was a Havas telegraphic report published in a Chilean newspaper in Iquique, Chile, to the effect that the Standard Oil Company is continuing its assistance to the Bolivian Government in order to ensure an Argentine outlet for its oil wells in southeastern Bolivia.

The sources of past rumors are various. United Press despatches from Paraguay carried the story late last year that Bolivian prisoners had been taken clothed in old American army uniforms still bearing the American military metal button. The report was given circulation without editorial comment in the Spanish and English press of Buenos Aires and received an explanation sent out by Bolivia through the same press agency to the effect that uniforms for Bolivian soldiers had been bought in various countries, including a lot of discarded American army uniforms purchased from a dealer in second-hand clothing. The fact that some buttons still remained was described as an oversight to which the United States was not a party, in that American army regulations prescribe that all military buttons and other form of insignia must be removed from condemned clothing prior to an offer for sale for non-military purposes.
The source of the rumor that the Standard Oil Company is supplying the Bolivian Government with funds for the purchase of petrol and other war material has not been ascertained with exactitude. The rumor had wide circulation in Buenos Aires and other Argentine towns by word of mouth and without the sponsorship of press agencies or newspapers. Officials of the Standard Oil Company in Argentina, Bolivia, Chile, Peru, and in the United States have been unsuccessful in defining the source, and of my own certain knowledge there was only one person of responsibility in this country, Dr. Ernesto Aguirre, President of the Buenos Aires Bolsa de Comercio, who discussed the rumor with me and said that in his opinion it was based on the fact that the Standard Oil Company has had a supply of pipe in its Southeastern Bolivian operation which is some 90 miles from the nearest Standard Oil producing wells in the Province of Salta in Argentina, and the presence of this pipe gave basis to unfriendly statements that the Standard Oil Company intended to join their Bolivian producing wells to the Argentine wells, with an ultimate pipe line extension to the Paraguay River and the inland water transportation services of the River Plate System.

It is true, and the statement is confirmed to me by the management of the Standard Oil Company in South America that a small supply of pipe had been kept in store in the Bolivian fields but has now been removed to Salta, in Argentina. It is also true that the Standard Oil Company has set up a small still for the production of gasoline from Bolivian crude oil with a capacity sufficient to take care of the Bolivian demand in the southern and eastern lowlands of that Republic. Gasoline supplies for the plateau area, including La Paz, and aviation gasoline are supplied from the Standard Oil producing
producing wells in Peru and delivered via Mollendo, Peru, to La Paz for distribution. The management of the Standard Oil justify their action in this respect as necessary to safeguard the title to their concessions in Bolivia and to preserve the terms of their contract with the Bolivian Government. They believe that the wells and distillery would have been confiscated by the Bolivian Government if the company had refused cooperation.

The rumor circulated by word of mouth and without press or newspaper comment, so far as I know, to the effect that the United States was providing credits and actual currency for the purchase of war material for Bolivia, is attributable to several sources and based on some considerations of fact in that American dollars and American exchange have been utilized in payment of purchases of trucks, tires, and foodstuffs for the use of Bolivia. A press report issued out of New York by the Havas Agency at the time General Hans Kundt left Germany for his return to Bolivia via the United States last autumn intimated that the General had visited influential American business interests in the United States with a view to obtaining credits for Bolivia. This report was given some circulation in Argentina but did not cause much discussion or any editorial comment. Purchases of motor trucks, automobiles, and tires in Argentina for shipment to Bolivia before the Argentine Government imposed a strict censorship upon all material passing over the northern railway systems for entry into Bolivia, were paid in Argentine pesos obtained through the sale of American exchange. This statement is corroborated to me by the bank managers who made the conversions. I have inquired as to the source of this American exchange and find that
that it originated in London or from the gold reserves that were then existent in Bolivia. The exchange bills out of London were obtained through the exercise of the legal option which grants to the Bolivian Government the right of first refusal on all exchange bills arising from the exportation of tin. All Bolivian tin is shipped to England for smelting and the sterling bills were converted into dollars, reichmarks, or francs, in accordance with the financial needs of the Bolivian Government. Dr. Patina, the Bolivian tin magnate who lives in Paris, is alleged by two bank managers to have made the necessary banking arrangements in London and Paris to permit these operations.

In purchases of small quantities of foodstuffs in the Province of Salta for the use of Bolivian troops before the practice was made impossible by the imposition of strict export control, American twenty-dollor gold pieces were used for payment. The circulation of this gold in the northern Provinces of Argentina was the cause of fairly wide-spread gossip, and its source was attributable to the Standard Oil Company ascribed partly as a portion of the bribes alleged to have been paid to the Provincial Government of Salta for the enactment of recent concessions there in favor of the Standard Oil Company, and partly as Standard Oil contribution to the Government of Bolivia. The fact is that this gold was part of the gold reserve in Bolivia and was utilized as long as possible before the Bolivian Government had to resort to the printing press. It will be seen from these rumors that the Standard Oil Company received unique prominence. There has been no discussion in Argentina of possible interest on the part of the Guggenheims and none with relation to special interests of American banks. Competitive interests of the Standard
Standard Oil Company have been watched carefully and it is the considered opinion of the Standard Oil management in South America that none of these rumors emanated from their British competitors, the Shell Mex Company. It is believed that individual officers of the Argentine governmental petroleum industry, the Yacimientos Petrolíferos Fiscales, are not innocent, although no printed statements have appeared in the monthly publication of the Y. P. F. or in Argentine newspapers that may be attributable directly to the Yacimientos Petrolíferos Fiscales or any of its officers.

In the discussion that has taken place during the current session of the Argentine National Congress with respect to the petroleum law and the constitutionality of the concessions granted this year by the Province of Salta to the Standard Oil Company, charges and counter-charges were made, including statements by Ingeniero Silveyra, the Director of the Yacimientos Petrolíferos Fiscales, that reflected on the integrity of the governmental and other officials of the Province of Salta as well as the Standard Oil Company, but in the heated exchange of personalities there was no reference made to Standard Oil support of Bolivia. The attack was centered in the alleged purpose of the Standard Oil Company to establish a monopoly of production in this country at the expense of the national oil interests. As the activities of the Yacimientos Petrolíferos Fiscales in Salta were unpopular, the Government of that Province did not neglect the opportunity presented to expose the uncommercial habits of the Government oil industry.

During the month of August, 1933, I detailed a member of the office to proceed on an official visit through all of the towns of the northern Provinces of Argentina to ascertain the attitude of
the Provincial press, both editorially and from the point of view of management, on public questions that may involve American relations with this country. The consul was accompanied on his trip by Mr. Joshua B. Powers, proprietor of the Joshua B. Powers Company of New York, London, Paris, Berlin, and Buenos Aires, who is the representative in the United States of the PRENSA of Buenos Aires, the largest and most responsible newspaper in South America. The consul reported to me after a two weeks trip to all of the provincial towns in the north of the Republic that there is no subsidized foreign press service nor any ascertainable form of organized propaganda in Argentina directed to the Provincial newspapers either gratuitously or on a fee basis at this time. Certain of the larger papers in Cordoba, Salta, and Tucuman subscribe to the better known press agencies under contract to the leading dailies of Buenos Aires. The PRENSA, which has the United Press franchise, the NACION, with Associated Press franchises and the CRITICA, with Hearst International News Service franchises, all re-sell part of their daily telegraphic service to the Provincial papers, but without color and on the basis of translations made by the local American representatives of these services. The Havas Agency, which has recently established a large office and the necessary staff in Buenos Aires, has not yet extended its gratuitous news service to the Provincial papers, but it is expected that this will follow soon as part of the Havas organization in this and other countries.

The dissemination of news by radio is receiving the deep attention of the British and French Missions in this country. This present week the British Broadcasting Company has arranged for a daily hour,
from five to six o'clock local time, for the re-transmission of its official British program over the international radio telephone service of the Union Telefónica (an International Telephone and Telegraph Company subsidiary) and the local broadcasting station L R 3 Radio Nacional, which has power of about 20 kilowatts in a reception zone of 300 miles. The British Embassy, in a note published in the English newspapers today, advised all English companies in this country that advertisements worded with the approval of the Embassy may be submitted twice weekly to the Secretary of the British Embassy for inclusion in this official broadcast hour, the total time to be allowed for commercial advertisements to be three minutes in the hourly broadcast. It has not yet been possible to ascertain how large a fee the British Broadcasting Company has paid to Mr. Jaime Yankelovich, the naturalized Argentine who is proprietor of the local broadcasting station, nor will the officials of the company of the Union Telefónica, who are Americans and members of the staff of the International Telephone and Telegraph Company, disclose what special concessions in the way of tariff rebate are given to the British Broadcasting Company for this daily program. In addition to the hourly service, a rebuilt high-powered station of 50 kilowatts, Radio Excelsior L R 5, has been in operation for three months, with credits obtained from the English Marconi Company. The local directorate of the broadcasting is Argentine, but the management is English and the station, which is now the most popular in the country, is engaged in broadcasting commercial programs, with the exception that twice weekly it broadcasts an hour of cultural program sponsored and arranged by the local Institute of Anglo-Argentine Culture. The Havas Agency so far has made no connection with any local broadcasting company. Its agreement with the Uruguayan Official Broadcasting Station of Montevideo was published
some time ago and it is expected that this station will be in opera-
tion before the Pan American Congress convenes in December and that
Havas will exercise its right under the terms of the agreement to
broadcast Havas news or propaganda service two hours daily over a
reception zone that will cover all of Argentina now covered by the
local Buenos Aires stations.

The J. Walter Thompson Company, an American advertising agency,
has proposed the formation of a company based on the re-building of
the radio station Radio Splendid LR 4, of Buenos Aires, up to a
strength of 50 kilowatts for commercial broadcasting and a daily news
service of United Press telegrams. The prospectus of the organization,
which has been shown me confidentially, contemplates an investment of
1,200,000 pesos and indicates a gross income of 400,000 pesos, with
an expected net income of 275,000 pesos. The proposal was submitted
to the owners of the PRENSA and representatives of the principal Ameri-
can companies in this country, but so far it has not met with success,
and I am given to understand that the project has practically fallen
through.

The information on these broadcasting services is not immediately
connected with the subject under discussion, but is indicative of the
power that may be exercised at any time if it were desired to utilize
anti-American propaganda in this country.

The one other possible source of the rumors passed by word of
mouth about the United States and Bolivia is the Argentine Army, whose
interests are strongly enlisted in favor of Paraguay. I have not been
able to ascertain the exact quantities of supplies formerly belonging
to the Argentine military establishment that have been sent to Paraguay,
but I have been told by Argentines whom I consider well informed that the transfer is made largely in Formosa, and not in Paraguay itself, and has consisted in the ostensible sale of condemned military supplies sent for the use of the Argentine border detachments of Aviation, Cavalry, Artillery, and Infantry, that are maintained in the Formosa Provincial command more or less as a border patrol to protect the Pilcomayo River from intrusion either by Bolivian or Paraguayan armed forces.

While it has not been possible to trace any story to individual members of the Army, there have been some rumors attributed to army sources that indicated American support of Bolivia, but only on the basis of the use of American trucks, uniforms and airplanes. These rumors were never wide-spread in the sense of army sponsorship.

On the other hand, the family of the present Governor of Buenos Aires, Martinez de Hoz, and the local director of the Royal Mail Steamship Company negotiated for the sale of a very large shipment of American four-wheel drive trucks ordered nearly eight years ago for the use of the Argentine army and never purchased by them, to Bolivia, and these persons, who had been holding the trucks for a period of years and losing a considerable portion of their capital through the investment, obtained a satisfactory price from Bolivia after the trucks had been delivered in Bolivian territory. Argentine agencies of American companies have been active in obtaining Bolivian contracts with no unfavorable comment in recent months, and a conservative conclusion may be reached that these rumors in Argentina have been circulated by interests opposed to the commercial expansion of the Standard Oil Company. The Argentine Government petroleum corporation, Yacimientos Petroliferos Fiscales, is most active in its opposition to
to the American company and has practically ignored the recent increase in activity here by the Texas Company.

The Havas Agency also has sought out the Standard Oil Company as the object of comment and in a recent press telegram from New York, sent out two weeks ago by the Havas local office to all Buenos Aires newspapers but published only by the RAZON, Spanish, and STANDARD, English, the Standard Oil membership (General Palmer Pierce) was noted, along with the Pan American Airways, in the Inter-American Relations Committee, as authors of attacks on the truthfulness and legitimacy of European news services in South America.
November 22, 1943

My dear Mr. Boal:

Thank you for your letter of October 22, 1943 concerning the report made by Major Jack E. Babcock of the Chemical Warfare Service for submission to the Bolivian Government in connection with the possible use of smoke generators for the protection of the more important Bolivian tin mines against possible attack by Axis aircraft.

I recall my conversation with President Peñaranda on the subject and am glad that it has been possible for an officer of this Government to help by making recommendations which should be useful in case the danger of such an attack develops. As you say, the possibility now seems quite remote.

Very sincerely yours,

FRANKLIN D. ROOSEVELT

The Honorable
Pierre de L. Boal,
American Ambassador,
La Paz.
La Paz, Bolivia,  
October 22, 1943.

My dear Chief:

When the President and Foreign Minister of Bolivia met with you at the White House last May, President Peñaranda asked for cooperation in protection of the tin mines against any remotely possible attack by means of aircraft.

It was suggested that smoke generator protection, somewhat along the lines used at Panama, which President Peñaranda had seen, might be employed for this purpose and you made the suggestion that Bolivia might be able to manufacture these generators locally employing native cement for the purpose.

I think you may be interested to know that as a result of your suggestion a suitable type of generator was designed, built, and satisfactorily tested here under the advice of Major Jack E. Babcock of the Chemical Warfare Service who came here from Panama for the purpose. A photograph of one of the generators built here is enclosed. Major Babcock surveyed the points suitable for protection here and selected four important locations:

The Catavi Concentration Plant and Diesel Plant
The Colquiri Concentration Plant and Diesel Plant
The Huanuni Concentration Plant and Diesel Plant
The Chocaya Concentration Plant and Diesel Plant

He has made plans for the experimental installation of locally-built generators at the Catavi concentration plant. The construction of these generators will cost approximately $18.75 each and the number required for a two-hour coverage of the concentration plant is 810. His estimate includes some additional equipment including a reserve of about 200 generators and eleven oil tank trucks.

Major Babcock's report of some 20 pages with charts gives all necessary operational information. He points

The President,  
The White House.
out that an aircraft warning system would be a necessary preliminary to installing and operating smoke protection. The Bolivian Army is receiving lend-lease radio equipment which could be used for this warning system and the existing railway-telegraph systems could also be used if more efficiently organized. The warning system would require the establishment along the eastern border of Bolivia adjacent to the areas to be protected of at least half a dozen observation posts of two or three men each equipped with a pair of field glasses for each post.

In view of its length, I am not burdening you with a copy of the report which is being transmitted to the Bolivian Government but I am sure General Brett could send you one if you so desire. I think the main object, namely to find for the Bolivian Government a practicable method of protection, has been achieved and that this method is more adapted to Bolivian conditions than any other, due to the existing lack of trained personnel and command competence to handle anti-aircraft ordnance. The submission of this report to the Bolivian Government leaves it up to them to take the next steps for protection of the mines insofar as any possible aircraft attack is concerned and, I think, answers their request for protection without the need of envisaging supplying them with critically needed anti-aircraft guns which they probably could not effectively operate. With the easing of our tin supply situation, the danger of an attack now seems more remote than ever.

If the Bolivian Government gets to the point of instituting an aircraft warning system and installing generators, they may in time request Major Babcock's presence again for a short time to help them conduct tests in which the Bolivian Air Force and American Air Mission would probably cooperate.

I thought you might be interested in this report of the favorable outcome of the suggestion you made at the meeting at the White House.

Believe me, my dear Chief,

Faithfully yours,

[Signature]
DEPARTMENT OF STATE
WASHINGTON

November 13, 1943

My dear Mr. President:

In compliance with your request of November 4, 1943, I take pleasure in enclosing a suggested draft letter for your signature in reply to the letter of October 22, 1943 from Ambassador Boal in La Paz, Bolivia in regard to protection of the Bolivian tin mines against a possible attack by aircraft. Mr. Boal's letter is also returned herewith.

Faithfully yours,

Enclosures:
As stated.

The President,
The White House.
Department of State

Bureau Division

RA

ENCLOSURE TO

Letter drafted

ADDRESS TO

The President
THE WHITE HOUSE
WASHINGTON

November 4, 1943.

MEMORANDUM FOR

THE ACTING SECRETARY OF STATE:

FOR PREPARATION OF REPLY FOR

MY SIGNATURE.

F.D.R.

Letter from Hon. Pierre de L. Boul, Embassy of the U.S.A., La Paz, Bolivia, 10/22/43, to the President, marked "Confidential". Reporting on outcome of talks which the President had with the President and Foreign Minister of Bolivia at the White House last May, at which time President Penaranda asked for cooperation in protection of the tin mines against any remotely possible attack by means of aircraft. Encloses photograph showing smoke generator protection being used.
February 7, 1944

My distinguished friend:

In reading your letter to me written from Arica my mind went back to the conversations which you and I had when you were here in Washington. You will recall that after dinner in my study we discussed Bolivian cooperation in the war. I remember the personal interest and desire that you showed that Bolivia make its maximum contribution to the war effort. I know something of the difficulties with which you had to cope in your own country and for that reason am particularly appreciative of your own personal endeavors to bring about wholehearted collaboration by Bolivia in the cause of the United Nations.

I also recall that you described to me the very difficult conditions under which so many of the Bolivian miners and farmers live and of the rising demand on their part for reforms to improve their standard of living. In this regard, I was extremely interested in what you told me of the need for improved communication, for the extension of the school system to rural areas, for the establishment of more public-health clinics, and for the expanding production of foodstuffs for internal consumption. I understand that a start had already been made regarding some of these matters, for instance in the setting up of the Development Corporation and of the Servicio within the Ministry of Public Health. As you know, we had offered our assistance in the implementation of the report of the Magruder Commission.
The coup d'état that summarily ejected you from office has implications that disturb me very much. You are, of course, familiar with Secretary Hull's statement. As Mr. Hull says, it is a very serious matter for the security and internal peace of this hemisphere when influences hostile to the principles endorsed by the American Republics intervene to overthrow friendly governments and set up new ones unfriendly to the Allied cause. The American community of nations must face this menace and overcome it or the system they have so laboriously and so well built up during the last ten years will disintegrate.

With best wishes for your good health, and with cordial regards, I am

Yours very sincerely,

FRANKLIN D. ROOSEVELT

His Excellency
General Enrique Peñaranda del Castillo,
Arequipa, Perú.
MEMORANDUM FOR THE PRESIDENT:

There is attached hereto a suggested redraft of the letter from you to President Peñaranda. I believe that it is sufficiently friendly and yet does not encourage President Peñaranda to believe that we are encouraging him to attempt a counter-revolution.
February 7, 1944

Respectfully referred to the
Secretary of State for forwarding
to General Penaranda.

M. C. LATTIA
Executive Clerk

Transmitting signed original of the President's letter of 2/7/44 to General Penaranda.
January 14, 1944.

Dear Cordell:-

I think the enclosed letter, written for me in the State Department, is a bit "wissy-washy". I wish you would read President Penaranda's letter to me. I think you will want to make the proposed letter from me to him a little stronger and a little more friendly.

Somebody from the State Department suggested that a copy of this letter be sent to some of our South American neighbors. If we do it I think we should tell President Penaranda that we are doing it and that I am sure he will have no objection.

Always sincerely,

FRANKLIN D. ROOSEVELT

The Honorable
The Secretary of State,
Washington, D. C.

(Enclosures)

Copy of translation of letter from General Penaranda. Copy of translation of letter from General Penaranda, unsigned, returned to the Sec. State.
My distinguished friend:

Your letter of the 27th of December has just reached me. I deeply appreciate the motives, both of devotion to the welfare of the continent and of the United Nations as well as of personal friendship, which induced you to write. I am honored by your confidence and grateful for the information which you were good enough to furnish me. Recent events in Bolivia are, as you know, the subject of consultation and of exchange of information among those nineteen other Republics of the Hemisphere which have complied with their inter-American commitments for mutual defense in the great world struggle.

I am glad also to have this opportunity of expressing my sincere interest in your personal well-being and the concern with which I have followed the reports relating thereto. I recall with real pleasure your visit to Washington and our exchanges of views on questions of interest to our two countries. These conversations were of great value to me.

With cordial regards and best wishes, I am,

Yours very sincerely,

[unsigned]

His Excellency
General Enrique Febraranda del Castillo,
Arica, Chile.
(TRANSLATION)

HOTEL PACIFICO

PERSONAL AND CONFIDENTIAL

Post Office Box No.1
Arica
Chile
December 17, 1943.

His Excellency
Franklin D. Roosevelt,
President of the United States of America.

Mr. President and friend:

The friendship, as generous as it was cordial, that Your Excellency gave me during my unforgettable visit to the United States, an admirable country that is performing, by the sacrifice of its sons, and under your direction, which is marked by genius, the noblest mission of civilization in History, to which is added the important Resolution of the Emergency Consultative Committee for Political Defense, implying the creation of a new (rule of) law, that the recognition of any new régime on the Continent must be a matter for joint action, are circumstances that have induced me to refer to the political events in my country that have culminated in my exile in this port of Arica and the establishment of a de facto régime in Bolivia.

824.00/1517

Confidential
PS/MJN
I hasten to say to you that I am not applying to you out of a petty feeling of personal reaction because of an act of betrayal, nor on account of one of the many political occurrences which characterize the process of formation of these countries. I am doing so with the intent of performing a high duty as a citizen of America who has contributed, within the measure of the possibilities of his country and with unshakable faith, toward continental solidarity and cooperation, which under the noble apostolate of Your Excellency constitutes the most cheering reality for the future of our peoples.

But, on the other hand, it is evident that that reality is menaced on both sides and has already suffered a serious setback in the country, through the action of fifth columnism, which shows signs of extending to other nations, with a view to destroying the good neighbor policy for the purposes of the present world war and for the postwar period.

With these antecedents, and in virtue of them, I fulfil the sacred, though for me painful, duty of bringing to Your Excellency's knowledge, in a confidential way, the antecedents and characteristics of the régime that at present is master in my country.
The movement has remote antecedents and deep roots known by all, since the civilians and military men who make up the de facto government were denounced, in the middle of 1942, by the London Government, as plotting a revolution under the orders of Major Belmonte, who was receiving inspiration and money from the German Legation in La Paz, an occurrence which it was possible to prevent by the expulsion from Bolivia of the German Minister, Wendler, and by an army order discharging the said military man, besides punishing his civilian accomplices who form part of the present administration.

It must likewise be noted that the military members of the said administration later entered the War College, the teaching force of which was composed of an Italian Military Mission, and when the case arose of expelling that Mission from Bolivia, in accordance with the Rio de Janeiro Resolutions, those officers assumed attitudes of supplication at first and protest afterward, to prevent such a thing from being done, although indeed they did not succeed.

In the meantime, the civilian movements of the National Revolutionary Movement were united with an organization called the Falange*, with characteristics

*(phalanx-TR)
identical with that of Spain, and with another organization called the Iron Star (Estrella de Hierro) of a decidedly Germanophile attitude, with the aggravating circumstance that the (names of the) leaders of the three groups are on file in the United States Embassy as agents of the fifth column, in contact with German merchants of standing, who financed their propaganda and their subversive action from the Argentine Republic. Those groups made contact with the military men named above, to exploit their ingenuous and youthful admiration for the German army and its initial spectacular successes. It is known that this organization got in contact later on with the Argentine G.O.U., headed by Colonel Perrón.

Meanwhile, their frankly anti-democratic action began to decline, following fictitious tactics to inspire confidence, at the same time in which a company for exporting rubber, quinine and minerals to the neighboring republic on the Plate was organized, under the pretext of alluring prospects.

All this without prejudice to the fact that in the open forum and in the Congress those elements were at all times the most constant and stubborn obstacle to the firm policy of collaboration with the United Nations by my administration.
In fact, there was no act of cooperation or contract with the United States that was not impugned by Paz Estensoreo and his henchmen, sowing distrust of the United States amongst the people, with the popular argument that by an attitude of "surrender" we were selling our products at a very low price, impoverishing the Bolivian people.

The arrangement with the Standard Oil Company, an act of good will on the part of my government and a practical expression of the fact that the good neighbor policy provides the concept of reciprocity in its content and its statement, was harshly assailed and was converted into a banner against collaboration.

They likewise attacked with extreme violence the tin and rubber contracts and others, with the evident purpose of delaying solutions and hindering production. They delayed the establishment of the Development Corporation, hoping that the supplying of machinery and materials would become more and more difficult, with the aim of demonstrating to the people concretely that the United States was not contributing to the progress of Bolivia.

With the purpose of causing it to be believed that mine labor was being exploited by the United States for its war purposes, they fomented strikes of the demagogic type, whereby they brought about – because of the necessity of
protecting the principle of authority - the unfortunate events of Catavi, which I was the first to deplore with deep-felt sentiment. That occurrence had sufficient emotional power to be converted into a banner for agitation, which was certainly utilized with the maximum effectiveness.

The revolution was plotted around the newspaper "La Calle", which was, because of the nature of its propaganda, included in both the British and American black lists from the first moment.

They likewise exploited anti-Semitic feeling, working on the small merchant who was suffering from such competition, and adding the ingredient of racial conflict, in a country of demographically heterogeneous composition.

The organization of the party, apparently civilian, was always at bottom civilian and military, a fact that reveals its intentions and its inspiration. Its methods are copied from Nazi methods and from their designations: "Nationalist Revolutionary Movement", "Falange" and "Iron Star". Its morals were also Nazi, because of the application of Macchiavelli's saying that "the end justifies the means". They have assault troops, shock brigades, etc. Thus they have recourse to deceit, fraud and treason, a reality revealed by the coup de main of the 20th instant,
since they seized each of the authorities of my administration, beginning with me, utilizing ingenious schemes of deceit followed by violence. They simultaneously assaulted barracks, police stations, telephone offices and electric plants, with a rapid action revealing methods foreign to the country. They likewise made use of men in my confidence who were converted into traitors. And they capped the climax by concocting an opprobrious text of resignation and forging my signature to propagate it throughout the world, while in fact, I energetically rejected their reiterated demands that I renounce my mandate, so that I left the country in the legal capacity of Constitutional President of the Republic in consequence of the will of my people, expressed in a free election.

I later learned with amazement of the reiterated and insistent declarations of unconditional adherence to the United Nations, of their respect for democratic principles, of their wish to respect international conventions and the contracts concluded between governments and between individuals and the State, which they previously execrated and fought without moderation and without truce. Those declarations, which are made more and more emphatic, are making clear their anxiety to legalize their illegal situation, thus adding immorality to such illegality.
Human public and private affairs require a minimum of sincerity to attain success. To say today exactly the opposite of what one said yesterday, and to want to do in the future what was believed a misdeed yesterday, is to assume an attitude that certainly cannot convince anyone.

I have to refer, moreover, to the fact that in my status as a soldier I can do no less than view with grief and profound perturbation the falsifying of military discipline that has just been brought about, the total lack of respect for rank in the army through the insubordination of the majors with respect to the generals, colonels and lieutenant-colonels. Fortunately, the consoling news reaches me that a large portion of the punctilious officers of higher and lower rank are filling the prisons as punishment for their loyalty toward their sword, that others have given up the career by way of protest and that the others have organized passive resistance in order not to assume the duties to which they are summoned. That is, at least, consoling with respect to the honorable institution to which I belong.

I have information likewise that prominent civilian elements of the bar, the teaching profession, diplomacy, banking, large scale trade and industry are suffering from violence in confinement, exile and the jails, which
plainly indicates that a profound upsetting of values in the country has taken place.

I well understand, Mr. President and friend, what a great conquest for the weak countries the juridical evolution of recognition was, to be made a principle of consolidation of sovereignty in place of its former aspects of pressure against it. But the fact that this governing group has energetically and violently opposed the ratification by the Bolivian Congress of adherence to the Atlantic Charter and the signing of the United Nations Pact induces me to propose openly the non-recognition of the present régime, as a safeguard for the honor and the higher interests of my country, a fact which certainly places me above the malevolent interpretations, which will not be lacking, that I am grasping a recourse in order to regain power. I do not need to declare the sincerity of my conduct before Your Excellency's noble mind, as there is, fortunately, no necessity for so doing among men of good intent. I must indeed tell you frankly that my mind is gloomy because events should have brought it about that this experiment be made at the expense of my noble country. But I also understand that it must occur in a world where the forces of good and evil confront each other. I understand that we must not permit to disintegrate gradually this conquest of my continental unity secured under the
alges of Your Excellency's eminent personality with the cooperation of men of good will, among whom I have the honor to be included.

So it is that we have the means at hand, as I likewise believe, for extending a sanitary cordon all around the Continent. We must collectively punish, juridically and morally, crimes of high treason against democracy.

Only in that way can we firmly consolidate the governments of this continent and of the others that are loyal to the cause of humankind.

Lastly, I believe that in so doing the United Nations would gain one of their most significant victories.

I place in Your Excellency my trust and my faith in democracy, and I extend to you the expression of my admiration and my high consideration.

(signed) GEN. PENARANDA.
Excmo. Señor Dn.
Franklin D. Roosevelt.
Presidente de los Estados Unidos de Norte América.

Excmo. Señor Presidente y amigo:

La amistad tan generosa como cordial que Vuestra Excelencia me brindó durante mi inolvidable visita a los Estados Unidos, pueblo admirable que cumple, con el sacrificio de sus hijos, y con la genial dirección suya, la más noble misión civilizadora de la Historia, a lo que se añada la importante Resolución, que implica creación de nuevo Derecho, del Comité Consultivo de Emergencia para la Defensa Política que funciona en Montevideo, que el Reconocimiento de cualquier nuevo régimen del Continente deberá ser materia de una acción conjunta, son circunstancias que me han inducido a referirme a los sucesos políticos de mi Patria que han culminado con mi exilio en este Puerto de Arica y el establecimiento de un régimen de facto en Bolivia.

Me apresuro a expresarles que no acudo a usted por un menguado sentimiento de reacción personal por un acto de traición, ni por uno de tantos sucesos políticos que caracterizan el proceso de formación de estos países. Lo hago con miras a cumplir un alto deber de un ciudadano de América que ha contribuido en la medida de las posibilidades de su pueblo y con inquebrantable fe a la solidaridad y cooperación continentales, que con el noble apostolado de Vuestra Excelencia constituye la más aentadora realidad para el porvenir de nuestros pueblos.

Mas es en cambio evidente que esa realidad se halla amenazada en una y otra dirección y que ha sufrido ya grave quebranto en país, por acción del quinta-columnismo que trae trazas de extenderse a las demás naciones, con miras a destruir para los efectos de la actual guerra mundial y de la postguerra, la política de buena vecindad.

Con tales antecedentes y en virtud de ellos, cumplí con el sagrado aunque para mí doloroso deber de elevar, en tono confidencial, a conocimiento de Vuestra Excelencia los antecedentes y características del régimen que actualmente señora de mi Patria.

El movimiento tiene lejanos antecedentes y profundas raíces de todos conocidos, desde que los civiles y militares que integran el gobierno de facto, fueron denunciados, al promediar el año de 1942, por el Gobierno de Londres, de frauder una revolución bajo las órdenes del Mayor Belmonte, que recibía inspiración y dinero de la Legación alemana en La Paz, hecho que pudo evitarse con la
expulsión de Bolivia del Ministro alemán Wendl y con la orden del Ejército dando de baja al aludido militar amen de castigos para sus cómplices civiles que forman parte del actual Gobierno.

Cabe asimismo anotar que los elementos militares de dicho Gobierno ingresaron más tarde a la Escuela de Guerra, cuya planta docente estaba integrada por una Misión Militar Italiana, y como llegara el caso de expulsar de Bolivia a esa Misión de acuerdo con las Resoluciones de Río de Janeiro, esos oficiales se movieron en actitud de suplica, primero, y de protesta, después, para evitar que tal cosa ocurriera, sin conseguirlo por cuenta.

Entretanto los movimientos civiles del Movimiento Nacionalista Revolucionario, se unieron con una organización denominada la Falange, de idénticas características que la de España y con otra organización denominada Estrella de Hierro de resuelta actitud germanófila, con la circunstancia agravante que los directores de los tres grupos encontrarse filiados en la Embajada de los Estados Unidos como agentes de la quinta columna, en contacto con comerciantes alemanes de importancia que financiaban su propaganda y su acción subversiva desde la República Argentina. Estos grupos tomaron contacto con los militares anteriormente nombrados para explotar su admiración ingenua y juvenil para el Ejército alemán y para sus iniciales y espectaculares éxitos. Se sabe que más tarde, esta organización supuso en contacto con la G.U.P argentina que dirige el Coronel Ferrón.

Entretanto, su franca acción antidemocrática empezó a declinar, siguiendo la táctica de la ficción para inspirar confianza, al mismo tiempo que a la sombra de perspectivas alagüeñas se organizó una Sociedad Exportadora de caucho, quina y minerales a la vecina República del Plata.

Todo esto sin perjuicio de que en la tribuna popular y en el Congreso, esos elementos fueron en todo momento el más constante y obstinado obstáculo para la firme política de colaboración con las Naciones Unidas de mi Gobierno.

No hubo en efecto acto alguno de cooperación ni contrato con los Estados Unidos que no hubiera sido impugnado por Paz Estenssoro y sus secuaces, sembrando en el pueblo la desconfianza hacia los Estados Unidos con el sorrindo argumento de que en actitud "entreguista" vendíamos nuestros productos a vil precio, empobreciendo al pueblo boliviano.
El arreglo con la Standard Oil, acto de buena voluntad de mi Gobierno y práctica expresión de que la política del buen vecino apareja en su contenido y en su enunciado el concepto de reciprocidad, fue duramente impugnado y convertido en bandera contra la colaboración.

Atacaron asimismo con extremada violencia los contratos del estado, de la goma, y otros más, con el visible propósito de postergar las soluciones e impedir la producción. Demoraron la constitución de la Corporación de Fomento esperando que el aprovisionamiento de máquinas y materiales se torne cada vez más difícil, a fin de demostrar objetivamente ante el pueblo que los Estados Unidos no contribuyan al progreso de Bolivia.

Con el propósito de hacer creer que el trabajador minero era explotado por los Estados Unidos para sus fines de guerra, formaron huelgas del tipo demagógico, con lo que condujeron, en resguardo del principio de autoridad, a los desgraciados sucesos de Cataví, que fue el primero en lamentar con íntimo sentimiento. Ese hecho tenía la virtud emotiva suficiente para convertirse en bandera de agitation, que fue por cierto utilizada con máxima eficacia.

La revolución se ha fraguado en torno al diario "La Calle", que por la índole de su propaganda fue desde el primer momento incluida en las listas negras tanto británica como norteamericana.

También explotaron, moviendo al pequeño comerciante que sufría de su competencia, el sentimiento antijudaico, añadiendo el ingrediente de la lucha racial, en un país de composición demográfica heterogénea.

La organización del partido en apariencia civil, fue siempre en el fondo civil y militar, hecho que está revelando sus intenciones y su inspiración. Sus métodos están calcados de los métodos nazis, desde sus denominaciones: "Movimiento Nacionalista Revolucionario", "Falange", "Estrella de Hierro". Su moral es también nazi, por la aplicación del enunciado de Maquiavelo de que "el fin justifica los medios". Poseen tropas de asalto, brigadas de choque, etc. Así recurren al engaño, al fraude y a la traición, realidad revelada por el golpe de mano del día 26 del mes actual, pues, a cada una de las autoridades de mi Gobierno, apresaron, empezando por mí persona, utilizando ingeniosos recursos de engaño seguidos de violencia. Asaltaron simultáneamente cuarteles, policías, teléfonos, y electricidad, en rápida acción reveladora de métodos exóticos en el país. Utilizaron asimismo a hombres de mi confianza convertidos en traidores. Y culminaron fraguando un oprobioso texto de renuncia.
y falsificaron mi firma para propalarlo por el mundo, siendo así que rechazo con energía sus reiteradas exigencias de que renuncié a mi mandato, por modo que salí del país con el carácter legal de Presidente Constitucional de la República como consecuencia de la voluntad de mi pueblo expresada en una elección libre.

Posteriormente, me he enterado con estupor, de las reiteradas e insistentes declaraciones de incondicional adhesión a las Naciones Unidas, de su respeto a los principios democráticos, de su voluntad de respetar los convenios internacionales y los contratos suscritos entre los gobiernos y entre particulares y el Estado, que antes execraron y combatieron sin prudencia y sin darse tregua. Mas declaraciones que van siendo cada vez más expresivas, están revelando a las claras su angustia por legalizar su ilegal situación, añadiendo de esa suerte la inmoralidad a esa ilegalidad.

Los negocios humanos públicos o privados requieren de un mínimo de sinceridad para lograr éxito. Decir hoy todo lo contrario de lo que ayer se dijo, y querer hacer en lo futuro lo que ayer se creía mal hecho, es asumir actitud que ciertamente no puede convenir a nadie.

Tengo que referirme, además, a que en mi condición de soldado no puedo por menos que mirar con pesadumbre y honda preocupación, el falso derroche de la disciplina militar que acaba de operarse, la total desgarradura del Ejército por la insubordinación de los Mayores, contra los Generales, los Coronellos y los Tenientes Coronellos. Afortunadamente, me llega la consoladora noticia de que gran parte de los Jefes y Oficiales pundonorosos encuentranse llenando las cárceles como castigo a su lealtad para con su patria, que otra parte ha renunciado a la carrera en actitud de protesta y los demás han organizado la resistencia pasiva para no asumir las funciones a que se les llama. Esto es por lo menos un consuelo respecto de la Honorable institución a que pertenezco.

Tengo noticia asimismo de que destacados elementos civiles del foro, de la cátedra, de la diplomacia, de la banca, del alto comercio y de la industria, padecen de la violencia en el confinamiento, el exilio y las cárceles, lo que claramente señala que se ha operado una profunda inversión de valores en el país.

Bien comprendo, Excelentísimo Señor Presidente y amigo que fué grande conquista para los países débiles la evolución jurídica del reconocimiento, para hacer de él un principio de consolidación de la soberanía en lugar de sus antiguos visos de presión sobre ella. Pero el hecho que este grupo gobernante se hubiera opuesto con energía y violencia a la ratificación por el Congreso boliviano de la Adhesión de mi país a la Carta del Atlántico y a la suscripción del Pacto de las Naciones Unidas, me induce a propugnar abiertamente el no reconocimiento del actual régimen, en resguardo del honor y de los altos intereses de mi patria, hecho que por cierto me coloca por encima...
de malévolas interpretaciones que no faltarán, de que echo la mano sobre un recurso para reconquistar el Poder. No necesito sincerar mi conducta ante el noble espíritu de Vuestra Excelencia, ya que afortunadamente no hay necesidad de ello entre hombres de bien. Debo, eso sí, declararle francamente que ensombrece mi ánimo que los acontecimientos hubieran determinado que esta experiencia se haga a expensas de mi noble país. Pero también comprendo que es necesario que ella se produzca en un mundo donde se enfrentan las fuerzas del bien y del mal. Comprendo que no debemos permitir que se vaya disgregando progresivamente esta conquista de la unidad continental lograda bajo el signo de la egregia personalidad de Vuestra Excelencia con la cooperación de hombres de buena voluntad entre quienes tengo a honra incluirme.

Es así cómo creo asimismo que tenemos los medios a nuestro alcance para tender un cordon sanitario a lo largo y a lo ancho del Continente. Debemos de sancionar de manera colectiva jurídica y moralmente los delitos de alta traición a la democracia.

Solo así consolidaremos firmemente los gobiernos de este Continente, y de los demás, fieles a la causa de la Humanidad.

Creo finalmente que con ello las Naciones Unidas ganarían una de sus más significativas victorias.

Depósito en Vuestra Excelencia mi confianza y mi fe en la Democracia y me saludo con mis expresiones de de admiración y de mi alta consideración.

[Signature]
MEMORANDUM FOR THE PRESIDENT

Reference is made to your memorandum of January 4, 1944 to Mr. Summerlin transmitting a letter which you received from the ex-President of Bolivia, General Enrique Peñaranda, and directing that a suitable reply be made there to.

There is attached a suggested draft of the reply which you may care to make to General Peñaranda. If you approve of it, I shall arrange for it to be forwarded through the channels of this Department.

Enclosures:

Draft reply to General Peñaranda.
Letter returned.
Department of State

RA

ENCLOSURE

TO

Letter drafted

ADDRESS TO

The President
HOTEL PACIFICO
Dirección telegráfica: "HOTEL PACIFICO"—Casilla No. 1
Arica—Chile

Excmo. Señor Mr.,

Franklin D. Roosevelt.
Presidente de los Estados Unidos
de Norte América.

Washington D.C.

Si esta carta no ha sido reclamada dentro
de ocho días, sírvase devolverla a este F.C.)
THE WHITE HOUSE
WASHINGTON

FOR TRANSLATION AND PREPARATION
OF THE NECESSARY REPLY IMMEDIATELY.

824.20
Reply read to F.D.R.
President Jan 6, 1943
Letter returned to
President with translation
RA JCP.
January 7, 1944

VER Y U R G E N T

Mr. Dawson:

My attention has just been called to the fact that the President desires that the reply to Peñaranda's letter be prepared "immediately". Please draft on a rush basis.

Philip W. Bonsal

(Letter from Peñaranda, Dec. 17, re Bolivian revolution)
January 11, 1944.

MEMORANDUM FOR MR. SUMMERLIN:

The President asks me to return to you the letter from the ex-President of Bolivia, General Enrique Penaranda, with the request that you be good enough to give him a translation of what it contains and return to him.

Grace G. Tully
Private Secretary

Dear Miss Tully: The original strength and the form of the translation in question.

Yrs,

4/4/44
MEMORANDUM FOR MR. SUMMERLIN:

The President asks me to return to you the letter from the ex-President of Bolivia, General Enrique Penaranda, with the request that you be good enough to give him a translation of what it contains and return to him.

GRACE G. TULLY
Private Secretary

Letter from Gral Penaranda, Hotel Pacifico, Arica, Chile, 12/17/43, to the President, marked "Personal-Confidencial", in Spanish, together with letter prepared by the State Dept. for the President's signature to His Excellency General Enrique Penaranda del Castillo, Arica, Chile, in reply to above.
This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (RESTRICTED)

La Paz

Dated March 2, 1945

Rec'd 4:04 p.m.

Secretary of State
Washington

237, March 2, 10 a.m.

President Roosevelt's speech to the Congress received wide publicity in the La Paz press. ULTIMA HORA and LA NOCHE which go to press around 3 pm New York time were able to carry only highlights but gave them the best front page spots.

La RIZON devoted almost all of page three to giving the full text of the President's speech as well as a two column photograph. There was no comment nor sidelight articles. EL DIARIO gave part of text of speech (it will probably be concluded tomorrow although it was not identified as partial) under the full page headline "Premier Churchill Obtained Unanimous Vote of Confidence in Commons" and then in much smaller print an individual three column headline "Roosevelt informed Congress on the Results of the Yalta Conference".

I was unable to get any radio reception on any wavelength when the speech actually took place but the 10:05 p.m. rebroadcast was clearly received.

THURSTON

WTD