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David Toro and the Establishment of “Military Socialism” in Bolivia¹

HERBERT S. KLEIN*

THE CHACO WAR marked a great turning point in Bolivian political history. The harsh defeat of Bolivian arms after three years of conflict left the nation bitter and disillusioned. From the trenches of the southeastern wastelands there arose a new generation and a new national consciousness which expressed itself in rebellion against the old order and passionately demanded change at any cost. The traditional political parties which had dominated national life for half a century were incapable of meeting this demand, and tainted with the incompetence and admitted guilt of cynically leading the nation into war, these great prewar parties lost their ability to command obedience. The old liberalism no longer seemed valid and a strong upsurge in socialist and indigenist ideology took the place of the old faiths. But while members of the *generación del Chaco* refused to follow the prewar national leadership and rebelled against traditional thought, they were at first too disoriented to develop their own leadership or coherently formulate their new ideologies of social justice.

In the power vacuum that was thus created the Army, under the leadership of its reform-minded younger officer veterans, decided to take control. Allying themselves with the moderate left, the veterans, and the labor movement, these younger officers created during three dramatic years (1936-1939) a form of government known as “military socialism.” Under the regimes of Colonels David Toro and Germán Busch the traditional intra-class political party system of the nineteenth and early twentieth centuries was destroyed and the way was prepared for the new age of revolutionary ideology and party organization which would find ultimate expression in the national revolution of 1952.

The era of military socialism, which began in May, 1936, represented the re-emergence of the military into Bolivian politics for the first time in over fifty years. Ever since the foundation of the

¹ Research on this article was made possible by a grant from the Henry L. and Grace Doherty Foundation.

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Liberal and Conservative parties in the 1880's, the Bolivian military establishment had been confined to an increasingly professional role with little serious impact on political life. Under the Constitution of 1880 a strong parliamentary form of government had been established, and the major parliamentary debates of the last quarter of the nineteenth century and first quarter of the twentieth had set the tone for the nation. While politicians divided over personalities, there was surprising agreement as to the fundamental liberal-democratic philosophy, and the army was for a time successfully relegated to a minor role. Though revolts were often carried out when victory was denied at the polls, these were almost exclusively civilian-led affairs.²

This pattern, however, slowly began to change in the 1920's with the introduction of social and ideological conflict under the government of Bautista Saavedra. The 1920 revolt, which ended the twenty year period of Liberal Party government, had been carried out by Saavedra under the leadership of Daniel Salamanca, co-founder with him in 1915 of the Republican Party. But almost immediately personality differences had led the two men to splinter the Republicans into two hostile branches. As Saavedra captured control of the government, the embittered Salamanca and his Genuine Republican Party affiliated with former Liberal opponents to fight the *saavedristas*. These in turn were forced to appeal for *cholo* and working class support and initiated the first programs of social legislation in Bolivia to counteract this powerful opposition.

As new classes, primarily the upwardly mobile urban cholos, began to find political expression in this intensified political strife, and the government began actively to promote laboring class solidarity and support, the essentially intra-class political system began to break down somewhat and with it the isolation of the military. To preserve a way of life, or to gain a new source of strength when traditional forces were hostile, each side began appealing for military support. But these tentative changes in the political structure begun under the governments of Saavedra (1920-1925) and his chosen successor Hernando Siles (1926-1930) were still not sharply enough drawn for the Army to become fully involved.³ While the upper

² For good general surveys on this period see: Alcides Argüedas, *Historia general de Bolivia (el proceso de la nacionalidad)*, 1809-1921 (La Paz: Arno Hermanos, 1922); and Enrique Finot, *Nueva historia de Bolivia (ensayo de interpretación sociológica)* (2d ed.; La Paz: Gisbert y Cia, 1954).

³ For detailed analyses of the political history of the 1920's see: Porfirio Díaz Machicao, *Historia de Bolivia, Saavedra, 1920-1925* (La Paz: Alfonso Tejerina, 1956); Carlos Aramayo Alzerreca, *Saavedra, el último caudillo* (La Paz: Edi-

officers corps, with a powerful backing from the Liberal-Genuine Republican coalition, overthrew the Siles regime in 1930, the officers of the temporary military junta left the governing of the country to civilians and held the government only long enough to stabilize the situation and formally carry out the election of Salamanca.⁴

The strong personality of Salamanca and his reaction to the depression soon alienated his Liberal supporters, and in June, 1932, at the height of his conflict with the Liberal-dominated Congress and the economic depression, he led his nation into war with Paraguay.⁵ Despite their temporary control under the 1930-1931 Junta, and despite the renewal of civilian political party conflict, the officer corps was still bound by the preceding decades of isolation from politics, and thus when the Chaco war broke out, they accepted civilian leadership with surprising docility, even to the point of surrendering control over tactics. But as the war progressed, and as defeat and disillusionment grew, the military began to feel betrayed by that civilian leadership, and at the same time the traditional civilian parties began to lose their own power to contain this military reaction.

Having forced the war despite the strong opposition of his own General Staff, President Salamanca also actively intervened as Commander-in-Chief. Appointing officers of all grades, giving battle orders over the heads of his generals, and accusing them of causing defeats, Salamanca soon forced a deadly struggle for power between himself and his officer corps.⁶ Backed by the younger and more

torial "La Paz," [1941]); Porfirio Díaz Machicao, *Historia de Bolivia, Guzmán, Siles, Blanco Galindo, 1925-1931* (La Paz: Gisbert y Cia, 1955); Benigno Carrasco, *Hernando Siles* (La Paz: Editorial del Estado, 1961); and finally David Alvestegui, *Salamanca, su gravitación sobre el destino de Bolivia* (3 vols.; La Paz: Talleres Gráficos Bolivianos, 1957-1962).

⁴ An eyewitness account of the 1930 revolt is given by Aguiles Vergara, *Bolivia convulsionada* (Santiago de Chile: Imprenta La Sud-América, [1930]); also *El Diario*, June 29 and 30, 1930.

⁵ On the involvement of Salamanca in the cause of the Chaco War see Porfirio Díaz Machicao, *Historia de Bolivia, Salamanca, la guerra del Chaco, Tejada Sorzano, 1931-1936* (La Paz: Gisbert y Cia, 1955), pp. 60ff. The documents on this are found in Eduardo Arze Quiroga (ed.), *Documentos para una historia de la guerra del Chaco, seleccionados del archivo de Daniel Salamanca* (3 vols.; La Paz: Editorial Don Bosco, 1951-1960), I, 50-52, 83-96, 135-173, 233ff.

⁶ For this conflict in commands see: David H. Zook, Jr., *The Conduct of the Chaco War* (New York: Bookman Associates, 1960), pp. 84ff; Díaz Machicao, *La guerra del chaco*, pp. 117ff.; Ovidio Urioste, *La fragua, comprende la primera faz de la campaña hasta la caída de Boquerón y el abandono de Arce* ([Cochabamba]: n.p., [1933]), p. 131 has an analysis of the political alignment of the officer corps, while Arze Quiroga, II, 248-250, 262-266, contains the documents of the Toro-sponsored insubordination attempt of General Carlos Quintanilla as well as the Colonel Lanza-Salamanca dispute over the direction of the war.

radically-minded officers, and with the knowledge that the nation was hostile to the president, the higher grade officers took Salamanca prisoner on his visit to the front in November, 1934, and forced him out of office.⁷

With his departure many politicians believed that the pre-war pattern of civilian political party government could largely be restored. But this was reckoning without the newly awakened power of the military, and ignoring the fact that the war had destroyed the old assumptions upon which that system had been based. For the Chaco had opened up a gulf of generations, and had destroyed the authority of the older generations. From the Chaco there emerged a "conscience,"⁸ or as one veteran called it, a "ferment,"⁹ which was experienced by younger officers and civilians alike, by professionals and university students, by intellectuals and middle class elements. Rejecting the old forms and old leadership, they engaged in a confused but determined search for new patterns to follow, and by so doing created a period of extreme flux in Bolivian political life, for they destroyed the middle class and young intellectual-professional base upon which the old parties had securely rested.

The returning veterans in 1935 brought about a burst of activity on the political left. Almost overnight the word *tradicional* came to be accepted as the standard pejorative term for describing the Liberal and Republican parties,¹⁰ and between them and the pre-war fringe

⁷ A detailed study of the Army *golpe* has been made by Coronel Julio Díaz Argüedas, *Como fué derrocado el hombre símbolo (Salamanca), un capítulo de la guerra con Paraguay* (La Paz: Fundación Universitaria "Simón I. Patiño," 1957).

⁸ For a discussion of the new Chaco War generation, its mentality and its unique forms of expression, see: Guillermo Francovich, *El pensamiento boliviano en el siglo xx* (México: Fondo de Cultura Económica, 1956), pp. 82-83; and Fernando Diez de Medina, *Literatura boliviana* (Madrid: Aguilar, 1954), pp. 342, 358ff. for a study of their great outpouring of realistic and proletarian novels.

⁹ Augusto Céspedes, *El dictador suicida, 40 años de historia de Bolivia* (Santiago de Chile: Editorial Universitaria, 1956), p. 143.

¹⁰ Old politicians attempted to meet the new era by conforming to the new patterns of thought. The most successful in this respect was Bautista Saavedra who renamed his following the *Partido Republicano Socialista* and talked of the validity of historical materialism and the innocence of his party from participation in the Chaco disaster. Bautista Saavedra, Edmundo Vázquez, *Manifiesto programa, Donde estamos y a donde debemos ir* (La Paz: Partido Republicano Socialista, 30 de septiembre de 1935). Other older politicians also quickly became sensitive to the new *ambiente* and also rather incensed over the attacks by the new generation. Tomás Manuel Elío, head of the Liberal Party, for example, in a press interview denied categorically that his party was reactionary and held that it would accept all reasonable changes. He struck out especially against those who condemned others with the term *tradicionalista*, and stressed that the Liberals, while basing themselves in the Bolivian past and institutions, did not

of the radical Marxist-indigenist left, there now appeared a whole new moderate leftist movement which had not existed in the political spectrum of pre-Chaco Bolivia.¹¹ Energies formerly used to buttress the traditional parties were now turned toward forming innumerable socialist clubs and political groupings and overnight a host of new names began to dominate the political scene.

As early as the winter of 1935, news began to circulate of the creation of a political organization of young radically-minded intellectuals called *Beta Gama* (the Greek letters signifying *Bolivia Grande* or the new Bolivia ideology).¹² While not particularly radical in its reform proposals,¹³ the new group nevertheless represented a self-conscious break with the elder parties and had within its membership a Marxist-oriented wing.¹⁴ Then in August, 1935, came the creation of the *Célula Socialista Boliviana*, which soon came to

for that reason refuse to accept new currents of thought. *El Diario*, February 16, 1936.

¹¹ Probably the most outstanding members of this pre-war group of radical intellectuals were Roberto Hinojosa and Tristán Marof (Gustavo A. Navarro). Marof was exiled in the Saavedra period for his radicalism and as early as 1926 in his *Justicia del Inca* was advocating his famous revolutionary formula "tierras al indio, minas al estado." For the fullest development of his ideas on Bolivian society and institutions see: Tristán Marof, *La tragedia del altiplano* (Buenos Aires: Editorial Claridad, [1934]). Hinojosa was a less systematic and more indigenist-oriented radical and in the late 1920's advocated an Indian-worker revolution, which he attempted to carry out himself in June of 1930. See Roberto Hinojosa, *La revolución de Villazón* (La Paz: Editorial La Universal, [1944]). In 1930 a clandestine Communist Party was temporarily established in Bolivia by a group of writers and intellectuals, but its organization was effectively destroyed by the Salamanca government. Guillermo Lora, *José Aguirre Gainsborg, fundador del P.O.R.* (La Paz: Ediciones "Masas," 1960), pp. 19-21. Reflecting both the influence of these communist intellectuals and the indigenist ideology, was the important *Grupo Tupac Amaru* which was formed just prior to the Chaco War and was extremely active during the war in fomenting insubordination, desertion and mutiny among the Bolivian troops. Its pre-war program advocating violent overthrow of the government, nationalization of the mines, and collectivization of the soil by a revolutionary worker-peasant coalition is reprinted in René Canelas López, "El sindicalismo y los sindicatos en Bolivia," *Revista Jurídica* (Cochabamba), Año VIII, No. 35 (Junio de 1946), pp. 74-75; for its anti-war propaganda see Grupo Tupac Amaru, *Manifiesto: La victoria o la muerte (al pueblo boliviano: soldados, estudiantes, obreros)* (N.p., [1934]).

¹² According to Beta Gama leaders, among whom were Hernán Siles Zuazo and Víctor Andrade, the organization had been founded in late 1934; however, it did not make its active political appearance until July, 1935. *El Diario*, August 11, 1935.

¹³ See its program in *El Diario*, July 25, 1935.

¹⁴ This wing, led by the Trotskyite José Aguirre Gainsborg soon formed its own *Asociación Socialista Beta Gama* which represented a far more revolutionary group than the original B.G. *El Diario*, November 8, 25, and 28, 1935; Lora, pp. 41-46.

dominate the new movements. Founded on the fragments of the pre-war Nationalist Party, a party of young politicians who had followed the banner of Hernando Siles and had attempted unsuccessfully to establish a party between the two Republican groups, the new grouping was led by Enrique Baldívieso and Carlos Montenegro.¹⁵ Gathering momentum rapidly, the *célula* shortly turned itself into a *confederación* by picking up many of the new groupings, and by the end of the year had amalgamated with a majority of the members of Beta Gama and finally developed into a full-fledged *Partido Socialista* in the early months of the new year.¹⁶

At this point the more extremist wings of these various groups and clubs made their decisions against affiliation, and from that point on the moderate middle class-oriented Socialist Party and the Marxist-extremists of various ideological gradations parted ways.¹⁷ And while the extremists would often offer important support to the government of the era of military socialism, they remained largely on the fringes of political power until the fall of these governments, after which time they became the prime opposition to the oligarchy.

The Socialist Party, in alliance with the major veterans' organization, the *Legión de Ex-Combatientes* (L.E.C.),¹⁸ soon found a

¹⁵ *La Razón*, October 2, 1935; *El Diario*, October 2, 3, 1935.

¹⁶ *El Diario*, October 8, 1935, for BG-CSB pact; for their moderate reform program see Confederación Socialista Boliviana, *Programa unificado* (La Paz: n.p., 7 de diciembre de 1935); and *El Diario*, March 5, 1936, for the foundation of the Partido Socialista.

¹⁷ *El Diario*, March 13, 1936. I have adopted the terms "extremists" and "moderates" to describe the two main rough groupings within the Bolivian left following the Chaco War. By the term extremists I refer to those who called for basic socio-economic change of a far-reaching revolutionary nature, and the moderates to those who proposed less radical reforms in a more evolutionary approach. A key distinction between the two groups was their attitude toward the Indian and the role of labor in the new order. For the moderates the problem of the Indian was either ignored or considered a problem of education, and the rights of labor were to be granted only from above by the middle classes. The radicals on the other hand called for violent land reform and a post-revolutionary government made up of Indian, worker, and middle class elements.

¹⁸ Almost immediately following the war local veterans groups sprang up all over the country. By late September, 1935, they were already strong enough to form one large national organization which they called the *Legión de Ex-Combatientes*. *El Diario*, October 3, 1935. Granted official government recognition, the LEC stressed strong veterans' mutualist aims and a position of apoliticalism, interpreted to mean freedom to support any group which would pay off the veterans. *El Diario*, October 4, 1935. Despite its apolitical slogan and fairly consistent program of non-party affiliation, the LEC, by its very size and its fundamental sympathy with the position of the generación del Chaco, had an important impact on the national political scene throughout the period of military socialism.

Aside from LEC, there were several other mutualist-oriented veterans groups

kindred spirit for its moderate reform position and revolt against traditional leadership in the officer corps itself. For the Army, too, was experiencing this revolt of the younger generation against the old leadership. The war had proved the incapacity of the upper officer corps and had also sparked the meteoric rise of able pre-war lieutenants to positions of power and rank by the end of the war. These men were bitter over the failure of the war leaders and were highly sympathetic to the aspirations of the civilian veterans for a new order. Much more politically self-conscious than their elders, and extremely sensitive to charges against the Army's conduct of the war, they were eager to efface their military disaster with political radicalism.

Aside from the political idealism, many officers were driven by a calculated undercurrent of fear from threats of civilian investigations of war conduct and responsibility which would have implicated the entire military establishment. To many officers the only way to meet this threat was through controlling the government and carrying out a popular reform program. Finally, according to one civilian veteran, "the taking of the government signified [for these officers] the illusion of responsibilities as it satisfied the thirst for power increased in them by the habit of commanding civilians in the Chaco."¹⁹ Faced with these new men and needs, the old army leadership was forced to give ground completely and allow these younger

and unlike LEC these groups had strong political overtones. Among these were the *Asociación Nacional de Ex-Combatientes Socialistas* (ANDES) which helped found the C.S.B. See its program in ANDES, *Programa político* (La Paz: Editorial "Fénix," 1937) and the more extreme leftist *Asociación de Ex-Prisioneros* (AEP) which was formed from among the Bolivian prisoners of war in Paraguayan camps. *El Diario*, August 12, 1936.

Another group founded in the Paraguayan prisoner camps was the RADEPA (or *Razón de Patria*) which took a more right extremist position and was confined almost exclusively to the officer corps. Advocating internal reform and rejuvenation of the Army, RADEPA nevertheless maintained its secret character after its founding in 1934 and was largely quiescent in the decade of the 30's, though in the 40's it would emerge, through its political action wing—*Logia Mariscal Santa Cruz*—into national prominence and power. Parallel to this organization was a similar one founded among the civilian ex-prisoners called *Estrella de Hierro* and led by Víctor Andrade and Roberto Balboa la Vieja, which also would not develop its potential until after the end of the era of military socialism. For the history of these groups of right-wing radicals see Pedro Zilveti Arze, *Bajo el signo de la Barbarie* (Santiago de Chile: Ediciones Orbe, 1946), pp. 23ff; also Interview with Colonel Julio A. Saavedra G, one of the co-founders of RADEPA along with Elías Belmonte, La Paz, September 18, 1961; and Interview with Colonel Julio Díaz Argüedas, La Paz, June 28, 1961. The program of *Estrella de Hierro* is discussed in *El Diario*, October 29 and November 6, 1939.

¹⁹ Céspedes, p. 146.

officers for the next three years to lead the military institution where they would.

The key figure and leader of this younger grouping was Lieutenant Colonel Germán Busch, one of the only real "heroes" of the Chaco War. A young lieutenant of 28 at the beginning of the conflict, Busch had been one of the few competent officers on the Bolivian side, and through his brilliance had risen in the last days of the war to leadership of the field troops in the defense of the Camiri oil fields. For this action he was finally rewarded with the second highest post in the Army, Chief of the General Staff, shortly after the end of the conflict.²⁰ But for all his military insight and leadership, Busch was politically unsophisticated and although he firmly believed in the need for some type of social change, he was at this point incapable of clearly formulating his own ideology or leading a government. Recognizing these deficiencies in himself, Busch, like the younger officers who surrounded him, came to accept the leadership of Colonel David Toro.

Of all the officer corps, both of the younger and older generations between which he formed a crucial link, David Toro was unquestionably the most politically adept and sophisticated figure. Elevated to the rank of major at the age of 27 in 1925, he was an intimate associate of General Hans Kundt and President Hernando Siles. Under Siles' policy of committing the Army politically, Toro was a leading activist, and in the last months of the government he held the cabinet posts first of Development and Communications and then of Government (or internal affairs), the chief political control position in the regime. Because of his political involvements Toro was forced into exile with the 1930 Rebellion, but the Chaco emergency brought him back into the ranks even more powerful than when he left.

During the war Toro's intellectual caliber and political astuteness won him the respect and devotion of the higher officers who soon came to depend heavily on his judgment. His opposition to Salamanca sparked off several insubordination attempts of the men he worked under, such as Carlos Quintanilla and Enrique Peñaranda, men who were led in their insubordination by Toro himself. Opposed to Kundt's leadership, when the latter fell after the battle of Nanawa and was replaced by Enrique Peñaranda, Toro was given almost

²⁰ General-in-Chief of the Army was pliable Enrique Peñaranda, who replaced the German mercenary Hans Kundt in this position in December, 1933, and retained this office until his retirement in January, 1938. Zook, p. 168; *El Diario*, January 12, 1938.

unlimited authority and became the most powerful officer in the Army.

But for all his intellectual brilliance and even military astuteness, Toro was too politically minded and too dissolute to carry through to successful completion many of his complicated military maneuvers, and more than once was the chief cause of a bitter Bolivian defeat. Yet no matter how disastrous his field operations, Toro never lost his control over the upper officers corps, on the one hand, and his young fellow officer veterans on the other. Thus when Busch and his followers began their plotting, it was Toro who they decided should lead them.²¹

With the end of the war the old political parties attempted to sort out their allegiances and regroup behind one candidate so as to present a united front to the increasing military power. But the Liberals, Genuine Republicans, and Socialist Republicans were unable to work out any common ground. The *Genuinos* were pressing for the candidacy of the poet Franz Tamayo, who had been the elected successor of Salamanca but had been prevented from taking office by the military coup. The Liberals refused to accept Tamayo since Tejada Sorzano, their leader, was already in the presidency due to that same coup and they wanted to keep him there. For their part the Republican Socialists under Saavedra were intent on playing both sides, and while they toyed with a united traditional party coalition they also worked actively with the new socialist groupings and with the younger officers.²²

But for all this heavy-handed plotting, the final overthrow of the civilian government was brought about by an entirely different set of circumstances. Although the reactionary Salamanca regime had effectively killed the important Bolivian labor movement in 1932, with his overthrow and the end of the Chaco War there occurred a major rebirth of organized labor activity.²³ Aided by a post-war labor market of full employment, the return of many leading pre-war union organizers, and finally a spiraling inflation,²⁴ the labor

²¹ Díaz Argüedas, pp. 330-331, 336-342 for the biographies of these two men; also see Zook, pp. 194-218.

²² See e.g., *El Diario*, January 15 and 27, 1936, and March 24, 1936, for complicated maneuverings of this period.

²³ Agustín Barcelli S., *Medio siglo de luchas sindicales revolucionarias en Bolivia, 1905-1955* (La Paz: n.p., 1956), pp. 93ff.

²⁴ While money in circulation was ten times greater in 1935 than in 1931, Bolivia had not experienced serious inflation during the war, as the proportionate increase in Bank savings and price stability clearly indicate. This was due largely to heavy internal financing through the Central Bank, to government-

movement quickly regained its old power early in 1935 and was soon surpassing its pre-war strength and importance. This new power became apparent in May of 1936 when the labor federation of La Paz, the *Federación Obrero de Trabajo* (FOT), called a successful general strike in demand for higher wages. With the Army under Busch refusing to move against the strikers, the Tejada Sorzano government found itself helpless before the unions, and so thorough was the stoppage that the workers themselves were forced to police the streets of the capital.²⁵

It was at this point that all the months of negotiating came to fruition, and on May 17, 1936, Busch, Chief of the General Staff and head of the garrison at La Paz, formally declared the Tejada Sorzano government at an end. Carried out by a tripartite coalition of junior officers, Baldivieso Socialists, and Republican Socialists under Saavedra, the revolution was produced without bloodshed and accepted by the majority of Bolivians. On May 20 Toro arrived from the Chaco, and a formal *Junta Militar* was established under his presidency, thus initiating the unique experiment in Bolivian history which was soon to adopt the name of "military socialism."²⁶

supported exchange rates favorable to the consumer, and finally to the remarkably rapid recovery of the tin industry from the depression.

With the end of the war, however, the control and supported exchange rate machinery was dismantled and the sudden demand for import goods, coupled with heavy government deficit-financing to meet the war obligations, as well as the new social services being established, created an inflationary situation. Whereas previously the cost of living averaged only an annual rise of 16.6 per cent, it would suddenly rise in the period 1936-1939 to an annual average increase of 50.74 per cent. As for the national currency, while it remained a steady Bs. 20 to the pound throughout the war years, from 1937 to 1939 it declined to Bs. 141 to the pound. It should be noted, however, that while the middle classes were steadily feeling the effect of this inflation, both labor and the capitalists were fairly content. With post-war demand for goods and services extremely heavy, industrial production continued to rise steadily with import inventories, and so the leaders of commerce and industry proved sensitive to worker demands because of the shortage of skilled workers, and were willing to concede pay raises. The above figures are taken from *Comisión Económica para América Latina, El desarrollo económico de Bolivia* (México: Naciones Unidas, Departamento de Asuntos Económicos y Sociales, 1958), pp. 58-63.

²⁵ *El Diario*, May 7, 1936; *La Razón*, May 9, 1936; Barcelli, pp. 138-141; Moisés Álvarez, "La organización sindical en Bolivia," *Boletín del Ministerio del Trabajo, Previsión Social y Salubridad*, No. 1 (Septiembre, 1937), pp. 37-38; Waldo Álvarez, "Fundación de la Federación Gráfica Boliviana," in *Primer Congreso Nacional de Trabajadores Gráficos* (La Paz: Federación Gráfica Boliviana, 1952), pp. 98-99.

²⁶ Díaz Machicao, *La guerra del Chaco*, pp. 272-276; Porfirio Díaz Machicao, *Historia de Bolivia, Toro, Busch, Quintanilla, 1936-1940* (La Paz: Editorial "Juventud," 1957), pp. 19-23. Interestingly, Toro himself claims that he was innocent of the plans of the golpe, wanting to maintain the Tejada Sorzano government until its legal term expired, and that the Army itself, under Busch's

Called to La Paz to head the new government, Toro quickly set about establishing the rhetoric of the revolution, giving in vivid phrases the basic tone which Busch and his fellow officers sought to achieve. Thus in his opening address to the nation, he proclaimed that:

The Army does not aspire to any interest in implanting caudillismo or to encourage the predominance of groups or parties. The *golpe de estado* had a laborious gestation [and occurs] with the unanimous consensus of the Army whose ideology is in harmony with the new ideology of the country. Its firm intention is to implant State Socialism with the aid of the parties of the left.²⁷

In a press interview a short time later, Toro declared that the political movement which he now headed had its origins in "the political situation and the social and economic problems arising after the Chaco War, whose solution was impossible within the traditional political situations, [which therefore] made necessary the intervention of the Army in defense of the interests and rights of the working classes and ex-combatants."²⁸ To a mass labor demonstration he again proclaimed in fervent phrases that:

The social doctrine [of the new government] has been born in the sands of the Chaco, in the trenches where the civilians and military men have shed their blood for the *Patria*, putting at its service the maximum sum of their energies and sacrifices.

It is there where such ideology crystallized which [today] is realized in a revolutionary movement which must not enthrone civilian or military caudillos, but which carries the proposition of demanding . . . the just renovating proposals of social justice.²⁹

What that Chaco-originated ideology was, and what the new leaders meant by that all-encompassing term of socialism, remained for the leading civilian of the new government to elaborate. Upon being appointed Minister of Foreign Affairs, Enrique Baldivieso, head of the Socialist Party, declared in his investiture speech that:

The structure of the State and the political events are nothing more than the eternal manifestations of a more essential reality: the economic organization of the people. The Liberal democracy was the expression of capitalism at the service of a minority.

Each day the regime of a terrible economic inequality was accentuated; on one side were those who possessed nothing but their labor, . . . and on

leadership, forced him to take command of the Junta. Colonel David Toro R., *Mi actuación en la campaña del Chaco (Picuriba)* (La Paz: Editorial Renacimiento, 1941), pp. 262-263.

²⁷ *La Razón*, May 21, 1936.

²⁸ *El Diario*, May 21, 1936.

²⁹ *Ibid.*, May 26, 1936.

the other, the accumulation of privilege in a few hands, the monopoly of fortune and the dictatorship of uncontrolled egoistic capitalism.

On one side, a false democracy which will make the citizen the subject of rights, political abstractions, the nominal depository of sovereignty, and on the other side the evident reality in which all political power is concentrated in the hands of the privileged.

For Baldovino the movement which he headed thus aimed at destroying not a person or a party but an entire system—the “egoistic capitalism” which was maintained by “the old machinery of the democratic liberal state.” But political independence, both for the nation and the manual and intellectual workers, means nothing without economic independence, which is the prime requisite for true liberty. Thus the aim of the movement which the Army and the parties of the left had carried out is the restoration of the economic sovereignty of Bolivia. “Against the political rights so many times proclaimed, we want to affirm the economic rights of the citizen: the right to live, the right to work, and the right to receive the full benefit of that labor.”

He charged that his socialism and that of his government was not a doctrine taken from aliens but was defined by the economic, racial, and geographical reality of Bolivia. He recognized that Bolivia was “not prepared for the advent of complete socialism.” This was because it lacked any real industry or technology and was but “a semi-colonial producer of raw materials.” In nations “where the stages have followed according to the laws of economic development, the formula capitalism against socialism is a true one.” In Bolivia, however, he believed that the lack of capital and industry necessitated a continued dependence on capitalism. But this capitalism was not to be the old “egoistic and absorbant capital which flees from Bolivia without leaving any benefit,” but rather the “fecund and productive” variety which would invest in the country, “which remunerates labor with justice, and which is a progressive and well-being factor” whose aim is the creation of a viable and diversified industrial base in Bolivia.³⁰

Such was in essence the ideological program of the new middle class moderate leftist movement in Bolivia: evolutionary social reform at home, with prime concentration on state responsibility both for the welfare of its citizens, and for the reduction of the exclusive power and economic monopoly of the mining oligarchy. Allied to this was the desire for economic development and the encouragement of “good” foreign capital. Conspicuously absent from all of these

³⁰ *La Razón*, May 24, 1936.

early post-war moderate programs was the question of *latifundismo* and of the Indian masses. While the extreme left called for the nationalization of the mines, land reform for the Indians, and revolutionary governments of worker domination, the moderate socialists at this early stage stressed evolutionary reform within the system, primarily to benefit the middle class urban sectors. But the moderates would soon realize that such mild programs would never really succeed against an entrenched oligarchy and especially after the destruction of the military socialist experiment, their programs would begin to take on more revolutionary overtones. In the Toro period, however, the moderate program of Baldivieso dominated the new post-war leftist thought.

To elaborate more completely what the new government proposed, the cabinet of the Junta Militar issued on May 25 a fifty-two point program of immediate action. Showing a heavy influence of Italian fascism among the officers of the new government were key proposals for the establishment of obligatory syndicalization and a corporate type of functional regime in parliament to replace the existent direct election system. It also proposed that the State assume responsibility for seeing to it that all people were provided with work or unemployment compensation, that obligatory worker savings plans be established, that social security coverage be provided for all, and that laws be established to give social equality to women and children. State subsidized food stores were to be established to overcome the impact of the inflation on the middle and lower classes, and finally a host of proposals were promised which were designed to guarantee the rights of veterans and see to their preferential treatment. Despite all of these expensive proposals, the government also promised a balanced budget and frugal administration, claiming that new taxes would provide the needed funds.³¹

As an immediate concrete step toward implementing the new program of social revindications, the government set about establishing a host of new ministries, the prime ones being Labor, and Mines and Petroleum.³² The setting up of a Labor Ministry for the first time

³¹ *Ibid.*, May 26, 1936.

³² This was truly a major change in cabinet structure and one of the most important modernizing moves of the new regime. Whereas prior to the Toro government there had been only six ministries at the most, [N. Andrew N. Clevon, *The Political Organization of Bolivia* (Washington: Carnegie Institute of Washington, 1940), p. 128], there were now ten altogether. A Department of Indian Affairs was organized in conjunction with the Public Education Ministry. Agriculture was separated from a previous coalition ministry and raised from departmental status to that of a self-contained ministry, and the same occurred with Industry and Commerce which had formerly been subordinated to the Finance

in Bolivian history was both an independent government act and an acceptance of worker demands. While the golpe de estado was a success as far as the old government was concerned, it still had to deal with the unresolved general strike. Busch had temporarily agreed to general wage raises, and this was confirmed by Toro, who also accepted the demand for the new ministry and made Waldo Álvarez, the strike leader, the first Minister of Labor.³³ And it was around Álvarez' ministry that many of the leading extreme leftists established themselves.³⁴

But the rest of the government constituted a rough coalition of army officers and members of the Socialist and Republican Socialist parties, and this coalition quickly broke down. Though moderate in their own position, the Baldivieso Socialists still felt that the Republican Socialists of Saavedra were a traditional-oriented party despite their socialist label and soon refused to work with the "rightists."³⁵ For his part, Saavedra pushed hard to gain complete domination over the government and ran head on into moderate leftist opposition.

The rather idealistic officers began to grow restive in the face of this constant struggle for power. At first they tried to prevent a showdown of strength, but they soon began to feel uncomfortable in the presence of the dynamic ex-caudillo Saavedra. In a move to end the dispute, Toro offered Saavedra an important diplomatic position abroad, but Saavedra refused and pressed for a showdown of strength.³⁶ His party carried out several mass meetings in support of its position, and its newspaper, *La República*, attacked the "communists" in the government, whom Saavedra claimed were out to destroy him.³⁷ This action of Saavedra and the political machinations which had begun under the Junta greatly angered the rather straightforward Busch, and without the prior knowledge of Toro, Busch carried out a golpe de estado on June 21.

The prime objective of this golpe was the deportation of Saavedra and the abolition of the tripartite system of civilian party and military pacts, leaving the Army free to govern on its own, with only

Ministry. Also there was the outright creation of two new ministries of what previously had been subordinated departments, that of Mines and Petroleum—indicating the new government's concern over the prime wealth of the nation—and Labor and Social Security. See *El Diario*, May 23, 1936.

³³ *El Diario*, May 21 and 22, 1936; Interview with Waldo Álvarez, La Paz, October 11, 1961.

³⁴ *El Diario*, May 26 and 30, 1936.

³⁵ *El Diario*, May 23 and June 1 and 19, 1936.

³⁶ *Ibid.*, June 11, 1936.

³⁷ Díaz Machicao, *Toro, Busch, Quintanilla*, pp. 25-26.

the aid of individual civilians who represented no political parties.³⁸ The precedent once established, the Army thereafter continued to rule without organized party support right up until the fall of "military socialism" in 1939.

The ease with which the golpe was carried out indicated beyond question the predominance of Busch quietly working in the shadows of Toro's government. It was Busch himself who issued the Manifesto to the nation on Sunday, June 21, justifying the move of the Army. He stated that in the *17 de Mayo* movement the Army sought national regeneration and, not desiring power itself, had decided to rule with the parties of the left. "Unhappily," claimed Busch, "the political reality which we were expecting did not correspond to the noble aspirations of the Army. The parties of the left, united by pacts which seemed solidly defined, did not delay in breaking them, giving us the spectacle of totally opposed appetites. . . ." The Army, stated Busch, had had enough of these sterile political battles, and had decided to go it alone, without the aid of the political parties, basing itself rather on the veterans and labor movement.³⁹

Toro tardily supported this surprise move and, following Busch's lead, issued his own manifesto to the nation the next day, which stated that he fully accepted the decision of the Army on this matter and asked the nation to cooperate in this new partyless government.⁴⁰

While Toro specifically exonerated the Partido Socialista of subversive tendencies in an official communique,⁴¹ the ouster of the party from the government by Busch brought about its rapid decline and quick demise. On June 23 Baldovinos resigned as party leader, charging both that the recent golpe invalidated his position, and also that the party newspaper, *La Calle*, under the direction of Carlos Montenegro and Augusto Céspedes,⁴² had maligned him and his policies.⁴³ *La Calle*, which began in this same month, was to continue long after the demise of the party and after the political decline of Baldovinos as well, and was to be a crucial link between the short-lived Socialist Party of Baldovinos and the parties of Bolivian socialism of the late 1930's and early 1940's.

Without government support and without clear leadership, the Partido Socialista quietly disappeared in its original form from the political scene before the year was out, though several of its leaders

³⁸ *Ibid.*, pp. 26-27.

³⁹ *El Diario*, June 21, 1936.

⁴⁰ *Ibid.*, June 22, 1936.

⁴¹ *Ibid.*, June 26, 1936.

⁴² Céspedes, pp. 149-150.

⁴³ *La Razón*, June 25, 1936.

would continue to play vital political roles to the end of the period. With the breakdown of the Partido Socialista into small personalist followings, the left again returned to its disorganized, though still vital, splinter party state. This was a condition it would remain in throughout the era of military socialism, and from which it would not emerge until 1940, with the foundation of the national revolutionary parties of the modern era.

From its first days in office, the Toro government exhibited in all its diverse actions a rather bizarre mixture of ideologies, personalities, and interest groups. In swift moves designed to add popular support and to indicate to the nation that it was a government of action, the Toro administration issued a series of important liberal decrees. The five-year-old Chaco War state of siege was finally ended,⁴⁴ and the Ministry of Labor began to set up several important study commissions to work out social security and labor savings legislation and a complete labor code.⁴⁵ On June 1st the government issued a new Pay Raise Decree for government and private employees, augmenting considerably the salary raises previously decreed by the Tejada Sorzano government.⁴⁶ The new Ministry of Mines and Petroleum also announced that it was planning the creation of a *Banco Minero*, which would become the prime mineral purchasing agent for the small miners and a major government control in the industry.⁴⁷

The government, however, showed a streak of authoritarianism and an anti-labor attitude when, under the leadership of Pedro Zilveti Arce, Minister of Communications, it prohibited government employees from forming unions or striking.⁴⁸ Also at the end of June the government announced that it was actually considering an anti-communist and anti-anarchist decree of an extremely stringent nature.⁴⁹ Finally, it began informal conversation with a new *ad hoc* conservative political group known as the *Partido Centralista* and led by tin magnate Aramayo over the possible entrance of the latter into the government.⁵⁰ But the government was too heavily depend-

⁴⁴ *Ibid.*, May 24, 1936.

⁴⁵ *Ibid.*, May 31, 1936; *El Diario*, June 6, 1936.

⁴⁶ *El Diario*, June 7, 1936.

⁴⁷ *Ibid.* It also completed the work begun by Daniel Sánchez Bustamante in 1930 in the field of university reform, by decreeing economic autonomy to the universities. *El Diario*, July 2, 1936.

⁴⁸ *Ibid.*, June 14 and 15, 1936.

⁴⁹ *El Diario*, June 26, 1936.

⁵⁰ *El Diario*, June 30, 1936. With the May 17 revolution and the June 21 golpe, the Liberal, Republican Socialist, and Genuine Republican parties ceased open political activity and remained dormant for the rest of the Toro period.

ent on labor support to carry out these latter measures overtly, and it proceeded quietly to bring in leading conservative civilians as government advisers, and carried out other changes of personnel which lessened leftist influence.

In the first cabinet finally organized after the Busch golpe, civilian representation in the government was reduced to three, and Baldívieso was replaced by the professional diplomat Enrique Finot.⁵¹ Despite all measures to the contrary, the inflation fevers could not be stopped, and the Army began to carry out drastic operations to hold the line, especially as this sensitive issue affected not only labor and the veterans, who were forever petitioning and agitating over it, but the vital middle class as well. Building on the work of Tejada Sorzano, who had established a *Dirección General de Consumos Nacionales* in early 1935, the Toro government reorganized this *Dirección* into a Special Subsistence Department under the Ministry of Industry and Commerce, and in June, August, September, and October several anti-speculation and price control laws were decreed.⁵² Finally, in early July, the government established State Food Stores to sell items of prime necessity at government-subsidized prices.⁵³

In a move designed to force vagrant peasants and Indian veterans who were crowding the cities back to their fields or into industry, the government decreed an obligatory work decree for all men between 18 and 60 who were of sound mind and body. This decree was designed to meet the great swellings of the city populations as a result of returning Indian Chaco War veterans who, because of their war experience, were incapable of quietly returning to the caste system and feudal arrangements of the countryside and flocked to the cities to seek greater opportunities and freedom.⁵⁴

In their place several leading figures of the mining industry organized a temporary coalition—the Partido Centralista—to pressure both the government and the traditional political parties to take a more conservative position in frank defense of class interests. Their success was crowned, as far as the old parties were concerned, when these gave up their traditional hostilities in the last months of the Busch regime and established a united class-conscious tri-party confederation known as the *Concordancia*. *El Diario*, March 22, 1939.

⁵¹ Díaz Machicao, *Toro, Busch, Quintanilla*, p. 33.

⁵² *El Diario*, October 17, 1936.

⁵³ *Ibid.*, July 6, 1936.

⁵⁴ Interview with Waldo Álvarez, La Paz, October 11, 1961; Sección de Prensa de Palacio de Gobierno, *Bajo el régimen militar socialista ¿Hay labor gubernativa?* (La Paz: Imprenta Intendencia General de Guerra, 6 de agosto de 1936), p. 95; government statistics noted that all the major departmental capitals—particularly La Paz and Cochabamba—had seen a post-war population expansion of at least 30 per cent, almost exclusively due to veterans' migrations to these cities. *El Diario* noted that, "the veterans who previously were agri-

Meanwhile the most publicly discussed issue under consideration by the government was the plan for obligatory syndicalization. Presented to the Cabinet by the Minister of Government, Lieutenant Colonel Julio Viera in late July, it reflected the fascist-oriented officers' desires to establish the foundations of a corporate state. While Minister of Labor Waldo Álvarez and his extreme leftist political advisers Ricardo Anaya and José Antonio Arce were hostile to the corporate state idea, they fully supported the decree with modifications, hoping to take advantage of it to carry out a forced draft unionization of the workers.⁵⁵

In a special interview Álvarez denied charges that the Obligatory Syndicalization decree was specifically designed to destroy the political party system.⁵⁶ Nor, he claimed, was it designed to replace that system with a corporate national syndical organization, which many of the papers and public were charging. However, the law would state, he went on to note, that "the syndical organization will be the base for the functional constitution of the public powers," which he interpreted to mean that all future political parties would have to be based on the *sindicatos* and on economic and social class interests.⁵⁷

So intense did the discussion on this proposed decree become that Toro decided to issue public declarations on the subject. Speaking in late July he outlined the basic philosophy of the government behind this move which was designed to establish what he and others called "functional democracy." This was an obvious euphemism for the corporate state, though in much of the discussion Mussolini or the Italian fascist model were rarely, if ever, specifically cited.

The country [stated Toro] is passing through a state of disorganization of its institutions and political activities, which it owes in part, to the world crisis of the State and, in part, to the decomposition of our parties and our old oligarchies and to the emergencies of the Chaco War. The atmosphere is characterized by the absence of great healthy groupings, by the inertia of the masses, by the predominance of created interests and by the existence of small egoistic groupings which seek to dominate the State and craftily take possession of the direction of the public business. The old politics has not educated the masses nor has it created in them the consciousness of their obligations and their civic rights. . . . For this reason there is no true public opinion and the latter is guided by aberrant senti-

culturalists and herdsmen prefer to establish themselves in the cities and work as carpenters and in other manual activities where the salaries give them a fair economic situation." *El Diario*, August 28, 1936.

⁵⁵ *El Diario*, July 21, 1936; Interview with Waldo Álvarez, La Paz, October 11, 1961.

⁵⁶ *El Diario*, July 22, 1936.

⁵⁷ *Ibid.*, July 25, 1936.

ments such as *caudillismo*, *burocratismo*, and regionalism, and is blind to the great permanent interests of the nationality and the resolution of the social, economic, and cultural problems of Bolivia. The disorganization of the Public Powers, of the juridical and educational institutions, the administrative corruption and the organizing of groupings which have no other end than that of taking possession of the Power and the Public Treasury, tells us that in this manner the nationality cannot subsist for more time without running the danger of disintegrating itself in the most frightful of disorganizations and anarchies.

He proposed as a solution to this pending institutional and moral catastrophe and to "the new economic and social problems which the development of modern industrialism have planted," that a major reorganization of parliament be carried into effect, with half the representation coming from the new syndicates and the other half from the traditional electoral processes. Citizens thus would have a dual vote, a general public vote and a vote as a member of one of the interest groups. This whole process, Toro declared, would educate the popular classes in social responsibility and make parliament more of a reflection of the socio-economic realities of the nation.

Toro modified his definitions of syndicates in an attempt to placate growing middle class opposition, and noted that there were all kinds of syndicalism, from revolutionary to cooperative and mutualistic, and that the government did not propose to implant any particular brand as its own. Nor, he declared, "does it pretend to implant a form of syndicalism which sharpens the class struggle and creates an artificial atmosphere for the economic and social problems" of the nation. The government, stated Toro:

wants simply to take advantage of this force, to channel it within certain limits, subject it to the control of the State, make it an element of discipline and education of the masses, to root out caudillismo, anarchy and extremist action and convert them [i.e., the masses] into useful factors for the resolution of the problems of the Republic. I do not believe that the organization of a few sindicatos of lawyers, doctors, engineers, agriculturalists, shoemakers, industrialists, merchants [and] workers, can intensify the class struggle, since these groupings are functional and will not group the men as capitalists or as proletarians, but rather in their technical and professional aspect. One cannot in the least doubt that the representation of these groups for the solution of certain problems whose definitive decision will be in the power of the State, will be of great utility and will contribute to educate public opinion in the exact knowledge of the national problem.⁵⁸

This, in its most articulated form, was the philosophy which the small group of politically conscious and advanced younger officers proposed for the regeneration of national life and the creation of

⁵⁸ *Ibid.*, July 28, 1936.

what they called a "New Bolivia." How much Toro himself formulated this doctrine, and how much he was influenced by the small coterie of fascist oriented officers who followed his banner, is difficult to say. There is no question, however, that Toro was certainly the most articulate spokesman for these men and that his declarations on syndicalization at this time were the most elaborate statement ever given by this group on their aims for a pure "state socialism" as they sometimes called it.

That Toro was more articulator than firm believer in such an ideology is indicated by his continual retreats from his promises and constant compromises with those "egotistical groupings" and "oligarchies" which he attacked. There is no doubt, however, that this ideology played an important role in the Toro government and did much to set its tone, if not actually its concrete programs.

Throughout July and August the government continued to pass major decrees on government organization and social legislation. A special advisory commission was established to study civil rights for women, and came up with a whole new set of juridical criteria that became decree laws a few months later.⁵⁹ The government also announced proposals for a more equitable tax system, the creation of a National Department of Health, and enacted the confiscation of all petroleum concessions not being worked according to the terms of the concession contracts.⁶⁰ All of this continual flow of decrees on these and other subjects was designed to give the government the aura of a major revolutionary and dynamic force, which the specially established State Printing Office helped to propagate by issuing a heavy flow of promotional literature on the great work being carried forward by the Military Socialist regime. Toro even went so far as to set up a weekly press conference to discuss the major problems of the day with the press corps, a system rather new to Bolivia and one which he used frequently to advantage.⁶¹ Little serious impression, however, was made on the public, for a good deal of the major

⁵⁹ *Ibid.*, July 9, 1936.

⁶⁰ *Ibid.*, July 10, 1936. For a full catalog of the enactments of the government in these first months see: República de Bolivia, Departamento Nacional de Propaganda Socialista, *Informe presentado por el señor coronel Presidente de la Junta Militar Socialista de Gobierno al Ejército Nacional, de 16 de mayo a 31 de diciembre de 1936* (La Paz: Imprenta de la Intendencia General de Guerra, 1937).

Through the enactment of the petroleum decree the number of concessions was reduced from 255 containing 12,704,875 hectares to 6 containing only 379,558 hectares. This act also prepared the way for the establishment of a government-owned petroleum company modeled after Argentina's *Yacimientos Petrolíferos Fiscales* and given its charter in December, 1936. *Ibid.*, pp. 45-53.

⁶¹ *El Diario*, October 20, 1936.

legislation and activity brought few concrete immediate changes and seemingly the public was largely apathetic to the regime.⁶²

The far right, however, was not so indifferent. In August, the now hostile Centralist Party, through the pages of *El Diario* and *La Razón*, began an unceasing attack on the economic policies of the Toro government and especially on the Ministry of Labor and its occupant, Álvarez, whom they labeled a communist. It charged that the wage raise decrees, the new tax programs which were planned, and limitations being placed on the private sector of the economy were all causing a serious loss of economic confidence in the country. They charged that the only remedy to this situation was the establishment of a multi-party Cabinet of "National Concentration" which would inspire confidence both at home and abroad.⁶³

For a time Toro was able to hold out against this pressure, especially as several of his Ministers were in close social and economic contact with the right, and in early September stepped up his emergency economic legislation, even including a raise of 10 per cent in the amount of foreign currency drafts (*devisas*) the miners had to turn over to the government.⁶⁴ But the economic crisis continued unabated and even in a more intense fashion. Toro in a special press meeting to explain the economic situation, stated that the inflation of the Bolivian peso, which had so accelerated in the last few weeks, was really only a psychological problem since the economy was basically sound. He then went on to enumerate all the actions of the government in restricting exchange transactions, in making new arrangements for amortization of major loans and carrying out other measures to restore confidence. Finally, he appealed to the press to help resolve this essentially psychological problem by indicating the true health of the economy.⁶⁵ As a sop to the pressure of the Centralistas, the government also announced on September 16 a special anti-communist decree which was full of harsh-sounding threats, but it produced no change whatsoever as far as the extreme leftist movement was concerned.⁶⁶

Meanwhile the government proceeded at its outwardly feverish

⁶² Díaz Machicao, *Toro, Busch, Quintanilla*, pp. 39ff.

⁶³ *El Diario*, August 30, 1936.

⁶⁴ *Ibid.*, September 8, 1936.

⁶⁵ *Ibid.*

⁶⁶ *Ibid.*, September 22, 1936. It was in these months that such radical organizations as the *Grupo de Izquierda* of Cochabamba, the *Bloque Intelectual Obrero Avance* of Oruro, the *Frente Popular* of Potosí, and the *Partido Obrero Revolucionario* were being formed or rejuvenated. All of these organizations in the late 1930's and early 40's would amalgamate into national revolutionary parties of tremendous power and importance.

pace. In October came an Italian Police Training Mission to reorganize the national police force along the lines of the Italian Carabinieri organization,⁶⁷ and many people took this to be a gauge of government sympathy towards Mussolini's Italy—the Army shortly before having sent a considerable number of pilot cadets to Italy for long-term training. More commissions were announced, one of which was supposed to study the question of Land Reform, but which never met even though the government promised to respect private property.⁶⁸

Of far greater importance, however, was the establishment of a commission to prepare a new constitution for Bolivia.⁶⁹ This was the first concrete step toward the fulfillment of the promised definitive reorganization of the nation as proposed in May. It was felt by all the new elements, no matter of what political persuasion, that the 1880 Constitution was no longer a viable instrument. They wanted a new constitution to reflect the current social ideologies of the post-war period, ideologies which were hostile to the limited government philosophy embodied in the 1880 charter.

Further committing himself along these lines, Toro in early November announced at one of his press conferences that the government was about to carry forth the next major step toward normalization and institutionalization of its "state socialism" program by calling into being a Constituent Assembly as soon as the Constitutional Reform Commission had completed its work. In line with previous announcements Toro stated that the new Congress would have only 50 per cent of its members elected by popular vote; the other 50 per cent would be directly designated by the sindicatos whom they would represent. Indicating that these were concrete proposals, the President committed himself to congressional elections by February, 1937.⁷⁰

In the midst of these developments new rumors began to circulate that Aramayo, representing his Centralists grouping, was again holding discussions with the government on the idea of possible united action between the two,⁷¹ and while the government officially denied these rumors,⁷² it took advantage of dissension in a labor movement to oust Álvarez and much of his extreme leftist coterie from the Ministry of Labor.

⁶⁷ *El Diario*, October 20, 1936.

⁶⁸ *Ibid.*, September 23, 1936.

⁶⁹ *Ibid.*, October 1, 1936.

⁷⁰ *Ibid.*, November 3, 1936.

⁷¹ *Ibid.*, November 17, 1936.

⁷² *Ibid.*, November 19, 1936.

From the early days of the Toro regime Álvarez had announced that he was merely representing the FOT in the government, and would remain in office only so long as the labor movement continued to support him. Later he began stating that as soon as a national congress of the labor movement could be convoked so that a successor could be named, he would resign, since he felt that despite his great activity and accomplishments he was continually facing stiff opposition from the rest of the Cabinet and basic indifference from Toro.⁷³ As for the former demand of Álvarez, the labor movement from the very first gave him full support and various individual unions and the local labor federations constantly reiterated their confidence in him.⁷⁴

In his five months in office Álvarez played a major role, not only in firmly establishing a working ministry but also in giving a tremendous impetus to the labor movement. He turned the old General Department of Labor into an active executive body, whereas formerly it had merely stood as a passive judicial body with little work.⁷⁵ He set up study commissions to work on national social security programs, worker savings plans, and finally a complete labor code. So successful was his impetus that these commissions lasted long after his fall from office, and by the late 30's and early 40's succeeded in creating a whole new body of advanced social legislation for Bolivia. Álvarez also encouraged unity in the labor field itself. He was directly responsible for the organization of the First National Congress of Workers in Oruro, which was the largest meeting of its kind assembled to that date in Bolivia. And through the Congress he helped establish the first national confederation of labor, the *Confederación Sindical de Trabajadores* (CSTB).⁷⁶

On the immediate political issue of electing a successor to Álvarez, however, the Convention was in complete discord, with deadlock and

⁷³ Interview with Waldo Álvarez, La Paz, October 11, 1961.

⁷⁴ For chauffeurs and graphics support, see *El Diario*, June 19, 1936; for textile union, see *El Diario*, June 22, 1936; and local FOT's *La Razón*, June 25, 1936.

⁷⁵ The *Dirección General de Trabajo* had been established by Saavedra in the early 1920's to try the indemnization and worker accident cases, and throughout its history to 1936, it had operated almost exclusively as an administrative court. Now it was made the executive arm of the new ministry and endowed with administrative and labor-organizing functions, and was even given the task of carrying out the first industrial census and later of working out an elaborate labor code. See e.g., *El Diario*, July 7, 1936.

⁷⁶ Two years after its foundation, the CSTB, indicating the newly awakened political commitment of Bolivian labor, participated as a founding member in Toledano's inter-American *Confederación de Trabajadores de América Latina* (CTAL). Barcelli, p. 146.

disunity among the workers over the appointment.⁷⁷ Strongly pressed by the oligarchy over the hotbed of radicals in the Ministry of Labor and on a host of economic issues, Toro took advantage of the labor disunity to support a non-labor man for the post, despite his previous promises to the contrary. His selection was Javier Paz Campero, who was a leading lawyer for the Hochschild mining interests and socially and sympathetically a part of the oligarchy.⁷⁸

Immediately upon the appointment of the new minister, the extreme leftists were removed from the Ministry,⁷⁹ and other activist features of the Álvarez regime were allowed to lapse, bringing this Ministry into political harmony with the rest of the government, much to the satisfaction of the rightist opposition.⁸⁰ Nevertheless, much of the fundamental social security and worker savings codes initiated by Álvarez were successfully carried to completion by the new minister. Thus Toro ended 1936 seemingly having placated some of the more violent criticism of the right, and without a rebellion from the left, which still considered him in a highly favorable light.

This balancing act could not go on indefinitely, given the continued problem of inflation and the inability of all Toro's decrees and rule without party to produce any fundamental change. He was also becoming more and more dependent upon one man, Germán Busch, the still rather reticent man behind the throne, who continued to entrench his control over the Army from his position on the General Staff.

With the new year, Toro began picking up new momentum after a somewhat sluggish period and in the first two months of 1937 concentrated all his efforts on the economic situation and the constitutional question. The Constitutional Reform Commission, under the leadership of Vicente Mendoza López, was attempting to amalgamate all the different streams of ideology in the new government into a coherent constitution. A sort of mixed syndicalist-corporate state and old political party system was contemplated, and it was reported that

⁷⁷ *El Diario*, December 4, 1936.

⁷⁸ Díaz Machicao, *Toro, Busch, Quintanilla*, pp. 40, 44.

⁷⁹ *El Diario*, February 1, 1937.

⁸⁰ See editorial in *El Diario*, January 19, 1937. Toro's induction speech of the new minister caused true delight in *El Diario* for he seemingly attacked the previous minister for having accentuated the class struggle and expressed his belief that the Ministry of Labor should serve as a conciliating force between capital and labor rather than the partisan of one or the other. According to the newspaper, this speech was a "rude blow" to the extremists who wanted radical socio-economic change.

the Commission was supposedly much impressed by Hitler's revisions of the German Constitution in this respect.⁸¹

But seemingly nothing concrete was happening, and many crucial leaders were becoming impatient with the lack of true vitality in the government or of substantial change in the economic situation. Also they were becoming enraged over Toro's growing procrastination on such issues as obligatory syndicalization and the calling into being of the Constituent Assembly. This growing impatience was reflected early in March when Busch handed in his resignation as Chief of the General Staff.⁸² The Army officers in the Chaco quickly cabled Busch their support and asked that he not be removed, and the government's immediate response was to refuse to accept his request.⁸³ The resignation of Busch was tantamount to a vote of no confidence in the Government and the Toro regime was considerably shaken by it. While Busch was persuaded to stay, by strong entreaties and promises, the Toro Government realized that it had to produce some dramatic results or it faced the sure end of a golpe de estado. Busch had withdrawn his resignation this time; the next time he would not make his opposition public, but merely act on it.

The first action of the newly rejuvenated administration was truly a startling one, for on March 13, ten days after the resignation threat of Busch, the Toro Government announced the confiscation of the property of the Standard Oil Company of Bolivia! Shaken to its roots, the Toro regime under the leadership of the Minister of Labor, the rightist Javier Paz Campero, finally brought to an abrupt conclusion the long, drawn out process of litigation against the Standard Oil Company which had been initiated in 1935 by the Tejada Sorzano government and had quietly languished in the courts ever since. This truly historic decree, antedating the similar though far greater action of the Mexican government by an entire year, declared confiscated all the lands, rights, and property of Standard Oil and set up a special government-run oil company known as *Yacimientos Petrolíferos Fiscales Bolivianos* (YPFB) to handle the Standard plants and wells and to operate as a state monopoly in oil production.⁸⁴

Originally charged with exporting huge amounts of oil to Argentina during the Chaco War, the government succeeded in proving in

⁸¹ *El Diario*, January 28 and February 2, 1937.

⁸² *Ibid.*, March 3, 1937.

⁸³ *Ibid.*, March 8, 1937.

⁸⁴ *Ibid.*, March 16, 1937. See also my article, "American Oil Companies in Latin America: the Bolivian Experience," *Inter-American Economic Affairs*, Vol. 18, No. 2 (Autumn, 1964), pp. 47-72.

a meticulous fashion the lesser charge that the Standard Oil Company had admittedly exported oil illegally in the late 1920's. Thus, no matter how small the amount involved, the Company had been caught defrauding the State, for which, according to its 1920-1922 contracts, it was liable to complete confiscation without recourse to foreign appeal. The case against Standard had been carefully built up since 1935 by the Director General of the Ministry of Mines and Petroleum, Jorge Muñoz Reyes, a geology graduate of the University of California.⁸⁵ But all this careful investigation would have been quietly shelved by the Toro ministry if it had not felt itself in such dire political straits that it sought to use any measure at hand to save its government. The confiscation of the Standard Oil Company of Bolivia was undoubtedly the most dramatic and popular action of the Toro government and one that nationalists both right and left have been proud of ever since. Nor is there any doubt that by this dramatic move Toro gave a new lease on life to his government.

In line with this new and desperate attempt to bolster his regime by every possible means, Toro now undertook to find an alternative to his Army dependence by constructing a national civilian political party. In early April there began to appear notices of a *Partido Socialista del Estado*. On April 7, in the presence of the Minister of Government, Lieutenant Colonel Julio Viera, the Cochabamba branch of the party was established, and on his return to La Paz Colonel Viera bluntly stated that the government was officially supporting this new organization even to the point of encouraging public employees to join it and hindering other political parties from operating in an open election campaign.⁸⁶

Meanwhile other military cabinet ministers were being sent out throughout the Republic to set up local committees of the PSE.⁸⁷ So rapid was the progress of this forced draft organization drive that the government was able to see the construction of a national committee by mid-May. The Honorary Executive Committee included practically the entire Cabinet as well as Toro and General Peñaranda. The actual operating executive committee, however, was largely made up of politically unknown figures.⁸⁸ But this political inexperience

⁸⁵ Jorge Muñoz Reyes, *La caducidad de las concesiones otorgados a The Standard Oil Company of Bolivia* (La Paz: Departamento Nacional de Propaganda Socialista [cuartillas informativas, no. 5], 23 de marzo de 1937), pp. 2-10, 14-15; Interview with Jorge Muñoz Reyes, La Paz, January, 1961 (today Rector of the Universidad Mayor de San Andrés).

⁸⁶ *El Diario*, April 8 and 10, 1937.

⁸⁷ See e.g., *Ibid.*, May 5, 1937.

⁸⁸ *Ibid.*, May 16, 1937.

was soon counterbalanced by the merging into the PSE of a large number of important Baldivieso Socialists under the leadership of Vicente Mendoza López.⁸⁹ How important this new moderate socialist movement might have become, especially as the CSTB was tentatively considering the possibility of bringing in the labor movement,⁹⁰ will never be known, for with the fall of the Toro government the whole embryonic movement collapsed.

Despite the confiscation of the Standard Oil Company and the organization of a Partido Socialista del Estado, and even despite the apparent improvement in the economy,⁹¹ Toro's prestige had declined considerably in the Army and among the officers surrounding Busch, and the Chief of the General Staff finally decided to enter the political arena in his own right. On July 10 in a tumultuous meeting in La Paz, the LEC voted Busch the *Jefe Supremo* of the veterans' organization, and he gratefully accepted this important public post. By bestowing this position on Busch the LEC consciously indicated that it considered him the maximum leader of the veterans' movement with its consequent overtones of political involvement and deliberate rejection of the actual President of the Republic. Busch, in his address to the LEC Assembly, stated that "in the salients of history are presented plans of life and ideas which are overthrown, now it is necessary to begin others which renovate and are founded on the experience and sacrifices acquired"—without question this was his announcement of impending change.⁹²

On the very next evening Toro, Peñaranda, and Busch met in secret sessions, and Busch announced to Toro that he no longer had the confidence of the Army behind his government. Busch then offered, as a gesture only, the position of president of the *Junta de*

⁸⁹ *Ibid.*, June 10, 1937.

⁹⁰ *Ibid.*, June 13, 1937.

⁹¹ In April Toro had been interviewed by a correspondent for *La Razón* of Buenos Aires and had stated that he believed the difficult monetary situation could be fully stabilized by August or September. *El Diario*, April 29, 1937. Statistics issued by the *Dirección General de Estadística* seemed to support Toro's optimism. For basing itself on the year of 1931 as 100 it listed the history of the General Index of Prices as follows:

December 1936—	396.17 per cent
January 1937—	400.61 per cent
February 1937—	403.16 per cent
March 1937—	438.11 per cent
April 1937—	409.98 per cent.

Also in late May the government announced a surplus of Bs. 18 million instead of the expected deficit for fiscal year 1936 because of the increased taxation and administrative reorganization carried out by the Toro government. *El Diario*, May 22, 1937.

⁹² *Ibid.*, July 11, 1937.

Gobierno to Peñaranda, who of course refused, thus leaving Busch's path clear to ascension to power.⁹³ On July 13 the embittered Toro quietly announced his renunciation of the presidency for the good of the nation and went into voluntary exile, thus ending fifteen of the most fruitful and bewildering months in Bolivian political history.

Though one of the most astute political figures of his day, and also one of the most sensitive to the tone of contemporary political life, Toro was a pragmatic politician without fixed orientation or ideological commitment. Because of his own rather hedonistic nature and lack of ideological conviction, he never led but merely followed the major themes that others mapped out. Nevertheless, he always set his own style upon these developments, no matter how belated his commitment to them was, and he also attempted to fit these new ideas into a fairly coherent pattern. Because of these qualities, his regime set the tone for the entire period of "military socialist" rule. Though of a lesser stature than his martyred successor, Toro nevertheless had an important impact on the government of Germán Busch and the two together in their era of "military socialism" set the foundations upon which their civilian successors would build a lasting revolutionary society.

⁹³ *Ibid.*, July 14, 1937.