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INTRODUCTION

In September 1953, the Dwight D. Eisenhower administration decided to extend emergency economic assistance to Bolivia. This was the culmination of a process of accommodation between the United States and revolutionary Bolivia that began with the beginning of the Bolivian revolution in April 1952.¹ Through a series of aid decisions between September 1953 and mid-1954, the Eisenhower administration started a unique, decade-long experiment of supporting a revolutionary regime in the Third World with large-scale economic assistance that lasted until the overthrow of the Bolivian revolutionary regime by a military coup in November 1964.² Such assistance is exceptional in the history of US relations with revolutionary regimes in Latin America and other regions of the Third World.³ The Bolivian case also had unusual characteristics in the context of the foreign policy of the Eisenhower administration, which often identified Third World revolutionary regimes and movements with Communism and Soviet expansionism and actively sought to suppress them (Iran in August 1953 and Guatemala in June 1954, for instance).⁴ Generous economic assistance to a Latin American country was also a rarity during the budget-conscious

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Republican administration. This uncommon experiment in US foreign policy has been explored in earnest by historians of US foreign relations in recent years. Two interpretations stand out as explanations of factors contributing to the unique US response and consequences in the Bolivian case. One group of scholars emphasizes the critical importance of strategic and security concerns about the Cold War and Communism in US decisions to support Bolivia’s revolutionary regime. They represent the realist school in international relations with their focus on power and on power struggles between states. The second group of scholars emphasizes the importance of the United States trying to control and contain economic nationalism as well as the strengthening of a neocolonial relationship between the United States and Bolivia. They represent the revisionist school in US foreign relations with their focus on economic interests and domination. Besides these works on the Bolivian case, another vein of scholarship on US-Third World relations provides insights relevant to the Bolivian case as well as other cases of US relations with Third World revolutions with its focus on the American “liberal tradition” and on cultural and ideological factors in US foreign relations. Drawing on these new scholarly insights about US-Third World relations, in this essay I present an interpretative framework for the Bolivian case that can be characterized as post-revisionist, for it builds on the realist and revisionist perspectives and seeks to fill the explanatory gap between the two interpretations by bringing in cultural and ideological perspectives.

In this article I will historically examine as a brief case study the process of accommodation and the development of a collaborative relationship between the United States and revolutionary Bolivia during the Truman and Eisenhower administrations. I will also look into the interplay of the factors pointed out by realist and revisionist scholars along with cultural/ideological factors and discuss the meaning of such an accommodative and collaborative relationship between the two countries in a broader context of US relations with revolutions in the Third World, particularly in Latin America. In the concluding section, I will briefly discuss the efficacy of cultural/ideological perspectives in the analysis of US relations with the Bolivian revolution as well as revolutions in the Third World in general. Rather than being a detailed historical analysis of US policy toward the 1952 Bolivian revolution, this is a brief interpretive work on the relationship between “liberal” America and revolutionary Bolivia with a comparative perspective.
I. THE BOLIVIAN CASE IN A COMPARATIVE PERSPECTIVE

Since the beginning of the Mexican Revolution in 1910, the first large-scale social revolution in the twentieth century, the United States has continued a painful search for ways to establish a stable or at least a workable relationship with those highly nationalist and often Communist revolutions in the Third World. In almost all cases in which the United States has had substantial relationships with revolutionary regimes in the Third World, the United States has had great difficulties. In Latin America, there were at least five large-scale social revolutions in the twentieth century with which the United States had substantial contact, namely, the Mexican revolution of 1910, the Guatemalan revolution of 1944, the Bolivian revolution of 1952, the Cuban Revolution of 1959, and the Nicaraguan revolution of 1979.

Regarding US relations with revolutionary regimes, Cole Blasier offers, from a realist perspective, a useful framework in his comparative analysis of US response to revolutionary regimes in Latin America. According to Blasier, the United States has historically had bitter diplomatic disputes with the region’s revolutionary regimes, mainly over their challenge to crucial US economic and strategic interests in the region: the economic interests through the nationalization of large amounts of US properties by revolutionary regimes and the strategic interests through their actual or suspected connection with hostile outside powers, such as imperial or Nazi Germany before World War II and the Soviet Union thereafter. The existence of these disputes complicated bilateral relations and prolonged reconciliation between the United States and Latin American revolutionaries. According to Blasier, however, the United States did not resort to overt or covert use of force against a revolutionary regime unless decision makers came to the conclusion that a resolution of outstanding economic and diplomatic issues with the regime would not preclude the intervention of a hostile great power in the hemisphere. Indeed, contends Blasier, such strategic concern was the most critical factor in driving the United States to intervene in Guatemala in 1954, Cuba in 1961, and the Dominican Republic in 1965, while it kept the United States from intervening in the Mexican and Bolivian revolutions and made accommodation with them possible.

Blasier’s 1976 work, although a little dated, still presents a solid foundation for analyzing individual cases—except for his rather narrow focus on the use of force, for US intervention in other countries has often
been conducted through economic and other nonmilitary means. US policy toward revolutionary Bolivia is a case in point. Blasier’s framework cannot fully explain the development of an accommodative and collaborative relationship, which had an unmistakable aspect of control and domination as well. The development of such a relationship can be better understood with additional insights from revisionist perspectives with their focus on US control and domination of Latin American and Third World societies through economic and political means. Yet it is still not enough to explain the Bolivian case because the United States intervened in the Bolivian revolution in the absence of significant economic stakes, contrary to revisionist theory. Although the initial push for intervention, in the form of emergency economic assistance, was provided by strong strategic concerns about revolutionary Bolivia’s growing instability and concomitant prospects for the ascendancy of radical and even Communist forces, such intense concerns about “Communism” were relatively relieved when US aid somewhat calmed Bolivia’s political situation by the mid-1950s. Absent significant and immediate economic stakes (revisionist theory) in revolutionary Bolivia or urgent strategic concerns (realist theory), what could explain the continued large-scale interventions by the United States?

Another point to be considered here is that US relations with revolutionary Bolivia were not a simple case of domination but had an important aspect of what Kenneth Lehman describes as a “patron-client relationship” in which the revolutionary leaders “used Bolivia’s dependency to forge a reciprocal if asymmetrical bond with a powerful U.S. patron.” There needs to be an interpretive approach to complement realist and revisionist perspectives to explain how such a relationship developed between the two countries and what the United States sought to realize through its “peaceful” intervention in Bolivia. Two issues are particularly relevant here.

Regarding the first that relates to the “how” question above, there is a general trend in recent Cold War research that emphasizes the importance of Third World countries not simply as Cold War battlegrounds but as major actors in the struggle. There is a growing focus on interactions and mutual influences rather than on simple control or domination by the United States or the Soviet Union. Such mutuality was exactly how the process of accommodation and collaboration evolved in the Bolivian case. Regarding the second issue that relates to the “what” question, the new trend also illuminates the Cold War as an ideological struggle between the superpowers, not just in the traditional sense of a struggle between freedom
and communism but as a struggle for the hearts and minds of people in the Third World regarding the “proper path toward modernity and development.”

Odd Arne Westad, in particular, emphasizes the role of American liberal ideology as a critical factor in US Cold War interventionism, for, according to Westad, the “history of America’s interventions in the Third World is very much the history of how this ideology developed over time and how it framed the policies of the US foreign policy elite.” These ideological and cultural issues are more specifically and extensively addressed in the works discussed in the introduction that focus on the impact of the American “liberal tradition” on foreign policy. Authors of these works have highlighted how US aid policy toward the Third World has been shaped and circumscribed by American cultural norms that emphasize democracy, stability, liberty, development, and American exceptionalism, which may not be immediately applicable to the realities of Third World countries. The Bolivian case illuminates these points. The most enduring and fundamental source of conflict between the two countries has been between America’s liberalism and Bolivia’s revolutionary nationalism. Such dynamics of culture and ideology in foreign policy must be captured by an appropriate analytical perspective.

II. THE 1952 BOLIVIAN REVOLUTION

The Bolivian revolution was started by the country’s revolutionary party, the Nationalist Revolutionary Movement (Movimiento Nacionalista Revolucionario, MNR), in April 1952. In the subsequent twelve years, the Bolivian revolutionary regime, led by the MNR, carried out one of the most fundamental social, political, and economic reform programs in twentieth-century Latin America. The reform program consisted of four major elements: universal suffrage (July 21, 1952), the nationalization of the large tin mines (October 31, 1952), the complete reorganization and reduction of the military (July 24, 1953), and agrarian reform (August 2, 1953). Of the four major reforms, the nationalization of the large mining companies had by far the greatest impact on US relations with revolutionary Bolivia. There were three major companies, often called the Big Three or the Tin Barons. Initially, the MNR revolution was primarily directed against the Big Three, which until then dominated the Bolivian government, economy, and society in collaboration with large landholders in the countryside. These combined mining and landholding elites constituted the oligarchy of
prerevolutionary Bolivia, and the Bolivian revolutionaries regarded them as the source of every evil in the country, from political instability to economic underdevelopment. The Bolivian revolutionaries’ almost single-minded focus on the Big Three was understandable given the country’s critical reliance on the production and export of tin and other minerals for wealth and foreign exchange income.21

Despite the rich potential of the country’s agricultural and mineral resources, the successive regimes dominated by the oligarchy mismanaged the economy and impoverished the country. Bolivia was one of the poorest countries in Latin America at the time of the revolution. It even had to import large amounts of food that it should have been able to produce itself. The Bolivian revolution was, above all, an attempt by the MNR to fundamentally reorganize the country’s political, economic, and social systems to realize the maximum development of its human and natural resources and provide a more equitable distribution of the country’s wealth. Ideologically, the MNR revolutionaries were neither socialist nor Communist but nationalist reformers. In spite of frequent reference to corporatist or Marxist ideas and rhetoric by the party’s leaders after its establishment in 1941, the core of the MNR remained strongly committed to nationalist, reformist ideals.22 The MNR government’s first president, Víctor Paz, and other “pragmatist” leaders, to use James Malloy’s term, constituted the vital center of the MNR party and government. According to Malloy, the party’s top leaders always remained “a bourgeois intellectual elite bent on harnessing social forces for the purpose of creating a Bolivia in its image” and sought to “co-opt the left, blunt its drive, and hook it to the national-developmentalist framework.”23 This was the case even after the late 1940s, when the MNR rapidly broadened its popular base by enlisting the support of the country’s emergent radical labor movement led by Juan Lechín. Lechín’s powerful mineworkers’ federation, Federación Sindical de Trabajadores Mineros de Bolivia (FSTMB), was under the strong political and ideological influence of Trotskyist Communists.

After the revolution, the MNR became even more dependent on Lechin and the workers’ militia made up of armed union members and formed a government based on the principle of cogobierno, joint MNR-labor governance, and appointed several labor ministers, including Lechín. Labor, for its part, quickly consolidated its position in Bolivian politics by forming a national labor confederation, the Central Obrera Boliviana (COB), which was, according to James Dunkerley, “one of the most militant trade union confederations in the world.”24 The COB became a focus of Bolivia’s
revolutionary politics and an important battleground for Paz and other MNR centrists, Lechín and his leftist followers in the MNR, and the Trotskyist Communists of the Partido Obrero Revolucionario (POR) and Stalinist Communists (Partido de Izquierda Revolucionaria, PIR, later replaced by the Partido Comunista de Bolivia, PCB). The leftists sought to pursue various socialist or other collectivist development paths as opposed to the nationalist bourgeois development envisioned by Paz and other MNR centrists.25

Under such circumstances, there was every reason for the MNR regime to be concerned about being labeled “Communist” by the United States, with Lechín and his militant labor movement the focus of US concerns. The Bolivian nationalist revolutionaries were watching very closely the fate of their counterparts in revolutionary Guatemala, who were being labeled by the United States as a “Communist” threat in the Hemisphere. Moreover, the MNR had to dispel the highly negative view of the party the United States had developed since its founding in 1941 because of the party’s strong nationalist, anti-imperialist, and anti-Semitic positions. The MNR was denounced as Nazi-fascist by the United States when it first attempted to reform the country’s semifeudal society and tin-dominated economy during their participation in a reformist military regime led by Maj. Gualberto Villarroel from 1943 to 1946.26

From this experience the MNR learned a bitter but precious lesson about the critical importance of a favorable or at least neutral position on the part of the United States in their struggle against the oligarchy. The first priority of the new MNR government in foreign policy, therefore, was to dispel the long-standing US suspicion and hostility toward the party and at the same time avoid the new charge of “Communist” in order to secure early diplomatic recognition by the United States. Paz and other pragmatist leaders of the MNR made utmost efforts to accommodate strong US concerns about “Communism” on both the domestic and international fronts.27 Just as Westad and others found in their research on overall Third World activism during the Cold War, the Bolivian revolutionaries, rather than being a passive target of US policy, were actively involved in the US political process and sought to influence or even manipulate it when developing the mutual relationship between the United States and revolutionary Bolivia.28 The success of these efforts was amply demonstrated first by Truman’s decision to recognize the MNR regime in June 1952 and by Eisenhower’s decisions to provide aid to Bolivia in 1953–54.
III. US Cold War Diplomacy and Bolivia’s Revolutionary Challenge

The Truman Administration and the Issues of “Communism” and Economic Nationalism

From the perspectives of the United States, Bolivia’s revolutionary challenge consisted politically and strategically in its possible association or collaboration with the Soviet Union and in the impact its programs might have on US economic interests throughout Latin America, to use Blasier’s framework. Although these were two distinct issues, as the realists would emphasize the former and the revisionists the latter, the issues of “Communism” and economic nationalism were often closely connected in the minds of US officials during the Cold War. As Richard Immerman argues in the Guatemalan case, because of the prevailing “cold war ethos,” a “radical” expression of economic nationalism, such as large-scale “confiscations” of American properties, was regarded by US officials and the public as indicating “Communist” influence and control along with other “evidences” of “radical” anti-Americanism. Immerman’s “cold war ethos” could be paraphrased here as “Cold War ideology,” which underscores the critical importance of analyzing US relations with Third World revolutions from an ideological/cultural perspective in addition to the conventional realist and revisionist perspectives.

The issues of “Communism” and economic nationalism were salient from the very beginning of the 1952 revolution. Successful accommodation in the Bolivian case was the result of the two dangerous issues being separated in the early days of the revolution, mostly because of the MNR leadership’s highly pragmatic and skillful handling of the country’s domestic and international affairs. The first fruit of these efforts was US recognition of the MNR regime in June 1952 after the Bolivian revolutionaries successfully demonstrated to the Truman administration that they were not Communist or Communist-controlled and that the MNR regime was maintained in a precarious balance of power among various political forces ranging from the center Right to the Far Left. US State Department officials concluded, and Truman concurred, that Paz’s revolutionary party was the only force capable of preventing political chaos in Bolivia, which could result in a pro-Communist or anti-American regime coming to power, and that delay in recognizing the reasonably “moderate” Paz regime could undermine the Paz faction in the MNR coalition and lead to takeover by “radicals” such as Lechín and his followers. Even though State Department officials still had
strong reservations about the danger of “confiscatory” nationalization of the tin mines, as the realists would argue, the “Communist” concern clearly mitigated their concern about economic nationalism.

After passing this first crucial “Communism” test, the MNR could deal with the more intractable issue of economic nationalism, which indeed constituted the essence of Bolivia’s revolutionary reforms. The issue of economic nationalism, epitomized by the tin nationalization of October 1952 and the subsequent question of compensation, tended to slow the establishment of a full-fledged accommodative or collaborative relationship with the United States. Although US investments in the Big Three were fairly small, the State Department insisted on “satisfactory” compensation to American stockholders lest US acquiescence to Bolivia’s “confiscatory” nationalization have repercussions on the much larger US investments in Chilean copper or Venezuelan oil. Bolivia had become a critical test case of economic nationalism in the eyes of Latin American leaders. State Department officials were also concerned about possible criticism from Congress and the public for not vigorously defending US interests.31

In the end, the MNR leadership succeeded in securing a compensation clause in the nationalization decree by adroitly reconciling the “radical” demands for immediate nationalization of the tin mines without compensation, which was made by its powerful labor constituencies, and the US call for responsible economic policies. To blunt the leftist drive, the Paz government co-opted Lechín and other labor leaders by offering substantial labor participation in the management of the newly established state mining corporation (Corporación Minera de Bolivia, Comibol) in exchange for compensation provisions in the nationalization decree.32 This arrangement proved to be a great drag on national economic development and a serious source of tension between the pragmatist MNR leadership and the powerful FSTMB over control of the mines. But in the short run, the Paz government needed this arrangement to pass, though barely, this especially difficult US test that combined “Communist” and economic nationalist concerns by somehow containing the leftists on the tin nationalization issue while giving Lechín’s powerful mine workers’ union a special status and separating it from the COB leftists under the influence of the Trotskyist POR.33 Toward the end of the Truman administration, however, the process toward a more accommodative and collaborative relationship came to a halt over the compensation issue, which was difficult to implement in Bolivia’s highly contentious revolutionary politics.

During the initial process of accommodation, however, career officers in
the US State Department had much leeway in setting the direction of policy based on their definition of America’s national interests and were largely free of pressures from the press and Congress because the Bolivian issue was far less publicized than the contemporary Guatemalan case, which in turn was partly because the immediate economic stakes were much less in the Bolivian case. State Department officials adopted a highly cautious step-by-step approach to establishing an accommodative and collaborative relationship with revolutionary Bolivia. They subtly, but effectively, used their powerful leverage, such as a long-term tin contract and, later, economic assistance, to encourage Bolivia to comply with their expectations regarding the issues of “Communism” and economic nationalism.

The policies of the Bolivian revolutionaries were always of critical importance in this respect. Indeed, the unique US response in the Bolivian case was ultimately made possible by the exceptional degree of willingness and ability of Bolivia’s pragmatist leadership to implement highly cooperative policies on the crucial questions of Communism and economic nationalism. From the US perspective, not only the willingness but also the ability to cooperate was important. According to Blasier, the Guatemalan revolutionaries, along with the Mexican and Bolivian revolutionaries, “would have preferred compromise” with the United States, but because of “the domestic and international situation,” Guatemalan president Jacobo Arbenz was “forced to turn increasingly to the left for support, dimming US hopes for compromise.” In contrast, Fidel Castro, the leader of the Cuban Revolution, did “not really want compromise with the United States” because he “came to believe, probably correctly, that he could not retain power in Cuba and achieve his revolutionary objectives” within a collaborative framework.

**THE EISENHOWER ADMINISTRATION AND BOLIVIAN AID DECISIONS**

The coming of the Eisenhower administration in January 1953 helped break the impasse over the compensation issue. US concern about Communism was instrumental in breaking the deadlock over Bolivia’s economic nationalism. The Eisenhower administration first accepted and then expanded on the view of the Truman administration that the Bolivian revolutionaries were those threatened by a Communist takeover rather than constituting a Communist threat. Indeed, the new Republican administration’s intense concerns about Communism were essential to bringing about the unusual US decision to provide aid to a Third World
revolutionary regime. Before there was an actual aid decision, however, the grave economic situation in Bolivia needed to be faced.35

After spring 1953, the full impact of revolutionary reforms began to be felt throughout Bolivia in the form of rapidly decreasing mining and agricultural production along with a continuing decline in world tin prices as the Korean War was drawing to a close. The Andean country found itself in a critical shortage of foreign exchange for food imports and other necessities. From the perspective of US State Department officials who had long been involved in Bolivian affairs, Bolivia’s economic and political conditions were deteriorating to such an extent that the United States could no longer just insist on “fair and just” compensation for the nationalized mines. If they were to do so, they could expect a long period of political chaos and successive regimes of radical anti-Americanism and economic nationalism in the heart of South America. In April 1953 the State Department proposed a comprehensive economic assistance program to revolutionary Bolivia, the centerpiece of which was an outright grant of about $15 million for three years, a three-year tin contract, and increased technical assistance. After considerable bureaucratic wrangling, most of these elements were to be included in the emergency aid program announced by President Eisenhower in October 1953. The novel idea of giving substantial grants to a Latin American country was intended to avert Bolivia’s economic collapse and subsequent political chaos that could result in the ascendency of “radical” anti-American and “Communist” forces.36

The State Department aid proposal also introduced two other potentially significant arguments. The first was an embryonic economic development logic that called for encouraging Bolivia’s “economic development through diversification, thereby helping create a self-sustaining and viable economy in the long-run.”37 This logic was to be elaborated by the Kennedy administration in the 1960s with its Alliance for Progress program, which combined economic assistance, domestic reform, and economic development with internal security aid with the goal of producing democracy and social justice and more effective and “enlightened” anti-Communism.38 The second significant argument could be characterized as a showcase logic emphasizing that cooperating with the MNR government would afford the United States “an opportunity for possibly successful cooperation with a popular government, as distinguished from the various dictatorial governments which we are accused of favoring.”39 The MNR were succeeding in not only dispelling the highly negative image they had since the 1940s but also beginning to develop a positive image and meaning
in the minds of US officials, which created a momentum for support for them as a friendly revolutionary regime led by Paz.

The Bolivian aid issue was soon elevated to the highest levels with the president’s active involvement in the issue. This was largely due to the efforts of Milton Eisenhower, the president’s brother and trusted adviser, who became an ardent supporter of the Bolivian aid program after his visit to the Andean nation as part of his official tour to South America. He was also among the strongest advocates of the economic development and showcase logics in the administration alongside the more prevalent, anti-Communist position. The State Department proposal, however, met stiff opposition from all the economic agencies concerned, such as the Reconstruction Finance Corporation and the Export-Import Bank of the United States, with the Department of the Treasury taking the lead under its powerful secretary, George Humphrey, who greatly influenced the direction of the administration’s foreign economic and assistance policy.

The tin contract issue became a focus of this controversy between the economic soundness logic of these agencies and the foreign policy logic of the State Department. While the State Department strongly argued for continued tin purchases from the perspective of the importance of maintaining a stable supply of strategic raw materials as well as improving Bolivia’s precarious domestic condition, Humphrey and other fiscal conservatives argued against it from the perspective of “sound economics.” Because Humphrey wholeheartedly agreed with the “cold warriors” of the administration about the threat of Soviet Communism and because the Bolivian situation had been presented as a Cold War issue, he could not do otherwise than consent to aiding Bolivia in its fight against “Communism.”

Thus, Humphrey urged that the United States “make an outright grant to Bolivia which could be used for developing agriculture or other aspects of an effective economy rather than continuing to purchase low-grade tin which cannot be smelted economically.” This argument made much economic sense, but it was politically unacceptable to State Department officials and the president, to say nothing of the Bolivian revolutionaries who regarded a long-term tin contract as essential to the country’s economic and political survival. As the Bolivian situation became even more critical after mid-1953, Secretary of State John Foster Dulles took up the task of persuading economic agencies by using a straightforward anti-Communist argument, gravely warning against national security risks involved in the Bolivian issue due to threats from “international Communism” and a possible “Communist takeover.” It was Dulles’s ardent anti-Communist
argument that finally won over his skeptical colleagues rather than the economic development and showcase logics presented by Milton Eisenhower and others, which had to wait until after the late 1950s to have their day.

The final aid package was decided on by late September and announced through an exchange of letters between presidents Eisenhower and Paz in October 1953. This package included both grant aid and a tin contract, which suggested that the State Department’s “foreign policy” and “Communism” logic prevailed over the “economic soundness” logic, at least temporarily. The emergency aid arguably gave a new lease on life to Bolivia’s struggling Paz regime. It was, however, in no way an unconditional commitment to Bolivia’s revolutionary experiment. The State Department did not include in the aid package a developmental loan from the Export-Import Bank that was earnestly desired by the MNR. This was not only because of the difficulty of securing consent from the economic agencies but also because the State Department wanted to use it as leverage with the Bolivian government. Although constrained and frustrated by US economic agencies, the State Department took advantage of their adamancy to press Bolivia to comply with the department’s policy objectives.

Secretary Dulles, in the very telegram instructing US ambassador Edward Sparks in La Paz to convey to Bolivian officials the long-awaited news of the finalization of an emergency loan, emphasized that “any consideration of such loans, which would add to Bolivia’s already staggering foreign debt burden, should await further economic and political stabilization.” Dulles explained to Sparks that this “further economic and political stabilization” was not only thought of in terms of payments and development prospects but also in terms of the nature of the Bolivian government, meaning no further aid would be forthcoming until the dominance of “moderate elements” in the government was more clearly established. As it was, the State Department continued to insist that the Bolivian revolutionaries cooperate with US economic and political objectives and suppress leftist influences in the Bolivian government and the country. The Bolivian revolutionaries had to prove continuously their “moderate” and “responsible” nature by deeds as well as by words as long as they were heavily relying on US assistance because Bolivia’s desperate economic condition required a constant infusion of substantial assistance funds from outside.

Thus started, US aid involved a policy of seeking “further economic and political stabilization” in revolutionary Bolivia. As soon as the emergency
decision was announced in October, the State Department started another intense campaign to secure funding for longer-term assistance. In March 1954 another decision was made to swiftly provide an additional food grant to Bolivia, not only to improve its still serious economic condition but also to reward the Paz government for its increasingly “cooperative” attitudes and policies regarding the control of domestic “Communists” as well as “cooperating” with the United States at the 10th Inter-American Conference where it denounced “Communist” Guatemala.\(^45\) By the middle of 1954, it became clear that the Eisenhower administration had decided to support Bolivia’s revolutionary experiment on a long-term basis.

**The Eisenhower Administration and the 1956 Bolivian Stabilization Program**

By way of buttressing Paz and other “moderate” leaders in the MNR government, the United States was becoming actively and inevitably involved in Bolivia’s revolutionary politics and the power struggle among MNR leaders and various factions as well as between them and the extraparty Left. The goal of “political stabilization” and the partisan focus of US aid policy helped deepen divisions in what was originally a broadly-based coalition. Such divisions further intensified after the Eisenhower administration embarked on full-fledged economic stabilization when it introduced a large-scale monetary stabilization program in 1956 under the façade of IMF supervision, which lasted throughout the rest of the Eisenhower period. The program was urgently needed because the hyperinflation Bolivia was experiencing after 1952 evaporated all the gains from Bolivia’s revolutionary reforms as well as eating up US assistance.\(^46\)

The monetary stabilization program consisted not only of monetary policy directed at stopping the printing of excessive money and limiting money supply but also of fiscal policy aimed at slashing budget deficits, lifting price controls, abolishing various government regulations, and drastically reducing or abolishing government subsidies.

Particularly controversial and politically explosive were policies related to the Comibol and to worker conditions in the nationalized mines. With the introduction of the stabilization program, the government of the new president, Hernán Siles, tried not only to abolish large government subsidies to miners’ commissaries but also to greatly reduce the number of “excess” workers in the mines. He sought to regain control of management of the mines and reduce the enormous deficits of the national mining corporation,
which greatly contributed to the large government deficits that were dragging down economic development.\textsuperscript{47} It made perfect sense in Bolivia’s revolutionary politics for the miners, as a crucial and dominant component of the revolutionary coalition, to take advantage of the revolutionary gains that had been denied them by the Tin Barons, but from the US perspective it was simply unacceptable in terms of the political logic that required reducing radical labor influence and the economic logic that necessitated achieving efficient management and economic development.

The stabilization program virtually redirected the country “toward a free market economy despite the socialist and statist orientation of many of its political leaders,” according to Blasier. President Siles stood firm with the program, with strong US backing, in the face of widespread popular protests and, especially, strong opposition from the miners. As Blasier argues, the struggle over the stabilization program became a “struggle for control of the MNR” and was instrumental in alienating the labor Left from the MNR coalition.\textsuperscript{48} President Siles, for his part, began in 1958 to rebuild the Bolivian military with US internal security assistance to confront the armed miners who opposed his stabilization policy.\textsuperscript{49}

Obviously, economic agencies and organizations, such as the US Treasury Department and the IMF, were behind this stabilization program with their sound economy logic, but it was more than sound economy the United States was after. As Secretary Dulles’s September 1953 telegram indicates, both “economic and political stabilization” were essential to US interests and ideals and formed a basis for consensus in the foreign policy and economic agencies of the government vis-à-vis revolutionary Bolivia. Once the Eisenhower administration became relatively secure about the survival of the MNR regime, its assistance policy tended to focus ever more on liberalizing and privatizing the Andean country’s highly statist economy and steering the revolution along a more moderate path. As a quid pro quo for their assistance as well as out of their conviction on the efficacy of liberal economic policy, US officials strongly pressed the MNR government to “take effective measures to attract foreign capital and to stimulate private enterprise” as well as to contain the Left, including Lechín’s labor movement.\textsuperscript{50} Throughout the epic battles over monetary stabilization and control of the mines, the United States attempted to redirect the Bolivian revolutionaries’ highly nationalist and predominantly statist approach toward one in favor of liberal economic principles and practices such as deregulation and privatization.\textsuperscript{51}
The Bolivian case demonstrates that the United States was able not only to accommodate but also to support a highly nationalist revolutionary regime as long as the latter was willing and able to cooperate with the United States on the critical issues of “Communism” and economic nationalism. In the final analysis, however, the Bolivian case attests to the difficulty of establishing such an accommodative and cooperative relationship between the United States and revolutionary regimes in the Third World, when seen in the light of the rare combination of favorable factors surrounding the 1952 Bolivian revolution. Moreover, even in the Bolivian case, it turned out that the two countries were more successful in accommodating with each other on the issue of “Communism” than on that of economic nationalism.

In terms of analytical perspectives, how can one make sense of this rather unusual case of US relations with a Third World revolution? In the Bolivian case, realist perspectives are generally quite useful, especially during the initial period of accommodation and collaboration from 1952 to 1954, since this was essentially a period of intense US concern about the threat of Communism in Bolivia. After this initial period, when US officials began to seek greater control of the country’s revolutionary politics and finance, revisionist perspectives of control and domination are quite useful. The United States intervened ever more deeply in Bolivia’s politics and economy as US economic assistance increasingly became a crucial source of Bolivia’s national budget and external income. Yet, as discussed in the analytical framework section, the United States’ intervening in the Bolivian revolution in the absence of significant economic stakes is at odds with revisionist predictions.

Here enter cultural and ideological perspectives. US leaders, rather than seeking simple economic domination, sought to transform a highly nationalist revolutionary Bolivia into a more "liberal," democratic, market-oriented nation. Such a focus became ever more salient in US assistance policy toward Bolivia after the 1956 introduction of the economic stabilization program. With concerns about “Communism” increasingly relieved and without much immediate economic stakes involved, US policy became more ideological in the sense that it sought to reshape Bolivia’s politics and economy in its own image. It tried to superimpose America’s deeply ingrained and culturally shaped ideas about “modern” and “efficient” solutions on revolutionary Bolivia without sufficient regard for the local
context. This became even more evident during the Kennedy period with the introduction of the Alliance for Progress program and its intense focus on “modernization theory.” This aspect of US policy continued to be a great source of strain with revolutionary Bolivia, even after the two countries successfully established an accommodative and collaborative relationship; ultimately it contributed to the demise of Bolivia’s revolutionary regime.

Economic independence and development were among the most basic characteristics of any Third World revolution. Its inevitable emphasis on measures promoting economic nationalism with active state intervention to realize these goals conflicted fundamentally with the ideology and interests of “liberal” America. That a potentially serious conflict over economic nationalism did not come to the fore in US relations with revolutionary Bolivia indicated the extent of the country’s desperate need for US aid. This does not necessarily mean that the Bolivian case was an aberration but rather that it was a significant, though extreme, part of a larger conflict-ridden relationship between “liberal” America and Third World revolutions. The Bolivian case may also vividly demonstrate the efficacy of cultural/ideological perspectives as applied to US relations with Third World revolutions.

NOTES


3 “Revolution” is a highly complex and contested term, but for this article I find adequate Cole Blasier’s “revolutionary change,” which he defines as “an exceptionally rapid, comprehensive, and profound form of social change, usually accompanied by violence and resulting in an abrupt and explosive break with the past.” Cole Blasier, The Hovering Giant: U.S. Responses to Revolutionary Change in Latin America (Pittsburgh, PA: University of Pittsburgh Press, 1976), 4. Some works on revolution relevant to the present article include Hannah Arendt, On Revolution (New York: The Viking Press, 1963); Chalmers Johnson, Revolutionary Change, 2nd ed. (Stanford, CA: Stanford University Press, 1982); Peter Calvert, Revolution and Counter-Revolution (Minneapolis: University of Minnesota Press, 1990); James Defronzo, Revolutions and Revolutionary Movements (Boulder, CO: Westview
Throughout the Truman and Eisenhower years, and probably thereafter, the term “Communism” had very vague and diverse meanings; it was often used as a means of political propaganda to discredit one’s enemy, irrespective of the latter’s actual ideological orientation. Richard Immerman, *The CIA in Guatemala: The Foreign Policy of Intervention* (Austin: University of Texas Press, 1982), 81, 82, 101–3. Here I use the term to identify political movements based on Marxist-Leninism and/or under the influence of the Soviet Union. When used otherwise, I put the word in quotes.


Representative “realist” works on the Bolivian case are Blasier’s *Hovering Giant* and Wood’s *Dismantling of the Good Neighbor Policy*.

Representative “revisionist” works on the Bolivian case are Whitehead, *United States and Bolivia*; Navia Ribera, *Los Estados Unidos y la Revolución Nacional*; Dorn, *Truman Administration and Bolivia*; and Young, “Purging the Forces of Darkness.”

“Ideology,” in this article, refers not only to its ordinary meaning of a collection or system of ideas that influence behavior but also to “cultural systems,” which Clifford Geertz argues, “renders otherwise incomprehensible social situations meaningful, to so construe them as to make it possible to act purposefully within them” or creates “maps of problematic social reality and matrices for the creation of collective conscience.” Clifford Geertz, “Ideology as a Cultural System,” in *Ideology and Discontent*, ed. David Apter (New York: Free Press, 1964), 64. “Culture,” is defined, to use Geertz again, as a web of manmade meanings because “man is an animal suspended in webs of significance he himself has spun.” Geertz, *The Interpretations of Cultures* (New York: Basic Books, 1973), 5. “Ideology” and “culture” are thus used somewhat interchangeably in this article. For the role of ideology in US foreign relations, see also Michael Hunt, *Ideology and US Foreign Policy* (New Haven, CT: Yale University Press, 1987).

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Press, 1985); Gabriel Kolko, Confronting the Third World: United States Foreign Policy, 1945–1980 (New York: Pantheon, 1988); and Packenham, Liberal America and the Third World, each book representing one of the three perspectives discussed in the introduction to this article.


Blasier, Hovering Giant, 9–11, 211–19.

Some representative works are David Green, The Containment of Latin America: A History of the Myths and Realities of the Good Neighbor Policy (Chicago: Quadrangle, 1971); and Kolko, Confronting the Third World.

Bolivia was a provider of several critical raw materials, especially tin. It was the only secure source of the strategic metal during World War II, but by the time of the 1952 revolution, the United States had accumulated more than enough tin in its strategic reserves. It began to stop purchases and even occasionally sold from its strategic reserves, which greatly affected revolutionary Bolivia economically and politically. Thomas G. Bohlin, “United States-Latin American Relations and the Cold War: 1949–1953” (PhD. diss., University of Notre Dame, 1985), 280–84.

Lehman, Bolivia and the United States, xiii.


McMahon, Cold War in the Third World, 2–5; Westad, Global Cold War, 4–5.

Westad, Global Cold War, 8–16.

Packenham, Liberal America, 3–22; Latham, Modernization as Ideology and Right Kind of Revolution.


For details of the four reforms, see Alexander, Bolivian National Revolution, 57–120.

The Big Three accounted for 85% of tin production, 95% of foreign exchange income, and 50% of government revenues at the time of the revolution. Thorn, “Economic Transformation,” 169.


25 The Trotskyist POR, rather than the Stalinists, dominated the Communist movement in Bolivia through its strong presence in the FSTMB; Trotskyist dominance was a unique Bolivian phenomenon. Malloy, *Bolivia*, 95–102, 158–64.


27 Interview with the foreign minister of the first Paz regime, Walter Guevara, in La Paz, Bolivia, on January 23, 1990.


29 Immerman, *CIA in Guatemala*, 81–82.


35 For details of the emergence of the Bolivian aid idea in the US State Department and the subsequent bureaucratic wrangles within the Eisenhower administration, see Kamimura, “United States and Bolivian Revolutionaries,” 273–520.

36 Memo from Hudson to Atwood: “Suggested Approach to the Bolivian Problem,” April 30, 1953, NA 824.00/4–3053.

37 Ibid.

38 For the Alliance for Progress, see Jeffrey Taffet, *Foreign Aid as Foreign Policy: The
“Liberal” America and Bolivia’s Revolutionary Challenge, 1952–1960

39 Memo from Hudson to Atwood, April 30, 1953.
42 Telephone Conversation with Secretary Humphrey, June 24, 1953, Telephone Memo 5–6/53(1), box 1, Telephone Calls, Dulles Papers, DDEL; From Dulles to Stassen, September 2, 1953, FRUS, 1952–54, vol. IV, 535; Interview with W. Tapley Bennett Jr. in Washington, DC, on December 15, 1989. Secretary Dulles had little genuine interest in Latin American affairs and usually became involved personally in them only when he perceived an imminent danger of “Communist” intrusion in the hemisphere. This was dramatically demonstrated by his vigorous personal campaign to form a united front against Arbenz’s Guatemala during the Tenth Inter-American Conference at Caracas in March 1954. Immerman, CIA in Guatemala, 145–51.
43 The total amount was $12.5 million for FY 1953–54. For details, see Wilkie, Bolivian Revolution, 48. For the text of the presidential letters, see President Eisenhower to President Paz, October 14, 1953, Department of State, Bulletin (December 2, 1953): 585–86.
44 Telegram from Dulles to Sparks, September 30, 1953, NA 724.5-MSP/9–2953.
46 For the impact of the stabilization program, see Alexander, Bolivian National Revolution; and Young, “Purging the Forces of Darkness,” 509–37. For the IMF, see Miles Kahler, “The United States and the International Monetary Fund: Declining Influence or Declining Interest?” in The United States and Multilateral Institutions: Patterns of Changing Instrumentality and Influence, ed. Margaret P. Karns and Karen A. Mingst (London: Routledge: 1992), 91–114.
50 For details about the development of Bolivia’s revolutionary politics after 1954 until the November 1964 military coup, see Dunkerley, Rebellion, 83–119; Malloy, Bolivia, 235–42, 300–314; Young, “Purging the Forces of Darkness,” 509–37; Field, From Development to Dictatorship; and Blasier, Hovering Giant, 144–45.
51 Toward the end of the 1950s, the amount of US aid decreased as the Bolivian program was increasingly perceived as a failure. The Kennedy administration in 1961, however, resurrected the Bolivian aid program with a sharp increase in the amount of aid as well as a new emphasis on aid for development and showcase goals. Blasier, Hovering Giant, 140–41.