

# Bolivia: Land of Tin

Washington, London, and Berlin vie for the treasure of tin in the ancient land of the Incas. Patino and Rockefeller. The squabble for oil in the Gran Chaco jungles.

**B**OLIVIA is a thinly-populated, land-locked, little state, lying along the central Andean plain, and spilling down into the river valleys and jungles of the South American interior. Most of its 3,000,000 inhabitants are Indian peasants, descendants of the Incas, who work as serfs on the estates of the white aristocracy. The cities are small. Metal mining and oil extraction are the major industries.

Oil has been the subject of a bitter struggle between American-owned and British-owned oil trusts for two decades, and it was this struggle which precipitated the Chaco War, from 1932 to 1935. But of equal importance to the imperialist world is tin. A modern war cannot be fought without tin, and Bolivia is the only safe source from which the United States can obtain this metal. The only alternatives are Malaya and the Dutch East Indies, which may be cut off by Japan. For the control of tin Washington, London, and Berlin are intriguing with the Bolivian government, and a few Bolivian capitalists who are themselves sovereign powers.

Large scale tin mining began in Bolivia about 1905, and rapidly expanded until at present Bolivia accounts for 28 percent of world tin production. Tin ore makes up more than three-fourths of the value of Bolivian exports. This sudden rise of an industry to world importance, however, brought no prosperity to Bolivia. Profits from the mines were drained abroad. Some went to the government in taxes, but there was no capital left to develop the country. Bolivian agriculture remained on a feudal subsistence-level standard. For example, 75 percent of Bolivia's marketed food, the food of the miners and the urban population, is imported. And although the potato was first cultivated in Bolivia, up to the beginning of the present war Bolivia imported potatoes from Holland.

## TIN MINING

Tin mining was soon concentrated in the hands of a few large capitalists, the most important of whom is Bolivia's Simon Patino. The profits from his Bolivian mines built up Patino's position in the world tin market, but he also came to have large interests in the mines of the Netherlands Indies, Malaysia, and Nigeria. Even more important, he gained control of the largest British and Dutch smelting firms. Tin is not smelted in Bolivia; it must be shipped to Great Britain, which enjoys a practical monopoly of smelters capable of handling it. Control of these smelters gave Patino mastery over his rivals in Bolivia such as Hochschild, Aramayo, and some smaller independent mineowners, who had to sell their ore to his smelting firm, Williams Harvey, Ltd. Patino's interests are so subtly

distributed through a maze of holding companies that only Patino himself knows their extent or the true size of their profits. But his income is certainly much larger than the Bolivian national budget. By 1920 he had become a greater power than his native country. He subsidized its newspapers, hired its politicians, and if it ever got out of hand, he could starve it by cutting off its tin exports. In 1924 he extended his network of alliances to the United States by forming a pool with the Rockefeller-connected National Lead Co. At the same time he set up an American corporation, Patino Mines & Enterprises, to hold most of his Bolivian properties. Since then Patino Mines and National Lead have been financial Siamese twins.

## PATINO'S POWER

Patino's power reached its height with the depression. In 1931 the chief tin producing countries—most of them colonies or satellites of British imperialism—formed the International Tin Committee. Through compulsory limitation of production, this cartel had raised the price of tin 130 percent above its depression low by 1935. Patino and British finance jointly controlled the cartel. Until the war, the United States tolerated this British monopoly, which was also partly linked with American capital. But American capital fears that Germany might get control of the British tin smelters, and so it takes advantage of the present situation to break the British monopoly of tin production. Smelters can be built either in Bolivia itself or in the United States. The latter course would give Bolivia a degree of economic independence, since pig tin can be sold freely. Naturally, the Roosevelt administration will not hear of such a solution. If smelters are to be built in the United States, the next question is who shall own them? When the Metal Reserves Corp. began negotiating this summer, Patino, Hochschild, and Aramayo hurried to Washington. Patino was anxious to have the proposed smelters built by his American ally, the National Lead Co. The British government did what it could to save its monopoly. The independent mineowners wanted smelters uncontrolled by Patino. The temporary solution seems to be a compromise with Great Britain, and a defeat for Patino. He will continue to send his tin ore, about half Bolivia's output, to Great Britain, while the rest of Bolivia's tin will go to the United States. Mr. Roosevelt will give some company the usual generous terms for building the smelters in the name of "national defense."

Bolivia is thus in the news again, the first time in many years since the Chaco War which was almost the only episode in Bolivia's turbulent history to attract attention in the

United States. That war was fought ostensibly for an uninhabited strip of jungle lying between Bolivia and Paraguay. The actual prize was an oil field, a Standard Oil concession on Bolivian territory, coveted by Anglo-Argentine interests who used Paraguay as their catspaw. The Bolivian ruling clique of the time sent Indian peasants, who had hardly heard of Paraguay, let alone Standard Oil, down from their villages on the cold Andean plateau to fight in the tropical jungle 10,000 feet below. Fifty thousand of them died in the Chaco, many shot by their own officers when they tried to escape from the incomprehensible war. After three years of slaughter, Bolivia was defeated and impoverished. The ruling class was completely discredited. A palace revolution which expelled the war government changed nothing, since anti-war movements had been ruthlessly stamped out and the people had very little organized leadership.

On May 17, 1938, a group of army officers led by Col. David Toro seized the government. Toro tried to take advantage of the popular discontent. He confiscated Standard Oil's concession without compensation. Less than a year later he was overthrown and exiled by another army officer, Col. German Busch, who took what seemed to be even stronger anti-imperialistic measures. He instituted regulation of the tin industry which, if carried out, would have broken Patino's power. He decreed that tin exports should be sold only through the state bank, and that the bank should pay the producers in Bolivian currency at an official rate of exchange, far above the free rate, so that the government would hold the most valuable pounds and dollars. Since all the important mineowners live and have their chief interests outside Bolivia, this decree would have made their Bolivian holdings nearly worthless to them unless they had been willing to return and invest their money in Bolivian enterprises. Colonel Busch soon found, however, that enforcement of this decree would mean an international embargo on Bolivian tin unless he could find an alternative market to Britain and the United States. His measures had made him temporarily a national hero, but he was completely lacking in the economic and political experience necessary to pursue a workable anti-imperialist policy. In 1939 he committed suicide under mysterious circumstances, and his successor modified his decrees.

It must be understood that Toro and Busch were politically reactionary *caudillos*, ruling by force. They were, however, symptoms of the still undirected determination of the masses that the system which produced the Chaco War must be ended, that Bolivia must get rid of her former masters. A well



# My Day

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### Wall Street

## 17 Billion War Budget

## FDR Budget Will Cut 500,000