

DECLASSIFIED

RAM

POL 1 BOL 45

Authority NND 969006

By MW NARA Date 06/23/04

FOR RM USE ONLY

A-76  
NO.

PRIORITY  
HANDLING INDICATOR

ABA	EUR	FE
NEA	CU	INR
E	P	IO
L	FBO	AID
RS/AN-HALL 60		
AGR	COM	FRB
INT	LAB	TAR
TR	XMB	AIR
ARMY	CIA	NAVY
OSD	USIA	NSA
PASS <del>LISTED</del> 16		

TO : Department of State

INFO : Dept pass LIMA, SANTIAGO, BUENOS AIRES, ASUNCION, RIO DE JANEIRO, USCINCSO, and LA PAZ (10 copies)

DO NOT BACK UP

FROM : Amembassy LA PAZ

DATE: March 26, 1970

SUBJECT : Country Analysis and Strategy Paper (CASP) for Bolivia, FY 1972-74

REF : CA-6146 of November 14, 1969 and CA-6590 of December 11, 1969

In transmitting the Country Analysis and Strategy Paper (CASP) for Bolivia, FY 1972-74, I would like to underscore an element of special importance in this year's submission. We have an interest in Bolivia which may transcend the relatively modest importance of the country itself. This is the test whether a government which launched itself as extremist, leftist, and possibly even Castroist can be nurtured back to moderation, induced to pay for what it took in exercising its undisputed sovereign right to nationalize property, and shown that its true interests lie in resumed constructive collaboration with the US and its neighbors. The results of this test may well have hemisphere-wide importance, for better or for worse.

SIRACUSA

*Jm*

Enclosure: *all m.*  
FY 1972-74 CASP and Annexes A and B

FORM 4-62 DS-323

FOR DEPT. USE ONLY

In  Out

Drafted by: *vw*  
The Ambassador/vw

Contents and Classification Approved by:  
The Ambassador *Jm*

Clearances:

POL: CWG *vw*  
USAID: EWG *vw*

ECON: MGD *vw*  
USIS: JRH *vw*

MILGRP: Col. Soler *vw*  
POL/R: WPMacLean *vw*

DATT: Col. Ross *vw*  
DCM: JWF *vw*

DO NOT BACK UP

910 MAR 31 AM 10 49

COPYFLO-PBR

[Omitted here is a cover sheet, and table of contents]

DECLASSIFIED  
 Authority NND 969006  
 By MW NARA Date 04/23/04

~~CONFIDENTIAL~~

Page 3 of 19  
 Encl 1  
 La Paz A-76

## I. Statement of Rationale and Basic Strategy

Bolivia is important to us in large part because of its location in the strategic center of South America where developments can engage the interests or threaten the security of more important neighboring countries. Bolivia is also important to us as a leading free world supplier of wolfram and antimony.<sup>1/</sup> Finally, because we have a special relationship with Latin America, we consider it important to make, if possible, a special effort to assist Bolivia, as a fellow member of the hemisphere community, to attain reasonable aspirations through self-help, regardless of transitory governmental forms. In short, our interests, although relatively few, are real; and, in the present setting, probably more difficult to satisfy than in the atmosphere of previous years.

In one perhaps short-term respect, we have an interest in Bolivia which may transcend the relatively modest importance of the country itself. This is the test whether a government which launched itself as extremist, leftist, and possibly even Castroist, can be nurtured back to moderation, induced to pay for what it took in exercising its undisputed sovereign right to nationalize property, and shown that its true interests lie in resumed constructive collaboration with the US and its neighbors. The results of this test may well have hemisphere-wide importance, for better or for worse.

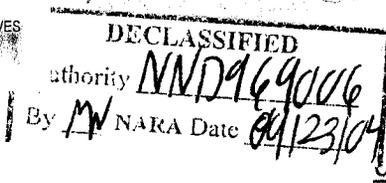
Major factors leading to the current Bolivian situation, following a military coup, have been the nationalization of the Bolivian Gulf Oil Company with possibly other American firms threatened, economic stagnation and the development process interrupted and continued uncertainty regarding the final orientation of the Revolutionary Government. In this setting, key US interests, in priority order, are:

1. Restoration of political stability and internal security.
2. Economic stabilization and eventual resumption of economic and social development, with due regard to the role of the private sector and to Bolivian responsibilities under international law.
3. Fulfillment by the Security Forces of their legitimate role as guarantors of internal security in a changing society, consistent with national aspirations.

---

<sup>1/</sup> Though Bolivia is the only significant Western Hemisphere producer of tin, our strategic stockpile of this metal probably negates this as a major factor in our considerations, at least during the 1972-74 time frame.

~~CONFIDENTIAL~~



Page 4 of 19  
 Encl 1  
 La Paz A-76

Our basic posture should be that of a friendly, sympathetic, but unobtrusive and patient partner. As such, we should be ready and able to assist this or successor governments meet positive and mutually agreed upon goals, provided they desire our cooperation and make it possible by respect for obligations under international law. Politically, this means working realistically with the government in power, yet urging, as appropriate, governmental responsiveness to a wider spectrum of opinion and the return of some form of broadened participation to national political life. Economically, it means supporting Bolivian efforts to restore health to government finances and to resume the development process, assuming international obligations are met. Militarily, it means maintaining, through continued military assistance, a degree of influence with the Armed Forces, Bolivia's strongest single institution and one generally counted on the side of moderation, and turning them toward goals of professional competence and away from the corrosive and self-destructive direct exercise of political power. It also means helping to make the Bolivian Police an effective force for security in a changing society. Psychologically, it means sensitive action to counter the negative and sometimes hostile Bolivian attitude toward the US and Americans, engendered by Bolivia's dependent status in the donor-receiver relationship which has characterized our contact for so many years; to combat waves of anti-democratic propaganda (which often precede unpalatable actions) stemming mostly from intellectual, left labor, and student circles; and to improve the climate for meaningful cooperation with the Bolivian government. To be effective we must be enabled to move quickly and with flexibility, sincerity, sensitivity, and understanding. Our purpose is to affect political decision-making and to nurture an attitude of moderation and true understanding of US policies and motives. Our effort is to demonstrate that the better interest of Bolivia lies in moderation and in continued cooperation with us.

Given the nationalist atmosphere in Bolivia and our own desire to avoid the appearance of paternalism, our activities will attempt to project the lowest possible profile. We should neither seek the limelight nor attempt to share the stage. Bolivians should be encouraged to face up to the problems they have created for themselves, and we should avoid actions which might enable them to export responsibility onto us. We may face a problem here in that Bolivia is not strong in its capacity to execute local initiatives, and programs of merit may require bringing into the country a number of technical assistance teams. Within practical limits, we would promote the utilization of qualified Bolivians in-country or currently working abroad, and of third nationals.

CONFIDENTIAL

DECLASSIFIED

Authority

NND 969006

By

NARA Date

08/23/04

~~CONFIDENTIAL~~

Page 5 of 19

Encl 1

La Paz A-76

If this or a successor regime shows little or no inclination to move toward moderation, fails to make progress on a Gulf settlement (perhaps moving on to other nationalizations), and, indeed, construes our willingness to assist as license to follow heedlessly the design of close-minded nationalism, we face a different situation requiring a different posture. In such a circumstance, we would have little alternative but to batten the hatches and drastically reduce program, staff, and visibility. On the assumption that it is better to maintain some presence than lose touch altogether, we would hope to survive in-country as a small, tightly-knit, largely reporting unit. In this case, our immediate options would lie in external actions. Since this scenario implies a rapid deterioration in the Bolivian economy with similar impact upon the political situation, we should publicly consider Bolivia a hemisphere problem to be treated within the context of the Organization of American States. Privately and perhaps more crucially, we should see it as a problem to be treated in consultation with interested neighboring countries with a view toward reaching a regional solution.

~~CONFIDENTIAL~~

[Omitted here is the body of the paper]