

# Chaco War: Anglo-Dutch Resource Grab

by Cynthia R. Rush

So inhospitable is the Chaco Boreal region of Paraguay, located north of the Pilcomayo River, that it has historically been called the “Green Hell.” Unbearably hot, it is infested with swarms of insects and poisonous snakes; there is only thorny vegetation and swampland, and little water. Even today, it is sparsely inhabited.

Yet, beginning in the late 1920s, and then officially in 1932, two of South America’s most impoverished countries, Bolivia and Paraguay, fought a war over this hellish region for three years. Because of the Chaco War’s deadly trench warfare and battleground conditions, one historian has referred to it as a South American version of World War I. It engulfed the two “most defeated and most looted” nations in the hemisphere, as Uruguayan writer Eduardo Galeano described them, in a senseless and cruel conflict which took the lives of nearly 100,000 of their citizens—52,000 Bolivians and 40,000 Paraguayans—many of them poor Indians, and some no more than children.

Why? There was no noble cause associated with this war, nor any particular hatred felt against the enemy on either side. In fact, the *bolis* and the *pilas* were known to call out friendly insults to each other from their trenches. Against their commanders’ orders, they often came out to embrace each other when one or the other side surrendered after a battle.

The war offered untold hardships for both sides, but particularly for the thousands of Bolivian Indians recruited into the Army from their cold, high-elevation *altiplano* homes, who were defenseless against the extraordinary heat, disease, and thirst encountered in the barren Chaco.

Historical accounts of the war are filled with heart-rending stories of desperate soldiers on both sides clawing the arid soil in search of water. Thousands died with their heads half-buried in the sand, from thirst instead of bullets. The battlefield was strewn with their bleached skeletons even many years later.

## War of Extermination

The truth behind this shameful war is that the same Anglo-Dutch financier interests operating in the region from 150 years earlier, used these two most vulnerable nations as pawns in their effort to control the region’s raw materials—the oil of the Chaco—and to ensure that nothing resembling the American System of political economy would ever arise to challenge their free-trade feudalism.

Their savage 1865-1870 “Triple Alliance War”—involving Brazil, Argentina, and Uruguay against a prosperous, in-

dustrialized Paraguay—was testimony to their determination never to allow sovereign nation-states to develop in the region.

By 1865, Paraguay had become a dangerous threat to the British Empire. Under the 1840-1860 government of Carlos Antonio López, followed by that of his son Francisco Solano López, it had proven the success of the protectionist policies identified with the United States, and had enraged Britain by refusing to open itself up to free trade, and especially the free navigability of its rivers.

Under the two López governments, Paraguay underwent an impressive industrial boom. Refusing to contract foreign debt, a policy begun under the earlier government of Dr. Gaspar Rodríguez de Francia, Carlos Antonio López launched an aggressive program of infrastructure building in the 1840s—roads, bridges, canals, and railroads. The military complex at Humaitá was built with the help of many foreign engineers, technicians, and doctors, as were the Ibycuí iron works.

The period between 1840 and 1860 saw the completion of the Asunción arsenal, the development of smelting and forging technologies, the creation of diverse industries, and the growth of an unparalleled educational system, including in rural areas.

Paraguay had no foreign debt! It did have Ibero-America’s first railroad, a navy and merchant marine, and industrial development that was the envy of its neighbors. In 1846, U.S. consul Edward A. Hopkins described Paraguay as “the most powerful nation in the New World, after the United States. Its people are united . . . the government is the richest of all the states on the continent.” In an 1852 paper prepared for the American Geographical and Statistical Society, he added that if the United States were to establish a collaborative and mutually supportive relationship with the López government, Paraguay “will necessarily influence her neighbors for good, in no small degree.”

Such industrial success was inimical to the foreign financial oligarchy’s practice of running the region as a feudal barony. In 1870, they therefore activated the so-called Triple Alliance consisting of the Brazilian royal family, the puppet regime Brazil had installed in Uruguay, and British assets in control of the Argentine government, to punish Paraguay for its bold assertion of sovereignty.

What followed was a war of extermination against the Paraguayan people and the destruction of the country’s industrial achievements. When the genocide was completed, 50% of the country’s total population of about half a million had been killed, and 80% of all males. Of the 190,000 people remaining in the country, only 14,000 were adult males. Even today, the savagery of that war is seared into Paraguay’s national consciousness, as is the heroic resistance of an entire population, including 11- and 12-year-old child combatants.

## Resource Grab

The secret treaty drawn up to justify the Triple Alliance War stated explicitly that it would continue until Solano Ló-



*Marshal José Félix Estigarribia led the Paraguayan forces in the 1932-35 Chaco War. His flanking maneuvers and use of mobility and guerrilla tactics allowed him to defeat Bolivian forces led by German Gen. Hans Kundt.*

pez's government were completely destroyed, and it would redraw Paraguay's borders, while forcing the nation itself to bear the cost of the war.

It wasn't sufficient for these financial predators that the Paraguayan nation had been so horrifically dismembered, depopulated, and wracked by political and economic chaos in the years that followed the war's conclusion. By the mid-1920s, they were already fueling conflict between still-devastated Paraguay and its resource-rich neighbor Bolivia over the desolate Chaco Boreal.

The region was teeming with border disputes, territorial claims, and deep political tensions stemming from earlier British-sponsored wars. International oil and munitions cartels, including the two key actors pushing Bolivia and Paraguay to war, the Rockefeller family's Standard Oil and Royal Dutch Shell, were preparing for world war. They encouraged the two poor nations to take out large loans, and were themselves involved in facilitating weapons purchases.

German Nazi networks had already established themselves in Bolivia. Captain Ernst Roehm, later an organizer of the Nazi SA, was acting as a "special adviser" to the Bolivian Army in 1925. German General Staff member Gen. Hans Kundt, who had arrived in the country in 1911, became the head of the Bolivian Army during part of the Chaco War, and repeatedly led his brave troops to defeat because of his strategic incompetence. He was no match for Paraguayan Marshal José Félix Estigarribia, the French-trained strategist who used mobility and guerrilla tactics to great effect.

The boundaries between the Bolivian and Paraguayan Chaco region had never been clearly defined. Each country had extended a series of military outposts into areas that both claimed, which led to armed confrontation with increasing frequency in the course of the 1920s. But when Standard Oil Company discovered oil in Sanandita in 1926, and Camiri in 1927, close to the disputed Chaco region, it set off a chain of events that led to the official outbreak of war a few years later.

Operating from the Paraguayan side was Royal Dutch Shell, which had been granted drilling rights to part of the Chaco region claimed by Paraguay in the period leading up to the war. Strong Anglo-Argentine banking and raw materials interests, which had aggressively moved into Paraguay after the Triple Alliance War, expected to gain politically and economically from a Chaco region fully under Paraguayan control, and they abetted Shell's attempts to foment conflict.

Argentine cattle and agriculture baron Carlos Casado, who bought 1.5 million hectares in Paraguay in 1886, including part of the Chaco region, was a key British asset in Paraguay. During the Chaco War, Casado coordinated with his brother-in-law, Argentine President Agustín P. Justo, to provide Paraguay with crucial logistical support, as well as food and weapons for its troops.

Ironically, in 2001, the company Casado Hermanos, S.A. sold a large tract of its Paraguayan holdings, including the border river town of Puerto Casado, to none other than Sun Myung Moon's Unification Church.

Bolivia's desire to gain an outlet to the sea made it highly vulnerable to manipulation. During the British-orchestrated 1879-1881 War of the Pacific, Chile had seized Bolivia's Pacific Coast territory, leaving it landlocked. In the 1920s it looked eastward, toward a possible access to the Atlantic via the Paraguay River as a way to export goods.

In 1921, Standard Oil had opened its Bolivian branch and came to own a sizable 7 million hectares. Notably, it had obtained part of its holdings from William Braden, the Chile-based Wall Street mining magnate who had earlier purchased large tracts of oil-rich Bolivian lands from Chilean investors. As a State Department officer in the 1930s and 1940s, Braden's son Spruille worked to sabotage Franklin Delano Roosevelt's "Good Neighbor Policy" on behalf of the Anglo-American financial interests that his family represented. Bolivian historians identify him directly as an agent of Standard Oil, whose Wall Street backers had hopes of even creating an "independent" Chaco state.

Following its oil discoveries, Standard Oil encouraged the Bolivians to pursue an Atlantic outlet, which the oil company also needed in order to export crude oil. Royal Dutch Shell maneuvered to prevent Standard Oil from exporting via Argentina, so the Rockefeller interests urged the Bolivians to expand their penetration eastward, into the Chaco region.

Desperate for cash with which to buy arms and pay debt, Bolivia complied, anxious for Standard Oil to drill more wells. After Bolivians occupied the Pitiantutá or Chuquisaca lagoon in 1931, and were subsequently pushed back by Paraguayan troops in July 1932, there was no stopping the war, until the exhaustion of forces on both sides forced the two nations to accept peace in 1935. The military government which took power in Bolivia in 1936 expropriated Standard Oil's holdings a year later, creating the state-oil company YPFB. Notably, the Roosevelt government refused to intervene on Standard Oil's behalf until all "Bolivian options" were exhausted.