

The Elites, Political Power and Treaties: Development and Railways in Bolivia. 1870-1904¹

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Abstract: *"In today's troubled landscape of the Bolivian Chilean relations for a sovereign landlocked Bolivia counters that the 1904 treaty was signed to the force, was an unfair treaty and product of an unjust war. This research shows that there is a close relationship -relation strange lyforgotten today by President Morales- between the economic development of Bolivia and construction of railways. This article uses the approach long duration, starting from the colonial period and puts into perspective the regional structure of railways and roads, as well as the state plans for Bolivia in the early twentieth century, historical moment when peace is signed with Chile. The report, based on information from documentary archives located in Brazil, challenges with evidence in presidential speeches and development plans of the policy of the railways in 1904, the treaty was signed, mainly for economic resources and railway lines built, first by Brazil and then by Chile."*

1. INTRODUCTION

The present research uses three key axes to understand the Bolivian Railroad Plan. First, the colonial legacy and the difficulties of trade. Second, the effects of the expansion of the extractive economy of the international market and third, the domestic politics in relation to the railroads, both axes being effects of the conditions produced in the country after the conflicts with Chile and Brazil, as well as the ideas in vogue of the dominant political party.

From the ideological perspective, this article is intended to establish why Bolivia abandoned its territory and preferred rail ways to connect itself with outside markets.

2. THE COLONIAL LEGACY

Since the colonial period, the Royal Court of Charcas had established mechanisms and networks of commerce with the viceroalties of the South. Thus, the Potosi economy, with great difficulty and the strength of mules, could connect itself with the Atlantic and Pacific regions. The commercial routes from Cusco to Charcas, which Roel Pinera terms as "the mountain route to the South," become common in the seventeenth and eighteenth centuries. Laura Escobari reminds us that in the seventeenth century, cattle traffic used "50 or more animals grouped in droves," assigned to the care of 2 people, in groups called herds.³

The study of the construction of the colonial trade in this part of the continent is essential to understanding the logic of the previous market and, above all, to understand the needs that the Bolivian state has had since the beginning of the Republic. Since the birth of Bolivia as a republic in 1825, the relations with the neighboring countries have determined almost the entire political reality. However, the physical distance and the disconnection of the regional elites, created a profound distance with other neighboring states. Except Bolivia and Paraguay, the other countries had, since the same process of conquest and colonization, a rapid access to the coast. This was not precisely the case

¹Translated by Jacqueline Gove, student of Global Studies Major at University of California of Santa Barbara. Financing from the Development Fund for Science and Technology and Science of Chile, FONDECYT is appreciated. Project No. 1120405.

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³ Escobari, Laura. *Producción y comercio en el espacio sur andino*, Colección Arzans y Vela, La Paz, 1985, 43.

with the Royal Court of Charcas, the epicenter of the colonial economy in South America. The most important city of the Royal Court was Potosí. From the city the following routes departed:

- The Northern Route: Potosí/ La Plata/ Oruro/ La Paz/ Cuzco/ Abancay/ Ayacucho/ Huancavelica/Jauja/ Lima, named the Azogue Route
- The Central Western Route: Potosí/Arica, named the Path or Route of Silver
- The Southern Route: Potosí/ Jujuy/ Salta/ Tucumán/ San Juan/ Córdoba/ Santa Fe and Buenos Aires, named the Route of Silver to the Atlantic

Certainly, the paths of the colonial trade crossed all types of climates, and the continual rise and fall of two mountain ranges: the Real mountain range to the North and the West made for a challenge in arriving to the Pacific coast. In effect, the colonial commercial needs, which utilized the ancient routes of the Incas, were without a doubt, some which the time and the destiny of the markets implied a single buyer. The southern Peruvian territory at the end of the eighteenth century, in the words of Carlos Sempat Assadourian⁴ showed a transformation. The traditional difficulties of geography, would lead to the decline in the prices of silver and the prevalent smuggling that permeated the most densely populated area of South America. Clara López Beltrán, reminds us that communication took between 10 and 12 days, with good weather, between the so-called Imperial Village of Potosi and Arica; but it took almost 90 days to Buenos Aires (through Salta), a trip which with any luck only happened once a year.⁵ In this way, the transfer of goods to the coasts was a structural problem in the Royal Court, a problem that worsened with the war for independence. The trade flows of tobacco, cattle and mules, tea and mate from Paraguay, textiles, coca, grapevines and cereals, were all interrupted.

The Pentland report⁶ states that with the war for independence, the mining of Potosi collapsed, not solely by the ruining of wells, but for the difficulty of finding the mercury of Huancavelica (Peru) that was necessary for the alloy of silver, as well as the bad trade relations with the coast after the war itself. This situation, provoked by the rise in taxes established for the goods that came through the port of Arica, did not improve during the nineteenth century. However, with the above, an even more complex aspect for Bolivia was added.

“The blockade of the Silver River, made imports fall in that territory and increase proportionally from the ports of Peru, and especially Arica, where during that time, various British traders had founded establishments. In 1826 the Constituent Congress of Bolivia, in retaliation of the arrogant conduct the Argentinean government against the minister of Bolivia in Buenos Aires, enacted a law imposing a duty of 40% on all goods that came from countries that had not originally recognized the independence of Bolivia.”⁷

This direct reference to Argentina implied a direct and definitive dependence to the Pacific for the young Republic of Bolivia. Conscious of this dependence to come, the newly appointed first president, José Antonio de Sucre, understood that securing the possession of the port of Arica was key for Bolivia. With trade between Argentina suspended, and prey to the Peruvian taxes, the negotiation involved the proposal of a land swap of two provinces, in exchange for Tarapacá and Arica for Bolivia. In addition to this Bolivia would pay a total of 5 million dollars, or a half of its foreign debt (according to Pentland), to southern Perú. It was precisely the failure of these negotiations that led to the occupation of Cobija.⁸

An English traveler affirmed in 1826, the precariousness of this trade:

⁴ Sempat Assadourian, Carlos. *El sistema de la economía colonial: Mercado interior, regiones y espacio económico*, México, Nueva Imagen, 1983.

⁵ López Beltrán, Clara. “El espacio geográfico y la población colonial.” A. Crespo, J. Crespo y M. Kent (eds). *Los bolivianos en el tiempo*. La Paz, INDEEA, 1995, 73-75.

⁶ Joseph Barclay Pentland (1797-1873) was an Irish-born geographer, naturalist and traveler. He traveled through the Bolivian Andes between 1826.1827 and published a report on this adventure in 1827. The British Crown appointed him consul in Bolivia between 1836 and 1839.

⁷ Pentland, Joseph. *Informe sobre Bolivia de 1826*, Potosí, Colección de la Cultura Boliviana, Vol. XIII, 1975,107.

⁸ *Ibíd*, 108.

“The routes through Bolivia apply solely for the mules and llamas; a route for wagons or cars does not exist in any part of the Republic, and with the exception of one or two carriages used in religious ceremonies in Chuquisaca, a vehicle with wheels does not exist anywhere in Bolivia.”⁹

3. THE BOLIVIAN TRADE DURING THE NINETEENTH CENTURY

With the Republic established, it is not surprising that the presentation of road projects was a formidable problem for the Bolivian Treasury, considering that the distances and geography were difficult, and with the rainy season, only became more difficult. In effect, products of cotton, wool, silk, hosiery, linens, cutlery, glasses, pottery, saddlery, wines, iron, mining and mercury, were luxury consumptions for the newly created Republic that was particularly dependent on trade with Britain (two thirds), and the rest divided between French, German and Dutch. Meanwhile exports, scarce following the decline of the production by the war, were reduced to the following products: silver, gold, tin, cinchona bark, wool of vicuña and alpaca, vanilla, and the leather of monkeys, panthers and chinchillas. The corruption and smuggling that characterized the post-independence period, allow us to understand that in the absence of an active relationship between the British agents established in Arica and the Bolivian traders, the country would have been without access to external trade, and that unlike Paraguay, the other Latin American state that did not have coasts, Bolivia indeed was turning out to be completely disabled from trading unless it was focused towards the Pacific Ocean. What was the reason? The complex Bolivian geography. The emerging Bolivia, had difficulties rehabilitating trade.

The pretensions of improving the commercial life of the Republic faltered with the withdrawal of Sucre in 1828. The following period and until the end of the war between Chile and the Confederation of Perú and Bolivia, the government postponed the importance of the creation of roads and subsequently isolated the commercial life of the country.

Fernando Cajías has been key in illuminating that the fate of the Atacama reality was forged between 1825 and 1842, when its precarious possession and difficulties of access, created a permanent weakness. The remoteness and poor agriculture, together with the instability of state, sparse population and institutional control, led to the existence of marginalized majorities and the lack of a merchant and combat fleet. But in just a small amount of time, during the following decades, the trade and mining concessions would be in foreign hands.¹⁰

However, the foreign trade of the country experienced various changes during the second half of the nineteenth century. The mining production expanded its mono-production of metals first, towards machinery and later towards rubber. Indeed, as it has been studied by José Luis Roca y María del Pilar Gamarra, the economy of eastern Bolivia, would make its debut at the hands of the necessary river interconnection, that was closely related to the Pacific War. The former province of Mojos entered the national economic scene as a result of the department of Beni. Other territories, until then called the Northwest Territory or National Colony, which is now Pando, were also incorporated in the exploitation. The Mojenos, mestizo and indigenous people were "engaged" in various ways and forced to work in the extraction, transport and trade of quinoa and rubber. Those who did not accept this, such as the nomadic shamans, were reduced to small villages.¹¹

Both the Beni and Pando departments were created by reducing the space of the old provinces of La Paz and Cochabamba. Thus, at least in intentions, for a couple of decades, Bolivia tried to start the construction of routes to connect the interior. However the rivers had waterfalls, additional motives to take things carefully. Already in the 1840's, President José Ballivián wanted to try to accelerate the economic exchange with Brazil. The Madera and Mamoré rivers were among those that would support navigation. Reconnaissance trips, even those driven by the State itself, noticed the difficulty of navigation. José Luis Roca points out that the 150 kilometers of rapids and waterfalls, drove them to speed up the work.

⁹ *Ibíd*, 112.

¹⁰ Cajías, Fernando. “El norte y el sur de Bolivia: Arica y Cobija en los primeros años republicanos”, *El siglo XIX. Bolivia y América Latina*, La Paz, IFEA, Muela del Diablo Editores, 1997, 129.

¹¹ Roca, José Luis. *Economía y Sociedad en el Oriente Boliviano (siglos XVI- XX)*, Santa Cruz de la Sierra, Editorial Oriente, 2001, 191.

In effect, the Bolivian Amazonian hydrography was not remotely easy. Maps and plans concluded the tremendous difficulty of transportation. Guayaremerín, founded in 1892, is evidence of a population settled for the exploitation of rubber in the Mamoré zone. Therefore, only the arrival of the steamship managed to prevail through the difficult route. In this context, the issue of communication was a constant weakness of the country. In fact, only the productions of the East could be exported by this route. To think about this reality of transportation for the western part of the country was, and is impracticable.

In the case of the East, the need for rubber exploitation encouraged Nicolas Suárez to construct a railroad line of 800 meters to transport his cargo. The “King of Rubber,” thus joined his barracks from the basin of the Mamoré River to the Guayaramerín River. On that line passed, by obligation, trucks and carts pulled by oxes and mules. The monopoly of transportation in the two basins was another part of his colossal fortune.¹²

The length was short, but it was the beginning; the beginning of the presence of trains in Bolivia. In that scenario, we must add that the Bolivian production of exportation was mainly mining and largely occurred in the West. In the second full phase of the Technological Revolution, only the railroad offered Bolivia the opportunity to reach the coasts of the Pacific.

At the end of the nineteenth century, the classic trade of raw materials in the Western zone had expanded thanks to private enterprise by the rulers of the riches in Bolivia. The Bolivian state did not invest in these projects, firstly because it didn't have the funds, and secondly because the dispersion of the rural population and the existence of only two important cities, Sucre and La Paz, did not force it to do so. If it was internal trade, the historian Antonio Mitre explains, the old colonial roads served for the job, but not if there was the export of raw materials. Whether it was during the first cycle of depression of exporting of silver (1810-1872) or the second (1872-1895) of expansion, the issue of roads, was a fundamental national mining difficulty. The subsequent rise of tin forced the formation of an implicit pact between the mining sector and the State.

4. THE NEED FOR RAILROADS IN BOLIVIA

This article, linked to the Bolivian trade and development of the railroad, aims to explain what the Bolivian political elite understood in terms of connectivity, in the context of the end the nineteenth century and early twentieth century. Edmundo Heredia recalls that "A milestone in the inclusion of the issue of international relations in the general histories of Latin America came when more attention was brought to economic questions, and the consideration of the incorporation of these nations in the world economy."¹³

In effect, the last quarter of the nineteenth century in Latin America, and in the rest of the world economy, the international relations and international trade become part of a liberal economic context. In this respect, the hypothesis of this section poses that not only did Bolivia refrain from discussing this model, but it signed up to be a part of it.

Heraclio Bonilla notes that by 1870 the Bolivian export trade had a very precise localization¹⁴ in the coasts. Years later in 1909, Isaiah Bowman would declare, that close to 90% of the population and 100% of railroad lines were found in the West of the country, and that they were indispensable for the development of the national trade.¹⁵ This fact coincides with what Taylor affirms, in the understanding that “free trade would be the best policy that could be applied to all states, and political

¹² *Ibíd*, 195.

¹³ Heredia, Edmundo, “Relaciones internacionales: Historiografías y teorías”, *Revista Estudios Ibero-Americanos* XXXIV:I, 2008,11.

¹⁴ Bonilla, Heraclio. “La dimensión internacional de la Guerra del Pacífico”, *Desarrollo Económico* 19, Buenos Aires, 1979, 73.

¹⁵ Bowman, Isaiah. “The distribution of population in Bolivia”, *Bulletin of the Geografic Society of America* 7:2, New York, 1909, 188.

interference in the movement of goods in or out of a country would not concern the country nor the whole system".¹⁶

Therefore, this section reiterates as a secondary hypothesis, that the prevailing liberalism in Bolivia was of such magnitude that the talks related to railroads ended with an imposition against any other criteria of national land conservation. The *appeasement*-a present day term and not of the contemporary circumstances of the facts that we relate-of the liberal sectors, who come to power after the revolution of the late nineteenth century, constitutes the underlying reason and result of the need that the Bolivian government saw for the construction of railroads throughout the country, above the need for territorial sovereignty.

In a scheme of international relations that praise an informal imperialism, Bolivia saw progressively from the mid-nineteenth century with good eyes, both the presence of foreigners and their capital, as a possibility to form mixed business. International trade accounts for it. The transfer of territories of the north of Bolivia to the Brazil in 1867 during the government of Mariano Melgarejo, and with Chile in 1904 coincided with the determined support that the Bolivian government gave to the mining elite.

In effect, Bolivia, Chile and Peru, maintained a common economic space during all of the nineteenth century. And this is the first aspect to understand the pragmatism with which some international decisions in the Andean region were adopted. Since the time of wealth due to the exploitation of nitrate and guano (fertilizers), nations and states had to find how to export their products. Initially therefore, roads were a crucial issue. At the end of the century, already with two wars to their credit, the Bolivian political parties disagreed about what region would lead the country's policies, if it would be made from La Paz or Sucre, but they were not debating about what to do.

If the commerce and the social situation were very poor, the innumerable causes that were provoking it remained along with time. This fact precisely determined a permanent internal instability in the economic system of the country. The trade routes finally obeyed the pressures of the "lords of rubber", in the lowlands of Northern and Eastern Bolivia, and of the barons of mining in the West. Railways were needed everywhere and it was the State who needed to provide facilities for installation.

Heredia argues that "nationalist visions persist in believing in the existence of more or less egocentric national cultures, as if cultures could be locked in the boundaries between nations, many of them purely geodetic."¹⁷ This was not the case in the nineteenth century, when the Chilean, Bolivian and Peruvian elites were connected and above all, those involved were millionaires. In this context, one thing was political power in Bolivia and another was to ensure the powerful families in the country that they could continue maintaining their privileges. If this was not carried out during the lives of Patiño, Aramayo, Aniceto Arce or Hochschild, in the West, or in the richness of Suarez in the Beni, this statement becomes an absolute basis in decision-making on the part of the military and few civilians that came to the presidency of the country. The values were clear: a country that pleased its elite was peaceful. One that did not, risked a coup. Therefore, the major exporters of raw materials, had no formal armies, but they had strong pressure mechanisms to destabilize the country.

If we look for the origin of the practice of power linked to raw materials, we have to look at the government of Mariano Melgarejo. Melgarejo's plan followed the logic of one of his predecessors, President Linares, which was to break the monopoly of the production of silver and allow the establishment of a powerful mining class. Rounding out this support, the creation of the Bank of Currency Issue and other of Mortgage, allowed the entry of foreign capital, a new rationale and financial modernization. In this context, Huanchaca, Guadalupe, Real Socavón arose; private mines that developed their potential in parallel with the nitrate exploitation between 1863 and 1874. All of them drew their minerals from the Pacific with the force of mules, through an inhospitable Andes mountain range.

The rise in silver is essential to understand the priorities in matters of export and customs, the main routes of tax revenue of the country. For that reason, the conviction of the State was that the railways

¹⁶ Taylor, Peter and Flint, Colin, *Geografía Política. Economía Mundo. Estado, Nación y localidad*. Madrid, Trama Editorial, 2002, 112.

¹⁷ *Ibíd.*, 11.

were essential to the national economy. It was not therefore an isolated conviction, but a widespread conviction that if the country was without trade routes to connect it with other markets, it was completely isolated.

True, Melgarejo was characterized and is remembered for other aspects, but the monetary reform of his period (1864-1871) is essential to understand how Bolivia would live later. Melgarejo looked expectantly to the outcome of the War of Triple Alliance against Paraguay, and even sympathetically towards Peru and Chile in the war against Spain, which took place during the same period (at least nominally Bolivia was part of the alliance against Spain). This international and regional stage of the expansion of capitalism and profitability, convinced him of the need to support private investment in the country.

Moreover, as Carlos Mesa notes, in the early 1860s, the country remained shocked to see that in the Department of Litoral, Chilean miners had discovered deposits of guano and nitrate. The gradual mixing of citizens from both countries established the foundations of what would later be the dispute. But at the same time, these findings allowed for the reaction of men such as Avelino Aramayo, Aniceto Arce and others. Businessmen, mining and industrial, who saw in the figure of General José María Acha, Mariano Melgarejo and subsequent rulers, to whom they could convince about the need to improve Bolivia's relationship with England or America. What better way to do this, than to take the responsibility of finding a loan or honest interest from North American or English magnates, to settle in Bolivia to make a railway line from the coast, to Oruro or to La Paz.¹⁸ These first steps of cost, had in the background, a certain fear of the policy of Chilean exploitation mining in the costs, but also a deep ambition to increase revenue through the installation of the means of transport that was radically changing the face of the industrial countries of that period.¹⁹

The ambition and political rivalries between subversive movements in Sucre, Santa Cruz and La Paz, provoked a civil war in 1870. From that war, Melgarejo came out alive, but the country would take a turn, first towards a closer and defensive friendship with Peru, consolidating the defense pact in the government of Tomás Frías, and then it would take a new twist with a treaty between Chile in 1874.

The legacy of Melgarejo's government and his departure, did not stop the miners to search for new ways to increase exports. There were two possibilities: the Pacific or the Amazonian sector. The steamship certainly would be given preference over canoes and other Andean boats, not only because of capacity and volume, but also a matter of health.²⁰ The great lords wanted railroads in both parts of the country.

The new government of Agustín Morales (1871-1872) approved the negotiations for the installation of railways on the coast. The Bank of Bolivia was established in 1871 and with it, having just a feeble currency, Bolivia entered into a general reorganization of the national monetary system. Technology and a financial system at the order of a government that spent most of the taxes of the indigenous and the private enterprises, on the payment of government salaries and the Army.

So, it was planned that the mines of Mejillones and Caracoles would join the first link of a complex railway plan that mining companies, undoubtedly, needed to overcome the animal traction in the transport of goods to the Pacific. Incredibly, this project was not executed.

As it is known, the years that followed the departure of Melgarejo, were years of unrest, a war between factions and assassinations. His successor, Tomás Frías had as his only interest, a call for elections in 1873. Adolfo Ballivián Coll, son of the hero of the Battle of Ingavi²¹ would fall to stomach cancer in less than a year.

The global decline in the price of silver in the mid-1870s prevented once again, the success and advancement of the idea of railways. Proof of this was that during the government of Hilarion Daza, the plan for railway from Mejillones to Caracoles was buried completely. Then the Pacific War

¹⁸ Oblitas, Edgar. *Historia secreta de la Guerra del Pacífico, 1879-1904*, La Paz, Editorial Los amigos del Libro, 2001, 403.

¹⁹ Carlos D. Mesa. *Historia de Bolivia*, La Paz, Editorial Gisbert y Cia, S. A. 1998, 406.

²⁰ Bowman, op.cit., 18.

²¹ Battle occurred November 18th, 1841.

brutally up heaved the priorities and expenditures of the country. But why so much concern for the railways? We have seen the internal perspective; now let's look at its meaning from the perspective of international trade.

The historian Heraclius Bonilla has conducted an extensive account of what were the international connotations of the Pacific War and the interests of the various powers in the region, and he notes that both the U.S. and Great Britain had huge interests in the South Pacific. Although his analysis focuses its efforts to assess the presence or absence of Great Britain in the Pacific, finally denying a direct impact from the English state, the author does make a distinction between what precisely were the interests of the British state and those of private actors.²² Edgar Oblitas meanwhile, highlights the combined interests of Aniceto Arce, the mines of Corocoro and Huanchaca, *The Bolivian Railway Co.* and *The Antofagasta and Bolivian Railway Co*; both foreign companies, which allocated millions of dollars to the costs of the construction of railways.²³

In this regard, it is worth returning to the present for a moment to point out that today it is very easy to demand the possibility of initiatives of states within the framework of the solvency of the transport infrastructure. But at that time the discussions were crucial: if the state did not provide the resources and the elites required them for their means of transport, the only duty of the state was to overcome the obstacles that it could. Therefore, many of the trials and contemporary reviews of the installation of the railways in Bolivia are unfair and biased.

5. RAILWAYS AND THE BOLIVIAN TRADE POLICY

The need for a rapid transit system, safe and inexpensive between the central producers of raw materials and shipping ports, constituted one of the main technological, financial and political challenges in the history of America. This, especially from the mid-nineteenth century, when the increase of production and the demands of international trade, transformed transportation into a growing concern of the ruling class of the main countries of region. Rosemary Thorp notes that since the mid-nineteenth century, the continent has experienced a clear pattern of waves of expansion that have responded to the growth of the phases of the global economy. In this context, the need for growth and the export development model, led to a rapid concentration of mining production through the entry of international capitalism in the areas of greatest demand for production.²⁴

The Bolivian historian Carmen Johnson notes that the first mention of railways in Bolivia dates to 1856 and that, precisely, was proposed to connect its own city of Cobija. In Bolivia, the idea of installing the rail was seen as "a raising factor of culture, civilization and colonization for the territory. They symbolized progress."²⁵

After the War of the Pacific around 1889, Aniceto Arce installed the first railroad linking Uyuni with Antofagasta. Arce was a businessman of silver and in the next decade, when the price of the metal decreased in the international market, he sought to enter into the more important business of Bolivia until the Great Depression: tin.

Precisely these are the reasons why the railroads were built after the War of the Pacific. The old mechanism exports, either by land or by rivers, were totally inadequate for the trading of silver, tin and rubber. Therefore, the first railway line for this purpose was raised as a project between 1870 and 1914 between Antofagasta and Oruro, under the influence of the economy of the mining enclave.

For the projects that were the backbone of Bolivia, it was a matter of economic growth for them to be able to extract their minerals. For Pedro Aniceto Blanco, in an article published in 1913, the roads in Bolivia must have been seen in the following way:

²² Bonilla, op.cit., 79-92.

²³ Oblitas, op.cit., 462 y ss.

²⁴ Thorp, Rosemary. *Progress, poverty and exclusión. An economic history of Latin America in the 20th Century*. BID/UE, John Hopkins University Press, USA, 1998, 14-15.

²⁵ Johnson, Carmen, "Ferrocarriles. Utopía y realidad", *Historias bajo la lupa. La Guerra Federal*, Fascículo 12, La Paz, Editorial La Razón, 1999.

Bolivia, sandwiched between the more developed folds of the central Andean system, without an exit providing easy movement to their trade, which, far from enjoying independence in its development, has had to endure the results, not only in this situation that removes it from the commercial world, but also its topographical position that placed it among the largest difficulties of South America [...] ²⁶

Without the existence of the railroad, tin would not have been able to supply the industrial demand of Europe. The following table shows the impact of the signing of the Treaty with Chile in the exports of Bolivian minerals.

Table1. TIN GROWTH IN BOLIVIA. 1887- 1925

YEARS	METRIC TONS
1887	3.749,50
1899	9.279,50
1901 - 1905	13.163,00
1906 - 1910	19.333,00
1911 - 1915	23.282,00
1916 - 1920	27.158,00
1921 - 1925	29.219,00

Source: Luis Peñaloza (1964), *Economical Development Projection IV, La Paz, 1958.*

Historian Antonio Mitre, referring to the second phase of the expansion of the Bolivian railways notes that between 1900 and 1915 the railroad industry expanded in the framework of a liberal policy of the Bolivian state. Ismael Montes and José Manuel Pando were liberal presidents who embodied a liberal and orthodox philosophy on how the Bolivian export model should be structured.

For that reason, Pando presented the creation of the third railroad company, tied to the railroad of southern Peru and to the port of Mollendo; the railway from Guaqui to La Paz. Its maximum splendor was from 1900 to 1920.

Mitre says that in those years, President Pando imposed a policy of rapprochement with neighboring countries, negotiating and signing bilateral treaties of peace, friendship and commerce. That was precisely the reason that led to pending diplomatic treaties-as much with Chile as with Brazil- that were negotiated by the demand of exchanging territories in exchange for pounds sterling (GBP), “generating a political and administrative inconsistency used by the neighboring countries to geographically occupy the Bolivian borders and control the main regional markets.” ²⁷It is in this line that the demand for railway construction was exhibited both in the Treaty of Petrópolis (Brazil / Bolivia 1903) and then reiterated in the treaty with Chile in October 1904.

For the Bolivian political elite of the time, the expansion of the railroad was the way to increase state revenues, and effectively enlarge the scope of action of the companies exploiting tin, without this way Bolivia had no further economic development options. This was expressed in 1905, by the president of the Bolivian Congress, Eliodoro Villazón:

“No one can deny the usefulness of these pathways not only for purposes of public administration, but also for the development of the economic interests of Bolivia. In the Western part of the Republic we have only mineral wealth, while the East contains abundant and valuable natural products, very significant as raw materials for all industries. Our export trade will not take considerable proportions if we are not able to place these products in European markets with cheaper shipping rates.

With the same intentions, the two million pounds from the treaty signed with Brazil, have been allocated for the construction of railway. This legislative prescription has not done anything to interpret the national opinion, that has understood that this fund must be devoted to railways, in that, at the present times, these are the most powerful and extraordinary means to drive a country to the path of civilization. The president must be inspired by the wishes of the Congress, impelling with preference the route that goes to the East, up to one of the ports of our navigable rivers.

²⁶ Soux, María Luisa, “Cara y cruz de la modernidad liberal”, *Historias bajo la lupa. La Guerra Federal*, op.cit., Fascículo 12.

²⁷ Mitre, Antonio. *Políticas de transporte ferroviario en Bolivia: 1860-1940*. La Paz, s/n, s/f, 17-18.

Equal or greater are the yearnings of the country, so that with funds negotiated with public credit, which is now free from any obligation and absolutely available, hasten the construction of the railway that must connect us with the Republic of Argentina, putting ourselves in direct communication with the Atlantic.²⁸

However, one issue was the wishes of the ruling party and another was the public policies necessary for the construction of the railway. The main obstacle in the construction of railways was the serious challenge of a lack of resources. The Bolivian treasury did not have the necessary money needed to cover projected expenses. The Law of Budget passed by Congress, as stated in the speech of Villazon, envisaged for 1905 an income of Bolivian pesos (Bs) 7.291.733 and expenditures of Bs 9.527.577; the deficit of Bs 1.605.844 would be covered with extraordinary income by the executive branch. Amidst the financial limitations, the priority of the State was the construction of railways. In the words of President Montes, they had to "give preference to what is absolutely necessary above that which is simply necessary", for which was created a special budget with special funds of income intended exclusively for the construction and study of railways. The special sources of income of the fund were composed largely of the money agreed upon as compensation in treaties signed with Brazil and Chile.

For the Bolivian government, the resources and the construction of railroads agreed in the treaties were the way to get the necessary infrastructure to export Bolivian products, and in a certain way, to achieve development that would turn Bolivia into a kind of an *American Switzerland*:

“Regarding the extraordinary budget consultation with special revenue funds exclusively destined to the construction and study of railways, I hereby announce that currently the law authorizing the study, through the national corps of engineers, and particularly the group of technical professionals that, under contract with the National City Bank and the house Espayer & C^a New York, have come to the country for that object.

Regarding such studies is perhaps appropriate to reflect that when the Executive sent them to practice took into account the following: 1st., fair compliance with the stipulations of the Treaty of Petrópolis, in order to go in a timely manner, with the respective river connection, in demand of the Madera-Mamoré railroad; 2nd., the development and reciprocal approach between them, the various departments established by the political and administrative division of the Republic, without preference of any kind, just consulting the general and permanent interests of the Nation; 3rd., the incorporation by the South of the Northern Argentina Central Railway, as being very necessary for Bolivia to take the waters of the Atlantic and also to strengthen with iron bonds the ties of sincere cordiality that bind us to the friendly country of San Martín. But this plan would not be complete if in their calculations it does not enter the immediate construction of the railway between Arica to La Paz, that so great an influence is called upon to exercise on the industrial and commercial development of Bolivia, as well as to give a graphic evidence of the sincere relations of peace and friendship happily already established with the ally country that currently owns and manages the territory; and something would be missing in this plan that contains in its very legitimate concept, the aspiration of one day making Bolivia the American Switzerland, but consulted the traffic of the railways of the South of Peru - a friend of yesterday, today and forever - and the constant navigation of Lake Titicaca, which will very soon atrophy the Guaqui Railroad.”²⁹

Even more, Montes and Villazón were not unaware of the sacrifices that the war had caused to the Bolivian people. However, they were encouraged to accept "the empire of facts" and "to extend the view to come and look at the time of the solution of the issues that matter to the national life."

Interpreted from this as a strategy of pressure, or as a threat to Bolivia, the practical and non-theoretical in the political considerations of the time lie in the explanations that the Bolivian authorities gave to the country at that time. In this sense, it was explicitly considered that the most important act of the Legislature of 1904 had been the adoption of the Treaty of Peace and Amity concluded with Chile:

²⁸ Villazón, Eliodoro. President of the Congress. Closing speech legislative year.

²⁹ Montes, Ismael. "Discurso con motivo de la clausura del Congreso de 1904", published in *El Comercio*, La Paz, February 3rd, 1905. Archives of Itamaraty, Bolivia Legation, Rio de Janeiro, 1903/1908.

"About this matter that needed a big effort and dedication of the most proven feelings dedicated to the motherland in her times of distress, but what we have suffocated in homage to herself, with the deep conviction that we will join together to defend the future and make it respectable before free peoples; it should be noted that upon signing peace with Chile we have been guided by the same reasons that influenced the celebration of the arbitration agreement with Peru, or the desire to work unhindered, with complete independence, within our clearly and definitively established borders; to prepare the homeland of the future free of suspicions, fears and instead of abundant well-being for all; restore the warmth of relations to the concert of the friendly countries, with which we have to forge the joint work of the progress and the American civilization.

Fortunately, given the conditions of the peace treaty that widely guarantees our sovereignty customs, Bolivia will not wait long to see the benefits they will bring. Soon will come the facts to fade, with their indisputable reality, the patriotic scruples of those who have believed to find some disadvantages in the Treaty, and soon also by the same succession of events those who have held strong and conviction of the Pact, will feel pleasant palpitations resulting in the success of a good deed done.

Moreover, the Executive in sheltered in the safety in which the implementation of the provisions of the Treaty must find the best provisions on behalf of the illustrated Government of Chile, to perform with sincere cordiality, agreed, always referring to the mutual interests of both peoples. And finally, as a guarantee of the success in the approval of the Treaty, let us note the very remarkable fact, that the most distinguished of Bolivian society, the people in different classes, the intellectual leaders of all parties and the major and prestigious leaders [sic] of political groups have expressed a favorable opinion of it.³⁰

The idea was not a state approach, in late 1905, when the Bolivian Congress passed a law which required the use of monies from the compensation treaties with Brazil and Chile to carry out the corresponding studies and the construction the following railways:"1) Oruro to the left bank of the Desaguadero River, which will connect to the Arica-La Paz line.

2) Oruro to Cochabamba. Also, with resources from the increase in the tax on coca and the national income of alcohol, it is ordered the construction of the railways from La Paz to Puerto Pando. In the same rule it was projected the construction of railways from Cochabamba to Santa Cruz by the Chimoré river, Oruro to Potosi, and Macha or Potosí to Sucre. Finally, it is noted that apart from the railway lines above the Executive will manage the construction of a railway between Arica and Oruro that passes through Carangas."³¹

The Bolivian railways plan, as indicated in the trade that the official of the Legation of Brazil in Bolivia sent, Henrique Lisboa was of the utmost importance for this country, in his words it was a "[...] vital issue, for that Mediterranean country, a rail plan that should put it in easy communication with foreign and European markets."³²

In the editorial of January 1st, 1906 of the newspaper *El Diario de La Paz*, entitled "Expectations", support for the Treaty with Chile as the best result of the Pacific War was expressed:

"This solution is the result of the disasters suffered in the Pacific War and through the twenty-five years of discussions and setbacks, it was necessary to abandon the sentimentality, for the search of a stronger future founded on the elements that raise moral and the industrial strength of nations.

The representatives who had worked on this were the subject of the most vehement censure; many have received the stones thrown by demagoguery. The defenders of the former system, which had been castigated in an impossible integrity, received the applause of the crowd, the sewn garlands for the spirit of party and the stapled diplomas for the nationalism (chauvinism).

³⁰ *Ibíd.*

³¹ *El Comercio*, La Paz, December 23rd, 1905. Archives of Itamaraty, Bolivia Legation, Rio de Janeiro, 1903/1908.

³² *Annex Office*. Section No. 9, 03.07.1905: 1. Archives of Itamaraty, Bolivia Legation, Rio de Janeiro.

It has not gone but one year and Justice has already sounded: all opponents to such solutions founded, today come from the motherland in the employment of elements removed in exchange for so painful sacrifices. The law voted with respect to the rail plan is the most obvious proof of this assertion.

Thus resolved the most powerful disadvantages in the quiet March of the Republic, it only remained to employ the strongest energy to devote these funds to a practical and useful plan. Thus it has been done successfully, and both the government and the congress have been met with patriotic spirit to a solution that in its main positions seems suitable to us [...] The industries have taken a considerable increase and after a period of five years, Bolivia will appear transformed. In the way of real progress, the riches cease to be a myth and those legends that the tradition passed to us will be a reality for generations to come, which will do justice to the sacrifices of this moment of crisis that it was necessary to conform to the desperate situation that it is. Thus put back on track the running of the country, it doesn't take but goodwill, honesty and in order to get happier outcomes."³³

As has been demonstrated, the construction of railways was seen as a strategy that would lead to the development of Bolivia, and although one might think there was no relationship between the productions of the North and South, the same Mr. Lisbon clarified that the trades of western Bolivia (miners) and those originating from the export of rubber would use different modes of transport. In both cases, either by the Pacific ports, or by way of Madera, the goods would reach Europe. So, it was "an illusion to think that the trade of northern Bolivia, would take another course to the Pacific which links two railways lines, and probably soon a third: the distance of La Paz to Arica once can travel in 12 hours, it is no more than 500 kilometers".³⁴

However, the problem of the Bolivian treasury income was not solved in the following years.

6. WHAT WENT WRONG IN THE RAILWAY PLAN?

The idea of the construction of railways to Bolivia, according to Manuel Guerrero Sanz, owner and one of the developers of the route "North and South Yungas" per instruction of President Montes, was to contribute with "[...] the great chain of material and industrial progress of the country."³⁵

Basically the forms of exploitation of mineral and rubber in northern Bolivia, hosted a series of social problems, numerous strikes and a fluctuation of the profits of companies engaged in the field. Also, tin mining required a different political management than in previous eras, management was going through something that all the mineral wealth did not grant to Bolivia, which was a change in the operating model.

It was true, the Liberals win allowed for greater government stability, a partial order of the military uprisings. However, it is also true that the liberal elite had as an exclusive goal to widen and consolidate the primary export development model.

Thus, there wasn't a change in the political system, but a change in the elites in charge of the government system, as many Bolivian historians have interpreted.

The political control should be more organized; Bolivia failed to realize the impact of the penetration of the new forms of exploitation and by the way, the army which was to professionalize itself, failed consecutively in the War of the Pacific and of the Acre. In the case of Bolivia, after the collapse of the nitrate economy with the Pacific War, the national elites realized that Bolivia could not remain indifferent to international markets.

"The silver miners inaugurated the presence of "entrepreneurs "in the direct management of the state administration. The governments of Gregorio Pacheco (1884-1888), Aniceto Arce (1888-1892) and Severo Fernández Alonso (1896-1899), all mine owners used the power to guide policies and public resources towards meeting their business interests."³⁶

³³ Editorial of January 1st, 1906. *El Diario*, La Paz, Archives of Itamaraty, Legation of Bolivia, Rio de Janeiro.

³⁴ Annex Office. Section No. 9, 03.07.1905: 1. Archives of Itamaraty, Bolivia Legation, Rio de Janeiro.

³⁵ "Ferrocarril a Puerto Pando", *El Comercio*, La Paz, January 17th, 1906. Archives of Itamaraty, Bolivia Legation, Rio de Janeiro.

³⁶ Yacsic, Fabian. Bolivia: *Modernizaciones empobrecedoras*, La Paz, Muela del Diablo Ediciones, 1997, 19.

They were costs Bolivia had to take in its intention to insert itself in the world economy. However, as we know, the failure of the mining economy and its collapse years later with the Great Depression, led Bolivia to the Chaco War with Paraguay.

In 1907, three years after the signing of the treaty with Chile, Bolivia exported tin, rubber, silver ore, gold, copper, bismuth, antimony. All went by train to the Pacific. What were the reasons for this? In those years, various parts of Latin America began projects to join cities. The mountain range was definitely the main obstacle in Bolivia, but in fact throughout the entire Andean world. In Ecuador, its elites were interested in a railroad that joined Quito, located at 2,700 meters above sea level, and the port of Guayaquil. In between the two rose a mountain range with high peaks and an accessible path at 3,600 meters in Urdina. With great engineering, and after 37 years of work, in 1908 the railway of 500 km from Quito to Guayaquil was finally delivered.

Closer to the Bolivian reality, a similar project was designed by the Peruvian ruling class, to promote a railway from Lima to Cuzco. The challenge was even greater than in Ecuador, the Peruvian railway needed to climb to about 5,000 meters. The conduct of the project was in the hands of one who had failed in his project to link Mejillones and Caracoles: the American Henry Meiggs who for seven years (1870-1877) installed lines in Peru. Their services were frustrated by his death, but work went ahead and in 1897 a railway came to Huancayo. Of the difficulties of the mountainous terrain, there were numerous curves and stretches in a zig-zag that joined in the Galera tunnel: 4,750 meters above sea level, it was to be the highest railway tunnel of the world. But neither the elevated terrain of the Andes Mountains, nor the mountain sickness of the builders and travelers stopped the works.

Further south in the continent, in Chile and Argentina, there was another project, the Trasandino train at the peak of Mendoza, which aimed to link those countries. The Trasandino peak held an altitude of 3,200 meters above sea level, which was considerably less than the 3,600 meters height of Urdina in Ecuador and that of the 4,750 meters of the Peruvian Galera tunnel. But the construction of the Trasandino at the same time had an extra complication, because unlike the mountain railways of Ecuador and Peru, or the bi-oceanic connectors the Isthmus of Tehuantepec railroad or the Panama Canal, which began and ended within the territory of the same country, the Trasandino had a border in the middle.

Then, unquestionably, the true Bolivian mining would say otherwise. In 1873, the Nitrate Company of Antofagasta was the first railway line in the section linking the salt flats of El Carmen and the port of Antofagasta. In 1885 this company and the Huanchaca signed a contract to expand the line, in the context that both would enjoy benefits in the rates. Therefore, in 1886, the line reached Calama; in 1892, it reached Oruro and in 1899, with the participation of the *Railway*, the stretch of Antofagasta to Uyuni and Pulacayo-Huanchaca, was completed. The length of the segment amounted to 925 kilometers and could be covered in two nights and a day.

Data from the company, according to the Trade Commissioner WL Schurz in *Bolivia A Commercial and Industrial Handbook*, of the 1921 yearbook by the Department of Commerce of the United States explained that the most important railway lines were those of the Antofagasta Bolivia Railway Co., whose line was one that divided into a Chilean section and a Bolivian section. The offices of the Bolivian section were in the cities of La Paz and Oruro, while the Chilean offices in Antofagasta. However, the yearbook states that the parent company was located at 1 Broad Street Place, Finbury Circus, EC2, London.³⁷

The consequences of the War of the Pacific, and especially the rivalries of the liberals and conservatives, were not obstacles to laying rails even though they never ceased to manifest strong regional suspicions and animosities. The conviction of the necessity and the importance of rail connection were accepted by the predominant political sectors. First, because it was what would directly increase exports; second, because it was the mechanism that was the mining sector had found to maintain itself at the wing of political power, without any intention of reaching the Presidency, although it could eventually occur.

³⁷ Lytle Schurz, William. *Bolivia. A comercial and industrial Handbook*, Washington, Government Printing Office, 1921.

In particular, this was caused by two phenomenon's in the country. One, the acceptance of territorial losses with neighbors in exchange for railways or financial compensation for their construction and second, the absence of a national project that ended in the Federal War. The first topic is certainly evidence of the latter. After the Federal War, the liberals, in the political sector, who were channeled into power since the early twentieth century in Bolivia, had but one goal: railways.

The Bolivian political thinking was clear: unite the western mines with the coast. There were mines which had to be connected, and mining centers which had to be articulated. The War of the Pacific delayed the installation; and finally, it was only the rubber boom and the tin mining business that made it possible to achieve. The train meant an automatic lowering of transportation rates. In such an environment, the national rivalries and contradictions, in the midst of the discussion of the Law of Obligation of Residency³⁸ were key. However, the Federal War (1898) gave the go ahead to the La Paz hegemony and "practiced appeasement".

It is worth pausing on the effects of the Federal War for a moment: the La Paz elite achieved its goals with regard to the Sucre elite. However, the replacement of elites, at the end of the late nineteenth century, was regional not ideological. Since the governments of Aniceto Arce, Mariano Baptista, and at the end of the century Severo Fernández Alonso, the country experienced a bitter struggle between conservatives and liberals. With the liberals as winners, the power would return to leaders with military influence, in the figure of José Manuel Pando, the first constitutional President elected with indirect vote, by the Convention gathered in Oruro and later promoted him to the grade of General. It was precisely Pando who led the revolution called "The Federal" and, ultimately achieved the triumph of his party and the presidency of the republic after a brief period of the Board of Government led by Macario Pinilla -who later became Pando's Vice President- and Serapio Reyes Ortiz.

The rise of José Manuel Pando was instrumental in the railway system. In his government, the Guaqui-La Paz railway was inaugurated. However, his government was complicated by the incidents of Acre, a longstanding issue with Brazil. In the dispute over the territories of northern Bolivia with Brazil, a "revolution" was incited by the lords of the rubber. ³⁹Bolivian historians argue that the movement was organized by the Brazilian government.

Others say it was the real weakness of the Bolivian state in the region of Acre, which created subversion. The truth is that in the end, the conflict was adverse to Bolivia.

The Acre War began in 1899. The Northern territories, lost to Brazil, were not exactly the best introduction for the new liberal government. But Pando found an honorable exit: to receive a thick compensation and to also stipulate the construction of railways. Pando was not going to risk a repeat of the Peruvian tragedy which occurred during the War of the Triple Alliance.

From a documentary perspective, it seems essential now that when we discuss the importance of the Treaty of 1904 remembering the words of Juan Albarracín Millan, who said that the mining history should be reviewed in light of other elements and that it is that which has deterred, "until now to have a real history of the country that we can count on."

In effect, Albarracín insists on repeating that "the decline of the republic is a result of the State and its declarations of national unfeasibility, to factors exclusively political, and of personal responsibilities of the presidents, commanders and political commanders". This review of the historic speech delivered by a Bolivian highlights the need to consider the:

"Acts of great historical violence, expressed in the tragic wars suffered, in the loss of the mineral richness, of seas and river waterways, and the decline caused by the internal conflict, licenses and national crises and international mining that have given rise to the financial bankruptcy of the State and the destruction of its economy drained by the mining of Simón I. Patiño" ⁴⁰

³⁸ "Radicatoria Act" that established by law that the permanence of the Executive Branch remained in Sucre.

³⁹ Loreto Correa et. al. "Bolivia en dos frentes: las negociaciones de los tratados de Acre y de Límites con Chile", *Universum* 22:1, Talca, 2007, 268-289.

⁴⁰ Albarracín, Juan. *El superestado minero y el derrumbe de la oligarquía boliviana*, La Paz, Plural Editores, 2008, 129.

In the reading of what the author has called the "mining superstate", stages are distinguished. We will only mention the first phase, but the characterization of it is key to understanding the Bolivian society up to today. According to Albarracín, the initial historical period is limited to the sustained relationships of the tin mining industry with the liberal government (1900-1914). During the period there was a development of

"national and international problems of the utmost seriousness, not confronted or resolved from the beginning; with the outbreak of the Federal-Unitaria civil war, the general economic crisis of silver, not only in mines but also in the basic activities of the society; the capitulation of the montismo (?) to Chile with the signing of the Treaty of Absolute and Perpetual Domain; the emergence of the patinismo (the influence of Simón I. Patiño), the conflicts of the Willca Zárate rebellion; the poverty and the disregard of human rights on the one hand, and on the other the uninterrupted conflicts of the State and the emergence of de facto situations, difficulties in the exportation of the national wealth in the situation of seclusion and the closed nature of the mining enclave; the emerging system of agriculture work as a result of the general deterioration of the country; opposition to the installation of furnaces for smelting minerals and many other events that created the dominant global context of this initial period of the century."⁴¹

The newspaper *El Comercio* of La Paz on September 4th, 1903, revealed the details of the almost final negotiations on the agreements of Acre which put an end to conflict with Brazil. In the logic of the time, filtered by the La Paz media, it's noted:

"In the Congressional session of the 2nd, it has been read behind closed doors the Treaty with Brazil on the sensational issue of Acre. More or less the text has revealed the main bases of the Pact which remains reserved. The physiognomy of the Deputies is alarming. It's an inevitable sacrifice and a torn act to the law of force. What matters is that Congress resolved it by addressing the issue with civil value without chauvinism by consulting only and exclusively the conveniences of the Republic. [...] The congress of the 903 (September 3rd) must have a prominent place in the pages of history, because it may be the one that becomes the cornerstone of the reorganization of the country."⁴²

As we know, the treaty was signed on November 17, 1903 in Rio de Janeiro. The terms of this specified a transfer of £ 2 million pounds to Bolivia. The same La Paz newspaper noted, one month after the signing, some achievements in the use of resources. Expressing complete ignorance on the final text of the agreement, which certainly could not be published until it was ratified by the legislative chambers, the view was clear:

"In order there are two issues. One relevant to the application to be given to these funds; the other relevant to the legal way to make the application.

Regarding the former, it seems, tacitly, there is general agreement, that this amount is invested in the railway development of the Republic, after a detailed study on the various lines that urgently need to be built to link the various departments; they allocated a part - three or four million Bolivians - to repay loans from the Acre and to cancel credit from banks in order to facilitate economic movement in the country and to relieve the national budget of those obligations which could never be covered with national revenue. But whether you create this or another application for funds from Brazil, the investment could only be done with legislative authority, by a budget law enacted for that purpose."⁴³

For Christmas Eve in 1903, it was stated that the "Madera-Mamoré railway should be built for Brazil, all this trade will have great facilities and economies to exit to the Atlantic. It is understood that the railway will be communal in its use."⁴⁴ What is the significance of these expressions? Emptied by the daily capitalism of the country, they expressed on the one hand the conviction of the level of investment in railways. However, they also demonstrated that Bolivia had never thought, apart from the compensation, it would be possible to get the right of use to one of their own railways. In this context, the conditions of the Peace of Petrópolis are extraordinary and a "cornerstone of the reorganization of the country." *El Comercio* from La Paz on December 4, 1903 stated: "It's an

⁴¹ Idem.

⁴² *El Comercio*, La Paz, September 4th, 1903. Archives of Itamaraty, Bolivia Legation, Rio de Janeiro.

⁴³ Idem.

⁴⁴ *El Comercio*, La Paz, December 23th, 1903. Archives of Itamaraty, Bolivia Legation, Rio de Janeiro.

inevitable sacrifice and a torn act to the law of force. What matters is that Congress resolved it by addressing the issue with civil value without chauvinism by consulting only and exclusively the conveniences of the Republic."

The successor to Jose Manuel Pando, Ismael Montes, would follow the guide of railways. Assuming the presidency in August of 1904, President Montes inaugurated the works of the railways of Oruro to Viacha, Oruro to Cochabamba, Río Mulatos to Potosí and of Arica to La Paz. The idea was to connect the North, the Center and the East with the Madera Mamoré railroad that could reach the Atlantic in a couple days. Another short and easy railway was from Uyuni to Potosí, linking the South to the great network that in five years would change the face of the Republic, giving it the place it deserved for its riches and the extension of its territory.⁴⁵

7. THE IMPACT OF THE RAILROAD WITH CHILE

Two routes bind Bolivia with Chile. One is Oruro / Uyuni / Antofagasta, connecting the Huanchaca mines, owned by Aniceto Arce, with the Pacific and a second line is from La Paz to Arica. Already Bolivia's own Alcides Arguedas in *Pueblo Enfermo* (1909-1910), identified the importance of the first railway from Antofagasta to Oruro when he explains that the Oruro to Uyuni railway was built precisely when the popular political policy of the time was moving away from all "manufacturing and industrial movement, because outside of politics all lay motionless and dead."⁴⁶

The train from Oruro to Antofagasta had arisen from a vote of the chambers, when the government of Bolivia issued Supreme Decree of 15 November 1887, calling for proposals for the construction of railways throughout the Republic. On the 12th of July 1888, the bidding was opened. By resolution, on the 19th of July 1888, the Bolivian government accepted the proposal of Don Luis. M. Sola, a representative of the Huanchaca company of Bolivia for the construction of a railroad and telegraph from the Bolivian border to the city of Oruro, through Huanchaca and with the ability to extend its branches anywhere in the country.

Between September and November of 1888, the Bolivian Congress discussed the issue of the donation. Early the following year, on February 27, the general layout of the railway from Ascotan to Oruro was approved, by way of Uyuni. Later, Sola sold his rights to the line of Ascotan to Oruro to *The Antofagasta and Bolivian Railway Co.*, i.e., the other company that had investments in Bolivia, resulting in a de facto monopoly, which meant a marvelous business for Huanchaca. The supreme government approved the sale by resolution on March 21st, 1889.

"On October 31 this year, legislation was enacted which grants a guarantee of interest of 6% per annum for a period of 20 years, on the capital invested in the construction of the railway, declaring that this warranty would be compulsory when the railroad in Oruro is delivered."⁴⁷

The trains that circulated these pathways were of a 1 meter wide gauge, incompatible with the train lines circulating between Argentina and Bolivia, but compatible with those of Chile. In speed, the trains did not exceed the law of 40 km per hour. The rolling stock was of American origin, from the companies of Baldwin, Rogers and Stevenson. This network, in 1902, had a total of 6 locomotives.

Thus, the internal lines of Bolivia, both of Guaqui-La Paz, 52 km in length (1900), and its own line leaving from Arica stretched its facilities trying to complete a route that would make La Paz its final destination. From the 1903 treaties, first with Brazil and in 1904 with Chile, they extended the lines northwards through the territory of Acre and from Arica to La Paz (in 1907), while in the next decade they proceeded to unite the internal network.

The railway plan brokered between Bolivia and Chile in the Treaty of Petrópolis, was extremely positive. The last part of the negotiation was ratifying the Agreement of Truce on April 4, 1884 and setting the limits. Immediately afterwards, the first thing that it established was the construction of the railroad of Arica to La Paz under the expenses of the government of Chile. In effect, Bolivia in less than one year, had asked exactly the same of Chile as of Brazil. The compensation, this time much lower than that requested from Brazil and the free transit, made up the rest of the settlement fund.

⁴⁵ *El Comercio*, La Paz, December, 19th, 1903. Archives of Itamaraty, Bolivia Legation, Rio de Janeiro.

⁴⁶ Arguedas, Alcides. *Pueblo Enfermo*, La Paz, Editorial Juventud, 1979, 292.

⁴⁷ Bolivia. National Immigration Bureau, 1903, La Paz, Bolivia, 17.

This is expressed by the French historian Françoise Martínez: and the Bolivian historian Paul Quisbert:

"The pragmatism of the Bolivian foreign policy was not simply reduced to the fact of maintaining sovereignty. In both cases, it was able to obtain something very significant for the Liberals: the construction of railways. Even the monetary remedies were intended to serve as a warranty in the contracts for the construction of railway lines in the interior of the country. Therefore, diplomatic arrangements were made on the formula of territories by railways, symbols of progress, which ultimately benefited directly the exporting elite. "That is why, at the time of the treaties it was convinced that even in defeat, the country achieved benefits."⁴⁸

Sergio González Miranda has argued that the rapid growth of Oruro was instrumental in the expansion of the railways in 1892; it was a city that went from 6,844 inhabitants in 1880 to 15,900 in 1900, while the same department in 1900 had 86,081 inhabitants, a figure that, for the time, was a very significant population. The population of the province of Tarapacá also revealed its growth. Tarapacá in 1885 had 45,086 inhabitants, while in 1907 when the province reached its optimum of the cycle of the expansion of nitrate and had 110,036 inhabitants, more than doubling its population in a few years.⁴⁹

It should be emphasized that the Bolivia plans, not just the railway of Antofagasta, had a significant importance in the mining context. The Treaty of 1904, says González, devised a new railroad, precisely one that would join the city of Arica and La Paz (FCALP). This, it was understood because for the Bolivians, there was an undeniable geopolitical importance to unite both cities through the connection of the La Paz to the region of Tacna-Arica, a province that before a possible victory in the Chilean plebiscite with Peru for these provinces, would enable a solution to the maritime demands of Bolivia. That is why the presence of workers and the construction of railways, in conjunction with the mining activity would fill the northern border with Chilean workers who could be potential voters in the designated enquiry.

However, there was an aspect not imagined by the inhabitants of Tarapacá, which was the permanent postponement of a railroad that would unite Oruro with Iquique, pending even if Iquique was the main port of nitrate. Finally, international politics favored a connection of Arica and Antofagasta, with Bolivian cities, and not with Iquique.⁵⁰

One idea pointed out by González Miranda is fundamental in several fields. The idea that within the movement to unite cities, existed the idea to unite, in addition to Oruro and Antofagasta, the city of Iquique toward the interior, even in its period of expansion of the nitrate cycle. A second aspect is the notion of integration that the author raises, the notion of regional integration, which ultimately does not materialize because there is no regional force required to solve the project. Finally, an idea that we share, is the conviction posed that if the railways were built, they were built because of decisions of the State. This perspective, from Chile, is also verified from the new capital of the country, La Paz.

El Diario of La Paz published in its editorial on February 6th, 1905: "The Ferrocarril de Arica'.

Approved the Chilean Bolivian treaty, in the two congresses, the exchange will be done in few more days in this city. Mr. Mathieu will go to Arica, for conferences with the President Riesco, and will no doubt spend a few days there until Santiago, in order to bring all the necessary documents for the exchange of the ratifications. In addition, there are efforts to enable the work of the railway between Arica and conclude it in the shortest possible time.

It is likely that the work will be done from both ends at once, i.e. from Arica and from Viacha. In charge of the work will be a company with particular obligations well defined with respect to both governments, whose laws and sovereignty, will be widely observed in the section that corresponds.

⁴⁸ Martínez, Françoise and Quisbert, Pablo. "Resignación y ambición: La política exterior liberal", *Historias bajo la lupa. La Guerra Federal*, op.cit., Fascicle 9:4.

⁴⁹ González Miranda, Sergio. "Las históricas relaciones entre Tarapacá y Oruro: La frustrada tentativa de integración transfronteriza durante el ciclo de la expansión del salitre (1864-1928)", *Revista de Geografía Norte Grande* 50, Santiago, 2011, 65.

⁵⁰ *Ibíd.*, 74.

The track will go very close to Sicasica, leaving Oruro at equal or less distance than the La Paz to Arica.”⁵¹

From the above several things emerge. First, the steps in the adoption of the Treaty of 1904 and the very slow steps for its ratification and the respective exchanges. Secondly, the issue of the importance of the railroad that committed both states to the Treaty. A third aspect is, who took charge of the works and respect that the private enterprise should have with governments and finally a consideration; the design incorporated benefits two Bolivian cities, Oruro and La Paz. One a mining city and the other politically key in the new state of political roles of Bolivian cities.

In any case, the railroad of Arica was not a project at random on the part of the Bolivian and Chilean authorities. Almost a month before the signing of the Treaty between Bolivia and Chile, Mr. Henrique Lisbon of the Legation of Brazil in La Paz described at length to his authority, the Baron of Rio Branco, Foreign Minister of Brazil, the content of the binational document. In his letter of 23 September 1904, he announced:

"Among the measures that this Government intends to speed up the settlement of Chilean citizens in Tacna and Arica was more or less the same importance given to the law that has just been enacted, authorizing our President of Republic to remove 150 thousand pesos for the studies of a rail line from Arica to La Paz and other expenses of the province of Tacna.”⁵²

Moreover, the statements of the 1906 Bolivian politicians account for elements that are not handled by the public opinion. For example, the fact that the construction of the railway from Arica to La Paz was plagued by critics within same the Bolivian railway plan almost from the beginning of the Treaty, in particular the fact that the southern regions were systematically opposed to its construction.

8. CONCLUSIONS

Since the colonial period, the Royal Court of Charcas had enormous difficulties in establishing a trade in the framework of the Spanish Empire. The arrival of the Republic, could not circumvent the enormous geographical barriers that the country possesses, and still less, could not effectively establish a system of efficient external connection.

The technological advances of the industrial world of the nineteenth century propelled Bolivia to approach the raw materials markets with advantages in its export products, but with the challenge of reaching the coast. This challenge, comprised from the period of Mariano Melgarejo, brought the country to construct a strategy to reach the Pacific. Bolivian elites, like many others of the continent, established contact and business mechanisms with the capital and the companies linked to the railways. The interests of nitrate, silver and later tin in the south of the country, were supplemented by interests associated with the exploitation of rubber. So railways and steam transportation were crucial to the formation of the mining and rubber economy. In this context and added to the turn-of-the-century regional struggle, Bolivia was directed towards searching for a development plan, a model of territorial organization to take her out of her isolation from international markets. In this context the plan of the railways and abandonment costs, arises not as a loss, but as an effective strategy to empower their resources and address modernity.

Upon completion of this work, we want to present some observations. The most important think is the absolute coherency of the vision of the Bolivian authorities in the framework of the strategy towards the coast from the period before the Pacific War to the signing of the Treaty of Petrópolis with Brazil in 1903 and afterwards in 1904 with Chile. We talked about almost a half-century of a complex positivist vision, we reiterate, in line with other continental realities that saw the railways as the key to progress.

In this context, the Bolivian critiques of territorial concessions in favor of Brazil and Chile, in exchange for railways, were not very relevant or massive, at least during the first three decades of the twentieth century, as the advantages of the railways to the coasts in 1915 were visible and palpable for the Bolivian state. Those who opposed the treaty with Chile, as well as those who supported it, were

⁵¹ *El Diario*, La Paz, February 6th, 1905. Archives of Itamaraty, Bolivia Legation, Rio de Janeiro.

⁵² Letter from Henrique Lisboa to the Baron of Rio Branco dated September 23, 1904, Minister of the Imperial Court of Brazil. Archives of Itamaraty, Bolivia Legation, Rio de Janeiro.

unable to discern the long-term effects that this would have; they did not have foresight of economic cycles in the prices of raw materials or of neighborhood difficulties, or the feeling of frustration that would occur with the emergence of the Bolivian bourgeoisie in the west.

The *illusion of the railways* was the sign of an absolute confidence in progress which characterized the ideas of economic liberalism at the end of the 19th century. What an error, right? Reality. The misuse of the subsequent history, about what happened with the clauses of the Bolivian Chilean Treaty, associate it with a "sellout" vision linked to the railways, and evades with certainty the notion that it built its own protagonists. Excessive essay writing of some writers, on both sides of the Andes has demonized in its discourses of railroads, both the ambition and ingenuity of this liberalism. What is clear, in light of the texts and consulted files, is that the ruling political class in both countries was linked with, did businesses with, and worked with industrialized countries. But above all, what is clear is that any value judgment today lacks historical sense.