

accorded to it in the two contending countries. It has received numerous proofs of that confidence, but will mention only those which immediately preceded its departure from America. In its communication of March 3 rejecting the Commission's proposals, the Paraguayan delegation stated that the observations it had made "in no sense implied any lack of appreciation of the Commission's noble efforts." When acknowledging receipt of the Commission's note informing him of its departure, the Bolivian plenipotentiary likewise thanked the Commission for its "noble efforts on behalf of peace."

Lastly, the Commission is bound to express its great appreciation of the hospitality which it received, for its negotiations with the parties, from the Governments of the Argentine and Uruguay. It does not forget that the latter Government was kind enough to welcome its members as guests of honor when the peace negotiations opened in December 1933, and that at Buenos Aires, as at Montevideo, it met with active and constant sympathy.

## Chapter I

### GEOGRAPHICAL FACTS CONCERNING THE CHACO.<sup>3</sup>

There is a great diversity of opinions both as to the boundaries of the Chaco and as to its wealth and possibilities of development. The Commission, while making use of the information it has been able to obtain during its tour, and supplementing that information by other particulars which have been carefully verified, thinks that it may be well to mention certain essential geographical facts.

#### BOUNDARIES OF THE CHACO

##### (A) THE PARAGUAYAN VIEW

"Geographically," writes General Belaïeff, "the Chaco lies between meridians 57° 34' 28" and 63° 26' 54" west of Greenwich and parallels 17° 55' 43" and 25° 21' 41" south. Bounded on the east by the River Paraguay, it is separated from Bolivia on the north by the Chochi Mountains and the Río Negro, and on the west by part of the course of the River Parapiti and the Sierra de Chiriguaná, as far as the Pilcomayo, to the south of which lies the Argentine Chaco. The area of the Chaco is about 297,938 square kilometres."<sup>4</sup>

These boundaries of the Chaco are those given in most Paraguayan pub-

<sup>3</sup> In this report, the word "Chaco" means the "Chaco Boreal"—that is to say, the part lying north of the River Pilcomayo. The "Chaco Central" and "Chaco Austral," to the south of that river, belong to the Argentine Republic.

<sup>4</sup> Article by General J. Belaïeff in the national almanac *La Rural*, second year, Asunción, 1931. General Belaïeff, who accompanied the Commission to the Chaco, proved himself a guide excellently informed of the geography and ethnography of that area.

lications. They are those of Luis de Gásperi's *Geography of Paraguay*,<sup>5</sup> in which "the data relating to the area, length of boundaries, and geographical nomenclature of the Republic have been extracted from the land register and supplied by the National Survey Department." They are the boundaries mentioned by the representative of Paraguay, first in the Council on February 3, 1933,<sup>6</sup> and subsequently in his letter to the Secretary-General, dated June 6, 1933.<sup>7</sup>

Most of the Paraguayan maps show the same boundaries: the map of the Chaco in the *General Atlas of the Republic of Paraguay*, by Federico E. de Gásperi, Chief of the Cartographical Section of the National Survey Department (first edition, Buenos Aires, 1920), an economic map of the Paraguayan Gran Chaco (undated), published by the Paraguayan Committee at Buenos Aires, etc.

Recently, however, certain publications have no longer confined the Paraguayan claims to these "natural boundaries," which, according to many Paraguayan authors, and according to M. Caballero de Bedoya's letter of June 6, 1933, "coincide with the historical boundaries of the old province of Paraguay to the west of the river of that name."

Dr. Adolf N. Schuster, in his book on Paraguay published in 1929,<sup>8</sup> states that, for all the maps included, the Government of that country supplied him with the latest information available, and that he consequently gives two frontier-lines for the northeastern Chaco. The first of these frontiers represents the traditional claims mentioned above, except in the eastern part, where this frontier-line, meeting the River Paraguay a little below the Brazilian fort of Coimbra, consequently includes in the "western region of the Republic of Paraguay" the territory bordering upon the River Paraguay which Brazil has ceded to Bolivia to the north of Bahia Negra. The other frontier shows yet another variant of the Paraguayan claims. It deprives Bolivia of any access to the River Paraguay by making the Paraguayan Chaco contiguous to Brazil as far as north of the Oberaba Lagoon, between parallels 17° and 18°.

This same frontier, but prolonged still further northward, is to be found in a map of Paraguay "containing the latest geographical data," drawn in 1933 by the cartographer of the Boundary Commission of the Paraguayan Ministry of Foreign Affairs, M. Raul del Pozo Cano. According to this map, Paraguay possesses to the north of Bahia Negra, along the Brazilian frontier, a strip of territory extending beyond parallel 16° 30'. The northern limit of this territory is not shown on the map, which stops above that parallel.

<sup>5</sup> Luis de Gásperi, *Geografía del Paraguay*, first edition, Buenos Aires, 1920. This is a work approved by the Paraguayan National Board of Education.

<sup>6</sup> League of Nations Official Journal, February 1933, page 261.

<sup>7</sup> League of Nations Official Journal, June 1933, page 781.

<sup>8</sup> Adolf N. S. Schuster: *Paraguay: Land, Volk, Geschichte, Wirtschaftsleben und Kolonisation*, Stuttgart, 1929.

The Commission found an allusion to this recent extension of the Paraguayan claims in Dr. Eusebio Ayala's preface to Dr. Efraim Cardozo's book *El Chaco en el Régimen de las Intendencias*, published at Asunción in 1930.

Unhappily [wrote Dr. Ayala], under the mask of patriotism, there are symptoms, in a certain section of public opinion in our country, of a prematurely uncompromising spirit, and of theories conflicting with the desire for concord and harmony by which our international conduct should at all times be inspired. We have lately witnessed discussions in which Brazil was condemned for having ceded ports to Bolivia to our detriment. In certain political circles a theory has sprung up, the effect of which would be to imprison Bolivia in her mountains, allowing her no access to the river, and thereby depriving her of the status of a riparian nation of the basin of the River Plate. Such a view can be accepted only by persons who are blinded by prejudice.

This extension of the Paraguayan claims in the Northern Chaco naturally disquieted Bolivia.

#### (B) THE BOLIVIAN VIEW

In Bolivia's view, the Chaco forms the southeastern part of her territory, between the Rivers Paraguay and Pilcomayo, down to their confluence. Whereas Paraguay's tendency has been to seek the geographical and historical boundaries of her "western region" as far north and west as possible, Bolivia's tendency has been to reduce the territory which she would admit to be disputed, as far as possible, to the angle formed by the two rivers.

In his little monograph on the Chaco, Father Julio Murillo<sup>9</sup> expresses the current opinion of Bolivian publicists when he describes the Chaco as "a triangle with its apex to the south and its eastern and western sides formed by the Rivers Paraguay and Pilcomayo respectively," and adds: "we might fix its base at parallel 21°, between Olimpo and Villa Montes. This triangle, to which the name of Chaco Boreal should be confined, is believed to have an area of some 170,000 square kilometres."

Parallel 21° is also mentioned in the monograph by Dr. Ricardo Mujía, whose thesis is, moreover, that the name of "Chaco" was not always given to the region between the Rivers Pilcomayo and Paraguay, to the south of parallel 21°, but that, according to certain documents of the colonial period, the Chaco was situated south of the Pilcomayo.<sup>10</sup>

Paraguayan publicists have made numerous protests against this idea of fixing an area bounded on the north by a parallel, and possibly on the west by a meridian, as the subject of the dispute. Indeed, if the only question to be arbitrated upon were that of the ownership of a zone so delimited, Paraguay could not maintain her view that the arbitrator should fix the limits between the old province of Paraguay, to the west of the river of that name, and the provinces of Upper Peru, out of which Bolivia has been formed.

<sup>9</sup> Father Julio Murillo, S.J., *Monografía del Chaco*, a publication of Propaganda and National Defence Centre, La Paz, second edition.

<sup>10</sup> Ricardo Mujía: *El Chaco*, an historical and geographical monograph (official publication), Sucre, 1933.

## THE DIFFERENT REGIONS OF THE CHACO

"Until recent years," wrote General Belaieff in 1930, "the western region of Paraguay (the Chaco) appeared on imperfect maps as full of blank spaces, with the significant remark 'wholly unexplored'; and it is true that few people were venturesome enough to leave the river-bank, and then only for a few days. . . . During the last five years there has been a great change. Today there are roads and even railways. . . . The Chaco is so diversified; there are in that vast region such different conditions that it is impossible to gain an accurate idea of it without studying the entire area. Those who are not well acquainted with it continue to leap to rapid or premature, and frequently paradoxical, conclusions."<sup>11</sup>

In point of fact, the Chaco is not, or at least is by no means wholly, that uninhabitable "green hell" spoken of in certain travel-books, or perhaps it would be more accurate to say by readers of those books who have not studied the authors' itineraries on the map. The forest in the north and west—the Gran Selva—almost waterless, is forbidding; but neither the central savannah nor the slightly lower-lying and generally flat and marshy peripheral belt, which extends along the Rivers Paraguay and Pilcomayo and has an average depth of from 100 to 200 kilometres, can be regarded as uninhabitable. Indeed, in both those areas interesting experiments in colonization and development have been made, though almost all these took place in the eastern region, where Paraguay exercises *de facto* possession.

## (A) THE PARAGUAYAN ZONE OF OCCUPATION ALONG THE RIVER PARAGUAY

Going up the River Paraguay from Asunción to Bahía Negra, we come first, on the Chaco bank, to *Villa Hayes*, which, founded in the middle of last century 30 kilometres from the capital, is today the centre of an agricultural population of some 10,000 souls, and has a large refinery (capital, 100,000 gold pesos). Further on, 75 kilometres from Asunción, is *Puerto Emiliano* (30,000 head of cattle).

Much further north, beyond the tropic in the torrid zone, tannin-producing establishments alternate with stock-breeding *estancias*—Puerto Cooper, an *estancia* belonging to the Argentine Cattle Co., an English company (over 7,000 inhabitants, two million gold pesos capital), and Puerto Pinasco, the property of the International Products Company (an American company with a capital of over four million gold pesos, employing 2,300 workers). A narrow-gauge railway brings the quebracho, the red ironwood "that breaks the axe," richer in tannin than any other tree, from the fellings in the interior, which are 75 kilometres from the works on the bank of the River Paraguay. Pinasco produces 2,000 tons of tannin extract per month, and the cattle on its *estancias* are estimated at 50,000 head. Pinasco is a complete self-

<sup>11</sup> Introduction to General Belaieff's article in the national almanac *La Rural*, second year, Asunción, 1931.

supporting concern which has, in addition to its railways, its repair-shop, its telegraph and telephone lines, its fleet of tugs and barges, its hospital, its school, etc.

The same is true of *Puerto Casado*, 80 kilometres upstream from Pinasco; it is the property of the Argentine firm of Carlos Casado, and covers, according to Paraguayan publications, 1,400 square leagues, or more than four million hectares,<sup>12</sup> and has a population of about 3,000. The capital of the undertaking is estimated at 1,500,000 gold pesos. There are 200 kilometres of railway connecting the fellings in the forest with the port, where the tannin factory is situated, surrounded by the church, hospital, school, hotel, etc. There are 80,000 head of cattle on the *estancias*. The undertaking, which is always under the personal direction of a member of the Casado family, is also making interesting agricultural experiments in the Chaco (growing cereals, cotton, etc.).

Further north, *Puerto Sastre* (5,000 inhabitants), the property of an Argentine company with a capital of over two million gold pesos, and *Puerto Guaraní* (2,500 inhabitants), also belonging to Argentine capitalists, are other important tannin-producing and stock-breeding centres.

In the north there is also an agricultural population surrounding two positions occupied by Paraguay—*Fuerte Olimpo*, the former Fort Borbón, built by the Spaniards of Paraguay in 1792 to keep out the Portuguese, and *Bahia Negra* (2,000 inhabitants), situated on a bay immediately south of the confluence of the River Paraguay and the Rio Negro (or Otuquis), which bay plays an important part in the history of the relations between Bolivia and Paraguay, for in 1888 the Paraguayans expelled the Bolivians, who had endeavored to secure access to the river at that point by founding *Puerto Pacheco*.

#### (B) THE PARAGUAYAN ZONE OF OCCUPATION IN THE INTERIOR

In the savannah of the interior occupied by Paraguay, the degree of economic development is, of course, much less advanced than along the river where the exploitation of quebracho has attracted foreign capital, stock-breeding and agriculture being as a rule regarded by the foreign capitalist as subsidiary to the manufacture of tannin.

Although the immense savannah of the the interior has been parcelled out by the Paraguayan Government and is shown on the map cut up into vast quadrangular tracts that have been granted to a comparatively small number of companies or individuals (the extent of the Casado estates has already been mentioned), the absence of communications and the lack of water have, until recently, constituted serious obstacles to colonization. The hostilities have obliged the army to make broad trails and to bore wells. The narrow-gauge railways built for the quebracho industry, though none of

<sup>12</sup> The founder of the Casado family, a Spanish pioneer in the Argentine, acquired 75,000 square kilometres of land when Paraguay was parcelling out the Chaco (1885).

them lead to a greater distance than 200 kilometres from the river, can be prolonged, and roads can be made on some of the trails. The central Chaco, once it is brought nearer to markets and to civilization in this way, will support a larger population: the salt *campos* provide good pasture, and water for agriculture is found under the impermeable clay stratum.

In the colonization of the central Chaco, the most important work is at present being done by the Mennonites. It began six years ago on land sold to the colonization company by the Casado firm, 200 kilometres from the River Paraguay. The immigrants belonging to the religious sect of Mennonites, who are mostly of Canadian or Russian origin, live in some twenty villages. The Mennonites have been granted a special and very favorable position under Paraguayan law. They are forbidden by their religion to carry arms, and they take no part in the present war, during which they continue to build their villages and clear the land.

To sum up, it may undoubtedly be said that, thanks to the considerable capital, largely foreign, invested in the settlements along the river, and also to some tentative immigration into the interior, the eastern part of the Chaco occupied by Paraguay has recently undergone a development<sup>13</sup> which Paraguay puts forward as a further reason why she should retain the bank of the River Paraguay and its hinterland in any agreement which may be concluded. Paraguay points out that, in contrast to these efforts, Bolivia has not developed in the same way the part of the Chaco she has occupied.

(c) THE BOLIVIAN ZONE OF OCCUPATION ALONG THE PILCOMAYO

In Bolivia, the "Paraguayan effort" is mainly regarded as the work of foreign capitalists who, under the protection of the Paraguayan army, exploit the eastern Chaco and help Paraguay to retain a disputed territory. The Bolivians protest, moreover, against the assertion that their work in the Chaco has been purely military and that, as Dr. Eusebio Ayala wrote in 1930 in the introduction to Dr. Efraim Cardozo's book which we have already quoted: "there is no Bolivian population in the Chaco outside the forts and the few civilian settlements that are growing up round the military posts."

When, after the declaration of a state of war by Paraguay (May 13, 1933), the Argentine Government decided, in order to observe neutrality in the conflict, to take certain measures, including the closing of the Pilcomayo frontier to the north of which military operations were taking place, one of

<sup>13</sup> According to Paraguayan publications, the average annual exports of quebracho extract, which in 1913 amounted to 12,000 tons, have, since 1925, exceeded 50,000 tons and their value 3,500,000 gold pesos. (In the last three years, the price of tannin has fallen by half.) It is also estimated that there are two million head of cattle in the Chaco.

It is difficult to estimate the amount of Paraguayan and foreign capital invested in the Chaco. The Paraguayan assessor gave the Commission the figure of 200 to 260 million gold pesos. According to Paraguayan publications, the total capital of the chief companies with interests in the Chaco amounts to about 17 million gold pesos.

the reasons given by the Argentine Ministry for Foreign Affairs for closing Puerto Irigoyen opposite the Bolivian post of Linares was that in the region of the Chaco Boreal, on the other side of the frontier, there was no civilian population with whom trade could be carried on. "Puerto Irigoyen," it was stated in the Argentine note of June 7, 1933, "merely provides a possibility of communication with desert areas situated north of the Pilcomayo frontier which have been occupied incidentally by the passage or the presence of an army."<sup>14</sup> The Bolivian Minister at Buenos Aires protested against the closing of this frontier, and maintained that there was an agricultural population along the left bank of the Pilcomayo for a distance of eighty leagues, from parallel 22° to the most advanced Bolivian posts.

The Commission, which, as previously stated, was prevented by the entry into force of the armistice and the immediate opening of peace negotiations at Montevideo from visiting the western Chaco on its return from La Paz, was unable to ascertain on the spot the size of this agricultural population, which, according to the Paraguayans, is small or non-existent. In any case, it is certain that there can be no comparison between the development of the left bank of the Pilcomayo, a river which is incapable of carrying any important traffic, and the development of the right bank of the River Paraguay.

Bolivian writers themselves recognize that the "ethnography of the Chaco is a dark page in our national history." "In the administrative plan adopted by the Republic, the occupation of the territories inhabited by savage tribes and the encouragement of immigration for the colonization of these territories were left entirely to the hazards of the future. In the Chaco, while the civilized population diminished instead of increasing, the indigenous population defied for three centuries the authority of the conquistadors and continually flouted the Republic. Nearly all the survivors—greatly reduced in number—of the natives of the Chaco have crossed the Pilcomayo to seek better conditions in the Argentine. The only effective work done among the uncivilized tribes in the past century—and then only on the threshold of the Chaco—was that of the Franciscan missionaries. On the foundation they laid, it was possible to begin the effective occupation of the Chaco in the present century."<sup>15</sup>

#### (D) OIL-BEARING ZONE

The recent effective occupation, which was essentially military along that part of the Pilcomayo that separates the Chaco Boreal from the Argentine, presents a different character in the higher region lying further west. The oil, which, according to certain unverified reports, exists everywhere in the Chaco, has been actually discovered in the western region which the Para-

<sup>14</sup> Argentine Neutrality in the Conflict between Bolivia and Paraguay, published by the Argentine Ministry for Foreign Affairs, Buenos Aires, 1933, page 28.

<sup>15</sup> Father Julio Murillo, S.J., *op. cit.*

guayan army has recently approached. It was in the forest between the River Parapiti and the Upper Pilcomayo that the author of *Green Hell*<sup>16</sup> came upon the agents of the Standard Oil Company and the derrick of Camatindi, to the north of Villa Montes. In 1927, when the Argentine established a national oil monopoly, the agents of the Standard Oil Company apparently left the northern Argentine and, carrying their material into Bolivia via Yacuiba, took an active interest in the deposits on the other side of the frontier. At present, production appears to have stopped, these deposits being retained as a kind of reserve, which now seems to be attracting the special attention of the Governments concerned.

(E) BOLIVIAN ZONE OF OCCUPATION IN THE NORTH

Apart from the Paraguayan posts, which on the right bank of the Rio Negro (or Otuquís) protect the approaches of Bahia Negra to beyond latitude 20°, the northern zone has been partially occupied by Bolivia.

In the region between the Rio Otuquís and the Brazilian frontier, near latitude 19° 30', Bolivia has built posts opposite the advanced Paraguayan posts, and it will be remembered that this area was the scene of the incidents of December 1928 which led to the intervention of the League Council, then sitting in ordinary session at Lugano, the question being subsequently settled by the Commission of Enquiry appointed by the International Conference of American States on Conciliation and Arbitration.

Southeast of this line of posts, Bolivia, as already mentioned, acquired from Brazil territories on the borders of the Chaco between Bahia Negra and Coïmbra by the Treaty of Petropolis (1903). In this area, which is somewhat difficult of access from the interior, Bolivia has established no port.

Further north, a sparse Bolivian population is scattered along the track which, north of the Rio Otuquís, connects Puerto Suarez (on the Caceres Lagoon communicating with the River Paraguay) with Robore and San José, and then goes on to Santa Cruz, west of the Rio Grande. At one time the Bolivians had placed great hopes in Puerto Suarez as an outlet for the rich agricultural region of Santa Cruz. Today Puerto Suarez is dead and no vessel now calls there. As the Bolivian Minister at Buenos Aires said in his letter of June 12, 1933, to the Argentine Ministry of Foreign Affairs: "Owing to the absence of ports on the River Paraguay and of roads along which vehicles can travel, imports to Santa Cruz have, for many years, had to pass through Yacuiba, the point where the Argentine railway line Embarcación-Yacuiba (south of the Upper Pilcomayo) reaches the frontier. It was only for one or two years, when Puerto Suarez was declared a free port, that any considerable volume of imports was sent by this route, during the dry season. Puerto Suarez is now no longer a free port, and imports have prac-

<sup>16</sup> Julian Duguid, *Green Hell*, London, 1931.



tically stopped, being confined to the requirements of the small groups settled in the immediate vicinity."<sup>17</sup>

A port created on one of the "lagoons" situated further to the north which, like that of Caceres, is connected with the River Paraguay, has suffered the same fate as Puerto Suarez. Dr. Cornelio Rios stated in 1925 that the best position for a port was on the Gaiba Lagoon, because the hinterland consisted of elevated and fertile land. In 1900 Puerto Quijarro had been founded there, and, according to the report made in 1901 by Captain H. Bolland, the results of the explorations which he had undertaken for the Bolivian Government on the upper course of the Paraguay and in the Gaiba Lagoon were entirely satisfactory, for the Upper Paraguay was undoubtedly navigable as far as the Gaiba Lagoon, the channel at all times of the year having a depth of not less than six feet.<sup>18</sup> A syndicate known as the Bolivian Oil and Land Syndicate, founded in London in 1902, obtained from the Bolivian Government concessions which were transferred in 1926 to Bolivian Concessions Limited. These concessions, which covered about thirty million acres, gave the holders the right to prospect for oil and minerals and to construct a port at Gaiba and a railway connecting this port with Santo Corazón, with the possibility of extending it to Santa Cruz. In 1931, the company went into liquidation.<sup>19</sup>

In general all available information goes to show that, whereas the undertakings along the river south of Bahía Negra in the Paraguayan zone of occupation have made progress, the position is entirely different in the Bolivian zone of the north. The reason given by the Bolivians for this state of affairs is that they do not possess any outlet on the River Paraguay further south.

## Chapter II

### THE CHACO DISPUTE

In the first half of the nineteenth century there was no dispute between Bolivia and Paraguay concerning the Chaco. During the long dictatorship of Francia, her first President, from 1811, when Spanish rule came to an end, down to 1840, Paraguay existed in a state of complete isolation and deliberately held aloof from the outside world. After Francia's death, the Congress, assembled at Asunción, approved in 1842 the Act of Independence of the Republic. The communication of this act to foreign countries marks the recognition of the independence of Paraguay, who concluded with the Argentine in 1852 a Frontier and Navigation Treaty, Article 4 of which specifies that the "River Paraguay shall belong from bank to bank in full

<sup>17</sup> Argentine Neutrality in the Conflict between Bolivia and Paraguay, publication of the Argentine Ministry of Foreign Affairs, 1933.

<sup>18</sup> Dr. Cornelio Rios: *Bolivia en el primer Centenario de su independencia*, Buenos Aires, 1925.

<sup>19</sup> Oil and Petroleum Year-book, 1928 and 1931.