



A Movement Towards or Beyond 'Statism'? Bolivia in 2006

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It is now more than three decades since neoliberal economic and political ideas began to supplant Keynesian orthodoxies within the treasuries and finance ministries of Western governments and in the policy-making centers of development agencies and financial institutions. Bolivia was one of the first Latin American countries to adopt a neoliberal approach back in the mid-1980s. State-owned companies were sold off for peanuts. Government spending and regulation was scaled back. Foreign capital was courted. All of this was done with the promise of a new dawn of development. Twenty years later the average Bolivian is worse off than before and the gap between the rich and poor has yawned wide open.

Evo Morales's MAS (Movement Toward Socialism) was elected on a campaign promise to reverse the damage wrought by twenty years of neoliberalism. He has followed through on many of his election promises foremost among them the promise to "decolonize" the state. Many of the ministers are self-identified indigenous and activists from social movements.

While there is broad agreement that the MAS has made progress on the indigenous front, there is more debate on the left in Bolivia about how to characterize the MAS's development policy. In a recent assessment, Bolivian sociologist Lorgio Orellana Aillón argues that, at this point, the MAS is "neither nationalist nor revolutionary." But Orellana goes further to accuse that the MAS's development plan is also "neoliberal." This contention begs the question, however, what is "neoliberalism"? As Orellana points out, it is more than a set of economic policies. Neoliberalism is a form of class rule that emerged as a response to the crisis in western capitalism in the 1970s.

I suggest that while at this point the MAS is neither nationalist nor revolutionary, at least not yet, it does not mean that it is "neoliberal" by default. To the contrary, I argue that the MAS is attempt to build what Bolivianists have called "state capitalism," comparable to that which prevailed after the national-popular revolution of 1952. Similar to the period from 1952-1964, the course the

MAS takes depends on the regional balance of power and the ability of social movements to push the MAS beyond the limits of statism and prevent the project from being crushed by the right in Bolivia.

The Social Movements' Demands

It deserves recalling that the MAS are responding to social movements' calls for "nationalization" and "social control." These demands have been voiced loudly in a series of conflicts and protests over land, water, and natural gas since 2000. The social movement leaders making these calls have learned from past successes and failures in their search for new models. The demand for "social control" in the water and energy sectors, for example, draw from the 1950s experiment with "worker control" in the state-owned mines, that were nationalized following the national-popular revolution of 1952.

Worker control was a power-sharing arrangement between social movements and the state that was institutionalized during a brief period between 1952 and 1956. Under this arrangement, known as "co-government," the revolutionary Bolivian Worker Central (the COB) was allowed to appoint representatives to key ministries such as petroleum and mining, transportation, and labour. Rank-and-file workers in each state-owned mine elected a controller who had "voice and vote" on the management board, which made decisions on the day-to-day aspects of life in the mining community. The arrangement was abandoned by the workers' movement when the reformist ruling party, the National Revolutionary Movement (the MNR), accepted the terms of an IMF stabilization package in 1956. It took until 1961, when the second structural adjustment package was imposed for the COB's leadership to follow and sever ties with the government.

While there were many problems with co-government, one of its more serious limitations was the fact that workers did not have enough power within a non-worker state to make decisions about investment. Over the years, the MNR used profits from the state mining company COMIBOL to fund exploration for petroleum deposits. This eventually de-capitalized the mines. The demands today for re-nationalization of oil and gas companies draw on popular memory of the sacrifices made by the miners and express a desire for "social control" over what is widely regarded as Bolivia's patrimony.

Contemporary social movements have learned from these experiments. They are trying to find ways not to repeat the mistakes of the past. In his wonderful book on Cochabamba's water war, trade union militant Oscar Olivera reflects on the lessons learned from past episodes of nationalization. He argues that in their search for alternatives, social movements must find a way to counter "both forms of privatization – the private property of the transnationals and the private property of the state – with forms of social, economic, and political organization. It is a question of organizing working people, ordinary people, and people who do not live off the labor of others and having them take into their own hands the control, use, and ownership of collective and communal wealth."

Olivera's statements reflect the radical current within Bolivian social movements that aims to create a "different kind of state" based upon ideas of collective property and popular empowerment. These elements of Bolivia's left, which include the COB and the Coordinadora, are fiercely critical of the MAS. In this view, the MAS is pursuing a project that more closely resembles the MNR's statist development rather than a socialist project "from below."

Hydrocarbons: "Nationalization without Expropriation"

In a highly theatrical display, Evo Morales announced that that government would "nationalize" hydrocarbons resources on May 1. As expected, nationalization did not mean "expropriation without compensation" but instead the re-negotiation and authorisation of contracts for foreign oil corporations. The critics in the corporate-controlled media squawked that the decision would be "bad for development" and predicted capital flight. In fact, however, the "nationalization" policy is not particularly radical in comparison to the demands made by states such as Norway, where social democracy has been built on a stack of oil revenues. Norway demands 90% of well-head royalties, while Bolivia has demanded a more modest 82%.

Since Bolivia is believed to have the second largest natural gas reserves on the continent, none of the companies are particularly eager to leave. The smaller companies "regularized" their contracts shortly before the expiry date of November 1, but some negotiations have yet to be completed with the Bolivian-controlled Petrobras, which controls the largest natural gas deposits in Bolivia. With the proceeds, the MAS is slowly recapitalizing the state-owned company, Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), which was stripped down to a regulatory agency following the neoliberal reforms of the mid-1990s, although there is a lot of work to be done. For example, as the former hydrocarbons minister, Andres Soliz Rada (who was forced to resign by the government in September because he thought the government's strategy did not go far enough) points out, the multinational "partners" still count the full estimated value of Bolivia's gas reserves as their assets on the stock exchange, when it should be listed as the property of the YPFB.

The increase to oil and gas taxes has been an important boost to the government's revenue. The May 1st decree also raised the price of gas shipped to Argentina by 48%, which helped off-set some of the losses that these companies would experience as a result of the higher taxes that have accompanied "nationalization." A recent report prepared by Mark Weisbrot of the Centre for Economic and Policy Research notes that according to IMF data, the amount of government revenue from the hydrocarbons sector increased by 6.7% of GDP over the past two years. The oil revenue the state receives will surpass the \$282 million a year received from 1998-2002, to a total sum of \$1.3 billion a year. The government is expecting these revenues to triple over the next four years. Unlike the neoliberal administrations before it, the MAS government ran a surplus budget. Morales →

rumours of a right-wing sponsored coup swirl

announced that this money will be used to fund health, education and social programs. Upon signing the decree, public schools teachers received a 10% pay raise and the government has increased pension payments.

Mines: More of the Same

The Bolivian government is also preparing a mining code which it hopes will accomplish similar results, that is, more national control with investment by multinationals to increase tax revenue. The first opportunity for recuperating the mines has already been lost. The Mutún mine, estimated to contain over 40 billion tons of iron ore reserves, was granted a concession to an Indian-based multinational in June. Reform of the mining sector is long overdue as indicated by the rising tensions among different workers, which produced the bloodiest conflict of 2006. From 1985 until the late 1990s, many of the formerly state-owned mines temporarily shut their doors when COMIBOL dismissed over three-quarters of its workforce in the first round of neoliberal 'reform' in the mid-1980s. Some of the miners who remained formed small cooperatives. They continued to mine under worse conditions, paying a small fee to COMIBOL for every tonne of mineral extracted.

The creation of cooperatives might sound like a creative solution to the problem of unemployment similar to the experiments in the recuperated factories in Argentina. But the cooperativists function like private businesses in which a privileged sector contracts other workers to do the dirty work under extremely exploitative conditions. While the privileged cooperativists are organized into a powerful association, FENCOMIN, several cooperativist workers working on contract have been fired for attempting to organize unions. According to one report, there are now estimated to be 63,000 cooperativist miners, while before October COMIBOL employed only a few thousand miners.

As commodity prices started to pick up in the 1990s, many of these mines were sold in concession to multinational companies as part of President Sánchez de Lozada's privatization program. The mining sector is now a confusing mish mash of state-owned and privately-owned mines, worked by a mix of employees of multinational companies, cooperativists, and state-employees. The same mine may be worked by different groups at various levels thus exacerbating conflict among workers facing very unequal conditions of employment.

Such is the case in the Huanuni mining complex located 280 km south of La Paz. The Pokosoni deposit was granted to a British-controlled consortium in the late 1990s. But it was returned back to COMIBOL when the company declared bankruptcy in 2000. This started a scuffle between the cooperativists and the state-employees over the future of the mine. The cooperativists

want the state to increase the number of "shared risk" contracts between the cooperativists and multinational companies. Both the waged and cooperativist miners backed the MAS in the December 2005 elections. Given the MAS's penchant for statist development with the participation of foreign capital, it chose to appoint a cooperativist miner, Walter Villarroel, as the Minister of the Mines. This inspired the cooperativists to deepen their demands. In September 2006, the 1500 state-employees who work the Huanuni deposits affiliated with the militant state-employed miners' union, the FSTMB, erected a road blockade demanding more jobs in the mine. In retaliation, the cooperativists attacked the state-employees in early October 2006. The situation exploded, leaving 17 miners dead and many more wounded.

The government has been heavily criticized for failing to intervene in the conflict to prevent these needless deaths and for favouring the cooperativist sector in place of the militant state-employed, organized miners. As Mario Ronald Duran Chuquimia of *Argenpress* put it, the problem confronting the MAS is a classic problem created by state-sponsored corporatism, "the central problem of the Evo Morales management is that the leadership of the social movements, converted into the heads of ministries, offer preferences to satisfy the demands of their sector before giving solutions to the problems faced by society as a whole." A resolution of such conflicts will require more than a new mining code. It will require that all miners be given the right to organize trade unions. Following the conflict, the government made a move in the right direction by absorbing 5,000 cooperativist workers into COMIBOL. Responding to social movement demands, Villarroel was sacked and replaced with Guillermo Dalence Salinas, a former leader of the FSTMB.

The Santa Cruz Oligarchy

The most serious threat to the MAS's statist project is the Santa Cruz oligarchy of Bolivia's eastern region. This is where the country's most fertile land and natural gas and oil deposits are located. Santa Cruz's bandits and corporate oligarchs are not at all thrilled about the change in direction in state policy. In the 1970s, the oligarchy gained control over the state apparatus under dictator Hugo Banzer (1971-1978). He channelled public money and international loans towards the region in his own state-build-

ing project. The Santa Cruz oligarchs weathered the storm of neoliberalism because their main economic activities are in agro-export, drug trafficking, and contraband, which flourished under corrupt neoliberal administrations. Their greatest productive asset is land, a great deal of which was acquired through fraud. So far, the MAS has appeased their worst fears by not threatening to expropriate productive land in their first wave of agrarian reform hammered through Congress in November.

The decision not to expropriate the Santa Cruz oligarch's land is a calculated move. First, the regional agro-capitalists produce soy, one of Bolivia's more valuable exports. Second, the oligarchs have something to gain from the re-alignment of the Bolivian state toward the Bolivarian axis. The agro-exporters face fierce competition from American-grown soy, especially in its largest market, Colombia, which just signed a "free trade agreement" with the USA. But Venezuela and Cuba have both agreed to accept Bolivia's soy to compensate for this loss of market. Venezuela also provides much-needed finance and advice in many areas of policy, including defence. Rumours of a right-wing sponsored coup swirl, and recall the U.S.-sponsored coup that attempted to derail Chavez's state-building project in 2002.

The Constituent Assembly

The national Constituent Assembly (CA) has served as an open stage for this regional showdown. The oligarchy drew their guns when the MAS proposed late this fall that all articles written for the new constitution being designed by the assembly be approved by simple majority instead of a two-thirds vote. Before the election of delegates on July 2, the MAS made a concession to the right by designing the voting rules so that no political party or faction could achieve the two thirds needed to approve articles before they go to national referendum. The MAS won the maximum number of seats allowed – 54 percent – the rest going to traditional political parties, including those of the Santa Cruz oligarchs. But the process by which articles would be approved has been left vaguely defined.

Predictably, the CA entered a deadlock, and tensions spilled out onto the streets in December. In the first wave of protests in early December, the Santa Cruz oligarchs claim that there were one million people on the streets waving banners in support of "2/3," "democracy" and "autonomy" in retaliation against the "authoritarian" nature of the MAS government. Clashes between the oligarchs and poor peasants in a town near Santa Cruz left several dead.

Similar tensions flared up again a month later in Cochabamba, where the militant pro-MAS organizations of small farmers who were instrumental in the 2000 water war surrounded the office of

the pro-autonomy governor, demanding his resignation. This time, clashes in the streets resulted in one casualty for each side. The MAS government defended the Mayor, arguing that popular social movements and their leaders have to learn to respect democracy, and conceded to the two third rule, so the painful process of re-writing the constitution can begin.

At one point, social movements pinned their hopes that the CA would re-found the nation. Now it will be difficult to make radical changes to the constitution with the balance of power tipping towards the right. While the form of the CA appears to be the MAS's largest blunder so far, it is not certain how much it really matters. After all, post-apartheid South Africa adopted one of the most progressive constitutions in the world, but it is far from being the world's most equal society. As Marx famously put it, "between two equal rights, force decides." Real political power in Bolivia, as elsewhere, lies largely outside of parliamentary bodies. As is, the CA certainly distracts the right, and prevents it from investing all of its energy in other counter-reform initiatives that are potentially much more dangerous.

Beyond Statism?

The MAS's state-building project is not immune from criticism. But the label "neoliberal" does not apply in this case. The MAS government has clearly changed course from the kinds of economic policies imposed by the IMF that dominated economic-policy making in the region for more than two decades. Indeed, the Morales government let the IMF agreement expire in March 2006, giving it more freedom over economic-policy making than has been possible in the past twenty years. We may not have yet entered a "post-neoliberal" age. But if every government on the continent including the MAS is labelled "neoliberal" we risk diluting its meaning entirely. A more realistic assessment suggests that the MAS is pursuing a statist project thus far. This project will create new kinds of contradictions and provide the basis for new political divisions and new alliances.

Diverse groups within the working classes of Bolivia were able to build a successful common front against neoliberalism between 2000 and 2005. Now they may find themselves increasingly in competition with each other as MAS policies creates space for some groups and not others. This has further politicized the state and politics. It remains an open question whether the social movements and the dynamics of class struggle – both in Bolivia and the region – will push MAS beyond the limits of statism. We on the left would be wise to try to understand these new contradictions and the forms of struggle to which they will give rise. **R**

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