

Bolivia's Passive Revolution - On the consolidation of conservative layers within the MAS

Friday 30 October 2015, by [WEBBER Jeffery R.](#) (Date first published: 29 October 2015).

Evo Morales's government has increasingly incorporated conservative elements into the Bolivian state.

Contents

- [Returns of Tiwanaku](#)
- [In the Eye of Capital](#)
- [National Hegemony](#)
- ["Creative Tensions"](#)
- [Hunting for Heretics](#)
- [Crisis in TIPNIS](#)
- [Axis of Santa Cruz](#)
- [Indigenous Capitalists](#)
- [Extractive Distribution](#)
- [Austere Times Ahead?](#)
- [Running Out of Steam](#)

In late October 2014, when the results of the general elections were in, Evo Morales, looking out from the balcony of the Bolivian Presidential Palace, addressed throngs of supporters gathered in the Plaza Murillo below. "This victory," he said, "is dedicated to Fidel Castro, to Hugo Chávez, who rests in peace, to all of the anti-imperialist and anti-capitalist presidents and governments."

With 61 percent of the popular vote going to Morales's Movimiento al Socialismo (Movement toward Socialism, MAS), the divided opposition had been crushed, just as they had been in 2005 and 2009. Multimillionaire businessman Samuel Doria Medina of Unidad Demócrata (Democratic Unity, UD) placed a distant second, with 24 percent. Jorge "Tuto" Quiroga, who briefly assumed the presidency in 2001 after the death of one-time dictator Hugo Banzer, garnered only nine percent for his Partido Demócrata Cristiano (Christian Democratic Party, PDC).

Rounding out the field, the center-left ex-mayor of La Paz, Juan del Granado, received a paltry 3 percent for his Movimiento Sin Miedo (Movement without Fear, MSM), an erstwhile ally of the MAS. And the Partido Verde de Bolivia (Green Party of Bolivia, PVB), under the indigenous leadership of Fernando Vargas, also won only three percent.

The territorial dominance of the incumbents was impressive, with the MAS taking a majority in eight of the country's nine departments. In the western highlands and valleys, the victory for Morales was decisive: La Paz, 69 percent; Oruro, 66 percent; Potosí, 69 percent; Cochabamba, 67 percent; and Chuquisaca, 63 percent.

But perhaps most importantly, the MAS also won in three of the four so-called “media luna” (half moon) lowland departments, longtime strongholds of the conservative and racist opposition: Santa Cruz, 47 percent; Tarija, 52 percent; and Pando, 52 percent. Beni was the only bastion of the Right, with the UD winning 51 percent of the popular vote in the department.

The opposition camp suffered notable fragmentation following the 2009 general elections. In that contest, the opposition had united around Plan Progreso Para Bolivia – Convergencia Nacional (Progress Plan for Bolivia – National Convergence, PPB-CN). With ex-Cochabamba mayor Manfred Reyes Villa as their presidential candidate, they captured 26 percent of the popular vote.

But by the time of the municipal and departmental elections in 2010, the PPB-CN had fallen apart, and kaleidoscopic groupuscules of the regional right were running independently against one another. Even after recovering forces of relative unity for the 2014 presidential contest, backing in large part Doria Medina under the UD ticket, the Right fell short even of its weak 2009 results.

Returns of Tiwanaku

In late January 2015, the day before his third formal inauguration as president, Morales “turned up for an indigenous ceremonial inauguration at the pre-Inca ruins of Tiwanaku wearing an outfit engraved with the sun god, worthy of an emperor,” the [Financial Times](#) reported. “The symbolism was fitting: Bolivia’s longest-serving leader has not only championed indigenous rights but also managed to enrich one of Latin America’s poorest countries.”

With the support of more than 60 percent of the popular vote, the symbolic weight of Evo Morales’s third inauguration was heavy. The ceremonial images in Tiwanaku, and later in the National Congress, conveyed the pride of place occupied, at least symbolically, by indigenous peoples, peasants, miners, and workers in the MAS government.

But according to Bolivian sociologist Fernanda Wanderley [\[1\]](#), in recent years the predominance of symbolism has often cast a shadow over any coherent evaluation of the resemblance between the government’s practice and its ostensible ideals and political commitments: “This is the symbolic and political force of this government. The question of whether it is actually committed to these ideals constitutes another register of analysis. And while the sensation of an economic bonanza and macroeconomic stability are maintained, this question will remain secondary.”

Schipani notes [elsewhere](#):

“Indeed, shopping centres and restaurants have sprawled in one of Latin America’s poorest countries, and consumer companies appear happy. Supermarket sales rocketed from \$71m, before Morales took office, to \$444m last year, while restaurant sales grew 686 percent in the same period.... As a local economist known for his policy critiques says: ‘This is the apex of consumerism. Call this model however you want. But please, do not call it socialism, or anti-capitalism, have some respect for Marx, please!’

Immediately following the electoral results, Vice-President Álvaro García Linera published a communiqué in the major newspapers, drawing the central features of what he called the “new political map”:

“What has happened in Bolivia in the last decade, is the emergence and consolidation of a type of logical and moral integration of society, that is, an almost unanimous manner of understanding and acting in the world, characterized by the constitutional tripod of: a plural economy with a state axis,

recognition of indigenous nations with a government of social movements, and a regime of territorial autonomies.”

The establishment of a plural economy driven by state intervention, and indigenous liberation through territorial and political recognition, are said to have ushered in a democratic and cultural revolution, displacing the corruption and injustice of the preceding neoliberal order with a government of social movements.

With an average growth rate of 5 percent since 2006, impressive drops in poverty and extreme poverty, massive infrastructural projects like the new gondola linking the sprawling shantytown of El Alto with the capital city of La Paz and the Tupac Katari satellite, and other social achievements like illiteracy reduction, it isn't difficult to see why Morales is popular [2].

But does the political economy that introduced Morales in 2006 offer a radical alternative to neoliberalism, much less a revolutionary transformation of Bolivian society, economy, and state?

In the Eye of Capital

The often-sizable chasm between the Morales government's rhetoric and policies has not been lost on the international voices of global capital. “[W]hile speaking like his left-wing allies in Argentina and Venezuela,” writes John Otis in the *Wall Street Journal*, “Economy Minister Luis Alberto Arce has avoided the pitfalls that have led them down a path of spiralling inflation, falling currencies and recessions . . . business-friendly policies have produced vigorous economic growth and fervent support.”

Otis observes that “Mr. Arce, who spent 19 years at Bolivia's Central Bank under fiscally conservative presidents, has often followed their orthodox playbook. He has maintained balanced budgets. Bolivia has squirreled away \$14 billion in international reserves, one of the highest levels in the world given the size of the economy.” Otis also quotes Baudouin Duquesne, who spent five years as director of the Inter-American Development Bank and now holds the same position in Venezuela: “Arce has been a very careful economic manager. . . . He is one of the main reasons by Bolivia is in the position it is today.”

Andrés Schipani, of the *Financial Times*, likewise [contrasts](#) Morales's “anti-capitalist rhetoric” and his “prudent macroeconomic and fiscal policies, and mostly improved relations with the country's diffident private sector.” And he quotes Humberto Zogbi, Coca-Cola's former general manager for Bolivia as saying: “Even with the rhetoric, today's Bolivia is a country that is totally open, with a market economy that is thriving thanks to an almost Thatcherite handling of public finances.”

The Economist [essentially concurs](#): “Mr. Morales's . . . success has recently owed less to ‘anti-capitalism’ and much more to his accommodation with economic orthodoxy and local capitalists. After a turbulent early period . . . he has presided over several years of political stability and economic growth. And he has made his peace with private business.”

Daniel Lansberg-Rodríguez, again in the *Financial Times*, admires how both Bolivia, together with Ecuador under Rafael Correa, publicly denounces “the global ‘imperialist’ system — therefore remaining eligible for Venezuelan oil and cash handouts — . . . while avoiding the more disastrous interventionist policies that have hamstrung economic stability in Venezuela and Argentina.”

The Left also recognizes the disjuncture between main stage performances and the pragmatics of the back stage. María Galindo, of the feminist organization Mujeres Creando (Women Creating), for

example, contends that the MAS has transformed itself into a comfortable domain for sections of the old business powers of the eastern lowlands.

The key factor in the incorporation of business sectors into the party, according to Galindo, has been the basic fact that they are happily making money. Their privileges have not been encroached upon; indeed, they've been allowed to multiply. "The belligerence with which García Linera refers to the Right is rhetoric . . . and the staging of a supposed verbal antagonism hides the fact that the regular accumulation of capital has not been altered."

National Hegemony

The present phase of Bolivia's "process of change" — the government's term for the political period that opened with an upsurge in social movements beginning in 2000 — arguably dates back to 2009, by which time the most vociferous expressions of the hard-right autonomist movement of Santa Cruz, Tarija, Beni, and Pando had been decisively defeated, and the MAS had begun to set out consolidating its hegemony on a truly national scale.

In a perceptive essay, sociologist Jorge Viaña, a critical-loyalist supporter of the government, takes us back to the period between August and October 2008, the immediate antecedent moments to the present phase. That August, the government emerged strengthened following a recall referendum organized by the opposition to oust the government.

As expected, the referendum saw the ratification of oppositional prefects in Santa Cruz, Tarija, Beni, and Pando. But nationwide, the president and vice-president received an impressive 67 percent of the vote. In the departments of La Paz and Cochabamba, the opposition prefects were revoked and replaced with government supporters.

After losing ground in the electoral domain, the autonomist right of the lowlands opted for extra-parliamentary destabilization in the form of a "civic coup" at the departmental level. From September 9 to September 16, major right-wing mobilizations were launched, and seventy-five government institutions were occupied across the media luna departments, including the offices of the state's agrarian reform institution (INRA) and its telephone company (ENTEL). Airports were seized, and Morales was prevented from entering large swathes of the country.

Rubén Costas, the governor of Santa Cruz, was launching what he thought would be the final assault on the Morales government. He called the president an assassin, said the patience of the people of Santa Cruz had run out, and declared that Morales had to go. The Civic Committee of Santa Cruz coordinated the actions from on high, while their violent shock troops in the Unión Juvenil Cruceñista (Union of Cruceño Youth, UJC) carried out thug violence in the street.

However, events in Porvenir, in the department of Pando, took a turn that eventually ground the opposition's momentum to a halt. When dozens of peasant and student supporters of the government were murdered by right-wing oppositionists linked to the Pando prefect Leopoldo Fernández, the Morales government took over Pando militarily, and peasant and indigenous organizations loyal to the party began to organize a massive march, threatening to surround Santa Cruz.

Organized indigenous youth from the Santa Cruz shantytown of Plan 3000 also engaged in increasingly successful street battles with UJC hooligans. The ultimate outcome of this dynamic was a concerted spike in support for the government and the near disappearance of an organized oppositional bloc, with decisive consequences for the rhythm of Bolivian politics thereafter.

“Creative Tensions”

In October 2008, after a number of important modifications were made to appease recalcitrant conservatives in Congress, the new constitution that had been fiercely debated in the Constituent Assembly process in the preceding years gained congressional approval, and the basis was laid for its eventual passage via popular referendum.

The recall referendum, the defeat of the civic coup, and the congressional approval of the new constitution set the stage for a series of additional political victories for the government in 2009, ultimately culminating in the enormous success of the MAS in the December 2009 general elections. In that contest, the party took 64 percent of the vote, 10 percent more than they had in 2005, and only 2 percent less than they achieved in the recall referendum.

The defining feature of the revolutionary process since 2010, according to Álvaro García Linera, is the emergence of what he calls “creative tensions” or contradictions. In arguably his most important book since he became vice-president, *Tensiones creativas de la revolución* [3], he describes five stages of what he sees as the Bolivian revolutionary process, which began in 2000 with the Cochabamba Water War.

In the fifth stage, which started in 2010, earlier contradictions between two competing projects for society are resolved with the victory of the national-popular bloc over the autonomist-bourgeois bloc of the eastern lowlands. But tensions remain within the constitutive sectors of the process of change itself.

In this view, the creative tensions, if properly managed, can help push along the course of the revolution.

Broadly speaking, García Linera believes that a revolutionary process opened up in 2000 and went through a variety of phases, culminating in the election of Morales in 2005 and 2009; its latest consolidation came in the October 2014 elections. Hegemony was achieved by 2010, after which tensions and contradictions of the process became creative, internal forces operating within the national-popular bloc supporting the government.

The Bolivian “people” were thus united around plurinationality, indigenous territorial autonomy, and a diverse economy — involving public, private, and social-communitarian forms of property, with the state presence in the economy subordinating the other forms of property. Ultimately, García Linera argues that the Bolivian state is being steadily dissolved into Bolivian society, while the economy is moving — despite setbacks — to one in which people’s needs are prioritized over profit.

Hunting for Heretics

Viaña tells a somewhat different story about the process from 2010 forward. The defeat of the organized oppositional bloc allowed for the hardening of the government’s most conservative layers, while simultaneously providing a space for the divisions within the popular bloc to deepen and expand. Internal dissidents in the ruling party were increasingly depicted as enemies of the process itself, particularly the lowland indigenous organizations, which continued to struggle for meaningful territorial self-determination of indigenous peoples in the parts of the country under their domain.

An initial indication of the new divisions was the government’s conflict with Confederación de Pueblos Indígenas de Bolivia (Confederation of Indigenous Peoples of Bolivia, CIDOB) in June 2010. In late June, an indigenous march led by CIDOB departed Trinidad, the capital of the department of

Beni, in protest against the government's attempts to implement different components of the new constitution.

Backing the marchers were seven indigenous MAS members of Congress from the lowlands, who went on a hunger strike in solidarity. The protesters saw the new laws as falling short of historic demands for designated indigenous seats in Congress; they also argued that the new legislation did not allow for adequate consultation with indigenous communities before the initiation of any development project in their territories, and minimized the integrity of indigenous territorial autonomy and therefore self-determination in the lowlands. Specifically, they sought the immediate approval of mechanisms that would better protect the recognition of Communitarian Lands of Origin (TCOs).

The CIDOB activists were dismissed by government officials as "dividers" (*fraccionalistas*) of the national-popular bloc, playing into the hands of imperialism and the domestic right. The government proved increasingly unwilling or incapable of distinguishing between indigenous lowland activists and the right-wing governors of the media luna departments behind the 2008 civic coup.

Even if it was true that conservative political forces and liberal NGOs were attempting to steer the lowland indigenous protests — and they were, as they have done throughout the recent past — the government's rejection of CIDOB's basic claims was an extraordinary miscalculation. The political error, as Viaña points out, was to deny the fundamental legitimacy of the lowland indigenous struggle, and to therefore move from negotiation to directing all of the state's resources against the movement.

If the government is actually committed to plurinationality, Viaña contends, a fundamental requisite in the lowlands is respect for the territorial integrity of the 26 million hectares of TCOs, which enable the lowland indigenous peoples to continue to reproduce themselves materially and culturally.

The tensions with CIDOB were followed by the disastrous "*gasolinazo*" of December 2010, whereby the government attempted to slash subsidies to gasoline, raising prices by 80 percent. Jaime Paz Zamora was the last Bolivian president to have attempted this sort of thing — in his case a 35 percent increase in 1991, at the height of the neoliberal experiment — and it almost led to the downfall of his administration.

Predictably, major protests erupted in December 2010 and forced the Morales government to retreat, but the initiative signaled a growing arrogance on the part of the ruling party. The near-total evaporation of the oppositional bloc between 2008 and 2010 had allowed for the consolidation of the most conservative layers within the MAS and a shift in their focus toward policing dissident sectors within the national-popular bloc.

Crisis in TIPNIS

In mid-2011, the incipient divisions within the national-popular bloc escalated when Morales gave a green light to a decades-old plan to build a highway connecting Villa Tunari (in the department of Cochabamba) [4], north to San Ignacio de Moxos (in the department of Beni) through Isiboro-Sécure Indigenous Territory and National Park (TIPNIS). The TIPNIS highway conflict set off indigenous marches by lowland indigenous groups asserting their right to self-government and consultation before any development project is planned and executed.

The government in turn sponsored counter-demonstrations and sent in police to repress the

marches. The indigenous protests were, the government argued, manipulated, even led, by foreign NGOs and the domestic right.

While there is evidence that American interests and the Bolivian right have sought to intervene in the TIPNIS crisis to their own ends, the organic character of the movement's core is difficult to dismiss, even for the most blinkered government loyalists. In addition, there have been voices within the TIPNIS indigenous marches that have been critical of their organizations' leaderships for being insufficiently attuned to the Right's attempts to co-opt their struggle.

The TIPNIS crisis resulted in the first major formal rupture within the national-popular bloc's rural bases, which until then lent critical support to the government.

In late 2011, CIDOB, together with the Consejo Nacional de Ayllus and Markas of Qullasuyu (National Council of Ayllus and Markas of Qullasuyu, CONAMAQ), split from the Unity Pact, a coalition of indigenous-peasant forces that had joined together these two organizations alongside the Confederación Sindical Única de Trabajadores Campesinos de Bolivia (Unified Syndical Confederation of Rural Workers of Bolivia), Confederación Nacional de Mujeres Campesinas Indígenas Originarias de Bolivia "Bartolina Sisa" (Bartolina Sisa National Confederation of Peasant, Indigenous, and Aboriginal Women of Bolivia), and the Confederación Sindical de Comunidades Interculturales de Bolivia (Syndicalist Confederation of Intercultural Communities of Bolivia).

The Unity Pact had been the most important left-indigenous organization in the context of the Constituent Assembly process, often explicitly advocating proposals to the left of the executive representatives of the MAS.

Once CIDOB and CONAMAQ formally left the Unity Pact, the MAS made a concerted effort to undermine their capacities to independently represent lowland indigenous groups — in 2012, dissident supporters of the government within CIDOB disclaimed the elected authorities and called for "an extended commission" through which new ones would be elected.

More dramatically, in December 2013, minority affiliates of the MAS in CONAMAQ occupied the organization's headquarters in La Paz, beating and expelling the legitimate authorities. They did so with the support of the police [5], who guarded the headquarters and prevented the return of CONAMAQ's elected representatives.

In sum, the CIDOB conflict of June 2010, the gasolinazo of December 2010, the TIPNIS conflict of 2011, and the splits in the Unity Pact later that year represented a new consolidation of the most conservative layers of the governing party, and the identification of internal dissidents as enemies of the "process of change."

This tendency was compounded further by the expulsion or desertion from the party of a series of high-profile left-wing intellectuals and activists who had supported the government between 2006 and 2010 – Lino Villca, Román Loayza, Félix Patzi, Alejandro Almaraz, Alex Contreras, Raúl Prada, Gustavo Guzmán, and Pablo Solón.

Many of these were signatories, alongside other left-indigenous oppositionists, of the *Manifiesto de la Coordinadora Plurinacional de la Reconducción: Por la recuperación del proceso de cambio para el pueblo y con el pueblo* (Manifesto of the Plurinational Coordinator for Renewal: For the Recovery of the Process of Change for the People and with the People), published in June 2011. This document famously elicited Álvaro García Linera's acerbic "Leninist" pamphlet, *El "ONGismo", Enfermedad Infantil del derechismo* (NGOism, A Right-Wing Infantile Disorder) [6] denouncing what he took to be an emergent, childish, ultra-left.

Axis of Santa Cruz

When the new “Leninists” weren’t purging their ranks of infantile leftists and indigenous conspirators, they were courting old business foes from Santa Cruz. In August 2008 Sant Cruz governor Rubén Costas was plotting Morales’s ouster from office, but by 2013, he was regularly lunching with Morales and joining García Linera for formal government ceremonial acts in Santa Cruz.

The president is also now entirely at home in his regular consultations with the Cámara Agropecuaria del Oriente (Agricultural Chamber of the East), the Asociación de Productores de Oleaginosas y Trigo (Association of Wheat and Oilseed Producers), Cámara de Industria, Comercio, Servicios y Turismo de Santa Cruz, Bolivia (Chamber of Industry, Commerce, Services and Tourism of Santa Cruz, Bolivia), and the Confederación de Empresarios Privados de Bolivia (Confederation of Private Employers of Bolivia) — that is, precisely those business organizations that backed the civic-coup attempt of 2008.

One of the greatest strengths of the Morales’s leadership, according to journalist and former adviser to the government Walter Chávez, is his ability to move at a rhythm adequate to the pace of the process that the country has been living through over the last two decades, never pushing the it beyond what is possible in the particular conjuncture. He could have entered into a pact with the Santa Cruz elite early in his first administration, but instead he rejected the demands of the bourgeois-autonomist bloc and engaged in a long struggle against them across all political fields.

Without this decision by Morales, the future of the process of change would be quite different today. For Chávez, the path of the democratic and cultural revolution introduced by Morales has been one of struggle-victory-inclusion-expansion. The latest incorporation of a politically defeated but economically dynamic business sector in Santa Cruz is simply the latest exemplar of this successful road to transformation.

By bringing business elites formally on board, Morales achieved cultural hegemony, avoided costly polarization of society, and prolonged the process of revolutionary change. According to Chávez, the Santa Cruz elite now accept the statesmanship of Morales, recognizing in him a moral and political leader at the head of a historic process that is, among other things, bringing economic development to the country.

“Santa Cruz has opened itself up to the process of change,” García Linera suggests [7], “and the national-popular project of the indigenous, peasant, and workers movement has irradiated territorially and widened the bases of the intellectual and moral leadership of this process.”

All of this might be read, then, as testament to Morales’s strategic acumen in the long-term interests of the process of change. More plausibly, though, the incorporation of the Santa Cruz elite into the fold of the MAS is the latest expression of Bolivia’s passive revolution, designed to preserve state power in its present form.

In the opening months of 2006, the Bolivian right was as weak as it had ever been in recent history. It had been utterly defeated, politically and ideologically, through the left-indigenous cycle of revolt between 2000 and 2005. Had belligerent forces from the eastern lowlands been capable of pulling off a military coup, it would have happened in October 2003 or in June 2005, at the height of the constitutional crises brought on by the gas wars. So a counter-revolution à la Chile 1973 [8] was not in the cards.

Across the imperial terrain, South America enjoyed relative autonomy from international economic

and geopolitical machinations in this period, largely due to US military overextension in the Middle East, a regional commodities boom driven by Chinese dynamism, a historic retreat from the region by the World Bank and the International Monetary Fund, the emergence of new projects of regional integration independent of US control, a wave of social movements and the rise of left and center-left governments in many countries, and alternative lines of credit for left-wing governments flowing out of Venezuela's oil bonanza.

The MAS government had a mobilized social base and faced a politically defeated opposition in 2006. Had it encouraged social mobilization and independent self-organization for determined class struggle in the cities and the rural areas, much deeper transformation may have been possible. The civic coup of 2008 might never have happened.

Instead of recognizing this balance of forces, however, the Morales government reined in its social base, decelerated social and economic reform, and used its political honeymoon to negotiate with an effectively defeated right, allowing time for the latter's regroupment.

As a result, what had been an anemic eastern lowland opposition in 2006 was by 2008 a renewed political force — by now capable of destabilizing the process of change, even if ultimately too clumsy to retake state power. The political defeat of the coup in September 2008 was real, but to read the formal incorporation of the organized capitalist class of Santa Cruz and the media luna lowlands generally as an advance of the revolutionary process is a profound misreading of Bolivia's current political terrain.

"Gabriel Dabdoub, who heads the Santa Cruz Federation of Private Business and opposed Mr. Morales during his first term," notes the Financial Times, "says the private and public sector are now working together."

Indigenous Capitalists

The notion of a plural economy advanced by García Linera and others in the Morales administration cannot account for the tendencies of concentration and centralization within capitalist accumulation. Whereas communitarian, cooperative, and state forms of property are said to be flourishing alongside private capitalist enterprises, the reality is that the strategic sectors of the economy — natural gas, agro-industry, and mining — are controlled by the same giant foreign corporations that did under previous governments.

As economists Carlos Arze and Javier Gómez have pointed out, the contradictory dynamic between large-scale capitalist enterprises in the extractive industries and forms of smaller scale production for the market that are subsumed into capitalist accumulation causes an array of unstable developments across intermediary class sections in Bolivian society. Street vendors, petty extractivists, small-scale industrial producers, and medium-scale producers involved in commercial agriculture for export, all at incipient levels of accumulation, are increasingly making political demands on the Bolivian state to improve their competitive prospects on the market.

In the absence of structural changes to social property relations, these kinds of demands have led the state to embrace policies that improve the profit margins of these petty sectors at the expense of waged labor: depression of salaries, further precarity in labor relations, flexibilization of territorial rights to self-determination of rural indigenous communities, relaxation of environmental regulations, and loose implementation of the law vis-à-vis contraband import-export activities and the narcotics industry.

The labor movement has still not recovered, in many ways, from its defeats in the mid-1980s, while the Bolivian labor market continues to be characterized by precarious fixed-term contracts, subcontracting, and flexible general conditions for firing and hiring.

Unionization rates have actually declined under Morales. Only 20 percent of the workforce was unionized in 2007, 48.9 percent of public-sector workers — mainly the female-dominated sectors of health and teaching, but also the shrinking male-dominated sector of state mining — and 13.8 percent of the private sector. By 2010, the corresponding figures were 17.3 percent of the total workforce, 48.6 percent in the public sector, and 9.5 percent in the private sector.

Legally, a minimum of twenty workers is required to form a union, but within the fragmented world of Bolivian production — often one large company owns multiple small units — most workplaces do not meet the threshold. This juridical obstacle, alongside the regular rotation of workers between temporary jobs, has made rebuilding a militant labor movement extremely difficult.

Furthermore, the favorable evolution of own-account workers over the last several years — through access to credit and subsidies, among other measures — has allowed some segments of this layer of the population to transform themselves into small-scale capitalists, who then accumulate profits through the exploitation of waged labor. This trend is observable in mining, contraband trade, commercial agriculture, and urban transport sectors, among many others sectors of the Bolivian economy.

In such an environment, as Arze and Gómez point out, it is difficult to discern any movement toward communitarian socialism or *vivir bien* (living well). Instead, what is notable is a typical configuration of dependent capitalism, in which foreign capital dominates an extractive sector destined for export markets, while a layer of smaller domestic capitalists assumes a structurally subordinate position; both of these sectors, meanwhile, live off the exploitation of Bolivian laboring classes. The state is not integral here, at least in the manner envisioned by García Linera. Rather, it is a typical capitalist state that ensures, as best it can, the reproduction of capitalist accumulation.

“To his credit,” John Paul Rathbone stresses in the *Financial Times*, “Morales has run Bolivia’s economy far better than most of his leftist peers. Crucially, he understood that a solid macroeconomy brought him autonomy which allowed him to mouth off at capitalists and imperialists at will, but at no real cost. Such rhetoric brought him popular support at home. It also provided political cover for closer alliances with the country’s private sector.”

The *Economist* is also at pains to point out that García Linera believes that “creating socialism in a country like Bolivia first requires the state to build capitalism — echoing the Russian Mensheviks of a century ago, rather than Mr. Castro’s Bolshevism. The government nationalised part of the oil and gas industry and reversed earlier privatisations, but went no further.”

The emergent layers of petty capitalists have been drawn in large part from Bolivia’s indigenous population. And it is precisely these nascent social sectors, in alliance with older dominant ones in Bolivian society — agroindustrialists, mining capital, and foreign oil corporations — that have consolidated themselves and articulated their interests in the influential circles of the government, as left-oppositionists and indigenous plurinationals have been pushed out. The logic of big capital runs alongside the legitimating function of indigenous bourgeois class formation.

As anthropologist Sarela Paz points out, there have always been contradictions within the national-popular bloc, but these have rushed to the foreground since 2010. Cooperative miners (with links to transnational mining capital), coca growers (with interests in commercializing land and legalizing holdings as individual rather than collective titles), and commercial traders of El Alto and the

western highlands (with links to Chinese capital) are among the most powerful players in the MAS today.

Any demands from popular sectors that might move the process of change in a more radical direction — defense of collective property of land, territorial indigenous autonomies in the lowlands, socialized control of agro-industry, limits on the growth of genetically modified products, development of a state mining sector, trade policies that seek limits on trade liberalization and to strengthen national agricultural and manufacturing — do not sit comfortably with the aspirations of these emergent sectors and their geometries of power.

During the second administration of the Morales government (2010–14), the early social foundations of the national-popular coalition ruptured, and ascendant social layers assumed important roles in the new configuration of power.

At the center of the governance formula underpinning the MAS administration today is an alliance between agro-industrial capital of the eastern lowlands and transnational capital in the hydrocarbon and mining sectors, on the one hand, and on the other the incipient indigenous bourgeoisie in cooperative mining, commercial trading, contraband, and narcotics.

Large capitals operating in Bolivia understand that older forms of exercising domination through explicit racism and conservative political parties are no longer tenable, and they are willing to share power with upwardly mobile indigenous capitalists.

Meanwhile, these emergent indigenous layers are threatened by the objective interests of those indigenous workers and peasants below them in socializing wealth, natural resources, land, and the productive bases of the Bolivian economy, and are therefore willing to tactically align themselves with the most reactionary elements of the media luna business sectors.

This is most evident in the ease with which the MAS has established relations with erstwhile coup plotters in Santa Cruz and Beni, demonized the unions of the teachers and healthcare workers, and linked the TIPNIS protesters with imperialist plots to undermine the government.

“The major achievement of Evo Morales is to be where he is, with the face that he has and with the level of education that he has,” notes the eminent historical sociologist and activist Silvia Rivera Cusicanqui, “because the majority of the indigenous people who felt inferiority and shame now say: I’m beautiful, I’m strong, I’m intelligent.”

This was part of the reason for Rivera Cusicanqui’s critical support of the government over its first term (2006–2010). However, by 2014 she was stressing the contradictions of the present moment and what the MAS government has come to represent:

“It’s clear that we are living through a stellar moment of growth and that this has made it possible to redistribute resources through the so-called nationalization, although this only changed the proportion of tributes that they [private capital] captured relative to that captured by the state. . . . However, there is a certain kind of internationalization of colonialism happening, which also brings with it a capitalist project with an indigenous face, a project which implies the exploitation of one’s neighbor. . . . There are almost folkloric elements of redistribution, parties, and gifts, but in class terms we are in an extractivist capitalist project rooted in primary exports.”

Extractive Distribution

The inherent class contradictions within the model of accumulation adopted by the MAS since 2006 have been partially concealed by an extraordinary commodities boom. Average GDP growth under Morales has been 5 percent, with peaks of 6.1 and 6.8 in 2008 and 2013, respectively. In 2014, the pace of growth was maintained at 5.2 percent, putting Bolivia third in Latin America and the Caribbean for the year, behind Panama and the Dominican Republic.

Foreign direct investment has risen dramatically over the Morales administrations, from \$US 278 million in 2006 to \$US 651 million in 2010 to \$US 1.8 billion in 2013. Accumulation of international reserves has soared from \$US 1.8 billion in 2005 to \$US 15.4 billion in 2014.

Natural gas exports to Brazil and Argentina accounted for 54.7 percent of total exports in 2013, while mining exports were 25.4 percent of the total. Just over 80 percent of total exports that year were of primary materials, a fact that obviously makes the country's economy vulnerable to volatility on international markets in the medium to long term, but which brought in bountiful revenue during the height of the commodities super-cycle (2003–2011).

Significant spending on public infrastructure in the boom years contributed to a spike in domestic demand, and together with rising incomes, remittances from abroad, and targeted cash transfer programs, helped reduce poverty [\[9\]](#) from 62.4 to 36.3 percent between 2002 and 2011, and extreme poverty from 37.1 to 18.7 percent over the same period.

This is undoubtedly one of the most important factors in explaining Morales's ongoing popularity, even though the region has seen overall declines in poverty rates during the commodities boom. Neighboring Peru, for instance, a paragon of market liberalism, has also witnessed falls in poverty from 48.7 percent in 2001 to 21.1 percent in 2013.

Skimming from the rent generated, many progressive South American governments have established what Uruguayan sociologist Eduardo Gudynas terms "compensatory states," [\[10\]](#) whose legitimacy rests on the modest redistribution achieved through the priming of often preexisting cash-transfer programs to the extremely poor, without touching the underlying class structure of society.

Indeed, the reproduction of these political economies depends on states prioritizing the maintenance and security of private property rights and juridical environments in which multinationals can profit.

Austere Times Ahead?

Last October, the *Economist* reported on the economic landscape in Bolivia [\[11\]](#):

"Mr. Morales's tenure has coincided with an economic bonanza. If the end of the commodities boom augurs tougher times, Bolivians have yet to feel it. . . . Public expenditure has risen from 8 billion bolivianos (\$1 billion) in 2005 to 21 billion bolivianos in 2013, with much of it going on social programmes and bonuses.

Abundance has stoked demand. The Torre Multicine, a new mall in La Paz, swarms with shoppers laden with clothes, perfumes and fast food. In the posh neighbourhood of Calacoto a restaurant set up by Claus Meyer, one of Europe's better-known chefs, serves modern interpretations of Bolivian classics for prices that would have been unimaginable a few years ago."

But the media representatives of global capital doubt the sustainability of this trend with the end of the super-cycle commodity boom. “In the past 10 years,” John Paul Rathbone writes in the [*Financial Times*](#), “South America never had it so good. The continent surfed a global commodity price boom, helped by abundant global capital. . . . Growth is already slowing fast, to just 1.2 percent for the region this year.” As the World Bank warns: “It is not clear whether the slowdown is bottoming out.’ Levels of investment that had reached heights comparable to those in Asia, spurred by the ‘commodity supercycle’, are falling.”

All of this is compounded by the extraordinary downturn in oil prices. “The [Bolivian] government’s budget for 2015 is based on projections that the average price of oil will be \$80 a barrel,” the Economist wrote in January, “well above the \$50-60 most forecasters expect. That will affect Bolivia’s revenue from natural gas, which is the main export and provides nearly half of government revenue. The price of minerals, another economic mainstay, has also fallen.”

In 2014, the world economy picked up slightly from 2013, with aggregate growth moving from 2.4 to 2.6 percent. The growth of developing countries continued to decelerate, however, even if it exceeded the growth of the developed world. On average, developing countries grew at 4.4 percent in 2014. China’s growth continued to slow in 2014 to 7.3 percent, down from 7.7 in 2013, which was the slowest rate of growth the country has experienced in over two decades.

Aggregate external demand for Latin America and the Caribbean has weakened, both because of the core countries’ middling growth and the slowdown of developing countries — above all China, which has become the principal trading partner of various countries in the region, particularly those which are primary exporters.

The prices of primary materials have continued on a downward trend. Overall prices of primary materials fell 10.5 percent in 2014, on the back of a 5.2 percent drop in 2013. This helps explain why Latin America and the Caribbean witnessed a 25-30 percent decline in FDI in 2014, corresponding with the end of the cycle of investments into mining in particular.

Amid this worsening global context, the overall GDP of Latin America and the Caribbean reached only 1.1 percent in 2014, the lowest since 2009. But there were important differences in the rhythm of growth in different countries. Most significantly, there was a lack of dynamism and even contraction in some of the region’s major economies: Argentina (-0.2 percent), Brazil (0.2 percent), Mexico (2.1 percent), and Venezuela (-3.1 percent). By contrast, the fastest growing countries were Panama and the Dominican Republic (both 6 percent), followed by Bolivia (5.2 percent), Colombia (4.8 percent), and Guyana and Nicaragua (both 4.5 percent).

In a reversal of earlier trends in the fallout from the global crisis, Mexico, Central America, and the Caribbean are benefiting from the return of modest growth in the US, the principal destination for many of these countries’ exports, as well as the source of remittances. South America, in contrast, is experiencing a decrease in demand for goods because of weaker growth in Europe and China.

The fragility of the current regime of accumulation in Bolivia is related to deteriorating external conditions and the deepening of the primary export model in the country over the Morales period. Household spending continues to be the key driver of growth in an immediate sense, but household demand itself has been contingent on the spin-off dynamism of wider sectors of the economy as a result of natural gas and mining mineral extraction — allowing for bigger incomes and cash transfers as well as significant spikes in public spending on infrastructure and construction.

In 2013, 40 percent of public spending was devoted to infrastructure — in transport, especially, followed by energy and communications. After infrastructure, 27 percent of public investment was

directed toward the productive sector (first hydrocarbons, followed by mining and agriculture).

Social investment in a broad sense amounted to 29 percent of public spending that year, a 46 percent uptick from 2012 — not least because of the approaching general elections. Spending on health and social security was still quite minimal as a proportion of overall spending (only 4 percent), while education and health care accounted for 8.7 percent, basic sanitation 5.4 percent, and urbanization and housing projects 10.8 percent.

The economy minister, Luis Arce, insists that the Bolivian economy can continue to grow this year at a rate of 5 percent — even if the price of oil drops to \$US 30 per barrel — because of the \$15 billion in international reserves that can be drawn on to re-prime domestic activity.

However, Gonzalo Chávez, an economist at the Catholic University in La Paz, estimates that export earnings from gas will plummet by at least \$US 1.3 billion in 2015 [\[12\]](#), equivalent to 4 percent of GDP, assuming an average oil barrel at \$US 60. For Chávez, 5 percent growth is achievable with oil at between \$US 90 and 100 a barrel, whereas the maximum rate of growth at \$50 to \$60 a barrel would be between 3.4 and 4 percent.

Running Out of Steam

The social landscape of Bolivia today is perhaps more subject to misunderstanding than any other country in Latin America. Amid the revelry over the first indigenous president in republican history, a bonanza of consumerism unparalleled in recent Bolivian history, and enormous public modernization projects of highways and satellites — all introduced under the rubrics of indigenous liberation and communitarian socialism — disquieting new forms of class rule and domination have been easy to downplay or ignore altogether.

With the autonomist right of the eastern lowlands put to rest by 2009, conservative layers within the MAS have quietly consolidated their power in novel ways. The demonization of indigenous lowland organizations has advanced alongside the incorporation of the Santa Cruz bourgeoisie into the inner circles of state power.

Amid a historic commodities boom, with the pace of capital accumulation reaching new heights by Bolivian standards, emergent indigenous bourgeois sectors in the western highlands, whose interests are rooted in cooperative mining and commercial trading, have consolidated their influence in the government, and aligned themselves politically against any deepening of the process of change toward socialization of land, property, and natural resources.

This new matrix of economic rule has been legitimated politically through redistribution in times of abundance. Now that South America is being pulled into the age of austerity, however, with contracting economies in Bolivia's key trading partners, Brazil and Argentina, it is increasingly difficult to take the self-assured pronouncements of the economy minister at face value.

Jeffery R. Webber

P.S.

* Jacobin. 10.29.15:

<https://www.jacobinmag.com/2015/10/morales-bolivia-chavez-castro-mas/>

* Jeffery R. Webber teaches politics and international relations at Queen Mary, University of London. He sits on the editorial board of Historical Materialism, and is the author of Red October: Left-Indigenous Struggles in Modern Bolivia.

Footnotes

[1] <http://www.paginasiete.bo/opinion/2015/1/29/dimension-simbolica-gobierno-morales-45579.html>

[2] <http://www.paginasiete.bo/opinion/2015/1/27/revolucion-pendiente-45331.html>

[3] <http://www.traficantes.net/libros/las-tensiones-creativas-de-la-revolucion>

[4] <http://www.brill.com/products/book/crisis-and-contradiction>

[5] See on ESSF (article 36194), [Developmentalism and Social Movements in Bolivia – “Internationally, there is no clarity on what is happening in Bolivia.”](#).

[6] <http://www.bolpress.com/art.php?Cod=2011072707>

[7] <http://www.paginasiete.bo/nacional/2014/10/9/garcia-linera-afirma-santa-cruz-abrio-proceso-cambio-34698.html>

[8] See on ESSF (article 36195), [September 11, 1973 – The Coup in Chile](#).

[9] <http://repositorio.cepal.org/handle/11362/37626>

[10] <http://nuso.org/articulo/estado-compensador-y-nuevos-extractivismos-las-ambivalencias-del-progreso-sudamericano/>

[11] <http://www.economist.com/news/americas/21623707-third-term-non-stick-leader-happily-evo-after>

[12] <http://www.paginasiete.bo/economia/2014/10/15/expresidente-estima-baja-precio-crudo-menos-ingresos-pais-35390.html>