

## Bolivian Politics

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**Abstract:** The essence of Bolivian politics can be conceptualized under four main aspects: the economy, political issues and context, indigenous identity, and democracy. A brief overview of the economy over the last hundred years is explored, and focuses on resource export. Economic policy in relation to Bolivia's resources is closely tied to the success of political leaders, as policy resentment by the populace has led to the creation of political movements, parties, ousting of presidents, and the rise of a current populist leader. Indigenous identity underlies issues of water control and the coca industry. Evo Morales continues to successfully bring such issues to light, and is providing solutions of nationalization that agree with public sentiment, and may be helping to consolidate democracy.

### Introduction

The living conditions within Bolivia are a stark reminder of the failings of imported development models as noted by Schaefer in his 2003 statistics: 67.3% of citizens live in poverty, 66% of the workforce is informal, the literacy rate is 13.3%, there are 6.8 doctors for every 10000 people, and there are only three main highways to complement the rest of the unpaved road system<sup>1</sup>. Amidst this grim picture a populist indigenous leader, by the name of Evo Morales, has taken the helm of government with self proclaimed goals of improving education, health care, Bolivia's economic standing, and the rights of indigenous peoples.<sup>2</sup> With a complex political scene, and a variety of issues that plague Bolivia, many obstacles stand in the way of attaining his goals while also consolidating a very young democracy.

The purpose of this essay is to provide a brief overview of Bolivia's

political scene. First, I will explore this topic by delving into the immediate past and present of Bolivia's economic situation as it pertains to current political issues, such as gas, domestic capitalists, water, and foreign interest (or lack thereof). Secondly, I will provide an analysis of identity as it pertains to the social and political roster of Bolivia, with specific emphasis on what it means to be an indigenous person in Bolivia. Throughout these sections I shall introduce the main political players of Bolivia, and what their main political focus is set on; these include private business, the Autonomy movement, peasant irrigators' movement, coca growers, Felipe Quispe, MNP, MIR, Hugo Banzer (ADN), and Evo Morales (MAS). Lastly, I will give a brief assessment of Bolivia as being in a state of democratic transition, and some concluding notes on what policy should focus on to further consolidate democracy within Bolivia's borders.

### Brief Economic History

The early 19<sup>th</sup> century Bolivian economy expressed four aspects: mining super-states were led by tin

<sup>1</sup> Amparo Trujillo, "EVO MORALES," *Americas* 59, no.4, (2007): 30

<sup>2</sup> Trujillo, 16.

barons, with a system in place emphasising liberal capitalism, expansion of land holdings, and disposition of indigenous land.<sup>3</sup> During the proceeding nationalist-populist regime, the emphasis was still on an export led economic model, but in a very different way: *Corporación de Minera de Bolivia* (COMIBOL) owned mining ventures, and *Yacimientos Petrolíferos Fiscales Bolivianos* (YPFB) owned oil and gas ventures, when General Hugo Banzer came into power and implemented nationalist policies.<sup>4</sup> Oil, gas, and mining were nationalized, as extensive state ownership and employment reflected an economic model under state led development.<sup>5</sup> Nationalist-populism started to decline in 1964 after a right wing coup took power, but by 1980 it ended completely due to peasant radicalism and an economic crisis largely the result of falling tin prices.<sup>6</sup>

Post 1985, an orthodox neoliberal structure of economic policy was ushered in. The oligarchic regime stressed liberalization and the infusion of foreign capital into the market, one of the driving forces being the CEPB: A quasi-lobbyist group organized by the bourgeoisie class (mostly resource capitalists), advocating electoral democracy and neoliberal policies.<sup>7</sup> The neoliberal oligarchic regime of accumulation reached crisis in the late

<sup>3</sup> Ibid., 32.

<sup>4</sup> Jeffery R. Webber, "Rebellion to Reform in Bolivia. Part I: Domestic Class Structure, Latin-American Trends, and Capitalist Imperialism." *Historical Materialism* 16, no. 2 (June 2008): 23-58.

<sup>5</sup> Webber, 35.

<sup>6</sup> Ibid., 37.

<sup>7</sup> Ibid., 39.

1990's, but the same capitalist class continues to be a major economic force in the eastern lowlands (mostly in the Santa Cruz territory) of Bolivia.<sup>8</sup>

### Political Issues and Context

The most notable point to deduce from the previous section is the constant: despite varying economic models, the economy hinges on the extraction of a limited set of resources. One such resource is liquefied petroleum gas (LPG), a cheap resource that is extracted with gasoline meant for export, but widely used by poorer classes to heat their homes. Market fluctuations within Brazil or Argentina that negatively affect Bolivian gas trade lower the availability of LPG to the poor.<sup>9</sup> The ability of a poor Bolivian to heat his home is therefore dependant on Bolivia's ability to sell the gas that it extracts. This is one such example that characterizes the dependency relationship between economic wellbeing of the average Bolivian and the success of export industries, making the issue of who controls the economy a very politically potent issue.

Times of economic crisis have lead to political upheaval and subsequently, major political and economic restructuring. Foreign capital is a highly contested issue, since its markets dictate the economic wellbeing of its citizens, and perceptions about its investment have ousted a previous president. Sanchez de Lozada of the *Movimiento Nacional* group (MNP) held the president's office after reaching a

<sup>8</sup> Ibid., 41.

<sup>9</sup> "Monthly review: January 2009 The political scene." *Country Report. Bolivia* no. 1 (January 2009): 9-11.

coalition win with the *Movimiento Izquierda Revolucionaria* (MIR) and the *Acción Democrática Nacionalista* (ADN), creating a leftist government. The policies of Lozada are considered to be historically revolutionary, with emphasis on rural education, universal adult suffrage, and agrarian reform, however these factors did not stop widespread allegations of foreign plundering, and the MNP party was finally deposed by a U.S. funded military coup in 2003.<sup>10</sup> Evo Morales of the *Movimiento al Socialismo* party (MAS) currently represents widespread popular disgust for economic neoliberalism, as his party's policies are in opposition to foreign investment.<sup>11</sup>

Without foreign capital, the economy faces many obstacles to achieving a level of development comparable to its neighbouring economies. The economic growth rate of Bolivia is fuelled mainly by an expansionary fiscal policy, and hovers around 4%<sup>12</sup> due to lack of job creation and investment in the hydrocarbon sector.<sup>13</sup> Interventionist policies continue to impair investment by private business, domestic and foreign: stringent rules on foreign ownership and profit repatriation curb potential business interests in Bolivia, and a fixed exchange rate prioritizes price stability rather than export competitiveness.<sup>14</sup> In

<sup>10</sup> "BOLIVIA: Country Forecast: Political Framework." *Political Risk Yearbook: Bolivia Country Report* (January 2006): 36, 38.

<sup>11</sup> *Ibid.*, 36.

<sup>12</sup> U.S. Department of State, "Bolivia," <http://www.state.gov/r/pa/ei/bgn/35751.htm>

<sup>13</sup> "Monthly review: April 2010." *Country Report. Bolivia* no. 4 (April 2010): 15.

<sup>14</sup> *Ibid.*, 14, 15.

response to these policies, the business elites of the 'media luna' (the wealthy industrial regions of Santa Cruz, Beni, Pando, and Tarija)<sup>15</sup> have organized the Autonomy movement, which demands greater regional autonomy and a greater share of the wealth.<sup>16</sup> The Pro-Santa Cruz committee consists of local farmers and cattle ranchers, whose self-proclaimed goal is to protect the economy from unfriendly investment policies.<sup>17</sup>

A prime example of transformative political upheaval in Bolivia is the Cochabamba water riot in 2000. At the time, democratically elected Hugo Banzer of the ADN came into power in 1997.<sup>18</sup> Banzer's reversal of policy stance, compared to the nationalist policies enacted under his dictatorship, led the government to enact water privatization and marketing policies, which resulted in water concession to the U.S. subsidiary firm *Aguas del Tunari*.<sup>19</sup> The issue of water control and management led to rural water conflicts, and finally resulted in the Cochabamba riot and the resignation of Banzer in 2001. Like export-resources,

<sup>15</sup> Timo Schaefer, "Engaging Modernity: the political making of indigenous movements in Bolivia and Ecuador, 1900-2008." *Third World Quarterly* 30, no. 2 (March 2009): 425.

<sup>16</sup> BOLIVIA: Country Forecast: Political Framework." *Political Risk Yearbook: Bolivia Country Report* (January 2006): 32.

<sup>17</sup> *Ibid.*, 33.

<sup>18</sup> *Ibid.*, 38.

<sup>19</sup> Tom Perreault, "Custom and Contradiction: Rural Water Governance and the Politics of Usos y Costumbres in Bolivia's Irrigators' Movement." *Annals of the Association of American Geographers* 98, no. 4 (December 2008): 845.

water is important to the livelihood of many midland rural agrarians, and as such, a comprehensive water law was incorporated into the 2004 constitution, which eliminated the possibility of a centralized regulatory agency established for other resources.<sup>20</sup>

### The Indigenous Identity Factor

Much of the water crisis had to do with the underlying context of indigenous identity. The peasant irrigators' movement was the largest opposition force to privatization, and consisted almost entirely of Aymara and Quechua peoples.<sup>21</sup> The movement was based on the principle that water control should be based on traditional, customary, and indigenous practices of 'Usos y Costumbres'.<sup>22</sup> This style of communal water management is based on three factors: intimate knowledge of the sociological context in which irrigation takes place; regular, repeated, and habitual practices of water use; and voluntarily accepted agreements.<sup>23</sup> These three factors stress a communal and local style of management, impossible to replicate under central management. In 2004, Carlos Mesa (who assumed the presidency after Lozada resigned) signed into effect a new irrigation law that recognized traditional water rights, which then in turn established a National Irrigation Service with considerable public participation.<sup>24</sup> Indigenous water rights were a first step to indigenous equality within Bolivia.

The success of the peasant irrigators' movement has brought primarily indigenous issues to the forefront of the political scene, and has fostered the inclusion of indigenous leaders into Bolivian politics. The popular support for the MAS party coincides with the rise of indigenous issues in politics, as it was the political arm of the indigenous peasant movement in Cochabamba, and is primarily concerned with the prioritization of indigenous rights against white-mestizo minority control.<sup>25</sup> Felipe Quispe is an indigenous leader and the founder of the political party *Movimiento Indígena Pachakuti* (MIP).<sup>26</sup> He led the peasant uprising against Lozada and forced the resignation of president Mesa in 2005 (over exporting gas to the U.S. via Chile), even though his ability to mobilize the indigenous movement has been inconsistent over the years.<sup>27</sup>

The largest indigenous issue at the forefront of Bolivian politics is the issue of coca. The cultivation and distribution of coca leaves supports an estimated 350 000 people, and is the only economic activity available for many indigenous lowlanders and highlanders.<sup>28</sup> Evo Morales is considered to be the chief representative for this social group, as he is lead spokesman for six out of seven coca unions in Bolivia.<sup>29</sup> 62% of the population is indigenous,<sup>30</sup> and as

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<sup>20</sup> Perreault, 845.

<sup>21</sup> Ibid., 836.

<sup>22</sup> Ibid., 836.

<sup>23</sup> Ibid., 839.

<sup>24</sup> Ibid., 845.

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<sup>25</sup> Schaefer, 422.

<sup>26</sup> BOLIVIA: Country Forecast: Political Framework." *Political Risk Yearbook: Bolivia Country Report* (January 2006): 36, 38.

<sup>27</sup> Ibid., 845.

<sup>28</sup> Ibid., 836.

<sup>29</sup> Ibid., 363.

<sup>30</sup> Trujillo, 23.

such, there is widespread support for the indigenous farmer to cultivate coca as a means of sustenance, and large animosity towards the U.S. for funding coca eradication schemes as part of its *War on Drugs*.<sup>31</sup> The U.S. has invested hundreds of millions of dollars in the military and alternative development models to eliminate the production of coca.<sup>32</sup> The economic price for Bolivia's change in priority has been lower foreign aid levels and a loss of trade preference in the U.S., specifically through the *Andean Trade Promotion and Drug Eradication Act* of the U.S. government.<sup>33</sup>

### Democracy

The coca issue and the rise of Evo Morales relates to a much broader problem of foreign intervention undermining the democratic process. Ironically, the rise of Morales was seen by Washington as a threat to U.S. 'democracy' promotion, in a period where most domestic agenda setting was greatly influenced by the International Monetary Fund, World Bank, Inter-American Development Bank, the U.S., and various imperialist member states of the European Union.<sup>34</sup>

<sup>31</sup> BOLIVIA: Country Forecast: Political Framework." *Political Risk Yearbook: Bolivia Country Report* (January 2006): 36.

<sup>32</sup> Reed Lindsay, "Exporting Gas and Importing Democracy in Bolivia." *NACLA Report on the Americas* 39, no. 3 (November 2005): 6.

<sup>33</sup> Monthly review: April 2010." *Country Report. Bolivia* no. 4 (April 2010): 4.

<sup>34</sup> Amy E. Smith, "LEGITIMATE GRIEVANCES. Preferences for Democracy, System Support, and Political Participation in Bolivia." *Latin American Research Review* 44, no. 3 (July 2009): 146.

U.S. democracy promotion intensified after the overthrow of two neoliberal presidents (Lozada and Mesa), with Washington bringing political moderates to the U.S. for seminars, then sending them back and funding the rebuilding of their publicly discredited parties (MNR, ADN, MIR, NFF).<sup>35</sup> Since then, Morales expelled U.S. ambassadors in 2008 after allegations of undermining his presidency, and relations have only slightly improved.<sup>36</sup> Economically, there seems to be a pattern emerging within Bolivia: Morales's policies of nationalization echo the policies enacted during the second regime of accumulation as a response to liberalism. Therefore, it seems that the only possible policy option is to pursue nationalization, as long as it fosters growth and stability.

Democratic stability has actually strengthened since Morales came into office. According to Salman, Bolivia's indigenous based social movements have advanced their own unique concept of democracy that calls for greater participation from the long excluded masses.<sup>37</sup> The election of Morales represents a decline in transformative energy of movements, since the masses now have someone that represents their views.<sup>38</sup> However, it remains to be seen if democracy will continue to flourish under his rule, since he is a populist leader by definition.

<sup>35</sup> Ton Salman, "Searching for Status: New Elites in the New Bolivia." *European Review of Latin American & Caribbean Studies* no. 86 (April 2009): 104.

<sup>36</sup> "RISK SUMMARY: BOLVIA." *Latin America Monitor: Andean Group Monitor* 26, no. 12 (December 2009): 8.

<sup>37</sup> Salman, 6.

<sup>38</sup> Schaefer, 23.

## Conclusion

A wide variety of issues plague Bolivia and remain at the forefront of the political scene. Notably, who controls the resources remains a contentious issue for the capitalist class, as economic development is currently dependant upon resource export. Economic policy in relation to Bolivia's resources is closely tied to the success of political leaders, as policy resentment by the populace has led to the creation

of political movements, parties, ousting of presidents, and the rise of a current populist leader. Indigenous identity underlies issues of water control and the coca industry. Evo Morales continues to successfully bring such issues to light, and is providing solutions of nationalization that agree with public sentiment. His focus on creating a Bolivia free of foreign meddling is working to consolidate democracy, but the question remains whether his populist practices hold a similar power.

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