

Exploraciones/Explorations

Bolivia and the Political Dynamics of Change

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It is commonplace today to argue that the politics of class and a left-right ideological positioning on the political spectrum do not matter as much as they once did – that the ‘new world order’ of neoliberal globalization has totally changed the political landscape. All regimes and parties in power seem to be constrained in a similar way to implement close variations on a few policy themes. Thus, left-right distinctions in the shaping of political space and the unfolding of diverse political dynamics in diverse contexts are no longer relevant. What matters is that under current conditions, politicians of whatever stripe, no matter what the professed ideological orientation, in power end up with the same policies. A different way of putting this is that the forces of globalization (the dynamics of neoliberal globalization and capitalist development) work by constraining the policy options available. Class factors, including ideology, play a reduced role – or so goes the prevailing theory.

This article explores several dimensions of this issue in the context of Bolivia, with reference to political developments associated with the ascent and assumption of state power by Evo Morales, an indigenous leader of the Movement to Socialism (MAS), after a year and a half in power. Compared to Ignacio [Lula] da Silva, leader of the Worker’s Party (PT) and now president of Brazil, in regard to whom a similar analysis could be (and has been) made, and other ‘leftists’ (or populists) who in recent years have assumed state power in Latin America, Morales is relatively close to the social base of the popular movement and ‘the people’ that he purportedly represents. These ‘people’, indigenous and poor like Morales look at him with hope as a saviour (‘I am like you’, cried Morales at one of the many lightning visits to indigenous communities during his presidency, ‘from a poor background’). Prior to his ascent to state power he led ‘los cocaleros’, a popular social movement of coca-producing indigenous peasants, and was constrained by this movement in a number of ways. The indigenous movement has never been as close to state power as it is today with Morales as president. In this context Morales’ electoral victory in late 2005 and his assumption of state power in January 2006 were events of transcendental significance to the indigenous peoples and population in their long struggle against class exploitation and racist oppression.

The issues addressed in this paper are explored with reference to two sets of political dynamics, one having to do with the struggle for state power, the other with the use of state as a source of social change and the forces acting on the regime over sixteen months in the exercise of state power.

Evo Morales' path to state power

Institutionalized practices or 'structures' generally constrain but they also provide opportunities. That is, while they constrain the actions of some they facilitate the actions of others. As for the constraints associated with electoral politics, both in regard to the struggle for state power and the exercise of government, they clearly favour groups or the class that has encircled state power, in many cases penetrating and inhabiting it. The historical evidence is strong enough to obviate the need for much discussion. But it is clear that the groups and classes excluded from property in the means of production and the state are constrained by these structures to the point of not being able to derive any benefits from them even when opened up to 'popular participation' as they were under President De Lozada in 1994. The point is that economic and political power is built on the foundation of a certain configuration of class power, and the built-in constraints of the electoral system permit little realignment of this power, allowing for only a narrow range of deviation from prescribed policy.

This point might be debated, but is illustrated by developments that preceded Evo Morales' ascent to state power (since the October 2003 'gas war') as well as his subsequent term in power (twenty months to date). As for the political developments leading up to Morales' ascent to state power, they involved the shifting dynamics of resistance to the neoliberal model that have been used as a policy guide since 1985. The popular movement against these policies took the form of protest and mass mobilization with several critical conjunctures, including three major uprisings from 2003 to 2005. In these events diverse sectors of Bolivia's 'civil society' came together in opposition to the government and its policy agenda.

The combination of these diverse forces of resistance in various conjunctures of objective (socio-economic) and subjective (political) conditions generated what in retrospect might be viewed as a 'quasi-revolutionary' situation, bringing the popular movement at various times to the brink of state power. Although this 'situation', realized in February and October 2003 and then again in October 2005, brought together diverse groups and organizations in a common, albeit unorganized, class struggle for a fundamental change in government policy, the detonating factor was created by the government's move to limit access to the country's vast hydrocarbon reserves of natural gas and to privatize production in the sector. In this connection, the October 2003 'gas war' mobilized some of the same social and political forces of opposition and resistance as the Cochabamba 'water war' of 2000, but it also engaged the popular indigenous movement in El Alto and elsewhere. In the heat of the October 2003 'gas war' and uprising, as well as the subsequent 'gas war' in May-June 2005, the neoliberal regime was overthrown and the head of state ousted in a process of mass social mobilization under conditions of a violent and brutal repression that included (in 2003) the murder of 67 unarmed protesters.

Where was Evo Morales during these struggles? Contrary to popular mythology, Morales did not play a role in any of the three major uprisings between 2003-2005 that led to the overthrow of Sánchez de Lozada and Carlos Mesa. More specifically, Morales opposed the February 2003 uprising, and during the successful October uprising that overthrew De Lozada, he was in Geneva, attending an inter-parliamentary conference. In fact, he did everything possible to undermine the mass general strike of May-June 2005 that drove Mesa from power. Morales threw

all the weight of the MAS Party behind Mesa's successful rise to the Presidency, despite his having served as Vice President to De Lozada. Subsequent to Mesa's demise he backed the neoliberal Supreme Court Justice Rodriguez as Interim President in the run-up to the Presidential election of December 2005.

How can these and other such 'facts' be interpreted? First, it is evident that in his 'actions' and 'inactions' Morales was concerned with protecting and preserving the institutions that he intended to use as a means of achieving state power. It appears that Morales helped defuse an emerging quasi-revolutionary situation in 2005 by supporting the installation of Carlos Mesa by the Congress. Subsequently, the forces of popular resistance and opposition were channelled via MAS into the electoral process, which led predictably to the 'toma de la municipalidad' (takeover of local governments) and then the Presidency.

The successful outcome of Morales' electoral strategy might be taken as a validation of electoral politics in the path towards change. In fact it is not a matter of choosing one path over the other. Without the mass mobilization that preceded and surrounded the political process, Morales would never have been able to scale the electoral steps to state power. It was the force of this mobilization that paved the way for his successful use of elections as a way to state power.

The role of mass social mobilization in the process of social change can also be illustrated in subsequent developments. In this connection, many of Morales' supporters, as well as the Latin American and foreign left, deposited in him their hopes and expectations that he would turn against neoliberalism and advance a popular agenda, adding weight to the apparent leftist tilt of several governments in the region. After all, Morales was the first indigenous leader peasant in history, after centuries of class exploitation and racist oppression, to successfully climb the road to state power, and to do so by means of the machinery of representative democracy and electoral politics. His reliance on this machinery, and the constraints of the system of 'democratic' politics, are evident in the regime's post-election efforts to manipulate if not control the social movements – in effect, to demobilize them. A clear illustration of this can be found in the politics of the proposed constituent assembly, a major demand of the popular movement and a major means of re-founding the state on a multi-ethnic and plurinational basis.

Subsequent to his election to the presidency, Morales totally transformed the substance of the social movements' demand regarding the constituent assembly (CA). Social movement leaders demanded that the CA elections take place in the open with the full and active participation of civil society. This would ensure that it reflected the interests of workers, peasants and the popular movement. But this demand was rejected. Instead, Morales came to an agreement with the discredited oligarchic parties of the equally discredited 'political class' to organize the elections on the basis of territorial units, allowing these parties to dominate the process and to some extent even control the outcome. The result was an almost complete marginalization of the social movements. After a year of procedural conflict, Morales gave the oligarchic parties a virtual veto over the new constitution by agreeing to a two-thirds vote to approve all constitutional laws. Nevertheless the country remains divided over the MAS proposal regarding the form of the state ('unitary plurinational and communitarian ... social democratic ... decentralized, with territorial autonomy'). The opposition, concentrated in the 'media luna' (Santa Cruz, Beni, Pando, Tarija), opposed this proposal as it would divide constitutional power among the 36 indigenous nationalities. This issue, as well as others

such as the institutional division of state power were left for the Constitutional Assembly. However, the political consensus reached with the ‘parties of the system’ and the two-thirds majority standard will no doubt thwart the demands of the social movements.

Further evidence of the distance of the Morales regime from the insurrectionary forces and the popular movement was provided by his appointments to the key economic posts in the cabinet and their continuation of orthodox fiscal policies: emphasis on balanced budget and tight monetary policies over public investment in social programmes and substantive anti-poverty programmes (for example the failure to double the minimum wage, or provide a substantial salary increase for teachers, health workers and other low-paid public sector workers).¹

The new development model: the road to policy reform (January 2006–May 2007)

Notwithstanding the alleged conflicting pressures that might narrow a government’s policy and political options, the test of a regime’s character is not its programmatic statements, nor even its formulation of a ‘national development plan’, but its actions. A brief assessment of the regime’s actual practice and its outcomes and social impacts allows us to assess the workings of diverse social forces and the weight of particular and conflicting economic interests. It further allows us to determine the regime’s ideological character – the nature and limits of the social changes that it might be concerned with bringing about, as well as the meaning of the regime’s attachment or reference to ‘socialism’ in this context. This assessment, tentative as it has to be, is one means of determining the nature of the Morales regime, that is, its ‘socialist’ character.

What have been the government’s major policy decisions and actions over the course of eighteen months in power? What are the social forces behind these policies and actions? In other words, what pressures do they respond to and reflect? What have their outcome and social impacts been? What groups and classes have benefited from the government’s policies and actions? Who have borne the cost of these policies and actions? Our tentative answers to these questions relate to several categories of critical policy concerns.

Nationalization versus privatization

First, regarding property in the means of production (ownership over available productive resources) the issue is state versus private ownership, or, with reference to the neoliberal model, whether the regime is prepared to advance or revert to the privatization agenda, or to re-nationalize and re-statify ownership and control. On this question, the regime’s policies and actions have been ambiguous, to say the least.

On the one hand, the regime has declared that the natural resources of oil and gas ‘belong to the people’, and one of its first actions has been to re-establish state ownership over hydrocarbon (gas and oil) resources. But these policy actions were clearly dictated by pressures from the popular movement. It was not just a question of popular support for the government’s policy measures; the government had no choice in the matter. On the other hand, in May 2007 the government renewed contracts with 40 oil companies on the basis of a 50 per cent joint venture or ‘partner-

ship' arrangement. Here the government announced that 'we do not need bosses; we need partners'.

Notwithstanding the government's 'nationalization' rhetoric and discourse, it opted for a 'partnership' approach in its relationship with global capital. In areas such as iron ore extraction, processing and exports where there has been no pressure from the social movements and no active mobilization, the government has gone in an entirely different direction from nationalization or statification. In the case of Múton, the government was quite prepared to approve a deal reached with Jindal, the world's major steel multinational, by the previous government – by all accounts, a very lucrative deal for Jindal – subject only to Jindal's meeting international technical requirements and willingness to accept the government as a 'partner' in the venture. The contract itself, negotiated by the previous neoliberal regime, has all the hallmarks of neoliberal policy.

It seems that the critical factor in the government's action on the issue of privatization is the correlation of class forces and the degree of social mobilization. The social movement was solidly behind the government's policy and action in the case of the hydrocarbon sector; indeed it forced the government's hand. But it has been relatively absent in the case of Múton, although even here the Morales-García Linera regime was constrained to 'report' to the popular movement – to achieve a support base for what might otherwise be an unpopular policy. After all, it runs counter to the government's professed anti-privatization policy.

But the government successfully eliminated potential opposition by reporting to the popular movement, a strategy that it has implemented at various conjunctures in the event of different policy announcements. For instance, on 17 August 2006, two weeks after the public forum on the constituent assembly and the announcement of the new agrarian reform, Morales met with leaders of 32 social organizations to report on the government's efforts during nearly seven months in office. In the case of Múton, the popular movements expressed their satisfaction with Jindal's promise, communicated by the government, to invest over US\$ 2 billion and create 21,700 direct and indirect jobs. Of course, the precise terms of the contract were not spelled out in this public 'consultation' or in subsequent public or newspaper reports.

The government's policy and actions vis-à-vis the nationalization of the country's huge reserves of natural gas was widely interpreted by the left as 'revolutionary', a radical departure if not a reversal of two decades of neoliberalism. But a closer look at the government's action on this front suggests that the 'nationalization' of oil and gas is little more than a tax increase on the rate paid by the multinationals to the state – hardly a revolutionary change. Not a single corporation was expropriated (except for 'fundición de viento', which ended up with De Lozada's COMSUR). Even the price of gas of US\$ 5 per million cubic feet to Argentina was 40 per cent below the world price – and Brazil's payment, one year after 'nationalization' was still the same: US\$ 4 (in some instances as low as US\$ 1.9).

Finance

Policy regarding ownership and control over Bolivia's productive resources, and the role and weight of public versus private enterprise, reflects a government's class character as well as the correlation of social forces. This is because of the weight of the social forces operating on the government or the interests that have

captured or that are represented politically in the state. Another defining feature of a regime's ideological underpinning – the state's class character – is finance: i.e. the source of capital used to finance the government's economic and social programmes. In a capitalist state, national development is predicated on the accumulation of private capital, but regarding the Morales-García Linera regime it might be too soon to judge. It could be argued that twenty months is not enough time to bring about a radical shift in the balance between private and public enterprise, and between private and public forms of capital accumulation and finance. In any case, despite the government's announcement that hydrocarbon and other such strategic natural resources 'belong to the people', and its declared intent to nationalize and restatify production in the sector, the multinationals remain engaged in the process. Indeed they have been invited to stay in the country and participate in the production and export process, with due guarantees that their investments will be protected. In fact, the government has not managed to achieve its stated aim of acquiring 51 per cent of ownership shares in the joint venture of hydrocarbon economic development. The multinationals still have effective control and the government is dependent on them to capitalize and finance operations in this strategic sector.

As for financing the government's own operations and programmes, there has also been negligible change at the level of policy. The basic source of government finance is revenue derived from taxing economic activity, and in this area the government has not introduced any measures, such as the creation of a community or popular (producers and workers) development bank that would change this. By decree the government has financed small artisan entrepreneur projects (US\$ 60 million) to develop micro-industries that will make use of royalties derived from the nationalized oil companies. However, in this area the government has turned to the private banking system rather than, as might be expected, to public financing.

Whether the government will make use of a new publicly financed and controlled regional development bank remains to be seen. But if it does, that would change the (financing) rules of the (development) game. To date, however, the only change has been to increase government revenues by means of increasing the royalty levy (government share) placed on the exploitation of the country's natural resources and the tax rate on economic activity. The lack of precise data here (mostly projections) make it difficult to determine the ultimate benefits to Bolivia. The government has announced and is predicting a significant increase in government revenues from this source. To date there is little evidence of any shift in priorities, and it would appear that little change in policy or spending priorities is to be expected in the short or immediate term. In fact, virtually all of the increased revenues from this source have been channelled into the government's reserve account² in the interest primarily, it has to be said, of the capitalist class.

If the government were serious about its presumed socialist agenda then it should make some move towards more state control over finance, regulating if not restatifying or nationalizing the banks and other financial institutions, to create a pool of public financial institutions. But it appears that 'socialism' for the government does not entail the socialization or statification of the means of production, or reversing two decades of neoliberal policy. In fact, Morales himself³ has defined the government's 'political practice' vis-à-vis socialism to mean something quite different: 'communalism', based on reciprocity ('this is our political practice'), harking back to the utopian socialism of the nineteenth century and turning the government towards a participatory form of decentralized / local development ini-

tiated by De Lozada (Ardaya 1995; Ayo, Barragan and Guzman 1998; Blair 1997; Booth, Clisby and Widmark 1995; De la Fuente 2001).

The land question

Another critical area for government action and national policy is improving access to society's productive natural resources, and to institute what is considered or termed a more socially inclusive form of national development. In addition to the government's move to stify the ownership of natural resources in the hydrocarbon sector, and to resist the privatization of water, another demand of the popular movement (not of congress) is land reform in the agricultural sector. In this sector, just under 90 per cent of Bolivia's productive terrain is worked by only 50,000 families, leaving millions of Bolivians with little or no land. The government plan in this connection is to change the INRA law by expropriating idle lands ('return[ing] them to the Bolivian people'), responding here to pressures exerted by the rural poor, mostly Indian people of the western high plains, in the form of popular mobilization. Since these poor have no political representation in the government or congress, except tangentially through MAS, these pressures for change and government action are exerted through social movement, i.e. social mobilization.

So, how has the government responded? On 2 August 2006 Morales announced the government's new agrarian reform law, authorizing the government to expropriate private lands found to be unproductive, obtained illegally or used for speculation. This is especially the case in eastern Bolivia where most of the land is owned and worked by 5,000 families. As for congress, which provides an institutional restraint on any moves of the government beyond narrow limits of change, it has invited peasant farmers, indigenous groups, and agribusiness leaders to debate the government's bill and other proposals to modify INRA.

As it has turned out, Morales' bill and the government's actions have fallen far short of the announced 'agrarian revolution'. Rather than acting on 'our great desire' (expropriating private lands currently in the hands of 'political interests and powerful families' who are well represented in congress), the government's 'reform' has consisted of handing out legal titles of state land to individual families. Morales kicked off the announced land reform by handing out 15 titles related to 9,600 square miles of state-owned land to poor Indians.

The regime's strategy has been to use popular pressure from indigenous and union groups to pressure congress to vote on the controversial measure, authorizing the government to expropriate idle lands and redistribute them, giving the land 'back to the people' as per 'our great desire'. Morales used the August 2 announcement of the government's agrarian reform to press congress into allowing the government to seize private lands found to be unproductive, obtained illegally or used for speculation. Morales' proposed bill would alter the bylaws of the National Institute on Agrarian Reform (INRA). In this connection Morales noted that, 'I've talked with some of the union and indigenous leaders, and they asked me, "[i]f they don't change the INRA law in order to expropriate idle lands and return them to the Bolivian people, then what good is congress?"' And he added, 'If they don't change the INRA law, then congress should shut down'.

But of course this is not 'in the cards'. The government in fact has distributed very little land, acting within the strict confines of the legislative power, which, unlike executive or presidential power, reflects the strength of the propertied class,

the very same ‘powerful families and interests’ that Morales identified as the fundamental obstacle in any reform process. As a result and in practice, the government’s actions fall far short of its announced ‘agrarian revolution’. Rather than expropriating the land that the government itself recognizes to be in the hands of ‘political interests and powerful families’ who are well represented in congress, it turns out that much of the land that is targeted for reform belongs to the state and is located in the fertile eastern lowlands, i.e. requiring colonization but little change in the social structure of land ownership.

Macroeconomic and social policies

From the outset and up to today, the Morales-García Linera government has pursued a macroeconomic policy of stabilization, austerity and fiscal discipline, almost to order and as prescribed by the IMF. In this policy area the government has prioritized balancing its budget and current account, payment on its external debts, building up its reserves of hard currency and controlling inflation. As for the declared record revenues derived from a favourable market for its exports in hydrocarbon sector, and, of course, the government’s policy of increased royalties and taxes, most of them have been used to improve the balance of national payments and to shore up the hard currency reserves needed by the country’s major exporters and importers and to secure the confidence of investors. After fifteen months in office, in March 2007, the government announced that the country’s international reserves totalled US\$3.7 billion, a record figure, which the president of the Central Bank noted ‘transmitted greater confidence in the stability of the country’s financial system’. By the government’s own account, precious little of these revenues were channelled into social programmes or used to meet the pressing demands of public sector workers for wage increases and improved benefits, pensions, etc. In fact, the government’s response to these demands was an increase of 13.6 per cent in the minimum wage (after announcing the intention to raise it by 136 per cent) and a 5.4 per cent increase in pension income. As for public sector workers in health and education, the government announced a ‘historic’ increase of 7 per cent.

In connection to these policies the government appears to have been much more responsive to the demands of capitalist investors and the agro-export elite than those of the workers and the social movements, and this despite considerable evidence of social mobilization. Morales and García Linera seem to have formed a strategic ‘productionist’ alliance with some segments of global capital (the multinationals) and a segment of the ‘national bourgeoisie’, particularly the agro-export elites in Santa Cruz, Tarija, Beni and Pando – areas of major class opposition to the regime. Whether Morales and García Linera have in fact constructed a formal or de facto alliance with these groups against all appearances to the contrary is not clear. What is clear is that the policies pursued and actions taken over the last eighteen months were designed to and did in general benefit the capitalist class rather than the working class, the agro-export elite rather than the peasants and the rural poor.

The ‘no power’ path to social change

Until the mid-1980s the state in Bolivia and elsewhere in Latin America might well be dubbed as developmental in terms of both the weight and role of the public sector in the development process. But in 1985 the Bolivian state took a neoliberal

direction with the institution of a radical programme of structural reforms in national policy.

Has the Morales government made any moves to reverse direction towards either a developmental or socialist state? Clearly not. Morales and García Linera have made no moves whatsoever to challenge the existing structure of economic or political power – to change the pillars of a neoliberal capitalist state. Not even its privatization policy in regard to the hydrocarbon sector, a policy forced upon the government by the popular movement, has reversed the existing class structure of property in the means of social production. There has been no announcement of any intent or policy to re-socialize national production. There have been no far-reaching structural changes in national policy, not even in regard to social programmes of ‘human resource development’ such as education, health and social security. The government’s social policy continues to operate within the parameters of the ‘sustainable human development’ model introduced, with international cooperation, by the previous De Lozada regime.

The road to social change in Bolivia and elsewhere in the region has generally detoured through control of the state apparatus in response to the dynamics of mass mobilization and electoral politics. However, over the years a ‘no power’ approach to social change (on this see Holloway 2002) has been made available through the development programmes and projects of the World Bank and the UNDP as well as their many cooperants and strategic partners. The implicit aim of these programmes and projects was to provide the rural poor with an alternative to the growing pressures for more radical change and the confrontational politics of the social movements. Although this no-power road to social change was paved as early as the 1960s in response to the Cuban revolution and the threat of ‘another Cuba’, the dynamics of structural reform in the new world order of the 1980s and ’90s created conditions for a new regional front on the battleground of social change.

This front might well have been named ‘The Quest for Another Development’ – a development initiated from within and below, localized and community-based, participatory and ‘human’ in form, and sustainable: ‘sustainable human development’ in the language of its architects. Although experiments with ‘another development’ can be found all over the continent, in the late 1980s Bolivia provided the architects of the new offensive against the forces of social change with their most useful testing ground for policy measures and a workable strategy that would be needed to bring about a process of ‘alternative development’. The first step in the process was to design an appropriate institutional framework for the new development policy.

Based on information provided by the Danish Association for International Development, the resulting ‘development plan’ specified three ‘strategic considerations’. To advance these ‘considerations’, the economic team assembled by the government, headed by De Lozada, Minister of Planning at the time, entered into a series of high-level meetings with officials from the ‘international financial community’ (World Bank, IDB, etc.), the UNDP and representatives of the most important overseas development associations’ (USAID, etc.) operating in Bolivia. These meetings ran from 1986 to 1992, and ended months before De Lozada assumed the presidency.

The meetings were held behind closed doors and in secret. However, we have a revealing account of their proceedings by Denmark’s representative of ‘international cooperation for development’. In this account there were three major ‘strate-

gic considerations' used to establish for the government both its reform orientation, a fundamental legal and administrative institutionality, and specific reform measures: (i) *productivity-competitiveness* (improve the productivity of Bolivia's major economic, i.e. business, enterprises, and ensure their ability to compete in the world market); (ii) *social integration-equity* (broaden the social base of national production, improving access to means of production of diverse groups of producers beyond the small stratum of big well-capitalized enterprises privileged by, and benefiting from, neoliberal policies); and (iii) *state action-governability* (ensure political order with as little government as possible, i.e., via the strengthening of civil society and participation in public policy).

Economic and social development in the late 1980s and early '90s was essentially state-led, that is, initiated and orchestrated by the government. At issue in this 'development' were a series of reforms introduced through legislation or by administrative fiat (executive decree) as a function of a model ('sustainable human development') designed to the purpose (basically along the lines of the UNDP's conception of 'sustainable human development') and used in the construction of De Lozada's 'Plan for Action' for 1993-96. This Plan was initiated with a 'social strategy' to support a 'new social policy' (a poverty-targeted Social Emergency Fund) and followed by a Plan for Action (1997-2002), which, in line with a formulation by ECLAC (1990), for the first time defined the principle of 'equity' as a fundamental pillar of government policy.

With De Lozada's ascension to state power the stage was set for an alternative development approach to social change. In 1994 De Lozada instituted legislation – the Law of Administrative Decentralization (LDA) and the Law of Popular Participation (LPP) – that would establish the institutional framework for a participatory form of 'sustainable human development'. The left, associated with the popular movement in the form of diverse political parties, was appraised in the process, as were the civic associations seeking regional or territorial autonomy. In effect, the Bolivian left took the new policy measures as a response to popular pressures and demands. In any case they generally viewed decentralized governance and local development as an 'opportunity', a space within which they could operate. It is also evident that most of the new left so formed in the process were not cognizant of the deal that they had made in the process of their own conversion from political to social action: in exchange for the space opened up to the popular movement, an understanding or disposition to pursue a non-confrontational micro-project approach to social change was realized. The organizational form of this new policy (to seek change within the local spaces of the power structure rather than confronting state power) was the non-governmental organization, which would come to replace the political party as an agency of social change and development.

Subsequent years constituted Bolivia as a veritable laboratory for experimentation with diverse models of alternative development: micro-enterprise financing (MEF), the Sustainable Livelihoods Approach (SLA), Asset-Based Community Development (ABCD), Community Economic Development (CED), Participatory Development (PD), Local Economic Development (LED), and Local Human Development (LHD). The operational model used to guide national policy since 1994, and implemented with the agency of local governments and civil society organizations, has been the UNDP's 'sustainable human development' (UNDP 1996, 1997, 2000). As conceived and designed by the UNDP and implemented by a succession of government ministries and agencies, this model is predicated on concerted 'de-

centralized action' ('people's participation' and 'local democratic governance') and a concern for environmental protection, the alleviation of poverty and sustainable livelihoods.

Aside from a commitment to a non confrontational no-power approach – 'social change without state power', to quote a major theorist of this new approach to politics (Holloway 2002) – there are several distinguishing features of these and other such forms of 'development' that have dominated the political landscape in Bolivia since 1994 and that continue to do so under Morales and Garcia-Linera. One is a concern with mobilizing 'social capital', the only asset to which the rural poor are deemed to have ready access and indeed to 'have in abundance'. The accumulation of capital, the sum total of society's wealth, assets or productive resources, in one form or the other is regarded by theorists as the driving force of 'development', which is conceived of as a set of *defined improvements in socio-economic conditions* lived by a population together with *the structural changes* needed to bring about these improvements. However, improved access to natural, financial and physical forms of capital is fraught with confrontational politics, requiring as it does direct action by the dispossessed (the landless and those who have nothing, the proletariat) or public action vis-à-vis land reform ('authoritative asset redistribution' in the language of the 'new development paradigm') and credit.

A second feature of 'another development' is its politics. The political utility of 'social capital', embodied in a culture of solidarity and its norms of reciprocity and relations of trust and social exchange, is that it does not require either structural (systemic or institutional) change. Rather, it entails: (i) *empowerment*, a change in how individuals feel about themselves – empowered to act on their own behalf; (ii) construction of a social economy beyond both the market and the state; (iii) active participation in decisions that relate to or affect their locality or community; (iv) a politics of dialogue, the orchestration of diverse interests and 'good governance', i.e. participation of civil society in the responsibility for establishing and maintaining political order. In this connection the National Development Plan is saturated with the language of 'another development' – an alternative form of capitalist development. Morales himself in this connection defined the goal of the government's policies as 'socialism' but as Morales has made clear by socialism he does not understand the socialization of production, nor a fundamental restructuring of society or departure from previous government policy.

A third feature of 'another development', also incorporated into Bolivia's 2006 National Development Plan, is the policy and institutional framework of administrative decentralization. Within this framework of this policy, initiated by De Lozada in 1994 and continued under the Morales-García Linera regime, the responsibility for economic and social ('human' or integrated) 'development' was transferred to regional, sectional and local governments, transferring to this purpose in the case of Bolivia, 20 per cent of central government revenues to the local governments. International cooperation for this form of development was manifest in a policy (and programme funds) of capacitating local governments to assume the assigned role as a development agency and agent ('the productive municipality), and to assume a leadership role in the process of local development, working in tandem with other strategic partners in the process.

Socialism or Bolivian capitalism?

The policies and actions of the Morales-García Linera regime revolve around several axes: (i) a critique of neoliberal capitalism embodied in the Sánchez de Lozada model; (ii) an alternative conception of 'Andean-Amazonian capitalism' (MNC + state/agro-business cooperation) based on a strategic alliance with global capital (the multinationals) and a segment of the 'national bourgeoisie' (agro-export elites); and (iii) an eclectic foreign alliance that ranges from Lula's Brazil (via Petrobras), Kirchner's Argentina (Repsol) and Bachelet's Chile to Chavez' Venezuela and Castro's Cuba – even Bush's US, the EU and the 'International Financial Institutions' (IMF/World Bank, etc.).

Within the framework of this model the regime's initial policies were designed to secure the collaboration of the foreign and local economic elites: orthodox fiscal stabilization policies, restricted social/public investments, defence of big property holdings and the demobilization of popular protest – hardly a revolutionary programme or a departure from the neoliberal policy regime in place since 1985.

Notwithstanding sustained opposition to the regime's policies from 'private sector' groups of entrepreneurs – the bourgeoisie – in Santa Cruz, Tarija, Beni and Pando, the government throughout its term in office took steps to protect the existing system of property and class relations. In addition it put into place diverse incentives, subsidies and long-term agreements to advance the interests of capital and the agro-export elite. Also, wage demands from diverse sectors, both public and private, were ignored under the pain of labour protest and threatened strike action, and social expenditures were controlled to allow for high returns to increase the investments of the national and foreign bourgeoisie in industrial projects.

In the context of historically high, and rapidly growing revenues derived from increased taxes and royalty payments in the oil and gas sector, the government raised the minimum wage by a paltry 13.6 per cent, after promising to raise it by 136 per cent. Pension income in the same context was increased by 5.4 per cent. As for public sector workers their wages were accorded a 'historic' increase of 7 per cent. The overall result is that the participation rate of labour (wages and salaries) and capital (investment) in national income generated in 2007 was tilted heavily in favour of capital, and the share of labour (wages) seriously reduced. Capital (investors, entrepreneurs) rather than labour (workers, producers) have received the greater part of the wealth generated by the economy over the past 18 months. The government's justification for a policy of building up foreign reserves, payment on the foreign debt, fiscal discipline and holding the line on social welfare and labour gains could have been taken from the IMF 'What Needs to be Done' manual.

Over the past eighteen months in power, Morales and García Linera have accorded public sector workers in the areas of health and education not just a modest but also an absolutely minimal increase in their wages, salaries and benefits. Other labour demands for government action have, in effect, been neutralized by ongoing negotiations (since May 2007) with the leadership of the country's labour central COB. The result of this process is that capital (investors, entrepreneurs) has received the greater part of the wealth generated by the economy over the year, an increased share of the national income relative to labour (workers, producers). The government's justification for its policy of building up foreign reserves, payment on the foreign debt, fiscal discipline and holding the line on social welfare and labour gains could have been taken from an IMF manual, a capitalist manifesto.

The unstated theory behind these policies is that capital accumulation is the source of wealth generation and economic growth; that the 'private sector of capitalist enterprise, as opposed to the public and popular sectors, is the fundamental engine of economic growth; that is, the bourgeoisie has a greater propensity to productively invest their savings (increased income). More income to labour would result in increased consumption (and social welfare) but not economic growth. In any case, the unstated (and generally discredited) theory is that wealth at the top will 'trickle down' to the bottom. In the language of the economists at the World Bank, 'pro-growth' (neoliberal) policies are 'pro-poor' – the best way of ensuring general prosperity, social welfare and poverty alleviation. Thus it is, that over the course of 18 months in power, Morales and García Linera have generally, if inconsistently, supported capital over labour. As for labour, the government's approach has been to divide workers and fragment their forces of potential resistance. Government relations with and its accommodation of the current leadership of the *Central Obrera Boliviana* (COB), the major labour organization in the country, testifies to this policy, one of opposition to strikes and other forms of labour mobilization.

Another arena of struggle and political development is civil society, which can be understood as comprising three major sectors – a private sector of business associations, capitalist enterprises, small business and micro-enterprises; a sector of urban middle class social or nongovernmental 'development' organizations; and a popular sector of largely anti-systemic social movements. As for the social movements in the popular sector of this 'civil society' the government's policy is ambiguous. On the one hand, the government has turned to the social movements for support, consulting the leadership on major policy turns. On the other hand, the government has turned to the social movements to block separatist movements against the 'Luna' coalition of provinces centred in Santa Cruz, Tarija, Beni and Pando. The regime has also relied on the movements to counter obstructionist activities in congress and the constituent assembly and to secure passage of its petroleum and gas contracts with the multinationals. And the government continues to rely on the social movement as a means of pressuring the economic elite. In this context, the regime needs and has used the social movements to create a political counterweight to the predator capitalists and neoliberals.

But this 'balancing act' is precarious. It is precarious precisely because it requires economic concessions to the business sector (which supports the political right) and constant dramatic acting out of 'political theatre' filled with symbolic acts for the social movements. In this context, the government has periodically convoked 'mass meetings'. Theatrical 'military' occupations of foreign enterprises are headed by Morales for dramatic publicity and propaganda. Unsubstantiated foreign elite 'conspiracies' and 'plots' are periodically denounced (precisely while prejudicial contracts are signed) to give the image of a besieged anti-imperialist president. However, no plotters have ever been arrested or even named in the rather inconsequential 'investigations', which are matters of political theatre.

Thus the development model used by the Morales-García Linera regime entails neither a complete rupture nor simple continuation of the past nor an exclusion of the social movements. It is premised on 'harnessing' agribusiness, the banks and the multinationals that backed De Lozada, regulating their behaviour so that they pay their dues and continue to invest, encouraging them to play by the rules of 'normal capitalism'. In this context, the regime needs the movements to create a

political counterweight to predatory capital, just as it depends on the private sector and the economic elite to ‘develop’ the economy. The social movements appear to be the instruments, not the beneficiaries, of the government’s alternative development model. They serve to back Morales’ attempt to enlarge the state economic sector as part of a triple alliance composed of foreign capital in the extractive sector (petroleum, gas, tin and iron), in partnership with state enterprises and a private ‘national’ sector dominant in the sectors of agro-exports, banking, trade and medium sized mining (‘co-operatives’).

To conclude, the Morales-García Linera regime is not so much the victim of forces and pressures it cannot resist as a captive of its own ideological shortcomings and lack of vision for substantive changes in a socialist direction.

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Notes

1. Banco Central de Bolivia. Informe de Política Monetaria. La Paz, abril de 2006, cited in CEDLA – Centro de Estudios para el Desarrollo Laboral y Agrario (2006).
2. ‘Entrevista, ‘El BCB tiene US\$ 2.200 millones en reservas,’ Luis Arce Catacora, Ministro de Hacienda habla sobre el buen momento por el que pasan las cuentas fiscales del país y sobre sus perspectivas,’ *La Razón*, 7 de Mayo de 2006.
3. In an interview with *Punto Final* (May 2003, 16-17) Evo Morales, leader of the major political force on Bolivia’s left, the *Movimiento al Socialismo-Instrumento Político para la Soberanía de los Pueblos* (MAS-IPSP), defined socialism in terms of ‘communitarianism.’ This is, he notes, because ‘in the ayllu (the principal aymara territorial unit) people live in community, with values such as solidarity and reciprocity.’ ‘This,’ he added, ‘is our (political) practice.’

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