Neoliberal Agenda in Bolivia and its Aftermath

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Abstract
The neoliberal agenda was implemented in Bolivia (1985-2004) with great orthodoxy and confronted great opposition from grass-roots movements. The resistance culminated with the election of Evo Morales in 2005. The neoliberal restructuring process is analyzed taking into account international factors related to the dynamic of the world economy in its transnational stage and national factors related to the renascence of grass roots movements encouraged precisely by the neoliberal downsizing of the state. This essay analyzes the consequences of the neoliberal agenda in Bolivia and its legacy on the newly elected government.

Keywords
neoliberalism, anti-systemic social movements, political economy, Evo Morales’ government

Introduction
The neoliberal agenda was implemented progressively in Bolivia between 1985 and 2005. The neoliberal restructuring is only intelligible if the analysis takes into account its articulation with the world economy in its transnational stage (Robinson 2004). In the global era, the tendency in the core countries is toward the predominance of supranational organizations such as Transnational Corporations (TCs), the International Monetary Fund (IMF), the World Bank (WB), and the European Union (EU). These institutions have enjoyed symbiotic relationships with powerful states in military, technological, and economic terms. In contrast, the neoliberal prescription for developing countries has led to downsizing of the state, and in the case of Bolivia, to regionalization and the disintegration of the country. The set of economic policies advised for developing countries became known as the Washington Consensus (WC) and encompasses: reduction of fiscal expenditures in social spheres, favorable laws for foreign investments, opening of their economies to free market competition, deregulation of labor markets, privatization of state enterprises, and decentralization.
The results of the neoliberal policies in Bolivia contradict the promises of economic growth, reduction of poverty, creation of jobs through new investments, etc. The privatization of state-owned enterprises led to the loss of revenues for the government, loss of public services in transportation, and an increase of prices for essential commodities such as water, and resulted in unemployment and underemployment. The failure of the neoliberal prescription made possible the convergence of the peasant, the urban movements, and the discontented middle sectors, agglutinating them under the leadership of Evo Morales behind a nationalistic agenda. The WC reduced the political and economic space of the central government. By downsizing the state, it encouraged political participation of civil society. As an unintended effect, it created new opportunities for deliberation over the disposition of the nation's natural resources. Massive protests emerged against the sell-off of public assets, forcing the resignation of two presidents in 2003 and in 2005, and culminated in the election of the first indigenous president—Evo Morales. After a truce period, however, the elites who supported the neoliberal agenda and the different social sectors behind the new president began to segment along regional, ethnic, and class lines. In this chapter, I analyze the privatization and decentralization laws of the neoliberal era, the shadow they still cast over Morales government, and the role of the Andean culture in guiding collective strategies that led to the new turning point in politics marked by the election of Morales.

Bolivia, a Land Divided

Profound geographical, economic, and ethnic differences divide Bolivia. Geographically, the country is divided into two main ecosystems. On the west, the mineral-rich Andean Cordillera is densely populated, mostly by Quechua and Aymara peasants. The Andes have been the economic center of the country for centuries. Bolivia was the main supplier of silver for the nascent world economy during the sixteenth and seventeenth centuries (von der Heydt-Coca 2005), and was the second-largest producer of tin in the first decades of the 20th century (von der Heydt-Coca 1982).

In the east, the Amazon Basin, with its tropical and subtropical lowlands, is less-densely populated and was not incorporated into the national economy until the second half of the twentieth century, with the development of sugar and cotton production and cattle ranching. During the 1980s, with the discovery of oil and natural gas reserves, the second largest in South America, the economic center shifted from the Andes toward the Eastern lowlands. Hydrocarbons replaced minerals as the main source of export income for the government and soy production became the most important agricultural export.