

Neoliberal Policies Big Loser in Bolivian Elections

by Jimmy Langman

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This past Sunday, Bolivians went to the polls to choose their next president and elect a new Congress. In the balloting for president, nobody earned the "50% plus one" margin required for an outright electoral victory, and so Bolivia's new congress now gets to decide which of the two top vote-getters will be the nation's next leader. Congress's decision is expected at the beginning of August.

The lack of a decisive winner was grounded in widespread disenchantment with the traditional political parties, and was emblematic of the growing sense of frustration with Bolivia's neoliberal economic model.

Indeed, the most distinguishing aspect of this year's elections in Bolivia was that virtually all the candidates lashed out to attack neoliberal strategies.

After seventeen years of neoliberalism, Bolivia's economy is faltering, unemployment is on the rise, the rich-poor gap has widened, and corruption and social exclusion remain serious problems.

Candidates of all political stripes—including the right—tapped into anger over the failings of neoliberalism and made opposition to it central to their discourse.

Manfred Reyes Villa, whose New Republican Force party is considered center-right—and who as four-time former mayor of Bolivia's third-largest city Cochabamba embraced controversial privatization schemes—shrewdly calculated that his populist agenda could not stand

up otherwise in a nation in which the vast majority live in poverty.

Reyes Villa, who will face former president Gonzalo Sanchez de Lozada in the congressional run-off, said in a televised public debate one week before the June 30 vote: "The people are tired. We need to leave the neoliberal model in the past and focus on building a productive model."

Jaime Paz Zamora, the leftist former president (1989-1993) who is known as a moderate for his codifying into law many of market reforms, went a step further and said in a campaign debate that his Movement of the Revolutionary Left party would now not participate in any coalition government that purported to maintain the neoliberal model.

Paz Zamora proposed major changes to the nation's constitution to address social and economic problems. "There are a few who are satisfied with Bolivia's constitution and economic model, but the immense majority want to change it," he explained.

Introduced to the country in 1985 under pressure from the International Monetary Fund (IMF) in exchange for partial relief of the Bolivia's crushing foreign debt, the neoliberal model includes opening up markets, lowering government spending, and privatization. But Bolivians are angry over the results.

The economic growth rate in South America's poorest country last year was just 0.5 percent.

About 65% of all Bolivians live below the poverty line, and in the countryside, greater than 90 percent.

Nearly 12% of urban Bolivians are officially out of work (accurate figures for rural unemployment don't exist, but are estimated to be many times higher). Many of those who do work only earn the nation's low monthly minimum wage of sixty-seven dollars. Close to 66% of Bolivians are estimated to work in the informal economy and do not draw regular salaries, shining shoes or selling produce and other wares in street markets.

For Bolivia's indigenous communities, who make up more than 70% of the 8.3 million national population, poverty and jobless rates are much higher still.

Even with partial debt relief in exchange for market reforms, Bolivia currently owes \$4.37 billion to international lenders, well more than half its annual gross national product of \$7 billion. Last year, the government received \$312 million in fresh loans, but paid back \$250 million to international lenders. In other words, about 80% of new loan monies went right back to lenders to pay on interest and part of the capital of old debts.

Bolivia, which experienced a military coup or counter-coup on average at least once per year over the first 162 years of its history, has experienced unwavering political stability since 1982. But Jorge Lazarte, a Bolivian political analyst, says that while the nation has indeed built strong institutions over the past two decades, the next few years could put the nation to a stiff test.

"No matter who wins the election, it will be a weak government because the many opposition parties will

cause problems," predicts Lazarte. "If the next president does not get social and economic problems under control within the next three years, the nation could fall like Argentina."

Gonzalo Sanchez de Lozada, popularly known as "Goni," played a key role in implementing market reforms in tandem with the IMF and World Bank as president of the country from 1993-97. He narrowly earned the largest share of votes, and analysts say it looks probable that he will win the run-off vote against Reyes Villa and begin a five-year term of office on August 6.

But in a recent interview, even Goni denied that he supports neoliberalism. "I don't believe in neoliberalism, I believe in an open market economy."

"But I am not dogmatic," he said. "And if you see many of my reforms they had very important social consequences. But I think you need to have a market economy, which also requires a great deal of government intervention, this stuff about the invisible hand, it just doesn't work that way."

The surprise in the election, however, was Evo Morales. The longtime leader of Bolivian coca leaf farmers finished a close third out of the eleven candidates in the presidential race. His Movement Toward Socialism (MAS) party also garnered the second-highest amount of seats in Bolivia's Congress.

Prior to election day, the U.S. ambassador to Bolivia, Manuel Rocha, warned that if Morales were elected, or his Socialists included in a coalition government, Washington would close its markets to Bolivian textiles and natural gas—comments that were roundly denounced by politi-

cians from all of Bolivia's numerous parties.

Morales, though, said his anti-neoliberal model stance, not coca eradication, was his number one agenda item. He calls for a repeal of the 1985 government decree 21060, which initiated many of the neoliberal reforms in the country, and the renationalization of many of Bolivia's privatized state companies.

Last week, Morales responded to Ambassador Rocha's declarations saying: "The ambassador's threats don't make us afraid. The people are rising up against the system and the model."

Morales added that he is not pro-cocaine, but pro-coca. "Coca has been part of our diet and traditions in Bolivia for many hundreds of years. Coca is not the same as cocaine."

Alvaro Garcia, a Bolivian political analyst, said that the strong showing by Morales and his MAS party is the beginning of an authentic opposition movement to the neoliberal model.

"It's clear from election results that more than 50% voted for a change. After 17 years of the model, social movements are no longer bystanders to the political process," said Garcia.

"The next government is going to confront an opposition that will make it very difficult for them to implement their policies," he said. "That will either lead to authoritarianism, or a social pact with social movements."

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