



Bolivia: A Revolt That Leads Nowhere

By Mark Falcoff

Joseph Conrad's novel *Nostromo: A Tale of the Seaboard* (1905), considered by many the Polish master's best novel, is set in the fictitious South American country of Costaguana. During the colonial period and for decades thereafter, the republic flourished thanks to the existence of a rich vein of silver mined since the early days of the Spanish conquest. At the time the novel opens, however, Costaguana has fallen on hard times because the most accessible deposits of the precious ore have been exhausted; massive new investment and technology are required to return the mine to full operation. Anglo-Costaguanan Charles Gould finds the necessary financing in London and New York, and almost as if by magic the resumption of mining breathes new life and progress into the republic.

This development also unleashes many demons that have long reposed beneath the surface of the country's placid, if backward life. Among other things, it arouses unwholesome ambitions on the part of the war minister, General Montero, whose actions are guided from behind the scenes by a cousin who had formerly whiled away his leisure hours as a secretary of Costaguana's legation in Paris devouring historical romances set in Napoleonic France.

With his cousin providing a makeshift ideology, Montero suddenly turns against the government of which he has formerly been a part, declaring that the prosperity that the revived mine has brought to the country is a swindle, benefiting only foreigners and their local puppets—the "white men," the "dons," the "oligarchs". His rhetoric finds great

resonance among the impoverished masses who live outside the capital city, Sulaco, and they flock to the general's colors. For the most part, the Monterist movement is successful militarily. The general's forces—a jerry-built combination of insurgent troops and illiterate peasant hordes—prevail in all of the provinces save one, which breaks off from Costaguana to form an independent republic in its own right. It is, of course, the one that contains the silver mine.

The events last month in Bolivia are yet another example of life imitating art. Conrad wrote too soon.

Roots of the Current Unrest

Even more than most South American countries, Bolivia is a divided society. Its population is split into three main ethnic groups—two Indian communities, the Quechua and the Aymara, each with its own eponymous language, and an amorphous population of mixed-race for whom Spanish is a native tongue. Racial and class differences have always played an important role in Bolivian politics, though not quite in the way they have in neighboring Peru or Ecuador. In 1952 a social revolution nationalized the country's tin mines and decreed a radical agrarian reform that divided up the great estates into family-sized plots. Both measures created for the very first time a sense of national community, effectively insulating the country from the appeal of guerrilla Marxism. (Che Guevara's decision to start an insurgency there a decade and a half later was his most serious—and final—strategic error.) In particular, the sense of enfranchisement that Indian peasants

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obtained from the effective transfer of land titles rendered the country somewhat immune to radical movements like the Shining Path in Peru, a country with which Bolivia otherwise shares many ethnic characteristics.

The 1952 revolution bought Bolivia several decades of relative social peace. But the changes it wrought—important as they were in political terms—failed to produce sustained development. The country remained one of Latin America's poorest. Family-sized agricultural plots provided a livelihood for one generation, or possibly two; after that, as the rural population grew, the next generation of peasants had no choice but to emigrate to the towns in search of whatever work it could find. And without a well-financed structure of support, credit, and advice, the agrarian sector could hardly be expected to produce a surplus sufficient to feed the urban populations. Bolivia remained a net importer of foodstuffs.

As for the tin mines, without new investment, much of it capital-intensive, the country's productive capacity was limited. But the miners' unions, who were among the best-organized and most militant elements of the population, typically resisted the entry of foreign capital, even in the form of service contracts. Much of Bolivia's history for the second half of the twentieth century was dominated by a struggle between various governments and the miners—with the former seeking to increase the production of industrial metals through foreign investment, and the latter resisting it in the name of sovereignty and "anti-imperialism."

Over the last two decades, the scene has shifted. The peasantry has turned to the massive production of the coca leaf, which forms the basis of cocaine and is therefore the one crop for which a strong external market exists. Meanwhile, with the tin mines exhausted, the government has desperately searched for other natural resources to export. These two developments form the basis of the country's most recent upheaval, which brought down the government of President Gonzalo Sánchez de Lozada on October 17, 2003, and threatens to do the same to his successor.

The Catalyst

For many years now, various Bolivian governments have been cooperating with the United States in a program of drug eradication—which is to say, spraying the coca fields. To say that this has aroused the ire of the highland peasantry is an understatement; the drug war

has summoned to life a militant community that sees its own authorities cooperating with a distant imperial power to extinguish their only possible livelihood. The fact that most of those who grow and harvest the crop are Indians adds a nasty racial edge to the controversy, deliberately sharpened by ambitious politicians.

What really brought matters to a head, however, was the decision of the Sánchez de Lozada government to contract with a consortium headed by Pacific LNG in conjunction with REPSOL, the Spanish state oil company, to produce and export natural gas to the United States and Mexico. In effect, the utility would be turned over to the foreign concerns in exchange for an annual royalty on the order of \$500 million. The government pledged that the money would be earmarked for social programs and development projects.

Almost immediately opposition politicians claimed that the arrangement was a swindle that would deprive Bolivian households of their cooking gas. (In fact, the country's reserves, even with the projected exports, are estimated to be abundant enough to provide both domestic and foreign markets for centuries to come.) To make matters worse—from the populist point of view—was the plan to transship the gas through Chilean ports formerly belonging to Bolivia. Bolivians have never reconciled themselves to the loss of their outlet to the sea to Chile in the War of the Pacific (1879), and its recovery has been an objective to which nearly every political force in the country has at least paid lip service ever since. As one brewery worker told an American reporter, "a true Bolivian would rather die than pay Chile for the use of what is rightfully ours!" (*Washington Post*, September 28). If the country had to export gas at all, many critics asserted, let the pipeline be run to Peruvian ports (Peru was Bolivia's ally in the War of the Pacific). The suggestion is, in fact, a nonstarter; since the distance to Peruvian ports is roughly double that to Chile, such an alternative would add nearly a billion dollars to the cost and encourage investors to withdraw altogether.¹ Meanwhile, Carlos Mesa, the former vice president who has succeeded Sánchez de Lozada has stated that he will hold a plebiscite to determine whether the gas project should go forward at all. Its rejection is all but a foregone conclusion.

In Washington several days after his ouster, former president Sánchez de Lozada warned a group of Latin American policy analysts that the outcome could well be the partition of Bolivia into two separate countries—one made up of the lowland departments, like Santa

Cruz and natural gas-rich Tarija, which have a legitimate product to sell the world market, the other, highland Bolivia, which would refashion itself as the *República de Narcotráfico* in fact if not in name. Naturally, drug traffickers were heavily involved in the riots and protests that brought about the president's downfall. But they were not alone—a number of (foreign funded) nongovernmental organizations were involved, many of which are legitimate but have been hijacked by drug interests and radical leftist and anti-globalization groups. (The former president also suggested ever so obliquely that some of the financing for these organizations may well have come from Venezuela's president, Hugo Chávez.) Indeed, with only slight exaggeration the fall of Sánchez de Lozada could be regarded as the first NGO-driven coup in Latin American history.

Leaders of the Revolt

The two outstanding personalities who have benefited most from these events are Felipe Quispe and Evo Morales, two indigenous politicians who have exploited—and to some extent created—the emerging identity politics in Bolivia, in which “neoliberalism” is represented as merely one more episode in the oppression of brown people by the white “conquerors” and their local accomplices. The latter is particularly important because he is the elected leader of an organization known as the Andean Council of Coca Leaf Producers (CAPHC) and the surprise runner-up in the last presidential election. This group claims to represent the legitimate interests of those who cultivate the leaf, which they argue is a harmless part of indigenous culture, used for shampoos, medicinal teas, and toothpaste. Those (such as the United States) who favor eradication of the crop are—they say—clearly engaging in cultural genocide. If coca leaves find their way into cocaine, this has nothing to do with *them*—this disingenuous argument has even been given space on the op-ed page of the *New York Times*!²—but rather is the fault of (unnamed) foreigners who somehow obtain the crop and process it, and also, naturally, the consumers of the finished drug in the United States. More credible analysts regard the CAPHC as a front organization for the coca growers that supply drug traffickers with the raw materials they need to produce cocaine.

Quispe and Morales are also playing two other cards for all they are worth—anti-globalization and

anti-Americanism. Morales blames the United States for Latin America's poverty and calls for the creation of a single Latin American nation (with its own army, currency, and government) capable of defending itself from the “permanent aggression” of the United States. At a recent meeting in Havana, he also called for turning Latin America into a “new Vietnam” for Washington. The mixture of racial resentment with primitive Marxism is a heady brew, and it bids fair to turn Bolivia into South America's most dysfunctional republic—that is to say, if it remains one country instead of splitting into two.

One thing is certain: the resignation of Sánchez de Lozada has not extinguished the flames of revolt. Morales, Quispe, and their followers have already put President Mesa on notice that he will meet with the same fate if he persists in similar policies.

Wary of the Market, but What's the Alternative?

The Bolivian case is an interesting one because it illustrates in exaggerated relief the limits of the “Washington consensus”—a shorthand term for the free market and privatization policies that have been the order of the day in much of Latin America for the last dozen years. As the same brewery worker cited above told the *Washington Post*, “we've already sold our railways, our airline, our electricity, and the government said it would make us all better off for it. Well, maybe they're better off, but the rest of us are all out of work and hungry. We're poorer than ever, and now they want us to sell just about the only thing in Bolivia that's worth anything”—referring, in this case, to the natural gas deposits.

Clearly the success of free-market economics in any country depends upon much more than just who owns or extracts basic natural resources. If Bolivians seem a bit skeptical that the \$500 million or more that the country would receive in royalties from the exploitation of natural gas would actually have been applied to development projects, they just might have their reasons. After all, what *has* happened to the money that the treasury received from the sale of other utilities? The degree of integrity, transparency, and seriousness with which Latin governments administer their resources obviously determines the credibility of their macro-policies and their future capacity to mediate between foreign investors and their domestic

constituencies. That much said, keeping Bolivia's gas in the ground, socializing an economy of extreme poverty, and wallowing in meaningless identity politics are not going to create employment, feed the hungry, or educate the next generation. Neither is an orgy of anti-Americanism. Indeed, a Quispe-Morales revolution—whether by the ballot box or other means—holds out the prospect not of “another Vietnam” or anything like it, but of a dysfunctional and possibly partitioned republic, which would be a more immediate threat to itself than to the United States.

After all, these days Washington has far weightier problems to address in other climes.

Notes

1. Nor would the Peruvians be particularly enthusiastic about providing port facilities to the Bolivians, since they have plans of their own in conjunction with Hunt Oil to export Peruvian gas from the giant Camisea field.
2. Leonida Zurita-Vargas, “Coca Culture,” October 15, 2003.