



Bolivia: It's the economy, once again

Mariano Vazquez

Evo Morales Ayma may be about to become president of the plurinational state of Bolivia for the fourth consecutive time. Recent opinion polls suggest he might win in the first round. After 14 years in power, fiscal stability, income distribution, poverty reduction and sustained growth are the pillars of this loyalty.

“It’s the economy, stupid”, was the leitmotiv of the campaign that took Bill Clinton to the presidency of the United States in 1992. George Bush was supposed to be heading for re-election without opposition. However, by focusing on the recession that affected the country, the Democratic campaign tipped the balance. The phrase has been cited ever since to underline the importance of the economy for voting. In 2019, it does not appear that Bolivia will be an exception.

Ironically, those who had always been in power had expected that the strength being shown today by the so-called economic, social, communitarian and productive model (known in Bolivia by its acronym MESSCP), which has been commended even by international organisations and orthodox economists, would eject Morales from the presidency in no time.

For the record, on 18 December 2005, Evo Morales won the presidential election by an overwhelming majority to become the first indigenous person ever to assume the presidency. When faced with the eloquent results of the ballot, Bolivia’s racist, colonialist, capitalist right made a bet. As they were unable to ignore a historic 53.7% of votes they anticipated the following scenario: “Let *the Indio* govern for six months; by then the economy will collapse, and we will be back.”

Thirteen years and nine months later, Bolivia has become an example of a thriving economy, which transformed an exclusive country formatted by the white elites along the lines of segregating its majorities into an inclusive country.

For the first time since the Plurinational Constitutional Court decided, on 28 November 2017, to grant Evo Morales permission to run as a candidate in the general election of

20 October 2019, opinion polls have pointed to the possibility that the incumbent president might win in the first round. In the era of social networks, fake news and dirty campaigns, how did this trade union leader of the harvesters of the sacred coca leaves from the tropical region of Cochabamba manage to remain competitive and to keep his roots after 14 years in the Palacio Quemado, the Presidential Palace?

According to the latest poll carried out by Tal Cual Comunicaciones y Estrategia, voting intention in favour of Evo Morales stands at 40.8%, 17 points ahead of former President Carlos Mesa, who follows in second place. Other opinion polls suggest similar results; the incumbent president seems to be just one step from governing Bolivia until 2025.

In the event that none of the candidates obtains a vote of 50% plus 1 vote, or at least 40% with an advantage of at least 10% over the second-placed candidate, the Electoral Law establishes a second election round.

Yes, we can

In 2005, the income of the richest in Bolivia was 129 times higher than that of the poorest, a gap that had narrowed to 39 twelve years later. According to data published by Bolivia’s National Institute of Statistics (INE), which have been confirmed by the Economic Commission for Latin America and the Caribbean (ECLAC), extreme poverty fell from 38.2% to 15.2% in 2018, whereas moderate poverty was reduced to 34.6%, down from 60.6%. During the same period of time, unemployment fell from 8.1% to 4.5%. This data represents the lowest level since registration of this indicator started in the country, whose economy shows the strongest reduction of extreme poverty in South America.

In recent years, the Bolivian economy maintained its sustained growth, despite the unfavourable external context. Average annual growth of the GDP is around 5%. Between 2014 and 2018, Bolivia featured the highest growth rate of the region. ECLAC, World Bank and IMF projections forecast a 4% growth for this year, which would

turn it once again into the fastest-expanding economy in South America.

While in 2005, nominal GDP was US\$9.574 billion, by 2019 it had risen to US\$43.687 billion. If we count the income in terms of GDP per capita, it increased from US\$1.037 to US\$3.841. This expansion was complemented by stability: in 2018 inflation was 1.51%, the lowest value in the past nine years. According to estimates by the Central Bank, this year inflation will be 1.35%.

These numbers have to be appreciated even more against the backdrop of the hyperinflation Bolivia experienced in the first half of the 1980s, when inflation climbed to a record 8 200% in 1985.

From 2005 to 2017, public investment by the state increased by more than seven times, from US\$629 million to US\$4.722 billion. That political decision stimulated the country's economy. Last year, for the fourth time, Bolivia took the lead in this area, ahead of Ecuador, Colombia, Paraguay, Chile, Peru, Brazil and Argentina.

The MESCP has defined the distribution of wealth as the baseline principle of the country's development. As a result, since 2006, minimum wage increases have been above inflation. While neoliberal governments froze, or even reduced those wages, during the administration of the Movimiento al Socialismo (MAS), they increased from 440 Bolivian pesos in 2005 to 2 122 pesos in 2017. (One dollar is equivalent to 7 Bolivian pesos.)

A study on purchasing power in South America carried out by the Public Policy Observatory of the National University of Avellaneda's Economic Policy Unit in 2018 found out that Bolivia headed the country ranking by maximising its purchasing power by 8.2 percent.

Plebeian power

As the Bolivian vice-president and intellectual Alvaro García Linera points out, the country's debates and confrontations have always moved between two ideological and regional blocks: West and East, indigenous peasant (*campesino*) peoples and the business oligarchy. He argues that, in order to avoid these clashes, an Andean-Amazonian version of capitalism must be consolidated, which does not aim at a socialist system, but aspires to become a counterpart to neoliberalism.

Pablo Stefanoni, a journalist and historian who lived in Bolivia for many years, explains that "Andean capitalism is not a theory, but rather provides a number of proposals concerning the relationship between the modern (capitalist) and traditional (communitarian, micro-business) elements of the economy, where the state acts as the architect of the latter's empowerment via the transfer of technologies and resources."

In his book *La potencia plebeya (Plebeian Power)*, García Linera outlines Bolivia's emerging economic model since 2006 and the role of its indigenous, working-class and popular identities. The MESCP "was developed by President Evo Morales and social organisations with the professional support of intellectuals, economists and commercial engineers" (Linera, 2008). The country's plural economy acknowledges "various organising systems of the economy: the private market-oriented business model, with private owners, who don't work, but instead manage their companies and employ workers; the public economy, which fluctuates between state capitalism and socialism; and the urban small-scale market sector, which is not necessarily organised along company lines, but rather as businesses, whose owners work with the support of their families", and which complements both the market-oriented and the communal peasant economies. "These five types of economy exist in Bolivia, and they all deserve respect, technical support and acknowledgement" (Linera, 2008).

In October, elections will not be held in Bolivia only, as Argentina and Uruguay will also go to the polls. These will be key elections for the ideological dispute between conservative restoration and transformation processes. Today, Latin America has become the stage of a war of position between the recalcitrant, intolerant, pro-US right and the left, which has lost its innovative character, and keeps losing spheres of power.

Mariano Vazquez is a journalist and documentary filmmaker. He has an MA in Political Journalism from the University of La Plata. He is currently an adviser at the International Relations office of the Workers Confederation of Argentina (CTA).

References

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SWOP, University of the Witwatersrand

**Contact the editors for
questions or contributions:**

Mbuso Nkosi
Mbuso.Nkosi@global-labour-university.org

Claire Ceruti
Claire.Ceruti@global-labour-university.org