

Bolivia's Banzer cedes power to a "technocrat"

Tomas Rodriguez
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Bolivia's president and former military dictator relinquished power earlier this month, ending a four-year reign marked by mounting social protest and increasingly desperate economic and social conditions for the vast majority of the country's 8.5 million inhabitants.

Banzer, who seized power in a 1971 military coup and ruled as dictator for seven years, was elected president in 1997 with just 20 percent of the vote. Under his dictatorship, the military savagely repressed the working class and peasantry, kidnapping and murdering workers, peasant leaders and militants. The most notable achievement of his civilian government has been a military crackdown on poor farmers growing coca, the plant that is used to produce cocaine. This US-backed effort won him Washington's firm support.

Diagnosed with lung cancer that has spread to his liver, he spent the last month in Washington undergoing treatment. Medical care in Europe was ruled out for fear the ex-general would face the same fate as Chile's Augusto Pinochet, who spent months under house arrest in Britain after he was charged with human rights violations by a Spanish magistrate, who sought to have him extradited for trial in Spain.

Banzer returned to Bolivia August 6 to formally hand over power to Jorge Quiroga, a 41-year-old US-trained businessman who formerly worked for IBM in Texas and is married to an American woman.

Quiroga can only fill out the remainder of Banzer's term, which ends in August 2002, and is barred from running for reelection. Nonetheless, his sudden ascension to the presidency is being touted as the passing of the baton to a new generation of "technocrats" who will supposedly lead Bolivia out of the morass of misery and backwardness that has long plagued this, the poorest country in South America. Much of Quiroga's inauguration speech was devoted to a scheme to develop the production of natural gas for export to California.

The new president, like the old, is a representative of some 100 oligarchic families who have long monopolized wealth and power in Bolivia. Today this social layer is trying to adjust to the demands of the globalized world market and maintain itself as a ruling class, sacrificing the interests of the majority of the population under the pretext of saving the Bolivian nation.

The economic and social blind alley in which Bolivia finds itself is the product of a long historical evolution that has shaped its meager role within the world economic system.

This historic process took a sharp turn with the Chaco war of 1932 against Paraguay, in which Bolivia—despite a much larger population and better arms—suffered a humiliating defeat. This debacle exposed the decay of the country's economic and social structure and

radicalized significant layers of the population, which turned toward revolutionary aspirations and socialism.

The 9th of April 1952 marked the coming to power of Victor Paz Estenssoro, one of the founders of the Revolutionary Nationalist Movement (MNR), a left-nationalist party that won power largely thanks to the support of militant and armed tin miners.

In a 1999 interview, Paz Estenssoro recalled, "The combative masses were principally indigenous, and the Chaco a physical, economic and social reality; we lost territory, but it unleashed social forces of change to create a new Bolivia."

The banner that the MNR raised for this change was that of center-left nationalism, or the "third way" between capitalism and socialism. In a bid to structure the new Bolivia and meet the demands of the radicalized masses of workers and peasants, it decreed four essential measures: "nationalization of the mines," which were in the hands of the tin barons Patino, Hochschild and Aramayo; "universal suffrage," giving the vote to illiterates and women who were previously barred; "education reform," initiating free and compulsory primary education and an adult literacy program; and "agrarian reform," invoking the principle that "the land belongs to those who work it."

The MNR remained in power for close to 12 years, but it soon accommodated itself to the demands of the international financial agencies—the International Monetary Fund, World Bank, etc.—while ceding ever-greater power to a US-trained armed forces that finally seized power in a bloody military coup in 1964.

Under the pressure of world imperialism and internal class conflict, the bourgeois nationalist program proclaimed by the MNR in the 1952 revolution quickly proved unrealizable in isolated, land-locked and impoverished Bolivia.

The MNR, due to their own class interests, were organically incapable of defying Washington's dictates. The leaderships claiming to represent the miners and other workers that placed the MNR in power, including the centrist Partido Obrero Revolucionario (Workers Revolutionary Party) or POR, led by Guillermo Lora, subordinated the revolutionary struggle of the tin miners to the government of Paz Estenssoro.

When the country was gripped by revolutionary crisis once again at the beginning of the 1970s, the POR gave its backing to the left-nationalist Gen. J.J. Torres, whose regime paved the way to the rightist coup of General Banzer in 1971.

Prolonged repression and changes in the structure of the world economy led to a sharp deterioration in the conditions of the Bolivian working class.

Current data demonstrate the reality of Bolivia's economic stagnation. The economy remains dependent upon foreign aid, which

goes primarily to assure payments to international banks on the country's foreign debt of \$4.4 billion. According to the Central Bank of Bolivia, the majority of the debt is held by the General Treasury of the Nation, totaling \$3.2 billion. This is followed by the Central Bank of Bolivia itself, with \$573 million.

According to a report from the Ministry of Foreign Trade: "In 1980, Bolivia accounted for a minuscule 0.05 percent of world exports, which illustrated the scant importance of the country in foreign trade. Two decades later, this share has declined to just 0.02 percent of global exports." Diminishing Bolivian exports have consisted largely of raw materials such as gas and minerals, and these have continuously lost value.

This is the case with Bolivian tin, historically the country's principal export mineral. In 1952, 32,470 metric tons were produced, generating the principal income for both the state and the country's working class. In 1999, production had fallen to just 11,852 metric tons.

When the world tin market collapsed in October 1985, the price of tin was \$5.60 a pound. In April 1986 it fell to \$2.40 and continued spiraling down to \$2.01. There it has remained, with the price quoted in the first three months of this year reaching \$1.98. While in 1982 tin generated \$458 million for the country, the income from tin fell to \$104 million in 1986 and to \$64 million in 1999.

Paz Estenssoro, the man credited with creating a "New Bolivia," returned to power for a fourth time 33 years later, in August 1985, confronting an intense economic crisis characterized by hyperinflation, which had reached an annual rate of 22,000 percent. "Bolivia is dying on us," he declared, and proceeded to carry out an IMF-inspired economic adjustment program aimed at dismantling what was left of the state-run economy created by the 1952 revolution.

He closed the state mines, throwing more than 23,000 miners into the street. He shut down factories and other enterprises, bringing the total of newly unemployed to some 100,000 workers—the same workers who had in an earlier epoch placed him in power.

The effects of these adjustments were not long in coming—rising unemployment created social instability. To control the situation and repress opposition, Paz Estenssoro twice declared a state of siege, locking up more than 150 union leaders and oppositionists.

But these measures did not succeed in reactivating or stabilizing the economy. Rather, they undermined what little economic development there was. Successive governments have continued the privatization of national companies to generate income that goes to pay the interest on the foreign debt.

International lending agencies have predicted that the economic growth rate this year will reach 1.5 percent. But the president of the Central Bank of Bolivia, Juan Antonio Morales, was not so optimistic. "It is very difficult to make predictions due to the crisis which is confronting the economies of all countries," he said recently. "Whoever gives some level of growth is going to commit a gross error. It is possible that it will be zero, or that it will be a little more than zero. It is not going to be very big. It is unknown how long the economic crisis will last."

In an attempt to hold back the crisis, the Bolivian government decided on a series of mini-devaluations of the national currency, the boliviano. A Central Bank report acknowledged that the average rate of the devaluation of the boliviano was 4.5 percent between 1993 and 1995, and 5.5 percent between 1996 and 1998. Since 1998, it has reached 6.5 percent annually.

Between June and July of this year alone, the dollar rose six points.

The immediate effect of these devaluations has been to drive up the price of essential goods and services for the masses of working class and peasant families, who have no access to dollars and see the cost of living spiraling ever further out of reach.

Another report by the country's Chamber of Exporters showed that Bolivian exports produced total sales of \$1.1 billion in 2000, the same amount achieved 20 years earlier.

Economic decline and stagnation have been accompanied by a sharp increase in social inequality. A recent study by Bolivia's National Institute of Statistics (INE) found that administrative managers in the private sector earn on average a monthly salary of \$2,766, while the average monthly salary for the majority of Bolivian workers is between \$72 and \$100, or 45 to 52 cents an hour.

In the agricultural sector the crisis is even deeper. The economist Rolando Morales Anaya noted in a recent report: "The peasant crisis has a long history, but is also fed by recent events. Its structural aspects are associated with three basic phenomena: (a) the lack of access to cultivable land; (b) the low physical yield of the land; (c) the inability of other sectors of the economy to absorb the excess labor created by agriculture."

The Agricultural Census of 1984 showed that close to half of the peasant plots had a dimension of no more than two hectares. Since then, access to the land has been restricted even more tightly.

In the traditional areas of agriculture, the yields in Bolivia reach only a third or, at best, half of those prevailing in neighboring countries. In the last 20 years, the Gross Internal Product of this sector grew by only 1.8 percent annually. The agricultural production per worker on the land reached a maximum of \$442 annually. For the poorest 40 percent, maximum yield is a meager \$170 per year.

In response to the grinding economic crisis and the government's military assault on sections of the peasantry involved in coca production, there have been increasing mass mobilizations involving the blockading of highways and confrontations with security forces.

In some cases, these peasant mobilizations have thrown up new organizations and leaders, such as Felipe Quispe Huanca, or El Mallku, leader of the United Union Confederation of Peasant Workers of Bolivia (CSUTCB). Posing as the defender of the impoverished peasant majority, Quispe Huanca has put forward a program of indigenous nationalism, calling for the creation of a great Aymara or Quechua nation, while vowing to fight for it by participating in the upcoming elections.

He is by no means alone. At least 29 new organizations have been created with the aim of contesting the traditional parties in the 2002 elections.

The new president, Quiroga, has vowed to carry out a constitutional reform to make it easier for these new parties to participate in the existing political structure. Bolivia's wealthy elite recognizes the value of these peasant- and indigenous-based organizations as a safety valve for the profound social discontent that growing unemployment, poverty and social inequality is generating among the working masses.



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