

Washington sees threat to “stability”

# Bolivia rocked by mass protests over energy law

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Bolivia’s capital of La Paz has entered its second week of mass protests by workers, indigenous peasants and students demanding the nationalization of the country’s energy industry.

Meanwhile, the government agency responsible for maintaining the country’s roadways reported Wednesday that 60 percent of the country’s highways have been blocked, including all major routes into the capital. Peasants and rural teachers have piled rocks, logs and other materials across the roads. Truckers have also gone on strike, and food and fuel supplies are rapidly dwindling in the city.

La Paz has witnessed some of the biggest protests in the country’s history as tens of thousands of peasants, teachers, miners and other workers have poured into the city and laid siege to government buildings. Various reporters estimated the largest of the demonstrations at 50,000. Throwing sticks of dynamite and rocks, the demonstrators have confronted riot police using tear gas, rubber bullets and water cannon.

The sparks for these upheavals were the approval by Bolivia’s Congress of a new energy law last month and the drive by the country’s wealthier regions—backed by the oil companies and foreign capital—to achieve political autonomy.

The government of Bolivian President Carlos Mesa, who came to power after the October 2003 upheavals that toppled his Washington-backed predecessor, Gonzalo Sanchez Lozada (now in Miami exile), appears to be on the brink of collapse.

Mesa was Sanchez Lozada’s vice president, but distanced himself from him after government forces massacred scores of unarmed protesters, igniting insurrectionary conditions. Like his predecessor, he is a supporter of the policies of privatization, economic austerity and subordination to the transnationals that have left more than two-thirds of the population in poverty while creating unprecedented social polarization.

When the new energy law was passed in mid-May, Mesa, who opposed the measure from the right, sought to avoid responsibility and the political consequences by allowing the Congress to enact it without his signature.

The effect, however, has been far from what he intended. The additional taxes contained in the measure antagonized foreign companies that are reaping massive profits from the exploitation of Bolivia’s natural gas reserves. It also served to fuel the drive by the right-wing and wealthy elite based in the city of Santa Cruz to seek autonomy for the southern and eastern provinces, where the bulk of Bolivia’s oil and gas reserves are located.

At the same time, the law provoked the growing anger of the

country’s impoverished majority, which sees control of the country’s natural resources as a means of ending decades of social misery.

Demands for Mesa’s resignation have come from the residents of El Alto, the impoverished working class city outside of La Paz, who have marched on Congress and the presidential palace. The same demand was made Wednesday by the head of the Eastern Agricultural Chamber, representing the country’s wealthiest landowners. Expressing ruling class impatience over Mesa’s failure to crush the revolt, he declared, “The president doesn’t have the pants to govern.”

The energy sector was privatized in 1996, falling under the effective control of foreign companies, including British Petroleum and British Gas, Total of France, Repsol YPF of Spain and Petrobras of Brazil. The scandal-plagued US corporation Enron previously held a major interest as well.

Since privatization, estimates of the country’s gas and petroleum reserves have increased dramatically to 53 trillion cubic feet, second only to Venezuela on the South American continent.

While the foreign companies have cried foul over the new law raising royalties and taxes, the privatization has left the key issue of setting the price of gas exports in their hands. Thus, Bolivian gas is exported at a cut rate, while the country is forced to pay market prices for any oil that it must import. Meanwhile, the royalties and taxes, whatever their percentage, are paid on a fraction of the real value of the resources that are being extracted from the country.

As a study prepared by the Center of Information and Documentation of Bolivia points out, these “sales” are in any case fictitious, with the gas passing from a Bolivian subsidiary of the Spanish energy giant Repsol, for example, to an Argentine or Chilean subsidiary of the same corporation.

“Under these conditions, once Bolivian gas crosses the border, it is converted into thermo-electricity, liquefied natural gas, methanol (bound for the US and Europe) and other petrochemical products, which allows the transnationals to reap enormous profits at Bolivia’s expense,” the study declares.

The militancy of the demonstrations has gone far beyond the intentions of the existing opposition leaderships. The Movement Towards Socialism (MAS) headed by the coca growers leader Evo Morales has failed to press the nationalization demand, calling instead for an increase in the royalties paid by the foreign companies from 18 percent to 50 percent—a rate roughly equivalent to the royalties paid on British oil.

“A law has already been passed and therefore it is not an issue for the Congress,” MAS legislator Antonio Peredo told the Argentine

daily *Clarín*. “According to the constitution, nationalizations are the prerogative of the executive branch through a supreme decree.”

As he spoke, tens of thousands—including much of the MAS’s own base—were marching in La Paz and other parts of the country demanding nationalization. An ever-wider layer of Bolivian society, including organizations representing teachers, health workers and bakers as well as the federation of neighborhood associations, has endorsed the demand.

Morales, whose party won 19 percent—the largest share—of the vote in the last municipal elections and is the second largest block in the Bolivian Congress, played a central role in politically disarming the mass movement that erupted in 2003 and allowing Mesa’s installation as the new president.

Attempting to play the same role in the current crisis, the MAS reached a vague agreement with the ruling party Wednesday to organize a simultaneous debate over the two contradictory demands of autonomy and the convening of a constituent assembly.

The deal was struck between party leaders, as the Congress could not be assembled because of the masses of demonstrators who have taken over the center of the capital.

The demand for a referendum on autonomy, put forward by representatives of the wealthy class of farmers, landlords and bankers who dominate the Santa Cruz region, is aimed at striking a separate bargain with the foreign corporations at the expense of the rest of the country. The call for a constituent assembly is aimed at forestalling such a referendum, and is backed by the MAS and other opposition forces based in the west of the country.

An indication of the explosive tensions over these issues—and the improbability that they will be resolved through a legislative compromise—came in the form of a violent clash in the city of Santa Cruz on Wednesday. A march made up predominantly of indigenous peasants demanding the convening of a constituent assembly was set upon by armed fascist thugs of the Santa Cruz Youth Union. Leaders of the peasant group issued a statement declaring, “We will not allow the aggression of the fascists. We will return, and the next time we will be ready to repel all aggression.”

The Bolivian Workers Federation, or COB, the country’s main trade union organization, criticized the congressional deal. “To trade nationalization for the constituent assembly is a betrayal,” said Jaime Solares, the COB executive secretary, who added a demagogic threat to “burn the parliament” if Congress did not approve a nationalization law.

The COB leader, however, has advanced no independent alternative. On the contrary, he recently declared his hope that a government headed by “a patriotic and honest military officer” would replace Mesa. He said he was willing to accept the rule of a “colonel or a general” who he hoped would be like Venezuela’s Hugo Chavez. When he made this view public before a rally of workers, Solares was met with a resounding cry of “no!”

The historical record of the COB’s misleadership includes its subordination—backed by the revisionist Partido Obrero Revolucionario (POR) of Guillermo Lora—of the working class to the “left” military ruler Gen. Juan Jose Torres at the beginning of the 1970s. His short-lived regime paved the way to the seizure of power by the right-wing dictator Gen. Hugo Banzer in 1971, ushering in a long period of brutal military dictatorship.

That the military will intervene is a real possibility. The head of the Bolivian armed forces, Admiral Luis Aranda, was compelled to make a public statement denying “coup preparations” by the military. He

also repudiated a pair of lieutenant colonels, calling themselves the Generational Military Movement, who advocated Mesa’s replacement with a “revolutionary” government composed of “all sectors” of Bolivian society. Both officers were sacked.

MAS leader Morales, meanwhile, reported that elements of the Santa Cruz bourgeoisie were conspiring with sections of the military to bring about a right-wing coup aimed at crushing social protest.

For its part, the Bush administration has made it clear that it is following the Bolivian events with growing alarm. “We are very concerned about serious challenges to Bolivia’s stability from radical opposition groups that threaten the country’s hard-won gains in democracy, economic development, and the fight against drug trafficking,” Jonathan Farrar, a US State Department official in charge of international narcotics and law enforcement affairs, testified before a Congressional subcommittee May 25.

Meanwhile, Richard Boucher, the State Department spokesman, said Wednesday that Washington was “in contact with the [Bolivian] government, we are also in contact with other nations that are very concerned and worried by the situation there.”

This last reference was apparently to the governments of Nestor Kirchner in Argentina and Luiz Inacio Lula da Silva in Brazil. While both have postured as “left” alternatives to Washington’s policies in Latin America, their governments are participants in the exploitative relations worked out between the foreign oil companies and the Bolivian regime. Likewise, they both fear the potential domestic impact of a continuing revolutionary crisis in Bolivia.

Boucher added that US discussions with the besieged government of Carlos Mesa were on the “security situation, about the situation as regards democracy and maintaining the democracy in Bolivia.”

As elsewhere in the world, this US struggle for “democracy” translates into maintaining or installing regimes that assure the unfettered operations of the multinationals and US access to cheap energy supplies. That these aims could be furthered through such undemocratic means as Washington’s backing a seizure of power by the Bolivian military is a real danger.

The entire Andean region is a tinderbox, as evidenced by last April’s ouster of the pro-US President Lucio Gutierrez by mass protests in Ecuador and the mounting unrest confronting the deeply unpopular regime of Peru’s President Alejandro Toledo. Under these conditions, Washington sees the Bolivian events as a serious threat.



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