

Morales's nationalization in Bolivia: Who got stabbed?

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The following article (translated from Portuguese) was sent from Brazil on the eve of Thursday's meeting in the Argentine tourist center of Puerto Iguazu between the presidents of Bolivia, Brazil, Argentina and Venezuela to discuss Bolivian President Evo Morales's May 1 decree declaring the nationalization of the country's oil and gas industries. The four South American presidents agreed that Bolivian gas would keep flowing and prices would be negotiated. Brazil's state energy firm, Petrobras, holds the largest interest in Bolivian gas, followed by Repsol, a Spanish-Argentine company. President Luiz Inácio Lula da Silva declared that the meeting would send a signal to investors of regional stability and dialogue.

On May 1, the international day of the working class, Bolivia's recently elected President Evo Morales delivered a speech with worldwide repercussions, announcing the nationalization of the country's gas and petroleum.

In the pronouncement, delivered in a dramatic tone aimed at lending the decree an air of historic heroism, Morales said: "The Spanish, the North Americans, the Europeans looted the tin, the silver and the natural resources. We should recognize that in 1937, under the leadership of the armed forces, petroleum was nationalized for the first time, the second nationalization was carried out in 1969 with the intellectual Marcelo Quiroga Santa Cruz and his struggle continues today."

However, this history according to Morales tells only half of the truth. The president forgot to say that Quiroga, during that period, was the minister of petroleum in a military government led by Gen. Alfredo Ovando Candia, who was the partner in a military junta with Gen. René Barrientos, a valued collaborator of the CIA, whose government organized the murder of Che Guevara.

The history of Bolivia is rich with such paradoxical interactions between the fall of governments, opportunist intellectuals, military officers, petty-bourgeois leaderships, the CIA, assassinations and nationalizations. The last of these have generally been directed at demagogic attempts to win popular support, and have never coincided with the real interests of the oppressed Bolivian workers.

As Morales points out, this will be the third round of hydrocarbon nationalizations to take place in Bolivia. Is there any reason to believe that it will have better luck than the previous nationalizations? Those earlier initiatives, despite being launched with the same rhetoric, little by little were withdrawn. Are we witnessing this time an act that really meets the needs of Bolivian workers? Is this a genuinely anti-imperialist act, or an advance by the Bolivian revolution in the direction of socialism?

These hypotheses seem, at the very least, highly improbable, above all given the diverse historical experiences in Bolivia and Latin

America as a whole with petty-bourgeois forces that advanced new, non-Marxist formulas for achieving "socialism." The party of Evo Morales, the MAS, falls into this category of Latin American petty-bourgeois parties. It calls itself the "Movement toward Socialism," but it also has developed its own peculiar route to reaching the new society.

According to Morales's chief theoretician, his vice president, Álvaro García Linera (sociologist, ex-Marxist, ex-guerrilla), this new road is called "Andean-Amazonian capitalism." According to Linera, in an article published by *Le Monde Diplomatique*, Bolivia now needs to build a strong state that will regulate the expansion of the industrial economy and transfer surpluses to the "communitarian sector," developing "Andean-Amazonian forms of self-organization."

Could these "Andean-Amazonian" forms be a metaphor for talking about socialism? No, socialism—according to Linera—would only come, probably, after another half century. As he wrote in the same article: "The decolonization of the state and the implementation of a new economic model will pose, from the first day, a left-indigenous government that will begin to initiate a process of irreversible change for the next half century."

But, as regards the present, it seems that Linera intends to maintain capitalism or, rather, "Andean-Amazonian capitalism." As he writes: "Andean-Amazonian capitalism is a form that, I believe, is adapted to our reality to improve the possibilities of the emancipation of the worker and community forces in the medium term. For this reason, we conceive of it as a temporary and transitory mechanism."

In this sense, the nationalization announced by Evo Morales is not an expropriation carried out in the interests of the Bolivian workers. Rather, it is a means of carrying forward this project of saving capitalism in the region and blocking the building of genuinely revolutionary organizations.

Many observers quickly commented that Morales carried out the nationalization with the aim of winning the elections to the Constituent Assembly, which will be held in July. If he failed to carry out measures perceived as sufficiently strong—like his May 1 announcement—he would run the risk of losing control of the assembly, and in a short space of time see the masses of Bolivians marching once again, this time against his own government and perhaps overturning one more president.

Thus, Morales's and Linera's nationalization decree, far from expressing a consistently anti-imperialist policy, would seem to be directed far more at the following objectives: winning the July elections with a sufficient majority; saving Bolivian capitalism; holding onto power and upholding the stability of the region, thereby blocking the advance of the proletariat in the Southern Cone.

Various facts point to this hypothesis. In the first place, as is known, the foreign corporations have been given a 180-day period to begin renegotiating their contracts. However, after the July elections, given that Morales wins a solid victory, he can begin ceding to the pressures exerted by the foreign companies. Moreover, according to the decree, during the transition period, the fields whose average production in 2005 was less than 33 million cubic meters of gas daily would be maintained under the current system for distributing the value produced, that is, they will undergo no change whatsoever.

Most of the foreign companies would fall into this category. Thus, for example, according to the newspaper *Estado de São Paulo*, British Petroleum (BP) said that it “is analyzing the impact of the measure, but wants to find formulas to continue working with the Bolivian government.” For BP, according to the same source, “the principal point is the 180 days of negotiations,” but as the company pointed out, it has “little presence in the country.” Similarly, the Enron-Shell consortium indicated no alarm whatsoever, and announced its “respect for the sovereign decision of the Bolivian government.”

The firms most affected by the decree will be Repsol (Spanish-Argentine) and, principally, Petrobras (the state-owned Brazilian energy giant), which in recent years made large investments in Bolivia. But it appears that even in these cases there is no great cause for alarm, as the decree affirms that the Ministry of Mines and Hydrocarbons will evaluate the investments made by the companies, as well as interest payments, operational costs and profitability of each field. The results of these evaluations, according to the same newspaper, “will serve as the basis for YPBF (Bolivia’s state-run energy firm) to determine definitive compensation or participation of each company in the new contracts.”

Thus, it appears that the nationalization will be carried out without expropriations and at the end of the 180 days of negotiations, and, above all, after the July elections, the “great” nationalization may be revealed in reality as a great farce.

It is only in this sense that one can comprehend the calm of the director of gas and energy at Petrobras, Ildo Sauer. “The contract for the transport of gas is guaranteed until 2019, with a volume of between 24 million and 30 million cubic meters daily,” he declared. “Nothing has changed.”

Meanwhile, the same tranquility was to be noted on the São Paulo stock market in relation to Petrobras stocks. On the opening of the market on the day following the decree in Bolivia, share prices fell slightly, losing 0.21 percent. But they quickly rebounded, closing 1.77 percent higher. Petrobras-ON stocks, meanwhile, rose 3.41 percent.

Similarly, Brazilian President Luiz Inácio Lula da Silva, despite the attacks by parliamentary and political opponents, who demanded that he take firm action in defense of the national interests, remained completely calm and went so far as to defend the “rights of self determination of nations and of the poor people of Bolivia.”

Without question, for the Lula government it is preferable that Evo Morales, its ally whom it supported for the Bolivian presidency, is strengthened in the July elections. Lula no doubt hopes that Morales will return the favor in Brazil’s own presidential elections, set for October.

Lula’s foreign policy in Latin America has echoed his domestic policy in Brazil—maintain political stability at all costs and thereby guarantee continued profitability for international finance capital.

A large section of the Brazilian press, ex-diplomats, politicians, businessmen and the most right-wing trade union federation, Força Sindical (the opponent of the CUT), used the Bolivian events to

criticize the Lula government, accusing it of irresponsibility. The government, they charged, is not defending the enormous national interests of Petrobras in Bolivia.

In fact, the interests of Brazil and its biggest state enterprise in Bolivia are enormous. According to the Brazilian news web site, UOL, the Bolivian affiliate of Petrobras accounts for 24 percent of Bolivia’s tax receipts, 18 percent of its gross domestic product and 20 percent of its foreign direct investment.

Beyond this, it is Petrobras itself that operates 75 percent of the gas exports sent from Bolivia to Brazil, 46 percent of the country’s reserves, 95 percent of its refining capacity and 23 percent of its distribution of derivatives. Moreover, the company produces 100 percent of the gasoline and 60 percent of the diesel fuel consumed in Bolivia. Petrobras’s direct investments in the country between 1994 and 2005 totaled \$1.5 billion.

As UOL also points out, Brazil and Bolivia signed a 1991 “Letter of intention of energy integration,” which led to the construction of a bi-national natural gas pipeline between 1997 and 2000, operated by Petrobras, through which fuel is pumped to Brazilian territory. This pipeline has a capacity of 30 million cubic meters a day. The pipeline also operates in neighboring countries: in 2005 it provided an average daily sale of 0.9 million cubic meters of gas to Argentina.

Petrobras is exploring petroleum and natural gas fields in six of the nine Bolivian states (Tarija, Chuquisaca, Cochabamba, Beni, La Paz, and Santa Cruz de La Sierra) and operates the gigantic gas fields of San Antonio and San Alberto, in the south of the country. It was San Alberto that Morales chose as the ideal place to announce his nationalization decree on May 1.

The same source states that the Brazilian corporation’s affiliate, Petrobras Bolívia Refinación S.A. (PBR), operates the two principal Bolivian oil refineries—Gualberto Villaroel in Cochabamba, and Guillermo Elder Bell, in Santa Cruz de la Sierra—and that these two together produce on average 40,000 barrels of oil a day, which were bought by Petrobras for \$100 million in 1999. Petrobras also owns 100 of the 400 gasoline stations in Bolivia.

Is it possible, with so many interests in Bolivia, that Petrobras and Lula didn’t know in advance about the measures that Morales was going to take on the 1st of May? Could the “revolutionary” Morales have surprised them? This is just as unbelievable as Lula’s claims that he knew nothing about the corruption in his Workers Party (PT), which existed, above all, in the state firms, among them Petrobras.

With respect to Morales’s nationalization and in the face of the criticisms of the Brazilian government, Lula’s advisor on international affairs, Marco Aurélio Garcia, a university professor with ample knowledge of the history of Latin America, let slip the following statement: “Brazil didn’t get stabbed in the back.”

The obvious question is who then did Morales stab with his nationalization? Did he stab the foreign companies, or rather the Bolivian proletariat itself? After the 180 days have passed, we will know better.



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