

Three months before presidential elections, Bolivia gripped by economic crisis

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With less than three months until the presidential elections, Bolivia is gripped by an unprecedented political and economic crisis. The government has requested that the International Monetary Fund (IMF) delay the release of a document on Bolivia's financial situation, but its contents have been leaked on social media.

The report highlights high inflation, a shortage of US dollars that disrupts trade, and fuel shortages leading to long lines for truckers at gas stations.

The political landscape is highly fragmented, with the ruling Movement for Socialism (MAS,) divided into factions supporting former President Evo Morales, current President Luis Arce, and Andrónico Rodríguez, who broke away from the Morales faction to run for president with a new party, Alianza Popular.

Right-wing parties failed to unite behind a single candidate, and the upcoming election will feature nine candidates spanning the political spectrum.

Morales is seeking support for his presidential candidacy, despite the Constitution barring him from running after completing two terms in office. Supporters among coca growers have marched demanding his eligibility, leading to clashes with police, who used tear gas after protesters threw stones. In a troubling incident, protesters also attacked the press, including a reporter from China.

Evo Morales began his political career in the late 1990s as a leader of coca growers, opposing US efforts to eradicate coca crops. In 1997, he founded the Movement for Socialism (MAS), which garnered support from major peasant and worker organizations, ultimately becoming the dominant political force in Bolivia. As recently as 2020, the MAS presidential candidate, Luis Arce, won with 55 percent of the votes.

During the early years of Evo Morales's presidency (2006–2019), Bolivia benefited from the commodities boom that lasted from 2002 to 2014. Critical of US imperialist domination, Morales and Hugo Chávez from Venezuela promoted "21st Century Socialism" and a nationalist agenda that included the promotion of political participation by indigenous peoples. The 2009 Constitution declared Bolivia a Plurinational State.

In 2005, Morales nationalized Bolivia's oil fields, defying the

IMF and World Bank agenda for Latin America. This move enabled him to implement subsidies for basic goods that significantly contributed to reducing poverty.

However, during his second term, lower commodity prices and reduced foreign investment led to an economic slowdown; such that, between 2014 and 2024 Bolivia's oil revenues decreased from \$5.491 billion to \$1.635 billion, and gas production was halved, from approximately 60 million cubic meters per day to 29.55 million.

The IMF report demands urgent fiscal adjustments, including an initial devaluation of the exchange rate to restore stability. It deems as unsustainable price controls, fuel subsidies, and export restrictions, effectively mandating an end to MAS' plurinational populist economic model, even as poverty increases in Bolivia.

The IMF, as reported by Infobae:

...presents a concerning outlook for Bolivia. The organization projects that inflation will reach 15.8 percent by 2025, more than double the government's forecast of 7.5 percent. Additionally, economic growth is expected to be limited, with a predicted GDP growth of only 1.1 percent.

Based on the IMF report, Infobae reports that "In the first three months of the year, accumulated inflation hit 5 percent, ... and household prices have risen significantly over the past two years."

Recent statistics indicate troubling trends in Bolivia. Once known for a stable consumer price index (CPI), the CPI rose by 1.71 percent in March, leading to an annual rate of 22.6 percent. With inflation largely due to increasing household goods prices, the most affected are working class and peasant families.

Food price hikes are having a severe impact on the Bolivian population, with chicken up 9.45 percent, beef 4.45 percent, tomatoes 25.58 percent and onions 22.83 percent.

The IMF points to the country's inability to meet its financial commitments to foreign capital, Infobae reports:

The fiscal situation is particularly critical. The deficit is increasingly financed through loans from the Central Bank, which has depleted international reserves—expected to be nearly exhausted by the end of 2023—and raised public debt to 84 percent of GDP.

Additionally, lower gas exports and high fuel imports have resulted in a current account deficit of 5 percent of GDP.

Bloomberg Online has reported a negative outlook on Bolivia among global investors, stating:

Price increases in the country continue to escalate, with March inflation reaching over 14.6 percent year-on-year, according to the National Institute of Statistics (INE). This positions Bolivia as the fourth most inflationary country in Latin America, following Argentina, Venezuela, and Cuba, despite having one of the lowest inflation rates globally during the pandemic.

As economic reserves dwindled and public finances deteriorated, the government could no longer sustain its subsidies. It faced declining popularity, and internal conflicts leading to rivalry between Arce and Evo Morales for control of the party.

The Bolivian economy faced a setback with the cancellation of contracts between Yacimientos de Litio Bolivianos (YLB) and the Chinese company CBC, as well as the Russian Uranium One Group. Bolivia has the world's largest lithium reserves, essential for electric vehicles and high-tech products.

Ahead of the elections, MAS has splintered into three tendencies, including Morales:

- Eduardo del Castillo, a former Minister of Government endorsed by President Luis Arce, represents the consolidation of “arcism” within the MAS.

- Andrónico Rodríguez, President of the Bolivian Senate, has distanced himself from Morales by running for president with the Alianza Popular party.

- Evo Morales was disqualified from the election for not registering his new party, Evo Pueblo. He later attempted to register with the Bolivian National Action Party (PAN-BOL), but that party was also not authorized.

The other leading presidential candidates share far-right views. They include:

- Samuel Doria Medina, a businessman and politician leading the National Unity (UN) coalition. This includes right-wing figures like Luis Fernando Camacho, who during the 2019 coup, famously entered the Government Palace with a Bible, symbolizing his rejection of what he considered an “atheist and communist” regime.

- Manfred Reyes Villa, the mayor of Cochabamba since 2021

and a member of the Autonomía Para Bolivia-Súmate (APB Súmate) party. His father, Armando Reyes Villa, served as defense minister under dictator Luis García Meza. Manfred Reyes Villa is a former military officer and businessman who studied at the Pentagon's School of the Americas. This institution was known for teaching counterinsurgency strategies and promoting anti-communist ideology, with many alumni involved in human rights violations and coups.

- Chi Hyun Chung, an ultraconservative evangelical pastor and doctor born in South Korea. Leading the Movimiento Nacionalista Revolucionario, he is a supporter of Trump and has been dubbed “the Bolivian Bolsonaro” for his fierce anti-communism and opposition to LGBTQ rights. He advocates pro-life policies and a militarized Bolivia, while criticizing the Movement Toward Socialism (MAS) and Evo Morales for promoting a “communist” model.

Morales’ “21st Century Socialism” has failed, contributing to an economic crisis and the threatened return to power of the far right.

After being excluded from the presidential race, Morales mobilized his supporters in a march on La Paz, leading to confrontations with police following President Arce's orders to stop them.

Regardless of who becomes president, the working class and peasants will bear the burden of the crisis. Even if Morales ran for president and won, he would still comply with the IMF's demands. As the WSWS reported after Morales was removed from the presidency in November 2019:

As demonstrated by its continued subservience to the demands of imperialism and its institutions like the OAS, any future role played by Morales, MAS and their apologists will be aimed at providing a democratic cover to the reality that Bolivian economic and political life are dominated by the US and European financial aristocracies and its military puppets in Bolivia, while there is no section of the Bolivian ruling class capable of fighting imperialism.



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