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Bolivia: President Evo Morales Begins Second Term

by LADB Staff

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As Bolivian President Evo Morales began his second term on Jan. 22, most analysts and international press agreed that this new period would be radically different. The president will now have not only the position but also the power, and the new indigenist Constitution approved by referendum in January 2009 will be fully in effect (see NotiSur, 2009-02-13). His impressive victory in the Dec. 6, 2009, election, in which he received an amazing 64.22% of the vote (see NotiSur, 2009-12-18), and the dispersion of the opposition, which has been reduced to the most extreme sectors of the right, raises the possibility that the April 4 departmental elections could give Morales' Movimiento al Socialismo (MAS) control of most of the administrative apparatus at all levels. This would allow the president to expand the process of change begun in January 2006, when he was first sworn in as president of Bolivia. Analysts' predictions are already coming true. The right is falling into terrible disrepute. It still has no unified discourse and is instead enmeshed in a fierce dispute for the elective offices at stake in the coming elections. In addition, many of its leaders have fled the country to avoid prosecution. The government has not failed to take advantage of these circumstances and, in the few weeks following the overwhelming re-election victory, it has moved toward expanding its indigenist project and is developing a strategy of approaching middle-class sectors of the population, which until now have opposed it. In addition, it is advancing its economic program and has announced measures that will affect major groups, such as nationalizing the railroads with the support of Chinese capital, eliminating the private pension system, and undertaking a development plan that includes state exploitation of the country's rich lithium deposits (50% of the world's reserves). Foreign relations pose challenges. In foreign relations, everything is not as rosy, however. Analysts quoted by Radio Nederland said, "Unlike in the recent past, Morales will encounter an adverse international climate, especially after the electoral victory of Sebastian Pinera (see NotiSur, 2010, 01-22), the rightist candidate in Chile." The Dutch broadcasting service alluded to the country's land-locked status since Bolivia lost part of its territory, and with it its ocean access (see NotiSur, 2008-02-08), in the War of the Pacific (1879-1883). After more than a century in which Chile, winner of the war, had refused to dialogue about an eventual agreement to give Bolivia use of a port, possibilities for a favorable solution arose during the government of President Michelle Bachelet, which Pinera rejected outright during his recent electoral campaign. That is not Morales' only foreign-relations problem. During the last week of December, the US government announced that Bolivia would continue on its list of countries that do not cooperate in the anti-drug war and therefore remain excluded from the benefits of the Andean Trade Promotion and Drug Eradication Act (ATPDEA), a law that eliminates duties on exports to the US from coca-growing countries (see NotiSur, 2008-10-31). Bolivia, whose diplomatic relations with the US have been frozen since it expelled US Ambassador Philip Goldberg in September 2008 (see NotiSur, 2008-09-19), responded by charging the White House with interfering in its internal affairs as well as by accusing the administration of President Barack Obama of protecting Bolivians in the US who are wanted by the Bolivian judiciary for alleged crimes against humanity. The fugitives from Bolivian justice include two-time former President Gonzalo Sanchez de Lozada (1993-1997, 2002-2003), his former defense minister Carlos Sanchez Berzain, and most recently former presidential candidate Manfred Reyes Villa, who arrived in Miami last Dec. 15. A third point of international tension is
Peru. Four other ministers of Sanchez de Lozada's administration have lived in Lima since last year. They are also wanted in connection with the deaths of 67 people killed during the repression of a protest march in 2003 in La Paz (see NotiSur, 2004-10-29). When the Peruvian government granted the former ministers political exile, Morales accused Peruvian President Alan Garcia of "turning Peru into a refuge for perpetrators of genocide." Reyes Villa has left Lima for the US. He entered Peru illegally on Dec. 14 and the next day traveled legally to the US on an American Airlines flight. The Peruvian government acknowledged the incident, and the US admitted that the fugitive was living in Florida. He reappeared in public on Jan. 13, giving an interview to the Miami Spanish-language daily Nuevo Herald, in which he said he was a victim of "political persecution." Using the same tone as Morales' critics and predicting new friction with the neighboring country, governing-party Sen. Isaac Avalos, a prominent campesino leader, said, "All the scoundrels seek refuge in or escape to Peru because Alan Garcia defends our country's assassins and those who are corrupt." Economic indicators give Morales a boost Economically, Morales began his second term with limitations inherent to a country that depends exclusively on mining and gas exports. Nevertheless, to fulfill his major objective of ending extreme poverty, which affects some 30% of the 10 million Bolivians, Morales can count on an economic situation that any of his predecessors or his colleagues in many countries might envy: international reserves of US$9 billion, a large tax surplus, and marked growth in per capita GDP, from US$1,010 in 2005 to US$1,870 in 2009. Thus, during Morales' first term, GDP grew by 84%. In addition, on Jan. 7, the Associated Press reported that Bolivia's 2009 accumulated inflation rate stood at only 0.26%, significantly below the government's goal of 3%, set at the beginning of the year. With these numbers at hand, Economy Minister Luis Arce said, "In 2009, for the first time, Fitch Ratings and Moody's Investors Service raised Bolivia's grade, and the International Monetary Fund (IMF) praised the country's macroeconomic policies as an example of prudence and balance." With this advantage, and with a promise from the Chinese government of an investment of US$1.5 billion a year for five years, Morales' administration plans to nationalize and upgrade the two small railway lines, privatized in 1996 and controlled by US (Genesse & Wyoming, Inc.) and Chilean (Bolivian Railways) capital. The official announcement states that the aim is for the railways to integrate the eastern part of the country with the west and to transport exports of iron, whose reserves are estimated at 40 billion tons, concentrated in the El Mutun iron-ore deposits in the eastern department of Santa Cruz. Minister of Public Works Walter Delgadillo told Reuters that nationalizing the railways is part of an ambitious development plan to make the country a connecting point between Brazil's Atlantic ports and Chile's Pacific docks. The old Empresa Nacional de Ferrocarriles had barely 2,500 km of track separated in two unconnected networks when it was privatized. Their sale to the two foreign companies was made in exchange for a commitment to expand both and make them complementary, but that was never done. In the plan to retake control of sectors privatized during the Sanchez de Lozada governments, and in fulfillment of provisions of the new Constitution, only two days after Morales was sworn in for his second term, the government announced that the state would once more manage the retirement system, which, since the end of 1996, has been in the hands of two European groups: Administradora de Fondos de Pension (AFP) Prevision of the Spanish Banco Bilbao Vizcaya Argentaria and AFP Futuro of the Swiss Zurich Financial Service. Analysts told Prensa Latina news agency that, once tensions calm down after the April departmental elections, there will be new, far-reaching announcements because Morales "has exceptional popular support that allows him to successfully address the undertakings that other governments have not even had the courage to mention."
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