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Bolivian President Evo Morales, Unions Reach Agreement

by Andrés Gaudín

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Since the Bolivian government eliminated hydrocarbon subsidies, resulting in an 83% increase in the price of fuel and a wave of speculation that especially affected food products, the longstanding love affair between workers and the progressive administration of President Evo Morales has been on the rocks. The subsidy elimination occurred in late December 2010, and, although the measure was rescinded before year's end, the government paid a high price, as a significant part of its social base—workers, miners, teachers, public employees—, manipulated by minority but highly militant sectors, remained at odds with their former leader (NotiSur, March 25, 2011).

Between March 31 and April 18, Bolivia experienced a situation that it never would have imagined, with a part of the union leadership accusing Morales of having "succumbed to the riches that power offers."

Today the governing Movimiento al Socialismo (MAS) is calling on its militants to "prepare to defend the popular government."

On May 3, referring to the president—undoubtedly the region's most austere and transparent president—José Luis Álvarez, leader of La Paz teachers, said that Morales "sold his principles," and, to justify his almost infantile accusation, added that "now Evo eats well, dresses well, and travels by plane and in luxury automobiles."

Morales and Vice President Álvaro García Linera were no less harsh when on various occasions they accused leaders of the teachers union and the Central Obrera Boliviana (COB) of "assisting the right to overthrow our democratic government" and "serving the mining corporations that exploit our riches and take huge dividends out of Bolivia."

The accusations were made during the 18 days in which strikes, roadblocks, violent demonstrations, and explosions in front of the government house and Congress building shook the country.

COB opens with demand for 110% raise

A few days after the government eliminated the fuel subsidies, the COB surprisingly demanded a 110% salary increase, which led the president to ask the union leaders if they were serious.

Weeks later, on its own initiative, the government raised the national minimum wage by 20% —"the second-largest increase in South America, after the 25% raise granted in Uruguay," said the president. He offered a 10% salary increase (equivalent to the March year-on-year rate of inflation) for teachers, public employees, health workers, police, and military personnel, which would also serve as the basis for private-sector salary negotiations.

At that point, the COB came down off its 110% pedestal and called for a 15% raise, deeming the government's offer "a miserable increase." The union proposed that the 5% difference between its demand and the government's official offer be covered by increasing the fiscal deficit or using international currency reserves, at the expense of all Bolivians.
Following the two general strikes in February and March, union leaders decided to initiate an indefinite strike until the president agreed to meet with them. They would negotiate only with Morales.

Morales met with them, as he always has, and with no need for threats, and they talked for several days until finally, on April 18, at the close of 20 hours of continuous dialogue, an agreement was reached. During those days the confrontational level had been rising. Accompanied by his advisors and Economy Minister Luis Arce Catacora, Morales explained to the COB that accepting the 15% demand would mean putting the country in debt or jeopardizing development possibilities.

Earlier, on April 12, a preliminary agreement had been reached on eight basic points. When the time came to sign the memorandum of understanding, Morales and his ministers did so, but the COB leadership refused to endorse the document, saying that it would have "to consult with the base regarding the text."

**Agreement that wasn’t**

In the agreement, the parties committed to draw up a set of laws that would include rescinding a 1985 decree that suppressed price controls and regulations, opening the door for Bolivia's entrance into the free-market world. In addition, the COB would be charged with writing a bill to restructure the Caja Nacional de Salud, a health agency that has 3 million affiliates and faces a crisis at all levels. But the preliminary agreement left unresolved the salary-increase percentage.

The COB secretary-general, forgetting the need for prior consultation with the base, said that the union would write a counterproposal.

"If the money were there, why not a 15% increase? But if sufficient economic resources are not there, where will the money come from? With 10% we cover 2010 inflation; it is a rational increase, and the treasury has no ability to increase and increase," responded Morales.

Arce Catacora went to the crux of the problem. "We are facing a request to which we cannot give an affirmative response," he said. "The COB presented two possibilities: that salaries be raised by increasing the deficit or by using international currency reserves. In the first option, the treasury is not in a position to assume a greater deficit than we already have [some US$125 million]; in the second, the reserves [about US$10 billion] belong to all Bolivians, and it is the government's duty to take care and channel them toward greater investment that will allow planning for the future."

The president introduced into the debate a concept of real justice that had not been raised by the COB leaders, "to establish an increase inversely proportional to income, so that those who earn less receive a larger raise."

The union rejected that offer, as it rejected the proposal to nationalize the mines, which had been done successfully with oil and energy. In addition, for the first time in the discussion, it floated the idea that the president "is a traitor to the workers."

Morales responded with arguments and with firmness. "As the government, we cannot spend money that we do not have to raise salaries because the reserves are not for that but rather for developing the country, and personally I tell them that we will never deceive the workers. The only problem here is that there are those who convert a demand into an ambition."
Nobody wins

The crisis finally reached an apparent end on April 18, when the government raised its offer by one percentage point, to 11%, and the COB signed the agreement. The government also promised to study the issue in depth to see if in the coming months the increase could be upped to 12%.

The country was paralyzed for 18 days for one percentage point, which adds little more than US $.50 a day to the pocket of each worker. The government had to shelve the project to nationalize the mines of Canada's Pan American Silver Corporation, US company Coeur d'Alene, Swiss firm Glencore, and Japan's Sumitomo. All because the mining union's leadership preferred to defer its historic nationalization demand rather than support the progressive government's proposal.

It was Morales who first said that the COB's actions reminded him a lot of the practices of those wanting a coup. "The protests are a provocation to remove me [from office]," he said, later adding, "These protests are like a coup."

On another occasion, García Linera expressly referred to the matter, saying that "the protests originally had a social content, but a restorationist political manipulation and directionality by the old, rightist conservative regime, oriented toward overthrowing the government, was overlaid on that social content. It was a political adventure that failed."

The vice president also alleged that "some COB leaders have ties with Manfred Reyes Villa and with private mining concerns." Reyes Villa is a former Army captain, graduate of the School of the Americas when it was based in Panama, and several-time frustrated presidential candidate for the Bolivian ultraright.

Government officials said, clearly and directly, that "the COB leaders were creating the conflict to improve their position in the union's next internal elections."

In the press, readers who post comments on the Web did not hesitate to describe the union leadership as "Trotskyist," claiming that these miniscule groups take advantage of the apathy of progressive sectors to deploy overwhelming activity.

Interestingly, this destabilizing militancy, self-described as "leftist," has also emerged in other countries of the region with governments with clearly popular roots, such as those of Uruguay and Argentina.

During the entire destabilizing process, the campesinos maintained a state of alert and warned the COB leaders and the miners that they were "prepared to carry out countermarches to defend the process of revolutionary change that Evo leads."

The dynamism of the political situation surprises analysts. On May 3, when tensions seemed to have peaked, García Linera again sounded the alarm. "We are at a critical moment," he said. "The old privileged class that used and abused power does not accept being governed by an indigenous president like Evo, who comes from the people and who works for equality and the rights of all. We have money, we are saving to develop industries that generate wealth, and with that, yes, we will improve salaries because we must first have somewhere to get the money from," he said.

The vice president then made a dramatic call. "Today I call on all socially responsible leaders to be in a state of emergency and a state of alert in defense of the president. I ask workers, campesinos,
and cooperative miners to defend this process of change, and I tell them that if necessary they have
to mobilize in all ways"—and he stressed "all ways"—"to defend the revolutionary government
from these attacks by sectors nostalgic for our worst past."

To García Linera's dramatic call, the first to respond were again the campesinos who only recently,
200 years after independence, are saying, "Finally, we're beginning to feel free."

-- End --