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Recommended Citation
Bolivian President Evo Morales Cozies Up to Foreign Investors, Eyes Re-election

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Category/Department: Bolivia
Published: 2015-11-13

At a time when administrations in friendly neighboring countries are struggling to survive against intense pressure from internal opposition forces and outside interests (NotiSur, Oct. 30, 2015), the government of Bolivian President Evo Morales has managed to build a solid foundation of support that the right and its allies, despite their persistent attempts, are unable to disrupt.

Developments in recent weeks have been particularly positive for the indigenous president and his Movimiento al Socialismo (MAS). First, on Sept. 26, the Asamblea Legislativa (AL) voted in favor of a proposal to amend the Constitution and thus allow Morales to seek re-election four years from now, when his current term ends. Second, in October, the financial assessment agency Moody’s, just as Standard & Poor's and Fitch did earlier in the year, boosted Bolivia’s credit rating. Third, on Oct. 26, a select group of investors gathered in New York City at the behest of the Financial Times and the Inter-American Development Bank (IDB) gave Morales a standing ovation and opened up the possibility that the highland country could receive an avalanche of investments.

Although Morales previously told supporters to "find me a replacement" for the 2019 presidential elections, in which he was constitutionally ineligible to run, it comes as little surprise that MAS and the labor unions, campesino groups, indigenous associations, and other social organizations that back him would push for a reform allowing the three-term president to again seek re-election (NotiSur, July 31, 2015). One by one, the various organizations came out in favor of continuity, of keeping the government of Morales and Vice President Álvaro García Linera in place until 2025, when Bolivia marks the bicentennial of its independence from Spain. Now that the term-limit reform has been approved by the legislature, the next and final step to changing the law is a national referendum, to be held early next year, on Feb. 21.

What did come as something of a surprise was last month’s decision by Moody’s, one of the Big Three ratings agencies that the global-market faithful treat with such reverence, to up Bolivia’s credit rating from Ba2 to Ba3 because of "strong economic growth that is driven by high public sector investment, prudent economic policies, and a significant external reserves buffer." Those buffers, the agency went on to say, "should allow Bolivia to handle a slump in energy prices from a position of relative strength." Moody’s also noted that the country has a low level of public debt compared with other South American countries, and it praised the Morales administration directly by saying that "prudent macroeconomic policies and efforts to improve the business environment signaled improved economic and institutional strength."

That last sentence is especially important for investors who put their faith in these periodic reports by Moody’s and fellow Big Three agencies Standard & Poor's (S&P) and Fitch, which reached similar conclusions in May and July, respectively, boosting Bolivia’s debt rating from BB– to BB with a "stable outlook." All three entities base their ratings on four factors: economic strength, institutional strength, government financial strength, and susceptibility to event risk.
**Toast of the town**

The financial-assessment agencies aren’t the only players in the world of global capitalism looking at Bolivia in a favorable light these days. Late last month, on what happened to be President Morales’ 56th birthday (Oct. 26), a group of some 130 business leaders gathered in the upscale Four Seasons Hotel in New York City to hear firsthand what an indigenous leader—dressed in the style of the Andean highlanders—had to say about investment opportunities in his country.

Even more noteworthy, perhaps, was that the group had been brought together by the highly influential London-based business paper Financial Times and the IDB, which called their event the "Investing in the New Bolivia Summit." Given the huge amount of clout they have among the global business community, the Financial Times and IDB, by organizing the event and bringing Morales face to face with potential investors, delivered what amounted to a knockout blow to the Bolivian opposition, which was left isolated and with nothing it could use to reproach Morales, at least in economic matters.

Not only did the Financial Times organize and sponsor the event; it also published a special 52-page supplement, titled The New Bolivia, that hailed Morales as "arguably the region's most successful socialist president ever" and highlighted the economic growth and high level of popularity he has accomplished during his nine years and eight months in power.

**The "decaffeinated left"**

The business world's praise for the president, combined with the reception he enjoyed in New York, has boosted Bolivia’s chances of attracting outside credits (like the US$7.5 billion loan for road and bridge construction it recently signed with China) and investments, including from Asian companies like South Korea’s LG Petrochemical, which has expressed interest in participating in lithium extraction in Bolivia’s Salar de Uyuni, the world’s largest salt flat (NotiSur, July 31, 2015).

But it also sparked the ire of the "izquierda revolucionaria" (revolutionary left), made up of small Trotskyist groups that hold little weight in Bolivian politics but "are very bothersome," as one analyst from the French news publication Le Monde Diplomatique put it. The fringe force said Morales' presence in New York signals a surrender of the goals he pursued upon first rising to power in 2006.

Vice President García Linera, who also made the trip to New York, took it upon himself to respond to the Trotskyist critics, making use of his solid ideological training and polished skills as a polemicist to blast "the poor decaffeinated left here and in other countries in the region that gets its information from the History Channel and criticizes us without any theoretical foundation."

García Linera was also quoted by news agencies as saying he brought along "the complete works of Lenin" so as not to be bored during the trip. "There are 54 volumes and I’m currently working on numbers 34 and 35, which correspond to the years 1920 and 1921 and talk about the ‘concessions’ of Lenin, that Russian socialist who shook the world between 1917 and 1924 and gave out concessions to coal, oil, and logging companies, even from enemy countries like the United States, Germany, and England, which were attacking Russia," he said.

The vice president went on to say that Bolivia, as part of the "full revolutionary process" it is currently engaged in, "should take advantage of all that the global economy can offer." He made it clear, nevertheless, that the government is seeking "partners, not bosses."
**Development goals**

The political stability that Morales has brought to a state that had more than 150 military uprisings (a world record) in a less-than-200-year span makes Bolivia a tempting prospect for the large multinationals whose representatives attended the "New Bolivia" gathering in New York. Investors are also, of course, attracted by Bolivia’s economic potential (NotiSur, Oct. 24, 2014, and Feb. 6, 2015). The country has South America’s second-largest natural gas reserves (after Venezuela), plus iron and oil resources, and the world’s largest supply of lithium. Its GDP, furthermore, has grown at a steady rhythm of approximately 5% annually.

Still, major problems persist. "Morales sparked a political, cultural, and economic transformation that improved all the social indicators, and yet Bolivia continues to be one of the region’s poorest countries," the news agency ANSA argued in an Oct. 17 article. "It needs development like it needs oxygen."

Government data suggests that 18% of the population lives in poverty. And despite a 7.7% increase in the past nine years in basic sanitation coverage, half of all Bolivians lack proper toilets and sewer systems, according to a recent report from the Ministerio de Medio Ambiente y Aguas.

Morales promises to resolve these deficiencies by 2025, the year of Bolivia’s bicentennial. He also wants to transform Bolivia’s raw-materials-based economy into a manufacturing and service-based system. Morales and García Linera talk about reducing the country’s historic reliance on mining and hydrocarbon extraction and developing Bolivia instead as an enclave of technological development capable of producing knowledge and products with high added value. Meeting that goal, the government argues, will require more than state investment alone. Bolivia also needs private capital, which is why Morales’ appearance in New York was so necessary, whether the "decaffeinated left" understands it or not.

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