



## THE CRISIS IN BOLIVIA

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### ABSTRACT

This paper surveys political developments in Bolivia since the return to civilian government in October 1982 within a wider framework established by the National Revolution of 1952. Critical attention is paid to the dilemmas and eventual collapse of the UDP government in both political and economic spheres. Some summary remarks about the nature of political democracy in Bolivia are drawn against the background of the elections of July 1985 and the subsequent adoption of a policy of severe orthodox adjustment by the new regime of Victor Paz Estenssoro.

### RESUMEN

Este estudio presenta un análisis del desarrollo político de Bolivia a partir del establecimiento de un gobierno civil en octubre de 1982. Nuestro enfoque más amplio hace referencia a las características de la Revolución Nacional de 1952. Se elabora un análisis crítico de los dilemas y el eventual colapso del gobierno de la UDP tanto dentro del terreno político como en lo económico. El ensayo concluye con algunas breves observaciones en cuanto a la naturaleza de la democracia política en Bolivia a la luz de las elecciones de julio de 1985 y la adopción por el nuevo régimen de Víctor Paz Estenssoro de una política de estabilización ortodoxa.



On the morning of Thursday, 29 August 1985 the government of Bolivia presented Supreme Decree 21060 to the nation. The 166 articles of this charter for a 'New Economic Policy' constituted the most radical shift in planning and policy in the country for over thirty years. Wages in the state sector were to be frozen for four months during a year when inflation was expected to exceed 15,000% whilst all controls on prices were annulled; the central enterprises of a state that controlled some 60% of the economy were to be broken up, 'rationalised' according to strict criteria of profitability, and deprived of legal and economic protection from private sector incursions; the peso was floated, amounting to an immediate devaluation of some 95%; subsidies of basic foodstuffs and gasoline were lifted, resulting in immediate price rises of up to 1,000%; exchange controls were removed, re-establishing the hegemony of the U.S. dollar as government policy; tariffs were lifted wholesale, threatening many sectors of a weakling industrial circuit and thousands of jobs that it provided; and the long-respected, legally-enshrined, guarantees for employees in the public sector were declared void, to be replaced by the practice of 'relocation', a transparent euphemism for the power to fire at will.

Unsurprisingly, the decree met with an immediate and anguished response that extended well beyond the trade unions. Within two days a 48-hour general strike was declared. It was later prolonged to 72 hours and then, when the government pronounced that it would not negotiate any part of its program and began to fire droves of public employees, the stoppage was made indefinite. After two weeks of deadlock and virtual

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paralysis of the national economy constitutional guarantees were suspended under a state of siege, troops invested the mines and city centers, demonstrations were outlawed and broken up, 350 leaders of the Central Obrera Boliviana (COB) were detained and sent to prison camps in the jungle whilst others either slipped out of the country or engaged in clandestine organisation.

Over the last decade we have become accustomed to scenarios such as this in Latin America: the declaration of neo-liberal economic policy, matching or even exceeding the demands of the I.M.F., and necessarily imposed with military force. It is an image of the 1970s, associated most closely with the vicious and calamitous failure of militarism in Chile, Argentina and Uruguay to resolve the structural crisis of the economy by imposing the 'logic' of the market at the point of a bayonet. But the Bolivian case is distinct. It comes over a decade after the first concerted application of the pristine theories of the Chicago school by Pinochet and several years after their manifest failure. Moreover, Decree 21060 was not introduced by a military regime but by a constitutional one elected only one month before. The new president, Víctor Paz Estenssoro, certainly possessed a highly dubious political record and in no sense could be accounted a card-carrying member of that newly buoyant political current that celebrates the ambiguous merits of being tagged 'Latin American social democracy'. Yet Paz owed his assumption of office principally to the fact that he was the leading architect of the 'National Revolution' of 1952 that had erected the economic system which he now proposed to dismantle in a fashion more comprehensive than ever essayed by his

predecessors, either military or civilian.

Paz's stance is not as anomalous as might at first appear. It had already been taken by Belaunde in Peru, is close to that being more diligently directed by Febres Cordero in Ecuador, and possesses more than a few similarities with the 'emergency programs' being implemented by Sanguinetti in Uruguay and Alfonsín in Argentina under the rather more secure cover of being the first post-military administrations and temporarily possessing more flexible terms for a 'social pact' ('concertación') as a result. Yet the Bolivian case still remains extraordinary insofar as the introduction of unrefined capitalist austerity not only dismantles a state-based political economy that retained extensive support despite its multiple weaknesses but also follows after a period of nearly three years of attempted reform by a regime composed of forces of the traditional left. How is it, then, that in the epoch of concertación, following the recognised failure of unabashed neo-liberalism elsewhere, without the advantages provided by the immediate post-dictatorial period, in a country with an extremely powerful union movement built around the structures and traditions established after 1952, such a project could be undertaken by an elected regime? Naturally, any explanation of what appears to be a recurrent crisis in Bolivia must assign a relative importance to predominantly structural and predominantly conjunctural factors. Here we will tend towards a condensation of longer-range developments, but some attention must be paid to the immediate circumstances of Paz's rise to power.

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#### The elections of 1985

The victory of the Movimiento Nacionalista Revolucionario (MNR) following the poll of July 1985 was celebrated by the press and chancelleries of the west as yet a further indication that the process of Latin American re-democratisation was fully under way. For the first time in the history of Bolivia - a state notorious for its political instability, incessant coups and insurgent syndicalism - an opposition party had won an election. Furthermore, there was a certain statesman's comfort to be derived from the fact that this exchange of power fell within the compass of a familiar political tradition. The outgoing president, Hernán Siles Zuazo, leader of the MNR de la Izquierda (MNRI) and the reformist coalition built around it to form Unidad Democrática y Popular (UDP), had served twice before as president (1952 and 1956-60), personally led the insurrection of April 1952, and had overseen the eventual removal of the military from 18 years in power in October 1982. His successor, the 78 year-old Paz, belonged to the same tradition and had the same political roots, entering congress in 1938, occupying the presidency three times previously (1952-56, 1960-64, and 1964 for three months of a new term) in addition to possessing the capacity to sustain the populist rhetoric of the revolutionary era while promising that his faction of the MNR would now engage in decisive but measured adjustments to the post-52 system. The distance between the two administrations was widely judged to be one of style and nuance rather than fundamental content. As a skilled and veteran conservative politician



Paz would obtain fiscal sobriety whilst retaining sufficient popular backing to avoid a collapse of public order in the process. The age of these two principal protagonists and the evident exhaustion of the model that they had instituted strongly suggested that this would be the last modulated cycle of a backward-looking progression in national political life.

Such an impression was strongly encouraged by the fact that Paz had not gained office as the result of a predictable and convincing popular vote - the MNR won only 26% - but rather because the majority of parliamentary deputies as well as a great many voters viewed his candidacy as a 'mal menor' (lesser evil) when pitched against that of the trenchant right-winger General Hugo Banzer Suárez, leader of Acción Democrática Nacionalista (ADN). Given that only seven years before mass mobilisation had terminated an incomparably severe and extended period of dictatorship led by Banzer, his 29% of the vote was quite remarkable and betokened a major threat to the old MNR concordat. The large ADN vote reflected exasperation with the UDP's corrupt and inept efforts to solve the economic crisis and a notable victory of the memory of 'peace, order, work' during the 1970s over the crushing reality of the 1980s. At the same time, following the collapse of the left, tactical voting for the MNR bespoke a comparable attachment to the legacy of 1952 and repudiation of militarism.

The simple explanation of Decree 21060 is that Paz betrayed his constituency and robbed Banzer of his program in a manner whereby

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the ADN was obliged to support its opponents of yesterday and provide them with a congressional majority very different from that which had denied Banzer the fruits of his relative majority precisely because of the conviction that he would do that which, three weeks later, Paz did. In the world of parochial creole politicking such a machiavellian reading cannot be discarded as purely superficial, and the ADN was the first to decry mealy-mouthed deception. Yet Banzer has a sufficiently sharp memory to recall that it was Paz who had rebuilt the military in the 1960s, assaulted the COB and attempted to impose sharp deflationary policies on the state sector under the Alliance for Progress, had fully backed his own bloody coup against the left in 1971, providing sagacious advisers and cabinet ministers from party ranks for the first three years of the regime as well as for the inept juntas of the late 70s and early 80s. The ADN bowed to the trump rather than run the risks of secondary sectarian advantage. The right, then, won the 1985 election in every sense, but it did not do so as the result of an elaborate con-trick upon an electorate bemused by the intricacies of partisan alignment, but rather because of a concerted failure of the left to supersede the contradictory heritage of 1952 and provide anything remotely resembling a coherent answer to what is without doubt the gravest economic crisis in Latin America.

#### The scope of the problem

The crisis which defeated Siles' UDP and which remains unabated is

of such an order that the term 'bolivianización' has entered the argot of contemporary Latin America as indicative of terminal political and economic decomposition. Yet, although exceptional, the case of Bolivia is not sui generis. The consequences of Latin America's \$360 billion debt, of which Bolivia's share amounts to less than \$5 billion, are evident everywhere. Employment of export earnings to cover debt repayments is the focal point of growing discontent on the part of local bourgeoisies and regimes since it privileges rapidly accumulating export of capital to the metropolis over domestic growth. The danger of increased conflict on this score has moved even the U.S. Treasury and the I.M.F. to some formal gestures of mollification because while Bolivia leads the field with 57% of export revenues allocated to repaying the foreign debt, larger and more powerful states are not far behind. This question has acquired considerable importance because over the recent period efforts to meet the I.M.F.'s strictures over increased exports and severe cut-backs in import levels have been sustained under adverse terms of trade and with a sharp fall in regional GDP. Again, Bolivia heads the list with a reduction in national production of 25% between 1981 and 1984, but the levels elsewhere remain grotesquely impressive. The fall in per capita GDP is of a still higher order. Although official figures for open unemployment betray little of the real situation for economies now significantly dependent upon 'informal' sectors of peddling and shanty-town subsistence, they convey enough information to suggest that upwards of one third of Latin America's labour-force

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lacks formal waged employment.

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The decision of the Siles administration in May 1984 to cease repayment of its debt to the private banks at the scheduled rate and unilaterally apportion a percentage of export earnings to this end was at the time a solitary stance born of absolute necessity if any semblance of internal state operations was to be maintained. The banks closed down their local offices, cut off all credit, refused to negotiate and denominated the \$1.5 billion loans they were owed non-performing. Their fears that this clumsy de facto moratorium might become contagious were placated by the ensuing chaos in Bolivia which was carefully studied by other Latin American regimes. Yet Mexico had been on the cusp of default in August 1982 only to be bailed out by extraordinary I.M.F. and Federal Reserve measures, and the 1985 earthquake only created more difficulties for a rescue operation that was already recognised to be utterly insufficient. In more muscular fashion President García of Peru unilaterally declared in August 1985 a temporary rate of repayment far lower than that demanded by the banks, and shifts in this direction by both Uruguay and Brazil both revived the option and underscored the extent of a malaise that is shared even if its severity is variable.

Perhaps the most forceful of the many statistics welling up out of contemporary Bolivia is that which indicates a fall of over 30% in production per capita between 1978 and 1984. Production is at the heart of the problem, but the collapse in the country's industry has propelled transformations in the financial sphere that are of such a magnitude that they beggar the imagination of inhabitants of the northern hemisphere. Between 1979 and 1984 the Bolivian peso was

devalued by some 250,000%; and by mid-1985 inflation had reached 14,000%. In the Spring of 1985 every Bolivian on the minimum wage was a millionaire and took home the equivalent of \$20 per month. Banknotes became the nation's third largest import; old five-peso coins used in public telephones were sold on street corners by the blind for anything up to B.10,000 in notes. Whilst the agencies of the state continued to calculate their sums with a full complement of zeros, business machines and popular practice dispensed with them. Illiterate market women were equipped with well-thumbed pocket calculators and maintained sometimes hourly contact with the parallel market for dollars in La Paz's Avenida Camacho, where the pedestrian traders were only occasionally disturbed by the police for defying the official exchange rate with a fluent speculation that was as keen in its inculcation of local and international factors as is the Dow Jones Index. For all except exporters receiving their dollars through the Central Bank - and many exporters apart from traders in cocaine did not - the Camacho rate was the one that determined their livelihood. Unlike the Argentines in previous periods of hyperinflation, the Bolivian populace did not identify bank-notes by color, preferring simply to remove all reference to 'thousands'. For the purposes of most daily purchases this proved workable although popular culture still had to come to grips with a commercial argot that rendered the quantum jump to millions comprehensible.

The language of inflation is almost always expressed in Spanish, being rapidly adopted by that 40% of the population which is bi- and tri-lingual in this tongue and the native Aymara and Quechua as well

as by the 22% of Bolivia's six million people who speak only the Indian languages. This is not an inevitable feature of acculturation since these languages are so finely structured and resourceful that, used as a computer bridge, they have proved capable of inter-translating at least eleven others, including those of the Director of the I.M.F. and the President of the U.S. However, the 65% of the country's population that lives in the countryside is far from submerged in some form of autarky and although subsistence farming and barter remain strong, the impact of the crisis has been as severe there as in the towns. The sheer size and backwardness of the rural sector contributes greatly to the aggregate statistics of poverty accelerated over recent years so that in the western hemisphere Bolivia ranks second only to Haiti in terms of the desperation of the human condition. Infant mortality, perhaps the most synthetic of indicators of development, has reached 168 per thousand live births; one half of all children are malnourished; only a third of all households have access to potable water whereas one third have no bedrooms; 60% of all Bolivians either earn or cultivate too little to provide themselves with a nutritional intake adequate for a healthy life; over 61% of all school-children, who themselves constitute 35% of the population, suffer from goitre.<sup>2</sup>

It is such a population, already in conditions more proximate to those of the Sahel than those in Argentina, that has had to bear a reduction in imports of some 58%, clearly trespassing the inevitable quotas for Mercedes and Moulinex deep into the domain of basic grains,

essential spare parts and medicines. Afflicted in 1983 by 'El Niño', which brought a withering drought to the highlands and floods to the eastern plains, it has been driven into myriad strategies for survival, not the least of which have been treading coca leaves, emigration, smuggling and, most evident of all to the outside world, radical mass mobilisation to defend minimal living standards. Thus, if Bolivia is indeed a 'basket case', it is one in which peasants frequently blockade roads in order to secure a higher price for their products, and workers have come to adopt the sliding scale of wages as a commonplace catechism.

#### The legacy of 1952

The origins of the backwardness of Bolivian capitalism lie in the form of export economy established during the colony and preserved throughout the republican period by the production first of silver and then tin for the world market. In a most typical fashion, concentration upon export and the very limited nature of the local market impeded industrial development and confined agriculture to a highly provincial and precarious activity. The exceptionally low income of the bulk of the population had the effect of keeping food prices equally low, which greatly assisted the export sector, not least by providing it with access to a large reserve army of labor.

Such a general system continued virtually undisturbed until the revolution of 1952, which constituted the most serious attempt to modernise the country and eradicate the old model. <sup>3</sup> Within the first

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year of the revolution the major tin mines were nationalised, an agrarian reform implemented, and universal suffrage introduced. The MNR, under the leadership of Víctor Paz Estenssoro, attempted to build a renovated capitalism based on both state and private enterprise. Yet traditionally the post-1952 regimes have enjoyed close relations with the U.S., which was able to obtain a rapid suppression of the MNR's early anti-imperialist impetus, impose terms on the weakling public sector, and fortify private enterprise. In good part this control was due to U.S. ownership of vast stocks of excess tin bought off Bolivia during World War Two at remarkably low prices agreed as her contribution to the Alliance. Control of these stocks conferred on Washington in no uncertain manner a determinant voice in the level of the world tin market over the following decades. It also contributed greatly to the U.S. decision to 'negotiate' with the MNR rather than embark upon a policy of political destabilisation, as suffered shortly after by the regimes of Arbenz in Guatemala and Mossadegh in Iran. (It should, though, be noted that the replacement of Truman by Eisenhower, or perhaps more accurately Acheson by Foster Dulles, was also a factor).

The weakness of the core 1952 model was both internally and externally determined. Although the largest mines were brought under the control of the state, the richness of their ores was already entering sharp decline; inside a decade the private mines were offering sharp competition. Moreover, within three years of the revolution state



control of the potentially buoyant oil industry was first constrained and then reversed. Despite the nationalisation of Gulf Oil in 1969, private operations continued in this sector until a sorely handicapped state structure failed to provide sufficient new exploration and existing reserves dwindled to unprofitable levels. Thus, although possession of oil permitted Bolivia some latitude in the early 1970s, it ceased to export crude after 1977 and was thereafter only able to export natural gas under markedly prejudicial terms.

In the highly populated Andean and valley regions of the countryside the MNR model for change was limited to distributing the holdings of hacendados amongst the peasantry to form a patchwork of minifundia. As a result, state economic intervention in this sector was marginal and small-scale farming remained both the rule and highly precarious. While the MNR weakened national capacity to cultivate wheat by relying on U.S. imports, the campesino farmers concentrated their attention on potatoes, yucca and maize. The absence of any coherent plan for rural transformation in the highlands lies behind the rise of levels of infant mortality to some 210 per thousand live births in the countryside some thirty years after the revolution.

By contrast, the MNR regime and those that followed it gave concerted assistance to the expansion of large private agro-industrial enterprises cultivating sugar, cotton, soya and tobacco in the east of the country, which the agrarian reform had barely touched. By the 1970s this sector had become the powerhouse of local capitalism and threatened to overtake mining as the dominant feature of the national

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economy. Furthermore, despite the image and rhetoric of the revolution, the MNR instituted a dynamic system for the transfer of resources from the state to the private sector that critically affected the character of Bolivia's subsequent development. Through important tax and tariff concessions as well as through externally derived credit the state funded and encouraged the de facto existence of dual accounts in private enterprises, one for tax purposes and another for banking operations. As a result, the fiscal parameters of the state remained very restricted, further debilitating the public sector. In order to remedy this position mineral and oil production was subjected to greater tax pressure, so that by the 1970s these sectors, which accounted for more than half of all public enterprises, provided the exchequer with some 70% of its revenue. The private mines were compensated with notably generous credit facilities.

The dependence of such a system on the dwindling resources of the mining sector, and its failure to spur significant development within the sphere of the state, compelled a succession of regimes to print more money and increasingly to depend upon foreign loans. This tendency was to become extremely marked in the 1970s, under the dictatorship of Hugo Banzer, but it was clearly begun under the MNR. Unsupported emission of notes and Central Bank credits are by character inflationary and normally constitute a tax on the economy as a whole. However, those sectors with the capacity to save were able to obtain with government acquiescence throughout the 70s a

system of protectionism by which their active reserves were indexed to the value of the dollar and matched the fluctuation in prices. On the other hand, in what was an absolutely critical intervention in the entire post-52 process, the I.M.F. had ensured - as a result of the grave fiscal crisis of the revolutionary state in 1956 - guarantees for the free movement of capital. This consolidated the option of capital flight and ensured that almost the entire weight of inflation would fall upon ordinary wage-earners and subsistence agriculturalists.

Such a system was subjected to an erratic but at times highly radical challenge by those forces that had achieved the triumph of the 1952 revolution, which retained its contradictory character throughout. Following the taking of power by the MNR in April of that year, the governing party was immediately confronted by the establishment of the COB, centered on the power of the trade union of the 36,000 miners (FSTMB) that retained from the 1940s the tangible influence of a potent current of trotskyism. For a while the organised working class secured workers' control in the state mining sector (Comibol) and persisted in its demands for this to be extended to all state industries, the collectivisation of agriculture, the disestablishment of the military and further radical measures which would have laid the basis of a workers' state. Although such demands were backed by the force of the initially independent union militias, the leadership of the COB, headed then as now by Juan Lechín Oquendo, lacked a coherent and independent program and was forced through a series of discrete ideological and concrete conflicts not only to acquiesce in the MNR's

reformist and state capitalist project but also into the files of the party and the fraternity of the cabinet. The common sense logic of 'collective ownership' drew the fire of syndicalist instincts to subordinate the union movement to a managerialist system in which it had broad formal representation and was for a period able to impose strong terms but lacked overall control. The progressive deterioration of the position of labor within this 'revolutionary nationalist' alliance was bitterly contested through to the defeat of the MNR by a right-wing military coup in 1964. Yet it constantly reflected the absence of a strong alliance with the peasantry, largely marginal in the movement that brought about the revolution and subsequently subjected to a highly effective clientelist control and division built around the agrarian reform.

The critical absence was to endure throughout the 1960s, during which the great bulk of the highland and valley peasantry retained the terms of its reform-centered 'nationalist' subordination. After 1964 this alliance was with the military, which the MNR had built up under the terms of the I.M.F. 'stabilisation' plan of 1956 as a necessary bulwark against worker agitation directly inspired by this critical reversal of the revolution's initial economic impetus. The historic rupture of the 'military-campesino pact' was slow and erratic but played an important part in reconstituting the mass movement that was to engage in the struggles

of the late 70s and the 80s. Its origins lie in the policies of Banzer's military regime, which not only re-oriented the mechanisms of the 1953 agrarian reform towards agro-industry but also resorted to repression as its principal means of control in the countryside. A particularly brutal massacre in the Cochabamba valley in 1974, allied with a concerted divergence from the whole apparatus of populist incorporation, sowed the seeds of independent organisation amongst key sectors of the rural labor force. This took the form both of a potent movement for a resolutely indigenous politics and culture and of quasi-union bodies, based in local communities and possessed of a still tenuous but nonetheless unprecedented convergence with regard to basic democratic liberties and the market for agricultural produce.

The organised working class with which the renovated campesino movement entered into formal alliance in 1979 was one that had undergone an enormously rich and no less harsh experience over the two previous decades. Its collective memory continued to incubate in a most vivid fashion the high points of insurrection, workers' militias, nationalisation and the initial objectives of workers' control. Against this, it had acquired under the MNR a sharp sense of bureaucratisation, the consequences of the party's capitulation to the I.M.F., and, albeit in an uneven manner, the fiercely contradictory character of the language and practice of 'revolutionary nationalism' in the conduct of the state-managed economy. By 1964 Lechin and his comrades had been forced to part company with the MNR on the basis of eight years of defensive strikes in the mines

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dedicated to re-establishing the original objectives of the revolution and to resisting a now explicitly pro-capitalist program of fiscal austerity, wage cuts and lay-offs. This offensive was to continue with minor interruptions from 1956 until the collapse of Banzer's regime, and it greatly strengthened the syndicalist and economic character of the COB, which remained outlawed from 1964 onwards but was never seriously challenged as the sole workers' confederation and principal focus of popular mobilisation.

The settling of accounts between the MNR and the COB was never brought to a complete political conclusion. However, the structural animosity harboured by both the leadership and the rank and file of the union movement towards the governments of Víctor Paz and Hernán Siles subsequently became re-articulated within a protracted anti-militarist trajectory forged under the regimes of Generals Barrientos (1964-69) and Banzer (1971-78). The recurrent occupation of mining camps by troops, imposition of dictatorial rule and implementation of free-market policies sharpened a directly political consciousness and served to maintain the marginal but ever-present influence of anarcho-syndicalism and trotskyism. This latter current never came to assume organisational dominance but through the agitation of the Partido Obrero Revolucionario (POR) continually kept the motifs of the permanent revolution within the general purview of the proletariat. On the other hand, the rapid and isolated collapse of Ché Guevara's guerrilla in 1967 had the effect

of re-establishing the centrality of proletarian-based methods of struggle.

A critical watershed between the experience of 1952 and that of the post-Banzer era may be found in the chaotic years 1969 to 1971. During this period the adoption by the military of a more strenuous nationalist identity and its entry into partial antagonism with the U.S. both reflected and fuelled a growing movement for the re-vitalisation of the reforms of 1952. Now firmly situated within the framework of working class independence and consciously compelled to complete and supersede the tasks of the 'bourgeois democratic' revolution initiated in 1952 and ambushed shortly thereafter, the COB formally adopted a program of socialist transformation. Dynamised by two manifestly political, anti-fascist and successful general strikes as well as by the palpable weakness of General Torres' progressive regime (1970-71), the unions along with a majority of the parties of the left established a brief period of dual power in the Spring and early Summer of 1971. This balance of forces was incarnated in the institution of a short-lived 'Popular Assembly', which, with its composition of workplace delegates and objective of constituting a national government possessed at least several characteristics of a soviet.

The debate within the left over the experience of the Assembly remains fierce, especially with respect to its final collapse in the face of Banzer's coup in August 1971. However, it is evident

nearly 15 years later that it must be incorporated into the accumulated political experience of the working class and the left just as strongly as the lessons drawn from 1952. What both periods demonstrated was that the mass movement, as yet effectively excluding the peasantry, had momentarily seized an appreciable quota of power, and with it a spectrum of democratic liberties as well as partial control over the commanding heights of the economy, outside the orbit of bourgeois democracy. Yet both key episodes ended in failure, engendering a sense of extreme caution with regard to extra-syndicalist initiatives on the part of the COB. As a result, the radical program of 1970 remained throughout the following decade more a distanced statement of principles than a vital and broadly-heeded platform for action. Consequently, after seven years of dictatorship, the leadership of the COB entered Bolivia's precipitate period of concertación determined to exploit its essentially defensive strengths and regain its historic position on the basis of piecemeal negotiation of the disarticulated legacy of 1952-56 and 1970-71.

#### Economic collapse

The economic model created by the MNR and refined by subsequent military regimes could function more or less adequately in its own terms whilst the price and volume of mineral and oil exports remained buoyant and the flow of external credit was high and reasonably constant. Such conditions obtained during most of Banzer's regime, producing low levels of inflation and unemployment and an annual growth rate of around 6%. At the same time, Bolivia's debt had grown



throughout the 1970s from \$551 million to \$2.9 billion.

The termination of the flexible terms of this fragile mortgage can be dated to 1977 with a major slump in the production of crude oil and the effective disappearance of foreign exchange earnings from this sector. However, from 1978 mineral production also began to fall and from 1980 world prices for Bolivia's main mineral exports entered into sharp decline.<sup>7</sup> By the end of 1983 the world surplus of tin - Bolivia's strategic export - stood at 70,000 tons whilst over the previous three years national production had fallen from 22,000 to 14,000 tons. Earnings from all mineral exports over the same period dropped from \$646 million to \$348 million, which, unsupported by any income from oil or any rise in non-traditional exports (except cocaine), underpinned a drop in total legal exports from \$1.07 billion to \$788 million. Already alerted to the gravity of the position between 1978 and 1980, when growth dropped to 2% and inflation rose to 50%, the institutions of finance capital restricted the flow of credit and began to impose highly exigent terms for both its repayment and the disbursement of further funds.

Although both internal and external crises patently marked the exhaustion of the model of export-led growth and transfer of resources to the private sector, neither the Bolivian authorities nor the agencies of international finance were prepared to accept this. Instead, they proceeded to apply a series of traditional 'adjustments' dedicated to restoring balance of payments equilibrium, reducing the

debt and maintaining the private sector's quasi-exemption from taxation. Hence, the remarkable devaluations of the peso and the vertiginous levels of inflation that accompanied them were employed before all else as a mechanism to modify the terms of exchange between the export sector and the rest of the economy. However, this objective was hampered by two factors. On the one hand, a large part of the private sector had, as we have seen, converted its reserves into dollars, thereby averting the consequences of any devaluation of the national currency. On the other hand, although the working class was subjected to a severe loss of real wages under the unstable and isolated military regimes between 1980 and 1982, once it had re-established a constitutional administration it was largely able to resist a transfer of real wages. Both factors determined that internal prices rose at more or less the same level as the devaluations, thereby rendering them completely ineffective in terms of their traditional objective.

The consequence of this vicious cycle for most Bolivians has already been outlined. But it is worthy of note that beyond the stratospheric levels of inflation, the reduction of disposable national income by a quarter in four years, a fall of 25% in exports and nigh-on 60% in imports, the classical system of adjustment also produced a fall of 75% in real investment, thereby placing in extreme jeopardy the entire productive system that it was intended to salvage. This complete and abject failure of orthodox capitalist management was no less evident in the insistence that, on the basis of a gravely reduced and rapidly contracting productive base,

Bolivia repay its debt at levels of interest that bore no  
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correspondence to those at which it was contracted.

The existence of Bolivia's cocaine industry has done very little to  
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alter this disastrous state of affairs. Although in the early  
years of the present decade cocaine was a commodity that, against all  
the trends of the world economy, rose in price, and in spite of  
the fact that Bolivia produced between a third and a half of the  
world supply of coca leaf, the impact of such growth remains  
centrally determined by the very illegality of the industry. Thus,  
earnings perhaps as great as \$1 billion per annum in 1981 and 1982  
were not only largely dollarised and naturally free of all formal  
restrictions on capital movement but also almost entirely beyond  
the fiscal control of the state. Moreover, since Bolivian  
narcotraficantes have tended to export cocaine in a semi-refined  
state (cocaine sulphate) they have obtained only a partial presence  
in the final, most speculative and lucrative, stages of  
commercialisation. There is no doubt that significant numbers of  
campesinos, particularly in the Cochabamba valley, have been able to  
obtain a marked increase in income through cultivating, treading, and  
transporting coca. In some regions, particularly that of Chaparé, a  
turbulent and booming cocaine sub-economy has established at least  
a temporary presence. Yet it is in the nature of this phenomenon that  
whilst it might mitigate the full impact of the economic crisis for  
perhaps 250,000 people, make fabulous fortunes for a few hundred, and  
promote localised outbursts of conspicuous consumption, it possesses  
all the characteristics of a free-zone enclave, although one of its

principal effects has been to accelerate dollarisation and inflation in the economic system as a whole.

There is some evidence that the Siles government attempted at least to investigate the possibilities of bringing a portion of the highly concentrated and speculative surplus dollars amassed in this sector into the domain of the state by negotiation as well as by coercion and confiscation. Such an endeavor, if indeed it was ever seriously considered, came to nought. There has been considerable pressure from Washington to eradicate the trade, principally at the level of cultivation and therefore with the most seriously regressive impact on the campesinos who legally engage in a centuries-old form of agriculture. At one level this has meant a discernable increase in the presence of U.S. agencies of control (principally the DEA, not renowned for its all-round sophistication), at another it has provided the U.S. with an inalterable condition for the disbursement of further loans and aid. Neither factor has resulted in a significant diminution in the activity of the large-scale cocaine entrepreneurs, who retain sufficient resources to evade the constraints of a bankrupt state palpably unable to fill the large economic gap suppression would create. Here again, in the most startlingly simple form, one perceives the irrationality at the heart of the U.S. strategy. Confronted with an internal crisis - a crisis of market control - it exerts in an almost pavlovian fashion external political and economic pressure in order to restrict production without providing anything remotely approaching realistic levels of alternative finance. There is undeniably a kind of black humor in

this vicious cycle wherein Washington threatens to cut financial support unless the Bolivians cease cultivating 'excess' coca, which they cannot possibly do, by dint of the limited resources of both state and campesino farmer, until qualitatively greater support is forthcoming. The pitiful result of this tatty running battle is that a few show-piece instances of repression of small-scale narcotraficantes occasionally take place whilst the major operators continue to ply their trade, the consumption of cocaine in the U.S. remains undiminished, and the Bolivian economy is subjected to yet further pressure. Small wonder that almost all sectors of Bolivian political opinion that view narcotráfico as intrinsically corrupt, exploitative and prejudicial to economic recovery also consider Washington's position as less absurd than downright imperialist in both its explicit manipulation of aid and the strenuous application of a second-hand moralism. In a kind of political accelerator effect within the oppressed nation this sentiment has objectively combined popular defense of the campesino farmers with pre-existing state corruption to further impede efforts at control and eradication. Even the Paz regime has resisted capitulation on this point, arguing for a U.S.-funded body to purchase 'excess' coca directly from local farmers.

#### The contradictions of constitutional democracy

Although the origins of the present crisis can be firmly located in the 1970s under the Banzer dictatorship, it is of considerable

significance that the terrible experience of 'adjustment' was begun in 1982 under the supervision of an administration that claimed to be of the 'left'. Such a characterisation may easily be dismissed as pure demagogy, but it remains a fact that for much of its period in office the UDP included not only Siles' MNRI, which split with Víctor Paz's MNR even before that party backed Banzer's 1971 coup, but also the Communist Party (PCB) and the Movimiento de la Izquierda Revolucionaria (MIR), political formations avowedly pledged to the structural transformation of the country along socialist lines. These three parties were the strongest organisations of the national left, and from the fall of Banzer in 1978 to the UDP's assumption of power it was this alliance that enjoyed majority support for its platform of democratising both government and a re-activated, more egalitarian economy. The regime must, therefore, be distinguished from Belaunde's staunchly conservative government that came to power in Peru in 1980 and, indeed, from the other post-military administrations in the Southern Cone that, with the partial exception of García's APRA regime, quite manifestly exclude the traditional forces of the left. The case of Bolivia is in some respects more comparable to the experience of euro-socialism, although its failure is far more pronounced than any yet seen in the Mediterranean.

The Bolivian apertura occurred earlier than elsewhere in the region - here we may take the case of the Dominican Republic and

the Panama canal treaty as rather distinct -in part because of the marked down-turn of the economy but also because the Carter administration encountered in the Banzer regime a dictatorship that was altogether less resourceful than those in the neighboring states and, after seven years in power, patently ripe for replacement. Thus, the full panoply of Washington's erratic human rights policy could be applied with a measure of confidence whereas almost everywhere else in the region it signally failed to have a decisive impact, the dictatorships subsequently collapsing through severe internal contradictions, the accumulated subversion of the economic crisis, or on the basis of their own carefully graduated and regulated plans for the transfer of power.<sup>10</sup>

However, even in the Bolivian case the U.S. mandate was insufficient, and instead of an orderly transfer from military to civilian administration there ensued a period of absolute chaos. In four years there were three sets of elections - all technically won by the UDP - seven presidents and an equal number of coups. The details of this process are too labyrinthine to detain us here, but a few general remarks are necessary.<sup>11</sup>

First, in the wake of the banzerato neither the military nor the ruling class as a whole manifested sufficient unity to consolidate an alternative regime. The military, long accustomed to ruling with all the attendant perquisites, became the site of a number of projects that reflected both institutional and wider contradictions. Some simply determined to renovate the banzerato, believing in

time-honored fashion that the problem was not the system but the man (General Pereda, 1978); some stuck solidly to the defense of constitutionalism (General Padilla, 1978-79); some attempted to install a bonapartist regime (Colonel Natusch, 1979); and others, quite explicitly allied to cocaine interests, were instinctively disposed to inflict a Pinochet-style dictatorship (General García Meza, 1980-81; General Torrelio, 1981-82). None of these efforts prospered for any length of time, most being resolutely opposed by the COB, the majority of the political parties, and the U.S. (under Carter due to their weakling but obstinate defiance of electoralism, and under Reagan principally due to the cocaine question).

Second, although the UDP was prevented from taking office in 1978 and 1980 either by fraud or by a coup, its failure to assume power in 1979 reflected the refusal of the civilian right to acquiesce in its victory, which was marginal and vulnerable to a plethora of maneuvers by a very divided dominant bloc. Those sectors opposed to the establishment in office of a popular front - notably Víctor Paz's MNR and Banzer's new and remarkably adroit ADN - therefore manipulated the apparatus of constitutionalism to a degree in which it threatened to lose all popular legitimacy. At the same time they proved incapable of adopting a consistently anti-militarist stance, presenting the constant possibility of some hybrid regime. This disunity within the dominant bloc delivered a great part of the political capital of constitutionalism to the UDP, but the right,



by virtue of its control of congress, was not entirely denied its quota of legalist propriety. The result was a persistent invitation to the military to intervene for the purposes of establishing 'order', the maintenance of an ever-pending 'democratisation' at the head of the political agenda, and an acute delay in the UDP assuming office over a period of escalating economic crisis.

Third, the leadership of the COB persisted throughout these years in an essentially defensive strategy around the question of elections. In this it drew on its strong anti-dictatorial traditions, as reflected in the miners' extraordinary resistance to García Meza's coup in July 1980 and their resolute actions late in 1981 and throughout 1982 that eventually removed the army from power. Yet, in 1980 the COB also broke its traditions by signing a pact not only with the major political parties but also with the military itself to respect the elections. This action, which was severely criticised by important sectors of the rank and file, was the closest the union leadership ever came to affirming the terms of concertación. Although it was rapidly rendered useless by García's coup, it was fortified in the medium-term by the subsequent experience of dictatorship and necessary recourse to anti-militarist mobilisation. However, the 1980 pact followed a period of sharp class struggle in November 1979 when, after a two-week general strike, continuous street demonstrations and bloody repression, the regime of Colonel Natusch was ousted in ignominious fashion to be replaced by an interim,

MNR-sponsored civilian administration. So great was the level of popular mobilisation against Natusch, the confusion inside the military, and the cowering equivocation of the major political parties that it seemed for a time that the whole constitutionalist entente would be swamped out by a movement reminiscent of 1952 and 1971. The possibility was enhanced further still when the fledgling provisional government of Lidia Gueiler attempted, within days of Natusch's removal, to impose a set of I.M.F. policies (drafted by very much the same team responsible for Decree 21060). This aggravated the situation to the point of complete break-down. The campesinos, who had engaged in decisive road-blocks to bring down Natusch, returned to the fray, cordoned off the nation's cities, and clearly possessed the capacity to throw out the new government within a few days. But the COB - confronted with the first united, radical and avowedly supportive movement of the peasantry in the post-revolutionary era - rejected this option. In part this was because the urban rank and file had been exhausted by the anti-Natusch battles, in part because the union leadership determined to continue with its support for electoralism, which it saw as leading to a victory for the UDP, to which many of its leaders belonged.<sup>12</sup> It can, therefore, be said that although the union leadership was undoubtedly reflecting the enthusiasm of its members for an elected government - which, it was believed, would realise many of the demands and objectives of the 1970 program - it went beyond simple acquiescence in the status quo and put a brake on traditional syndicalist methods.

Hence, when the UDP finally entered office in October 1982 it owed its victory both to labor militancy and to the U.S. boycott of the cocaine-linked military regimes; it appeared to incarnate the triumph of parliamentarianism and yet lacked control of the rightist-dominated congress; it was assured of the COB's respect for the division of power and yet faced considerable expectations that this be matched by extensive economic change at a time of unprecedented adversity. After the traumas of the previous four years even private enterprise came to welcome the new administration, recognising at least the promise of technical and managerial skills in the direction of the state as being a qualitative improvement over the cultural and intellectual poverty and rank corruption of the preceding military cabals. As an echo of this, the parties of the right made the ritual promises to form a loyal opposition. The conditions for concertación were certainly given, but they were replete with contradictions.

The UDP's first economic measures - and perhaps the only ones developed without the direct influence of the international financial institutions - created concern in almost all sectors. On 4 November 1982 the new government introduced a package that was similar to a typical I.M.F. measure except in two unorthodox initiatives. First, it formally 'dedollarised' the economy, that is, prohibited all financial transactions in any other currency than the Bolivian peso. Second, it implemented a series of wage increases approximately equal to the rise in prices. At the same time a fixed exchange rate was declared. This naturally shifted the cost of the

crisis towards those who had previously been protected by virtue of holding dollars ; the objective was clearly to alleviate the pressure on the working class and salaried employees. It also had the effect of preserving national reserves by obviating the demand for dollars for legal internal transactions. At first sight, then, the UDP appeared to have reversed key aspects of the 1952 system so that only certain factions of local capital had just cause to be alarmed.

However, the rest of the November measures - reductions in subsidies and alarmingly precipitate devaluation of the now unexchangeable peso - were quite incompatible with those mentioned above and actively undermined them, not least by creating a vibrant parallel market for dollars that soon became the principal mechanism for speculative inflation since the banks lost all confidence in a government that would not accept the exchange risk with their dollars. Thus, 'dedollarisation' - whatever its objectives - had the effect of outlawing the old dual exchange system but in this the state found itself losing all control, with the black market careering into every niche of the economy. This lack of coherence in policy derived in no small part from the very weakness of the state, but it also demonstrated a lack of agreement over policy within the UDP, caused principally by the presence in the coalition of 'independents' considered essential for sustaining its 'broad-based' character even though they held positions quite distinct from those of the majority of the PCB and the MIR and at

least some factions of the MNRI. Indeed, the MIR, whose leadership had evolved from a fiercely radical current in the early 1970s to a basically social democratic grouping, oscillated continuously between defence of the popular interest and that of the old model. While the MNRI could incubate such a contradiction around traditional in-fighting dominated by presidential arbitration, and the PCB leadership perceived it as a price for a 'quota of power' within an explicitly stagist and pragmatic strategy, the MIR could not withstand the tension it caused. It therefore left the regime after only four months and began to decompose shortly thereafter.

With the departure of the MIR the 'independents' gained strength. Without any base of popular support, fundamentally detached from the UDP's struggle for power and nominal objectives, and employed above all as technocrats, they sought a retrieval of orthodox policies. Although unable to subordinate all of government strategy to the logic of traditional 'adjustment', these elements retained their posts throughout the UDP government and succeeded in throwing its orientation back to the traditionalist course that has since deepened and broadened the economic collapse. Responsibility for this must be laid at the feet of the parties of the left, which, in common with many of their comrades in the rest of the region, adopted an essentially discursive approach to politics that was founded in generalised conceptions and signally lacking in concrete and operable tactics to be implemented on those rare occasions when power is available. The origins of this are manifold (and include a failure to develop the generalised conceptions themselves), but in

the case of Bolivia its result was rapidly evident: lacking any viable radical program for managing the crisis, the left inside the UDP acquiesced in the 'only' other option available - that proffered by the I.M.F. - and simply watered it down.

The inclusion of the pro-Moscow PCB in the UDP administration certainly caused more than a modicum of apprehension in the chancelleries of the west and amongst the most reactionary sectors of Bolivian society. (At the time only Iceland and France possessed the nerve to experiment with historic compromises within the cabinet chamber.) But this was rapidly dissipated when the party adopted a profoundly conciliatory line in both political and economic fields. At first highly cautious, it came to occupy a prominent position in the 'second' phase of the regime with the appointment to the cabinet of Horst Grebe, an economist trained in East Germany who established a firm de facto alliance with the 'independents' and the international institutions backing them. By mid-1983 this new internal balance of power yielded policies dedicated to restoring the old model: wage rises were suppressed far beneath further devaluations, state expenditure further reduced (except for the military), local capital returned many of its safeguards from inflation, and imports scythed back to levels that absolutely required both plummeting production and widespread hunger.

### The popular response

During the first year of the UDP the COB adopted a largely passive role in terms of economic strategy. Having finally ushered in an elected regime, obtained defensible terms for wage increases, and perceived elements of a new approach to controls upon capital, the leadership reflected and encouraged the initially cautious response of its rank and file. The first genuinely sharp encounter with the government harked back to the 1950s and centered around the miners' demand for workers' control in Comibol. This was eventually conceded in June 1983 and was broadly perceived as indicative of Siles' willingness to reconstitute the apparatus of the early period of the revolution even though he himself had begun its suppression under I.M.F. guidance later in the decade. In practice Siles had opted for what was a subordinate managerialist concession that yielded little in terms of real power but much, for a while at least, with regard to creating the impression of radical popular participation. Nonetheless, control obrero had been gained by means of strikes and occupations by the rank and file of the FSTMB and also raised the uncomfortable specter of the bitter struggles between Siles and Lechín during the late 50s. Hence, by the end of 1983, when the government was patently ditching its original economic policies, it attempted to pre-empt further action by the unions by inviting the COB to participate directly in the administration.

This initiative constituted an astute challenge to the leadership

of the labor movement to concretise an 'alternative' model of adjustment to that of the I.M.F. The COB responded with what might be characterised as a declaration of principles, whereby the national interest was abstractly counterposed to that of international capital, and demands made for the suppression of corruption, contraband and speculation, all of which were now flourishing to an unprecedented degree. This fell sufficiently short of a coherent, concrete and broadly persuasive manifesto to enable Siles to reject it as unviable, thereby placing the COB firmly in a defensive opposition, refusing to bring the regime down but obliged to resist its central policies. As a result, when, in April 1984, Grebe achieved the re-entry of a now chastened faction of the MIR into office and implemented a new set of profoundly inflationary policies, the COB immediately declared an indefinite general strike. This gained considerable support and was only lifted, as we have seen, once the regime, which now possessed little coherent policy beyond an aversion to repression, agreed to suspend all payments to the private banks and concede improved wage rises. The same scenario was repeated in November 1984, during which the struggle became so protracted that the very survival of the government was placed in doubt, with some factions of the left surreptitiously seeking out the possibility of a bonapartist coup in league with 'patriotic' officers exasperated by the chaos and alarmed at the discontent engendered by the administration. Given the historic weakness of constitutionalism in Bolivia and its decided failure to resolve the existing crisis, this tendency was not so aberrant as might



at first be thought. It was undoubtedly encouraged by the decidedly erratic but alluring tradition of populist military rule that had reached its apogee with the truncated Torres regime of 1970-71.

Such an alternative did not prosper for all the tactical considerations that accompany conspiratorial activity, not least the intervention of the U.S. ambassador (since promoted to perfect such skills in El Salvador). But, apart from the still potent attachment to at least the formal appearances of constitutionalism and a profound scepticism as to the chances of retaining democratic liberties in league with even the most devoutly 'patriotic' of the military, this option was rendered untenable by two important developments. The first was the unmitigated defeat of the forces of the UDP at the COB's sixth congress in September 1984 which reconfirmed Lechín as executive secretary but also brought to the head of the organised working class a rapidly-assembled alliance of born-again syndicalists, trotskyists and dissident miristas on a platform of total resistance to the economic program of the regime. It was this leadership that pursued the November strike with such vigor and held out the possibility of success through traditional methods of opposition. However, Siles responded with the only option bar open repression left at his disposal. Already handicapped by the right's control of parliament, and now placed in an inescapable corner by the COB, he made recourse to the mediation of the Church, always prepared to offer its modest services on such occasions. By taking such a step, Siles wittingly

acquiesced in what became known as the 'golpe eclesiástico', which stipulated that his term of office be cut short and that new elections be held in July 1985.

This maneuver, which was strictly anti-constitutional, gave full initiative to the right, which could now stage a heavily dollar-funded electoral campaign to complete the political defeat of the 'left', as represented by the now miserably divided UDP. On the other hand, it left the COB confronting a lame-duck administration still attempting to implement some form of standard 'adjustment' that could now only be opposed at the risk of being accused of challenging the fabric of democracy and objectively supporting the right. The challenge proved to be insuperable. In March 1985, afflicted by yet a further devaluation and a crippling loss of real wages, the FSTMB once more struck and 10,000 miners occupied La Paz. The COB followed with a call for an indefinite general strike, and over the period of a fortnight the country was all but paralysed. The scenes in La Paz, now echoing to the discharge of dynamite and slogans of demonstrations as great as any in the previous decade, reminded many of the historic high-points of popular mobilisation. Lechín, at his most demagogic, opined that all that was lacking for a revolution was arms; the unison cry was for the removal of Siles and for the working class to take power. But how and led by whom? The Siles regime was universally derided and had long since failed to govern beyond issuing devaluations. The workers were angry, in the streets, and tired of legalist finery.

They had staged half a dozen general strikes in twelve months and gained nothing. Their only prospect was a resounding electoral victory for the right, followed by a far stronger dose of the medicine prescribed by the I.M.F. and possibly military action to back it up. The situation could quite plausibly be judged as revolutionary.

It was not. On the one hand, the peasants were fully engaged in the harvest, and, mindful of the lapse of the worker-peasant pact in December 1979 as well as failing to see a viable alternative to Siles, they desisted from an all-out blockade of the roads. On the other, the COB leadership was, despite all its anti-UDP vitriol and capacity to bring workers onto the streets, still incapable of moving beyond the syndicalist parameters determined by the character of the organisation itself. There was much agreement that workers should take power but there was no ready mechanism, either tactical or strategic, for this and no serious preparation had been undertaken. Although, as might be expected, the strike aroused considerable radical sentiment, the conditions for an insurrection of the type witnessed in 1952 were markedly absent. All this had become evident by the time Siles called out the troops, who cleared the city of demonstrators and reimposed order with admirable decorum, secure in the knowledge that that peculiar concatenation of circumstances that bespeaks rebellion did not prevail. Only after the towns were invested by troops and popular sentiment had adjusted to the attrition of a prolonged but limited battle over economic issues and not power, did the COB convene an assembly of the parties

of the left, which had already shown itself unable to exploit the moment and lead a decisive challenge to the state. The UDP parties were, even in their disgrace, able to erode such shamelessly ultra-left illusions; the rest of the workers' parties, including the trotskyists, lacked sufficient popular support, organisational strength and initiative as well as the historic conditions to break the mould. Hence, not only was there the absence of an idealised vanguard party but, perhaps more critical still, minimal progress was made towards forging a state of dual power or even a front of the left. The crisis had reached beyond the aficionados of the popular front who had done so much to aggravate it.

Having embarked upon a remarkably modern, U.S.-style and expensive electoral campaign from the moment that the ink was dry on the November accord prepared by the clerics, both the ADN and the MNR derived further advantage from divisions in the MIR and the PCB, shattering any possibility of a united left slate, let alone one publicly opposed to the record of the UDP. While a significant sector of the radical left argued for a boycott of the election because of the transparent irregularities and fraud which disenfranchised nearly a half of the rural electorate, eight socialist and Indian parties contested the poll and suffered badly from widespread tactical voting against Banzer by their dispirited constituency. Equally, appreciable sectors that had supported the UDP in 1980 now voted precisely for Banzer as a 'punishment' of the

left as a whole for the misery presided over by the very front from which so much had been expected. Given the strength of the ADN vote in La Paz, where the turn-around from the UDP's easy victory in 1980 cannot simply be put down to fraud, it is evident that Banzer gained the votes if not the active support of many people who traditionally backed the COB, but had 'lost their political memory' of the 1970s under the impact of the much sharper and more immediate reality of the early 1980s. For this sectors attacks on militarism had become largely ritualistic and were outweighed by a failure to provide any cogent answer to the crisis.

The answer provided by Paz and supported by Banzer had within a month of the election destroyed many illusions and even served to dissipate much of the odium incurred by the UDP. Yet the essence of the crisis has not altered, and while the immediate tasks of the left have been thrown back, as so often in the past, to reorganisation and the defense of the popular economy, the lessons of the UDP debacle remain.

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#### Concluding remarks

This essay was drafted in La Paz during July 1985, reflecting the preoccupations of the electoral period. Revisions were made following the measures of 29 August, again very much in the heat of the moment, which, it might be added, included the enforced redundancy of one of

the authors. While we feel that the text remains useful as it stands, a number of brief resumptive remarks, prompted in the main by discussions on the theme of democratisation at Kellogg, would seem worth making. Although very schematic in nature, they may still offer a provocation that has some validity within a comparative perspective. (Written by Dunkerley in November 1985).

1. The elections of July 1985 do represent a land-mark in at least two senses:

- i) They constitute a significant progression in terms of the maintenance of constitutional government.
- ii) They have ushered in the most concerted attack on the 1952 system that had hitherto provided the economic structure, political traditions and general ideological orbit within which much of what passes for democracy in Bolivia had been formulated. As such, the Paz measures represent a signal advance of the conservative variant of the legacy of 1952, imposed with greater commitment and coherence than Siles' efforts to mediate it with the maintenance of central but contradictory 'popular' elements. Whether the Paz initiative flourishes in its own terms remains open to considerable doubt, but it is unlikely to fail along the same lines as did the UDP. If it should fail, the consequences for constitutional democracy will be very much more severe.

2. The dynamic between authoritarianism and democracy in Bolivia is comparable to but distinct from that in the Southern Cone. In many

senses it is more proximate to that in Peru. It is worth recalling that:

i) There has never been any long-standing tradition of 'liberal' or 'bourgeois' democratic government since at least 1930. In very simple terms, such a system was not an adequate source of control/incorporation for the dominant bloc and neither was it a source of significant liberties for the mass of the population.

ii) Since 1964 there has been no definitive and enduring divide between authoritarian and democratic regimes, but rather a constant process of exchange between them. Hence, any democratic 'learning process' would seem to be less consolidated in historical terms than elsewhere.

iii) The first phase of democratisation was exceptionally early in regional terms - 1977/78 - and it failed. For a significant number of political actors this, added to the experience of the Banzer regime, is of greater immediate validity than memories or images of 1952, further complicating any projection of political norms.

3. Notwithstanding the fact that the legacy of 1952 has often become idealised in political discourse and possesses an ambiguous relevance to a new political nation, it still remains the central reference point for the principal political protagonists. Some of its general characteristics therefore endure as important factors within the present process:

i) The 1952 system tended to concentrate political exchange outside formal democratic structures but generally within the confines of

the state, either immediately - through labor relations inside the public sector - or at one remove - as with both MNR- and military-peasant pacts.

ii) One important effect of this has been the pronounced absence of full political competition through parties, with the 'outer limits' of political activity falling into the domain of either syndicalism or militarism. Each of these incorporates significant historical ambiguities but is in essence defensive and ultimatumist. Since 1964 a number of political formations have attempted to mediate this contradiction both as a circuit and internally. Yet neither those of the left - MIR, PCB, MNRI, PS-1 - nor those of the right - ADN, MNR - have been able to rupture the fundamentally polar nature of the political circuit. The autonomy of these political vehicles from their principal social 'sponsors' is weak.

4. This relative debility of the 'purely political' reflects a complex but critical paradox in national public life: the weakness of an extensive state and relative strength of civil society. (Both terms are necessarily used here in a provisional, formalistic manner).

One reason for a state-mediated character to post-52 political exchange lies in the permeability of the state to the norms/ interests of civil society. This is undoubtedly a very complicated relation, but some of its constituent elements can be identified:

i) The maintenance of a very backward economy that, in its continued reliance upon peasant agriculture and mining, has preserved many 'pre-modern' communal systems of association. This is particularly



the case in the countryside, where the ayllu and other communitarian systems often eclipse many functions normally ascribed to the 'republic', but it is also evident elsewhere. The accumulated strength of the unions and their frequent incorporation of many functions beyond the strict confines of labor relations - supply of food, and local government through joint-management (de facto or de jure) in the productive public sector - has made the COB the locus of more than labor militancy. Yet many of the political aspects of this 'social power' remain suppressed or distorted.

ii) Despite the small size and economic weakness of the middle class, it shares many of these characteristics through its own circuit of kinship networks and parochial organisations (comités cívicos, juntas vecinales etc.), which, in a thinly-populated country of extreme physical variety and very bad communications, have accumulated an appreciable modicum of direct and indirect authority qua the central state. (The example of Santa Cruz is most commonly cited but the pattern is general).

iii) Urbanisation has accelerated in the last twenty years but may still be described as predominantly spatial rather than integrated. Movement between town and country remains structured around seasonal and marketing requirements, a phenomenon which appears to have grown as a result of the economic crisis. This has many consequences, but here we might note the impediment to the consolidation of a more or less uniform, urban and 'modern' political constituency for which immediate productive, cultural and geographical bonds of association might enjoy less primacy.

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iv) The military, in part as a result of the above factors, remains notably weaker than those of most neighboring states and can still foster a quite broad range of political projects. As with the state as a whole, its institutionalisation has been partial.

5. Given these features, it would be misleading to view Bolivian political life exclusively in terms of the mesmerising discontinuities at the level of government and state power. The rampant confusion and chaos at this level over recent decades is undoubtedly of enormous importance, but there are good reasons for perceiving it as more systematised and structured than it appears. Furthermore, the effects of such a persistent crisis tend to transform notions of what constitutes crisis itself. Immediate comparisons with other Latin American states must, therefore, be treated with considerable caution.

6. While it is certainly the case that Bolivians, no less than other Latin Americans, aspire to legally enshrined and publicly guaranteed civil liberties, they have a limited experience of achieving this through the apparatus of constitutional democracy. Indeed, apart from the fact that many of their 'social liberties' are articulated most forcefully through local, non-state and essentially corporate associations, their generalisation at a national level has in the past been won through collective direct action, not the ballot box. Aside from the UDP administration, formal governmental

ratification of this state of play has not entailed full internal political competition as a corollary nor been confined to civilian regimes.

7. By the end of the UDP government its positive policy had effectively been reduced to a refusal to negate such gains whilst simultaneously permitting full political competition. The MNR-ADN alliance, whilst studiously observing the norms of the Constitution, has begun the disaggregation of many lived/real social gains that are viewed by a substantial proportion of the population as co-substantial with democracy. Although this might be the first step in replacing one system with another, it should be borne in mind that the existing conditions for some such transfer pose several major problems:

i) The thrust of present economic policy is not viewed simply as an adjunct or subordinate component of the governmental process, but just as much a means through which to destroy a social concordat as one through which to resolve the crisis. Both 'sides' are disarmingly explicit on this point.

ii) It is hard to see how, given the high social cost of this policy, the defensive character of the syndicalist current will not become enhanced to the point at which renewed crises of public order occur.

iii) Given the weight of the parliamentary alliance of the MNR and ADN, the left now possesses a dangerously diminished voice within the formal political circuit. Hitherto it has played a considerable part in propelling the democratic process. Yet if it is now

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comprehensively marginalised it still possesses historically-rooted alternatives, which, while they might be far from formally democratic in nature, are by the same token far from traditionally authoritarian.

Notes

1. According to PREALC, open unemployment in the region was 10.4% of the economically active population, the highest levels being in Chile (19%), Uruguay (15.5%) and Bolivia (13.3%). In Peru official unemployment in 1983 was assessed to be 8%, yet only 30% of the economically active population was fully employed. Between 1980 and 1984 open unemployment in Bolivia rose from 105,000 to 250,000.
2. For exhaustive surveys of the state of health of the Bolivian population, its levels of nutrition, and the economic condition that underpins them, see Rolando Morales Anaya, Desarrollo y Pobreza en Bolivia (UNICEF: La Paz, 1984); La Crisis Económica en Bolivia y su Impacto en las Condiciones de la Vida de los Niños (UNICEF: La Paz, 1985); José Luis Roca, Derrotemos el Hambre (UNICEF: La Paz, 1985).
3. A detailed narrative of the period described in highly schematic form here is given in James Dunkerley, Rebellion in the Veins. Political Struggle in Bolivia, 1952-1982 (Verso: London, 1984).
4. The growth of a broad Indian political current generally dubbed 'katarismo' (after Julián Apaza or Tupaj Katari, a leader of the 1781 rebellion most commonly identified with its Cusco leader, Tupaj Amaru) has been notable since the end of the 1970s. This movement spans various organisations but is most securely

represented by the Movimiento Revolucionario Tupaj Katari de Liberación Nacional (MRTKL), led by Genaro Flores, also general secretary of the confederation of campesino unions (CSUTCB). Without doubt, the growth of this current reflects the weakness of the orthodox left outside the towns, and it has at times adopted an explicitly anti-marxist voice. However, the MRTKL at least manifests a clear repudiation of racism and projects the revindication of Bolivia's Indian peoples within something that resonates of socialism. As a result, it has won some support outside its natural constituency, including that of the ex-trotskyist COB leader Filemon Escobar. As yet, material on katarismo is diffuse, the best consolidated source being Silvia Rivera Cusicanqui, 'Oprimidos pero no Vencidos'. Luchas del Campesinado Aymara y Qhechwa (Hisbol: La Paz, 1984).

5. The Bolivian trotskyist movement has mirrored the divisions of its parent internationals since the early 50s but throughout the last thirty years the most consistently active group has been the POR led by Guillermo Lora, a prolific writer and tireless agitator whose multi-volume history of the working class remains a key text despite degenerating into repetition and over-bearing polemicism in the later volumes. For a much-edited version, see his History of the Bolivian Labour Movement ed. Laurence Whitehead (CUP: Cambridge, 1977).
6. Guillermo Lora, Bolivia. De la Asamblea Popular al Golpe

Fascista (Buenos Aires, 1972); René Zavaleta Mercado, El Poder Dual en América Latina (Siglo XXI: Mexico, 1974).

7. Between 1980 and 1983 the price of Bolivia's principal mineral exports fell as follows: tin: from \$7.6 per lb. to \$6.0; copper: from \$0.97 per lb to \$0.75; silver: from \$21.05 per ounce to \$11.04; zinc: from \$0.40 per lb to \$0.33; wolfram: from \$141.62 per metric ton to \$80.66; antimony: from \$3,295 per metric ton to \$2,044. Servicio de Estudios y Estadísticas Penarroya, quoted in Ivon LeBot, 'L'Experience de cogestion a majorité ouvrière (1983-84); entre l'utopie ouvrière et le declin minier', Problèmes d'Amérique Latine, no.73, 1984.
  
8. This is, of course, true for the entire Latin American debt and lies at the heart of the irrationality of the world system that governs it. However, it remains the case that Bolivia has been subjected to excessively onerous terms for repayment. In 1981 and 1982 the private banks demanded repayment at interest rates 2.19% above LIBOR, which compared with a Latin American average of 0.98% (the second highest rate being for Brazil, at 1.62%). and over a period of five years and four months, the regional average being eight years. Fernando Baptista Gumucio, Estrategia Nacional para la Deuda Externa (La Paz, 1984) p.156.
  
9. Fuller details on the cocaine trade, along with the limited relevant bibliography, are given in Dunkerley, pp.308-325. Here we would only warn the reader off uncritical delectation of the

journalistic and anecdotal savouries that this subject has attracted in great profusion. Underworlds draw the metropolitan journalists like small boys to a rabbit warren, but unless clearly understood as existing in a wider world which both sustains and repudiates them they fascinate only the voyeur. The same observation may be applied without undue reservation to the treatment of Klaus Altmann/Barbie.

10. Apart from Bolivia, the only other 'success' for Carter's policy was the Dominican Republic, where the regime of Balaguer, a product of the 1965 intervention, was replaced by a cautious social democratic government without undue disturbance. By contrast, the defeat of Somoza in 1979 certainly owed something to the contradictions of Washington's policy but was in no sense its objective. A similar observation might be made of the crisis in El Salvador, which opened with the coup of October 1979 and has still not yet yielded a stable recomposition of the dominant bloc despite unprecedented U.S. intromission.
11. For a full account of events between 1978 and 1982, see Dunkerley, chapter seven.
12. It should be said that our interpretation of this critical period differs markedly from that of most of the left, including the PCB, which was widely perceived as harboring intentions of breaking from the constitutionalist accord to



support Natusch, so long as he stuck to his promises of respecting the COB. Nevertheless, one of the most reflective and suggestive surveys of contemporary politics that uses the events of November 1979 as its pedal-point is Las Masas en Noviembre (La Paz, 1983) by René Zavaleta Mercado, a militant of the PCB and one of the leading intellectuals of the left until his tragically early death in 1984.

13. The PCB left the government in late 1984 and split in August 1985 following the failure of the central committee to publish resolutions critical of the UDP passed at the party's fifth congress in February. The opposition group, led by Ramiro Barrenechea and Carlos Soria, gained sufficient support to publish an alternative version of the weekly Unidad and present itself as the authentic party on the basis of an extraordinary conference attended by 200 delegates. Both groups have expelled each other, and Bolivian communism is now at its lowest point since the Sino-Soviet split and the calamitous attitude taken towards Ché's guerrilla by Mario Monje in 1966. Early in 1985 the MIR split into three factions: one headed by ex-Vice President Jaime Paz Zamora, openly social democratic and electoralist in orientation; one headed by Antonio Aranibar, critical of the UDP, and allied for the 1985 elections with the 'officialist' sector of the PCB in the Frente Popular Unificado (FPU); and MIR-Masas, led by Walter Delgadillo, who headed the campaign to boycott the poll from inside the COB, of which he became general secretary at the sixth congress in September 1984.

54.

14. Lechín's radical rhetoric and hyper-activity during the strike were covered by an abnormally large number of foreign film crews, giving rise to expectations that his long public life - begun with the establishment of the FSTMB in 1944 - was now to be made into a documentary and to equally widespread rumours that Costa Gavras was to direct a film of his life, starring Anthony Quinn. The strike was extensively filmed by local crews with the aim of matching the impressive documentary made by Beatriz Palacios of the struggle against Natusch, Las Banderas de Amanecer.

15. Fraud was denounced by all parties, including that of the government, bar the MIR of Jaime Paz (who, apart from purloining the symbol of a cockerel from Robert Mugabe and interrupting the sleep of good paceños with constant aural reminders of his potent presence, seemed so completely enamoured of the elections that he could not possibly countenance the fact that they might be less than perfect). Instances of malpractice were too numerous to be detailed here but largely centered on the ADN's use of minors both to vote and to serve as electoral judges. The failure to register some 40% of the rural electorate, which was generally hostile to Banzer, may also be ascribed in part to the ADN's strong presence in the electoral court. Rural communities often debate and decide on a collective vote prior to the poll; they were also spared the full impact of Banzer's campaign, concentrated on television and motorcades in a style very

similar to that of Roberto D'Aubuisson in El Salvador. The final allocation of parliamentary seats was as follows: MNR 59; ADN 51; MIR-Paz Zamora 16; MNRI 8; MNR-Vanguardia 8; Partido Socialista-Uno 5; FPU 4; Partido Demócrata Cristiano 3; MRTKL 2; Falange Socialista Boliviana 3. The rout of Bolivian Christian Democracy was remarkable.

