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Bolivia

Renewal or exhaustion

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Since Evo Morales came to power in 2006, Bolivian society has changed substantially. He has developed a model of Andean-Amazonian capitalism based on greater state intervention. He took hydrocarbons into the public sector and nationalized the latifundios. He has made possible a significant redistribution that has been appreciably reducing poverty levels. He is committed to advancing respect for and inclusion of the indigenous majority, their customs and languages. During all this time, despite the domestic harassment of the national bourgeoisie, especially in the east of the country, reflected in conflicts such as the territorial one in Santa Cruz, largely mitigated, the Bolivian economy has managed to stabilize, sustaining a vigorous economic growth and a significant redistribution.

However, there are signs of depletion of the project, within its stabilization, which should signal the need for its renewal.

Bolivia's national newspaper, *La Razón*, reports that the Bolivian economy has grown in 2017 by 3.94% of the GDP, remarkable growth until we compare it with the vigour of activity in previous years – only in 2010 did it grow at a lower rate. Currently the Bolivian cycle is slowing down, for several possible reasons. The first is the fall in the price of hydrocarbons, which has only recently been reversed. Also, Brazil's demand for natural gas has fallen. There will be an impact inasmuch as extra Christmas pay, the second "bonus", will not be distributed this year, as was the case in 2016, since the requisite 4.5% growth in production has not been attained.

In previous years we have seen how the Bolivian economy was oriented to facilitate a certain degree of redistribution, with growth in real wages, and a social policy that has improved the living conditions of the popular classes.

Bolivia has enjoyed a longer positive economic cycle than other countries committed to the Bolivarian development model. It has persisted in its dynamics of deploying a private redistributive and anti-oligopolistic policy. However, it has barely managed to modify the national productive model.

In this regard, the Bolivian economy continues to be dependent on its exploitation, almost monoculture, of hydrocarbons and various agricultural activities. It maintains a strong external dependence on the Brazilian and Argentinean economies. Recently it has reached agreements with Brazil to continue selling gas, and dam mega-projects (El Bala and Rositas) are being launched that threaten biodiversity and may cause displacement of indigenous populations. In sum, this policy increases economic dependence, subject to the vagaries of surrounding countries, the price of hydrocarbons, and is sustained by a strong aggression to the natural environment.

To date, the MAS has had strong electoral support, despite the attacks of the right. But the Latin American context has been inserted in a regressive political cycle, with political changes in Brazil and Argentina, while other countries such as Venezuela and Ecuador are finding very real limits to their project with internal opposition, international harassment and the exhaustion of the development model applied.

Bolivia also has a fierce internal opposition, which in the past has generated secessionist tensions. The Bolivian plurinational project has managed to avoid the latter, with a strong municipal decentralization but maintaining the main policies from the centre.

The Masista project seeks to renew itself and now has the opportunity to try to do so. At the moment there is a

concern about the electoral situation, where the next judicial elections (Bolivia is one of the few countries where the judiciary is elected) will hopefully not yield bad results for those close to the government.

The project seems to lack new ideas, and there are difficulties in mobilizing the peasant and indigenous social bases, who joined the project to see their idiosyncrasies recognized and for the redistribution facilitated, but now may see it as too small for them to fulfil the new aspirations that have emerged. The request for renewal of a possible mandate for Evo Morales entails a resource that entrusts the political future to charismatic inspiration rather than to a renewed political project capable of addressing the challenges and contradictions facing the country and the Bolivarian model of development.

The project of social transformation does not only need political continuity, it also has to renew itself and to advance before these challenges. It still enjoys important reserves from a previous boom period, thanks to the macroeconomic results generated by hydrocarbons. This base offers, especially in a country like Bolivia, conditions for the beginning of the replacement of the old extractivist model by a productive model based on renewable energies, capable of producing enough with less raw materials.

Perhaps it should begin with the training of trained personnel to innovate the local production system, adapting to its regional conditions. Why not a public scientific foundation, perhaps in agreement with other friendly countries, that prepares qualified personnel to undertake the technical and social change that makes an industry and a model of agricultural development possible and sustainable? In this respect, much remains to be done with decisive action by the public sector, promoting everything necessary so that all possible common goods can be socially extended.

The internationalist renewal of the Bolivarian project could happen through reaching new agreements of complementary cooperation that made a reality of an endogenous and participative development with the communities, opening the way to its own path, founded on change and productive diversification, sustainable and adapted to the local context, from these countries.

It should be said that Bolivia is trying to innovate in several fields. It has begun, for example, with the development of a Joint Commission of Investigation on the Panama Papers, to question the role of tax havens and the tax evasion practiced by more than a hundred Bolivian companies. Regulation in that area, creating records of the final beneficiaries of offshore schemes, controlling the movement of capital, and putting a stop to some of the gaps through which capital flight occurs, would constitute a good initiative.

But perhaps it is more important to begin with the bases, implementing a tax reform that addresses big capital and large family fortunes, who avoid taxes by taking their profits and assets to jurisdictions with low tax burdens, and to prevent the greatest tax burden falling on consumers, workers and small producers. To this day, the Bolivian fiscal regime continues to support its public resources by indirect taxes. So, there is an opportunity, as a first step, of trying to reduce the latter and to implement a corporate tax with higher effective minimum rates, a tax on equity or inaugurating a progressive income tax, making the tax collection model much more just.

In sum, we trust that the Bolivarian project can continue on its way. Now, the road to socialism requires transformations of a depth that for the moment are not receiving the attention they deserve. We believe that this requires rethinking its productive, social and environmental strategy, the sole basis on which it is possible to sustain and deepen an emancipatory political model over time.

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