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Bolivian Election Reveals Need for Broader Engagement

Stephen Johnson

During the 1990s, Bolivia was the poster child for reform in Latin America, but overlooked social problems have now provided an opportunity for radical activists to put one of their own in power. Evo Morales, elected president on December 18, 2005, could reverse 20 years of democratization and economic progress. Not only has Morales promised a return to populist authoritarianism, but he also identifies with an axis of hard-left leaders opposed to the United States and its policies.

To safeguard waning influence, continue cooperation in counter-narcotics, and promote stability in a test case for fractious Andean societies, the Bush Administration should move beyond single-issue diplomacy to show how democracy, rule of law, and market reforms can help Bolivia's poor majority to become more prosperous.

Half Measures. Bolivia is no stranger to reform, but changes have been piecemeal. Following upheaval in the 1950s, Bolivia granted suffrage to its large Aymara and Quechua Indian underclass. Economic stabilization policies yielded modest growth, but a statist economic model and government bloat eventually bankrupted the treasury, with hyperinflation approaching 24,000 percent. By 1980, cocaine trafficking was propping up the economy.

After 1985, forward-thinking politicians privatized the state hydrocarbon industry, lowered taxes,

and opened trade, thus taming inflation and fostering a 4 percent economic growth rate. A 1994 political participation law established 331 county governments and devolved decision making to the grassroots. Recent education reforms have doubled secondary school enrollment. In partnership with the United States, Bolivia limited excess cultivation of coca leaf, successfully curbing cocaine production.

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- America's focus on coca eradication in Bolivia has ignored social problems that now threaten to undermine it.
 - To preserve U.S. interests, the United States must help Bolivia narrow social divides through free-market solutions to spread prosperity.
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Bolivia's elites, however, overlooked social factors and failed to communicate effectively with Indian communities to form coalitions around common goals. More than half of the population is indigenous, and 60 percent lives below the national poverty line.

Meanwhile, Washington has pushed coca eradication above all other bilateral issues. Eradication triggered a temporary economic slump that affected Indians and poor farmers the most, while a skeletal road network prevented substitute crops from reaching markets. Aiding civil society, advising on political party reform, and public diplomacy

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programs to promote moderate indigenous discourse remained back-burner U.S. priorities.

Filling Vacuums. Capitalizing on a backlash among the poor, leftist indigenous activist, coca grower, and union leader Evo Morales came close to winning elections in 2002. Sensing the incumbent government's weakness, radical colleagues organized road blocks to protest a proposed natural gas pipeline from Tarija Province to the Chilean coast.

First, they complained that the pipeline would go through rival Chile. When President Gonzalo Sánchez de Lozada considered rerouting it through Peru, they suddenly said foreign sales were unacceptable. Protesters forced President Sánchez from office in October 2003, and his successor, Carlos Mesa, was similarly obliged to resign in June 2005. In the background, the Cuban embassy reportedly stepped up contacts with local politicians.

Thanks to the efforts of radical agitators, Morales was elected president in December on promises to end restrictions on growing coca, to renationalize the hydrocarbon industry, and to abandon neoliberal economic policies, vowing to become Washington's "worst nightmare."

While Morales must acknowledge the expectations of his hard-line grassroots and his Movement Toward Socialism party, he faces a divided Congress. The opposition controls the Senate, and many of the new provincial governors—all in the gas-rich and agricultural east—are proponents of free markets. Morales must choose between seeking consensus and provoking the eastern provinces to secede.

Since the election, he has retreated from tough campaign rhetoric, but on a post-victory trip that included stops in Havana and Caracas, he asked Venezuelan President Hugo Chávez to advise him on nationalizing the hydrocarbon industry and rewriting Bolivia's constitution.

Why Care? Bolivia accounts for 1/5000th of U.S. world trade and has a gross domestic product of only \$8 billion. Yet an emerging axis of Latin American leaders (Fidel Castro, Chávez, Argentina's Néstor Kirchner, and now Morales) aligned against the U.S.

portends trouble. If Peru and Ecuador—which have similar demographics—elect radical leftist presidents in approaching elections, America could lose trade, access to energy supplies, and partners in fighting drugs, crime, and terrorism.

Preserving Cooperation. To safeguard U.S. interests in Bolivia, the Bush Administration should move beyond the single issue of coca eradication and present policies that help to ease the social disparities and address local needs. The Bush Administration is right to welcome President Morales as an elected leader, but it also should:

- **Help foster job growth** by shifting part of the \$100 million counternarcotics budget to improve faulty crop substitution programs, streamline business regulations, and establish the rule of law;
- **Sustain counterdrug cooperation** by promoting land titling to break up coca cooperatives and by shifting more resources from eradication to interdiction (as Morales says he favors doing);
- **Expand academic exchanges** for indigenous communities and develop public diplomacy programs to promote moderate political discourse; and
- **Urge Bolivia to join the proposed U.S.–Andean Free Trade Agreement** to expand its economy and preserve market access before the Andean Trade Promotion and Drug Eradication Act expires in 2006.

Conclusion. Regardless who is Bolivia's president, U.S. policymakers can promote American interests and continue productive relations. They should take a page from their Colombia policy playbook by helping to make life tangibly better for the majority of Bolivians—a recipe that might work elsewhere in the Andes.

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