

Bolivia: Breakthroughs on common goods and constitutional reform

Thursday 31 January 2008, by [TOUSSAINT Éric](#) (Date first published: 30 January 2008).

With its 10 million inhabitants Bolivia is one of the poorest countries in Latin America. La Paz, its 'capital city' [1] is located at some 3,600 meters above sea level. The country consists of three geographical areas: highlands in the west, actually in the Andes mountains near Peru and Chile and including the Bolivian Altiplano, lowlands in the south, close to Argentina and Paraguay, and large sections of Amazonian rainforests next to Brazil in the north-east. The lowlands are rich in hydrocarbons and their fertile soil generates significant export revenues, with soybeans as a major cash crop.

In 1952 the country went through a revolutionary episode that led to an agrarian reform, the nationalization of mines, free and compulsory public education, and universal suffrage. From 1971 to 1978 Bolivia lived under the military rule of General Hugo Banzer. From 1985 the country was subjected to the worst kind of neoliberal policies. To counter 20 years of neoliberalism, Bolivian social movements developed powerful and heroic struggles. In December 2005, for the first time in Bolivian history, a representative of the Amerindian majority was elected president.

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Deeply affected by the debt crisis that exploded in 1982, Bolivia was subjected to a neoliberal shock treatment from 1985 onward: mines and oil fields were privatized, employment and wages decreased dramatically, trade was forcefully opened, public expenditures were drastically reduced. The intellectual originator of this structural adjustment plan was the US economist Jeffrey Sachs, who next devised the shock treatment applied in Russia, and who then became a proponent of debt cancellation for poor countries, particularly in sub-Saharan Africa.

From 2000 until today there have been numerous social struggles and the Bolivian people has been a forerunner on a global level since it put control of common goods right at the heart of its agenda, as testified by its victorious struggle against water privatization at Cochabamba in 2000 and at El Alto in 2005, and its struggle to recover control of the gas industry in 2003, which led to the demise of President Gonzalo Sánchez de Lozada. [2]

The context of Evo Morales' presidency

A majority of the population is Amerindian: according to the 2001 census 62% of Bolivians define themselves as indigenous, mainly Quechua and Aymara. In the popular town of El Alto (4,000 metres above sea level), located in the suburbs of La Paz from which it became autonomous in 1985 as a consequence of its demographic expansion, 80% of its 850,000 inhabitants define themselves as Amerindians. The Amerindian population had been kept out of the central seats of power (presidency and government) [3] until Evo Morales, an Aymara-speaking Amerindian and union leader of the coca growers, was elected president of the Bolivian republic in December 2005. From that date on his party, the Movement towards Socialism (MAS), has been able to rely on a majority of seats in the Chamber of Representatives but not in the Senate, where the majority right-wing parties have consistently attempted to block all democratic reforms and all measures that would be favourable to the majority of the population. Constitutional reform is the focus of political debate and confrontation. Although it has a majority of seats in the constituent assembly the MAS does not have the two thirds majority which is required for the approval of proposed constitutional changes.

In 2006 Evo Morales and his government decided to nationalize oil and gas, a move that is highly appreciated by a large majority of the population. However the measure takes time to be implemented and this has led to tensions among Evo Morales' supporters. Nevertheless, the government managed to force TNCs that operate in Bolivia to contribute a much larger share of their benefits in the form of taxes, which has in turn made it possible to increase social expenditure.

The prefects of the Departments of Santa Cruz, Tarija, Beni and Pando, who serve the local capitalists (industrialists, landowners and tradesmen specializing in import-export), do all they can to destabilize Evo Morales' regime: they threaten to secede, refuse to implement reforms, mobilize part of the population thanks to financing from employers, slander Evo Morales and his government. The leaders of the rich department of Santa Cruz behave exactly as the Croatian leaders did when Yugoslavia split up in the early 1990s. They intimate that they no longer wish to finance the country's poorer provinces. We come across the same centrifugal game in Venezuela with the oil state of Zulia (with Maracaibo as capital), which also threatens to secede from the rest of the country, and in Ecuador with the province of Guayaquil (a rich coastal city controlled by right-wing parties). Some right-wing leaders make openly racist statements. On 9 December 2007 the mayor of Santa Cruz said: *In this country we'll soon have to paint our bodies and put on feathers in order to exist!* [4]

The road to the election of Evo Morales and the mutation of the social movement

[5]

The social movement has undergone a profound mutation over the last two decades. Until the privatization of mines in 1985, the Bolivian Workers' Central Union (COB) had for over forty years represented the most significant social movement. The COB played a major political role [6] and put forward a radical left-wing agenda. Miners were its backbone. At the same time Margaret Thatcher in Britain and the Bolivian President Víctor Paz Estenssoro launched their victorious offensive against miners in their respective countries. This shows that North and South had similar objectives in the context of the general offensive of capital against labour under the banner of neoliberalism. The privatization of mines and the closure of many of them had even more serious consequences on the social movement in Bolivia than in Britain since in the Andean country mining was the only major industry.

The debt crisis that hit Bolivia from 1982 on led to a suspension of payments in 1984. The IMF and the World Bank, backed by the Democrat economist Jeffrey Sachs, won the Bolivian government's support from 1985 on to implement a brutal structural adjustment policy. Beyond the 23,000 miners of the public sector and the 5,000 miners in the private sector who lost their jobs, everybody felt the consequences of this shock adjustment: 18,000 civil servants were sacked; wages were effectively lowered by 40% in both the public and the private sectors in September 1985 as a consequence of devaluation and of accompanying measures; social regulations were changed to be more favourable to employers, which led to the status of workers becoming much more precarious. The neoliberal offensive was further reinforced in 1990 when the law on investments put an end to currency exchange controls, opened up totally free flows of capital and set up industrial tax-free zones; in 1992, through a new law on privatizations; in 1994 through a law on capitalization; in 1996 through the 1689 Act that extended the control exerted by large foreign corporations (Repsol, BP, Enron and Shell) on branches of the former public oil company YPFB.

In the context of a vastly weakened workers' movement, conditions for a mutation of the social movement developed in a rather particular way. Coca growers unions and neighbourhood committees became the decisive factors in the social movement of the 1990s. The Amerindian component of the struggle became more significant than during the previous decades. How did this happen? One of the phenomena we have to take into account is the migration to the Chaparé region of tens of thousands of Amerindians who had lost their jobs as miners or fled from the drought that affected the Altiplano in the first half of the 1980s. Evo Morales' family was one of those peasant families who left the cold and arid Altiplano for the warm and humid Chaparé lowlands in the Department of Cochabamba. Coca growing was the most lucrative activity they could find. Families of miners and peasants coming from other areas worked within a collective framework. Coca is a sacred plant for Amerindians in Bolivia and other Andean countries. Coca leaves have important properties: people who chewing the leaves or drinking coca tea (*mate de coca*), which is a general practice in this part of the world, helps to stave off feelings of hunger and fatigue, and helps prevent altitude sickness. In Chaparé climate conditions are perfect for producing at least three crops a year. Leaves are easy to preserve and to transport. They are in fact the only farming product that is easy to grow and sell. Other products were not profitable since Chaparé could not rely on appropriate communication and marketing resources. During the 1980s several families like Evo Morales' shifted from growing potatoes as they had done on the Altiplano to growing coca leaves. It should be noted that the price of coca leaves had increased steeply from the 1970s on because of the growing international demand for the plant from which cocaine is produced through a chemical process.

Two decades later Evo Morales said in his investiture speech as president of the Republic: *We want to tell the international community that drugs, cocaine, and narcotrafficking are not part of Andean and Amazonian culture. Unfortunately it is an imported evil and we have to bring an end to drug trafficking, we have to bring an end to cocaine. But it will not mean zero coca, it will mean zero cocaine, zero drug trafficking.* [7]

It is interesting to note that miners who became farmers in Chaparé brought along their organizing traditions and their political views. Growers' families organized in unions that play a major part in their daily lives. They have intervened in land distribution, in dispute settlement, in the organization of collective work (road maintenance, construction of a school) in a region where the State is virtually absent. Trade unions also organized the growers' (*cocaleros*) resistance against the coca eradication strategy implemented by the Paz Estenssoro government from 1986 on under pressure from President Ronald Reagan. The same policy was implemented by the following governments until the demise of Gonzalo Sánchez de Lozada in 2003.

Chaparé coca-growers were organized in six distinct unions. To face repression and coca-eradication

they had to overcome their divisions, coordinate better and organize their self-defence against the military. Besides, from 1988 on, the CSUTCB, the main Bolivian peasant union confederation (which includes part of the *cocaleros*) pleaded for the construction of a political instrument for trade unions. After they saw that they could not get political change at government level, trade unionists decided they had to create a political arm so as to be represented in parliament and at other levels of power via their participation in elections.

Another key period was in 1992, when the 500th anniversary of the beginning of the colonial conquest started by Christopher Columbus was being commemorated. It was this occasion which gave rise to the first "Assembly of Indigenous Peoples" (Asamblea de los Pueblos Originarios) on 12 October 1992, which is generally considered to be the founding act of the indigenous peasant (*campesino-indigena*) movement as a political entity.

The *cocaleros* movements are not the only evidence of the change in the social movements in Bolivia. There are also the neighbourhood associations (*juntas de vecinos*), especially those of the boomtown El Alto, which are also strongly influenced by the miners' heritage of trade-unionism and radical activism. The movement against the privatization of water supplies in Cochabamba and El Alto is not to be forgotten either, and finally, although the COB is considerably weakened by neoliberal policies, it remains active in many towns and regions of the country. Bolivia is surely one of the countries in the world with the most active and the most politically active social movements.

From coca farmer to President of the Republic

In 1996, Evo Morales was elected president of the six federations of *cocaleros* in Chapare. At the end of the 1990s, Evo Morales and other militants founded the MAS-IPSP (Movement Towards Socialism and the Political Instrument for Peoples' Sovereignty), following on further in the direction adopted in 1988 concerning the creation of a political entity for the social movement. As the years went by, the MAS became the most influential left-wing political force, although other political parties also emerged from 1988 CSUTCB experience, especially Felipe Quispe's MIP [8] and of course there are all the numerous older left-wing parties.

In 1997, Evo Morales was elected Member of Parliament with 70% of the votes in his ward. At the end of his term of office as Member of Parliament, in January 2002 when he was starting his election campaign for the Presidency, Parliament voted to expel him [9], accusing him of being ultimately responsible for the violent demonstrations in Chapare, which went on for four days when the government cracked down on the *cocaleros*. The United States ambassador was outspoken in his opposition to Evo Morales during the presidential campaign [10] which meant that his name was often in the press, and Evo Morales jokingly remarked that the ambassador was behaving as though he were his election campaign manager. The result of the June 2002 elections was that Evo Morales came second; 27 members of parliament and 8 senators were elected from the MAS party [11]. The October 2003 rebellion against the government's policy on gas extraction and export brought down President Sanchez de Lozada, who had been elected in the June 2002 elections, and in December 2005, after a heated period of transition, new presidential elections gave Evo Morales 53.7% of the votes [12].

The programme of MAS and Evo Morales is made up of a whole series of reforms. Most outstandingly, they aim to give full rights to the Indian majority after five centuries of oppression. They aim to put natural resources under public control once again, in order to satisfy the economic, social and cultural rights of Bolivian citizens. The constitutional reform aims to democratize the political and economic system of the country. It is an ambitious programme of reforms which does

not automatically reject capitalism. If the owners agree to make large concessions, they can continue to make a profit and the state will not touch their property except when it is directly opposed to the collective interest, which is the case for example when large areas of land lie fallow. However, if owners refuse to make concessions, if foreign companies start to sabotage the government's policies, the process could be toughened up. The attitude and the actions of the social movements will play an important role. In fact, the President of the Republic, Evo Morales, remains the leader of the six federations of cocaleros. It remains to be seen whether the MAS in power becomes effectively a tool for liberating the oppressed, or whether, as has been seen over and over again in the past, it becomes an instrument of power to try to discipline the people from above while adapting to the established order. The official discourse and some of the actions clearly point in the right direction, but it takes a period of five to ten years to see which way a government's actions will go. Let us hope that the high expectations the Bolivian people have placed in their President will not be disappointed.

Oil and gas back under public control

On May 1 2006, by presidential decree, the Bolivian state took back control of the hydrocarbon sector, which had been conceded to big foreign multinationals in the 1980s and 1990s. The army was sent to all oil and gas fields to seize them. This provoked a number of protests from the oil multinationals and the governments of their mother countries. The Brazilian right piled intense pressure on President Lula to decry the Bolivian decision, which affected the interests of Petrobras, but he ultimately expressed his understanding towards the decision of Evo Morales.

Joseph Stiglitz, the Nobel laureate for Economics [13], described the nationalization of hydrocarbons in Bolivia as a process of "recovery of a property" [14] that already belonged to the Bolivian government and considered it "necessary" that Bolivia received a "just compensation" for its natural resources.

The American economist, ex-vice president and chief economist of the World Bank, has argued that the failure of the neoliberal model, imposed by the Washington Consensus to reduce to a minimum the role of the State in national economies, was palpable and emphasized the fact that Bolivia, once the model pupil of the neoliberal model, "has suffered from all the ills (of its application) but derived no benefit from the experience – it is clear that its economic model needs to be changed."

In this context, Stiglitz did not want to characterize the new energy policy under Evo Morales as "nationalization", but a "recovery" of Bolivian resources, or a "return to Bolivia of a property which was already hers."

"When a person is robbed, say, of a painting which is then returned, we do not call this renationalization but the return of a property that previously belonged to this person," explained Stiglitz.

By contrast, the IMF warned, from its Washington headquarters, of "major economic consequences", adding that the event could deter foreign investors.

The nationalization has not led to the expulsion of foreign oil companies, they can continue to extract hydrocarbons, but on condition of paying greater revenues to the state.

Despite their protests, they all continued their activities. This is more proof that a state with the will to impose its decision on private foreign companies can succeed.

The challenge for the Bolivian government is to equip itself rapidly, with the help of other countries such as Venezuela, with the means to develop a public hydrocarbon industry that can firstly satisfy the internal market's needs for fuel while delivering derivatives that are useful for the development of the country.

Bolivia leaves the ICSID, the World Bank tribunal

[15]

Since May 2 2007, Bolivia is no longer a member of the ICSID, the International Centre for the Settlement of Investment Disputes, an organ of the World Bank. This decision was announced by president Evo Morales during the April 29 2007 summit of ALBA [16] member countries and made official on May 2, in a letter sent to the World Bank. Venezuela and Nicaragua had announced that they would do the same, but have not (yet?) implemented this decision.

To understand the implications of the withdrawal from the ICSID, a brief recall of its *raison d'être* and its recent history with Bolivia is necessary.

The ICSID, set up in 1966, is made up of 144 countries (called contracting States). Bolivia, which has appeared twice before this institution, joined in 1995. The main function of this World Bank Group institution is to arbitrate over disputes linked to investments by citizens of one contracting State in another contracting State. Though the ICSID presents itself as an autonomous entity, it closely associated with the World Bank institutions [17] and the nature of its decisions leave little doubt about its orientations: it defends again and again the same neoliberal doctrine, protecting the interests of rich countries and multinationals and threatening the sovereignty of States.

The figures speak for themselves: of the 232 complaints received by the ICSID, 230 were by multinationals; in the 109 disputes overseen by the ICSID up to February 2007, 74% of the defendants were developing countries; and finally, in 36% of cases, the disputes were settled outside the centre, but with a financial compensation for the companies; in the rare cases where a State has won, it has not led to any compensation. However, this distortion is unsurprising, coming from a 'referee', which, as an entity of the World Bank group, is at the same time judge and party to the proceedings.

Incestuous relationship

The World Bank, via its conditional loans, effectively imposes the privatization of public services and natural resources, and the drafting of laws favourable to foreign investments (tax exemptions, free movement of capital, goods and services, etc.): this clears the field for big multinationals to help themselves. At times, the World Bank engages in direct investment, through its IFC subsidiary (International Finance Corporation), or guarantees such investment through the MIGA (Multilateral Investment Guarantee Agency) intermediary.

When these firms conflict with local authorities, they have recourse to the good offices of the ICSID which decides in favour of the multinationals, whose investments had been initially encouraged by the World Bank itself. The process comes full circle, and the nation is taken hostage.

This incestuous relationship between the ICSID and the rest of the World Bank Group nearly cost the Bolivian people very dearly, in two 'water wars', in Cochabamba in 2000 and in El Alto in 2005. In both cases, the inhabitants fought to regain control of the distribution of drinking water, which

had been privatized under the auspices of the World Bank and the IMF. Control over water had been given, in suspicious conditions [18], to branches of big multinationals: in El Alto, it went to Aguas del Illimani, a subsidiary of the French group Suez, and in which the IFC held an 8% stake [19], and in Cochabamba, the company Aguas del Tunari was linked to the US giant Bechtel. These two companies had, unsurprisingly, favoured the profit logic, dangerously limiting their investments and drastically increasing rates, depriving access to water to an important portion of the population.

Under pressure from the Bolivian population, determined not to allow these companies to violate their fundamental rights, the deals were rescinded and control over water was again switched to the public sector. Naturally, Bechtel and Suez threatened to bring the case to ICSID. Bechtel went as far as to claim 25 million dollars to compensate for the “expropriation of future benefits”, while the company had only invested 500 000 dollars over the seven months duration of the contract. Faced by Bolivia’s refusal, backed by many civil society organisations in the US, Bechtel finally renounced its claim even before the hearing had really started. It was a first victory. For its part, Suez, under pressure from an international campaign of solidarity [20] with the Bolivian people and State, did not start any legal proceedings. Here was a second victory and proof that the will of a country of the South and popular mobilization can cause a multinational to retreat.

“We cannot be part of an organization where States are always losers” [21]

These two cases alone shed light on the reasons for Evo Morales’ action. The Bolivian government presented six reasons to justify its decision. It condemned the biased character of the ICSID and its propensity to favour multinationals, even when they are guilty of the non-respect of the Bolivian constitution and laws. The president explained: “You have companies which do not respect laws nor contracts, and which sometimes do not pay their taxes, and each time the ICSID finds in their favour.” [22]. ETI owns the Bolivian telephone company ENTEL, the country’s leading telecom operator. ETI claims that the Bolivian government’s intention to examine the company’s results and start negotiations with a view to increasing control over ENTEL has “destroyed” its investment. Telecom Italia/ETI lodged its complaint after Bolivia gave notice on 2 May 2007 of its decision to withdraw from the ICSID. Despite this fact, the ICSID accepted the complaint on 31 October 2007. It should be said that the Secretary General of the ICSID and vice president of the World Bank is none other than Ana Palacios, former Spanish Minister of Foreign Affairs in José Maria Aznar’s government, well known for her support of multinational interests. It should also be noted that since October 2007, it is the Spanish multinational Telefonica that controls Telecom Italia/ETI.

ENTEL is one of the companies that were privatized thanks to the policies imposed by the World Bank and the IMF. Before it was privatized, it was one of the chief contributors to State revenues, together with the publicly owned oil and gas company YPFB. It was also one of the most efficiently managed and most profitable companies in the country. It subsequently fell under the control –through the acquisition of 50% of its shares – of the Italian company STET, absorbed by Telecom Italia in 1997. Telecom Italia thus profited from the effective monopoly held by the public company, which controlled 80% of the long-distance call market and 75% of the mobile phone market.

Telecom Italia’s strategy was to invest just enough to consolidate ENTEL’s position as the dominant player in the Bolivian marketplace and to generate profits for Telecom Italia/ETI. The firm has been accused by Evo Morales’ government of shifting ENTEL’s resources to wholly-owned Telecom Italia/ETI subsidiaries located outside Bolivia. The law prohibits the transfer of resources out of Bolivia as long as the company has not fulfilled its investment obligations as detailed in the 1995 privatization contract.

The firm has transferred hundreds of millions of dollars of capital out of the country to foreign shareholders, while telecom and information services in Bolivia are still largely inadequate.

What lies behind the claim of ETI (Telecom Italia) against Bolivia?

In 2006, Evo Morales' government criticized the privatization of ENTEL and the resulting benefits for Telecom Italia/ETI. It was realized that the company's services to the public left much to be desired and that the transfer of capital abroad was causing significant losses in tax revenues. In March and April 2007, the government set up a commission to study and recommend proposals to regain control of ENTEL. Instead of turning to the Bolivian regulatory bodies and tribunals, Telecom Italia/ETI chose to refer the matter to the ICSID.

But for the very first time in Bolivia, a democratically elected president has the will and the capabilities to look into the management of privatized operations. He is ready to do what is necessary to defend and promote the public interest. This is what President Evo Morales means when he speaks of seeking "partners and not bosses" in his relations with foreign companies. Establishing relationships with partners means re-establishing a just and fair balance. And in this case, it means ensuring that resources created in Bolivia will be used for the country's development.

This is why Bolivia withdrew from the ICSID and why it is closely examining the investment treaties signed with a number of countries. For all these reasons, it is important to support Bolivia in this test of strength involving Telecom Italia.ETI/Telefonica and the ICSID.

The Bolivian debt

Bolivia's external public debt was reduced by 45% in 2005-2006. As part of the HIPC (Heavily Indebted Poor Countries) Initiative, the World Bank, the IMF and the IDB (Inter-American Development Bank) cancelled approximately 2 billion dollars of debt. By contrast, the internal public debt has soared in recent years and today exceeds the external public debt. The cost of debt servicing has therefore not decreased, and currently fluctuates between 800 and 900 million dollars per year. In 2006, servicing of the internal public debt cost the Treasury 556 million dollars and servicing of the external public debt 325 million dollars. The debt payment burden thus remains extremely heavy, much too heavy with regard to social expenditure. An alarming fact: in November 2007 Evo Morales declared at the Ibero-American summit held in Santiago, Chile that Bolivia must increase its loans from international financial institutions.

The proposal for the new Constitution adopted by the constituent assembly on 9 December 2007

It was in an extremely tense political and social climate that on 9 December 2007 a qualified majority of constituent assembly members approved the new Constitution proposal that will be put to a popular referendum in 2008.

The political right set up numerous obstacles to the adoption of the constitutional reform by the constituent assembly in which MAS has a simple majority. Right-wing elements first made sure the work dragged on as long as possible, then refused to seek acceptable compromises. Next they resorted to "empty seat" tactics, hoping to prevent work from advancing and to delay the start of voting. They also supported the elite of the town of Sucre in their demand for the "recovery" of legislative and executive powers - which effectively blocked the assembly in the last months. The right being anxious to avoid all major constitutional changes, this sabotage went on for over a year. The situation was so badly gridlocked that the assembly suspended its work for three months. When it resumed work in November 2007, the right was conspicuously absent. After two weeks of work,

the assembly adopted the project. Certain right-wing MPs even participated in the approval process. All this was achieved amidst provocation from the right in various places throughout the country and intense mobilization among MAS sympathizers. The right tried in vain to paralyze traffic on the roads around Sucre, the historic capital where the assembly was held. It organized protests against Indian organizations that had come to offer their support to the constituent assembly. Finally, a number of delegations from social movements that support MAS came to Sucre to protect the constituent assembly. In the end, the assembly has to be moved to the town of Oruro for the weekend, during which time approval of the text was voted.

Guaranteed individual and social rights are at the heart of the constitutional reform proposal. Without attempting to give a global and exhaustive exposé, here are a few key aspects of the Constitution.

According to the project (Art. 11 II), **democracy will operate:** 1. in a direct and participatory manner through the referendum, legislative and citizen initiatives, the revocation of mandates [23], the holding of assemblies and states general; 2. in a representative manner through the election of representatives by direct, secret, universal suffrage, for example; 3. in a community-based manner through the election, designation or nomination of authorities and representatives by methods and procedures appropriate to each nation and indigenous people.

As per Article 14, the State forbids and punishes all form of discrimination, whether based on sex, colour, age, sexual orientation, gender, origin, culture, nationality, citizenship, language, religion, ideology, political or philosophical affiliation, civil status, economic and social condition, type of occupation, level of education, disability, state of pregnancy, or any other factor which could have as its aim or effect to diminish the recognition, enjoyment and exercise, in conditions of equality, of the rights of any person.

The State guarantees the exercise of rights established in international human rights treaties. As regards the exercise of rights, no person shall be forced to do what the Constitution and the law do not require, nor have to refrain from doing what the Constitution and the law do not forbid.

Art 15: I) No-one shall be tortured nor be subjected to cruel, inhuman, degrading or humiliating treatment. The death penalty does not exist. II) All people, in particular women, have the right not to suffer physical, sexual or psychological violence whether at the level of the family or society. III) The State will adopt the necessary measures to prevent, eradicate and punish violence towards women.

Art 16: I) Everyone has the right to water and food. II) The State has a duty to guarantee food security.

Regarding health care, the State guarantees a fully adequate system of free public health care. As per Article 38, public goods and services are the property of the State and cannot be privatized or conceded to the private sector.

Art 41: II) The State will give priority to generic medicines by financing their production within the country. III) The right of access to medicines cannot be restricted by intellectual property rights.

Art 45: I) All Bolivians have the right to free social security. II) Social security will be governed by principles of universality, equality, solidarity, unified management, economy, opportunity, interculturality and efficiency. Its management and administration are the responsibility of the State, with due controls and social participation. V) Women have the right to maternity health coverage, benefiting from intercultural vision and practice; they will receive special assistance and State protection during pregnancy, childbirth and pre- and post-natal phases. VI) Public social

security services cannot be privatized.

Regarding education, as per Article 77: I) Education has a fundamental role and is the foremost financial responsibility of the State.

Art 78: III) The education system is liberational and revolutionary ...

Art 81: I) Education is compulsory up to the end of the secondary cycle. II) Education is free at all levels up to the higher education cycle.

Art 94: III) The State will not subsidize private universities.

Workers' rights. Article 48 calls for the inversion of proof in favour of the worker. IV) Wages and indemnities owed to workers take priority over any other debt, and are non-seizable and imprescriptible. V) The State will promote the integration of women in the workplace and will guarantee them equal pay for equal work, both in the public and private sector.

Art 53: The right to strike is guaranteed.

Art 54: In order to defend their workplace and in the interest of labour, workers can re-start and re-organize companies that are in liquidation, closed down or abandoned without proper justification, and create community-based or social companies. The State can assist workers in these activities.

Regarding property, Article 56 states that *"everyone has the right to private individual or collective property, as long as it has a social purpose. Private property is guaranteed as long as the use made of it is not prejudicial to the collective interest. The right to inherit property is guaranteed."*

As per Article 57, *"expropriation may be carried out in case of necessity or public utility or when the property does not fulfil a social purpose."* This clearly is a reference to certain large investment properties.

Regarding defence (Art. 10), Bolivia cannot accept any foreign base on its territory and cannot participate in any war of aggression.

If this reform is adopted during the referendum, it would be a major step forward for political democracy and for guaranteeing the economic, social and cultural rights of the population.

Naturally, the adoption of this new Constitution cannot immediately result in the instant fulfilment of all its provisions regarding collective and individual rights. In reality, such a series of articles represents the objectives to be achieved in the mid-term. The vital fact is that the adoption of the text will provide the government and legislative power with a legal framework in which to further develop the reforms undertaken since 2006. And as a natural consequence, it will also offer a legal framework allowing the social movement to demand that the government adopts all necessary measures for making the Constitution a reality. The stakes therefore are high indeed.

Box

Extracts from the inaugural speech of Evo Morales, President of Bolivia
26 January 2006, La Paz

I want to say to all my indigenous brothers of America here in Bolivia today that our campaign of 500 years of resistance hasn't been in vain. We are here to say that enough is enough. After resisting for 500 years we are here now for the next 500 years. Indigenous people, workers from every sector, we have achieved power to end the injustice, inequality and oppression we have lived under as Aymaras, Quechuas or Guaranis (...)

A small number of people cannot be allowed go on looking for the means to devastate, exploit and marginalize. Obviously, some have the right to live better than others, but without exploiting, without stealing, without humiliating, and without subjugating others. That has to change, brothers and sisters. (...)

The colonial State must come to an end. Just look: after 180 years of democratic, republican life we are finally here - we can be members of parliament. Before, we did not have the right to all that. In 1952 the peasants and miners paid for the right to vote with bloodshed - they took up arms to obtain universal suffrage (...)

Basic needs cannot be privatized. We cannot accept that governments have privatized basic needs like water. Water is a natural resource - we cannot live without it. That is why water cannot be a private business. Since it was privatized, human rights have been violated. Water must remain a public service (...)

For the information of the international community, our movement was not founded by a group of professional politicians. It was born among the leaders of the Confederation of Rural Workers (CSUTCB), the National Federation of Campesina Women of Bolivia Bartolina Sisa, the Trade Union Confederation of Bolivian settlers. We started to organize our political instrument for the sovereignty of the people in 1995 with some of our brothers in Eastern Bolivia (...)

So that the international organisation and the international press get it straight, it is the power of conscience which has won the national election, and MAS is its political instrument (...)

At the same time, we have to ensure the referendum on regional autonomy. We want regional autonomy. Historically, before Bolivia became a republic, the indigenous people, the first to live here, fought for self determination. Autonomy is not someone's invention - it is the fight of all indigenous Americans for self determination. But we want autonomy with mutual aid and exchange, autonomy where the wealth is distributed fairly. Autonomy for the indigenous people, for the provinces, for the regions. And this should be organized through Bolivian union by means of a constituent assembly (...)

We have to nationalize our natural resources and set up a new economic system. (...) It is not a question of nationalizing for its own sake, be it our natural gas, petroleum, mineral or forest resources, we have to industrialize them. How is it that since 6 August 1825, none of our natural resources have been processed within our own country? How is it possible that we only ever export raw materials? How much longer is Bolivia going to carry on exporting raw materials? How is it possible that none of the governments throughout the time of the Republic have ever thought about their own country? It's difficult to believe, and it is not acceptable (...)

It is not possible that the basic salary should be 450 *bolivianos* [\[24\]](#) and that members of parliament are paid more than twenty thousand *bolivianos*. The president earns 28,000 *bolivianos* while the basic salary is 450 *bolivianos*. It is only moral that we should reduce our salaries by 50% (...)

I would also like to speak to you, respected congressmen, about how to change the policies concerning land ownership. I would first like to say that land which is being used productively, land which is being farmed, which fulfils a social and economic function, will be respected, be it 1,000,

2,000, 3,000 or 5,000 hectares. But land which is used only to be bought and sold, will be returned to the State so that it can be redistributed among landless farmers. There will be negotiations before we take back land, by law or by decree. Those who are monopolizing unproductive land would be better off initiating discussions with a view to conceding the land to the State, and solve the problems in this way (...)

More than 20% of men and women in Bolivia are illiterate (...) We welcome the preliminary agreements with the governments of Cuba and Venezuela, who are willing to help us with experts in literacy training (...)

We could continue speaking on many subjects concerning the development of the Bolivian people, but basically, it will be important to reinforce the micro and small businesses (...)

We would like to say to the international community that drugs, cocaine, drug-trafficking are not part of the Andean and Amazonian culture. Unfortunately it is an imported evil, and we are going to have to put a stop to drug-trafficking and cocaine. But it won't be zero coca cola, it will be zero cocaine and zero drug-trafficking. (...)

We know and we are convinced that drug-trafficking hurts humanity. However, the fight against drug-trafficking cannot be an excuse for the US government to dominate or subjugate our nations.

In this process of change, I address a request to the international community concerning the external debt. It is obvious that we, the indigenous peoples, cannot be held responsible for such indebtedness with no results. That does not mean that we don't know about this external debt, but is important that the international community should consider the issue in a responsible and serious manner. We respectfully ask for this external debt, which has caused so much damage and made our country so dependent, to be cancelled. (...)

It is important to develop a sovereign economy and we want to take this opportunity to say clearly that State enterprises may not only exercise property rights over the natural resources but also get into production. (...)

It is true that Bolivia needs partners and not overlords of our natural resources. Under our government there will be public investments and private investments, in partnership with the State and in partnership with companies. We will guarantee such investments and we will guarantee that the companies have the right to recover what they invest and make a profit. However, such profits must be balanced out, and the State and the people must benefit from the natural resources too (...)

In our world there are big countries and little countries, rich countries and poor countries, but we all have an equal right to dignity and sovereignty. Our Tupac Yupanqi ancestors said: a nation which oppresses another nation cannot be free. Here we want neither submission nor conditionality, we want to be in relation with everyone, not only governments but also social movements; we want to work hand in hand with all partners to solve our problems in a democratic way, always seeking justice and equality. This is our greatest hope (...)

Finally, and I will finish here, I would like to present my deepest respects to the indigenous movements of Bolivia and America, to the social movements, to their leaders who fight for this movement, to the intellectuals who joined them to change our history (...). I would like to thank the union section of San Francisco Bajo of the Centre Villa 14 de septiembre, the Tropics Federation, and the Six Federations of the Tropics of Cochabamba, where the union and political struggle were started.

I will fulfil my promise. And in the same way that subcomandante Marcos says "command by obeying

the people" I will command Bolivia obeying the people of Bolivia.

P.S.

* The present text is also Chapter 8 of the book by Eric Toussaint, "Banque du Sud et nouvelle crise internationale. Alternatives et résistances au capitalisme néolibéral", CADTM-Syllepse, 2008. The book will be available in bookstores from May 2008. An English version will also soon be made available. "Bank of the South and the New International Crisis. Alternatives and Resistance to Neoliberal Capitalism". Translated by Elizabeth Anne, Judith Harris, Christine Pagnouille and Diren Valayden.

* Eric Toussaint, president of the Committee for the Abolition of Third World Debt CADTM-Belgium, author of World Bank: a never-ending coup d'Etat Editorial VAK (Mumbai-India), 2007. The World Bank: Critical Primer, Pluto Press / Between the lines / David Philip Publisher, London-Toronto-Capetown, 2008. Banque mondiale : le coup d'état permanent. L'agenda caché du consensus de Washington, co-published by CADTM / Syllepse / CETIM, Liège/Paris/Geneva, 2006, 310 pages. Banco mundial: el golpe de estado permanente Editorial Viejo Topo (Barcelona), 2007 (also published by Abya-Yala in Ecuador and CIM in Venezuela).; author of La finance contre les peuples. La bourse ou la vie, co-published by CADTM / Syllepse / CETIM, Liège/Paris/Geneva, 2004, 640 pages (published in 8 languages); co-author with Damien Millet of 50 Questions/50 réponses sur la dette, le FMI et la Banque mondiale, co-published by CADTM / Syllepse, Brussels, Paris, 2002 (published in 9 languages).

Footnotes

[1] Sucre is the historical (and administrative) capital of the country. However, since the 1899 Federal War the seats of the executive and legislative powers were transferred to the city of La Paz, with Sucre keeping only the seat of the Supreme Court.

[2] See Éric Toussaint, *Bolivie : la lutte des peuples pour l'exercice de la souveraineté sur les ressources naturelles*, 20 octobre 2003, <http://www.cadtm.org/spip.php?article107>

[3] Since the 1952 revolution, which thanks to the victory of universal suffrage made it possible for the Amerindian majority to be heard through the election process, Amerindian representatives have been elected as Members of Parliament.

[4] Quoted by Hervé Do Alto, "La nouvelle Constitution existe, l'instabilité persiste", 13 December 2007.

[5] This section of the text is based largely on Hervé Do Alto and Pablo Stefanoni, *Evo Morales, De la coca al Palacio. Una oportunidad para la izquierda indígena*, Editorial Malatesta, La Paz, 2006 and on Carlos Cortéz Romero, "En la ruta emancipatoria", in *América latina en movimiento*, October 2007. See also the numerous studies on social movements by the current Bolivian vice-president Alvaro García Linera.

[6] From 1952 on the COB had been represented in the government with no less than four ministers. It even had a power of veto over policies in the extraction industries. See Hervé Do Alto and Pablo Stefanoni, *Evo Morales, de la coca al Palacio. Una oportunidad para la izquierda indígena*, op. cit., Editorial Malatesta, La Paz, 2006, p. 59

[7] Evo Morales' speech on 22 January 2006. See longer extracts later in this chapter.

[8] Felipe Quispe participated, alongside Álvaro García Linera, in the Katarista Guerrilla EGTK and was the general secretary of the CSUTCB.

[9] The decision was revoked by the constitutional court in 2002.

[10] The ambassador, Manuel Rocha, said to the press in June 2002: "A Bolivia run by people who have profited from drug-trafficking cannot expect US markets to remain open to traditional textile exports." (La Razón, La Paz, 28 June 2002).

[11] The MAS won the majority in Chapare (80% of votes in Villa Tunari), El Alto, Oruro and in the densely populated areas of the town of Cochabamba.

[12] With an extremely high electoral turnout: 84%. Note, too, that even in the right-wing bastion of Santa Cruz, the MAS garnered 33.2% of votes.

[13] Commonly called the Nobel prize in Economics, it is in fact a prize of the Bank of Sweden in economic science and not a Nobel prize as such.

[14] The quotes from J. Stiglitz are taken from the Mexican daily *La Jornada* May 19 2006.

[15] For more information, see JACQUEMONT Stephanie, LHOIST Yolaine, *La Bolivie porte une estocade à la Banque mondiale*, 29 October 2007, www.cadtm.org/spip.php?article2923

[16] The Bolivarian Alternative for the Americas (ALBA) is comprised of Venezuela, Bolivia, Cuba and Nicaragua. Ecuador is inching closer.

[17] The president of the World Bank also presides the administrative council of the ICSID and other members of the ICSID are also members of the World Bank.

[18] In both cases, these companies were the only ones to tender for the project.

[19] See Eric Toussaint *Banque mondiale : Le Coup d'Etat permanent. L'Agenda caché du Consensus de Washington*, CADTM-Syllepse-Cetim, Liège-Paris-Geneva, 2006, p. 286-287.

[20] See Eric Toussaint, *Sous la pression populaire, le président bolivien met fin à la présence de Suez en Bolivie*, 17 February 2005, <http://www.cadtm.org/spip.php?article1156>.

[21] The quote is from an interview with Evo Morales by Benito Perez: "Evo Morales: 'Bolivia has no masters anymore, but partners'", *Le Courier*, 20/06/2007.

[22] Ibid.] He has also characterized the court as anti-democratic, for its hearings are conducted behind closed doors and its decisions cannot be appealed. Furthermore, the administrative costs are very high, as are the indemnities demanded by multinationals who often ask for compensation for the loss of future revenues linked to the rescission of a contract. Finally, the government pinpointed the illegitimacy of a referee who is judge and party to the proceedings, and the unconstitutionality of taking a case to this organization. Effectively, the Bolivian constitution is clear: article 135 requires that all companies operating in Bolivia be subject to the sovereignty, laws and authorities of the Republic. Disputes between the state and foreign companies fall under the jurisdiction of Bolivian tribunals.

Another multinational attacks Bolivia via the ICSID

On 12 October 2007, Euro Telecom International (ETI), a wholly-owned subsidiary of Telecom Italia controlled by Italian and Spanish capital, started proceedings against Bolivia through the ICSID [[For further details on the dispute with Telecom Italia: *Campagne Internationale, CIRDI/Telecom Italie : Bas les pattes de Bolivie!*, 10 December 2007, www.cadtm.org/spip.php?article2982].

[23] In the same way as for the Venezuelan Constitution adopted in 1999 (see previous chapter). Article 241 precisely defines the revocation of mandates.

[24] Bolivian currency (one euro equals around 10 *bolivianos*).