

# The Most Radical Conservative Regime: Bolivia under Evo Morales

By [Prof. James Petras](#)

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*Significant changes in Latin America have mystified writers, journalists, academics and policy-makers who purport to comment on developments in Latin America . The case of Bolivia and two term President Evo Morales (2006 - 2014) is illustrative of the utter confusion in political labeling.*

*A brief survey of his ideological pronouncements, foreign policy declarations and economic policies highlights a very astute political regime which successfully manipulates radical rhetoric and applies orthodox economic policies with a populist style of politics which insures repeated electoral victories and an unprecedented degree of political stability and continuity.*

## The Morales Regime in Perspective

From a comparative-historical perspective the Morales regime would probably be considered as the world's most conservative radical regime or the most radical conservative regime. This apparent contradiction is resolved by examining the policies and practices of the regime. But what is not in question is that the Morales regime, his advisers and government, have extraordinary wide backing. His allies include leaders of the social movements at home, as well as overseas investors and mining executives, trade union leaders and domestic bankers; agro-business exporters and business leaders and Indian coca farmers, all enthusiastic supporters of the "First Indian President" in Latin America and the region's leading advocate of extractive capital!

The Morales regime has won every election, six in all, since 2005, including two Presidential elections, each by a larger margin. His vote has increased from 50% to 60% and Morales, looking to national elections in 2014, promises to garner 70% of the ballots. No President in the history of Bolivia has secured consecutive electoral victories, and ruled democratically for such an extended period of time (8 years) with political stability.

## The Morales Formula: Radicalism at the Service of Orthodoxy

The most striking aspect of the eight year rule of Evo Morales is his rigor and consistency in upholding orthodox economic policies - right out of the handbook of the international financial organizations.

### Fiscal Policy

The Morales regime has exercised tight control over government spending, ensuring a budget surplus and keeping social spending and public investment at levels comparable to previous neo-liberal regimes. Pay raises for public sector workers are modest, barely

keeping ahead of increases in the cost of living . The government has held the line against public sector unions, strongly resisting strikes and other forms of labor pressure. As a result, bankers and business people, both national and foreign, have benefited from low taxes, a stable currency and business friendly fiscal incentives.

### Trade Policy

The Government has aimed for and secured favorable trade balances, based on the export of mineral and agricultural commodities. The Morales regime has used the billion dollar surpluses to triplicate foreign reserves, \$14 billion dollars, guaranteeing foreign investors access to hard currency, when it comes to remitting profits. The boom in export earnings is a result of high commodity prices and an increase in government royalties. Only a small share of the high earnings has gone into public investments in manufacturing and social programs; most funds remain in the banks. At best the regime has increased spending on infrastructure to facilitate the transport of agro-mineral exports.

### Investment Policy

The Morales regime has encouraged and protected large scale foreign investment in mining and agriculture. It has not nationalized any large mining operation. Instead it has bought shares in forming joint ventures and increased taxes to a modest and acceptable degree. Corporate profits are high, remittances are unencumbered, environmental and safety regulations are lax and labor conflicts are at historical lows.

### Labor Policy

The Morales regime has encouraged labor union officials under its influence, to negotiate, hold down wage demands and accept moderate increases, just above the rate of inflation.

Morales has not increased labor's power and prerogatives at the workplace, nor allowed labor any influence in shaping its extractive capital development strategy. Increases in the minimum wage have been incremental; the majority of labor, especially in the rural sector, live at or below the poverty line. Morales has rejected any notion of workers co-participation in public sector enterprises and upholds the authority of capital to hire and fire workers without adequate indemnification except under specific circumstances.

Morales, via his party (MAS - Movement to Socialism) exercises decisive influence over the leaders of the labor confederation (COB) and Indian movements, thus ensuring social stability and political certainty for the business elite. His period of labor peace is in sharp contrast to the general strikes and popular rebellion of the previous decades.

### Class Harmony: Landlords and Indians, Mine Owners and Miners

Among the greatest achievements underlying Morales successful implementation of orthodox economic policies, has been his success in building a political and social coalition including historical adversaries.

During the first four years of his term as President, Morales faced strong and at times violent opposition from the regional elite in Santa Cruz , the wealthiest region in the country. He also faced powerful 'personalist' (caudillos) political opponents in Cochabamba and Sucre . Using his mass base and the military he crushed the most violent opposition and negotiated

political and economic pacts with the leading business and agricultural families. Henceforth agro-business plantation owners received subsidies and tax exemptions to encourage exports and land-reform for landless peasants was relegated to marginal public lands, while small landholders received title to their existing plots. Promoting agro-export became an integral part of Morales development strategy. Morales extended his electoral coalition to incorporate the elites in Santa Cruz, formerly the bastion of the Right.

To counter US destabilization, Morales terminated the US Drug Enforcement Agency (DEA) activity, and expelled US Ambassador Goldberg following his blatant intervention in regional politics. Morales convoked a constituent assembly to write a new constitution for a "plurinational state" which consolidated Indian allegiance to the Morales regime. Decentralized cultural diversity ensured conformity to centrally planned orthodox economic policies

#### Foreign Policy: Radicalism Abroad Complements Orthodoxy at Home

While working closely and in conformity with agro-mineral, banking and foreign MNC interests at home, Morales launched a series of anti-imperialist manifestos against US intervention in Venezuela; repeatedly denounced the US blockade of Cuba; opposed the US backed military coup in Honduras' and defended Argentina's claim to the Malvinas Islands (what the Anglo-Americans call the Falkland Islands). Morales joined the radical regional bloc, ALBA, initiated by President Chavez and supported 'regional integration' which excluded the US. He denounced the TPP (The Trans Pacific Pact) as a 'neo-liberal project'.

Evo Morales praised Edward Snowden and his revelations; denounced NSA spying and was especially indignant with Spain and France when his flight from Moscow was diverted and denied landing rights. At the same time that he was denouncing European collaboration with the US Empire, he was addressing major investors in Spain urging them to invest in Bolivia under favorable terms. In other words Evo's radical pronouncements were directed at imperial interventionist policies, especially coup-promotion and integrationist schemes that isolated Bolivia from its political allies and Latin American economic partners. At the same time, Evo was careful to differentiate between imperial militarism which threatened his regime and foreign investment (economic imperialism) which fit in with his economic development strategy. In this context, friendship with Fidel Castro provided radical legitimacy for his overtures to the world's leading mining conglomerates.

#### The Social Policies of a Radical Conservative

On December 22, 2013, Evo Morales surprised his enthusiastic leftist backers when he pronounced his support and defense of child labor and opposed ILO's (International Labor Organizations) global campaign to ban it. According to Morales child labor was essential to supporting poor family income. According to Morales, Bolivia's 850,000 child laborers (about one-fifth of Bolivia's labor force) employed in factory, field and mining developed a "social conscience" in sweat shops. Inadvertently Morales revealed the extraordinarily lax labor code and lack of concern for the education and health of growing children. In fact in Bolivia low-wage child labor depresses wages for adult workers. Child labor serves a "reserve army" allowing employers to replace militant adult workers. Cheap labor is rampant in Bolivia, which has the lowest minimum wage in South America: 90 cents an hour (USD) and the lowest monthly salary (\$143 USD). Despite nearly \$15 billion in foreign reserves and trade surpluses, 51.3% of the population lives on less than \$2 a day. More to the point, social expenditures have only marginally increased and have been accompanied

by increases in inequality: the top tenth percentile receives 45.4% of household income and the bottom 10 percentile 1%. The gini coefficient which measures inequality is 58.12 (2009) compared to 57.9 in (1999).

Bolivia still depends on the export of raw materials and the import of finished goods. Its main exports are oil and staples and it imports petroleum products, finished goods and prepared foods. The promise to “industrialize” iron ore, petrol, zinc and tin has yet to take place. The major agricultural export crops, soybeans, cotton, sugar cane, coffee are produced by large plantation owners grouped in the Santa Cruz ‘100 families’. The most lucrative export for small farmers and peasants is coca leaf – the raw material for cocaine.

## Conclusion

The Morales regime has successfully imposed a political economic model which has generated an unprecedented decade of political and social stability and a growth rate between 4% and 6%. He has secured joint ventures and investments from over fifty of the biggest multi-national corporations and is in good standing with the international financial organizations. Morales has received financial aid from both leftist ( Venezuela ) and rightist regimes (European Union). The Morales regime has secured an ever increasing percentage of votes, over the past decade, ensuring the continuity of policies, personnel, institutions and the class structure. Morales has successfully co-opted formerly militant trade unionists and peasant leaders, through radical rhetoric, stipends and subsidies. He has successfully converted them into “guardians of the status quo”. He has converted Santa Cruz oligarchs into political allies. Morales has isolated and stigmatized dissident peasant organizations and environmental groups protesting infrastructure and agro-mining projects devastating the environment as “tools of imperialism”. Even as he invites imperial MNC to take over natural resources.

Morales has been a master, without peer in Latin America , at justifying orthodox, reactionary policies with radical rhetoric. In defense of extractive capitalist depredation he cites Pachamama the Indian goddess of the Mother Earth; in defence of the exploitation of child labor he claims work inculcates social consciousness and contributes to family income. He provides a ‘bonus’ for school children while more than a third are out of school slaving at below minimum wage jobs (and achieving a “social conscience”). He provides a minimum pension that does not even cover basic survival living while he boasts of budget surpluses, a stable currency and the addition of billions annually to foreign reserves. He speaks to anti-imperialism yet embraces their neo-liberal economic orthodoxy. He describes his regime as a “government of workers and the poor” while his economic and social policies favor the top 10%.

Evo Morales has secured a political-economic formula which has succeeded in gaining the support of the left and right, Fidel Castro and the IMF, the Santa Cruz agro-oligarchy and the Indian peasant coca farmers. He has defeated US destabilization and intervention by expelling AID and the DEA and strengthened the capitalist state and increased capitalist profits.

The Morales model of ‘radical conservatism’ is probably not for export to other ruling classes in Latin America . After all how many Indian presidents with a mass following and orthodox economic policies are there in the world? How many leaders can proclaim a “plurinational decentralized state” and centralize political power and economic decision-making in the hands of a small mestizo technocratic elite?

There is no doubt that Evo Morales is an exceptional leader, his multi-faceted politics reflect his genius as a political manipulator. He is not a social revolutionary or even a consequential social reformer. His regime is certainly not a government of workers and the poor. But Evo Morales is Bolivia 's most successful democratic capitalist ruler and he is still expanding his electoral base. The question is how long the "other 50%" will swallow his political chicanery.?

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