

Bolivia Survives Oil Referendum, But Barely

by Gretchen Small

Foreign financier interests out to carve up the nation of Bolivia will have to wait a bit longer. Efforts to use Bolivia's July 18 referendum, on the future of its gas and oil reserves, to blow up the country were defeated when the vote came off peacefully, with results largely favorable to the government. While that is something to celebrate, the results of the referendum settled nothing fundamental, but simply bought the country more time. To survive to fight another battle is not a minor thing, however, in these times of global systemic crisis.

Had the referendum been rejected, or been blocked through the ballot-burning threatened by Felipe Quispe's Nazi-linked wing of the coca-growers movement, President Carlos Mesa had said he would resign. With no alternative institutional force left to assume control of the country, the only winners would have been the international synarchist mining, gas, and dope cartels who are out to bust up the country. Their *intention* to fragment Bolivia into at least two "nations," each defined by primary "exports"—oil and gas, for one; narcotics, for the other—was announced publicly last June by Dick Cheney's friends at the neo-conservative American Enterprise Institute (see *EIR* July 9, 2004; "Bolivia Is Targetted to Redraw S. America Map").

A Definitive Blow to Piratization

How Bolivia's hydrocarbon reserves are to be controlled and managed, and to what end, is central to the country's future. Its proven and probable reserves of natural gas are estimated at more than 52 trillion cubic feet, the second largest in Ibero-America after Venezuela. Happy with the privatization carried out under the first presidency of mining baron Gonzalo Sánchez de Lozada (1993-1997), when his second presidency began in 2002, the cartels were pretty much drooling. But their plans were disrupted by a mass uprising in October 2003—which exploded in large part in reaction to the multinationals' plans—which forced the despised President to resign and flee the country. Vice President Carlos Mesa assumed the Presidency, but had little political capital with which to take decisions.

Mesa faced a country polarized between a radical labor and coca-growers movement promising to overthrow him, as they had Sánchez de Lozada, should he attempt to export gas before all national needs are met; and gas-producing provinces, led by Santa Cruz and Tarija, threatening to cut their own deals with the multitis, should they not be given a greater

share of the gas income. The five-question referendum on July 18, was an attempt to gain enough power to govern.

The vote had one decisive outcome: the 1990's privatization of the state oil and gas industry was overturned, by an overwhelming majority. Over 86% of those who voted, voted to dump Sánchez de Lozada's hydrocarbons law. Over 92% voted that Bolivia's oil and gas, at the well-head, rightfully belong to the State, not private interests. Over 87% voted to build up the almost-disappeared state oil company, YPFB, to once again play a role in Bolivia's hydrocarbons industry. A smaller, but still resounding 62% voted that Bolivia should export gas as part of a national policy to promote industrialization, and charge higher taxes and royalties on those exports, to finance this.

The principle that the State must play a greater role in the market has been re-established in Bolivian law, President Mesa declared in a July 27 speech before the Armed Forces' National College of Higher Studies. The "liberal vision" driving policy since 1985, did not bring the promised results, and did not generate adequate living conditions for the citizens of Bolivia. "These objective results oblige us to turn towards a greater State presence, to recover the capability of planning, of intervention, and of providing a stimulus, which the State should have in key economic areas; which revives a word which you know well: the strategic sense of certain natural resources," Mesa stated. The concept of "strategic resources," fundamental to revolutionary nationalism, was discarded as an obstacle to foreign investment and growth under the liberal vision, but must now be revived, he stated.

'My' Resources

What comes next, remains to be battled out. Lacking the economic or political power to re-nationalize the industry in one fell swoop, the government sought to re-establish the *principle* of national control, build up the state oil company for future operations, and raise royalties back to their pre-privatization levels of 50% on current contracts. But they did not rescind already signed deals, with the hope that the multitis would not walk away from the \$3.5 billion they have already invested in Bolivia, and so will negotiate new arrangements.

But cooperation from the multitis is by no means a given. At the same time, the financiers' favorite *cocalero* leader, Evo Morales, claims the referendum meant full nationalization, now, and says if it does not occur, his people will go back to the streets.

All the while, the threat of nation-fracturing autonomy movements continue to build. Most people in the gas-producing provinces do not argue for separatism, yet, but they already speak of "their" resources, rather than "Bolivia's." Rather than face up to the fact that it is the now-dying international financial system which has looted Bolivia to the bone, most political forces in the provinces are now fighting for a greater share of the nation's shrinking resources, and they blame the central government, when they don't get it.