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Evo Morales' Pursuit of 'Normal Capitalism'

In no way has the Evo Morales-Garcia Linera regime in Bolivia attempted a radical break with capitalism; at best, it represents an attempt to "moralise" existing capitalist elites. Morales is rhetorically anti-imperialist, while in practice the economy is dependent on the multinational corporations and on aid from both Europe and the United States.

JAMES PETRAS

Many progressive overseas academics, politicians, journalists and commentators have glowingly characterised the Evo Morales regime as "radical", "revolutionary" and part of an "anti-imperialist bloc". Academics as diverse as Noam Chomsky, Ignacio Ramonet, Emir Sader, Heinz Dietrich, Marta Hanecker and Immanuel Wallerstein have described Evo Morales as part of a new leftist wave sweeping Latin America. What is striking about these academic celebrants of president Morales is the total absence of any empirical analysis of his recent political trajectory and the socio-economic and public policies implemented during his first 15 months in office.

A first approximation towards an understanding of the Morales regime is to briefly recount the role of Morales and his MAS Party in the period preceding his election and the relationship of that party with the dynamic social movements aiming at socio-political change.

This perspective serves to provoke the basis for outlining the theoretical-practical conceptions of Morales-Garcia Linera (vice-president) which guide their strategy and programme of governance. Once having established the "general line" and strategic goals, this provides the basis for analysing the specific policies pursued in important socio-economic sectors and the tactical-political compromises and alliances that the regime has put in place.

Background to the Morales Regime

Contrary to the mythology of many progressive intellectuals, Morales did not play any role in the three major uprisings between 2003 and 2005, which led to the

overthrow of two neoliberal client presidents: Sanchez de Losado and Carlos Mesa. To be more specific, Morales opposed the February 2003 uprising. He was in Geneva, Switzerland attending an inter-parliamentary conference during the successful uprising (October 2003), which overthrew Sanchez de Losado and did everything possible to undermine the mass general strike of May-June 2005 that drove Carlos Mesa from power. A serious analysis demonstrates that Morales threw all the weight of the MAS Party and its social movements in support of Carlos Mesa's successful rise to the presidency, despite having served as vice-president to Sanchez de Losado. Morales intervened again following Mesa's demise to back the neoliberal justice Rodriguez as interim president in the run-up to the presidential election of December 2005. Subsequently Morales totally transformed the substance of the social movements' demand for a constituent assembly (CA) to "re-found the republic". The social movements demanded that the election of the CA take place by and through the mass popular social movements. This would ensure that the CA reflected the interests of the workers and peasants. Morales rejected this demand and came to an agreement with the discredited oligarchic parties to organise the CA elections based on territorial units in which the elite electoral party machines would dominate the elections. The result was the almost complete marginalisation of the social movements from the CA. After a year of procedural conflict in the CA, Morales agreed to give the oligarchic parties a virtual veto over the new constitution by agreeing to a two-thirds vote to approve all constitutional laws. Further evidence of the divergence of the Morales regime from the demands of the insurrectionary social movements was his

appointments to the key economic posts in the cabinet and their continuation of orthodox fiscal policies: emphasising balanced budget and tight monetary policies over public investment in social programmes and substantive anti-poverty programmes, for example, the doubling of the minimum wage, substantial salary increase for teachers, health workers and other low-paid public sector workers.

Theoretical Considerations

The decay of "Marxist" social thought is very much evident in the discussions of the political trajectory, structure and policy of the Morales "movement" (MAS and affiliated peasant-Indian movements and trade unions). The logic and theory propounded by "left-theorists" (LT) is deductive, postmodernist, ahistorical and anti-materialist. Instead of examining the empirical class political practices of Morales and the MAS in order to construct a theory, the LT begin by assuming that being "Indian", of popular origins and having led a popular movement, ipso facto the regime was "radical", "revolutionary" and "anti-imperialist". The deductive logic excludes the whole panoply of class accommodations and class "relocations" which accompanied the decisive shift from direct action mass struggles to electoral parliamentary politics.

Postmodernism focuses exclusively on cultural and symbolical action and "political theatre", over and against substantive class struggles, changes in property and class relations. For the postmodernist Morales' emphasis on "indigenous" identity, his participation in traditional events in native dress, and his verbal assaults and threats to oligarchs and conspirators are expression of a "new revolutionary" way of doing politics. By focusing on "identity", the postmodernists ignore the enormous class differences between malnourished landless and subsistence peasants and upwardly mobile middle class indigenous politicians, leaders and power brokers. The postmodernists ignore the overt economic collaborations between the Morales regime and wealthy "white" agro-export elites, the European and US petroleum companies and the Indian millionaires of the Mutun iron mine complex. The postmodernist obsession with the "rhetoric" or "text" of Morales' presentations before mass audiences, in which he engages in demagogic linguistic acrobatics, blinds them to the actual class and national content of his policy. Hence, his "revolutionary nationalisation" of petrol and gas

was little more than a tax increase on the rate paid by the multinational corporations (MNCs) to the state. Not a single MNC was expropriated. Even the price of gas of \$ 5 per million cubic feet to Argentina was 40 per cent below the world price – and Brazil's payment, one year after "nationalisation" was still the same \$ 4 – in some instances as low as \$ 1.9 – as during the Sanchez de Losada-Mesa period. Theatre, textual readings and rhetoric are entertaining and occasionally provide some insight into the style but not the material substance – the political economy of a regime.

The theoretical point of departure to a comprehensive understanding of political regimes starts from a historical-empirical understanding of political action and the constant changing class orientation of political actors as they relocate in the class structure over time. Historical-empirical Marxism examines political-economy – the structural relations between ruling classes and the state and elected regimes and their electoral base. This "materialistic" approach de-mystifies the real meaning of "cultural politics". The fundamental question is what is the political economic property and class relations which frame the recovery of traditional cultural ethnic practices. Too often ethnic rulers manipulate traditional cultural symbolism to distract attention from class collaboration, to maintain or expand imperial domination of the economy and the concentration of land ownership.

I suggest that (Andean Indian) "cultural revival" is an ideological weapon manipulated by Morales and Garcia Linera to create peasant-Indian cohesion and support for socio-economic policies which favour MNCs, agro-exporters, bankers and business elite. In contrast, some theorists engage in a historical-comparative classification scheme which places the Morales regime in the nationalist-populist framework of Arbenz of Guatemala (1946-1953), Peron of Argentina (1946-1955) and Vargas of Brazil. This method of historical analogy has its usefulness up to a point, but it overlooks major divergences. Arbenz expropriated large sections of land from the US-owned United Fruit Company and distributed it to landless Indians and peasants. Morales has promised repeatedly to defend large agro-business plantations. Peron expropriated petroleum interests and the railroads, funded an extensive social welfare system, doubled the minimum wage and backed the wage demands of labour. Morales has pursued orthodox fiscal and monetary policies. Vargas created a large independent industrial sector. Morales sold

off to the Indian MNC Jindal the vast Mutun iron and manganese mine on the most shameful and ridiculous terms and under conditions of minimum industrialisation.

Contemporary positive comparison of Morales' to Chavez' "nationalism" is also misplaced. Chavez has expropriated large landed estates and resettled over 1,00,000 families, expropriated major US power and electrical companies, engaged in massive social spending and created new forms of direct citizen participation. Morales has co-opted social movement leaders and attempted to subordinate the movements they lead to his party-parliamentary politics. He rejects expropriation of privately-owned estates of the 100 biggest landowners and he maintains an austerity budget despite having the highest returns on energy and mining exports in history because of favourable international prices. Without a clear theoretical framework, it is impossible to proceed to a comprehensive and deep understanding of the current and future direction of the Morales regime.

Theorising on Bolivian Capitalism

Morales-Garcia Linera (M-GL) theorising on Bolivian capitalism revolves around five axes: (1) a stage theory of political-economic change; (2) a critique of neoliberal capitalism embodied in the Sanchez de Losada model; (3) an alternative conception of "normal capitalism" or "Andean-Amazonian capitalism" (MNC + state-agro-business cooperation); (4) a strategic "productionist" alliance with MNCs and agro-export elites and the "national bourgeoisie"; and (5) an eclectic alliance with Lula's Brazil (via Petrobras), Kirchner's Argentina (via Repsol); Bachelet's Chile, Chavez' Venezuela, Castro's Cuba, Bush's US and the EU and IMF/World Bank.

The regime's initial policies to secure the collaboration of the foreign and local economic elites was to pursue orthodox stabilisation policies, restrict social/public investments, defend big property holdings and demobilise popular protest. The regime secured the support of Venezuela, Cuba and overseas progressive intellectuals and leaders with rhetorical "anti-imperialist" speeches, cultural affirmations and personal diplomacy. On the domestic front, Morales co-opted leaders of social movements with positions in the government, made minimal concessions on local economic demands, mystified (temporarily) mass supporters with the rhetoric of nationalisation and promises of agrarian

reform and conjured "conspiracies" and "plots" at convenient moments of popular questioning.

M-GL 'Stage Theory'

The Morales-Garcia Linera theory of development is based on a Bolivarian version of economic stages of development. During the first stage, the economy is stabilised via orthodox economic and fiscal policies. Existing property and class relations are guaranteed and state incentives, subsidies and long-term agreements are put in place. Wage demands and social expenditures are controlled to allow for high returns to increase the investments of the national and foreign bourgeoisie in industrial projects. During the second stage, the "take-off", rising industrial production and commodity exports increase government revenues based on a strategic triple alliance of public, national and foreign capital. The theory is that greater wealth at the top will "trickle down" to the bottom. Trade unions are tied to tripartite pacts. Efforts are made to contain and fragment wage and welfare demands to allow capital to accumulate. Parallel unions and enterprise contracts are used to divide workers.

During the third stage, Bolivia achieves "normal capitalism" – landless peasants are displaced from the countryside and absorbed in the new industrialising mineral sector or emigrate abroad. A minimum public welfare programme is put in place. The economy expands, exports flourish and finance the state; taxes and expenditures are balanced and class conflict is confined to narrow "economic demands". The MAS manages a corporatist system of state-capital-trade unions.

The final stage, some decades or centuries in the future – "normal capitalism" will outlive its usefulness as a motor of development and be superseded by a version of "Andean socialism", in which presumably Indians, workers and the national bourgeoisie will come together and socialise production.

This theory of development of "normal capitalism" is largely derived from a critique of the previous "neoliberal" model embodied in the policies of ex-president Sanchez de Losada.

Sanchez de Losada, Evo Morales and the Social Movements

The M-GL attempt to create a Bolivian version of "normal capitalism" (NC) grows out of a critique of the kleptocratic, predator "neoliberal" project of Sanchez de

Losada and a rejection of the social revolutionary movement's anti-capitalist programme. The M-GL model of NC is neither a complete rupture or simple continuation of the past nor an exclusion of the social movements. The M-GL model is premised on "harnessing" the agrobusiness, banking and overseas MNCs which backed Sanchez de Losada policies by regulating their behaviour so that they pay their taxes and invest, and encouraging them to play by the rules of "normal capitalism".

In order to pressure the economic elites to conform to the M-GL model of NC, the regime relies on the social movements as a "battering ram". M-GL use the social movement to block separatist movements against the "Luna" coalition of provinces, centred in Santa Cruz. The regime relies on the movements to counter obstructionist activities in the Congress and constituent assembly and to secure passage of its petroleum and gas contracts with the MNCs. The Morales regime needs the movements to create a political counterweight to the

predator neo-liberals, just as M-GL depends on the private economic elites to "develop" the economy.

The problematical "balancing act" is precarious because it requires economic concessions to the business sector (which supports the political right) and constant dramatic acting out of "political theatre" filled with symbolic acts for the social movements.

The social movements are the instruments, not the beneficiaries of M-GL model. They serve to back Morales' attempt to enlarge the state economic sector as part of a triple alliance composed of foreign MNCs in the extractive sector (petroleum, gas, tin and iron), in partnership with state enterprises and a private "national" sector dominant in agro-export, banking, trade and the medium sized mining sector ("cooperatives").

Morales' entire theoretical-conceptual model of "normal capitalism" is based on the harmonisation and articulation of the "triple alliance" (TA). The TA excludes any structural changes in property and social

relations. Equally important it depends on excluding the working class and peasantry from any of the economic and political positions of decision-makers or "levers of power". Instead the TA is totally dependent on the cooperation of movement leaders, the de facto incorporation of the movements as appendages of the state. Periodic "mass meetings" are convoked. Theatrical "military" occupations of foreign enterprises are headed by Morales for dramatic publicity and propaganda. Unsubstantiated foreign elite "conspiracies" and "plots" are periodically denounced (precisely while prejudicial contracts are signed) to give the image of a besieged anti-imperialist president. No plotters are ever arrested or even named and the "investigations" are inconsequential.

To clarify the distance between Morales-Garcia Linera from the social movements and the contrast between "normal" and predator capitalism, it is useful to identify their differences in crucial socio-economic and political issues, which are summarised in the table, which give a

Table: Synoptic Overview of Normal Capitalism, Predator Capitalism and the Social Revolutionary Model

Issues	Morales-Garcia Linera 'Normal' Capitalist Model	Sanchez de Losada Predator Capitalist Model	Social Revolutionary Movement Model
MNCs in petroleum and gas	Increase taxes, joint ventures	Denationalisation, low or no taxes, illegal sales of state firms	Nationalisation via expropriation under workers' control
Agrarian policy	Promotion of agro-exporters, land reform limited to unfertile public lands, mechanisation	Expropriation and illegal seizure of peasant and state lands, promotion of agrobusiness	Comprehensive agrarian reform, expropriation of fertile productive lands
Race Indian policies	Cultural equality of races, respect for Indian tradition	Racial discrimination at all levels and regions	Socio-economic and cultural transformation; property and income transfers to Indian population
Corruption	Prosecute contraband, morality in public office, public-private links	Kleptocratic regime – pillage of public resources, illegal trade, privatisation, selling of land and enterprises	Re-nationalisation of all privatised firms; prosecute illegal profiteers and big business, MNCs and agro-exporters
Representation	Broader representation, expansion of all sectors (upper, middle and petit bourgeoisie) and state	Elite bourgeoisie, MNCs; marginalise petit bourgeoisie, narrow representation	Expropriate big bourgeoisie; regulate middle, state control over commanding heights of economy
Foreign investment	Concessions, moderate taxes, promotion, joint ventures	Tax-free concessions, low taxes, 100 per cent ownership, low prices in sale of gas	Expropriate under worker-state management
Income policy	Austerity for wage/salary classes, budget surplus to increase foreign reserves; MNC to remit profits in hard currency; maintain inequalities, incremental increases in salaries/minimum wage	Austerity for workers; elite pillage of tax revenues, expand inequalities; freeze salaries of low-level public sector and minimum wage workers	Egalitarian income policies. Increase public investment in production, salaries, and minimum wages doubled; capital controls; debt moratorium
Capital labour relations	Maintain capital-labour relation; revoke some repressive anti-labour laws; oppose labour strikes and independent social mobilisation	Repressive regime, killing and jailing of protesting workers, peasants and the poor	End capitalist exploitation of labour; repeal all restrictive labour laws; legislation to promote worker control of means of production; prosecution of capitalist and political figures involved in killing of workers
Political-economic alliances	Triple alliance	Big bourgeoisie, MNCs	Worker, peasant, Indian, poor urban dwellers alliance
Foreign policy	Eclectic: with progressive Cuba/Venezuela, with neoliberal Andean Pact and semi-autonomous to US-EU. Maintains armed forces in Haiti	US client, subordinate to European Union, Argentina and Brazilian MNCs	Independent anti-imperialist policy aligned with Venezuela-Cuba
Macroeconomic policy	Orthodox fiscal and monetary policy, tendency toward incremental public investment	Orthodox fiscal and monetary policy	Expansion of public spending to production and popular consumption

synoptic overview of “normal” capitalism and predator capitalism, contrasting these with the social revolutionary model. It is clear that the only political force favouring structural changes are the social revolutionary movements. Morales’ policies are basically incremental changes organised toward reforms of the capitalist system to incorporate a broader sector of capitalists, to expand the state capitalist sector and to provide greater representation for sectors of the private petit bourgeoisie. His policies revolve around “moralising” the bourgeois – to ensure they pay taxes, avoid corrupting officials, abide by regulations and report real profits and earnings.

It is precisely in Morales’ bourgeois ethical agenda that he most differs from the predator kleptocratic Sanchez de Losada’s policies. This is clear from the continuity of the same agro-export, big business, banking elites and MNCs in the commanding heights of the economy. It is also evident in the same disparities in income and landownership.

New Style of Capitalist Rule

In style of rule, Morales relies on both the state apparatus and mass mobilisation to maintain his rule and contain the separatist elites of Santa Cruz, Beni, Cochamamba and Tarija. In contrast, Sanchez de Losada depended exclusively on the state apparatus and to a lesser degree on paramilitary groups allied with the agro-export groups. Under Sanchez de Losada, the state was implicated in repeated massacres; Morales relies on milder forms of repression, negotiations, co-optation and social control over force.

In summary, the empirical record demonstrates that Morales represents a new style of capitalist rule, a reform of capitalist “modus operandi”, new rules of capitalist expansion, an eclectic foreign policy and a modified coalition of capitalist rulers. In no way does the Morales regime represent a radical or revolutionary break with capitalism – it represents an attempt to “moralise” existing capitalist elites. Even Morales’ “reformist” credentials are questionable – as no substantial budgetary changes have taken place, reducing social inequalities or substantially increasing the share of income going to wage/salary earners. Only in the narrowest sense of incremental increases in the minimum wage and public salaries can Morales be considered a “reformist”. In the area of foreign policy, he is diplomatically eclectic – economically dependent on the MNCs, Morales is rhetorically “anti-imperialist”

while in practice following a high level of aid dependence on both Europe and the US.

Theoretical Critique

Over the years, leftists inside and outside of progressive regimes have counterpoised two divergent strategic conceptions of political-economic development with profoundly different consequences. One school of thought argues that a newly elected regime should stabilise the economy, overcome the “crisis”, reconstruct the productive structure left in “shambles” by the preceding reactionary regime before proceeding at a later period with structural changes. The alternative view argues that the progressive government was elected precisely because of the crisis of the economic system and its task is to change the economic structures in order to consolidate power while the capitalist class is still discredited, disorganised and in crisis.

The “stabilisation” strategy of development presents several strategic problems. First of all, it allows the capitalist class time to regroup and recover from their political defeat, discredit and disarray. When the progressive government does not act at the moment of maximum political strength and when the opposition is at its weakest, it loses a strategic advantage. The M-GL strategy of stabilisation illustrates the weaknesses and debilitating consequences of losing a historic moment. In the course of a year, the right wing parties had regrouped, mobilised supporters and paralysed the constituent assembly. The bourgeoisie and landowners effectively dictated the limits of any social changes.

The second problematic aspect of the “stabilisation” policy is that the progressive government imposes the socio-economic costs of reconstruction and crisis management on the working class through austerity budgets, tight monetary and incomes policies. By holding back on social spending and imposing restraints on labour demands and mobilisation, the regime allows the capitalists to recover their rates of profit and to consolidate their class hegemony.

Thirdly, a regime, whose economic policy weakens its popular social base and strengthens the recovery of its class opponents, is creating major obstacles to any subsequent effort at structural change. Even if the progressive regime “adapts” to the regrouped capitalist class it cannot expect any strategic alliance because the capitalist class prefers its own political leaders and instruments and rejects any party or movement whose mass base can still exercise pressure.

Finally, the stabilisation policy revives

a powerful economic power configuration within the political institutional structure which precludes any future changes. It is impossible to engage in serious structural changes once the popular classes have been demobilised, the capitalist class has overcome its crisis and the new political class is integrated into the consolidated economic system. Stabilisation strategy does not temporarily postpone change; it structurally precludes it for the future.

History has repeatedly demonstrated that when a ruling class is challenged or threatened by an insurrectionary movement, it will yield regime power to an electoral opposition committed to operating within the institutional parameters of the bourgeois state. The accession to government by “popular leaders” is accepted insofar as the new governing class exercises control over the “dangerous classes”. Insofar as the regime proceeds to simply “moralise” the capitalist economy, guarantee the sanctity of big property interests and submit to the stalling tactics and frivolous procedural arguments in the assembly or Congress, the capitalist class is emboldened and goes on the offensive, attacking the very existence of the unitary state, the legitimacy of the regime and even the minimum reforms.

While Morales-Garcia Linera look to a “national unity” strategy of economic development based on a corporatist social-political model, the resurgent capitalist class (foreign and national) operating from the command of the strategic heights of the financial and export sectors, seizes each concession and demands more. The capitalist class substitutes the class struggle from above, from within the institutions and outside. The fundamental assumptions of “normal capitalism” expounded by Morales-Garcia Linera come into fundamental conflict with the rationality and logic of capitalist accumulation and the need of the capitalists to rule exclusively by and for themselves.

Tolerance for cultural revivals, populist theatre and old fashion political demagoguery has its use in times of crisis and real threats in the street. Once consolidated the capitalist class looks to its own organic leaders, technocrats and cultural revindication of its rule.

Caught between a demobilised popular class, increasingly on the defensive and an ascending bourgeois on the offensive, the leaders of “Andean capitalism” have nowhere to turn, except to grant new spaces to party loyalists, neoliberal technocrats and even more clearly defined neoliberal concessions. [27]

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