

Title: Between Insurrection and Reaction: Evo Morales' Pursuit of 'Normal Capitalism
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Evo Morales' Pursuit of 'Normal Capitalism

James Petras

Introduction

Many progressive overseas academics, politicians, journalists and commentators have glowingly characterized 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 toward 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 between the dynamic social movements to socio-political change...

This historical perspective serves to provoke the basis for outlining the theoretical-practical conceptions of Morales-Linera Garcia(Vice-President)which guides their strategy and program of governance.

Once having established the 'general line' and strategic goals this provides the basis for analyzing the specific policies pursued in important socio-economic sectors and the tactical-political compromises and alliances, which the regime has put in place.

Morales Regime in Historical Perspective

Contrary to the mythology of many progressive intellectuals, Morales did not play any role in the three major uprisings between 2003-2005, which led to the overthrow of two neo-liberal client presidents: Sanchez de Losado and Carlos Mesa. To me more specific, Morales opposed the February 2003 uprising, 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 neo-liberal Supreme Court 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 organize the CA elections based on territorial units in which the elite electoral party machines would dominate the elections. The result was the almost complete marginalization 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: emphasizing balanced budget and tight monetary policies over public investment in social programs and substantive anti-poverty programs, for example the doubling of the minimum wage, substantial salary increase for teachers, health workers and other low-paid public sector workers.

Theoretical Consideration

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, post-modernist, 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 ‘re-locations’ which accompanied the decisive shift from direct action mass struggles to electoral parliamentary politics.

Post-modernism focuses exclusively on cultural and symbolical action and ‘political theater’, over and against substantive class struggles, changes in property and class relations. For the post-modernist 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 post-modernists ignore the enormous class differences between malnourished landless and subsistence peasants and upwardly mobile middle class indigenous politicians, leaders and power brokers. The post-modernists ignore the overt economic collaborations between 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 post-modernist 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 nationalization’ of petrol and gas was little more than a tax increase on the rate paid by the multi-nationals (MNC) to the state. Not a single MNC was expropriated. Even the price of gas of \$5usd per million cubic feet to Argentina was 40% below the world price – and Brazil’s payment, one year after ‘nationalization’ was still the same \$4 dollar—in some instances as low as 1.9 usd--- as during the Sanchez de Losado-Mesa period. Theater, 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 re-locate 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’. For it is well known historically how reactionary and reformist politicians have combined pro-imperialist, pro-MNC economic policies with traditional cultural practices.

In Africa, Senghor in Senegal and Mobutu in Zaire emphasized 'negritude' as a cultural policy while opening the door to European and US pillage of their economies. Duvalier in Haiti, Haya del la Torre in Peru, Ferdinand Marcos in the Philippines and a number of other rulers combined traditional ethnic and religious identities with reactionary pro-imperialist policies. 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 favor MNC, 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 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 labor. Morales has pursued orthodox fiscal and monetary policies. Vargas created a large independent industrial sector, converting iron into steel. 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 industrialization.

Contemporary positive comparison of Morales' to Chavez' 'nationalism' is also misplaced. Chavez has expropriated large landed estates and resettled over 100,000 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 favorable 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.

Morales-Garcia Linera (M-GL) Theorizing on Bolivian Capitalism

M-GL theorizing on Bolivian capitalism revolves around several axes:

1. a stage theory of political-economic change
2. a critique of neo-liberal 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’
5. an eclectic alliance with Lula’s Brazil (via Petrobras), Kirchner’s Argentina (Repsol); Bachelet’s Chile, Chavez’ Venezuela, Castro’s Cuba, Bush’s USA 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 stabilization policies, restrict social/public investments, defend big property holdings and demobilize 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 governments, made minimal concessions on local economic demands, mystified (temporarily) mass supporters with the rhetoric of nationalization and promises of agrarian reform and conjured ‘conspiracies’ and ‘plots’ at convenient moments of popular questioning.

The M-GL ‘Stage Theory’

The Morales-Garcia Linera theory of development is based on a Bolivarian version of liberal economic theory of stages of development.

During the first stage, the economy is stabilized 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,

nationals 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 industrializing-mineral sector or emigrate abroad. A minimum public welfare program 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 socialize production.

This theory of development of 'normal capitalism' is largely derived from a critique of the previous 'neo-liberal' model embodied in the policies of ex-President Sanchez de Losada.

Comparison: Sanchez de Losada, Evo Morales and the Social Movements

The Morales-Garcia Linera (M-GL) attempt to create a Bolivian version of 'normal capitalism' (NC) grows out of a critique of the kleptocratic, predator 'neo-liberal' project of Sanchez de Losada and a rejection of the social revolutionary movement's anti-capitalist program. 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 agro-business, banking and overseas MNCs which backed Sanchez de Losada, policies by regulating their behavior 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 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-centered in Santa Cruz. The regime relies on the movements to counter obstructionist activities in the Congress and Constituent Assemble 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

kleptocratic 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 theater’ 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 medium sized mining sector (‘co-operatives’).

The Morales entire theoretical-conceptual model of ‘normal capitalism’ is based on the harmonization 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.

Table

<u>Issues</u>	Morales-Garcia Linera ‘Normal’ Capitalist Model	Sanchez de Losado Predator Capitalist Model	Social Revolutionary Movement Model
MNC’s Petroleum and Gas	Increase taxes, joint ventures	Denationalization, low or no taxes, illegal sales of state firms	Nationalization via expropriation under workers’ control
Agrarian Policy	Promotion of Agro-exporters, land reform limited to unfertile public lands, mechanization	Expropriation and illegal seizure of peasant and state lands, promotion of agro-business	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, privatization, selling of land and enterprises	Re-nationalization of all privatized firms; prosecute illegal profiteers and big business, MNCs and agro-exporters
<u>Capitalism</u>	Broader representation, expansion of all sectors (upper, middle and petit bourgeoisie) and state	Elite bourgeoisie, MNCs; marginalize 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% 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-Labor Relations	Maintain capital-labor relation. Revoke some repressive anti-labor laws. Oppose labor strikes and independent social mobilization	Repressive regime, killing and jailing of protesting workers, peasants and the poor.	End capitalist exploitation of labor; repeal all restrictive labor 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 Neo-liberal 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
Macro-economic 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.

From the above synoptic overview of the three political-economic projects it is clear that the only political force favoring structural changes are the social revolutionary movements. Morales policies are basically incremental changes organized 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 ‘moralizing’ 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 and banking elites and MNC’s in the commanding heights of the economy. It is also evident in the same disparities in income and landownership.

In style of rule, Morales relies on both the state apparatus and mass mobilization to maintain his rule and contain separatist elites of Santa Cruz, Beni, Cochamamba and Tarija. In contrast, Sanchez de Losada depended exclusively on the state apparatus and to lesser degree 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 it represent a radical or revolutionary break with capitalism – it represents an attempt to ‘moralize’ 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 stabilize 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, disorganized and in crisis.

The ‘stabilization’ 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 stabilization illustrates the weaknesses and debilitating consequences of losing a historic moment. In the course of a year, the rightwing parties had regrouped, mobilized supporters and paralyzed the Constituent Assembly. The bourgeoisie and landowners effectively dictated the limits of any social changes.

The second problematic aspect of the ‘stabilization’ 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 labor demands and mobilization, 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 stabilization 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 demobilized, the capitalist class has overcome its crisis and the new political class is integrated into consolidated economic system. Stabilization 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 in so far as the new governing class exercises control over the 'dangerous classes'. In so far as the regime proceeds to simply 'moralize' 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' expositied by Morales-Garcia Linera come into fundamental conflict with the rationality and logic of capitalist accumulation and the need of the capitalist to rule exclusively by and for themselves.

Tolerance for cultural revivals, populist theater and old fashion political demagogy 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 demobilized popular class, increasingly on the defensive and an ascending bourgeois on the offensive, the leaders of 'Andean capitalism' have no where to turn, except to grant new spaces to party loyalists, neo-liberal technocrats and even more clearly defined neo-liberal concessions.