



BOLIVIA INFORMATION FORUM

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Santa Cruz: Nucleus of Opposition

'Evo, we'll shoot you if you dare set foot in Santa Cruz'. The graffiti on the walls of street surrounding the main square in Santa Cruz form part of a barrage of insults against President Morales and members of his government. The Santa Cruz newspapers, *El Nuevo Día* and *El Deber*, keep up a campaign of anti-government propaganda, while the civic committee, the *Comité Pro Santa Cruz*, now refuses to recognise Morales as the country's democratically elected president. The green and white flag of Santa Cruz flies from most public buildings, not the national tricolour.

The opposition campaign has stepped up a gear or two since the publication in mid-December of the 'statutes of autonomy', a de facto set of rights that is not far short of a declaration of outright secession. The activities of the *Comité Pro Santa Cruz* are closely coordinated with the prefects and civic committees of other departments of the so-called *media luna*, the other eastern lowland departments of Tarija, Beni and Pando. The civic committees have all called for referendums on the statutes, in the belief that most people in this part of the country will vote for them.

“the opposition’s tactics have been to maintain constant pressure on the government using the threat of secession to subvert the new constitution.”

According to one seasoned observer of Santa Cruz and its politics, the opposition's tactics have been to maintain constant pressure on the government using the threat of secession to subvert the new constitution. "It's a war of attrition", he says, "to ensure that the provisions of the new constitution never see the light of day". The draft constitution, approved by the majority of the Constituent Assembly last December but decried by the opposition as illegal, creates important new rights for the country's indigenous majority.

The *Comité Pro Santa Cruz* has a long history of challenging left-of-centre democrats in Bolivia. In 1979, it physically prevented former president Hernán Siles Zuazo landing in Santa Cruz in his election campaign of that year. The committee is made up of the main business organisations in the department, including such wielders of economic power as the CAO (the landowners' organization), Fegasacruz (the cattle ranchers) and CAINCO, the industrialists' lobby group.

Such organisations have little time for the Morales government's policies, which they castigate as being anti-business. In particular, they campaign against proposals to introduce limits on landholding in the eastern lowlands with a view to redistributing land to poor peasants and the landless. Nor do they like the tenor of the constitution with its emphasis on defending indigenous rights.

There is always a strong whiff of racism about politics in Santa Cruz, where the 'collas', the indigenous peoples of the Andean highlands, are seen as lazy and feckless, as opposed to the enterprising 'cambas' of Santa Cruz. Ironically, the word 'camba' originates from the indigenous peoples of Santa Cruz who worked as labourers on landed estates, but then was appropriated by settlers in the regions. The *Unión Juvenil Cruceñista* (UJC) – the tough young thugs of the *Comité Pro Santa Cruz* – has an overtly racist agenda, frequently attacking 'colla' migrants or others who challenge the 'camba' identity.

“Support for the MAS is concentrated in low-income neighbourhoods in the city of Santa Cruz and in rural areas in the department.”

However, Evo Morales is not without friends in Santa Cruz; indeed the MAS was the most-voted party in this department both in the 2005 elections and in the elections to the Constituent Assembly. Support for the MAS is concentrated in low-income neighbourhoods in the city of Santa Cruz and in rural areas in the department, particularly those areas of colonisation, like San Julian and Yapacaní, home to large numbers of people who migrated from the highlands in the 1960s and 1970s. There is also support for Evo among the indigenous peoples of Santa Cruz, who see his government as the best defence of their lands, livelihoods and culture. They have come out clearly against the coming referendum on autonomy.

The key issue in the department is the struggle for land. The constant expansion of the agricultural frontier, exacerbated by the current high world price of soya, not only destroys the jungles to the north of Santa Cruz but brings together those who suffer the consequences. The *Bloque del Oriente* has become a powerful force in rural parts of the department, uniting small peasants,

indigenous groups and those evicted from their holdings.

However, when push comes to shove, it is no match for the landowners who employ paramilitaries to protect their properties. According to human rights sources in Santa Cruz, the landowners of the north are amassing modern weaponry in defence of their interests, whether the challenge is from peasant farmers or from state agencies trying to enforce the agrarian reform.

Though land redistribution has largely been held back prior to approval of the new constitution, at the end of February the Vice Minister of Land, the director of the land reform body (INRA) and main leader of the Guaraní People's Assembly were amongst a group whose vehicle was shot at when on their way to visit a series of families held in slavery by a local landowner, near Lagunillas in the Cordillera region of Santa Cruz. They were then held at gunpoint and forced to leave the area. Local landowners and political leaders, such as the subprefect, closely linked to the Prefect of Santa Cruz, and the Comité Pro Santa Cruz were involved in the incident.

Meanwhile, though parliament had approved a

law calling for two referendums related to the new constitution - the first to decide the answer to the question on how much the maximum land holding should be (5,000 or 10,000 Has.) and the second for approval of the new constitution - they have now been postponed because the National Electoral Court (CNE) ruled that the two month period given to prepare for the referendums was too short. On the other hand, the Santa Cruz autonomy referendum, called for 4 May, and which has been ruled illegal by the CNE, and others, is going ahead regardless.

As these developments unfold, there are differences of opinion between observers on the extent to which Evo's support is holding up in Santa Cruz. According to one source with close links to the MAS in Santa Cruz, this remains solid. "When it comes to voting, people will not be influenced by the likes of the UJC" he says "they will turn out and support Evo". Others, however, think that the government has failed to sustain the support it enjoyed in 2005 and 2006 in the region. "The problem is that Evo and those around him are not prepared to listen sufficiently to the voice of the people here" says one observer. "They don't see that politics here is different to the rest of the country".

Potosí's 13 Hummers

With mineral prices soaring, impoverished mining towns are finding a new lease of life.

In Potosí, ceaseless provider of silver to the Spanish crown until independence, and purveyor of tin since the early 1900s, the Sumaq Orcko, or magnificent red mountain (also known as *Cerro Rico*) that soars over the town, is again active as the centre of mining production.

Mineral prices have in some cases reached their highest levels ever, with tin at almost US\$9 a fine pound, gold at US\$975 an ounce and silver at nearly US\$20 an ounce.

The mountain is pocked with thousands of small pit entrances, and tailings (gravel residue from the mines) are often left nearby, spraying the underlying red earth with grey. The national mining firm COMIBOL rents out areas of the mountain to cooperative mining companies. Some 15,000 cooperative miners are currently working underground in the mines, in conditions that are worse than in the times of the Spanish colony; accidents

are frequent, there is virtually no ventilation (and air is very rare at up to 4,800 metres above sea level), and little is invested in shoring up shafts.

San Bartolomé silver mining project

For some 10-15 years the national mining firm *Manquiri* (run by Jaime Villalobos, ex-Minister of Mines during the government of Sánchez de Lozada) has been analysing the silver content of the mountain, particularly mineralised surface deposits and tailings. The San Bartolomé mining company - an alliance between *Manquiri* and Coeur d'Alene Mines Corporation (USA), a leading silver production company - is beginning production in March this year.

Over the last two years a series of companies have been involved in setting up a milling and processing plant, with an investment of US\$175 million, and the creation of some 1000-1200 jobs. The plant - built at the 'back' of the mountain - uses a chemical process and will produce silver ingots from surface deposits and tailings. Some

of the residue which will be processed dates back to colonial times, when sophisticated methods of processing were not available. The plant has the capacity to treat 7,400 tons a day, and it is expected to produce 8 million ounces of silver a year, of the estimated 150 million ounces available. The firm will provide jobs to some 200-300 workers once production is under way. It has entered into agreements with cooperatives to have access to the surface deposits and tailings which are under their control.

“Potosí is the poorest department of Bolivia, in spite of the tremendous wealth generated by its mineral production.”

San Bartolomé signed its agreements under previous governments, and so will only be paying 1% of the gross value of the minerals to COMIBOL as rent, 25% of profits to the state and 5% in royalties to the departmental government of Potosí (this last a new tax introduced under the government of Evo Morales). Its declared intention is to make Potosí into a silver jewellery town, like Taxco in Mexico, but to date few artisans have been trained and most of the minerals will be exported as ingots. This will be the biggest mining complex in Bolivia after the San Cristóbal mine, near Uyuni.

Karachipampa: white elephant or viable smelting plant?

Karachipampa is a foundry for processing silver, lead and zinc some miles from Potosí, its tall white chimney pointing an accusing finger upwards. Under the government of General Padilla in 1979 the German firm Klockner built the smelting plant, which was opened under the centre-left UDP government of Hernán Siles Zuazo in 1984. Due to a lack of mineral stocks it never entered into operation and in 1985 adjustment measures and the introduction of free market policies meant that private owners and cooperatives tended to export minerals as concentrates, for the process of smelting to then take place abroad.

In 2006 the decision was taken to get the Karachipampa foundry working; the Canadian firm Atlas Precious Metals Inc. won the bid, and, according to their website, are “committed to becoming one of the largest silver producers in the world”. The existing lead-silver smelter will start operating and it will also recover other valuable

minerals which companies usually export without declaring their real value. They will also open a new zinc smelter. In February the company put down a guarantee payment of US\$850,000, to seal the deal. Investment is initially calculated at US\$80 million, with the company taking 65% of profits after tax, and COMIBOL getting 35%; the company will pay 25% of profits in taxes. The foundry will provide work for some 600 people.

Poverty to riches?

Potosí is the poorest department of Bolivia, in spite of the tremendous wealth generated by its mineral production. Eduardo Galeano, author of the book *Open Veins of Latin America*, estimated that the silver that has been extracted from Potosí would build a bridge big enough to cross the Atlantic Ocean.

Today, however, the town is booming; traffic has become a problem as many people have bought cars with their new-found wealth, though many are ‘chutos’ - second-hand vehicles imported via Iquique in Chile. 15 new neighbourhoods have sprung up recently given the influx of people.

“Today, however, the town is booming; traffic has become a problem as many people have bought cars with their new-found wealth”

Mining labourers (*peones*) are earning a daily wage of Bs. 120 (US\$ 16), or Bs. 2880 a month (US\$ 384), compared to Bs. 550 (US\$ 73) a month for those earning the national minimum wage. Some people are apparently earning as much as Bs. 50,000 to 80,000 a month. For many arriving from *campesino* communities, it must seem as if the streets of Potosí are again paved with silver. Reports have it that 13 Hummers, the gas-guzzlers doing 10 miles to the gallon, costing up to US\$ 140,000 new, are to be seen on the streets of Potosí, ostentation of a kind not seen over recent years of extreme poverty.

Those on fixed wages, however, such as state employees, teachers and health workers, are having a hard time making ends meet as increased demand pushes up the price of basic foodstuffs more than in other cities.

Inflationary Pressures

Measuring inflation is never a very precise science in a country like Bolivia, but there is no doubt that both in government and out in society there is growing concern about the rise in inflationary pressures. According to the official Central Bank (BCB) reckoning, annualised inflation was running at 13.32% at the end of February, up from 11.73% at the end of December. Prices rose by 2.62% in February alone, though in March inflation dropped to 0.9%.

The latest increase has much to do with food shortages arising from climatic variations: unusually heavy rains that have caused widespread flooding in eastern areas but also other parts of the country, as well as drought conditions in other regions. The government is particularly concerned that speculation, especially in the distribution of food, will further increase the problem of inflation. To that end, it has introduced measures in the country's main markets to supervise the prices at which basic consumption items are traded.

However, there are a number of other reasons why prices levels are rising:

- The increase in purchasing power vis-à-vis the expansion in domestic productive capacity. Failure to invest in new productive capacity will exacerbate inflationary pressures. According to the BCB, GDP per capita rose quite fast in 2007, reflecting growth in the economy overall.

- The effects of imported inflation. The appreciation of the currencies of some of Bolivia's main trading partners has been faster than in Bolivia itself, reducing the country's international competitiveness and raising the relative prices of imported goods. This has been the case, for example, in Brazil.
- A rise in inflationary expectations. This has the effect of increasing the price rises already taking place.

The BCB has announced measures to stem the rise in prices, including an acceleration in the rate at which the boliviano appreciates. It also says that it will continue to maintain a tight monetary policy.

The increase in the rate of inflation has been picked up by the opposition as symptomatic of the government's failure to adhere to sound macroeconomic policies. However, while the government is worried by the acceleration in inflation, it argues that a large proportion of the current price rise is explicable by purely conjunctural factors, and that when agricultural supplies return to normal monthly inflation will return to a much lower rate. The BCB calculates that the underlying rate of inflation is a fraction over 12% per annum.

The rise in inflation is likely to increase pressure on the government to award higher pay rises to public sector workers.

Guest Article: *Renta Dignidad*

Written by guest contributor Fiona Clark, *HelpAge International*, La Paz.

Bolivia is South America's poorest country, with 29% of the population living on less than a dollar a day and a large proportion of the population working in the informal sector with no secure income, benefits or opportunities to save. Bolivia's older population is on the rise with 7% of its population over the age of 60 (2001). However, in increasing numbers of rural municipalities in the Departments of La Paz, Oruro, Potosi and Cochabamba this percentage increases to between 15% and 20%. These municipalities also have very high levels of poverty. Approximately 59% of those over 60 in Bolivia live on less than US\$1 per day, with figures significantly higher

among the rural population.

Policy measures such as non-contributory pensions and health care are therefore important in the survival strategies of many older people and their families. Bolivia is the only country in Latin America to have a universal non-contributory pension. Introduced in 1996, the Bonosol was a social programme resulting from the privatisation of Bolivia's utility companies and provided an annual pension of Bs1800 (then US\$220) to every man and woman over the age of 65. Even though the amount is small and the money was paid only once a year, it had a tremendous impact on improving the quality of the lives of the older people. The Bonosol helped to generate economic activity, contributing to the incomes of the entire fam-

ily, especially for vulnerable children in the care of their grandparents.

“Bolivia is the only country in Latin America to have a universal non-contributory pension.”

The dwindling resources of the privatisation fund left Bolivia no choice but to make changes to the *Bonosol*. In November 2007 Bolivia's President Evo Morales introduced the *Renta Dignidad*, moving its financing source to the hydrocarbons tax, reducing the eligible age to 60 and increasing the amount of the pension to Bs2400 for those without any pension whilst maintaining the amount of Bs1800 for those with some kind of contributory pension. The other important change is that the pension can now be paid monthly, giving older people a more regular and lifelong secure income source from which to support their livelihoods and continue contributing to the family economy.

These changes reflect the demands made to the government by representatives of the National

Association of Older People, who pushed for these policy changes through a series of consultations with their base organisations and a series of dialogues with representatives of the government. This acquired right is a coup not only for older people in Bolivia, but in Latin America as a whole, where most countries tend to combine a small pillar of non-contributory pension with various contributory mechanisms. Peru has no non-contributory pension at all, leaving 70% of its older population without any income support. Bolivia is therefore exemplary in the region and the government of Mexico City recently invited Bolivia to share its experience to see if it could be replicated there.

Challenges remain, however, including diversifying the *Renta Dignidad's* funding base, which relies heavily on the current high international oil and gas prices as well as on the good will of departmental and local governments to assign the relevant funds. Many older people still lack identity papers or have incorrect papers, and are not registered in the database to receive this benefit. Furthermore, the military are currently the delivery mechanism to rural areas, something that in the long term should be replaced with better banking infrastructure and new technologies to ensure easy access to poor rural older people.

International Women's Day visit

The Bolivia Information Forum was extremely pleased to receive a visit from Dr Nila Heredia for International Women's Day in early March. Dr Heredia was Bolivian Health Minister from January 2006 to January 2008, when she oversaw reforms in Bolivian health care which included the promotion of programmes of universal maternal and child health. Before becoming Health Minister, Dr Heredia was a prominent human rights activist and has held directorial positions in several Bolivian universities, including general secretary of the Medical School of La Paz.

During her visit, Dr Heredia attended International Women's Day events in the Foreign and Commonwealth Office and the House of Commons and visited Cardiff, where she met Members of the Welsh Assembly and officers from the Welsh TUC. She was also invited to address the TUC International Women's Day Rally in Eastbourne, where she spoke about reforms being carried out by the Bolivian government to promote the rights of minorities and vulnerable groups in Bolivia, and the central role of women's rights in this process.

In her speech she highlighted policies and legislation which have been of particular benefit to women and which have advanced the rights of women in Bolivia, mentioning the high proportion of women assembly members in the Constituent Assembly; reforms which mean that women heads of household are now able to hold land titles and the *Renta Dignidad* universal old age pension, which is of special benefit to many older women, who would otherwise be left with no income at retirement age.

She finished her address to the rally by citing the women's rights which will be guaranteed in the new Bolivian constitution, such as: the right not to suffer physical, sexual or psychological violence in the family or in society; the right to an equal salary for equal work and the right not to be discriminated against on the grounds of civil status (being married or unmarried), for being pregnant or for the number of children a woman has.

BIF would like to thank Unite the Union for supporting Dr Heredia's visit.