



# **BOLIVIA** **INFORMATION** **FORUM**

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# Towards Elections: Possible Candidacies and Stratagems

As August 6, Bolivia's Independence Day, approaches, the campaigning season for the December 6 presidential elections is already underway. Candidates both for the presidency and for members of the new Plurinational Assembly are examining their strategies, in the hope that these will bring with them the hoped-for political rewards.

**On the government side.** So far as the government is concerned, the situation is fairly straight forward. **Evo Morales** will be the candidate for the ruling Movimiento al Socialismo (MAS). Opinion polls predict that he will win the presidency by a good margin. The latest Apoyo-IPSOS poll, one of the more reliable, suggests that around 60% of the population currently backs Evo. However, the margin of his possible victory could be well below this. In 2005, Morales won with 54% of the vote. Although it is not yet clear who his running mate will be for the vice-presidency, it seems likely that the current vice-president, **Alvaro García Linera**, will run again. The choice will be Evo's.

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The MAS already has at its disposal a formidable election machine in as much as it retains tight links with the country's variegated social movements. CONALCAM, the body that links the MAS with most important confederations of social movements, has expressed its backing for Evo's re-election. This comprises 27 organisations, including the Central Obrera Boliviana (COB), the main peasant federation (CSUTCB), other major union federations, the confederation of indigenous highland peoples (CONAMAQ), the confederation of lowland indigenous peoples (CIDOB), amongst others. Several smaller parties, like the Movimiento Sin Miedo (MSM), led by La Paz

mayor Juan del Granado, will probably lend support for Morales' re-election.

**For the opposition.** More confusing are the political plans of the opposition. With Evo topping the polls, the main calculation seems to be to reduce his support by putting forward a variety of regional leaders, each with proven local electoral support, and by so doing reducing Evo's electoral advantage. Even if the possibility of winning the presidency appears slim, opposition groups are keen to ensure that their vote in the parliamentary elections stands up.

Over the last three years, the narrow majority enjoyed by the two main opposition parties in the Senate – Podemos and Unidad Nacional (UN) – has been such as to enable it to block government legislation. And since the MAS lacks a two-thirds majority in the Congress as a whole, opposition parties have been able to block appointments to key bodies such as the Supreme Court, the Constitutional Tribunal and the Electoral Court. It is therefore essential for the opposition groups to ensure that this advantage does not slip away.

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Unity within the opposition has been lacking for some time. The compromise deal on the constitution last year caused a deep rift within Podemos. Those furthest on the right, led by **Oscar Ortiz**, the current president of the Senate, rebelled against the leadership of **Jorge 'Tuto' Quiroga**, briefly president in 2001-02. They have now set up their own party, a group that calls itself **Consenso Popular**. A number of more centrist members of Podemos, led by **Roberto Ruiz**, a senator of Tarija, have also split from Podemos. At the same time, splits have emerged within the leadership of UN, with **Peter Maldonado** leading a rebellious faction. Deprived of support in Santa

Cruz, Quiroga's electoral chances are much diminished.

So, with the opposition in a state of fratricidal strife, the most likely course is that regional political figures, averse to the MAS, will seek to make the running. A number of people have already announced their intentions. First to do so was **René Joaquino**, currently the mayor of Potosí. Joaquino, a centrist candidate, enjoys a substantial following in his own department, particularly in the city of Potosí. A former mayor with presidential ambitions is **Manfred Reyes Villa**, a right-wing populist. Previously mayor of Cochabamba, and the former prefect of that department until he was recalled in the recall referendum last August,

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Reyes Villa was a presidential candidate in both 2002 and 2005. Like Joaquino, Reyes Villa has a captive vote, especially in the city of Cochabamba. Similarly, in Santa Cruz, **Oscar Ortiz**, is probably a fairly strong candidate who is likely to win support in the main urban centres of the department. He is closely linked to the *cruceño* business elite and will have no problem in raising funds for his campaign. Another possibility is **José Luis Paredes**, the former mayor of El Alto and prefect of La Paz department until he too was recalled last year. Were Joaquino, Reyes Villa, Ortiz and Paredes all to run, it would reduce support for Morales in their various departments. Another possible candidate, with some support in La Paz, is **Víctor Hugo Cárdenas**, formerly vice-president under Sánchez de Lozada (1993-97)

There are also a number of possible opposition candidacies from people who have decided to

split away from Morales and the MAS. They include two important peasant leaders, both of whom have been general secretaries of the CSUTCB. **Roman Loayza** was also formerly a member of the Constituent Assembly and an important leader of the MAS, and **Alejo Véliz**, a peasant leader from Cochabamba.

With as many as 16 opposition fronts and coalitions pushing their name forward at the end of July, the chances of electoral success for any one of them look fairly slim. Many candidates are probably seeking to test the electoral temperature, and some will probably withdraw from the presidential contest, maybe opting to run for the Plurinational Assembly instead. There will be a search for a unity candidate, although it will prove hard to sink ideological differences, personal rivalries and regional affiliations.

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As the campaign gets underway, therefore, the possibility of the opposition frustrating Evo Morales' re-election chances seems unlikely. For the government, therefore, the priority is to ensure that nothing gets in the way of the election or calls into question the legitimacy of the results. One major area of uncertainty in this respect is the pledge by the National Electoral Court (CNE) to completely overhaul the electoral register and to introduce a biometric election credential for all of Bolivia's estimated 3.8 million voters. The introduction of such a complex system raises clear problems in a country such as Bolivia with its relatively high rural population. Thus far, the president of the CNE, **Antonio Costas**, maintains that he has matters firmly under control.

# Economy: ECLAC puts Bolivia out in front

Projections for **growth** this year from ECLAC (UN Economic Commission for Latin America and the Caribbean) put Bolivia at 2.5%, which along with Panama promises to be the highest growth rate of any country in Latin America. Bolivia and Panama are followed by Peru and Haiti (2% growth). Overall, ECLAC expects the Latin American economies to contract by 1.9%. The Bolivian government's official growth figure for this year is 4%. Last year, the Bolivian economy grew by 6.1%, the highest rate for many years.

One of the main reasons for slower growth is the slow-down of **exports**, hit by lower international demand and lower commodity prices. In the first quarter of 2009 – according to the latest figures available from the Central Bank (BCB) – Bolivian exports totaled US\$1.066 billion, compared with US\$1.485 billion in the first quarter of 2008.

Exports have suffered from a fall in **mineral prices**, particularly for zinc – now Bolivia's main mineral export. Exports were also hit by the reduced levels of consumption of Bolivian **gas** in Brazil in the first quarter. Gas accounts for just over half Bolivia's exports. The volume of gas sold fell from an average of 31.2 million cubic metres a day in the first quarter of 2008 to 20.1 million in the first quarter of this year. Gas sales are expected to pick up over the rest of the year, and mineral prices have recovered from the lows recorded at the beginning of the year.

While exports were down, **imports** remained reasonably stable compared with the first quarter of 2008. This meant a fall in both the trade and current account surpluses. There was a **current account surplus** on the balance of payments of US\$134 million in the first quarter, 0.7% of estimated GDP.

As expected, **remittances** sent home by Bolivians living abroad were down in the first quarter. These accounted for 1.3% of GDP, compared with 1.5% in 2008 and 1.8% in 2007. Bolivians have been hard hit by recession in developed economies, particularly in Spain and the United States. The slowdown of the Argentine economy has also reduced remittances.

**Foreign investment** in Bolivia has slowed somewhat in the last year, reflecting largely the ending of the investment phase in the San Cristóbal mining project in Potosí. Net foreign investment totaled 0.9% of GDP in the first quarter, roughly half what it had been a year earlier. However, this amount is still higher than the 2007 figure.

**International reserves** (central bank) stood at an all-time high of US\$7.9 billion at the end of June, up from US\$7.7 billion at the end of 2008. This is roughly 20 months worth of imports. As of the end of March, Bolivia's **medium and long-term public debt** stood at US\$2.4 billion, or 13% of GDP.

The country's financial system remains fairly solid, with **deposits in the banking system** and the financial system as a whole up in dollar terms. Deposits in the financial system totaled US\$7.5 billion as of the end of June, compared with US\$6.7 billion at the end of 2008.

The rate of **inflation** has been in steep decline so far this year. Annualised inflation at the end of June stood at 3.2%, compared with 11.8% at the beginning of the year. This is largely due to the fall in the price of goods (especially food and fuel) imported from other countries.

In its Social Panorama for Latin America (2008), published earlier this year, ECLAC points to significant improvements in poverty reduction and inequality in Bolivia to 2007. The poverty rate in 2004 stood at 63.9% in Bolivia, higher than in 2002. By 2007, the **poverty rate** was down to 54.0%. Similarly the figures for extreme poverty show this to have fallen from 34.7% to 31.2%. So far as **inequality** is concerned, ECLAC says that Bolivia was one of the countries where the gap between rich and poor fell fastest (along with Venezuela, Brazil and Nicaragua) between 2002 and 2007. The main measure of inequality is the Gini coefficient. According to ECLAC the degree of inequality diminished from 0.586 on the Gini scale in 1999 to 0.565 in 2007.

# Foreign Affairs: Relations with Peru

**Since 2006, Bolivia has maintained improved relations with its neighbours. With Brazil under Lula, Argentina under the Kirchners, Paraguay under Lugo, and (conspicuously) with Chile under Bachelet. The big exception has been Bolivia's relations with Peru. These have deteriorated considerably during the last twelve months, to the point that Peru has now withdrawn its ambassador from La Paz indefinitely. What have been the causes of this worsening of relations?**

Most obvious is the fact that the Morales and García governments represent very different sorts of projects. Whilst in Bolivia since 2006 there has been a reaction against neo-liberal orthodoxy, this has not been the case in Peru. While Bolivia has revived a tradition of economic nationalism that has involved renegotiating the terms of foreign investment, Peru under Garcia (as under his predecessors) has sought to attract foreign investment by whatever means possible. While the Morales government has embraced the need to include sectors of the population whose voice previously went largely unheeded, Garcia has based his political strategy on an alliance with Peru's economic elite.

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Peru and Bolivia have also found themselves on different sides in terms of their international alignments. Morales was one of the initial signatories (with Cuba and Venezuela) of the Bolivarian Alternative of the Americas (ALBA), a conscious attempt to challenge US-led schemes for trade liberalisation in the Americas. As relations deteriorated between Hugo Chávez and the Bush administration in Washington, Bolivia made it quite clear where its sympathies lay. Peru, on the other hand, has made no secret of its foreign policy goal of being among Washington's closest collaborators, giving priority to the signing of a

Free Trade Agreement (FTA) with the United States.

There are four main reasons, though, for the deterioration of relations in the last twelve months:

- Peru's desire, along with that of Colombia, to sign a free trade agreement with the European Union (EU) is not echoed by La Paz. According to the rules of the Andean Community (CAN), such an agreement should be multilateral and involve all CAN member countries, Bolivia and Ecuador included. Bolivia's resistance to the terms of a trade liberalisation agreement – Ecuador's policy has been more ambivalent – became a major source of frustration in Bogotá and Lima. This led the EU finally to shift its position, and to agree to bilateral trade negotiations with Peru, Colombia and Ecuador, leaving Bolivia aside. Bolivia has reacted angrily against what it sees as a violation of the rules of the CAN and a deliberate attempt by the EU to undermine the CAN's unity of purpose.

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- Peru's decision to take its maritime frontier dispute to international arbitration (at the International Court of Justice in The Hague) runs across the bows of Bolivia's long-held policy to achieve sovereign access to the sea through northern Chile. Peru did not consult Bolivia before taking its case to the International Court. Both Peru and Chile have conflicting claims over offshore waters. At issue is control over a large area of fish-rich waters in the Pacific. Also at issue, at least so far as Bolivia is concerned, is its right to sovereignty to the Pacific waters that would stretch out from the point at which a land corridor meets the sea. In addition to this, Peru remains worried by the

improvements achieved in the last three years in Bolivia's relations with Chile. Traditionally, Peru and Bolivia – the two countries that lost out in the War of the Pacific – have found themselves on the same side against Chile.

- Peru believes that Bolivia is seeking to stir up trouble among Peru's own indigenous population. This is the ostensible reason for the decision by Lima to withdraw its ambassador. Peru accuses Bolivia of instigating the violence that flared up in June in the northern jungle town of Bagua, though it has produced no evidence to back this up. What seems to lie behind this is the García government's repeated attempts to portray its own political difficulties as the consequence of interference by Bolivia and Venezuela in domestic Peruvian affairs. In particular, García is keen to be seen as standing up for Peru's sovereignty whilst depicting his main political opponent, Ollanta Humala, as a 'pawn' of Caracas. This was a tactic that paid handsome dividends in the 2006 presidential elections. Since then, the García government has consistently denounced the existence on Peruvian soil of the so-called 'casas del ALBA', offices it sees as being devoted to pro-Venezuelan propaganda. Such activities are a particularly sensitive

issue in Puno, the region that abuts the Bolivian department of La Paz. Lima has long been concerned that Bolivian influences lie behind the often aggressive stance taken by the opposition-controlled regional government in Puno towards the central government in Lima.

- Peru has crossed swords with Bolivia for offering diplomatic asylum to three members of Sánchez de Lozada's cabinet. These had been due to appear before the Bolivian courts for their part in ratifying the military assault on El Alto in October 2003, in which some 68 people lost their lives. Peru's decision followed close on the heels of the decision by the García government to offer asylum to Manuel Rosales, an opposition leader in Venezuela wanted there on corruption charges.

Although there have been some signs in the recent past that both Peru and Bolivia see the need to stand back from differences that were fast escalating to dangerous proportions, no swift resolution of the differences between the two governments is in prospect. Much will depend on the politics of the two countries over the next few years. While Morales seems on track to be re-elected for a further five-year period, the same cannot be said of Alan García who is constitutionally barred from seeking re-election in 2011.

## Institutions: Judicial Reform

**Critics of the Morales government are currently questioning the state of the judicial system. While this is facing difficulties, the situation has been building up for a long time. What are the problems and how have they come about?**

The problems of the judiciary reach back many decades. Long delays in taking cases to trial, corruption, a lack of respect for legal norms, and high costs make justice hard to find and expensive. Access for indigenous people and women is more difficult still. The judiciary tends too to respond to political pressure, and its decisions are often tinged by politics. Without access to a fair judicial system, people sometimes even turn to lynching for crimes like theft.

Under the outgoing constitution, authorities in higher courts are selected on the basis of a two-thirds majority in Congress. This gives rise to a system of dividing up posts between different political parties (*cuoteo*). Under the Morales gov-

ernment, the system of political appointment has broken down, and some high-level courts are barely operating. It has proved difficult to reach the two-thirds majority required because both government and opposition have been unable to agree on appointments.

Membership of the Supreme Court of Justice and the Constitutional Tribunal has been particularly affected. In the case of the Supreme Court, stand-in deputies have taken over some of the posts becoming vacant, but the Constitutional Tribunal and the Magistrates Council, which oversees the general running of the judiciary, currently lack a quorum. Likewise, the Electoral Court is operating with a minimum of the members required.

Another problem area is the stranglehold that the professional lawyers' body has on who can become a lawyer. Not only is the Colegio de Abogados a closed shop, to which all those practicing law must belong, but it also influences who

gets jobs within the legal system. The government has recently approved a decree law which allows all those qualified to practice law without having to belong to the Colegio or pay their dues to it.

Trials mounted by Congress against those presidents and other authorities held responsible for crimes incurred under their mandate have not been carried out in the due period, because of the failure of the legal system to take these forward. Delays in passing sentences can be as long as five years. 70-80% of those currently in jail are still awaiting trial.

**A recent president of the Supreme Court took the unprecedented step of calling for a strike of the judiciary and also taking part in a political rally in Sucre.**

Attempts by the MAS government to change things have brought responses from some members of the judiciary. A recent president of the Supreme Court took the unprecedented step of calling for a strike of the judiciary and also taking part in a political rally in Sucre. Some of the judges who have resigned from high level judicial bodies have done so for political reasons. Due to these tensions, the Ministry of Justice has found it difficult to draw up its plan for the sector as a result of lack of cooperation.

The new constitution is more explicit in defining rights. 'Fundamental' rights include the right not to be tortured, disappeared, or to live in conditions of slavery. The rights of women, the young and older people, as well as those of indigenous peoples are specifically referred to throughout. The state is bound to ensure rights to water and food, education, health, housing and basic services. Whole chapters are dedicated to civil and political rights, environmental rights, health and

social security, the right to work, property rights, and the special rights of more vulnerable sectors of the population.

The new constitution recognises indigenous systems of justice as well as the formal legal system. Rather than being appointed by Congress (as hitherto), the top posts in the judiciary will be elected by universal suffrage from pre-qualified candidates. This will end the system of *cuoteo*. There will thus be greater public participation in building the rules and regulations that are needed to bring the new constitution into effect, and provide greater oversight of the justice system.

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The new institutions fulfil similar sorts of functions to those that have existed to date:

- The Supreme Tribunal of Justice will be the maximum authority within the legal system.
- The Plurinational Constitutional Tribunal will ensure respect for the constitution and protect people's constitutional rights. It will harmonise the two judicial systems – indigenous and formal.
- The Magistrates Council will be responsible for the internal running of the judicial system.

However, while the proposed structure will be more inclusive, delays are likely in its implementation. It will be up to the next parliament, the Plurinational Legislative Assembly, to set the legal framework in greater detail. Meanwhile, cases being tried under current law will be conducted according to the norms of the old constitution.