

Economic growth and socio-ecological struggles in Bolivia

(1179 words without footnotes)

Economic growth in the pre-electoral period

Bolivia registers internationally sensational economic growth rates. From 1998 to 2005 the Gross National Product increased by 2.9%, from 2006 to 2009 by 5%, and in 2013 by an estimated 6.5%.¹ Also the state budget multiplied in the past years. Especially in the current pre-electoral period – general elections will take place in October 2014 – this growth rate is linked to new socio-political measures, such as the recently introduced Supreme Decree 1802 from November 20th 2013 that establishes two additional Christmas bonus salaries. However, this measure only concerns the formal economic sector; that means that the 74% of informally employed people – a total of 3.7 million people as to data of the International Labor Organization from 2010 – remain excluded. This highly criticized decree is oriented towards *good living*², though a direct relation is also established to economic growth: This double Christmas bonus shall only be paid to public servants and workers in the public and private sector, *if* the yearly growth of the National Gross Product exceeds 4.5%. Pensioners are excluded because – as to the Minister for Economic Affairs Luis Arce Catacora – this bonus is only for those who contribute to economic growth. Pensioners, as he explains, benefit from other programs such as the universal pension *Renta Dignidad*.³

1 See *Informe de Gestión* 2013, http://www.presidencia.gob.bo/documentos/mensaje_22-01-2014.pdf.

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Good living is a term that stems from indigenous peoples, but now is discussed in a broader and more general context. Though it is subject to debate and has not been uniquely defined, it broadly refers to the good ‘living together’ in society with little social inequality and a dignified life of all people, as well as harmonic relations between humans and nature. In Ecuador, the term *buen vivir* is used, whereas in Bolivia the term *vivir bien*, or *sumak kawsay* in Quechua and *suma qamaña* in Aymara.

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See <http://eju.tv/2013/11/doble-aguinaldo-no-beneficia-a-jubilados-y-rentistas-gobierno-niega-discriminacion/>.

The material base of economic growth

Though economic growth is linked to new socio-political measures, economic growth also – as is the main argument of my contribution – goes along with severe socio-ecological implications for the society as a whole, intensifies existing power relations and (re)produces societal tensions. In my contribution, I will first show the material base of economic growth through an analysis of the fiscal base of the state – here I choose the state economy and not the GNP as an indicator, because current tensions arise especially in the context of state acting. I will highlight the significance of natural resources, particularly the natural gas and mining sector. Then I will specify the power relations and societal tensions they imply.

State incomes (that is the state budget⁴) have more than quadrupled in size during the past 10 years, to 16.898,35 million USD in 2011. Data requested from the Bolivian Ministry for Economic Affairs (2011) show that the most visible shift in the past years is an increase in state financing by the national public companies, from 22.1% (2001) and 16.8% (2003) to 48.8% (2011).⁵ In state expenditures, also a notable diversion has taken place from the central administration⁶ to public companies. In 2005, public companies received 4% of these expenses in 2005, whereas 35% in 2011. The same patterns can be found in investments.

A detailed look at the distribution of the financial means made available to public companies reveals the dominance of the oil and gas sector. Between 2000 and 2011, this sector received between 53.5% and 89.9% of expenditures destined for public companies, and from 2005 to 2011 it consistently received over 88%. As of 2007, mining received the second largest portion of financial means destined to public companies (between 6.1% and 6.2% from 2007 to 2011). The natural resources' sectors are also fundamental for GDP's growth rates. According to *Fundación Milenio*, GDP's growth rates were 2.9% in 2009 and 3.8% in 2010 (which is considerably lower than government data indicate). This foundation points out that

4 The budget is financed by four main sources of income: foreign credits, donations, specific incomes (mostly from public companies) and the national treasury. This last source is comprised of the national treasury in general (mostly taxes) and other revenue sources of national treasury (e.g. fees).

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In 2011 taxes and fees together made up 44.8% of the total state budget. The value added tax (VAT), taxes on the natural gas sector, and taxes on companies' earnings together constituted more than 80% of total tax incomes. Concerning the natural gas sector, the Direct Tax on Oil and Gas was introduced in 2005, and from 2006 to 2011 constituted between 21.1% and 25.8% of total tax revenue. Together with the indirect tax, tax contributions from the gas and oil sector amount to 27.62% of the total tax revenue for 2011.

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The central administration includes the offices of the Presidency, Vicepresidency and Ministries of the Plurinational State, as to Supreme Decree 29894 from 2009.

0.8% of economic growth (2009) and 0.6% (2010) are produced through the natural gas sector, and 0.7% (2009) as well as 0.3% (2010) through mining.⁷

Economic growth and socio-ecological tensions

Currently, hydrocarbons (oil, gas) and mining are the two main extractive⁸ sectors; economic growth of the GDP and the state economy are rooted in these sectors (and the related primary goods exports), whereas regulation in these sectors has changed during the Morales administration: the hydrocarbon sector and parts of the mining sector have been nationalized. More concrete, a greater state participation has been achieved and (new) state companies have been founded. According to the demands of social organizations, the state should use income from these nationalization processes for the construction of the plurinational state – which seeks to strengthen the diverse economic forms that exist in the country, particularly the communitarian and social-cooperative forms as outlined in various political documents.⁹

Social organizations now express employment-related and socio-ecological concerns in a context of increasing resistance to intensified extractivism that brings forth claims for control over territory and natural resources.¹⁰ The expectations of massive additional employments are high and often remain unfulfilled in resource sectors that are not labor-intensive. Socio-ecological concerns arise, because extractive activities with enormous socio-ecological and socio-political consequences are centred disproportionately in indigenous territories. Strengthening the communitarian (or other) economic form could be the basis of employment in this sector and, on the other hand, empower communitarian (or other) society-nature relationships and political participation. So, there is not necessary a dichotomy between nature and labor. Economic diversification can contribute to connecting labor- and nature-related demands.¹¹

7 Transportation und communication contribute 0.6% (2009) and 0.7% (2010), agriculture and cattle-breeding 0.6% (2009) and 0.2% (2010). Handicraft contributes 0.8% and 0.5%, the finance sector 0.5% and 0.6%, taxes and imports 0.6% and 0.4%. It can be seen that the natural gas and mining sectors are the material base of the state's economy and the economic growth rates. See: Radhuber, Isabella M. (2012): Indigenous Struggles for a Plurinational State: An Analysis of Indigenous Rights and Competences in Bolivia, *Journal of Latin American Geography*, Volume 11, Number 2, p. 167-193, http://muse.jhu.edu/journals/journal_of_latin_american_geography/toc/lag.11.2.html and Radhuber, Isabella M. (2013): Reintroducing pluralism in Bolivia's state and economy (submitted to *New Political Economy*, first answer: revise and resubmit).

8 Extractive refers to resources extraction.

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The 2009 Constitution outlined this. The 2007 Development Plan actually conceptualized a two stage model, in which economic diversification is part of the second stage. Although the plan does not mention that the second stage follows only later, though this seems to be assumed. I find this to be a doubtful prospect.

These employment-related and socio-ecological concerns are part of a broader political proposal: the indigenous organizations' proposal of co-administration and co-government (together with the national government). These offer starting points for strengthening the communitarian form: communities should be part of political decision making and the state structure. Concerning extractive activities, they should be represented by a communitarian company, which exercises social control and evaluates environmental impacts, considering that the communities themselves experienced the negative socio-ecological impacts of such activities and therefore have an accumulated knowledge on the issue. This process could also be supported by the fulfilment of another demand of the communities: the formation of indigenous autonomies, which would become part of the state administration¹². However, though participation could be increased in the past years and so a democratization process has been started, co-administration has not been granted in the natural gas or in the mining sector; in the latter, communities or communitarian actors are not even recognized as relevant actors, as it is made explicit in the Draft for the new Mining Law.¹³

Critiques argue that natural resources (and their extraction) are viewed merely as an economic "question" and as a provider of capital, and that society-nature relations and Mother Earth (*madre tierra*) itself are not given attention to. The indigenous people who live on these

10 These movements include marches organised by indigenous organizations in 2010, 2011 and 2012, and protests against hydropower plants in the national parks and indigenous territories of Madidi and Pilón Lajas, and against the construction of a road through the indigenous territory and national park Isiboré Secure (TIPNIS) that is part of IIRSA. This new cycle of resistance is not restricted to Bolivia, but runs all across Latin America (see Svampa, M. (2010): *Movimientos Sociales, matrices socio-políticas y nuevos escenarios en América Latina*, Universität Kassel, One World Perspectives, Working Paper, 01/2010, 1-26, CEDIB (2013): *Geopolítica de las carreteras y el saqueo de los recursos naturales*, <http://www.cedib.org/wp-content/uploads/2013/08/geopol%C3%ADtica-de-las-carreteras-y-el-saqueo-de-los-rn3.pdf> and Fundación Tierra (2012), *Marcha Indígena por el TIPNIS. La Lucha en Defensa de los Territorios*. La Paz: Fundación Tierra.

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See: Radhuber, Isabella M. (2013): The contradictory relation between plurinationality and extractivism: the case of state mining in Huanuni, Bolivia (forthcoming as NEBE Working Paper) and Radhuber, Isabella M. (2013): Reflections on the supposed dichotomy between nature and labor in Bolivia's state mining: an analysis of tin mining in Huanuni and lithium mining in Uyuni (forthcoming as NEBE Working Paper).

12 Interview with Felix Becerra, National Authority from CONAMAQ, 20.06.2013.

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Interview with Roberto Chávez, member of the Commission for the New Mining Law, 22.05.2013.

territories are directly affected by extractive activities.¹⁴ They also have specific knowledge about these activities, and a desire to strengthen their own economic forms and political participation. Considering the outlined socio-political and socio-ecological struggles, it remains to be seen whether economic growth based on the extractive sector will allow broad societal participation as part of the plurinational state project. This would allow an economic diversification and strengthening of plural forms of living and society-nature. These are (new) disputes about political participation and democratization in the context of economic growth. And these are questions that currently urge not only in Bolivia, but all through the Latin-American continent. Finally they are embedded in a global consumption pattern and therefore have to be discussed as part of South-South and North-South relation.

14 Interview with Carmen García, Head of the Parliamentary Commission on Mining, 04.05.2013.