We Are That History That Is Discredited, but Which Reappears When You Least Expect It: The Forty-Fourth Newsletter (2020)



Bolivian President-elect Luis Arce and Vice President-elect David Choquehuanca, 2020

Dear Friends

Greetings from the desk of the **Tricontinental: Institute for Social Research**.

Almost exactly a year ago, on 10 November 2019, a coup d'état struck down the Bolivian people after General Williams Kaliman '**suggested**' that President Evo Morales Ayma resign. Morales – following acts and threats of physical violence against him, his family, and his political party – left the presidency, went to Mexico, and then eventually went into exile in Argentina.

The coup followed an election that would have resulted in Morales' fourth term as president, the **results** of

which were questioned by the Organisation of American States or OAS (60% of whose funding comes from the US government). That Morales' third term would not have ended for several months did not bother liberals around the world, who adopted the Washington-driven OAS view that there had been fraud in the October 2019 election. It was later **shown** by US political scientists that no such fraud had taken place; Morales was ejected by an old fashioned coup. There is now a **call** by progressive governments in Latin America for the resignation of Luis Almagro, the head of the OAS.

Immense repression greeted the Bolivian people, who were told that 'democracy' had arrived. This 'democracy' was to wage an assault against the majority indigenous population, who faced a class war bathed in Conquistador imagery. Patricia Arce Guzmán, mayor of Vinto in central Bolivia and a leader in the Movement to Socialism (MAS), Morales's political party, was dragged out of her office by thugs who threw red paint and gasoline on her and then hacked at her hair, cutting a part of her scalp. All this took place as the cameras rolled. 'I am not afraid', Arce **said** defiantly. 'I live in a free country'. Bravely, Arce refused to resign. She briefly went into hiding, reappear within two weeks to take up her post as mayor. Patricia Arce represents the immense bravery of the Bolivian people who refused to allow the coup to break their confidence.



It was this courageous refusal that allowed the MAS to build up their forces and to **triumph** at the ballot box on 18 October. An incredible 87% of the eligible voters cast their ballots, giving the presidential ticket of MAS – Luis Arce (President) and David Choquehuanca (Vice President) – a victory with 55.1% of the vote, far ahead of the second place far-right candidate Carlos Mesa's 28.8%. Even more remarkable was that the MAS swept the parliamentary elections, with 73 out of 130 seats in the lower house and 21 out of the 36 seats in the Senate. One of the twenty female senators who was elected with a large margin is Patricia Arce. 'With work, humility and with the support of the Bolivian people, we will recover our country with unity and courage for every one', Arce **wrote** on Twitter. She thanked the people for helping Bolivia 'recover the state after this coup d'état'.

The United States, which had played a leadership role in the 2019 coup, congratulated the new government with a short **statement**, which ended with the anodyne phrase that Washington would work with the Arce-Choquehuanca government 'on matters of mutual interest'.



Satori Gigie (Bolivia), *Stealing the Illimani!*, 2016

When Arce and Choquehuanca take office, their agenda will be full. The coup government that preceded them blocked any effective policies to break the chain of infection for COVID-19 and to cushion the blow to the people as a result of the economic disruptions. Arce, an economist, has **laid** out some key policies for the continuation of the Bolivian socialist project that began under Evo Morales. There are five key components of this policy:

1. *Eradicating hunger*. In September, the MAS-controlled Senate passed several important bills to offer relief to a population wracked by the chaos of the coup government and the pandemic: bills to provide health care (Bono Salúd), support to the elderly and the infirm, and a Hunger Bond (Bono contra el Hambre) that would give a fixed payment to every Bolivian. The coup government refused to sign the bills, rejecting the need for immediate relief to the population. Arce says that one of the first acts of his government will be to

put these measures for relief to work.

2. *Industrialisation*. During the almost fourteen years of Morales' government (2006-2019), he oversaw vast **improvements** in the lives of the Bolivian people, from cutting poverty rate from 38.2% to 15.2% at the time he left office to increasing average life expectancy by nine years and developing a universal healthcare system. The Bolivian state was able to fund such reforms largely by bargaining better deals with multinational mining firms. This was a form of resource socialism.
   Arce says that the next step in the MAS project is to introduce import-substitution industrialisation. Production of basic consumer goods would be a priority, since the import of these goods – fairly easy to manufacture – deplete Bolivia's foreign exchange reserves. Before the coup, Morales inaugurated a new electric car produced by Quantum Motors and Yacimientos de Litio Bolivianos, the state lithium company. At the time, the battery was imported from China, but these state firms **planned** to develop Bolivia's capacity to process its own lithium and manufacture batteries for E2 and E3 cars. Arce said that he will put effort – likely with Chinese support – into the development of these cars, initially for the Bolivian market but then for export.
3. *Food production*. Due to the break in the food supply chain, small farmers in Bolivia have **struggled** to get their produce to the market and have been supplanted by large agribusinesses, who charge higher prices for basic goods. Even before the pandemic, Bolivia had come to rely on exporting relatively unprocessed soybeans (such as oilcake, flour, and meal), mostly through foreign-owned companies. Arce seeks to increase food sovereignty for Bolivia, with an emphasis on technological innovations for small farmers.
4. *Debt cancellation*. As neighbouring Argentina struggles with its massive external debt and obligations to the International Monetary Fund taken on during former President Mauricio Macri's tenure (2015-2019), Arce pledges that Bolivia will not take on further debt, which would only deepen the country's dependence on wealthy bondholders. Instead, Bolivia will pursue a renegotiation of its $11 billion in external debt. It is hoped that a suspension of debt servicing payments for the next two years will bring savings of $1.6 billion to finance hunger relief, industrialisation, and food production.
5. *Taxation*. Additionally, Luis Arce has said that his government will tax the 0.001% of Bolivia's society (about 113 individuals out of a population of 11.5 million people) who sit on a comparatively obscene amount of cash. This would raise roughly $400 million for the exchequer.

The MAS returned to power not merely because of Arce and Choquehuanca's platform, but also because of what Morales' administrations delivered for fourteen years. During the length of the Morales years, the GDP grew by about 46%, with an annual average growth rate of per capita GDP by 3.2% (if you take the percentage of fixed investment in Bolivia's GDP rose from 14.3% to 20.8% during Morales' tenure). Crucially, most social indicators improved for people, with their nutrition, health, and literacy improving at a high rate.

Arce says that the MAS will continue this project, but the government will face considerable challenges. First, the international debt industry has **refused** to properly write off debt. Second, the US government is going to use every mechanism to break the advance of the MAS project in Bolivia. There is widespread recognition in Washington that portraying Arce as a 'moderate' and trying to draw a line between him and Morales will not be possible; Arce will certainly bring Bolivia's foreign policy back in line with that of Venezuela and Cuba, wrenching it out of the Lima Group and other right-wing initiatives. A combination of the wealthy bondholders and the US government will make Arce's sensible left agenda difficult to implement.

It is here that China comes in. China and Bolivia already have an established commercial partnership, which

includes collaboration on lithium development, hydroelectric expansion (the Rositas project), and roadway construction (the El Espino highway project), as well as in the launching of the Tupac Katari telecommunications satellite in 2013. These projects were financed by a combination of Chinese bank loans and Bolivian savings.

There is a need now for a deeper *development* rather than *commercial* partnership, which should include grants to propel Bolivia's industrialisation of its lithium resources and to expand Bolivia's food sovereignty. China's Ministry of Commerce as well as the Chinese Export and Credit Insurance Corporation (Sinosure) have provided over 200 zero-interest loans of a total of $3 billion to highly indebted countries (only 5% of total Chinese lending), 85% of which have been cancelled, which means that they are mostly grants. Arce's agenda will need financing that does not trap Bolivia into debt dependency; additional forms of funding – other than from the commercial sector or the World Bank – are necessary.

Juan Carlos Pinto Quintanilla, who worked with Morales, recently **told** *People's Dispatch* that the MAS project must deepen the 'perception of the political horizon', draw popular participation into the agenda, and create awareness of the entirety of the programme. Such a decentralised perception will ensure that a new generation of Bolivians will defend a project that is truly their own.

Magda Arguedas (Bolivia), *Mañana habrá pan*, 1974

As news of Bolivia's election was released, the Swiss Bank (UBS) released its new billionaires **report**. The wealth of the billionaire class increased by 27.5% between April and July of 2020, with a record high at $10.2 trillion distributed between just 2,189 billionaires. Meanwhile, the World Bank **announced** that poverty rates will rise for the first time since 1988. This is the essence of the class struggle, with Jeff Bezos of Amazon sitting on $203 billion and with half the world's population going to bed hungry at night. The new Bolivian government, like all movements and political parties that are sensitive to the value human life, will have to struggle to get food to everyone in that country.

Warmly, Vijay



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