

21. See Catena and Navajas (2006), who carried out a simulation to establish what would happen if there was a decline in international prices of energy and a fall in demand for gas in neighboring countries.

22. It is worth noting that the reserves situation in Bolivia is not exceptional for the region. All Bolivia's neighbors, enjoying the same favorable international context, had also been accumulating reserves.

23. For instance, the Indian steel company, Jindal, has signed a contract to exploit the iron reserves of El Mutún, close to the frontiers with Brazil.

### Chapter 13. *The Perverse Effects of Globalization in Bolivia*

1. "Markets promote efficiency by means of competition and the division of labor, that is, the specialization that enables people and economies to focus on what they do best. Thanks to globalization, it is possible to take advantage of ever larger economies across the world and to have better access to flows of capital and technology and to benefit from cheaper imports and larger export markets. But markets do not necessarily guarantee that greater efficiency will benefit everyone. Countries have to be prepared to adopt the necessary policies, and in the case of the poorest countries they will possibly require the support of the international community to that end" (IMF 2000).

2. Adopting a term used by Immanuel Wallerstein, Arrighi (1997) considers globalization as an "evolutive" model that has enabled capitalism to become "the first historical system to include the whole world in its geography."

3. More precisely, it is argued that the financialization of the economy had its origins in the 1970s, a consequence of important changes in the international economy brought about by the policies of developed countries. The decision of the United States to devalue the dollar in 1971 and end a system based on fixed exchange rates encouraged speculation in the money markets. Similarly, the increased capital flows in the form of loans to underdeveloped countries—petrodollars—and the actions of the United States to finance its high deficits through savings from other continents brought about a flood of capital that inundated the international market (Martner 1988).

4. "Once re-established, the unilateral logic of capital expresses itself in the implementation of policies that have the same characteristics everywhere: high interest rates, cutting public social spending, dismantling policies of full employment and the systematic pursuit of restoring unemployment, reducing taxation on the wealthy, deregulation, privatisation, etc." (Amin 2001).

5. "A recent report by the World Bank (*Global Economic Prospects and Developing Countries*, 1995) argues that the growing integration of such countries into the World economy offers an excellent opportunity, perhaps the best, to increase over the long run the wealth of developing and industrial nations" (Qureshi 1996).

6. These policies consist of measures geared to achieving macroeconomic stability, external opening to encourage the expansion of trade and investment, the stim-

ulus toward competitiveness and productivity, as well as the debt management to facilitate the availability of resources (IMF 2000).

7. “A convergence of processes that has taken place within the country and outside has placed the nation state in crisis. The new conditions of production, accumulation and exchange have intensified all the flows (capital, people, technology, information) and reduced the ability to exercise control over its jurisdiction, but at the same time these continue as fundamental reference points for social action and international policy” (Laserna 2002).

8. “We should remember that a regime of accumulation is the amalgam of strategies and structures through which a group of government agencies and individual businessmen promotes, organizes, and regulates the expansion or the restructuring of the capitalist economy (Arrighi 1999, p23). This group of capitalist and government agencies institutionalizes power and the hegemony of specific fractions of the dominant class and ruling political groups, whose community of interests promotes the restructuring of the institutions of the state and of the capitalist economy in the quest for power and profit” (Orellana 2006).

9. For some intellectuals linked to neoliberalism, the three axes of the new political landscape, initiated in 1985, were representative democracy, the market economy, and multiculturalism (Romero 1999).

10. Dividends are distributed among the elderly in the form of the Bonosol, a subsidy of around US\$200.

11. Official calculations estimate a loss to the economy of US\$610 million and 59,000 jobs in the Chapare region on account of the clampdown on coca and cocaine production between 1997 and 2000 (Udape 2001).

12. Telling signs are the spectacular increase of indigenous peasant migrants to El Alto and the rising number of Bolivians resident (mostly illegally) in Argentina and Spain.

13. Attracting capital brought, in addition, serious social problems. This was reflected by the destructuring of traditional forms of peasant agriculture where communities were subjected to new commercial relationships and/or forced to migrate to permit mining activity to take place. There were also conflicts arising from the environmental impacts of mining activity.

14. According to YPFB, of the total reserves of gas in 2001 (proven and probable), 97 percent were new reserves and only 3 percent were those that already existed. The situation was similar for condensates.

15. Transport charges also favored the companies. While the tariff for transporting gas for the domestic market was set at US\$0.41 per thousand cubic feet, the export tariff was US\$0.22.

16. The pension reform was, in reality, a financial measure aimed at generating a substantial volume of domestic investment to finance private activities. This objective was never realized because the insolvency of the state led governments that

administered the reform (through a series of rulings) to use employees' contributions to help fund the fiscal deficit (Arze 2003).

17. In changing the patterns of employment, a number of things stand out, including the reduction in public sector employment from 22 percent to 12 percent, the persistent inability of the private sector to generate employment, and the explosive growth of the informal sector, which has increased to over 70 percent of those occupied in urban areas (Arze 2004).

18. It is worth mentioning that this is also present within foreign capital, which, taking advantage of depressed wages and the lack of any government oversight, has acclimatized itself to conditions in the labor market to raise its profitability.

Conclusion: *Bolivia's Latest "Refoundation"*

1. More generally there is evidence that at key turning points both the Venezuelans and the Cubans have tended to advise moderation, advice that the Bolivians have not always accepted. Neither of these foreign powers can afford a collapse of the current Bolivian experiment. They certainly do not want Evo to become another Allende.

2. In October 2006, unionized mineworkers clashed with self-employed *cooperativistas* for the control of Bolivia's most productive tin mine. Seventeen workers lost their lives, and many more were injured. The incident showed how difficult it was for the MAS to exercise control over its own supporters.