

# Bolivia Stands Up for Common Wealth

Evo Morales's bold bet against privatization pays off.

By [David Bollier](#)



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Four years ago, the international press sent up red flares when the President of Bolivia, Evo Morales, announced that he would reclaim his country's natural resources for the benefit of Bolivians. [As I wrote at the time](#), most press coverage took the “skeptical and fearful perspective of foreign investors, who consider themselves the rightful beneficiaries of Bolivia's natural wealth. ‘Dammit!’ goes the subtext. ‘Now we won't be able to earn the same sorts of massive profits that we did before’.” The other fear was that Morales would simply rip off foreign investors when he reasserted public control over Bolivian oil and minerals.

Didn't happen. We now learn that Morales' move has indeed benefited Bolivians, who are among the poorest people in the Western Hemisphere. Writing in *Yes!* magazine, [Sara Kozameh of the Center for Economic and Policy Research](#), [describes how](#) the Morales administration has achieved record growth despite the recession by reclaiming public ownership of natural resources.

The country was expected to have the highest growth in the Southern hemisphere last year, according to a new study by the Center for Economic and Policy Research. For the previous four years, growth rates averaged 5.2% per year — a considerable achievement in light of the decline of foreign remittances to Bolivia from citizens living abroad and the U.S. Government's exclusion of Bolivia from a trade treaty that would have helped its exports.

What made the difference, writes Kozameh, was Bolivian government revenues from hydrocarbons, which increased from 5.6% in 2004 to 25.7% at the end of 2008. She adds:

*“Bolivia dramatically increased its foreign reserves, from under \$2 billion in 2005 to over \$8 billion in 2008, providing a cushion against economic shocks like the current global downturn. This increase in revenue and reserves allowed Bolivia to implement expansionary macroeconomic policies that kept the Bolivian economy growing through the world recession.*

*“It also helped fund one of the most important policies taken up by the Morales administration: a significant increase in public spending. The Morales administration has ramped up public support for education, health care, loans to small businesses, infrastructure, and public pensions to reduce extreme poverty among the elderly. It is also making conditional cash transfers available to poor families, enabling them to keep their children in school and providing health care for pregnant women and children up to the age of two.*

*“According to the report, public spending has increased from 34 percent of GDP in 2005 to 45 percent of GDP in 2008. Morales’ administration has succeeded in maintaining growth during the world recession, and has continued to put the interests of the poor at the forefront of his policies, which undoubtedly helps to explain the president’s popularity in Bolivia.”*

If Bolivia had followed the neoliberal orthodoxy and sold off its natural resources to investors — as so many U.S. states now seem eager to do — the investors would have done better but the country would have been in much worse shape.

The Bolivian experience confirms just how fallacious and socially misguided the “Washington consensus” of privatization, deregulation and government spending curbs really is. Governments should treat public resources and infrastructure as precious equity assets to be carefully stewarded for maximum public benefit — not sold at fire-sale prices to well-heeled foreign investors who negotiate sweetheart deals for themselves and then call it the “free market.”

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