

# Bolivia's Remarkable Socialist Success Story

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As I strolled through the Bolivian village of Sahuiña on a bright afternoon in March, the loudest sounds I heard were bird songs. Nestled in the Andes mountains and perched on the secluded coast of a peninsula jutting into Lake Titicaca, Sahuiña is an enchantingly quiet place. It's also an independent one: Thanks to many years of government decentralization across Bolivia, the village has a great deal of freedom to do as it wishes without answering to the state.

At its entrance a Wiphala flag, a seven-colored square representing the indigenous peoples of the Andes, flapped in the breeze. No national flag symbolizing the Bolivian republic stood beside it. As I crossed the hamlet, the people of Sahuiña chatted with one another in the local indigenous language of Aymara. They spoke slowly, walked slowly, chewed slowly on coca leaves. They boasted about the crisp air and the scarcity of crime. Most of them fished or farmed for a living, just as locals in the area have for millennia.

Sahuiña's remoteness and self-reliant atmosphere make it easy to assume that national politics is of secondary importance to its residents: The village keeps to itself, moves at its own pace, and makes decisions about its own land. But the people there are in fact enamored of the self-described socialist who runs their country: Evo Morales.

Morales, the villagers pointed out, has invested in their community like no other national leader before him. Before he took office, the route into Sahuiña was rough and narrow; now, it's paved and wide, making it easier to transport goods in and out of the area, and allowing children to be driven to school in nearby Copacabana. Before Morales, people would draw water from wells; now, they have running water in their homes. More recently, the government has financed the creation of a small hospitality center, composed of a dining hall and a few cottages, to encourage tourists to see Sahuiña as an outdoor getaway. (Undoubtedly Sahuiña's most charming attraction is its collection of endangered *ranas gigantes*—giant frogs—that are kept in a makeshift conservatory on a floating island on Lake Titicaca.) And a small airport is currently being built with public funds in a valley near the village.

The people I met also praised the system of *bonos*, or cash transfers, that are given to parents of young students, pregnant women, and the elderly. "Compared to previous governments, our government takes us into account," Simón Khantuta, a gregarious community guide, told me as we sat by the lake.

Sahuiña is an emblem of how life has changed for millions of ordinary Bolivians over the past 13 years. Since taking office in 2006, Morales, a former coca grower and labor activist, has nationalized key industries and used aggressive social spending to reduce extreme poverty by more than half, build a nation with modern infrastructure, and lower Bolivia's Gini coefficient, a measure of income

inequality, by a stunning 19 percent. For much of Bolivia's majority-indigenous population in particular, his tenure marks the first time that they've lived above poverty and benefited from their country's tremendous natural resources.

It's now clear that a redistributionist agenda has not been ruinous to Bolivia's economy. Far from it: During the Morales era, the economy has grown at twice the rate of the Latin American average, inflation has been stable, the government has amassed substantial savings, and an enterprising and optimistic indigenous middle class has emerged. Given the nightmarish economic collapse of nearby Venezuela—the right's poster child for the evils of socialism—the idea that such a system can be the path to affluence and stability in Bolivia is remarkable. Its left-wing political trajectory, which began roughly around the same time as Venezuela's, shows that socialist projects can help societies escape poverty, rather than condemn them to it.

"Bolivia might be the world's most successful country that calls itself 'socialist,'" Noah Smith, a center-left economics columnist at *Bloomberg News*, wrote earlier this year.

Nevertheless, Morales's fate—and his legacy—are uncertain. In a 2016 referendum, he asked the public if he could scrap constitutional term limits in order to run for an extra term in 2019. He lost, but after winning a highly controversial legal fight in a sympathetic court, he's opted to run for reelection anyway. This fall's elections, which will take place on October 20, have raised questions of whether Morales has become yet another leftist leader who will undermine democracy in the name of economic revolution.

Morales's clutch on power has angered many Bolivians, including parts of his indigenous base who view his next run as an act of flagrant corruption. But the president is hoping the strength of the economy will deliver him another victory, and he's making pledges to continue fulfilling the vision that inspired his first run.

When Morales arrived in office, he pledged to fundamentally alter the nature of Bolivia's economy. His predecessors had been forced to resign by militant protest movements that demanded that profits from the nation's enormous natural gas reserves should go to the public, not foreign multinational corporations. As head of the federation of social movements known as the *Movimiento al Socialismo*, or Movement Toward Socialism, Morales was trusted as someone who could realize that vision. He became the first president to win an outright majority of votes since the 1952 revolution, during which peasants and miners toppled a military regime and instituted a host of populist reforms. He was also, notably, Bolivia's first indigenous president.

Morales's left-wing program was one of many that swept through Latin America in the "Pink Tide" of the 2000s, during which populist leaders in Brazil, Venezuela, Argentina, Ecuador, Chile, and elsewhere rose to power with socialist and social democratic agendas. Morales went in with a mandate to shatter the neoliberal policies of austerity and privatization that had shaped Bolivian society for the past two decades. "From 1985 until [Morales's] election in 2005, Bolivia was under the yoke of one version or another of the Washington consensus," Mark Goodale, an anthropologist at the University of Lausanne, told me.

Once in office, Morales passed a law seizing tens of thousands of square miles of land deemed unproductive or illegally held, and redistributed it to landless peasants. He placed the natural gas, oil, telecommunications and electricity industries under state control. And he continually raised the minimum wage, which has tripled since he entered office.

Morales also dramatically increased social spending. He poured money into building roads, schools, and hospitals, an expansion of infrastructure that was particularly transformative in the countryside. And he established modest but deeply popular cash transfer programs: a universal noncontributory pension system for Bolivians over the age of 60; assistance to households with elementary school-aged children who can demonstrate their children are attending school; and funds for pregnant women or mothers with children under the age of 2 without health insurance.

“They’re small amounts of money, but for very poor people they’ve made an enormous impact on their family income,” Linda Farthing, the La Paz-based author of *Evo’s Bolivia: Continuity and Change*, told me.

During the Morales era, Bolivia has seen per capita income increase threefold and has rapidly transitioned from a low-income country to a lower-middle-income country in the eyes of the World Bank. Inflation and the exchange rate have remained exceptionally stable. And all the while, Bolivia levels of inequality went from well above the Latin American average to well below it.

Rural communities like Sahuíña have seen their quality of life improve over the past decade, but the sense that things are on the upswing is just as visible in urban areas. In the bustling capital of La Paz, shops, restaurants, and movie theaters are springing up across the city for people eager to make use of their bigger wallets. Indigenous women dressed in traditional *pollera* skirts and bowler hats can be found selling food on street corners—but many can also be seen purchasing expensive hats at trendy boutiques.

Take a ride on the Mi Teleférico—the world’s largest high-altitude urban cable-car system—to the neighboring city of El Alto, and you’ll see miles and miles of lively markets and small businesses. El Alto also features a growing number of *chalets*, or spectacular, brightly colored buildings designed by Aymara architects, that represent the rise of an urban Aymara bourgeoisie.

Bolivia’s movement toward socialism has defied right-wing predictions of food shortages, labor camps, and the collapse of private life. Instead, it has stepped in the direction of European social democracy and illustrated how a developing economy can modernize and grow swiftly without subjecting itself to austerity.

What really sets Bolivia’s socialist experiment apart is its relative longevity. The “Pink Tide” has largely ebbed; virtually all of the leftist parties that dominated the era have been kicked out of power, in no small part because of the collapse of a regional commodities boom. Venezuela is a holdout thanks to bald authoritarian maneuvering; the regime is presiding over one of the greatest economic catastrophes the Western Hemisphere has seen in recent history. Bolivia, though, has endured because of three distinguishing qualities.

The first of these is what could be called a cautiously optimistic reformism. Morales aligned himself rhetorically with the late Venezuelan firebrand Hugo Chávez in the 2000s, but in practice Morales pursued a more careful policy agenda than Chávez did, and gave more thought to the future.

Venezuela's economy has relied entirely on one resource—oil—and Chávez managed it extremely poorly. He overspent on social programs, quintupling public debt and setting aside no money for a rainy day, leaving the country acutely vulnerable to the crash in the price of oil in 2014. And his strict foreign exchange controls helped ignite a crippling inflation crisis.

Morales, by contrast, has been more focused on the long term. Bolivia's main money makers are natural gas and mineral exports like zinc, but Morales has shown an interest in diversifying the economy by investing in agriculture and industrialization. He has nationalized some important industries, but has left most sectors private. He's invested in health, education, and aid for the poor, but began with a fairly minimalist welfare state to ensure sustainability.

It's worth noting that Morales's deliberate economic strategy has been accompanied by a reckless one on the environment. Despite passing the world's first law that gives equal rights to all living things, Morales's infrastructure efforts and expansion of extractive industries have been destructive for Bolivia's vast rain forests, rivers, and wildlife. Since 2013, he's passed at least four laws that permit increased agricultural use of fragile forested areas, and environmental experts say that his loosely regulated policies of allowing small-scale farmers to use fires to clear land are to blame for an out-of-control blaze in the Bolivian Amazon in recent weeks.

Bolivia's gradualist economic outlook is informed by Morales's long-standing finance minister, Luis Arce. Arce is known in Bolivia as a tight-fisted technocrat who persuasively plays devil's advocate during spending debates in the Morales administration. Critics on the left sometimes pan him and his associates as the "Chuquiago Boys," a clever moniker meant to liken him to the neoliberal Latin American economists who hail from the University of Chicago's austerity-obsessed economics department (Chuquiago is the Aymara word for La Paz).

Santiago Anria, a political scientist at Dickinson College, characterizes Arce as a "prudent populist." Anria told me that he interviewed Arce in 2013, and at the time Arce described being traumatized by Bolivia's crippling hyperinflation in the 1980s. "He told me something along the lines of, 'We can't have a revolution without sound macroeconomics,'" Anria said. Arce is widely seen as the reason that Bolivia accumulated massive foreign exchange reserves during the 2000s and early 2010s, which have helped keep the *boliviano* stable and allowed the country to maintain social spending as commodity prices have dropped in recent years.

Another quality that's helped Bolivian socialism endure has been Morales's emphasis on racial inclusiveness—a feature that has both widened participation in the economy, and also inspired more buy-in from Bolivia's majority-indigenous population. Morales has wielded symbolic power as Bolivia's first indigenous president, but also used the letter of the law to create a society that embraces and defends its multicultural diversity. The constitution he passed in 2009, which changed the country's official title from "The Republic of Bolivia" to "The Plurinational State of Bolivia," officially recognized 36 indigenous languages. Laws have been passed banning racial discrimination and

As I traveled through Bolivia this spring, I asked scores of people what the term “socialism” meant to them personally. Time and time again, people spoke about how it meant rejecting racism, sometimes without even explicitly mentioning the economy: While the US left debates whether racial identity is a distraction from class identity, in Bolivia many people on the left consider the two inextricably intertwined. Many cited examples of how, before Morales, an indigenous woman could get kicked out of a shop just for wearing traditional attire. Now an Aymara woman in La Paz can open up a business in a mall she might not have been allowed to step foot in before. Morales’s decisive reelection for second and third terms—and his ability to keep up his movement toward socialism—came about to no small degree because he placed indigenous liberation at the center of his agenda.

The third key feature of Bolivian socialism is not a quality of the government, but rather one of the population as a whole. Bolivia’s citizenry is astonishingly organized and militant: Protests are a way of life. That means Morales’s base has had an unusual amount of leverage when pressuring him to keep his promises. If you talk to a blue-collar worker and ask if they’re part of any organizations, you’re likely to hear a long list of unions and associations in response, tied to their job, neighborhood, and school district. These aren’t just networks for collaboration: They’re also street armies and voting blocs.

“Bolivia is one of the most mobilized societies in the world,” Calla Hummel, a political scientist at the University of Miami, told me. The Latin American Public Opinion Project found that Bolivians participated in protests at more than double the rate of US citizens in 2017. And Bolivians aren’t exactly quiet picketers. In recent memory protesters have used mass demonstrations, economically suffocating roadblocks, street fights with the police, kidnappings, and dynamite to fight for their grievances. Protests are what pushed Morales’s two predecessors out of power, and protests have continued throughout his own tenure, most notably forcing him to suspend a major project for an Amazon highway.

That isn’t to say Morales necessarily listens to protests—in fact, he regularly tries to co-opt and divide social movements to weaken their threat to his power. There are concerns among activists opposed to his run that he could become more manipulative still as he makes his bid for a fourth term in office on October 20, or become more emboldened to find authoritarian ways to stay in power if he wins it. He could, for example, try to use repressive laws to weaken critics and political opponents, as he’s done in the past with laws ostensibly meant to regulate NGOs.

But experts say Bolivia’s mobilized citizenry could act as a partial check against political misbehavior. “Bolivia has a long no-reelection tradition. Morales has clearly crossed a red line in his attempt to run once again,” Anria told me. “This has already resulted in a fairly significant backlash—maybe not as widespread as one would hope, but it has led to the articulation of an opposition that, while still disunited, has more traction than before.”

For all his questionable antics, Morales is currently leading in the polls by a sizable margin, and most political analysts predict that he has a very good chance of being reelected.

Running against Morales is tricky business—despite declining approval ratings, he’s still beloved by his core base. Carlos Mesa, a former vice president of Bolivia and Morales’s only serious threat in the

strongman. “President Morales is no longer part of the present, and much less of the future. He is part of the past,” Mesa said last year. “This is because he unfortunately has decided that power is more important than the project.”

But notably, Mesa has been wary of issuing a strong critique of Morales’s management of the economy and his spending programs. There are plenty of ways in which the economy could be seriously improved—increasing the small number of private sector white-collar jobs, for example—but Mesa is focusing instead on political issues.

That’s a testament to the current strength of the economy: Mesa knows it’s hard to hammer Morales on it when it’s so outwardly stable. It’s also a way for Mesa to try to avoid bringing up his biggest political liability: the fact that he served under President Gonzalo “Goni” Sanchez de Lozada, a man whose thuggish neoliberal agenda culminated in overseeing the massacre of over 60 people protesting against the privatization of natural gas in El Alto in 2003, and whom Bolivians haven’t forgotten about. “It was actually my people who died in that war, their blood is on his hands, and he won’t take any responsibility,” Nirvana Guerrero, a feminist activist from El Alto, said of Mesa.

Guerrero, a college student who taught herself English using YouTube videos, was not uncritical of Morales, either. But she talked about her preference for him over Mesa as a practical matter.

“The money that was all in the rich people’s house is now going for the rest,” she said, and then paused for a moment. “I think that’s good enough for the moment.”