

Politics of Trade in Post-neoliberal Latin America: The Case of Bolivia

MANUEL MEJIDO COSTOYA

University of Geneva, Switzerland

Deploying a two-level perspective, this article analyses the regional and domestic space that the Morales administration has in which to implement the vision of trade articulated in its Plan Nacional de Desarrollo (PND; National Development Plan). Regionally the Morales administration has attempted to combine the solidarity principles of the Alianza Bolivariana para los Pueblos de Nuestra América (ALBA; Bolivarian Alliance for the Peoples of Our America) with the market-oriented growth possibilities provided by more orthodox integration projects such as the Comunidad Andina de Naciones (CAN; Andean Community of Nations) and the Mercado Común del Sur (Mercosur; Southern Common Market). Domestically the Movimiento al socialismo (MAS; Movement Toward Socialism) government must negotiate the destabilising effects of its trade strategy in a polarised national context where business and civil society actors are critiquing from their respective positions both the solidarity principles and market-oriented elements of the PND trade strategy.

Keywords: Bolivia, post-neoliberalism, neo-developmentalism, trade, two-level game, non-state actors.

The nature and causes of the electoral victories of social democratic or more overtly leftist parties and leaders throughout Latin America have been analysed from different perspectives (Alcántara Saez and García Díez, 2008; Stokes, 2009). Some have convincingly argued that what is most fundamental to this 'turn to the left' is a shift to new strategies of development that attempt to transcend the one-sidedness of both the 'old' developmentalism and the 'conventional orthodoxy' (Bresser-Pereira, 2007; Draibe and Riesco, 2009). The development project that the MAS administration has been attempting to implement since the election of Evo Morales exemplifies this new developmentalism. The Morales administration has operationalised this neo-developmental model in and through the PND that it first made public in June 2006. Approved through a referendum in January 2009, Bolivia's new 'magna carta' has provided constitutional and juridical foundations to the PND (Agencia EFE, 2009).

The PND is grounded in four strategies: (a) a socio-communitarian strategy – 'Dignified Bolivia' – that aims to construct a more egalitarian socio-economic system; (b) a strategy of social power – 'Democratic Bolivia' – that seeks to develop a more pluralistic and participatory society; (c) an economic strategy – 'Productive Bolivia' – that aims to diversify the country's production matrix; and (d) an international relations

strategy – ‘Sovereign Bolivia’ – that seeks to establish ties with other nations without undermining the country’s self-determination (Ministerio de Planificación y Desarrollo, 2007: 27–99, 100–128, 129–234, 235–253). Taking as its point of departure a ‘postcolonial’ critique of development (Ministerio de Planificación y Desarrollo, 2007: 9–10, 39), the PND calls for a ‘return’ of the state. But, in and through the shift from representative to participatory democracy (Mayorga and Córdova, 2008), this ‘return’ is to be concretised by a state that works as a coordinator and facilitator with business and civil society actors (Ministerio de Planificación y Desarrollo, 2007: 110–113).

From this perspective the task of the MAS model is to push beyond the dialectic of colonisation that has manifested itself most recently through neoliberal globalisation, yet has also been present in traditional leftist projects (Mignolo, 2006). A central element of the PND is the ‘decolonisation of the state’, a task that involves a push beyond the ‘market fundamentalism’ of neoliberal projects and the ethnocentrism of traditional representative politics, both of which have kept autochthonous peoples of Bolivia at the periphery of the economy and society (Ministerio de Planificación y Desarrollo, 2007: 20–22). The postcolonial underpinnings of the PND are another way of getting at the novelty of the MAS project in particular and of the Latin American ‘turn to the left’ in general.

As an element of the PND’s vision of international relations, the trade strategy of the MAS government is at the service of a comprehensive political and cultural approach to globalisation that combines the traditional dependency theoretical critique of the asymmetries of the world-system with the indigenous holistic approaches to economic productivity and social development (Ministerio de Planificación y Desarrollo, 2007: 239–245). The MAS trade strategy is an attempt to push beyond the primary export model of trade, unilateral tariff reductions and the unconditional openness to Foreign Direct Investment (FDI) that characterised the country’s neoliberal experiment (Mayorga and Córdova, 2008).

This strategy is grounded in a series of objectives including: (a) the development of a trade model based on trade diversification, the search for new markets, and the development of higher-value added exports; (b) the protection of strategic domestic markets; (c) the juridification of FDI to ensure transparency and positive linkages; and (d) a repudiation of the free trade principles of the World Trade Organisation (WTO) and the ‘deep integration’ agenda of deterritorialised free trade agreements (FTAs), as well as a turn toward (sub-)regional integration projects (Ministerio de Planificación y Desarrollo, 2007: 251–253).

The aim of these reflections is to analyse how the MAS government has attempted to implement this vision of trade. Towards this end I deploy the concept of the ‘two-level game’ and maintain, following Robert Putnam (1988), that only an analysis of the ‘entanglements’ between international and domestic factors can explain Bolivia’s current trade strategy. At the international level, ‘national governments seek to maximise their own ability to satisfy domestic pressures, while minimising the adverse consequences of foreign developments’ (Putnam, 1988: 434). At the national level, ‘domestic groups pursue their interests by pressuring the government to adopt favourable policies, and politicians seek power by constructing coalitions among those groups’ (Putnam, 1988: 434).

The more recently developed notion of ‘policy space’ nicely complements Putnam’s two-level logic, recasting the international and domestic entanglements as exogenous and endogenous constraints (Mejido Costoya, Utting and Carrión, 2010). Exogenous policy space is bounded by ‘international constraints arising from obligations to transnational agreements on economic, environmental and social issues’, while

endogenous policy space is bounded by domestic constraints such as ‘inadequate financial, human, institutional and infrastructural resources needed to implement desirable development objectives’ and ‘limits to policy acceptability by national stakeholders’ (Hamwey, 2005: 3–4). A country’s ‘effective national policy space’ can therefore be understood as the overlap between its exogenous and endogenous policy space (Hamwey, 2005: 3–4).

These reflections thus deploy a two-level logic: I will begin by analysing the international realm, asking how the Morales administration attempts to regionally negotiate a changing cartography of trade regimes. Following this I will examine the domestic realm, analysing how this administration aims to achieve consensus in a polarised national context. In a concluding section I will take stock and then make some general observations about what the case of Bolivia teaches us about Latin American neo-developmentalism.

Regional Level: Negotiating a Changing Cartography of Trade Regimes

Bolivia’s trade strategy can be understood from a regional perspective as an attempt by the MAS government to negotiate the changing cartography of trade regimes that has come to the fore in Latin America through the demise of the Washington consensus. Its demise is perhaps best symbolised by the suspension of the Free Trade Area of the Americas (FTAA) negotiations after the failure of the Mar del Plata summit in 2005 (Mejido Costoya, Utting and Carrión, 2010). This new landscape has seen the reconfiguration of neoliberalism taking form in and through the proliferation of bilateral and plurilateral FTAs, resulting in what has been called the ‘spaghetti bowl’ of trade regimes (Abugattas Majluf, 2004). Through the move from ‘shallow’ to ‘deep’ integration, from the ‘old’ to the ‘new’ regionalism, this deterritorialised and more flexible neoliberalism is attempting to achieve a ‘Post-Washington consensus’ (Ruckert, 2008).

ALBA–TCP

Exemplifying the new developmentalist trade vision, a few months after his inauguration, in April of 2006, Morales signed the *Tratado de Comercio de los Pueblos* (TCP; People’s Trade Agreement) by which Bolivia officially became the third member of ALBA, joining Cuba and Venezuela. According to Pablo Solón, Bolivia’s Plenipotentiary Representative for Integration and Trade Issues, the ALBA–TCP differs from traditional FTAs in at least four fundamental ways: (a) it guarantees markets for Bolivian products; (b) it incorporates the normative role of the state as regulator and promoter of trade; (c) it ensures productive complementarity between participating nations; and (d) it benefits small (agricultural) producers (Movimiento Boliviano por la Soberanía y la Integración solidaria de los pueblos [MBSISP; Bolivarian Movement for the Sovereignty and Integration of Peoples]) (MBSISP, 2006).

From the outset the MAS administration has maintained that Bolivia is the country that most benefits from ALBA given that, among other things, this agreement secures markets for traditional exports such as soy, coca and quinoa (Daroca, 2008). The argument is, then, that, to the extent that it pushes beyond market fundamentalism, the ALBA framework protects against the above-mentioned ‘spaghetti bowl’ and ‘deep integration’ logic of the Post-Washington consensus.

Trade between Bolivia and ALBA is dominated by trade with Venezuela (Instituto Boliviano de Comercio Exterior [IBCE; Bolivian Institute for International Trade]) (IBCE, 2009). Exemplifying the leadership role of Bolivarian socialism, and as Bolivia's top buyer of soy (approximately 600,000 tons a year), Venezuela committed itself to increasing its imports of soy by 200,000 tons in 2007. In addition, the country has agreed to buy soy at a preferential price specifically from small producers (having less than 50 acres). Some trade experts, however, have critiqued Bolivia's dependency on Venezuela, pointing to what they consider to be a pernicious pattern in the balance of trade between these two countries since 2004 under the framework of ALBA. Thus at the beginning of 2009 Bolivian exports to Venezuela decreased by 39 percent compared to the same period in 2008, while Venezuelan exports to Bolivia increased by 81 percent. As a result Bolivia is currently running a trade deficit with Venezuela (IBCE, 2009).

Though symbolically important, in terms of the 'numbers' ALBA occupies a marginal role in Bolivia's trade strategy. Intra-ALBA trade constituted only 3.9 and 5.18 percent of Bolivia's total exports and imports respectively. For Bolivia, the importance of ALBA does not stem from the volume of trade but from the cooperative advantage it offers (MBSISP, 2006). For example, under this agreement Venezuela has already offered 5,000 scholarships to Bolivian students to specialise in the petrochemical sector; it established a fund of US\$100 million for development projects; and Chavez has assured Bolivia that all its diesel fuel needs will be met. In addition, there has been a growing collaboration between Cuba and Bolivia in the education and health sector.

Contrary to some interpretations of the 'radical' and 'populist' Latin American left, the MAS government has also pragmatically pursued more orthodox trade relations. This was no doubt to achieve the export-oriented growth, trade diversification and market development objectives of the PND, but also to safeguard against the hegemonic tendencies of the Bolivarian Revolution. Indeed, Bolivia has also simultaneously pursued its historical commitments with CAN and Mercosur. Towards this end, several months after joining ALBA Morales wrote to them officially about Bolivia's unprecedented ambition to become a full member of Mercosur while remaining within CAN (Morales, 2006). This multi-layered approach presents a fundamental challenge for Bolivia's new trade strategy, which combines ALBA alter-globalisation model with the market-oriented growth possibilities provided by these two trade areas.

Comunidad Andina de Naciones (CAN)

The Andean project of integration has since the beginning been an important element of Bolivia's foreign policy; though initially this was more for geopolitical than economic reasons (Daroca, 2008). Most importantly, the Andean Pact was seen by Bolivia as a vehicle for resolving the border dispute with Chile (Seoane Flores, 2003).

Yet Andean integration became principally an economic project for Bolivia with the Quito Protocol of 1987, which marked a shift in the Andean Pact toward the pragmatic and flexible market-oriented principles of integration that would become known as 'open regionalism'. The turn to the left and the new geopolitics, and specifically the creation of ALBA and the election of Morales in Bolivia and Correa in Ecuador (in November 2006), disrupted the general neoliberal orientation that had defined CAN since its creation with the Trujillo Protocol of 1996. This orientation would, under the new regionalism, be exemplified by Peru and Colombia, which, following the logic of the Post-Washington Consensus, signed bilateral FTAs with the United States in April and November 2006, respectively. The situation within CAN worsened when in April 2006 Venezuela,

the engine of the sub-regional bloc, decided to withdraw from the trade group. The departure of Venezuela was a sharp blow for the Andean integration project. Thus, while in 2004 Bolivia's exports to CAN accounted for 23.05 percent of the country's total exports, in 2008 this figure had dropped to an estimated 7.18 percent (IBCE, 2008b). The loss of intra-CAN trade was transferred over to the ALBA framework. This underscores the strategic importance of Venezuela for Bolivia's trade strategy.

CAN has become a sort of an ideological battleground for the two visions of trade that have come to the fore in Latin America: ALBA and the bilateral and plurilateral FTAs. The clash between these visions has been evident in the troubled negotiations between CAN and the European Union (EU), which has opposed Bolivia and Ecuador's Bolivarian alter-globalisation approach to trade, on the one hand, and Peru and Colombia's deep integration market-oriented approach, on the other. The MAS government has since the beginning of the negotiations in September 2007 worked with the assumption that the Association Agreement (AA) between CAN and the EU would push beyond the narrow economic logic of FTAs, and that it would, for example, include broader social and political development objectives.

The different visions of the AA began to create tensions during the third round of negotiations that took place in Quito in April 2008 (Gutiérrez, 2008). It then became a crisis during the 5th EU-Latin America and the Caribbean (LAC) Summit in May of 2008 when the EU's Commissioner for Trade, Peter Mandelson, criticised the recalcitrance of Bolivia and Ecuador and threatened to continue with the negotiations without them. Given this climate of animosity, the fourth round of the CAN-EU negotiation, which was to take place in July 2008, was cancelled.

It appears that the MAS strategy vis-à-vis the EU-CAN negotiations in particular, and the polarisation of CAN in general, is to push the alter-globalisation and solidarity principles of ALBA while not generating the collapse of the Andean trade bloc. There were already rumours back in April 2006 that Bolivia was going to follow Venezuela and withdraw from CAN. The fact that the country has stayed within the trade bloc points to the historical importance of this sub-regional area for Bolivia as well as an attempt by the MAS government to strategically position itself against Venezuelan hegemony.

Moreover, CAN has historically been the destination of a modest percentage of Bolivia's traditional products and it is becoming a significant destination for non-traditional (higher value-added) products as well (Daroca, 2008). To this we need to add the reincorporation of Chile to CAN as an associate member in September 2006, which not only adds a possible market for traditional and non-traditional products, but also increases the geopolitical value of the trade bloc. This is particularly important regarding the Bolivian-Chilean maritime dispute, of course.

Bolivia does not have the size of Venezuela, but as a way of compensating for its lack of economic and geopolitical leverage, the MAS government is attempting to weave together the benefits of the different major regional integration projects. The negotiations with the EU are particularly important given Bolivia's troubled relationship with the United States. The Association Agreement with the EU could secure an alternative destination for those exports that have historically gone to the United States. This could serve the ideological ends of Bolivarian socialism.

Mercosur

In addition to joining ALBA and its strategic engagement in CAN, another of the central elements of the MAS trade regime is the ambition of the Morales government to become

a full member of Mercosur while remaining in CAN. The feasibility of this project has been questioned by some experts who claim that it is not institutionally possible to fully integrate both sub-regional trade areas as they are mutually exclusive, given their current statutes. Moreover, a large majority of Bolivia's productive sectors (including both business sectors as well as the Organizaciones Económicas Campesinas (OECAs; Peasant Economic Organisations) have opposed this project as it would expose domestic markets to competing products from Mercosur countries, and specifically Brazil and Argentina (Daroca, 2008: 18–19, 30).

Despite these obstacles, the Morales administration's interest in fully integrating with Mercosur is consistent with the main principles and overall orientation of the MAS trade strategy. This project corresponds to the idea that trade relations need to go beyond the economistic logic of FTAs and generate, for example, broader social and cultural integration grounded on solidarity and cultural and historical ties. Second, it points to the importance of regional integration projects for Bolivia's trade strategy that regards 'regionalism' is a 'stepping stone' rather than a 'stumbling block' for integration into the world economy.

Mercosur's two largest economies are Bolivia's most important trading partners. Brazil is the largest market for Bolivian exports and Argentina is the third largest market (IBCE, 2008a). The same holds if we consider imports- Brazil ranks first and Argentina second (IBCE, 2008a). The strategic importance of Mercosur for the Morales administration is evident, moreover, if we consider that this trade bloc accounted for 63.95 percent of Bolivia's trade surplus in 2007 (while CAN accounted for only 6.55 percent and ALBA for 14.12 percent) (IBCE, 2007a). Bolivia's strategy of becoming a full member of Mercosur could, then, be understood, first, as a way of using these economic relations to generate broader cooperative ties in the area of, for example, technology, infrastructure, education, and the like. Second, it could be understood as a way to strategically diversify trade with this bloc, which up to now has been largely dominated by gas sales to Brazil.

After examining the MAS government's ambitions in ALBA, CAN and Mercosur, it could be argued that Bolivia's trade strategy is on the face of it fundamentally inconsistent. On the one hand, as we have already intimated, there is a tension between the solidarity principles of ALBA and the more orthodox growth-oriented principles of CAN and Mercosur. On the other hand, there is the question of the technical, juridical and political feasibility of fully integrating both CAN and Mercosur. Yet these three trade regimes are complementary from the point of view of regional integration – an objective that has become increasingly important in Latin America after the demise of the Washington Consensus, whether in the form of South-South cooperation (CAN and Mercosur) or more radical alterglobalisation projects (ALBA) (Mejido Costoya, Utting and Carrión, 2010). The institutional articulation of the Latin American turn to regional integration is the Unión de Naciones Sudamericanas (UNASUR; Union of South American Nations), a project which the MAS government has enthusiastically supported from the outset.

UNASUR

Modelled on the EU, and grounded in the fusion of CAN and Mercosur, UNASUR was formally founded in May 2008 in Brasilia when the heads of state of the twelve member-countries signed the Constitutional Treaty (Cienfuegos and Sanahuja, 2010). The most serious attempt in the frustrated history of Latin American integration (Pizarro, 2008), the purpose of UNASUR is to construct a space of integration and

union among its members, using political dialogue, social policies, education, energy, infrastructure, finance and environmental issues to eliminate socio-economic inequality, achieve social inclusion, enhance the participation of citizens and strengthen democracy (UNASUR, n.d.). The convergence of ALBA, CAN, Mercosur and the regionalism that has emerged within the framework of UNASUR is complementary to Bolivia's new developmentalist vision. For the MAS government this integration project represents a repudiation of neoliberalism whether in the form of the multilateralism of the WTO or the deterritorialised bilateral and plurilateral form of the post-Washington consensus. Here the neoliberal vision of regionalism as integration towards a common market that shares economic principles typified by ALCA is replaced with the Latin-Americanist vision of integration towards a community of nations that share socio-historical values embodied in UNASUR. But this integration project has also been cast by Bolivia as a turn away from US hegemony. Here UNASUR can be situated as aligned with the ambitions of the Rio Group in the XXI Summit of February 2010 to create an alternative to the Organization of American States (OEA) (Camarena, 2010).

Three examples of how this regional integration project provides an important space for Bolivian new developmentalism will suffice. First, the UNASUR heads of state supported the Morales government in the context of the September 2008 violent uprisings in the Media Luna (see below) (*La Razón*, 2008b). Second, in the August 2009 extraordinary meeting of UNASUR held in Bariloche (Argentina) Morales criticised the presence of foreign military bases in South America, proposed the creation of a regional School of Defence and called for the regionalisation of the war against drugs (Bertaccini, 2009). And third, in February 2010, UNASUR promised Haitian President René Preval US\$200 million for earthquake reconstruction and called the international community to forgive the Caribbean country's debt (Agencia EFE, 2010).

ATPA and ATPDEA

Consistent with the country's alignment with Bolivarian socialism and ALBA and its repudiation of the 'deep-integration' logic of FTAs, Bolivia has experienced deteriorating relations with the United States under the framework of the Andean Trade Preference Act (ATPA) and the Andean Trade Promotion and Drug Eradication Act (ATPDEA). This questioning of – or rupture with – the *modus vivendi* with Washington is another element of the MAS trade strategy, an element that together with the UNASUR integration project brings forth the geopolitical importance of trade relations. This situation reached its apogee in late September 2008 when President G. W. Bush proposed suspending Bolivia's preferential tariff treatment as a result of what was interpreted as lack of cooperation on the part of the Morales administration vis-à-vis the problematic coca production issue (USTR, 2008). Morales raised the stakes approximately a month later by suspending the operations of the US Drug Enforcement Agency (DEA) in Bolivia, accusing DEA agents of conspiring against the MAS government by supporting separatists from the 'Half-moon' provinces during the violent clashes of mid-September 2008 (Agencia EFE, 2008c).

Many specialists believed that the election of Barack Obama in November 2008 would mark the end of the brinkmanship that had come to characterise relations between the Bush and Morales administrations. These hopes were confirmed in April 2009 during the opening ceremony of the Fifth Summit of the Americas in Port of Spain (Trinidad and Tobago) when, in addition to his highly mediated handshake with Hugo

Chávez, Obama declared that he was opening a new chapter in US–Latin American relations. Yet, despite the optimism of certain Latin American scholars, not much has changed. In fact, as a result of other geopolitical priorities and the lingering effects of the 2008 economic crisis, there has been a disengagement of the United States in the region as reflected in the 2011 international affairs budget, which Obama presented to Congress in February of 2010 (Oppenheimer, 2010).

One interpretation of the tense bilateral relations between Bolivia and the United States is that the MAS confrontation with ‘US (neo-)imperialism’ – a sort of rite of passage for the ‘old’ and ‘new’ Latin American left – is more at the level of ideology and that it will not affect long-term economic relations between the two countries (Lafuente, 2008). This vision is confirmed by the trade realism of the PND and, as we shall see below, domestic pressure by Bolivian business actors not to jeopardise relations with the United States. Others, however, have suggested that the tensions between Bolivia and the United States are a symptom of deeper-rooted geopolitical changes in the region, as exemplified by UNASUR (Camarena, 2010).

The United States remains an important trading partner for Bolivia, though its importance is dwindling at least proportionally to its loss of leverage in Latin America (NIC, 2008). In 2008, for example, the United States was the fourth largest market for Bolivian products, accounting for 6.94 percent of Bolivia’s exports, just behind, Brazil, South Korea and Argentina. In terms of imports, the United States ranked third, accounting for 10.43 percent of Bolivia’s imports, behind Brazil and Argentina (IBCE, 2009). Yet, the volume of trade between Bolivia and the United States is modest when compared to countries such as Brazil and Venezuela or to the EU. Indeed, in addition to the tension between ALBA and the more conventional trade blocs, another important tension facing the MAS trade strategy is the achievement of an adequate balance between the critique of US hegemony and trade realism.

When considered from a regional level, Bolivia’s trade strategy is an attempt to reap the benefits of the ‘spaghetti bowl’ of trade agreements that have come to the fore in a post-neoliberal Latin America. This strategy exemplifies the pragmatism of the ‘new’ Latin American left. Pushing beyond market and state fundamentalisms, it attempts to combine both free market and solidarity principles of trade. ALBA without CAN and Mercosur would not be economically feasible without dependence on the Bolivarian Revolution. CAN and Mercosur without ALBA would be a betrayal of the alter-globalisation principles of the PND. An ideological rupture with the US would be reminiscent of the anti-Americanism of the ‘old’ Latin American Left. It is perhaps only within the nascent UNASUR framework that the PND’s trade pragmatism can begin to reveal its promise.

Domestic Level: Achieving Consensus in a Polarised Context

The regional problem of negotiating solidarity and market-oriented principles is now cast in the domestic realm as the problem of striking the right balance between ‘state’ and ‘market’ in a post-neoliberal context where non-state actors have increasing sway. At home, non-state actors become the carriers of the different visions of trade discussed above. The question concerning the MAS trade strategy is now read through the domestic debate about Bolivia’s path to development – that is, it is read as a debate concerning the varieties of capitalism, socialism, public–private partnerships, industrial policy, and the like.

The MAS government must negotiate two domestic interests. On the one hand, it must engage with the increasingly powerful non-state actors, in particular business associations, non-governmental organisations (NGOs) and the alter-globalisation movement (Mejido Costoya, Utting and Carrión, 2010). On the other hand, it must be sensitive to the enhanced political input from citizens that results from the shift from representative to participatory and deliberative democracy, and that is an essential ideological aspect of both the PND and the 2009 Constitution.

To understand the complexity of the domestic situation we must keep in mind that Bolivia has long been in the sway of the sharp ethnic and socio-economic fault line that exists between the western highland departments and the eastern lowland departments known as the 'Media luna' ('Half-moon'). The country is plagued by a volatile socio-historical context where high levels of poverty and inequality are combined with deep divisions based on race and ethnicity, and embedded in colonial understandings of superiority and domination.

Spearheaded by the department of Santa Cruz and organised around the Consejo Nacional Democrático (CONALDE; National Democratic Council) the departments of the 'Half-moon' have deployed a secessionist strategy of demanding greater departmental autonomy – ranging from a looser federalism to independence – against the distributive policies and indigenising logic of the MAS government. This domestic tension exploded in September 2008 with violent confrontations between the MAS government and the autonomist militant activists that led to several deaths (*La Razón*, 2008a; Agencia EFE 2008a, 2008b).

Yet by the end of 2008 it appeared that the Morales administration had been able to transcend the national crisis. First, the new constitution was signed by the National Congress in October 2008, bringing to closure the two years of the highly contested work of the Constitutional Assembly (Azcui, 2008). Second, the new constitution was approved by 61 percent of Bolivians in a referendum that had a 90 percent participation rate. And third, Morales was re-elected in December 2009 with 12 percent more votes than he had received during the elections of December 2005 (62 percent compared to 51 percent).

However, the municipal and regional elections of early April 2010 not only revealed that polarisation still plagues domestic politics, it also pointed to the emergence of a left-wing opposition to Morales. MAS was victorious in six of the nine departments, but autonomist parties won in the eastern lowland departments of Beni, Santa Cruz and Tarija, and although the MAS secured 220 of the 337 municipal races, the left-wing party Movimiento Sin Miedo won important victories in La Paz and the mining city of Oruro (*Latin America Press*, 2010).

How successful has the MAS administration been? Research concerning the effectiveness of the growth and inequality reduction initiatives of the new Latin American Left can help us to assess its strategies. Despite the troubling polarised national context, Bolivia's economy has experienced moderate growth and poverty reduction during the first years of the Morales administration. In 2006 the country's real GDP grew at a rate of 4.6 percent, compared to 4 percent in 2005, 4.2 percent in 2004, and an average of 2.3 percent during the years 2000–2003 (Weisbrot and Sandoval, 2007). In addition, the country demonstrated a record growth rate of 6 percent in 2008 that largely came from the hydrocarbons sector and that was offset by the reduction of remittances and the rise of food prices (Gray Molina, 2009). The rate of poverty during this same period declined from 63.1 percent in 2003 to 59.9 percent in 2006 according to Weisbrot and Sandoval (2007) and from 59.6 percent in 2005 to 59.2 percent in 2007 according to

Gray Molina (2009). When compared to 'success stories' such as Brazil in the 1970s and South Korea more recently, Bolivia's track record remains too modest (Weisbrot and Sandoval, 2007). And yet though traditional economic indicators have remained more or less unchanged, the more 'subjective' measures of human security, such as perception of dignity and participation, have increased substantially (Gray Molina, 2009).

What makes Bolivia's domestic situation so volatile is that the conflicting visions of business and civil society actors are reinforced by, and play themselves out through, the fault line that exists between the eastern and western provinces. Indeed, this affinity between the different interests of non-state actors and the historical socio-economic-ethnic division that has plagued the country is the dynamic that has generated domestic polarisation. For the MAS government, then, the task of overcoming the inequalities between the high- and lowlands, which is an integral part of the PND, is interlocked with the task of appeasing the conflicting interests of domestic non-state actors, which have come to the fore and have been given increasing leverage under the paradigm of the new developmentalism. In what follows I will describe the visions of trade of two non-state actors that exemplify the polarised national context: the vision of business actors from the productive sector and the vision of the social movements from civil society.

Productive Sector: Business Actors

As is the case with other countries, Bolivian business actors are not a homogenous group. They have different interests depending on sector, industry, and the like. A classical example of this is the tension that has existed between the agro-industrial sector of Santa Cruz and the manufacturing sector of La Paz. Yet with the election of Morales, business actors seem to have pushed their differences aside and have strategically unified against what they perceive to be the 'anti-business' slant of the PND (Daroca, 2008). Exemplifying this mobilisation of business actors against the MAS government is the Instituto Boliviano de Comercio Exterior (IBCE; Bolivian Institute for International Trade). This is a private organisation based in Santa Cruz that brings together business interests and associations from the 'Half moon' and functions as a think tank and clearing house for trade and development issues.

The IBCE has criticised the PND for giving pride of place to redistribution over productivity, evoking the classical argument that a country first has to produce wealth before it can redistribute it. It calls on the MAS government to promote productivity – a productivity that can only be achieved through the development of a higher-value-added export sector (IBCE, 2006). Specifically, the organisation maintains that the PND has to grant greater weight to developing partnerships with business actors concerning export promotion, market access initiatives, the attraction of FDI and a national plan of innovation that would focus on research and development with the aim of improving the productivity of human capital.

Echoing the perspective of Bolivia's business actors, the IBCE has criticised the MAS government's politics of trade for giving priority to what it considers to be the ideological dead-end of Bolivarian socialism over a more pragmatic and flexible approach to trade that would favour the development of new markets for Bolivian products. Given this, it is not surprising that the IBCE has taken issue with the solidarity principles of the MAS trade strategy outlined above: it has criticised the country's entry into ALBA, considering this agreement to generate Bolivian dependence on Venezuela

(IBCE, 2009). It has likewise critiqued Bolivia's deteriorating relationship with the United States, stressing the importance of the US market for Bolivian products (IBCE, 2007b). It has, moreover, criticised the MAS's approach to the CAN–EU negotiations, believing that the best approach is the negotiating framework developed by Peru and Colombia. Finally, the IBCE has critiqued Bolivia's desire to become a full member of Mercosur, pointing to the potential loss of domestic markets by competition by non-traditional products coming from Argentina and Bolivia.

However, while they do consistently criticise the general orientation of the MAS trade and development model, and while they have contributed to domestic polarisation and to the animosity between the highlands and lowlands, business actors are not carriers of neoliberal market fundamentalism. That is, the tension between business actors and the MAS does not take the form of 'state' versus 'market' as the old antinomies would suggest. Indeed, for the most part Bolivian business actors agree that the 'return' of the state is a necessary condition for the country's development (Daroca, 2008). The tension, then, between business interests and the MAS government gravitates around a more nuanced debate concerning the role of the private–public partnership as it appears articulated in the PND. While business actors agree that the state should do more than just ensure macroeconomic stability à la Washington consensus, they are nevertheless close to a liberal conception of politics that differs fundamentally from MAS's postcolonial socialist vision. Business actors argue that the positive function of the state should be limited to facilitating the development of entrepreneurial capitalism.

Bolivian business actors have gestured towards the need for a socially conscious economic development model. In this sense they point toward the normative horizon of progressive business actors from the North and, to a certain extent, the new developmentalist vision of the MAS model. One example is the Desarrollo Exportador con Inclusión Social (DEIS; Social Inclusive Export Development) programme, a joint initiative between the IBCE and the government of Switzerland, later joined by the US Agency for International Development (USAID) in 2007. Inspired by the framework of corporate social responsibility, the aim of the DEIS is to channel the positive externalities of export-oriented growth toward employment, healthcare and other social services (IBCE, 2008b: 20). From one side, this initiative can be seen as an attempt by business actors to push forward their vision of trade and development as defined by the deterritorialised economic ties with the North, Europe and the United States in particular. From another angle the DEIS can be seen as an attempt by Bolivian business actors to appease the MAS government's demands for socio-economically and ethnically conscious economic development.

Civil Society

The network of social movements that propelled the MAS into power was able to fill the power vacuum created by the weakness of the Bolivian state as symbolised by the Cochabamba Water Wars of 2000 and the El Alto Gas Wars of 2003. They were in like fashion able to capitalise on the emergence of the alter-globalisation movement (Mayorga and Córdova, 2008). If the Bolivia of Evo Morales became a symbol of the possibilities of globalisation 'from below', of that 'other possible world', of the 'new' Latin American left, it was as a result, in large part, of the role of civil society actors that were able to link local, national and transnational struggles against the FTAA and the general logic of FTAs (Ramonet, 2003; Chávez, 2005).

Bolivian social movements argue that the state should be more than just a facilitator for the development of entrepreneurial capitalism. The OECAs and the urban indigenous movements maintain that the role of the state should be to promote food sovereignty, fair trade and the principles of solidarity undergirding the social economy. They argue that the state should act in partnership with the plurality of social – rural, indigenous, labour – movements and progressive NGOs that came to the fore and crystallised in and through the mobilisations against the neoliberal policies of the 1990s.

The affinities that exist between the PND and the worldview(s) of Bolivian social movements is most evident in terms of the politics of trade. It has been the progressive civil society actors, for example, that have since the beginning supported Bolivia's entry into the ALBA–TCP, and more recently they have defended the MAS government's negotiating strategy with CAN and the EU.

This support of the social movements moved beyond the domestic arena and the confrontation with Bolivian business actors, as the following case demonstrates. Despite its original unwillingness to negotiate block-to-block, the EU agreed to conduct bilateral negotiations with Peru and Colombia in November 2008. Reacting swiftly to this decision, Morales proposed an Andean referendum to find out whether the people in the region were in favour of the block-to-block formula. In support of the Morales proposition, the Coordinadora Nacional por el Cambio (CONALCAM) – a network of Bolivian social movements – organised a protest march in the Peruvian capital Lima where it planned to meet fifteen other indigenous and peasant organisations from Peru and Ecuador at the CAN Headquarters. The García administration interpreted this mobilisation as interference in Peru's domestic affairs and declared that it would deport all Bolivian citizens participating in the march. The Bolivian Ministry of Foreign Affairs, for its part, maintained that the Andean social movements had the right to protest in Lima because the CAN headquarters are based there (Agencia EFE, 2008d, 2008e). In the end the march was never held. Nonetheless, the affair has had a significant impact on policy-makers and scholars, some of whom are suggesting that this incident points to the further trans-nationalisation of social movements and civil society in the Andean region.

Conclusion

Drawing on a two-level perspective this article analysed the international – or more accurately, regional – and domestic determinants of Bolivia's trade strategy. I attempted to delimit the exogenous and endogenous space that Bolivia has to implement the trade strategy the Morales administration outlined in the PND. Regionally the Morales administration has attempted to combine the solidarity principles of the ALBA–TCP with the market-oriented growth possibilities provided by CAN and Mercosur, and to a lesser degree, its economic ties with the United States under the framework of the ATPA and the ATPDEA. This attempt to combine solidarity and market-oriented growth exemplifies a neo-developmental 'trade experimentalism' that must continuously grapple with the tensions generated by issues of feasibility (that is, convergence) and coherence. UNASUR, from this perspective, perhaps offers the promise of overcoming these issues.

From a regional perspective, Bolivia's pragmatic blend of alter-globalisationism and economic orthodoxy is an attempt to grapple with economic constraints and safeguard against dependency on the Bolivarian Revolution (and especially Venezuela).

From a domestic perspective, this experimentalist neo-developmental trade strategy appears as a way of appeasing the participatory demands of increasingly important and trans-nationalised business and civil society actors. Domestically, the MAS government must negotiate a polarised national context where business and civil society actors, organised along the historical fault line that exists between the high and low provinces, are critiquing from their respective positions the solidarity and market-oriented principles of the PND's trade strategy. Domestically, then, the contested nature of the MAS trade strategy is recast as a problem of 'experimentalist governance', that is, of institutionalising the right relationship between the market and the state in a post-neoliberal context.

The research conducted in Bolivia presented in this article suggests that Latin American neo-developmentalism is an example of what Charles Sabel has called 'democratic experimentalism' in the sense that this model is guided by a pragmatic 'learning-by-doing' approach to development where 'intervention has to be designed in part as a form of inquiry and not as the execution of a determinate mandate' (Sabel, 2004; Sabel and Zeitlin, 2008; Sabel and Simon, 2010: 41). This experimentalism is evident from the MAS PND model's attempt to go beyond a series of classical antinomies such as 'protectionism' versus 'free-trade', 'inward' versus 'outward' development, the 'state' versus the 'market', and the like. For the new developmentalism, growth is export-led and trade is export-pragmatic/realistic as evident in the increase in the External Trade Index among the 'new' Latin American Left from the period 2000–2007 (Mejido Costoya, Utting and Carrión, 2010). Yet this export-oriented approach takes the form of regional integration projects as opposed to deterritorialised free trade areas (FTAs). Also essential to the new development model – as exemplified by the Morales administration's PND – is the 'return' of the state, a pattern that is evident in the increase in social public expenditure among the 'new' Latin American left since 2000 (Mejido Costoya, Utting and Carrión, 2010). Yet the state today, in the context of the move from representative to participatory democracy and the growing sway of business and civil society actors, is understood as a facilitator of global insertion, competitiveness and coordination.

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