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Transnational Elite Forces, Restructuring and Resistance in Bolivia

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Abstract

This paper offers a neo-Gramscian examination of the causes and processes underlying social restructuring in Bolivia between 1985 and 2005. Restructuring is understood as a worldwide political struggle by an expanding transnational historic bloc of elite social forces to reconfigure the capital-labour relation in order to sustain global capital accumulation. The transnational bloc expanded following the debt crisis of the early 1980s by incorporating transnationalised businessmen and technocrats beyond its transatlantic heartland. It also generated qualitative changes in the strategic approach of multilateral development institutions, which began to emphasise fiscal and monetary stability, the privatisation of accumulation, public-private partnerships, business class formation in the periphery, state-building and multilateralism. Meanwhile, Bolivia's hyperinflationary crisis (1985) offered an opportunity for transnationalised elements of banking, mining and commercial fractions of Bolivian capital, to change the balance of forces within the three dominant political parties and vie for control of the state. This small elite nucleus, integrated into the transnational bloc primarily through official channels of development assistance, struggled against domestically-oriented elite forces and organised labour to restructure economic, ideological and institutional relations in the Bolivian space. These struggles involved the privatisation of accumulation, the attempt to build capital hegemony (i.e. to generate a consensual capitalist order) and the liberalisation of the state. Capital hegemony entailed equating 'development', 'modernisation' and capital accumulation.

Keywords

Bolivia; Transnational Historic Bloc; Restructuring; Capital Accumulation; Development; Global Governance.

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1. Introduction

This paper analyses social restructuring in Bolivia between 1985 and 2005 by focusing on the agency of an expanding transnational historic bloc of elite social forces. The restructuring of Bolivia's production relations (including of the state) must be seen as constitutive of the worldwide transformative processes developing since the late 1970s. At the core of these processes is the agency of a transnational elite bloc, incorporating fractions of capital, technocrats, and organic intellectuals, i.e. a loose, competitive and heterogeneous transnationally-integrated bloc of elite forces owning the means of production, managing production relations, and shaping the 'common sense' of global society (Overbeek and Van der Pijl 1993; Van der Pijl 1998; Gill 2003; Robinson 2005).

Bolivia was part and parcel of the global debt crisis of the early 1980s (Pastor 1987a; Pastor 1987b; Kuczinski 1988), which plunged the country into an uncontrollable hyperinflationary and fiscal crisis (Morales and Sachs 1990). Virtually bankrupt, the Paz Estenssoro government elected in August 1985 reversed the long-standing state capitalist model of development by vowing to stimulate privatised accumulation and maintain monetary stability (Malloy and Gamarra 1988; Dunkerley 1990; Morales and Sachs 1990). Its economic team, constituted by leaders of the Bolivian business confederation, the Confederación de la Empresa Privada Boliviana (CEPB) and monetarist economists, elaborated a radical stabilisation plan behind closed doors (Supreme Decree 21060), before resuming cooperative relations with Multilateral Development Institutions (MDIs), thereby re-engaging with private and public creditors, and renewing the Bolivian state's commitment to debt servicing (Conaghan and Malloy 1995; Climenhage 1999). The engagement of MDIs and private banks by competitive and 'denationalised' Bolivian elites in 1985 (Mansilla 1994), and in turn their unconditional integration into an expanding transnational elite bloc drove social restructuring in Bolivia.

Critical researchers conventionally explain restructuring in Bolivia as outside-in imperialism facilitated by global governance institutions (Fernández 2003; Petras and Veltmeyer 2005; Kohl and Farthing 2005, 2009). They have inappropriately contended that the US government, through the International Monetary Fund (IMF) and World Bank (WB), actively promoted a 'globalisation of poverty' (Chossudovsky 1998) since the 1980s; and that Bolivian elites, acting as 'comprador lackeys', were forced to allow, or worse, betrayed the 'sovereignty' of Bolivia by sanctioning the 'plundering' of its resources, causing 'underdevelopment' and mass misery. This is historically inaccurate and induces the kind of flawed structuralist critiques of 'neo-colonialism' underpinning the nationalisations of the 1950s, late 1960s and mid-2000s (Kohl and Farthing 2005, 2009; Fernández 2003; Petras and Veltmeyer 2005). Allusions to 'global governance' institutions are made to emphasise US and European imperialism in Bolivia and the rest of Latin America (Fernández 2003), without considering the theoretical implications of transnational production and organisational networks for 'North-South' and inter-state relations (Van der Pijl 1998; Robinson 2005).¹ As pointed out by Cammack (2003: 39): 'It is anachronistic to see the WB and the IMF as acting in principle at the behest of the United States as the world's leading capitalist state, or even on behalf of a larger set of advanced capitalist states'. This paper seeks to achieve a more sophisticated and nuanced understanding of restructuring in Bolivia through a 'biography' of capital in Bolivia, by evading the platitudes that accompany existing analyses, in Critical scholarship, of 'neoliberal restructuring' or 'neoliberal globalisation'.²

The holistic methodology of neo-Gramscian perspectives helps to overcome this anachronism, by placing post-1985 social restructuring in Bolivia within the context of the structural contradictions underlying the latest phase of capital globalisation. The central attribute of this phase, which emerged in the early 1970s, has been the increasing predominance and spatial expansion of a transnational historic bloc of elite social forces beyond its transatlantic heartland, which accelerated following the debt crisis of the early 1980s.³ Global restructuring since the widespread social crisis of the late 1960s and early 1970s is best explained by focusing on the variegated struggles unfolding in national social spaces between a transnational capitalist elite bloc, labour and domestically-oriented elite forces (Van der Pijl 1984, 1998; Overbeek 2000; Gill 2003).

The transnational bloc emerged in the 1960s through transatlantic capital concentration, and incorporated an 'inner circle' of transatlantic business elites, segments of the policymaking and bureaucratic elite of the US and European states, and high-level managers in transnational corporations (TNC) and global governance institutions (Cox 1981; Van der Pijl 1984; Gill 2003; Robinson 2005). It has been the dominant collective agency in the global decomposition and frailty of organised labour, socialist and other subaltern movements since the 1970s. Emphasising the central role of transnational elites in the restructuring of the global political economy is not a superfluous academic exercise but provides the empirical means to identify key agents involved in change, to understand how (i.e. through which institutional, ideological and economic mechanisms) this involvement occurred, and to grasp where structural power lies locally, nationally, regionally and worldwide.

Global social restructuring was manifested in the transformation of the economy, hegemony and state, each of which constituted internally related social sites of intense political struggle. Restructuring is understood as a worldwide political struggle by an expanding transnational historic bloc of elite social forces to reconfigure the capital-labour relation in order to sustain global capital accumulation. Bolivia's hyperinflationary crisis (1984-1985) offered an opportunity for a small nucleus of Bolivian businessmen forming a unified transnational banking, mining and commercial fraction of Bolivian capital, to change the balance of forces within the three dominant political parties and vie for control of the state.⁴ This elite nucleus, integrated into the transnational bloc primarily through the internationalisation of the state (Tsolakis 2008b), struggled against domestically-oriented elites and organised labour, within and beyond the Bolivian state (Tsolakis 2008a), to restructure economic, ideological and institutional relations in the Bolivian space. These struggles involved the privatisation of accumulation, the attempt to build capital hegemony (i.e. to generate a consensual capitalist order) and the liberalisation of the state.

I trace the struggle for capital hegemony to qualitative changes in the strategic approach of MDIs to 'development': monetarism, fiscal austerity, administrative transparency, the privatisation of accumulation, public-private partnerships, the support and intensification of primitive accumulation in the periphery (business class formation via micro-credit and technical assistance) and systematic coordination between MDIs. This strategic shift involved a systematic physical presence of MDIs' staff and contracted private consulting firms for policy-related technical assistance (a 'hands-on' approach to development) (Tsolakis 2008b). In Bolivia, capital hegemony entailed shifting hegemonic discourses away from the 'Revolutionary Nationalism' (RN) that had legitimised state capitalism (state-led capitalist industrialisation) since the mid-1930s and towards a hybridised form of neo-liberalism 'adapted to Bolivian conditions'.⁵

The paper structures the analysis of restructuring in Bolivia as follows: the first section focuses on the historical formation and expansion of a bloc of transnational elite forces beyond its 'Lockean' transatlantic heartland (Van der Pijl 1998). For reasons of space, it only expounds briefly the global economic, ideological and institutional changes occurring since the early 1970s and the crystallisation of a global strategy for restructuring in global MDIs since the profound debt crisis of the early 1980s. The second section analyses how the transnational bloc expanded in Bolivia, arguing that integration occurred primarily through official channels of development assistance and the creation of new institutional networks. The paper argues that Bolivia's transnational elite faction was integrated in the expanding bloc as 'equal' partners in development. The final section analyses how the transnational bloc's development strategy adapted to Bolivian conditions. Attempts to restructure social relations in Bolivia are understood as a dialectical process. Restructuring contained its antithesis in the systematic, variegated forms of resistance that the transnational bloc faced within and beyond the state throughout the period under study.

2. The Transnational Historic Bloc of Elite Social Forces

Van Apeldoorn (2001: 72), following Overbeek and Van der Pijl (1993), identifies 'two primary structural axes along which class fractions are concretely formed': firstly, the division between money and productive capital; secondly, the division between domestic (national) and transnational capital.⁶ Concepts of 'fractions' and 'forces' leave theoretical space for elite formations and historic blocs that rely on interstate cooperation for transnational investment practices, and strive to build a global organisation of production relations (Van der Pijl 1984, 1998; Overbeek 2004; Cox 1987; Bieler and Morton 2003; Robinson 2005). The transnational bloc's worldview approximates the interest of global capital. Its formation is explained by the neo-Gramscian analysis of social classes as dynamic social formations. Class analysis cannot merely rely upon an analysis of the structural distribution of wealth within a given social order. It is the consciousness of appurtenance to a class that maintains cohesion within the class itself – hence the alienated decomposition of the working class engendered by capital hegemony. The constitution of a capitalist class as a 'conscious social force' must therefore be analysed in the light of Gramsci's distinction between 'three levels/moments' of consciousness: the economico-corporative, the class, and the hegemonic (Cox 1983). 'Under capitalist conditions, ruling-class formation is a highly dynamic process that runs through and unifies these three moments' (Holman and Van der Pijl 2003: 74). The fractional (economico-corporative) interest is, from this perspective, the most basic, generating mutual loyalties among its members due to common experience and orientation. In order to temporarily crystallise identities and interests beyond basic corporative 'communities', and to shape self-reflecting agency in social struggles, the role of organic intellectuals becomes essential (Gill 2003; Bieler and Morton 2003).

Transnational elite bloc formation involved a movement unifying these three levels of consciousness. Transnational capital concentration (Overbeek and Van der Pijl 1993), concurrent to and consolidated by the construction of an increasingly sticky complex of multilateral institutions and the apparent demise of

Keynesianism in the early 1970s (Holloway 1995), thus stimulated the emergence of a dominant transatlantic social bloc incorporating US, European and later Japanese and peripheral capitalist elites. New processes of transnational capital concentration on a transatlantic scale were under way by the late 1960s, which transformed both elite worldviews and their organisation, and directly affected their relationship to the international system and its territorial logic of power (Poulantzas 1975; Van der Pijl 1984; Robinson 2005). Marx's prophetic suggestion that capitalist competition and class struggle, mediated by escalating investment costs for increasingly sophisticated products, would drive the process of (local, national and potentially transnational) capital concentration has been occurring and is accelerating (Marx 2003; Van der Pijl 1998; Robinson 2005).

Transnational concentration increased the mobility of capital but also blurred the 'national' boundaries dividing firms and hence their 'national' interests, undermining the conventional Marxist and world-system metaphor of a global market constituted by rival national state 'entities' (Holloway 1995; Burnham 1995, 2002; Frank 1978; Wallerstein 1989 [1974]). Transnational capital concentration is embodied in the emergence of transnational productive and investment corporations (TNCs), struggling against each other through the incorporation of firms in distinct sectors – often unifying, for risk sharing purposes, banking, productive and commercial circuits of accumulation into single corporations. TNCs have expanded through transnational mergers and acquisitions, strategic alliances, interlocking and interpenetrating capital stock ownership and board directorates, which constitute the economic expression of an increasingly coherent and organised transnational capitalist bloc (Robinson 2005).

Stephen Gill (2003) has termed the constellation of social forces that has stimulated global neoliberal restructuring since the 1970s the 'US-centred transnational historic bloc'. This 'inner circle' of transatlantic business elites, segments of the policymaking and bureaucratic elite of the US and European states, and managers of transnational corporations (TNC) and multilateral institutions, gradually incorporated transnationalised elite fractions in East Asia and Chile in the mid-to-late 1970s (Jones 1998). The transatlantic bloc, however, expanded dramatically into the global periphery following the global debt crisis of the early 1980s (Kuczynski 1988; Pastor 1987). The notion of a 'bloc' may appear overly homogenous and devoid of internal contradictions; it nonetheless refers here to a constellation of elite social forces loosely unified by their common struggle against other forces for the restructuring of global production relations. Key attributes of individuals integrating the transnational bloc include investment in transnationalised production networks, involvement in both national and multilateral policymaking and 'organic' articulation of strategic projects derived from classical liberalism. These attributes involve the construction of interests and, potentially, of identities 'broader' than the 'nation' (Scholte 1996). These attributes are of the 'family resemblance type', and the absence of one or more of them does not invalidate the appurtenance of individuals in the 'transnational bloc' (Collier and Mahon 1993).

One should not conflate the meanings of 'transnational', 'a-spatial' and 'de-territorialised': Robinson (2005: 39) mistakenly locates transnational forces 'beyond' social spaces, 'increasingly less tied to territoriality or driven by national competition' (Robinson 2005: 39), as if 'production had become *extra-terrestrial* rather than *spread across numerous territories*' (Cammack 2007: 7; original emphasis). Likewise, transnational social formation must not be analysed as a 'new' phenomenon; rather it has been dialectically related with 'international' relations since the dawn of 'civilisation' (Van Apeldoorn 2004: 142). The 'transnational' is 'a phenomenon that extends across, and thereby links as well as transcends, different (territorial) levels'. Transnational social forces (Cox 1987) or transnational 'circuits of capital' (Robinson 2005) therefore do not exist as a level beyond or outside the national level but within and through it, 'in several national contexts simultaneously' (Van Apeldoorn, 2004: 144-145). The consolidation of a transnational historic bloc of *capitalist* elite forces is rooted in the 'longue durée' of world production relations (Braudel 1980), and its expansion beyond its Transatlantic heartland in the early 1980s defined a protracted struggle for the restructuring of production relations, simultaneously in various national contexts, as the literature on global convergence demonstrates convincingly (Cox 1987; Gill 2003). 'Domestic' struggles for and against restructuring have thus been constituted by and constitute other 'domestic' struggles.

Against Robinson's contention that the blossoming of a transnational sphere of accumulation and governance renders national relations of power superfluous it is argued here that national contexts remain relevant and that transnational formation is constituted by and *constitutes* domestic and international conflicts. In that sense transnational capital reproduces the asymmetries – i.e. combined and uneven accumulation – between its constitutive nodes (Morton 2007: 147-149).⁷ Just as 'national' nodes do not equalise capitalist development throughout their 'bounded' territory, as the Bolivian case demonstrates so conspicuously (Grebe 1983; Rivera 1983, 1987), transnationalisation does not sustain the 'homoficence of capitalism' – its unitary diffusion across different regions (Morton 2007: 147). It rather equalises relations between transnationalised elite fractions, simultaneously in various 'national' contexts, in their common struggle for global restructuring.

The concept of an *expanding* transnational bloc struggling for *global* accumulation and poverty-reduction also undermines dependency and world-system theories, which relegate peripheral elites to a role of ‘comprador lackeys’ or ‘junior partners’ consenting to the ‘underdevelopment’ of their national spaces through unfair trade relations and their reduction to a role of primary commodity producers (Frank 1978; Wallerstein 1989[1974]).⁸ Documentary analysis suggests a process of expansion of the transnational elite bloc via the incorporation of small nuclei of competitive and transnationalised elite fractions (capitalists, technocrats and organic intellectuals) in the global periphery and increasingly treating them *as equal* competitors or managers in the world market, *equal* members of the bloc, concurrently struggling to restructure global relations of production and to sustain accumulation in *both* metropolis and periphery (IBRD 1993; Development Assistance Committee [DAC] 1989).

This fluid and contradictory bloc, driven by competition in the global market, and hence subject to internal tensions and potential dissolution due to the vagaries of market prices and temporary reassertions of territorial logics of power (Harvey 2003), has struggled on two fronts: first and foremost against labour, but also against domestically-oriented capital and reluctant policymakers and technocrats, in the directorates of MDIs themselves. Documentary sources illustrate the persistence of a protracted ideological struggle between transnationalised technocrats who had a long-term perspective for the sustainability of global capital (stabilisation, structural adjustment and Private Sector Development [PSD]) and mercantilist forces, which continued to support national price distortions, tariff and non-tariff barriers to trade, and guaranteed credits for private and state-owned ‘national champions’ (IBRD 1993; DAC 1989). The Uruguay Round signalled a manifest victory for the former, which ‘formalised’ the accelerated internationalisation of states through collaboration with the WB, IMF, United Nations Development Programme (UNDP) and Organisation for Economic Cooperation and Development (OECD).

The struggle for and against restructuring has unfolded in the global market (for profit and shares) and in production sites themselves (i.e. in the workplace), but also in the form of ideological debates between neoliberal and ‘heterodox’ ideologies (nationalist/structuralist, Keynesian, socialist, populist). Struggles between monetarists and Keynesians, between advocates of free trade and of protectionism unfolded in numerous institutional loci, such as ruling political parties, multilateral institutions and national state institutions, as well as business associations (Robinson 2005). In Bolivia this politics of production, finance and trade affected the CEPB and the three political parties dominating state institutions in the period under study: the *Movimiento Nacionalista Revolucionario* (MNR), the *Acción Democrática Nacionalista* (ADN) since the late 1970s, and the *Movimiento de Izquierda Revolucionaria* (MIR) from the late 1980s onwards (Mansilla 1994).

Restructuring is understood here as an attempt to reconfigure the capital-labour relation in order to sustain global capital accumulation; in other words, it means a struggle to empower businesses by reforming economic, ideological and institutional relations in order to generate worldwide *sustainable growth*. Economic change involved the transnational concentration of capital and the emergence of more flexible forms of economic organisation (Harvey 1990; Overbeek and Van der Pijl 1993; Robinson 2005); ideological struggle was manifested in the substitution of monetarist/neo-classical liberal (‘neoliberal’) hegemony for Keynesian and ‘state capitalist’ ideologies (Cox 1987; Gill 2003; Overbeek and Van der Pijl 1993; Morales 2008: 218); and institutional restructuring ‘binding’ these processes involved the consolidation of global governance institutions reproducing the contradictions of global society in their institutional midst by integrating the executive agencies of national states, a process conceptualised here as ‘internationalisation’ (Cox 1981; 1987; Tsolakis 2008b). Global governance in turn refers to a multilateral institutional complex organising worldwide production relations without relying on centralised government (Cox 1987, 1992). Global governance is an emergent form of hierarchically defined social organisation, which has not been imposed ‘from above’ but has emerged out of the fundamental contradiction between the a-spatial, globally oriented capitalist space and the fragmented, territorialised form of the international system (Lacher and Teschke 2007).

The process of multilateral coordination involved a gradual centralisation of decision-making in the Development Committee (DC) – through the World Bank Group (WBG) and the IMF –, which has come to constitute the pivotal multilateral institution for global policy elaboration and strategic programming. In contrast to transnational elite organisations (business organisations such as the European Roundtable of Industrialists, the Bilderberg group and Trilateral Commission, among numerous others) (Gill 1990), it is a formal institution constituted by its member-states, which has worked towards the coordination of MDIs’ efforts to generate sustainable capitalist development since its creation in 1974. It is the multilateral organisation embodying *par excellence* the consolidation and expansion of the transnational elite bloc. The DC, and to a lesser extent the OECD, through its subsidiary Development Assistance Committee (DAC), and UNDP, have been the principal institutions coordinating the expansion of both capital and capitalism in the period under study (DAC 1989: 31-32; DAC 2006: 3). Neo-Gramscian and Marxist researchers have identified a gradual convergence in MDIs’

ideological approach to production relations since the Second World War and a shift in their approach to the global periphery in the wake of the debt crisis of the early 1980s (Cammack 2003; 2006; Robinson 1996; Cox 1987, 1992; Gill 2003; Augelli and Murphy 1988; Morton 2000).

The global debt crisis of the early 1980s intensified the transnational bloc's struggle for global restructuring; it also enhanced its cohesion around a global strategic blueprint centred in the short-term on monetarism, free trade and structural adjustment (the elimination of price distortions and subsidies), and later crystallised around the notion of PSD (DAC 1989; IBRD 1993; DC 1996). The PSD strategy, implemented since 1989 by national governments in collaboration with MDIs, including the WBG,⁹ the IMF, regional development banks and UNDP, has systematically emphasised the privatisation of accumulation, state- (in particular government-) building through depoliticisation strategies (Conaghan and Malloy 1995; Burnham 2000), fiscal and monetary stability, and capitalist class formation – a process of *primitive accumulation* – in the periphery (Van der Pijl 1998: 38). It has also focused on stimulating collaborative practice between MDIs, between MDIs and national governments, and between 'dynamic' business and technocratic elites ('public-private partnerships') (IBRD 1993; DC 1996). This strategy has driven the expansion of the transnational elite bloc from its Transatlantic, Lockean heartland (Van der Pijl 1998), and has effectively conditioned global accumulation.

3. Expansion of the Transnational Historic Bloc in Bolivia

MDIs – at the forefront of which are WB and IMF – have been vital in sustaining transnational bloc expansion in Bolivia through the internationalisation of the state: while perpetuating hierarchical relations between states, they have also fostered correspondence and the consolidation of a 'network of interest' between their 'cosmopolitan' staff (Stallings 1992). In Bolivia this 'network of interest' incorporated the leadership of the business confederation (CEPB) and the economic teams of the two dominant Conservative political parties, the MNR and the ADN. Despite recurrent conflicts between successive Bolivian Presidents and IMF staff (including the 'champion' of restructuring, President Sánchez de Lozada [1993-1997; 2002-2003]),¹⁰ 'consensus-building' via systematic policy-related technical assistance and 'dialogue' generated an ideological convergence between Bolivian 'modernisers' and the staff of MDIs (Climenhage 1999; WB1998a, 1998b).

The expansion of a web of cohesive formal and informal business organisations, think tanks and research institutes since the 1960s (Bilderberg Group, Transatlantic Business Dialogue, Conference Board, European Round Table of Industrialists (ERT), World Economic Forum, Council on Foreign Relations, Trilateral Commission among others) is a corollary of transnational elite formation (Gill 1990, 2003; Robinson 2005). This transnational institutional network has expanded by thickening its ties with peripheral business organisations, incorporating and linking various levels – from continental and national confederations to regional and sector associations. It is in this context and under the impetus of competitive leaders such as Fernando Illanes, Gonzalo Sánchez de Lozada, Fernando Romero, Carlos Iturralde and Ramiro Cabezas that the Bolivian business confederation, the CEPB, and since the mid-1990s the regional business organisation, the *Cámara de Industria y Comercio* (CAINCO), based in Santa Cruz, built ties with the Peruvian, Spanish (CEOE) and Latin American business confederations from the mid-1980s.¹¹ This network does not constitute a state *per se* but has played an instrumental role in fostering ideological and organisational cohesion in the transnational bloc.

Climenhage's (1999) research on transnational networks and the emergence of a neoliberal 'epistemic community' in Bolivia since 1985 identified key individuals in the Bolivian business and policymaking elite and analysed effectively how they internalised the neoliberal approach to economic management through a learning process in think tanks (*Unidad de Análisis de Políticas Económicas* [UDAPE], *Fundación Milenio*), workshops (the *Foros Económicos*) and transnational policy and educational networks. It offers an inspiring reflection on the potential emergence of a 'Harvard school' and 'Harvard boys' who devised economic policy in Bolivia (paralleling Chile's 'Chicago boys') (see also Conaghan 1990). It appropriately rejects the relevance of a 'Harvard school', emphasising that the influence of Harvard professor Jeffrey Sachs as economic advisor to the Bolivian government (1985-1990) has been vastly exaggerated in the literature (Kohl and Farthing 2005). Collective action by 'Bolivian' monetarist economists in key governmental and private policy advice institutions was far more meaningful in creatively implementing neoliberal reforms adapted to Bolivian conditions.

In the mid-to-late 1980s, the ideological thrust of the staff of MDIs was primarily directed at Bolivian policymakers and high-level technocrats via Private Sector Assessments (PSAs),¹² annual consultative group meetings chaired by the UNDP and the WB, roundtables and workshops involving business leaders and policymakers in order to 'help the WBG and client governments gain a clearer view of the business environment' (IBRD 1993: i). The DAC was arguing in 1989 that "The WB/UNDP sponsored consultative groups and round tables are appropriate fora to encourage and assist developing countries to plan and carry out strategies and

programmes and projects for private enterprise development' (DAC 1989: 38). Consultative Group meetings have taken place annually in Bolivia since 1986 (WB 1998a), involving multilateral and bilateral development agencies and high level Bolivian technocrats. They played an essential role in facilitating 'consensus on the resolution of developmental issues' between MDIs and Bolivian governments, improving institutional coordination and fostering a division of labour between development agencies in accord with government officials.¹³ In the period under study hundreds of workshops and roundtables took place in La Paz and Washington DC – their frequency also increased between 1993 and 1997 (WB 1998b). The creation by the WB of national formal and informal 'advisory groups consisting of public and private sector representatives' (IBRD 1993: 8) was essential in incorporating business leaders and technocrats in the transnational bloc. Collaborative relationships between governments and businessmen with a 'high degree of personal standing in the business community, and a sound understanding of both domestic and global issues' (IBRD 1993: 9) were promoted via formal and informal channels – these channels, needless to say, systematically excluded trade unions (Conaghan and Malloy 1995). 'Initial stages of the process are fragile and require substantial support by way of informal discussion and development of a framework for managing the consultative process ... Initially, the process should focus on reforms that alleviate discrete, readily identifiable concerns of the private sector in fundamental areas such as investment, taxation and regulation' (IBRD 1993: 9).

Such initiatives were undertaken in Bolivia, and involved primarily small entrepreneurs. Thus a joint commission of the Ministry of Industry, Commerce and Tourism and the Association of Small Entrepreneurs (FEBOP) was set up in 1990 in order to reduce registration and operating procedures imposed by state institutions (WB 1991: 59). However, while WB-sponsored mediation between small entrepreneurs and technocrats was deemed imperative to expand and consolidate the capitalist class as a whole in Bolivia, this was not required for prominent businessmen. As will be seen subsequently, the leadership of the CEPB and, increasingly, the CAINCO regularly filled key posts in economic Ministries, as had occurred under the Banzer dictatorship of the 1970s (Conaghan and Malloy 1995: 67).¹⁴

Between the National Revolution of 1952 and the enactment of the 'New Economic Policy' in 1985 the state generated over two-thirds of all capital accumulation in Bolivia (WB 1985: ii). Most public investment decisions were determined by interest demands (patron-client networks radiating from the President and his government ministers). Such 'patrimonialism' was particularly prevalent during the so-called *Banzerato* (1971-1978): 'Patron-clientelism became the glue that kept the Banzer government in place until 1978. It was the instrument that he used not only to create pockets of support for himself in the private sector but also among factions in the military and the urban middle-class. The proliferation of government bureaucracies and public employment was the fruit of the clientelistic dynamics undergirding the Banzer administration' (Conaghan and Malloy 1995: 67). Chronically unproductive and inefficient investment decisions by state-owned corporations were a manifestation of the exceedingly politicised form taken by the state since 1952, and illustrate the capacity of non-competitive capitalist elites surrounding the presidential cabinet to undertake ineffective or even 'phantom' investments – conventionally with government guarantees and subsidised loans: 'Basically, any project backed by a strong lobby and with assured foreign financing has become part of the Public Investment Program. Easily granted Government guarantees, tempting terms from bilateral aid and suppliers credits have helped funds to flow into sectors or regions run by influential agencies (or local governments) rather than to sectors where returns would be higher' (WB 1985: ii). Lower interest rates for easily disbursed loans by the three state-owned banks (Banco Agrícola Boliviano; Banco del Estado; Banco Minero), lack of auditing practices for businesses, government sanctioned tax evasion and the pardoning of debts by Presidential Supreme Decrees were expressions of a particularly rapacious and corrupt form of 'crony capitalism'.

Furthermore, the Banzer government vastly accelerated the transfer of resources from the state-owned mining corporation *Corporación Minera de Bolivia* (COMIBOL) in the highlands (*Altiplano*) to private agribusiness in the lowlands (*Oriente*) (production and export of sugar, soy, cotton and meat). On the one hand, the central administration effectively privatised and 'regionalised' profits. On the other, it socialised risk by offering cheap (and rarely settled) credits to agribusiness through the state-owned *Banco Agrícola*, and by guaranteeing agribusiness's largely irrecoverable debts to foreign banks – chief among them the US First National City Bank and the Banco do Brasil (Grebe 1983: 103). Crucially, resources were allocated to companies whose owners were prone to take advantage of the overvalued exchange rate to reinvest publicly lent or guaranteed capital abroad or deposit it in offshore accounts (WB 1991: 2). The propensity of capital to 'strike' in the face of recurrent social instability by exporting itself to safer countries generated capitalist 'interests' that were not confined to 'Bolivia'. The transnationalisation of Bolivian capital originated in the insecurity of investments in Bolivia itself and was facilitated by state guarantees.

Crucially, the initial impulse for political and economic liberalisation in the late 1970s came from the most transnationalised sector of the economy,¹⁵ and a sector which had not been privileged by the patrimonial

dynamics of the Banzer government: *mining*. The private mining fraction, investing on the fringes of the state-owned COMIBOL behemoth and organised around the *Asociación Nacional de Minería Mediana* (ANMM) accounted for 34 percent of Bolivia's total mineral production in 1977.¹⁶ The leadership of the ANMM dominated the CEPB in the 1970s and 1980s (Dunkerley 1990; Conaghan and Malloy 1995; Mansilla 1994), but it was engaged in a protracted conflict with the Banzer administration over its introduction of a mining export tax superimposed on the existing system of royalty payments.¹⁷ The CEPB's 'calls for democratisation' must be placed in the context of the political dominance of a highly transnationalised mining fraction resenting the 'milking' of their sector for the development of agri-business and banking in Santa Cruz (Conaghan and Malloy 1995: 63; Grebe 1983: 93).

The most powerful and wealthiest individuals in Bolivia's mining, commercial, agro-industrial and banking sectors unsurprisingly led regional business federations – in particular the Santa Cruz CAINCO, the Chamber of Agriculture of the Oriente (CAO) – and the CEPB. They have constituted, like oligarchic groups of the nineteenth and twentieth century, 'a small circle of individuals with a disproportionate share of the national wealth at their disposal' (Conaghan and Malloy 1995: 43). Furthermore, they have sustained their position at the apex of the Bolivian social hierarchy through close family ties (linked to racism towards the indigenous majority), the incorporation of white foreigners (Gill 1987), and effective class organisation through the CEPB.¹⁸ Since the 1960s, business elites increasingly unified capital fractions through 'economic groups', multi-firm conglomerates directly managed by family and friendship networks, and typically comprised bank ownership or minority shareholding (Conaghan and Malloy 1995). This was particularly the case in Santa Cruz, whose wealth was rooted in land ownership and agri-business (Grebe 1983; Gill 1987: 172-183).¹⁹ Portfolio diversification has primarily been caused by a lack of business confidence in the face of real or potential competition by state-owned companies and of labour struggles (WB 2005). Not surprisingly then, owners of agro-industrial and commercial companies with more than 50 employees have typically been 'insiders' of commercial banks (represented on the Board of Directors of one or more banks), thereby obtaining cheaper long-term credit than 'outsiders'. Owners of 'outsider' firms (typically less than 14 employees and employing 60 percent of Bolivia's manufacturing labour force since the early 1980s) have in turn been denied access to long-term credit and forced to rely on their own capital (WB 1991: 59).

Portfolio diversification challenges theories of 'objective' fractional contradictions elaborated by the so-called 'Amsterdam school of transnational historical materialism' (thereafter THM) (Van der Pijl 1984, 1998; Van Apeldoorn 2001, 2004; Overbeek 2000; 2004). The concept of capital 'fraction' was initially coined by Marx in the second volume of *Capital* (2003), elaborated by Poulantzas (1975) and later used by Van der Pijl (1984, 1998), Gill (1990, 2003), Overbeek (1993, 2000, 2004), Van Apeldoorn (2001, 2004) and Robinson (2002, 2005) in their analysis of transnational elite formation.²⁰ Coxian IPE has tended to analyse transnational elites as a 'class' *à part entière* (Cox 1996; Robinson 2002; 2005), thereby undermining the analysis of capital as a worldwide class integrated by productive, financial, and commercial circuits, and hence engendering a number of theoretical inconsistencies by jeopardising their avowed dialectical logic and forcing the use of a pluralistic methodology of the Weberian type (Burnham 1991; Bonefeld 2000). THM theorists, on their side, while remaining true to the dialectical method, have sought to return to Marx's original understanding of capital fractions as functional elements of the total circuits of capital to introduce a measure of pluralism in the Marxist metaphor of class struggle by questioning its status as the single trans-historical motor of social change (Overbeek 2004). They have emphasised the contradictions internal to the capitalist class, on the basis of its functional division (fractions), as a cause of structural transformations (Poulantzas 1975, Overbeek 2000, 2004; Van der Pijl 1984, 1998). These fractional struggles are essential, constituting 'a moment of the underlying process of class formation, rather than an aberration or insignificant epiphenomenon' (Overbeek 2004: 115). Capital-in-general as a (global) class is functionally divided between commodity, productive and money fractions, which concretely refer to merchant houses, industrial and financial (banks and other money investment) firms (Van der Pijl 1984, Holman and Van der Pijl 1993, Overbeek and Van der Pijl 1993; Overbeek 2004). The productive fraction is inherently less mobile than the others because it is territorially 'fixed', and therefore compelled to be *directly* involved in the disciplining of labour (Van der Pijl 1998). From these structural divisions are abstracted the circuits integrating these three fractions, which are defined as *finance capital* in its totality (Overbeek 2004). These fractions define concrete conflicts of interests within the bourgeoisie and leads congruent capitalist forces to temporarily congeal into social blocs ideologically organised around hegemonic projects. Van der Pijl (1998: 3) suggests that 'the concept of fraction makes it possible to reconstruct the historical growth of capital in terms of pluralism (or better, 'polyarchy', since the range of options remains within narrow limits) of class strategies which articulate, ultimately, empirical constellations of particular fractions'.

Portfolio diversification and the formation of large capitalist consortia unifying financial, productive and commercial circuits in Bolivia unequivocally contradict THM's fractionalism, as the 'objective' line between

money and productive capital is systematically being blurred by cross-shareholding structures. Assuming that fractional divisions ever defined intra-elite relationships – a contention convincingly refuted by Open Marxist theorists (Burnham 1991), struggles between transnationally integrated and domestic capitalist forces have overtaken strictly ‘fractional’ struggles as the primary axis of elite contradictions worldwide, and certainly in Bolivia (Robinson 2005).

The nucleus of elites at the apex of the business ‘community’ hardly constitutes a typical national bourgeoisie whose investments are domestically oriented and who defend a national identity and ‘culture’: they have historically shown a propensity for transnationalisation, observed by some researchers (Climénhage 1999; Mansilla 1994; Lavaud 1991). They or their parents have typically been immigrants or descendants of immigrants from European countries (primarily Spanish but also German, French, and Croatian), hence their different geographical ‘roots’ makes them likely to lack a purely ‘national/Bolivian’ self-identification (Gill 1987).²¹ They have grown up in the *Zona Sur* of La Paz, South of the Plaza Colón in Cochabamba, and the first *anillo* of Santa Cruz, often in gated communities exuding affluence comparable to wealthy neighbourhoods in US cities; they have conventionally been educated in bilingual schools located in the aforementioned neighbourhoods, and have typically studied at US and European universities (see Climénhage 1999 for an in-depth analysis of these transnational educational networks in Bolivia). Their investments or savings have more often than not been located outside of the Bolivian space to ensure the security of their holdings (hence the regularly high level of capital flight in the early 1950s, again between 1969 and 1971, from the mid-1970s to the mid 1980s, and again from 1999 to 2005) (WB 1985, 2005). They often have worked abroad as researchers, business executives, or consultants;²² often have demonstrated a ‘denationalised’ (little or no dependence on contracts with state corporations, and on state subsidies) and competitive approach to capital investments in Bolivia (Mansilla 1994); and their domestic investments have sometimes been undertaken through joint ventures with US, European and Latin American TNCs.

This is particularly true of the modern mining (COMSUR; Inti Raymi; EMUSA/Sinchi Wayra; IMCO; COMCO) and, to a lesser extent, banking sectors: the micro-credit bank Bancosol, established by Fernando Romero, includes foreign investors such as the NGO Acción Internacional – which also engages in strategic partnerships with Citigroup, Visa International, and UPS among others; the Banco de Crédito involves both Bolivian and Peruvian investors, but is primarily owned by the Banco de Crédito de Perú (86 percent), supported against expropriation and transfer restrictions by the Multilateral Investment Guarantee Agency (MIGA) guarantees; the bank BISA has attracted a variety of institutional investments, for example by the International Finance Corporation (IFC) and the CAF, but also ‘private’ Bolivian (León Prado) and foreign investors; Banco Mercantil, based in Santa Cruz, also involves minority foreign shareholders, and fused with the Banco Santa Cruz in 2006. The latter had been purchased in 1998 by Spain’s Banco Santander. The BHN Multibanco (partly owned by Fernando Romero) and Banco de la Paz were both merged with Citibank and Grupo Credicorp in 1998).²³ Crucially, Bolivian banks are not merely passive ‘recipients’ of foreign capital, but also actively engage in capital investments abroad.²⁴

The formal commercial sector also has, by necessity, been reliant on, and promoted, transnational capital circuits (Gill 1987). Indeed, the five principal commercial houses in Bolivia were established prior to the 1952 Revolution as branches of multinational companies or by immigrants with contacts in international markets and establishing exclusive (and highly lucrative) distribution rights for imports (Lavaud 1991: 225). Notable examples are the *Casa Grace*, a transnational commercial house established by Irishman William Russell Grace in the 1870s and linking Peru, Bolivia, Chile and the US with British and US participation; *Hansa*, *Bedoya*, and the *Casa Bernardo* (Lavaud 1991: 226-227; 249).

In 1974, the sale of the Casa Grace resulted in the formation of a transnational consortium with majority Bolivian ownership but incorporating Canadian and Swiss capital. The management, commercial circuits and credit lines of the ‘Grace Empire’ did not change until its fragmentation into a variety of business consortia fifteen years later, which were purchased by its Bolivian directors and shareholders. It is not incidental that prominent transnational businessmen/technocrats such as Ramiro Cabezas and Samuel Doria Medina built their fortunes through enterprises emerging from the breakup of the Casa Grace. Commercial capital unsurprisingly benefitted from the trade liberalisation initiated by Supreme Decree 21060, which favoured both importers and exporters.²⁵

By the early 2000s, the transnationalisation of the banking, hydrocarbons and mining sectors was well under way (see table 1). However, as social upheavals and institutional backlashes against private ownership were intensifying, the business leadership of the CAINCO and the Banker’s Association of Bolivia (ASOBAN) began a systematic effort to generate political alliances with ‘purely’ foreign investors. ASOBAN therefore incorporated foreign banks investing in Bolivia (Banco do Brasil, Citibank, Banco de la Nación Argentina,

Banco Los Andes among others), while the CAINCO, via the Chamber of Hydrocarbons, incorporated TNCs investing in oil and gas extraction since the ‘capitalisation’ process undertaken in the mid-1990s (Soliz 2004; Claire 2008).²⁶

Needless to say, the core of this transnational elite force is extremely reduced in size, constituted by a few dozens of individuals; and may seem like a small island in a sea of domestically-oriented ‘uncompetitive’ businessmen and ‘informal’ *burguesia chola* (chola bourgeoisie). Indeed, it is the case that a number of banks remain owned almost exclusively by family groups, such as the Banco Ganadero (Monasterio family), the Banco Nacional de Bolivia (Bedoya family), the Banco Económico (Marinkovic and Kuljis families) while the ‘private’ bank Banco Unión involves a majority participation by the National Treasury (83 percent). It has been calculated that eight families of *Paceño* and *Cruceño* business groups control around 14 percent of Bolivia’s banking assets (Bedoya, Monasterio, Kuljis, Marinkovic, Kempff, Petricevic, Tardío y Saavedra Bruno).²⁷

Bank	Foreign equity (%)	Domestic equity (%)	Total capital (US\$ millions)
Banco de Santa Cruz	90	10	515
Banco de Crédito	100	0	489.4
Banco Nacional de Bolivia	0.02	99.98	474.1
Banco Mercantil	2.78	97.22	465.1
Banco Industrial SA	73.8	26.2	455.1
Banco Unión	13.65	86.35	271.3
Banco Económico	27	73	191
Banco Ganadero	0	100	168
Banco Solidario	71	29	50.4
Banco Boliviano Americano	48	52	-

Source: ASOBAN

The WB calculated that in 1987, only four or five businessmen in the formal sector had assets valued over US\$20 million (including Gonzalo Sánchez de Lozada and Carlos Iturralde), ‘with most of the rest of the rich entrepreneurial class owning between US\$1 million and US\$2 million. With only a few entrepreneurs holding sizable stocks of assets, there is an important limitation to the investment capabilities of the private sector’ (WB 1991c: 44). This transnational fraction thus required, and benefitted from, vital financial, ideological and institutional support by the transnational bloc, in particular by the staff of MDIs (through multilateral assistance for fixed public capital investment), to stimulate accumulation in the Bolivian space.²⁸

Indeed, it was understood by the staff of MDIs that the heavy institutional and legal involvement of the IMF and WBG (the International Development Association [IDA], the International Bank for Reconstruction and Development [IBRD], MIGA, the Foreign Investment Advisory Service [FIAS]), as well as equity investments and loans by the IFC indirectly generates business confidence (IBRD 1993; DC 1996: ii). These institutions have offered guarantees for private investment, and their collaboration with successive Bolivian governments has demonstrated a commitment of the latter to PSD and public-private partnerships. The ‘seal of approval’ of the IMF is known to indicate a willingness on the part of the government to undertake politically unpalatable structural adjustment reforms in order to foster PSD (Körner 1986: 2). Moreover, they share information and provide technical assistance not merely to state agencies but *directly* to private capital; and offer guaranteed financing for private investments.²⁹ The IFC thus invested relatively small amounts, in relation to other Latin American countries (in line however with the small size of Bolivia’s GDP) of capital via equity partnerships and loans in some of the most competitive Bolivian corporations between 1988 and 1998, for a total of \$98 million, thus seeking to bolster business confidence in key sectors of the economy (mining, hydrocarbons, banking, telecommunications) and attracting further capital by TNCs.³⁰

The strategy was relatively effective from 1994 to 1998, as the proportion of private investment in GDP increased from 5.9 to 18.3 percent (it had only marginally increased from 4 to 5.9 percent between 1985 and 1994), and FDI responded to improving business conditions by expanding as a proportion of GDP from 1.5 to 12.1 percent, but concentrating capital almost exclusively in ‘strategic’ corporations privatised by the Sánchez de Lozada (1993-1997) government: hydrocarbons, telecommunications, electricity, rail transport, smelters, water distribution (WB 1998b).

The Jaime Paz administration had opened up the hydrocarbons sector in 1991, attracting thirteen foreign corporations to undertake joint ventures with state-owned *Yacimientos Petroliferos Fiscales de Bolivia* (YPFB) (IMF 1998). Yet in absolute terms, investment in hydrocarbons remained relatively limited. The capitalisation of YPFB attracted another three corporations and generated a vast influx of FDI in hydrocarbons exploitation and exploration, which totalled \$4.5 billion between 1997 and 2005 and averaged 6.5 percent of GDP. TNCs benefitted from the WB-sponsored construction of a gas pipeline to Brazil, producing primarily for export-led accumulation, and almost tripling the volume and value of hydrocarbons exports (IMF 2007).

Owners, shareholders and executive directors of corporations with minority or majority shareholding by foreign corporations have typically been prominent 'traditional' party leaders, Ministers and Congressmen; or political 'independents' appointed to head economic Ministries and superintendencies. In light of the highly personalistic structure of capital in Bolivia – its excessively small size, its constitution by primarily *criollo* businessmen raised in the same neighbourhoods, educated in the same schools, with degrees from European and US universities, sharing a liberal worldview, participating in (or related as 'independents' to) the same political parties, moving back and forth between private and public activities as well as academia, tending towards highly liquid investments (equity and savings) at home and abroad, and towards the diversification of their portfolios, those joint ventures or mergers that occur with foreign capital are not reduced to a single individual or a single company. Companies involved in joint ventures or the shareholding structure of which is not exclusively 'domestic' are constitutive of broader business networks. The transnational bloc has ramifications in sectors considered to be 'domestic' – whether directed towards the Bolivian market or for exports. This is, of course, the case in the *gran minería*, but also in agro-business, commerce and banking. In other words, capitalists considered to be 'domestic', such as major 'exporters' of agricultural commodities, have also a participation in banks (through family ownership or as minority shareholders of banks controlled by foreign capital); may have investments in manufacturing – either financed exclusively with 'Bolivian' capital or with foreign capital;³¹ and, as emphasised by the WB, almost invariably have assets abroad, whether as equity or as savings in order to alleviate their exposure in Bolivia.

4. Adapting Restructuring to Bolivian Conditions

Restructuring efforts by the transnational bloc encountered systematic resistance by domestically-oriented elite and subaltern social forces *beyond* and *within* the institutions of the Bolivian state, forcing a distortion of the transnational bloc's 'modernisation' strategies. This tension helps to explain the reorganisation of labour and indigenist forces in the late 1990s that eventually led to the election of Evo Morales in 2005.

The hyperinflationary crisis that affected Bolivia in 1984-1985 had stringent disciplinary effects: it fostered a certain measure of institutional 'order' within the central executive agencies of the state, in contrast to the recurrent institutional conflicts defining all levels of the state hierarchy and distorting the 'stability' of the state since the 1930s (Dunkerley 1984; Malloy and Gamarra 1988). However, the appearance of 'normalcy' in the post-1985 electoral process and the relative stability and cohesion of economic Ministries and regulatory agencies contrasted with the convulsions of all other state institutions. Despite the cohesion characterising economic Ministries and despite their modernising discourse, Presidents had to accommodate clients in the legislature and in ministries. Patronage in 'welfare' and 'repressive' Ministries undermined administrative continuity and entered in contradiction with the relatively 'technocratic' Finance, Planning, and Trade Ministries (Tsolakis 2008a). The contradictions internal to central governments undermined the 'functional' maintenance of capital reproduction and accumulation.

The continuity in policy-related 'dialogue' transcended the turnover of individual members of economic teams in the government and IMF and WB missions (WB 1998a); this continuity also shows a profound understanding, on the part of WB and IMF staff, of the legal, institutional and wider societal constraints on the implementation of reforms. For instance, the privatisation of infrastructural services (water and energy distribution) was rendered difficult by legislation on municipal administration and ownership, and the privatisation of mining and hydrocarbons corporations (COMIBOL and YPFB) were rendered almost impossible by the Constitution, which effectively prevented their outright sale and necessitated legal acrobatics by economic teams (bestowing management rather than ownership rights to foreign investors) in order to undertake their 'capitalisation' (WB 1992; 1994; 1998: 8).

Typically, pre- and post-electoral negotiations resulted in the allocation of Ministries and posts to coalition partners and party clients. President Jaime Paz Zamora's coalition government named *Acuerdo Patriótico* (1989-1993), began a deleterious practice in 1989 which persisted until 2003. It undermined the conventional form of

coalition-building, and the cohesion of the government itself by dividing the same Ministry by levels (for example, an ADN Minister and a MIR vice Minister, and vice versa) instead of letting each party control Ministries in their entirety (WB 2000; Dunkerley 2007 [1998]). In order to accommodate coalition partners, full Ministries were created, fully staffed with clients of the Ministers and Vice Ministers (President Paz Zamora thus created three Ministries and sixteen Vice Ministries during his incumbency). Despite his modernising discourse, President Gonzalo Sánchez de Lozada (1993-1997; 2002-2003) perpetuated the policy of bestowing one Ministry to each of the political parties forming part of his government, and of allocating posts in welfare and 'political' Ministries to his party clients. However, the persistence of patron-client networks has typically spilled over the executive agencies of the state, affecting the judiciary and its 'independence' (Domingo 1993).

Ideological struggles by the transnational bloc involved a renewed emphasis on transparency, the fight against corruption, and the elimination of privileges, which necessarily accompanied the 'modernisation' and liberalisation of the state (Mansilla 1994). The shift of capital accumulation strategies towards a dynamic domestic private sector investing in alliance with foreign capital, became associated with the Parsonian ideal of a 'final' liberal, stable, wealthy and democratic society (Parsons 1977). The CEPB, under the leadership of Fernando Illanes (1984-5) and Carlos Iturralde (1986-9), organised a massive and continuous propaganda campaign correlating representative democracy with the freedom of capital to adapt to and harness market conditions (Conaghan and Malloy 1995). The transnational bloc and its Bolivian constituents thus began a systematic campaign against 'crony capitalism' and the distortions generated by mercantilism. PSD 'involves deregulation, enhancing competition and generally ending the privileges currently enjoyed by those who benefit from protection and regulation ... It is important to ensure that the government is committed to pay the price of reform, including loss of control, patronage and sometimes illegal benefits through the introduction of realistic pricing, competition and accountability' (DAC 1989: 36; 38).

The struggle for depoliticisation, transparency and accountability forced economic Ministries, the Bolivian Central Bank and the banking regulator (SBEF) to distance themselves from domestically-oriented business organisations (in particular, manufacturers) in order to sustain the structural viability of capital as a whole; and to fend off challenges by other business forces within the institutions of the state, for instance in Congress. The Supreme Decree 21060 systematically undermined the power base of domestically-oriented capitalists and managers of state-owned corporations by eliminating barriers to trade and subsidised prices, and by implementing an austere fiscal policy involving the decapitalisation of state-owned corporations (Cariaga 1990; Conaghan and Malloy 1995). From 1985, the transnational bloc faced organised manufacturers who lobbied strongly against the reduction of tariff and non-tariff barriers to trade in the 1980s, and sugar exporters, who successfully struggled to maintain quantitative barriers to imports until 1992.³² Domestically-oriented bankers in particular resisted particularly effectively against 'modernising' reforms.³³ The liquidation by the SBEF (banking regulator) of state-owned banks and private banks (four private banks in 1987, one in 1988, the three state-owned banks in 1991, two banks in 1994, one bank in 1997, one in 1999 and one in 2000) signified an end to the conventional Bolivian practice of bailing out, subsidising or recapitalising bankrupt banks, which was however perpetuated by Jaime Paz Zamora until 1990 via Supreme Decrees, and against the advice of the IMF and WB (WB 1991).³⁴ Mandatory closures generated protracted opposition from managers and employees in state banks and from ASOBAN, the banking federation.

Institutional 'order' in central government agencies thus *necessitated* endemic patronage and outright corrupt practices by the elite 'old guard' of dominant political parties ('professional politicians') (Malloy and Gamarra 1988; Dunkerley 2007 [1998]). Minor coalition partners of President Banzer's *megacoalición* government (1997-2002), on their side, in particular populist parties such as *Conciencia de Patria* (CONDEPA) and *Unión Cívica Solidaridad* (UCS), were bastions of resistance to PSD strategies, and failed to internalise the 'business perspective' and the movement towards a 'functionally effective' capitalist state. Hence, they severely undermined the internal cohesion of Banzer's government. While the first Sánchez de Lozada government (1993-1997) had been manifestly home to the business confederation leadership (transnational industrialist Fernando Illanes and banker Fernando Romero), the Banzer/Quiroga (1997-2002) administration was more 'eclectic', in part because numerous smaller parties formed part of the '*megacoalición*' and had to be accommodated with Ministerial positions, but also because economic Ministries were dominated by more 'provincial' manufacturers, bankers and agro-industrialists from Santa Cruz, Banzer's city of origin and historical stronghold.³⁵ Restructuring was, therefore, immediately disfigured by the social forces and organisations constituting governmental coalitions.

The most blatant expressions of restructuring in the 1980s and 1990s, the decapitalisation of the mining corporation COMIBOL (1986-1987), the privatisation or liquidation of minor state-owned corporations (1991-1992), the privatisation/'capitalisation' of major state-owned corporations (1994-1996), and education and pension reform (1995-1996) primarily affected state employees, and it is state employees that were at the

forefront of campaigns, marches and strikes against these policies (Tsolakis 2008a). The prescient expectation of layoffs in privatised or restructured corporations generated nationalist outrage in the state administration (including managers of affected corporations) and in the media, in the late 1980s and early 1990s (Bauwer and Bowen 1997; Kohl and Farthing 2005; Crabtree 2005). In 1986, the closure of six tin mines was challenged by 20,000 miners in Oruro and Potosí, whose strikes in the face of closures were unlikely to be effective. The so-called 'Marcha por la Vida' by laid-off miners, which generated considerable popular sympathy, began to trigger large-scale marches involving other workers, and induced the government to declare a second state of siege, which definitely broke the back of the miners' union.³⁶ Paradoxically though, their 'relocation' to cities and to the coca-producing regions fuelled the diffusion of their organisational skills and 'culture' of *sindicalismo* to other regions. The capitalisation of state-owned corporations between 1994 and 1997, in particular that of hydrocarbons company YPFB ('the mother of all battles') was virulently opposed in the written press and by the COB leadership (Bauwer and Bowen 1997). The workers directly affected by capitalisation, organised by their sectoral unions, marched in La Paz and Cochabamba, engaging in violent clashes with riot police (Kohl and Farthing 2005; Crabtree 2005).

However, from the early 1980s, the Bolivian microcosm became far more complex as it underwent accelerating change. The image of urban islands of *criollos* ('white') and *mestizos* ('mixed-race') dominating a rural indigenous sea was altered beyond recognition by rapid urbanisation, the expansion of an informal market economy, the rise of the coca-cocaine circuit centred on the Chapare region, the decline (and recent resurgence) of mining, and the preponderance of gas exports, which shifted the economic (and increasingly demographic) centre of gravity of Bolivia towards the hydrocarbons-rich departments of Santa Cruz and Tarija. These social transformations conditioned a proliferation in the 1990s and early 2000s of neighbourhood associations, single issue 'Coordinators' (the 'Water Coordinator' in the Cochabamba 'Water Wars' of 2000 is a salient example), regional Civic Committees, mining cooperatives and *gremios* (guilds and trade unions) in both formal and informal sectors (Kohl and Farthing 2005; Crabtree 2005). The COB has thus had to share the centre stage of resistance with a plethora of smaller associations, giving a multifaceted and fluid form to 'civil' subaltern resistance and consequently to *criollo* domination itself (Lemoine 2005). As pointed out by Crabtree (2005: 6), the weakening of the COB, and the need for it to share the centre stage of resistance with an expanding array of organisations has rendered it increasingly unable 'to defend or coordinate the activities of other social organisations as in the past'. Different geographical and social sites of labour re-composition thus emerged. The early 1990s witnessed the surfacing of two rural bastions of resistance, in Achacachi (close to the lake Titicaca) and the Chapare, areas controlled respectively by indigenist organisations (the farmers' union, the CSUTCB) and the *minero* and *cocalero* unions, rearticulating and congealing 'revolutionary nationalist' and indigenist discourses and currents of opinion (Antezana 1983; Zavaleta 1983; Webber 2008). These were followed by marginalised urban forces, primarily in El Alto (slum-turned-city overseeing La Paz) but also in other cities, often galvanised by an 'indigenous bourgeoisie', the so-called *burguesia chola*, which emerged in the extensive 'informal sector' of the economy. Crucially though, the organisational capacity of labour to rebel and re-compose itself over the two decades of restructuring was kept alive and disseminated by state employees.

From 1998 to 2003 a perceptible unravelling of restructuring efforts occurred: the illegitimacy of the *megacoalición* due to ineffectiveness, patronage and corruption in government and the wider institutions of the state had become manifest (WB 2005). The reorganisation of subaltern movements around the 'anti-capitalist' political parties *Movimiento Indígena Pachakuti* and *Movimiento Al Socialismo*, and around reinvigorated trade unions (in particular the CSUTCB) and their melding of nationalist, classist and indigenist discourses against 'neoliberalism', accelerated the retraction of key reforms designed to foster 'business confidence'. The 'Water Wars' in 2000, Febrero and Octubre Negro in 2003, signalled a moment of social rupture (Kohl and Farthing 2005; Petras and Veltmeyer 2005). Two years of further instability, including a referendum on the nationalisation of hydrocarbons in 2004 – on which the President Carlos Mesa did not act, and another 'Gas War' the following year (which forced his resignation), was concluded by the election of Evo Morales to the Presidency with an unprecedented, absolute majority (53.7 percent) in December 2005 (Dunkerley 2007).

5. Conclusion

This paper has placed post-1985 state and social restructuring in Bolivia within the context of transnational elite bloc formation in the late 1960s, and its expansion beyond its transatlantic Lockean heartland following the debt crisis of the early 1980s. It has deciphered the anatomy of capital in Bolivia since the early 1970s and argued that the tendency of dominant capitalist forces to diversify their portfolio entails a reconsideration of the validity of THM's 'fractionalism thesis'. Struggles between transnationally-integrated and domestically-oriented capitalist forces became the primary axis of intra-elite contradictions in Bolivia from the late 1970s onwards.

The consolidation of national capitalist elite blocs in the 1970s unfolded concurrently to the integration of dominant businessmen into the transnational bloc through systematic collaboration and engagement with MDIs, through IFC investments in privately-owned corporations in key sectors, and through joint ventures with metropolitan and Latin American TNCs. An appropriate image for this process is the dynamic formation of a constellation of national-in-global capitalist blocs radiating from transatlantic organisations and MDIs, and dominated by an expanding bloc of transnationally-integrated elites struggling for sustainable capital accumulation. The DC's global PSD blueprint expressed the attempt of this bloc to generate a new hegemonic strategy.

The increasing predominance of transnational elite forces in MDIs and in key Bolivian state agencies produced qualitative changes in policy preferences (Tsolakis 2008b). The WB and IMF increasingly emphasised fiscal and monetary stability, the privatisation of accumulation, public-private partnerships, business class formation in the periphery, state-building and multilateralism. Meanwhile, Bolivia's hyperinflationary crisis allowed an emergent transnational fraction of Bolivian capital to change the balance of forces within the three dominant political parties and vie for control of the state (Tsolakis 2008a). This small elite nucleus, integrated into the transnational bloc primarily through official channels of development assistance, struggled to restructure economic relations, capital hegemony and the state in the Bolivian space. Capital hegemony entailed equating 'development', 'modernisation' and *private* capital accumulation. Post-1985 restructuring may thus be understood as an attempt, by an 'enlightened' elite formation integrated in the expanding transnational historic bloc, to graft modern capitalism and liberalism onto a corrupt, nepotistic and statist social organism, with the active support of MDIs. Attempts by the transnational bloc to restructure social relations in Bolivia must be seen as a dialectical process. Restructuring contained its antithesis in the systematic, variegated forms of resistance that the transnational bloc faced within and beyond the state throughout the period under study. Policy elements of the restructuring efforts were thus implemented successfully, whilst others remained in limbo or had to be rolled-back; some institutions were transformed, eliminated or created whilst others remained bastions of continuity. Bolivian elements of the transnational bloc were nonetheless part of and dependent on clientelistic social networks for the implementation of liberal reforms, which explains their failure to legitimise the high social costs of Bolivia's deepening integration into the world market.

The transnational bloc, more often than not in alliance with a politically rescinding, domestically-oriented elite bloc, faced recurrent, intensifying and increasingly violent resistance to restructuring, which affected private investment and business confidence negatively, fuelling a further deterioration in poverty and unemployment rates (WB 2005). The rolling back of the privatisation of water distribution in Cochabamba following the well-publicised 'Water Wars of 2000', the rolling back of an income tax imposed in February 2003, the rolling back of a project to export gas to the US via Chile in October 2003, are prominent examples of policies designed to generate business confidence and sustain or accelerate capital accumulation that failed in the face of collective challenges in the street and in the state (in the case of *Octubre Negro*, this was manifested by teachers and other civil servants joining the rebellions, but also by soldiers grumbling when forced to kill their own families and friends). The dialectic between restructuring and domestic Bolivian constraints helps to explain the street violence (*Water Wars*, *Febrero and Octubre Negro*, *Gas War*) that eventually led to the election of Evo Morales in 2005.

Endnotes

¹ The terms 'global' and 'transnational' must not be conflated: the former implies a 'whole', an *entity* incorporating and constituted by social relations in their totality, and hence cannot be reduced to the latter. In IR and IPE, 'Global' therefore refers to world-wide forces and processes. However, the 'transnational' is 'a phenomenon that extends across, and thereby links as well as transcends, different (territorial) levels'. Transnational social forces therefore do not exist as a level beyond or outside the 'national' level but within and through it, 'in several national contexts simultaneously' (Apeldoorn 2004: 144-145). With reference to the transnational bloc – its constitutive members are not 'outside' national economic, ideological and institutional conditions but embedded in them and collectively acting within them. Elite is understood here as dominant social force, rather than ruling class *per se*. This opens the space to conceptualise transnational social formation while acknowledging that the elite does not necessarily 'rule', in the sense of 'managing' social relations (see Block 1987; Pijl 1998; Hay 1999).

² According to Kohl and Farthing (2009: 66) the fiscal dependence of the Bolivian state on IMF and WB assistance 'ensured an almost slavish following of the institutions' prescriptions in order to guarantee a steady flow of funds'. They do not attempt to decipher the actual institutional interconnections between MDIs and the Bolivian national state, preferring to present reified 'international governance agencies and financial institutions' as having 'imposed in large part' a 'neoliberal hegemonic regime' upon Bolivia 'in collusion with national

elites' (Kohl and Farthing 2005: 7). They eschew an in-depth analysis of the process of integration into a globally-oriented institutional complex, focusing more specifically on an analysis of an externally imposed 'neoliberal globalisation' and 'neoliberal hegemony'. Despite the use of enlightening empirical evidence and an excellent concluding chapter, Kohl and Farthing's analysis is founded on blurry conceptual foundations and (primarily) tertiary sources. So many inconsistent meanings are given to the two central concepts of the book, *neoliberalism* and *hegemony*, that meaning is effectively obscured and lost. Kohl and Farthing equates neoliberalism indiscriminately to a 'global system that privileges the market' (2005: 2), to a 'regime' (2005: 7), to a 'project' (2005: 8), or a set of 'policies that subordinate the broader public interest by privileging the private sector while minimizing the role of government in production' (2005: 2; 12). The concept of hegemony, on its side, is applied equally to 'a regime' (2005: 7) or a 'state' (2005: 7) or indeed to a 'set of ideological assumptions' (2005: 15). By referring to nebulous notions of 'neoliberal system' and 'neoliberal globalization', Kohl and Farthing provide the image of an independent 'ideational' variable associated indiscriminately with the 'state', the 'market', and an overbearing US hegemon.

³ Neo-Gramscian approaches echo Kautsky's (1970) heterodox suggestion that 'ultra-imperialism' transcending the rivalries between national capitalist blocs and national states is becoming a possible historical avenue.

⁴ For an in-depth discussion of this process, see Tsolakis 2008b.

⁵ RN, emerging in the mid-1930s with Bolivia's War of the Chaco against Paraguay (Klein 2003), consolidated itself as the hegemonic ideology in Bolivia following the 1952 'National Revolution', which accelerated and formalized the demise of pre-capitalist relations of production (quasi-feudalist *hacienda* system and the indigenous ayllus) through the parcellisation and redistribution of land in the highlands (Altiplano) and valleys. The resilience of RN from the mid-1930s to this day is due to the heterogeneity of its meanings and the flexibility of its conceptual premises (Antezana 1983). RN has been the ideological pivot of varied and sometimes contradictory societal projects, and has historically oscillated between structuralist discourses equating 'development', 'modernisation' and capital accumulation on the one hand, and socialist ideologies on the other. It also, and more insidiously, justified elitist and white supremacist discourses (promoted by the political party *Falange Socialista Boliviana* and regional Civic Committees) (Antezana 1983). The hegemonic form of RN has been under threat since the fiscal and monetary crisis of the early 1980s, which laid bare the irresolvable contradictions of state capitalism and opened an ideological breach for discursive and programmatic alternatives: indigenism and neoliberalism. In contrast to realist understandings of 'hegemony' as dominance in inter-state relations, neo-Gramscian approaches define hegemony as the ideological power of ruling over subaltern classes within a given 'national' social formation but also globally, which generates and sustains social cohesion and order (Gramsci, 1971: 169-170; Van der Pijl 1998: 51). Influenced by the work of Friedrich von Hayek (1944) and Milton Friedman (1962), monetarism understands inflation as an imbalance between the supply and demand of money – the former being larger than the latter. By controlling the money supply, Central Banks regulate inflationary pressures, but also consumption and investment patterns.

⁶ The fraction committed to the circulation of commodities is deemed less relevant to NG scholarship because it is functionally dependent on the other two fractions.

⁷ Morton rightly questions the 'core weakness' of the transnational state thesis: the contention that the 'particular spatial form of the uneven development of capitalism is being overcome by the globalisation of capital and markets and the gradual equalization of accumulation conditions this involves' (Robinson, 2005: 99). With reference to national contexts, see for instance Gramsci's analysis of 'combined and uneven development' of the Italian social space.

⁸ Imperialism has been defined in two ways, which are not inconsistent but actually sustain each other: imperialism as an 'over-accumulative' need by metropolitan capital to appropriate resources and labour on its periphery for the expansion of the market for commodities produced, generating 'combined but uneven development' and as political-military domination in international relations (Kemp 1972; Halliday 2002).

⁹ The World Bank Group (WBG) is constituted by the Board of Executive Directors – formed by Ministers of Finance and Governors of Central Banks; and the International Bank for Reconstruction and Development (IBRD). The affiliates of the IBRD include the International Development Association (IDA), the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA). The Foreign Investment Advisory Service (FIAS), on its side, is an IBRD venture – providing loans and equity investments to credit-worthy and 'dynamic' corporations in peripheral formations (IBRD 1993). On FIAS see <http://www.ifc.org/fias>. On MIGA, see http://www.miga.org/about/index_sv.cfm?stid=1588. On IFC, see <http://www.ifc.org/about>. All accessed 15 January 2008. Private Bolivian corporations began receiving IFC credits in 1973 (the mining company *Minera*) (WB 1998b: Annex B8). The Bolivian state began receiving IMF credits in 1956, and WB loans in 1962. It formally joined MIGA in 1990.

The WBG, increasingly dominated by monetarist economists from the early 1970s onwards, shifted its activities away from discrete, albeit conditional project-based lending towards programmatic Structural Adjustment Loans (SAL) in 1980. While conditionalities were related to sectoral or subsectoral policy change before 1980, lending

began to be made for fiscal support, in order to sustain imports necessary for capital investments and accumulation; it became systematically conditioned on policy change at the macroeconomic level (Mosley 1991: 27-28).

¹⁰ Interview with Carlos Morales, Minister of Energy and Hydrocarbons (1986-1988), Head of Sánchez de Lozada electoral campaign (2002), September 20, 2007.

¹¹ Interview with Carlos Iturralde, - Chancellor (Minister of Foreign Affairs (1989-1991), Minister of Presidency (1997-1999), President of CEPB (1986-1989), 14 September 2007.

¹² Large-scale research projects (Private Sector Assessments – PSAs) were undertaken by the WB, focusing on business needs and constraints. The WB and International Finance Corporation (IFC), 'with inputs from MIGA and FIAS' (DC 1993: 4), jointly initiated PSAs in 19 countries in 1991, including Bolivia (IBRD 1993: i.; WB 1991). Two PSAs were undertaken in Bolivia in 1991 and 2004 (WB 1991; 2005). PSAs, roundtables, aid coordination arrangements sustained the expansion and consolidation of the transnational bloc into Bolivia. The IBRD expressed satisfaction in 1993 at the fact that 'Progress was made in helping policymakers understand and address key constraints affecting private firms' (IBRD 1993: i).

¹³ Interview with Mauro Mariani, Head of EU Development Cooperation Bolivia, 20 December 2007.

¹⁴ It is not surprising to see individuals such as Carlos Iturralde, president of the CEPB or Ronald Maclean, respectively Ministers of the Presidency and of Finance in Banzer's military government in the mid-1970s, be given prominent Ministerial portfolios more than a decade later.

¹⁵ Interview with Herbert Müller, Minister of Finance (1997-1998), 11 September 2007.

¹⁶ From 20 percent of the value of mineral exports in 1980, the *minería mediana* expanded to 45 percent with the tin market crash and the decapitalisation of COMIBOL. The expansion of private mining continued into the 1990s, reaching 56 percent. With small-scale mining centred on cooperatives, private mining accounted for 80 percent of the value of mineral and metal exports in 1996 (Müller y Asociados 1996: 156-157).

¹⁷ Deteriorating terms of trade for minerals and metals since the 1970s have taken their toll on the AMM, and forced a process of capital concentration, primarily in the form of joint ventures or outright sales, which however enhanced the power of remaining mine owners within the CEPB. In the context of declining demand for tin and the appearance of cheaper production sites in South East Asia, Bolivia dropped from second to fifth largest world producer of tin. In 1985, the AMM comprised 28 affiliated companies employing 8,000 workers. Two years later – after the tin market crash, 19 companies were left with a workforce of 4,020, and by 1999, there remained 13 affiliates (Velasco 1999).

¹⁸ In the late 1990s, the CEPB, based in La Paz, degenerated into a 'provincial' organisation due to the ineptness and domestic orientation of its new leadership and its failure to incorporate new-coming TNCs investing in Bolivia's 'strategic' sectors. Interviews with Fernando Campero Prudencio, Minister of Commerce (1992-1993), 20th September 2007; and Carlos Iturralde, 14th September 2007. However, in 2008, the CEPB was 'revamped' under the leadership of its new president, Gabriel Dabdoub, who is concurrently president of the increasingly dominant CAINCO. This leadership role symbolises the recomposition of capital as a class-for-itself, however under the unquestioned dominance of *Cruceño* banking, commercial and agro-industrial capital. See http://www.cepb.org.bo/sitio/directiva_cepb.php. Accessed 15 November 2008.

¹⁹ In the case of mining, manufacturing, and agro-business, however, a significant portion of capital must be fixed. Importantly, the insecurity generated by recurrent labour strikes, higher investment costs, and competition by state-owned corporations rendered 'fixing' capital in manufacturing unattractive for economic groups, to the extent that it only accounted for 12 percent of GDP and 7.8 percent of the economically active population in 1985. In contrast, higher surplus value for mining and agro-business in the 1970s facilitated large-scale capital investments. Mining in particular attracted FDI. They therefore represented the bulk of exports and foreign exchange reserves from the late nineteenth century to the early 1980s, when mining was overtaken by hydrocarbons as the primary export commodity (WB 1991: 120-123).

²⁰ It is precisely through *fractionalism* that Poulantzas sought to overcome Miliband's instrumental understanding of the state: because of its functional division into competing fractions, capital cannot absolutely and completely control the state, which institutionally concentrates its internal contradictions. Thus by separating the institutional 'body' of the state from the control of any one fraction, the state sustains the reproduction of capital through the functional upholding of its 'general interest' despite, and against specific fractional requirements. Hence the 'relative autonomy' of the national state from specific class and fractional interests, through its functional fulfilment of the structural necessities of *transnational* capital circuits in their entirety (maintenance of social order, provision of infrastructure, economic policies sustaining capital accumulation) (Poulantzas 1975: 97, 1978: 127).

²¹ In her analysis of the emergence of a *Cruceño* bourgeoisie (located in Santa Cruz) in the 1960s and 1970s, Lesley Gill (1987: 174) argues that 'the expansion of the regional economy not only allowed long-established *Cruceño* landowners to consolidate their position and reap large profits but also attracted a new group of investors and speculators to the eastern lowlands. The newcomers consisted of hacendados and mine owners

from the highlands and valleys, military officers, administrators, professionals and a substantial number of foreigners’.

²² This includes Xavier Nogales, Minister for Economic Development of the Mesa administration (Bolpress 2003).

²³ See WB (2005) and MIGA (2009). See also Superintendencia de Pensiones, Valores y Seguros, http://www.spvs.gov.bo/reportes_asp/rmi/listaentidades.asp?tr=2, accessed 5 February 2009.

²⁴ For example, 26.8 percent of the Banco Mercantil’s US\$145 million investments in 2005 were directed towards ‘safe’ US Treasury bonds, other government agencies and MDIs (Banco Mercantil 2006: 3).

²⁵ Interviews with Ramiro Cabezas, Minister of Finance 1988-1989; Fernando Campero.

²⁶ See <http://www.asoban.bo/asbanc.htm>. Accessed 10 November 2008. The Chamber of Hydrocarbons incorporates more than 100 different firms – including foreign TNCs such as Petrobras, American Energy, Repsol, Total. See <http://www.cbh.org.bo/es/index.php?cat=4&pla=5>. Accessed 10 November 2008.

²⁷ This situation led Juan Antonio Morales (ex-governor of BCB) and other economists to criticise these family structures, which cause operations that do not take into account technical aspects: “the exception to the rule is the Banco Nacional de Bolivia, which is very well administered, but it is recommendable that banks be separated from the family. In other countries it is required that directors be independent in banks.” Family ownership of banks generated problems of insolvency and forced the closure of eight banks in the 1990s. Available at <http://finanzasyanca.blogspot.com/2008/03/8-familias-controlan-el-14-de-la-banca.html>, accessed 7 February 2009.

²⁸ I was unable to find more recent data. However, it is not inconceivable that the number of ‘very rich’ in Bolivia has risen exponentially since 1985, and that the WB was simply not able to gather the information, considering the vast fortunes realised ‘informally’. Possibly hundreds have built the large fortunes referred to by the WB, by benefitting from narcotrafficking and speculative activities during the hyperinflationary crisis (the typical example is that of Max Fernández, *mestizo* born in poverty, who built his fortune through currency speculation before creating Bolivia’s largest industrial employer with 43,000 workers, the brewery *Cerveceria Nacional Boliviana*, and almost single-handedly financing the populist party *Unión Cívica Solidaridad* in the 1990s), from foreign capital (including Official Development Assistance and private capital) investments in mining, telephony, banking and hydrocarbons in the 1990s; and from ‘booms’ in the price of commodities like soy, metals and minerals since 2004 (Gill 1987; Malloy and Gamarra 1988; Dunkerley 1990). On the fortunes of ‘Goni’ and Max Fernández, see *The New York Times* (1992).

²⁹ Indeed ‘the case for direct MDB financing of private sector activities needs to be strong...additional in the sense that a productive and profitable activity would not proceed without such support, and the share of the MDB’s financial participation is such as not to displace private capital ... (and) must contribute to development or transition’ (DC 1996: iii).

³⁰ Beneficiaries of various IFC loans and equity investments included the two largest private mining corporations in Bolivia, which have a transnational shareholding structure (Sánchez de Lozada’s COMSUR in 1989, 1992, 1994, and 1996 – during his incumbency as President of Bolivia, creating a significant conflict of interest; and Inti Raymi, a 1982 joint venture between Bolivian capitalists and Houston-based Westworld Resources inc., since 1992); two banks (Banco BISA in 1976, 1988, 1990, 1991 and 1995; and Banco Mercantil in 1996); Central Aguirre, the administrator of Puerto Aguirre, an export processing free zone on the river Panamá (in 1991); Bermejo and Genex (hydrocarbons; respectively in 1991 and 1993), and Telecel, Bolivia’s first mobile telephony service provider in 1996 (WB 1999).

³¹ This comprises, for example food-processing, textiles, or indeed small technological niches: Santa Cruz in particular has been witnessing a proliferation of small companies like *Cognos*, *ATI* or *Fundetic* since the mid-1990s, requiring little initial capital, engaged in technological certification, consulting, education and other services for enterprises, software and web-design, among other activities, and offering services to ‘metropolitan’ or ‘Latin American’ TNCs such as Microsoft or Axxon Consulting.

³² See Conaghan (1990); Conaghan and Malloy (1995); interviews with Fernando Campero Paz, 9 September 2007; Herbert Müller, 11 September 2007; Carlos Iturralde 14 September 2007; and Fernando Campero Prudencio, 20 September 2007.

³³ There were 13 private domestic banks (owning 70 percent of assets); 4 foreign banks; 3 state-owned banks (Banco Agrícola, Banco Minero, Banco del Estado) and 12 savings and loans cooperatives in 1989 (WB 1991).

³⁴ Abuse occurred under the Paz Zamora administration (1989-1993), which was characterised by slow and partial progress in the implementation of the ‘second generation’ of reforms (see Wilmore’s discussion of IMF conditionality as a ‘broken stick’ 2007).

³⁵ Interview with Herbert Müller, 11 September 2007.

³⁶ The political demise of the mining union *Federación Sindical de Trabajadores Mineros de Bolivia* (FSTMB), which was the organisational core of the trade union confederation COB, was facilitated by the collapse of the world tin market in March 1986, which structurally constrained the partial dissolution of the state-owned

Corporación Minera de Bolivia (COMIBOL) and concurrent privatisation of most state-owned mines. The decapitalisation of COMIBOL and closure of six mines was accompanied by mass redundancies (effectively reducing the mining workforce from 30,000 to 7,000) and the 'relocation' of miners to the coca-producing region of the Chapare. Mass redundancies effectively reduced both miners' membership in the FSTMB and the union's political clout (Crabtree 1987, 2005).

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