

# Bolivia faces deepening economic crisis at start of election year

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Bolivia's ruling party, the Movement Toward Socialism (MAS in Spanish), enters 2025 deeply divided, confronting a growing economic crisis and a challenge in the country's August presidential elections from neo-fascist and far-right movements centered in Santa Cruz de la Sierra.

President Luis Arce last month issued an arrest order for ex-president Evo Morales (2006 – 2019), his former ally and now rival, based upon an investigation into allegations of rape and human trafficking. The move has sparked anger among Morales supporters, who have announced plans for mass mobilizations starting as early as January 10.

The main demand raised by protesters has until now been the release of individuals arrested during previous demonstrations. At least 90 people were detained during blockades erected in October and November 2024.

These recent developments take place at the start of a year pregnant with explosive class struggles in a country plagued by poverty and oppression, particularly of the indigenous population in the Andes and the Amazon basin. All factions of the ruling class are now scrambling to divert growing social tensions behind one or another representative of the capitalist political establishment.

With the World Bank reporting a per capita income of \$6,686, Bolivia ranks the poorest among the nations of South America. In 2024, inflation reached 8.82 percent, the highest level seen in the 16 years since the Great Recession of 2008.

The government blames Morales's supporters for the 2 percent jump in the inflation rate, citing the 10-day roadblocks last January and 24 days of protests in October and November. These protests significantly impacted food and fuel prices, disrupting production and trade.

Particularly steep was the 1.46 percent November hike in prices, amounting to an annual rate of 19 percent. Basic products such as beef, rice, and interdepartmental

transport saw sharp price rises. The increasing cost of the basic food basket is causing significant discontent among Bolivia's workers and poor.

Hoping to avert a massive uprising, President Luis Arce has implemented economic measures including price controls, targeting essentials like bread and pork, aimed at combating inflation.

These measures have, however, led to dissatisfaction among small business owners who are struggling with rising costs and are unable to sell their goods at a profit. Bakers have protested, demanding a 40 percent increase in bread prices—from 0.50 to 0.70 bolivianos—citing a spike in the cost of flour imported from Argentina.

Especially affected is El Alto, the densely populated working-class city neighboring La Paz. The Regional Federation of Trade Unions of El Alto has threatened a march on La Paz.

Additionally, the ongoing fuel shortage has caused long queues at supply stations. In areas like Puerto Suárez in Santa Cruz, which borders Brazil, residents have reported waiting in line for up to eight days to receive fuel, leading to threats of blockades to demand fuel supplies.

Similar situations have been observed in Chulumani, located in the Yungas region near La Paz. Juan Yujra, a representative of the heavy transport sector in Santa Cruz, commented, 'Difficulties persist in purchasing fuel in the provinces, which affects the economic and productive activity of each region.' However, Armin Dorgathenr, the executive president of the state oil company, claimed that distribution is 'normal' across the national territory.

Since the beginning of 2023, Bolivia has been grappling with a shortage of dollar liquidity, leading to the currency being sold on the black market for nearly double its official price of 6.96 bolivianos. Currency devaluation is a major factor behind rising inflation.

The increasing economic problems have intensified the conflict between MAS leaders, especially after Morales

accused Arce of deploying “elite agents of the Bolivian state” to assassinate him after shots were fired at his caravan. This led Morales to mobilize his base, implementing numerous roadblocks and disrupting economic activity.

The Bolivian bourgeoisie has responded by pressuring the MAS ruling party for “effective measures,” including “austerity and the implementation of structural and urgent actions, ... [to] guarantee private investment, encourage national production, and promote exports,” according to Giovanni Ortuño, president of the Confederation of Private Entrepreneurs of Bolivia (CEPB).

On December 18, 2024, to capitalize on the divisions within MAS, extreme-right politicians, including former presidents Carlos Mesa (2003-2005) and Jorge 'Tuto' Quiroga (2001-2002), along with businessman Samuel Doria Medina and representatives of Santa Cruz governor and leader of the right-wing Creemos party Fernando Camacho, signed an agreement aimed at unifying the right behind a common presidential candidate to remove the MAS from power.

Camacho faces trial for his role in ousting Evo Morales from the presidency amid allegations of electoral fraud following the annulled 2019 elections and demands by the military, the US embassy and the union bureaucracy for his resignation in what constituted a coup d'état.

The World Bank in its latest report on Bolivia warns that:

After the commodities boom ended in 2014, Bolivia resorted to high public spending and increasing domestic credit to sustain economic growth. This approach led to rising public debt, dwindling international reserves, and fiscal savings accumulated during the boom. The situation worsened due to the COVID-19 pandemic, which plunged the economy into recession and heightened poverty.

In another report, the WB emphasizes that to “ensure a path of inclusive and sustainable growth, it is essential to address significant structural challenges to strengthen stability, promote private sector development, and protect the most vulnerable.” “Protecting the most vulnerable' is clearly interpreted as conditional upon “stability” and the development of the “private sector.”

Arce and Morales have both accused the United States

of interfering in Bolivia's internal affairs and backing their rivals. There is no doubt that Bolivia, which boasts the world's largest lithium reserves, is a target of Washington's intrigues. However, neither faction of MAS represents an alternative upon which to base a genuine fight against imperialism.

Morales came to power as the “populist” leader of the coca leaf plantation workers—the cocaleros. Since the beginning of his presidency, he has strongly supported Hugo Chavez's “21st Century Socialism.” As the WSWS stated:

The implosion of the MAS sums up the failure of not only MAS, but the entire so-called “pink tide” movement of bourgeois nationalist governments across Latin America to resolve the region's historic economic and social backwardness and unite any country, much less the region, against imperialist oppression.

Historically, Bolivian workers have played a combative role in the international class struggle. In 1952, the miners staged an armed uprising and were positioned to overthrow the bourgeoisie. And in 1970-1971, a situation of dual power developed under the regime of Gen. Juan José Torres, which was subsequently drowned in blood by the counterrevolution lead by dictator general Hugo Banzer (1971-1978). In both cases, the Bolivian working class was betrayed by the Stalinist, Pabloite revisionist and left nationalist organizations.



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