Beyond Neoliberalism?

Crisis, Reform and Development in Evo Morales's Bolivia

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ABSTRACT

In December 2005, Evo Morales was elected President of Bolivia, a historical occurrence not only because he was the country's first indigenous president, but also because he promised deep changes to Bolivia's social and economic structure. Neoliberalism had prevailed in Bolivia since the hyperinflation of the 1980s, but the lack of results had created strong discontentment with these policies throughout Latin America. Morales was elected president on an explicitly anti-neoliberal platform, and has led his country into a period referred to as 'post-neoliberal' – similarly to other Latin American countries such as Ecuador and Venezuela.

In this study, the aim is to assess the effect of the model used – neoliberal and post-neoliberal – on Bolivia's development.

Through a review of scholarly literature, definitions of both neoliberalism and post-neoliberalism are sought. Based upon the findings, expectations are formulated of what the effect of respectively neoliberalism and post-neoliberalism on development is.

It is expected that, under post-neoliberal governance, Bolivia would score better both on social and economic indicators of development.

This entails, on the social side, higher progress on education (enrolment ratios), as well as a reduction in child mortality. On the economic side, higher GDP growth and less inequality – of income and in terms of labor – are expected. Moreover government revenue is expected to be higher, and strong increases in government expenditure (especially in social areas) are expected.

Many of the encountered scores contradict the expectations. However, in line with the formulated expectations, higher GDP growth was recorded and progress was made on inequality measures in the post-neoliberal period. It is argued the positive economic performance can be linked strongly to the fact that the Bolivian economy has remained an extractive economy under Morales, and that the period between 2003 and 2008 was characterized by a commodity boom. This makes the recorded progress and sustainability thereof extremely dependent upon volatile international prices for raw materials.

On the other hand, it is argued that the reason most of the other findings do not correspond to the expectations is that there has not really been a change of model in Bolivia. The economic policies implemented by the current government bear strong resemblance to the preceding neoliberal policies it was meant to displace. It is argued the label 'reconstituted neoliberalism' (Webber, 2011) more accurately describes the policies implemented by the Morales government.

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ABBREVIATIONS

- ALBA – Bolivarian Alliance for the Peoples of Our America
- BCB – Bolivian Central Bank
- CEDLA – Centro de Estudios para el Desarrollo Laboral y Agrario
- CEPB – Confederation of Private Entrepreneurs of Bolivia
- COB – Bolivian Workers Central
- FDI – Foreign Direct Investment
- IFI – International Financial Institution
- IMF – International Monetary Fund
- ISI – Import Substitution Industrialization
- LAC – Latin America and the Caribbean
- MAS – Movimiento Al Socialismo (Movement Toward Socialism)
- MDG – Millennium Development Goal
- MoR – Mode of Regulation
- MPS – Mont Pelerin Society
- NEP – New Economic Policy
- ODA – Official Development Assistance
- PWC – Post-Washington Consensus
- RoA – Regime of Accumulation
- SOE – State Owned Enterprise
- TTRI – Tariff Trade Restrictiveness Index
- UN – United Nations
- UNDP – United Nations Development Programme
- WB – World Bank
- WC – Washington Consensus

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"I want to tell all my union leader comrades, if they aren't with the government then they are now with the opposition. If they are with the opposition then they are on the right, they are racist fascists, they are neoliberals. Comrades of the Central Obrera Boliviana, you must define yourselves, as you are either Masistas or you are fascists. There is no other way, comrades."

Evo Morales, 27 March 2009, Speech to a crowd of supporters
(quoted in Kennemore and Weeks, 2011)

1. INTRODUCTION

Capitalist globalization has come to be assumed by many, as the only but also as the inevitable form of globalization. 'TINA' haunted the 1980s as Thatcher's oft-used refrain, referring to the claim that There Is No Alternative – to neoliberalism. Neoliberal reforms were implemented in countries throughout the globe, echoing the vision that the market – rather than the state – ought to become a mode of governance dealing with all aspects of socio-economic life.

The Latin American debt crisis of the early 1980s inaugurated the implementation of several reforms. Under the umbrella of the structural adjustment reforms advocated by the International Monetary Fund and the World Bank, Latin American countries begun to liberalize their markets and to liberalize trade (Postero, 2010, p.60). Observing there seemed to be a relatively standard package of reforms advocated by Washington D.C.- based institutions, John Williamson coined the term 'Washington Consensus' in 1989, in order to describe them. The term 'Washington Consensus' ultimately came to be synonymous with 'neoliberal reforms'[1].

In the recent decade, a wave of electoral wins of leftist candidates has swept over the Latin American continent, a shift labeled the "Pink Tide". 'Pink' is meant to contrast with 'red', the color long associated with communism, and thus to represent a more moderate socialist orientation gaining in strength in Latin America. Although the 'Pink Tide' governments do not share a single, cohesive alternative political and economic project, they do concur on a shared dislike of U.S. hegemony, and on the perceived legitimacy loss of neoliberalism as a model for development (Allen, 2008, p.1).

The legitimacy loss of neoliberal policies resulted mainly from the strong gap between what was promised by the Washington Consensus, and the sheer levels of poverty that persisted (Nelson, 2012, p.150). As a result, the Washington Consensus became increasingly contested, expressed strongly in the 2004 launch of the Bolivarian Alliance for the Peoples of Our America (ALBA), an alternative and anti-neoliberal regional integration scheme based on solidarity and on the promotion of the social side of development (Harris and Azzi, 2006, p.6).

Among its signatories is Bolivia. Under the presidency of indigenous leader Evo Morales, elected in December 2005, this country has undergone significant changes, in an attempt to reverse decades of market reforms (Tockman, 2010, p.2). Flying in the face of the Washington Consensus, Morales in 2006 nationalized the country's hydrocarbon sector. Moreover in March of that same year, Bolivia ended its stand-by agreement with the IMF, therewith ridding the country of IMF conditionalities that tied the government to enacting far-reaching liberalization (Buxton, 2007). Moreover, upon election, the Morales government drew up a National Development Plan, with two main aims: on the one hand, to allow the traditional primary export model to be replaced, and, on the other, to put an end to social inequality, poverty and exclusion (Molero Simarro and Paz Antolín, 2012, p.531).

Several scholars discuss these reforms under the label of 'post-neoliberalism' (Kennemore and Weeks, 2011; Mejido Costoya, 2011; Sandbrook, 2011; Gustafson, 2010; Riggirozzi, 2010;

[1] It must be noted that this was not Williamson's original intent in coining the term. See Williamson, 2000 and Chapter 2 of this study.

Robinson, 2007). ‘Post-neoliberalism’ is meant to refer to the strong and dynamic role reserved to the state in this model, in order for the state (rather than the market) to pursue growth and social stability (Riggirozzi, 2010, p.71). Post-neoliberalism, in being anti-neoliberal, would include opposition to deregulation, to financialization, to the weakening of labor relations and to ‘free trade’ (Sader, 2009, p.174). Opposing these things means both to reject them and to move beyond them.

Other authors, however, present critical accounts of the Bolivian model and point to strong neoliberal continuities in Morales’s policies (Webber, 2011; Kaup, 2010; Postero, 2010; Andersson and Haarstad, 2009). This debate is still ongoing.

Therefore, the aim of this study is twofold: one the one hand, to determine how the government reforms have affected development. On the other, to take part in the debate presented above, and thus to determine to what extent the Morales government has effectively moved beyond the neoliberal model.

1.1. Research questions

In order to perform this study, a main research question has been formulated, as well as four sub-questions.

Main research question:

What is the effect of the model used (neoliberal and post- neoliberal) on the achievement of development in Bolivia?

Sub-questions:

1. What is meant by neoliberalism, post-neoliberalism, and development?
2. How has the neoliberal and the post-neoliberal model been implemented in Bolivia?
3. How has Bolivia performed on development before (2000-2005) and after (2005-2010) the election of Morales?
4. How can these scores be explained?

1.2. Specifications

In the following paragraph a more detailed explanation will be provided of the approach that will be taken in answering each of the sub-questions.

1. What is meant by neoliberalism, post-neoliberalism, and development?

The aim is to outline the theoretical premises and understandings taken in this study. In order to do so, for both neoliberalism and post-neoliberalism a review will be performed of the available literature. Concerning both models, there are many different understandings and interpretations. The aim will be to narrow this down to specific, measurable characteristics.

After this, development will be operationalized, based upon the existing body of literature. The characteristics most relevant to this study will be selected. This selection will be based upon the definitions of neoliberalism and post-neoliberalism, and the areas of development where the models are most likely to have effect.

To conclude these characteristics will be summarized in a table. In the table, the main characteristics of neoliberalism and post-neoliberalism are outlined, and underneath the development characteristics will be presented. This will provide clarity and the aim is to add onto this table throughout the study. This will be explained further below.

2. How has the neoliberal and the post-neoliberal model been implemented in Bolivia?

In this section, the previous theoretical reflection will be applied to the Bolivian case. The characteristics of neoliberalism and post-neoliberalism presented in the theoretical chapter will be 'confronted' to the Bolivian reality. The goal is to discern what has effectively been implemented of both models in the Bolivian context. This will be written based upon the existing body of literature concerning neoliberalism and post-neoliberalism in Bolivia.

As a result of this exercise, the table presented in the previous section can be expanded by adding a column next to the characterizations of neoliberalism and post-neoliberalism labeled 'Bolivia'.

3. How has Bolivia performed on development before (2000-2005) and after (2005-2010) the election of Morales?

In this section, based on data from the World Development Indicators, the IMF Database and the UN Millennium Development Goals Indicators, Bolivia's scores on development will be measured.

Evo Morales was elected for the first time in 2005 (he is now in his second term of presidency). Due to data availability, the measurements will go up until the year 2010, thus Morales's five first years in office will be measured. This same time span is applied to the period prior to Morales's election, and therefore, the measurements will start in 2000.

4. How can these scores be explained?

The analysis of the scores on development will be based on two elements. The first element is the information that has been gathered throughout the previous chapters, and summarized in the table which has been mentioned. Specifically, this concerns the difference between what is identified as neoliberalism and post-neoliberalism in theory; and what is implemented in Bolivia in practice. This information helps explain the effect of the model used on development. The second element is the existing critical literature concerning Morales's reforms – which outline particular gaps in more detail. Together these elements will help account for the encountered scores.

1.3. RELEVANCE

1.3.1. SOCIETAL RELEVANCE

The 1980s in Latin America are known as the "lost decade" as a result of the strong economic decline and negative growth rates in the continent. Subsequently both Washington Consensus (WC) and Post-Washington Consensus (PWC) policies have been implemented in the region. Yet, the sheer levels of poverty have remained, as well as the inequalities throughout the region. This renders the study of the impact of the post-neoliberal model – centered on an anti-U.S. hegemony discourse and the advocacy of a greater role for the state in the economy – relevant, and a useful addition to debates concerning the ways in which development can be achieved in developing countries.

1.3.2. Academic relevance

Furthermore this study will theoretically engage in the debate concerning post-neoliberalism. Though it is widely acknowledged that, as stated by Wolfensohn, "[t]he Washington Consensus has been dead for years" (2004[2], quoted in Gore, 2004), there is considerable debate concerning its successor, the PWC, and whether it constitutes a continuation of the WC (Williamson, 2000; Fine, 2001), an actual change (Stiglitz, 1998; Onis and Senses, 2005), or if it entails confusion – meaning: there is no new consensus (Rodrik, 2006). Within this context, discussing the merits and the difficulties encountered by an outspoken anti-WC president in reforming the country in a 'non-Washington Consensus' way is quite interesting. As demonstrated by the overall lack of agreement concerning the PWC, it is difficult to fully break with the neoliberal premises of the WC, and, by extension, it is difficult to imply change between both consensuses. This very tension is also present at the heart of the debate on post-neoliberalism. Throughout this study I will show the difficulty of fully breaking with neoliberal premises, by showing the neoliberal continuities in a reform project which explicitly rejects its neoliberal predecessor.

[2] Stated at the opening of a conference on Scaling up Poverty Reduction in Shanghai on May 25th, 2004.

"The 1980s were a hell of a decade. They began with the reverberations of the second OPEC oil shock. They ended with the fall of the Berlin wall. In between, we had the Reagan-Thatcher-Kohl economic policy era in North America and Europe, the Volcker interest rate shock, the Latin American debt crisis, collapse in Africa, the start of rapid growth in China and in India, and on and on. Oh, and by the way, in 1989 John Williamson coined the term "Washington Consensus.""

Ravi Kanbur, 2009, p.2

2. THEORIES OF ECONOMIC GOVERNANCE

In this chapter, neoliberalism, post-neoliberalism and development will be discussed. This will include a look back in time, in order to explain the emergence of neoliberalism. Moreover the available literature is discussed in order to explain what neoliberalism and post-neoliberalism are. Both neoliberalism and post-neoliberalism will be operationalized. Operationalizing both concepts is difficult and necessarily falls short of the complexity of understandings scholars have assigned to both models. Therefore, in view of the presented literature, the chosen operationalizations should not be understood as attempts to conflate neoliberalism and post-neoliberalism, but as an effort to clarify the study. In the fourth chapter, in fact, these operationalizations will be used in order to find to what extent both models have been implemented in Bolivia. This chapter (chapter two) includes the operationalization of development as well, which will be based upon the expectations one can formulate of neoliberalism and post-neoliberalism in terms of their effect on development. It is expected that under post-neoliberal governance, Bolivia scores better on both social and economic indicators of development. The reasons for this will be explained in the course of the chapter.

2.1. NEOLIBERALISM

2.1.1. HOW DID NEOLIBERALISM COME ABOUT?

To contextualize neoliberalism, the 1944 Bretton Woods Agreements are a useful starting point. The agreements set up rules, institutions and procedures in order to prevent the financial chaos of the pre-war period from reoccurring (O'Brien and Williams, 2004). This resulted in the creation of several institutions, including the International Monetary Fund and the World Bank (International Bank for Reconstruction and Development at the time) (ibid., p.112). Moreover, under the Bretton Woods system, a new form of monetary management was established, where only the dollar was fixed to gold (as opposed to the classical gold standard, where all currencies had a fixed parity to gold), and all other currencies were convertible to the dollar, making the U.S. the new "money manager of the world" (Cohen, 1977, p.222).

At the outset of World War II, the power balance had shifted from Europe to the U.S. (O'Brien and Williams, 2004, p.107). Moreover, in response to the increased pressure from leftist groups – which had strong electoral support due to their opposition to fascism – who demanded a redistribution of resources, Keynesian welfare states were established throughout Western Europe.

The resulting order was a compromise: it was based on liberal economic principles, but not the same laissez-faire liberalism that had prevailed during the nineteenth century, as it included social welfare concerns (O'Brien and Williams, 2004, p.117). The main goal was to guarantee liberal possibilities without undermining domestic stability.

The Bretton Woods system lasted only until 1971 (Cohen, 1977, p.223). It was characterized firstly by a 'dollar shortage' (until 1958), and a remaining period of 'dollar glut' (ibid.). At first, thus, there was not enough liquidity to rely on, while after 1958 there was too much. The fall of the Bretton Woods system happened for several reasons, including the re-emergence of the European economies (1957- Treaty of Rome), increased doubt concerning the real value of the dollar, the 'export of inflation' by the U.S. (Cohen, 1977, p.228), with American manufacturers raising capital in Europe in dollars which wasn't regulated by the U.S. Treasury, and finally, the inflationary pressure accrued by the Vietnam War. Ultimately, in 1971, Nixon broke the link between the dollar and gold and allowed the dollar to float. This marked the end of the Bretton Woods system (ibid.).

Ultimately, this led to the emergence of neoliberalism, as owners of capital started to have more of a say in the system and were demanding new policies. There was much pressure to reduce restrictions on business activity and to deregulate markets. In 1974, the U.S. liberalized capital flows, a movement followed by Britain in 1979 and later by other European countries as well (Duménil and Lévy, 2005, p.11). Then, in the late 1970s, the U.S. applied the 'Volcker shock' as a remedy for the stagflation the country was experiencing, which consisted of a very strong increase in the interest rates. This is referred to as the "*1979 coup*" (Duménil and Lévy, 2005, p.10), and is quite often considered to be one of the establishing moments of neoliberalism as it "irreversibly disrupted the 'live-and-let-live compact' that had up till then existed between investment and commercial banks" (Hager, 2012, pp.18-19). According to Hager (2012, p.19), "the commercial banks felt that neoliberal financial deregulation would help restore their once-dominant position", since it would allow them to compete better in the marketplace. In the U.S., over a five year period, the regulations underlying the separation of investment and commercial banks (the Glass-Steagall Act of 1933) were gradually phased out and by 1986 the final ceilings were abandoned (ibid., p.20). This is viewed as a crucial turning point toward neoliberal governance and is moreover related to the ascent of a new breed of 'monetarist' economists (Duménil and Lévy, 2005, p.10) expressing new views, in response to Keynesian policies which were increasingly being criticized, as these policies had been unable to solve the crisis of the 1970s (ibid, p.12). In addition to the inflation, there was strong unemployment, both in Europe and in the U.S., which also created the necessary conditions for "a new discipline of labour, imposed by Reagan and Thatcher" (Duménil and Lévy, 2005, p.11). According to Robison (2006), "[f]ree market champions like Reagan and Thatcher were able to seize power because policies of deregulation, privatization, low taxes and appeals to individual self-reliance proposed a way out of the downward spiral of welfare capitalism and protected industrialism that now seemed unsustainable in the newly unfolding global system" (pp.3-4). Robison adds that neoliberalism is something more than neo-classical economics and the strong value it attaches to the efficiency of markets, because neoliberalism aimed at "nothing less than extending the values and relations of markets into a model for the broader organizations of politics and society" (ibid., p.4). In other words, the market becomes *the* institution dealing with *all* aspects of socio-economic life. In the following section, the different understandings of neoliberalism will be discussed.

2.1.2. Theories and understandings of neoliberalism

Understandings of neoliberalism are multiple. Several understandings will be discussed in this section. Firstly, there are scholars who view neoliberalism purely as an ideology or doctrine. Rachel Turner (2008), for example, is among the authors who analyses neoliberalism in this way. According to Turner, neoliberalism is the result of the efforts of the 'Mont Pelerin Society' (MPS), a society of liberal scholars who wanted to preserve classical liberalism at the outset of the

Second World War. She states that "[f]rom its embryonic form in the MPS, this liberal movement has created a huge intellectual network of foundations, institutes, research centres, ideologues and scholars who relentlessly publish and package new ideas that would restore the liberal faith and redirect the course of Western civilization" (Turner, 2008, pp.1-2). Other authors view neoliberalism not as something purely ideological, but as something concrete, a materiality which came to be at a particular juncture in time, by virtue of shared meanings and practices, both intentionally and unintentionally (Blyth, 2005; Hay 2004).

Another strand includes those authors who analyze neoliberalism as a class project. Neoliberalism here is viewed as a project to restore and preserve the power and income of the wealthiest persons (Harvey, 2007; Duménil and Lévy, 2005). According to David Harvey, neoliberalism originated as a project to restore class dominance in the aftermath of the Second World War, where the dominant classes perceived the ascent of social democratic endeavors as threatening to their fortunes (Harvey, 2007, p.22). Harvey states that on the economic level, neoliberalism has proven only limitedly effective, whereas it has successfully managed to channel wealth back to dominant classes, as well as from poorer to richer countries (ibid.). Harvey indicates that the implementation of neoliberal policies has led to the "dismantling of institutions and narratives that promoted more egalitarian distributive measures in the preceding era" (ibid.). In understanding neoliberalism as a conscious capitalist project, Harvey rejects understandings of neoliberalism which overemphasize the role of ideas in outlining market principles. According to Harvey, neoliberalism "is a theory of political economic practices proposing that human well-being can best be advanced by the maximization of entrepreneurial freedoms within an institutional framework characterized by private property rights, individual liberty, unencumbered markets, and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices" (Harvey, 2007, p.22). Harvey furthermore explains that the way neoliberalism works is through a *redistribution* of wealth rather than actually *generating* it. This refers to "accumulation by dispossession", as opposed to capital accumulation through the expansion of waged labor (Harvey, 2005, p.159). According to Harvey, privatization has become the fundamental strategy of accumulation by dispossession in the neoliberal era, as it entails releasing formerly state owned assets at very low (sometimes even zero) cost, which can be seized by the private sector and used to make profit. This phase of accumulation by dispossession has been applied on the international scale after 1980 largely through the influence of the U.S. and the prevalence of neoliberal thinking, implemented by the IMF and the World Bank (Spronk and Webber, 2007, p.32).

According to Andrew Gamble (2006), neoliberalism has two distinct 'faces'. He states that from the start, two separate strands of neoliberalism have existed. On the one hand, there is the 'laissez-faire strand' – the belief that the best policy is to let the market operate with as little impediments as possible. On the other hand, the 'social market strand', which advocates state intervention in creating and sustaining the institutions necessary for the free market to reach its full potential (Gamble, 2006, pp.21-22). Gamble underlines that neoliberalism "is made up of contradictory ideas and principles, which are used quite freely to construct a range of different discourses" (2006, p.22). However, within the contradictions, core principles are clearly present. Specifically, the relationship of the state to the market is viewed a particular way. The market has primacy; but all neoliberals acknowledge that the market needs a kind of state to secure it: a strong state is required, in order to overcome obstructions to the free market and in order to provide non-market institutions which legitimate the free market order (ibid.). According to Gamble, "[t]he necessity for the economy to be free and the state to be strong is perhaps the chief hallmark of neo-liberal thinking, but also one of the main sources of its contradictions" (2006, p.22).

Jamie Peck and Adam Tickell (2002) discuss a distinction between two phases of neoliberalization, in what they name "roll-back neoliberalism" and "roll-out neoliberalism". Roll-back neoliberalism is the first period (1980s), during which a more 'abstract' theory of free-market policies is implemented, mainly through deregulation and privatization. This was followed by roll-out neoliberalism, a phase of "active state-building and regulatory reform" (Peck and Tickell, 2002, p.384). Thus, in this second phase, regulatory systems were implemented expansively, in order to extend the market mechanism throughout an increasing amount of activities (Bondi and Laurie, 2005, p.396). In short, their understanding is that there has been a shift from an agenda focused on the "active *destruction and discreditation* of Keynesian-welfarist and social-collectivist institutions (broadly defined) to one focused on the purposeful *construction and consolidation* of neoliberalized state forms, modes of governance, and regulatory relations" (Peck and Tickell, 2002, p.384, italics in original). Moreover, in their view, neoliberalism has been implemented differently throughout the globe, and, has deepened spatial inequalities (Peck and Tickell, 2002, p.392). Similarly, in a joint article authored by Brenner, Peck and Theodore (2010), it is argued that what we are witnessing is 'variegated neoliberalization': neoliberalism has developed differently throughout the globe – there are "*successive rounds of distinctively patterned, market-oriented regulatory restructuring*, each of which is predicated upon, but also partially transformative of, inherited institutional landscapes at various spatial scales" (2010, p.209, italics in original). Such an analysis, thus, does not consider neoliberalism to be a single, unitary phenomenon, but rather as something expressed differently in different contexts.

2.1.3. Neoliberalism and the Washington Consensus

Discussing neoliberalism in Bolivia hardly seems possible without referring to the famous Washington Consensus (WC), which according to Ben Fine was "the neoliberal counterpart for developing economies to the Reaganism and Thatcherism that had been prescribed for developed economies – an ideology of reliance upon market forces, and of the reduction of state intervention and expenditure to a minimum" (2001, p.3). Before discussing the contents of the WC, a short background will firstly be provided.

The setting wherein the WC emerged was that of the Latin American debt crisis, first signaled in Mexico in 1982. In the context of the oil shocks of 1973 and 1979, balance of payments problems increased significantly in the non-oil exporting countries of the Global South, and with the rise in the dollar which resulted from the Volcker shock, the debt repayment burdens in Latin America had become unsustainable (Kanbur, 2009, p.7).

According to many observers the crisis highlighted the failure of the Import Substitution Industrialization (ISI) policies – which advocate replacing foreign trade with domestic production – that had been enacted by many Latin American countries between the 1950s and 1980s, and by developing countries of the Global South in general. Agencies like the World Bank (WB) had strongly supported these strategies, and indeed the WB "financed many of the state enterprises that were producing behind import barriers" (Kanbur, 2009, p.6). This approach was criticized for its lack of sensitivity to distributional issues (ibid.) and moreover for deepening dependency.

It was in this context that trade liberalization was advanced as a solution, on the backdrop of the emergence of monetarist economists who pointed toward the inefficiency of inward looking economies, and advocated that outward orientation was better suited to achieve development (Kanbur, 2009, p.7). In Latin America, external sector liberalizations were undertaken, and austerity was advocated in public sector budgets (ibid, p.8). This signals the shift, between 1980 and 1990 in the prevailing economic development discourse – a new consensus which Williamson wrote about (ibid.). John Williamson coined the term 'Washington Consensus' (WC) in 1989, to summarize the free market approach followed by the International Financial Institutions (IFIs) and main U.S. government agencies at the time. The definition of the WC comprises ten policy instruments "about whose proper deployment Washington can muster a reasonable degree of consensus" (Williamson, 1990, p.7).

The ten policy instruments which comprise the WC are the following (Williamson, 1990):

1.	**Fiscal discipline.** The general agreement was that large and lengthy fiscal deficits are damaging to the economy, as they cause inflation, capital flight and payments deficits. Thus fiscal discipline is prescribed: holding public spending as a proportion of GDP close to that of public revenue.
2.	**Public expenditure priorities.** Public expenditure needs to be redirected towards fields which both offer high economic returns and have the potential to improve income distribution. This includes primary health care, primary education, and infrastructure (Williamson, 2000). On the other hand, the advice is to lower or even eliminate subsidies, as they are often inefficiently granted (Williamson mentions the "horror stories" of countries where "subsidized gasoline is cheaper than drinking water" (1990, p.11)).
3.	**Tax reform.** The consensus is that the most desirable form of raising tax revenue is by broadening the tax base and lowering the marginal tax rates.
4.	**Financial liberalization.** Interest rate liberalization is advocated. Ultimately, the objective is that interest rates be market-determined. However, in time of crisis market-determined interest rates can be very high. Under those circumstances the abolition of preferential interest rates for privileged borrowers is advocated as well as the achievement of a positive but moderate real interest rate.
5.	**The exchange rate.** The goal is to achieve a competitive exchange rate, be that done through market forces or based on consistency with macroeconomic objectives.
6.	**Trade policy.** Import liberalization is encouraged. Protectionism is considered costly and counterproductive for the domestic economy. The ideal is free trade, with two specifications: infant industries may be temporarily protected, and a moderate general tariff can be accepted as well if this leads to a diversified industrial base; and secondly, views can differ concerning the timing (at what speed trade liberalization ought to be implemented).
7.	**Foreign Direct Investment (FDI).** FDI is strongly promoted and countries are advised not to limit its entry.
8.	**Privatization.** Privatization of State Owned Enterprises (SOEs) is encouraged, as it is believed it can help decrease government costs.
9.	**Deregulation.** Production should be deregulated (meaning the role of the government is reduced and industry has greater freedom to operate), unless it is justified not to do so for phyto-sanitary considerations. This deregulation is expected to enhance competition.
10.	**Property rights.** Secure property rights should be provided, seeing as this is of "fundamental importance for the satisfactory operation of the capitalist system" (Williamson, 1990, p.17).

TABLE 1 – THE WASHINGTON CONSENSUS

The new consensus was anti-Keynesian in the sense that it advocated deflating the economy when in crisis, rather than reflating it – the remedy advocated by Keynesians. Demand had to be contracted, so that in the long run the economy could become competitive. Therefore austerity was prescribed. The institution designated to regulate all of this was the market. As illustrated above, the WC includes both internal policies (macro-economic stabilization, privatization, deregulation), and external policies (trade liberalization). The internal policies were a direct response to the main problem faced by Latin American countries: inflation (Stiglitz, 1998, p.5). Resolving the problem of inflation occurred by liberalizing prices, following a tight monetary and fiscal policy, introducing an exchange rate mechanism and devaluating the currency, and balancing the government budget. Deregulation implied cutting the red tape, simplifying as much as possible, creating harmonization among firms and re-regulating from a market perspective – in other words, deconstructing and then reconstructing in a neoliberal way. Liberalizing trade, on the other hand, was a response to the ineffectiveness of the ISI policies, which had led "Latin American countries [to stagnate] behind protectionist barriers" (Stiglitz, 1998, p.17). These policies were expected to increase the wealth of the individual consumer, who would get access to cheaper imports.

It is important to underline that although it is often assumed the WC is synonymous to 'neoliberal reforms', this was not Williamson's intent (Williamson, 2000). Williamson discusses the use of the term WC as synonym of neoliberalism, and warns that "[t]he use of a term with dual meanings and strong ideological overtones can […] pose serious dangers not only of misunderstanding but also of inadvertently prejudicing policy objectives" (2000, p.252). As Williamson rightly points out, the association of the WC with neoliberalism causes discredit in many circles, as all advocated reforms are viewed merely as the result of "an extreme and dogmatic commitment to the belief that markets can handle everything" (2000, p.252). Moreover, this direct linkage needs to be put into perspective. Considering for example that the second policy prescription includes the recommendation to focus public expenditure on education and healthcare impedes the direct linkage of the WC with market fundamentalism.

Although it is by now apparent that neoliberalism is analyzed in a much broader fashion than is mirrored in the ten policy instruments described by Williamson, and moreover that the WC does not directly mirror the pure market fundamentalist approach associated with neoliberalism, the WC policies will still be employed in order to operationalize neoliberalism. Below I will argue why.

Broadly, the WC policies serve the purpose of rendering neoliberalism measurable, as is required for this study. Moreover, it was through the WC that neoliberalism reached Bolivia (through shock therapy, prescribed by Sachs), which renders these instruments relevant. But more to the point, it is possible to link the WC with neoliberalism. In order to show this, it is useful to return to Andrew Gamble's distinction between 'two faces of neoliberalism' (2006).

As was explained in the previous section, Gamble states that there have been two distinct strands of neoliberalism from the start. The first strand can be considered 'minimalist', in the sense that it is associated with a complete 'laissez-faire', with the belief that the best policy is to let the market operate with as little impediments as possible. The other strand is the 'social market' version of neoliberalism, which advocates state intervention in creating and sustaining the institutions necessary for the free market to reach its full potential (Gamble, 2006, pp.21-22).

My argument is that if one takes the second understanding of neoliberalism, where neoliberalism is a system with redistributive capacities – though still liberal in its orientation, – it is possible to link neoliberalism and the WC. This second understanding in fact rids neoliberalism of the complete "dogmatic […] belief that markets can handle everything" (Williamson, 2000, p.252), since this second 'face' of neoliberalism allows state intervention. Therefore, it can be linked to the policies of the WC, which, as formulated by Williamson, are more nuanced than what one might associate with 'orthodox' neoliberalism (Kanbur, 2009, p.4).

Based on this argument, in this study, the policies of the WC will be employed in order to operationalize neoliberalism, and the terms WC and neoliberalism will be held very close. This does not mean the difference between both is not acknowledged in this study, but rather, that if one takes a broad understanding of neoliberalism (Gamble's second face), it can very well be related to the policies of the WC.

This argument can be stretched even further. If one takes the broad understanding of neoliberalism, not only can it be linked to the WC, it can also be linked to the post-Washington Consensus (PWC). In fact, as was discussed in the introductory chapter, it is argued by authors such as Ben Fine (2001) and John Williamson (2000) himself that the PWC is a continuation of the WC: it includes the same, market-based, core, with a 'human face', or the recognition that the market can show imperfections which justify state intervention. Thus, in the broad understanding of neoliberalism – where neoliberalism advocates state intervention in order for the free market to reach its full potential – it is possible to link neoliberalism both to the WC and to the PWC.

2.2. Post-neoliberalism

2.2.1. Understandings of post-neoliberalism

Defining post-neoliberalism is a prodigious challenge. Not only is it a fairly recent term, it appears to be even broader and differently understood than neoliberalism. In fact, according to Kaltwasser (2011, p.232) it is "thus far an ill-defined category; we do not know how it will develop or whether it will endure". At best, it can be viewed as the intent to move beyond the Washington Consensus, rather than as a coherent new model of governance; a search for new alternatives in view of the perceived contradictions of the neoliberal model (ibid., p.228). Similarly, Brand and Sekler (2009, p.6) propose to view post-neoliberalism as a variegated phenomenon, present in different ways in different countries, with the commonality that all of the different approaches break with some particular aspect of neoliberalism.

The bulk of the analyses which exist on this topic focus on the enactment of post-neoliberalism in particular countries or parts of the world, reinforcing the view mentioned above that post-neoliberalism is not a unitary phenomenon. Kennemore and Weeks (2011) analyze the cases of Bolivia and Ecuador and discuss 'twenty-first-century socialism' as the application, in those countries, of a post-neoliberal development strategy. Twenty-first-century socialism is a concept closely related to that of post-neoliberalism and refers to the adaptation of the Soviet model of socialism to fit the current day and age. It includes strong (democratic) state intervention, a re-allocation of resources – without intervening with personal choice, – the reform of traditional institutions in order to serve the general interest better, the rejection of market policies imposed from abroad, and a search for a more 'humanitarian' form of capitalism, wherein the state controls the main natural resources and redistributes the revenue (Kennemore and Weeks, 2011).

According to Radcliffe (in press), post-neoliberalism in Latin America is characterized mainly by "a shift in development thinking and delivery to stress a rights-based articulation of individual capacities and wellbeing, nature, and resource distribution". Perhaps more concretely, in the light of the previous discussion on neoliberalism, which included a short presentation of Peck and Tickell's theorization, one could expect post-neoliberalism to attempt a 'roll-back' of all the neoliberal institutions which were implemented under the 'roll-out' stage. For Riggirozzi (2010, p.71) post-neoliberalism in Latin America is to be understood "as part of the regional debate that proposes a more dynamic role of the state in the pursuit of growth and social stability" (as opposed to assigning the market the lead role in this endeavor).

Polanyi's theory of the 'double movement' has also been employed in order to analyze the shift from neoliberalism to post-neoliberalism (Sandbrook, 2011; Tockman, 2010). In short, the idea here is that when a state deliberately acts in order to gradually expand the reach of market forces, this compels a 'spontaneous' countermovement of social forces (Tockman, 2010, p.5). The expansion of market forces involves creating a labor market where people sell their labor for wages whilst receiving very little welfare protection, and furthermore involves free trade and (at the time Polanyi formulated this theory) adherence to the gold standard (O'Brien and Williams, 2004, p.110). The second part of the double movement involves the political reaction of social groups to the suffering caused by the liberal market (ibid.). In applying this to current times, the Washington Consensus can be viewed as a global effort to overtake the social side of the double movement, which in several countries of the Global South was met with a reaction of social forces reasserting themselves against this (ibid.).

Still, this hardly points toward generally identifiable characteristics of the post-neoliberal model, it merely underlines that the model was born out of a fatigue and critique of the neoliberal policies implemented in the Global South, through the WC in particular, and that moreover, the ideological underpinnings of this shift stand in opposition to the free-market celebratory attitude which had prevailed. Panizza (2009 cited in Kaltwasser, 2011, p.228) distinguishes between neoliberalism as narrative of free-market expansion, and the WC as a set of specific policy prescriptions. Accordingly, she concludes post-neoliberalism should be understood as a project which "seeks not only to contest the technocratic monopolization of political space but also to favor the expansion of the national state, particularly in the economic arena" (ibid.). Thus two characteristics which seem central to a post-neoliberal strategy are the rejection of particular 'technocratic' WC policies, and, the increased incidence of the state rather than its exclusion from economic endeavors.

2.2.2. Why the opposition to the Washington Consensus?

Proponents of the economic restructuring had promised prosperity for Latin America. This prosperity would result from the stabilization policies and the openness to international markets; "[t]he neoliberal current of the 1980s and 1990s proclaimed global and domestic markets as an engine of economic growth: simply freed from "government failure" and empowered with "realistic" prices for goods, services, and capital, Latin American economies would find their comparative advantage in export markets and internal markets could return to competitive, equilibrium conditions" (Potter, 2007, p.3). However, results were disappointing: at the turn of the century, in the context of a series of crises (starting in 1995 with the tequila crisis in Mexico (Díaz Frers, 2004, p.2)), economic growth had slowed and sometimes even halted altogether. Following the restructurings, there had been close to a decade of renewed economic growth, after which most countries in Latin America found themselves in even more instability than before the implementation of the policies (Potter, 2007, p.4).

Although investment and exports had increased, and there had moreover been a surge of private capital influx, GDP growth had barely improved as compared to the 1980s (Díaz Frers, 2004, p.2). Moreover, the sheer levels of poverty had persisted. Many countries in Latin America suffered crises, instating a generalized sense of disappointment (Díaz Frers, 2004, p.2). Both academics and practitioners were increasingly critical and were pointing toward the fact the WC policies paid insufficient attention to social issues, such as poverty or equity (ibid.).

The criticism also came from within the IFIs. Joseph Stiglitz, at the time senior vice president and chief economist of the World Bank, was among the critics, stating that "[t]he Washington consensus held that good economic performance required liberalized trade, macroeconomic stability, and getting prices right […]. Once the government dealt with these issues – essentially, once the government "got out of the way" – private markets would allocate resources efficiently and generate robust growth. […] But the policies advanced by the Washington consensus are not complete, and they are sometimes misguided. Making markets work requires more than just low inflation; it requires sound financial regulation, competition policy, and policies to facilitate the transfer of technology and to encourage transparency, to cite some fundamental issues neglected by the Washington consensus" (1998, p.1).

2.2.3. Operationalizing post-neoliberalism

As a result, the neoliberal model became increasingly contested throughout Latin America (Potter, 2007, p.4). Now, to make the post-neoliberal model more concrete, Emir Sader's work (2009) offers a useful addition. According to Sader, four characteristics ought to be present in a post-neoliberal model of development:

1) Opposition[3] to deregulation
2) Opposition to financialization
3) Opposition to the weakening of labor relations
4) Opposition to 'free trade'

Two of these elements directly contrast with the WC. Both deregulation and free trade are advocated by the WC (respectively policy 9 and 6), and are, according to Sader, opposed in a post-neoliberal model. Financialization – an economic system where most if not all value that is exchanged is turned into a financial instrument or derivative thereof – is not a WC policy instrument. According to Sader (2009), financialization however did result from neoliberal policies. He states that the deregulation encouraged by neoliberal policies led to the dominance of financial capital in its speculative mode (Sader, 2009, p.176).

Epstein and Jayadev (2005, p.46) discuss something quite in line with the 'oppositions' suggested by Sader when they discuss the 'common account' of how the advent of both monetarism and neoliberalism helped the rentier class to re-emerge: "[i]n some areas they have been able to push for greater political power: in promoting independent central banks and inflation targeting to keep real interest rates high; in exhorting low budget deficits to reduce inflationary pressure; and in repressing labor which threatens to reduce their share of rents. In other words, they have successfully promoted deregulation, pushing for financial liberalization to give them more profit-making opportunities abroad and at home".

The weakening of labor relations is identified in several works as a consequence of neoliberalism (Madrid, 2003; Roman and Velasco Arregui, 2001; Cook, 1998). The main idea is that, as a result of the privatizations induced under neoliberalism, especially in Latin America, many workers have come to work in the informal sector. This occurred mainly because neoliberal theory did not bear its fruits in practice: it was expected the drop in public sector employment would be compensated, at one point, by the gradual expansion of employment in the private sector. However, in many countries, private sector employment increased only marginally, and

[3] 'Opposition' here is meant to signify both to reject and to move beyond something. It is not meant to refer to implementing the opposite of something (Sader, 2009, p.174).

this caused the move of many of the workers to the informal sector. In the informal sector unionization is not possible and this is the reason neoliberalism is associated with the weakening of labor relations. Moreover, the privatizations often were accompanied both by a flexibilization and a rationalization of the labor forces (Webber, 2011, p.20), which adds onto the argument that the resulting situation is one wherein labor movements are weaker as compared to previous periods. According to Webber (2011, pp.20-21), in fact, neoliberalism was "an explicitly political project to restructure work in such a way as to make the objective obstacles to worker resistance as onerous as possible and to reduce the collective capacities of the working class to act on its interests". Whether this is was indeed a conscious aim of the 'neoliberal project' or not is beyond the scope of this study.

The table below illustrates the post-neoliberal 'oppositions' and how they can be understood to contrast with neoliberal policies.

Neoliberalism (based on the WC)	**Post-neoliberalism**
1. Fiscal discipline	
2. Public expenditure priorities (education, health, infrastructure, *less to no* subsidies)	
3. Tax reform	
4. Financial liberalization	Opposition to financialization
5. Exchange rate (aim at a competitive exchange rate)	
6. Trade policy (trade liberalization)	Opposition to 'free trade'
7. FDI (open borders to FDI)	
8. Privatization	Opposition to the weakening of labor relations
9. Deregulation	Opposition to deregulation; and opposition to the weakening of labor relations as well
10. Property rights (secure property rights)	

TABLE 2 – NEOLIBERALISM AND POST-NEOLIBERALISM

The WC advocates liberalizing interest rates, or, in case of a persistent lack of confidence, the achievement of a moderately positive real interest rate (Williamson, 1993, p.1332). If interest rates are market-determined, they provide information to borrowers and investors who then know best when to produce and invest and do so efficiently. Allowing market forces to play a bigger role in the financial sector not only means liberalizing interest rates, it also implies developing financial markets so that credit can more efficiently be allocated (Mehran and Laurens, 1997, p.33). This is because it involves having banks becoming "accustomed to using market principles in assessing credit risks" (ibid.). Thus, in such a system, the market allocates financial resources, and therewith the opposition to financialization can be placed opposite WC policy 4 (financial liberalization).

As was mentioned, opposing 'free trade' stands in direct opposition to WC policy 6 (trade liberalization), and opposing deregulation stands in direct contrast to WC policy 9. The weakening of labor relations, as was explained above is linked mainly to privatization, therefore opposing this likely implies a reversal of privatizations. Moreover, deregulation involves simplifying and easing restrictions on firms, such as for example removing government restrictions on hiring and firing. This flexibilization of labor forces, often viewed as a requirement for firms to be competitive, can thus also be understood to weaken labor relations. Therefore the 'opposition to the weakening of labor relations' contrasts also to deregulation.

2.3. Development

2.3.1. Neoliberalism and post-neoliberalism: expectations

Based on the overview presented above, a couple of expectations can be formulated, as to where the main differences in terms of development are expected between neoliberalism and post-neoliberalism.

The main criticism on neoliberalism (in the form of the WC) is the lack of concern with the social side of development and thus the absence of improvements in social indicators. It would therefore be interesting to measure social indicators of development in order to see whether this is an area where improvements were made under post-neoliberal governance. Within this, it is especially interesting to view progress on labor conditions, in view of the fact that it is often argued that neoliberalism has had negative consequences for labor relations (has weakened the labor movement).

Secondly, there was strong disappointment over the WC due to the persisting high levels of poverty and low GDP growth. Thus, progress on economic indicators is interesting to measure as well. Moreover, one of the core elements in post-neoliberal governance is the strong role assigned to the state rather than to market forces. Therefore it is both of interest to measure differences in government revenue over this period, as well as in government spending. Government revenue is expected to increase, as a result of the reversal of privatizations. Government expenditure is often used as indicator to assess the size of government (Alonso et al., 2011) and therefore useful in assessing differences between neoliberalism and post-neoliberalism in terms of government size. Moreover, measuring differences within government expenditure, in the amount of social expenditure (spending on healthcare and education) is interesting as well as it helps view if there is indeed, under post-neoliberal governance, more social 'concern' (the absence of which, as was mentioned, was criticized in the policies of the WC). Also, neoliberalism is often discussed in terms of a 'class project', where the wealthiest are maintained wealthy. Measuring income inequality is therefore very interesting; in order to see whether or not there is still a strong concentration of wealth under post-neoliberal governance.

2.3.2. Development: operationalization

Based on the above, development will be measured in two main areas: social and economic. To measure the social side of development, the Millennium Development Goals (MDGs) have been selected as a tool. The MDGs are eight international development goals which were adopted in 2000 by one of the largest gatherings of world leaders in a commitment to, by the target date of 2015, reduce extreme poverty in its many dimensions (United Nations, 2006). It is a blueprint for action to meet the needs of the world's poorest (United Nations, 2012a). The MDGs might be considered an odd choice for this study, as they emerged in the 2000s, a time where neoliberalism was increasingly under criticism and the post-Washington Consensus had come to the foreground (Hulme, 2010). However, this study does not seek to establish the worth of the MDGs as policy tools. Rather, a selection of the MDGs will be made, in order to use the data made available by the UN to measure Bolivia's progress on certain social indicators of development. The MDGs provide targets of progress which can be measured and are therefore a useful device. The table below summarizes the MDGs. The selection of MDGs used in this study will be explained below.

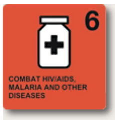
	**Goal 1: Eradicate Extreme Hunger and Poverty** Target 1a: Halve, between 1990 and 2015, the proportion of people whose income is less than $1 a day Target 1b: Achieve full and productive employment and decent work for all, including women and young people Target 1c: Halve, between 1990 and 2015, the proportion of people who suffer from hunger
	**Goal 2: Achieve Universal Primary Education** Target 2a: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling
	**Goal 3: Promote Gender Equality and Empower Women** Target 3a: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015
	**Goal 4: Reduce Child Mortality** Target 4a: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate
	**Goal 5: Improve Maternal Health** Target 5a: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio Target 5b: Achieve, by 2015, universal access to reproductive health
	**Goal 6: Combat HIV/AIDS, Malaria and other diseases** Target 6a: Have halted by 2015 and begun to reverse the spread of HIV/AIDS Target 6b: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it Target 6c: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases
	**Goal 7: Ensure Environmental Sustainability** Target 7a: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources Target 7b: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss Target 7c: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation Target 7d: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers
	**Goal 8: Develop a Global Partnership for Development** Target 8a: Develop further an open, rule-based, predictable, nondiscriminatory trading and financial system (includes a commitment to good governance, development, and poverty reduction both nationally and internationally) Target 8b: Address the special needs of the Least Developed countries (includes tariff- and quota-free access for Least Developed Countries' exports, enhanced program of debt relief for heavily indebted poor countries [HIPCs] and cancellation of official bilateral debt, and more generous official development assistance for countries committed to poverty reduction) Target 8c: Address the special needs of landlocked developing countries and small island developing states (through the Program of Action for the Sustainable Development of Small Island Developing States and 22nd General Assembly provisions) Target 8d: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term Target 8e: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries Target 8f: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications

TABLE 3 – THE MILLENNIUM DEVELOPMENT GOALS

Source: United Nations, 2006; United Nations, 2012b.

As was mentioned above, the MDGs will not be used in their totality; instead, they are used as a tool to measure the progress made in Bolivia in particular areas of social development. The

MDGs selected for these measurements – based on the fact that they most directly reflect basic aspects of development – are:

- MDG 2: Achieve Universal Primary Education
- MDG 4: Reduce Child Mortality

MDG 1 (Eradicate Extreme Hunger and Poverty) will be used as well, but as part of the economic measures of development since it reflects economic measures of development rather than social and can be linked to measures of inequality which will discussed in the following section.

MDGs 3, 5, 6, 7, and 8 have been excluded from this selection. This is due to the fact that the MDGs above more directly reflect basic aspects of development in the 'social' area. MDG 8 – Develop a Global Partnership for Development – will not be used in this study, as it concerns efforts of partnership between developed and developing countries, and is, in part, measured in terms of received Official Development Assistance (ODA) in different forms. These measurements aren't of relevance to this study, since the focus here lies on the progress made on development *in* Bolivia. MDG 3 – Promote Gender Equality and Empower Women – and MDG 7 – Ensure Environmental Sustainability – are excluded from this selection due to the fact that they are too distanced from the central aims of either a neoliberal or a post-neoliberal model. Including the progress made on these MDGs in Bolivia would therefore not add information that is relevant to answer the central question of this study. MDG 6 – Combat HIV/AIDS, Malaria, and other diseases – is excluded as well, for similar reasons as those provided above, and considering that the diseases of focus in this MDG aren't those most recurrent in Bolivia (the major infectious diseases in Bolivia include dengue fever, yellow fever and typhoid fever). Finally, MDG 5 will not be used, due to the fact that data on this MDG are weak, and monitoring progress is quite difficult (Hill et al., 2007, p.1311).

According to the UNDP (1990), the basic objective of development is "to create an enabling environment for people to enjoy long, healthy and creative lives", an objective often forgotten "in the immediate concern with the accumulation of commodities and financial wealth" (p.9). Having operationalized the 'social side' of development, the second main area will presently be discussed. This is the economic side. This will include the measurement of Bolivia's GDP over the years as well as the Gini coefficient to measure income inequality in Bolivia. This will moreover include, as stated earlier, the results on MDG 1. As was explained above, it is expected that under post-neoliberalism there is higher GDP growth and less income inequality. The economic measurements of development will also include an overview of government spending (in which areas has government spending increased), as it is expected that, under a post-neoliberal model, social spending is higher as it seeks to reverse the neoliberal tendency to enrich a small elite. Finally government revenue will be included; as it is expected government revenue has increased under post-neoliberalism as a result of the nationalizations.

2.4. Summary

The table below summarizes this chapter.

Neoliberalism (based on the WC)	Post-neoliberalism
1. Fiscal discipline	
2. Public expenditure priorities (education, health, infrastructure, *less to no* subsidies)	
3. Tax reform	
4. Financial liberalization	Opposition to financialization
5. Exchange rate (aim at a competitive exchange rate)	
6. Trade policy (trade liberalization)	Opposition to 'free trade'
7. FDI (open borders to FDI)	
8. Privatization	Opposition to the weakening of labor relations
9. Deregulation	Opposition to deregulation; and opposition to the weakening of labor relations as well
10. Property rights (secure property rights)	
Development	
Social	**Economic**
MDG 2: Achieve Universal Primary Education	GDP growth
MDG 4: Reduce Child Mortality	GINI Index
	MDG 1: Eradicate Extreme Hunger and Poverty
	Government spending (including areas of spending)
	Government revenue

Table 4 – Neoliberalism, Post-neoliberalism and Development

3. Research design

This chapter presents the research design which will be used in order to perform this study. This firstly includes the unit of analysis, as well as the data analysis method. The chosen method is an interrupted time series design, which will shortly be explained. The dependent and independent variables will be discussed, as well as the indicators which will be used for the measurements. Threats to internal and external validity will be written about lastly in order to come to a preliminary conclusion of what limitations might be encountered in this study.

3.1. Unit of analysis

The aim of this study is to answer the following research question:

What is the effect of the model used (neoliberal and post-neoliberal) on the achievement of development in Bolivia?

The dependent variable in this study is development. The 'model used' is the independent variable whose effect on development will be tested.

The unit of analysis of this study is the country, since this is the unit to which the variables (model used and achievement of development) pertain.

3.2. Data analysis method

This study will be performed by using a quasi-experiment. Quasi-experiments take advantage of something happening in the real world that can be seen as 'treatment', an abrupt and strong change in the value of the independent variable. The independent variable of this research is the 'model used' (neoliberal and post-neoliberal). In the application of this research design, advantage will be taken of the election of Morales as President of Bolivia, which, as shown in the previous chapter, marks the shift from a neoliberal to a post-neoliberal development model in this country.

The interrupted time series design will be used, where observations will be recorded for a period of five years, both prior and subsequent to the election of Morales, as this is the procedure as indicated by Campbell and Ross (1970, p. 110). The subject of the study will be Bolivia, and Bolivia's performance on development will be measured in both time periods. The treatment in this design is the introduction of the post-neoliberal model.

3.3. Independent variable: model used

Neoliberalism, in this study, will be understood in terms of the ten policy instruments of the WC, and is thus understood to imply:	*Post-neoliberalism* is understood to mean:
1. Fiscal discipline	1. Opposition to 'free trade'
2. Public expenditure priorities (education, health, infrastructure, less to no subsidies)	2. Opposition to the weakening of labor relations
3. Tax reform	3. Opposition to deregulation
4. Financial liberalization	4. Opposition to financialization
5. Exchange rate (aim at a competitive interest rate	
6. Trade policy (trade liberalization)	
7. FDI (open borders to FDI)	
8. Privatization	

9. Deregulation 10. Property rights (secure property rights)	

TABLE 5 – INDEPENDENT VARIABLE

3.4. DEPENDENT VARIABLE: DEVELOPMENT

Two areas are discerned in the operationalization of development (as discussed in Chapter 2).

The *social* area will be measured through two MDGs, presented in the table below. The information for this table is taken directly from the UN website for the MDGs (United Nations, 2012b):

1. MDG 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION Progress on this MDG is monitored by the UN based on three indicators: For target 2a (*Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling*) the indicators are: **1)Net enrolment ratio in primary education** **2)Proportion of pupils starting grade 1 who reach last grade of primary** **3)Literacy rate of 15-24 year-olds, women and men**
2. MDG 4: REDUCE CHILD MORTALITY This MDG is monitored through three indicators also: For target 4a (*Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate*) the indicators are: **1)Under-five mortality rate** **2)Infant mortality rate** **3)Proportion of 1 year-old children immunized against measles**

TABLE 6 – INDICATORS FOR MDG 2 AND 4

Source: United Nations, 2012b

The source for these measurements is the United Nations website for the MDG indicators, which grants access to all statistics on the MDGs (United Nations, 2012b).

The *economic* side will be measured through the following indicators:

GDP GROWTH	The source for these statistics will be the World Development Indicators (World Bank, 2012).
GINI INDEX	The source for these statistics will be the World Development Indicators (World Bank, 2012).
MDG 1: ERADICATE EXTREME HUNGER AND POVERTY Progress on this MDG is monitored by the UN through three targets which have all been assigned indicators (United Nations, 2012b).	For target 1a (*Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day*) the indicators are: **1) Proportion of population below $1 (PPP) per day** **2) Poverty gap ratio** **3) Share of poorest quintile in national consumption** For target 1b (*Achieve full and productive employment and decent work for all, including women and young people*) the indicators are: **4) Growth rate of GDP per person employed** **5) Employment-to-population ratio** **6) Proportion of employed people living below $1 (PPP) per day** **7) Proportion of own-account and contributing family workers in total employment** For target 1c (*Halve, between 1990 and 2015, the proportion of people who suffer from hunger*) the indicators are:

	8) **Prevalence of underweight children under-five years of age** 9) **Proportion of population below minimum level of dietary energy consumption** (United Nations, 2012b). The source for these measurements will be the United Nations website for MDG indicators (United Nations, 2012b).
GOVERNMENT SPENDING	The source for these statistics will be the IMF Statistical Database (IMF, 2012): – General government total expenditure as percent of GDP This will be sub-categorized based on the data available through the World Development Indicators (World Bank, 2012): – Health expenditure as percent of GDP and as percent of government expenditure – Public spending on education as percent of GDP and as percent of government expenditure
GOVERNMENT REVENUE	The source for these statistics will be the IMF Statistical Database (IMF, 2012) as well as the World Development Indicators (World Bank, 2012): – General government revenue as percent of GDP (IMF, 2012) – Tax revenue as percent of GDP (World Bank, 2012)

TABLE 7 – ECONOMIC INDICATORS DEVELOPMENT

3.5. VALIDITY

There are several threats to internal validity to be considered: history, maturation, testing, instrumentation, instability, and regression (Campbell and Ross, 1970, pp. 113-114).

‘History’ means there can be specific events, other than the experimental treatment, which can account for improvements on development (ibid., p. 113). In this study this could be the increase in the price of natural gas (of which the government receives a very large share since the nationalizations), which might have brought about improvement in development. The use of the interrupted time series design cannot rule out this threat.

‘Maturation’ are “regular changes correlated with the passage of time” (ibid., p.113). In this study this could mean there is a gradual trend towards more achievement of development, due for example to previous donations and donor-involvement which have led to higher education, better infrastructure and better medical care. It is doubtful whether the interrupted time series design can rule out this threat, though, according to Campbell and Ross, the fact of looking at a longer time period should make those trends visible and therewith the interrupted time series design controls for this threat (ibid., p.114).

‘Testing’ entails that a “change may occur as a result of the pretest, without the experimental treatment” (ibid., p. 114). In my research this is not a relevant threat, because the data I will be using have been collected anyway.

‘Instrumentation’ is a change in the measuring instrument independently from changes in what is being measured (achievement of development) (ibid., p. 114). This is possibly a threat, since for example the UN statistics which will be used to measure MDG achievement are based upon national statistics, and it is presumable that changes occurred in the national agencies performing the measures or in the methodologies they used. This threat is hard to solve and is likely to limit the internal validity of the final results.

‘Instability’ refers to the fact that change could simply be due to the instability of the measures themselves (ibid., p.114). The measure of development could be considered unstable. However, according to the authors, in general, instability is greater if the population base is small (ibid.). In my research, the population base is large, as I will be looking at a country, which decreases the likelihood of instability. Therefore this threat could be ruled out.

‘Regression’ entails, in this case, that if countries are selected based on their extreme performance on the achievement of development on the pretest, and if pretest and posttest are imperfectly correlated, the posttest will be less extreme than the pretest (ibid., p. 114). However, in this case, the country, Bolivia, was selected based on its application of the post-neoliberal model, and not based on its performance on development. Hence this threat can be ruled out.

Several elements need to be taken into account with relation to internal validity and its limitations, and must be recalled in the analysis. This concerns especially the threat of ‘history’, as was explained above. The external validity of this study is limited, for it is constrained to the case which will be studied, Bolivia.

"Latin America has been a laboratory for neoliberal experiments par excellence. It is no accident that it has become the weakest link in the world's neoliberal chain.

It was the privileged birthplace of neoliberalism (in Pinochet's Chile and Paz Estensoro's Bolivia) for very specific reasons. […] In Bolivia, it was treated as a remedy for hyperinflation – prescribed by Jeffrey Sachs – in such a large doses that it killed the patient, exterminating Bolivia's mining economy."

Emir Sader, 2009, p.171

4. IMPLEMENTATION IN BOLIVIA

The aim of this chapter is to discuss the policies associated with neoliberalism and post-neoliberalism in the light of the Bolivian case. Some authors claim that the reason the WC wasn't successful was that it was never fully and rightfully implemented (Fluharty, 2006, p.20). In this chapter the extent of implementation of both neoliberal and post-neoliberal policies will be discussed, in order to update the findings of the theoretical chapter.

4.1. NEOLIBERALISM

4.1.1. BEFORE NEOLIBERALISM: THE MINING SUPERSTATE AND NATIONALIST POPULISM

For the purpose of understanding and contextualizing the shift to neoliberalism in Bolivia, policies before neoliberalism will firstly briefly be described. Webber (2011) and Orellana Aillón (2006) discuss two main periods before neoliberalism in Bolivia. Each such period is labeled a 'regime of accumulation'[4]. Throughout the different periods, one element remained unchanged, which is Bolivia's inclusion in global capitalism through the production of raw materials (Orellana Aillón, 2006, p.263).

The first period, or regime of accumulation, is called the 'mining superstate' (Webber, 2011, p.17). It originated at the end of the nineteenth century, and it was headed by a small cluster of tin barons, using British, Chilean, and Bolivian capital (ibid.). Its constitution was the result of the expansion of silver capitalism and was most dominant when the Liberal Party came to power in Bolivia, after the Federal War of 1899. This regime of accumulation started to decline during the 1930s, with the Chaco War (against Paraguay), and completely ended with the 1952 National Revolution. This period was characterized mainly by the advocacy of liberal capitalism, the dominance and consolidation of the power of a small white-mestizo elite, an enlargement of big landholdings (and confiscation of indigenous lands), and, when necessary, the repression of the rebellions of indigenous peoples and workers (ibid.).

The second period is called 'nationalist populism' (Orellana Aillón, 2006, p.265) and was born after the 1952 revolution. This regime of accumulation was characterized by a strongly centralized economy: the state both controlled and led the productive process. In fact, it was at this time that the big state enterprises COMIBOL (the state mining company) and YPFB (the state oil and gas company) were created (ibid.). The state prevailed during this period, centralizing administrative matters, obtaining ownership over the country's natural resources, employing civil servants extensively, directing both production processes and economic development, and providing welfare services, though in quite a limited fashion (Webber, 2011, p.18). The state obtained this strong position as a result of the legitimacy it acquired for nationalizing the mining sector, and for completing a much longed for agrarian reform (Orellana Aillón, 2006, p.265). Capitalism at this time centered on finance, agriculture, and mining in Bolivia, with the manufacturing sector, on the other hand, employing only a very limited portion

[4] This is in reference to the French Régulation School theoretical approach. For a brief overview of the components of this theory, see Appendix I.

of the active population. From 1971 until 1978, Bolivia was under the rule of Dictator Hugo Bánzer (Webber, 2011, p.18). The period of nationalist populism came to its end in the mid-1980s, in the context of an acute economic crisis and radicalizing worker and peasant movements (ibid.). It was in the context of this crisis the neoliberalism was emplaced in Bolivia.

4.1.2. Neoliberal Bolivia

The 1980s debt crisis and hyperinflation set the stage for strong changes and reforms. Both domestic factors and foreign involvement account for the subsequent policy reforms. Firstly, Bolivia had experienced an astounding succession of military coups between 1978 and 1982. This instated an unstable environment for Bolivian capitalists and foreign investors alike. Furthermore, peasant and worker movements had become increasingly radical (Webber, 2011, p.19). Many of the mobilizations were geared toward stimulating a transition to socialism. In response, at the end of the 1970s, the Confederation of Private Entrepreneurs of Bolivia (CEPB, Confederación de Empresarios Privados de Bolivia) was created, constituted of Bolivian bourgeois who advocated electoral democracy and neoliberal governance, arguing this would avoid both further military coups and instability, and a transition to the radical left. The CEPB was an important actor in inducing the implementation of neoliberalism in Bolivia (ibid.).

Then, in the mid-1980s, Bolivia's first neoliberal government came to power, under Victor Paz Estenssoro. In the context of one of the highest inflations in world history, with prices rising by 20,000 percent, and even reaching 60,000 percent, Paz Estenssoro implemented a strict Structural Adjustment Plan (SAP), called the New Economic Policy (NEP) (Sachs, 1987, p.279). This SAP was imposed by the World Bank and International Monetary Fund (Kohl, 2002, p.454). The agenda of the NEP included, on the one hand, macroeconomic stabilization, and, on the other, fiscal reform, trade liberalization, and privatization of state-owned enterprises (Sachs, 1987, p.281).

These policies, whose implementation began in 1985, were later visible in and translated into the WC (1989) – which was, according to Williamson "the outcome of worldwide intellectual trends to which Latin America contributed (principally through the work of Hernando de Soto) and which have had their most dramatic manifestation in Eastern Europe. It got its name simply because I tried to ask myself what was the conventional wisdom of the day among economically influential bits of Washington, meaning the US government, and the international financial institutions" (Williamson, 1993, p.1330, cited in Kohl, 2002, p.455).

Under the macroeconomic heading of the NEP, four main elements can be distinguished (Sachs, 1987, p.281):

1. The devaluation of the exchange rate, and subsequent managed float of the rate. A commitment to full currency convertibility on the current and capital accounts.
2. The reduction of the fiscal deficit by increasing public sector prices (the price of domestic oil especially; and a public sector wage freeze).
3. The broadening of the tax base and the increase of tax revenues.
4. The signing of an IMF standby agreement.

The first year of policies of the NEP structural adjustment program, in following of the principles set forth by Jeffrey Sachs (Kohl, 2002, p.454) are illustrated in the table below.

Policy Area	Key Policy Initiatives	Implementation
Exchange rate	Unification of exchange rate on current and capital account, free convertibility of foreign exchange	Completed 1985
Public sector pricing	Public sector prices (most importantly, energy and food) raised to world levels	Completed 1985
Consolidated public sector budget	Target deficit of 6.3 percent of GNP, of which 5.3 percent to be externally financed	Budget approved by Congress, May 1986
Import regulations	Unification of tariffs to flat 20 percent rate; elimination of trade quotas and nontariff barriers	Quotas eliminated immediately; tariff reform, August 1986
Private sector salaries and employment	Elimination of government restrictions covering private wages, except for national minimum wage; removal of restrictions on hiring and firing	Completed 1985
Private sector pricing	Elimination of all price controls, except for public transportation and public utilities; elimination of previous monopolies in intercity transport	Completed 1985
Public sector salaries and employment	Successive wage freezes (with one-step increases between freeze periods) during August-December 1985, December-June 1986, June-December 1986 Employment reductions in state enterprises and central administration	Implemented Partial implementation
Public enterprises	Decentralization of major state enterprises	Most actions not taken
Taxation	Increases in taxes paid by YPFB Major consolidation and reform of internal taxes; establishment of VAT, patrimony taxes, and uniform income taxes	In effect Approved by Congress, May 1986
Foreign creditors	Negotiation of Paris Club rescheduling Commercial bank debt	Terms of agreement approved, June 1986 Negotiations extended beyond 1986
Interest rates	Elimination of restrictions on commercial bank interest rates	Completed 1985

TABLE 8 – OUTLINE OF MAJOR POLICY INITIATIVES IN FIRST YEAR OF NEW ECONOMIC POLICY

Source: Sachs, 1987b, p.239

Additional important characteristics of this period were "the rise of domestic financial capital subordinated to transnational companies and international financial capital, the dramatic liberalization of trade, the penetration by foreign capital of the Bolivian economy, and the wholesale privatization of the country's natural resources, strategic state-owned enterprises, and public services" (Webber, 2011, p.18). In addition, many markets were deregulated, including telecommunications, airlines, power generation and the railroads. In the 1990s, water was privatized in many Bolivian cities as well (ibid.).

Paz Estenssoro was succeeded by Jaime Paz Zamora, and between 1993 and 1997, Gonzalo Sánchez de Lozada's first term in office took place. According to Laurie and Marvin (1999), he became the "first president in the country (and the continent) to be voted in on an openly neoliberal platform" (p.1403). During his time in office, the main external pressures came from the World Bank and IMF, as providers and supervisors of conditional loans. The hydrocarbons sector was privatized, in the context of the larger scheme of privatizations of state-owned enterprises that had been occurring in Bolivia. This process increased foreign direct investment significantly, as did the export of hydrocarbons (Webber, 2011, p.78). By and large, one of the main changes in the production process in neoliberal Bolivia was the process of accumulation by dispossession of the most important state-owned enterprises, accompanied by a flexibilization of their labor forces. Other important reforms include cutting social services and cutting tariffs. Cutting tariffs on agriculture for example, made Bolivian farmer's products less competitive, as the market suddenly flooded with cheap imports (Postero, 2010, p.60).

The following table shows the WC policies and their implementation in Bolivia.

Neoliberalism (based on the WC)	Bolivia
1. Fiscal discipline	*Reduction of fiscal deficit (through increase of public sector prices and a public sector wage freeze)*
2. Public expenditure priorities (education, health, infrastructure, *less to no* subsidies)	*Social services were cut in the WC years in Bolivia (Postero, 2010, p.60).*
3. Tax reform	*Implementation of preferred WC tax reform: raising tax revenue by broadening the tax base*
4. Financial liberalization	*Loans can be contracted in either dollars or pesos, at unregulated interest rates (Sachs, 1987b, p.245).* *The disinflation led to high real interest rates in Bolivia, because "inflation came down but vulnerabilities persisted, leading to expectations of devaluations – the so-called* peso-problem*". (Calvo, 2006).*
5. Exchange rate (aim at a competitive exchange rate)	*Devaluation and managed float of the exchange rate*
6. Trade policy (trade liberalization)	*"the dramatic liberalization of trade" (Webber, 2011)*
7. FDI (open borders to FDI)	*"the penetration by foreign capital of the Bolivian economy" (Webber, 2011); "the attraction of new capital and credit from the outside" (Orellana Aillón, 2006). In 1996, Bolivia modified its legal framework in order to attract FDI in the extractive industries (Garcia, Liu and Vredenburg, 2011).*
8. Privatization	*"the wholesale privatization of the country's natural*

	resources, strategic state-owned enterprises, and public services" (Webber, 2011)
9. Deregulation	*Elimination of government restrictions covering private wages, except for national minimum wage; and removal of restrictions on hiring and firing.*
10. Property rights (secure property rights)	*1992: Bolivia passed a copyright law. Not well-enforced however (IIPA, 2004, p.257).*

TABLE 9 – NEOLIBERALISM IN BOLIVIA

4.2. CRISIS: THE INDIGENOUS QUEST TO BANISH NEOLIBERALISM

The shift to a post-neoliberal mode of governance was not a sudden occurrence, nor the mere result of the election of Evo Morales. From the beginning of the 2000s onward, tension had been increasing in Bolivia, as civil society – most importantly Bolivia's indigenous population – increasingly began to show its discontentment with neoliberalism and the consequences it had for many people. In order to contextualize both Morales's rise to power and the shift to post-neoliberalism, two events are worth mentioning: the Cochabamba Water Wars and the Bolivian Gas War.

4.2.1. THE COCHABAMBA WATER WARS

The 'Cochabamba Water Wars' are a crucial chapter in the history of indigenous struggles against neoliberalism. The wars were a series of heavy protests against the privatization of water resources. In the framework of the New Economic Policy, the multilateral agencies had proposed the development of a new law, as general framework for secondary legislation, in order to ensure integral resource management. The law would reduce state incidence on planning, supervision and regulation over water resources. The water concessions for exploitation could then be placed on the market and purchased by private capital (Assies, 2003, p.16). In August of 1988 the first draft law on water resources was submitted, and civil society movements were quick to react, coming together as a 'national technical water board' in order to draft a counterproposal, rejecting the orientation toward privatization the government had adopted, and defending communal water rights (ibid., pp.16-17). However, in 1999 the government adopted a secondary law on potable water and sewerage, including a series of concessions and licenses for the supply of potable water, which could be granted to any party, be it public, private, a cooperative or even an NGO (ibid.). According to Assies, however, "the conditions for granting concessions clearly favored the formation of large enterprises that functioned according to market criteria" (2003, p.17).

The reason the water war took place in Cochabamba is the city's history of water scarcity, worsened with the rapid expansion of its population; a problem that had not been solved by government (ibid., p.19). In February 1999, the government put Cochabamba's municipal water supply out to bid. Though there were interested parties, they were also quite concerned with the profitability of the purchase. The government, anxious to move the project on, made conditions more flexible, and the foreign owned enterprise 'Aguas del Tunari' showed interest. The enterprise at this point was in a position to impose conditions on the government and in June of that year a decree was signed in order to authorize the sell (ibid, p.21). The College of Engineers estimated that the privatization would cause water prices to rise dramatically, up to 180 percent (ibid., p.22). As of January 2000, water bills started reaching inhabitants, confirming the fear of strong price increases, with a rise in prices in some cases up to 150 percent, causing public outrage (ibid., p24). In objection, Cochabamba residents, farmers, students and factory workers united in street protests (Postero, 2010, p.61). Massive marches took place, offices and shops were attacked with stones, and the city center was clouded with tear gas (Assies, 2003, p.25). Though the government initiated negotiations, and agreed, for example, to the creation of a commission to review water rates, its main concern remained ensuring a positive investment climate, and as a result the negotiations were quite ineffective (ibid.). The hostilities remained, and several 'battles' took place, with some pauses of a few months in between. In late March of 2000, a referendum was held, and a strong majority of Cochabamba's population rejected the privatization. In early April, peasants begun blocking roads throughout Cochabamba, paralyzing the city, and in the following day tens of thousands of people protested on the street. President Banzer sent the military into the city, which led to one civilian death, but also ultimately forced the government to accept the demands of the protesters (Perreault, 2006, p.158). Finally, on April 9th 2000, the contract with Aguas de Tunari was cancelled, and a public system resumed control over water services (Postero, 2010, p.61). Furthermore, the government was forced to revise the legislation that permitted this type of concessions (Perreault, 2006, p.160).

In the face of these struggles, the Bolivian government was increasingly losing in credibility. This was accentuated in 2002, when it signed the Andean Trade Promotion and Drug Eradication Act (ATPDEA), an agreement between Bolivia, Ecuador, Colombia, Peru and the United States offering preferential trade access in exchange for the countries' commitment to eradicate local coca production (Kennemore and Weeks, 2011, p.269). The *cocaleros* movement, under the leadership of Evo Morales, actively resisted the eradication efforts, a movement which gained support of civic committees, journalists, and human rights organizations, evoking a discourse on the religious and cultural aspects of coca production (ibid.). The following year, another big conflict took place.

4.2.2. THE BOLIVIAN GAS WAR

In 2003 the Bolivian Gas War occurred. Indigenous residents of El Alto held massive manifestations against President Sánchez de Lozada, who had shown plans to "give concessions to transnational corporations to pipe natural gas from the eastern lowlands to Chilean ports for export to the United States" (Postero, 2010, p.61). Sánchez de Lozada, now in his second term of presidency, was strongly in favor of this plan. Having spent much of his life in the U.S., he was said to be "[u]nburdened by nationalist sentiments" and therefore advocated the reform sturdily (Perreault, 2006, p.161).

Citizen's groups rejected the government's plan, and numerous marches took place. Four factors converged in 2003, which enabled social forces to halt the plans. Firstly, a National Coordinator for the Defense of Gas had been formed; secondly well-coordinated neighborhood organizations had been established in El Alto; third, the Bolivian Workers Central (COB) had reemerged as Bolivia's main labor union; and finally, several representatives for indigenous and leftist parties had been elected as members of Parliament (Perreault, 2006, pp.161-162).

The pressure of social movements intensified, with ongoing protests, road blockades and strikes which paralyzed the cities of La Paz and El Alto. Sánchez de Lozada sent the military to repress the protests, causing civilian casualties. By 12 October of 2003, over 20 people had died at the hands of the military in El Alto, followed by another massacre the next day in La Paz (ibid., p.163). Outraged by the deaths, the protestors not only pressed for the government to end the gas export plan, but they also demanded Sánchez de Lozada's resignation (Perreault, 2006, p.151).

On 16 October, more than 8000 miners came together in the northern Altiplano and started a march to La Paz. The following morning the high commander of the armed forces declared it no longer supported Sánchez de Lozada (ibid, pp.163-164). By the time the miners arrived in La Paz, on October 17th, Sánchez de Lozada had already resigned and was on his way to Miami (ibid.). As was the case with the Water Wars, the protests were successful, and, as Sánchez de Lozada fled the country, the government was forced to reconsider its economic policies regarding natural resources.

Sánchez de Lozada's successor lasted less than a year, and Morales seized the opportunity to run for President in the 2005 elections. He explained the uprising of 2003 as a clear sign of the general exhaustion with neoliberalism, and in his campaign promised to nationalize hydrocarbons, to restore Bolivia's sovereignty (which according to him had been undermined by dependence on foreign and U.S. aid), to develop the country based on indigenous values, and to end the U.S.-backed war on drugs (Kennemore and Weeks, 2011, p.269).

To say the very least, the mass mobilizations of the early 2000s reinvigorated the strength of Bolivia's labor movement, which, as has been described, had become strongly fragmented as a result of the neoliberal restructurings of the 1980s.

4.3. Post-neoliberalism

Having described the struggle and opposition which had been growing in Bolivia at the turn of this century, this section will discuss the extent to which post-neoliberal policies have been implemented under the Morales government.

In chapter two, the following characteristics were discerned to describe post-neoliberalism: opposition to 'free trade', to the weakening of labor relations, to deregulation, and to financialization. In this section, the aim will be to assess whether there is indeed opposition (i.e. to reject and move beyond) to those four elements.

4.3.1. Opposition to 'free trade'

Under the WC, trade liberalization is advocated. This entails replacing trade restrictions by tariffs and subsequently lowering those until a uniform tariff is reached in the range of ten percent (Williamson, 1993, p.1333). Accordingly, one might argue that opposing free trade would entail increasing tariffs or even imposing trade restrictions.

According to a 2010 report by the World Bank (WB), "Bolivia's trade regime is slightly less open than the average Latin American and Caribbean (LAC) country"(World Bank, 2010). Based on the WB's calculations, Bolivia's Tariff Trade Restrictiveness Index (TTRI)[5] reached 8.4 percent in 2007, as a result of a slight increase since 2005. The average of the LAC countries is of 7.8 percent (ibid.). In the agricultural sector, the TTRI is of 10 percent, and for non-agricultural goods the TTRI is 8.2 percent (ibid.).

In November 2007, a decree was launched in Bolivia, wherein the tariff structure was revised and it became possible to tax goods at 15 and 20 percent (this used to range between 0 and 10 percent) (World Bank, 2010). Furthermore, in February 2008, Bolivia suspended import tariffs on several foods (such as rice, meat, and sugar) due to the rise in food prices, on a

[5] "The TTRI calculates the equivalent uniform tariff that would keep domestic welfare constant. It is weighted by import shares and import demand elasticity" (World Bank, 2011).

temporary basis. Also, the implicit subsidies for bread and wheat flour were increased; and the government forbade the export of several basic food items such as cereals and soybean in order to secure supplies at the national level (World Bank, 2010). As of October 2008 the government gradually lifted the restrictions. In 2009, it increased the import tariffs for products to 35 percent for 324 tariff lines (ibid.).

In general, the conclusion is that in Bolivia, "[t]rade has *remained liberalized in principle*, but significant exceptions can be found, including differentiated tariffs and special rules for individual companies or sectors" (Bertelsmann Stiftung, 2009, emphasis added).

4.3.2. Opposition to the weakening of labor relations

As was discussed in the section on post-neoliberalism in Chapter 2, the weakening of labor relations is viewed as a consequence of neoliberalism because of the privatizations that are induced under neoliberalism. Thus reversing these privatizations is a first important element within the opposition to the weakening of labor relations.

As was seen, under neoliberal reign in Bolivia, starting in the mid-1980s, SOEs were massively privatized. Moreover, Morales's rise to power was based strongly on an anti-neoliberal platform and occurred in the context of social mobilizations in strong rejection of the privatizations and subsequent foreign involvement that had been taking place in the country.

One of the first policies adopted by Evo Morales upon his election (only three months in) was the nationalization of the hydrocarbons sector, through the Supreme Decree No. 28701 (Webber, 2011, p.81). Later, the mining and the telecommunications sectors were nationalized as well (World Bank, 2011; Webber, 2011). Most recently, four electricity generating companies were nationalized, two of them with European owners or partners (The Economist, 2012). In sum, there seems to be a strong break with the privatizations of the NEP years.

The term 'nationalization', however, requires some clarification. At no point did it entail an actual expropriation. Rather, the government renegotiated the existing contracts with foreign companies in order to increase the tax revenues of the government (Webber, 2011, pp.80-81). Thus, the space for private investment still exists and transnational firms still extract the majority of Bolivia's natural gas. For Kaup, therefore, these nationalizations could be referred to as a 'neoliberal nationalizations', since the way in which the state took control "was more a free-market buyout than a nationalization" (Kaup, 2010, p.130).

Considering this, the consequences of the nationalizations for labor relations might be less than expected, since the private sector is still performing the work, and thus in charge of labor. The only change in the structure is in terms of the taxes paid to the government, but this will not affect labor relations.

Additionally, the weakening of labor relations can also be seen as a consequence of deregulation, since in Bolivia this included the elimination of government restrictions on private wages (except for the national minimum wage) and the removal of restrictions on hiring and firing (Sachs, 1987b, p.239). Thus, in addition to the privatizations (and thus job loss in the public sector), those workers who came to work in the private sector were subject to less secure labor conditions. Therefore opposing the weakening of labor relations might include reinstating certain regulations. In a general fashion, there still do not seem to be many regulations, since "job instability and uncertainty have become an ugly norm" (Webber, 2011, p.209).

Under Morales, the minimum wage increased by 10 percent annually between 2006 and 2010 (Webber, 2010, p.213). This is, however, the nominal figure, and in real terms this amounts to a less than 2 percent increase per year (ibid.). Moreover, in 2010, the government proposed a series of changes to the General Labor Law. Therein, proposals for a new 'Labor Code' and a new 'Public Service Law' were made public (ibid.). The proposed changes have been criticized by several unions, however. The changes to the Labor Code would, according to the critics, not protect agricultural workers nor those employed in urban micro-enterprises (Webber, 2011, pp.213-214). The criticism to the Public Service Law proposal is that it would lead to the imposition of government fidelity as condition to remain employed in the public service, and would moreover restrict the right to unionize in the public sector and facilitate penalization of such civil movements (ibid.). The proposed regulations are thus under much criticism from labor unions themselves and not necessarily considered improvements for labor conditions.

4.3.3. Opposition to deregulation

The main idea was that "[g]overnments should abolish regulations that impede the entry of new firms or restrict competition, and ensure that all regulations are justified by such criteria as safety, environmental protection, or prudential supervision of financial institutions" (Williamson, 1993, p.1333). According to the Index of Economic Freedom (Heritage Foundation, 2012, p.116), the "regulatory environment [in Bolivia] is burdened with red tape and inconsistent enforcement of commercial regulations. With 15 procedures required, on average, it takes 50 days to start a company". However, it is unclear whether this is more than before Morales's election.

The Morales government has adopted policies that obstruct the entry of foreign firms. In Bolivia's new Constitution (2009), several restrictions to investment are imposed (especially to foreign investment) in strategic sectors such as the extractive industries and public services (World Bank, 2010). The new Constitution allows those investments only which fulfill a social function and aren't detrimental to the common interest, and moreover prioritizes domestic investment over foreign investment (Heritage Foundation, 2012, p.116).

It can be said that with Morales's presidency, there has been a shift toward stronger state interventionism, which favors state as well as parastatal monopolistic trends (Bertelsmann Stiftung, 2009). Both nationalization and reregulation have figured prominently in Morales's reform agenda. The new regulatory reforms, which were first applied to the contracts Bolivia had with the transnational firms active in its hydrocarbon sector, were soon extended to the mining sector, telecommunications, public infrastructure, and some manufacturing industries (including milk and paper) (Bertelsmann Stiftung, 2009).

4.3.4. Opposition to financialization

Financialization refers to "a process whereby financial markets, financial institutions, and financial elites gain greater influence over economic policy and economic outcomes" and it "elevate[s] the significance of the financial sector relative to the real sector" (Palley, 2007, p.2). According to Palley, in order to oppose financialization, amongst others, the "neoliberal economic policy paradigm" has to be countered, and, moreover, the political process has to be reformed "so as to diminish the influence of corporations and wealthy elites" (Palley, 2007, p.2). This does call Morales to mind, who strongly campaigned "against neoliberal economic policies, which he claimed enriched a small transnational elite but impoverished the indigenous majority" (Postero, 2010, p.60).

The clearest expression of Morales's opposition to financialization can probably be seen in his joining, in 2006 of the Bolivarian Alliance for the Peoples of Our America, ALBA. ALBA is a regional trade agreement, initiated in 2004 by Venezuela and Cuba, which currently includes a total of eight member nations. The aims are to set out an alternative and anti-neoliberal method of regional integration, in an effort to make the dream of Simón Bolivar, Venezuelan independence hero, of an independent and united federation of South American states, come true. ALBA, in opposition to other trade agreements, emphasizes social issues, solidarity, and cooperation in public service provision (Tussie, 2010, pp.13-14). The core purpose is stated to be the promotion of the *social side* of development (Harris and Azzi, 2006, p.6). An illustration of the type of exchanges that occur under ALBA is, for example that Venezuela made its air and sea transport infrastructure available to Bolivia, and guaranteed Bolivia a market for its agricultural products after it lost its market in Colombia (Colombia had signed a trade agreement with the U.S.) (Webber, 2011, p.41). These exchanges occur "[i]n recognition of the unequal political and economic status of the countries involved" (ibid.). Similarly, Cuba has set up multiple medical centers in Bolivia, provides Bolivia with doctors and equipment and grants five thousand scholarships to Bolivians to study medicine in Cuba for free (ibid.). These types of exchanges contrast well to a completely financialized system, and go beyond the logic associated with capitalism.

It must however be noted that this trade agreement does also promote trade – in the traditional sense – between its members, and moreover instigates the elimination of tariff barriers on certain products (Harris and Azzi, 2006, p.6). Moreover the sustainability of ALBA is called into question, as the success of this agreement depends in large part on the stability of the economy of Venezuela (most specifically on the stability of oil prices) (DeFeo, 2010). More strongly than not, however, many exchanges under ALBA fly in the face of financialization, but, it is both questionable how complete the change is, as well as how sustainable.

Additionally, in Chapter 2, the opposition to financialization was placed opposite the financial liberalization advocated by the Washington Consensus, where the prescribed policy was to let interest rates be market-determined. It is interesting to note that currently, the government is reforming the legal framework (in the context of the *Ley de Bancos*, Law of the Banks) so as to, amongst others, be able to regulate the interest rates (El Diario, 2011). This process is still ongoing.

4.4. SUMMARY AND CONCLUSION: *POST*-NEOLIBERALISM?

The following table summarizes the findings of this chapter.

Neoliberalism (based on WC)	Bolivia	Post-neoliberalism	Bolivia
1. Fiscal discipline	*Reduction of fiscal deficit (through increase of public sector prices and a public sector wage freeze)*		
2. Public expenditure priorities	*Social services were cut in the WC years in Bolivia (Postero, 2010, p.60).*		
3. Tax reform	*Implementation of preferred WC tax reform: raising tax revenue by broadening the tax base*		
4. Financial liberalization	*Loans can be contracted in either dollars or pesos, at unregulated interest rates*	Opposition to financialization	*Opposition to financialization to some extent expressed in ALBA membership,*

	(Sachs, 1987b, p.245). *The disinflation led to high real interest rates in Bolivia, because "inflation came down but vulnerabilities persisted, leading to expectations of devaluations – the so-called* peso-problem*". (Calvo, 2006).*		*but not a complete and most likely not a sustainable move beyond financialization.* *Moreover, there are plans of government intervention in setting the interest rates.*
5. Exchange rate	*Devaluation and managed float of the exchange rate*		
6. Trade policy (trade liberalization)	*"the dramatic liberalization of trade" (Webber, 2011)*	Opposition to 'free trade'	*"[t]rade has remained liberalized in principle, but significant exceptions can be found, including differentiated tariffs and special rules for individual companies or sectors" (Bertelsmann stiftung, 2009)*
7. FDI (open borders to FDI)	*"the penetration by foreign capital of the Bolivian economy" (Webber, 2011); "the attraction of new capital and credit from the outside" (Orellana Aillón, 2006). In 1996, Bolivia modified its legal framework in order to attract FDI in the extractive industries (Garcia, Liu and Vredenburg, 2011).*		
8. Privatization	*"the wholesale privatization of the country's natural resources, strategic state-owned enterprises, and public services" (Webber, 2011)*	Opposition to the weakening of labor relations	*Nationalizations: hydrocarbons, mining, telecommunications, and electricity. But: "neoliberal" nationalizations (which are not likely to affect labor relations).* *Proposal of changes to the General Labor Law, but criticized by labor unions.*
9. Deregulation	*Elimination of government restrictions covering private wages, except for national minimum wage; and removal of restrictions on hiring and firing.*	Opposition to deregulation; and opposition to the weakening of labor relations as well	*Reregulations, and restrictions on investment.*
10. Property rights (secure them)	*1992: Bolivia passed a copyright law. Not well-enforced however (IIPA, 2004, p.257).*		

TABLE 10 – NEOLIBERALISM AND POST-NEOLIBERALISM IN BOLIVIA

Based upon these findings, there seem to be limitations to the claim of *post*-neoliberalism in Bolivia. Based on Sader's four characteristics (2009), the extent of post-neoliberal governance was discussed. All characteristics are, to some extent, present. But for each characteristic, some important limitations were found as well. Financialization is opposed through Bolivia's membership of ALBA, but the sustainability of this alternative is questionable, and, moreover, ALBA also promotes trade in the 'traditional' sense. There are plans of government intervention in setting the interest rates, but this has yet to occur and no conclusions can be drawn yet. Even though the Morales government has imposed certain restrictions on trade, trade has remained "liberalized in principle" (Bertelsmann Stiftung, 2009). Thus, in such reforms, the basic underlying premise remains intact (this will be explored further in chapter 6). The nationalizations are another important consideration to take into account. As was explained in this chapter, the nationalizations did not include an actual expropriation and were therefore even dubbed 'neoliberal' nationalizations (Kaup, 2010). Not only does this make possible impacts on labor relations doubtful, it puts an important question mark behind claims to post-neoliberalism. Proposals of changes in the General Labor Law were strongly opposed by those who were expected would benefit from post-neoliberal reforms, the labor unions. As was pointed out, the reforms in the Public Service Law are even expected to restrict the possibilities of unionization (Webber, 2011, pp.213-214), a very surprising finding in the context of post-neoliberalism, which was expected to have positive effects on labor relations. Deregulation has been countered with several restrictions on investment which have been imposed by the Morales government. At the same time job instability and uncertainty have remained (Webber, 2011, pp.210-211), thus the deregulations of the neoliberal period – which included the removal of restrictions on hiring and firing – have not been undone under post-neoliberal governance. In fact in a study carried out by CEDLA (Centro de Estudios para el Desarrollo Laboral y Agrario), it was reported that in 2008 as much as 58,9% of total employment was 'extremely precarious' in Bolivia[6] (Escóbar de Pabón, 2009).

As a result, it could be argued there has not really been a change of model in Bolivia. Whether there was a change in results will be discussed in the next chapter.

[6] The other two categories were 'non-precarious' with 17,1% of the total, and 'precarious' with 24,0% of total employment (Escóbar de Pabón, 2009).

5. A DECADE OF DEVELOPMENT IN BOLIVIA

This chapter presents the empirical data collected for this study. It will be sub-divided in the economic and in the social indicators of development. As was outlined, based on the information recorded on neoliberalism and post-neoliberalism, it is expected Bolivia performed better on economic indicators in the post-neoliberal era. Higher GDP growth and less income inequality are expected. Government revenue is expected to be higher under post-neoliberal governance, as a result of the reversal of privatizations. It is moreover expected government spending is higher in the post-neoliberal period. Government expenditure is often used as an indicator to assess government size (Alonso et al., 2011), and it is therefore expected government expenditure is higher under post-neoliberal governance, since government is expected to be larger in size, in opposition to the minimal state associated with neoliberalism. Government expenditure is moreover expected to have increased in social areas especially (health and education). This is because the main criticism on neoliberalism is its lack of concern with social issues. The expectation is thus that after 2005 there are improvements on social indicators of development.

5.1. THE ECONOMIC SIDE

5.1.1. GDP GROWTH

The following results were found.

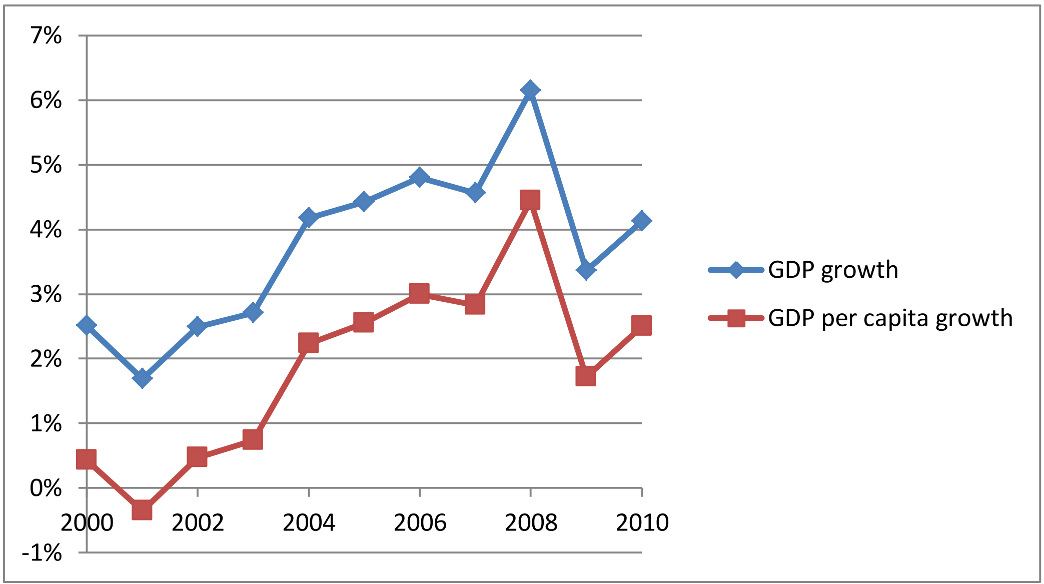


FIGURE 1 – GDP GROWTH AND GDP PER CAPITA GROWTH IN BOLIVIA IN ANNUAL PERCENT

Source: World Bank, 2012

As was expected, GDP growth is higher in the post-neoliberal period than in the neoliberal period. What is surprising, however, is that the increase (from GDP growth being around 2 annual percent to being around 4 annual percent) occurred in 2004, where it was expected this would be in 2005, the year Evo Morales came to power. Here it is useful to take the international economic situation into account, which was characterized by "a boom in commodities (particularly between 2003 and 2008)" and has led to "strong economic performance (especially in terms of GDP growth and the external sector)" (Molero Simarro and Paz Antolín, 2012, p.536) in Bolivia.

GDP growth per capita was quite low and at one point even negative in the neoliberal years. GDP per capita growth reached its highest point in 2008, at 4,44 annual percent. The subsequent drop can be explained by the global recession, "the fallout from which began to hit Bolivia in late 2008 and early 2009" (Webber, 2011, pp.192-193). In response to the impacts of the crisis, in fact, the Morales government temporarily introduced a sharp fiscal stimulus (ibid., p.200).

5.1.2. GINI COEFFICIENT

For this indicator, unfortunately, a lot of data are missing. Data were unavailable for the years 2003, 2004, 2009 and 2010. Thus, for the neoliberal period, three years are available (2000 through 2002), and for the post-neoliberal period, four years are available (2005 through 2008).

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GINI	62,8	58,5	59,9			57,8	56,4	57,4	56,3		

TABLE 11 – GINI INDEX BOLIVIA

Source: World Bank, 2012

The GINI coefficient measures income inequality, where 0 represents perfect equality and 100 represents perfect inequality. Thus going from 62,8 (in the year 2000) to 56,3 (in the year 2008) represents a diminishment in inequality. However, the diminishment is gradual, and even though data are missing, it seems as though it is part of an overall trend, with small annual variations. Still, there may have been some impact. The results on MDG 1, which measures inequality (in terms of income and employment), can elucidate this further.

5.1.3. MDG 1

MDG 1 is 'Eradicate extreme hunger and poverty' and it entails three targets: (1a) Halve, between 1990 and 2015, the proportion of people whose income is less than $1 a day; (1b) Achieve full and productive employment and decent work for all, including women and young people; and (1c) Halve, between 1990 and 2015, the proportion of people who suffer from hunger. As was explained in the chapter on research design, for each target, the UN has selected a number of indicators in order to measure progress. Target 1a has indicators 1.1 through 1.3; target 1b indicators 1.4 through 1.7; and target 1c indicators 1.8 and 1.9.

The following results were found. For Target 1a – Halve, between 1990 and 2015, the proportion of people whose income is less than $1 a day – the year 1999 has been included as well in order to compensate for missing data. No data were available for any of the indicators (of the entire MDG) beyond the year 2008.

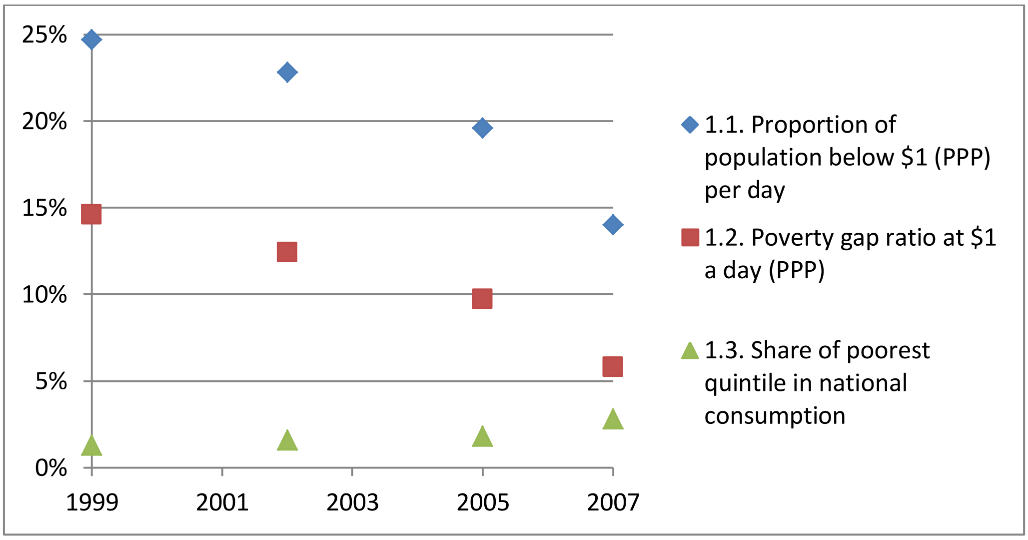


FIGURE 2 – MDG 1 TARGET 1A IN BOLIVIA, RATIOS IN PERCENTAGE

Source: United Nations, 2012b

This shows the proportion of the Bolivian population living below $1 (PPP) per day has decreased from 24,7 percent to 14 percent between 1999 and 2007. Moreover it shows that the poverty gap ratio at $1 per day has decreased from 14,6 percent to 5,8 percent over the same time period. Both results are positive. However – taking into account that the data for many years are missing – both results appear to be part of an overall gradual decrease. Still, the fall in 2007 for both indicators is larger than before.

The share of Bolivia's poorest quintile in national consumption has increased from 1,3 percent to 2,8 percent, with a particularly strong increase in 2007, signaling a decrease in inequality. This finding confirms that the shift to post-neoliberal governance has had some impact upon income inequality.

For MDG 1 target 1b – Achieve full and productive employment and decent work for all, including women and young people – the following results were found:

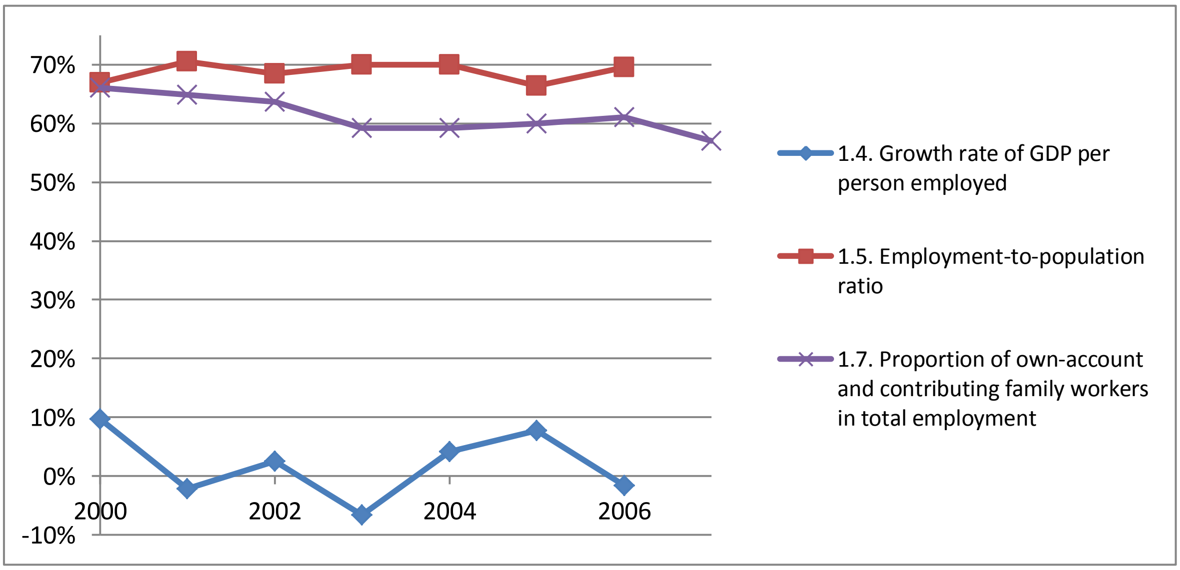


FIGURE 3 – MDG 1 TARGET 1B IN BOLIVIA, RATIOS IN PERCENTAGE

Source: United Nations, 2012b

The growth rate of GDP per person employed was negative in 2001, 2003 and 2006 but reached a record high of 7,79 percent in 2005. However there is much variation from year to year, and therefore it is difficult to attach any conclusion to this trend. The employment-to-population ratio has remained quite stable; no significant changes are visible. For target 1.6 only data for the year 2002 were available, and this has therefore not been included in figure 3 and will not be discussed.

The percentage of own-account and contributing family workers in total employment has diminished between 2000 and 2007. This signals a diminishment in vulnerable employment, a positive finding. The proportion of vulnerable employment in total employment has diminished since 2000, remained relatively stable around 60 % between 2003 and 2006, and has dropped by four percentage points between 2006 and 2007. This last finding could thus be linked to the shift to the post-neoliberal development model.

The shift from neoliberal to post-neoliberal governance seems not to have affected upon the growth rate of GDP per person employed, nor on the employment-to-population ratio. However, in terms of vulnerable employment, a positive result was found, with an especially strong decrease between 2006 and 2007.

For MDG 1 target 1c – Halve, between 1990 and 2015, the proportion of people who suffer from hunger – for each indicator data of only two years were available, giving the following results:

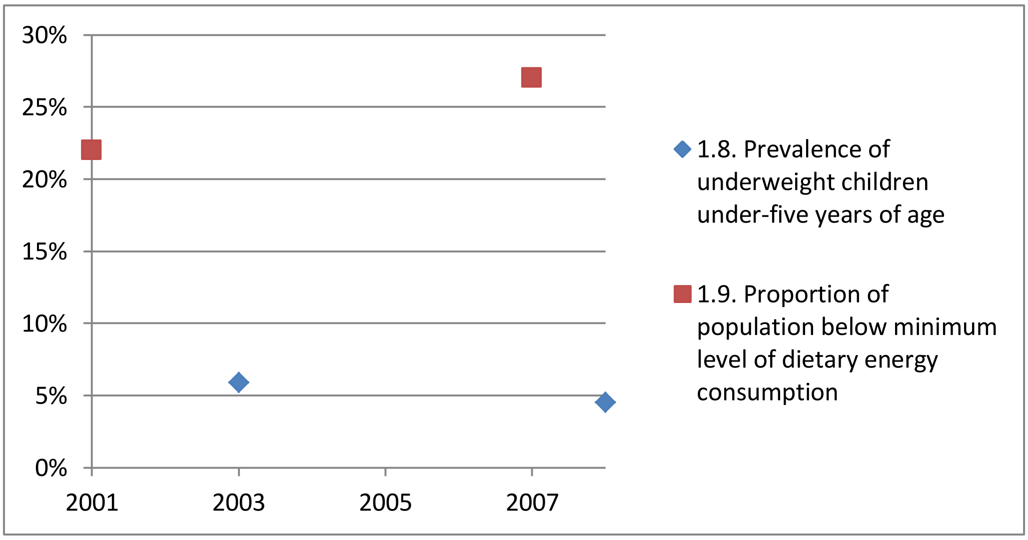


FIGURE 4 – MDG 1 TARGET 1C IN BOLIVIA, RATIOS IN PERCENTAGE

Source: United Nations, 2012b

No real conclusions can be drawn from this information. What is visible is that in 2003 5,9% of children under five years of age were moderately or severely underweight, whereas in 2008 this dropped to 4,5%. However, in 2001 22% of the Bolivian population was undernourished, and this increased to 27% percent by 2007. This last figure is surprising, as it represents an increase and this is contrary to the expectation of better performance on these indicators in the post-neoliberal period. However, there is no information concerning what happened in between and therefore no precise conclusion can be drawn from this.

Overall, on MDG 1, some positive results were recorded, with slightly larger decreases in poverty indicators, as well as a recorded decrease in income inequality. Employment remained largely unaffected, except for vulnerable employment, which diminished strongly between 2006 and 2007. In terms of hunger, one positive and one negative result was found, but due to a strong lack of data it is difficult to draw conclusions from this information.

5.1.4. GOVERNMENT REVENUE

The following results were found:

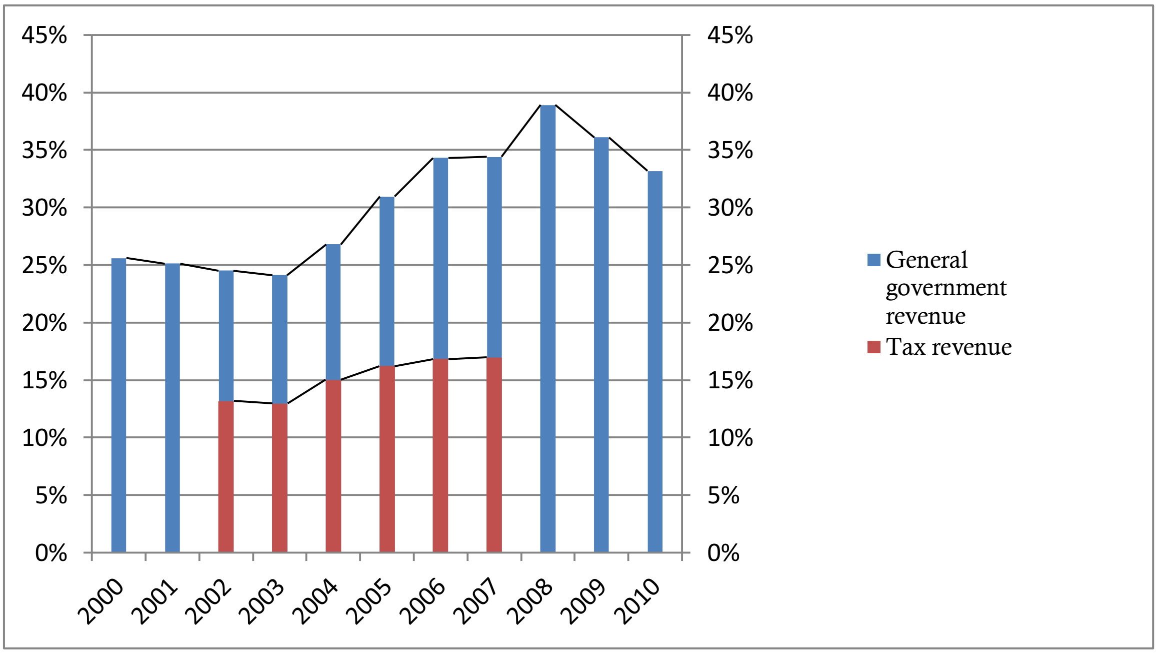


FIGURE 5 – GENERAL GOVERNMENT REVENUE AND TAX REVENUE AS PERCENT OF GDP IN BOLIVIA
Sources: IMF, 2012 (Note: estimates start after 2009); World Bank, 2012. [7]

The figure above compares general government revenue in Bolivia to the tax revenue, both as percentage of GDP in order to take out the effects of inflation. The blue column illustrates government revenue as percentage of GDP over the 2000-2010 period, and, as is visible, this percentage has increased strongly since 2004. Presumably, this is related to the nationalizations that occurred, which strongly increased the share received by the state of the revenue generated, particularly in the hydrocarbons sector. In order to check whether this is the case, the trend in government revenue was compared to the trend in tax revenues (percent of GDP) received by the state, since income from state enterprises or concessions would not be recorded in the tax income of the state.

Though data are missing, it can be said that between 2005 and 2007 tax revenue remained relatively stable, around 16 percent of GDP, while general government revenue as percent of GDP was increasing at a much stronger rate. Though data are missing, the increase in government revenue can thus presumably be related to the nationalizations. The decrease in 2008 could then be linked to the global economic crisis. In fact, this impacted upon Bolivia because between 2008 and 2009, the prices of hydrocarbons declined, and moreover demand from Brazil decreased (Webber, 2011, p.200).

[7] The IMF Statistical Database was used for the figures on general government revenue. The World Development Indicators were the source for the figures on tax revenue.

5.1.5. Government expenditure

Government expenditure is measured as percentage of GDP. To measure GDP, the IMF employs the 'expenditure approach' (IMF, 2012), which includes government spending as element of the formula to calculate GDP. The graphic below shows that as percentage of GDP, government expenditure has remained relatively stable.

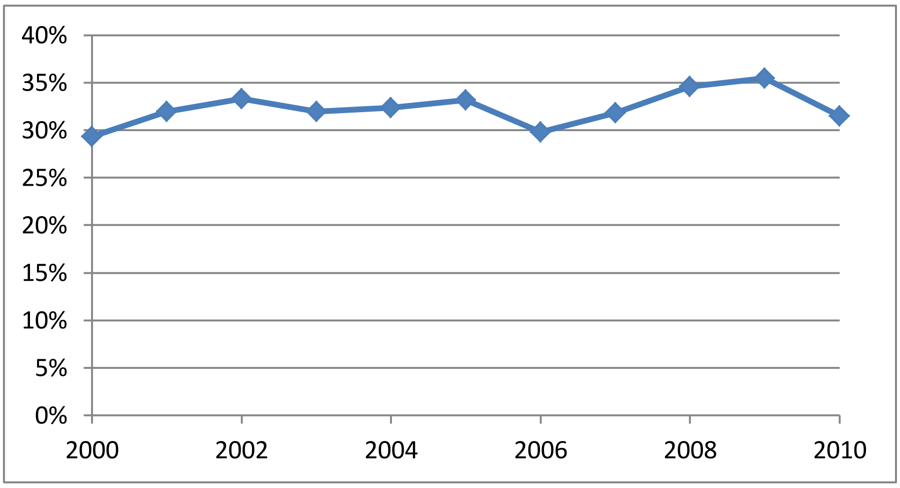


Figure 6 – General government expenditure as percent of GDP in Bolivia
Source: IMF, 2012 (Note: estimates start after 2009)

Even though GDP increased strongly after 2005, and thus in real terms government expenditure increased, the aim is to assess the role of the state *in* the economy. Since general government expenditure as percent of GDP remained relatively stable throughout the 2000-2010 period, it can be concluded the role of the state in the economy did not increase under post-neoliberal governance. There was a slight increase until 2009, but not significantly so as compared to the preceding years. Moreover, in 2010 the percentage fell back to near to 30 percent. This contradicts the expectation that, under post-neoliberal governance, the state would have a larger role in the economy (as opposed to the minimal state involvement associated with neoliberalism).

Now, within government expenditure, both healthcare expenditure and government expenditure on education can be measured as well.

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public spending on health	3,65	3,74	4,10	3,61	3,71	3,70	3,51	3,10	2,75	3,05	
Public spending on education	5,47	5,90	6,23	6,38			6,31				

Table 12 – Public spending on Health and education as percent of GDP in Bolivia
Source: World Bank, 2012

Unfortunately, for spending on education several years are missing (all except 2006 of the post-neoliberal period), and for health expenditure data for 2010 are unavailable. A few short conclusions can however be drawn. The figures show that there has been an increase in public spending on education from 2000 onwards, and that public spending on health decreased between 2005 and 2008. These are, of course, percentages of an increasing GDP. Considering the growth in GDP recorded under Morales, one might have expected stronger increases in the government's social expenditure. As stated by Weisbrot et al. (2009, p.19), "[g]iven the size and needs of Bolivia's poor population, […] and the increased resources that the government has accumulated in the recent years, it would seem that social spending for poverty alleviation and basic needs such as food, health care, and education should be increased".

The following figures illustrate the situation better:

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public spending on health	9,76	10,03	11,22	9,81	11,23	10,89	9,69	7,64	7,11	7,32	7,26
Public spending on education	15,82	18,40	19,72	18,06			21,15				

Table 13 – Public spending on health and education as percent of government expenditure in Bolivia

Source: World Bank, 2012; IMF, 2012 (partly own calculations based upon available data)

Surprisingly, within total government expenditure, the share spent on healthcare has decreased and is even at its lowest in the post-neoliberal period. For public spending on education, data for many years are missing. In 2006, 21,15% of government expenditure was dedicated to education. This is an increase, though unfortunately there is no data on the years that followed, or on the years prior to this, thus it is unclear whether or not this was a sudden increase after the change of development model.

5.2. The social side

To measure the 'social side' of development, some MDGs have been chosen as tool. Unfortunately, for many years data are missing. The findings are discussed below.

5.2.1. MDG 2

MDG 2 is to 'Achieve universal primary education'. It has one target, which is to 'Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling'. This is measured through three targets. Several years are again unavailable. For none of the indicators data are available for the years 2009 and 2010. The results are displayed below.

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
2.1. Net enrolment ratio in primary education	96,3	95,8	96,6	96,8	96,5		96,3	95	
2.2. Proportion of pupils starting grade 1 who reach last grade of primary	74,4	82,3	78,8	82,4			80,2	83,7	
2.3. Literacy rate of 15-24 year-olds, women and men		97,3						99,4	99,1

Table 14 – MDG 2 in Bolivia, ratios in percentage

Source: United Nations, 2012b

As is visible, enrolment ratios weren't low to begin with. In general, no significant changes are visible in these data between the pre and post 2005 period. However, especially for targets 2.1 and 2.3, not much room for progress was left, as the levels were already quite high at the beginning. The proportion of pupils starting grade 1 who reach the last grade of primary has increased from 74,4% to 83,7% between 2000 and 2007, a positive trend and good result, though it is doubtful whether this can be attributed to the change of model since in 2001 already the percentage was 82,3%. Though data are lacking, there does not seem to be a significant effect of the change in model on this MDG.

5.2.2. MDG 4

MDG 4 is to reduce child mortality. The corresponding target is to 'Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate'. The following results were found:

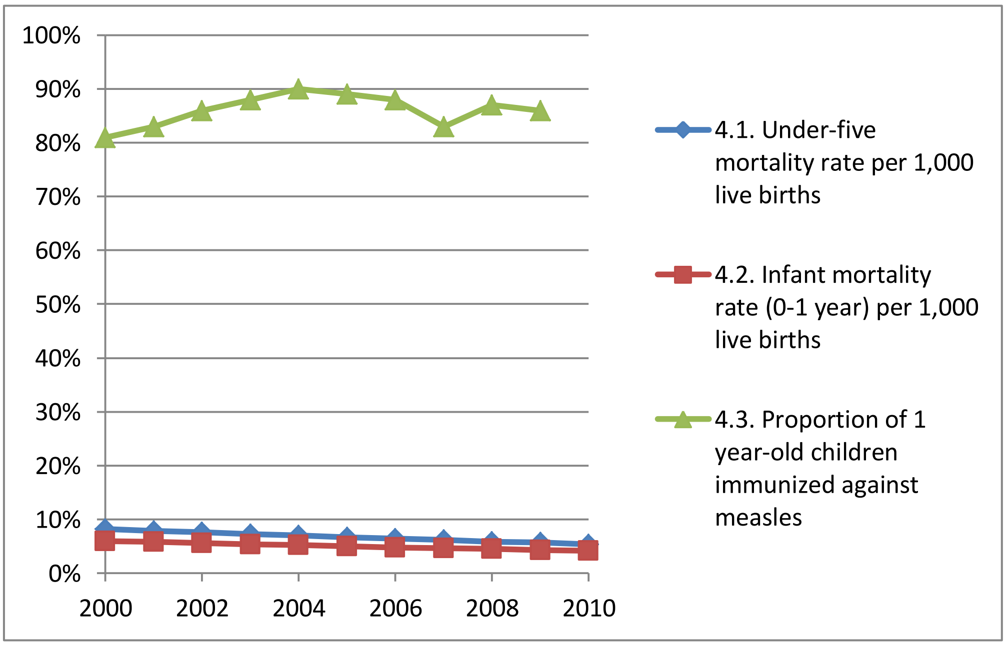


Figure 7 – MDG 4 in Bolivia, ratios in percentage
Source: United Nations, 2012b

The under-five mortality rate per 1,000 births has steadily decreased. Similarly the infant mortality rate (0-1 year) per 1,000 births has decreased steadily over the 2000-2010 period. Though in both cases the result is positive, it is part of the steady decrease, and the 2005 election of Morales has not had an effect upon this. The proportion of 1 year-old children immunized against measles increased from 81 to 90% between 2000 and 2004, before decreasing again to 83% in 2007 and ending at 86% in 2009. Therein, no positive nor significant effect of the change in development model can be discerned.

In the social measurements therefore, no significant effect of the change in development model has been discerned, even though this was expected based on the literature. This will be analyzed and discussed further in the following chapter.

"Dejamos en el pasado el Estado colonial, republicano y neoliberal" – We will leave in the past the colonial, republican, and neoliberal State

Preamble of the new Constitution of the Plurinational State of Bolivia (2009)

(Political Database of the Americas, 2011)

6. The difficulty of breaking with neoliberal premises

This chapter will consist of a discussion and analysis of the findings of chapter 5. The argument that will be put forth is that the reason so little effect of the change of development model was found, is that there has not *really* been a change in the model. This argument will be based on the findings of chapter 4, where the 'post' in post-neoliberalism is already briefly called into question. Especially the nationalizations, which are Morales's claim to fame, hold strong neoliberal continuity. Unless this core itself is altered, effects on things such as labor relations cannot be expected. This chapter will moreover draw on the work of Webber (2011), according to whom Morales's reforms ought to be labeled 'reconstituted neoliberalism' rather than 'post-neoliberalism'. The policies are named reconstituted neoliberalism since there has been an abandonment of "features of neoliberal orthodoxy" but Morales has "retained [the] core faith in the capitalist market as the principal engine of growth and industrialization" (Webber, 2011, p.232).

6.1. Accounting for weak results: Bolivia's extractive economy

Positive GDP growth was recorded, a result much related to the commodity boom (Molero Simarro and Paz Antolín, 2012, p.536). In fact, the period between 2003 and 2008 was one of high growth in Latin America and the Caribbean in general, with consistent growth rates above 3 percent, a period reported to be "the region's highest rate of sustained economic expansion in four decades" (Webber, 2011, p.193).

This leads into an important consideration, which is Bolivia's economic structure, which, as was briefly mentioned at the outset of chapter 4, did not change much over the years. The same remains true for the current period: the Bolivian economy is an extractive economy and this has not been modified under Morales (Molero Simarro and Paz Antolín, 2012).

The fact that Bolivia has an extractive economy entails that the Bolivian economy is "one in which the production and export of low value-added products dominates" (Molero Simarro and Paz Antolín, 2012, p.532). The extractive sector doesn't have linkages to other sectors. Since it is the core of the Bolivian economy, this creates inequalities between regions and social classes within the country (ibid.). Moreover, the "capitalist classes become dependent on income generated by the extractive sector, making them subject to the global dynamics of capital accumulation" (ibid.). Reforming these economic dynamics associated with an extractive economy could help overturn the "decades-old patterns of distribution" (ibid.).

However, as was noted, though there have been nationalizations, these occurred on the 'surface', in the form of new contracts and taxing arrangements. Beneath, still foreign firms are extracting the majority of Bolivia's natural gas, and the same goes for the nationalized mining sector. For example, the Bolivian government has negotiated a mining contract with Indian multinational Jindal Steel & Power, which has resulted in much additional tax revenue for the government. At the same time, of the iron extracted by the company, it is estimated 95 percent leaves the country in raw form, and only 5 percent is industrialized in Bolivia (Webber, 2011, p.105).

The nationalizations thus have not brought about a break from the model of primary export development. Since close to no industrialization of Bolivia's raw materials occurs on the Bolivian soil, the reforms have ensured that the basic structure remained unchanged, and that the conditions for accumulation for private investors were maintained.

However, the nationalizations did increase government revenue, as was shown in the previous chapter. Rather than reforming the basic economic structure in order to help overcome income inequality, it seems as though the Morales government has relied on a series of cash transfer programs in order to attempt to correct the strong inequalities in income distribution, and to achieve development (Molero Simarro and Paz Antolín, 2012, p.533).

The government has in fact initiated several social programs in this form (cash transfers). This includes in 2006 the launch of the 'Bono Juancito Pinto', an annual payment to primary school children as an incentive form them to complete primary school, and in 2007 the 'Renta Dignidad', which is an "unconditional universal monetary transfer to those over 60" (Riggirozzi, 2010, p.74). Additionally, there is the 'Bono Juana Azurduy', with the aim to reduce the child and maternal mortality rate, through modest cash transfers to uninsured mothers in order to encourage them to seek medical care during their pregnancy (ibid., pp.74-75).

These initiatives would lead one to expect high progress rates on social indicators of development. Surprisingly, the results were quite disappointing (though it cannot be forgotten that many figures were unavailable and are therefore missing in the analysis). Most observed changes are marginal and follow the same pace as in the previous period (the neoliberal period).

However, positive results were recorded in terms of inequality. The proportion of the Bolivian population below $1 (PPP) per day, as well as the poverty gap ratio at $1 (PPP) a day decreased more strongly in the post-neoliberal period, and a decrease in income inequality was recorded. Additionally, a decrease in the percentage of vulnerable employment was recorded, especially between 2006 and 2007. Thus, through the social policies adopted by the Morales government, a modest redistribution of wealth is occurring.

Still, it was surprising to find that the role of the Bolivian state in the economy has not increased after 2005, and that moreover, government expenditure on both healthcare and education showed very little variation. As has been mentioned, several authors consider the amount of government expenditure under Morales low, considering the overarching rhetoric of the government and high GDP growth. Though through the cash transfer programs a modest redistribution of wealth is taking place, this is very much dependent upon government revenue, which in turn fluctuates according to the changing natural resource rents (Webber, 2011, p.207). This is one of the main criticisms voiced in relation to the Bolivian development apparatus: it is extremely dependent upon volatile international prices for primary materials (ibid., p.208). Some even wonder whether recent economic performance is the result of new policies, or purely of the change in international conditions (Molero Simarro and Paz Antolín, 2012, p.536).

6.2. How post is post?

As was discussed in chapter 3, there is reason to question the term 'post-neoliberalism'. The implication that neoliberalism is 'left behind' is questionable for several reasons.

In fact, even though, as was discussed, the current government places restrictions on trade, and has nationalized a series of companies, it is very important to underline the fact that the government still strongly favors cooperation with foreign firms, and has moreover shown interest in increasing joint ventures. The government attracts these types of partnerships by offering the necessary guarantees of cooperation and acceptable conditions to foreign firms. For example, as was mentioned above, it signed a contract in 2007 with Indian firm Jindal Steel & Power Ltd., a firm which exploits the Mutún reserves in the eastern part of Bolivia (Bertelsmann Stiftung, 2009). Similarly, despite the 'nationalizations' that have taken place, the government negotiates agreements with the affected firms in terms of compensation (ibid.).

Additionally, in spite of the fact that Morales, in 2006, did not renew Bolivia's standby agreement with the IMF – and the country thus does not have any obligations under the IMF – the IMF still performs consultations and annual evaluations of Bolivia's economy (Andersson and Haarstad, 2009, p.22). According to Andersson and Haarstad, "[e]ven for the Morales administration, a decent relationship with the IMF is maintained in order to attract investment to the "nationalized" gas sector" (2009, p.22). Thus, though restrictions have been imposed, and though changes have been made – especially the nationalizations – it seems as though, in fact, "in reality it is easier to create a discourse against neoliberalism than to propose a replacement for it" (Molero Simarro and Paz Antolín, 2012, p.535). Elements of change are present, but underneath, core aspects of the previous model remain. Importantly, the liberalization of trade and active search of foreign investment are still high on the current government's agenda (Bertelsmann Stiftung, 2009). Therefore, in the absence of changes to several neoliberal cornerstones, the absence of particular expected results seems only logical.

6.3. Reconstituted neoliberalism

Considering the fact that the actual reforms that have taken place in Bolivia do not run as deeply as the term 'post-neoliberalism' suggests, Jeffery Webber (2011) proposes an alternative label: 'reconstituted neoliberalism'.

A distinction is made between the concepts of 'revolutionary epoch' and 'social revolution'. The period between 2000 and 2005 (addressed in sub-chapter 3.2) is referred to as revolutionary epoch (Webber, 2011, p.43). The distinction between both concepts is that the revolutionary epoch entails protest, uncertainty and the possibility of alternative outcomes, whereas the social revolution is a successfully won battle in the sense that it entails "lasting structural change that [has] been successfully won through the popular struggle of a revolutionary epoch" (Webber, 2011, p.46). The author thus contends that the period between 2000 and 2005 – the period wherein the Cochabamba Water Wars and the Bolivian Gas War took place – can be labeled revolutionary epoch, but that this revolutionary epoch did not end in a social revolution. Though there was a five-year period of sustained popular mobilization, which created the opening and space for transformative change in Bolivia, for Webber, this was dampened with the 2005 election of a 'moderate' political party[8] (2011, p.66). Unlike what many had anticipated, the election of Morales "did not portend a profound rupture with neoliberalism as many had expected" (ibid., p.68). This, it is argued, is the result of changes in the class composition, ideology and political strategies of Evo Morales's party, the MAS (Movimiento Al Socialismo – Movement Toward Socialism) (ibid.).

In short, the argument is that the party began in the mid-1990s as an anti-neoliberal political tool of the indigenous-peasant movement in the Chapare region of Bolivia, who were in

[8] It must be noted that Webber's critique is made through a Marxist lens (Webber, 2011, p.12), thus the label 'moderate' is to be understood from this perspective; for the author the changes ought to and could have been much deeper. The study performed here is not normative, therefore this particular point of view is neither defended nor rejected, rather, the argument underneath, concerning the neoliberal continuities in the policies of the MAS administration is very relevant for this study and is therefore discussed here.

continuous confrontation with the U.S. in the context of their 'war on drugs' (ibid.). Mass mobilization was the main tool used by the party at the time. Then, in 2002 already, Morales ran for presidency, but was not elected. Webber states it was at this point a shift occurred within the party, one away from radical anti-neoliberalism and anti-imperialism, as well as away from mass mobilization. In fact, the top layer of the party had become increasingly populated by urban middle-class and mestizo intellectuals, who advocated moderation in the party's public profile (ibid.). This was accompanied by a shift toward focusing on electoral politics, rather than direct confrontation with state authorities (ibid.). In order to broaden the party's voting base, it courted "the urban middle-class voters in electoral contest and [assured] foreign domestic capital that their fundamental interests would not be encroached upon if Morales were to become president" (Webber, 2011, pp.68-69).

In short, these are the roots of what, starting in 2005, became a 'reconstituted neoliberalism' rather than a break from neoliberalism in the form of post-neoliberal governance – as was expected by many, and as is still understood to be the case by many an author as well. Below, some of the content of what is considered reconstituted neoliberalism will be discussed, which underlines the neoliberal continuities of the policies of the MAS administration. This not only underlines the argument set forth in this chapter, it also highlights the definite difficulty of breaking with neoliberal premises.

Reconstituted neoliberalism in essence refers to the fact that there have been certain breaks with neoliberalism, specifically in the hydrocarbons sector, Bolivia's strong foreign relations with Venezuela and Cuba (especially the ALBA membership), and the end of Bolivia's stand-by agreement with the IMF. Though these things occurred, "a decisive move to rupture ties with neoliberalism was ambiguous at best" (Webber, 2011, p.70). Thus, as the name indicates, the premise is that under Morales, neoliberalism has been reconstituted to some extent, but neoliberalism still constitutes the essence of the current situation and of the adopted policies.

Under neoliberalism, one of the main functions of the state is to ensure the free market can function with as little obstructions as possible, and to ensure accumulation can occur. Webber contends Morales did exactly this, by maintaining the financial apparatus which was already in place. This is in reference to the fact that Morales has both reasserted the independence of the Bolivian Central Bank (BCB), and has maintained a regime of fiscal austerity (ibid., p.73). The government in fact pledged to run less than 3.2 percent of deficit, and to keep inflation at or under 4 percent in 2006 (ibid.). This is quite nicely in line with the neoliberal ideal as expressed in the WC (see Williamson, 1993, p.1332). As a result, "the non-financial public sector ended 2006 with an estimated fiscal surplus equivalent to 6% of GDP", which, as was discussed, can be considered "an unnecessarily high level of savings for a country with immense investment needs and one that has benefited from debt forgiveness initiatives leading to a reduction in the public-sector debt stock from 80% of GDP in 2004 to 54.6% of GDP in 2006" (Economist Intelligence Unit, 2007 cited in Webber, 2011, p.74). The following years fiscal surpluses were recorded as well (Webber, 2011, p.197). In addition, the promised increase of the minimum salary in Morales's first year of presidency was much lower than had been announced, which leads into the conclusion that "in terms of macroeconomic and labor policy, there were discernible continuities between the MAS regime and its predecessors" (Webber, 2011, p.74).

As was moreover discussed at the beginning of this chapter, there is strong continuity in the fact that Bolivia's economy remains based upon the exploitation and exportation of low-added value primary resources, which are still owned largely by transnational firms. Bolivia's National Development Plan for the years 2006 through 2010, which was made public in 2006 is founded on a basic orientation toward "reducing aggregate domestic demand, maintaining low inflation, respecting the independence of the central bank, and therefore securing a tight lid on salaries and a legal framework that will prove attractive to transnational capital seeking to invest in export sector" (ibid, p.75), in order to ensure Bolivia's economy remains competitive. The revenue raised through the nationalizations is geared mainly toward investments in infrastructure and in the financing of prefectures and municipalities (Bolivia is a decentralized country), and only very little of the new revenue is geared toward the industrialization of hydrocarbons (ibid., pp.75-76). Without strong public investment in this area, however, there is no viable alternative path to transnational exploitation in the areas of hydrocarbons and mining (ibid.), thus no future perspective of a full-fledged break with neoliberalism in this area.

It does not necessarily follow from this that Bolivia, in not fitting in the post-neoliberal category, is neoliberal by default. This is the reason Webber's label, 'reconstituted neoliberalism', is discussed in this chapter; some changes (with relation to hydrocarbons, Venezuela and Cuba, and the IMF) still merit to be recognized as such. However, in view of the limitations in the extent of change, which have been discussed at length in this chapter, the label post-neoliberalism is not deemed a correct characterization of the policies adopted by the MAS administration. From this it follows that many of the expected results were not found, as shown in the previous chapter. Though government revenue increased in the context of the nationalizations, a surprisingly low amount of those revenues was channeled toward social spending in health and education (though, as was mentioned, the government did initiate some cash transfer programs) or job creation. This "reconstituted neoliberal austerity" (Webber, 2011, p.229) was unable to produce the progress on development that was expected in this study. Of course, the expectations were based upon a model which, as was shown in this chapter, was not in reality implemented in Bolivia.

On this note, the following chapter will present a final overview of all that has been discussed in this study, in order to conclude and present a final answer to the main research question.

7. Conclusions

This study had the central aim of finding what the effect of the change from neoliberal to post-neoliberal governance is on development in Bolivia. In order to conclude, a brief overview of the content of this study will be provided, by discussing each of the sub-questions and how they have been answered (each corresponded to a chapter of this study). Then, the main research question will be answered. The limitations and difficulties encountered in this study will also be discussed. This concluding chapter will end by discussing some recommendations for future research.

7.1. Short review: the sub-questions

In order to refresh the memory of the reader, the sub-questions addressed in this study and their answers will be discussed below.

1. What is meant by neoliberalism, post-neoliberalism, and development?

In order to come to an understanding of neoliberalism, an historical overview was first provided, to explain the context in which neoliberalism emerged and what the aims were. This was traced back to the assent of welfare states in the aftermath of World War II, to the Bretton Woods system, and to its fall in 1971, when the U.S. broke the link of the dollar to gold. It was in this context that owners of capital started demanding new policies; the reduction of restrictions on business activity and the deregulation of markets. The 'Volcker shock' of 1979 is understood to be one of the establishing moments of neoliberalism. Restrictions on capital flows disappeared and the separation between investment and commercial banks was gradually phased out. In this period there was moreover an ascent of monetarist economists, who opposed Keynesian policies. In the context of high inflation and strong unemployment it became possible for presidents as Reagan and Thatcher to implement a new discipline of labor and find support on discourses concerning the unsustainability of welfare capitalism and the implementation of policies of deregulation and privatization instead.

Many an understanding of neoliberalism was discussed, ranging from views of neoliberalism as ideology, to views of neoliberalism as class project. Neoliberalism was discussed in relation to the WC, and the ten policy prescriptions described by Williamson (1990; 1993). Based upon the assertion that neoliberalism has two faces, the argument was made that neoliberalism and the WC can be linked, if and when neoliberalism is understood as the 'social market' variant, which advocates state intervention in creating and sustaining the necessary institutions for the free market to reach its full potential (Gamble, 2006). Therefore, neoliberalism was operationalized based upon the ten policies of the WC.

The difficulty of defining post-neoliberalism was made clear in the discussion of the different definitions and understandings which exist of the term, which share their broadness as main common denominator. For Kaltwasser (2011) it is best understood as the intent to move beyond the WC. Therefore the opposition to the WC in Latin America was discussed, in order to come to an understanding of the main criticisms to the WC, and by extension, the 'failures' post-neoliberalism aims at correcting. The operationalization of post-neoliberalism was done based upon Emir Sader's (2009) four characteristics (the opposition to deregulation, financialization, weakening of labor relations, and 'free trade').

Development was operationalized based upon the expectations of neoliberalism and post-neoliberalism. Improvements on social indicators of development were expected, as well as higher GDP growth, less income inequality, higher government revenue, and higher government expenditure, specifically in social areas.

In order to measure progress on social indicators, MDGs 2 and 4 were selected. MDG 2 is to 'achieve universal primary education', and MDG 4 is to 'reduce child mortality' (United Nations, 2012b). To measure progress on the economic side of development, GDP growth and the GINI coefficient were selected as measures. Moreover, to gather more information on inequality, MDG 1 was selected, which measures progress on extreme poverty and hunger. The final two indicators selected for this area of development were government revenue and government expenditure.

2. How has the neoliberal and the post-neoliberal model been implemented in Bolivia?

The extent of implementation of neoliberalism and post-neoliberalism in Bolivia was analyzed based upon the selected operationalizations of the theoretical chapter. The emergence of neoliberalism in Bolivia was introduced through a short contextualization, namely a short description the previous models, named the 'mining superstate' and 'nationalist populism' (Orellana Aillón, 2006; Webber, 2011). The 1980s debt crisis and hyperinflation set the stage for the implementation of neoliberal changes. The finding was that all WC policies have been implemented in Bolivia. Though this began in 1985, and the term 'Washington Consensus' wasn't coined until 1989, it was argued that Williamson coined the term based upon the visible intellectual trends worldwide, to which Latin America contributed in particular.

The shift from neoliberalism to post-neoliberalism was explained through the strong crises which took place between 2000 and 2005 in opposition to neoliberal policies: the Cochabamba Water Wars and the Bolivian Gas War.

Post-neoliberalism was discussed in relation to Sader's four characteristics. This led into an initial questioning of the extent of 'post' in 'post-neoliberal' Bolivia, seeing as for each characteristic there did not seem to be a complete opposition. This concerned especially the fact that trade had remained liberalized, that the nationalizations had not entailed an actual expropriation, and that labor unions were very critical of the changes in the area of labor relations proposed by the Morales government.

3. How has Bolivia performed on development before (2000-2005) and after (2005-2010) the election of Morales?

In general, the results were much weaker than expected. For GDP growth the results did fit the expectation – Bolivia performs higher on this indicator after the election of Morales. Results on the GINI coefficient were positive as well, though it had remained unclear whether or not this had anything to do with the change of development model. The results on MDG 1 confirmed there had been stronger progress on measures of inequality after 2005. Decreases in poverty measures were recorded, and an increase in the share of Bolivia's poorest quintile in national consumption – signaling a decrease in inequality. Moreover, a decrease in the share of vulnerable employment in total employment was found. Government revenue was found to have increased in the post-neoliberal period, and this was linked to the nationalizations by showing that tax revenue (for the available years) had remained relatively stable. Government expenditure as percentage of GDP varied very little. Therefore, it was concluded that, contrary to the expectation, state involvement in the economy had not increased in the post-neoliberal period.

Moreover, government expenditure in social areas was deemed low in the context of high GDP growth and in the context of the many needs in the Bolivian country. The share of government expenditure spent on healthcare was even found to have decreased throughout Morales's years of presidency.

For MDG 2, concerning universal primary education, no significant effect of the change of model was found, and most figures were already quite high to begin with, such as for example the net enrolment ratio in primary education which was already of 96,30% in 2000. Finally, measurements were presented for MDG 4 – reduce child mortality. Here it was noted that the observed decreases in the infant and under-five mortality rates were part of a steady downward trend which was visible throughout the period that was studied (2000-2010). The proportion of 1 year-old children immunized against measles showed much variation over the entire decade studied here, and therefore no clear effect of the change of model could be found there either.

4. How can these scores be explained?

The lack of results was explained through the assertion that the change in development model had not occurred in practice (though in speech it seemed that way), and that, rather than having moved beyond neoliberalism, as implied in the 'post', the current administration shows strong neoliberal continuities in the policies it implements. It was shown that the continued reliance on the extraction and exportation of low-added value primary products accounts in part for the disappointing results. Through the 'neoliberal' nationalizations, the extraction, exploitation and industrialization of Bolivia's natural resources has remained at the hands of transnational companies. Though a modest redistribution of wealth was recorded, the revenues generated by the nationalizations have been insufficiently geared toward social expenditures. Moreover, due to lack of investment in industrialization at the national level, it is unlikely it will ever be possible for those enterprises to become completely state-owned – which would have been a complete break from neoliberalism.

Finally the arguments of Jeffery Webber (2011) were discussed in order to introduce the term 'reconstituted neoliberalism' rather than post-neoliberalism as characterization of what has occurred in Bolivia since Evo Morales's election in 2005.

7.2. Answer to the main research question

The research question that constituted the core of this study was:

What is the effect of the model used (neoliberal and post- neoliberal) on the achievement of development in Bolivia?

The immediate answer to this question is that this is unknown. The main finding of this study has been that there has not really been a change toward post-neoliberal governance, though this is asserted by many authors. The changes do not run as deep as the rhetoric of the MAS administration suggests. As a result, however, the effect of post-neoliberalism on development remains unknown. The policies implemented by the Morales government hold strong continuity to the policies of the neoliberal model it was meant to displace. As a result of this, no real differences were found between the 2000-2005 and the 2005-2010 period in Bolivia in terms of development. One thing must be noted, and that is that the fiscal stimulus injected by the Morales administration in response to the effects of the global economic crisis would not have been possible had it not been for the control the government had gained over the hydrocarbons revenues (Webber, 2011, p.201). Thus, it might be noted that without this 'reconstituted neoliberal' policy, Bolivia might have suffered much more from the effects of the economic crisis, and, by extension, have scored quite negatively on development.

7.3. Limitations and difficulties encountered

The main difficulty encountered in this study was the unexpected lack of data for many years and on many indicators. This restricts the validity of the measurements considerably.

Additionally, the use of the interrupted time series design, as was mentioned, cannot rule out the threat of history. In this study, history is an important explaining factor for the results that have been found: the commodity boom accounts strongly for the observed improvements. The fact that the chosen research design could not rule out this threat thus constitutes a limitation.

Moreover, the scholarly literature on both neoliberalism and post-neoliberalism can be quite ideological in the understandings and analyses it attaches to both terms. This made it difficult to come to clear understandings of the terms, and to remain clear throughout the analysis.

One final difficulty is the lack of time and space available to convey the broadness of particular issues, without sacrificing the clarity of this study. This relates to the strong issues of racism within Bolivia against the indigenous population. This particular theme forms a strong component of struggle and confrontation surrounding the Morales administration. Moreover, this administration has had very strong opposition from and confrontation with the right-wing autonomist movement in the 'media luna' departments of Bolivia: Beni, Pando, Santa Cruz, and Tarija. These issues are very much at play at the heart of Bolivian politics, but discussing and explaining both issues – which are very broad and have long histories – was not possible in the space of this thesis.

7.4. Recommendations for future research

The main gap encountered while performing this study is the lack of clarity surrounding the term 'post-neoliberalism'. The term is used very broadly and to describe different situations in different countries. Therefore it is of interest to debate the term more extensively, in order to come to a definitive definition, or, to a definitive rejection of the term. As was shown in this study, though there are changes (in the Bolivian case), they do not represent a fundamental break with neoliberalism and therefore, cannot be labeled 'post-neoliberal'. Discussing the terminology used is quite important, in order to prevent confusions and in order to provide a common denominator for the research performed on this subject.

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APPENDIX I – THE FRENCH RÉGULATION SCHOOL METHODOLOGY

In chapter 3, the period before the implementation of the neoliberal model is discussed in terms of 'regimes of accumulation'. This specific term refers to the French Régulation School theoretical approach which analyzes capitalist society along two main dimensions. The first dimension is called the 'regime of accumulation' (RoA), and refers to the basic and most important arrangements through which the accumulation of capital occurs. This includes the articulation of the system of production and consumption, and integrating the capitalist mode of production with other "coexisting modes" (Collinge, 1999, p.558). Capitalism is compatible with RoAs that transform over the long term, and vary in time and space (Boyer and Saillard, 2002, p.38). The second dimension is called the 'mode of regulation' (MoR). The MoR is the set of rules and institutions that enable relations between the systems of production and consumption, so that capital accumulation can occur. It refers to the written and unwritten laws of society that control the way accumulation occurs. Thus the RoA and the MoR interact. As the RoA develops over time, the MoR that corresponds to it gradually becomes obsolete; the institutions and norms that govern the economic activity collapse. This can only be solved by establishing new institutions and norms, consistent with the new RoA that is emerging (Collinge, 1999, p.558). In addition to these, regulationists pay particular attention to 'institutional forms'. These refer to the "specific configurations of social relations for any given era or geographical location" (Boyer and Saillard, 2002, p.38). Institutional forms define the origin of the social and economic patterns that are observed (ibid.). The main aim, within régulation theory, is to observe and describe these institutional forms, and their continuous transformations. This is because it is the institutional forms that mold the behavior of the different economic agents, and thus institutional forms are the nexus between micro and macroeconomics.

The figure below illustrates the methodology of the French Régulation School.

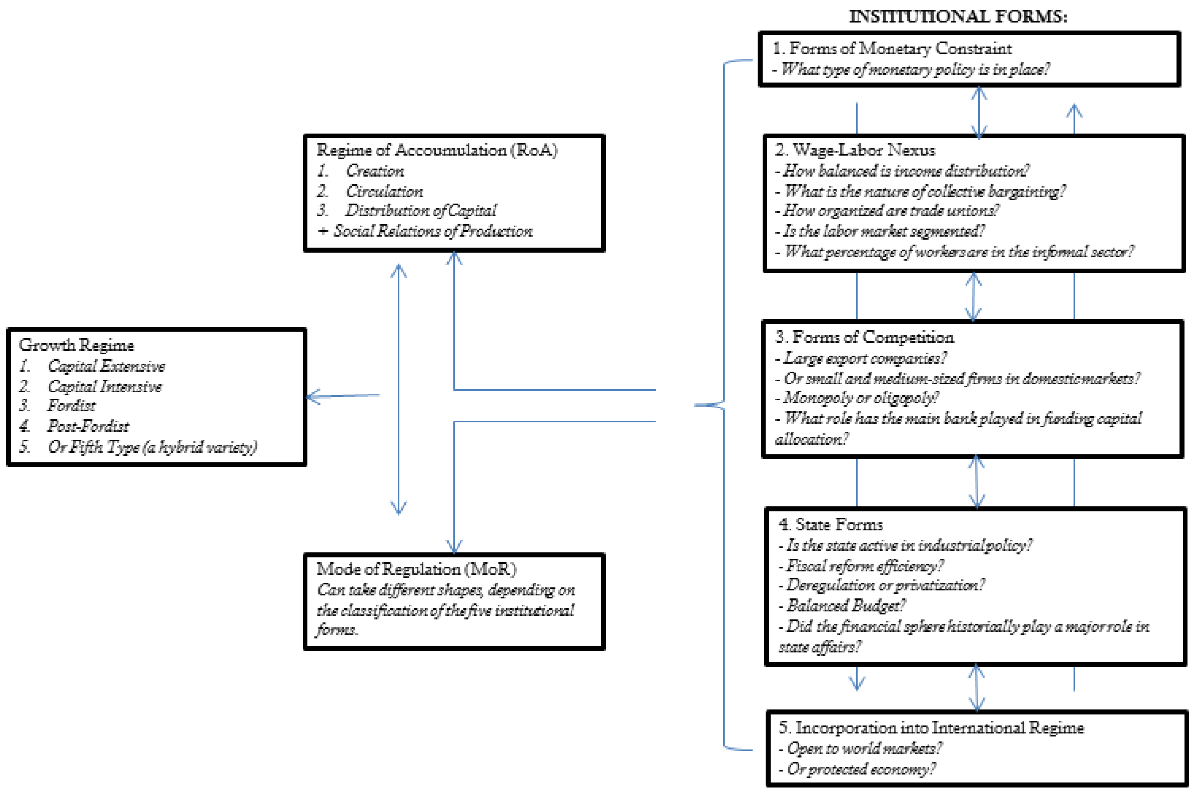

FIGURE 8 – OVERVIEW OF THE BASIC CONCEPTS OF RÉGULATION THEORY

Based on: Boyer and Saillard, 2002, p.44; Cepak, 2009, p.75