Globalization and the New Spaces for Social Movement Politics: The Marginalization of Labor Unions in Bolivian Gas Nationalization

1. Introduction

Across Latin America, the period from the early 1990s and until today has been one of extraordinary mobilization of indigenous peoples, and an overall decline of labor movements (Hale, 2002; Oxhorn, 1998). This same period, or at least until quite recently, has also been one of ascendancy and consolidation of neoliberal globalization. Various arguments have been put forward regarding the complex interlinkages between these tendencies, some of which have focused on the new opportunity structures for political practices shaped by the processes and discourses of globalization. Globalization can be seen as closely related to neoliberal economic policy discourses that have involved far-reaching restructuring of political institutions and labor markets where they have been implemented. As Cerny (1995) notes, globalization has changed the structural context for collective action. It has therefore been accompanied by new forms of political subjectivity and organization, and new opportunity structures for progressive politics (Bakker, 2007; Haarstad & Fløysand, 2007; Keck & Sikkink, 1998; Postero, 2007). Recent accounts of globalization have emphasized the rise of new spatiotemporalities, and new forms of organization and voicing (Amin, 2002; Castells, 2000; Swyngedouw, 2000, 2004). Terms such as “grassroots globalization”, “globalization from below” or “alter-globalization” are frequently used to point to the alternative movements that have emerged.

However, less attention has been paid to the types of political practices and organizations that are marginalized within these opportunity structures. The literature on the new political spaces of globalization has focused on social movements that take advantage of increased mobility and networked forms of organization. Labor unions, in contrast, are dependent on workplace-based organization and active state regulation, and can be assumed to be less able to maneuver effectively within the political spaces of globalization.

Against the backdrop of this problematic, this article investigates how the political spaces of globalization influenced Bolivian nationalization of gas resources. Nationalization and state control of natural resources have been core demands of the historically strong Bolivian labor movement. During the social protests between 2003 and 2005, nationalization was a unifying demand of a multitude of social and political organizations. It was also central to the 2005 electoral platform of Evo Morales and the MAS (Movimiento Al Socialismo)
party. The demand for nationalization is rooted in long standing local and national histories of popular struggle against colonialism, imperialism and economic exclusion. But mobilization around nationalization and its implementation are also interlinked in complex ways with a set of policies and discourses of globalization.

Bolivian gas resources were privatized as part of a broad IMF-led reform program implemented between the mid-1980s to the late 1990s with the intent to integrate the country into the global economy and attract foreign direct investment (FDI). The reforms were implemented amidst growing popular discontent, as the privatization of gas resources was widely regarded as a “garage sale of the national patrimony” (Assies, 2003). The most spectacular manifestation of the popular demand for nationalization was the Gas War in October 2003. The protests were mainly based in the city of El Alto, which has over the past years been “building an identity as an indigenous city” (Lazar, 2008, pp. 2). The protests were sparked by President Gonzalo Sánchez de Lozada’s proposal to export liquefied gas to the United States through a port in Chile. After a month of protests that cost some 60 lives, the President was forced into exile and the proposal was withdrawn. The pressure for the President to resign and gas to be nationalized came from grassroots organizations, NGO employees, human right advocates and political parties, as well as the miner’s union and other labor unions (Assies, 2004; Crabtree, 2005). The vice-president Carlos Mesa assumed the presidency, and promised a referendum on the gas issue and a new Hydrocarbons law. In the 2004 referendum a significant majority of voters backed state recovery of gas resources, which was passed into law in 2005 but never implemented. The 2005 Hydrocarbons Law did not satisfy the popular sectors, who continued to organize large rallies in favor of a more radical nationalization. Mesa offered his resignation, and temporary administrations were in place until a general election could be held. In December 2005 Evo Morales was elected as the first indigenous President of the country with the largest percentage of votes ever achieved in a Bolivian presidential election. A Supreme Decree nationalizing gas resources was announced on May 1st 2006 by Morales.

It is tempting to understand nationalization as simply a national backlash against the forces of globalization. But the articulation of the political demand for nationalization of gas was interlinked with the socio-economic restructuring of neoliberal globalization in more complex ways, as argued throughout this article. On one hand, neoliberal reforms and discourses had opened spaces for oppositional politics (Kohl, 2006; Postero, 2007). On the other hand, these reforms and discourses had concomitantly narrowed the political spaces for labor unions and made it more difficult for unions to effectively press their demands. As I will
show, Morales’ nationalization reflects these shifting political spaces in distinct ways. Neoliberal globalization forms an important structural context for nationalization in Bolivia, which limits its effectiveness in recuperating the political spaces of labor lost in privatization.

The argument is presented as follows: The next section (section 2) offers a critical reading of some of the literature pointing to new spaces for politics that have emerged with globalization. This is followed by a discussion of the Bolivian context and rise of new social movements (section 3). After a discussion of the weakening of labor through processes linked to globalization (section 4), I analyze “actually existing” nationalization, showing that it was shaped by the dual pressure of new social movements and economic globalization, and that it failed to respond to the demands and interests of organized labor.

The paper draws on 6 months of field work in Bolivia between September 2006 and February 2007, during which contracts were negotiated. A total of 46 interviews were conducted with company representatives, labor organizers, public institution representatives, and political activists. In addition, the paper draws on IMF policy documents retrieved during a visit to the IMF Archives in Washington, nationalization contracts, and range of secondary sources.

2. The political spaces of globalization

The assertion of much recent literature is that globalization has opened political spaces for new social movements and new forms of civil society politics. To Cox (2005), there has been a revival of a “bottom-up” civil society politics within the spaces opened by the fall of “real socialism”, in which those who are disadvantaged by economic globalization can mount their protest and seek alternatives. In Castells’ “network society”, political power exercised by those organizations that take the shape of networks and operate within “spaces of flows” (Castells, 2000). The “politics of scale” debate in political geography illustrated that the various processes of globalization have opened possibilities for grassroots groups and NGOs to utilize networks across scale in order to press claims at larger scales (Cox, 1998; Haarstad & Fløysand, 2007; Staeheli, 1994). The relationship between processes of globalization and contemporary social movements tends to be analyzed in terms of “grassroots globalization” (Routledge, 2003, 2000), “globalization from below” (Kellner, 2002; Kiely, 2000), “alter-globalization” (Bakker, 2007), “scaling from below” (Nielsen & Simonsen, 2003), the “movement of movements” (Cox & Nilsen, 2007) or simply “the movement” (Ashman, 2004).
For example, the much cited work by Routledge (2003) on “convergence space” celebrates new forms of contestation against neoliberal economic globalization, focusing on how place-based organizations form “grassroots globalization networks” opposing neoliberal globalization using the internet and converging upon the meeting sites of international institutions. He privileges the types of political practices that can operate in new political spaces opened by increased potential for mobility and communication. Along a similar vein, Ashman (2004) asserts that “neoliberal globalization has provided a common language to multiple militant particularisms and has thus produced a universalistic dynamic…”

The attention paid to the multiscalar and networked politics of these social movements is a welcome complement to the more disempowering accounts of globalization promoted at an earlier stage. However, less attention has been paid in this recent literature to actors and claims that are marginalized within the new political spaces of globalization. Talk of “grassroots globalization”, “globalization from below” or “alter-globalization” downplays that the new spaces of globalization are less empowering for particular types of actors and claims. There is a need to think through not only how new political spaces have been opened through the political and economic restructuring of globalization, but also how the political spaces of globalization marginalize certain types of organizations and practices.

In particular, workers and labor unions seem less able to take advantage of these spaces to press their claims in a new context. Moody (1997) shows how lean production models in the global economy have created a crisis for workers and union organizations, increasingly in a squeeze between firm relocation and new corporate standards of efficiency. Neoliberal policies have empowered employers in relation to workers by enabling them to relocate geographically (Wills, 2001). Governments have incentives to distance themselves from unions, as investors tend to choose sites where the government avoids “exclusive relationships with vested groups” (Oman, 1999). In Latin America, the corporatist models that provided labor unions with relatively high influence have been replaced by neoliberal models with flexible labor relations (Oxhorn, 1998).

This is related to issues of economic restructuring, but to discursive issues as well. Development discourses linked with globalization shape political spaces by promoting particular subjects and subject positions. As Millstein et al (2003) argue, global development discourses that emphasize human rights, decentralization, good governance, multiculturalism and civil society open spaces for organizations that represent or claim to be legitimate expressions of these causes. Multiculturalism and indigenous identity have become powerful tropes in neoliberal development discourses, in ways that both open new political spaces for
social movements and assimilate these movements into neoliberal conceptions of development (Andolina et al., 2005; see also Hale, 2002; Laurie et al., 2005). And economic globalization is interlinked with a set of discursive shifts that make it more difficult to press union-based claims. As Beck (2000) notes, “labor market flexibility” has become a political mantra of neoliberalism. In popular struggles, questions of work and class have become less central to the construction of political identities, largely replaced by questions of gender, ethnicity and sexuality (Castells, 2004; Laclau & Mouffe, 2001). It seems generally agreed that, in terms of political articulation, there has been a shift from a “politics of redistribution” to a “politics of recognition” (see Fraser in Fraser & Honneth, 2003). Therefore, the political space of globalization must be seen as encouraging certain forms of political claims making at the expense of other types. In the words of Nielsen and Simonsen (2003, pp. 914), “[globalization] has to be considered as a discourse inclusive to some political strategies and social practices while excluding others.”

In turn, the perspective of this article is that globalization can be seen as a material and discursive process shaping political spaces in which some political practices are enabled while others are constrained or marginalized. A “political space” is understood as the structural context of action, or the set of possibilities and constraints for pursuing a particular type of politics (see Engberg-Pedersen & Webster, 2002). Importantly, the political space of a set of actors is not determined just by policies or discourses of globalization, but also by the local and national context in which they operate. In Bolivia, mobilizations contesting globalization and agitating for nationalization have roots in popular struggles against economic and economic exclusion.

3. Nationalization and political spaces in the Bolivian context

Nationalization of natural resource sectors has been one of the central demands of labor unions and historically a core of union-led popular mobilization in Bolivia. A worker’s congress in 1927 was the first to demand nationalization of the mining sector (Hylton & Thompson, 2007). Parts of the petroleum sector were nationalized in 1937, when properties of Standard Oil were confiscated without compensation (though some compensation was later agreed due to US pressure). Nationalization was also a central part of the revolution of 1952 led the party MNR (Movimiento Nacional Revolucionario). Soon after the revolution, a central labor federation the COB (Central Obrera Boliviana) was formed and headed by mine workers. One of the first acts of the COB was to demand complete nationalization of the
mines without compensation. The MNR government responded by nationalizing the three biggest tin mines, but provided compensation. The state enterprise COMIBOL was formed, and the miners in COB obtained veto power over decisions affecting workers (Klein, 2003). Maintaining “absolute control for the state” was also part of the 1952 platform of the labor federation in the gas sector FSTPB (Union Federation of Petroleum Workers of Bolivia) (Rivera, 1988).

In the wake of the revolution, industrial workers and particularly the miners had direct influence over government policy (Alexander, 1982). The COB was part of a virtual co-government with MNR, and during the first years after the revolution the labor federation was arguably one of the most powerful unions in Latin America (Casanovas, 1985). In the nationalized natural resource sectors, high levels of employment and clear institutional channels for union agitation provided the COB with a wide political space for influencing workplace-politics. In the gas sector, the state company YPFB (Yacimientos Petrolíferos Fiscales Boliviana) was the dominant actor in the production chain, especially after the takeover of Gulf Oil’s holdings in 1969 (Kohl & Farthing, 2006). Given the influence of the COB and its mining leadership, the industrial proletariat was considered the vanguard of civil society under which indigenous organizations were often subordinated.

Labor unions in Bolivia have historically negotiated in a context marked by large rural and informal sectors, low industrialization and consistent poverty. For much of recent history, the majority of the workforce has been rural indigenous peasants (campesinos) in various forms of bonded labor on large estates (haciendas). This oppression has been linked to the persistence of a colonial legacy of ethnic exclusion, under which the indigenous have been denied citizenship or lacked means to obtain it. In comparison, industrial workers in petroleum and mining sectors have been relatively privileged. Although no easy delimitations can be made between “indigenous” and “worker” in the Bolivian context, García Linera (2005) argues that in popular struggles there has been a mismatch of the “revolutionary rationales” of Marxism and Indianism (Indianismo). Political practices currently drawn on both these traditions, but tensions between them have persisted.

In the period after the MNR revolution, social integration was based on a discourse of class rather than ethnicity (Rodríguez & Böhrt, 1987). The COB tended to give preferential treatment to the urban proletariat vis-à-vis the rural campesinos, and in the first COB congress the campesinos were in practice barred from participation (Lora, 1977). Revolutionary reforms had a “labor union character”, and peasants had to be members of unions to receive redistributed land (Petras & Veltmeyer, 2003; Rodríguez & Böhrt, 1987). In other words,
Campesinos were assimilated into union structures originating from Western and European ideas of leftist political organization at the expense of their own traditional *ayllu* organizations (Lazar, 2008). According to Yashar (1999), corporatist states all over Latin America incorporated Indians as peasants, along corporatist lines. Nevertheless, the peasant unions in Bolivia were the first opportunity for indigenous campesinos to participate in national politics (McEwen, 1975). Land reform, universal suffrage and their share numbers allowed the campesino organizations to constitute a political force in the country after the revolution of 1952.

From the early 1980s and particularly in the 1990s, there were significant changes in the dynamics of civil society politics in Bolivia and region wide. This was related to a weakening of labor through the various processes and discourses related to globalization, in particular the IMF-led structural adjustment programs that sought to internationalize the economy, which I will return to in detail below. But these changes were also related to an increasing mobilization of campesino and grassroots organizations promoting indigenous discourses. Across Latin America, indigenous peoples mobilized in protests against the Quincentenary celebrations of the “discovery” of the Americas, and formed what would become a transnational movement for indigenous rights (Hale, 2002).

In Bolivia, the COB failed to rearticulate its strategies and demands effectively within the new context of a weakened state (García Linera et al., 2004). In 1979, a campesino federation (CSUTCB) was formed, which rejected ties of subordination to the state and to the COB (Crabtree, 2005). The CSUTCB promoted a political discourse which linked citizenship and political representation to ethnicity and not just class (Postero, 2007, pp. 11). Other indigenous and campesino organizations gradually increased their presence at the national stage, not just through campesino unions, but in their own right and in assertion of indigenous identities. García Linera, sociologist and current vice-president under Morales, wrote in 2005 that Indianismo had become “the most important and influential emancipatory conception of the world in the present political life of the country”, and the discursive and organizing nucleus of the “new left” (García Linera, 2005). These “new social forces”, as Domingo calls them, combine old demands of social justice with new expressions of identity politics articulated around indigenous demands and anti-globalization discourses (Domingo, 2005). They also demanded nationalization to allow state control over resource exploitation and to enable redistribution of revenues to the popular majority (Hylton & Thompson, 2007).

These new forms of mobilization and organization can, to some degree, be seen as interrelated with globalization and the political spaces opened by its various discourses and
processes. Regalsky (2008) suggests that globalization led to radical changes in the relationship between the State and the emerging indigenous social movements, primarily by fragmenting the state and making the political space of ethnicity ungovernable. Kohl (2006) argues that anti-globalization protests after 2000, the Gas War and the inability of the state to cope with them were rooted in political restructuring that has led to increased spaces for the opposition, changes in citizenship regimes, and a fundamental transformation in the state’s economic role.

Much of this political restructuring can be traced to the Plan de Todos (The Plan for Everyone) of the Sanchez de Lozada government, which was composed of a broad range of reforms on citizenship, privatization and decentralization. Under the Law of Popular Participation, indigenous organizations and communities could apply for legal recognition and the right to oversee the actions of municipal governments, which represented the first recognition of many of these organizations. The World Bank and the IMF sponsored this plan with a view to promote the “investment climate” through improved economic efficiency, political stability and self-reliance. The rationale for funding these measures, as stated in the Economic Framework Policy 1994-97 under the IMF program, was to “incorporate indigenous, rural and urban communities into the political and economic life of the country.”

Academic analyses of these reforms have typically criticized them for failing to challenge economic structures of exclusion, for promoting cultural rights at the expense of economic ones, and for simply instating a new form of governance and control of the indigenous (Ejdesgaard Jeppesen, 2002; Kohl, 2003; McNeish, 2002, 2006; Mederios, 2001; Postero, 2007). Postero (2007) argues that the rationality behind these reforms was to make indigenous responsible for their own development, in line with neoliberal notions of citizenship and efficient, market-based economies. Nevertheless, the reforms also increased democratic expectations of the state, strengthened grassroots and indigenous mobilization, and opened new political spaces (Domingo, 2005; Ejdesgaard Jeppesen, 2002). The popular mobilizations around gas and nationalization are in important ways interlinked with new spaces opened by state restructuring and new forms of citizenship. As Postero (2007, pp. 220) writes of the Gas War in October 2003:

“Indigenous citizens, assuming some of the rationalities of neoliberalism and acting through institutions established during the neoliberal political reforms, posed important challenges to the workings of global capitalism.”

Protests around nationalization of gas between 2003 and 2005 were interrelated with globalization in complex and perhaps contradictory ways. They were “anti-globalist” in the
sense that they sought to overturn privatization policies and prevent foreign control over natural resources. But also, the mobilizations partly took place in new political spaces opened by the various processes and discourses linked to neoliberal globalization. Labor unions certainly took part in the mobilizations pressuring for nationalization, but have lost their vanguard position in popular struggles, much due to policies and discourses of globalization.

4. Globalization and the weakening of Bolivian labor

The reform policies of the 1990s were motivated by what can be termed an “investment climate” discourse. This policy discourse has become central to the institutions promoting economic globalization. Fostering a proper climate for investments is now a dominant development strategy of the World Bank and the International Monetary Fund. The central aim of this policy discourse is to create the optimal institutional and infrastructural conditions for private economic activity and international investment (World Bank, 2005, pp. 1). New forms of citizenship and participation are promoted in order to foster self-reliance and independence from the state. The traditional labor movement in Bolivia is fits poorly within these objectives.

The economic reforms of the 1990s were based on an earlier IMF-designed structural adjustment program from 1985, which sought to control inflation and rationalize state spending. Bolivia achieved “best practice” status by the IMF in these early reforms, despite that around 30,000 workers were left unemployed. Overall, 11% of those who were wage earners in 1985 had lost their jobs by 1989, and two thirds of new jobs in the 1990s were in the informal sector (Alexander, 2005; Escobar, 2003). The reforms of the 1990s aimed to continue reforming the Bolivian economy, primarily by opening for FDI through privatizations. Privatization of the gas sector was part of the strategy to create a favorable investment climate in Bolivia. The reforms were based on a policy framework negotiated with the IMF and described in the Policy Framework Paper for 1994-97 presented to the IMF for approval. The policy framework for the reforms stated that

[A] central element of the Government’s program to promote private investment and economic growth is to open sectors previously reserved to the public sector to private investment ...²
The privatization scheme was titled “Capitalization”, which entailed turning the privatization of public enterprises and the transfer to a private investor of the management and up to 50 percent of the ownership of each corporation. The state enterprise YPFB was reduced to largely a holding company, and its productive assets were sold to foreign companies such as Enron, Shell, Petrobras and YPF. With the Capitalization program, foreign investors gained effective control over the gas resources. A goal of this policy was to attract FDI and shifting the state’s role from direct participant in economic activity to facilitator for international economic integration. The initial privatization brought a wave of FDI into the Bolivian economy; the foreign companies invested a total of USD 834 million through the capitalization process (Villegas, 2002).

However, the restructuring of the gas sector to create an attractive climate for foreign investors shaped political spaces in which labor unions were weakened. As I have showed elsewhere (Haarstad, 2008), the privatization of the state enterprise made union organization less effective in several ways. Employment was reduced significantly, which undercut the membership base of unions. Employment in the “residual” YPFB became subject to the same standards of efficiency as applied in the private sector, and was reduced to less than a tenth between 1985 and 2006 (Instituto Nacional de Estadistica, 1997; interview, Velasquez, YPFB). State enterprises which had served as a collective unit for workers were fragmented, and the law of Capitalization provided no mechanisms for ensuring that the right to labor organization was enforced in foreign companies. In foreign companies, workers were rewarded for individual achievements rather than collective organization, which removed incentives for workers to organize.

Strong unions are commonly perceived to be a thing of the past. In interviews, labor organizers repeatedly stated that unions did not exist in the foreign gas companies. Also, representatives for foreign companies in the sector described labor unions as non-existent (interviews with author). A union in was being formed in partly nationalized Transredes as of 2006, but it is apparently the only union in the private sector. The policy discourse on FDI and the investment climate, emphasizing capital mobility and economic interconnectedness, changed the “structural context” of labor organizing in ways that disfavored labor significantly.

An important element of the program was the “recognition and integration of grass-roots groups in political processes”. The IMF saw popular participation as an important element of structural reform to make governance more efficient. Restructuring the state to promote a proper “investment climate” and attract FDI both involved measures that weakened
union organization and made unions less effective, and supported participation and decentralization reforms aiming to integrate other grassroots-groups in political and economic processes.

Though the vanguard position of the COB and the labor movement is weakened, it must be noted that union traditions continue to form part of the complex political landscape of Bolivia. Not least, they regulate local commerce, mediate relations between local actors and the state, and can impose sanctions on those who fail to participate in mobilizations (for an extended discussion, see Lazar, 2008). Laid off miners often migrated to El Alto to work in the informal trade sector or to Chapare to grow coca. Many of the members of neighborhood associations and other grass-roots organizations have backgrounds in the union movement, and bring their organizational competence and union traditions into new forms of mobilization. As a long time social movement organizer now working for the Morales government said in an interview with the author:

_In Bolivia, there are no more proletarians. They were fired, around 30,000 workers. They sell juices, or shine shoes. Others go to Cochabamba, to become colonizers. And they started to organize in other sectors, and they became part of different social networks, compared to what was before. They started to follow social organizations, and they understood that […] they were not only workers._ (Interview, Delgado, Vice-ministry of coordination with social movements and civil society).

Though the COB and particularly the miners were took part in mobilizations around the gas issue between 2003 and 2005, the shifted political spaces have made unions less effective in influencing relationships of work and production. This can be seen reflected in nationalization, as it was implemented by the Morales government.

5. Nationalization and the marginalization of union demands

The COB had agitated for nationalization since the Capitalization of the sector in the 1990s. In a “Program for the struggle of COB”, announced in October 2003, the first of 20 points was to fight for the reversal of the Law of Hydrocarbons that privatized the sector. Recuperation and industrialization of gas resources is a historical imperative and a “revolutionary debt”, the program declared (see also Benavides, 2005). In interviews with the author, labor organizers considered privatization as a deliberate strategy to weaken the labor
movement, and “neoliberalism” was primarily to blame for the weakening the COB. By opening for foreign investment in the gas sector and other sectors, undermining the right to organize and turning the state into a regulator rather than active producer, “neoliberalism”, the IMF and the government of Gonzalo Sánchez de Lozada had sought to break the power of organized labor in the country. Nationalization of gas resources, then, was the way to recuperate the political spaces of the past, and overturn unjust policies of economic globalization. As the secretary of national relations for the FSTPB said,

[All] Bolivians are tired of the politics of the right movements in power, and that transnational companies rob the hydrocarbons … But we are trying to make YPFB as it was before. It will have the strength to be a productive company, to be a prestigious company internationally… (Interview, Reynoso, FSTPB).

Petrolero union leaders understood “nationalization” as a complete reversal of privatization, and returning YPFB to the near-monopoly position that it had before structural adjustment:

As a Bolivian, as a company, we want to recuperate everything that we had, because YPFB had monopoly in the hydrocarbon sector. Now there are powerful and bigger companies, so we are disadvantaged … We will recuperate everything that we had in the past. We were in the whole chain, from the start to the end, from exploration to commercialization. (Interview, Moscoso, Labor Union of Petroleros Santa Cruz)

The demand for nationalization was a struggle to reverse policies of economic globalization and neoliberalism, and to recuperate the political space lost to privatizations and lay-offs. The COB demanded complete nationalization of the gas sector and a restoration of the state enterprise YPFB to its historical position in the chain of production. This struggle invoked a sense of injustice in which ownership and dominant presence of foreign companies in the natural resource sector marginalizes workers and their organization. The remedy for this injustice, as they saw it, is a nationalization that restructures the socio-economic relationships brought by economic globalization.

“Actually existing” nationalization
In a show replete with symbolism, Morales announced the nationalization decree DS 28701 “Heroes of the Chaco War” on May 1st with the presence of the armed forces in Bolivia’s largest gas field, San Alberto in Tarija. Reference to the Chaco War in the title of the decree linked it to national-popular struggle for natural resources, and in his speech Morales also linked nationalization to colonial legacy of oppression of indigenous peoples and previous nationalizations in 1937 and 1969. So the announcement of nationalization brought together a range of powerful symbols in the popular imaginary, from worker struggles, indigenous struggles and national sovereignty. Although the troops left the gas fields as soon as the cameras departed (Democracy Center, 2007), the move was widely publicized by the international press. It was described as a “seizure” of gas fields in a “show of energy nationalism” by the Wall Street Journal (May 2nd, 2006).

The nationalization decree 28701 “Heroes of Chaco” constructed a narrative around natural resource ownership that places nationalization as the culmination of a historical struggle for national sovereignty. It posits that the people of Bolivia have reclaimed, at the cost of its blood, the right for the State to retain ownership of its hydrocarbon wealth. In the past, it is stressed, the people have been deprived of this right and its means of subsistence by the privatization of YPFB and ceding ownership over natural resources to foreign hands. In the introduction to the decree it is stated:

[Considering] … that the process called capitalization and privatization of [YPFB] has meant not only a grave economic danger to the State, but also an act of treason towards the fatherland [“la patria”] in turning over the control and management of a strategic sector to foreign hands, compromising the sovereignty and dignity of nations.

[Considering] … that this measure inscribes in the historical struggle of nations, social movements and indigenous communities [“pueblos originarios”] to reclaim our natural riches as a fundamental base to recuperate our sovereignty. (Translations by author)

In constructing the legitimacy for nationalization, the decree invokes sense of justice in which foreign ownership and significant presence of foreign companies in the natural resource sector are inscribed in imperial relations of domination. Privatization represents an “economic danger” to the state and violates the national “sovereignty and dignity”. While labor unions struggled for a nationalization that would recognize not only national sovereignty but also
their narrowed political space, the nationalization decree does not explicitly mention the marginalization of workers. Instead the decree inscribes nationalization in the liberal principles of the Magna Carta and the United Nations Covenant on Civil and Political Rights. These principles are not in contradiction to increased spaces for labor, but neither do they articulate the reorganization of socio-economic relationships that labor unions pressed for.

On the basis of these constructions of its legitimacy, the nationalization decree outlined the more practical policies to be implemented. Primarily, nationalization as it was implemented renegotiated the terms between the Bolivian state and foreign companies in the gas sector. It did not mandate expropriation or abrogate contracts, in contrast to the nationalizations of 1937 and 1969. Instead it opened a six month window for renegotiation of contracts with foreign companies. In this sense it put into effect the 2005 Hydrocarbons Law of the administration of Carlos Mesa, which was approved before Morales came to power but never implemented. Tapia (2005) described Mesa’s approach as one of accepting the general demand of the gas referendum without significantly substituting the model of transnational privatization in the sector. After nationalization in 2006, all foreign companies decided to remain in the country to renegotiate contracts.

Legal ownership of the hydrocarbon resources was reverted to the state, as stipulated in the Constitution and demanded in popular mobilizations. In practice the effects of this are limited, since foreign companies are given production licenses. The royalties and taxes to be paid on production increased from 18% to 82% in principle. A point was made to turn the distribution model of the Capitalization era on its head; before the state received 18% and foreign companies the rest, now foreign companies would receive 18% and the state the rest. In reality, the new taxation scheme is more complex. From 32% of the tax rate, companies can deduct a broad range of costs connected to operation and finance, what the contracts refer to as “recoverable costs”. These costs include personnel, material, transport and legal costs, and are subject to audit by the authorities.4 In turn, the real tax rate is about 50%. Foreign companies are obligated to “give preference” to national workers, and employment of foreign nationals can not exceed 15%.5 But the institutional framework appears unable to prevent continued use of illegal short term contracts designed to circumvent labor regulations. YPFB would buy back at least 50% and one shares in the companies that were privatized during capitalization, so the companies that owned these would operate in joint ventures with YPFB. Foreign companies would still be central to exploration and production, but were obliged to sell the produced gas to the YPFB for a price set by an intricate formula. The price
calculations were a sensitive topic of negotiation with Brazil (Petrobras) and Argentina (YPF), but agreements were made.

The nationalization decree did indeed enforce higher tax rates on foreign companies, but given threat of complete nationalization, the deduction scheme, the high international gas price, and the prospect of a more politically stable political environment, foreign companies did not mobilize significant opposition to it. In fact, in interviews with the author, foreign company executives expressed satisfaction that nationalization was conducted in a way that allowed them to continue operating in a relatively favorable climate. Their main concern was the radical rhetoric surrounding nationalization, which they thought would discourage new investors and reduce activity in the sector.

Nationalization gave the YPFB a more central position in the sector, both in production and regulation. Through the joint ventures, YPFB obtained a foothold in the production of hydrocarbons, and as the exporter of hydrocarbon products it is the dominant actor in commercialization. Yet the “rebuilding” of YPFB does not involve returning to the pre-Capitalization employment regime. Instead the state enterprise aims to operate according to international standards of “efficiency” and maintain a lean employment profile (interview, Velasquez, Communications Director, YPFB). According to the Minster of Finance, the Morales government “aggressively” seeks investments to industrialize the gas, since foreign companies have competence and capital lacking in YPFB (interview, Minster of Finance, Luis Arce).

The increased tax intakes of nationalization, along with a favorable international gas price, have lead to a sharp increase in government revenues. Hydrocarbons now constitute about half of Bolivia’s total exports (USD 2.3 billion in 2007) compared to less than eight percent in the late 1990s, the period after privatization. This enables the government to distribute proceeds from the gas among Bolivians, and increase spending on health and education. But the value added represents just 7 percent of the GDP, so even in the opinion of IMF officials, the sector accounts for only a minor share of total employment. In turn, nationalization did not significantly reinstate employment or recuperate the broader political space of labor unions to the degree that they had demanded. Seeking primarily to return foreign ownership of gas resources to the state in assertion of national sovereignty, an expansive employment regime for the YPFB was circumvented. What has been called “nationalization without expropriation” (CEDLA, 2006) did not overturn most of the factors that had weakened labor in the first place. This does not mean that nationalization did not have important and progressive redistributive effects. But these involved channeling
increased state revenues to health and education, which does not directly affect the negotiating position of unions. Nationalization has important redistributive effects, but it does not significantly recuperate the political space for organized labor.

Arguably, “actually existing” nationalization is formed by the Morales government as a pragmatic response to mainly two sources of pressure. The first is obviously the “popular-indigenous” (Webber, 2007) mobilizations around gas nationalization between 2003 and 2005. Labor unions and the COB were by no means irrelevant in these mobilizations, but the strength of the protests were rooted in the “new social forces” (Domingo, 2005), and based on the complex organizational fabric of informal traders, student and women organizations and neighborhood associations in El Alto, as well as Aymara indigenous organizations on a broader scale (Crabtree, 2005; Hylton & Thompson, 2007). The protests around the gas issue reflected the recently gained strength of these organizations on the national stage. The mobilizations demanded reassertion of national sovereignty (“el gas es nuestro”, the gas is ours) and that the inheritance of the nation should benefit the people (“el pueblo”). Nationalization roughly accommodates these demands without significantly recuperating the political spaces of labor.

The second source of pressure is the international economic arena, composed of multinational companies, financial institutions and importing countries, from which the Morales government seeks investments and favorable “investment climate” assessments. The YPFB was not considered properly capitalized to develop the sector on its own, so the development model upon which nationalization is based depends on foreign investments and competence. Institutions like the IMF act as gatekeepers in the sense that foreign investors pay attention to their evaluations of the national “investment climate”. Foreign governments, particularly Brazil and Argentina who are the main importers of Bolivian gas, would also likely have resisted a more radical approach to nationalization. The IMF programs and transnational privatization of the gas sector embedded Bolivia in a network of international relations in which it does not have a strong negotiating position.

Recuperating the spaces for labor would have necessitated not only a legal reassertion of national control and increased tax rates, but also a more active industrialization policy that increased national employment, and the development of an institutional framework to enforce workers’ rights. In a discursive sense, nationalization would have to have been articulated in a way that created legitimacy for a recuperation of the political space for labor. There is evidently little political space for labor unions to effectively press through these demands, and little space for the Morales government to implement nationalization in this manner. While
rhetorically in opposition, the Morales government is still dependent on capital flows and acceptance in international economic arenas. Processes of economic globalization continue to shape the gas sector even after nationalization, and in turn continue to impact upon the political spaces for labor.

Consequently, “actually existing” nationalization of gas resources has made visible some long running tensions between the COB and the MAS party of Morales. The COB does not consider the decree 28701 a proper nationalization, and in interviews with the author, labor organizers were less than satisfied with nationalization as it was implemented:

For COB, this is not a real nationalization. The government is looking for companies to negotiate with. That is the real difference between the government and COB. COB doesn’t want the companies to be part of the Bolivian gas sector. COB wants YPFB to develop the hydrocarbons without foreign companies. (Interview, Bustamente, Central Obrera Boliviana)

There is no nationalization. It is only an improvement of the contracts. So the changes of the 82% that was before for them and which is now for Bolivians, we don’t want that. We want 100% for Bolivians... If we got 100% nationalization, we think that we can generate a lot of jobs (Interview, Mayta, Central Worker’s Departmental Organization, La Paz)

Some union organizers in the gas sector were less critical, but post-nationalization events illustrate the continuing difficulties for labor organization in the gas sector. Petrobras continued using temporary contracts at their Gualberto Villarroel refinery, and fired workers who tried to establish a union. Despite new laws in place to affirm the right to organization, the government struggles to enforce them in private companies. The political spaces of organized labor are currently shaped at the intersection of economic globalization, the growing influence of new social movements and “actually existing” nationalization.

6. Conclusion

In this paper I have argued for a more critical engagement with the new possibilities for political action that have emerged within recent political economic transformations and their associated discourses. In the literature, talk of “grassroots globalization” (Routledge, 2003,
2000), “globalization from below” (Kellner, 2002; Kiely, 2000), “alter-globalization” (Bakker, 2007) or associated terms tend to downplay the degree to which the political spaces of globalization marginalize certain practices, forms of organization and political articulations. To the degree that globalization creates new political spaces, these should be expected to enable certain types of political practices and marginalize others. Labor unions, in particular, have had their political spaces narrowed by state restructuring and liberal economic policy.

The political sphere in Bolivia has been reconstituted during the era of neoliberal socio-economic restructuring. A broad variety of social movements, often united by demands of improved indigenous rights, have become a significant force on the national political arena. Recent literature on political and economic reforms in Bolivia has indicated that these reforms, along with discourses of neoliberal multiculturalism on a broader scale, have in complex (and contradictory) ways created new spaces for indigenous and campesino social movements. At the same time, labor unions have been weakened. I showed how economic reforms implemented under pressure from the IMF narrowed spaces for labor unions, particularly in the gas sector. In order to create a proper climate for investment, these reforms privatized state enterprises, weakened labor regulation and made it more difficult for unions to press work-related demands.

The nationalization of gas resources reflects the shifting spaces for civil society politics in Bolivia, spaces that are in complex ways interrelated to the new political spaces of globalization. Labor unions have struggled for maintaining or returning to state control of the sector for decades, to ensure the influence of worker organizations in the industry. I have argued that nationalization reflected the continued influence of globalization, and in turn did not significantly recuperate the political space that labor unions lost during the period of liberal economic reforms of the 1990s. Nationalization reasserted national sovereignty over natural resources and demanded a larger share of oil profits for the state budget, but continued seeking foreign investment in the sector and did not significantly increase employment. I have attempted to not downplay the national dynamics of organization and mobilization contributing to the shifting nature of protest and social pressure, while arguing that nationalization reflects how the political spaces of globalization can enable certain types of political practices and marginalize others. “Actually existing” nationalization was implemented in response to pressures from a coalition of social movements, but was less responsive to the demands of unions.
While globalization has certainly opened new spaces for political practice, it is important to remain sensitive to what types of practices and organization that are marginalized within these spaces. The types of political practices that have been highlighted in the context of the literature on “grassroots globalization” and related terms are mainly those of social movements and NGOs that can take advantage of increased mobility, networked forms of organization and enabling discourses. In contrast, the political space for labor unions is typically dependent upon workplace-based organization and influence, state regulation and enforcement, and stable relationships between worker and employer. In turn, labor unions are less capable of negotiating within the political spaces of globalization, in which these elements are destabilized.

Again, I am not suggesting that political articulations promoted by social movements are not progressive or important. In Bolivia and elsewhere, social movements have made powerful claims for a more democratic and equitable politics. Instead I am trying to open for a more a more critical engagement with the new spaces for social movement politics in the context of globalization. For labor unions and traditional union practices, globalization seems structured to their disadvantage. Ideally, labor unions are uniquely positioned in the sense that they can effectively press claims not just through democratic institutions but also in the workplace and in relations of economic production. Globalization makes necessary both a rethinking of labor union strategies for negotiating in a shifted context, and a rethinking of the types of public policy that can reestablish a better balance of power between workers and firms. Even the most radical of implemented policies today seem unable to recuperate effective negotiating positions for workers and their organizations.

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