
The political economy of development: the case of post-neoliberal Bolivia

Zelada Aprili Raul*¹

¹University of Massachusetts [Amherst] – United States

Abstract

This paper attempts to contribute to the understanding of the recent surge in economic growth and reduction in inequality and poverty in Bolivia since 2006 when a radical change of the political regime allowed the implementation of a new development strategy. The hallmark of this strategy is the enhanced role of the State in promoting economic development through the implementation of a series of policies that have been primarily aimed at promoting economic growth, reducing poverty and inequality by the narrowing of gaps that have at their core a class and ethno-racial character since colonial times. The Bolivian case may be an example that this type of development strategy can be implemented if it becomes politically feasible when the power relations, within a nation and the nation vis-à-vis international capital, are profoundly changed. The former was changed when a radical-progressive political coalition sized power, and the second was achieved in a regional political conjuncture termed "the pink tide." As a preliminary conclusion, this paper illustrates via the Bolivian experience that the economic institutions of society, including property relations, are fundamental determinations of economic growth and distribution. Institutional change requires not only favorable external political conjunctures but also the political will to transform institutions and popular internal mobilization to sustain new power relations. The political decision to redistribute the economic rents generated in the gas sector via a steep increase in public investment in infrastructure and the provisioning of public goods that enhance human development, and the decision to more than double the minimum wage in real terms over the course of ten years, would have been impossible to achieve in a neoliberal regime with severely limited sovereignty of the country in designing and implementing its own policies. Yet, that is precisely what has been accomplished.P

Keywords: Political economy, neoliberalism, postneoliberalism, development, Bolivia, public investment, Latin America

*Speaker