

IBERO-AMERICA MARCHES AGAINST GLOBALIZATION

Bolivia Nationalizes Its Hydrocarbons Industry

by Gretchen Small

Financier interests are beginning to panic, as they see the historic nationalism for which Ibero-America had long been rightly famous, arising from the ashes of mercilessly looted countries, to effect real change. On May 1, President Evo Morales announced the re-nationalization of Bolivia's hydrocarbons industry, effective immediately. The measure was enforced by the deployment of Bolivian troops, primarily the engineering battalions, to oil and natural gas installations and fields across the country.

The opening clause of the nationalization decree asserts the central principle which globalization had sought to crush: that the general welfare takes precedence over other interests. Bolivians have shed blood to establish the right that "our hydrocarbon wealth return to the hands of the nation, and be used for the benefit of the country," the decree begins. International law prohibits depriving a people "of their means of subsistence," it states. The privatization of the oil and gas industry, carried out in the 1990s, violated Bolivia's Constitution—which expressly asserts that Bolivia's hydrocarbons are the "inalienable" property of the state—and thus, was nothing less than an act of treason.

Financier interests, pressing South American nations such as Brazil and Chile to teach Bolivia a lesson for "unilaterally" threatening "foreign investor confidence" in the region, received a second blow on May 4, when the Presidents of Argentina, Brazil, Bolivia, and Venezuela announced at the end of a summit to discuss Bolivia's nationalization, that they stand united in support of Bolivia's decision, and would come to that nation's aid.

A paradigm shift, opposed to the anti-human axioms of globalization, is sweeping Ibero-America. It first flexed its muscles at the November 2005 Summit of the Americas in

Buenos Aires, Argentina, when the Free Trade Accord of the Americas was effectively buried. Now, leaders of the region are daring to assert, in action, the principle that effective sovereignty means governments have a responsibility to defend economic policies that provide development and better the lives of their people; money and the vaunted markets are subordinate to that interest.

Vividly demonstrated in the Bolivian case, is how the coordination among the Presidents of the region, an informal "Presidents' Club," is providing effective muscle to this shift. Colombia, whose President Alvaro Uribe Vélez is often assumed to be securely in George W. Bush's hip pocket, and Chile, which for decades, under the fist of the *Pinochetista* Chicago Boys, could be counted on to serve as the financiers' agent in the region, joined Argentina, Brazil, and Venezuela in defense of Bolivia's right to take sovereign action. Chile's President Michelle Bachelet publicly rebuked her Foreign Minister, who had attacked Bolivia's nationalization on May 4. My government will not comment on "the sovereign decisions of other governments," Bachelet stated; we are "moving forward in the direction indicted by our governments: the creation of a South American Community of Nations, which will permit us to confront our common problems in a united fashion."

LaRouche Welcomes Re-Nationalization

U.S. statesman Lyndon LaRouche received the news of Bolivia's nationalization with great pleasure. Privatization has been cancelled, he declared. Privatization castrates nations, and Bolivia has just ended its castration. This will have very significant implications for the entire continent, he pointed out. Some Brazilian oligarchs are apoplectic over the

de-privatization of the Bolivian energy sector, but, LaRouche observed, to find out what a Brazilian oligarch is thinking, reach under his Scottish kilts, just as you would with a Spanish oligarch. Remember, Banco Santander, the big Synarchist bank in Spain, with tentacles all over Ibero-America, is an adjunct of the Royal Bank of Scotland.

These Bolivian developments show that the world is in a systemic crisis and that events are driving people, and not the other way around. Forget the “Fidel Castro told Hugo Chávez to tell Evo” explanations of what is going on here. We are seeing a policy phase-shift overall, in which Castro’s role is vastly overrated. Argentine President Néstor Kirchner is playing a crucial role, LaRouche noted.

Exemplary of the political and intellectual leadership Kirchner is providing in this emerging South American paradigm shift, were his remarks in announcing new bidding on various railroad projects on April 27. Argentina is moving up the date for bidding on construction of a high-speed train between Buenos Aires and the port of Rosario, he said, “because this country must be united by the infrastructure it needs! Anywhere in the world you go, you can see that railroads are fundamental. The profitability of railroads isn’t financial; rather, unity of the country on the basis of a modern, fast railroad is fundamental for the citizenry.”

Under Bolivia’s new law, the state will hold 51% of all shares in the oil or gas companies, which will have to pay 82% of their revenues to Bolivia’s recently revived state oil company, YPF, depending on the results of an audit of their books. The foreign companies have 180 days to accept the new conditions, or leave. Vice President Alvaro Garcé Linera explained that the companies will still make money, but only normal profits, not the “abusive” ones of recent years. The intent is to move from sales of natural gas, to use it for industrialization inside Bolivia, and to produce electricity and oil and gas refined products to sell in the region, according to Hydrocarbons Minister Andrés Soliz Rada.

Bolivians took to the streets to show their support. As one Bolivian diplomat proudly put it, our people had lost a sense of nation, and now they are finding sovereignty once again.

Seizing an Historic Opportunity

The biggest foreign oil company operating in Bolivia is Petrobras, Brazil’s still officially state-owned company, which, however, has been operated as if it were a private entity in recent years. Petrobras operates the two largest gas fields and two refineries in Bolivia, supplying nearly 60% of the natural gas consumed in Brazil. You would have thought Bolivia had declared it would be bombing Brazil, by the reaction of much of Brazil’s press, opposition politicians, and even some members of its diplomatic corps. The industrial heartland of São Paulo is threatened by Bolivia’s nationalization, it was asserted; President Lula da Silva’s South American integration policy has proven a failure. Demands rose for Brazil to teach Evo Morales a lesson, with Petrobras President José Sergio Gabrielli leading the pack.

The Brazilian policy which emerged after a five-hour emergency Cabinet meeting on May 2, however, was calm and thoughtful. It was announced that Lula would discuss the situation with other South American Presidents. To the great dismay of foreign financiers, the Brazilian government issued a statement declaring that “the decision of the Bolivian government to nationalize its subsoil resources and control their industrialization, transport, and commercialization, is recognized by Brazil as inherent in its sovereignty.”

In a speech before a conference of the International Labor Organization the next day, Lula declared that “there is no crisis, rather a necessary adjustment by a suffering people who have the right to demand greater power over their greatest resource.” Swiping at those who would have Brazil act as if it were a mini-Bush Administration, and adopt an imperialist policy against its neighbors, Lula promised, “We are not going to discover any weapons in Bolivia to justify a war!”

Out of Lula’s discussion with Argentina’s Kirchner, came the idea for a summit. Lula, Kirchner, Chávez, and Morales met privately for three and half hours on May 4, with no advisors present. At the end, those banking on turning the South American nations against each other were sorely disappointed. “It was one of the best meetings since I have been President,” Kirchner told the press. Lula summarized the mindset determining events in the region: “If we don’t understand that it is unity that will give an international dimension to our countries, we don’t deserve anyone’s trust.”

A brief communiqué issued by the Presidents emphasized that “the integration of energy is an essential element of regional integration benefitting our peoples.” They agreed to guarantee gas supplies in the region in a manner which fosters “the balanced development of the producer and consumer countries,” and to settle price issues in bilateral discussions, while Mercosur and South American integration are to be strengthened through the gas pipeline project of the South. The Presidents also “agreed to promote joint investments with the aim of favoring the full development of Bolivia.”

“The final communiqué makes clear that we respect Bolivia’s sovereignty,” Lula said. Contradicting Petrobras head Gabrielli’s statements of the day before, Lula suggested that new Petrobras investments in Bolivia are possible. “We are going to see how we can contribute so that Bolivia improves the quality of life of its people.” Our message to foreign investors is that “we don’t want to continue being an eternally poor continent.” We are all aware of the importance of this moment for Ibero-America, Lula added. “None of the Presidents here is going to take a decision which will make the integration of South America and Mercosur more difficult.” Chávez, for his part, warned that “there are those who wish to stoke tensions. We want to stamp them out.”

Evo Morales thanked the three for their support, and accepted the offer that Bolivia formally join the planning for the cross-continental pipeline. The other Presidents understand that Morales acted because this is the only way Bolivia can confront poverty, he explained.