

Sachs Versus the Facts on Bolivia

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Jeffrey Sachs casts himself as the US's 'progressive' candidate to head the World Bank, and from his analysis it's clear that he is a better economist than historian. Nothing reveals this more plainly than reviewing some of the 'facts' on Bolivia in his *Economic Reforms in Bolivia, Poland in the 80s and 90s, A Look at the Data* (<http://jeffsachs.org/2012/03/bolivia-poland/>).

Sachs is correct that Bolivian immunization rates increased following the 1985 neoliberal structural adjustment program (SAP) that he calls 'stabilization', but he confuses correlation with causation. Immunizations were not paid for by the state and social investments by the state actually fell during this period. Sachs also praises the democratically-elected government for sending opponents into internal exile, rather than murdering them as in Chile. First off, Chile was in the hands of a brutal, US-sponsored dictatorship after 1973, which more violently repressed dissidents than Bolivia's civilian government. But even more disingenuous, structural adjustment didn't occur in Chile until the mid-1980s, ten years after the most violent repression to eliminate Allende supporters had ended.

A clear link, however, does exist between the SAP in Bolivia and the 1980s coca and cocaine boom. Thousands of miners, peasants, and factory workers who lost their livelihoods because of 'stabilization' policies fled to the agricultural frontier to sow coca, the one crop that had a guaranteed market. The government implicitly allowed the laundering of drug money through offering certificates of deposit in US dollars at the central bank, no questions asked. The drug trade, perhaps the best expression of what capitalism can do in an unregulated market, was responsible for a substantial part of the economic growth for which Sachs wishes to claim credit.

Linda Farthing and I show in *Impasse in Bolivia* that the neoliberal 'stabilization' plan that Sachs is so proud of set the stage for 15 years of slow economic growth and increasing opposition to neoliberalism. Bolivia, promoted by the World Bank and IMF as a neoliberal success story in the 1980s and 1990s, morphed into the poster child of the anti-globalization movement when the people of Cochabamba rose up in the 'Water War' of 2000. This set in motion a period of unrest that led to the resignation of two presidents before a leader committed to the interests of the poor majority was elected in 2005.

Just the Facts

| The world according to Jeffrey | And the rest of us |
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| Bolivia's stabilization ushered in the | The return to democracy came in 1982, before the period of hyperinflation. Some |

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| longest period of democracy in the country's history. | attribute the subsequent hyperinflation to the response of international financial institutions to the UDP government. |
| Bolivia's stabilization created economic growth | 23,000 miners were fired, 120 factories were closed, the informal economy mushroomed, coca cultivation boomed, and income distribution worsened. Private investment did not materialize. |
| Stabilization led to improvements in health. | Health indicator improvements stemmed from increased spending by international health organizations, not 'stabilization'. Arguably the greatest decrease for under-5 mortality rates derived from programs that introduced oral rehydration therapy, largely paid for by international aid. |
| Bolivia's great success was recognized by Poland's Solidarity Movement | And Henry Ford recognized Hitler's success. A Solidarity leader told Lawrence Wechsler in a 1991 NACLA article, "Yes, I would like to see Bolivia, just not here in Poland." |

Benjamin Kohl is co-author, with Linda Farthing of *Impasse in Bolivia: Neoliberal Hegemony and Popular Resistance* (Zed 2006), and with Linda Farthing and Felix Muruchi of *From the Mines to the Streets: a Bolivian Activist's Life* (U Texas Press 2011).