Energy Security in a Context of Hyper-Social Mobilization & Democracy
Insights from Bolivia

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Energy Politics

• Takes place in a context made up of historical and contemporary relationships

• We may be interested in the consequences of a particular set of policies that determine national output of energy resources & trade, but need to understand why those policies were chosen

• The political economy of energy is a subset of the politics of governing
Typical Exclusionary Coalition

National Boundary

Excluded parts of society

Ruling Coalition

International Actors (IFI, DFI)
New Exclusionary Coalition

International Actors (NGOs)

New Ruling Coalition

International Actors (IFI, DFI)

Newly Excluded (include private domestic & foreign investors in energy)
Stable Ruling Coalition After Social Mobilization
(Not all Need to be Included)
1980s Liberal Democracy in a Poor and Racially Polarized Society

• Core of Ruling Coalition
  – Political Parties – government as patronage distribution
  – New Private Sector -- domestic & foreign but little employment generation for those at the bottom

• Exclude
  – Miners, Coca growers & ‘indigenous’

• Incorporated poor and ‘peasants’ as subjects of policy but not participants in policymaking
  – not ‘empowered’ by the political system
1990s Reforms
(Gonzalo Sanchez de Lozada)

• Mantra: Incorporate and Empower
  – Indigenous
    • Constitutional rights, Vice President 1992
  – Local communities (municipios)
    • Budget, organization
  – Foreign capital (capitalization)
    • Operational control former SOE, inc. NOC
    • Pension fund development in return
Yet...

• By 2000 Liberal Democratic State begin to collapse

• What went wrong?
2000- Hypermobilizations

• Newly Incorporated Bolivians Demand Power to affect Decisions
  – Not just be a recipient of patronage doled out by Parties

• Coalition of the newly incorporated across issues

• Coca Growers leader (Evo Morales) pulls together almost all of these (except Departments) in new coalition to create new political system
Rebellion v. Party Elite Control

- Water War: effective municipal autonomy
- Indigenous identity rejects ‘peasantization’
- Coca Regime: Coca is not Cocaine
- Departments (States): autonomy akin to US states (budgets, legislatures)
  - Decentralization reforms had focused on Municipios (counties) & ignored Departments
- Gas Trade: Rents
  - among party elites, foreigners & poor Bolivians
Gas Conflict

• 2003 Gas War
  – Demand No Sale via Chile and need get more of rents
  – Riots, deaths, President resigns & flees

• 2004 Gas Referendum
  – Democratic validation of demands from the street for repeal of capitalization program
  – New President had sought validation by it
Gas Policy

• 2005 Hydrocarbons Law
  – Production is property of state, Distribution is controlled by state, local communities given veto over production
  – (another President resigns after riots continue)
• 2006 Gas ‘Nationalization’ E&P
• 2008 Gas ‘Nationalization’ D&T
• 2008 New Constitution & Hydrocarbons??
Consequences: Investment

Grafico 1.4
Inversion en E&P / reservas
(* 2007 a abril)

Source: Carlos Alberto Lopez, Del gas sus digresiones
Consequences: Exploration

Grafico 1.5
Pozos perforados: 1998 - 2006

Source: Carlos Alberto Lopez, Del gas sus digresiones
Consequences: Production

Grafico 4.1
Produccion certificada de gas natural sujeta al pago de regalías
1998-2007 (MMmed)

Source: Carlos Alberto Lopez, Del gas sus digresiones
Consequences: Trade

- Domestic Demand
- Production
- Exports

- Brazil and Argentina seek energy security in complementary LNG
Conclusions

• Reforms of old exclusionary systems not sufficient to create domestic stability around expectations concerning energy rents
• Incorporation of the previously excluded needs to be accompanied by their empowerment to affect government policy
• Therefore, energy policy promises to meet their needs have to be carefully crafted to be credible
Credibility

• Not just transparency and accountability
• Also direct links to improvements in their lives
  – Corporate Social Responsibility might be best prior to hyper-mobilization
  – Hyper-mobilization stimulates nationalism
    • Direct link expected via government leadership
1952 Revolution

• Old Elite excluded
  – Tin mining – Bolivian private investment & partners
  – Military

• New Elite in
  – MNR Party
  – Miners Union
  – New Military
  – Indians as ‘Westernized Peasants’