

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

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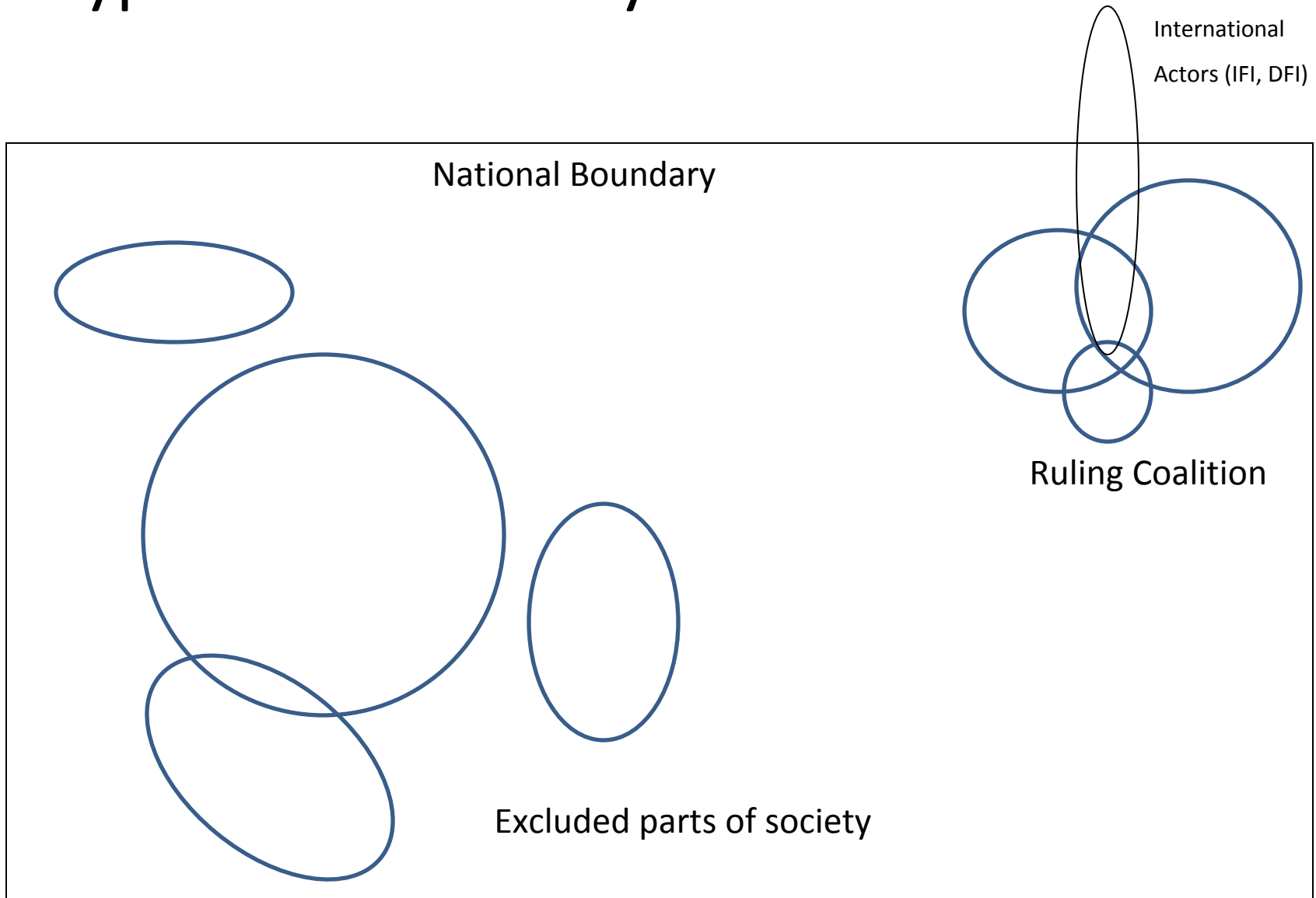
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*Presented at the The Global Energy Market: Comprehensive Strategies to Meet Geopolitical and Financial Risks/The G8, Energy Security, and Global Climate Issues. Energy Forum, James A. Baker III Institute for Public Policy, Rice University and the Institute of Energy Economics, Japan (IEEJ) May 2008*

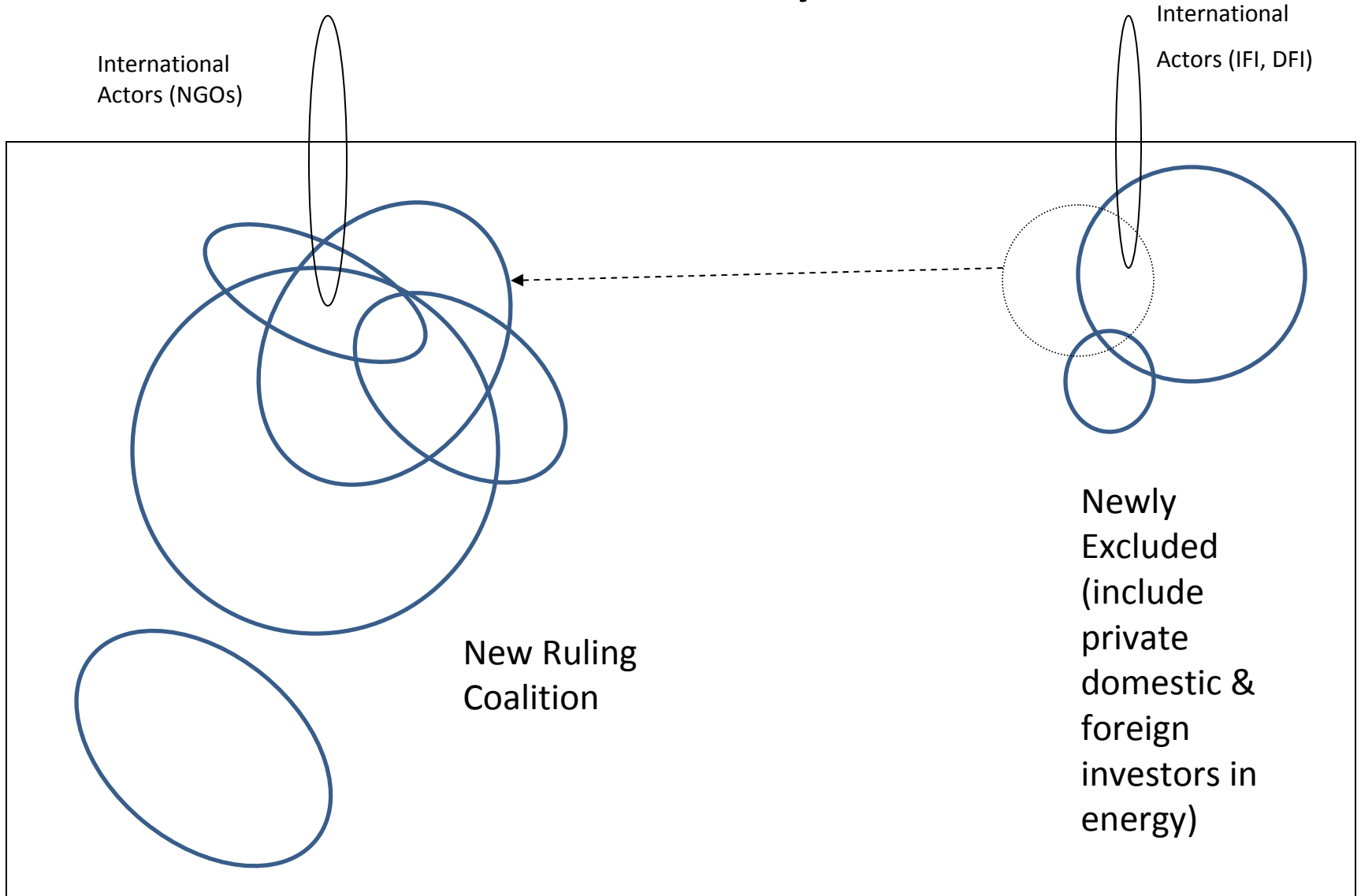
# Energy Politics

- 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

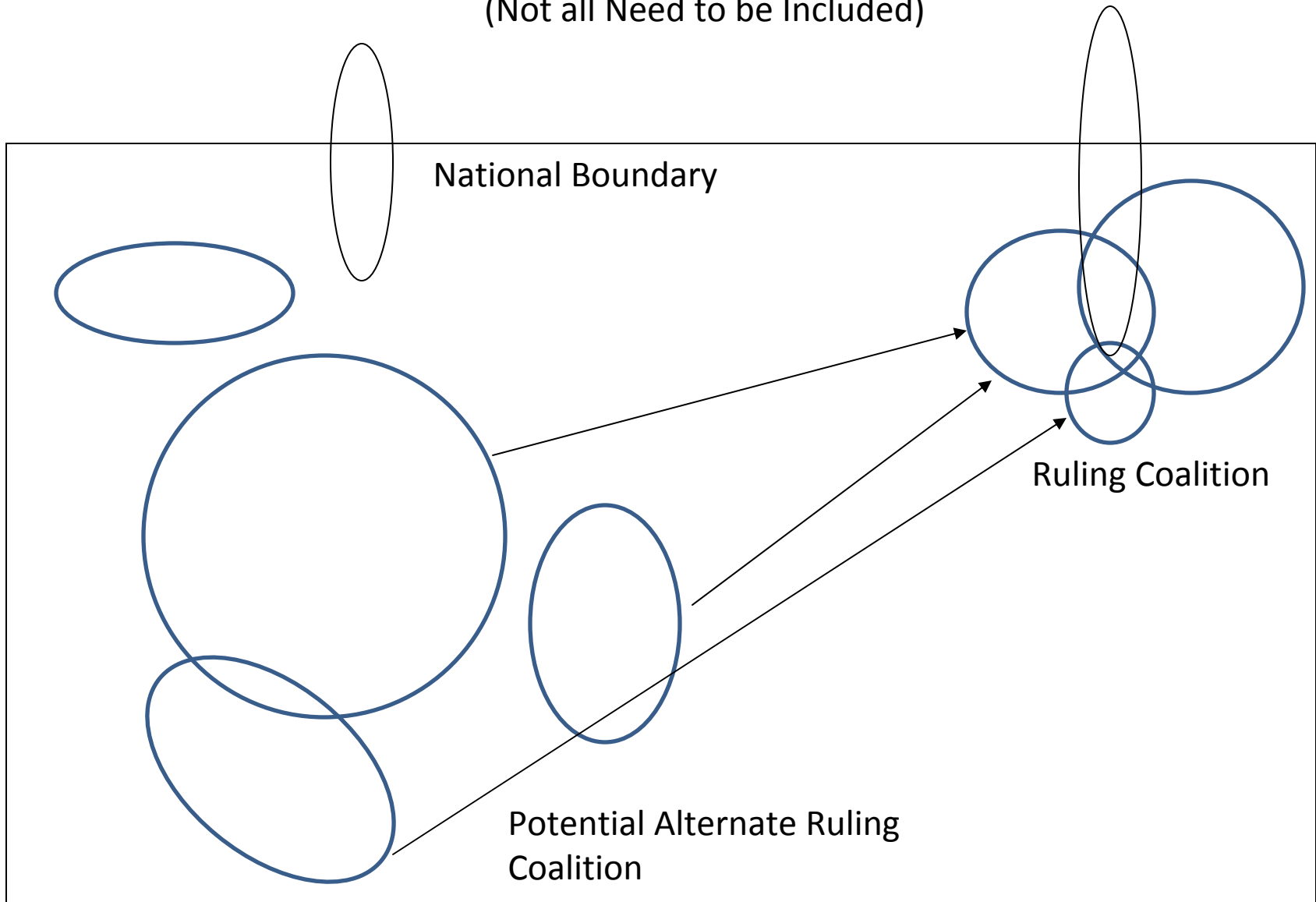


# New Exclusionary Coalition



# 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

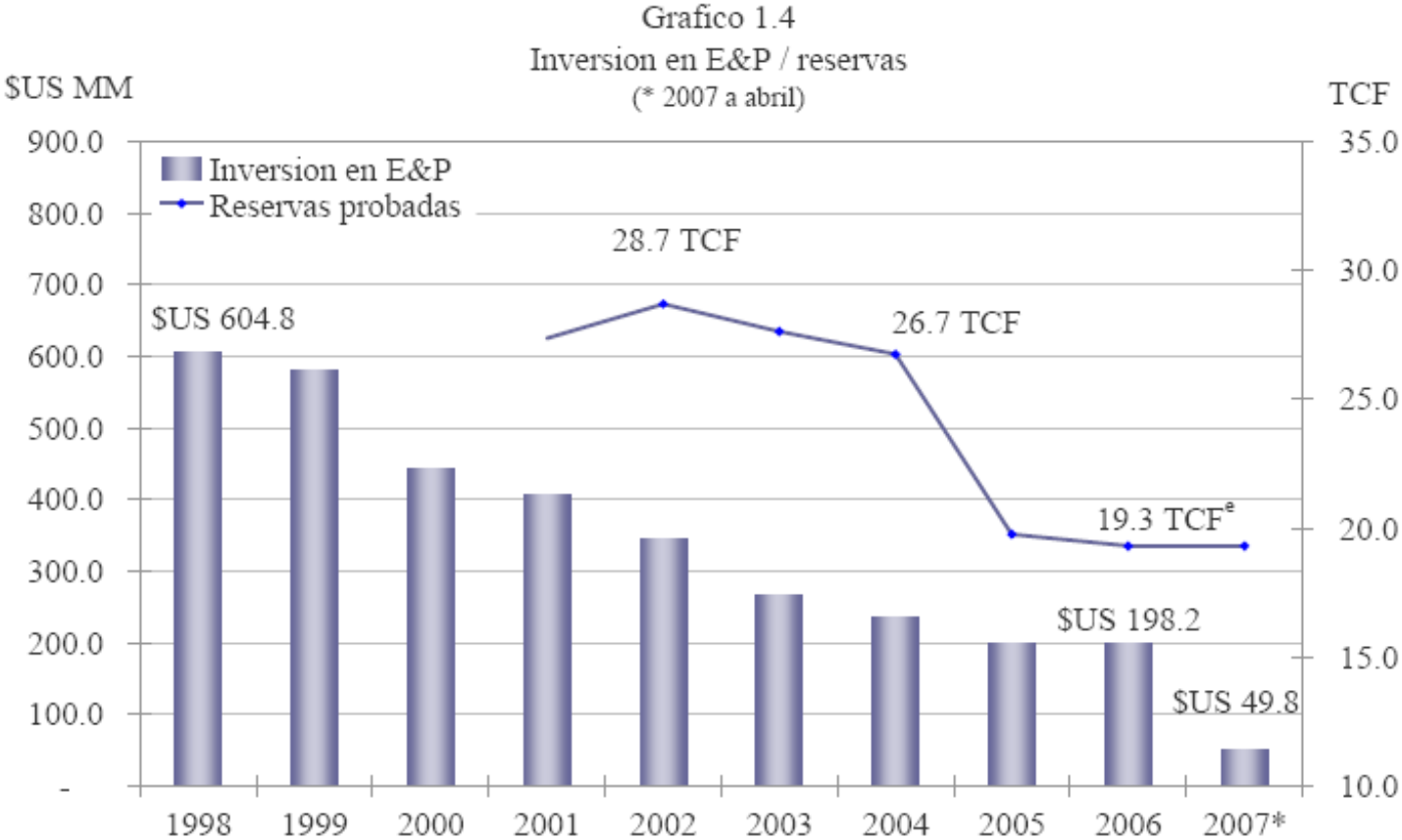
# Gas Conflict

- 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??

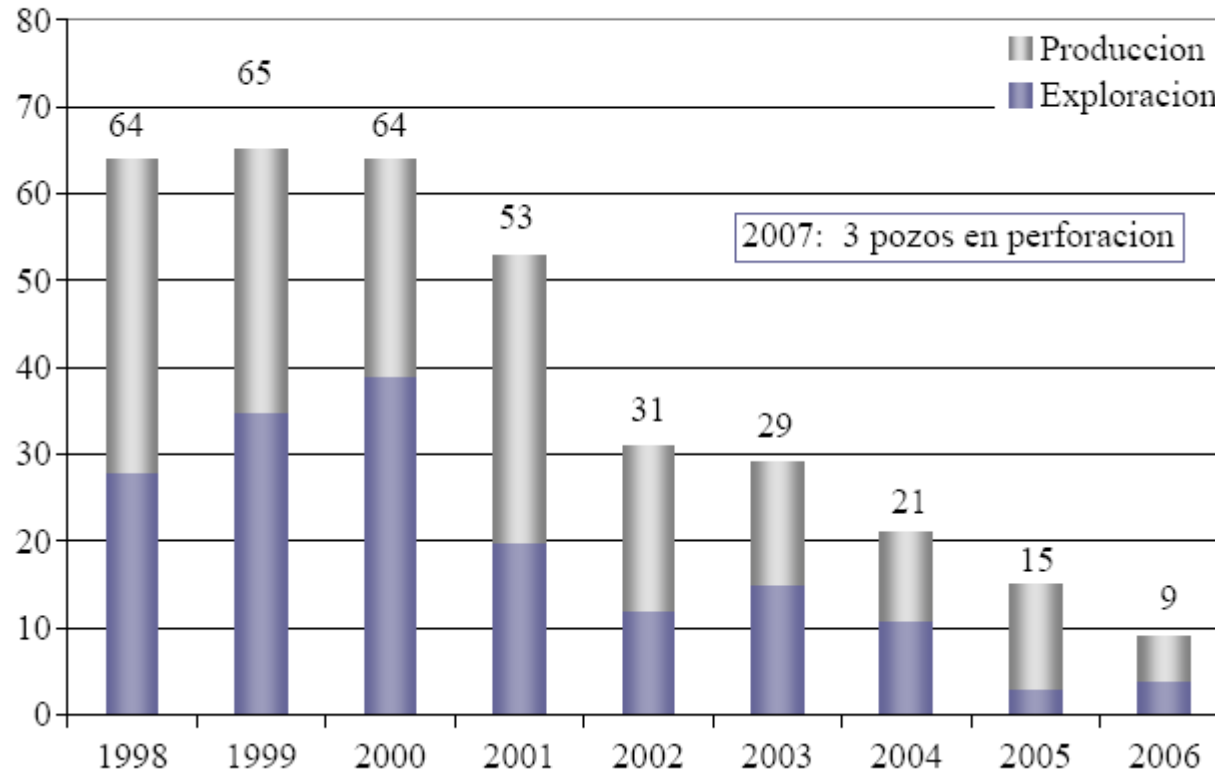
# Consequences: Investment



Source: Carlos Alberto Lopez, Del gas sus digresiones

# Consequences: Exploration

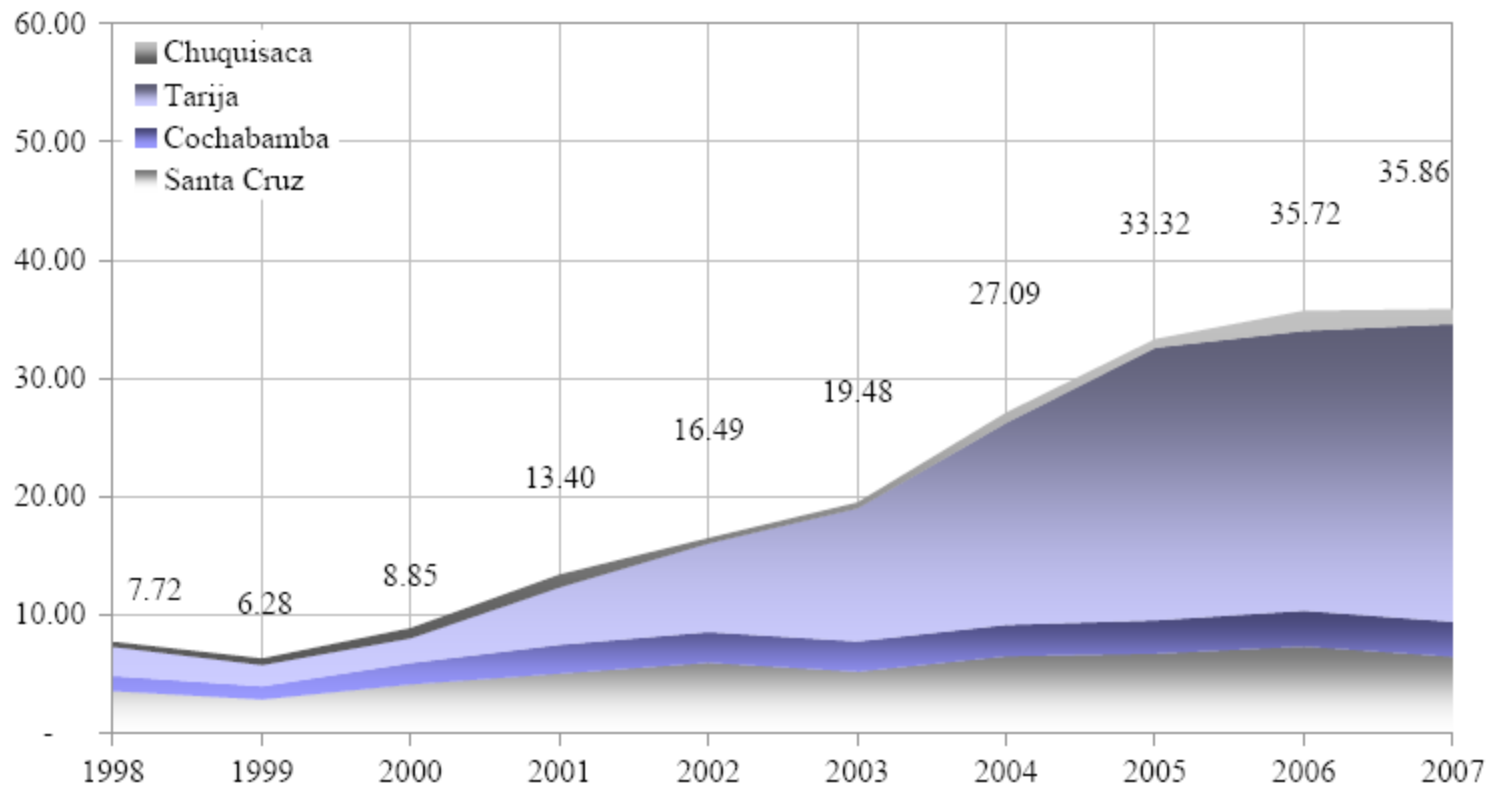
Grafico 1.5  
Pozos perforados: 1998 - 2006



Source: Carlos Alberto Lopez, Del gas sus digresiones



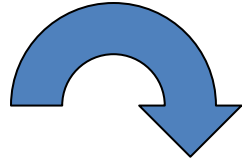
# Consequences: Production

Grafico 4.1  
Produccion certificada de gas natural sujeta al pago de regalias  
1998-2007 (MMmcd)



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’