

May 7, 2006

THE WORLD

History Helps Explain Bolivia's New Boldness

By [JUAN FORERO](#)

SANTA CRUZ, Bolivia

SINCE well before the last century began, Bolivia has fought repeatedly with its neighbors over the riches on and under its soil.

So far, it has lost every time.

Once more than three times the size of Texas, half of the land Bolivia once held is now gone, along with a long Pacific coastline and, some have said, the country's dignity.

Even lowly Paraguay, also landlocked and impoverished, took its share — in a three-year war that ended in 1935, when Bolivia had the edge in manpower and equipment, and a German World War I veteran, Gen. Hans Kundt, to lead its forces.

That history of humiliation was very much on Bolivians' minds last week when their president nationalized the country's natural gas fields, and in doing so picked a fight with the giant next door, Brazil.

President Evo Morales, a leftist who campaigned for election last year on promises of restoring national pride, clearly hopes this move will prove a brilliant gamble, but others say it could bring Bolivia economic ruin.

History foretold the new battle. Natural resources — from rubber to nitrates to oil — have always been the sources of conflict between Bolivia and its neighbors. In a 19th-century war with Chile, the spoils were guano, mounds of dried bird dung then prized in Europe for making fertilizer and saltpeter. In the 1935 war with Paraguay, Bolivia set out to secure a disputed border region in which it hoped to find oil, and wound up losing the Chaco, a region the size of Utah (100,000 lives later, no oil was found).

In another huge tract, lost to Brazil a century ago, rubber was the prize. Nitrates were the rewards in other disputes. The battle now is

with foreign companies, but the stakes — control of Bolivia's wealth — are the same. "The time has come, the awaited day, a historic day in which Bolivia retakes absolute control of our natural resources," Mr. Morales, said on Monday when he ordered troops to secure the installations of private energy companies. "The looting by foreign companies has ended."

The move was certainly audacious. Bolivia has the second-largest gas reserves in Latin America at a time when demand for energy is soaring. But the company with the most to lose is Petrobras, the Brazilian state energy company. And in taking on Petrobras, Mr. Morales is also challenging the most influential country in South America.

Petrobras responded by saying it will suspend investments in Bolivia and begin to look elsewhere for natural gas. Some believe that Mr. Morales, who took office in January, was inspired, or perhaps carefully advised, by President [Hugo Chávez](#) of Venezuela, whose leftist government has unilaterally dumped contracts with private oil companies and raised their taxes. Mr. Morales is also an admirer of [Fidel Castro](#), who expropriated foreign companies shortly after taking power in Cuba in 1959.

Bolivia, though, is a pipsqueak in the energy world when compared with Venezuela, the fifth-biggest oil exporter. And while he is charismatic and popular, Mr. Morales has yet to achieve the standing of Mr. Castro. "They've been conned by Castro and Chávez," said Lawrence J. Goldstein, president of the PIRA Energy Group, an industry-supported policy group in New York. "They've been sold a bill of goods that's going to come back and bite them and bite them hard."

Gonzalo Chávez, a political analyst in La Paz, disagrees. He said that while Bolivia's location in the center of the continent was a disadvantage in past confrontations, these days it can help. Bolivia, he asserted, is in the middle of countries interested in further economic and energy integration. There is even talk of a cross-continental pipeline.

"These are different times," said Mr. Chávez. "There's integration, there's an ideological conformity."

A lack of regional unity was a major problem in the past. But, unfortunately for Bolivia, so was incompetence. In 1884, a Chilean attack on Bolivia's seaside Litoral province cost Bolivia its coastline. In 1903, in the midst of a rubber boom, Bolivia watched helplessly as Brazil persuaded the huge state of Acre to secede, depriving the country of a big chunk of Amazonia. Argentina and Peru also secured juicy slivers through diplomatic demarcations.

Its pride bruised, Bolivia's leaders — advised by the Standard Oil Company — later escalated a series of border skirmishes with Paraguay, hoping to secure land for oil exploration and reaping only the 1935 debacle.

The memory of such losses, coupled with centuries in which foreign companies have exploited its riches, have embittered many Bolivians and prompted some policies that outsiders might consider illogical. Resentments against Chile stemming from the 1884 war, for example, killed a recent plan for a gas pipeline to the Chilean coast even though financial backing and ready markets were already in place.

Mr. Morales's decree evoked the humiliations, noting that Bolivians have shed their blood for the "right so that our hydrocarbon riches return to the hands of the nation, for the benefits of the country."

"In this decree," said Nelson Cabrera, the operations chief for the state energy company, "is the hope of the people."

[Copyright 2006 The New York Times Company](#)

[Privacy Policy](#) | [Search](#) | [Corrections](#) | [XML](#) | [Help](#) | [Contact Us](#) | [Work for Us](#) | [Site Map](#)
