

Americas / By Mary Anastasia O'Grady

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There is something about Bolivian President Evo Morales that doesn't inspire confidence in a prosperous, democratic future for his country. And it's not only the fashion statement he makes with the striped sweater he wears like a uniform.

For a good many Bolivians it's the erosion of civil liberties under his leadership. Just ask Marcela Nogales, a 47-year-old mother of two pre-teens who holds a master's degree in auditing and financial control from Bolivian Catholic University in a joint program with Harvard University.

Mrs. Nogales, who was the general manager of the Central Bank of Bolivia for five years until May, has been detained in a Bolivian prison for the past six weeks at the behest of the Morales government. She has yet to be charged.

This detention, a flagrant violation of Bolivian law, appears to be part of a broader campaign against anyone connected with modernization efforts in the past decade. As such, it has further ignited the fears of Bolivian democrats who are deeply concerned that their country is heading toward an authoritarian police state under Mr. Morales.

Evo has already badly mishandled the economy. Exhibit A is his decision on May 1, amidst the biggest energy boom in the history of humankind, to nationalize the investments of foreign energy companies in his gas-rich country. Perhaps such bravado felt good to the country's first indigent leader in modern times. But if he was making a political calculation, he left out one important variable: Bolivia is poor. So poor, it seems, that it hasn't the funding or expertise to exploit the gas itself.

On Aug. 11 the government announced the suspension of the full takeover of the oil

fields "owing to a lack of economic resources." But it's a little late. Some 30 energy companies are reported to have ceased operations, and there has been no new investment. Bolivia has been converted into an unreliable energy supplier, badly wounding the only goose that lays hard-currency eggs.

The theory going around Bolivian circles—that Venezuelan President Hugo Chávez used the unsophisticated Evo to destroy the country's energy sector so that Venezuela could step into the vacuum—is something worth pondering. Meanwhile, Mr. Morales, whose poll numbers remain high, is now besieged by the same kinds of strikes, road blockades and protests that he once organized as an activist.

Yet like any self-respecting demagogue, Evo isn't about to rely on his competency to determine his fate. The best defense is a good offense and Evo is on the offensive, using his office to interrogate, investigate and even jail those who represent an alternative to his vision for a Maoist Bolivia.

In April we noted the case of 67-year-old José María Bakovic, who as president of Bolivia's National Highway Service (SNC) from 2001-2006 instituted a competitive, transparent bidding process for Bolivia's road works. Evo forced Mr. Bakovic to resign from his post in February and in March threw him in prison for three weeks without due process. In the same month the president signed an executive decree for a new highway project, bypassing the bidding process that Mr. Bakovic had put in place. Mr. Bakovic is out of jail now but cannot leave La Paz without permission from a judge. Meanwhile in his all-out effort toward discredit-

ing the architects of Bolivia's limited liberalism and the ideas themselves, Mr. Morales has other fish to fry.

The whopper is Gonzalo Sánchez de Lozada (aka Goni) who was president when Mr. Morales and his minions led road blockades in October 2003 that paralyzed the nation. When Goni tried to open the highways, the deadly violence brought down his government. The same violence also killed the idea Goni was pitching to end the Argentine and Brazilian duopoly in natural gas and open markets for Bolivia to the west and north. Goni fled the country but Evo still wants his pound of flesh. This is what Mrs. Nogales's arrest is all about.

During the height of the social unrest that brought Goni down, the central bank met a government request for an emergency withdrawal from its own account in the amount of \$1.8 million. A little more than half of the money was in local currency and the balance (\$800,000) was in U.S. dollars.

In June two congressmen in Evo's party made a big splash in the Bolivian media by alleging that the transfer was \$100 million and that Goni took it with him in a helicopter when he fled La Paz. Among the accusers' more effective tools has been a video tape, illegally obtained, which shows bank employees taking cash out of the vault. This has been spun with great skill in the Bolivian media as a

mega heist by the corrupt elite to accommodate Goni.

The attorney general has not only arrested Mrs. Nogales but it has also put the former president of the central bank, Juan Antonio Morales, on notice that he is under investigation and also could be jailed. Reportedly he joins scores of other former top Bolivian officials who are now threatened with criminal prosecution. Moreover, he has been defamed and slandered in the press.

Leaving aside the obvious point that if bank insiders were going to steal money they would have turned off the security cameras, the character assassination aimed at Mr. Morales is unsubstantiated. As head of the central bank from late 1995 until Evo pushed him out in May 2006, he earned an impeccable reputation by institutionalizing bank independence, transparency and accountability. The highest annual inflation rate Bolivia experienced from 1996-2005 was 4.5%.

Bolivia's controller general, independent auditors and Congress have all exonerated the bank of any criminal wrongdoing. But the government continues its political witch hunt; Mrs. Nogales languishes in prison without rights and a climate of intimidation hangs over civil society. If Evo prevails, it will mean not only the silencing of his opposition, but also the end of central-bank independence. This may explain why, despite the lack of evidence, the case has not been dropped.



Marcela Nogales

Ferry Shonfner