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## **From Win at Polls, Bolivia's Morales Segues to Scandal** Troubles Began With Killing of Oilman

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RIO DE JANEIRO Just last month, Bolivian President Evo Morales had the luxury of speaking about soaring themes: how the nation's new constitution would uplift the indigenous masses and bring equality to the poor Andean country after centuries of injustice.

But the news from Bolivia has fallen back to Earth with a thud, as Morales has become buried in political scandal -- and it's a doozy. It seems that only secret tape recordings are missing, so far, from the plot of this tawdry tale of murder, suitcases of cash, friends and relatives of the powerful, armed bandits, and the CIA.

The trouble began Jan. 27, just two days after the nation approved the new constitution, when oilman Jorge O'Connor was on his way to deliver \$450,000 in two suitcases to an apartment building in La Paz. He was ambushed by gunmen, shot and killed.

Members of the political opposition later said the money was a kickback to Santos Ramírez, the head of the Bolivian state oil company, YPF. Ramírez had given an \$86 million contract to O'Connor's company to build a natural gas processing plant. Ramírez, a former congressman with presidential aspirations, happened to be a close friend of Morales, who was best man at his wedding.

Morales responded by firing several YPF executives and jailing Ramírez, who was replaced by another man atop the struggling oil company, Carlos Villegas, who has since fired dozens of people.

Some consider this a tough but appropriate stance by Morales, who campaigned on a vow to end Bolivia's endemic corruption. But others say the president used the scandal as an opportunity to sideline a potential political rival.

"I don't think it's any secret to anybody that corruption in the Bolivian government did not end when Evo Morales became president," said Jim Schultz, who runs the Bolivia-based Democracy Center, a think tank on globalization issues. "The question now is how tough is Evo going to be?"

The Bolivian news media have closely followed the twists and turns of the case, which one reporter described as a crime novel with hints of magical realism. Among the more bizarre wrinkles: Shortly before he was arrested, Ramírez announced on television that he was divorcing his new wife, to her surprise, but then found himself in jail under the watchful eye of a police colonel who once was married to the woman.

Then last week, Morales said on a radio program that it had been "totally proven" that CIA agents had infiltrated the state oil company and were plotting against it. Morales accused police Capt. Abraham Rodrigo Carrasco Kreuzer of being trained by the CIA to infiltrate and sabotage the company and suggested that Ramírez had fallen into an American trap.

The U.S. Embassy denied the allegations. Morales has regularly accused U.S. government agencies, from the Drug Enforcement Administration to the Peace Corps, of meddling in Bolivian affairs.

The CIA allegation has prompted some commentators to accuse Morales of using the Americans as scapegoats for Bolivia's problems. The columnist Jimena Costa Benavides wrote in La Razon newspaper that if Bolivians are expected to believe that one or two CIA agents caused the problems that plagued the oil company, then "it means that there are a swarm of incompetent and ignorant people there who can be easily manipulated by a policeman that took some little course for a few months."

Government Minister Alfredo Rada tried to separate the two issues at a news conference Friday.

"Irresponsibly, the political opposition here in Bolivia has said that these kind of denunciations simply have the intention of distracting attention from the corruption cases in YPFB," he said, reminding reporters that Ramírez was in jail and that the corruption case is under investigation. "Those cases of espionage, of political intelligence, of infiltration in a state-owned enterprise happened at YPFB, and we are investigating to see in which other levels are also happening."

The oil company, meanwhile, is left to struggle on. Amid an uncertain legal climate and nationalizations of oil companies, foreign investment in the petroleum sector has fallen. Investment in the industry averaged about \$800 million a year in the late 1990s but has dropped to about \$200 million in each of the three years under Morales. Bolivia has also failed to fulfill all its contracts to supply natural gas to neighboring countries.

The managing director of an energy company operating in Bolivia said that YPFB lacks technical expertise, decision making has become more political, and the climate is too uncertain for new drilling and investment. The scandal has further battered the company: A plan by the Bolivian Central Bank to disburse \$1 billion to the company has "completely stopped" until the investigation concludes, said an official in the Ministry of Hydrocarbons who spoke on the condition of anonymity.

Carlos Alberto López, a former deputy hydrocarbons minister, said the scandal evokes the same problems that have dogged Bolivian politics for years.

"Bolivia confirms once more that the problems of corruption are still here, and probably in a more pernicious way than what may have been present before," he said. "This is murder, it's a case which has really shaken the country. It's like a soap opera."

*Special correspondent Andres Schipani in La Paz contributed to this report.*