



Contemporary Political and Socioeconomic Processes in Bolivia

Gonzalo Rojas Ortuste and
Christian Lunstedt Tapia

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dialogue

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Abbreviations

AND	Acción Democrática Nacionalista (Nationalist Democratic Action; Political Party)
ATPDEA	Andean Trade and Drug Eradication Act
CEPOs	Consejos Educativos de Pueblos Originarios (Indigenous Peoples' Education Councils)
CIDOB	Central Indígena de pueblos del Oriente Boliviano (Union of Indigenous Peoples of Eastern Bolivia)
CONAMAQ	Consejo Nacional de Ayllus y Markas del Qollasuyo (National Qollasuyo's Ayllus and Markas Council)
CPE	Constitución Política del Estado (Constitution)
CSCB	Confederación Sindical de Colonizadores de Bolivia (Confederation of Bolivian Colonizers' Union)
CSUTCB	Confederación Sindical Única de Trabajadores Campesinos de Bolivia (Confederation of Bolivian Peasant Workers' Unions)
ENTEL	Empresa Nacional de Telecomunicaciones (National Telecommunications Company)
FNMCBS	Federación Nacional de Mujeres Campesinas B.S. (National Federation of Peasant Women Bartolina Sisa)
IDH	Impuesto Directo a los Hidrocarburos (Direct Hydrocarbon Tax)
INRA	Instituto de Reforma Agraria (National Agrarian Reform Institute, and the bill that passed it into law)
ILO	International Labour Organisation
IOC	Indígena Originario Campesino (Indigenous-Native-Peasant)
LA	Legislative Assembly
LMAD	Ley Marco de Autonomías y Descentralización (Autonomy and Decentralisation Framework Law, approved in July 2010)
LPP	Ley de Participación Popular (Popular Participation Law)
MAS	Movimiento Al Socialismo (Movement Towards Socialism, political party)
MIR	Movimiento de la Izquierda Revolucionaria (Revolutionary Left Movement, political party)
MNR	Movimiento Nacionalista Revolucionario (Nationalist Revolutionary Movement, political party)
TCO	Tierras Comunitarias de Origen (Original Community Land)
UDP	Unidad Democrática y Popular (Democratic and Popular Unity- Political Front)
YPFB	Yacimientos Petrolíferos Fiscales Bolivianos (Bolivian Oil Company)

1 Introduction

Bolivia is a landlocked country in central South America. It has borders with five countries, including Brazil and Argentina – the region’s largest and most important countries – and Chile, Peru and Paraguay. It has a surface area of just over one million square kilometres – not a small territory – but it only has a population of approximately 10 million people. There is a huge diversity of climates, landscapes and native cultures. It extends from an extensive high plateau in the west, where the Andes are located, to the lowlands including the Bolivian Amazon in the northeast of the country, and to the dry Chaco lowlands in the south, whose rivers flow into the La Plata River (see map in Annex 6). The proven gas fields are situated in this latter region and nowadays constitute one of the country’s greatest non-renewable assets.

As a result of the 1952 social and political revolution (see details in Sections 1.4 and 2), the state promoted a process of incorporating the extensive eastern region of Santa Cruz into the productive life of the country. Santa Cruz is the largest of the nine departments and encompasses one-third of Bolivia’s territory. Until then – and to some extent even nowadays – the population was, and still is, concentrated in the west of the country (around the city of La Paz) and in the centre (Cochabamba, the third largest department).

In contrast, the production of intensive crops such as cotton and sugar (initially) and mostly soya (currently) was promoted in Santa Cruz. With the support of public development funds, Santa Cruz came to host the agro-industrial sector of the country. With some state support, but mostly by peasants’ own initiatives, movements of people (Aymara and Quechua) were promoted from the west to the lowlands. These migrant groups were known as “colonizers” and they have now changed their name to “intercultural communities”. There is some affinity among them with the coca producers in the Chacabamb region between Cochabamba and Santa Cruz who are the original and fundamental base of the Movement Towards Socialism (MAS). There are also traditional coca producers in the northern part of La Paz, but they are legal, since coca leaf has been produced there for over four centuries.

It is important to point out that the peasant workers’ union was supported by the revolutionary state in the early 1950s (and even before) and increasingly became the main organisational form in the rural area, although more traditional community denominations have been taken up as basis for organisation since the 1980s. Denominations make it possible to identify the prospects for development and, in particular, what social actors imagine to be their place in society as a whole.

Although this brief summary is not exhaustive, it gives some idea of the diversity of the rural world in Bolivia. We must add to this diversity the Amazonian peoples (approximately 30 groups), the immigration of foreign Mennonites and Japanese to certain areas of Santa Cruz (which took place in particular during the 1970s), and two or three indigenous Chaco peoples. Their numbers are very small compared to the Andean Aymara and Quechua peoples, who were the principal beneficiaries of the agrarian reform (see

Section 1.4). Despite its questionable economic success, this reform undoubtedly made them citizens of the political sphere.

The rural population is declining the world over. In Bolivia, however, the rural world is still a major presence and of great significance. Nevertheless, in terms of the characteristics of the political process that we shall describe in Chapter 5, its political influence at the moment is decisive and without doubt disproportionate.¹

The contrast is striking with regard to its economic power, especially if we consider the indigenous population. Under the military regimes that held power after the fall of the Nationalist Revolutionary Movement (MNR) – the political party that promoted the National Revolution – in 1964, there was an emphasis on policies that openly favoured the “agro-bourgeoisie” until the 1980s. This translated into financial support and land distribution, with no policies in favour of the rest of the rural population. Thus, political action in Bolivia was marked by a *defensive type* of nationalism, but this could not resolve the dispute about the use of economic surplus and it overestimated the virtues of state distribution of the tax revenues, in a culture of fierce confrontation about the key income – royalties from hydrocarbons and the discretionary use of state revenue from minerals.

The period that followed the nearly two decades of military dictatorship in the mid-1980s is better known. The first democratic government faced rampant inflation, which led to severe fiscal adjustment that included monetary stabilisation and massive lay-offs among public sector miners. These policies were similar to those the “Washington Consensus” later promoted to solve similar problems throughout Latin America. The MNR and its historic leader Victor Paz Estenssoro, who had been elected for a fourth term, led this process as well. Significantly, Bolivia has since then developed a series of political agreements between the main political parties to ensure governance (called “pacted democracy” at the time) and maintain fiscal discipline. There was also a need to develop some sort of institutionalisation of the state’s regulatory role, with more emphasis laid on political liberties. This became more visible during the 1990s. However, the modest economic growth achieved during those years did not really ever affect large segments of the population.

There were some market reforms during this period. The most important ones were capitalisation (a specific form of privatisation, see chapter 1) and the creation of regulatory entities. Both were promoted as key political and social reforms (popular participation,

¹ Successive censuses show the decline of rural population percentage. In 1976 it was 58.7%, in 1992 42.5% and in 2001 37.6%. Although the INE’s (National Statistics Institute) definition of urban is used for settlements of more than 2,000 inhabitants, we know that the largest urban concentrations are in the departmental capitals and metropolitan areas around La Paz-El Alto, Santa Cruz and Cochabamba. Updated figures from the electoral roll (2010) show that this urban axis accounts for more than 48% of total voters, and all the department capitals and El Alto represent 57%. 31 of the 70 single-seat deputies across the country (44.3%) are elected to the Parliament; hence 55.7% are rural representatives of 43% of the rural population. In addition, there are 7 „indigenous-peasant-native“ (IOC) special-seat deputies that come from the rural world (indigenous minorities). Therefore, rural representation rises to 59.7% (39+7/77). See Section 5 for the political discussion, practice and government discourse, and Section 1.4 for the nomenclature of indigenous and peasant organisations.

territorial representation), but they achieved little. These reforms made possible to initiate a discourse about multiculturalism, of which a communitarian version was adopted by the Movement Towards Socialism (MAS).

After a political crisis in 2000, political parties began to lose legitimacy, which expressed itself in a lower share of the electoral vote, more corruption charges and more social protests against neo-liberal policies – the response each time being greater repression. Finally, the crisis led to election victory for the MAS in December 2005.

Between 2006 and 2009, Bolivia faced a process of political polarisation. The end of the “pacted democracy” drifted into a situation of “opposite majorities”, with increasingly extreme confrontation between the incumbents and the opposition. On the one hand, Evo Morales’ government started to develop plebiscitary practices in order to consolidate the MAS into a one-party system, while opposition-led local authorities in the “*media luna*” departments (regional opposition from the east) tried to hit back by calling for regional referenda to approve their calls for autonomy. This polarisation became specifically clear in the deliberations over and failure of the Constituent Assembly between 2005 and 2008 (see Chapter 5).

Nevertheless, President Evo Morales was re-elected at the end of 2009 by a large majority. Prior to that, people had approved a new constitutional text drawn up by the Constituent Assembly with a similar majority and this was subsequently approved by an agreement forged at the National Congress. The governing party’s procedural irregularities within the Constituent Assembly were obvious, but the regions also resisted them violently and illegally.

It looked as if 2010 had ushered in a new and auspicious term for the re-elected president, but he soon revealed how he intended to settle scores with the opposition: on the one hand with legal cases, after Morales appointed members of the judiciary unconstitutionally,² which was supported by the MAS parliament majority enacting the so-called “Short Law”; and on the other hand by fast-tracking the passing of five laws contained in the New Constitution. The deadline was July 2010, and they started to be discussed only in mid-May 2010. This authoritarian procedure did not go unnoticed by the population, which voted for sub-national authorities (department, municipal and indigenous autonomy) in the April 2010 elections. The MAS received approximately one million less votes, especially in the regional capitals suffering from political confrontation. There are currently demands by labour unions for wage rises (teachers and industry workers), whereas miners, who are still dominant in the once powerful Bolivian Central Labour Union (COB), reached a sectoral agreement. This discredited them in the view of the other worker sectors, however.

It will be crucial to see whether the MAS interprets these signals correctly in the future; or whether the pendulum will continue to swing between state-led and popular options

² The Constitution says (Art.194.I & 198) that the highest members of the judiciary must be elected by universal suffrage (in a ballot).

on the one hand and the market choice on the other – fluctuations that are detrimental to the country and which do not allow us to overcome poverty, as they hinder the construction of stable institutions.

2 Development and Persistence of Poverty and Inequality

The eight Millennium Development Goals (MDGs) promulgated by the international community seek to halve the incidence of poverty by the year 2015 (United Nations, 2000). Among others, the first goal is to eradicate extreme poverty and hunger, while education and health are also important, as both of them are seen as key factors to break the vicious cycle of poverty and underdevelopment. Unfortunately, despite the implementation of various models of development in Bolivia over the past half century – from nationalism to populism and neo-liberalism, going through nationalisation to capitalisation and back to nationalisation – and in spite of the huge amounts of money invested in social issues such as education, health and sanitation, poverty remains high. According to Andersen and Evia (2003), per-capita income is stuck at the same level as 50 years ago. On the other hand, Mercado et al. (2003) stated that even though public investment in social sectors increased from around 6% of GDP in the 1980s to approximately 16% in 2001, the impact on poverty was not as great as expected. Poverty and inequality in Bolivia are among the highest in the region, and rural poverty is even worse.

Bolivia in the last 25 years

After the *debt crisis* of the early 1980s, Bolivia eliminated all forms of state intervention in the production chain and allowed the market to assign resources. An open market was the strategy for development. Bolivia was the country that applied the structural reforms suggested by the World Bank and the International Monetary Fund faster and with greater enthusiasm than any other.

The outcome of the stabilisation programme, which was followed by a structural adjustment programme, was a rapid reduction in hyperinflation. According to Sachs and Larain (1993), it was under control by the second week. Nonetheless, the economy suffered a deep recession, during which economic growth did not immediately recover, and social misery and unemployment increased. Arze (1999) suggests that the implementation of the neo-liberal model had an excessively high cost for the most vulnerable sectors of the population, leading to an increase in unemployment, the informal market and poverty. Taking the effects of the debt crisis with the effects of the stabilisation programme together, the 1980s are regarded as the “*lost decade*”, not only for Bolivia but also for the region as a whole.

In the 1990s, more neo-liberal policies were enacted, deepening structural changes, such as capitalisation³ – or privatisation – of public enterprises, an influx of foreign capital into the main sectors of the economy, and fostering second-generation reforms that focused on the financial, judicial and regulatory systems.

³ Capitalisation was a particular way of privatisation (1996) where foreign private companies took charge of the then state-owned companies, increasing an equivalent capital in their book value.

Although Bolivia achieved macroeconomic and political stability through the application of structural reforms, economic growth was modest (2.5% annual average growth) and inequality intensified. On the one hand, social indicators such as health and education improved as a result of increased investment in these sectors (incl. education reform); these investments were boosted at the end of the 1990s by revenue from debt alleviation programmes (HIPC). On the other hand, economic growth was not sufficient to reduce poverty and inequality. Instead, socioeconomic disparities increased, generating more social exclusion and marginalisation for one part of society – perhaps the majority – which did not receive any of the reforms’ benefits.

Throughout this process, the role of the state was reduced to that of a mere spectator, losing its social profile and its role in the promotion of socioeconomic development. The market was responsible for resource and benefit allocation in an unequal manner, escaping government control and having a negative effect on society.⁴ The imbalance between the improvement in social indicators (described later) and the stagnation of economic indicators was not sustainable; it was unavoidable that a point would be reached where the situation would no longer be accepted by society. This happened after 2000.

2.1 Poverty overview

According to monitoring of the MDGs, poverty in Bolivia is among the highest in Latin America. According to ECLAC (or CEPAL in Spanish), Bolivia’s poverty is similar to that of Guatemala and Paraguay, but lower than in Honduras and Nicaragua. Bolivia also has one of the highest rates of inequality, just behind Brazil, Colombia, Guatemala and Honduras (CEPAL, 2010). As established by Mercado et al. (2005), it seems that poverty in Bolivia is static rather than dynamic, given that social mobility is very low, which in turn leads to low growth and permanent poverty.

Table 1: Evolution of poverty in Bolivia (1976–2008)

	1976	1989	1994	1999	2002	2005	2008(e)
Bolivia (total)	85.4						
Moderate Poverty (%)		76.88	72.37	63.47	63.3	60.6	59.3
Extreme Poverty (%)		56.24	50.53	40.74	39.5	38.2	32.7
Urban Area	65.8						
Moderate Poverty (%)		67.21	59.49	51.36	53.9	51.1	51.2
Extreme Poverty (%)		39.38	28.78	23.51	25.7	24.3	22.0
Rural Area	98.2						
Moderate Poverty (%)		89.66	89.55	84.00	78.8	77.6	74.3
Extreme Poverty (%)		74.59	76.05	69.94	62.3	62.9	53.3

Source: For 1976, Human Development Ministry (1993); for 1989 and 1994, Klasen (2006); for 1995–2008, UDAPE; (e) Preliminary estimations by UDAPE

⁴ Regarding the relationship between the state and the market during this market-led period, a regulatory system was implemented, creating agencies (superintendencies) in charge of the control and regulation of specific sectors, i.e. the sectors where public enterprises were capitalised, such as banking, electricity, transport, and others. Unfortunately, this regulatory system did not work as expected or did not have the required continuity.

Table 1 and Annex 1 show the evolution of poverty in Bolivia from 1976 to 2008. Table 2 shows the inequality coefficient (Gini coefficient) for the same years.

As can be seen in Graphics 1 and 2, poverty has diminished, both in its moderate and extreme versions⁵, as well as in both urban and rural areas. Moderate poverty in Bolivia as a whole fell from almost 77% in 1989 to around 60% in 2008. Extreme poverty also dropped from 56% to approximately 33%. It is interesting to note that during the neo-liberal period from 1986 (or 1989 in our table) to 1999, when the Asian crisis hit Bolivia, poverty reduction was significant – around 13% for moderate poverty and 16% for extreme poverty, especially in urban areas (16% and 17% respectively). From 1999 to 2002, there was a reversal due to the international crisis and the political crisis within the country. Although poverty decreased slightly, both moderate and extreme poverty actually increased in urban areas. This was probably because the effects of both crises were felt more strongly in urban than in rural areas.

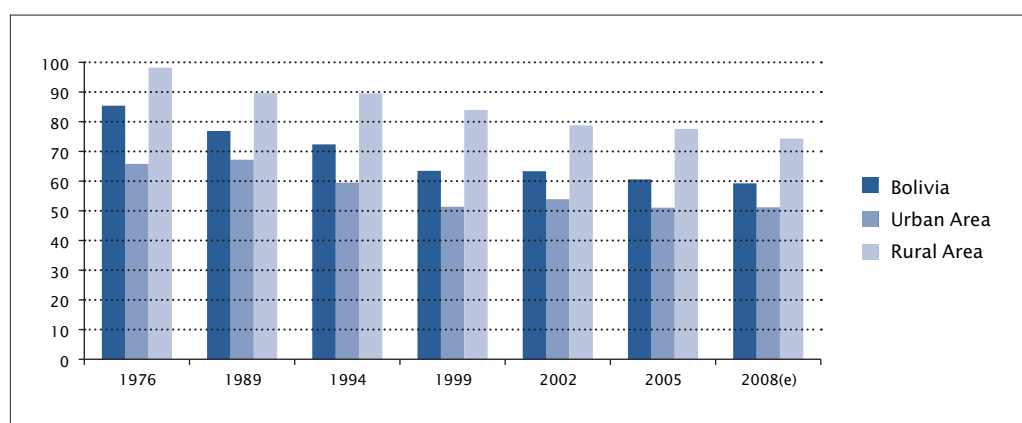


Figure 1: Evolution of moderate poverty in Bolivia. (Source: same as for Table 1)

In the case of rural poverty, both moderate and extreme poverty were almost 100% in 1976. In 1989, despite the turmoil of the early 1980s, poverty has decreased to around 90%. During the period between the 1990s and 2002, moderate poverty declined to almost 80%, and has since diminished further to 74%. If we compare the neo-liberal with the actual period, there has not been a great improvement in terms of poverty reduction, taking into account the social policies implemented since 2006.

⁵ In the World Bank's definition, Extreme Poverty is an income of less than US\$1 per day per person; and Moderate Poverty is an income of less than US\$2 per day per person, but above the extreme poverty line.

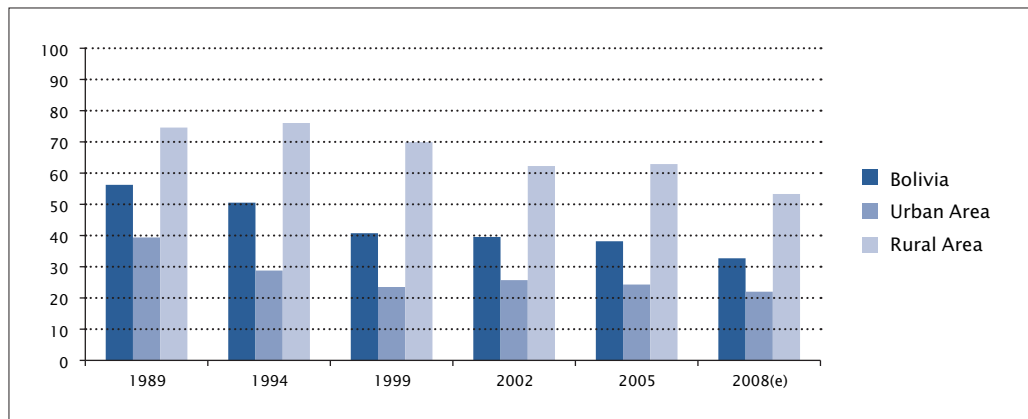


Figure 2: Evolution of extreme poverty in Bolivia. (Source: same as for Table 1)

Nevertheless, the changes in extreme rural poverty were more volatile. It increased in the early 1990s; there was a subsequent decrease by about 14% until 2002, followed by an increment between 2002 and 2005, and finally a significant decline of almost 10% by 2008 (although the 2008 data is still an estimation). This would mean that social policies like direct transfers (see Chapter 1.2) were benefiting the poorest sectors of the population, thus reaching the target groups for which they were intended. Medinacelli and Mokrani (2010) corroborate this using an econometric model; they found that the bonuses effectively got to the poorest sectors of the population.

Even though Bolivia had positive growth rates during the 1990s, they were not sufficient to reduce poverty in any significant way. As stated by Stiglitz (2006), the mere openness of the market does not solve the poverty problem. Indeed, it did not solve it in Bolivia either; instead it exacerbated the situation, worsening inequalities and generating social and political chaos.

Finally, Table 2 and Graph 3 show the evolution of inequality in Bolivia for the period between 1976 and 2007⁶.

Table 2: Inequality in Bolivia (1976–2008)

	1976	1990	1996	2000	2005	2007
Bolivia			0.59	0.62	0.60	0.56
Urban Area	0.49	0.52	0.51	0.53	0.54	0.51
Rural Area			0.61	0.69	0.66	0.64

Source: For 1976, Morales (2000); for 1990–1995, UDAPSO; for 1996–2008, UDAPE

⁶ Inequality is measured with the Gini coefficient, which is a measure of income inequality within a population, ranging from zero for complete equality to one for complete inequality.

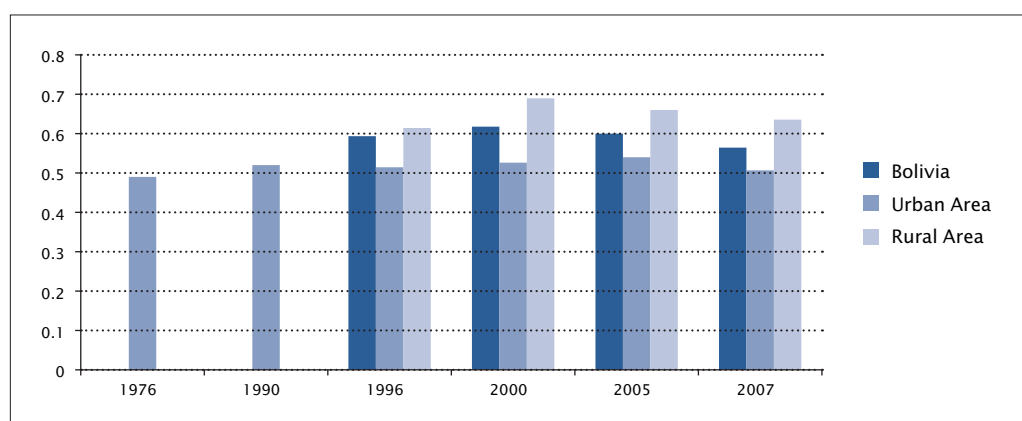


Figure 3: Evolution of inequality in Bolivia. (Source: same as for Table 2)

As we stated before, inequality increased throughout the neo-liberal period (from 0.49 in 1976 to 0.52 in 1990 in urban areas), maybe as a consequence of the economic crisis suffered in this period. Later, during the 1990s, and with the structural adjustment policies in place, inequality in urban areas rose to 0.53 in 2000 and 0.54 in 2005. The situation was even worse in rural areas. Inequality increased from 0.61 in 1996 to 0.69 in 2000, then decreased to 0.66 by 2005. From 2005 to 2007, inequality diminished in the urban and in the rural areas, perhaps reflecting the social policies – direct transfer and others – implemented by the current government. However, Medinacelli and Mokrani (2010) calculated a poverty reduction rate through these direct transfers of 0.8%, an extreme poverty reduction rate of 1.1% and an inequality reduction rate of 1.5%. This will not be sufficient to achieve the goal of halving the incidence of poverty by the year 2015. With these annual rates, poverty will only be reduced by 4% to 5%.

These figures confirm what Stiglitz (2006) stated regarding the market economy: instead of reducing poverty, it can worsen it, exacerbating existing socioeconomic inequalities, which can then degenerate into social and political chaos.

Geographical distribution of poverty

When we talk about poverty, it is important to distinguish between different regions – in Bolivia's case between east and west, or between highlands (altiplano), valleys and lowlands. It is important to make this distinction because poverty, policies, production and productivity vary significantly between these regions.

Table 3 shows that the incidence of poverty in the highlands and valleys is higher than in the lowlands. Indeed, in the highlands and valleys, extreme rural poverty is almost twice as frequent as in the lowlands. This data is interesting because although poverty – especially rural poverty – is higher in the highlands and valleys, and although 70% of the rural population in Bolivia live in these regions, much of the effort for development focuses on agro-industry for export in the lowlands, where only 30% of the population is rural – and not on traditional agriculture in the west. Highlands and valleys make up less than half of Bolivia's territory, but they are where the majority of rural people live. Likewise, there is a large gap between rural and urban poverty (80% and 40% respectively).

Table 3: Geographical distribution of poverty, 2002

	N' of Persons (thousands)	% of Persons	Incidence of Poverty %	Incidence of Ex- treme Poverty %
Total National	8,488	100.0	64.6	36.8
Highlands	3,404	40.1	69.8	43.6
Valleys	2,398	28.3	69.2	42.5
Lowlands	2,686	31.6	53.9	23
Rural Areas	3,212	100.0	82.2	55.0
Highlands	1,377	42.9	86.1	59.4
Valleys	1,128	35.1	84.8	63.9
Lowlands	708	22.0	70.3	32.2

Source: Kay and Urioste (2005)

Velásquez (2006) states that extreme poverty varies in its level and intensity depending on different characteristics, such as indigenous groups, rural municipalities and ethnic groups. Poverty is higher in rural departments like La Paz, Oruro, Potosí and Chuquisaca, and this coincides with the geographical distribution made by Kay and Urioste (2005).

2.2 Strategies, policies and programmes for rural development

Since the economic reforms of 1985, whose aims were macroeconomic stabilisation and market liberalisation, the main policies for rural development have been the following: the *Poverty Reduction Strategy Paper* (PRSP or EBRP in Spanish), the *National Strategy for Agricultural and Rural Development* (ENDAR), the *National Development Plan* (PND), the *Decentralisation through Popular Participation Law* (see Chapter 5), and various other investments in education, health, roads and irrigation, and lately, direct transfer programmes.

PRSP/EBRP

So far, two PRSPs have been carried out in Bolivia. The first one was elaborated in 2001 as a response to the HIPC (Heavily Indebted Poverty Countries initiative, the debt alleviation conditionality of 1999), and was based on the *National Dialogue* of 1997 and on the *National Dialogue* of 2000⁷. These processes were truly participative at the local, municipal, regional and national levels, and generated a sense of ownership by local actors. The document was comprehensive in the sense that it covered all aspects of social policy – and indeed that was part of its failure. The problem was that donors wanted to take a comprehensive approach to different issues, while the Bolivian partners wanted a concrete discussion about specific issues. The former won and problems arose concerning the poli-

⁷ Bolivia conducted three National Dialogues: the first in 1997, the second in 2000 and the third in 2004. The 2000 and 2004 Dialogues included objectives of developing participatory events (with participation by the state and civil society) in order to elaborate integral Poverty Reduction Strategies (PRS) with the final aim of developing public policies (Toranzo, 2007).

cies' feasibility. Another problem was that the strategy did not cover productive issues and that the fight against poverty was not approached from a rural development perspective.

The second PRSP was developed as a requirement of the donors, despite the fact that the government of Sanchez de Lozada did not believe in that kind of participative process. It was called *Bolivia Productive National Dialogue*. Nevertheless, the political turmoil experienced from 2003 to 2005 delayed the finalising of the strategy. It was not published at the best time. But although this strategy was not applied, its approach was better than the previous one. It considered productive issues and the economic agents were at the centre of considerations, especially those involved in production. The thinking behind the strategy was to reach a broad-based development focused on small producers.

Two interesting issues identified by the PRSP were, on the one hand, a growing rural population engaged in non-agricultural activities such as trade due to the greater market integration of rural areas; and on the other, the temporary or definitive migration of more productive people either to the eastern lowlands to harvest cash crops or else to look for job opportunities in other regional capitals in Bolivia or abroad. Both tendencies increased the proportion of older and younger people in the rural population, making poverty a generational issue too (Kay, 2004). In other words, rural people try to solve their poverty problems through non-rural strategies.

Even though both PRSPs recognised that extreme poverty prevailed in rural areas and in particular among indigenous people, and that overcoming rural poverty should be a priority, neither strategy laid sufficient emphasis on the rural sector and the necessary public policies to alleviate rural poverty. They put too much emphasis on infrastructure and social services, while neglecting productive aspects. In any case, both PRSPs were the result of donors' conditionality and are currently sidelined.

ENDAR⁸

This strategy was presented in 2005.⁹ It tried to incorporate all economic actors in rural development, highlighting the importance of social and economic links between urban and rural areas. In fact, the strategy promoted the social capital developed within and between both areas.

Given the issue of narrow-based development¹⁰, this strategy designed two methods of public policy. The first one focused on *productive chains* (or value chains) and tried to diversify the base of the economy. The other one stressed *local economic development* as new means of intervention, in which local, private and public actors form alliances

⁸ Previously, in 1996, a strategy was elaborated focusing on rural development – the Agricultural Productive Transformation Strategy (Estrategia para la Transformación Productiva del Agro) – but it was never implemented.

⁹ Two previous versions dated from 2003 and 2004.

¹⁰ The more dynamic sectors of the economy are the ones associated with natural resource exploitation, which are capital-intensive instead of labour-intensive and not linked to other industries.

to develop certain products with the potential to be competitive. By implementing local economic development in parallel with production chains, this strategy identified fourteen potential productive chains: cattle for meat, camelids, poultry, quinoa, soya, wood, cotton textiles, leather, tourism, bananas, grapes, wine, wheat and palm production. This list includes non-agricultural activities, which is interesting because it demonstrates a broader approach to rural development.

According to Kay (2004), the ENDAR faced several limitations. Firstly, these productive chains are oriented towards export, maybe because the domestic market is too narrow. Secondly, there are small producers with productive potential, but there are also small producers without it. Thirdly, the productive chains are oriented towards agro-industry enterprises instead of small producers. Fourthly, there is low institutional capacity from the state at the local level. Fifthly, this strategy does not tackle the lack of rural credit. Sixthly, there is no major analysis regarding rural migration. Seventhly, cultural aspects are not considered. And finally, the issues of land distribution, territorial planning and natural resources use are not sufficiently considered.

It is important to note that this strategy, like the previous ones, existed only on paper – it was never implemented. Some projects or ideas might have been carried out, but in very dispersed ways.

Due to corruption, patronage and prebendal actions among and between powerful social actors, the state's institutional capacity in Bolivia has always been low. *Regional Development Corporations* in charge of executing projects and promoting development were created, but were taken over by supporters of the governing party. After the neo-liberal reforms, therefore, attempts were made to create specialised agencies for delivering and executing projects and programmes, such as the *Emergency Social Fund*, the *Productive and Social Investment Fund*, or the *Regional Development Fund*. On the other hand, with the decentralisation process carried out in 1994, *municipalities* had to build institutional capacity to administer their (in some cases meagre) budgets, something they had never done before. Finally, a regulatory system was implemented, which also first had to build its own institutional capacity. The lack of qualified human resources, a lack of sufficient funds, and corruption were the main problems encountered during this process. However, some progress was achieved in trying to institutionalise some agencies and the civil service. However, all these small areas of progress have been dropped since the MAS came to power. The civil service has been de-institutionalised and MAS party supporters given jobs. This has led to corruption – at least visible corruption – and inefficiency in public institutions. Indeed, this was pointed out by the government itself and by President Evo Morales in his Independence Day speech (August 6th 2010). All these problems are covered in depth in Chapter 5.

PND

The current government, which has been in power since 2006, nullified all previous strategies. This was in part because they were neo-liberal and in part because they did not achieve the objectives of poverty and inequality reduction. Instead, a new strategy called

the *National Development Plan* was put forward for the period 2006–2010, including new priorities and political goals. The objective of this plan was to bring the community and private economy under state coordination to steer and promote development in all economic sectors (especially strategic ones such as hydrocarbons, energy and communication).

The plan was conceived in a context in which the state received huge amounts of revenue from the hydrocarbon sector due to the positive international situation and the so-called “nationalisation” (see Chapter 4). Its intention is therefore to invest this revenue in different sectors in order to diversify the economy.

With regard to rural development, the aim of the plan is to fight against social exclusion – especially of indigenous communities and peasant producers – by incorporating small producers into the economy. In other words, the core of the plan is precisely to achieve rural development; rural development in which the state plays a major role in promoting and designing active rural development policies.

The measures to foster agrarian transformation and rural development include access to land, technological development, the creation of public enterprises for production support (EMAPA), an increase in irrigation coverage, food sovereignty, coca leaf legalisation, social investment in education, health and nutrition, the promotion of communitarian enterprises,¹¹ and financial support through the creation of the *Productive Development Bank* (BDP). According to Prudencio (2009), however, although the government has declared a change in the productive matrix and food sovereignty to be its main priorities, there is as yet no policy or long-term strategy for the rural sector – perhaps because the current government’s focus is more on political issues rather than on productive or economic ones.

Other investments

Education and health: As we mentioned above, there has been a sustainable improvement in certain social indicators, especially in education (measured by literacy rate) and health (measured by life expectancy and child mortality). As we can see in Annex 2, the child mortality rate has declined drastically. This also is true for life expectancy at birth, which has increased from 52 years in 1980 to 65.7 years in 2008.

Further, we can observe a notable improvement in the literacy rate of both adults and youth from 1976 onwards (Annex 2). Moreover, since the *Education Reform* of 1994, the school enrolment rate at primary school has reached 100% and more than 80% at secondary. However, the issue is not quantity but quality. The problem of quality is worse in rural areas. Performance in those regions is lower than in urban areas, and far below what would be required to meet the development needs for human resources. The main problems in rural areas are inadequate and unequal access to education services, geographical isolation, reliance on child labour for household income, and low levels of parental education. All of these factors have a negative impact on children’s access to schooling as well as the quality of the education provided to them.

¹¹ “Community enterprises” in the context of Bolivia means enterprises owned by the community.

Nonetheless, it is important to mention that there is actually quality education in Bolivia. However, it is not available to the poor. Indeed, if you can pay for kindergarten, primary and secondary school, there are plenty of local and international schools for high-quality education. However, high-quality private education is not an option for poor and excluded people. This type of education is exclusive to middle-income families and rich people, further exacerbating the problem of unequal opportunities. While middle-income people receive high-quality education, poor people only receive bad-quality education and so the gap between them increases and exacerbates inequalities.

Hence nowadays, the problem is not a lack of infrastructure or a lack of access to education services but the lack of quality in the education system, especially in public education and, even worse, in rural education. Filmer (2004) also suggests that constructing schools is maybe politically more useful than trying to ensure quality, but there are other policies – for instance, increasing the quality of schooling – that should be prioritised or at least carried out as complements to infrastructure projects.

Education in itself is a necessary but insufficient anti-poverty tool. Although better education can foster opportunities and provide higher earnings, a better-educated person needs an appropriate economic context in which he or she can realise the economic returns on this improvement.

Irrigation projects: The *National Irrigation Programme* (PRONAR) sought to provide agricultural land with irrigation. In 2002, irrigated lands covered less than 4% of the annual, permanent cultivable land. Between 1996 and 2005, the programme provided additional irrigation to 14,400 hectares of land. Prior to that, there were 128,000 hectares of irrigated land, which shows that even though there has been a small progress, there is much more to do in this respect. Perhaps that is why the current government has recently planned to make investment of US\$ 300,000 in rural irrigation for each municipal territory.

Direct transfers: Projects with the mechanism to provide resources (money or food) to households under the condition of sending the children to school or keeping them in school – the *Conditioned Transfer for Education* (CTE) programme – became famous through pioneering work in Mexico by PROGRESA. They have been replicated in various countries. These kinds of programmes can raise school enrolment rates among poor families, while at the same time reducing poverty in the short run (Morley and Coady, 2003). Schady and Araujo (2006) found in Ecuador that this kind of conditioned transfer had a positive impact on school enrolment. A curious feature of this study was that parents believed that they could lose the transfers if their children were not enrolled, although there was no monitoring or enforcement of the conditionality; this could help to explain the magnitude of the programme's effects. Besides its effect on education, the conditioned transfer for education programme has a positive effect on reducing children's participation in the labour force (Morley and Coady, 2003; Schady and Araujo, 2006).

Since 2006, two direct transfers have been established in line with the social profile of the current government. These are the *Juancito Pinto bonus* – paid for enrolled school children – and the *Juana Azurduy bonus* – assigned to mothers under the condition that

they undergo prenatal and postnatal checkups; there is also *Renta Dignidad*, which is a pension paid to retired people. Data showed that these benefits seem to have a positive effect on poverty and especially inequality reduction. Nevertheless, Medinacelli and Mokrani (2010) raise two questions. The first concerns the policy's design and asks how the real target population can be reached in order to achieve the intended objectives. The second relates to the financing of these benefits and its impact on poverty and redistribution; it takes account of the fact that the financing depends on revenue from hydrocarbons, which in turn depend on extremely volatile international prices. Hence, the sustainability of these kinds of benefits has to be considered. And the underlying question is, on the other hand, how best to use these resources.

2.3 Reasons for stagnation or change

According to Prudencio (2009), the effect of earlier trade liberalisation on the agricultural and rural economy has been negative. On the one hand, food donations¹² have led to unfair competition. On the other hand, traditional agriculture (highlands and valleys) also faces disadvantages such as lack of infrastructure, lack of markets, lack of technology, low productivity, low land fertility, lack of water and lack of access to credit markets.

Why, then, has poverty not been reduced as expected, or in other words, why has there been stagnation in the economic progress at household level in spite of the positive overall economic growth and a number of policies focused on poverty reduction? Some reasons for this phenomenon could be the poverty elasticity, the sectors that generate employment, climate, geography, and others.

Economic growth and poverty elasticity

In economic theory, poverty declines as the economy grows. With higher economic growth, one would expect a higher reduction in poverty. However, this relationship depends on the poverty-income elasticity. This has been the case in Bolivia in recent decades. In the 1990s, the average economic growth was approximately 2.5%, while poverty reduction was not as high. According to the World Bank (2006), the poverty-income elasticity in Bolivia is between 0.3 and 0.5, whilst in other countries it is close to 1. This means that an increase of 1% in the economic growth rate reduces poverty by 0.3–0.5%. A study by Nina and Rubio (2001) found that the elasticity for the period 1989–1997 was 0.75.

Narrow-base development

One issue related to the previous one is the narrow base of the economy. The more dynamic sectors of the economy are the ones associated with natural resource exploitation, which are capital-intensive instead of labour-intensive and not linked to other industries. These sectors include mining, hydrocarbons (gas) and commercial agriculture, specifically soya in Santa Cruz. The growth of the economy in recent decades was a result of in-

¹² Food donations mean food gifts from developed countries, especially wheat and corn from the United States of America.

vestment and growth in these sectors, but this did not spill over into the rest of the economy— and especially not into the rural sector.

Climate

According to Klasen (2005), while urban poverty is related to trends in the economy, rural poverty seems to be more associated with the situation of peasant agriculture, including the climatic variation. Indeed, the climate seems to be one of the variables with the greatest influence on rural poverty, given that much of the agriculture is based on subsistence or self-sufficiency.

Lack of institutional capacity

Many rural development strategies relied on the capacity of municipalities and other institutions. Unfortunately, these strategies did not work due to the lack of management and technical capacities within these institutions. The state did not provide any assistance to them. There are also political problems, such as the lack of continuity, lack of stability, and corruption that complicate the coordination of coherent long-run strategies.

Patronage has weakened local and central institutions even more because their politicking (in the narrow sense) and agendas have overtaken development and the rural agenda. Public officers are not appointed for their capacity but for their loyalty.

Social mobility

Social mobility is a key element to encourage growth. If social mobility is low, there is no incentive for people to invest in human or physical capital, since the latter does not bring any benefits. Without investment, there is no increase in productivity, which is essential for growth.

According to Mercado and Andersen (2005), poverty in Bolivia is not dynamic, in the sense that people enter and leave it at some point in their lives according to different factors. What we see in Bolivia is static poverty; the poor were, are and will always remain poor. This is transmitted from generation to generation and there are very few that manage to break this cycle. Dynamic poverty is associated with high social mobility, while static poverty is linked to low social mobility. In this sense, there is no incentive for the poor to strive and invest, since it is highly unlikely that they can lift themselves out of poverty. Hence, according to these authors, poverty in Bolivia has a persistent character over time, which makes poverty alleviation and reduction very difficult.

The following factors affect social mobility in Bolivia: education (quality and access), employment discrimination, access to credit markets and the level of urbanisation. In rural areas, the quality of education is lower, children go to school later and are more likely to drop out because they also work at home. Therefore the poor – and especially the poor living in rural areas – have lower levels of education, which determines their mobility. Labour market discrimination can take different forms, such as gender, ethnici-

ty, political affinity or school-family connections. Urbanisation also sustains social mobility, as there are better levels of education, services and large labour markets in urban areas. Finally, population growth is also mentioned as a factor affecting social mobility, i.e. higher population growth rates mean low social mobility.

Structural factors

The poverty analysis elaborated by the PRSP considered rural poverty as being related to low productivity in the agricultural sector, the lack of infrastructure (especially roads and communications) and insufficient markets. In turn, low productivity was identified as related to low human capital, the low quality of inputs, a lack of water and irrigation, a lack of credit markets and a lack of investments. Another problem identified concerned smallholdings (*minifundio*) and land titles (discussed in chapter 1.4).

Geography

Bolivia is a landlocked country characterised by its large area, its low population density, its low-quality land (in some areas, especially in the west) and its distance from international markets. All these geographical factors, together with the structural factors mentioned above, make it difficult for the country, and specifically for the rural areas, to link up. These are not reasons for stagnation, though. Consider Santa Cruz, the largest department, where the population is more scattered than in other departments; it is far away from the coast, but it manages to be quite productive.

2.4 The land/territory issue

The issue of land is key to an understanding of the current crisis. It is also crucial to gaining an insight into inequalities in the context of citizenship.

The Agrarian Reform initiated in 1953 affected large estates in the Andean region of Bolivia, including the area of the Cochabamba valleys. The process of land distribution led to the smallholdings that characterise this geographical and cultural region today. The northern, eastern and southern parts of the country, however, were intended for agro-industrial development and larger-scale mechanised agriculture production for exports. Nowadays, it is confirmed that most of these plans have been realised and that the relative prosperity of Santa Cruz is an outcome of the state policies conducted since 1953, through the periods of successive national governments, the emergence of the National Revolution, the subsequent military regimes, and most notably among them, the government of the 1970s led by General Banzer. This continued during the democratic period, as can be confirmed by looking at public resource transfers from central government to the departments (comparing per capita and even bank loans of private savings; see below).

A new claim for land redistribution has come into effect with the “March for Territory and Dignity” by indigenous peoples from the lowlands in August and September 1990. The government responded with decrees that recognised indigenous territories. They

were recognised under the category of *Native Communitarian Lands* (TCOs)¹³ and hence included into the legal economy of the Bolivian state through the INRA Law of October 1996. As one of its main objectives, this law has to implement land regularisation, defined as “transitional technical legal process for regularising and improving the land property right and it is implemented by its own motion or by request of a party” (Art. 64, Law 1715 of 1996).

The INRA law prescribed a 10-year period (Art. 65) for implementing the process. However, the results obtained after more than half of this time can hardly be described as successful. A formal evaluation by the Agrarian Superintendent (SIA, 2001) for the first five years of the process warns of a “delay”. Indeed, the evaluation shows that since the approval of the law – although it was not a perfect example of democratic treatment and nobody was very happy with its formulation – it faced much less resistance than other laws¹⁴. But there is strong evidence that the process had difficulties in its application: “the agrarian land regularisation process is at the heart of the new national agrarian process (...) the low number of titled and regularised hectares to date do not exceed 2.3 million and 11 million respectively, are a true reflection of the failure of this innovative process to date ...” (SIA, 2001: 106).

Now more detailed information about this process has become available. It confirms the main thrust of the rural development process, particularly its *social orientation* towards smallholder production in the western and central parts (valleys) of the country, whereas the eastern lowlands are geared toward a *market-oriented* agro-industrial production for exports.

The statistics confirm that out of more than 57 million hectares distributed over a period of 40 years, the governments that distributed the most land were Banzer’s dictatorial government (43%) and Paz Zamora’s government (22%). By contrast, in the 12 years after the National Revolution (1952–1964), i.e. the period when the agrarian reform was in full force, the distribution did not even attain 8% (cf. Balderrama et. al., 2007: 2).

We mentioned that the pioneering work on the subject in the mid-1980s (Urioste, 1986) warned against sharp inequalities in terms of access to land by small agricultural producers compared with enterprises. Interestingly, approximately 4 million hectares of land were distributed to more than half a million farm families, while 32 million hectares were distributed to 40,000 enterprises. These figures are important, because they show the magnitude of the outcomes of the Agrarian Reform for the supposed primary beneficiaries – “peasants” as they were called at the time – in over 30 years.

¹³ As a form of communal land tenure, they do not have the same implications as the concept of territory. This is because on these areas the extraction of hydrocarbon and minerals is pre-eminent, and the state retains full power over them. Furthermore, it is not a political and administrative jurisdiction.

¹⁴ This is a good indicator for not unilaterally favouring one single sector.

Indigenous' and peasant's names and organisations: an interlude

The social use of the term “peasants” (*campesinos*) became common after the 1952 Revolution, in an effort to avoid the negatively connoted term “Indian” which had been used until then. At that time, it was the economic class role of the rural dwellers that was stressed. Thus, in those (most populated) parts of the country, peasants become synonymous with Indians (who later would emphasise their status as an ancient group, i.e. as “natives”, *indígenas*), albeit without any racial connotations. With the *Katarismo*, an ideological and political movement that emerged in the 1970s, it was intended to join the identity dimensions of the class type of peasants with the subordinate condition of the “Indians” or indigenous, denominations used depending on the degree of discrimination¹⁵ by the dominant mestizo-creole society. These considered themselves to be “white people”, but they were also mostly wealthy, socially well-connected and occupied positions of authority.

The general sense of these names should be understood in the context of a *postcolonial society* and efforts to introduce more senses of citizenry. There was a change from “peasant” to a compound term called IOC (Indian-native-peasants). But as we will see, it is not enough simply to express political will; for example the present legislation (CPE) insists on treating the three denominations as a single social phenomenon, but each one has its special connotations and features. We see it in the names of the umbrella organisations that bring together the largest number of members: the CSUTCB (remember the “S” for *sindicato* or union) in the west of the country and the CIDOB (where it should be emphasized the “I” for indigenous) in the lowlands. The CONAMAQ is the highland’s umbrella organisation that brings together *markas* and *ayllus*; these are forms of social organisation in the Andean world that were already in effect when the Spaniards arrived and are still partly in force today, in places that are not very affected by modernisation. There were other periods – for example at the beginning of this decade, when the “Landless Movement” arose. It had the same name as the important rural movement in Brazil and also the same main topic (poverty, lack).

To return to our main subject: what was distributed in the form of TCOs in the 10 years of implementation of the INRA law indicates a relatively noteworthy success (see Table 4). Even if we consider consolidated data until 2004 – which apparently only include the lowlands –, the amount of area distributed to TCOs is greater than the area received by peasants in the preceding 30 years. Indeed, the 4.5 million hectares that a study by the current government estimates that the latter received (Balderrama et al., 2007: 18) represents almost 70% of the land distributed over the corresponding period. This is even higher than the percentage of land distributed to TCOs by the INRA as shown in the table below (almost 63%).

¹⁵ Without denying a link with highly politicised unions around La Paz and El Alto, the vast majority of Katarismo supporters are Aymara people (most of them with university degrees), who reacted to the dominance of Marxism that saw only class domination by highlighting the ethnic and cultural subordination or directly racist mechanism.

Table 4: Regularisation process: status by type, 1996–2006

Type	Total Titling	%	Beneficiaries	%	Area (ha)	%	Average
Peasant land	759	2.23	1,304	2.34	188.02	0.00	0.25
Small	31,153	91.65	45,072	80.89	914,924.36	7.45	29.37
Medium	462	1.36	724	1.30	345,039.09	2.81	746.84
Enterprise	273	0.80	486	0.87	968,017.68	7.88	3,545.85
Communitarian Property	1,222	3.60	8,005	14.37	2,342,820.18	19.07	1,917.20
TCO	122	0.36	126	0.23	7,712,982.76	62.79	63,221.17
Total	33,991	100	55,717	100	12,283,972.08	100	

Source: Agrarian Reform National Institute, February 2007 (Sánchez et. al., 2007: 181)

The study therefore concludes that “The INRA Law establishes the form of the TCO, initiating a process of balance in the relations of national property” (Balderrama et al., 2007: 44). Obviously, the use of this type of land (TCO) is different from land for agricultural purposes.¹⁶

After the 10-year period expired, Evo Morales’ government enacted another law in order to expand the outcomes of the regularisation process. It was clear that the advances had not advanced far relative to the initial expectations; not due to the technical difficulties of covering approximately 100 million hectares (almost the entire Bolivian territory), but because there was no political will to implement the regularisation process. The following statement underlines this:

“In recent times, the normative process on the national agrarian process is not technical or agreed among all stakeholders, but is based on the ability of a group to impose its will as result of its odds for social mobilisation. (...) There is also the phenomenon of non-compliance with existing legislation, as there is the expectation of a change in the same time that benefits a particular action or position (SIA, 2001: 79; authors’ translation).

The preceding statement allows us to incorporate the various actors into our discussion of the land dispute. The obvious candidates are the agribusiness entrepreneurs from the east and north, and the indigenous peoples who have achieved, or claim, TCOs. But there are others too: peasants, colonizers, and more recently the Landless Movement. At this point, we must take up again our perspective on politics. By looking through the statements summarised in the aforementioned evaluation document (SIA, 2001: 73–77), it is easy to understand the virulence seen in the crisis of April 2000, i.e. as a response to frequent and unilateral regulatory modifications against the balancing spirit of the INRA Law. Indeed, the law has the merit of recognising the two different realities of the Bolivian agrarian world.

¹⁶ It is also closer to the territory in the sense of a habitat, rather than a political and administrative jurisdiction.

In addition to the TCOs' achievements for lowland peoples, whose legal recognition dates back to the 1997 government, the INRA Law has been drastically and systematically changed to favour elite groups. As we saw at the beginning of this section and in specific studies (see 1.1; or Grebe, 2001), greater wealth concentration can be observed, despite some measures carried out in the mid-1990s. This situation together with the growth of ethnic identity, gave rise to leadership such as the *Mallku* (Felipe Quispe, who sometime seemed to be a serious rival of Evo Morales) and the electoral results obtained by the MAS.

Here is a good example of how structural problems (Urioste, 1986) – the gap between living conditions of rural and urban people – in societies with a long agrarian history and recent modernisation are built on problems of poor public policy management. The INRA case, for example, shows at the very least a lack of professionalism. It is no surprise that experts and representatives of peasants and indigenous people harshly challenge the INRA Law by criticising the institute responsible for its implementation (cf. Urioste, 2003).

While we were preparing this report, an interesting publication came out that updates the information in Table 4. It shows the notable efforts of the present government to reverse the slow pace of the land redistribution process. It was interesting to bring the publication out right at the moment when peasants were denouncing in the media the fact that indigenous groups were benefiting most from the TCOs. When one checks Table 5 carefully, which incorporates a section corresponding to this year's planning (2010), the areas become comparable (about 21 versus 19.6 million hectares). The first columns show "ethnic" organisations (CIDOB and CONAMAQ); the last ones are long-standing and more union-type identities ("peasants" and "colonizers")¹⁷.

Another noteworthy point: besides the obvious purpose of propaganda, the only written text in this publication says that data does not include "areas of medium properties, agricultural companies or state land". Moreover, it is clear that the cells in the table relating to TCOs and "communitarian properties" constitute the bulk of the process, while the others (peasant land and small property), which are individually owned, represent a much smaller amount. These figures confirm the general guidelines of the agrarian process, at least as far as the willingness of the current authorities in charge is concerned.

Despite the use of the word IOC (indigenous-native-peasant) in the CPE with the intention of forming a single concept, the stubborn reality overcomes the constitutional discourse, because indigenous, natives and peasants still have their differences. It would be better to recognise the "plural economy" – as the economic section of the CPE does – and to argue that "the social and communitarian economy will complement individual interest with collective well-being" (Art. 306.III).

¹⁷ Although the CSCB (Bolivian Colonizers' Union) recently changed its denomination to "inter-cultural communities", it should also be pointed out that, in such cases, the abbreviation is followed by the women's own trade union organisation, the FNMCBS (National Federation of Peasant Women Bartolina Sisa); this is not the case for the ethnic organisations.

Table 5: Land regularisation and titling by organisation (current government)

	CIDOB		CONAMAQ		CSCB-FNMCBS		CSUTCB- FNMCBS	
	Area (ha)	Beneficiaries	Area (ha)	Beneficiaries	Area (ha)	Beneficiaries	Area (ha)	Beneficiaries
Titling	Small property		1,815	216	668,440	68,918	1,373,676	129,306
	Communitarian property	201,437	53,549	9	376,135	1,927	4,934,279	8,106
	Peasant land				201	968	508	3,420
	TCO	11,797,090	246,872	151,981			657,902	71,908
Total	11,998,527	246,942	4,052,935	152,206	1,044,776	71,813	6,966,365	212,740
In process	Small property	176	5,010	350	459,399	42,929	909,080	99,321
	Communitarian property	78,733	3,874	29	173,529	6,159	1,390,861	52,419
	Peasant land				4	60	2,141	537
	TCO			1,557,000	4,874		809,000	10,427
Total	78,909	4,032	1,689,039	5,253	632,932	49,148	3,111,082	162,704
2010 Planning	Small property				24,745		1,150,581	
	Communitarian property	1,384,239			130,992		5,573,463	
	TCO	1,882,769					1,038,549	
	Total	3,267,008	-	1,030,405	-	155,737	-	7,762,593
TOTAL	15,344,444	250,974	6,772,379	157,459	1,833,445	120,961	17,840,040	375,444

Source: INRA publication *Somos Tierra*. No. 13, July 2010

2.5 Comments regarding data quality and availability

Rural information is very difficult to obtain. There are few private institutions that compile this sort of data. Public information is sometimes doubtful. Indeed, only two agricultural censuses have been carried out in the last 60 years; the first one in 1950, published in 1956, and the second one in 1984, published in 1985. In 1976, 1992 and 2001, Bolivia undertook a National Census on population and households.

In recent years, information regarding poverty, inequality, investment, productivity and so forth could be found in reputed specialised institutions, such as the *Central Bank*, the *Statistics National Institute*, the *Economic Policy Analysis Unit*, the *Public Investment Vice-Minister* and others. There were also other institutions that provided information on other sectors, such as the oil sector. Indeed, through the Internet, one could access the websites of these institutions and get first-hand information. However, two or three years ago, many official websites disappeared, were modified or simply not updated. In the case of the *Statistics National Institute (INE)*, for instance, information from 2007 onwards is still marked as preliminary. Furthermore, data on the oil sector has disappeared as many websites have stopped working.

Unfortunately, the current lack of access to information blurs the image of some institutions. As a matter of fact, an anti-corruption law (*Marcelo Quiroga Santa Cruz Law*) was approved in March 2010 establishing prison sanctions for every public servant that reveals public information on economic policy. All these factors make data availability more difficult. This can hinder the analysis of the true effects of the current policies.

3 Contemporary Studies Regarding Rural Life

In general, the literature regarding rural Bolivia followed three strands in the first part of the last half-century. One is of a more sociological kind and is concerned with the deficiencies in the rural world, especially the lack of sufficient arable land in the highlands. In it, unequal land distribution is explained as taking place among elite groups and favouring the supporters of the military regimes, especially in the east of the country. More broadly, it sees a lack of modernisation of the rural peasant sector (Paz, 1983; Urioste, 1986). Another approach, which shared the same epistemological assumptions as the mid-twentieth-century developmental model, paid greater attention to the landowner classes (e.g. Ybarnegaray, 1992). A third one, which has been gaining ground, is the culturalist approach, highlighting the features of world-view (*cosmovisión*) expressed in certain practices in the rural Andean world. This approach later took on a more political tint and encouraged expressions such as the *Katarismo* movement with a growing number of sympathizers from the Aymara region (La Paz and Oruro) and other Andean regions (Cochabamba, Chuquisaca and Potosi).

The neglect of the rural and peasant world in its economic dimension, except for agro-industry in Santa Cruz

In the 1960s and 1970s, as stated in the introduction, the residents of rural areas (“peasants”) were mainly regarded as a pool of political support for the incumbent government. This tendency was especially strong during the first years of the National Revolution, which perceived them as supporting further measures following the Agrarian Reform and the Education Reform, which together with the universal suffrage had provided them with political rights that they did not have until 1953–1955. The military regimes that followed also conceived them as such. These regimes established the so-called “Military-Peasant Pact”, in which union leaders became instrumental and were appointed by the political power concentrated in the figure of the president. This helped to establish a patronage system to provide small facilities like schools or health posts, or gifts to people in rural towns. Until the late 1970s, with the creation of *Development Corporations* in each department (now *governorates*), there were no institutions at local level to develop public policies, except for a very poor rural education system.

This evident neglect of such an important demographic portion of the nation fuelled high rural-urban migration and aspirations for recognition. This was also influenced by ethnographic and anthropological studies, NGO interventions and the emergence of the first Aymara intellectuals trained at the Public University of La Paz (UMSA), especially in History and Sociology. There was a particular boom in studies on these cultural and political dimensions during the 1980s and 1990s. We will discuss their impact¹⁸ in Chapter 5.

¹⁸ The subject of the production and commercialisation of coca leaves was also tackled because of its links to the illicit cocaine business. This document does not cover this issue, however.

We start with a brief explanation of the agro-industrial sector. The asphalt road between Cochabamba and Santa Cruz was built as part of the successful state development programme by the emerging National Revolution. After that, they built one road to the north, where the production of sugar, rice and cotton had started at a market scale with credit support from state banks (the *Agricultural Bank* and the *State Bank*, now disappeared due to bankruptcy) as an element of the import substitution policy promoted by ECLAC. This resulted in the formation of a landowner class. They were also engaged in agro-industrial production, and their economic losses were covered by public funds during the 1970s and 80s. Afterwards, they produced significant export volumes to countries of the Andean Group (Colombia in particular), cattle included. Later on, a network of businesses developed, including successful public services cooperatives (telephone, water and electricity), which allowed a diversification of businesses in the commercial and banking sectors in partnership with foreign companies, mainly related to hydrocarbons and associated services.

This agro-industrial sector still benefited from favourable financial treatment afterwards. When state-owned banks were abolished, domestic savings generated in cities such as La Paz, Santa Cruz and Cochabamba were placed as investment loans with private banks, mostly in Santa Cruz. This situation can be documented for the second half of the 1980s (Galindo, 1993), in the 1990s (IDH, 1998) and in the early 2000s (BCB, 2001; BCB 2002). The difference in favour of Santa Cruz was 12 percentage points in the first decade of 1990s and more than 11% at the beginning of this century¹⁹.

In 1985–1989, whilst containing the hyperinflation and starting the process of structural adjustment, the government also implemented a virtually unique social policy: the creation of the *Social Emergency Fund*. As the name suggests, the Social Emergency Fund was temporary in nature and intended to alleviate the pressing job needs of workers fired from public mining companies by giving them temporary jobs in the cities. With the creation of the *Social Investment Fund* (FIS), that scheme of temporary jobs was extended and it financed significant health and education infrastructure in rural areas.

Between 1989 and 1993, an important march of lowland indigenous people was held (August–September 1990). They obtained the provision of land from the then government by presidential decree. This was intended to lead to the formation of Origin Communitarian Lands (TCOs; see Section 1.4), with a law of the next government that established the kinds of indigenous territories mentioned in ILO Convention 169. This convention states that the people who live in an area whose natural resources are to be exploited need to be consulted.

¹⁹ This trend still continues. A news report shows the prevailing attractiveness of La Paz for savings during the entire decade, and until May this year reaching 44% of the total. Santa Cruz, however, received 42% of the loans, capturing only 33% of private savings (Victor Quintanilla: „44% of savings are in the Department of La Paz.“ *La Razón*, La Paz, June 13, 2010, pp. A14.

More social policies of this type were carried out between 1993 and 1997 by governments called “pacted democracy”²⁰. In Chapter 5, we will present these social and political reforms. Here we consider the specific rural economic development policy – the *Strategy for Productive Transformation of Agriculture* (ETPA) – and its four main pillars:

- “A technological leap in agriculture, through short-term validation and diffusion of existing technologies and through long-term research, extension and training programmes;
- Sustainable management of natural resources, including rehabilitation of watersheds and irrigation infrastructure and modernisation of the national land administration system;
- Increased investments in human development (education and health) in rural areas, with particular emphasis on women’s education; and
- Investment in market expansion infrastructure, especially roads.” (Muñoz, 2001: 96)

Unfortunately, this modernising approach was not implemented, neither were other similar ones²¹. The aforementioned author argues that in this particular case it came too late for the President’s priorities (ibid. 98), who was personally leading the reforms at the time.

In explicit economic terms, the focus on the rural world was not a priority for the Bolivian state in general, and even less attention was paid to the peasant or small farmer in particular. However, as they were empowered in another field, i.e. politics, the conditions for their political emergence took on the characteristics of an unstoppable trend.

Specific ventures driven by NGOs working in small territories have, however, had some success. A good systematic account of the experiences in six eco-regions can be found in Soliz and Aguilar (eds.) 2005.

More generally, this type of approach has been reinforced by the establishment of regional municipalities as one of the provisions of the *Popular Participation Law*. Today it is referred to as *Territorial Development* (CIDES-UMSA 2009) or given nicknames such as “with identity, or institutional” (Bazoberry and Ruiz, 2010) – a regional or continental trend.

²⁰ There were no absolute electoral majorities, hence congressional agreements (acting as a parliament) were required to choose the head of government, who is also the head of state, that is the Bolivian President.

²¹ „Agro Power, ETPA, ENDAR are only documents. In very few cases have they given rise to investment, technical assistance, (etc)”, Miguel Urioste in Ayo 2007: 178.

4 Subjective Meaning of Well-Being

Several more “intra”-perspectives can be distinguished from the third approach stated above, i.e. the cultural (see Chapter 2); these analyse indigenous and rural communities from the inside. Although several of them – especially the most recent ones – are aimed at a particular audience and aim to convey an ideological-political message, others sound more like ethnographic records.

In a general way, this type of research describes or postulates certain communitarian particularities prevalent in the indigenous-rural world. This must be contextualised for the Andean world (Aymara and Quechua), and in the presence of “factionalism and solidarity” (Albó, 2002: I, 1st. version 1975). It is more sensitive in the case of lowland people that, by population density, have less interest in preserving such patterns of behaviour. But it is clear that the *ideal* is a society – perhaps it is better to say “community” – that is equally and jointly responsible for the maintenance of the social world with specific roles for children, women and men.

To mark the contrast, we could say that the model of egalitarianism is more a set of obligations, rather than the bill of rights discussed in Western democratic modernity. However, it should be said that this operates within the narrow scope of the community. Thus, this pattern has no meaning – of preservation – when it is considered in relation to “outside” the community, not only in relation to the urban-mestizo world but also at aggregate levels (larger *ayllus* or peasants’ trade union federations/associations).

From that shared responsibility originates the “cargo system”, which also operated in the peasant unionism, although with “modernising” names. The cargo system means that all members can occupy a position for only one year. Today it is one of the most visible elements of what is now enshrined in the constitution as “communitarian democracy”: generally one-year periods for positions, which all members can apply for without any major considerations of ability or merit.²²

Another prominent aspect concentrates on the festivities, which have also moved to the urban world. The characteristic of this type of activity is its redistributive effect. In fact, the *pasantes* are central figures in the festival rituals, but especially in their economic cost. They squander money on costumes, musical bands and alcoholic beverages in return for the “prestige”. The abundance of festival dates in the calendar, some evidently religious – in ostensible syncretism with Catholicism –, shows that they are far from being purely related to deities and thus obviously meet mundane functions such as the distinct assertion of the social group.

The striking sociological aspect about festive practices, as stated above, is their redistributive function; or, in more sophisticated terms, they are the social lubricant to encour-

²² In this respect, we contributed (Rojas Ortuste, 1994) to an attempt to formulate a model of „ethnic democracy“ applicable to lowlands as well, following on from more ethnographic studies like Rasnake (1990) with Yura or Rivera (1990) in northern Potosí.

age the practice of reciprocity. Together with the next element we address, it is part of the “economic package” that can be identified as the “indigenous-peasant-origin” world’s innovative contribution to the current Bolivian situation.

The other ethno-historical old ancestor is called “vertical control of diverse ecological niches” or “inter-zone symbiosis” formulated simultaneously by John Murra and studies by R. Condarco Morales (1987). It is a type of resource-use pattern for different ecological zones in the dense Andean geography. There are products that are found or produced at high altitudes (e.g. salt, quinoa) and others in low areas (fruit) or valleys (maize, potato). Therefore, we have ongoing access to that production whether through exchange pacts or through discontinuous (“island”-style) small properties. It is a cultural-diversity-value labelling, initially ecological but with a trend towards cultural-diversity recognition.

The “territory” (in the sense of a habitat which is self-governed because people are part of it) can be said to be the indigenous lowland peoples’ main contribution. One important event was their 1990 march, entitled precisely “Territory and Dignity”, an issue that was backed up by political and social reforms in the second half of the 1990s.

We have briefly presented what might be called the long-term trends in the Andean world, albeit with some common characteristics for lowland people, although they are more dispersed and fewer in number. What indigenous organisations actually want from the state, however, is more conventional and closer to the modernising paradigm of development: credit and machinery, land and markets, which are all signs of new claims to territoriality. This can be seen in the synthesis made by Nuñez del Prado (and Pacheco, 2001) from interviews of significant leaders from CSUTCB. This is the “umbrella” organisation that covers mainly the indigenous peasant world in the western (Andean) regions, but also some from CIDOB, the organisation that represents indigenous peoples from the lowlands.

In the book just quoted (Nuñez del Prado and Pacheco, 2001), there is an interesting account of the stakeholders’ views on rural development, including those of NGOs and lowland businesses. For the purposes of this study, we should highlight the OECA (id. 83–100), which are more like entrepreneurial peasant organisations (exporting organic products), hence they regard the market and sales as an integral part of their production. Their social base consists of middle income and wealthy peasants, with market information requirements, credit and technical assistance for their production.

In fact, one successful entrepreneur from this sector was briefly a minister in Evo Morales’ first government. This tendency has not disappeared, but it is less visible today. It was much more influential in the context of the PRSP and National Dialogue at the beginning of the decade (see Chapter 4).

Following the electoral rise of the MAS in 2002 and its subsequent victory that brought it to power in 2006, we need to analyse the discourse of the *National Development Plan* (PND, 2006; see also Chapter 4). It has a strong *Pachamaman* rhetoric (*Pachamama* =

Mother Earth) coupled with a developmental state model that is typical of national populist governments in Latin America.

In principle, the *National Development Plan* was a constitutional requirement²³. But beyond this, people had high expectations of this plan regarding the future, specifically in the economic field after criticism of so-called “neo-liberalism”. Also, the political agenda seemed to be clearly in line with the will of the Constituent Assembly, which was expected to be called.

The notion of “well-being” appeared repeatedly in the *National Development Plan*. It is understood, on the one hand, as the access to and enjoyment of material goods and, on the other hand, as emotional, subjective and spiritual accomplishment, in harmony with nature and the human community. There is certainly nothing there to disagree with, but there is not much detail about how to achieve this – apart from a reference to nature that contrasts with the worldwide impact of 19th-century Europe’s industrialisation during the 20th century with its emphasis on “controlling nature”.

On the technical side, the Plan uses poverty indicators to prioritise 148 (out of about 330) municipalities with high levels of poverty. It continues by suggesting substantial improvements in health and education through the municipal institutions. These already had over 10 years’ experience and constitute the most consolidated level of government. In addition to explicit references to wider provision of basic sanitation and household gas connections, it contains general references to improvements in public services (e.g. public safety), to social and community participation, and corruption eradication. On the production side, the decisive weight given to extractive activities (gas and mining) is clear, and the incomes they generate are to support the state’s social benefit programme.

Regarding agricultural development, the *National Development Plan* highlights the issue of land – or, more specifically, a more democratic access to it –, the recovery of degraded lands, technical improvements and the mechanisation of agriculture, a programme to fight malnutrition (such as food sovereignty and the recovery of high-nutritional-value products) and the industrialisation of the coca leaf. The economic package also refers to tourism, manufacturing and handicrafts, and includes the creation of a development bank, following the failed experiences of promotional banks established back in 70s and 80s. The Development Bank has been presented as part of a new “National Financial System,” yet so far no major achievements in this sector have been attained.

It would be inappropriate to argue that there are no better studies regarding “well-being”. Javier Medina (2008, 2010) and Simon Yampara (2010) are probably the scholars who have worked most on this notion. They deliberately attempt to offer an alternative to the capitalist or socialist paradigms, which are both considered to be variants of West-

²³ Article 144 CPE 2004 (and 1967): “I. The programming of the country’s development will be done in the exercise and pursuit of national sovereignty. The State will on a regular basis make a general plan for the economic and social development of the Republic, whose implementation is mandatory. This planning will include the state, mixed and private sectors of the national economy.”

ern Christian civilisation. Medina argues more from the “Native American” world-view, Yampara from that of the “Andean-Quechua-Aymara”.

The former has a PhD in Theology from an Austrian university; the latter is an Aymara sociologist. Both spent a brief period working in the Bolivian public sector at different times. In Medina (2008, 2010) there is a declared attempt – which is largely achieved – to compare the progress of contemporary Western sciences (physics, biology) with Andean concepts such as duality, complementarity and/or the Aymara logical value of “the third included”²⁴, as well as with the Andean worldview and the dual order of things, without separating culture from nature. Yampara (2010) offers a perspective on the geometrical order of Tiwanaku (a pre-Inca empire whose ruins are close to the Titicaca Lake) and its implications for the pursuit of balance, re-balance and complementarity.

Unfortunately, despite their considerable efforts to spread their ideas, there has been very little attention to, and almost no debate about, their proposals. In our personal conversations – especially with Medina – we state that if one places oneself at a maximum level of abstraction, any objection or contradiction to an argument is subsumed within a system as large as life and the universe, where differences are played down. Meanwhile, on the more concrete level of political developments, there are blatant differences, such as respect (or non-respect) of democratic freedoms. In view of this, these otherwise interesting studies have obvious limitations. It is not easy to express the complexity of thought in everyday practical terms. We are not saying that this is not possible, but more must be done than simply repeat the government’s slogans.

²⁴ ‘The third included’ is the result of the post-Aristotelian logic, applicable to phenomena that modern quantum physics has identified where photons could be wave or collapse into particles, from what we can say that are material and energy at the same time. Applied to the social field, this can be thought as a complementarity or a kind of “counterdilemma” logic.

5 The Developmental Project of the Current State

As discussed in the previous sections, the current government is very successful at using speeches and promises of “well-being”. This happens without much elaboration in terms of technical or theoretical support for a new paradigm, but certainly follows a considerable trend in the contemporary world towards seeking to balance the social and economic realms with the aspirations of the poor, who are now politically empowered.

However, it is evident that once the opposition is defeated, the government will have to manage the available public resources more efficiently. Indeed, public income has increased and this is more visible now that gas contracts have been renegotiated, i.e. the “third nationalisation of oil resources”, undoubtedly the most important political measure announced by President Morales and the MAS on Labour Day in May 2006²⁵.

The strategic vision of the current regime is of a state that owns and redistributes in line with Bolivians’ expectations and the prevailing ideology since the proclamation of revolutionary nationalism with the 1952 National Revolution (and even before). In the earlier ideological and programmatic proposition, however, the central actor of development and affirmation was “the Nation”, understood as a multi-class entity. Now, there are “indigenous-native-peasant nations” (IOC nation) and with this a discursive reiteration of the “multinational state”. This is seen as an innovation of the current political process. Indeed, this reflects the newfound maturity of Bolivian society with regard to its difficult colonial past and the persistence of discrimination against, and structural asymmetries for, indigenous peoples. The new vision of the “multinational state”, however, allows us to think of “the Bolivian polity” – or rather the contemporary political community – in terms of “complementarity” and interculturality, managed and promoted by the state.

Some sectors already manage ongoing projects and programmes with some continuity, which are being implemented or have been allocated public funds. Of the rural development trends we identified in the preceding sections, the ‘development with identity approach’ – or ‘territorial approach’ – is the most visible. It is consistent with the territorial orientation of public policies enacted in the 1990s, which we shall describe in the next section.

The Ministry of Rural Development and Land (MDRT) is working on negotiating a package of 10 new projects with a territorial approach²⁶, in addition to those listed below:

²⁵ Nationalisation refers to buying shares until achieving a majority, not expropriation.

²⁶ According to information from the MDRT’s General Planning Directorate.

Table 6: MDRT programmes, projects and services

Policy or Programme	Beneficiaries	Period	Total (US\$)
Support Programme for Food Security (PASA) Infrastructure and production support. European Union funding.	125,100 families	2005–2015	51,998,455
Rural Alliance Project (RAP) Support for rural producers to enter the market. World Bank funding	8,483 small producers 360 producer organisations	2006–2011	14,613,860
Capacity Building Project in the Management of Forests in Pando. Venezuela Donation	1,000 families	2008–2011	3,465,011
National Service of Agricultural Health and Food Security (SENASAG) IDB funding	6,504 families 40'000 producers	2000–2013	40,375,971
Training in Fly National Fruit Management (PROMOSCA) Resources of the National Treasury (TGN)	11,776 families 11,776 producers 12 producer organisations	2006–2012	7,417,737
National Health Programme in South American Camelids (PROSACA) TGN Resources	8,735 families	2007–2011	1,293,700
Support for the New Strategy for Alternative Development in Bolivia (FONADAL) TGN and European Union funding	384,371 people at coca production area, ejector area, and National Parks of Cochabamba's tropic	2005–2011	31,696,131
Support Programme for Indigenous Peoples' Rights (PADPI) Denmark Donation	2,900 families (1,107 in highlands and 1,793 in lowlands)	2007–2011	9,167,862
Agrarian Reform National Institute (INRA)	54,200 women and 51,155 men	Since 2009	46,019,722
Agricultural and Forestry Innovation National Institute (NAFRI)	500 producers	Since 2009	31,239,905
Total			237,288,354

Source: Ranaboldo and Uribe, 2008, with updates from the MDRT General Planning Directorate (2010)

As shown in Table 6, we can identify the presence of international aid agencies not so much as a provider of resources – although this follows – but above all as an *expert advisor*, although with less political weight than in the immediate past, where the dependence on external resource support inflated its influence. Today, greater influence would indeed be desirable, mainly from those that have supported the country for decades,

which is not the case of Venezuela. It is argued²⁷ that the current bureaucracy and the political elites in charge have less expertise than previous ones. However, there is little mention of the quality of the bureaucracy, which is crucial for any type of management. This is because it quickly leads to accusations of racism. But this actually hampers serious treatment of the issue²⁸. When this issue is raised at the initiative of the current government and when there are announcements of cooperation projects – for example with the French state, whose reference is the famous ENA (École Nationale d'Administration) – the debate quickly becomes highly ideological. Terms such as “decolonisation”, “multiculturalism” and the like appear, but this does not turn into precise guidelines for improving the quality of the bureaucracy.

A good example is the *Framework Law for Autonomy and Decentralisation* of July 2010. It is in charge of implementing the basics at the various governmental levels. However, it leads instead to centralisation, as it assumes the existence of a specialised techno-bureaucracy which is not available at government level or anywhere else. In fact, this is an old gap. It could capitalise on the simple management systems still present in the indigenous world and use them as a benchmark of efficiency and effectiveness and a new proposal for running public services (Bresser Pereira & Cunill, 1998).

As discussed in Section 1.2, the allocation of benefits is an aspect of social policy that is really strong in the current administration. The main benefit is the “*Dignity*” benefit granted to elderly individuals. It was (with certain modifications) introduced in 1997 (*Bonosol*) and amended nominally by the government of General Banzer (*Bolivida*). This benefit is the most permanent and quantitatively largest all. The current benefit paid for children under the proviso that they stay at state elementary school (*Juancito Pinto bonus*), has as its precursor a municipal benefit payment in El Alto city in the period immediately prior to the MAS government. The current discussion focuses on the sustainability of these benefits, given that since “nationalisation”, investment in the affected sectors (especially gas) has been declining significantly. Experts’ recommendation is also to move away from universal benefits (every adult, male or female, over 65 years) to a process of targeting (focalisation).

Companies that have been returned to state control, such as YPFB or even ENTEL, have management problems resulting in insufficient investment and therefore lower returns. In the first case, it showed up in increased gasoline and diesel imports and in Bolivia’s decline as an energy ‘player’ on the subcontinent. The budgetary execution of public in-

²⁷ A renowned Latin American scholar, speaking about the left on our continent, states in reference to Bolivia and its incumbent government that “... the capacity of management of the new government is probably more fragile and weaker than is thought” (Touraine 2006: 53).

²⁸ There was a strong warning to a government that had the consolation of being a rookie but at least honest, although it is certainly not free of corruption. It happened on 27 January 2009, when a murder and theft of half a million dollars in cash suggested that the president of the state oil and gas company and deputy leader of the MAS at the time was involved in bribery. He is currently being held in La Paz’s main prison. All newspapers covered these news the next day and in later editions (e.g. www.noticias-bolivianas.com).

stitutions is low, which is more obvious now that there are resources the previous governments did not have.

As we can see in Annex 3, the relation between what was programmed and what was executed for the period before Morales' government (2001–2005) was generally high—more than 100% in the cases of Tarija and Santa Cruz, due to the IDH (Direct Tax from Hydrocarbons) and the new Gas Law of May 2005. In the 1996–2000 period, the relation was also higher than during the MAS era²⁹.

²⁹ Annex 4 comprehensively confirms what is said here, i.e. that the MAS government has serious problems fulfilling public management.

6 Political Excursus: The Origins of the MAS and the Current Government

Originally, the MAS was a movement of coca producers who resisted the eradication of their coca crops. They found that the territorial reforms, particularly at municipal level, were a way of gaining formal representation, as were single-seat constituencies at the national level³⁰. In fact, in 1997, when this type of representation started, Evo Morales was elected deputy of Chapare, an “in transition” coca-producing region, i.e. a region where production was not fully legal and should be eradicated according to legislation (1008 Law of 1988). In 2002, Morales was re-elected, as well as standing as presidential candidate (getting the second-most votes). This period was the beginning of the political crisis that years later led to his becoming President of the Republic.

With a strong social base in its homogeneous constituency, the MAS was not very inclined to share local government with others (Van Cott, 2008: 208–230). In 2001, its principal leader seemed a victim of the system’s main parties that expelled him from the Chamber of Deputies, but soon after, the Constitutional Court restored him (Archondo, 2009: 114).

From 1985 to 2002, three parties formed the axis of the political system in Bolivia:

- The MNR, which in 1985 was still led by its historic leader Victor Paz E. who led the revolution of 1952, but in 1989 handed over the leadership to Gonzalo Sanchez de Lozada (1993–1997 and 2002–2003);
- The MIR, which was led by Jaime Paz Z. (1989–1993); and
- The AND led by General Hugo Banzer (1997–2001), who had previously ruled the country de facto (1971–1978).

It was during Sanchez de Lozada’s first presidency that important political and social reforms were carried out. These included the introduction of the Constitutional Court that, despite its institutionalisation, was discredited by Evo Morales during his first term, forcing most of its members to resign. That is why the Constitutional Court ceased to exist in practical terms for half of that period (2006–2009).

The *Popular Participation Law* (LPP) is the touchstone that makes it possible to empower organised social sectors, especially in rural areas, and it is the basis of the MAS’ growth and expansion (Zuazo, 2009). This is firstly because it has allowed local leaders in over 300 communities to accede to public positions by popular election. Second, 20% of the tax revenues have been redistributed from central to local level by the criterion of population size, reinforcing the idea of equal citizenship. Third, it has allowed the for-

³⁰ Deputies were elected by a simple majority system (“winner takes all”), which made up just over half of the respective chamber. 70 out of 130 deputies were “single-seat.”

mal recognition of territorial-based organisations (OTB), which compensate for the institutional absence of the state. Finally, it allowed an initial and practical recognition of the “*uses and customs*” of indigenous and peasant populations in the designation of their authorities (at that moment “indigenous municipal districts”).

Another important reform was the INRA Law (National Agrarian Reform Institute) that allowed the creation of TCOs, which are similar to the indigenous territories established by ILO Convention 169, although still in the form of ownership³¹. It generated legitimate expectations of land redistribution from owners of large areas of land with no social and economic use, which existed mainly in the lowlands (for details see section 1.4).

These two were not the only reforms. The *Education Reform Law* was conceived as an intercultural and bilingual education. CEPOs (Indigenous Peoples’ Education Councils) were established and should have jurisdiction in areas where indigenous languages are spoken (at the time Quechua, Aymara, Guaraní, and multilingualism areas for several lowland peoples), without taking account of political and administrative divisions such as departments.

These and other reforms, including the establishment of an ombudsman, were conducted through constitutional reform. The most orderly constitutional reforms of our republican history involved two terms of Congress (1989–1993 and 1993–1997) and characterised the Bolivian society as “multi-ethnic and multicultural” (Art. 1 CPE 1994). It recognised the laws and customs of indigenous peoples, including their modes of conflict resolution (Art. 171 CPE 1994).

The preceding information is the background information that enables readers to understand the MAS’ emergence as an alternative political force. Nevertheless, it was its political performance that finally saw it gain the largest popular support in the 2005 election. In October 2003, the then President Sánchez de Lozada was forced to leave the country. He was replaced by Vice-President Carlos Mesa, who criticised repressive measures but did not resign, as he wanted to bring a constitutional solution to the crisis. The then Congressman Evo Morales was travelling abroad and had little to do with that outcome. But when de Lozada’s successor – a media figure highly respected by the middle classes and public opinion, but without any party support – was in charge, the MAS and Evo Morales headed the opposition that pressed for the new President to resign. This time the latter gave way to the then President of the Supreme Court, Eduardo Rodríguez V. This bypassed the scheduled constitutional order, which prevented the Senate President or Deputy President from taking office³² after reaching a difficult political agreement.

There was thus a deterioration of the party system concurrent with the rise of the MAS, which presented itself as a choice for social and moral renewal. The union experience of

³¹ ILO Convention 169 is binding on its signatory countries.

³² Both the Senate President and Deputy President were political party figures who had ruled the country since 1985 and were also political figures from the lowlands. The latter is currently Governor of Tarija.

its main leaders, under the visible authority of Evo Morales, enabled several indigenous and peasant organisations, as well as the urban working class, to strike an alliance; the public opinion in the west joined as well. In the east and south, the more prosperous and less indigenously populated regions of the country, the demand for autonomy was well-established and they demanded to be treated without discrimination by the new ruling party. These demands for autonomy were soon validated at the polls, which were of dubious legality, though of unquestionable legitimacy. In the meantime, the MAS government had already installed the Constituent Assembly, which soon showed its limitations for reaching a political agreement with the opposition. With many irregularities, the Congress approved a New Constitution.

Vice-President Garcia Linera – catapulted into this position due to his visibility as a prominent media analyst³³ – named the situation “the catastrophic equilibrium”. By this he meant a situation where each of the forces in confrontation had its own reasons to try to impose its agenda on the others without concessions. Garcia Linera called this instant the “point of bifurcation”. This Leninist vision of forces – despite its Gramscian terminology – is what guided the MAS and the government’s actions and also – as must be said – the regional opposition and its “defeat”. In the Vice-President’s words:

“(the struggles) inevitably led to a strategic moment in the definition of state power (...) This state’s bifurcation point, of precise definition at the state’s order, generally, is an act of force, exercised or exhibited, and should come sooner rather than later” (Garcia Linera, 2009: 324).

In the same article (*ibid.* and also García Linera³⁴, 2008: 32) he argued that it was also a “military victory”. This is part of the problem in regard to the consolidation of the changes of this period. There continues to be an “enemy” to be defeated, to be eliminated from the political scene. And certainly, this position is hardly compatible with the prospect of democracy in a country where political victories are almost always unstable, where periods of stability longer than a decade coincide with actual political freedoms as similar other political processes and the functioning of the democratic system’s checks and balances. (Macpherson, 1977; Rueschemeyer, Stephens & Stephens, 1992). In the economic field, we saw that despite land titling and hence the reversal of “idle land”, which was one of the goals of the INRA Law, there was no redistribution. The highlight of the 1990s reform was the capitalisation of state enterprises (electricity, oil, telecommunications, aviation and railways). And while there are more friendly views on the process in comparative terms (Salinas et. al., 2002) and from a comparative perspective (Whitehead, 1997), it is clear that by concentrating resources in companies that required investment in technology rather than on employment generation, the Bolivian business class was ex-

³³ In the early 1990s, he and some partners were arrested and accused of terrorist actions. He was released years later without judgment, because the deadline for the final trial had passed. He always declared his position as an ideologue of revolutionary struggles and not as an operator.

³⁴ “...because politically one should exhaust all channels for dialogue before making a tough decision. As any military strategist will say, take all possible steps, and once they are exhausted, the next step is justified.”

cluded (Grebe, 2001). Besides, in some cases ad hoc changes in legislation were needed to facilitate this form of *sui generis* privatisation. Disappointment soon became evident.

The control over these companies by the superintendents was not very remarkable. A perception that they were looting the country's wealth spread (Roca³⁵, 1999). The achievements, such as the significant attraction of capital and technology to the country, were played down in view of the expectations held in terms of incomes to impoverished sectors, (Cf. Rojas O., 2008: V) sectors that are now empowered by claims and their capacity to mobilise.

Valuing MAS

Thus, the MAS took advantage of the establishment of territorial reforms in the country's political and institutional system. Moreover, it cleverly linked its vindication of coca leaf cultivation to broader claims against discrimination, its worst expression being the racism of the colonial legacy. Thus, the MAS and its leader capitalised on a long public campaign in favour of valuing indigenous peoples and peasants and their contribution to the Bolivian society as a whole.

It is therefore very controversial to argue that the MAS is currently a social movement in government, carrying out a significant reform of the state. Besides being a contradiction in terms³⁶ ("social movement" and "state"), it sets aside the characteristics for which the MAS was conceived as a political force (Instrument for the Sovereignty of Peoples, IPSP, as its label goes, added to MAS in the legal registration). It is true that it is not a conventional political party, not even in the Latin American context, but its self-perception as a political actor partly explains its success: It has a notorious vocation for power that drives it on.

A group of researchers (Zegada, Torrez and Cámara, 2008) raised the question of whether the MAS and its President form a "government of social movements". Their answer, though taking a long detour through the notion of "fields of conflict" to signal its changing character according to specific situations, is rather negative. In our view, we can add that, besides the conceptual contradiction, the concrete reality ratifies this. While confrontation with the regional opposition existed before Evo Morales' re-election in December 2009, the dissidence within the MAS' staff was minimal. But for the regional elections in April 2010, which defined the autonomous powers, the dissidence was evident. Besides, there was a significant reduction in electoral support for the ruling party, whereas until then it had always been on the up³⁷.

³⁵ This author, an outspoken opponent of the government that carried out that process, recognises the huge governmental effort to modify Bolivia's structural conditions. But he disagrees and criticises the direction of the reforms, not the need to implement reforms.

³⁶ In the sociologic literature it is common to refer to social movements as opposite, including in opposition to the state. Thus, it is not serious to think of something as the state or the government of social movements, unless we are in the context of a society's 'statization,' which is not only authoritarian but also totalitarian. Trotsky said that a revolutionary longs for order the day after he takes power.

³⁷ It is, indeed, a remarkable decrease of about one million out of five million votes in four months. It is also true that Evo Morales did not stand in this election, although he supported the candidates in an explicit way and in some cases broke electoral law.

6.1 The MAS in government

As we write these lines, a march is being organised by the CIDOB (Central de Pueblos Indígenas del Oriente Boliviano) (just like 20 years ago) asking that indigenous autonomy should not just exist on paper but be applied in line with the new Constitution. The reactions of the government were the same as with all kinds of oppositions: that they are acting outside of the Constitution (CPE) and that they are financed by “imperialism”; the U.S. agency USAID was specifically accused. Old allies such as an NGO called CEJIS (the current Minister of Autonomy and former Vice-Minister of Lands, A. Almaraz, was part of it) and the Bolivian Forum for Environment and Development (FOBOMADE) were accused of destabilising the ongoing reform process. At one point, even leaders of coca producers threatened to disrupt the indigenous march when it passed through “their territory”, which fortunately was not the case.

But this evident discrepancy caps a long series of episodes in sectors like cooperative miners, teachers and even rural teachers, which are part of the popular movement and once supported the MAS. When the government did not disqualify its opposition, it impinged on individual rights, turning to its rural bases of the Andean world. For example, when the country house on the shores of the Titicaca Lake belonging to Sanchez de Lozada’s former Aymara Vice-President Victor Hugo Cárdenas was seized (March 7, 2009), or when four policemen were murdered in an area of vehicle theft protection in the Northern of Potosi region, as a revenge of the community that alleged having been extorted by those policemen and felt forced to apply a doubtful ‘communal justice.’

In the lowlands, where the density of indigenous peoples is lower, there were cases such as allegations of indigenous who live at the Choré natural reserve (on the border between the departments of Cochabamba and Beni), where coca leaf producers were invading the reserve, affecting their rights. The Government only just avoided open confrontations between coca growers and indigenous peoples. Another example is the persecution of an emblematic leader of the first march through the lowlands, Marcial Fabricano. Citing “communitarian justice”, they sent him to hospital with evidence of physical injuries. The reason was that he was taking advantage of his former leader position to sell wood. He is now a dissident from the pro-government leadership.

Violations of the republican order

During the period of the open confrontation between the MAS administration and the mainly regional opposition (named in the media as “half moon”) between 2007–2009, MAS showed little inclination to stick to the rules³⁸. This was understandable, because at some point it became clear that the opposition infringed the legal framework too. But it was always a concern from a democratic perspective (cf. Rojas O., 2009) as Salman

³⁸ In a popular act in Cochabamba, President Morales said that „when my advisers tell me that something is illegal, I do it anyway, so they have then legalized it. That is why they studied law.“ Reproduced in the national press on 29 July 2008. International press: <http://www.eluniverso.com/2008/07/29/0001/14/92108FDB0BF44932A6628535565FC6D1.html>

(2009), a more distant observer, wonders if it really is a struggle for democracy between authoritarians and democrats, when in fact both camps use the concept of democracy as cover for their own authoritarian tendencies.

Now that the MAS has two-thirds in each house of the Legislative Assembly (LA) – which was not the case in previous periods – it can be even more inconsiderate with respect to minorities than previous governments, and pay less heed to the Constitution that the Bolivians approved in 2009.

This CPE set out a six-month period to approve five structural laws (Second Transitional Provision). As we shall see, these laws are crucial for the main changes to the new constitutional order to be implemented. However, the LA deliberated from January to mid May 2010 – about four months – to present and pass “short laws” (this provision does not exist in the country’s legislation) to the President for appointing members of the Constitutional Court and members of the Supreme Court for a period of one year. In other words, one state power – the executive – decides on the other – the judiciary. In the immediate past, it was the National Congress that made the appointment by qualified majority. This presidential intervention is explicitly prohibited by the CPE (Art. 12.III³⁹).

The other “short law” is called the “Transitional Law for the Operation of the Autonomous Territorial Entities”, which points to the powers of departmental assemblies (specifically of Tarija, Art. 14) that the same Constitution recognises as having departmental authority (Art. 280, III); and above all, it makes it possible for governors (mayors in the old legislation) to be removed from office by a single formal accusation made by a prosecutor, not a judge, on criminal charges (Art. 8). This violates the current Constitution; the Constitution records that political rights can only be suspended in view of a final sentence (Article 28) issued by a judge.

As this article (Art. 8, Transitional Law) was clearly intended to intimidate the opposition governors, the analogy with the municipal level was used as an argument. However, the mayors (the heads of the municipal executives) take office and swear the office at the President of the District Court. In this Transitional Law, it is the President of the State (Evo Morales) who recognizes the electoral results and swears in (Art. 4) governors; a clear message that they are his subordinates. However, the municipal executive still takes office at the District Courts (Art. 18).

One might think that what has been stated here so far is overly sensitive. But it is important to remember that the Prefect of Pando – equivalent to a Governor nowadays – was arrested by military forces. It has already been more than a year and a half since he was arrested in relation to the so-called “Porvenir slaughter” (around a dozen peo-

³⁹ “I. The State is organized and structures its public power through the Legislative, Executive, Judicial and Electoral. The state organisation is founded on independence, separation, coordination and cooperation of these bodies. III. The functions of public bodies cannot be united into one body nor are delegated to each other.” Similar requirements are found in about half of the Bolivian Constitutions since the 19th century. It is not for nothing that we have a history rich in dictators, but short-lived.

ple were killed among those who mobilised against the governor of Pando) without being sentenced in court, even though he had won a referendum to remain in office. This year, the new mayor of Sucre was suspended just a few weeks into his term of office and a MAS councillor was sworn in as temporary mayor. A similar action was announced against the mayor of Potosi, an area the MAS regards as one of its bastions. During the election campaign, the candidate and now mayor of La Paz, a former ally of the MAS, was threatened with similar action, but has so far not been suspended. In sum, the MAS seems not to tolerate any opposition.

The five structural laws are as follows: the Plurinational Electoral Body Law, the Electoral System Law, the Judiciary Law, the Plurinational Constitutional Court Law, and the Autonomy and Decentralisation Framework Law. So far, four of them have been approved with almost no amendments after being presented to the LA, although there is opposition (a minority). The public did not know much about them in advance and was therefore not able to launch a national debate. Almost one month (June 2010) was sufficient to submit, approve and enact the first four critical laws for the state's new structure to work. We cannot analyse each of them –among other reasons, because we have only just become familiar with them – but it is clear that in each law there is room for presidential interventions, or at least from the Executive, which encourages us to feel some concern for the republican order and its separation of powers (and its coordination) that Bolivia aspired to 185 years ago.

To illustrate this assertion, we note in the first of the above laws that the President reserves the right to appoint one member to each departmental electoral court and one to the State Court (national). However, it is established that the LA draws up a regulation for the selection of candidates for these courts (Art. 33). In an autonomous scenario, the State should not have to follow such procedures, which are unequivocally centralist and presidentialist. In the case of the Electoral System Law, bans, registrations and permits have been introduced for the use and dissemination of pre-election surveys and studies; eleven articles are dedicated to this (Art. 127–137).

This raises doubts about access to independent information about this important area of government. Similar questions on the use of mass media during campaigns give rise to these doubts (Art. 110–126). Of course there are some relevant articles, such as bans on public servants campaigning and the use of public resources for campaigns. But seeing the little consideration the ruling party gives to such impediments, it is possible to infer that they will be mostly applied to MAS dissidents.

The CPE prescribes that judges are elected to the Constitutional Court and the Supreme Court (and other instances of the judiciary) by popular vote, and the Electoral Body Law bans campaigns by the selected judges, including media interviews by anyone aspiring to such a position (Art. 82).

The most striking figure in the Judiciary Law is the “Litigant Advocate” named by the Executive Branch to work expeditiously in trials. More than a facilitator, this new figure is seen as interfering in different branches of the State. One of the controversial issues in

this law, as well as in the Constitutional Court Law, was the candidates' election to the position of judge that were first proposed by the Legislative Assembly and then elected by popular vote. In both laws, there is an almost total lack of any legal pluralistic perspective, whereas the CPE (Art. 179.II) recognises the "indigenous-native-peasant jurisdiction" and the ordinary jurisdiction as having equal status.

The approved LMAD

The Autonomy and Decentralisation Framework Law (LMAD) is the last of the five laws. It took the shortest time to be adopted within the deadline established by the new Constitution since the governing MAS controls two-thirds of the LA (former Congress). Nevertheless, important changes were made in the period between the project's presentation and the final adoption of the text. In general, it can be said that the law was improved in this (short) process. This shows that plural discussions enrich the guidelines for a complex institutional architecture. But in this case, the law was passed very quickly, so in actual fact almost no discussion was possible. As it has been noted, MAS has two thirds of the congress representation.

Some variations on the general approach contained in the Constitution, however, have not disappeared. For example, while it is clear (Art. 280.III) that the Departmental Assembly is the only one capable of delegating powers, the LMAD (Art. 41.II and IV) establishes that also "the central level of the State" (national government) and other autonomous levels can do it. This clearly undermines the need for an agreement between the regional and departmental assemblies. It also maintains the proposal that the creation of regional autonomies does not imply the disappearance of the autonomy levels that gave rise to them (Art. 47.II). Consequently, you can expect an increase in the number of sub-state governments and not a decline, as this was one of the original arguments used to justify the creation of this type of (regional) autonomy.

The specific prohibitions on federating departmental powers (Art. 133.II, LMAD) have the same characteristics, but there is nothing similar to indigenous or regional autonomy, except that the latter should work within the borders of the departments. Another clear example that some instances of autonomy are more strictly controlled than others is the controversial procedure of temporarily suspending the executive and legislative powers of departmental, municipal and regional autonomy (Article 144) there is no reference to the indigenous-native-peasants authorities.

More clearly than others, this law shows the preferential treatment of the IOC autonomous powers, as a *privilege* (private law), instead of acting as an incentive for intercultural openness. For example, it is said that the presence of "third parties" (Art. 47.VII), i.e. non-indigenous populations, does not affect the territorial continuity to form IOC jurisdiction. Therefore, any territory that is certified as "ancestral" might be subjected to such treatment. However, in the pre-colonial past, the whole country was owned by native peoples. Instead, the LPP was revoked, which was the most important legislation that led to the territorialisation through municipalities with their citizens' participation. In its place, the SAFCO Law (1992) was left in force, which is a law of supervision and

administrative control, created for a centralised state. This absolutely conflicts with the emerging institutions of legal pluralism that the new Constitution formally recognises.

6.2 Regional movements

The regional issue is an old subject that has been around ever since the creation of Bolivia as an independent state. Its current territorial configuration is preceded by the Charcas Court's colonial definition in the 17th century, the change of the Viceroyalty in the last quarter of the 18th century, and then the denomination of "Alto Peru" until the independence declaration in 1825. Some authors consider this to be the defining issue in Bolivia's history (Roca, 1999b). Although we do not necessarily agree with this opinion, it is true that the diversities in other countries are emphasised in Bolivia, partly because of a truncated modernisation process (market expansion, wage labour, etc.) that includes the weakness of the state (late citizenship for rural and indigenous people, poor road links, etc).

In the 19th century, there was great rivalry between Sucre and La Paz about the south-north axis as regards geography, and between the political power and the emerging tin mines as the source of major economic wealth. In the second half of the 20th century, with the emergence of Santa Cruz as a "development pole" (Barragán & Roca, 2005), the axis shifted to the west-east direction. This was driven by the revolutionary state, in line with worldwide ideas about the role of the state in the economy – promoted by the ECLAC in the subcontinent. We have noted that financial support continued even when the state withdrew its leading role in the economy. We have also highlighted the ethnic composition of the lowlands, which is much less dense than in the highlands, where the population is still largely concentrated. Considering Cochabamba and the valleys that extend to the south as part of the *heartland*, they acted as a joint hinge between the two geo-economic and cultural spaces in the first century of the republic. This was also because of the lucidity of its regional elite, who were conscious of their cohesive role in the country (Rodríguez, 1993).

During the "pacted democracy" period (1985–2003), Santa Cruz was the post of the highest institutional ranks over the agricultural and forestry sectors (Ministry, etc). The issue of development in these areas showed a clear bias in favour of rural entrepreneurs. The unequal access to land described in previous sections is a good example of this. The same goes for the mining business in relation to the economic elite in La Paz.

When the political crisis erupted in 2003, all the institutions in Santa Cruz, led by the Civic Committee, embarked once again on the department decentralisation approach forgotten by the mid-1990s municipal LPP. The approach incorporated the Spaniard idea of autonomy, taking Cataluña as its example. Under the fragile Carlos Mesa government (from October 2003 to June 2005), the approach was refined and found affinities in other lowland departments, especially in Tarija, the smallest department but the one where the country's main gas fields are located. Such affinity recovered civic struggles of the 1950s, when Santa Cruz forced the central government to hand over the oil drilling royalties in almost exact proportions (11%) to the institutional weight of the existing depart-

ments. These are certainly not the only similarities. Low-land cultural type is related to the existing production structure and low indigenous population density.

Pando is on the border to the Peruvian and Brazilian Amazon and its main asset is forestry. It is the least populated department in the country. Since its Prefect was elected and ratified in the early years of Evo Morales' government, an agreement that made viable the general elections of December 2005, the ruling party has seen Pando as an electoral battleground. This is because it is probably the department with the most pre-modern political and economic structure. The now deposed Prefect – by a *coup d'état* style operation – was indeed a *cacique*, as “strong men” are referred to in some Latin American sociological literature, backed by *de facto* powers. But he was also the most experienced man among the department leaders, as he had been President of the Senate and Minister of State for Internal Affairs.

The polarisation between the government and the regional opposition is a reality. The former was backed with popular support and led by Evo Morales. The latter, called the “half moon”, was intransigent at the beginning and at times seemed to be tempted to secede from the country, resorting to illegal actions (such as occupying public offices dependent on the central government) in the capital cities of Santa Cruz, Tarija and Beni. The MAS' repeated electoral triumphs, though victories at national level, also strengthened the opposition's bastions just about everywhere (see Annex 5).

As we mentioned before, the April 2010 elections, under the new CPE, led to the formation of sub-state or autonomous governments. At the same time, there has been a decline in the number of people voting for MAS, which is its first setback in several elections since 2005. We also briefly discussed the limits to autonomy. These are very different to the aspirations of the indigenous peoples and the MAS' discourse on the one hand; but there are also limitations with regard to the expectations of the lowland departments, which –in the name of autonomy – designed an almost federal scheme, which is unsupportive of the fate of the nation as a whole and especially that of the west of the country (Rojas O., 2005). Some of the intellectual elite in Santa Cruz (Prado et al., 2007; Sandoval et al., 2003) have a critical eye on the behaviour of the economic and political elite in their region – but they may seem wrong in view of the MAS government's onslaught, as they do not appear to consider basic rights and the constitutional guarantees of the citizens.

7 In Perspective

A good way to balance the extremes of the approaches outlined above is to focus on the question of *interculturalism* as the unresolved issue. In line with what is supported in the current CPE (Art. 93 to 100) and taking into account what the role of the universities should be about this, the objective of interculturalism is to develop a dialogue between cultures, to keep a critical view of one's own whilst having an open mind towards other(s). This also involves asserting what is considered good about one's own culture and without apologising for its possible effects on members of cultures of others than one's own⁴⁰. Obviously, this is not only an epistemological issue, but a strong political one as well. It is oriented towards complementarity and respect for differences in more or less flexible ways, rather than based on the rigidity of the bureaucratic paradigm. Weber already regarded this paradigm with suspicion a century ago. This paradigm, though, is now replaced by management developments in a kind of "post-bureaucratic" version (networks, flows, synergies), that aim to shape and revitalise elements of the best traditions of a democratic political culture (unlike the older, more centralistic and hegemonic one). Nothing is further from this than the current legislative propositions, which are strongly regulatory and complicated, and stall political dynamism and social energy.

In terms of "great politics", the current process will run its course with huge tensions, which cannot be simplified and disqualified as mere "resistance to change" of a conservative kind. This is what the governing party is trying to demonstrate. It is a natural defence in view of certain excesses against individual rights – especially those of political dissidents – that can also involve MAS supporters. But more specific interventions in areas where the possibility of advocacy is higher can help to redirect the process and to recover major political capital. This in turn can consolidate the inclusion of indigenous peoples and the elimination of discrimination. As we have seen, Bolivia's historical background shows that there was progress in political rights but that this did not establish a totally active citizenship; *it missed out the material dimension of economic development*. Thus, in the following, we suggest places where economic resources are available to form a basis for development if well targeted, but where citizenship issues are weak.

Pando is a challenge with regard to bringing a modicum of democratic progress and to guarantee fundamental rights of both the people born there and newcomers. The newcomers were mobilised by the desire to change the election results in this, the least populated department. Pando has a non-agricultural vocation (rather than one of forest exploitation), which is the main productive vocation of the people that moved there (landless peasants). In the 2001 census, the population of the department was 52,500. Its capital Cobija had almost 21,000 inhabitants. However, in the last election, there were only around 25,000 authorised and registered electors (i.e. over 18 years), which indicates explosive growth. The capital city is also a "tax-free area" (tax-free for foreign manufactured goods). There are therefore interesting trade flows but also a risk of smuggling and probably drug trafficking.

⁴⁰ This proposal is strongly influenced by the reflections of Ch. Taylor (1993 & 1997), a follower of Gadamer's reflections and his notion of „fusion of horizons“ (Gadamer 1992).

Another interesting area to study could be the newly established Chaco's Regional Autonomy in the Tarija department. Since the beginning of the political crisis, this region has been allocated major gas royalties. The Tarija department receives 11% of the income – the main Bolivian income – from this revenue stream. Under the current governorship, the department must allocate 45% of this large sum to that regional autonomy, which amounts to a few hundred million dollars annually. The **Gran Chaco** province is the most populous in the department, excluding the capital city. The 2001 census established a figure of slightly more than 116,000 inhabitants. 35,500 of them are rural, representing almost a quarter of the rural population of the department of Tarija. The Yacuibá municipality, where the largest city of the province is located, has one of the highest population growth rates in the highlands. In the rural areas, there are at least two indigenous peoples: the Guarani and the Weenhayek (formerly called *Matacos*), which together make up approximately 5% of the indigenous people in the rural areas of Tarija.

In both regions, i.e. in Pando and the Amazon as well as in Tarija's Chaco, we have oligarchic elites, not so much because of material wealth but due to their social links and political experience. Given the recent history, and fitting the general trend in the country (but more pronounced in these regions), it is probable that such resources (political and economic) are used mostly for their own benefit. Apart from the short-term politicisation of indigenous peoples (ostensibly in the minority), social organisations are most likely the result of political patronage from regional leaders. The challenge may be to avoid a simple change of elites, but to work towards a citizen order (see our remarks in the Conclusions).

Hence, it is almost certain that they have not developed *citizenship autonomy skills*. That could be the main aspect to be developed as a kind of advocacy work here. Both of them are international border areas and therefore informal trade is one of the most important forms of employment. One of the Gran Chaco's municipalities, Villamontes, has experienced an interesting increase in alternative tourism.

8 Conclusions

This paper presents evidence of moderate gains in poverty reduction or, put more bluntly, it truly demonstrates the persistence of poverty, particularly in rural areas of Bolivia, a country with very incipient industrialisation and therefore an important portion of its population living in rural areas.

In the late 1950s and 1960s, and as a consequence of the 1952 revolution land was distributed to peasants, yet the land issue remained a problem especially because it led to a concentration of large areas in the lowlands. Most of these areas were left in the hands of agricultural enterprises, in complete contradiction with the former and the current CPE that establishes a maximum of five thousand hectares for individual property (Art.398). The INRA Law advanced in the lowlands in the 1990s without any division of those large estates. Instead, it provided the indigenous peoples of these regions with TCOs, which – through its demographic dimension – left the issue of specific access by peasants unresolved. Under Carlos Mesa's transitional government, this issue was addressed with some haste, but it has been Evo Morales' government that has expressed the greatest political will for land regularisation and land provision.

We also reviewed that despite the political reforms and the relative positioning of social actors – some of them became politicians but have their home base in rural areas –, the poverty situation has not improved significantly. Indigenous peoples and peasant organisations, some of the main supporters of MAS, President Evo Morales' political party, have been empowered.

In the past, access to social and economic data improved, partly as a result of the spread of Internet, but the land question was an obvious exception. Today it is the other way round: it is easier than before to obtain information on sanitation and land distribution, but several other forms of access are now restricted, including the access to draft laws that are passed in a very short time because of MAS' overwhelming majority in the Legislative Assembly.

As Bolivia is going through a difficult political period, we have presented an account of the principal issues to provide some understanding of this process, but we have avoided a full apology or condemnation. However, it is very difficult not to notice that the MAS has more of a power project than a development project for “well being”, or whatever the preferred social or virtuous label may be. There is a steady takeover of public powers and institutions. This is why it shows itself to be very reluctant to accept autonomy – not just departmental, but even IOC autonomy – despite its rhetorical support for it while in dispute with the regional opposition.

This authoritarian tendency is no surprise. To keep it brief, it is the natural tendency of every power if it is not directed and checked. It also happened with the 1952 revolutionaries, who developed a political and ideological programme that was more consistent than that of the MAS before it came to power. On the continent, we have successful experiences with single parties, such as the PRI in Mexico and the current cases

of Hugo Chavez in Venezuela and perhaps also Cuba, both based around their leader's personality.

The main difficulty in this consolidation by the MAS is, however, that it is acting to the detriment of many of the expectations it generated. What is expected from the MAS is a deepening of democracy as a general response to the country's social problems, so that rights are not just an exercise in voting for others, but natural resources also benefit the less favoured, particularly the indigenous and peasants or the working class in general. The crucial fact is that a significant proportion of the electorate *has already had experience of being citizens* during the so-called "pacted democracy", and people want it to be replaced by something better, not just different rulers.

The MAS did not come into office by an act of violence. It could do it because Bolivian society, with different actors and weak but extant institutions, was able to forge a means of avoiding open confrontations, with successive electoral arrangements (see Annex 5) since 2004 (municipal elections, gas referendum). Bolivian society – or at least its most thoughtful groups – does not feel comfortable with actions reminiscent of dictators' gestures, even though they are not wearing military uniforms. This is not about spinning some romantic narrative of Bolivian democratic convictions; we simply argue that the majority does not like dictatorships. There is some experience of the exercise of freedom. Since the beginning of democracy in the early 1980s, there was a slogan called "hunger does not wait" to support the government that ruled the country (1982–1985) during this period, which was the longest cycle of democracy; in its more restricted sense it means that there was no *coup d'état* because that government was incapable to achieve its goals, and its period in office was cut to a year.

In specific economic terms, the government had some resources resulting from the renewal of gas contracts that are of undoubted political value and have been used to fund benefits for elderly people, state school pupils and mothers and their children under the age of one. The issue here is *sustainability*, given the fact that the flow of investment into the field of exploitation has seriously diminished. Regarding more specific programmes, although the plans are good the problem is their successful implementation and management. Bolivian bureaucracy has never been effective and efficient. In addition, current Bolivian bureaucracy is inexperienced and due to its political discourse lacks pressure from middle and top management, i.e., self-imposed techno-bureaucratic discipline. Instead, specific social groups claim their benefits through patronage or clientelism.

As the specialist literature shows, it is during processes of change – usually those that precede or are part of revolutionary processes – that changes in social mobility also occur:

"We find everywhere that high social mobility – *high* rates of turnover and displacement – precede crisis, while *low* social mobility characterized times of stability" (Goldstone, 1991: 461).

Similarly, the poorest sectors are not the ones that start and carry out these processes, but it is those with resources that bring and foresee these changes. This argument can be

found in classical texts such as Moore (1991), in Midlarsky & Roberts (1985) for Central America, and Scott (1990 & 1985) for Southeast Asia.

That is why we identify *expert advice* on programme management in the area of territorial autonomies as a crucial dimension. And it is here that we see an important role for international cooperation, in view of widening citizens' rights to both the local population and immigrants. Immigrants, in addition, are often more open to innovation, i.e. willing to break traditional bonds that tie them to local bosses.

As for suggestions for further study, so far we have only mentioned two areas – the Pando department and the Chaco Regional Autonomy – that share some characteristics. One of these characteristics is the large number of immigrants, leading to intercultural conditions that could be directed towards democratic engagement, although they have been attracted to political-party interest and/or economic compensations. There is also a potential for economic development, as both regions could become prosperous: Pando, as part of the Amazon, has forestry resources that must be managed in a sustainable manner; and Chaco with its important tax revenues should establish a basis for stable development that benefits everybody, including indigenous people.

Last but not least, both places have local elites that expect the available resources to be put to patrimonial use and want strong messages of popular legitimacy (“the right of the excluded to receive development from the centralised state”). Therefore, the challenge also involves the promotion of a political culture following long-term orientations rather than short-term interests. This is linked to a recurrent problem of political dynamics throughout Bolivia's history: the swings between state ownership, which is soon suffocated by inefficiency and corruption, and market opening in a dogmatic manner. The problem is that these swings constrain their reciprocal advantages, namely the social rationality of the first and the competitiveness and innovation stimulus of the second.

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Annexes

Annex 1: Poverty and inequality evolution in Bolivia (1976– 2008)

Poverty in Bolivia	1976	1989	1990	1991	1992	1993	1994	1995	1996	1997	1999	2000	2001	2002	2003-2004	2005	2006	2007	2008
Bolivia	85.4				72.1														
Moderate poverty (%)		76.9				60.2	72.4		64.8	63.6	63.5	66.4	63.1	63.3	63.1	60.6	59.9	60.1	59.3
Extreme poverty (%)		56.2				33.5	50.5		41.2	38.1	40.7	45.2	38.8	39.5	34.5	38.2	37.7	37.7	32.7
Gini coefficient									0.59	0.59	0.58	0.62	0.59	0.60	n.d.	0.60	0.59	0.56	n.d.
Urban area	65.8				49.5														
Moderate poverty (%)		67.2	53.3	49.0	51.2	49.6	59.5	47.8	51.9	54.5	51.4	54.5	54.3	53.9	54.4	51.1	50.3	50.9	51.2
Extreme poverty (%)		39.4	26.2	21.1	24.0	21.8	28.8	20.8	23.7	24.9	23.5	27.9	26.2	25.7	22.9	24.3	23.4	23.7	22.0
Gini coefficient	0.49		0.52	0.52	0.53	0.56	0.53	0.55	0.51	0.52	0.49	0.53	0.53	0.54	n.d.	0.54	0.53	0.51	n.d.
Rural area	98.2				94.2														
Moderate poverty (%)		89.7				76.2	89.6		84.4	78.0	84.0	87.0	77.7	78.8	77.7	77.6	76.5	77.3	74.3
Extreme poverty (%)		74.6				51.0	76.1		67.8	59.0	69.9	75.0	59.7	62.3	53.7	62.9	62.2	63.9	53.3
Gini coefficient									0.61	0.63	0.64	0.69	0.64	0.63	n.d.	0.66	0.64	0.64	n.d.

Source: For 1976 and 1992 Ministerio de Desarrollo Humano (1993); for 1989 and 1994 Klasen (2006); for 19993 PNUD (2000); for 1990, 1991, 1994, 1995-2008 UDAPE; for 1992 UDAPE (Datos de pobreza urbana)

Annex 2: Improvements in health and education indicators

Improvement in health indicators													
	1960	1965	1970	1975	1980	1985	1990	1995	2000	2005	2006	2007	2008
Life expectancy at birth, total (years)	42.7	44.2	45.8	48.2	52.0	55.7	58.8	61.1	63.0	64.7	65.0	65.4	65.7
Mortality rate, infant (per 1,000 live births)	150.6	150.8	145.9	123.8	111.9	100.5	88.2	80.0	67.0	53.0	50.5	48.1	45.7
Mortality rate, under 5 (per 1,000)	251.0	251.6	241.0	194.4	169.9	146.5	122.1	107.2	85.9	64.5	60.9	57.5	54.2

Source: World Development Indicators

Improvement in education indicators: literacy				
	1976	1992	2001	2007
Literacy rate, adult total (% of people aged 15 and above)	63.21	79.99	86.72	90.74
Literacy rate, youth total (% of people aged 15–24)	83.55	93.90	97.32	99.44
Literacy rate, youth female (% of females aged 15–24)	75.84	91.57	96.11	99.14
Literacy rate, youth male (% of males aged 15–24)	91.47	96.32	98.55	99.75

Source: World Development Indicators

Improvement in education indicators: school enrolment								
	1970	1975	1980	1986	1990	1998	2002	2007
School enrolment, primary (% gross)	90.88	100.52	97.88	107.83	105.94	112.41	115.57	108.26
School enrolment, secondary (% gross)	28.20	35.79	40.61	43.88	43.99	72.33	86.30	81.85

Source: World Development Indicators

Annex 3: Departmental public investment distribution (1996–2009)

Department	1996–2001	2002–2005	2006–2009
	% programmed	% executed/ programmed	% executed/ programmed
Chuquisaca	0.92	1.02	0.68
La Paz	0.99	0.88	0.66
Cochabamba	0.95	1.01	0.69
Potosí	0.84	1.07	0.67
Oruro	0.84	0.89	0.71
Santa Cruz	0.90	1.06	0.74
Tarija	0.96	1.14	0.69
Beni	0.86	0.85	0.77
Pando	1.06	0.96	0.83
TOTAL	0.92	0.98	0.68

Source: Own elaboration based on data from the Public Investment and Foreign Financing Minister

Annex 4: Detailed distribution of public investments

SECTOR	1996 – 2001			2002 – 2005			2006 – 2009		
	Scheduled	Executed	% Executed Scheduled	Scheduled	Executed	% Executed Scheduled	Scheduled	Executed	% Executed Scheduled
Productive	78'019	63'797	81.8%	71'559	60'086	84.0%	342'367	139'338	40.7%
Hydrocarbons	16'994	21'396	125.9%	0	4'109		124'136	14'773	11.9%
Mining	4'941	3'579	72.4%	5'225	2'527	48.4%	57'235	24'345	42.5%
Industry and Tourism	5'122	4'307	84.1%	8'153	5'762	70.7%	33'181	16'594	50.0%
Agricultural and Livestock	56'627	41'647	73.5%	58'180	50'769	87.3%	127'815	83'627	65.4%
Infrastructure	213'846	201'755	94.3%	255'981	271'002	105.9%	779'934	601'012	77.1%
Transport	187'313	176'950	94.5%	227'135	239'282	105.3%	609'025	476'957	78.3%
Energy	14'888	17'460	117.3%	17'601	16'309	92.7%	103'006	69'917	67.9%
Communications	59	162	274.0%	24	126	514.1%	32'492	21'846	67.2%
Water Resources	11'579	8'228	71.1%	11'221	15'275	136.1%	35'410	32'292	91.2%
Social	277'160	262'850	94.8%	222'801	214'614	96.3%	496'857	366'589	73.8%
Health and Social Security	49'853	41'763	83.8%	55'326	44'163	79.8%	99'541	74'626	75.0%
Education and Culture	84'275	78'545	93.2%	63'806	64'731	101.4%	134'566	108'189	80.4%
Basic Sanitation	89'015	85'145	95.7%	50'810	49'842	98.1%	96'092	62'223	64.8%
Urbanism and Housing	54'017	57'397	106.3%	52'858	55'878	105.7%	166'657	121'538	72.9%
Multisectorial	43'173	36'366	84.2%	44'615	38'078	85.3%	118'333	75'773	64.0%
TOTAL (Bs.)				4'585'491	4'517'756	98.5%	12'883'333	8'866'591	68.8%
TOTAL (US\$)	612'198	565'766	92.4%	587'314	575'727	98.0%	1'716'059	1'168'876	68.1%

Source: Own elaboration based on Viceministerio de Inversión Pública y Financiamiento Externo

SECTOR	1996 – 2001	2002 – 2005	2006 – 2009
	% Executed Scheduled	% Executed Scheduled	% Executed Scheduled
Productive	81.8%	84.0%	40.7%
Hydrocarbons	125.9%		11.9%
Mining	72.4%	48.4%	42.5%
Industry and Tourism	84.1%	70.7%	50.0%
Agricultural and Livestock	73.5%	87.3%	65.4%
Infrastructure	94.3%	105.9%	77.1%
Transport	94.5%	105.3%	78.3%
Energy	117.3%	92.7%	67.9%
Communications	274.0%	514.1%	67.2%
Water Resources	71.1%	136.1%	91.2%
Social	94.8%	96.3%	73.8%
Health and Social Security	83.8%	79.8%	75.0%
Education and Culture	93.2%	101.4%	80.4%
Basic Sanitation	95.7%	98.1%	64.8%
Urbanism and Housing	106.3%	105.7%	72.9%
Multisectorial	84.2%	85.3%	64.0%
TOTAL	92.4%	98.0%	68.1%

Source: Own elaboration based on Viceministerio de Inversión Pública y Financiamiento Externo

DEPARTMENT	1996 – 2001			2002 – 2005			2006 – 2009		
	Scheduled	Executed	% Executed Scheduled	Scheduled	Executed	% Executed Scheduled	Scheduled	Executed	% Executed Scheduled
Chuquisaca	40'424	37'209	92.0%	46'694	47'668	102.1%	121'227	82'258	67.9%
La Paz	117'313	115'796	98.7%	115'085	101'629	88.3%	319'612	211'971	66.3%
Cochabamba	107'388	102'261	95.2%	79'913	80'650	100.9%	194'666	134'401	69.0%
Potosí	44'577	37'401	83.9%	46'207	49'437	107.0%	158'404	105'489	66.6%
Oruro	46'250	38'840	84.0%	37'469	33'413	89.2%	176'555	125'165	70.9%
Santa Cruz	90'041	81'415	90.4%	100'440	106'586	106.1%	228'262	169'805	74.4%
Tarija	58'229	55'878	96.0%	76'867	87'935	114.4%	314'101	215'852	68.7%
Beni	34'998	30'047	85.9%	31'154	26'538	85.2%	88'239	67'633	76.6%
Pando	11'244	11'955	106.3%	13'865	13'261	95.6%	41'273	34'293	83.1%
Nacional	61'735	54'907	88.9%	50'741	36'654	72.2%	95'150	35'833	37.7%
TOTAL (Bs.)				4'585'491	4'517'756	98.5%	12'883'333	8'866'591	68.8%
TOTAL (\$US)	612'198	565'768	92.4%	587'314	575'727	98.0%	1'716'059	1'168'876	68.1%

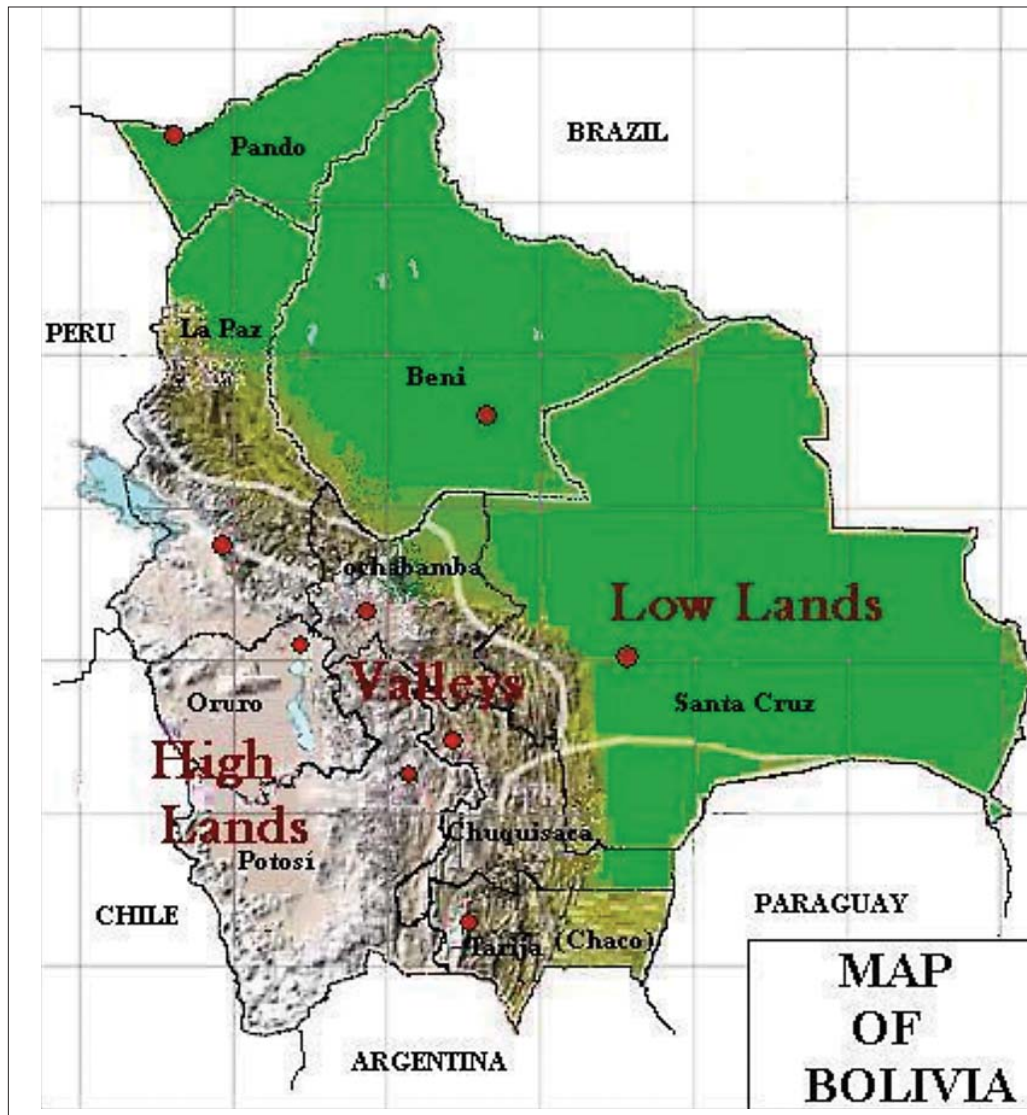
Source: Own elaboration based on Viceministerio de Inversión Pública y Financiamiento Externo

Annex 5: Elections and turnout in Bolivia (2005–2009)

Year	Election reason	Outcome, winners
2005	President, Vice-President and National Congress	MAS victory with 54%. Majority in deputies. Opposition controls Senate.
	“Selection” of nine departmental prefects	MAS wins in three departments. Opposition wins in six departments (including La Paz and Cochabamba).
2006	Election of assembly members for the Constituent Assembly	MAS victory with 51%, without 2/3 of the seats. “Hard” opposition has no veto.
	Definition of department autonomy	Autonomy approved in four departments (Santa Cruz, Beni, Pando y Tarija) = “half moon”.
2008	Recall for President and prefects (governors)	President and Vice-president confirmed with 67%.
		Prefects (governors) from La Paz and Cochabamba recalled.
		MAS (Oruro, Potosí) and “half moon” prefects confirmed.
January 2009	Referendum to approve the New Constitution	New Constitution approved by 61%
	Referendum on limits of size of estates	Constitutional Article approved. Limit of large estates: 5,000 ha.
De- cember 2009	President, Vice-President and National Assembly	MAS victory with 64%. It has 2/3 of Senate and more than 2/3 deputies.
	Autonomy definition in five departments, 12 municipalities and one region	Departmental autonomies approved, as well as one region and 11 municipalities.

Source: Own elaboration

Annex 6: Map of Bolivia



Source: Own elaboration based on several maps.

Working Paper Series, RP 1 “Contested Rural Development”

The present study is part of a Working Paper Series for the Research Project on “Contested Rural Development – new perspectives on ‘non-state actors and movements’ and the politics of livelihood-centred policies”

Despite concerted efforts towards development by state agencies, donors, NGOs, and the private sector, the rural poor in many developing countries continue to have difficulties gaining access to crucial livelihood means such as natural resources, markets, and employment. Indeed, the recent emergence of a large number of new people’s movements that critique the state and its policies – and sometimes the legitimacy of the state itself – may hint at the people’s dissatisfaction with mainstream development models and with the institutions charged with implementing them. This research project examines alternative visions of development as suggested by various grassroots movements that critique state-sanctioned development models and claim to offer solutions for improving rural people’s access to livelihood means. We research stated visions and actual practices of such movements, with regard to overcoming poverty and inequality in rural contexts. How do these movements portray rural poverty, and how do they propose to overcome it? How do they interact with the poor in articulating local demands, and do they legitimately represent local aspirations? How do they attempt to influence broader development policy in view of overcoming inequality?

The project compares insights from case studies by PhD students and senior researchers in India, Pakistan, and Nepal (with additional knowledge gained from Sri Lanka and Bolivia). Please follow the project at <http://www.north-south.unibe.ch/content.php/page/id/276>

The present Working Paper by Gonzalo Rojas Ortuste and Christian Lunstedt Tapia provides us with a very informative overview of related debates in Bolivia. The authors are solely responsible for the content.

Zurich / Mumbai, July 2011, Urs Geiser and R. Ramakumar, Project Coordinators

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Este documento presenta un recuento de los esfuerzos, oficiales principalmente, sobre la persistencia de la pobreza y la desigualdad en Bolivia, así como los debates y el accidentado proceso político que tiene fuerte referencia a los pueblos indígenas, antes y durante el actual gobierno que preside Evo Morales y el MAS. Dado el predicamento de tal liderazgo, dentro y fuera del país, se intenta documentar críticamente el desempeño, político y económico, de un proceso que –esperanzador en sus inicios– muestra fuertes contrastes entre la retórica y sus concreciones efectivas. El trabajo concluye sugiriendo un par de regiones, que en el marco del dificultoso inicio de un Estado autonómico podría recibir apoyo o incidencia proactiva, dados los recursos disponibles, en un caso (El Chaco); y lo estratégico –en perspectiva geopolítica– del otro (Pando).

This paper presents an account of the persistence of poverty and inequality in Bolivia and related efforts taken by the state. Its focus is on the current government headed by Evo Morales and the MAS with its strong reference to indigenous peoples. Placing these contemporary efforts into a historic perspective highlights continuities and disjunctures in Bolivia's social and economic politics. Against this background, the paper attempts to critically document the political and economic dimensions of the present process. It argues that this process shows a challenge between the *Pachamama* (Mother Earth) and *vivir bien* rhetoric and its realization in the social and economic sphere. Although plans are interesting, the core problem remains their successful implementation and management – the Bolivian bureaucracy has never been effective and efficient. There is also a certain tendency to disqualify critique of the present political process as conservative resistance to change. In conclusion, the paper identifies the tension between “great politics” with its empowering of people as citizens and the mundane material dimension of economic development within the complex context of Bolivia's social realities as a huge challenge.

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