SECTION IV

Unpacking Bolivia's Political System and Reform Process

On paper, Bolivia's current political system is defined by multiple political parties; a bicameral legislature that combines deputies from single-member districts and national political party lists; a president whose candidacy is established by direct popular vote but whose ascension to the presidency is established by the Congress; and a local government structure still undergoing decentralization. Regular electoral reforms (1979, 1986, 1991, 1994, and 1996)[4] may be seen as efforts to retain representative institutions while battling historic exclusion and the legacy of an overly strong executive. Similarly, Bolivia's reform process appears to have concrete turning points, each of which saw the government undertake broad economic and social reforms in response to untenable socio-economic conditions. Since 1979, Bolivia has been officially characterized by increasing economic liberalization and institutionalized recognition of the indigenous population through such measures as the Law on Popular Participation.[5] However, domestic policy and the impact of various reforms have been heavily influenced by external events. External influences such as the global financial crises in the late 1990's, or the United States' aggressive coca eradication efforts have created additional challenges for a country attempting to emerge from the legacies of military dictatorship and a centrally managed economy.

Contrary to what might be deduced from the description above, Bolivia's reform process regularly stalls because of the internal workings of the political system. For multiple reasons, social politics in Bolivia are marked by an extreme sense of ethnic exclusivity and a very strong belief among the poorer majority that the entire political class has benefited from their poverty and therefore has no interest in pursuing meaningful reform or even providing assistance. This lack of public legitimacy weakens Bolivia's status as a representative democracy. As popular dissatisfaction grows more apparent and more articulate, individuals within the political class—which are by now accustomed to controlling the levers of economic and political power—are increasingly fearful that their way of life is under threat. Whether the challenge appears as the electoral success of organized actors like Evo Morales's MAS party, or as angry crowds of poor indigenous citizens on the roads to La Paz, a politically mobilized indigenous population is a real threat to the status quo. Over time, the fear of being sidelined could become a driver of change, motivating the political parties to implement reform that ultimately leads to power-sharing among ethnic and class groups in Bolivia. Alternatively, it could lead established political actors to protect the status quo through exclusive collaboration among political parties. These are the forces at work beneath Bolivia's official economic reform processes. This section, therefore, attempts to unpack the elements of Bolivia's political system which support this confrontation between an excluded, suspicious majority and entrenched political actors. It is intended to describe the political reality in which country assistance programs must operate.

Lack of Partisan Competition Among Traditional Powerbrokers

At the most basic level, poverty reduction programs and associated reform processes have weak political support because demonstrating capacity to implement effective reforms is not a significant factor for gaining or maintaining elected office. Absent the need to demonstrate service delivery or reform, there are few political incentives for parties in or out of government to mobilize or coordinate the pursuit of poverty reduction initiatives. The consequence is that commitment to specific reform initiatives at a senior ministerial level does not translate to implementation at key bureaucracies or local administrative offices. Furthermore, in an effort to retain access to the political appointments that supporters have come to expect, competition has been replaced by political collusion at national levels. This lack of competition has several roots:

"In this process of the total misuse of state resources, political parties... lost their relation, [their] links with the people. Then the electoral process became publicity stunts..."

–Ministerial appointee

The modern Bolivian state was built through partnerships of powerful elites

There is a great deal of historic precedent for powerful elites working in partnership to pursue economic self-interest with little recognition of the needs of the poorer indigenous majority. Bolivia's earliest economic and administrative structure was originally organized around managing the silver mines on behalf of colonial Spain. After independence, territorial military campaigns, frequent regime changes, and multiple revisions of the constitution between 1825 and 1900, left the formal state in constant upheaval, but did little to alleviate state reliance on indigenous labor and taxation for economic viability. Frustrated at corrupt country management and Bolivia's loss of its coastal territories in the Pacific War with Chile of 1880—and bolstered by reconsolidation of the agricultural sector and the discovery of new, profitable mineral deposits—large landowners and mine owners formed political parties to contest office. Elections, in which only a literate, Spanish-speaking, landowning minority were eligible to participate, yielded governing authority to the business elite, while the military provided a monopoly of force needed to retain control.[6] This partnership of business interests and the military set a precedent for the Bolivian state to make economic reform decisions based solely on the needs of an emerging business class. The indigenous majority would remain a source of revenue and labor, but their needs would not be factored into state development plans.

The revolution of 1952 and the rise of the MNR brought with it reforms that affected the entire population. Universal suffrage, significant agrarian reform, efforts at land redistribution in the western portion of the country, nationalization of the mines, and deep unionization brought the indigenous populations much more formally into the economic equation.[7] Unions provided an official mechanism for negotiations between the politico-business elite and previously unorganized laborers. While many reforms bolstered socio-economic equality, the nationalization of the economy also introduced significant distortions, the effects of which are still in place. Nationalization of the country's most profitable industry, heavy reliance on taxation of that industry for national income, and distribution of funds

borrowed against future production created a primarily mestizo middle class reliant on state action and connections to thrive. The links between this professional/business class and political office solidified as political parties institutionalized the distribution of public sector jobs to their own supporters. This built a class-specific political patronage system into a very centralized Bolivian economy. It also squandered a real opportunity to match revolutionary social reform with effective economic decision-making by populating the ministries with inappropriately educated political supporters. As the state became less and less able to deliver any economic growth other than public sector employment, political legitimacy was increasingly dependent on the ability to provide jobs to party supporters. In split societies, centralization of productive activity within the state reinforces economic and political control of whichever social group is in command; in Bolivia, it reinforced the dominance of the mestizo class.

In addition to cementing the links between a professional class and the political elite, economic decisions made during the revolution set Bolivia on a path of enterprise focused reform policies. Since the revolution, the content of Bolivia's pro-business policy has swung from a belief in the power of state intervention and distribution to more recent economic liberalization. However, political decision-makers continue to consider the business environment their main priority. This is a legitimate priority, but when layered on top of political leaders with overt business interests, historic colonial relationships, and a grey-market job distribution system with racial undertones, this prioritization contributes to popular perception that the state only cares about making itself rich at the expense of the indigenous majority.

At a national level, institutions reinforce cartel politics

At the national level, many observers believe that the relationship between Bolivia's political parties is best described as collusive - that the parties operate as a political cartel. Rooted in the historic tradition defined above, individual political parties have two institutional incentives to participate in the cartel rather than make efforts to compete for greater electoral support. In addition to institutionalized dependence on political appointments to secure political legitimacy, the electoral rules designed to resolve the "difficult equation of [Latin American] presidentialism,"[8] also reinforce a tendency toward political collaboration.

The political appointment of the entire civil service reinforces politicized electoral contests for access to political appointments. Bolivia has no permanent non-partisan civil service. Instead, all administrative government positions are appointed by the political party in control of the relevant level of government. The distribution of bureaucratic positions is therefore a complex, reoccurring issue that re-surfaced constantly in research interviews with a variety of social actors.[9] In sum, parties and citizens both recognize that a party's electoral support is directly linked to its perceived capacity to employ supporters: "you vote for who you think

will bring you a job."[10] Perpetuation of this system may be found in parties' techniques to recruit younger Bolivians in search of upward mobility. Public universities, where education is available to students whose families are not wealthy, are a significant source of new members and often serve as training grounds for eventual political employment.[11] While youth recruitment and inclusion of youth in campaign efforts is not unusual, students bluntly admit that "we need their [the parties'] help to get jobs when we graduate."[12]

The circular relationship between politically distributed employment and the parties' internal financing becomes more obvious in light of the fact that accepting a party job entails forfeiting a portion of one's salary. Students described it as a direct deduction from their salary for employment secured through the party; "but you need the job."[13] In addition to filling critical poverty-related administrative positions with potentially inappropriate political appointees, this system creates an incentive to base electoral contests on the promise to distribute favors instead of demonstration of sound policies or reform agendas.[14] To date, the indigenous population has not been included in the distribution of these jobs, thus excluding them from the nature of Bolivia's political legitimization process.

Electoral structures designed to limit the authority of the president—while neutralizing political gridlock—have encouraged collusive behavior among ideologically diverse parties in congress. Bolivia's electoral system was designed to avoid the extremes of an overly powerful executive branch and of a political stalemate caused by conflict between a popularly elected president and a congress controlled by a minority government. The result is a semipresidentialist/semi-parliamentalist system The president serves a fixed term regardless of congressional support, but typically depends on a majority vote in congress to take office. If no presidential candidate wins a majority of the popular vote, Article 90 of the Bolivian constitution empowers the congress to elect the president from among the best performing candidates.[15] In essence, this system requires a coalition in congress to form in support of a presidential candidate. This is complicated by the political tradition of allocating the right to distribute public sector jobs among all parties in the coalition. Political party leaders from ideologically diverse parties consequently have an incentive to go into congressional coalition together; it ensures they have a share of political appointments to distribute regardless of their own presidential candidate's electoral performance. The result is a closed door, post-election negotiation among political leaders in which support for the office of the presidency is traded for guaranteed ministerial positions and a negotiated percentage of public sector positions to appoint. "They meet to divide the spoils of the election," explained one party member.[16]

Because political parties are so dependent on the distribution of jobs for support from their constituents, the decision making process could produce a scenario in which parties find it preferable to negotiate a support agreement with the largest party, rather than run

a competitive campaign. Just as an industrial cartel is typically only feasible if companies have exclusive ownership of key raw materials or production measures, the parties' control of elected office has, in part, been tenable because of their exclusive right to distribute profitable employment. This exclusivity could be weakened by establishing a non-partisan civil service, or by increasing employment opportunities in the private sector which carry similar salaries and social status.

As non-traditional political actors become more vocal, the interests of parties appear more and more similar. Discussed in more detail elsewhere in this report as an element of political polarization, the parties appear to have more similar political objectives as the demands of non-traditional actors grow louder. Vocal public sentiment that "the ruling class [regardless of party] doesn't care about Bolivians,"[17] lumps all parties together and may even foster deeper collaboration among parties.

The illusion of non-partisanship forces political negotiation into the back room

For officials elected through the political parties, the events of October 2003 transformed public frustration with political parties into a tangible force. Since the resignation of President Sanchez de Lozada, significant numbers of elected and appointed officials have responded to public demonstrations of anti-party sentiment by renouncing their party membership. In fact, a substantial majority of the municipal and local office holders interviewed by NDI insisted they were no longer party members. Some went as far as to say they had come to office by political means, but had renounced party affiliation upon assuming office; "I am here because of a political party (on a municipal board), but once we are here, the party side disappears."[18] In several cases, those same interviewees were identified by other sources as being affiliated with one of the parties, leaving an aroma of opportunism around this broad renunciation of traditional politics. Within the legislature, this same sentiment is evident in the creation of the "Transversals" movement.[19] Even university activists noted that while they run for student union offices as part of student fronts financed directly by the parties, "we don't advertise our affiliations because most people reject parties... we only say after we win."[20] A representative of the church agreed, "there is a certain political apathy [among party elite] here, even the church keeps a low profile."[21]

> "To be [known as] an activist for a political party was a disadvantage..."
>
> *–Elected Municipal Official, Oruro*

Despite individual disavowals of party affiliation, political party networks and loyalties remain firm; they have simply become less visible. "Parties are discredited, but [they] are still there."[22] Political actors' public withdrawal from clearly identified political groups is problematic because it forces the overt political negotiation that is supposed to happen in a legislature or municipal council into unidentifiable alternative spaces. People are concerned that political party interests will be channeled through social actors that have previously been considered trustworthy, explaining, "we have seen parties try to take over civil society and push their agendas there."[23] Furthermore, the personalization of politi-

cal parties means that appointment and access to state contracts still requires personal connection to a circle of elites. For example, one deputy minister explained that, while the ministry was no longer staffed with political appointees, most of the senior staff had gone to the same university and were a close circle of college friends.[24] The impetus to renounce partisan politics is rooted in popular dissatisfaction with political parties, but may be further reinforced by NGO and international community perceptions that non-partisan or multi-partisan actions are always preferable to party-led initiatives. This idea is covered in more detail in the section on the impact of Bolivia's political system on policy formulation, but it is worth noting here.

What is not clear is how long this public renunciation of political parties is likely to continue. Some observers argue that party membership will remain a political liability as long as Carlos Mesa's non-partisan government retains public credibility. Others insisted that the parties are just waiting for the municipal elections campaign period to re-emerge. Then, "people will have to accept the parties again."[25] Observers debate the pros and cons of a non-partisan government with some arguing that "only Mesa has any credibility [due to his non-partisan status]." Others claim that Mesa's capacity to run the country is severely handicapped because "he has no party backing him." NDI interviews indicate that party leadership's response to the sudden loss of publicly affiliated members has been to lay low and wait. "We have to wait and see what happens with civic committees and civil society in general [before we can do anything about this crisis],"[26] noted one party leader. Other party representatives expressed hope that the July referendum and/or the constituent assembly would provide sufficient reforms to allow parties to re-emerge shortly.

"Every organization has links to political parties"

–Oversight Committee Member, Santa Cruz

Parties' response to emerging political actors could be greater collusion

In light of tightly connected circles of political and financial power in Bolivia, any expansion of the political system to be more inclusive is also, by default, an expansion of the number of actors among whom the benefits of political office must be divided. This fact has direct bearing on parties' responses to alternative actors who achieve electoral success. While the emergence of new electoral forces could foster a more representative political class, political actors may believe that it is preferable to preserve the status quo by strengthening collaboration or by co-opting the new groups.

MAS provides an alternative for frustrated voters, and has placed indigenous identity at the center of its political characteristics.[27] With elected members of the legislature, both parties provide visible, official inlets for a portion of the population that previously felt it had no representation in state political processes. MAS's recent visibility as an actor on hydrocarbon reform could be seen as further evidence that a voice for the indigenous population is now firmly part of the official political process.[28] Furthermore, conversations with officials elected under MAS's banner almost universally demonstrate more genuine interaction with

DECENTRALIZATION, CAMPAIGN FINANCE AND RECENT ELECTORAL REFORM

NDI interviews yielded mixed opinions about the impact of Bolivia's decision to allow non-party actors to support municipal candidates in the December 2004 elections. Some argued "it will change the face of politics," because people can vote for candidates chosen by their communities (as opposed to candidate appointment by the traditional party leaders). Others disagreed, pointing out that only the traditional parties would have financing for their campaigns. Still others voiced concern that non-party officials would be hamstrung; "I would run, but what [do you do] if you get to office if you don't have a party to back you?" asked one Oversight Committee member.

Candidate registration to date seems to suggest that the skeptics were right—by mid August, less than 50% of groups that expressed interest in fielding a candidate had actually filed the papers to formally do so. Some groups have said publicly that they will have difficulty supporting a candidate due to lack of funding. Public campaign funding is distributed among the formal parties based on the percentage of the vote they received in the 2002 legislative elections.

Despite financial constraints (common to emerging political actors in most countries), decentralization shifts selection of elected officials into local processes, and therefore has some potential to emphasize the impact of emerging political actors at local levels. Not only would the election of new actors divert patronage positions away from traditional parties, but new actors able to make poverty-alleviating reforms would likely receive sustained support. At the same time, independent candidates are likely to need basic administrative training the most. In this light, technical assistance programs designed to increase management capacity (rather than specific technical capacities) for newly elected municipal officials could foster competitive political behavior in the long-run. However, when designing such programs, it will be important to bear in mind that traditional parties still control prefectures and national office and could use those offices to prevent the occurrence of certain types of municipal reform from under non-traditional officials. While NDI has no specific reason to believe that this is the intended course of action, it would be unrealistic to exclude the possibility.

"the base" than any of the other parties. "We are constantly telling our bases what is going on inside the parliament, so they know [why we are not moving certain reforms very quickly]."[29] Many believe this will also make them tremendously successful in the December municipal elections.

At first glance, one would assume that MAS's image as responsive to indigenous concerns and community poverty priorities would gradually force the parties to compete for office on these grounds as well. However, political cartels have non-competitive response options as well. If the parties believe that intensifying their own cooperation will preserve their political dominance, it is reasonable to assume that they will attempt to do this for some time.[30] Interviews seem to suggest that politicians believe that, even if non-traditional parties are successful in the next round of elections, they will not be able to govern well enough to remain in office for long. "Now is the time for political parties to wait," commented a departmental party leader as he explained that his goal was to ensure there was just one party member on each municipal council, "... to be the voice of reason. That way, when everyone is disillusioned with the new groups, everyone will look to us again."[31] This may be a typical opposition strategy for a single party, but is usually not pursued by a broad coalition.

Alternatively, if parties believe that electoral support for new groups is a permanent fixture, they may find it more politically profitable to simply expand the cartel. As long as the institutions allow political parties to divide political benefits among their own small numbers by splitting the appointments of civil service positions, coopting MAS remains a possibility. Just as an industrial cartel may decide to expand when a previously excluded firm threatens their market dominance by capturing sales, parties may believe that co-opting MAS is the best way to retain their political dominance.[32] Many of those interviewed by NDI believed that this was already happening, asserting that "Morales is no different than the rest of them now," accepting corrupt practices and running his party like a personal political machine.[33] Public approval ratings for Morales have ebbed since the presidential elections, perhaps indicating popular sentiment that MAS has stopped representing its indigenous base.[34] However, MAS is anticipated to earn at least as much electoral support in December municipal elections as the party did in 2002 presidential elections, if not more. In the long run, parties are likely to view reform as necessary only if the new groups or parties are not only successful at draining away electoral support, but also refuse to participate in the political cartel; or the number of new electoral actors is so large that parties believe they can gain the most political benefit by soliciting voter support on the basis of responsiveness to voters needs.[35] If actors outside the political cartel have electoral support and cannot be co-opted, parties will have to respond to the threat of competition.

Democracy's Grey Markets: Parallel Institutions, Real and Perceived

Popular frustrations with representative democracy—and demands for more participatory democracy—have been reinforced by the strength of segregated, informal structures governing political and economic life. Parallel informal structures of the elite minority and the poor majority exist throughout Bolivian society. This includes the economy, the education systems, systems for addressing community infrastructure needs, and methods of accessing government office or civil society. The perpetuation of these systems serves as an invisible influence on the capacity of Bolivia's political leadership to pursue genuine pro-poor reform. Examples include the following:

Fee systems that segregate civic associations. While it is not unusual for social organizations to require membership fees, doing so can reinforce the appearance of citizen groups segregated by wealth. Where wealth has been concentrated within a specific ethnic group, membership fees can reinforce ethnic resentment. One particularly well funded local councilors' association explained the superiority of their group by noting "there are other organizations like this that are supported by the government [that are free] but this one requires a fee to show your commitment."[36] To a local councilor with a professional income, dues are a reasonable way to eliminate free-riders in the association. To a local councillor from the poorer portions of the community, they are further evidence of exclusion.[37]

Separate educational institutions. Outside of programs designed to foster social reconciliation, neither primary and secondary schools, nor institutions of higher education offer opportunities for joint socialization. "When I think about it, we never interacted with indigenous kids at school," explained the youngest member of a wealthy Santa Cruz family.[38] Students at public universities confirmed that they never interacted with private universities, even through student union activities. One well known leader asserted that "we indigenous people really ought to just set up our own school system so that we can get a quality education too."[39]

"Participatory" meetings that require an invitation. Civic institutions that are publicly accessible on paper have unofficial requirements to participate. Civic committees, the departmental-level oversight bodies made up of civic representatives, also have a constituent assembly, which has a broader membership of representatives from registered civic organizations in the department (business associations, arts and humanities, charities, etc). Assembly meetings are held periodically, or in certain instances, to discuss pending issues upon which the civic committee feels it should act. While some of these meetings are open to the public, it is the smaller membership-based meetings in which the most critical decisions are made. While this is not problematic for a private organization, civic committees are described as deriving their authority from broad civic participation. This reinforces the idea that civic authority is limited to registered, formal, traditional actors who can afford membership fees. In light of the power of civic committees in many departments, it becomes clearer why many Bolivians assert that the "real" mechanisms of power are only available to those with business interests.

"Someone told me to get resources for the rural areas. I [can] use the union to do that, but I don't know how to talk to the government..."
–Community leader, Potosí

The evolutionary roots of these parallel structures are numerous, with inter-racial relationships established during the colonial administration of Bolivia one of the earliest among them. Though the racism of the past is no longer officially institutionalized, resentment runs deep, with one indigenous community leader telling NDI "we are sick of working for them... but we are still getting over being domesticated."[40] State administrative systems established after the Revolution enabled parallel structures to continue, in part by treating the CSUTCB and COB as the primary formal means of enabling indigenous groups to engage in official negotiations or processes. The creation of locally elected municipal government positions is slowly altering that separation of engagement mechanisms, but the legacy remains.[41] Furthermore, both wealthier and poorer sides of Bolivian society perpetuate the separation through the use of class-specific informal networks.

Necessity is the mother of institution: many communities rely on internal solutions[42]

Much of Bolivia's poorer majority has become accustomed to relying on alternative or informal structures to fill social needs. Many of these institutions evolved to compensate

for generations of inadequate state social provision, and are now quite effective at implementing solutions with limited resources. In many cases, however, these services could be provided more efficiently on a larger scale. For example, neighborhood-based water or electricity communes can compensate for a failure of government provision, even though efficiencies of scale and consistency of delivery cannot be realized in small neighborhoods. At the same time, these partial solutions make it difficult for appropriate formal structures to eventually take on their responsibilities. Not only is the "temporary" measure more familiar to the public, but community pride regarding their own solution reinforces skepticism about the government's or a private firm's intention or capacity to provide the service to their previously excluded neighborhood.

As one example of a prevalent situation, a Santa Cruz 'satellite city' of primarily indigenous residents described their water cooperative with great pride. With a small seed grant and some strategic community organizing assistance from "Fr. Antonio and a couple of nuns" the community started with a single bore hole and pump. They sold water access via a system of pipes connected directly to homes, and used the money to expand the well and pipe system. Over time, the cooperative covered most housing blocks in the city. The price charged for water was established "based on what people can pay;" though the system generated insufficient revenue to cover regular maintenance on the pumps or electricity charges. The Santa Cruz city committee for public works, which previously only served the downtown area, is now attempting to establish water services in this satellite city by privatizing it, but the cooperative sees its efforts as an attempt to take the water away or to demand higher prices. "We can not charge more because people don't have more... [but] the government is saying they will take us over," explained the members, "the politicians come and they take over and they just take it." Whether their fears are reinforced by a lack of information or a real inability to pay the liberalized water price, the cooperative expressed a concern rooted in generations of having to provide for themselves. In their estimation, if they stop piping their own water, how can they feel secure that water will arrive? "The government never did anything for us, we did this—they can't come now and tell us what to do. We won't raise prices, they can't take us over."[43]

Within these self-created solutions, community organizing traditions among the indigenous populations are strong and have historically provided leadership for local-level works. Based in part on traditional cultural leadership practices, and in part on union structures, leadership roles rotate annually such that everyone serves their community in turn; individuals cannot decline this responsibility when it is their turn. While there are no re-election concerns, there is a genuine sense of accountability to the community that reinforces the tensions described above.

Personalization of political parties strengthens informal, internal decision structures

While the wealthier elite tend to control Bolivia's formal political structures, they also make effective use of informal networks within those structures, which further enforces segregation. While political use of social networks are certainly not uncommon, personalization of political parties in Bolivia strengthens informal internal decision-making structures based on personal relationships and family connections. The net impact of this highly personalized decision making is that individual members who cannot influence party leadership decisions through previously established relationships have been essentially excluded from legislative processes. Evidence of informal methods of moving decisions through political parties—or moving the parties themselves—exists in legislative practices, and within the parties' internal communication and decision-making systems.

In conversations with NDI, several members and former members of congress explained that the mechanisms for normal debate are typically circumvented in favor of decisions by leaders. While the lack of legislative committee capacity and insufficient staffing certainly reinforce this tendency, members explained that leadership decisions were announced in caucus meetings with no prior debate or discussion.[44] Extraordinary party discipline can be expected in strong parliamentary systems, but Bolivia follows a congressional model in which a substantial number of members are directly elected. Particularly as the single-member-district representatives become accustomed to their diverse mandates, one would expect party caucus debates to require more negotiation. However, NDI research indicates that top-down decision making and vote instruction still dominate. One MAS deputy started to explain to NDI when members were supposed to debate issues or policies, but concluded by noting "well, I don't really know the parliamentary process. But I do know the constitution and I know how to be a leader to my people."[45] The need for some personal connection to leadership figures is also present in local government positions to some degree. "I tell you, it was not because of my party," explained the vice-president of one municipal council in Oruro. "I had previously managed three businesses in Oruro, and that facilitated me to be able to manage the municipal government."[46]

"The boss hasn't spoken and no one else will say anything until he does"

–Former Member of Congress

The parties' own internal mechanisms are the clearest indicators of personalized politics. "Parties are built on the father-son accession process," not ideology, explained one former congresswoman.[47] At a superficial level, empirical evidence includes one observer's exclamation "the letters for NFR come from MaNFRed Reys Villa's name," and the tendency of many interviewees to refer to each of the parties as belonging to the party leader (Tuto's party, ADN; Goni's party, MNR; Morales's party, MAS).[48] Nearly everyone reports that policy platforms are written by technical experts in the party, with no real input from the membership. Once policy positions are drafted, inter-party negotiation appears to take place directly between the leadership. Top-down leadership makes an appearance in

the selection of candidates too, often producing candidate lists peppered with individuals who have never lived in the constituency. “If parties had more internal democracy, we would have more authentic leaders,” noted one church representative.[49] A member of one Santa Cruz Oversight Committee went a step further, pointing out, “Parties need to have internal elections where the membership participates instead of [the current] sham elections so that people can see candidates.”[50]

To some extent, these separate mechanisms for social, political, and economic engagement are unintentionally reinforced through the creation of new institutions. The legal creation of Oversight Committees (OC) was positive because it established a formal mechanism by which local indigenous communities were guaranteed a voice in the oversight of local government, the branch that affects them most. Arming these OCs with the authority to block local budget disbursements further ensured that executive municipal officials would have to listen to them. However, the law also placed the OCs just opposite the elected municipal council, a body more likely to be populated with political/business interests, as discussed previously.[51] This not only poses coordination challenges, but further reinforces the idea of separate governing mechanisms for the separate pieces of society.

Logistically, the problem emerges when municipal councils and OCs do not agree on the reported budget expenditure. Review and approval from both bodies is required by the ministry of economy before disbursing the next tranche of decentralization funds to the municipality. Though a logical requirement for equitable monitoring purposes, the impact of requiring approval from two separate oversight bodies, rather than a single integrated one, is slower, at times immobilized reporting. Recent electoral reforms that allow candidates to stand for municipal office without political party support in the December 2004 elections may make municipal councils a more integrated body. However, preliminary research seems to indicate that very few members of OCs would consider running for office: “We are trying to show that the committee is not corrupt,” noted one member as a way of explaining why they would not run.[52] Another OC president commented, “I would run, but I don't know what the law means....If [the] law was clear then I would try to run.”[53]

Internal party challenges are magnified by regional tensions and resentment

Layered on top of tremendously varied departmental needs is the question of who in Bolivia benefits most from a centralized state. Institutionally, Bolivia is dispersing more financial and administrative power to local authorities, but the legacy of centralization continues to influence incentive structures in national political parties. At a time when the economic issues of each department varied, but social development issues were not considered as heavily, parties' policies could be similar across departments.[54] In the context of geographically specific needs and preferences today however, national parties report that they are still relying on internal mechanisms designed to communicate decisions from the top

down rather than serve as a mechanism to mediate regional interests. As the strength and volume of this diversity grows, parties with a national reach will be increasingly reliant on the force of individual leaders' personalities to maintain party discipline. The force of these individual leaders has, in some ways, been institutionalized through ongoing distribution of local public sector jobs, the central appointment of prefectures to govern at a departmental level, and central party appointment of candidates through the party list.

The diversity of departmental needs is strongly influenced by natural resource allocations (especially the southern monopoly of gas deposits), agricultural productivity, and popular cultural sentiments. However, some of the largest debates between departments are also rooted in the effects of previous state distribution policies. This is perhaps most evident in Santa Cruz's belief that the department would be better off without the rest of the country. To many poorer western and highland Bolivians, the secession issue is further evidence that Bolivia's natural resource wealth always ultimately leaves the country.[55] In the years following the 1952 revolution, Santa Cruz's economic and industrial development was financed primarily through taxation of COMIBOL (Corporación Minera de Bolivia), Bolivia's mining industry.[56] In the long run, the breadth and volume of levied taxes made the mines economically unfeasible earlier than they might have otherwise been. Meanwhile, capital investment in the southeastern part of the country took root as agricultural production picked up. In the absence of a capable departmental government, the powerful Santa Cruz civic committee ensured that business interests remained dominant. Now that, in the words of the Bolivian contestant in the Miss Universe pageant, Santa Cruz residents are more generally "rich, tall, white, and know English," some believe that they should break away from the poorer, more socially contentious, rest of the country to preserve the region's quality of life.

Public Cynicism about Reform Threatens the Legitimacy of New Pro-poor Strategies

Even if policies designed to address structural inequality in Bolivia are able to marshal the required political will to proceed, public cynicism could undermine popular support (and the policies' legitimacy). Genuine Bolivian reformers face a population weary of reform promises that have little impact, a population that may reject political initiatives out of hand simply because they "have heard this one before." This distrust is further reinforced by the polarization of political forces representing opposite ends of Bolivia's income spectrum.

Reform and revolution have been consistent in the rhetoric of the state

The rhetoric of reform is not new to Bolivia. While nearly all changes have been described as a way of improving the lives of every Bolivian, and some have increased the overall performance of the Bolivian economy, they have often failed to improve the lives of poorer Bolivians. The public sees many prior 'reforms' as incremental adjustments of formal rules

CANDIDATE LIST OVERSTATES DEPTH OF PARTY REFORM

Multiple sources indicate that traditional parties in Bolivia are very good at maintaining the image of inclusiveness without actually incorporating nontraditional members. Municipal officials that were indigenous and/or female regularly reported that they had been invited to stand for office by parties who needed "to meet the 30% quota [of female candidates]" or to reach out to indigenous voters. One indigenous official said bluntly "they need us because...the communities believe in us." In many cases however, they were asked to run as the 'sub-deputy' (who stands in if the primary deputy is unable to attend meetings or serve). One woman reported that although her female colleagues were invited to run as the primary deputy, once elected, the party told them to step aside so that the (male) sub-deputies could serve. Others confirmed that party leaders easily marginalized new officials who demonstrated too much propensity for reform or transparency privately, by holding decision meetings without them, or by publicly humiliating them in the media. "We are [just] an object they need to reach power," lamented one councilor.

with little to no impact on underlying systems that concentrate wealth in the hands of a few. Whether this is intentional—or even true—Bolivia's continuing wealth gap appears to provide tangible support for popular conspiracy theories.

Bolivia's self identification with revolution has been documented and analyzed in many places, and needs no further review here.[57] Layered on top of this national revolutionary project, however, is a series of highly discussed, highly public reform initiatives.[58] Interviewees cited the social initiatives and centralization that characterized the national revolution; a rapid shift towards neo-liberal economics in the 1980s; and recent legal reform to decentralize municipal government and strengthen equitable participation. When asked about what reforms have been successful however, citizens just observe that "everything has failed," because it does not affect their lives sufficiently.[59] As a result, the general public has come to regard government announcements about pending reform through extraordinarily cynical eyes. In August 2004 interviews, elected municipal officials expressed almost universal frustration that reforms promised through the National Dialogue had never materialized. Many felt that the allocation of HIPC funds through the Dialogue was an excellent idea—and were satisfied with the outcomes—but were bitter that the funds never arrived. Several cited the percentage they had actually received (ranging from 90% down to 30%), with one municipality complaining, "we had to show the people in our municipality the bank note to prove that we [in the municipal government] weren't the ones who were lying."[60] In sum, this leads to a general sense that serious, deep reform is necessary, and a concurrent skepticism that such reform can ever be achieved.

Polarization between traditional and emerging political centers reinforces cynicism

Public cynicism regarding a political driver of pro-poor change is reinforced by increasing polarization between traditional political actors and a previously ignored majority. Social conflict is never as simple as two clearly defined, homogenous sides. However, NDI's interviews indicated that conflict between the relatively wealthy elite and the relatively

poor indigenous majority is sufficiently consolidated to produce a pervasive use of "us" and "them" language from nearly all aspects of political life (traditional and emerging). This overt "us-them" imagery goes straight to the core of how polarization de-legitimizes politically-driven reform in Bolivia.

Based on a number of interviews, political elites and the leaders of the indigenous movements blame each other for Bolivia's present circumstance. Political leaders insist that the next set of reforms could truly turn the country around if only the public would cooperate. In their eyes, demands are often unreasonable; collective action is wealth-destroying; the black market undermines their efforts to generate economic growth; and the ensuing political instability has decimated Bolivia's ability to attract productive foreign investment. Conversely, in light of racism, historic exploitation of Bolivia's resources and years of "neoliberal economics [that] needs a human face," indigenous leaders blame parties for allowing the current, exclusive system to remain in place. In their eyes, politicians are to blame because they have squandered resources and failed to deliver the reforms they promised. Because parties have allowed the indigenous majority to remain the victims of history, indigenous groups see no reason to engage parties on their own terms; more drastic action is required. The result of this mutual blame is that, in the words of one indigenous former member of congress, "there is absolutely no dialogue between the new movements and the ruling class... and there can be no helpful laws until they are made together."[61]

This polarization is partly self-perpetuating through a conflict cycle during which insufficient reform by the government is met with widespread protest, critical rhetoric, and more radical demands from protest leaders. Protesters use tactics such as shutting down La Paz, which invariably leads political party actors to fear the protesters but respect them less for failing to understand what is sustainable. For example, numerous political party officials noted that some groups were demanding full nationalization of the gas industry. They pointed out that a country that invalidates its international business contracts cannot hope to attract other foreign direct investment – a crucial part of large-scale poverty reduction.[62] Conscious of vocal social demands and their impact on political and economic stability, however, governing parties then promote reforms that appear to increase inclusiveness, but do not 'ruin' the future of the state by disrupting pro-business interests. When these reforms have little notable effect, the public concludes the entire system is a problem and demands even *more* extreme change. Politicians and political scientists both acknowledged that the effectiveness of street marches has made them the default mechanism for demanding attention or change. "I don't blame them," admitted a junior party figure, "that is the only way they have."[63]

"If parties participate [in a dialogue], then others won't"

–Church representative, Santa Cruz

Unmanaged Public Expectation and Education Gaps Reinforce Cynicism

Cynical public responses to politically-driven reform are further reinforced by unrealistic

"We [indigenous people] are carrying a 50-year long lack of education."

–Small business owner, El Alto

expectations, which are driven in part by tremendous educational inequalities. As the situation stands now, Bolivia is certainly capable of managing its economic reform process in a poverty-sensitive manner. However, expectations about what the state 'ought' to be able to do are sufficiently inflated to leave citizens disappointed regardless of the quality of reform. Faced with consistent promises of reform and a static quality of life in their communities, poorer citizens have concluded that politics are to blame for all ills: "once they get to power, they forget about us."[64] Even small business owners in El Alto felt that politicians had done nothing for them, even though their registered export businesses not only provide employment, but they personally advocated stability over strikes. "We are the people worth working with, but the politicians pay no mind to us—they never say anything about us." Further investigation however, revealed that they wanted the government to establish price floors for domestic furniture sales "a chair sells here for $30 here. Abroad, the seller gets $100...how can the government allow that?!"[65] One domestic NGO leader who facilitates public budgeting sessions for mayors of indigenous communities explained that in most places, neither the people nor the mayor understood what their role was supposed to be. It is a relief that the indigenous communities are demanding their rights, she said, but "the main thing [now] is to give all the information about how the government should work with them so that people know what their rights are."[66]

To some degree, unrealistic expectations about the capacity of the government to control economic conditions are buttressed by generations of under-education among the poorer segments of society. Political management of public reform expectations is difficult enough in countries with generations of mandatory education through a secondary level. Explaining the content and pace of economic reforms to a skeptical community with low to moderate Spanish literacy levels presents a wholly separate challenge.[67] On top of an under-educated public, the individuals elected to serve in municipal offices also expressed real need for greater training in basic management skills.