

Notes

- ¹ From: *Drivers of Pro-poor Change in Nigeria?* Component one of DFID's "Drivers of Change Initiative" in Nigeria, 2003. Compiled by a core team from Oxford Policy Management comprising Stephen Jones (Team Leader), Evelyn Dietsche (Political Scientist), Tim Ruffer (Economist), Kathryn Nwajiaku (Political Scientist) and Astrid Cox (Research Assistant).
- ² Political parties are defined as citizen groups organized for the purpose of supporting a candidate for office. The implication of this is that the recently constituted "citizen groups and indigenous towns," which have organized to pose candidates for municipal office in the December elections, are now functioning as political parties.
- ³ This applies to both long term programs intended to address the root causes of poverty (deep social issues can be addressed only over the long run), as well as short term or immediate programs to alleviate specific poverty symptoms.
- ⁴ "Bolivia: Electoral Reform in Latin America" by Rene Antonio Mayorga, in *The International IDEA Handbook of Electoral System Design*, pp. 79-84, 1997, International Institute for Democracy and Elections Assistance.
- ⁵ Among other things, this law on public participation recognized oversight committees as a way of integrating the indigenous population into local government structures.
- ⁶ Bolivia country studies: Federal Research Division of the Library of Congress as part of the Country Studies/Area Handbook Series sponsored by the U.S. Department of the Army between 1986 and 1998. <http://countrystudies.us/Bolivia>.
- ⁷ *The National Revolution and its Legacy* by Juan Antonia Morales, p 213-231. in *Proclaiming Revolution: Bolivia in Comparative Perspective*; edited by Merilee S Grindle & Pilar Domingo. Harvard University Press; Cambridge MA. 2003; Some would argue that, while it provided more immediate bargaining power, the formal role of unions pre-empted a more natural relationship from evolving between self-organized indigenous communities and the state.
- ⁸ *Country Development Programming Framework (CDPF)* Canadian International Development Agency. 2003- 2007: [http://www.acdi-cida.gc.ca/INET/IMAGES.NSF/vLUIImages/development/\\$file/Bolivia%20CDPF.pdf](http://www.acdi-cida.gc.ca/INET/IMAGES.NSF/vLUIImages/development/$file/Bolivia%20CDPF.pdf)
- ⁹ The church, elected officials, NGOs, bureaucrats, political activists.
- ¹⁰ NDI interview, May 28.
- ¹¹ In contrast with private universities, where education is considerably more expensive and students' families are more likely to already participate in business-political circles. Students in these universities likely have employment opportunities available through more established family connections.

- ¹² NDI interview, Santa Cruz, May 25.
- ¹³ NDI interview, Santa Cruz, May 25.
- ¹⁴ Furthermore, parties assume that all other parties are competing for office in the same manner. Politically-driven distribution of civil service positions is, in effect, a Nash equilibrium. Assuming all other parties' strategy for securing electoral support is constant, no party has any incentive to eschew patronage systems.
- ¹⁵ "Are Parties What's Wrong with Democracy in Latin America?" by Susan Stokes, for presentation at the XX International Congress of the Latin American Studies Association, Guadalajara, Mexico, April 17-19, 1999. As presidential and congressional elections are held simultaneously, the assumption is that a majority vote for president would also secure a majority government in congress.
- ¹⁶ NDI interview, May 20, 2004.
- ¹⁷ NDI interview, May 21, 2004.
- ¹⁸ NDI interview, May 26, 2004.
- ¹⁹ NDI interview, May 27, 2004. In the aftermath of October 2003, this multi-party group announced that they would no longer vote along party lines, but "in the interest of Bolivia." Several observers suspect this is opportunist positioning. Others assert that this is the only way individual Members of Congress could demonstrate their support for Carlos Mesa's technical government.
- ²⁰ NDI interview, May 25, 2004.
- ²¹ NDI interview, La Paz, May 24, 2004.
- ²² NDI Interview, Cochabamba, May 2004.
- ²³ NDI Interview, Cochabamba, May 2004.
- ²⁴ NDI interview, La Paz, May 27, 2004.
- ²⁵ NDI interview, May 25, 2004.
- ²⁶ NDI interview, May 24, 2004.
- ²⁷ While MIP also provided an alternative for frustrated voters, their political area of influence is geographically limited in comparison with that of MAS. MIP also lost significant influence around the referendum with Quispe's unanswered call for a referendum boycott and his subsequent renouncement of the party leadership (but not his membership).
- ²⁸ MAS's support for the July 19 hydrocarbon referendum did a great deal to legitimize that process to those parts of the population that would have been most likely to protest. Morales's recent move to oppose the consequent legislation, and political negotiation with MNR to ensure MAS a strong voice on committees dealing hydrocarbon reforms (in exchange for supporting MNR control of the impeachment proceedings against Sanchez de Lozada), suggests that MAS will maneuver to

continue pursuing its policy goals. Whether one agrees with Morales' policy stance or not, these efforts make him one of the few politicians to commit to a policy publicly and use legislative mechanisms to pursue it.

²⁹ NDI interview, May 28, 2004.

³⁰ This could be compared to a monopolist's decision to fight a new entrant by selling at a loss, or to adjust production to reflect a competitive market. In both cases, the decision to fight or adjust likely hinges on the dominant firm/party's estimation of how long it will take to drive the newcomer out of business (and how costly that process would be).

³¹ NDI interview, May 25, 2004.

³² Essentially, MAS's and MIP's performance in the 2002 elections demonstrated their ability to capture votes, and thus political offices which were previously dispersed among the traditional parties.

³³ NDI interview, May 2004.

³⁴ Community groups in El Alto explained their rejection of one candidate by noting that "he represents the *elites masistas* (MAS elites)". <http://www.bolpress.com/politica.php?Cod=2002082544>.

³⁵ Applying cartel theory, collusive firms will only opt to compete (chisel) if they believe that their individual, competitive profit will be greater than the cartel profit divided among colluding firms through negotiation ($\pi > \Pi/n$). Cartel politics functions in the same manner: as the number of coalition partners increases ($n \rightarrow \infty$), each party's share of political patronage diminishes ($\Pi/n \rightarrow 0$).

³⁶ NDI interview, May 2004.

³⁷ The association under discussion charges a membership fee that is a percentage of the councilors' salaries—so if one person earns more than the other, she also pays a higher membership rate. However, the alternate councilors must also pay a membership fee despite not receiving a salary. They pay a smaller percentage based on the salary level of the actual councilor, but the impact is that women from poorer areas are less able to participate in the association, and ostensibly are then less prepared to act as alternates.

³⁸ NDI interview, May 27, 2004.

³⁹ NDI interview, May 23, 2004.

⁴⁰ NDI interview, May 23, 2004.

⁴¹ This highlights a reoccurring tension between the desire to create participation mechanisms that accommodate specific cultural preferences, and the necessity of broadening participation mechanisms to accommodate all types of participants simultaneously.

- ⁴² This section focuses on the informal institutions of Bolivia's poorer citizens, but one could make the case that the powerful departmental civic committees are also an outcome of wealthier citizens organizing to guarantee administrative stability in the absence of a capable state government structure.
- ⁴³ All quotes from a water co-op meeting near Santa Cruz; May 25, 2004.
- ⁴⁴ The "transversals group" in Congress being a major exception to this rule.
- ⁴⁵ NDI interview, May 28, 2004.
- ⁴⁶ NDI interview, August 25, 2004. This is part of the reason that civic committees are such powerful bodies in many departments.
- ⁴⁷ NDI interview, May 2004.
- ⁴⁸ NDI interview, July 2004.
- ⁴⁹ NDI interview, May 24, 2004.
- ⁵⁰ NDI interview, May 24, 2004. The UN (Unidad Nacional, National Unity) however, held party leadership and municipal candidate primaries with an open voter registry in major cities, which means that any registered voter regardless of party affiliation can vote in this party's primaries. Also, MAS holds primaries for some positions with voting open only to the social organizations that support the party. For other positions, the party decides directly on the candidate as it did for the priest turned mayoral candidate in El Alto. Additionally, MIR held primaries for regional authorities with an open voter registry and plans to do the same for national leadership positions next year.
- ⁵¹ Municipal councils are composed of members elected via a party list system. Until the recent electoral reform, candidates required party sponsorship to run for this office. While MAS councillors only recently appeared on the political landscape, the party does enjoy a majority in some places. In some cases (more often urban than rural districts), indigenous candidates are recruited to campaign as substitute deputies, but report that they are excluded from the actions of the municipal council once the election is over. While there are many MAS councillors (a majority in some places), NDI interviews indicate that the municipal councils are dominated by business leaders who are backed by the traditional parties. In some cases, indigenous candidates are recruited to campaign as substitute deputies, but report that they are excluded from the actions of the municipal council once the election is over.
- ⁵² NDI interview, Cochabamba, May 2004.
- ⁵³ NDI interview, May 2004.
- ⁵⁴ While departmental interests certainly varied tremendously throughout Bolivia's history, the discovery of natural gas in the south, the drop in mining industries, and (perhaps most of all) recent political activism by indigenous leaders demanding greater inclusion and social support in the highlands have only reinforced the diversity

of needs across departments. Policies designed to enhance general economic growth now face a whole new level of regional differences. The emergence of El Alto as an independent city to rival the population of La Paz is, in itself, a tremendous shift in the factors that influence departmental demands.

- ⁵⁵ Several interviewees gave detailed examples of this phenomenon: the silver mines and colonial Spain, the foreign tin mines which monopolized newer natural resource discoveries, etc. This historically rooted resentment also plays a key role in highlanders desire to preserve Bolivia's natural gas reserves only for use by domestic industries, etc.
- ⁵⁶ *The National Revolution and its Legacy* by Juan Antonia Morales, p 213-231 in *Proclaiming Revolution: Bolivia in Comparative Perspective*; edited by Merilee S Grindle & Pilar Domingo. Harvard University Press; Cambridge MA. 2003.
- ⁵⁷ The most recent and obvious volume on this issue is *Proclaiming Revolution: Bolivia in Comparative Perspective*, which traces the revolutionary theme and its impact in the development of the modern Bolivian state. See especially *Revolutionary Memory in Bolivia*, p. 117-134.
- ⁵⁸ It is interesting to note that the introduction of many of these major reforms met with serious social protest and ultimately required the administration of the day to declare a "state of siege."
- ⁵⁹ Land distribution and titling efforts undertaken in the 1950's—but still unresolved—are perhaps one of the most easily visible failures of reform. Intended to re-distribute land to indigenous communities who had been excluded from ownership, the reforms ran into trouble when military regimes allowed military and business colleagues to acquire the most desirable land parcels. Today, formal ownership is still unclear, preventing indigenous communities from using land as a basis for formal enterprise or as collateral for needed capital loans.
- ⁶⁰ All quotes from NDI interviews conducted with municipal officials from August 25 to August 30, 2004 in Beni, Pando, Oruro, Potosi, Chuquisaca, and Tarija.
- ⁶¹ NDI interview, May 21, 2004.
- ⁶² Indeed, current congressional debate surrounding the hydrocarbon bill and the treatment of international contracts under the new regime has elicited both domestic and international concern for the future of foreign investment in Bolivia.
- ⁶³ NDI interview, May 24, 2004. Some observed that the effectiveness of protest has even altered what the indigenous community expected out of its leaders, explaining "if they do not [generate a protest], then they cannot show they are leaders."
- ⁶⁴ NDI interview, May 25, 2004.
- ⁶⁵ Meeting of small business owners in El Alto, May 2004. Note that all attendees own businesses that are registered to operate in the formal sector. These are not black-market

enterprises. While price fixing for domestic manufactures is almost universally frowned upon, certain domestic products were at one point sufficiently regulated in Bolivia to give the impression that the government ought to do something about price levels.

⁶⁶ NDI interview, May 21, 2004.

⁶⁷ Empirical research indicates that individuals with higher levels of education are more likely to support sound long-term economic policies. <http://www.gmu.edu/departments/economics/bcaplan/thinkpeltz2.doc>.

⁶⁸ NDI staff was surprised at the degree to which the term “model” surfaced in conversation with political figures. While technical elites are often willing to discuss this level of detail, NDI is unaccustomed to public political figures (even at local levels) tossing around economic jargon when describing the reform process.

⁶⁹ It is apparent that the personalization of Bolivia's political system enables party leadership to affect change by requiring elected members to pursue specific outcomes (laws, procurement processes, administrative facilitation or, regulation, etc.). However, these are policy positions based on the information of one or a few powerful individuals—they are not reflective of party synthesis and response to the standing issues.

⁷⁰ NDI interview, August 27, 2004.

⁷¹ NDI interview, May 26, 2004.

⁷² NDI Interview May 25, 2004.

⁷³ *Politics and the PRSP Approach: Bolivia Case study*. David Booth with Laure Helene Piron. November 2003. PRSP Monitoring and synthesis project. p. 30.

⁷⁴ This “politicization” of the PRSP, though it displays political conflict quite openly, can be a critical part of cultivating a national ownership process. See other NDI publications for greater detail, particularly *Parliaments and the PRSP* at: www.undp.org/governance/docspublications/policy_dialogue/18_Parliaments_and_the_PRSP.pdf.

⁷⁵ NDI interview August 27, 2004.

⁷⁶ Among leaders interviewed by NDI.

⁷⁷ This sentiment was reflected in interviews with political leadership as well as citizen groups. The perception that the international community (and the US in particular) has the final say in Bolivia's internal economic decisions was similar across social actors.

⁷⁸ In their analysis of the PRSP process in Bolivia, Booth and Piron note the international community's tendency to strongly encourage governments to incorporate specific agency or institutional priorities has been present in Bolivia as well. “At a certain point [towards the end of the PRSP development process] the notorious ‘Christmas tree effect’ made its appearance, with efforts to accommodate criticisms of the drafts by adding new material.” *Politics and the PRSP Approach: Bolivia Case Study*, by David

Booth with Laure Helene Piron. November 2003. PRSP Monitoring and synthesis project, p 32.

⁷⁹ NDI interview, August 25, 2004.

⁸⁰ For example, under the AND/UCS/MIR coalition, if ADN appointed the minister, UCS appointed the second in command, while MIR appointed the third. This continues down the chain of command. Cynics would assert that the purpose is not to integrate the coalition cabinet effectively, but to broaden the number of political appointments that can be bargained among the coalition partners.

⁸¹ One former staffer told NDI of a colleague who, on his last day, tried to infect his desktop with a computer virus, "so that the new minister doesn't benefit from all my work."

⁸² Such strong party coordination is needed for centralized party systems such as Bolivia. Where numerous candidates run as part of a party list, parties can be expected to provide significantly more guidance and support than less centralized systems with majoritarian districts.

⁸³ NDI interview, August 2004.

⁸⁴ NDI interview, May 2004.

⁸⁵ NDI interview, May 2004. This disconnect may also come from a lack of knowledge on the part of party leaders at the national level.

⁸⁶ Partisan staff are, in same-theory terms, a Nash equilibrium.

⁸⁷ Military tactics are, for example, one less constructive way of demanding political legitimacy.

⁸⁸ Just as informal property markets need to be recognized to become productive, political grey markets also must be brought into more visible negotiation and competition spaces if they are to contribute to sustainable reform.

⁸⁹ This phenomenon is particularly evident in the Balkans, where the post-communist transition meant civil society groups or 'movements' were able to garner much more public support than a "party." Of those civic movements which have fielded candidates, a majority now function virtually identically to 'parties' in the system. Serbia's G-17 is a prime example of this progression from citizen group to traditional political party.

⁹⁰ NDI's current program focuses on training female municipal candidates on the political skills necessary to manage the campaign for public office. A party-oriented program to train recently elected municipal officials on the political skills needed to manage a municipality would be logical follow-on work. New officials' ability to successfully perform once elected could have longer-term impact on improving public perceptions of elected officials and political parties.

- ⁹¹ Two recently formed parties, the UN and Plan Progreso (Progress Plan, the party of the current mayor of El Alto) are also participating in NDI's current work. The UN participated in a multiparty discussion NDI organized on party renovation where members of UN and MNR were key speakers, to offer their unique perspectives from one of the newest and one of the oldest parties, respectively. Women from Plan Progreso, traditional parties and citizen groups are participating in our women's candidate school, Winning with Women, a training school for potential women candidates in the December municipal elections.
- ⁹² Returning to the useful metaphor of considering traditional parties as firms in a cartel, the desired outcome here would be for the parties to act as a cartel with monopoly profits which, when forced to consider the entry of a competitive alternative producer, decides that accommodation of the new entrant is less costly than efforts to drive the entrant out of business through predatory tactics. For established Bolivian parties, fear of becoming politically sidelined in the medium run may serve as sufficient reason to see "fight" as excessively costly.
- ⁹³ Similarly, from a cartel perspective, the desired outcome is for individual parties to believe that they would benefit more from chiseling (competing for elections on the basis of their capacity to respond while still participating in the distribution of public sector patronage). As the benefits of such behavior accrue to an individual party, the others have less and less incentive to remain in the non-competitive cartel.

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National Democratic Institute

The National Democratic Institute for International Affairs (NDI) is a nonprofit organization working to strengthen and expand democracy worldwide. Calling on a global network of volunteer experts, NDI provides practical assistance to civic and political leaders advancing democratic values, practices and institutions. NDI works with democrats in every region of the world to build political and civic organizations, safeguard elections, and promote citizen participation, openness and accountability in government.

Democracy depends on legislatures that represent citizens and oversee the executive, independent judiciaries that safeguard the rule of law, political parties that are open and accountable, and elections in which voters freely choose their representatives in government. Acting as a catalyst for democratic development, NDI bolsters the institutions and processes that allow democracy to flourish.

Build Political and Civic Organizations: NDI helps build the stable, broad-based and well-organized institutions that form the foundation of a strong civic culture. Democracy depends on these mediating institutions—the voice of an informed citizenry, which link citizens to their government and to one another by providing avenues for participation in public policy.

Safeguard Elections: NDI promotes open and democratic elections. Political parties and governments have asked NDI to study electoral codes and to recommend improvements. The Institute also provides technical assistance for political parties and civic groups to conduct voter education campaigns and to organize election monitoring programs. NDI is a world leader in election monitoring, having organized international delegations to monitor elections in dozens of countries, helping to ensure that polling results reflect the will of the people.

Promote Openness and Accountability: NDI responds to requests from leaders of government, parliament, political parties and civic groups seeking advice on matters from legislative procedures to constituent service to the balance of civil-military relations in a democracy. NDI works to build legislatures and local governments that are professional, accountable, open and responsive to their citizens.

International cooperation is key to promoting democracy effectively and efficiently. It also conveys a deeper message to new and emerging democracies that while autocracies are inherently isolated and fearful of the outside world, democracies can count on international allies and an active support system. Headquartered in Washington D.C., with field offices in every region of the world, NDI complements the skills of its staff by enlisting volunteer experts from around the world, many of whom are veterans of democratic struggles in their own countries and share valuable perspectives on democratic development.